

June 8, 2009

The regular meeting of the Board of Commissioners of Whidbey Island Public Hospital District was called to order at 6:00 p.m. by Board President, Roger Case, M.D. Present were President Case, Commissioner Wallin, Commissioner Zaveruha, Commissioner Tarrant, and Commissioner Cammermeyer. Interim Chief Executive Officer, Tom Tomasino; Chief Financial Officer, Joe Vessey; Dale Roundy, Esq., and many hospital and medical staff, as well as community members were also present. Reporter Sue Ellen White from the Whidbey Examiner also attended. Mr. Jim Riney of Riney Productions was present to electronically record the meeting.

President Case asked if there were any points of order to discuss, of which there were none.

Minute Approval

The minutes from the May 11, 2009 Board Meeting were approved as presented.

Public Questions or Comments

There were none.

Education

Bonnie Maley, ED Manager, presented the Emergency Department using a power point and an offer of a tour at the end of the Board Meeting. Bonnie stated that the goal of the Emergency Department is to give the patient a positive experience while providing quality care. Bonnie has worked at Whidbey General for 29 years and has watched the Emergency Department grow from 1 room with no doctors (available only by phone) to 24 hour MD Coverage through Northwest Emergency Physicians. The department has 13 beds with the capability of monitoring six patients. As patients come to the Emergency Department they are triaged and either placed in a room immediately or in the waiting room until a room becomes available. Each patient is seen and cared for by an RN and then an MD and then are either sent home, admitted or sent to another facility. The Emergency Department sees 50 to 80 patients per day or 18,000 to 20,000 per year. Sometimes patients who need a higher level of care in areas involving neurology, cardiology, trauma, pediatrics, nephrology, or orthopedic care are transferred to other facilities. The ED is staffed with at least 1 MD and 3 RNs 24/7 and a second MD and 3 additional RNs at peak times. One RN is designated as the Charge/Triage Nurse. The ED is also staffed with a Health Unit Coordinator 24/7 who provides clerical support and Social Services are available 7:00 am to 10 pm daily. Some of the recent positive accomplishments include computerized documentation with CPOE, SANE Training for 13 nurses, and 13 of 35 nurses in the department having Certification as Emergency Nurses. Some of the areas that need improvement are triage staffing, design of triage area to make it HIPAA compliant, and new and additional monitors.

Quality and Patient Safety

Tom Tomasino reported that John Bitting is not available this evening and Michele Renninger would be giving the Core Measures report. Tom proceeded to give some background to the Quality Department. They have one full-time employee, the Manager, Teresa Fulton, two part-time data analysts and one part time secretary. The Quality Department includes quality patient safety, risk management, the tumor registry and infection control. They examine each chart looking for data elements to be documented including 110 data elements for stroke and 117 for SCOAP. They read and manually enter 926 hand written patient comments from the Satisfaction Surveys. They are responsible for

- Press Ganey Patient Satisfaction Surveys
- Core Measures of Data Extraction and reporting to the CMS
- Get with the Guidelines data extraction and reporting
- SCOAP data extraction and submission from the medical records

- Patient Safety Net events site management which includes reviewing events, harm scores, and resolution
- Cataloging and preparing for the Medical Peer Review Committee
- Data collection and monitoring of numerous patient safety initiatives and quality measures, in addition to federal and state mandated initiatives
- Participate in the infection prevention surveillance (the trending of the data) – the state mandated public reporting
- Responsible for the tumor registry data extraction reporting of all cancer diagnosis and treatment at WGN from diagnosis to recover or death
- Root cause analysis (RCA) teams for serious events including sentinel events
- Patient and family complaints and grievances
- HIPAA compliance investigation and resolution
- Regulatory state compliance

Some of the examples in Excellent in Quality Care

- Practice Council of Nursing
 - Key assistance in implementation of color coded wrist bands consistent with WSHA's Standardization Project
 - Created new Wound Culture procedure and Vacuum-assisted Closure procedure
- Quality Council of Nursing
 - Achieved significant improvement in documentation of effectiveness of PRN medications
 - Conduct monthly quality runs in patient care areas.
- Environmental Services
 - Implemented new microfiber mops, rags and dusters, to minimize lint and dust.
- Lifeline Program
 - Achieved top box score in patient satisfaction surveys 97% of the time
- Rehab services
 - Evaluation of lymphedema therapy program and developed in depth action plan to improve referral and access to this important services and to improve the individualized treatment program
- Palliative Care Program
 - Provided interdisciplinary End of Life Care: "Supporting the Journey" education to 26 this past year
 - Have educated 215 clinicians since 2005

Core Measures track a variety of evidenced-based scientifically researched standards of care which have been shown to result in improved medical outcomes for patients. CMS established the Core Measures in 2000 and began reporting the data in 2003. Currently there are 26 Core Measures spread over four area: congestive heart failure (CHF), pneumonia, acute myocardial infarction (AMI), surgical care improvement project (SCIP) – surgical infection prevention. The strength of the Core Measures is that they are grounded in science. For Whidbey General Hospital the Core Measures are not necessarily a report on quality care because our numbers are small: one data element missed makes a huge difference in our score. One area where we are working hard to improve is heart failure. Michele Renninger will report on this area.

Michele Renninger, Manager and RN in the Life Center, and the Assistant Outpatient Clinical Director reported on Heart Failure. Michele has been involved in this program since 2005. As reported by Dr. Lee Roof at an earlier Board Meeting, the physicians are doing a great job with the core measures that they are directly responsible in large part due to the "make it easy to do the right thing; make it hard to do the wrong thing" initiatives. In nursing and the many other disciplines that cross-over we still face some challenges. In discharge instructions all six measures must be met. They include: activity level, diet or nutrition, discharge medication, follow-up appointments, weight monitoring, what to do if symptoms worsen. The two areas

that we are struggling with the most significantly are weight monitoring and what to do if symptoms worsen.

Why are we working on this? It saves costs, but more importantly it also saves costs to the people in our community. It reduces readmission rates, improves quality of life, families feel more satisfied with time they can share with patients, and follow-up appointments with clinicians go smoother and are better managed. In 2006 the inpatient nursing staff was primarily responsible for educating the patient. Since that time we have given the ED the tools they need to help support their patients and educated Physician office staff about what the expectation is when patients call them for teaching. We have moved from just an inpatient focus to the entire community of clinicians to try to keep patients out of the inpatient system. However, our numbers were still low so we broke down the data further. We discovered that the data was collected on discharge for those with a primary diagnosis of congestive heart failure. Large numbers of patients leave our facility with a secondary or tertiary diagnosis of congestive heart failure, or have been treated with symptoms but have no clinical diagnosis. The Life Center data of all the patients that they saw that didn't have a primary diagnosis of heart failure was double or triple the numbers we see here and those objectives most commonly were met. The bad news is on the data collected because of our small numbers we still have some challenges. The good news is that we are actually reaching more heart failure patients overall in our community and our outcomes are better. The follow-up phone call nurse has been a huge asset because she is able to ask the patients if they have the tools they were given in the hospital and how they are working for them and about barriers that the patient may have for care. As a result there are many referrals back to the primary care physicians or others to stop an acute exacerbation from developing. We have also added to the discharge instructions – specifically in the area of weight monitoring and what to do if symptoms worsen. The patients are given a “stop light” tool, laminated for repeated use, a tape measure for measuring waist circumference, etc., and they are assessed for their activity level. In 2009 data for the 1st quarter was still demonstrating 47%, however there is an upward trend. In January one out of seven met the measure, February, two out of four, and in March five out of six. The new tool is now up and running so we expect the trend to continue to go up. We are building a better bond between inpatient staff, outpatient clinics, physician's offices, patients and families to try to reduce the quality of life costs to the patient and the facility. The numbers aren't shining but we are moving in the right direction. President Case asked what percentages of discharges are getting follow-up calls. Michele Renninger stated that 100% of patients get follow-up calls. Commissioner Cammermeyer asked if medication reconciliation is done during follow-up phone calls. Michele Renninger stated that there is but it depends upon the situation. Sometimes follow-up is done by the follow-up nurse who is an RN and sometimes it is referred to the physician. Commissioner Zaveruha asked if they have seen results from the new discharge sheet. Michele Renninger stated that the new tool is working. Commissioner Cammermeyer asked about the Quality Department volunteers and who they are and what qualifications they have and if there is training. Tom Tomasino stated that Teresa Fulton has a selection process and she provides training.

Medical Staff Report

Dr. Bruce Waterman, Chief of Staff, was unable to attend the meeting so President Case presented the following appointments and reappointments for approval:

- Amy A. Picco, D.O. – Active Staff Reappointment
- Michael J. Picco, D.O. – Active Staff Reappointment
- Douglas M. McKee, M.D. – Courtesy Staff Reappointment
- Brandon Y. Liu, M.D. – Courtesy Staff Reappointment
- Steven W. Musto, M.D. – Provisional Affiliate Active Appointment
- Nicholas M. Perera, M.D. – Provisional Active Appointment
- Jennifer Jones, CRNA - Allied Health Professional Staff Appointment

Commissioner Cammermeyer made a motion, seconded by Commissioner Tarrant to approve the medical staff appointments and reappointments as presented. Motion carried.

Individual Items

A. Strategic Planning

Tom Tomasino reminded the Commissioners that a Strategic Planning meeting is Thursday, June 11, 2009 at the Best Western in Oak Harbor and a second meeting is planned for the same location on July 2, 2009.

B. Compliance Update

Joe Vessey reported that we are still waiting for a response from OIG to our STARK report. We received an open letter clarifying how STARK matters are to be resolved which informed us that the OIG doesn't have the authority to provide a full release so we will now have to work with the OIG first to resolve issues and then bring the report to the DOJ for a full release. This will increase processing time. President Case noted that compliance training is almost complete and that training will be included as part of the contract for physicians. He also noted that the next issue in compliance is RAC.

C. PCA Update

Dr. Jerry Sanders of Whidbey Community Physicians and Primary Care Associates gave an update on the status of Primary Care Associates. PCA began a little over a year ago with one clinic and has now grown to include four different sites. Two providers have been hired recently – Steven Musto, M.D. in Freeland and Barbara Simons, PA-C in Langley. There are many internal issues in the Freeland clinic including a recent complete turnover of staff and implementing electronic medical records. The Freeland site has a long way to go both administratively and in its relationship with the community. Electronic medical records will be going live in Langley in four weeks. Dr. Sanders would like to know how the Board would like to have information regarding PCA presented to them. Do they want a report at this meeting or a written report at the Finance Committee meeting? Dr. Sanders noted that primary care clinics everywhere are finding it difficult to survive without a subsidy. We also face specific challenges here on the island. In the next year there will be multiple retirements of primary care providers. A new physician will be coming to Oak Harbor in the fall but the credentialing process with insurance companies can take six months. We can't employ someone when they can't see patients and they can't see patients when they can't bill the insurance company. Commissioner Zaveruha noted that it is not only primary care that can't survive without a subsidy - it is not economically feasible to maintain a private practice in general. Dr. Sanders stated that the current model or form of PCA is not the best model and that they are looking at making changes. President Case noted that this should be part of our Strategic Plan. Tom Tomasino noted that we are working with PCA on 2 issues: the Moss Adams audit and the structure of PCA. President Case asked what kinds of changes are being made to PCA. Dr. Sanders stated that the items they are looking at include restructuring physician contracts, training, balance of quality and patient flow numbers, efficiencies on billing and paperwork, education, expectations, availability, relationships with colleagues, quality patient care. Dr. Musto's previous experience is a great benefit in the Freeland site as he is used to working under an incentivized system, working with staff, and fulfilling administrative duties, etc. Tom Tomasino noted that some of the questions include whether or not PCA becomes an independent corporation and how Whidbey Community Physicians fits in. Joe Vessey stated that the PCA contracts expire at the end of this month and we need to have some kind of extension in place until the new structure of PCA is ready to go by January 1. Joe Vessey asked the Board to consider extending the contract through December instead of monthly so that we don't have to continually revisit the issue of a contract extension each month because of the risk of neglecting to renew the contract each month. Discussion was made about whether or not it was a good idea to give a blanket renewal for PCA until January 1. It was decided that a blanket renewal of the contract would give stability to PCA but would not preclude changes being made to the structure of the organization before a new model is put in place on January 1. Commissioner Wallin made a motion, seconded by Commissioner Cammermeyer to extend the contract through December. Motion carried.

D. Administrative Update

Barbara Forss, Joan Beller and possibly Faye Lindquist, CNO St. Joseph's Hospital, will attend the next regular Board Meeting on July 13th to present the PeaceHealth Patient Safety presentation that some members of the Board heard at the Patient Safety Summit in Seattle last month.

Board Items

A. CEO Selection Update

Bert Speir, chair of the CEO Selection Committee, was unable to attend tonight's meeting so Commissioner Case reported the update. The Selection Committee last met on June 3rd and has narrowed down the field of candidates to five who will now come in for face-to-face interviews on June 19 and 20. The field will then be narrowed to two or three and those candidates will come to the island in late June or early July to meet with the Board, medical staff and others. After meeting with the candidates there will be the opportunity to complete an evaluation form that will be reviewed by the Selection Committee. The Selection Committee will then meet for a final time and make a final determination. The hope is to have this process completed by the July Board Meeting. Commissioner Zaveruha reminded the Board that Tom Tomasino is scheduled to have his annual review and since there is no permanent CEO at this time, the Board is responsible for completing this process. Discussion was made that the Board would have to set up a time in the near future to complete this process.

B. Finance Committee Report

Commissioner Tarrant reported that at the last committee meeting the hospital's insurance broker, Parker Smith & Feek presented information about our historical and current insurance package. They will be presenting a proposal for our insurance needs for next year at the end of June. The hospital's audited financial statements will be ready by the end of June. We will need these statements before we can go forward on the bond issue. Costs are being held down which have put us in a good financial position compared to other hospitals.

C. Building Committee Report

Commissioner Wallin reported that the Committee did not meet today, but he did go down to the EMS site in Bayview. The building is substantially complete and there is only a small punch list. Landscaping looks good except for the grass. Reflective tape is still needed on the bollards. The hope is to have the certificate of occupancy in the next couple of weeks. There will be an open house the 2nd week of July. The EMS Manager is working on the schedule. Commissioner Cammermeyer noted that some people may confuse the EMS building with an urgent care clinic and Commissioner Zaveruha stated that people do that with the EMS building on Camano Island so we may be faced with that problem here as well.

D. Dr. Cammermeyer Community Report

Commissioner Cammermeyer has held 5 town hall style meetings since January on the South End with Trish Rose attending four of them as a representative from the hospital. The goal of these meeting was to listen. Approximately 100 people attended the five different events including a large number of health care providers. One of the major themes was access. Those on South Whidbey considered themselves to be at the end of the world in relationship to the hospital because access is so cumbersome and they are relatively uninformed. It is easier to take a ferry and go to the urgent care clinic in Mukilteo or one of the area hospitals. They don't know what is available on the island. Another major theme was the turnover and instability of clinicians which has had a negative effect on follow-up. It also became clear that providers of non-traditional care were feeling isolated because they do not have a relationship with the hospital. Instead of referring their patients to providers here on the island when issues came up they refer them to providers on the mainland where they have developed a relationship. An urgent care/walk in clinic is also a perceived need. It is now easier to go to Everett than

drive to the hospital and sit in the waiting room of the emergency department. They also see the emergency room as a place for emergencies not for urgent care. Another issue is communication. Some feel that they never hear about what is going on at the hospital. They are disappointed that classes are no longer being held in the South End. One suggestion was to have a medical reference, like a telephone book, with information about where to go or who to see with a specific need. Some expressed concern about recycling, chemical usage, perfumes, medication disposal, and quality of WGH in comparison with other hospitals. There was a suggestion that we have an ombudsman available instead of a hospital employee for reporting complaints. Commissioner Cammermeyer plans to continue these meetings but will now change the focus to giving out information. Trish Rose noted that they received many positive comments about the hospital at these meetings.

Staff and Status Reports from Administration

A. Administrator's Report

Tom Tomasino reported that Jay Lujan was the winner of this year's Amy Ayers Award. Jay happened to be at tonight's meeting so was introduced.

B. Financial Report

Joe Vessey reported that we anticipate selling bonds sometime in July. It has been smart to take a measured approach on this. In 2008 Lehman Brothers and Bear Stearns filed bankruptcy and as a result investors fled to treasuries. However when the economy fell apart the fed reduced interest rates which meant treasuries had a corresponding drop in returns. Investors are now looking for a decent stable return and have turned to municipal bonds. That has resulted in a softening of the market which means our cost to borrow is being driven down as a result. There are two factors. First of all there has been a significant decrease in new municipal debt which means that there is no supply of bonds but a large demand. Municipalities have issued 20 billion less in bonds through May of 2009 versus May of 2008. Secondly, there is an increased retail demand for municipal bonds. Week over week for the last seven weeks have shown a huge increase in municipal bond sales and demand and four of the weeks represent the largest increase in municipal bond demand ever. All of this drives down the interest rate which will benefit the hospital district. Commissioner Cammermeyer asked Mr. Vessey to remind us what the bond is for. Mr. Vessey stated that the bond would cover the cost of purchasing the building in Oak Harbor that houses Whidbey General North, reimburse our reserves for money spent for the Bayview land, and cover the cost of the EMS construction.

Joe Vessey introduced the April Financial Statements. The April balance sheet shows an increase in cash on hand over prior months due to the timing of the levy receipts. These funds will be spent over the next five or six months. Accounts receivable days are at 52.9 which is partly a result of holding bills because of STARK. Without those bills included we would be in the high 40s. Our reserves are at 64.5%. This is a conservative number based on the current economy and the patient's ability to pay their bill. It also reflects the fact that a portion of the price increase is uncollectable. Our current ratio is 1.9 which has remained stable from prior months. The census was 14 on a budget of 18. We continue to see a downward trend in the number of inpatient days. Overall patient volumes were under about 2%. Further challenging us financially, is that the Medicaid, Champus, and Self Pay, three of the payer classes that pay us the least in terms of cents per dollar on billed charges, are over budget and Medicare, Workers Comp, and Commercial Insurance are under budget. We have seen a shift from payers who pay well to payers who pay less well. On the adjustments to Revenues we are on the positive side by \$200,000 due primarily to volume decreases as compared to budget. On the expenses we are seeing some of our efforts on cost containment coming through. Our managers are doing a good job at trying to control costs. The bottom line for the month was off by about 3%. Year to date we are off

budget by 23%. This would be very similar to what a lot of other hospitals are experiencing right now. In order to manage this economy we need to continue to build our reserves. The financing project will help replenish the reserves that we have spent over the last couple of years paying cash for construction projects. Significant financial contingencies remain in terms of a continued increase in unemployment which results in an increase of uncompensated care and the state budget that goes into affect July 1. Seattletimes.com is reporting that the state's plan for the Basic Health plan is to increase the premium to all the beneficiaries by about 70%. Those that can't come up with the additional premium are the ones that will drop off the plan and in turn these will be the same people who will have the most difficulty paying their medical bills out of pocket. This will result in an even greater impact to hospitals than the previous plans for reducing enrollment in the Basic Health Plan such as the de-enrollment lottery. The RAC Auditors start in August. The trial period of RAC audits that focused on four states resulted in the government recovering over a billion dollars in overpayments to hospitals and physicians. Washington State has also been chosen as one of the four states for a Medicaid Integrity Program which is basically a RAC for Medicaid. We will be subject to a similar organization coming in to look at Medicaid payments as well as Medicare payments. There are a lot of financial challenges out there coming at a time when the economy isn't doing us any favors so the approach has been and continues to be to strengthen ourselves in terms of liquidity and increase our cash position. In regards to hospital related construction, the American Hospital Association has reported on their website recently that over the past 6 or 9 months 84% of hospitals or hospital systems are delaying either temporarily or permanently any construction projects. That helps put our challenges on South Whidbey into perspective.

C. Review of Dashboard Report

Tom Tomasino commented on the medication error rate. We had 8,392 doses with 12 medication errors and 1 of those required intervention.

Consent Agenda

A. Approval of Monthly Write-Offs and Vouchers

Vouchers audited and certified by the auditing officer as required by RCW 40.24.080, and those expense reimbursement claims certified as required by RCW 42.24.090, have been recorded on a listing which has been made available to the Board. Commissioner Cammermeyer made a motion, seconded by Commissioner Tarrant, to approve the vouchers #125014 and #125240 in the total amount of \$7,713.13. Motion carried. Commissioner Zaveruha abstained from the review, discussion, vote and written approval of these vouchers due to a potential conflict of interest. Vouchers audited and certified by the auditing officer as required by RCW 40.24.080, and those expense reimbursement claims certified as required by RCW 42.24.090, have been recorded on a listing, which has been made available to the Board. Commissioner Cammermeyer made a motion, seconded by Commissioner Tarrant to approve vouchers #124918 to #125789, and #1657 to #1675, excluding #125014 and #125240 in the total amount of \$7,610,779.46. Motion carried. Commissioner Cammermeyer made a motion; seconded by Commissioner Tarrant to approve the write-offs for May in the amount of \$528,688.62. Motion carried.

Agenda Items for next Regular Board Session

Report on Commissioner Wallin's attendance at the Rural Hospital Summer Workshop
Whidbey General South improvements

There being no further business the meeting adjourned at 8:25 p.m.