MISSION STATEMENT:
Valley Medical Center, the District’s Healthcare System, is committed to providing access to safe, quality healthcare for the public. The District Healthcare System is integrated with UW Medicine and collaborates to ensure comprehensive, high quality, safe, compassionate, cost-effective healthcare is provided.

Valley Board of Trustees
MINUTES
August 15, 2016

Board Members Present
Bernie Dochahl, Barb Drennen, Peter Evans, Cindy Hecker, Lisa Jensen, Paul Joos, MD, Gary Kohlwes, Mike Miller, Julia Patterson, Donna Russell, Tamara Sleeter, MD

Board Members Absent:
Chris Monson, MD, Lawton Montgomery

Others Present

Recorder
Sandra Sward

1. CALL TO ORDER
Donna Russell called the meeting to order at 4:06 p.m.

2. VOICE OF THE PATIENT
Dr. Mulder shared comments provided by a patient of Dr. Grace Gamponia, a Family Practice physician with VMC’s Cascade Primary Care Clinic. The patient was appreciative of Dr. Gamponia’s listening skills and the thorough diagnostic assessment she provided, while avoiding rushing to conclusions about treatment protocols.

3. CONSENT AGENDA AND ACTION ITEMS
MOTION: Peter Evans moved to approve the consent agenda and Gary Kohlwes seconded the motion. The items moved for adoption were:
- Minutes June 21, 2016
- Financial Vouchers/Warrants/Pay Apps dated August 15, 2016
- Surplus Property Resolution No. 055
The motion carried, 11-0.

4. EDUCATION
UW Medicine Accountable Care Network:
Jacqueline Cabe, UW Medicine CFO provided an update on UW Medicine’s Accountable Care Network (ACN). She said the environment is still primarily a fee-for-service payment structure, however, payers are shifting to value-based payment arrangements. Market competitiveness includes provider consolidation and affiliation, payer/provider partnerships, fight for market share and public sector partnership. Ms. Cabe outlined the opportunities at hand, to provide successful transition to a value based payment environment from both a quality and cost perspective. An explanation of the current Boeing contract was provided. CY2015 and CY2016 ACN performance, earnings and deficit reconciliation was detailed and then discussed. Ms. Cabe presented 2016 priorities for managing the Boeing contract and also provided an update on the ACN contract with Health Care Authority (HCA).

5. COMMITTEE REPORTS

Finance, Facilities & Audit Committee:

Award of Bid: Level 2 Olympic Building IT Remodel:
Todd Thomas reported that four bids were opened for the VMC Level 2 Olympic Building IT Remodel. Mr. Thomas recommended the responsible bid submitted by Regency NW be accepted. Regency NW has completed multiple projects for VMC, including the recent Neurology Remodel, Patient Resource Center and Lab remodel projects. The construction estimate for this project is $491,145 with an overall project cost of $1,398,000. Regency NW’s base bid was $538,000 with tax and contingencies totaling $621,390. Mr. Thomas explained the original construction estimate was low and all four bids were above the original estimate. Regency NW submitted the lowest responsible bid for this project.

MOTION: Mike Miller moved to approve the award of bid to Regency NW for the Level 2 Olympic Building IT remodel project. Bernie Dochnahl seconded the motion. Motion carried 11-0.

Award of Bid: Level 2 D&T Remodel Phase I:
Todd Thomas reported that six bids were opened for the VMC Level 2 D&T Remodel, Phase I project located on the 2nd floor of the main hospital. Mr. Thomas recommended the responsible bid submitted by Swinerton Builders be accepted. Swinerton Builders has completed several similar size and type projects for UW Medicine, Harborview and Pacific Medical Center. Swinerton Builders are currently working on the MAC 500 Urology and Endoscopy Cleaning remodel on the VMC main campus. The construction estimate for this project is $4,685,000 with an overall project cost of $8,823,588. Swinerton Builders base bid was $3,397,591 with tax and contingencies totaling $4,060,121.

MOTION: Gary Kohlwes moved to approve the award of bid to Swinerton Builders for the Level 2 Diagnostic and Treatment Remodel Phase I. Mike Miller seconded the motion. Motion carried 11-0.

Resolution No. 056: Authorizing the Issuance and Sale of Bonds to Refinance Certain Outstanding Bonds of the District:
Mike Miller explained Resolution 056 was reviewed by the Finance, Facilities and Audit Committee and approved for recommendation to the Valley Board. This resolution requests the Board of Commissioners authorize the issuance and sale of bonds to refinance certain outstanding bonds of the District, specifically Limited Tax General Obligation and Refunding Bonds, 2008A and 2008B.

MOTION: Mike Miller moved to approve Resolution 056 and Peter Evans seconded the motion. Motion carried 11-0.
Mike Miller summarized financial performance for July, indicating volumes were lower than anticipated but expenses were managed well. Financials are anticipated to close by mid-week and will be provided to the Board. Standard and Poor’s rated the District’s revenue bonds of BBB+/Stable.

**Joint Conference Committee:**
Bernie Dochnahl said the credentials were reviewed and approved without incident at the July 12 and August 9, 2016 JCC meetings, as were quality metrics and the *Patients Are First* monthly dashboard. Performance Improvement initiatives were reviewed at the July meeting. Medicare pay-for-performance and infection/quality measurements were reviewed in August.

**Compensation Committee:**
Donna Russell reported the committee met on July 29 with Jim Gauss of Witt Kieffer who provided a ‘soft’ compensation market analysis for the executive team. Based on the conclusions of this analysis, Rich Roodman will prepare a recommendation to the committee for further review and consideration. The committee met on August 4 to review the final “draft” of the FY2017 Board Pillar Goals, which were reviewed during the course of five meetings and eight separate drafts. The original 55 goals have now been reduced to 33. Final approval of the FY17 Goals, along with review and approve of the FY16 “at risk” compensation for goal achievements will be reviewed following final release of the FY2016 financial audit, which is expected to be complete at the end of September.

### 6. INFORMATION REPORTS

**UW Medicine Update:**
Cindy Hecker provided an update on empanelment (patient panel reports) process control by UW Neighborhood Clinics, Harborview’s new initiative in trauma outreach and UWMC’s ranking in the *UW News and World Report* for Best Hospitals.

**Administrative Update:** Rich Roodman reviewed his FY2016 update that was provided to the Board on July 8. He also quickly updated the Board on several items contained in the Operational Update for August, 2016.

**Trustee Departure:** Dr. Joos left the meeting at 6:05 p.m.

**Community Health Needs Assessment & 501(r) Financial Assistance Policy Transparency:**
Jeanine Grinnell explained the IRS imposed a requirement in 2011 for all 501(c)3 status entities that require a formal Community Health Needs Assessment (CHNA) every three years. A CHNA determines if programs/services are being provided appropriately to address the needs of the population. The Valley Board’s *ad hoc* Community Outreach Committee produced Community Benefit Reports in 2012 and 2014, which have subsequently been determined to be similar in nature, but did not address the full scope of the new IRS requirements. Ms. Grinnell itemized several steps that will be taken to meet the IRS requirements:

- VMC will use the King County CHNA to adopt VMC specific implementation strategies
- VMC will conduct a CHNA to be issued by the end of FY2017
- VMC will continue to participate in all system and collaborative CHNA’s and potentially, future joint CHNAs may qualify within required timelines

**Resolution 057 Adopting Policies Related to 501(r) Compliance and Community Health Needs Assessment (CHNA), along with an Implementation Strategy**
Jeannine Grinnell explained Resolution 057 provides for the adoption and approval of the King County CHNA, adoption and approval of VMCs implementation strategies based on the CHNA, along with adoption and approval of the Financial Assistance Policies & Procedures – 501(r)4 and an implementation strategy.

**MOTION:** Gary Kohlwes moved to approve Resolution 057 Adopting Policies Related to 501(r) Compliance and Community Health Needs Assessment (CHNA) and an Implementation Strategy. Bernie seconded the motion. Motion carried 10-0.

**Chair of the Board:**

**Resolution No. 058 Adopting Guiding Principles of the Valley Board**

Donna Russell presented the final Guiding Principles as adopted by the Valley Board at the June 21 meeting.

**MOTION:** Peter Evans moved to approve Resolution 058 Adopting Guiding Principles of the Valley Board and Lisa Jensen seconded the motion. The motion carried 10-0.

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### 8. ADJOURNMENT

The meeting adjourned at 6:25 PM
Respectfully submitted,

Sandra Sward
Executive Assistant to the CEO
and Board of Trustees
Valley Medical Center

All reports and presentations reviewed by this committee were in draft format, unless otherwise noted in these minutes.