

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

Held on October 19, 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
Robert L. Thompson, M.D., Vice President – Physician Relations
David E. Smith – General Counsel
Kris Tiernan, Assistant to CEO and Board of Commissioners
Sandra Sward, Assistant to CEO and Board of Commissioners

Those present for a portion of the meeting:

David Berman, Perkins Coie
Cory Cappelletti, Citizen
Sylvia Cavazos, Coalition to Preserve Public Hospitals
Sue Churchill, Human Resources
Tim Farley, Human Resources
Rebecca Friermuth, MedNet Representative
Steve Haton, Risk Management
Larry Holliday, Patient/Citizen
Patty Kyle, Decision Support
Rand Strobel, Information Technology
Jim Sullivan, Citizen
Bill Taylor, Citizen
Jeff Wong, Finance

This meeting of the Board of Commissioners of Public Hospital District No. 1 of King County was opened by President Jacobson at 3:32 p.m. in the Board Room of Valley Medical Center.

Approval of Minutes President Jacobson delayed approval of the October 5, 2009 minutes pending arrival of Commissioner Hemstad.

Community Affairs Barbara Mitchell reported on various community outreach activities of the Public Relations and Marketing Department as follows:

**Changed by subsequent motion. See minutes dated 11/2/09*

Team Valley participated in the October 11 American Diabetes Association walk at Seward Park. Valley staff from diabetes education and four primary care physicians along with their families joined the walk. Team Valley was in the top five (5) in fundraising for this event.

Two Healthy Living seminars are upcoming; Dr. Suzanne Krell will host a Sleep Smarter and Better seminar on October 22. Dr. Jason Thompson will host Living Pain Free, Relief from Spine Pain on Thursday October 29.

Valley will be forming a team to participate in the first ever Pancreatic Cancer Awareness walk organized by the Pancreatic Cancer Action Network. Walks consisting of 1, 3 and 5 K will be held in Bellevue Saturday, November 1.

Programs

Emergency Services South Tower Transition

Scott Alleman updated the Board on the many systems and staffing measures involved in transitioning services to the south tower. A grid that tracks weekly goals is used to manage operations, services, technology and staffing to ensure timelines are met and interfaces are closely managed to assimilate and transition services without delay, yet guarding against redundancy or overlap. Mr. Alleman noted the staffing rebid plan was presented to the Labor Management Committee on October 18. Computerized order entry will be implemented by November 1 and the Sunquest collection manager (a small computer in each room that will scan patient armbands, check lab orders and provide labels for blood), will be implemented by December 6.

Approval of Minutes

President Jacobson called for approval of the minutes of October 5, 2009. It was moved and seconded to approve the minutes. Mr. Hemstad requested the following correction to the minutes:

Page 4, fourth paragraph: add *italics* "It was noted that Senator Roach also received a copy of the draft on September 25th *directly from the State Auditor's office*".

Minutes were approved as amended.

Medical Affairs

Quality Management Update

Dr. Beattie presented information on Aligning Forces for Quality (AFQ) a nationwide collaborative addressing a range of topics that affect quality outcomes in healthcare. *Language Quality Improvement Collaborative* is one AFQ study that addresses language barriers affecting more than 24 million individuals who speak English "less than very well" and are "Limited English Proficient" (LEP). Risk factors associated with LEP populations include higher rates of infectious disease and infant mortality as well as higher risk for serious and chronic disease such as diabetes and heart disease. Valley treated over 6,800 LEP patients and facilitated over 13,300 language interpreter service needs in 2008. Valley has developed a team to work on strategies to better communicate and provide patient care for LEP patients. A first initiative will be to install speaker phones on units to facilitate quicker telephonic interpreter communication. Mr. Larson noted the advantage of capturing patient language needs in the Electronic Medical Record to enhance continuity of care in the outpatient setting.

Credentials

MOTION

Recommendations dated October 13, 2009, from the Medical Executive Committee outlining appointments, reappointments, changes of staff status, change in privileges, and resignations were distributed and individually reviewed by Dr. Beattie. Following discussion, it was moved, seconded and unanimously carried to approve credentialing/privileging recommendations as presented. Copies are attached to and made part of these minutes.

Medical Executive Committee

Dr. Beattie reported that during the Medical Executive Committee meeting of October 13, 2009 the draft Code of Conduct policy was reviewed and revisions were discussed. The final changes will be added to the draft and presented to the Medical Staff for a thirty (30) day review prior to submission to the Board for final approval.

Reports

Financial Affairs

Mr. Smith reported that September volumes were strong with a .5% increase from the same period last year. Clinic volumes were slightly lower due to the added time involved with transitioning patient care information into the Electronic Medical Record. Aggregate volumes for the month, compared to year-to-date volumes for this period last year were 98%. Net income from operations is slightly over budget. Salary costs continue to be reviewed.

Commissioner Hemstad asked about the rise in surgeries in light of the overall economic impact. Mr. Smith noted that the daVinci Robotic Surgical System and three (3) new orthopedic surgeons have had a positive impact on surgical volumes.

Bills/Vouchers

MOTION

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

Lydig Construction, Inc.		
VMC Emergency Tower – App. No. 23	\$	1,390,922.08
S.D. Deacon Corp. of Washington		
VMC Renton Landing Clinic		68,753.89

	WARRANT NUMBERS		DATED	AMOUNT
	FROM	TO		
ACCOUNTS PAYABLE	34678	34940	9/30/2009	81,545.44
ACCOUNTS PAYABLE	34941	35122	10/6/2009	71,954.50
ACCOUNTS PAYABLE	825986	825989	8/12/2009	1,129.07
ACCOUNTS PAYABLE	826114	826172	9/29/2009	3,021.56
ACCOUNTS PAYABLE	826173	826201	10/6/2009	1,129.07
ACCOUNTS PAYABLE	2129670	2129808	9/29/2009	823,757.17
ACCOUNTS PAYABLE	2129809	2129809	9/29/2009	228,267.65

ACCOUNTS PAYABLE	2129810	2130040	10/1/2009	1,247,986.51
ACCOUNTS PAYABLE	2130041	2130041	10/2/2009	3,260.00
ACCOUNTS PAYABLE	2130042	2130069	10/6/2009	2,320.19
ACCOUNTS PAYABLE	2130070	2130218	10/6/2009	1,291,320.28
ACCOUNTS PAYABLE	2130219	2130219	10/6/2009	0.00
ACCOUNTS PAYABLE	2130220	2130220	10/6/2009	5,001.45
ACCOUNTS PAYABLE	2130221	2130474	10/8/2009	2,254,270.65
TOTAL AP				6,014,963.54
WIRES OR EFT				6,306,997.43
GRAND TOTAL				\$13,781,636.94

Write-off of Accounts Receivable

MOTION It was moved and seconded to approve write-off of hospital and clinic accounts receivable in the amount of \$2,123,749, of which \$2,064,023 has been referred to Collection. The balance of \$59,726 represents bankrupt accounts and cancellations. Motion passed unanimously.

Resolution No. 919 – Surplus Property

MOTION It was moved and seconded to approve Resolution No. 919 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. The motion was approved unanimously.

Preliminary Operating and Capital Budgets for 2010

Mr. Smith reported on the preliminary capital and expenditure budgets for 2010. The full operating budget is in preliminary stages and completion is expected by mid-December. From a practical perspective, it is the operating budget that is the most important tool for budgeting purposes as opposed to the expenditure budget. Mr. Smith noted that Valley's challenge, as the largest Public Hospital District in the state, is to continue to excel in quality of care and service line development, while carefully adhering to the budget and mitigating the ongoing challenges of a national and regional economic downturn. Priorities for 2010 include growth and opportunity for our staff, recruiting team members who will provide quality service and patient care, growth in our Centers of Excellence, continuing expansion of the Clinic Network system and maintaining state-of-the-art equipment and information technologies. Providing financial results that comply with bond covenants and the 5-year financial forecast are also key priorities.

MOTION It was moved and seconded to approve the Preliminary Operating and Capital Budgets for 2010 as presented. Motion passed unanimously.

Programs Washington Neuroscience Institute

Mr. Glenn introduced Dr. David Vossler, WNI Medical Director. Dr. Vossler founded the WNI institute in 2006 and has been key in developing this service line into one of the most reputable neuroscience institutes in the region. Dr. Vossler presented the mission and goals of the Institute and noted that optimizing patient care and safety through a multidisciplinary healthcare design and streamlining specialty centers to effectively manage

patient flow have been keys to WNI's success. The WNI service line includes an Epilepsy Program, Stroke Program, Spine Center, Neurosurgery and the WNI Clinic (headache, pediatric neurology, diagnostic procedures, neuropsychology and general neurology). Outpatient volumes have almost doubled from last year and inpatient volumes have increased by 10%. Dr. Vossler noted the need for a pediatric neurologist in South King County; current wait times can be as long as six (6) months.

Reports

Reports from Administrators

Operations Update

Patient Correspondence: Mr. Hayes shared two (2) letters received recently from patients regarding their care at Valley, noting the significant impact their exceptional care had on their medical experience and recovery process.

Department of Health Survey: The unannounced Department of Health survey occurred October 3-6. Three (3) nurse surveyors, one public health nurse and three (3) fire marshalls reviewed myriad systems and care processes within the medical center to ensure compliance with the thousands of regulatory requirements. The survey outcome was positive. Two areas of follow-up include set intervals for reassessing individuals with specialized care needs and establishing follow-up patient care in the outpatient setting. Mr. Hayes noted Valley's success in this survey was clearly linked to organizational preparation planning, leadership and managers commitment to a constant state of readiness and our staff's commitment to patient care and safety.

Transformation of Care – Computerized Provider Order Entry: Mr. Hayes noted that similar to the transition involved in moving into the new Emergency Services South Tower, another significant transformation of care is currently being organized around the readiness assessment for movement to Computerized Provider Order Entry (CPOE), which is the last phase of the Electronic Medical Record development. CPOE provides an electronic means of ordering radiation, laboratory, diagnostics and order sets to enhance data initiation, transmittal and processing of all physician orders. Current assessment of this transition indicates the project is on target and moving forward as planned. Clarity of vision, physician and staff engagement, organizational support (including resource allocation) and increased oversight of IT resources have led to a robust communication strategy that will increase patient safety and enhance provisions for patient care. Completion of this project is expected to take another 24 months and periodic updates will be provided to the Board.

Patient Care Services

Mr. Alleman reported on the recent change-out of IV pumps. The MedNet Hospira pump is a new generation pump that enhances patient safety and improves critical care by reducing medication errors and providing a host of administrative functions such as ordering, transcribing, dispensing and administering medication.

Mr. Alleman introduced Rebecca Friermuth, a representative with MedNet who provided a presentation on the new Hospira IV pump. This pump provides seamless inter-operability with other facility systems, has intuitive easy-to-use tools, provides robust reporting to advance best practices, improves nursing workflow and better manages infusion assets.

HR & Marketing

Ms. Mitchell reported on the significant cost increases Valley continues to absorb in providing medical benefits for our employee group. Valley provides a medical benefit plan that is considered "premier" by industry standards. While benefit costs continue to climb, Valley's goal of attracting and retaining a qualified, competent workforce provides a competing challenge in choosing and then funding employee benefits. Ms. Mitchell noted that benefit-eligible staff have increased due to efforts taken over the last year to reduce agency (temporary) patient care staff, resulting in an increase of benefited staff by 200. A projected cost increase in the medical benefit plan for 2010 is anticipated to be 19% over that of 2009, mainly in stop-loss claims (driven largely by large claims including heart transplants) and mental health coverage. Prescription drug coverage and ancillary insurance programs, such as Group Health, will be increasing plan costs also. Valley currently has 34 people on the Group Health plan and a review is underway to consider dropping this plan coverage. The small employee group covered by this plan indicate this benefit is no longer a recruitment incentive. Washington Dental will increase by 5% in 2010; and we continue to look for other options in dental benefits.

Ms. Mitchell noted an estimated 3800 seniors visited the medical facility the week of October 12 for flu shots and a sneak preview of the Emergency Services South Tower. Public reaction to the new tower has been extremely positive.

Valley Medical is currently running four (4) commercials that will continue through the middle of November featuring Dr. Lundin and the Spine Center, Dr. Barrett and the Joint Center, Dr. Thompson and the Spine Center and Dr. Nemanich featuring Heart and Vascular Services. The Valley website contains more footage of these stories with actual dialogue between the physicians and their patients.

Public Comment

Public Comment

At 6:00 p.m., President Jacobson called for public comment.

Sylvia Cavazos, Citizen and President of the Coalition to Preserve our Hospital District, referred to the Code of Ethics in relation to Commissioner Hemstad, expressing concern for recent negative press coverage and Commissioner Hemstad's involvement with the upcoming Board of Commissioner election. Ms. Cavazos said she has researched the Board minutes, the official press coverage and the history of leadership within Valley Medical Center; noting that negative press affects this hospital and community adversely, which ultimately affects the community's ability to obtain healthcare. She asked the Board members to be mindful of how damaging this negative press is to the community, cautioning Commissioners to stop participating in these questionable election activities. She exhorted the Commissioners to act with temperance, thoughtfulness and ethics that represent this Hospital District and continue to build goodwill in the community. Ms. Cavazos asked that the Commissioners not use the hospital Board venue to carry out personal vendettas concerning the Superintendent.

Bill Taylor, Citizen, noted his positive experience taking the sneak preview of the Emergency Services South Tower. The facility was remarkable and he's proud to be a citizen of Renton. He has received care in multiple hospitals around the country and has found the care at Valley to be exceptional, better than anywhere else. He asked the Board and Administration to keep taking care of him and he would continue to entrust his life to Valley Medical Center.

Larry Holliday, Patient/Citizen, thanked the Board for the care both he and his wife have received at Valley. Medicine is an art, not only a science, and we have many choices to make along the way. He has been hospitalized at other facilities where care decisions and language barriers of staff have made his recovery unpleasant. He agrees with Ms. Cavazos and asks that the money be spent wisely on behalf of the tax payors.

Cory Cappelletti, Citizen, said he has lived in Renton his entire life. His question is prompted from the recent newspaper article regarding the Superintendent's retirement payout. What was the decision process to provide the retirement payment? He hopes the decision was 100% above board. Why do tax payors have to spend that type of money?

Jim Sullivan, Citizen, said he had a grave concern regarding the Rotocare Clinic. The clinic does fabulous work, without Valley it would not be available. There has been too much focus on this one single issue of the Superintendent salary/retirement. He has been in this community for 30 years and watched the hospital grow to the incredible institution it is today, which took an incredible amount of hard work and talent. Seven consecutive audits by the state without any findings is virtually unheard of. We are acting like this one decision has been made with no relevance to the history of performance of this Superintendent. There are 2.5 decades of drive, talent and leadership that have been given to this hospital. Small-minded and self-serving people are trying to focus on this one issue and completely set aside 26 or 27 years of accomplishments by this individual. This is ridiculous and the fact that it has gotten so much attention indicates it's self-serving.

Reports

Clinic Network

Mr. Larson reported progress on the Renton Landing Clinic. Construction continues and interior equipment and furnishings have been purchased.

Business Development

Mr. Glenn reported on the continuing efforts to review probable placement and development of a stand-alone emergency department in the Covington area. Architect discussions have started with NBBJ.

Recruitment Update

Dr. Thompson reported the Rotocare Clinic has been in operation for six (6) years. He thanked the Board of Commissioners and Valley for advancing this project into the community. Hundreds of volunteer nurses, front line office staff, interpreter services and physicians have been instrumental in providing healthcare needs to the community. Dr. Thompson personally thanked Commissioner Jacobson, who has been instrumental as a member of the advisory council to initiate this project and make it possible for hundreds of citizens to receive free medical care. Dr. Thompson noted that Valley is fortunate to have a number of Commissioners invested in the community and civic entities that support education, faith-based organizations and other contributing avenues to ensure our community has a robust system of care and opportunity for advancement.

Commissioner Comment

Commissioner Comment

Commissioner Hemstad thanked Sylvia Cavazos for her deep interest in ethics and encouraged her to look at the documents in the October 5, 2009 minutes where background information was provided regarding decisions about the Superintendent's employment contract. Commissioner Hemstad advised there is no mention of the

supplemental retirement benefit package that was paid to Mr. Roodman days after the [information] came through the organization. Commissioner Hemstad noted that Mr. Roodman is paid well and asked Ms. Cavazos to check the OFM website to review salary comparisons. Local government owes its primary duty to the tax payors who own this institution. 450,000 tax paying individuals pay for this hospital.

Commissioner Miller asked Commissioner Hemstad to check the University of Washington's football coach's annual salary. Statements made at the last Board meeting regarding the Superintendent's compensation were incorrect. He said a fully informed person can't just look at the compensation package for the Superintendent in the context of public officials, an informed person needs to compare it to healthcare administrators in the healthcare market. You will find Mr. Roodman's compensation isn't even in the top ten locally. In fact, I think you'll find that there are even some assistant administrators in the area who are paid more than Mr. Roodman.

Recess President Jacobson acknowledged a request for a recess at 6:30 p.m. following which the Board convened in Executive Session for approximately thirty minutes for the purpose of discussing specific personnel issues permitted by RCW 42.30.110(g), litigation issues permitted by RCW.42.30.110(1) and real estate issues permitted by RCW.42.30.110(b) and (c).

Reconvened The meeting reconvened at 7:00 p.m.

MOTION Medical Executive Committee

It was moved, seconded and carried to accept the Medical Executive Committee recommendation regarding a physician on the Medical Staff and removal of all privileges except surgical assistance.

Adjournment There being no further business, motion was made to adjourn this meeting at 7:05 p.m.