

March 10, 2008

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. Present were President Case, Commissioner Schoenknecht, Commissioner Zaveruha, Commissioner Miller and Commissioner Wallin. Chief Executive Officer, Scott Rhine, Chief Financial Officer, Doug Bishop, Chief Operating Officer, Tom Tomasino, Chief Nurse Executive, Jacque Scott, Chief of Staff, Dr. Chris Bibby, Dale Roundy, Esq., Teresa Garrison, Dr. and Mrs. Terry Lee, Dr. Lee Roof, Mary Pierzchala, Carolyn Pape and Trish Rose 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 February 11, 2008 regular Board meeting were approved as presented.

#### **Public Questions or Comments**

Commissioner Wallin stated that he will not be taking compensation for attending Board meetings, and wanted this statement to be a part of the public record.

Mr. Bernard Skud shared concerns with the lack of communication he and his wife had when she was here for an outpatient surgical procedure. The Board and Administration assured Mr. Skud that these concerns would be reviewed and addressed and he would be contacted.

#### **Quality and Patient Safety Report**

Dr. Lee Roof, medical director for Quality and Patient Safety, reported on activities in the Quality Department, with work being done on improving the core measure statistics and noting that our scores have improved over time. The challenge is the national average scores have also improved so more work needs to be done on our part to close the gap. Dr. Roof noted that new "rounding" procedures were helping things improve, and that there is a lot of work being done by physicians and nurses to make these improvements. Work continues on the "Get with the Guidelines" project.

#### **Medical Staff Report**

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

William J. Drury, MD – Active Staff Reappointment

Jochen F. Dwersteg, MD – Active Staff Reappointment

Helen W. Lhamon, MD – Active Staff Reappointment

Lee W. Roof, MD – Active Staff Reappointment

David H. Slepian, MD – Active Staff Reappointment

Commissioner Schoenknecht made a motion, seconded by Commissioner Miller to approve the active staff reappointments as presented. Motion carried.

Haigh P. Fox, MD – Affiliate Active Staff Reappointment

Terry J. Lee, MD – Affiliate Active Staff Reappointment

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

Wylie N. Vracin, MD – Affiliate Staff Reappointment

Commissioner Schoenknecht made a motion, seconded by Commissioner Miller, to approve the Affiliate Staff Reappointment as presented. Motion carried.

Michael R. Chun, MD – Courtesy Staff Reappointment

Jakdej Nikomborirak, MD – Courtesy Staff Reappointment

Mahesh S. Mulumudi, MD – Courtesy Staff Reappointment

Douglas P. Caldwell, MD – Courtesy Staff Reappointment

Joseph R. DeMartini, MD – Courtesy Staff Reappointment

Aaron Y. Fu, MD – Courtesy Staff Reappointment

Robert B. Osnis, MD – Courtesy Staff Reappointment

Jennifer E. Shook, MD – Courtesy Staff Reappointment

Pedro T. Vieco, MD – Courtesy Staff Reappointment

David G. Westman, MD – Courtesy Staff Reappointment

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

Lynda M. Reidling, ARNP – Allied Health Professional

M. Renee Yanke, ARNP – Allied Health Professional

Commissioner Schoenknecht made a motion, seconded by Commissioner Miller, to approve the Allied Health Professionals as presented. Motion carried.

Dr. Bibby reported the following resignation:

Bradley D. Olson, MD – Family Practice – effective 1/28/2008

The following core privileges were presented for approval:

Advanced Registered Nurse Practitioner, Oncology – NEW

Emergency Department – REVISED

CRNA, OB Anesthesia – REVISED

OB/Gyn for epidurals/anesthesia - REVISED

Commissioner Miller made a motion, seconded by Commissioner Schoenknecht to approve the new and revised Core Privileges as presented. Motion carried.

Commissioner Miller made a motion, seconded by Commissioner Schoenknecht to approve the rules and regulation revision (Emergency Room Coverage – delete Section E) as presented. Motion carried.

Dr. Bibby reported that he and a group from Whidbey General recently met with leadership at the Naval Hospital, and also took a tour. Representatives of Whidbey General shared concerns over communication issues and the hope that both facilities could work together to improve communications and planning when decisions are made that may impact both hospitals. Dr. Bibby and Scott Rhine will be sending a letter to Capt Chinn, Commanding Officer of the Naval Hospital, sharing these ideas. Commissioner Wallin suggested that meeting notes be taken when we do meet with the Naval Hospital, with a copy sent to TriCare. Mr. Rhine noted that Capt Chinn meets with Whidbey General and the County Health Department leadership quarterly at the Health Summit meeting. It was also reported that Capt Chinn will be receiving a new assignment in the Pacific and will be transferring command in June. Board members urged that we keep Senator Murray and Representative Larsen apprised of appropriate TriCare reimbursement issues and other appropriate issues that relate to military health care services on Whidbey Island. The Naval Hospital will be invited to send a medical representative to our medical staff meetings, and we will also invite their medical community to upcoming CME presentations here at the hospital.

#### **Individual Items (Discussion and/or Action)**

##### **A. Hospital Master Plan 2<sup>nd</sup> Review by Mahlum Architects**

Mr. Rhine reported that the master plan alternate design created by Mahlum Architects is being worked on. Initial feedback is that there is sufficient square footage to locate the new patient wing on the south side of the hospital. Mahlum should have these findings completed and to Ritter, the hospital's project managers, by March 28, 2008.

##### **B. South Whidbey Healthcare and EMS Project Updates**

Mr. Rhine reported that a projected cost analysis for the Whidbey General South Healthcare Services building has been received from the Robinson Company located in Seattle. The initial total project cost is \$10,156,000. Doug Bishop, CFO, is working with Piper Jaffray to determine interest rates and feasibility of a 30-year bond to provide the capital to build the facility. The subprime mortgages and the economic downturn are affecting the hospital's ability to borrow for this project. Interest rates are now being quoted in the 6.25% range. Mr. Rhine stated that we are not prepared to recommend going forward with this project at this time, and hope to bring back more information and a recommendation in the April Board meeting.

Mr. Rhine noted that the timeline for the EMS quarters in South Whidbey is estimated to go out to bid in August, 2008 with a construction start date in September, 2008 and hopefully be finished by April, 2009.

##### **C. Physician Recruitment for Oncology and Ophthalmology**

Mr. Rhine reported that Dr. Cichowski has informed him that Dr. Harrison has made the decision to relocate to the Tri-Cities area of Washington. Both Dr. Mark Cichowski and Dr. Terry Lee are looking for ophthalmology associates, and are both requesting physician recruitment assistance from the hospital. Mr. Rhine indicated there is money in the budget for this, and is recommending the Board

approve up to \$30,000 per ophthalmologist, to include recruitment fees and interview expenses. After discussion, Commissioner Wallin made a motion, seconded by Commissioner Miller to approve up to \$30,000 per ophthalmologist for recruitment fees and interview expenses for Dr. Cichowski's and Dr. Lee's practices. Motion carried.

Mr. Rhine has been in contact with Western Washington Medical Group in Everett who places oncologists here in the hospital's MAC clinic. They declined our offer of \$112 per visit and are asking for \$120 per visit. The return on investment is good, with MAC patients generating \$10 million in charges in other areas of the hospital (Lab, Diagnostic Imaging, Pharmacy, etc.). Mr. Rhine is recommending that the Board approve the requested \$120 per visit, stating this has been a reliable group to work with. Mr. Rhine recommends a two to three year agreement, stressing the importance for the hospital to be aligned with a quality cancer program. He also recommends that we do the billing and retain the receipts, with our subsidy equaling the net difference. After further discussion, Commissioner Miller made a motion, seconded by Commissioner Wallin to approve that we pay the oncologists \$120 per visit, and pay our prorated share of recruitment expenses for a third oncologist for a period of two years. Motion carried.

Mr. Rhine noted that he met with the general surgeons who are requesting compensation for trauma call. Future planning needs were also discussed. Mr. Rhine reported that recruitment for general surgery is underway. Dr. Outlund, medical director for surgical services, will help with recruitment and is also working to promote a better working environment in the surgery department.

#### D. Discussion of EMS Levy

Mr. Rhine stated that when the hospital realized that there was an increase in the assessment of property values that generated a windfall from the EMS levy, we agreed to accept the full fifty cents the first year. Questions came up about continuing to accept the full fifty cents and what the hospital's intent was. Administration and management are recommending to continue to accept the full fifty cents based on higher costs for construction and added costs of the BLS transfer program. Commissioner Wallin agreed with this, however feels that it should be communicated clearly to the public. He suggested posting something on the hospital's web site. Commissioner Miller feels strongly that the communication of this decision is key to the community. It was also noted that these kinds of things are communicated regularly through the Board minutes which, once approved, are posted on the web site and in the hospital for the community to read. The Board agreed that this communication should go out to the community within the next month. The Board requested talking points on this issue.

#### E. EIP Criteria

Mr. Rhine reported that on a revised Employee Incentive Program proposal for the Board's consideration for approval. The hospital has not had this program for a number of years. Due to the fact that the hospital is achieving better financial results and good patient satisfaction results, Administration would like to recommend reinstating this program, recognizing employee efforts for patient satisfaction and for efficiency. Indicators would have to be met to qualify a payout in 2009 for 2008, to include Press Ganey patient satisfaction scores averaging in the 85% percentile or higher for the West Coast, financial benchmarks of a 5% operating margin, at least \$5 million in operating cash and achieving the budgeted target for average expense per adjusted patient day. The Admin Team has reviewed this proposal, and feels it would help retention. Criteria for this program could change in future years, and needs to be approved by the Governing Board before any payout. The CEO and CFO would not take payouts. After further review and discussion, Commissioner Wallin made a motion, seconded by Commissioner Schoenknecht to approve reinstating the EIP program with proposed revised criteria. Motion carried.

#### F. Resolution #279 - Capital Lease Substitutions

Resolution #279, approving the substitution of monitors, digital fluoroscopy and computed radiography equipment in place of the single channel IV pumps #35 on the District's Master State and Municipal Lease/Purchase Agreement with Citicorp Leasing Inc., was presented for approval. After review and discussion, Commissioner Miller made a motion, seconded by Commissioner Schoenknecht to approve Resolution #279 as presented. Motion carried.

## **Board Items**

### **A. Recommended Review of Hospital District Bylaws**

Mr. Rhine distributed draft revisions of the hospital District bylaws for review and discussion, noting that much of this was routine updating of wording according to current practice. Proposed revisions were reviewed and discussed. Mr. Rhine pointed out that there was one area of proposed change that needed a careful reading and a clear understanding as it may impact future decisions of hospital and medical staff. He had recently received the wording from legal counsel and felt it important to include. There was much discussion regarding the clause that specified the Board's authority to limit medical staff membership in specific areas and sign exclusive agreements when it was in the best interest of the hospital. Mr. Rhine indicated that the Board has done this in the past as it made the decision to contract with Radia and with the current pathology group. Mr. Rhine also pointed out that the intent was not to take away the medical staff fair hearing process for any physician whose privileges or membership was in jeopardy because of clinical issues, but only if, in the best interests of the hospital, the Board made a decision to sign an exclusive agreement with other physicians or physician entities that would improve efficiency, service levels and/or patient care quality. An economic issue might also cause the Board to make such a decision in the best interest of the hospital. Commissioner Zaveruha expressed concern that such an allowance might negatively impact the private practice of medicine and give certain physicians a greater economic advantage. He indicated that he was in favor of the hospital and physicians working together, but was concerned that such a decision by the Board may be too intrusive. President Case suggested that the proposed changes be tabled for further consideration. Mr. Bishop reminded all present that the Board could not act immediately on a bylaw change and there needed to be at least a first reading with any action taken to be done at a following meeting. The discussion key points included the bylaws will be brought back for consideration at the next Board meeting in April.

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

#### **Administrator's Report – Scott Rhine**

There were no questions on the Administrator's report that was distributed.

#### **Financial Report – Doug Bishop**

Doug Bishop, CFO reported that January was a slow month on the inpatient side, but did have a positive bottom line of \$349,000. February revenue was better.

Doug noted that the exit conference with the State Auditors went very well, they were complimentary and there were no findings for years 2004, 2005, and 2006 that were audited. Doug has a draft report, and expects the final report in two months.

Doug reported that in a recent conference call regarding Champus, it was reported that the Office of Management and Budget (OMB) has not yet received the proposal for increased reimbursement. Once received, it will be at OMB for approximately 90 days. HFMA, WSHA, and AHA, among others, plan to send comments of support during this period.

Doug noted that this was his last Board meeting as hospital CFO. He stated that he has enjoyed working with the Board over the last fifteen years and is looking forward to helping with projects as needed part time, and eventually retiring.

#### **Critical Access and Emergency Department Report**

Tom Tomasino reported that there have been 10 diverts for beds for critical access through the end of February. Emergency Department volumes remain high and are being closely monitored. Wait times and length of stay are currently high in the Emergency Department.

President Case noted that the meeting for the Dashboard Report review needs to be scheduled. Tom Tomasino will work on getting this meeting scheduled.

#### **Nursing**

Jacque Scott, Chief Nurse Executive, reported that there has been a lot of activity statewide on nursing staffing ratios. We must establish a committee by September 1, 2008 that can provide input into strengthening nursing and nurse staffing in hospitals. The Washington State Hospital Association (WSHA) is recommending that there be administrative representatives on this committee. Work continues on this.

**Consent Agenda Items:**

A. Commissioner Schoenknecht made a motion, seconded by Commissioner Miller to approve the write offs as presented in the amount of \$464,090.98. Motion carried.

B. Commissioner Schoenknecht made a motion, seconded by Commissioner Miller to approve the list of surplus items as presented. Motion carried.

C. 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 Miller made a motion, seconded by Commissioner Schoenknecht to approve vouchers #112327, #122385, #113079, #113136 in the total amount of \$14,769.47. 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 Miller made a motion, seconded by Commissioner Schoenknecht to approve vouchers #112144 to #113142, #1319 to #1339, excluding #112327, #112385, #113079, and #113136 in the total amount of \$5,380,019.33. Motion carried with all commissioners voting.

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