

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

MINUTES OF THE REGULAR MEETING OF OCTOBER 26, 2005

Present: Michael Manley, Dennis Dinkla, Alice Cabe, Mark Judy, Sherry Stoll, Vicki Hesselstine, Reza Dehkordi, MD, William Thot, MD

Public: Lin McIlrath, Jeanne Bennetts, Lisa Norton, Stacey Riden, Kathy Nelson

Minutes Recorded by: Norma Hanson

CALL TO ORDER

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 Regular Board Meeting of September 28, 2005 were approved as presented.

BOARD QUALITY COMMITTEE REPORT

Board Quality Meeting Review

Commissioner Cabe reported Board Quality reviewed an ED presentation regarding improved processes, building relationships with the Fire Departments and other emergency services; staff morale building measures; admitting continuing to explore improvement processes.

Chief Operating Officer's Report

Ms. Stoll reported continuing efforts on many projects with updates to be presented in the future.

Medical Staff Report

Dr. Dehkordi presented the credentialing files for review indicating there were no concerns to discuss.

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

Dr. Dehkordi presented the proposed Bylaw changes in Article VI to the Board for their review and approval.

On the motion of Commissioner Cabe and a second of Commissioner Dinkla, the modifications to the Medical Staff Bylaws were approved as presented.

Dr. Dehkordi presented the proposed modifications to Article XIII of the Medical Staff Policy and Procedures to the Board for their review and approval.

On the motion of Commissioner Cabe and a second of Commissioner Dinkla, the modifications to the medical Staff Policy and Procedures were approved as presented.

BOARD FINANCE COMMITTEE REPORT

Board Finance Meeting Review

Commissioner Dinkla reported Board Finance Committee met as scheduled. September noted a decrease in census and length of stay. Also noted patient revenues were approx. \$5 million in September, which was considerably higher than budget.

Financial Summary and Related Reports

Ms. Hesseltine reported net operating revenue totaled approx. \$3.06 million, and net operating expenses totaling approx. \$3.17 million, resulting in <\$74.7> bottom line for September. Deductions from revenue were higher than budgeted. Hospital-wide occupancy increased to 64.43%. A/R days are declined slightly at 71.6 days (annualized). Cash receipts totaled \$2.9 million, decreasing cash on hand to 84.6 days. Accounts payable days decreased to 25 days.

Bad Debt and Charity Care

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

Bad debt	\$ 342,244
Back from collections	(47,572)
Uncollectible	8,013
Charity care	157,305
Bankruptcy	34,002
Contract denials	<u>25,028</u>
Total:	\$ 519,020

Commissioner Cabe seconded the motion.

Vouchers

On the motion of Commissioner Dinkla and a second of Commissioner Cabe, voucher numbers 90628 – 91082 and 79441 – 79506 were approved as presented.

2005 Budget Amendment

Mr. Judy presented the Proposed Budget Amendment for 2005 (attached). Ms. Hesseltine reviewed the changes in the budget figures, which include revenue increase of approx. 13%, MOB leases, considerable increase in workers' compensation and health insurance expenses. Focus has now turned to the items in the revenue category, as the expenses were analyzed and are considered solid. Mr. Judy stated the increase in charity care and bad debt are impacting our financials substantially. A potential upcoming effect will be Dr. Swenson's deployment to Iraq which brings uncertainty to the surgery volumes.

On the motion of Commissioner Dinkla and a second from Commissioner Cabe, the 2005 Budget Amendment was approved as presented.

Resolution 2005-08 – Approval to Increase District's "Limit Factor"

Ms. Hesseltine presented this resolution, which raises the hospital property tax levy by 1%.

On the motion of Commissioner Dinkla and a second of Commissioner Cabe, the resolution was adopted.

Resolution 2005-09 – Approval to Adopt the 2006 Annual Budget

Ms. Hesselstine indicated this is a preliminary 2006 budget that is needed in order to meet the State's filing requirements.

On the motion of Commissioner Cabe and a second of Commissioner Dinkla, the resolution was adopted.

BOARD PLANNING COMMITTEE REPORT

Commissioner Manley reported the Board Planning committee discussed the expansion of the outpatient psychiatric services in Monroe with Dr. Jafar opening a clinic in the VGH Specialty Suites. Dr. Jafar is contemplating accepting both Medicare and Medicaid patients. Also discussed was the analysis of the MRI process that indicated a lack of crispness of the interpretation might be resulting in physician dissatisfaction. More analysis will be performed.

CHIEF EXECUTIVE OFFICER'S REPORT

Board of Commissioner's Bylaws

Mr. Judy stated that he, Ms. Hanson and Mr. Knappe are continuing to draft proposed changes to the current bylaws and anticipate bringing that draft forward by the end of the year.

Union Negotiations

Mr. Judy stated the RN and LPN union negotiations are underway. Determining negotiation dates at this time.

INHS Meeting

Mr. Judy shared ongoing discussions regarding potential future planning. Moss Adams is assisting with a feasibility study. Large potential with INHS, but waiting to see what changes come about when they begin serving customers on this side of the Cascades.

December Board Meeting

Mr. Judy stated a conflict in schedules exists for the December Board meeting. Suggesting December 14, 2005 as the new date. That date was acceptable to the Board.

Revenue Cycle Assessment Outline

Mark presented the Revenue Cycle Assessment Outline (attached), summarizing the achievements made to date and the work plans that have been drafted and implemented. Mr. Judy indicated the revenue cycle process touches virtually every aspect of the hospital.

2005 Leadership Team Objectives

Mr. Judy indicated the 2005 Leadership Team Objectives have been updated in light of the extensive work involved with the Revenue Cycle Work Plans. Some of the dates have been extended to allot feasible time for completion of the tasks.

On the motion of Commissioner Cabe and a second of Commissioner Dinkla, the modifications to the 2005 Leadership Team Objectives were approved as presented.

REPORTS

Foundation

Ms. McIlrath stated the Foundation is continuing it's campaign to raise funds for the ER capital equipment. The Foundation's November Board Retreat is scheduled for November 11 and 12, 2005.

Guild

Ms. Hesseltine reported the Marketing Department requested funding for story boards, and was approved by the Guild. The Gift Shop will be holding its annual gift sale next week. The State Auditor's will be reviewing the Gift Shop's records next month.

Marketing / Community Relations

Ms. Nelson reported their newest project included a survey to solicit 'branding' concepts for the hospital, resulting in "True Community Medicine" being selected. Will begin using the brand on new publications.

EXECUTIVE SESSION

On the motion of Commissioner Cabe and a second from Commissioner Dinkla, an Executive Session was convened at 7:30 a.m. for the purposes of discussing personnel matters. The participants of the Executive Session were Commissioner Manley, Commissioner Dinkla, Commissioner Cabe, Mr. Knappe, Mr. Judy. Ms. Hanson recorded the minutes. The Executive Session would be for approximately 30 minutes.

At 7:55 a.m. the Regular Session reconvened.

ADJOURNMENT

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 7:55 a.m.

Chairman

Attest

Commissioner