

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

MINUTES OF THE REGULAR MEETING OF March 30, 2005

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

Public: Wendy Coffman, M.D., Ms. Lin McIlrath, Mr. Brad Becker, Ms. Vicki Hesseltine, Ms. Lisa Norton

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 of Commissioners Meeting of February 23, 2005 were approved as presented.

BOARD QUALITY COMMITTEE REPORT

Board Quality Meeting Review

Commissioner Cabe reported the February Board Quality Meeting was cancelled, so there is no report to present.

Chief Operating Officer's Report

Ms. Stoll reported public reporting of core measure data is schedule to begin April 1, 2005. The media has been covering the topic. Ms. Stoll also reported the contract with Evergreen Hospital is in the final stages of negotiation. An oversight group is being formed. In preparation for the opening of the MOB, proformas, business and marketing plans are being developed. Ms. Stoll stated there has been an enormous outpouring from volunteers assisting in making the Healing Garden possible.

Internal Medicine Clinic

Mr. Judy summarized the events of the special board meeting earlier this month, where reaction from a large part of the medical staff expressed their concerns regarding the opening of the clinic. Most significantly was the security in the relationship between specialists and hospitalists, and the referral by hospitalists back to the referring specialist. Those issues will be addressed through MEC. Ms. Stoll indicated subsequent meetings with Ms. Richesin and Dr. Hambleton were positive. Ms. Stoll reported Dr. Doerner signed the contract earlier this week. Operating planning began in January. Dr. Doerner will begin assisting in the planning in April.

Credentialing Files

Dr. Thot indicated there were no credentialing files for submission this month.

BOARD FINANCE COMMITTEE REPORT

Board Finance Meeting Review

Commissioner Dinkla stated the Board Finance met as scheduled. Topics discussed included an update on the budget for the MOB and Don Hansen of Moss Adams presented the scope of the annual audit that began today. Unfortunately, the net income was negative for the month of February.

Financial Summary and Related Reports

Ms. Hesseltine reported net operating revenue totaled approx. \$2.89 million and expenses totaled approx. \$2.94 million, generating a negative bottom line for February of \$56,474. Deductions from revenue decreased from January, and were lower than budgeted. Hospital-wide occupancy decreased to 66.9%. Total cash on hand decreased to 94.5 days. FTE's (including agency) totaled 345.99 – approximately 14.8 FTE's above the target of 331.81.

Ms. Hesseltine indicated no transfers were made to or from District Reserves.

Bad Debt and Charity Care

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

Bad debt	\$	144,946.01
Back from collections		(1,835.10)
Uncollectible		7,183.37
Charity care		105,343.38
Bankruptcy		2,150.03
Contract denials		<u>5,641.25</u>
October total:	\$	267,099.14

Commissioner Cabe seconded the motion.

Vouchers

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

First Heritage Bank Line of Credit Increase

Mr. Judy stated the current line of credit with First Heritage Bank has been used primarily for the malpractice insurance premiums. Mr. Judy is recommending the Board consider increasing the Line of Credit up to \$750,000 for potential future cash shortages.

With the motion of Commissioner Dinkla, and a second from Commissioner Cabe, the Board approves increasing the Line of Credit with First Heritage Bank up to \$750,000, only accessible with full Board approval for use beyond malpractice insurance premium payment.

Charge Master Price Increases

Mr. Becker reviewed the proposed adjustment (handouts attached). Mr. Becker indicated these adjustments were calculated in the 2005 Budget discussions. Future adjustments will be in May and will focus on the ED, outpatient, physical therapy and Hospitalist charges.

With the motion of Commissioner Dinkla and a second from Commissioner Cabe, the Charge Master Price Increases were approved as presented.

Designation of Residual M & O Tax Revenues

Mr. Judy summarized the primary uses of the tax revenues received by the hospital: voter approved bonds to pay for long-term construction, payment for LTGO funding, and a portion applied to District designated funds. Mr. Judy is recommending the portion currently applied to District funds be designated to charity care expenses.

With the motion of Commissioner Dinkla and a second from Commissioner Cabe, the portion of tax revenues will be designated to charity care expenses.

Payor Contract Update

Mr. Judy stated several major payor contracts are in review. Regence has responded differently than other payors, projecting themselves as unresponsive to suggestions and concerns. Discussions continuing with L & I around spine reimbursements. Washington State Medicaid has tried over time to minimize reimbursements. The Federal government is stopping the interlocal fund transfers, which will remove approx. \$80 million from the Medicaid reimbursement pool. The proposed solution will affect 13 hospitals statewide throughout the year. After reconciliations are processed, all Washington hospitals will benefit. Concerns with this alternative are cash flow and a potential deficit through the reconciliation process.

BOARD PLANNING COMMITTEE

Board Planning Committee Meeting Review

Commissioner Manley reported Board Planning met on March 23 with guests from CPM Marketing. CPM shared various market data for our region. Ms. Nelson shared the future marketing programs.

CHIEF EXECUTIVE OFFICER'S REPORT

Premera / Regence Update

Mr. Judy stated he has had discussions with the ED Physicians recently and there have not been any further negotiations between the three parties. The ED Physician's group is financially unaffected by the lack of these contracts. Some other ED groups are following in the same path. Average impact to patients is \$75.00 or less, however many did not have any co-payment required for ED coverage previously.

OTHER REPORTS

Foundation

Ms. McIlrath shared Radia's annual gift is a donation of a fully equipped diagnostic workstation which cost approx. \$12,000. Ms. McIlrath also shared the Monson Fund distributed funds for a quality digital camera for the Tumor Board, as well as other hospital needs. Additionally the Healing Garden was covered in an article in the Seattle times today. The Foundation is granting \$5,000 to the uncompensated medicine fund. Ms. McIlrath shared these important dates: March 31 is the Chamber's Community Awards presentation at the Monroe High School, where Valley General Hospital will be receiving and award for Excellent Customer Service, May 7 is the Kiwanis Annual Auction Dinner, June 10 is the Feek Memorial Golf Tournament.

Guild

Ms. Hesseltine reported the Guild will elect officers at the April meeting. Ms. Hesseltine also reported a hearing machine was purchased for the Birth Center. Additionally, a \$10,000 donation to Health & Healing was made by the Guild. The Guild is also in the process of determining scholarships for High School students.

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 7:35AM.

Chairman

Attest

Commissioner