

March 14, 2011

The regular meeting of the Board of Commissioners of the Whidbey Island Public Hospital District was called to order at 6:00 p.m. by Board President, Anne Tarrant. Present were President Tarrant, Commissioner Wallin, Commissioner Cammermeyer, Commissioner Case, and Commissioner Zaveruha. Chief Executive Officer, Tom Tomasino; Chief Financial Officer, Joe Vessey; Chief Operating Officer, Hank Hanigan; Chief Human Resources Officer, Carolyn Pape; Chief Nursing Officer, John Bitting; Chief Quality Officer, Teresa Fulton; Dale Roundy, Esq., and many hospital and medical staff, as well as community members were present. Reporters Nathan Whalen from the Whidbey News Times and Sue Ellen White from the Whidbey Examiner also attended. Jim Riney of Riney Productions was present to electronically record the meeting.

Points of Order

Commissioner Zaveruha stated that he would recuse himself during the discussion of physician contracts due to a potential conflict of interest.

Minute Approval

President Tarrant called for a motion to approve the minutes from the February 14, 2011 Regular Board Meeting. Commissioner Wallin made a motion, seconded by Commissioner Case, to approve the minutes as presented. Motion carried.

Public Questions or Comments

Dr. Mark Borden, Emergency Department physician, read a letter that he had written addressed to the Commissioners, Administration, Hospital Medical Staff and the public about being forced to step down as Whidbey General Hospital Emergency Department's Medical Director. Dr. E. Outlund, Anesthesiologist, addressed the Board of Commissioners in support of Dr. Mark Borden.

Education

A. WGH Foundation

WGH Foundation Executive Director, Laura Blankenship presented the WGH Foundation. The mission of the Foundation is to support Whidbey General Hospital and community health endeavors through public awareness, and the development and management of charitable resources. The Foundation was established in 1981 as an independent non-profit organization under IRS code 501(c)3. From 1981 to 1990 the Foundation was gifted \$150,000 in funds and \$475,000 from 1991 to 2000. In 2001 the first Executive Director was hired and the first Tour de Whidbey fundraising event occurred. From 2001 to 2010 over \$2 million was gifted to the hospital making a grand total of almost \$3 million which is phenomenal for a small community hospital. The Foundation has a 15 member Board of Directors and a staff of two: a .8 FTE Executive Director and a .75 Development Assistant. The board meets six times per year and during those meetings funding decisions are made. The Foundation is the official gift receiving and grant writing entity for the hospital and the hospital provides the salary and benefits of the Foundation staff, provides office space, network support, and equipment and office supplies and identifies needs for equipment, programs and special projects. The Foundation is involved in a variety of philanthropic services including twice yearly community mail appeals, annual hospital staff payroll pledge drive, annual medical staff contribution campaign, ongoing grant writing services, ongoing bequests, endowment & major gift development, annual Tour de Whidbey fundraising bicycle event, community events which benefit the hospital, and the donor newsletter, *The Philanthropist*. Donors are recognized through personal thank you notes and tax receipts, through *The Philanthropist*, an Annual report, *The Pulse* and local media, and through engraved leaves on the Tree of Life and the creation of individual recognition vehicles appropriate to the giving level. It is the Foundation's responsibility to honor the intention of the donors who are individuals, businesses, private foundations and community organizations. Gifts are in a variety of forms such as cash, in-kind property or services, transfer of cash equivalents (stocks, bonds), and as beneficiaries of life insurance and retirement funds. There

are three varieties of gifts: restricted gifts which are given for a specific purpose to benefit the hospital, endowments where the principal is permanently protected allowing only the income to be distributed, and unrestricted gifts which are gifts given for the greatest need which is determined by the Board of Directors. As of December 2010, the Foundation had \$49,090 in unrestricted funds, \$41,757 in restricted funds, \$1,099,788 in endowed funds, \$87,500 in operational reserves and \$100,936 in approved but undisbursed grants for a grand total of assets of \$1,379,000.

Quality and Patient Safety

Teresa Fulton reported that last month in the board packets the Commissioners received a copy of the Critical Access Hospital Annual Evaluation for Medicare. She asked the Commissioners to approve that report. Commissioner Cammermeyer made a motion, seconded by Commissioner Case, to approve the Critical Access Hospital Annual Evaluation for Medicare as presented. Motion carried. Ms. Fulton related a patient story. An elderly woman who had multiple ED visits and admissions due to heart failure had an advanced directive that indicated no heroic measures including CPR were to be taken, however in her frequent ED visits she overrode the directive and wanted everything done. On her last visit she came in to the hospital in grave condition. She was unable to speak and her husband was acting as her surrogate. He asked for everything to be done for her. Extraordinary efforts were done and they tried to save her life but couldn't. Looking back at this case, if a focused discussion about her end stage and her wishes had been done during her last stay as an inpatient, it might have helped prepare her husband. There was no opportunity during this last visit for the physician to include her husband in the care. If that had happened that might have helped him. In healthcare we frequently face this dichotomy between the patient's wishes and the family's wishes. This case was referred to our Preventative Ethics Committee which is a committee comprised of physicians and nurses. This committee looks at the policies and procedures of the entire organization so that we can avoid ethical conflicts such as this one.

Medical Staff Report

A. Chief of Staff Report

Dr. Doug Langrock, Chief of Staff, reported that there were no appointments or reappointments for the Medical Staff to approve. He presented changes to the core privileges for emergency medicine, anesthesiology and general surgery. These changes would require providers to obtain a current PALS course, or complete the University of Washington Acute Assessment/Management of Pediatric Trauma Modules or five hours of Category One CME credit in Pediatric Education annually. Commissioner Case made a motion, seconded by Commissioner Cammermeyer, to approve the changes in the core privileges as presented for Emergency Medicine. Motion carried. Commissioner Zaveruha made a motion, seconded by Commissioner Wallin, to approve the changes in the core privileges as presented for anesthesiology. Motion carried. Commissioner Wallin made a motion, seconded by Commissioner Case, to approve the changes in the core privileges as presented for general surgery. Motion carried.

Individual Items

A. Administrative Update

1. Tom Tomasino thanked Dr. Mark Borden for his service to the hospital. He told Dr. Borden that he is an exceptional emergency physician and appreciates the pain that he is now feeling, but that the decision to not comply with the requirements put on him by his employer, Team Health, were his. He also stated that the decision asking Dr Borden to not attend board meetings was Team Health's decision not the hospitals. Mr. Tomasino reported that Orthopedic Surgeon, Dr. Matthew Marquart has signed his contract and will be coming in August.
2. Joe Vessey reported that all four Information System vendors, Healthland, Cerner, McKesson and Meditech, were on-site over the last two weeks to provide demonstrations to physicians and hospital staff. The demonstrations went well and we are now in the process of

collecting staff evaluations and feedback. The next step is to narrow the field down to two vendors and conduct site visits. He reported that Healthland's system is designed for a CAH hospital and is very integrative which is what we are looking for, however they don't have quite the feature and functionality that we are looking for. The other three systems are used at CAH hospitals and also larger hospitals and their products are very good. The selection committee will meet Wednesday to make the selection of the final two. He reported that there is a wide range of overall costs for these products but under the 2009 American Reinvestment and Recovery Act there are incentive payments provided. Traditionally we would receive reimbursement for costs under Medicare but under the stimulus bill we will receive Medicare reimbursement plus 20% which would mean we would have about 80% of our costs for this new system covered. Tom Tomasino noted that staff participation in this process was phenomenal.

3. Hank Hanigan reported that Hospice Certificate of Need process has moved into the next phase which is the open public comment period. He is working with the consultant and the Home Health Director to communicate with various groups in order to receive their support through this process. We will be asking our supporters in the community to write letters of support. Mr. Hanigan stated that there will be 35 days of public comment and then 10 days for us to rebut those comments if necessary. He reported that the Murdoch foundation has awarded us a grant of \$150,000 for a medication system. We were originally hoping to receive \$225,000. Since we did not receive the funds that we had hoped for we are now renegotiating with three different companies and are hoping to get the cost of a new system down to \$350,000 or less. He will update the board at the next meeting. Mr. Hanigan reported that the painting of the South Whidbey Clinic is 75% complete and the new furniture is in place. They have had some challenges with the weather but the awning fascia is almost complete. The last piece of the remodeling project is the reinstallation of a sign which is going through the permit process.

B. Primary Care Contracts

Commissioner Zaveruha left the meeting during this discussion. Tom Tomasino presented the Physician and Mid-Level Provider Agreements to the Board. He stated that employment contracts would not normally be brought to the board for approval but since these contracts are part of the purchase of the PCA he thought it was appropriate. The contracts are fairly basic physician employment contracts but with a couple of exceptions. Those exceptions include the ability to temporarily reassign primary care providers to another location to fill a void and the requirement that the providers refer their patients to services at Whidbey General Hospital unless there is a medical reason to go elsewhere or the patient asks to go elsewhere. The biggest difference in this contract is that compensation for the providers is set on a productivity model except for new providers who would be on a fixed salary while they build their practice. Mr. Tomasino stated that these contracts are STARK compliant and we have a memorandum from our attorney stating that. Commissioner Wallin made a motion, seconded by Commissioner Case, to approve the physician employment agreements and the mid-level employment agreement as presented. Motion carried. Commissioner Zaveruha returned to the meeting.

C. Primary Care Services Contracts

Joe Vessey reported that another part of the PCA purchase is the need for a Support Services agreement. Currently the PCA employs the providers and contracts with WCP for the management of the clinic. The entity that was WCP will change and the new entity will provide only staffing services as all other services will be the hospital's obligations. The Support Services Agreement is between the new entity and the hospital. It is a one year agreement with an automatic renewal but the contract also allows for a 90 day termination for cause which provides us the flexibility to change the agreement if we need to. Attachment A of the agreement outlines the duties of this new entity and the compensation. Compensation is based on a fixed management fee of \$184,000 per month and an additional \$5000 per FTE provider employed in the practice each month. Tom Tomasino stated that we have requested a Fair Market Value evaluation from ECG Management Consultants and in initial discussions with them they feel that the amount is in the right area. Commissioner Cammermeyer made a

motion, seconded by Commissioner Case, to approve the Support Services Agreement as presented but contingent upon receiving a fair market valuation from ECG Management Consultants for this amount. Motion carried. Joe Vessey reported that an asset purchase sale agreement is also being finalized. In August of 2009 an independent consultant valued the assets including their GE Centricity system, furniture/fixtures and existing workforce at \$550,000. He stated that we don't intend to acquire the workforce which leaves the remaining assets at a value of \$450,000. The valuation needs to be reviewed to see if there have been any additions or deletions to the list of items and to see if any meaningful depreciation has occurred. We have agreed with WCP to pay half of the value now and the remaining portion within six months after the assets value has been finalized. Additionally there is the need to resolve \$145,000 in accounts payable that existed prior to the 2008 agreement that was paid by the PCA. This amount will be taken out of the total amount due to the WCP for the asset purchase making the total payment approximately \$305,000. Commissioner Zaveruha asked how the GE Centricity system will impact the purchase of a new Information System. Joe Vessey responded that the GE Centricity system will work with whichever hospital system we put in place. Commissioner Wallin made a motion, seconded by Commissioner Case, to move forward with the asset purchase agreement as presented with a payment of \$225,000 now but with the total not to exceed \$400,000 and with the understanding that the board will need to approve the final payment. Motion carried.

Board Items

There were none.

Staff and Status Reports from Administration

A. Administrator's Report

There were no questions.

B. Financial Report

Joe Vessey reported that cash on hand was at 12.4 million or 60 days at the end of January. Days of gross revenue in receivables increased due to claims that have been held while we negotiate the final points of some payer contracts. This trend will continue for the February financials but they are now being paid which will be reflected in the March financials. The census in January was at 18 but many of the outpatient departments were under budget for volume. Organizationally we set a goal for 5% growth and the budget reflects that but our volumes are close to last year. Gross patient revenue for January was \$654,518 under budget or 4.3%, adjustments to revenue were 4.7% over budget and operating expenses were \$192,330 under budget or 2.9%. The bottom line for January was excess revenue over expense of \$54,075 on a budget of \$99,762 which was an operating margin of .78%. The operating margin for January was budgeted at 1.1% but will increase in future months as the PCA is brought in under the hospital's umbrella.

C. Review of Dashboard Report

Tom Tomasino noted that there were four diverts in January which was almost the total we had all of last year. The volumes on the outpatient side have been flat but inpatient volumes have increased. He stated that we will need to watch this to see if it becomes a trend.

Consent Agenda

A. Approval of Monthly Write-Offs and Vouchers

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 Case, to approve vouchers #144153 and 144224 in the amount of \$7,823.83. 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 Case to approve vouchers #143908 to #144678, and #2121 to #2173, excluding #144153 and 144224 in the total amount of \$6,521,638.03. Motion carried. Commissioner Cammermeyer made a motion, seconded by Commissioner Case to approve the write-offs for February in the amount of \$360,585.26. Motion carried.

Agenda Items for next Regular Board Session

There were no agenda items suggested.

Adjournment

There being no further business, President Tarrant called for a motion to adjourn at 7:45 pm. Commissioner Case made a motion, seconded by Commissioner Zaveruha to adjourn the meeting. Motion carried.