

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

MINUTES OF THE REGULAR MEETING OF JUNE 29, 2005

Present: Michael Manley, Dennis Dinkla, Alice Cabe, Mark Judy, Carl Knappe, William Thot, M.D.

Public: Lin McIlrath, DeDe Boerger, Marcy Nicol, Stephen Mosher, Dr. Brunsman, Brenda Rogers, Kathy Nelson, 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 May 25, 2005 were approved as presented.

BOARD QUALITY COMMITTEE REPORT

Board Quality Meeting Review

Commissioner Cabe stated the Board Quality meeting for June was cancelled, therefore there is no report.

Chief Operating Officer's Report

Ms. Stoll is out today, therefore no report will be made.

Human Resources Annual Report

Ms. Martin presented the annual Human Resources report, indicating FTE doubled primarily due to Senior Behavioral Health and Physical Therapy. New hire turnover is approximately 33% - which is higher than the average 11 – 12%. Some statistics reported may appear higher, however more accurate data recording is attributable. 2005 goals are to develop a plan to reduce turnover; address diversity; calculate and analyze potential impact of the median age of the current workforce. Commissioner Cabe indicated specific concern is turnover rate, and anticipates further attention and analysis.

Medical Staff Report

Dr. Thot reported there were no noteworthy matters from the medical staff.

Credentialing Files

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

Family Practice (with OB Privileges) Core Privileges

Dr. Thot presented the Core Privileges to the Board for their approval, indicating the changes were approved by MEC. These privileges indicate high risk patients must have OB consult with the on-site OB. 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. Much of the meeting will be discussed later in this agenda. Patient revenue topped \$5M again this month. May generated a negative bottom line, primarily due to higher deductions and contractual allowances.

Financial Summary and Related Reports

Ms. Hesseltine reported net operating revenue totaled approx. \$3.0 million, and net operating expenses totaling approx. \$3.0 million, resulting in a negative bottom line for May of \$34,845. Deductions from revenue were higher than budgeted. Hospital-wide occupancy decreased to 65.2%. A/R days are unchanged at 74 days. Cash receipts totaled \$2.8 million, increasing cash on hand to 103.0 days. Accounts payable days increased to 33 days.

Bad Debt and Charity Care

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

Bad debt	\$ 211,018.79
Back from collections	(4,857.75)
Uncollectible	8,543.04
Charity care	4,995.65
Bankruptcy	18,294.13
Contract denials	<u>31,504.69</u>
Total:	\$ 310,498.55

Commissioner Cabe seconded the motion.

Vouchers

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

Charity Care Policy

Mr. Judy reviewed the proposed changes in the procedure used to determine charity care, moving uninsured from 15% to 25%; increasing the Federal Level up to 300% from 250% with smaller incremental breakdown in between stages.

On the motion of Commissioner Dinkla and a second of Commissioner Cabe, the proposed changes to the Charity Care Policy were approved.

BOARD PLANNING COMMITTEE REPORT

Commissioner Manley reported the topics of the Board Planning meeting included physician supply analysis, results from the Board / MEC Retreat, PPG's recent announcement of

an additional Internal Medicine physician and plans for opening a walk-in clinic; Dr. Congdon and WWMG's value to this community.

Mr. Judy reported the Board / MEC Retreat was very beneficial. Mr. Judy reviewed the attachments to this package. Mr. Judy noted discussion regarding possible timing reconsideration to upcoming Board / MEC retreats. Response indicated October would be acceptable to participants, therefore the next full retreat will be scheduled for October 2006, with mini-retreats planned in between. Also discussed was a potential bond attempt. Focusing on Fall 2006.

CHIEF EXECUTIVE OFFICER'S REPORT

L & I Update

Mr. Judy stated current negotiations appear the anticipated increase in the contractual agreement should net approx. \$700,000 per year.

Revenue Cycle Update

Mr. Judy stated areas identified for analysis and improvement were IT, Care Management, Business Office / HIM and Compliance. Developing work plans. The contract with AIMS was cancelled due to other difficulties.

Diversity Discussion

Mr. Judy shared that he, Deborah Martin and Stacy Riden will be meeting with the Monroe school district representatives and begin developing a process to address this issue. An evening Board meeting with Mr. Prenevost is being formed.

Leadership Team 2005 Objectives and Pay for Performance

Mr. Judy presented and summarized the proposed updates and explained the proposed changes to both the Objectives and Pay for Performance documents.

With a motion of Commissioner Dinkla and a second of Commissioner Cabe, the modifications to the Leadership Team 2004 Objectives were approved.

With a motion of Commissioner Cabe and a second of Commissioner Dinkla, the modifications to the Leadership Team Pay for Performance were approved.

Evergreen Agreement

Mr. Judy reported a letter of intent was sent to Evergreen and received back signed. Goal is to implement the plan by October 1, 2005.

MOB Garbage and Conduit Easements

Mr. Judy indicated a part of the lease agreements were these easements. The Garbage Easement is being negotiated with each party's attorneys. Mr. Knappe is requesting authorization by the Board for Mr. Judy, or his designee, to sign the Agreement on behalf of the Board of Commissioners, once details are complete.

With the motion of Commissioner Cabe, and a second of Commissioner Dinkla, Mr. Judy, or his designee, is granted authorization to sign the Garbage Easement upon completion and approval by the attorneys.

Mr. Judy indicated the Conduit Easement was more detailed and required documentation from surveyors in regard the description of the location of the conduit. Mr. Knappe is requesting authorization by the Board for Mr. Judy, or his designee, to sign the Agreement on behalf of the Board of Commissioners, once details are complete.

With the motion of Commissioner Dinkla, and a second of Commissioner Cabe, Mr. Judy, or his designee, is granted authorization to sign the Conduit Easement upon completion and approval by the attorneys.

CPE Program

Mr. Judy indicated the new CPE program is scheduled to take effect on July 1, 2005. The new program will affect 12 district hospitals, with Harborview and University of Washington. Program is not as onerous as the original program, and effects only inpatient DRG claims.

OTHER REPORTS

Foundation

Ms. McIlrath reported the capital campaign for ER monitoring equipment is going wel, with a goal of \$120,000 - \$31,000 has been donated to date.

Guild

No report.

Marketing

Ms. Nelson stated a proposal to Washington State for new hospital signs to be placed around the city is being drafted. Any suggestions to sign placement welcomed.

EXECUTIVE SESSION

On the motion of Commissioner Dinkla and a second from Commissioner Cabe, an Executive Session was convened for the purpose of discussing PTO Changes and Pension Plan Improvements. The participants of the Executive Session were Commissioner Manley, Commissioner, Cabe, Commissioner Dinkla, Mr. Judy, Ms. Martin, Mr. Knappe and Ms. Hanson. The Executive Session would be for approximately 20 minutes.

ADJOURNMENT

Upon reconvening from the Executive Session, 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