

September 12, 2011

The regular meeting of the Board of Commissioners of the Whidbey Island Public Hospital District was called to order at 6:05 p.m. by Board President, Anne Tarrant. Present were President Tarrant, Commissioner Wallin, Commissioner Case, Commissioner Zaveruha, and Commissioner Cammermeyer. Chief Executive Officer, Tom Tomasino; Chief Financial Officer, Joe Vessey; Chief Operating Officer, Hank Hanigan; Chief Human Resources Officer, Carolyn Pape; Chief Quality Officer, Teresa Fulton; Interim Chief Nursing Officer, Kath Virgil-Belding; Chief of Staff, Doug Langrock, MD; Attorney, Dale Roundy, and many hospital and medical staff, as well as community members were present. Reporters Sue Ellen White from the Whidbey Examiner and Jessie Stensland from the Whidbey News Times also attended. Jim Riney of Riney Productions was present to electronically record the meeting.

Points of Order

President Tarrant reported that there would be an executive session held near the conclusion of tonight's board meeting in accordance of RCW 42.30.110(g) to conduct a six month review of the CEO's performance. She stated that no discussion would be made during the session concerning salaries, wages or other conditions of employment and that the session would last about 45 minutes. The meeting will then reconvene for open public comments.

Minute Approval

President Tarrant called for a motion to approve the minutes from the August 8, 2011 regular board meeting. Commissioner Case made a motion, seconded by Commissioner Wallin, to approve the minutes as presented. Motion carried.

Public Questions or Comments on Agenda Items

There were none.

Quality and Patient Safety

Teresa Fulton reported that at the last board meeting Carolyn Pape presented AIDET which is a proven strategy from Studer to increase patient satisfaction and decrease patient anxiety and we now have some early results from the use of this new strategy in Diagnostic Imaging and the Lab. Our mean score for "concern for comfort during the radiology test" increased from 87 to 94.4 which put us at the 95th percentile. Our mean score for "courtesy of radiology staff" increased to 95 which is the 96th percentile. Our mean score for "concern for blood draw discomfort" improved from 85 to 93.2 which is the 94th percentile. These are a few examples of what can be done when we really communicate with our patients. Commissioner Cammermeyer asked Ms. Fulton to report again when more results are available.

Medical Staff Report

A. Chief of Staff Report

Dr. Doug Langrock, Chief of Staff, presented the following medical staff reappointments:

Nancy J. Neubauer, MD	Active Staff Reappointment
Patrice J. O'Neill, MD	Active Staff Reappointment
Dan E. Fisher, MD	Affiliate Active Staff Reappointment
Peter D. Sutcliffe, MD	Courtesy Staff Reappointment
Sally Browning, MD	Courtesy Staff Reappointment
Alan D.S. Chan, MD	Courtesy Staff Reappointment
Dawn M. Hastreiter, MD	Courtesy Staff Reappointment
Alice B. Josafat, MD	Courtesy Staff Reappointment
Mark D. Mayhle, MD	Courtesy Staff Reappointment
Sanjiv R. Parikh, MD	Courtesy Staff Reappointment
Milton L. VanHise, MD	Courtesy Staff Reappointment
Bonnie J. Witrak, MD	Courtesy Staff Reappointment

Commissioner Case made a motion, seconded by Commissioner Cammermeyer, to approve the reappointments as presented. Motion carried. Dr. Langrock presented the following medical staff appointment:

Cara L. Lukin-Williams, MD Provisional Courtesy Appointment

Commissioner Cammermeyer made a motion, seconded by Commissioner Case, to approve the appointment as presented. Motion carried. Dr. Langrock presented the following Allied Health Professional appointment:

David W. Young, PA-C Allied Health Professional

Commissioner Cammermeyer made a motion, seconded by Commissioner Case, to approve the appointment as presented. Motion carried. Dr. Langrock noted that Gretchen Alsip-Vollbrecht, ARNP has resigned from the Courtesy Staff. Dr. Langrock stated that with the new tele-stroke program a new core privilege had to be developed for Tele-Medicine Neurology and the by-laws had to be revised. The by-law revision requires two readings at the medical staff meeting so he will present both of these changes at the next board meeting.

Individual Items

A. Administrative Update

Tom Tomasino reported that Dr. Matthew Marquart is now seeing patients and is active in surgery. He reported that dermatologist, Dr. Schmidt, who has a large practice in Mill Creek, is interested in opening a practice here and is currently looking for office space. Commissioner Cammermeyer asked if anything has been worked out in the effort to make Dr. Johnson's records available. Mr. Tomasino stated that he has heard that Dr. Johnson has signed a letter releasing his records to his former PA, Reese Blik. We are hoping that PA Blik will release them to us and then we can forward them to the primary care providers.

B. Transcription Outsourcing

Joe Vessey reported that effective November 1 our transcription services will be outsourced to Webmedx so that we can better utilize the hospital resources for the benefit of our patients and our community. The transcription staff was informed of this change on August 31. Webmedx will give physicians the ability to interface directly with dragon speech recognition software, it will provide data mining analytics, and physicians will be able to sign the records remotely via the web. Webmedx has been named best in KLAS out of the 10 to 15 large national transcription vendors and has been named employer of the year by the Association for Healthcare Documentation Integrity. The partnership will ultimately save the hospital 1.5 million over five years. The transcription team will receive unconditional job offers from Webmedx. If a transcriptionist accepts the offer they will be able to work from home on a company provided computer and will be paid their current hourly rate during the training period with the new company. Once that training period has been completed they will be paid on a production basis. Mr. Vessey stated that if we did not make this change we would have to upgrade our transcription equipment soon which would be an additional expense making our cost savings closer to two million over the next five years. Commissioner Cammermeyer stated that in the newspaper it was suggested that the real hourly rate for the transcriptionists would end up at about \$9.00 per hour. Mr. Vessey stated that he was not sure how those commenting came up with that figure but thought that they should check their math as it did not appear to be accurate to him. Commissioner Tarrant asked if there are any other hospitals in our area that still have in-house transcription. Mr. Vessey stated that almost all hospitals in Washington have outsourced their transcription services; he is only aware of a couple of small hospitals on the peninsula and in eastern Washington that have not. Commissioner Cammermeyer asked if this change was a result of moving towards the new Electronic Health Record. Joe Vessey stated that the ability to integrate with new technology did play a part in the decision. Commissioner Cammermeyer asked if this was something new that came up or if he had been anticipating this change all along. Tom Tomasino stated that this was not new but has been discussed in administration for a number of years. Commissioner Wallin stated that we asked Joe Vessey to look for every possible cost savings and that is what he has done.

C. Hospital Expansion Project

Tom Tomasino stated that he has been reflecting on the decision to move forward with the bond vote in February. While a majority of voters last May approved the levy we did not get enough votes to pass and the majority of our yes votes came from the south end of the island. Over the last 18 months a number of other levy votes have also failed and a pattern seems to be developing. He stated that he believes that the national economy is only part of the reason that our levy failed; our reputation in the community was also a reason. Every month at our board meetings we talk about the new and exciting things that we are doing like medication dispensing, tele-stroke, electronic health records, and our quality awards but these have not been covered in the press and our community is unaware. He stated that it would be easy for us to focus on those communities that supported the levy and try to garner additional support from them, but that would be inherently wrong because we don't just serve one part of the island. We as an institution need to honor our community and provide the education that they have requested from us. We need to hear their concerns and address our reputation. In a few short months we will be the lowest community supported hospital district in the state and while he is worried about that he also recognizes the need to serve the community. He asked the board to consider moving the vote to a later date so that we can work with the community and work on our reputation. Commissioner Wallin agreed that we have work to do and he would be in favor of tabling the vote for now. Commissioner Cammermeyer stated that in the past six months our national economy has not changed and people are hurting. The hospital is making many changes that are creating tension in the community at large and to try to go out and convince voters now would be setting us up for failure. As a result she would support delaying the vote with the understanding that the facility is continuing to get older and the rooms are not getting any larger, and the bond is still needed. She stated that we don't want the levy to fail and we need to pay attention to the feelings and the finances of our community. Tom Tomasino stated that the 65% increase in charity care over the last three years shows that our local economy is failing. Commissioner Cammermeyer noted that we are caught in an untenable situation; our care costs more because we aren't supported as much financially as other area hospitals. Commissioner Case noted that we have an increasing number of Medicare patients who are trying to be seen and the community clinics are the only place that they will be able to be seen. He asked why we are focusing on just the wing and not the south clinic as well. The long term needs of the hospital include both the new wing and increased capacity at the south clinic so perhaps we need to change the bond to include that as well. Commissioner Cammermeyer stated that perhaps some consideration should be given to expanding the north clinic as well since it is also at capacity. Commissioner Tarrant stated that she doesn't want to put the bond measure off because the facility is aging and that will have an impact on our patient satisfaction scores and ultimately our reimbursement, but she understands the pain in the community. We were hoping that the economy would have turned around by now but it hasn't so she is in agreement that the bond measure be pushed out past February. Commissioner Zaveruha stated that with the time constraints and the national and local healthcare environment that February is not possible. The point that was brought up about changing the proposal deserves some attention and in order to do that justice February needs to be off the table. This will also give the national and local climate some time to stabilize. Commissioner Zaveruha made a motion, seconded by Commissioner Case, to defer the bond vote to a future date past February 2012. Motion carried.

D. Resolution #315 Increasing Petty Cash

Joe Vessey reported that the South Whidbey Community Clinic needs to increase their change drawer from \$100.00 to \$150.00. Commissioner Wallin made a motion, seconded by Commissioner Cammermeyer to approve Resolution #315 increasing the petty cash change drawer at the South Whidbey Community Clinic from \$100.00 to \$150.00. Motion carried.

Board Items

A. WSHA Annual Meeting

President Tarrant reported that all the Commissioners are planning on attending the 2011 WSHA Annual Meeting in October.

B. House Legislative Healthcare and Wellness Committee

President Tarrant reported that the Washington State House Legislative Healthcare and Wellness Committee is on a fact finding mission visiting hospitals and county health departments. They will be stopping here at the hospital tomorrow for a panel discussion and will be visiting the North Whidbey Community Clinic on Wednesday. Tom Tomasino noted that their focus this year seems to be on primary care and that legislation that has come about as a result of these tours in the past has not been good for rural health clinics so it is important that we participate in this discussion.

Staff and Status Reports from Administration

A. Administrator's Report

Hank Hanigan reported that Debbi Williams in our Rehab Services Department has put together a mini-bio of each of her providers including where they went to school, their specialties, and years of practice. This information is being given to providers and to our patients in their packets. This will build on AIDET and should help relieve patient apprehension. Tom Tomasino introduced Kath Virgil-Belding, our Interim Chief Nursing Officer. She has over 30 years of nursing experience and 20 years of leadership experience.

B. Financial Report

Joe Vessey reported that July was a challenging month in terms of volume and cash-on-hand is down under 60 days. Accounts receivable is at 43 days which is still very good. We have seen a big increase in uncompensated care in the last three years and it has had a significant impact on us financially. Gross patient revenue was under budget by 20% and net operating revenue was 7.2 million on a budget of 7.4 million. Expenses were 2% under budget. The bottom line was a loss of \$183,343 on a budgeted gain of \$333,946. Year-to-date the loss is \$613,429 on a budgeted gain of \$1,208,027. Commissioner Cammermeyer stated that this is disconcerting and asked if it is a summer trend or a general trend throughout the country. Mr. Vessey stated that there seems to be a seasonal component to some of it. Last July we saw a net loss but then August, September and October picked back up, and over the last few years we have seen a drop off in the summer. However, this trend did not exist before that. Declining volumes are not unique to us. Prov Everett, Island, and Skagit are all experiencing similar decreases over the last few months. Tom Tomasino noted that the reaction at other hospitals to declining volumes and revenues has been layoffs. Skagit has laid off 160 employees in the last 12 months, Multi-care in Tacoma has laid off 250 employees, Providence has laid off 250, and Swedish just announced on Friday that they are laying off 250 employees. We have tried not to do that but we are struggling to manage our expenses and one of our biggest expenses is our employees. Our declining bottom line is a concern to us. Just last week he heard some staff members talking about the hospital folding due to our financial situation, however, we are in a much better situation now than we were in 2002 when he first came to Administration. In 2002 we were experiencing significant losses and in 2003 we were using a credit line to make payroll. We will continue to preserve our cash and will continue to look at our staffing expense, and hopefully our volumes will increase. We have seen some increase in surgery volumes. Commissioner Tarrant noted that the Finance Committee has been looking at how we can be more effective and more efficient and bring down our expenses.

C. Review of Dashboard Report

Commissioner Cammermeyer asked about the relatively high staff injury numbers. Tom Tomasino stated that most are ergonomic issues such as keyboard injuries or improper lifting. The small size of our patient rooms makes it difficult to bring in lift equipment, but we have done a lot of work with the safe lift team and those numbers have improved. Mr. Tomasino noted that the patient satisfaction scores for Region 9 have a lot of red which indicates that we haven't met the standards that we have set. Value based purchasing is coming even for Critical Access Hospitals which means we will not only be getting reimbursed based on the quality of care but also on the experience of the patient. Those that have good scores will reap the rewards and those that do not will lose money. He is glad that Teresa Fulton was able to report significant improvement in the scores of some of our departments. Tom Tomasino stated that we have heard a lot of comments about turnover at the hospital, but if you look at our turnover indicator on the dashboard our numbers have been consistent.

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 #149749 and 149811 in the amount of \$18,676.52. 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 #149296 to 150048, and #2344 to #2353, excluding #149749 and 149811 in the total amount of \$5,943,654.01. Motion carried. Commissioner Cammermeyer made a motion, seconded by Commissioner Case to approve the write-offs for August in the amount of \$633,707.44. Motion carried.

Agenda Items for next Regular Board Session

President Tarrant stated that she would still like to see a presentation from Roger Meyers on the EMS system. Commissioner Zaveruha stated that he would like to see a presentation from Dr. Worth Everett on tele-medicine.

Executive Session to discuss with legal counsel potential litigation as permitted by RCW 42.30.110(g)

At 7:12 pm President Tarrant announced that the Board would go into Executive Session for approximately 45 minutes to review the CEO's performance as authorized by RCW 42.30.110(g) and that the Board would not be taking any action during the Executive Session. At 8:11 pm President Tarrant called the regular meeting back to order and reported that no action had been taken and no discussion was held regarding wages, salaries or other conditions of employment.

General Public Comments

Karen Olinger from Oak Harbor stated that she has voted for all the hospital bond issues and both she and her husband use the hospital. She is here because she read in the newspaper that the hospital is outsourcing transcription. She is bothered by this because she feels like this hospital is a family and she wants to know how outsourcing transcription is better for the patients. She would also like to know what the hourly wage will be for the outsourced employees compared to their wage here. She stated that she is surprised that the whole board was not involved in this decision. She would like to know who did this and how come no one knew about it before hand. She believes that the hospital has an obligation to someone who has worked here for 40 years. She stated that people are more important then spending money on marketing or making the hospital more beautiful. Laurie Pehl, transcriptionist, from Coupeville stated that she has only worked here for one year and a severance package would not have been a benefit to her but many others have been here longer and could have benefited from having an option between taking a job with the new company or a severance package. She stated that for some of us the new job will not work out and so we lose all severance. She stated that we don't know enough about this new company and the amount being offered by them is the same as she earned 15 years ago and at that time she did not make more than \$10.00 per hour. She stated that hearing Joe Vessey say that someone is not doing the math correctly is offensive to her. This is her future and she is doing the math. She stated that 15 years ago \$10.00 per hour wasn't too bad but not now and down time from storms and the expense of COBRA have not been taken into account. She thanked Ms. Olinger for standing up and supporting the transcriptionists. Joanne Lewis, transcriptionist, from Coupeville, stated that she has eight years of experience and is usually scheduled to be on standby at night. She said that the transcriptionists are mostly upset about the way this has happened. They knew that changes were coming and they were asking when those changes might happen but were never told. They

asked if they were going to be outsourced or if they were going to be editors either here or at home. She said that she was ready to work from home for the hospital. She said the way this happened they weren't given a chance to look for other options or get training or education. She stated that COBRA payments for insurance will add about \$600 per month to her bills and she will probably take a pay cut of \$500 or \$600 per month. She is going to give the new company a chance but wanted the commissioners to know that transcriptionists are not just typists. She stated that this is a family oriented community and although she has moved around a lot she always come back here. She said that when she asked what was happening she was told nothing would happen before next year and now she realizes that she was lied to. She said that they are upset because they asked specific questions but weren't given any answers and weren't considered. She doesn't know anything about Nuance and has only heard bad things about Webmedx. She stated that at the meeting where they were told about the change they flew off the handle for which she later apologized to Carolyn Pape, but that this is their lives. President Tarrant thanked those that took the time to share their comments. We appreciate getting the information from you.

Adjournment

There being no further business, President Tarrant called for a motion to adjourn. Commissioner Case made a motion, seconded by Commissioner Cammermeyer to adjourn the meeting at 8:28 pm. Motion carried.