

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

Held on December 7, 2009

Attendance:

Commissioner G. Sue Bowman, Commissioner, Commissioner-at-large
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
Robert L. Thompson, M.D., Vice President – Physician Relations
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
Amin Hakim, M.D., Vice President/Chief Medical Director - Clinic Network
Kim Blakeley, Public Relations Manager
Sandra Sward, Assistant to CEO and Board of Commissioners

Those present for a portion of the meeting:

Jeannine Grinnell, Vice President; Finance
Jeff Wong, Finance
Cory Capalletti, Citizen

This meeting of the Board of Commissioners of Public Hospital District No. 1 of King County was opened by President Jacobson at 3:30 p.m. in the Board Room of Valley Medical Center. It was moved and seconded to approve the minutes of November 24, 2009. Motion carried.

Community Affairs Ms. Blakeley reported on the Joint Legislative Assembly Research Committee (JLARC) Subcommittee Public Hearing attended by Paul Hayes, Barbara Mitchell, Jeannine Grinnell and Kim Blakeley December 1 in Olympia. Report findings were provided on the State Auditor's Office Performance Audit on the three (3) largest public hospitals in Washington State; Evergreen Healthcare, Stevens Hospital and Valley Medical Center. Ms. Grinnell spoke at the hearing, noting the report contained no potential savings attributed to VMC operations and that VMC received several commendations. The hearing concluded in less than forty minutes. There were no questions from the Legislators specific to Valley Medical Center.

NurseZone.com and TravelNursing.com ran stories this week headlining Valley's "Top 10" award in Modern Healthcare. The story featured an interview with Mr. Alleman.

The *Covington/Maple Valley Reporter* issue dated November 25 featured an article about eye health, bylined by Dr. Michael Solomon of the Eye Clinic at VMC.

**Changed by subsequent Motion. See minutes dated December 21, 2009.*

The December 4th issue of the *Covington/Maple Valley Reporter* published a story about VMC and MultiCare's plans to open freestanding ERs in Covington. The article included an interview with Mr. Glenn and pointed out that both VMC and MultiCare did not view plans for expansion in Covington as competition, but rather a response to community need.

Valley hosted an event for people with Lumbar Spinal Stenosis on December 1. Dr. Lundin spoke at the event and explained a new surgical procedure. Five (5) follow-up appointments were scheduled with Dr. Lundin.

State Auditors Report: President Jacobson requested a report on the Washington State Auditor's Office Exit Conference which was held December 4, 2009. The annual audit covers risk-based review of three (3) general areas: 1) accounting for public resources and compliance with laws and regulations, 2) financial statements and 3) federal compliance. Ms. Grinnell reported there were no adverse findings and that overall compliance was established in all audit areas. Ms. Grinnell noted VMC has received outstanding audit findings for seven (7) years in a row.

MOTION

Resolution No. 925 – Authorizing the Superintendent to Plan, Prepare and Hold a Celebration in Recognition of Commissioner Miller's Years of Public Service

Superintendent Roodman introduced Resolution 925, recognizing the years of service and contribution Commissioner Miller has provided to Valley Medical Center. The recognition celebration would not use public funds

Following brief discussion, it was moved, seconded and carried to adopt Resolution No. 925, authorizing the planning, preparation and holding of a celebration to honor Commissioner Miller's years of service to Valley Medical Center on December 21, 2009.

2010 Goals

Proposed Goals for 2010

Mr. Hayes called attention to three (3) revisions that were made to the 2010 proposed goals subsequent to the Board packets being mailed out. The recommendations suggested by Commissioners at the November 24 Board meeting have been incorporated. Mr. Hayes noted the framework for calculating incentivized goals would be consistent with the methods used in previous years practice.

Administrators provided a summary of each goal along with threshold targets and stretch performance targets, if applicable. Commissioner Miller requested Mr. Smith provide recommendations from Standard and Poor's for long term financial goal forecasting. Mr. Smith explained the adoption of Goal #11 addresses benchmarks and best practices in financial transparency.

MOTION

Resolution No. 926 – Recognizing Margarita Prentice, Dedicating the New Trauma Center In Her Honor

Mr. Hayes introduced Resolution No. 926 pursuant to the information provided at the November 24 Board of Commissioners meeting. The dedication in honor of Senator Prentice will take place at the January 11, 2010 open house and ribbon cutting event for the Emergency Services South Tower.

Following discussion, it was moved, seconded and unanimously carried to adopt Resolution No. 926 authorizing the dedication of the Trauma Center in the new Emergency Services Tower to Senator Margarita Prentice.

Medical Affairs

Quality Management Update

Dr. Beattie reported on the Quality Improvement Council meeting held December 1. Dr. Nemanich, Interventional Cardiologist, reported on VMC's quality data for percutaneous coronary interventions. Dr. Tavaglioni, Radiation Oncologist Chair of the Cancer Committee, presented results of a pilot study to improve breast cancer screening rates for women over 40 who attend VMC primary care clinics. Preliminary results of the AHRQ Survey on Patient Safety Culture were presented. Positive responses for patient safety ratings in work units/departments was up from 72% to 79% over last years ratings. Continued reduction in the number of Medical Records delinquencies was reported.

MOTION

Medical Executive Committee

Dr. Beattie provided *Medical Staff Code of Conduct and Disruptive Behavior Policy* for Board review. Dr. Beattie explained the a reminder will be sent out to all Medical Staff explaining that adherence to the new policy will be required and a subsequent Attestation Form will be provided upon reappointment to the Medical Staff. Superintendent Roodman, in Mr. David Smith's absence, indicated this policy relates to the Medical Staff much like the Board of Commissioners Code of Conduct policy relates to the Board of Commissioners; it is enforceable and pertinent regardless of whether each Board member has signed the document or not because it is the approved policy of each organization. A copy of this policy is attached to and made a part of these minutes.

It was moved, seconded and unanimously carried to approve the policy as recommended.

Financials

Financial Affairs

Mr. Smith reported Valley Medical Center and Harborview have been approved by the State (for recommendation to the Federal government) for enhanced Medicaid payments to employed physicians. If approved, this program would provide increased physician fees for Medicaid patients and would be retroactively reimbursed as of July 2009. Superintendent Roodman explained there are two types of Medicaid patients, (regular and Molina) and that this program would only apply to the regular Medicaid patients.

Operating Budget

Mr. Smith noted the budget proposal being presented by Ms. Grinnell provides an overview for fiscal year 2010. If additional information develops, it will be processed through the Finance Committee meeting. A Resolution calling for adoption of the 2010 goals will be presented at the next Board of Commissioners meeting for consideration and approval. Mr. Smith commended Ms. Grinnell and staff for the diligent and thorough work that takes place each year to ensure the budget is accurate. This excellent financial oversight has been reflected in the Washington State Auditor's report for the last seven (7) years. This may be an unmatched success among other public hospitals within the State.

Ms. Grinnell noted the budget is a by-product of the mission and goals, she stressed that the goals are foundational to the development and achievement of the budget each year. The budgeting framework includes maintaining and recruiting quality staff, maintaining the ability to expand services into the community, maintaining state-of-art equipment, continuing to invest in Information Technology and providing financial results to meet the requirements of bond covenants. Ms. Grinnell emphasized the increase in depreciation and interest expense in 2010 is close to \$10 million and noted that operating costs for the tower will increase significantly next year. These factors, coupled with government and

third party payor cut backs will make it extremely difficult to achieve financial objectives in 2010.

MOTION

Bills/Vouchers

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

Lydig Construction, Inc.

VMC – Emergency Tower - App. No. \$1,240,984.79

	WARRANT NUMBERS		DATED	AMOUNT
	FROM	TO		
ACCOUNTS PAYABLE	35658	35751	11/17/2009	40,965.84
ACCOUNTS PAYABLE	35752	35816	11/24/2009	34,355.42
ACCOUNTS PAYABLE	35817	35885	12/1/2009	49,366.94
ACCOUNTS PAYABLE	826431	826465	11/17/2009	4,946.78
ACCOUNTS PAYABLE	826466	826477	11/24/2009	731.61
ACCOUNTS PAYABLE	826478	826500	12/1/2009	1,422.02
ACCOUNTS PAYABLE	2132561	2132719	11/17/2009	610,025.76
ACCOUNTS PAYABLE	2132720	2132989	11/19/2009	2,481,989.90
ACCOUNTS PAYABLE	2132990	2133170	11/24/2009	2,223,492.12
ACCOUNTS PAYABLE	2133171	2133437	12/1/2009	1,984,553.32
ACCOUNTS PAYABLE	2133438	2133450	12/1/2009	625.33
TOTAL AP				7,432,475.04
NOVEMBER PAYROLL				8,508,165.50
WIRES OR EFT				4,141,907.45
GRAND TOTAL AP and EFT/WIRES				\$21,323,532.78

MOTION

Resolution No. 927 – Surplus Property

It was moved and seconded to approve Resolution No. 927 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 statute. The motion was unanimously approved.

Reports

Reports From AdministratorsOperations Update

Mr. Hayes shared correspondence from a patient who recently underwent joint and hip replacement. The patient commented on the customer service and high degree of professionalism encountered, commending Valley on the excellent service received in the Joint Center.

Mr. Hayes noted the schedule is on target for opening and transitioning services in the new Emergency Services South Tower. The pneumatic tube system upgrade will be complete by the end of December and Cold Room construction has begun.

Mr. Hayes briefly noted updates from the Building Committee. The Renton Landing Clinic is on schedule for both construction and budget. The Legacy Wall project was reviewed. Recent leak detections have been underway in the main lobby fountain, causing the fountain to be lime green for several days.

The Children's Therapy holiday party was well attended, evidencing a remarkable show of support for the services provided by this program. Community involvement included decorations and music provided by a local Girl Scout troop, gifts provided by the Starlight Foundation, a magic show, and a staff member appearing as Santa.

Patient Care Services

Mr. Alleman reported the occupancy date for the Emergency Services South Tower has been moved to February 25, 2010 for the Emergency Department. CCU will open one month later, on March 22 and Joint/Spine will follow on April 12. Mr. Alleman explained the date slide does not affect the ribbon cutting/open house scheduled for January 11.

The management staff was informed recently that wage increases for work performed in 2009 had been unfrozen, based on financial achievement in 2009. Mr. Alleman noted that he has received feedback from many managers, who were very appreciative of the action taken by individuals on the Board and senior management to unfreeze wages based on financial performance achieved. Mr. Alleman indicated it was very clear to management that the unfreezing of wages was based on financial performance; underscoring financial transparency and a leadership commitment to reward performance; measured and reflected by profit margins.

Clinic Network

Mr. Larson reported a walk-through of the Renton Landing Clinic last weeks indicates construction is on target and occupancy is scheduled for early January, 2010.

Business Development

Mr. Glenn reported the advancement of a free standing Emergency Department in Covington continues. The development review consists of five (5) concurrent processes; acquiring property, finding capital, processing zoning and permitting with the City of Covington, plan and design with the architects and operating strategy development. Currently, the development process involves review of the first four (4) processes.

Mr. Glenn noted that both Auburn Hospital and MultiCare have applied for a Certificate of Need (CON) allowing for increased inpatient beds. In 2007, King County determined there was a surplus of beds through 2013 pursuant to an application made by St. Francis. Mr. Glenn explained the CON process and how supply-and-demand work in the County's factoring of bed allocation. Mr. Glenn noted that demographics help identify true bed need in an attempt to control cost by controlling supply.

Physician Recruitment

Dr. Thompson indicated a trend continues to emerge where physicians are finding it difficult to sustain outpatient practices and will therefore continue to look for alternate employment methods to maintain practices. It will be important to continue to work with employed physician groups to ensure we are meeting the needs within the community as well as helping physician offices find new ways to partner with the medical center.

HR & Marketing

Ms. Mitchell reported on Group Health medical coverage discussions held at two (2) recent Board meetings. Group Health medical benefits have been discontinued for the management team (which affects Commissioner provided benefits also). Commissioner Hemstad has indicated his desire to retain Group Health coverage for himself and his family through 2010. To accommodate this decision, Ms. Mitchell introduced Resolution No. 928 intended to provide opportunity for Commissioner Hemstad to pay the additional coverage cost to maintain his Group Health plan.

MOTION

Resolution No. 928 Approving Changes in Health Insurance Coverage Options For Commissioners

It was moved and seconded to approve Resolution No. 928 approving changes in health insurance coverage options for Commissioners. Commissioner Hemstad shall pay the incremental cost incurred by the District in providing the insurance coverage from Group Health requested by Commissioner Hemstad over the cost (as estimated by the District in its sole discretion) that would have been incurred had Commissioner Hemstad been insured, with comparable coverage, under the Valley Medical Center Self-Insured Plan, in advance, and on a monthly basis, and subject to such other terms as the District may stipulate, with Commissioner Hemstad initially paying the cost of two months of coverage (with the excess monthly payment refundable upon expiration of the policy) and that Commissioner Hemstad's election remain unchanged until the following open enrollment period. Motion carried unanimously.

Ms. Mitchell noted invitations for the January 11 Emergency Services South Tower ribbon cutting ceremony are currently in the mail. A public open house will follow on Saturday, January 16.

The public opinion survey results have been delayed to ensure Commissioner Hemstad will be able to attend the Board meeting. Elway Research has been re-scheduled to report community opinion findings at the January 4, 2010 meeting.

Commissioner Comment

Commissioner Parnell commented on the holiday party that was held on December 4 for Children's Therapy. She noted the party was very well organized and the children appeared to thoroughly enjoy the event.

President Jacobson addressed criticism levied toward the Board of Commissioners by citizens concerned about the behavior of Commissioner Hemstad including two (2) votes of no-confidence in Commissioner Hemstad. He said he would have brought this issue before the Board earlier but wanted to wait until the election season was over in order to avoid any political reference by anyone. President Jacobson indicated he had hoped Commissioner Hemstad would be able to attend the Board meeting this evening by 6:00 p.m. as indicated by an email he had received from Commissioner Hemstad because he would have preferred to address this subject when Commissioner Hemstad was present but felt he could no longer ignore requests from the community.

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President Jacobson suggested that a formal review of the facts be undertaken by an impartial third party and suggested the District's corporate counsel, Perkins Coie, could conduct such an investigation. He stated that once the investigation was finished and brought to the Board, he hoped the issues about Commissioner Hemstad's behavior could be put to rest. Commissioner Parnell indicated it has been of grave concern to her when the public repeatedly expressed their displeasure with Commissioner Hemstad including Commissioner Hemstad's intent to "do away" with certain VMC staff for his own political purposes.

MOTION

Commissioner Bowman moved that the Board of Commissioners direct Perkins Coie to conduct an independent investigation to determine the facts surrounding allegations regarding Anthony Hemstad's behavior as a Commissioner. The staff from Perkins Coie should keep the President of the Board informed about the status of the investigation while it is ongoing. Commissioner Bowman said the purpose of this investigation should be to provide the other Commissioners with the necessary facts to determine their level of confidence (or no confidence) in Commissioner Hemstad's ability to serve as a Commissioner. Motion passed unanimously.

Public Comment

Public Comment

At 6:00 p.m. President Jacobson called for public comment. There was none.

Recess

President Jacobson acknowledged a request for a recess at 6:05 p.m. following which the Board convened in Executive Session for approximately 30 minutes for the purpose of discussing one potential litigation issue permitted by RCW.42.30.110(1) and one real estate issue permitted by RCW.42.30.110(b).

Reconvened

The meeting reconvened at 6:35 p.m.

MOTION

Commissioner Excused

It was moved, seconded and carried to excuse Commissioner Hemstad from this meeting.

Adjournment

There being no further business, motion was made to adjourn this meeting at 6:35 p.m.