

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

MINUTES OF THE REGULAR MEETING OF MAY 25, 2005

Present: Mike Manley, Dennis Dinkla, Alice Cabe, Mark Judy, Sherry Stoll, Carl Knappe, Reza Dehkordi, M.D., William Thot, M.D.

Public: Don Hansen of Moss Adams, Lin McIlrath, Dr. Brunzman, Lisa Norton, Brenda Rogers, Kathy Nelson, Brad Becker, Doug Holt, Vicki Hesseltine

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 April 27, 2005 were approved as presented.

BOARD QUALITY COMMITTEE REPORT

Board Quality Meeting Review

Commissioner Cabe stated Board Quality met on May 11, 2005. Discussions included Patient Satisfaction results from the Jackson Organization, an infection control update from Dr. Preston, and the AHI 1,000 Lives campaign that VGH has joined.

Chief Operating Officer's Report

Ms. Stoll reported continued progress on the Internal Medicine Clinic. Ms. Stoll indicated work progressing regarding the relocation of services into the MOB.

Medical Staff Report

Dr. Dehkordi reported there were no noteworthy matters from the medical staff. Dr. Dehkordi also reported the recent meeting with WWMG was very encouraging and positive.

Credentialing Files

Dr. Dehkordi presented the credentialing files for the Board to review and approval. On the motion of Commissioner Cabe and a second of Commissioner Dinkla, the credentialing files were approved as submitted.

Deep Sedation Core Privileges

Dr. Dehkordi presented the revised Deep Sedation Core Privileges to the Board for their approval, indicating the changes were approved by MEC. On the motion of Commissioner Cabe and a second of Commissioner Dinkla, the privileges were approved as submitted.

BOARD FINANCE COMMITTEE REPORT

Board Finance Meeting Review

Commissioner Dinkla reported Board Finance Committee met as scheduled. Mr. Hansen of Moss Adams presented their report to Board Finance and is now prepare to present to the Board.

Auditor's Report

Mr. Hansen reported the audit went well and Moss Adams is able to issue an unqualified opinion on the 2004 audited financials. Mr. Hansen indicated the audit adjustments included a net loss of 2004 to approx. \$1.6 million. The method of appraisal on the homes purchased resulted in \$108,000 of the loss. Days in A/R stand at 83 days, which is a concern. Salaries and benefits are approx. \$64.7K and should be \$55k or less. Analysis indicates our salary expense increase has exceeded our operating revenue increase.

Financial Summary and Related Reports

Ms. Hesselstine reported net operating revenue totaled approx. \$3.0 million, and net operating expenses totaling approx. \$3.1 million, resulting in a negative bottom line for April of \$59,151. Deductions from revenue were higher than budgeted. Hospital-wide occupancy decreased to 66.9%. A/R days are unchanged at 74 days. Cash receipts totaled \$2.7 million, increasing cash on hand to 102.2 days. Accounts payable days increased to 41.1 days.

Imaging Equipment

Ms. Rogers shared the Toshiba RNF (Room #1) was built in 1977 and has reached a point where it can no longer be repaired. A Phillips Fluoroscopy system was purchased in 1999, however, it remained on the loading dock for a year due to electrical problems etc. in the room. This machine exerts 5 times the radiation than current industry standard. Sandy Mendes, Radiology Manager, negotiated with Philips the purchase of new systems for both rooms at the price of one system. Analysis indicated a capital lease for 48 months would be best option

On the motion of Commissioner Dinkla and a second of Commissioner Cabe, a capital lease for the purchase of a RNF and Fluoroscopy rooms, declaring the current systems surplus equipment, is approved as presented.

Ms. Mendes also negotiated two ultrasound machines for less than the approved budgeted amount for one. This will enable two machines to be located in the MOB, while one remains in the hospital. The Board expressed their appreciation to Ms. Mendes for her successful negotiations.

Resolution 2005-02 – Participation in the PHD Financing Program

Mr. Judy explained this is the last of this program. A new program is being formatted, but is not complete.

On the motion of Commissioner Dinkla and a second of Commissioner Cabe, Resolution 2005-02 was approved as presented.

Resolution 2005-03 – Participation in the PHD Disproportionate Share SWAP Program

On the Motion of Commissioner Dinkla and a second of Commissioner Cabe, Resolution 2005-03 was approved as presented.

Bad Debt and Charity Care

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

Bad debt	\$ 206,625.66
Back from collections	(4,708.82)
Uncollectible	10,693.38
Charity care	98,714.73
Bankruptcy	4,121.20
Contract denials	<u>36,894.58</u>
Total:	\$ 355,340.73

Commissioner Cabe seconded the motion.

Vouchers

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

CHIEF EXECUTIVE OFFICER'S REPORT

Regence / Premera / ED Physicians Contracting Update

Mr. Judy stated there is no movement on either side to resolve this situation.

Regence Hospital Contract Update

Mr. Judy stated with Regence's current methodologies, future issues will remain with reimbursement continuing to be inadequate. This situation is incredibly problematic.

Diversity Discussion

Mr. Judy attended several discussions recently at meetings with schools and other local groups. Will be scheduling a September Board Meeting / public forum with Mr. Prenevost as a presenter. With 5% of the students of Hispanic heritage and a projection of 25% in the next 15 years, this topic will continue to be forefront. Our statistics indicate 27% of births at VGH are to Hispanic moms. Need to consider workforce impact as well as patient care. We need to establish what role VGH wants to play in this rapid change in our community.

National Managed Care Award

Mr. Brad Becker has been with VGH for 5 years. He has recently accepted a position in Sedro Woolly, which will keep him closer to his family in Bellingham. Mr. Becker was recently awarded the National HFMA recognition for Managed Care Board Reviews, achieving first place nationally.

OTHER REPORTS

Foundation

Ms. McIlrath reported awarding a total of \$3,500 in scholarship awards to four employees during Hospital Week festivities. The Foundation has elected new Board members. The Feek Memorial Golf Tournament is June 10.

Guild

Ms. Hesselstine reported the Guild recently installed their new officers.

Marketing

Ms. Nelson shared new designs for internal communication pieces have been completed. Working on a new look for our web site. Physician supply analysis for the Board / MEC retreat is almost complete.

Laboratory

Mr. Holt indicated the Lab's revenue margin is increasing. They are very busy.

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 8:00 a.m.

Chairman

Attest

Commissioner