

## **Board Meeting**

June 11, 2007

The regular meeting of the Board of Commissioners of Whidbey Island Public Hospital District was called to order at 6:02 p.m. by Board President, Roger Case, M.D. Present were Commissioner Case, Commissioner Zaveruha, Commissioner Schoenknecht, and Commissioner Saugen. Chief Executive Officer, Scott Rhine, Chief Operating Officer, Tom Tomasino, Chief Financial Officer, Doug Bishop, Chief of Staff, Dr. Chris Bibby, Dale Roundy, Esq., Judy Moore, John Bitting, and Kate Harbour from the Whidbey Examiner were also present. President Case asked if there were any points of order to discuss of which there were none.

### **Minute Approval**

Minutes from the May 14, 2007 regular Board meeting were approved as presented in a motion by Commissioner Saugen, seconded by Commissioner Schoenknecht. Motion carried.

### **Public Questions or Comments**

There were none.

### **Education**

Don Hansen from Moss Adams LLP presented a report on the hospital's 2006 audited financials. Mr. Hansen reported that an unqualified opinion was rendered, with no problems noted. Three audit adjustments made increased the hospital's income by \$274,214 – the allowance for contractual adjustments was reduced by \$607,000, increase in taxes on accrued PTO (\$134,469) and increase for depreciation expense (\$191,317). Two proposed adjustments would decrease income by \$60,000 – reduce Medicare cost report (\$235,000) and 2006 revenue recorded in 2007 \$175,000. No issues were discussed prior to the audit, there was no disagreement with management and the accounting estimates were deemed reasonable. Mr. Hansen commended Doug Bishop and Frank Hemeon for a great job, with considerable improvement from the prior year. A new report on internal control matters included: 1) a change in definition of how to assess weakness by AICPA 2) contractual allowance methodology – use more recent payment rates, and a bad debt study is suggested. In summary Mr. Hansen noted that: 1) admissions growth is softening 2) inpatient growth is nearly flat and length of stay is down 3) outpatient growth has slowed as competitive pressures for profitable services increases. Recommendations included improving cash reserves; reduce the number of days that it takes to collect the accounts; plan for renewal of the plant and equipment. The good news is that the hospital is not heavily leveraged with debt. From a profitability perspective, Mr. Hansen recommended that the hospital increase prices and volume and continue to work on reducing expenses. He noted that the designation as a Critical Access hospital had significantly improved Medicare reimbursement in 2006. Mr. Hansen then responded to questions from the Board of Commissioners and management.

### **Quality and Patient Safety**

Mr. Rhine reported that hospital staff, physicians and commissioners recently attended two separate meetings dealing with quality improvement, with discussions about the Hospital Board's and CEO's leadership in Quality Improvement responsibilities, and transparency and support for patients and staff involved in medical errors. Commissioner Zaveruha noted that the issues being looked at are not new, however the manner in the way they are being looked at is new. Recommendations for discussion and consideration were reviewed. Judy Moore stated that Tom Gallagher, M.D. from the University of Washington presented education to the medical staff last year on these topics, and that it might be a good idea to have him come back and follow up. There was consensus that it would be beneficial. Judy will follow up on arrangements for a return visit by Dr. Gallagher. At the Board's Quality Improvement Committee meeting last week, the recommendation was made that the hospital continue funding the nurse call back position after grant funds are expended. Dr. Roof made a passionate plea to have this patient feedback, and he and Arlene Johnson have prepared a summary of the results of the part-time program used for Congestive Heart Failure. Estimated costs for increasing the scope and hours associated with this position is \$20,000-\$28,000 per year depending on the specific amount of hours allocated for the function. Mr. Rhine stated that plans are to move ahead with this.

Following discussion at the Board Quality Committee, the administrator considered input and has committed the

hospital organization to working with the Institute for Healthcare Improvement on its “Protecting 5 million lives from harm” campaign.

Mr. Rhine reported that hospitalist program staffing has been very difficult over the past month with our first mid-level resigning due to family responsibilities in California. A big thank you is due to all of the physicians who have stepped in at the last minute to help cover the schedule.

The past three weeks have been extremely busy in the area of physician recruitment. Three internal medicine physicians have been interviewed for hospitalist and outpatient positions, one orthopedic surgeon has been interviewed, and one family practitioner. In addition three mid-level providers have been interviewed, and one nurse practitioner (ARNP) has been hired for a hospitalist position. Written offers have been made and terms are being negotiated. Mr. Rhine reported that there appears to be serious interest by these candidates at this time, and all appear to have good backgrounds

Mr. Rhine talked about a student loan repayment program being used by Grays Harbor Hospital in Aberdeen, where they are recruiting younger physicians and offering to pay back their student loans (1/10 per year) if they stay in the community and practice for ten years. This pays off their entire student loans, and seems to be working well for that hospital. We currently offer to pay \$10,000 per year for three years on student loans, with an option to extend that for two years with Board approval and adequate financial resources from the hospital. Doug Bishop, CFO stated that an expense like this would have to be booked, and he would also like an opportunity to talk with the hospital’s CPA about this, and review how the contracts are written. This may be something to consider when trying to improve physician retention. No decisions were made, however the Board indicated that they would consider such a program if it would help recruit solid and well-trained physicians.

#### **Medical Staff Report**

Dr. Chris Bibby, Chief of Staff presented the following medical staff appointments and reappointments for approval:

Jerald G. Sanders, M.D. – Active Staff Reappointment

John A. Sherman, M.D. – Active Staff Reappointment

Commissioner Saugen made a motion, seconded by Commissioner Schoenknecht to approve the Active Staff Reappointments as presented. Motion carried.

Douglas M. McKee, M.D. – Courtesy Staff Reappointment

Linda R. Brown, M.D. – Courtesy Staff Reappointment

C. J. Kuan, M.D. – Courtesy Staff Reappointment

Jerome R. Waldbaum, M.D. – Courtesy Staff Reappointment

Commissioner Saugen made a motion, seconded by Commissioner Schoenknecht to approve the Courtesy Staff Reappointments as presented. Motion carried.

M. Colette Chandler, PA-C – Allied Health Professional

Commissioner Saugen made a motion, seconded by Commissioner Schoenknecht to approve the Allied Health Professional Appointment as presented.

Dr. Bibby reported that the medical staff continues to work on the Affiliate Active Staff and Affiliate Staff Categories, and proposed bylaw revisions are currently pending the second reading by the medical staff.

#### **Board Items**

A. **Board Retreat** – The agenda for the June 15, 2007 Board Retreat was reviewed. It was determined that staff need to be there. Dr. Bibby plans to attend, and Dr. Outlund and Dr. Barrio hope to attend for part of the day. Financial performance and contribution margins by department will be reviewed, as well as comparisons from other hospitals

B. **Dashboard Report** - The Board had no questions on the Dashboard report.

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#### **Staff and Status Reports from Administration**

A. **Administrator’s Report** – Mr. Rhine covered his report under the quality section of the meeting.

B. Tom Tomasino, Chief Operating Officer, reported that the purchase and sale agreement for the site for the paramedic ambulance bay and quarters is ready for signature pending legal finalization. Mahlum Architects and engineers are meeting with our staff and working to complete the master plan for the EMS building.

The other health care services site at Bayview is under further scrutiny due to zoning questions. It is hoped to resolve this or look for alternative sites in the very near future. Administration will be meeting with one of the County Commissioners to discuss this further and get a better determination of the situation regarding the zoning. Discussions continue with Goosefoot about them building and owning the building and the hospital leasing it from them. No decisions have been made. Administration will continue to work on this. The Building Committee will meet this week on June 15, 2007 before the Board Retreat.

C. Doug Bishop reported that April was a good month. Cash improved, and AR days were at 61.7. Booking for cost reports has continued through April. Year to date volumes have been up. The intermediaries now do quarterly adjustments. Revenues for April are over budget, contractals under budget by 2%, and operating expenses under budget by 3%. The bottom line for April is a positive \$268,000 with a 5.7% operating margin. Doug noted that higher volumes drive unit costs down. Year to date revenues are above budget by 5%, contractals 5% above budget, and operating expenses 2.5% below budget. The bottom line is a positive \$810,000 for the year with a 4.27% operating margin. Doug reported that the month of May had record revenues at \$9.4 million. Two prior year settlements were booked in May, however the bottom line was still a positive \$150,000. Operating cash is now over \$3 million or about seventeen days. June revenues look strong. The recent rate increase has been helpful financially, AR days are doing better and collections have been strong. Doug noted that all cost reports have been filed on time.

D. John Bitting reported that there were 24 deliveries in May, and will potentially be more than that in June. Staffing has been challenging in OB.

John stated that there have been 21 divers year to date. Commissioner Zaveruha requested a report on canceled elective surgeries due to Critical Access, which he stated have been problematic from time to time.

**Consent Agenda Items:**

A. After review and discussion, Commissioner Saugen made a motion, seconded by Commissioner Schoenknecht to approve the write offs as presented in the amount of \$200,020.87. Motion carried.

1. 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 Schoenknecht made a motion, seconded by Commissioner Saugen to approve vouchers #1015082 and #105096 in the total amount of \$7,441.39. Motion carried. Commissioner Zaveruha abstained from the review, discussion, vote and written approval of these vouchers due to a potential conflict of interest.

2. 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 Schoenknecht made a motion, seconded by Commissioner Saugen to approve vouchers #1054 to #1071, #105027 to #105840 in the total amount of \$4,669,155.30. Motion carried with all commissioners voting.

There being no further business, the meeting was adjourned at 8:26 p.m.