

**VALLEY GENERAL HOSPITAL
Snohomish County Public Hospital District No. 1**

MINUTES OF THE REGULAR MEETING OF JANUARY 26, 2005

Present: Commissioner Manley, Commissioner Cabe, Commissioner Dinkla, Mark Judy, Sherry Stoll, Vaun Gunnell, Reza Dehkordi, M.D., Carl Knappe, Norma Hanson

Public: Lin McIlrath, Brad Becker, Vicki Hesselstine

Commissioner Manley called the meeting to order at 6:05 a.m.

PUBLIC COMMENT

There was no public comment.

APPROVAL OF MINUTES

On the motion of Commissioner Dinkla and a second of Commissioner Cabe, the minutes of the December 22, 2004 meeting were approved as presented.

BOARD QUALITY COMMITTEE REPORT

Commissioner Cabe reported a suggestion was made that the appeal process in the Medical Staff Bylaws be reviewed and revised to clarify and simplify the process. Ms. Cabe also reported the focus in 2005 on the National Patient Safety Goals will remain establishing a medication reconciliation process and improving the falls reduction program. Also reported at the meeting was recent submission of the Evidence of Standards Compliance document to Joint Commission in response to the Requirements for Improvement identified at the September 2004 survey. A response is expected in 3 to 4 weeks. Ms. Cabe reported there was a recent norovirus outbreak in Senior Behavioral Health. The unit was closed to admissions during the outbreak. The Department of Health inspected the kitchen when the outbreak was reported, and no citations were issued.

CHIEF OPERATING OFFICER'S REPORT

Ms. Stoll shared the Jackson Organization patient satisfaction survey results. Ms. Stoll reported the ED averaged over 4.0 with 40% 'very satisfied' and 33% 'completely satisfied.' Outpatient averaged 50% 'completely satisfied' and 43% 'very satisfied.' This quarter's results were mixed from the previous quarter, however, efforts are well underway and staff is actively involved in searching for ways to improve.

Medical Staff Report

Dr. Dehkordi reported being close to hiring an outpatient physician.

Credentialing Files

Dr. Dehkordi presented the credentialing files reviewed and previously approved by the Medical Executive Committee and Board Quality.

Commissioner Cabe motioned for the Board to approve the credentialing files as presented. The motion was seconded by Commissioner Dinkla.

Medical Staff Development Plan

Mr. Judy indicated this review usually comes in the spring, but recent additions / revisions around pain management have necessitated the review. Mr. Judy reported a non-surgical anesthesia group is acquiring space in the medical office building. During recent contract negotiations with our current anesthesia provider, pain management services were excluded from their contract, alleviating any conflicts. The revisions require Board approval before the credentialing process can begin. Mr. Judy recommended to the Board adoption of the revised plan as submitted. This plan was previously approved by the Oversight Committee and MEC. On the motion of Commissioner Cabe and a second of Commissioner Dinkla, the revised Medical Staff Development Plan was approved.

BOARD FINANCE

Commissioner Dinkla stated the Board Finance Work Session was long, but very informative. Much time and effort went into the analysis provided.

Commissioner Dinkla stated December’s bottom line was disappointing, as revenue set a high record, nearing the \$5,000,000 mark.

Financial Summary and Related Reports

Ms. Hesseltine reported net operating revenue totaled approx. \$2.8 million and expenses totaled approx. \$3.0 million, generating a negative bottom line for December of \$169,358. Increases in contractual allowances due to pricing increases, a change in inpatient and outpatient rates for three major payors, and the final adjustments for retroactive increases to true up the contractals for the year had an impact the bottom line. Hospital-wide occupancy decreased to 65.8%. Total cash on hand decreased to 106.9 days. FTE’s (including agency) for December totaled 331.8 – 6.9 less than the annual target of 338.7.

Ms. Hesseltine indicated transfer were made in the amounts of \$200,800 from District Reserves, \$215,000 from PHD grant funds, and \$250,000 from RAC funds, as approved by the Board in December.

Bad Debt and Charity Care

Commissioner Dinkla presented the following bad debt and charity care for approval:

Bad debt	\$	215,623.06
Back from collections		(65,755.07)
Uncollectible		17,591.07
Charity care		75,025.12
Bankruptcy		3,255.66
Contract denials		<u>55,384.86</u>
October total:	\$	302,124.70

Commissioner Cabe seconded the motion.

Vouchers

On the motion of Commissioner Dinkla and a second from Commissioner Cabe, the vouchers were approved as presented.

Bank Signatures

Due to the recent resignation of Mr. Gunnell, the Board approved bank signers require modification. Mr. Judy recommends to the Board the signers be changed to Mark Judy, Sherry Stoll and Vicki Hesseltine. On the motion of Commissioner Dinkla and a second of Commissioner Cabe, the recommendation is approved.

2005 Capital Budget

Mr. Judy stated during the budget process, \$500,000 was set aside for capital equipment and a preliminary list was presented to the Board. The Leadership Team has developed a very stringent process for scrutinizing capital requests. Mr. Judy is recommending the Board approve the conceptual process rather than a list of specific equipment. This would then report through Board Finance in a similar method as LTGO reporting.

With the motion of Commissioner Dinkla and a second from Commissioner Cabe, the capital equipment approval process, with reporting through Board Finance was approved.

Resolution 2005-01 – Trustees for VGH Retirement Plan

Mr. Judy shared with the Board the continuing efforts of working with a pension plan attorney to overhaul the formula of the current pension plan. With the recent resignation of Mr. Gunnell, the approved trustees must be revised. Mr. Judy is recommending Vicki Hesseltine and Deborah Martin be approved as trustees for the Plan.

On the motion of Commissioner Cabe and a second from Commissioner Dinkla, the recommended trustees were approved.

BOARD PLANNING

Commissioner Manley reported Board Planning met on January 19th as a combined meeting with the Medical Staff Development Committee, and featured guests from Western Washington Medical Group. Commissioner Manley stated the turnout was impressive, and Dr. Congdon's positive view of the working relationship with the hospital was energizing. Dr. Erhardt shared he was pursuing time in the Specialty Suites, as did Dr. Chalaka. Some discussion from WWMG regarding possible combined future marketing efforts. Mr. Judy shared with WWMG the ongoing discussions with Evergreen regarding a relationship with the OB/GYN department. Dr. Swenson shared there is still space open to rent and purchase in the new medical office building.

CHIEF EXECUTIVE OFFICER'S REPORT

Radia

Mr. Judy stated Dr. Anderson will be retiring at the end of this year. Our needs are unique in that we require someone with a wide range of skills versus a specialist.

Leadership 2004 Annual Objectives Summary

Mr. Judy shared the report with the Board and indicated each section was ranked as a percentage of overall performance. This report will be submitted at the February Board Meeting for further discussion.

Mr. Judy also shared the 2005 Proposed Strategic Objectives with the Board, indicating this report will be submitted to Board Quality and Board Finance for their review before being presented to the Board for its approval.

Premera / Regence Update

Mr. Judy reported there is not much movement from either side toward resolution. Community comments have declined. Mr. Judy will make contact with both groups and see if there is a way to revive negotiations.

OTHER REPORTS

Foundation

Ms. McIlrath stated \$80,000 of fundraising funds were distributed by the Foundation Board to Sky Valley Family Medicine for the purchase of an electronic medical records system. Ms. McIlrath also shared at the January Foundation Board meeting, Sherry Williams was approved as Trustee. Also during January, the Foundation Board sponsored the 3rd annual holiday dinner party for the dietary staff. Additionally, a gift of \$3,000 was made by Radia for purchase of imaging equipment. Ms. McIlrath stated the 2005 capital campaign has begun with the \$120,000 ED monitoring system as the goal.

Guild

Ms. Hesseltine reported the Guild met on January 6th and celebrated the 2005 new baby. Brochures are being designed in an effort to generate more membership. Ms. Hesseltine also reported the Scholarship Committee is formed this year with Joan Catlett, Brenda Rogers and Vicki Hesseltine. These scholarships are fully funded by the truck shows.

Community Relations

Mr. Judy reported today is the hopeful goal of selecting and making an offer to the new Marketing Director.

On the motion of Commissioner Cabe with a second of Commissioner Dinkla, the Board went into Executive Session with Counsel to discuss personnel issues for approximately 30 minutes.

Upon returning to regular session, on the motion of Commissioner Dinkla, with the second of Commissioner Cabe, with there being no further business to conduct, on the motion of Commissioner Dinkla and a second from Commissioner Cabe, the regular meeting of the Board of Directors was adjourned at 8:00AM.

Chairman

Attest

Commissioner