

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

**MINUTES OF THE REGULAR MEETING OF AUGUST 29, 2007**

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

**Medical Staff:** Michael Eickerman, MD, William Thot, MD

**Guests:** Vicki Hesseltine, Kathy Nelson, Brenda Rogers, Jeanne Bennetts, Joan Catlett, Lisa Norton, Marcy Nicol, Lin McIlrath

**Minutes By:** Norma Walker

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**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 July 25, 2007 were approved as presented.

**BOARD QUALITY COMMITTEE REPORT**

**Board Quality Committee Report**

Ms. Cabe reported Board Quality Committee met as scheduled. Items discussed were an update on the Fair Hearing Process related to the suspension of privileges and recommendation for termination of Physician #646; a draft transfer agreement with Providence Everett Medical Center for certain obstetrical patients and critical newborns; the first HCHAPS survey results for inpatient and emergency departments was reviewed. Although the overall satisfaction was rated in the 90<sup>th</sup> percentile, individual results were confusing and inconsistent with overall results, perhaps due to the wording of the questions; a review of the updated root cause analysis on the recent wrong site surgery with discussion of the corrective action plans as reported to the State; decreased falls on Senior Behavioral Health; the 2<sup>nd</sup> quarter Quality Dashboard was reviewed, which indicates continued efforts are needed to improve hand hygiene compliance, while the use of two identifiers and read-back compliance has improved; the Quality Program structure was discussed and continues to be researched, particularly as we make plans for D. Boerger's replacement; VGH has been selected to participate in a pilot safety program which will elevate the priority of employee safety and integrate with patient safety for a total safety program.

**CNE Report**

Ms. Bennetts reported the Department of Health arrived yesterday for their scheduled survey. Ms. Rogers and Ms. Barber had nothing further to report.

**Medical Staff Report**

Dr. Eickerman presented the credentialing files for the Board's review and action, noting there were no concerns to address.

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

Dr. Eickerman also reported MEC meets next Thursday. With the rescheduling of the September Board meeting, the credentialing files will be reviewed and acted upon via email, then ratified at the Special Board meeting scheduled for October 7, 2007.

Dr. Thot presented the summary of changes to the Medical Staff Bylaws for the Board's approval. MEC approved these modifications at the August meeting.

With a motion from Commissioner Dinkla and a second from Commissioner Watkins, the modifications to the Medical Staff Bylaws were approved as presented.

## **BOARD FINANCE COMMITTEE REPORT**

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

### **July 2007 Financials**

Mr. Beltz reviewed July's financial results, indicating volumes and revenue were lower than anticipated. Net patient services revenue for the month was \$399,600 under budget, with total operating expenses under budget by \$59,000. FTEs decreased to 331.51 in July. Adjusted admissions decreased to 510 and adjusted patient days increased to 1,252 for the month. Supplies were under budget because of decreased prosthesis use with the change in medical staff. Gross days in accounts receivable increased to 53.2 days; days operating cash on hand increased to 8.2 days, with unrestricted days cash on hand increasing to 63 days. Days in accounts payable increased to 46.9 days.

Mr. Beltz reported staff made notable efforts to flex staffing levels with patient volumes. Commissioner Dinkla inquired whether the staff affected by the flexing is aware of the beneficial impact. Mr. Beltz stated the information is shared with the departments; however, loss of staff is occurring due to unpredictable schedules and wages, which in turn increases agency usage at a higher expense. Mr. Beltz reported that with the addition of three new physicians, volumes should increase, therefore reducing the flexing of staff and the agency usage. Additionally, exploration into a financial opportunity that could net approximately \$450,000 is underway.

### **Budget Amendment**

Mr. Beltz stated after further discussion and analysis, it was decided to postpone the adoption of the attached budget amendment until October, awaiting the August financial results.

### **Bad Debt and Charity Care**

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

	<u>July</u>
Bad debt	\$ 165,412
Back from collections	(15,485)
Uncollectible	15,289
Charity care	534,951
Bankruptcy	(66)
Contract denials	<u>13,612</u>
Total:	\$ 713,844

Commissioner Dinkla seconded the motion.

**Vouchers**

On the motion of Commissioner Watkins and a second of Commissioner Dinkla, voucher numbers 102960 – 103393 and 80677 – 80753 and credits totaling \$4,797.27 were approved as presented.

**Resolution 2007-08 – Pacific EDI – Texas Provider Enrollment**

Mr. Beltz reported this resolution is required by the State of Texas as part of the application process to apply for Medicaid payment for an out-of-state patient. The resolution states:

“Be it resolved that the board of directors (commissioners) of the above corporation do hereby authorize John Beltz, CFO and his/her successors in office to negotiate, on terms and conditions that he/she may deem advisable, a contract or contracts with the Texas Health and Human Services Commission, and to execute said contract or contracts on behalf of the corporation, and further we do hereby give him/her the power and authority to do all things necessary to implement, maintain, amend, or renew said contract.

The above resolution was passed by a majority of those present and voting in accordance with the by-laws and Articles of Incorporation.”

On the motion of Commissioner Watkins and a second from Commissioner Dinkla, Resolution 2007-08 is approved as presented.

**Resolution 2007-09 – Amended Commissioner Compensation**

Mr. Beltz stated the legislature increased the amount commissioners can be compensated through HB 1368. Resolution 2007-09 adopts those increases.

On the motion of Commissioner Watkins and a second of Commissioner Dinkla, this resolution is deferred until January 2008.

**BOARD PLANNING COMMITTEE REPORT**

Commissioner Dinkla stated Board Planning met as scheduled, and discussed physician recruitment, the Proliance agreements, and space rental, as will be discussed in the Chief Executive Officer’s Report. Additionally, ECG met individually with the physician groups this month to discuss individual structures and advantages of a hospital sponsored Multispecialty clinic.

**2007 Leadership Team Objectives**

Mr. Judy presented the updated 2007 Leadership Team Objectives. These objectives are updated every quarter and presented to the Board. In addition to the objectives, the schedule of executive management training activities has been incorporated as part of these objectives.

**2007 Strategic Plan**

Mr. Judy presented the updated 2007 Strategic plan, which will also be updated and presented to the Board on a quarterly basis.

**2007 Board / MEC Retreat**

Presented for review is the draft Board / MEC retreat agenda. The Key Findings and Next Steps document that was generated at the end of the 2006 Board / MEC retreat has been

updated to indicate current status. This document will also be reviewed at this year's retreat. Main topics will focus on VGH "Culture of Quality," hospital / physician business relationships and the 2009 Bond issue.

## **CHIEF EXECUTIVE OFFICER'S REPORT**

### **Physician Recruitment and Retention**

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

#### Orthopedics

Mr. Judy reported as indicated at the July Board meeting, the negotiations with Proliance have completed and the following documents are presented for Board action:

Master Lease Assumption This document assumes the master lease of the third floor space of the MOB from Proliance, transferring legal ownership of that space to VGH.

On the motion of Commissioner Dinkla and a second of Commissioner Watkins, the Master Lease Assumption is approved as presented.

TI & Equipment Loan Assumption This document is a bill of sale for the Proliance assets housed within the space assumed in the Master Lease Assumption, and tenant improvements which have become a part of that space. This document also assumes the loans for the equipment and improvements.

On the motion of Commissioner Dinkla and a second of Commissioner Watkins, the TI and equipment loans assumption is approved as presented.

Resolution 2007-07 -- Use of Restricted Funds This resolution allows the use of Rural Access Grant funds or Association of Washington Public Hospital District funds to pay off the Proliance tenant improvements and equipment loans, thereby acquiring the assets associated with those agreements, referenced and approved above.

On the motion of Commissioner Watkins and a second of Commissioner Dinkla, Resolution 2007-07 allowing the use of restricted funds for the stated purpose is approved.

Sublease to Orthopods This document subleases the orthopedic space back to the physicians at a rate of 25% per physician in the practice.

On the motion of Commissioner Dinkla and a second of Commissioner Watkins, the sublease agreement is approved as presented.

Sublease to Peak Physical Therapy This document subleases the current space Peak Physical Therapy currently occupies on the third floor to Peak Physical Therapy, as was in effect between Peak and Proliance.

On the motion of Commissioner Dinkla and a second of Commissioner Watkins, the sublease to Peak Physical Therapy is approved as presented.

*General Surgeon Income Guarantee / Recruitment Agreement*

Mr. Judy stated that as previously reported an opportunity for a potential partner for Dr. Eickerman recently surfaced and negotiation discussion have proceeded very rapidly. Snoqualmie recruited the physician, Dr. Borjeson, who was in the process of relocating his family from Arizona when Snoqualmie rescinded the offer due to internal complications.

This document provides \$25,000 to the recruiter, and provides for paying 50% of tail coverage on Dr. Borjeson's malpractice insurance. The remainder of the agreement is standard, with two-year income guarantee, with forgiveness on an equal monthly forgiveness (over 3<sup>rd</sup> to 5<sup>th</sup> year) basis after physician has remained in community two years.

On the motion of Commissioner Watkins and a second of Commissioner Dinkla, the income guarantee and recruitment agreement are approved, pending final legal approval and successful credentialing. Final signed agreement will be distributed to the Board.

**Final Agreements**

Mr. Judy indicated as requested by the Board, the final agreements for the Wound Care program, Alive Inn lease and previously approved orthopedic agreements were provided to the board for their files and information. The Alive Inn contract is still awaiting final implementation from the City, then from the State regarding the residential licensure.

**DOH Licensing Survey**

As reported by Ms. Bennetts in the CNE Report, DOH is here this week, performing their licensing survey.

**Washington Casualty**

Mr. Judy stated Washington Casualty's financial status is stable now. It will take time with new membership for their rating to grow. Currently they are B+, which is quite an accomplishment for such a short period. Offered in our current renewal effective September 1, 2007 was a lower premium, no deductible, risk management assessment for the next year with a potential of a 5 to 10% premium reduction for participating in the assessment.

**UW Branch Campus Discussion**

The University of Washing continues to consider areas for the location of the new university to serve the three counties of Snohomish, Skagit and Island. The key messages are: higher level of focus; as health professional accessibility; and no parochial battles over location.

**Anesthesia**

Anesthesia leadership has changed, as Dr. Chamberlain has elected to become the Anesthesia Medical Director at Arlington. Dr. Leftenant has elected to remain at VGH and move up to become our Anesthesia Medical Director. The group's

**REPORTS**

**Marketing**

Ms. Nelson reported continued efforts toward promoting new physicians to the hospital. *True Community Medicine* will be mailed shortly. *Your Health* will be mailed in October.

**Health & Healing**

Ms. Rogers stated she Open House is well on track for September 26<sup>th</sup> at 2:00 pm.

**Foundation**

Ms. McIlrath reported receiving many positive comments about VGH at the various locations during the car raffle.

**Guild**

Ms. Rogers stated there were changes in the Volunteer area. Elizabeth McAfee transferred from the Foundation to Volunteer Services Manager.

**IT Update**

Ms. Norton deferred the IT update to the Board Retreat.

**CONTINUATION - EXECUTIVE SESSION**

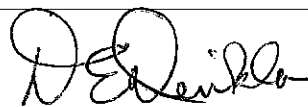
At 7:45 a.m., with the motion of Commissioner Watkins and a second from Commissioner Dinkla, the Board meeting was continued. The Board will reconvene into Executive Session at 6:00 pm tomorrow (August 30, 2007) in the Godard Room at VGH to address personnel issues. The attendees of the Executive Session are Commissioner Cabe, Commissioner Dinkla, Commissioner Watkins, Mark Judy and Ms. Joan Catlett. It is anticipated the Executive Session will end at 7:30 pm.

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Chair

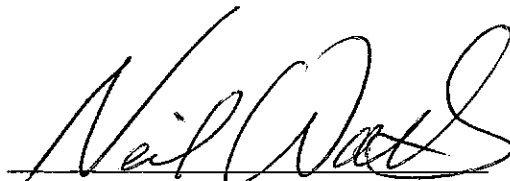
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Attest:



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Commissioner



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Commissioner