

January 12, 2009

The regular meeting of the Board of Commissioners of Whidbey Island Public Hospital District was called to order at 6:04 p.m. by Board President, Roger Case, M.D. Present were President Case, Commissioner Zaveruha, Commissioner Wallin, Commissioner Cammermeyer and Commissioner Tarrant. Interim Chief Executive Officer, Tom Tomasino, Chief Nurse Executive, Jacque Scott, Chief Financial Officer, Joe Vessey, Assistant Nursing Director, John Bitting, Dale Roundy, Esq., Chief of Staff, Bruce Waterman, M.D., and many hospital and medical staff, as well as community members were present. A reporter from the Whidbey News Times also attended.

The motion was made and approved to electronically record the Board meetings, noting that the entire meeting would be recorded start to finish. A sign will be posted in the future stating that the meeting in session is being recorded. Mr. Jim Riney of Riney Productions recorded the meeting.

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

#### **Minute Approval**

Commissioner Wallin made a motion, seconded by Commissioner Tarrant to approve minutes from the December 8, 2008 regular Board meeting, and December 11, 2008 special Board meeting as presented. Motion carried.

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

Due to the number of people present at the meeting, President Case asked that public comments be limited to three minutes each.

Nurses Karen Gwsend and Linda Spencer read prepared comments to the Board on behalf of the nursing staff here at the hospital. They noted positive changes, and also opportunities for improvement. A number of nursing staff were in the audience in support of these comments.

Commissioner Zaveruha recognized Dr. Liz Tucker as making a great impact here. He stated that there is a rumor that he and Dr. Tucker have a conflict, and that he threw her out of her office spaces in his building. He stated that this was not true, that he is one-fifth owner of the building, and that for six months there has been no resolution to the rental of the office space. It has since been determined that the hospital cannot rent the office space due to a legal issue stemming from Dr. Zaveruha being a commissioner. Other office space has been arranged for Dr. Tucker. Commissioner Zaveruha stated he is glad Dr. Tucker is here and that she has done a tremendous job.

Commissioner Wallin stated that he is pleased with the new Board members and having a full Board. He indicated that there are a number of rumors going around, and that he has been called about them a number of times. Commissioner Wallin then asked Commissioner Zaveruha if he is applying for the CEO position at Whidbey General Hospital? Commissioner Zaveruha stated that he does not want to be CEO of the hospital, that this was something that was not on his agenda, or ever was. Commissioner Wallin stated that the Board will be transparent in the CEO search process, and that it will be a legitimate effort as it was with the commissioner selection.

Joe Vessey, CFO, read a prepared statement regarding comments made by Mr. Hank Koetje at the December Board meeting. Mr. Koetje has since related these concerns to the Whidbey News Times and the Oak Harbor Chamber of Commerce. The Oak Harbor Chamber of Commerce supports Mr. Koetje's concerns. Mr. Vessey first acknowledged Mr. Koetje's thirty years of service to the hospital for insurance. Mr. Vessey will be sending letters to Mr. Koetje, the Whidbey News Times and the Oak Harbor Chamber of Commerce explaining the circumstances that Mr. Koetje is referring to. Mr. Vessey stated that insurance is not routinely bid out to brokers. The policy holder usually selects where insurance will be purchased from. Mr. Koetje is requesting that the existing hospital insurance policies be transferred to his agency, which Mr. Vessey indicated is unheard of to do. The hospital is adequately covered with the proper insurance policies, which Mr. Vessey stated is all the Board should be concerned with. This supports the governance role of the Board, and that anything further is getting into management's role. Mr. Vessey stated that the most recent renewal in 2008 did not go out to bid, and Mr. Koetje was informed a number of times by phone by Mr. Rhine (CEO at the time) and Mr. Vessey that this would be the process.

### **Report from Adhoc Surgery Committee**

Dr. Waterman reported that there was no report due to the fact that the next meeting for this committee will be next month.

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

Tom Tomasino indicated this would be covered in his Administrator's report.

### **Medical Staff Report**

Dr. Bruce Waterman, Chief of Staff presented the following appointments and reappointments for approval:

John W. Little, M.D. – Courtesy Staff Reappointment

Brian J. McCallie, M.D. – Courtesy Staff Reappointment

David E. Zunkel, M.D. – Courtesy Staff Reappointment

Catherine A. Robinson, PA-C – Allied Health Professional

Elizabeth Tucker, D.O. – Active Staff Appointment

Zachary A. Phelps, M.D. – Active Staff Appointment

Thomas W. Harris, D.O. – Affiliate Active Staff Appointment

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

Dr. Waterman reported the following resignations:

Stanley Whittemore, M.D. effective 12/01/08

Michael Sible, M.D. effective 12/31/08

Kristine Schmaltz, M.D. effective 12/31/08

Lauren McKinley, M.D. effective 1/09/09

Commissioner Cammermeyer asked what the reasons are for physicians resigning. Can we learn from their departures? Tom Tomasino stated that they are offered an exit interview, that managers look for trends in physician departures, and that sometimes they are military transfers. Mr. Tomasino indicated that he occasionally has the opportunity to talk with physicians who are leaving, but not always. Commissioner Cammermeyer asked if the Board approves physician contracts, and Mr. Tomasino stated that the Board does approve physician contracts, with Administration taking care of the rest of the details.

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

#### **A. Recommendation on 2009 Operating Budget**

Joe Vessey, CFO, presented the 2009 operating budget for approval, stating that a 5% operating margin is budgeted, a price increase in aggregate of 7.6%, and an average volume increase of 4%. This was discussed in detail in the Finance Committee. President Case noted that the average per adjusted patient discharge has been increasing. Commissioner Cammermeyer stated that she is hearing from her constituents that our prices here at the hospital are considerably higher than area hospitals. Mr. Vessey stated that there could be a variety of reasons for this, but that the main one is that other hospitals have much higher tax levy funding, allowing them to keep their prices lower. Tax subsidy amounts greatly affect prices. A lot also depends on how the hospital contracts with different insurance plans. Mr. Vessey noted that the hospital's Charity Care policies will be reviewed as well. After further discussion, Commissioner Wallin made a motion, seconded by Commissioner Tarrant to approve the 2009 operating budget as presented and recommended by the Finance Committee to approve. Motion carried.

#### **B. Recommendation on 2009 Capital Budget**

Commissioner Wallin reported that the Finance Committee reviewed the 2009 Capital Budget, and that it was "dicier" than the operating budget. With new members on the Finance Committee, it was more difficult to approve in concept. It was recommended that capital requests be reprioritized by managers, and that list be reprioritized at the upcoming leadership retreat. The Finance Committee also recommended that all capital purchases over \$25,000 come to the Board for approval. The Board questioned why capital items were prioritized in two categories – high or critical. Commissioner Tarrant stated that in the Finance Committee meeting there was a strong fiduciary responsibility felt, and recognition that most items on this budget are important. There also questions in the Finance Committee about the Washington State budget cuts and how they would apply to the hospital. Tom Tomasino, Interim CEO, asked for clarification on the fact that if the Finance Committee approved the

Capital Budget as presented, that means all items are approved. Commissioner Tarrant indicated that there was the caveat that the Capital Budget was recommended for approval with all items over \$25,000 coming to the Board for approval. Mr. Tomasino stated this was infringement on management of the hospital, that the Board was micro-managing. Commissioner Wallin stated that the Finance Committee was not comfortable approving the Capital Budget as presented without the caveat stated. Mr. Tomasino stated that once again honesty, integrity and trust are questioned by the Board. Mr. Tomasino further stated that Commissioner Wallin asked Mr. Tomasino not to come to the Finance Committee meetings as a gesture of trust. Mr. Tomasino told Commissioner Wallin that he would be available if there were questions in the Finance Committee. Mr. Tomasino stated that no questions were asked, but then the Finance Committee put the caveat of the Board approving any capital purchase over \$25,000. Joe Vessey, CFO, commented that prioritization of the capital budget is impacted by the strategic plan, which is not yet completed. Mr. Vessey stated that it was his understanding that the Finance Committee would come back and revisit the \$25,000 limit after they reviewed the completed strategic plan. Mr. Tomasino gave examples of how having to get Board approval over \$25,000 could greatly impact getting something critical repaired or replaced. He stated to the Board that either they trust Administration or they don't, and if they don't they should replace them, and if they do trust Administration, to let them do their jobs and not place operational restrictions on them. Commissioner Wallin stated that he thought that asking Mr. Tomasino to be at the Finance Committee meetings would help him free up some of his time for other important things. Commissioner Wallin stated that he spoke with Mr. Tomasino after the Finance Committee meeting, stating that the commissioners at the Finance Committee were trying to be responsible, not hamper operations. Commissioner Cammermeyer stated that President Case recently sent out an article defining where governance needs to draw the line between governing and managing, and the article clearly defined these areas of responsibility. She further stated that the Board must trust management, not get involved in their oversight, and allow them to do their job, and to ask questions when clarification is needed. Members of the Finance Committee were named: Commissioners Wallin and Tarrant, Drs. Bibby and Slepian, Joe Vessey, CFO and Grace DeLuca, community member. Commissioner Tarrant stated that it was her understanding that the Capital Budget had to be passed, and that it was discussed at great length. She also stated that she was not comfortable with the answer. President Case stated that intent and effect are two different things, and that the Finance Committee has always done well. He stated that commissioners are merging into management again. Commissioner Wallin asked again why there were two categories of purchases – high or critical? Mr. Tomasino stated that there are several items held over from previous years, and that it is a constant battle to manage capital. In an effort to conserve, items are usually prioritized for purchase when they don't function anymore. Jacquie Scott, CNE, stated that the hospital has had a bit more money for capital purchases since becoming a critical access hospital, and could understand the caveat of Board approval of items over \$25,000 if management was not managing capital purchased properly, but purchases have been managed appropriately. Commissioner Zaveruha asked what the common ground was in all of this? Mr. Tomasino stated that daily operations produced \$50,000-\$60,000 in invoices daily, which makes the \$25,000 capital purchase limit seem ludicrous. Mr. Tomasino stated that if restrictions had to be placed that they be categorized as urgent or emergent, and allow Administrative approval without Board approval. Commissioner Zaveruha wanted assurance that the Finance Committee was in the loop for capital expenditures, which Commissioner Wallin assured were accounted for monthly. Commissioner Tarrant stated that the critical items listed added up to more than the approved budget. Joe Vessey, CFO talked about funding sources. Commissioner Wallin thinks ways to finance capital requests needs to be addressed in the long range planning process. Commissioner Cammermeyer indicated that the capital budget needs to be controlled in a way so as not to put the hospital "in the red", and that that then is the assurance that the proper internal decisions are being made. If there is something out of the ordinary, then that should be brought to the Board. Mr. Tomasino assured the Board that Administration always has to come to the Board to let them know about extraordinary expenditures. Mr. Tomasino indicated that items could be taken off the capital budget, but that it would present tracking issues. Mr. Tomasino stated that he plans to resume his attendance at the Finance Committee meetings. With no further questions or discussion, Commissioner Wallin made a motion, seconded by Commissioner Cammermeyer to approve the 2009

Capital Budget as presented. Motion carried.

### **Board Items**

#### A. Election to Board of Health

Commissioner Cammermeyer made a motion, seconded by Commissioner Wallin to appointment Commissioner Tarrant as the Board of Health representative. Motion carried.

#### B. Board Secretary Selection

Commissioner Tarrant made a motion, seconded by Commissioner Cammermeyer to appointment Commissioner Wallin as the Board Secretary. Motion carried. This is a two year appointment.

#### C. Board Committee Assignments (Finance/Building/Quality Improvement)

Commissioner Wallin made a motion, seconded by Commissioner Cammermeyer, to appoint Commissioners Cammermeyer and Wallin as Board representatives on the Building Committee, Commissioners Wallin and Tarrant on the Finance Committee, and Commissioners Case and Cammermeyer to the Quality Improvement Committee. Motion carried.

#### D. Other Committees (Non-Board)

Commissioner Case and Zaveruha attend the MEC meetings, which is not a Board committee. President Case stated that any and all Board members can attend the medical staff meetings if they wish. The Compliance Committee, also not a Board Committee, is attended by President Case. The Foundation meets the third Wednesday of odd months at 6:30 p.m. and Commissioners can attend if they wish.

#### E. Meeting Dates for 2009

Meeting dates for 2009 will continue to be on the second Monday of the month at 6:00 p.m.

#### F. Board Work Sessions – Regular vs. As Needed

Commissioner Cammermeyer stated that during community outreach, if headway is made, the rest of the Board should hear about it. Commissioner Zaveruha asked if two commissioners should attend community outreach sessions and formalize the process? Commissioner Cammermeyer stated that she thinks each commissioner should manage outreach in their own districts.

It was decided that Board work sessions would be discussed further in the upcoming Leadership Retreat.

#### G. Other.....Training, Etc.

Commissioners Case, Wallin and Cammermeyer will attend a meeting in Kirkland on January 28, 2009 entitled "Leading in Full View: Governing Effectively in a Transparent World".

The agenda will be worked on for the upcoming leadership retreat on January 21, 2009.

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

#### Administrator's Report

Tom Tomasino reported that the hospital has received two very broad information requests recently, which have been sent to legal to review what we can provide. As public figures, there needs to be care about what is said, and how it is said. Mr. Tomasino reminded Board members that personal email and notes between Board members are considered public information.

Dr. Riederer will be leaving in March. Recruiting is underway for both a locum and a replacement. One of the two proposals received for anesthesia services has been withdrawn. A request for proposal (RFP) was sent out with response time given as sixty (60) days. Proposals received will be sent to the MEC for review.

Mr. Tomasino thanked the Engineering and Housekeeping departments for their hard work and a great job during the snow. They all did a great job and put in many hours to provide safe conditions for everyone. There were no falls on the property during this inclement weather period.

Jacque Scott will be leaving January 16, 2009. Jacque has done a great job in her ten years here and has some comments for the Board at the end of the meeting.

Diagnostic Imaging and MAC are working together on a quality improvement issue for a comprehensive breast care program. Randy White, manager for Diagnostic Imaging, will come and present information on this to the Board. Mr. Tomasino is very pleased with this innovative program. Commissioner Wallin asked if Scott Rhine was still working here, and if so, what he was doing? Mr. Tomasino stated that Mr. Rhine is assisting part time with contracts, and talking with attorneys regarding contracts.

## Financial Report

Joe Vessey, Chief Financial Officer, reported that he recently received a summary from the Washington State Hospital Association (WSHA) regarding the Governor's budget proposals, some of which will have a high impact on the hospital. There is a proposal to close 121 beds for mental health patients. Other proposals include eliminating general assistance to the unemployment program, reducing assistance to patients with mental health care needs, reduced funding for Basic Healthcare program, reduced Medicaid enhancement payments to rural health clinics, which is part of the safety net for rural health clinics, and reduced rates paid for Healthy Option (Medicaid plan) patients, which we have a number of here. These reductions will present a number of challenges for the hospital, both internally and externally.

November financial statements show cash at \$7.1 million or 36 days, which is down from the prior month. AR days are high at 59, mostly due to the timing of collections and the current bill holds for Medicare. Average daily census for November was 14, which is slightly higher from prior months. There has been an increase in length of stay, but not in admissions, which remain flat. 54% of charges were adjusted off on a budget of 56%. Operating expenses were \$5.6 million on a budget of \$5.4 million, which is 3% over budget - legal costs were \$85,000 over budget, consultants \$25,000 over budget and compliance \$15,000 over budget. The bottom line for November was a loss of \$386,000.

Year to date volumes are below budget, and contractuals and expenses are above budget. The bottom line year to date is a positive \$3.57 million on a budget of \$3.45 million.

Mr. Vessey indicated that he believes December financials will look very similar to November's. He expects to have drafts of December financials sometime in February. The CPA audit will be done in April or May.

The accounting firm for the audit for Primary Care Associates has been selected and the audit criteria has been set. Recognizing that the audit will not be complete before the February 1, 2009 contract renewal date, and knowing that the data gained from the audit will allow refined reporting responsibilities, accounting methodologies and budgetary limits; the current contract is recommended to be extended for two months. After questions and discussion, Commissioner Cammermeyer made a motion, seconded by Commissioner Tarrant to approve extending the contract with Primary Care Associates for two months, keeping the contract as is, and extending the funding for two months (2/12 of \$750,000 plus 2/12 of the \$35,000 per FTE) to help promote access to primary care. The existing \$35,000 per year per new provider and the residual surplus will not roll forward to February and March of 2009 to simplify the accounting process. Motion carried.

Commissioner Wallin talked about software for a time and attendance system that the Finance Committee asked Mr. Vessey to present to the Board. Mr. Vessey stated that in looking at how to mitigate the hospital's operating challenges, time and attendance software was discussed. Mr. Tomasino indicated that this needs to be thought about in a broader aspect when talking about software and computer systems. The hospital also needs contract management software, and EMR software eventually. How do these get prioritized? Consideration must be given to the cost of these projects, patient safety considerations, and all the ways to measure how these should be prioritized. Commissioner Cammermeyer stated that this was Administration's business, not the Board's at this point. Mr. Tomasino stated that the hospital is building a fully integrated computer system, which is a careful process, and that Administration is happy to look at new software possibilities, and will bring recommendations forward when ready.

Mr. Tomasino reported that there is an urgent repair request for Whidbey General South. There is a leak in the roof, and the roof must be replaced. It was questioned if the small works roster could be used? After discussion, Commissioner Cammermeyer made a motion, seconded by Commissioner Wallin to approve the roof replacement for Whidbey General South in the amount of \$35,398. Motion carried.

Commissioner Wallin asked for a compliance/STAR update. Mr. Vessey indicated that compliance efforts are underway. Recovery audit contractors are reviewing documentation for medical necessity and sufficiency, which could have a material impact. This is being done routinely across the nation. An interdisciplinary prep team has been formed to review policy, procedure and protocol. Managing public record requests is cumbersome, and it is key that the hospital is able to appeal.

Jacque Scott, CNE, stated that there has been good work on observation patient documentation, and good work by staff on census reconciliation. Mr. Vessey noted that data integrity and billing compliance have improved.

All hospital staff will be required to attend 1.5 hours of compliance training. Mr. Vessey is refining the material for this training, and has scheduled multiple sessions, with the first one to be held January 26, 2009. Mr. Vessey and another person of his choice, will provide the training.

Mr. Vessey read a letter received from the Office of Inspector General (OIG) in Washington, D.C. summarizing three areas of concern identified: 1) some hospitalist contracts 2) medical staff leadership stipends 3) compensation for call coverage arrangements. These are all associated to fully executed contracts, with proper signatures not obtained. Acknowledgement of the self disclosure process has not yet been received. There was discussion about disclosure on this issue, with Mr. Vessey recommending that it is in the District's best interest to discuss this in executive session until decisions are made, which can then be shared in a public meeting. Mr. Roundy, Esq. indicated that he has not been consulted on this issue. Attorneys Jim Fredman and Steve Ortquist are assisting with these matters. The Board inquired what the time frame for resolution would be. Mr. Vessey stated that resolution of this issue is unknown at this time. The time it takes will be determined by the scope of the investigation by the OIG.

#### Critical Access and Emergency Department Report

Mr. Tomasino reported that there were no diverts for critical access in November, and 27 for the year. Good work!

The Emergency Department remains steady, and will be dropped as a standing agenda item.

#### Review of Dashboard Report

Mr. Tomasino stated that the FTE per adjusted occupied bed has increased. FTE levels are being reviewed and there is a hold on all new positions.

At this time it was noted that Leadership Retreat agenda items should be sent to Tom Tomasino. Mr. Tomasino stated that the purpose of the Leadership Retreat was to work on finding common ground between the Board, Administration and the medical staff to be able to move forward. Work will be done on the strategic plan in the afternoon.

President Case stated the CEO recruitment plans would also be discussed at the Leadership Retreat. Carolyn Pape, Human Resources Director, read a memo that she sent to President Case, supporting continuing to keep Tom Tomasino as the CEO. President Case echoed this support, stating that Mr. Tomasino has served the hospital well in this role to date and done a tremendous job. He further stated that attributes are far more important than credentials, which do not guarantee performance. This will be discussed and considered further at the upcoming Leadership Retreat.

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

A. Commissioner Cammermeyer made a motion, seconded by Commissioner Tarrant to approve the write offs for December in the amount of \$380,423.09. Motion carried unanimously.

B. 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 General Fund operating expenses vouchers in the total amount of \$4,503.75. Motion carried with Commissioner Zaveruha abstaining.

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 #120657 to #121657, and #1580 to #1594 in the total amount of \$6,737,855.93. Motion carried with all commissioners present voting.

President Case stated that he is sorry to see Jacque Scott leave the hospital. Ms. Scott stated that she has been here ten years, and a nurse for 38 years. She talked about her credentials and all the places she has worked, relating some of the experiences she has had over the years, including 20 years at the Dalles in Oregon where a Planetree program was in place. She stated that recent things that have

happened here at the hospital are making very talented people vulnerable here. Ms. Scott stated that some of the very best people she has worked with in her career are here at Whidbey General Hospital. She thanked President Case for his support for Patients First from the beginning. She commends the staff here, and noted that new people coming here are not always welcomed the way they should be. She stated that there are physicians here who have never spoken to her in ten years. We have a staff here that cares, and are ready to work hard to share the plan. Ms. Scott stated that when Scott Rhine left, she knew it was time for her to go as well. She believes in innovation, and appreciates Tom Tomasino's commitment to the hospital, and to placing the highest importance on not jeopardizing patient safety. Ms. Scott thanked staff and managers.

There being no further business, the meeting adjourned at 8:40 p.m.