

April 14, 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, Retiring Chief Financial Officer, Doug Bishop, New Chief Financial Officer, Joe Vessey, Chief Operating Officer, Tom Tomasino, Chief Nurse Executive, Jacque Scott, Chief of Staff, Dr. Chris Bibby, Dale Roundy, Esq., and many others (list attached) 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 March 10, 2008 regular Board meeting were approved as presented in a motion by Commissioner Miller, seconded by Commissioner Schoenknecht. Motion carried.

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

Many of the surgery staff, PACU staff, physicians, surgeons and anesthesiologists attended tonight's meeting to present their concerns about surgical services to the Board. Cal Cogburn, RN was the spokesperson for the nursing group and respectfully read comments prepared by the group. They want a productive dialogue with the Board to foster a vigorous healthy service with continued success. Their main concerns included: 1) the decrease in surgical cases 2) decrease in patient referrals from local physicians 3) surgeon recruitment and retention 4) peri operative staff retention and 5) leadership. It was agreed that an ad hoc Committee would be formed to begin work on these issues to strengthen surgical services here at the hospital. Two commissioners (Miller and Wallin), Administration, Dr. Outlund, Katie Carr, Sandy Marshall and surgical staff members will be asked to be on this committee. Mr. Cogburn raised the question as to whether Administration should be included in the ad hoc Committee, and the Board and Mr. Rhine felt strongly that Administration would be an important component on the committee in order to be part of the process and be involved in funding approved recommendations. It was decided that this committee would meet at least once before the next Board meeting in May. The Board thanked all of those who took time to bring their concerns to the Board.

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

Teresa Garrison, Director of Quality and Patient Safety, presented the 2007 Quality Story. She thanked Trish Rose for her help with this. Three areas of focused work include review of bowel surgical cases, performance improvement with the national Surgical Care Improvement Project (SCIP) and especially infection control and antibiotic usage and improving the discharge process for our patients. President Case noted that he is proud of the Quality Improvement Committee's work done here at the hospital.

#### **Medical Staff Report**

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

Mark E. Borden, MD – Active Staff Reappointment

Georgia E. Heisterkamp, MD – Active Staff Reappointment

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

Brian Burgoyne, MD – Courtesy Staff Reappointment

Bart P. Keogh, MD – Courtesy Staff Reappointment

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

William L. Wolfson, MD – Courtesy Staff Appointment

Peter P. Chuang, MD – Courtesy Staff Appointment

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

Dr. Bibby reported the following resignations:

Stephen D. Mattson, MD Courtesy, Emergency Medicine effective 3/17/08

Robert L. Lycksell, MD Affiliate, Family Practice effective 4/14/08

The following rule and regulation was presented for approval:

Allied Health Professional Section C: Revision to Advanced Registered Nurse Practitioner

This was approved as presented.

Dr. Bibby stated that the medical staff is requesting additional information on the proposed hospital bylaw revision regarding contracts. There is concern with the language and the intent of the proposed changes. The medical staff requests that the Board delay their decision on these changes until the medical staff has more information about the proposed language changes. They would like to be allowed to have input on contracts as they relate to medical professionals. Dr. Hu stated that these proposed changes are concerning, and that it feels like the hospital is closing the door on willing providers. He added that the new bylaw language creates doubt and uncertainty, and is not good for retention purposes. Dr. Hu questioned what the benefit of exclusive contracts are to the community? President Case stated that that is not the intention of these language changes, and that the medical staff will have input on this. Dr. Vader stated that he has never had a contract here, that his word is his contract. He maintains that contracts cause disputes. He is also concerned that the proposed language changes to the hospital bylaws exclude due process. Mr. Rhine noted that there is due process, but that the difference is that it is not the same as the fair hearing process as outlined in the medical staff bylaws. Dr. Bibby stated that the medical staff and the hospital must practice good medicine together, and that the medical staff needs to respect the hospital's business decisions. Commissioner Zaveruha stated that this is not a benign issue, and that nationwide there is a wedge between hospitals and medical staffs. He also noted that the AMA (American Medical Association) is against this kind of contracting (referring to the exclusion language). It was also observed that in some cases exclusive contracts can protect providers. Mr. Rhine stated legal counsel had prepared the proposed language and recommended that the Board approve the bylaw change. Mr. Rhine stressed that this needs to be interpreted and used properly. Dr. Outlund, Medical Director of Surgical Services and Anesthesiologist, commented that as an anesthesiologist, he is very concerned about the future of surgical services here with competitors offering better packages for physicians than we have here. An anesthesia consultant has been asked to assess our needs and provide us with some recommendations. Dr. Outlund noted that physicians cannot run a business when they keep losing money. Dr. Barrio, Chief of Medicine, questioned the intent of the language change and supported the need to include the medical staff in this decision. He expressed the need for the medical staff to have a closer working relationship with the Board to achieve "win/win" solutions. President Case stated that contracts need definite duration. Mr. Rhine noted that very few groups are willing to come into rural settings without exclusive contracts due to question of volume of services and the need for hospital subsidies. Dr. Barrio asked why we have to have non-compete contracts at all? Dale Roundy, hospital attorney, stated that it protects those invested in the relationship. President Case stated that the Board would not act on the proposed bylaw changes tonight, and that there was a lot of work to do on this.

Mary Pierzchala, community member, stated that it is upsetting to hear all of these issues. This is a preferred hospital for her insurance plan, and she wants to see successful recruitment and retention. She stated that the community has elected the hospital Board and asks that they take care of what we have.

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

##### **A. Approval of EMS Collective Bargaining Agreement**

Carolyn Pape, Director for Human Resources, presented a summary of recently negotiated changes to the EMS Collective Bargaining Agreement. Carolyn reported that these changes were negotiated in two positive sessions and have been ratified by the EMS staff. After review, Commissioner Wallin made a motion, seconded by Commissioner Miller to ratify the changes to the EMS Collective Bargaining Agreement as presented. Motion carried with Commissioner Zaveruha abstaining from the vote.

##### **B. Approval of Resolution #281 Appointment of District Internal Auditor (CFO)**

Commissioner Miller made a motion, seconded by Commissioner Schoenknecht to approve Resolution #281 appointing Joseph E. Vessey, CPA as the Internal Auditor of Whidbey Island Public Hospital District effective April 14, 2008. Motion carried.

C. Approval of Resolution #282 Granting Authority for Warrant Signatures

Commissioner Miller made a motion, seconded by Commissioner Schoenknecht to approve Resolution #282 resolving that all warrants of this District shall be signed by the Administrator, Scott N. Rhine and the Internal Auditor, Joseph E. Vessey effective April 14, 2008. Motion carried.

D. Proposal for Surgical Call Compensation

Mr. Rhine presented a proposal for surgical call compensation that proposes that surgeons be paid \$325 per day for a portion of their emergency services call responsibility required by the medical staff bylaws. This proposal was presented to the Medical Executive Committee in January. Mr. Rhine then met with the surgeons and Dr. Outlund in March and there were differing opinions about this proposal. One recommendation was to identify specialties with high frequency call ins, including general surgery, anesthesia and OB/GYN. Mr. Rhine noted that this proposal includes that five days of call will still be required without hospital compensation. The Medical Executive Committee approved this proposal in concept. This was then distributed to the general surgeons, and they were not totally pleased with it. Mr. Rhine asked that this be tabled at this point to be discussed further with stakeholders, and be retroactive to March 1, 2008 if and when approved. The Board agreed to table this proposal at this time.

Dr. Heisterkamp was in the audience and commented that compensation for call will help retention. She feels everyday needs to be compensated, and that many services are receiving money from the hospital and at this point, general surgery is not. Dr. Heisterkamp stated that general surgeons here are struggling to keep their practices viable, and that this proposal needs consideration.

Dr. Zaveruha said that we need a system that works, and the hospital and physicians need to work together. Low reimbursement in a rural setting is difficult to manage. He noted that past models don't work, and that we are in a new era that will require different solutions.

Dr. Outlund commented that general surgery is the foundation of the operating room, that they are needed to do the most work, see the most patients and handle the traumas. Recent and upcoming physicians leaving are an enormous loss to surgical services. A new model is needed, however there are a lot of roadblocks including legal considerations, as well as physician mindset.

Dr. Barrio, Chief of Medicine, agreed that compensation for surgery call has become a national issue. He thinks that we need to work more closely with the surgeons and staff to solidify their role and commitment to the community.

E. Approval of Capital Outlay for T-System Interface \$30,000

Tom Tomasino, Chief Operating Officer, presented a request for the purchase of an additional upgrade for the T-system in the Emergency Department, which is the nursing electronic medical record system at a cost of \$30,000. After review and discussion, Commissioner Miller made a motion, seconded by Commissioner Schoenknecht to approve this request as presented. Motion carried.

F. Master Plan Update

Tom Tomasino reported that after a peer review on the design for the hospital remodel project, there is an alternate design that we like. Preliminary drawings have been received, and administration is working with nursing leadership on changes needed. This design involves a new wing to be built on the south side of the hospital, which will provide better access to care for patients, staff and medical staff. One of the next steps will be user groups meetings. This design will also take less phasing, less time and provide better access and proximity to vital services. Less phasing will also potentially decrease the project cost. Parking will also be addressed. Commissioner Wallin made a motion, seconded by Commissioner Schoenknecht to authorize Scott Rhine, CEO to authorize funds not to exceed \$30,000 to initiate Phase II of the redesign work for this project. Motion carried.

G. South Whidbey Construction Update

Tom Tomasino reported that we are currently moving into the design and development phase of this project. Managers have been worked with regarding volume projections for these services, which now will include ultrasound. It has been estimated that we can break even on this building, which includes the sale of the current Whidbey General South building. User group meetings will finalize their work next week. Work continues on getting a revenue bond. The project is anticipated to start in late fall.

Tom noted that the south EMS quarters should be started in late August or early September.

#### **Board Items**

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

This was discussed earlier in the meeting and tabled.

##### B. Attendance at CEO & Trustee Patient Safety Summit Meeting May 6 or 7

Mr. Rhine and Commissioner Wallin will attend this meeting on May 6<sup>th</sup>. Commissioner Case plans to attend, however has not yet determined which date.

There was discussion about attendance at the Rural Health Summer Workshop in Chelan the end of June. To date, Commissioner Miller plans to attend.

##### C. Other

Commissioner Schoenknecht announced that she will be retiring from the Board the end of the upcoming summer. She will be moving to Seattle to be closer to family. Commissioner Schoenknecht has been on the Board for fifteen years. She is currently halfway through her term. The Board will be looking and adopt an open process to appoint a replacement for her.

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

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

Mr. Rhine noted that he already covered the highlights of his report during the meeting. The Board had no further questions.

##### Financial Report

Joe Vessey, new CFO, reported that February's operating cash was at \$3.8 million. AR days for February were 51, and today are 47. Mr. Vessey commended Beth Stout and her staff for their excellent work in this area, noting good progress. There has been a fifteen-day delay in the hospital's Medicare payments. Revenue was above budget by 10%, adjustments to revenue were slightly increased, operating expenses were below budget by \$7,300, and there was a bottom line of a positive \$538,000 with a 9.5% operating margin. There were questions about L&I, which Mr. Vessey will look into.

Mr. Vessey reported that year to date we are seeing the same trends with two months of data. The operating margin year to date is 7.73%. The goal is to increase the cash target to sixty days.

Looking at statistics, we continue to see a high number of TriCare patients in the Emergency Department – 388 in January and 490 in February. This continues to be closely monitored.

Mr. Rhine noted that the TriCare reimbursement increase request is now at the Office of Management and Budget (OMB).

Mr. Rhine also noted that Dr. Tong and Dr. Barrio have been very helpful in arranging for Navy medical staff leaders to come here for a tour of our hospital. Dr. Tong will forward the Board a list of attendees. Dr. Tong and Trish Rose are preparing a presentation for this visit. This is the first time that we have had Navy clinical leaders tour our hospital. We want to continue to dialogue with the Naval Hospital. They will have a new commanding officer in June, Capt Jim Thralls.

The CPA auditors have finished their work, and are waiting on the cost report estimate. Mr. Vessey reported that everything went very well, with no problems to report. Moss Adams representatives will be at the May Board meeting to present their report.

##### Critical Access and Emergency Department Report

Tom Tomasino reported that we have had nineteen patient diverts due to critical access as of March 26, 2008.

##### Review of Proposed New Dashboard Report

Tom Tomasino reported that the dashboard report has been upgraded. The Quality Improvement Committee (QIC) reviewed and approved the changes. It was suggested that the 911 response time be added to this report. The Board is concerned with the high convenience time. Tom stated that definitions are being worked on, and that this would go back through QIC with changes, and then brought to the Board for final approval.

#### **Consent Agenda Items:**

A. Commissioner Schoenknecht made a motion, seconded by Commissioner Miller to approve the write offs as presented in the amount of \$657,971.17. 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 #113785, #113846 in the total amount of \$8,943.74. 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 #113151 to #113853, #1340 to #1370, excluding #113785, #113846 in the total amount of \$5,395,144.46. Motion carried with all commissioners voting.

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