

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

Held on November 2, 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  
Amin Hakim, M.D., Vice President – Chief Medical Director, Clinics  
Kathryn D. Beattie, M.D., Senior Vice President - Chief Medical Officer  
Larry Smith, Senior Vice President – Chief Financial Officer  
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  
Kris Tiernan, Assistant to the CEO and Board of Commissioners  
Sandra Sward, Assistant to CEO and Board of Commissioners

Those present for a portion of the meeting:

Carole Anderson, Citizen  
Pat Cooke, Citizen  
Jaime Garcia, Executive Director – Health Work Force Institute  
Judith Puzon, Manager Lake Sawyer and Covington Clinic

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. It was moved and seconded to approve the minutes of October 19, 2009. Commissioner Hemstad requested the following correction to the minutes:

Page 4, fourth paragraph, added sentence *in italics: Commissioner Hemstad requested copies of the background information that was supplied to the Finance Committee and used in preparation of the Preliminary Operating and Capital Budget for 2010.*

Minutes were approved as amended.

Commissioner Hemstad noted that documentation originally attached to the October 5, 2009 minutes is incomplete from the Board of Commissioners section of the website and should be re-posted.

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

Valley was a participating sponsor at the annual King County Sexual Assault Resource Center (KSARC) fundraising breakfast on October 21, filling four (4) tables.

Dr. Suzanne Krell's Sleep Smarter, Sleep Better Seminar on October 22 was attended by 94 community residents. Over half the attendees had not participated in a VMC seminar previously.

Dr. Jason Thompson's Spine Seminar was attended by 112 people on Thursday, October 29 and the response was exceptionally positive.

Sherry Kuzan, Manager of the Valley Breast Center, provided a sixty-minute breast health seminar on October 29 as part of the Breast Center Awareness Month activities at the Renton YMCA.

## Programs

### 2010 Legislative Preview and Hospital Safety Net Assessment

Jaime Garcia, Executive Director of Health Work Force Institute, Washington State Hospital Association presented state and federal budget information relative to healthcare. Budget priorities and the relationship between Initiative 1033 and the Hospital Safety Net Assessment were discussed. 2010 policy priorities include nurse staffing, flu vaccination for healthcare workers, disaster response and preparedness and improved reporting of adverse events.

### Practice Partner Update

Dr. Bob Thompson introduced Dr. Bob Molina, who has been instrumental in helping the clinical staff transition to the process changes and technical aspects of using an electronic medical record (EMR) in the clinic network. The EMR has been introduced in five (5) clinics to date. Dr. Thompson explained the evolution of the medical record over the years, noting the significant patient care improvements now afforded with providing faster and more accurate documentation and medication management through the EMR.

Dr. Molina presented the Practice Partner software that manages the EMR data. The EMR provides access to the patient chart including past medication, medical history, social and family information. Dr. Molina noted that diagnosis information is linked to historical progress notes in addition to current patient treatment information, improving the physician's ability to identify care protocols. The electronic note will enhance provider's ability to manage medications, remind patients about follow-up care and identify areas of prevention associated with future health risks. The electronic prescription portion of the software requires additional work.

Dr. Molina noted that the physicians are currently using all the features of the Practice Partner software and are participating fully in the training sessions. EMR training and learning curve will have a significant impact on provider productivity for at least the first six months.

## Medical Affairs

### Quality Management Update

Dr. Beattie reported a Plan of Correction will be submitted to the Washington State Department of Health this week in response to the limited findings from their recent unannounced inspection. Valley will have sixty days to complete implementation of the Plan of Correction and ninety days to report the measures of success identified from the changes.

Dr. Beattie reminded the Commissioners that a state of "continuous survey readiness" is the adopted norm at Valley. The Joint Commission reaccreditation survey window will

open soon. Our successful certification survey of The Stroke Center is on an 18-month cycle and ongoing efforts continue to ensure we are providing the optimal level of care to every stroke patient presenting at the medical center.

A co-management agreement has been adopted between the Hospitalists and the Orthopedists to optimize patient care. An increased volume of specialty and surgical (typically emergent) admissions has placed a heightened demand on the need for Hospitalist input. A "swift team" was added in 2009 to the Adult Medicine Hospitalists as well as an on-call system to bring in a sixth daytime team when volumes are high. Dr. Beattie noted that further expansions to the program will be considered in 2010 to meet anticipated increase in patient volumes.

Implementation of the OB Hospitalist program has brought physician care to every OB patient presenting for a medical screening exam and offers 24/7 emergent OB presence within the medical facility. This heightened service has provided an increased level of safety for delivering moms in the VMC Birth Center.

Dr. Beattie reported the average length of stay is below the expected numbers and inpatient mortality tracks well below the expected rate based on acuity of our patient population. Hospital acquired infection rate continues to be within control limits and has run well below average for the second quarter in a row.

Reports

Reports from Administration

Financial Affairs

Mr. Smith reported census was 4.4% higher in October compared to the same period last year. ED visits are up 12% over last year, with a total of 6,100 patients seen for the month.

The SAO report findings have been delayed due to the complexity of coordinating the three hospitals involved in the audit and the extent of fact verification needed prior to report finalization. A major component of the work required to go from draft to final report version involved identifying and resolving inconsistencies between various documents discovered subsequent to release of the preliminary draft.

MOTION

Mr. Smith requested that the November 16, 2009 Board meeting be moved to Tuesday, November 24, 2009. This change is to accommodate the required public hearing for the SAO Performance Audit and lead time required for publication of the required legal notice. It was moved and seconded to reschedule the November 16, 2009 meeting to November 24, 2009. Motion carried unanimously.

Capital and Expenditure Budgets for 2010

Mr. Smith explained the State statute requires approval of capital and expenditure budgets by November 15<sup>th</sup>. Working through the fiscal year 2010 budget process is a challenging task given the current state of the national and regional economic conditions. Capital expenses in 2010 are projected to be \$20 million with completion of the Emergency Services Tower, Renton Landing Clinic, implementation of the EMR in both the clinics and the hospital, replacement of obsolete medical/surgical equipment, initial construction planning of the Covington Emergency Department along with various upgrades and remodels.

Mr. Smith reported a forecast of 11% overall growth in patient days for 2010. The majority of hospital outpatient program volumes are budgeted to remain consistent with 2009 volumes, as payors increase efforts to curtail outpatient testing. Primary clinic networks anticipate a .6% growth and overall network growth is projected at 9.5%. The opening of the Renton Landing Clinic will expand overall urgent care growth by an anticipated 26.5% (44,500 visits per year). Overall operating costs are budgeted to increase 8% primarily due to patient volume growth, contractually obligated labor salary increases, pharmaceuticals and medical supplies, additional depreciation with the completion of major construction projects, and interest payments related to debt obligations. An overall \$2.5 million increase is planned in bad debt and charity allowances. Actively managing our revenue cycle and cost management while adhering to budgeted expenses will provide an anticipated \$8 million to fund equipment replacement and new program development.

MOTION

Resolution No. 920 – Expenditure Budget for 2010

It was moved and seconded to approve Resolution No. 920 determining, fixing and adopting a budget for the year 2010, and further directing a special tax levy on taxable property within the District to provide for retirement of and payment of interest and principal on general obligation bonds of the District in 2010.

Commissioner Hemstad asked for clarification on the tax levy amount. Mr. Smith confirmed that the \$2M difference reflects allocation for the Fire Protection District. Commissioner Hemstad asked if the budget was based on a revenue increase of 1% not including new construction, Mr. Smith confirmed the revenue increase was a preliminary projection without new construction cost and that we were waiting for further clarification regarding the decrease in assessed value from the County before formulating a recommendation and resolution regarding tax assessment for 2010. Mr. Smith said this decision should occur at the November 24 Board meeting in order to meet the December 4 deadline.

The motion was passed with four in favor, (Commissioner’s Jacobson, Bowman, Miller and Parnell) and one against (Commissioner Hemstad).

Bills/Vouchers

MOTION

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

	WARRANT NUMBERS		DATED	AMOUNT
	FROM	TO		
ACCOUNTS PAYABLE	35123	35334	10/20/2009	74,961.83
ACCOUNTS PAYABLE	826202	826219	10/13/2009	2,740.45
ACCOUNTS PAYABLE	826220	826299	10/27/2009	4,682.24
ACCOUNTS PAYABLE	2130475	2130648	10/13/2009	985,323.78
ACCOUNTS PAYABLE	2130649	2130653	10/13/2009	292.87
ACCOUNTS PAYABLE	2130654	2130946	10/15/2009	1,941,543.14
ACCOUNTS PAYABLE	2130947	2130947	10/15/2009	9,015.71
ACCOUNTS PAYABLE	2130948	2131102	10/20/2009	1,022,391.08
ACCOUNTS PAYABLE	2131103	2131343	10/22/2009	3,239,690.98
ACCOUNTS PAYABLE	2131344	2131344	10/26/2009	804,873.69

ACCOUNTS PAYABLE	2131345	2131475	10/27/2009	1,020,596.16
TOTAL AP				9,106,111.93
OCTOBER PAYROLL				8,621,810.25
WIRES OR EFT				1,044,380.50
GRAND TOTAL				\$18,772,302.68

Resolution No. 921 – Surplus Property

- MOTION                    It was moved and seconded to approve Resolution No. 921 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.
  
- Recess                    President Jacobson acknowledged a request for a recess at 5:00 p.m. following which the Board convened in Executive Session for approximately ten (10) minutes for the purpose of discussing specific litigation issues permitted by RCW.42.30.110(1).
  
- Reconvened              The meeting reconvened at 5:10 p.m.
  
- MOTION RECINDED    In light of additional information received, the action taken October 19, 2009 regarding physician privileging has been rescinded.

Operations and Patient Care Services Update

Mr. Hayes (also reporting for Mr. Alleman, who is ill) reported preparations continue across the medical center for flu readiness. Seven hundred of the requested 7000 doses of H1N1 vaccine have been received and 380 staff have been vaccinated in high-risk patient care areas. Clinic networks and Urgent Care have received and are administering vaccine also. We hope to move into the 2<sup>nd</sup> tier of vaccinations next week, as more vaccine arrives, now that all CCU, ED, Birth Center, NICU and pregnant staff have been vaccinated. Visitation guidelines have been adjusted, limiting visitors to two per patient with NICU/CCU visitors wearing masks.

The Emergency Services South Tower is ninety-four (94) days from opening. Neighboring healthcare organizations have expressed a tremendous interest in the new facility, intrigued by the physical environment and the programmatic impact Valley will have for rendering enhanced care in this new structure. Northwest Hospital, Stevens Hospital and Harborview Medical Center have visited and learned more about how the new emergency services facility will provide heightened patient care and safety. Both the HEV (patient through-put for swift placement and bed allocation) and MedHost (physician touch-screen order entry for orders and medication management) will be incorporated in the new tower.

Mr. Hayes noted the Building Committee will be reviewing the master plan for the Birth Center, which is currently at capacity. Demographic information indicates births will continue to climb in the south King County area.

### Clinic Network

Mr. Larson introduced Dr. Amin Hakim, Vice President/Chief Medical Director – Clinic Network. Dr. Hakim comes to Valley with vast experience and recent tenure with some of the largest medical plans in New York State. Mr. Larson noted Dr. Hakim fills the necessary role of addressing the business side of the clinic network as the continuum of clinic care continues to grow. Expanding clinic access is part of the business strategy, yet remains challenging as family practice physicians continue to be scarce. Recruiter focus is currently concentrating on the Covington Clinic which is targeted for a fulltime primary care physician.

Mr. Larson noted that Dr. Molina's positive report on the EMR will ultimately move Valley farther ahead in relation to quality and patient safety. The production impact for physicians, while learning the new system of documentation and record retrieval, can impact productivity as much as 15% initially. The impact on clinic volumes will be felt through next year, while specialty care begins incorporation of the EMR once all primary care clinics have completed implementation. The EMR implementation will therefore affect one of the Board goals related to clinic volumes.

### Business Development

Mr. Glenn reported the State has awarded Valley with a Certificate of Need for the elective PCI program. This procedure will compliment Valley's cardiac care program, provide further collaboration with the Southlake internal medicine physicians, and allow Valley to provide comprehensive care for approximately 150 patients annually who undergo this elective procedure.

Business plans for both neuroscience and oncology remain a main focus. Mr. Glenn noted a valuable report done a few years ago at VMC by the Camden Group is still being used to formulate updated plans for future collaboration and program enhancement.

Demand for Dr. Lundin's spine surgeries continue to rise resulting in tripling surgical cases in the past eight (8) months. Staffing has been increased to help with patient care follow-up.

Collaboration continues with Skilled Nursing Care facilities in the area. Management agreements and facility development discussions have been explored. Initial findings indicate a 25-bed facility poses unique challenges to both operations and financial viability.

### HR & Marketing

Ms. Mitchell reported that annual notices for benefit open enrollment were distributed last week. All benefit enrollment information is up to date, with the exception of Group Health coverage, which is still undecided. Ms. Mitchell suggests discussing this further at the upcoming Board Retreat November 23, 2009. Her recommendation is to discontinue Group Health as a plan option.

Marketing and Community Relations has plans underway to develop a new "face" page on Valley's website that will be used in the event a flu and/or flood disaster occurs in this region. This face page will be used to communicate up-to-date information with the community to ensure neighboring residents are kept informed about health and safety measures during the disaster.

The community perception survey is currently being conducted by independent market researchers with phone calls to District residents. Ms. Mitchell noted that recent contentious election press may be impacting Valley's perception in the community.

Ms. Mitchell reported that congratulations are in order for Valley Medical Center for recently being ranked #10 in *Modern Healthcare's* national polling of healthcare industries. Modern Healthcare's annual study is based on an extensive application process wherein healthcare businesses, (including industries and technology companies involved in healthcare supply) provide facts involving staffing, benefits, turnover rate, organizational structure and other operational data that is coalesced into a group of finalists. This group is then polled randomly by *Modern Healthcare* from within each workforce. A mandatory response of 40% is required from each finalist workforce to ensure enough data is collected to rank in the finalist survey count. Nationally, VMC ranked #5 on the list for provider organizations and 10<sup>th</sup> overall. There were no other providers from Washington State on the 2009 award list. Ms. Mitchell noted VMC was ranked in the top 100 in 2008.

Ms. Mitchell reported that Valley's average staff tenure has increased from 5 years to 7.3 years over the last eight years. Staff tenure has been reported to directly correlate to improved patient safety.

Public Comment

Public Comment

Judith Puzon, Clinic Manager for Lake Sawyer and Covington felt it was important to address Valley's Board of Commissioners as a contributing member of society who lives in VMC's service area (Maple Valley). Judith said she has been employed at Valley for five (5) years and one of the wonderful things about VMC is the wonderful successes: Two Joint Commission surveys and 2 Department of Health surveys have had stellar results since she's been at Valley and survey results is one of the areas she is most proud to share with other community residents. She has seen lots of auditors lately, there has never been a year at Valley that she hasn't heard there is an auditor on site. Something she's been quite aware of is the politics and the allegations; lots of questions and concerns directed at the management, leadership and senior leadership team. Questions are good and they are healthy, but at the same time, we have to look at the data and validity over time. In her time at Valley, she has never seen a more stressful time: we are experiencing the worst economic stress, we are teetering on a pandemic with the H1Ni flu, the flood; the stress for staff and the population we serve is mounting. She said she struggles with the negative energy that swirls around about senior leadership in the press and on campaign literature. It detracts from the hard work we've done and the hard work we have yet to do. The numbers of sick people in the clinics right now is something she's never seen before; masks, high fevers, it will only get worse. She wishes focus could be placed on taking care of patients, on the care giving we do best at Valley and have to do more of. In this current climate, it's distressing when the most important question we get from patients is regarding the negative allegations being reported in the papers and whatever else is "out there". Do these allegations help us serve our populations? Do they do anything for us in helping us connect to our mission? The unintentional consequences of these politics will be paid by our populations in the community who rely on Valley. To be financially viable and offer safe services to everyone in the community is a rare opportunity, and Valley has that. We need to get ready for the winter and treat the healthcare needs of our residents. The real question is the greater good and our ability to provide quality patient care to everyone in the community.

Reports

CEO Report

Mr. Roodman reported his decision to remove Group Health as a plan option for senior management, based on the increase in premium from Group Health and the fact that Group Health enrollees cannot use VMC. He said providing Group Health as an option is counter-productive to what's best for Valley's physicians.

Board self-evaluations and the Superintendent/CEO performance evaluation will be reviewed and discussed at the upcoming Board Retreat November 23, 2009. Forms are provided to each Commissioner for preparation toward the annual evaluation discussion at the retreat. Mr. Roodman noted that 2009 goals have been addressed briefly by Administrators today and targets appear to be met. The SAO final report is expected next week and cost savings findings are anticipated to be zero, reflecting the outstanding job of VMC's entire management team.

Mr. Roodman addressed the freeze that was placed on management salary adjustments in early 2009. He said he felt the economic downturn necessitated that freeze to ensure operational viability at the beginning of 2009. If profitability continues to remain solid, Mr. Roodman reported he would unfreeze the salaries which would facilitate appropriate increases to the management team during 2009. The financial goal for 2009 is 1.8% and the current actual profit is currently 4.4%. Mr. Roodman again commended Valley's entire management team for continuing to operate and lead with exceptional performance and stability during a time when the national and statewide economic crisis has been challenging.

#### Board Stipend

President Jacobson questioned Commissioner Hemstad's breakfast meeting with Jonathan Rosenblum, Organizing Director of SEIU 1199NW. Commissioner Hemstad reported Mr. Rosenblum initiated the invitation and they discussed the hospital. Mr. Roodman asked if discussions held at this meeting should be shared with Ms. Mitchell since she oversees labor relations for the District. Commissioner Hemstad said that he would discuss the content of this meeting at an upcoming breakfast meeting with Mr. Roodman.

#### Adjournment

There being no further business, motion was made to adjourn this meeting at 6:22 p.m.