

MINUTES OF THE MEETING OF  
THE BOARD OF COMMISSIONERS  
PUBLIC HOSPITAL DISTRICT NO. 1  
OF KING COUNTY, WASHINGTON

Held on July 6, 2010

Attendance:

Commissioner G. Sue Bowman, President; Commissioner-at-large  
Commissioner Aaron Heide, M.D., Commissioner-at-large  
Commissioner Anthony R. Hemstad, Commissioner, District No. 3  
Commissioner Donald O. Jacobson, Secretary; Commissioner, District No. 1  
Commissioner Carolyn V. Parnell, Vice-President; Commissioner, District No. 2  
Richard D. Roodman, Administrator/CEO – Superintendent  
Paul S. Hayes, R.N., Executive Vice President  
Kathryn D. Beattie, M.D., Senior Vice President - Chief Medical Officer  
Larry Smith, Senior Vice President – Chief Financial Officer  
Scott Alleman, R.N., Senior Vice President – Patient Care Services  
L. Michael Glenn, Senior Vice-President – Business Development  
Paul Larson, Senior Vice President – Clinic Network  
Barbara Mitchell, Senior Vice President – HR and Marketing  
Robert L. Thompson, M.D., Vice President – Physician Relations  
David E. Smith – General Counsel  
Kim Blakeley, Public Relations Manager  
Sandra Sward, Assistant to CEO and Board of Commissioners

Those present for a portion of the meeting:

David Burman, Legal Counsel - Perkins Coie  
Dennis Box, Editor – *Covington/Maple Valley Reporter*

This meeting of the Board of Commissioners of Public Hospital District No. 1 of King County was opened by President Bowman at 4:00 p.m. in the Board Room of Valley Medical Center. It was moved and seconded to approve the minutes of June 21, 2010. There were no suggested corrections or additions. Motion was approved with three in favor (Bowman, Jacobson and Parnell) one abstention (Hemstad) and one against (Heide).

Community Affairs Ms. Blakeley reported on various community outreach activities of the Public Relations and Marketing Department as follows:

The *Renton Reporter* featured an article dated June 30 listing major donors to the Friends of Renton Schools. Valley Medical was included in the list of major donors who are reflected on a 120 by 17 foot sign that hangs on the side of Renton City Hall.

Pharmacy News interviewed Kayett Asuquo, Valley's Manager of the Emergency Department, in an article dated July 1 detailing the simulation of both patient flow and clinical processes related to transitioning emergency services into the South Tower.

Valley participated in Kid's Day at Les Gove Park in Auburn on Friday, June 25. Over 150 finger casts were provided to children, along with VMC-logoed blinking reflector lights and literature on our clinics and programs.

*\*Changed by subsequent Motion. See Minutes of July 26, 2010*

Investigation Update:

David Smith introduced David Burman from Perkins Coie. Mr. Burman explained that Perkins Coie was engaged by Valley to independently investigate the facts concerning certain behaviors of a Commissioner and to report to the President of the Board during the investigation. Mr. Burman indicated his report is not complete and has not been written. He apologized for the length of time taken to proceed with the investigation. He explained the process of gathering and synthesizing the information necessary to prepare a finalized report and indicated eleven (11) individuals have been interviewed to date. The fact gathering portion of the investigation is almost complete. Mr. Burman indicated his firm would not be making a judgment on the facts, but rather would present the facts to the Board of Commissioners for their review and final determination once additional interviews and fact finding were complete and the report was written.

Mr. Roodman suggested that in the interest of moving the subject along the Board could consider accepting this interim verbal report from Mr. Burman as the final report. Commissioner Heide questioned Mr. Burman regarding cost of the investigation, the specific nature of the investigation, the timeframe of events under investigation and which Commissioners have been contacted for interviews. Commissioner Heide indicated he has not been contacted by Perkins Coie on this matter and it is concerning to him that he is being asked to vote on a subject that he has not been directly involved with.

MOTION

It was moved and seconded to accept Mr. Burman's verbal report to the Board as the final report from Perkins Coie. The motion carried, three in favor (Bowman, Jacobson, and Parnell) and two abstentions (Heide and Hemstad).

Programs

Nursing Computerized Charting – Pamela Smith, PhD, RN

Mr. Alleman introduced Pamela Smith (Chief Nursing Informatics Officer) and explained the importance of informatics in patient care and the integral role the electronic medical record will play in the future of health care. Ms. Smith addressed changes in healthcare practice and the fact that regulations and reimbursement are ever-evolving and require forms and procedure changes (that are ever-evolving) to ensure practices are compliant with all regulations and multiple regulatory bodies. Finding an electronic system that can manage the voluminous charting and documentation trail, interface with other systems within the medical center, and address all patient care processes and regulations is both critical and daunting. Ms. Smith explained how the design process was developed, from examining staff nursing practices, clinical evidence and national nursing practice standards, mitigating risk, ensuring regulatory compliance is maintained and designing nursing documentation that captures the flow of patient care and clinical procedures. Ms. Smith stressed nursing and patient care processes are being prioritized over structure, to ensure patient safety and process improvement are maintained.

Mr. Alleman concluded with the importance of looking at nursing procedures to ensure patient safety and nursing protocols are streamlined, yet safe and reliable. There was a general discussion regarding the use of different electronic systems within the medical center and how the evolution of computerized records and patient information has grown and developed over the last ten years. Mr. Hayes provided background information on how the original choice of Valley's information system vendor was decided, the ensuing growth of those systems and the impact experienced when a new system of care is introduced that does not interface electronically with previously incorporated systems. Mr. Hayes stated a central repository is necessary to ensure all care givers have up-to-date patient information, accessible throughout the enterprise along with the continued goal of

moving forward with an electronic process that delineates, denotes and secures patient care data in a safe and reliable way.

Commissioner Heide questioned the original decisions that factored into choosing McKesson products and how physician productivity loss was being addressed as electronic records are being developed and introduced throughout the hospital system. Mr. Hayes explained the development of choosing and working with electronic systems, enterprise wide.

Dr. Beattie explained a Medical Informatics Committee has been developed and recently met on June 30, appointing a Chief Medical Informatics Officer, Dr. Robert Molina, as well as the Chief Nursing Informatics Officer, Ms. Pamela Smith. The clinical team will participate in developing the complete Electronic Medical Record that will include nursing documentation, computerized physician order entry and physician documentation. The vision for the future seamlessly links the inpatient and outpatient experience and provides for enhanced patient safety and clinical outcomes with worthwhile and non-duplicative clinical decision support tools. Dr. Beattie indicated key elements of success are access, interactions, reliability and vitality. Additionally, essential elements of performance/success will be addressed with our current primary vendor, McKesson, for validation and assurance that they can sufficiently meet the needs of our enterprise-wide system, our providers and our patients.

#### Medical Affairs

##### Quality Management Update

Dr. Beattie provided an update on topics covered at the July 6 Quality Improvement Council. Inpatient average length-of-stay and mortality rates are below expected norms. Inpatient readmission rates declined below the trend line in March 2010. The percentage of patients left-without-treatment from the Emergency Department declined to almost 2% (half of the targeted national average of 4%). Hospital acquired infection ratios are well below the expected norm.

Dr. Beattie provided an overview of the Hand Hygiene policies in place at Valley, explaining that direct observation is used to determine data on hygiene compliance. A hand hygiene awareness campaign will begin in July and efforts will be directed toward raising the current compliance rate of 77%.

#### Reports

##### Reports from Administration

##### Financial Affairs

Mr. Smith provided an overview of May volumes, indicating census compares closely to that of May, 2009. Births and surgeries are up 2% from this time last year; however, physician productivity has declined slightly. Mr. Smith explained a physician supplemental payment program was approved at the end of June which will provide additional payment structure to physicians. Year-to-date revenue is considerably under budget.

Mr. Smith restated the information provided at the June 21 Commissioner meeting regarding federal funding and the anticipated gap that will occur as funding decreases between the end of 2010 and January 2014. Currently Valley, along with other public hospitals, are working with Federal agencies to determine if additional matching dollars are available for Medicaid covered patients. Mr. Roodman expressed alarm over the States' inability to fund rising healthcare costs, resulting from health care reform and an overall decline in reimbursement by insurance companies. He stated that as a public hospital, portions of our revenue can be applied to federal matching dollars and we are currently

reviewing all possibilities. As insurance coverage diminishes and federal funding for Medicaid decreases, it will be vital for public hospitals to secure other sources of funding.

Mr. Roodman reiterated concerns regarding census forecasts for 2010 and that reduced volumes experienced year to date have resulted in a workforce reduction and a medical center goal of reducing overall expenses by 10%. Commissioner Heide noted that delayed responses and authorizations for films or other tests from insurance companies have become more prevalent and that, in order to avoid delay related to pre-authorizations, he is directing his patients to hospital Emergency Rooms to ensure diagnostic tests will be performed.

Recess President Bowman acknowledged a request for recess at 5:40 p.m.

Reconvened The meeting reconvened at 5:50 p.m.

Mr. Smith outlined the need for a technical amendment to the 2010 Bond Resolution. The proposed amendment authorizes excess earnings in the Reserve Fund to be used for capital purchases rather than being deposited in the Principal and Interest fund. This amendment establishes bond covenant compliance required by The Internal Revenue System.

Resolution No. 947 - Use of Reserve Account Investment Income

MOTION It was moved and seconded to approve the Reserve Account Investment Income as defined in Resolution No. 947. Motion carried.

Resolution No. 948 – Surplus Property

MOTION It was moved and seconded to approve Resolution No. 948 declaring certain equipment in the District’s hospital as surplus to the needs of the District and directing the Superintendent of the District’s hospital or his designee to effect proper disposal of such surplus property, as provided by the statute. Motion passed unanimously.

Bills/Vouchers

MOTION The Board, by motion, approved payments of the following bills and vouchers:

**●WARRANT REGISTER**

	WARRANT NUMBERS		DATED	AMOUNT
	FROM	TO		
ACCOUNTS PAYABLE	39765	39900	6/15/2010	35,695.93
ACCOUNTS PAYABLE	39901	40005	6/22/2010	89,396.69
ACCOUNTS PAYABLE	40006	40147	6/29/2010	64,859.70
ACCOUNTS PAYABLE	827255	827339	6/15/2010	17,309.91
ACCOUNTS PAYABLE	827340	827543	6/22/2010	20,048.75
ACCOUNTS PAYABLE	827544	827685	6/29/2010	15,551.40
ACCOUNTS PAYABLE	2144769	2144921	6/15/2010	983,727.41

ACCOUNTS PAYABLE	2144922	2145153	6/17/2010	1,585,075.89
ACCOUNTS PAYABLE	2145154	2145306	6/22/2010	565,382.08
ACCOUNTS PAYABLE	2145307	2145531	6/24/2010	1,188,849.76
ACCOUNTS PAYABLE	2145532	2145772	6/29/2010	1,655,230.69
ACCOUNTS PAYABLE	2145773	2145781	6/29/2010	431.26
TOTAL AP				6,221,559.47
ACH/EFT	5000727	5000766	6/29/2010	2,559,533.89
WIRES				2,633,315.83
<b>TOTAL AP and EFT/WIRES</b>				<b>\$11,414,409.19</b>

**●PAYROLL**

<b>NET PAYROLL FOR JUNE 2010</b>				<b>\$9,010,562.43</b>
<b>●WRITE-OFF</b>	HOSPITAL	CLINIC		
BANKRUPTCY COLLECTION REFERRALS	27,107.22	4,826.82		31,934.04
	360,485.62	119,678.34		480,163.96
<b>TOTAL WRITEOFF</b>	<b>387,592.84</b>	<b>124,505.16</b>		<b>\$512,098.00</b>

Operations Update

Mr. Hayes provided an update on the final stages of construction related to the Emergency Services South Tower, which is eight (8) weeks from completion. Additionally, audio and video equipment necessary to record Board meetings is scheduled for installation the fourth week in July, but unfortunately will not be available for the next scheduled Board meeting on July 19.

MOTION

It was moved and seconded to change the next regularly scheduled Board meeting from July 19 to Monday, July 26 to ensure the audio/video equipment is installed and operable. The motion passed unanimously.

Clinic Network

Mr. Larson reported that Dr. Amin Hakim is no longer with Valley Medical Center. Family commitments and cross-country travel resulted in Dr. Hakim’s decision to rejoin his family in New York. Recruitment efforts will begin shortly and it is anticipated the position will be filled by the end of the year.

Public Comment:

President Bowman called for public comment at 6:00 p.m. There was none.

Business Development

Mr. Glenn provided an update on the Covington Free Standing Emergency Department (FSED) project and background information related to the Covington City Council and their pending recommendation to the City Council. After an overview of presentation material that was provided to the Covington City Council and the Planning Commission, there was a brief discussion concerning the architectural rendering regarding green spaces and landscaping plans. Mr. Glenn indicated as much as three acres are committed as green

spaces, along with a large public gathering area. An arborist has been contracted to consult on tree preservation and assist landscaping plans.

Commissioner Hemstad commented that the information provided to the City Council and Planning Commission was not presented to the Commissioners first, and it would have been more helpful to first show the material to the Commissioners. He indicated Valley's Board is the governing body and should receive information prior to another governing body being presented with information. Mr. Hemstad also commented on the timeliness of Mr. Glenn notifying the board about preliminary actions taken at a recent Planning Commission meeting. Mr. Glenn explained the circumstances surrounding the Planning Commission review and recommendation to the City Council on the FSED project and indicated the Planning Commission's final recommendation will be made to the Covington City Council on July 13. He said the Planning Commission vote was initially not clear and the recommendation was communicated to the Commissioners shortly following the Planning Commission meeting pursuant to fact finding and clarification that was needed. He said there are still no meeting minutes and he still does not fully understand the specific Planning Commission recommendations. There was further discussion regarding what Commissioners may have been included in meetings or conversations involving the Covington Planning Commission information. Commissioner Heide said he felt that any formal or informal information that is available should be presented to all Board members and that all meeting information should be shared routinely with the Commissioners. Commissioner Parnell noted she does not care to hear informal or partial information which is premature and would prefer to have Administrative reports after information is confirmed as accurate. Mr. Roodman indicated a series of meetings are involved when working with city officials and many of those meetings transpire as staff work toward the ultimate goal. Commissioner Hemstad noted that the Board seems to hear only "good news" and that unfavorable news should also be provided to the Board in a timely manner. Mr. Glenn affirmed his understanding of the aforementioned, indicating that was what he was doing at this Board meeting, in this report.

Mr. Glenn further noted that various conversations continue with other health care organizations, exploring relationships and partnerships regarding collaboration and services. He indicated the Board would continue to be kept informed if the conversations become more specific and concrete.

#### Recruitment Update

Dr. Thompson reported activity surrounding development and refinement of the electronic medical record is adding hours and stress to primary care physicians who are already overloaded managing the spectrum of care with their patient needs. As healthcare reform is being discussed and Accountable Care Organizations (ACO's) are reviewed, it seems as if many aspects of health care in the early 1990's are resurfacing. The ACO model reintroduces a patient care paradigm wherein independent physician organizations are targeted as a primary means of providing overall care management for the patient. Episodic care with payment bundling, a high demand on demonstrated outcomes and renewed focus on patient satisfaction ratings are some of the benchmarks facing physicians as health care reform measures are introduced. Dr. Thompson noted Valley's medical model is in alignment with the ACO model, stressing treatment and prevention of disease at their initial stages. Dr. Thompson said the most significant change will be the supply of high quality family practice physicians to fill the widening gap of medical students choosing specialty practices other than primary care.

Dr. Thompson reported seven physicians have signed contracts or are in the final stages of contract negotiation with VMC. Four are family practice physicians and three are

internists. They will start within the next five months, but the process of recruiting qualified physicians is ongoing and the increased demand will continue.

HR & Marketing

Ms. Mitchell commented on the Volunteers In Action (VIA) Scholarship Award Ceremony held June 24. Our volunteers have once again provided financial support of over \$24,000 for Valley Medical Center employees who are embarking on a new or continuing education program. Fifteen employees were awarded scholarships at this event. Commissioner Parnell again personally emceed the event, as she has done for the past several years, and it was an uplifting event for everyone in attendance.

Valley Medical Center also participated the previous week on June 16<sup>th</sup> at Renton Technical College for the first graduation ceremony for the SEIU Healthcare 1199NW Multi-Employer Training and Education Fund. VMC is one of five hospitals, including Swedish, Highline, Northwest, and Stevens who partnered with SEIU 1199NW to establish a Training Trust. The Trust was established through collective bargaining in 2008, and the fund was up and running April, 2009. This first graduation ceremony honored employees from all five of the participating hospitals; the employees had participated in a variety of training programs from college prep, to certificate programs, to actual degree programs. Valley Medical Center had sixteen employees honored at this graduation, which is a good beginning for our involvement with the Training Trust. Ms. Mitchell stressed that we have much work to do to promote this program and enable our SEIU-represented employees to return to school and take health career programs to enable their career progress. To date, the Trust has provided less than \$100,000 in support to our employees. Through our collective bargaining agreement we are obligated to submit 1% of our Service employees' payroll and .5% of our RN payroll to the Trust. This year we expect to pay about \$450,000 into the Trust, so we must have employee participation to match that in order to have the appropriate return on investment in this Trust partnership.

Ms. Mitchell noted the 10<sup>th</sup> Annual Joint Center Patient Reunion RSVP list has grown to over 1,000 expected guests. She explained that although the original plan was to have the patient reunion in the new Emergency Services South Tower so the guests could tour the new Joint Center space, the crowd now cannot be accommodated so the venue has changed to the ShoWare Center in Kent. All guests have been notified by mail and by phone that the location has been changed.

Commissioner  
Comment:

Commissioner Hemstad attended the 34<sup>th</sup> Annual Washington State Hospital Association Rural Hospital Summer Workshop in Chelan June 27-30. He said the one stand-out item was the fact that many smaller public hospitals are working with urban specialists in different fields and coordinating through webinars. There is some Federal funding available for these types of programs.

Superintendent  
Comments:

Mr. Roodman provided an informational update, indicating that many changes are developing in the health care arena related to federal funding, health care reform, information technology, Stark law requirements and Accountable Care Organizations (ACO) and how they might affect the delivery and organizational components of patient care. Mr. Roodman suggested the Board consider a two or three day retreat in the early fall, perhaps September, to review ideas for the 2011 Board Goals and go over a number of these important subjects facing all health care organizations, including Valley.

Mr. Roodman provided an administrative briefing titled "Administrative Success Strategies During Health Care Reform" and an Executive Summary on creating Accountable Healthcare Organizations (ACO). He indicated the structure of healthcare organizations is changing and medical facilities are merging and partnering in new ways to share operational costs and maximize receivables. He addressed market essentiality within the District and provided a visual overview of where Valley's Primary and Urgent Care Clinics are located. Because healthcare is becoming increasingly consumer driven (with brand identification becoming more important), the building of clinical programs and the promotion of primary care (as well as emergency and obstetrics) will become increasingly vital to attracting patients within VMC's service area to utilize VMC for their health care needs. ACO's will increase emphasis on patients being referred for specialty services through their primary care provider. The heightened burden of large capital expenses for information technology improvements and infrastructure changes to ensure the electronic medical record is operating effectively will be felt more significantly in the coming years. Mr. Roodman noted he is unaware of a medical center that is completely pleased with their current electronic medical record and is aware that all of the software systems need significant changes to facilitate health care reform. He summarized that relationships, both internal and external to the organization, will be integral to building a primary care base and the broad collaboration required to remain viable as a healthcare organization.

Mr. Roodman indicated that a variety of conversations are taking place with other medical centers within the area. He noted that Mr. Larry Smith, for example, is working with the University of Washington to ensure specific Federal funding programs can be accessed. There are also multiple conversations taking place with medical groups and facilities in the area relating to shared services, specialty services, physician groups and recruiting efforts. Not only is Valley participating in such conversations, but it seems that all other hospital Administrators are also exploring options with each other in anticipation of health care reform.

President Bowman asked the Commissioners to consider their schedules to determine a convenient time to hold a Board retreat, specifically in the month of September.

Adjournment

There being no further business, motion was made to adjourn this meeting at 7:10 p.m.