

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

MINUTES OF THE REGULAR MEETING OF JUNE 27, 2007

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

Medical Staff: William Thot, M.D., Michael Eickerman, M.D.

Guests: Vicki Hesseltine, Kathy Nelson, Brenda Rogers, Lauren Barber, Jeanne Bennetts, Joan Catlett, DeDe Boerger, Lisa Norton

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 Dinkla and a second of Commissioner Watkins, the minutes of the Regular Board Meeting of May 30, 2007 were approved as presented.

BOARD QUALITY COMMITTEE REPORT

Board Quality Committee Report

Ms. Cabe reported the Quality Committee met and reviewed three root cause analyses currently in progress, indicating action plans to implement needed process improvements are being finalized. Also discussed, but not resolved, was how to increasingly discuss these matters of process and systems improvement and medical errors more comprehensively with physicians and hospital staff. Also discussed were the 2006 and 2007 radiation safety data indicating we are well within the national goals, in part due to an acquisition of equipment that allows for the digital transmission of films. Staffing effectiveness data for 2005, 2006 and 2007 was also compared and will continue to be evaluated.

Medical Staff Report

Dr. Eickerman presented the medical staff credentialing files to the Board for review. Dr. Eickerman reported with the continued concern regarding patient safety, MEC suspended Dr. Massey's privileges pending completion of their investigation. There were no other concerns in the remainder of the credentialing files.

With a motion from Commissioner Watkins and a second from Commissioner Dinkla, the Medical Staff Credentialing files were approved as presented.

Approval of the Amended Medical Staff Bylaws, Amended Medical Staff Policies and Procedures, Amended Medical Staff Rules and Regulations, Allied Health Orientation Plan, and Allied Health Policies and Procedures

Dr. Thot presented the modifications to the above referenced documents to the Board for their approval. Commissioner Cabe indicated she required further information about one or more of these documents, therefore deferred action to the July meeting.

BOARD FINANCE COMMITTEE REPORT

Commissioner Watkins stated Board Finance met as scheduled, reviewing May’s financial results.

May 2007 Financials

Mr. Beltz reviewed May’s financial results, indicating volumes were lower than anticipated. Net patient services revenue for the month was \$175,000 over budget, with total operating expenses over budget by \$159,000. FTEs increased to 360.22 in May and continues to be evaluated aggressively. Adjusted admissions increased to 487 and adjusted patient days increased to 1,219 for the month. Supplies were over budget because of increased prosthesis use, but were under budget in other patient care and lab testing supplies. Gross days in accounts receivable increased to 56.4 days; days operating cash on hand decreased to 2.8 days, with unrestricted days cash on hand decreasing to 49.7 days. Days in accounts payable decreased to 25.5 days.

Mr. Beltz reported this activity resulted in a net operating gain of \$84,500, which was over than budget by \$20,000

Bad Debt and Charity Care

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

	<u>May</u>
Bad debt	\$ 85,237
Back from collections	(15,002)
Uncollectible	16,708
Charity care	233,681
Bankruptcy	(0)
Contract denials	<u>2,397</u>
Total:	\$ 323,021

Commissioner Dinkla seconded the motion.

Vouchers

On the motion of Commissioner Watkins and a second of Commissioner Dinkla, voucher numbers 101903 – 102404 and 80579 – 80626 and credits totaling \$6,060.71 were approved as presented.

CHIEF EXECUTIVE OFFICER’S REPORT

Physician Recruitment and Retention

Mr. Judy reported several efforts are underway in the physician recruitment arena.

Internal Medicine Clinic

Mr. Judy reported contract negotiations with Dr. Okemah have proceeded well. Dr. Okemah was provided with a similar employed physician agreement that was used in the past. If successful, Dr. Okemah will be joining Dr. Doerner in the Sky River Internal Medicine Clinic.

Physician Recruitment / Income Guarantee Agreement – Dr. Lin

Mr. Judy presented the Physician Recruitment / Income Guarantee Agreement for Dr. Lin to the Board for their consideration and action. Mr. Judy stated this document originated with Proliance, and due to Stark rules and other regulatory guides, the document had to be

restructured. This is a two-year agreement. It is anticipated Dr. Lin will join Dr. Swenson's group in September.

On the motion of Commissioner Dinkla and a second from Commissioner Watkins, the Physician Recruitment / Income Guarantee Document for Dr. Lin was approved as presented.

Short Term Orthopedic Coverage Agreement

Mr. Judy stated orthopedic call coverage has been a challenge in past months, due to the patient volumes and the limited number of orthopedic surgeons to support that coverage. This situation was exacerbated by the recent suspension of Dr. Massey's privileges. This agreement is a unique short term exception to resolve an acute problem and should not be construed to establish a precedent and provides two months of additional ED coverage.

On the motion of Commissioner Dinkla and a second from Commissioner Watkins, the Short Term Orthopedic Coverage Agreement is approved as presented.

MOB Orthopedic Suite

Mr. Judy stated in this agreement, VGH will assume the lease for the entire Orthopedic suite, including tenant improvements and equipment loans. VGH will then sub-lease the space and the equipment to the physicians at a rate of ¼ for each physician in the practice. This agreement would also include assuming the lease for the space sub-leased to Peak Sports Therapy, who would continue to sub-lease the space from VGH.

Answering a question by the Board, Mr. Judy reported statistics indicate three orthopods would prosper in this area, with indications there would be demand for a fourth. The difficulty has been recruiting to this area, with much larger facilities enticing virtually every candidate their way. Arrangements such as this will help facilitate the recruitment effort.

A motion to allow VGH to enter into lease agreements as specified on the agenda of June 27, 2007 as items 7.A.ii.3.a through d as soon as Foster Pepper states they are comfortable with the lease documents and terms was entered by Commissioner Dinkla and seconded by Commissioner Watkins.

Mr. Judy presented an amendment to the current lease agreement between VGH and Proliance for the Orthopedic space. This amendment would be short term (July / August) where VGH increases the amount of space currently leased from 50% to 75%. This would provide VGH with short-term space needed to assist with some of the space challenges currently experienced.

On the motion from Commissioner Watkins and a second from Commissioner Dinkla, the Short Term (July / August) Lease Amendment is approved as presented, with a stipulation that the Board be provided copies of the finalized lease agreements.

General Surgery

Mr. Judy shared an offer letter provided to Dr. Eickerman to assist with the expansion of his practice, and to expand pressing general surgery coverage to the community.

G.I. Coverage – Endoscopy

Mr. Judy stated excellent working discussion with WWMG GI physicians continue. The lack of having full time GI coverage locally has had negative effects in ER consults and outpatient needs. It is very difficult for a one-physician practice to also handle call, etc. What the hospital needs is to have a physician based in this area with connections to a larger organization. Having an outpatient endo lab business outside of this area does not support other hospital-based services. Continuing to discuss possibilities and opportunities.

ECG Multispecialty Group Discussions

Mr. Judy reported this project has been delayed for about three months, awaiting additional physician data. That data has been received, and the committee will be meeting next month to review ECG's proposals based upon the data received and the input from the parties involved.

Urology / ENT

Mr. Judy stated WWMG ENT has a very successful practice and is actively recruiting for a second physician. Urology was not discussed in detail at the 2006 Board Retreat, however changes are occurring in that field as well. Dr. Cooper closed his Everett coverage. Dr. Norehad is beginning to talk about retirement, and we need to be prepared. Recruiting is going to become a real challenge in the future. Many hospitals are paying for call and providing loan reimbursement, etc. We will have to compete. Mr. Judy believes this will make the discussions with ECG and the options they share with us more important to consider.

ED Physician Insurance

Mr. Judy anticipates the ED physicians and Premeara will be coming to an agreement effective July 1, 2007. Regence settlement occurred January 1, 2007.

Other Matters

The Board extended their appreciation to Ms. Boerger for her great work in the Quality area. The Board wishes her the best of luck in her family matters.

Mr. Judy reported Kathy Nelson has been accepted into the MBA program, which the hospital has agreed to pay 50% of the tuition, provided Ms. Nelson remains with the hospital for two years post graduation.

REPORTS

Marketing

Ms. Nelson reported a lot of positive community response was received from the recent mailing.

Additionally, Ms. Nelson reported the Everett Herald is printing a tabloid promoting the Providence Cancer Center. GH placed an ad in the tabloid, congratulating PEMC on the opening and success of the center, expressing that we acknowledge we are partners in the commitment to health care.

Health & Healing

Ms. Rogers reported the Estheica music system is playing in selected areas, awaiting final programming.

Foundation

Mr. Watkins stated Ms. McIlrath will be back on July 9.

Mr. Watkins stated the Feek Memorial Golf Tournament raised approx. \$15,000. The Foundation is in the middle of a capital campaign focused on fetal monitors. Focus is on larger donations and then will rollout to general community.

IT Update

Ms. Norton stated it was decided to keep the server room in its current location and expanded to meet needs. Information sent to L&I. Moving forward with coding install and electronic forms. Radiology, PACS and Pharmacy are next. Ms. Norton also reported interviewing a nursing infomatisist candidate. Hope to offer the position today, with an August start date.

Joint Commission Update

Ms. Boerger reminded the Board that JC is due any time. In the schedule, the second day is for Leadership Interview. If any / all Board members could be available to attend, that would be appreciated. The Board will be contacted when JC arrives.

Board Request

Commissioner Dinkla requested a simple to understand flow chart and discussion on the financial commitments made in the past few months, such as the facility acquisition, renovations, leases etc. be scheduled for the evening of July 23 in conjunction with the July Finance Committee meeting to be followed by an Executive Session of the Board for the annual performance evaluation of the CEO. Also requested was a business plan for the CDTS expansion and the marketing plans.

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 7:47 a.m.



Chair

Attest:



Commissioner



Commissioner