

March 9, 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 Zaveruha, Commissioner Wallin, Commissioner Tarrant and Commissioner Cammermeyer. Interim Chief Executive Officer, Tom Tomasino, Chief Financial Officer, Joe Vessey, Interim Chief Nurse Executive, 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. Reporters from the Whidbey News Times and 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.

Agenda Item Added

Commissioner Cammermeyer requested that the Board discuss signatures on letters to Olympia.

Minute Approval

Commissioner Cammermeyer proposed revisions to the February 9, 2009 minutes, page 4 under individual items Home Health Care and Hospice Education, the word geological should be changed to geographical. Commissioner Cammermeyer made a motion, seconded by Commissioner Wallin to approve minutes from the February 9, 2009 regular Board meeting with proposed revisions. Motion carried.

Public Questions or Comments

There were none.

Quality and Patient Safety Report

Dr. Lee Roof gave a brief overview of work being done on the hospital's core measures. There has been an aggressive program to make fundamental changes. Dr. Roof noted that as a small hospital, we have small numbers, and outliers make a significant difference on those numbers. We watch for trends, which are improving. Our program developed regarding blood clots for inpatients has been viewed as best practice and adopted by other hospitals. Dr. Roof reported that the post discharge phone calls to follow up with patients has been well received. This is currently not being measured, however is a valuable program for patient outreach. Dr. Roof noted that there is more work needed, that we face significant challenges, and that it is difficult to do these programs well. Another key area of significance is the medication reconciliation program. Dr. Roof stated that the expense for this program is well worth the outcomes for patients to do well here. Questions were asked if this data and how Whidbey General Hospital ranks with other hospitals are available to the public. Dr. Roof stated that information is provided in the PULSE magazine, and also could be located on hospitalcompare.gov, a website run by CMS. Commissioner Zaveruha stated that the graphs presented by Dr. Roof represent many hours of work by many people behind the scenes, and he commended them for their efforts stating it is a "monumental job done well". Teresa Fulton, director of quality and patient safety, stated that many teams work on the data, and that there are two part time staff that do the chart abstractions. President Case noted good improvement on quality efforts, and thanked Dr. Roof for his report.

Medical Staff Report

Dr. Bruce Waterman, Chief of Staff, began his report by recognizing the medical staff members who meet and exceed the core measures, and continue to help make improvements.

Dr. Waterman presented the following appointments and reappointments for approval:

- John H. Oakland, M.D. – Active Staff Reappointment
- Zayan A. Kanjo, M.D. – Active Staff Reappointment
- David H. Slepian, M.D. – Active Staff Reappointment
- Peter Jiang, M.D. – Courtesy Staff Reappointment
- Alfonso V. Masangkay, M.D. - Courtesy Staff Reappointment
- R. Mark Owings, M.D. - Courtesy Staff Reappointment
- David A. Atkins, M.D. - Courtesy Staff Reappointment
- Arthur A. Castagno, M.D. - Courtesy Staff Reappointment
- Maria Chong, M.D. - Courtesy Staff Reappointment

Peter P. Chuang, M.D. - Courtesy Staff Reappointment
Virginia Eschbach, M.D. - Courtesy Staff Reappointment
Ben Harmon, M.D. - Courtesy Staff Reappointment
Elizabeth J. Hayes, M.D. - Courtesy Staff Reappointment
William M. Marks, M.D. - Courtesy Staff Reappointment
John R. Overbeck, M.D. - Courtesy Staff Reappointment
Donald R. Peters, M.D. - Courtesy Staff Reappointment
Jeffrey D. Robinson, M.D. - Courtesy Staff Reappointment
Michael M. Nelson, M.D. – Active Staff Appointment
Madhusudhan P. Reddy, M.D. – Courtesy Staff Appointment
Lynda M. Reidling, ARNP – Allied Health Professional
Calvin J. Cogburn, ARNP - Allied Health Professional
M. Renee Yanke, ARNP - Allied Health Professional
Ann L. Lower, ARNP - Allied Health Professional

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

Dr. Waterman reported that Grant Schmidt, DO resigned effective 1/31/2009.

The core privilege for CRNA for OB anesthesia has been tabled by the medical staff until next month. Work is being done on the language and ensuring that credentials and competencies are correct.

Individual Items (Discussion and/or Action)

A. Follow Up On Leadership Retreat (March 25)

Tom Tomasino stated that due to the fact that he has not had any feedback from the Board on setting a date and time for the follow up meeting for the Leadership Retreat, he was setting it for March 25, 2009 from 1:00-4:00 p.m. here at the hospital.

B. Resolution for Capital Lease

Joe Vessey, CFO, presented Resolution #294 for approval relating to entering into a Master Equipment Lease for acquisition of equipment with Olympus American Inc., a Pennsylvania corporation; approving the form of the lease/purchase agreement; authorizing the execution and delivery of the lease/purchase agreement. Commissioner Wallin made a motion, seconded by Commissioner Tarrant to approve Resolution #294 as presented. Motion carried.

Board Items

A. CEO Search Selection Discussion

President Case reported that the Board had phone conferences with two executive search firms, for one hour for each firm. They heard each firm's proposal and were given the opportunity to ask questions. The two firms interviewed were Korn/Ferry and KL Kingsley, and were both highly recommended firms. President Case thanked Carolyn Pape, Director of Human Resources, who was instrumental in researching these firms. The Board collectively felt both firms were very good, had glowing reports from clients, but that Korn/Ferry may have a slightly better assessment process, and as a larger firm, have a larger staff to move the process on more quickly. There were also concerns that Kate Kingsley was going to be out of the country for a period of time, which could delay the search process. After further discussion, Commissioner Wallin made a motion, seconded by Commissioner Tarrant to select Korn/Ferry as the search firm that will be used to find a new CEO. President Case reported that there are two processes that could be used: 1) a consultative process which would look at existing candidates or 2) a wider nation wide full search. Cost wise the consultative process costs less than the full search. Dr. Waterman stated that the full search would be a valuable process, and that it is important that the medical staff be able to give input and be part of the interview process. After further discussion, Commissioner Cammermeyer made a motion, seconded by Commissioner Tarrant for Carolyn Pape to contact the Korn/Ferry Firm and request a contract for a full search. Motion carried. Commissioner Zaveruha made a motion, seconded by Commissioner Wallin for President Case to negotiate and sign a contract with Korn/Ferry for a full search for a CEO. Motion carried.

B. CNE Selection Discussion

Tom Tomasino reported that concern was expressed at the last Board meeting about moving forward with selection of a Chief Nurse Executive (CNE). Commissioner Zaveruha stated that the new CEO

should be able to select his/her own team. Mr. Tomasino stated that John Bitting is doing a fine job as interim/assistant CNE, and that prolonging that may be difficult. Commissioner Cammermeyer questioned if the Board selects the CNE? Mr. Tomasino indicated that the Board does not select the CNE, and also stated that leadership is needed and that it is a mistake to leave the CNE position empty or interim. Mr. Tomasino recommended not to wait on the CNE selection. John Bitting stated that it has been stressful with the expectation that he step in as interim CNE when Jacque Scott left. He is discouraged by the lag time on the CEO search, which has also created stress. Mr. Bitting stated that nursing has done a great job taking care of patients, but that nursing wants to know who the CNE will be. This has all created flux and stress for nursing. Tom Tomasino stated that the organization needs leadership, and that the Board was doing a disservice to the hospital and staff by moving so slowly on these decisions. Commissioner Cammermeyer stated that the CNE selection was none of the Board's business, and that Tom Tomasino, as interim CEO should move forward with what he thinks is best for the hospital at this time. Commissioner Wallin disagreed, stating the Board wants to be included in these discussions. Commissioner Zaveruha stated that we should ask the search firm for advice. President Case stated that selection of the CNE is the CEO's decision.

Support Ready to Go Project

Commissioner Cammermeyer talked about capital money for the South Whidbey Healthcare Services building project, and stated she was contacted by Laura Blankenship, Foundation Director, about what more can be done to help get the requested funds. The request was down sized from \$9.5 million to \$3 million, with a letter signed by President Case and Tom Tomasino sent last week. Commissioner Cammermeyer talked with Ms. Blankenship about how active our advocacy was, and also checked with the legislative offices about what more could be done. It was recommended that letters and emails be sent by as many people as possible. Commissioner Cammermeyer stated that she also will contact the head of the Ways and Means Committee directly, as she knows him personally. Letters should be on letterhead, and letters and emails need to be sent as soon as possible. Ms. Blankenship is working on an email to help people know what to say. Joe Vessey, CFO asked about the time period the money needed to be spent if we received it. Ms. Blankenship thought that we had two years to use the money.

Staff and Status Reports from Administration

Administrator's Report

Tom Tomasino reported that the EMS building at Bayview is on schedule and on budget. Completion is expected in May, 2009. Mr. Tomasino stated there is one change request coming for this project. Commissioner Wallin asked about compliance. Joe Vessey, CFO stated that 615 staff (90%) have been through compliance training to date. This was accomplished in 25 training sessions. The question was asked if medical staff attended this training. Tom Tomasino stated that the training was offered to medical staff and that they did not attend the training. Medical staff contracted by the hospital were required to attend. Ideas talked about were making a DVD of the training to offer to the medical staff, or provide this education in a CME format or possibly complete the training in two 30-minute sessions in a medical staff meeting over the course of two months. There was consensus that this compliance training was essential for medical staff, and Dr. Waterman gave assurance that he would work to make it happen.

Financial Report

Joe Vessey, Chief Financial Officer, reported that on the January financial statements, cash was \$4.2 million, which was down from December's \$6.1 million. Mr. Vessey reported that cash was down to \$3.6 million last week. Levy receipts are expected soon, which will help. In comparing 2007/2008 to 2008/2009, the rate the hospital is using cash far exceeds what it was a year ago. Measures have been taken for cash preservation including holding AP to 45 days, limiting capital purchases, holding on all new FTE positions, and requiring that replacement positions for employment be reviewed. Mr. Vessey stated that short term debt financing must be explored. The \$2.5 million EMS project, growing AR, negotiations with commercial payors and annual contract issues delaying payments are all contributing to the cash flow issues. The hospital is reserved at 62%. Bad debt and charity care provisions have been increased. Inpatient census for January was 17.7 on a budget of 18. Outpatients are showing a 12% increase from last year. Adjustments to revenue have increased by \$400,000, and operating expenses were 3.2% below budget. The bottom line for January was a

positive \$607,000, which was \$14,000 above budget. Mr. Vessey noted that it takes 60 days to see this in the cash balance. Another measure to preserve cash is being taken by requiring all managers to cut their department budgets by 5%. Administration will be filtering the budget for a contingency budget, which could be executed if needed. Mr. Vessey stated that this is not unique, but that most hospitals have already done this a number of months ago.

With the levy receipts for the EMS levy not all in until 2012, Mr. Vessey stated that the hospital must take out debt on the \$3 million EMS building project. He is currently evaluating how much will be needed. Mr. Vessey indicated that the hospital is facing 3.3%-4.6% interest rates.

Medicare hospice is being looked at for the hospital's Home Health Care and Hospice department, Mr. Vessey thanked Judy Moore for her help with this. An outside firm will be hired to take a look at the present program and identify efficiencies and opportunities for this department.

Commissioner Cammermeyer questioned where the most money was lost last year? Mr. Vessey indicated that it was in self pay increases and expenses for professional fees (compliance issues and legal fees). Dr. Tucker from the audience stated that President Obama recently put \$1 billion towards healthcare scrutiny.

Mr. Vessey reported that the point has been reached for the contract with Primary Care Associates (PCA) to end the end of March. Mr. Vessey recommended extending the contract three more months, as recommendations from the auditors and practice consultants have not yet been received. Mr. Vessey stated that the expectation for the PCA is to develop it into a best practice organization, with opportunities to move forward, improve access to care and improve the bottom line. Commissioner Tarrant made a motion, seconded by Commissioner Cammermeyer to approve the three month extension on the PCA contract as recommended. Motion carried.

Tom Tomasino reported that there was a significant capital purchase item that needed discussion with the Board. The hospital's phone system needs to be replaced, and it was hoped this could be done during the upcoming remodel project. The discount the hospital was offered now has to be used by the end of March or will no longer be available. This discount is 20%, which is significant. The current phone system has lost its redundant capability, which means that there is no back up system if the primary system goes down. Mr. Tomasino recommends that the phone system be replaced now, to take advantage of the 20% discount. The new system cost is \$125,000, and with the discount would total \$104,000. Cost for maintenance on the current system is \$9,500 per year, with cost for maintenance on the new system lower at \$7,000 per year. The current system is twelve years old. After discussion, Commissioner Cammermeyer made a motion, seconded by Commissioner Tarrant to approve the purchase of a new phone system as presented. Motion carried.

Review of Dashboard Report

Mr. Tomasino noted that the hospital is currently trying not to fill staff vacancies, and that so far it is not impacting the dashboard report, but that it will impact it in the future.

Consent Agenda Items:

- A. Commissioner Cammermeyer made a motion, seconded by Commissioner Wallin to approve the write offs for February in the amount of \$528,576.65. Motion carried unanimously.
- B. Commissioner Cammermeyer made a motion, seconded by Commissioner Wallin to approve the declaration of surplus items as presented. Motion carried unanimously.
- 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 Tarrant made a motion, seconded by Commissioner Cammermeyer, to approve the voucher #122495 in the total amount of \$2,011.81. 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 #122423 to #123193, and #1609 to #1618, excluding #122495, in the total amount of \$5,504,972.28. Motion carried unanimously.

There being no further business the meeting adjourned at 7:50 p.m.