

VALLEY GENERAL HOSPITAL
Public Hospital District No. 1, Snohomish County
MINUTES OF THE REGULAR MEETING OF JANUARY 28, 2009

Present: Neil Watkins, Alice Cabe, Dennis Dinkla, Mark Judy, Brenda Rogers, John Beltz

Medical Staff: - none -

Guests: **VGH:** Jennifer Scott, Teri Cook, Lin McIlrath, Jennifer Okemah, Quinn Hatala, Vicki Hesseltine, Lisa Norton, Joan Catlett, Lauren Barber, Monica Sylte, Kathy Neldon, Mike Montross, Jeannie Dominquez-Burton
Public: Roberta Wampole, Beth Stucker, Michael Quackenbush

Minutes By: Norma Walker

CALL TO ORDER

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

2009 BOARD OFFICERS

As the first meeting of the new year, Commissioner Watkins assumed his new role as Chair.

MINUTES

On the motion of Commissioner Dinkla and a second from Commissioner Cabe, the minutes from the Regular meeting of December 17, 2008 were approved as presented.

PATIENT CARE STORY

Ms. Rogers shared recently received experience letters.

The first came from an patient that received services in the ACU recently. Ms. Maggie G. of Gold Bar wrote: "I want you to know that; although my stay with you this past week was a short one, I cannot begin to thank each one of you for the exceptional care I received. *Care with caring & smiles.*

I have been hospitalized 3 times at Valley General over the years but can honestly say my treatment by you all was outstanding in it's improvement in every detail from the time I walked in the door to my discharge.

Thanks to David, Bonnie, Happy, Mark & Mark, Vanessa & all of you that helped me, (you know your names even though I do not).

I am sending a copy of this letter to my surgeon, Dr. Borjeson who explained everything in detail to me before my surgery & will certainly be appreciative of the care his patients receive afterward.

My best wishes to you all."

The second is a response given from a patient during the discharge phone call evaluation. Ms. Jodi G. of Stanwood reported, after a ACU procedure that “everyone is so wonderful there. I come from Stanwood and its worth every mile to come to VGH because you all are so welcoming and attentive”. In conclusion, Jodi rated the care received as ‘excellent,’ sharing she would recommend VGH to her family and friends.

The third was a letter received from Northwest Tissue Service, thanking us for “facilitating a donation of tissue” from a patient. “The bone, skin, tendons and tissue grafts will be used to enhance the lives of approximately 25 to 30 individuals. Again thank you for helping to obtain these generous gifts.”

In this time of negativity and of dwelling on past barriers and tribulations, it’s uplifting and refreshing to hear from those that want to share positive messages and words of gratitude and compliments.

PUBLIC COMMENT

Commissioner Watkins welcomed any public comment or discussion, noting there was a full agenda today and this section would need to be limited to ten minutes. No one asked to speak.

BOARD QUALITY

Commissioner Cabe summarized the discussions from the January 14th Quality Committee as follows:

Peer Review Policy Revision

The medical staff peer review policy has been revised to clarify and enhance the peer review process in anticipation of implementation of a multidisciplinary quality committee for the purpose of monitoring peer review and credentialing activities. The policy and development of the new committee will be discussed with the medical staff in March.

- **Medical Director Vacancy** - As an interim measure until the medical director vacancy is filled, a regular meeting will be scheduled with Dr. Ito to discuss medical staff issues.
- **National Patient Safety Goals** - The Universal Protocol, medication reconciliation, and anticoagulation standards have been revised for 2009, and several new components have been added to the infection control goals that address MRSA, central line infections and surgical site infections. Process changes are ongoing to comply with the safety goals, and policy updates and staff education will be completed in response to the standard changes.
- **DOH Licensing Survey:** The DOH hospital licensing survey is scheduled for February 9-12.

CNE Report

Ms. Rogers provided the following reports:

- **Pediatrics / Neonatal Resuscitation** – Discussions continue with the pediatric group from Evergreen for potential placement of a nurse practitioner to assist with neonatal resuscitation. Also continue to recruit Family Medicine physicians to add to the Internal Medicine Group.

- **Initiative 1000** – Working with the Ethics Committee to evaluate this extremely emotionally charged initiative. Local religious leaders are meeting with the Ethics Committee at lunch today for a discussion.
- **Resignation** – Jeanne Bennetts, Director of Perioperative Services has submitted her resignation effective February 15. Ms. Bennetts has been a strong advocate for patient safety, and will be missed. Due to the current economic situation, the decision was made to not fill the position, but rather distribute those responsibilities throughout the current Leadership Team.
- **Disruptive Employee Policy** – Quinn Hatala and Teri Cook are moving forward in the development of a policy to address disruptive employee behavior. In the past we had policies in place to address other disruptive behavior, but not one directed to employees.

Credentialing Files

In Dr. Ito's absence, Mr. Judy presented the January credentialing files for the Board to consider. Mr. Judy stated MEC and Board Quality have reviewed these files and recommend approval. Ms. Dominguez-Burton supported the recommendation.

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

Cardiac Electrophysiology Core Privileges

Mr. Judy and Ms. Dominguez-Burton presented new core privileges for Cardiac Electrophysiology, an added service Western Washington Group's Cardiologists would like to begin providing at VGH and to this community.

On the motion from Commissioner Cabe and a second from Commissioner Dinkla, the Cardiac Electrophysiology core privileges were approved as presented.

BOARD FINANCE COMMITTEE REVIEW

Commissioner Watkins stated Board Finance met as scheduled and reviewed the December financial reports, and other topics, as Mr. Beltz will discuss.

November and December 2008 Financial Reports

Mr. Beltz briefly reported on November's financial activity by stating net patient services revenue for November 2008 were \$437,000 below budget, with total operating expenses over budget by \$243,000. Salaries were over budget by \$88,000 and agency use was over budget by \$26,000. The result from operations for November was an operating loss of \$97,000. Non-operating revenues for the month were \$91,000, which is over budget by \$17,000. Gross days in accounts receivable increased to 46.5 days, and days operating cash on hand increased to 6.4 days. Days in accounts payable increased to 39.9 days.

Mr. Beltz reported December was an especially difficult month. The weather interfered with both staff and patients' ability to come in for scheduled procedures; the economy has caused patients to reconsider elective surgery; and the continued absence of one orthopedic surgeons.

Mr. Judy reported national data indicates all hospitals are experiencing major financial impact. The country is experiencing unprecedented events of our lifetime. Our concern is more will be expected of us with less funds.

Mr. Beltz reported summarized net patient services revenue for December 2008 were \$246,000 below budget, with total operating expenses over budget by \$240,000. Salaries were under budget by \$22,000 and agency use was over budget by \$18,500. The results from operations was an operating loss of \$442,800. Non-operating revenues for the month were \$87,500, which is under budget by \$12,400. Gross days in accounts receivable decreased to 42.8 days, and days operating cash on hand decreased to 4.7 days. Days in accounts payable increased to 41.4 days.

Mr. Beltz stated days cash on hand is being monitored very closely. The reduction of days between November and December is primarily due to the reduced amount of cash collections, which was again impacted by the weather.

Bad Debt and Charity Care

Commissioner Cabe motioned for the approval of the following bad debt and charity care:

	<u>December</u>
Bad debt	\$ 305,138
Back from collections	(30,005)
Uncollectible	20,680
Charity care	486,590
Bankruptcy	(0)
Contract denials	<u>11,612</u>
Total:	\$ 794,013

Commissioner Dinkla seconded the motion.

Vouchers

On the motion of Commissioner Watkins and a second of Commissioner Cabe, vouchers 109297 – 115010 and 81701 – 81784 with credits totaling \$320,093.23, in addition to automated clearing house transactions totaling \$631,986.29 were approved as presented.

Resolution 2009-04 – Surplus Equipment

Mr. Beltz stated this resolution is needed in order to balance the accounting records to the status of various equipment dispositions throughout the year. The majority of this equipment was fully depreciated and carried no value on the financials. The financial impact of this transaction is minimal.

After reviewing the list of equipment, Commissioner Dinkla motioned for Resolution 2009-04 to be accepted as presented. Commissioner Cabe seconded the motion.

Resolution 2009-03 – 2009 Budget Amendment

Mr. Beltz indicated this amendment is essentially the same as the amendment presented last month. The key modifications are flat volumes, except in Imaging, ED and Surgery which were increased by 3% due to anticipated increase in cardio and ENT services. There is only a 2% increase in non-represented staff salaries, which is in line with the Management Performance Plan that was implemented in 2007. Leadership has elected to not receive a wage increase. Mr. Beltz summarized the other assumptions that were used in setting the budget. These are attached to the budget documents. FTEs will be controlled with productivity being the key element.

Mr. Beltz stated this budget is realistic, with the information that is known to us at this time. However, the challenge will be the “unknown” – as has been in the past. In 2007 we were significantly impacted by the actions of a former surgeon; 2008 we were impacted by Dr. Swenson’s call to duty and the economy. With our small size, one small ‘glitch’ has a higher impact on us than on a larger facility. Our success depends on our ability to increase services and volumes, while reducing expenses and controlling productivity.

Mr. Judy added Charity Care and Bad Debt is another area that will be crucial to monitor. People just can’t afford to purchase COBRA coverage when they have been laid-off or otherwise have lost their jobs. That’s the reality of our current economy.

Commissioner Dinkla shared in his sixteen years of being a commissioner, one thing that has become very evident is the impact one small event can have on this facility. Commissioner Watkins added the key is to stay ahead of the power curve; adjusting to the changing times. Commissioner Cabe pointed out we can’t be defensive; we need to reach out to the community and provided the needed services.

On the motion of Commissioner Dinkla and a second from Commissioner Cabe, the 2009 Budget Amendment was approved as presented.

LTGO Refinance

Mr. Beltz reminded the Board, one of the back up plans to the ED Project decision was the M&O funds. Mr. Tom Whitson from Piper Jaffray joined the Board Finance meeting and discussed refinancing those funds. Mr. Whitson provided three different options for the Committee to review and consider. Commissioner Watkins and the other Committee members agreed Option 2 was the most attractive and conservative, providing liquidity and cash. The funds derived from this refinance will be put into the District’s account and used to strengthen the balance sheet. Mr. Whitson prefers waiting for the final Moss Adams audit report before beginning the refinance. Mr. Don Hansen of Moss Adams was advised of this consideration, and suggested the District go forward with the refinance. Commissioner Watkins reported there was much discussion at Board Finance about this consideration, and supports proceeding.

On the motion of Commissioner Dinkla and a second of Commissioner Cabe, it was agreed to continue with the refinance consideration, with a final resolution with complete detail being presented to the Board, possibly in April.

Resolution 2009-03 – Cash Box Locations

Mr. Beltz indicated this resolution was being requested in order to add a cash box in the Wound Care center to be used for change. This cash box will contain \$50.00.

On the motion of Commissioner Dinkla and a second for Commissioner Cabe, Resolution 2009-03 was approved as presented.

BOARD PLANNING COMMITTEE

The Planning Committee was cancelled for December.

FOUNDATION PRESENTATION

Ms. McIlrath presented Mr. Michael Quackenbush, Valley general Hospital Foundation President. Mr. Quackenbush presented a check for \$45,000 to the Board, indicating it was their

second installment in the support of the Diabetes Program. Mr. Quackenbush indicated the Foundation was very happy with this program, and is very happy to support the program for the next two years. The Commissioners thanked Mr. Quackenbush and the Foundation for their wonderful efforts and continued support.

CEO REPORTS

Resolution 2009-01

Mr. Judy presented Resolution 2009-01 which lists the Board of Commissioner's regular meeting dates for 2009. This listing will be published for the public's information and use. The Bylaws of the Commission are currently in revision, and will be modified to incorporate this process as the standard process of announcing the upcoming years' meeting dates.

On the motion of Commissioner Cabe, and a second of Commissioner Dinkla, Resolution 2009-01 was approved as presented.

2008 VGH Operational Workplan Objectives

Mr. Judy presented the 2008 Workplan Objectives which reflects the outcome of the goals set for 2008. As is noted, the two objectives, profitability and productivity, were not met. As was presented earlier in the Financial Report, profitability was not achieved. Productivity has improved, but did not reach the goal set.

On the motion of Commissioner Cabe and a second of Commissioner Dinkla, 2008 VGH Operational Workplan Objectives were adopted as presented.

2009 VGH Operational Workplan Objectives

Mr. Judy presented the 2009 Workplan Objectives. These are goals set for the Leadership Team, and are more concise than in the past. These are aggressive and will take effort to achieve, but are all very essential and valuable to the survival of the hospital.

On the motion of Commissioner Cabe and a second of Commissioner Dinkla, the 2009 VGH Operational Workplan Objectives were adopted as presented.

2009 Management Performance Based Salary Administration Plan

Mr. Judy turned the Board's attention to Tab 11, which is an updated version of the 2008 Plan. The only changes were the dates and the updated objectives, which are attached. Mr. Judy noted the same objectives are being set for 2009 that were for 2008 – profitability and productivity. These two goals will be used for determining salary increases.

On the motion of Commissioner Cabe and a second of Commissioner Dinkla, the 2009 Management Performance Based Salary Administration Plan adopted as presented.

VGH Board Bylaws

Mr. Judy reported the Bylaws will be presented to Board Quality in March. Met with Brad Berg earlier this month. Mr. Bert has recommended some updates and modifications. Once these Bylaws are modified and approved by Board Quality, they will come to the Board for consideration.

Urology Update

Dr. Corwin is looking to expand his presence in the community once again. This is a wonderful breakthrough and we are anxious for this service to be available to our patients.

GI Update

The Western Washington GI physicians have increased their time in Monroe. VGH has entered into a business arrangement to enhance their time here. This is another wonderful breakthrough for our patients.

Advisory Board

Ms. Nelson presented an updated membership list to the Board for their review and consideration. Ms. Nelson believes these members will provide valuable input. The first meeting of the Advisory Board is tomorrow, January 29.

With a motion from Commissioner Cabe and a second from Commissioner Dinkla, the additional members were approved.

Presentation Regarding Levy Increase Consideration

Ms. Nelson reported in the discussion held in November, it was initially decided to present the levy consideration to the voters at the May election. Since then, the Levy Committee has strongly recommended deferring the vote until August. Ms. Nelson shared a list of their reasons and considerations for this change. The Committee is still discussing the increase to \$0.35. Commissioner Dinkla asked why not consider \$0.45 – since we are still collecting much less in tax revenue than most District hospitals. Ms. Nelson will create an analysis detailing the differences between \$0.25, \$0.35 and \$0.45. Valley General Hospital receives the lowest tax revenue of any hospital in Washington state.

Ms. Nelson furthered the levy proceeds would be used to expand physician services, facility upgrades and renovations, and to add services to the Cathcart area. The presentation is attached to these minutes for reference. Mr. Quackenbush, who is Secretary to the Levy Committee reported there is much work to be done to prepare for this vote, which is why the delay in dates has been recommended.

On a motion by Commissioner Cabe and a second from Commissioner Dinkla, the approval to proceed in the direction of an August 2009 ballot entry to increase the levy lid was approved, with a stipulation that a final resolution will be presented to the Board prior to the actual filing of the ballot.

OTHER REPORTS:

Marketing and Strategic Planning

Ms. Nelson reported the Marketing Strategic Task Force is moving forward.

IT Implementation

Ms. Norton presented the board with an updated 2009 timeline. Ms. Norton will present more information when time allows.

EXECUTIVE SESSION

On the motion from Commissioner Cabe and a second from Commissioner Dinkla, the Board entered into Executive Session at 7:20 AM, stating the purpose for the Executive Session

was to discuss potential legal matters of a Human Resource nature. The attendees will be Commissioner Watkins, Commissioner Dinkla, Commissioner Cabe, Mr. Judy, Ms. Catlett, Ms. Rogers. The Executive Session will continue for 40 minutes (until 8:00).

At 8:00, the Executive Session ended and the meeting was returned to a Public Session. Commissioner Watkins stated the Executive Session is extended for twenty minutes. The Public Session will resume at 8:20.

At 8:20, the Executive Session ended and the meeting was returned to a Public Session.

ADJOURNMENT

With no other business to address, at 8:20 a.m., with the motion of Commissioner Cabe and a second from Commissioner Dinkla, the regular meeting of January 28, 2009 was adjourned.

Attest:


Chair


Commissioner


Commissioner