

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

Held on August 3, 2009

Attendance:

Commissioner G. Sue Bowman, Commissioner, Commissioner-at-large
Commissioner Anthony R. Hemstad, Commissioner, District No. 3
Commissioner Donald O. Jacobson, President, Commissioner, District No. 1
Commissioner Michael W. Miller, Vice President, Commissioner-at-large
Commissioner Carolyn V. Parnell, Secretary, 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
David E. Smith – General Counsel
Kris Tiernan, Assistant to CEO and Board of Commissioners

Those present for a portion of the meeting:

Kim Blakeley, Community Relations Manager
Lori Prantner, Vice President – Maternal Child Services
Alicia Klein, Getwell Network Account Manager

This meeting of the Board of Commissioners of Public Hospital District No. 1 of King County was opened by President Jacobson at 3:35 p.m. in the Board Room of Valley Medical Center. It was moved and seconded to approve the minutes of July 20, 2009. Motion carried.

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

Four student interns from the Kent School District are creating a video as their summer project, focusing on ways that technology is used in society. A variety of interviews have been set up for the students to meet with staff and review IT, the EMR system, webfood, HEV (patient tracking system) and possibly the da Vinci Robotic System.

Valley will be a sponsor at the Tukwila Days Community Festival on August 15th. VMC will also be presenting sponsor at the Renton Chamber New Teacher Breakfast on August 26th at Renton Technical College. Commissioners were asked to RSVP to Ms. Tiernan.

A major investigative story on adverse events in hospitals is expected to be published by the Hearst Corporation (owner of the Seattle PI) on August 9th. VMC expects to be portrayed very positively in this report.

Renton Magazine will be including information on Valley's annual Children's Safety Camp in the August issue.

Programs Get Well Network Update

Mr. Alleman introduced Lori Prantner and Alicia Klein, who updated the Board on the functionality of the Get Well Network, an interactive patient education and entertainment system implemented at VMC beginning in the fall of 2007. Ms. Klein presented an overview of the GWN, which allows patients to communicate and interact through their television set. The Network provides educational videos, including advancing the National Patient Safety Goals. It also provides a means for instant messaging and response to needs, internet services, entertainment including recent movies and interactive games, prepares patients for discharge and provides internal marketing of services. The system was demonstrated by Ms. Klein and Ms. Prantner, who noted that patients must view a four-minute Patient Safety Orientation video before signing onto the system. Work is in progress to enhance the GWN by adding a custom Joint Center educational video, employee recognition banner, in room shopping in collaboration with the gift shop, in room food ordering service and feasibility of prescriptions being delivered to room prior to discharge.

Medical Affairs

Quality Management Update

Dr. Beattie distributed and discussed the Monthly Quality Report noting that Average Length of Stay for all Inpatients has decreased and remains within expected limits; there is no new data for Readmissions within 15 Days; Inpatient Mortality is within expected limits; Core Measures Perfect Care data indicates that initiatives are working well; Hospital Acquired Infections are within normal limits and reduced overall; Inpatient Falls have decreased and are within expected limits; and Left Without Treatment from Emergency Department is at benchmark.

Reports

Reports from Administration

Financial Affairs

Mr. Larry Smith reported that although July financial information is not yet available, preliminary statistical data indicates that volume was good and favorable to budget.

The annual regulatory audit by the State Auditors Office is underway, and the entrance conference was held last week. Two commissioners were in attendance.

A new Materials Manager, Lindy Dillingham, joined VMC in mid-July. The Materials Manager coordinates purchasing of supplies, equipment and other services. She will also be reviewing alternative GPO's (group purchasing organizations).

An audit of Perot Systems, which performs revenue cycle management (billing services) for the medical center, continues under the auspices of outside experts in this field.

With over 40 million uninsured citizens nationwide, healthcare reform continues to be a major topic at the federal and state level. No plan was approved prior to the August congressional recess, which had been a goal of the Obama administration. As approximately one-half of Valley's patients are covered by federal or state programs, there are concerns about the various versions being considered. An across-the-board cut in the Medicare payment structure would unfairly penalize the more efficient hospitals in the west, including Washington State. Decreased funding for disproportionate share hospitals (which includes VMC) is also a concern. Additionally, there are concerns about the impending shortage of primary care physicians and will be a push to fund more family medicine residents.

Mr. Roodman said that he and Mr. Smith met with representatives of Senators Cantwell and Murray, and Rep. Dicks and Smith in Washington DC last week concerning various plans being considered to fund coverage for the under-insured and uninsured. He pointed out that 64% of patients served by VMC are Medicare, Medicaid and/or uninsured. Valley has some unique problems due to demographics.

The WSHA Board has voted to proceed with pursuing a hospital tax, which will require a two-thirds majority vote by the legislature. Valley Medical, as a public hospital district, would be exempt from both taxation and receiving any tax benefit. It was pointed out that theoretically if the measure fails, VMC could receive even more under or uninsured patients due to forced cutbacks at Harborview, University and Children's Medical Centers.

Bills/Vouchers

MOTION

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

	WARRANT NUMBERS		DATED	AMOUNT
	FROM	TO		
ACCOUNTS PAYABLE	29463	29582	7/21/2009	56,723.17
ACCOUNTS PAYABLE	2125890	2126094	7/16/2009	1,710,212.50
ACCOUNTS PAYABLE	2126095	2126095	7/16/2009	13,000.00
ACCOUNTS PAYABLE	2126096	2126237	7/21/2009	845,247.50
ACCOUNTS PAYABLE	2126238	2126419	7/23/2009	908,675.30
ACCOUNTS PAYABLE	2126420	2126421	7/23/2009	2,356,388.12
TOTAL AP				5,890,246.59
WIRES OR EFT				1,524,539.84
GRAND TOTAL AP and EFT/WIRES				\$7,414,786.43

Resolution No. 914 – Surplus Property

MOTION

It was moved and seconded to approve Resolution No. 914 declaring certain equipment in the District's hospital as surplus to the needs of the District and direct the Superintendent of the district's hospital or his designee to effect proper disposal of such surplus property, as provided by the statute. The motion carried unanimously

Resolution No. 915 – Revitalization Issue

Mr. David Smith summarized background related to proposed Resolution No. 915, (policy memo included in the Board packets) in regard to opting out of three separate "revitalization areas" -- two being proposed by the City of Renton and one being proposed by the City of Newcastle. In April, 2009, the legislature passed the second Substitute Senate Bill 5045 concerning community revitalization financing. Under this new provision, certain local governments (specifically limited to cities, towns, countries and port districts) have the ability to create "revitalization areas" within their boundaries, and local taxing districts may "participate" in this "revitalization" by pledging its taxes related to the

property area in which the revitalization is to occur to the sponsoring local government. In effect, there is a transfer of the taxes of taxing districts to the sponsoring local government for all "participating" taxing districts. A local taxing district is deemed to be participating unless timely action is taken to opt out of this process. While it does not appear that this statute actually was intended to apply to public hospital districts, given that public hospital districts are not included in the definition of "local governments" in this statute, there is the possibility of interpreting the statute that all local taxing districts could be obligated to transfer their taxes to the sponsoring local government if they did not timely opt out. Some ambiguity clearly exists as three statutory notices have been received – two from the City of Renton and one from the City of Newcastle – regarding intent to create revitalization areas. It is recommended that the Board adopt Resolution No. 915, out of abundance of caution and to avoid unnecessary expense at a later date related to sorting out the applicability of the statute to the District.

Commissioner Hemstad noted that he spoke with the Newcastle City Manager today and they would like an opportunity to present their case to the Valley. He does not have a strong opinion on this matter, but feels the Board should listen to their presentation. Mr. Smith pointed out that that pledging tax receipts could be argued to create a possible violation of VMC's bond covenants. Also, action needs to be taken prior to the August 10, 2009, Renton City Council public hearing on the Port Quendall proposal.

MOTION

Commissioner Miller moved and Commissioner Parnell seconded to adopt Resolution No. 915. There was further discussion. Commissioner Hemstad moved to amend the Resolution to remove the City of Newcastle. The amendment died for lack of second. The original motion to adopt Resolution No. 915, opting out of participation in the three planned revitalization areas, carried by a vote of 4 to 1. Commissioners Miller, Parnell, Bowman and Jacobson voted in favor and Commissioner Hemstad voted nay.

It was confirmed that the two letters from the City of Renton and the one from the City of Newcastle are the only notices received to date.

Operations Update

Mr. Hayes stated that today, after many months of planning and hard work, a new milestone has been reached in the transitioning of laboratory outreach business to PacLab. This relationship provides VMC with much improved turnaround times and notification of critical results, as well as expanded testing capacity thus adding new revenue. Lab results may now flow directly to those VMC clinics which have implemented *Practice Partner*.

During the unusual heat wave last week, the Central Utility Plant performed as anticipated. There was, however, a chiller issue in the Olympic Building IT cold room, which is currently operating at 90% capacity. Repairs should be completed by the end of this week. An additional cold room, which will be located in the South Tower, will help ease similar excessive heat related issues in the future.

In response to a question regarding flu vaccine for this fall, Mr. Hayes stated that no supply problems are anticipated.

Patient Care Services

The challenges of providing the right amount of patient education were noted by Mr. Alleman, who commented that the Getwell Network is proving to be a successful vehicle to

accomplish this goal. In response to a question, he confirmed that the Getwell Network is only available to inpatients. VMC clinic patients have access to the *Healthwise* education system, and Valley's website is continually being expanded to provide health care related information for the public

HR & Marketing

Ms. Mitchell reported on a new program, in partnership with the Renton Technical College, to introduce various health care careers to senior high school students. Several high school seniors participating in an RTC summer program, recently met with some of our enthusiastic younger managers, which their instructors felt were very beneficial. Efforts are underway to continue these informational career sessions on a routine basis.

VMC routinely reviews employee benefit programs for cost savings. This fall employees who use the mail order option for prescription drugs will no longer have a co-pay for generic drugs. Our pharmacy benefit management firm, Medco, is underwriting this program to encourage the use of more cost-effective generics.

The relationship with the Seattle Thunderbirds is being maximized with the use of three VMC event nights during the upcoming season at Kent's ShoWare Center. A demonstration of the da Vinci Robotic Surgical System is planned during a Thunderbirds game in September.

Valley is planning to follow in the footsteps of The Joint Commission by entering the social media arena of Twitter, Facebook and You-Tube in the near future. Kim Blakeley is developing and will oversee this important connection methodology and will provide full information on our plans at an upcoming Board meeting.

Clinic Network

Mr. Larson reported on the selection process for the Clinic Medical Director position that has been vacant since Dr. Robby Riddle's departure last fall. Two strong candidates have been identified and are completing the interview process.

It was also noted by Mr. Larson that the clinics are gearing up for the possibility of a second wave of H1N1 flu in the fall/winter months. A coordinated effort is underway to implement a clinic triage system.

Creation of a web portal system is underway through which patients may email physicians, access lab reports, etc. This communication/information system was discussed by Dr. James Park and Commissioner Miller at the Newcastle Primary Care community meeting held this past spring.

Business Development

Mr. Glenn reported that a meeting with representatives of the University of Washington Medical Center is planned for next month to discuss possible partnership opportunities in cardiovascular services. VMC views this as a positive opportunity to provide additional resources to our patients.

Plans are in place to direct a part-time person to communicate with VMC providers to keep them up-to-date on all the services provided by the medical center, as well as to provide feedback to management regarding hospital operations.

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Recess President Jacobson acknowledged a request for a ten minute recess at 5:35 p.m. following which the Board convened in Executive Session for approximately 20 minutes for the purpose of discussing specific litigation issues permitted by RCW.42.30.110(1) and real estate issues permitted by RCW.42.30.110(b) and (c).

Public Comment Public Comment

At 6:00 p.m. President Jacobson returned to open session and called for public comment. There was none. The Executive Session then continued

Reconvened The meeting reconvened at 6:05 p.m.

Adjournment There being no further business, motion was made to adjourn this meeting at 6:07 p.m.