

VALLEY GENERAL HOSPITAL
Snohomish County Public Hospital District No. 1

MINUTES OF THE REGULAR MEETING OF SEPTEMBER 28, 2005

Present: Michael Manley, Dennis Dinkla, Mark Judy, Sherry Stoll, Vicki Hesseltine, William Thot, MD

Public: Lin McIlrath, Brenda Rogers, Jeanne Bennetts, Lisa Norton, Deborah Martin, Ceal Andersen, Lauren Barber, Jarriett Thomas

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 September 7, 2005 were approved as presented.

BOARD QUALITY COMMITTEE REPORT

Board Quality Meeting Review

Commissioner Cabe reported Board Quality did not meet in September.

Chief Operating Officer's Report

Ms. Stoll reported increased volumes are continuing in the Birth Center, as well as other areas. Ms. Stoll indicated many projects, such as the IHI Save 100,000 Lives Campaign are keeping staff and Leadership busy.

Medical Staff Report

Dr. Thot presented the credentialing files for review indicating there were no concerns to discuss. Dr. Thot indicated the Medical Staff is working to ensure more specialists are available 24-hours a day, especially pediatrics and urology. Dr. Thot also shared that the new systems recently put in place in the Sky River Medical Center have received a positive response from the Medical Staff. Additionally, Dr. Doerner is a great asset to the hospital's services and staff.

BOARD FINANCE COMMITTEE REPORT

Board Finance Meeting Review

Commissioner Dinkla reported Board Finance Committee met as scheduled. August was the second largest revenue month this year, totaling \$5.16 million.

Financial Summary and Related Reports

Ms. Hesseltine reported net operating revenue totaled approx. \$3.14 million, and net operating expenses totaling approx. \$3.15 million, resulting in a negative bottom line for august of \$4,248. Deductions from revenue were higher than budgeted. Hospital-wide occupancy decreased to 63.8%. A/R days are rose slightly at 73.9 days. Cash receipts totaled \$2.86 million,

decreasing cash on hand to 93.43 days. Accounts payable days increased to 34.7 days. Mr. Judy summarized the financials by stating charity care and bad debt continue to have a material impact on our monthly financials.

LTGO Expenditures

LTGO expenses for July totaled \$198,193.

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

Bad Debt and Charity Care

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

Bad debt	\$ 154,431.25
Back from collections	(64,382.99)
Uncollectible	4,821.30
Charity care	169,286.33
Bankruptcy	18,462.05
Contract denials	<u>11,472.45</u>
Total:	\$ 294,094.39

Commissioner Cabe seconded the motion.

Vouchers

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

2005 Budget Amendment

This topic is tabled until the next meeting to allow for further analysis

BOARD PLANNING COMMITTEE REPORT

Commissioner Manley reported the Board Planning meeting focused on continuing discussions with Western Washington Medical Group to facilitate their expansion into the Monroe area. Mr. Veldman of WWMG stated at this meeting they are committed to expanding and are working on a timeline and processes.

CHIEF EXECUTIVE OFFICER'S REPORT

Board of Commissioner's Bylaws

Mr. Judy stated that he, Ms. Hanson and Mr. Knappe are continuing to draft proposed changes to the current bylaws and anticipate bringing that draft forward in the next month or two.

MOB

Mr. Judy indicated the MOB management company discussed with the building owners our request to begin the lease payments with a starting date of August 19, 2005, foregoing the earlier date that was indicated in the contract. The building owners agreed.

Future Planning

Mr. Judy shared during the initial MOB planning discussions, consideration of a potential second MOB location within the hospital's footprint was discussed, as part of the location planning process. As evidenced by the attached letter, it appears Mr. Gilbo of the Gilbo Corporation interpreted that to be a next step that would include the Gilbo Corporation and the current building owners. Mr. Gilbo raised that discussion at a recent meeting. Mr. Judy believes not only is the topic premature now, but that no commitment was intended. Mr. Judy will follow up with the building owners.

ER Physicians / Regence Contract

Mr. Judy summarized the attached data and graphic indicating the affects of the lack of a contract between the Emergency Room physicians group on the patient volumes experienced through the Emergency Department. Mr. Judy does not see a change in that arrangement, however the affect on our volumes is evident, and a negative effect on a potential bond passing is almost certain.

Initiatives 330 and 336

After further consideration, the Board has chosen not to discuss either of these initiatives.

Diversity

Mr. Judy indicated the September 22, 2005 public hearing was very positive and beneficial. Minutes will be distributed when transcribed.

CFO Recruitment

Mr. Judy shared two outstanding CFO candidates had been identified. Both recently notified Human Resources they are withdrawing their applications.

Evergreen / OB Agreement

Mr. Judy stated a letter of intent is in place with Evergreen, and a meeting has been arranged with their CEO for next week.

Cosmetic Upgrades

Mr. Judy shared bids for the identified upgrades are being received. Selections should be made shortly.

Part D Medicare and Prescription Program

Mr. Judy indicated there are major shifts within the Medicare system. May have more impact than the prescription program.

Sisters of Providence, Seattle

Mr. Judy learned the Systems of Providence, Seattle are in active negotiations to merge with Providence in Spokane, which would create one of the largest non-profit hospitals in the country.

Changes in Speech Therapy Services

Mr. Judy shared the Manager and Director of Speech Therapy made great strides in redefining the program. Initially, significant growth was seen in the need for services, so the services were expanded at a detriment to the hospital. Those errors are now being corrected, which has generated some patient complaints.

EXECUTIVE SESSION

On the motion of Commissioner Dinkla and a second from Commissioner Cabe, an Executive Session was convened at 7:20 a.m. for the purpose of discussing personnel matters. The participants of the Executive Session were Commissioner Manley, Commissioner Dinkla, Commissioner Cabe, Mr. Knappe, Mr. Judy. Ms. Hanson recorded the minutes. The Executive Session would be for approximately 30 minutes.

At 7:55 a.m. the Regular Session reconvened. Mr. Judy indicated the Revenue Cycle Assessment line item will be deferred to next meeting.

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