

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

MINUTES OF THE SPECIAL MEETING OF APRIL 10, 2007

Present: Alice Cabe, Dennis Dinkla, Neil Watkins, Mark Judy, John Beltz, Carl Knappe

Medical Staff: William Thot, M.D.

Guests: Kathy Nelson, Brenda Rogers, Lauren Barber, Marcy Nicol, Jeanne Bennetts, Joan Catlett, Lin McIlrath, Vicki Hesselstine, DeDe Boerger, Karen Thomas

Minutes By: Norma Walker

CALL TO ORDER

Commissioner Cabe 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 Watkins and a second of Commissioner Dinkla, the minutes of the Regular Board Meeting of February 28, 2006 were approved as submitted.

BOARD QUALITY COMMITTEE REPORT

Board Quality Committee Report

Ms. Cabe indicated Board Quality reviewed the Infection Control Annual Report, the Human Resources Annual Report, the revision of the seven EOC Management Plans in response to the recent review; discussed the development of an action plan in preparation of the upcoming Joint Commission survey; and discussed the recent comprehensive assessment of the Emergency Department.

Annual Clinical Contracts and Contract Review Sheet

Ms. Cabe stated the clinical contracts received their annual review of performance, as indicated on the provided report. It was noted that one contract, Morse Medical, is under continued review.

On the motion of Commissioner Watkins and a second of Commissioner Dinkla, the clinical contracts were approved as submitted.

Ms. Cabe stated the clinical contract review sheet is attached for review of its appropriateness.

On the motion of Commissioner Watkins and a second of Commissioner Dinkla, the Clinical Contract Review Sheet was approved as submitted.

CNE Report

Ms. Rogers reported receiving the Kaplin report from the Emergency Department assessment. A team has been coordinated to review the report, develop an action plan, and address the findings. The Emergency Department, with the assistance of IS, will be conducting patient satisfaction spot checks beginning next week.

Medical Staff Report

Dr. Thot noted there were no issues to bring to the Board's attention. The credentialing files were approved via email and telephone last week due to the rescheduling of the Board meeting.

BOARD FINANCE COMMITTEE REPORT

Commissioner Watkins stated Board Finance met as scheduled, reviewing February's financial results.

February 2007 Financials

Mr. Beltz reviewed February's financial results, indicating net patient services revenue for the month was \$105,000 under budget, with total operating expenses over budget by \$15,000. FTEs increased to 368.19 in February. Adjusted admissions increased to 543 and adjusted patient days decreased to 1,310 for the month. Supplies were under budget due to lower prosthetic costs. Gross days in accounts receivable decreased to 55.0 days; days operating cash on hand decreased to 4.8 days, with unrestricted days cash on hand decreasing to 54 days. Days in accounts payable decreased to 33.2 days.

Bad Debt and Charity Care

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

	<u>February</u>
Bad debt	\$ 83,540
Back from collections	(11,203)
Uncollectible	5,779
Charity care	422,554
Bankruptcy	(0)
Contract denials	<u>22,269</u>
Total:	\$ 522,938

Commissioner Dinkla seconded the motion.

Vouchers

On the motion of Commissioner Watkins and a second of Commissioner Dinkla, voucher numbers 99846 – 100502 and 80445 – 80484 and credits totaling \$12,455.86 were approved as presented.

Wound Care

Mr. Beltz reported the program was presented at MEC. The Primary Care physicians are very supportive of the program. Drs. Swenson and Eickerman have taken a more neutral position. Dr. Thot is very supportive. The Commissioners were supportive of moving forward.

Alive Inn / CDTS Program Expansion

Mr. Beltz indicated the owners of the Alive Inn are relocating and have approached VGH to consider leasing their facility. Lauren Barber, David Andersen and Dr. Dickenson have visited the site and believe it would be very beneficial for the CDTS program. John reported lease details have not yet been received, and that will be required before a final recommendation could be made. Next steps would include a pro forma and Board recommendation for approval at the upcoming meeting.

Emergency Department Renovation

Mr. Beltz reported this discussion has been reported at the committee level and at MEC, receiving the support of both groups. The recommendation is to create a second entrance to the Emergency Department, segregating walk-in traffic from medic traffic. The current Outpatient Registration entrance would become the walk-in registration area. This change would require relocation of departments currently residing there. The Business Office would relocate to the MOB, and Medical Records would relocate to the evacuated Business Office space. The remaining area would be renovated into a waiting area and entrance. Privacy cubicles for Financial Counselors would be created in the area where Administration currently resides. Mr. Beltz summarized the plans as provided by Taylor Gregory Butterfield Architects. Their estimated cost is \$1.8 million, which includes significant contingency costs. Mr. Beltz reported the Medical Records area is a significant factor to the expenses, as the walls are brick supporting walls from the original structure, requiring support columns to be installed in their place.

Mr. Beltz reported MEC's concern the public could potentially view this as ending the need for bond funding, but believe the project is essential to enhancing the ED patient experience, which accounts for roughly 60% of our patient flow. Dr. Thot stated the medical staff is anxious to go for a bond now, but understands the need to wait. Dr. Thot reported the medical staff like the plan as presented and support the Board's decision.

Also included in the project is renovation of the second floor currently used by the ARDC unit, and the construction of storage space in the surgery area, bringing the complete project to an estimated \$1.9 million.

Financing

Mr. Beltz indicated he successfully negotiated a \$3.5 million line of credit with Key Bank to finance the ED project, with approx. \$1 million assisting with IT and capital expansion. There are two options to the credit line: 1) draw all the funds and deposit into an escrow account and making payments similar to a lease; or 2) securing the line and taking draws as needed. The first option is not as favorable as there is not any offsetting revenue. The risk of the second option is the potential rise in interest rates. Mr. Beltz recommends the second option, which would only require a \$4,250 one-time fee payment now to secure. Mr. Beltz indicated any draw on the line of credit would be presented to the Board for action prior to the draw. Should the interest rates rise too high, it may be decided to forgo a project instead of incurring the expense.

On the motion of Commissioner Watkins and a second of Commissioner Dinkla, securing the line of credit was approved.

Commissioner Cabe indicated a desire to have a discussion reviewing these projects and others recently mentioned in order to get a view of the 'bigger picture' and to have a review of the financial realities of the proposed projects. It is agreed changes are needed, and many opportunities exist. Commissioner Dinkla shared a desire to understand how we will use these changes in the future.

BOARD PLANNING COMMITTEE

Mr. Judy reported this meeting was combined with the Multispecialty Group Planning Steering Committee. There has been some difficulty receiving data from some practices; hopefully that has been resolved. Dr. Eickerman is tentative in his participation in the group, however the committee decided to go forward with the remaining participants, in response to the high interest and emphasis placed on this project at the Board / MEC retreat in October.

REPORTS

Marketing / Community Relations

Ms. Nelson shared *True Community Medicine* was recently mailed. Another mailing, *Your Health*, will target women 18+ and will focus on keeping women and families healthy. Ms. Nelson shared drafts of artwork designed for use as advertisements or mailings.

Health & Healing

Ms. Rogers indicated the CCU waiting room is essentially complete. The OB waiting room is next; the carpet has been selected and will be meeting with the furniture reps today. Continuing to get the Esthetica music program installed. The plans have been finalized for the remodel of the Chapel. It will have a completely different look and feel. Also meeting with local church representatives to provide labor and funding for the development of 'pocket' healing gardens. Continuing to work with Beth Hannley in developing classes for Hospital Wide Orientation.

Foundation

Ms. McIlrath reported attending and presenting at the recent Monroe Chamber Committee Awards program last week, presenting an Appreciation Award to George Heiber for his continued service to the Foundation. The Foundation Board is continuing their efforts to gain support of this year's capital campaign for fetal monitors. Dr. Congdon and his staff presented a plaque to the Foundation in appreciation of the assistance in their Cancer program.

Guild

Ms. Rogers stated the grand re-opening of the Gift Shop was very successful, grossing \$1,300 in two hours. Ms. Rogers also noted that Mabel Coons has decided to retire at the end of April this year.

IT Update

Ms. Rogers reported for Ms. Norton that the IT Plan is moving ahead as scheduled. Ms. Rogers also indicated that a grant for \$600,000 was applied for.

EXECUTIVE SESSION

On the motion of Commissioner Cabe and a second from Commissioner Dinkla, the Board adjourned into Executive Session at 7:10 a.m. The participants of the Executive Session were Commissioner Cabe, Commissioner Dinkla, and Commissioner Watkins, Mark Judy and John Beltz. The Executive Session will be for approximately 30 minutes, for the purposes of discussing Human Resources issues.

On the motion of Commissioner Cabe and a second of Commissioner Watkins, the Executive Session was concluded and the meeting returned into regular session.

CHIEF EXECUTIVE OFFICER'S REPORT

2007 Organizational Strategic Objectives

Mr. Judy reported this document originally included five focused objectives for 2007. Upon direction by the Board the focused objectives have been reduced to two: financial profitability and safety / quality standards.

On the motion of Commissioner Watkins and a second of Commissioner Dinkla, the 2007 Focused Strategic Objectives was approved, as modified.

ADJOURNMENT

There being no further business to conduct, on the motion of Commissioner Watkins and a second from Commissioner Dinkla, the regular meeting of the Board of Commissioners was adjourned at 7:45 a.m.



Chair

Attest



Commissioner



Commissioner