

Board Minutes

February 12, 2007

The regular meeting of the Board of Commissioners of Whidbey Island Public Hospital District was called to order at 6:02 p.m. by Board President, Roger Case, M.D. Present were Commissioner Case, Commissioner Zaveruha, Commissioner Schoenknecht, Commissioner Saugen and Commissioner Miller. Chief Executive Officer, Scott Rhine, Chief Operating Officer, Tom Tomasino, Chief of Staff, Dr. Chris Bibby, Dale Roundy, Esq., Trish Rose, Judy Moore, Carolyn Pape, Laura Blankenship, Beth Stout, John Bitting, and Mary Pierzchala were also present.

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

Introduction

Scott Rhine, CEO, introduced Laura Blankenship, new Executive Director of the Whidbey General Hospital Foundation. Laura has been on board a couple of weeks, and her first assignment has been to organize and host a retreat February 24, 2007 with the Foundation Board members.

Minute Approval

Minutes from the January 8, 2007 regular Board meeting were approved as presented in a motion by Commissioner Saugen, seconded by Commissioner Schoenknecht. Motion carried.

Educational Presentation – Whidbey General Hospital Policy and Practice: Providing Hospital and Medical Care to Those Without Health Insurance and Financial Resources – Beth Stout, Director of Financial Services

Beth Stout presented education on the hospital's Financial Assistance/Charity Care policy. Beth stressed that we want the community to know that financial assistance is available. Beth made a similar presentation to the hospital's Finance Committee last August. Beth noted that people from out of the country are not eligible for assistance, and that services must be medically necessary. Assistance is based on income and family size, and helps with catastrophic medical hardship. All bills over \$10,000 are reviewed. Supporting documentation must be provided by patients when applying for assistance. Any individual or family with incomes below 300% of the federal poverty level are eligible for financial assistance. Ms. Stout reviewed the application process and noted that eligible individuals must complete the application process and provide appropriate documentation. Because of the voluntary effort of all state hospitals in increasing the threshold to 300%, she anticipates more people will be eligible for assistance this year. A charity care application is good for three months. Beth fielded several questions from the Board, and a good discussion ensued.

Quality and Patient Safety

No separate report for this meeting, as it is included in Administrator's report. Mr. Rhine noted that work continues on the respectful behavior policy, and that a response has been received from attorney, Donna Moniz on this policy. Mr. Rhine asked the Board if they had areas of interest that they would like brought

forward. The Board would like an update on public benchmarks at the upcoming retreat, and also the "Saving 100,000 Lives" campaign, where are we with that and how do we compare.

Medical Staff Report

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

Gabriel W. Barrio, M.D. – Active Staff Reappointment
Robert J. Burnett, M.D. - Active Staff Reappointment
Thomas B. Vader, M.D. – Active Staff Reappointment

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

Paul Knoll, M.D. – Courtesy Staff Reappointment
Kristine Schmaltz, M.D. – Courtesy Staff Reappointment
John W. Little, M.D. – Courtesy Staff Reappointment
Brian J. McCallie, M.D. – Courtesy Staff Reappointment
Zeeshan A. Shah, DMD – Courtesy Staff Reappointment
David E. Aunkel, M.D. – Courtesy Staff Reappointment

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

Leon B. Stratton, M.D. – Courtesy Staff Appointment
Commissioner Saugen made a motion, seconded by Commissioner Schoenknecht to approve the Courtesy Staff Appointment as presented. Motion carried.

Stanley L. Whittemore, M.D. – Affiliate Active Staff Appointment
Commissioner Saugen made a motion, seconded by Commissioner Schoenknecht to approve the Affiliate Staff Appointment as presented. Motion carried.

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

Commissioner Saugen made a motion, seconded by Commissioner Schoenknecht to approve the Allied Health Professional as presented. Motion carried.

Dr. Bibby announced the resignations of Gina Bowden, ARNP, Rural Health Clinic Family Practice as of 11/01/2006, and Roger Wheelis, M.D., Pathology as of 01/08/2007. Heidi Graf, ARNP, Internal Medicine is on a leave of absence effective 01/01/2007.

Individual Items: (Discussion and/or Action)

A. Financial Report for FY 2006 (Pre-Audit and Cost Report) – Scott Rhine noted that Doug Bishop is in good spirits and meeting regularly with Beth Stout

and Frank Hemeon. Mr. Rhine and Tom have both visited Doug as he recuperates from a fall. Doug has his computer hooked up and is regularly participating in conference calls. It will be several more weeks before he will be able to be back to work.

As reported to the hospital Finance Committee, Mr. Rhine stated that the hospital lost \$418,700 in December for a year to date loss of \$385,200. Revenues were up in December, but so were contractual allowances and expenses. Mr. Rhine presented a comparison of fiscal year 2005 and 2006. This financial report is still subject to final audit and the Medicare and Medicaid cost reports. Preliminary cost reports will be ready by mid-March. Of important note, Medicare reimbursement has significantly improved based on the tentative year to date statement for 2006. On Medicare revenues of \$43 million dollars in each of 2005 and 2006; actual Medicare reimbursement increased by approximately \$3 million dollars in 2006 as a result of Critical Access Hospital designation. Unfortunately, other contractual allowances and write-offs increased substantially – Medicaid increased by \$760,000 (29.2%), CHAMPUS increased by \$872,000 (31.6%), Charity Assistance increased by \$213,00 (39.3%) and Bad Debts increased by \$1,151,000 (66.3%). Overall expenses, while under budget by almost \$956,000 still exceeded last year's expenses by 4.7%. The largest areas of increased expenses were salaries, wages and benefits, and physician fees. Cash flow and the lack of available cash are a significant concern. At year end, the line of credit was paid off; however, in subsequent weeks we have had to utilize the line of credit and as of February 9, 2007, we have utilized \$434,500 of the \$3 million line of credit. Mr. Rhine reported that Tom Tomasino and the Executive Council are working on contingency plans that will be based on the cost report results. They are also looking at efficiencies, and ways to increase cash flow. Doug Bishop, Frank Hemeon, and Beth Stout have reviewed accounts receivable, and are talking with a consultant about assistance with the 23,000 accounts that are currently open as another measure to help increase cash flow. Tax revenue will be received in April or early May. The hospital is currently subsidizing EMS services and will be paid back through the EMS levy once that money is received. A meeting with TriCare was scheduled, but was canceled due to stormy weather. This meeting will be rescheduled. Mr. Rhine did talk with Captain Chin, Commanding Officer of the Navy Hospital, about concerns with low Champus reimbursement. Other contracts will also be reviewed. Frank Hemeon, Controller is monitoring cash daily, with Mr. Rhine seeing a weekly cash report. It was decided that finances will not be discussed at the upcoming Board Retreat due to not having the cost report results, however there will be a need for an additional Board Retreat in April or May to focus on finances and the plans to increase cash reserves.

- B. South Whidbey Paramedic and Rural Health Clinic Projects** – Mr. Rhine reported Linda Moore from Goosefoot has delivered two draft documents for the hospital to consider. The first is a purchase and sale agreement for property to "house" the EMS paramedic station and quarters at Bayview. The second agreement is a ground lease document that would allow the hospital to lease ground for a fifty year period and then work with a developer to build a suitable building. Both agreements will be reviewed with legal counsel and brought back to the Board in their March meeting.

- C. **Patient Services, Building and Planning Projects** – Tom Tomasino reported that the Building Committee received eight proposals for the programmer selection. Each committee member scored each proposal by a set of nineteen criteria, which narrowed the field to four companies. The top three companies will be interviewed hopefully by March 1, 2007. Mr. Rhine is impressed with how many companies responded. It was noted that this was a good process, with in depth questions, good detail and an impressive way to approach this process. Appreciation was expressed for the Ritter Company for their way of approaching this process with impressive detail.
- D. **Policy: Hospital Administrator/CEO Responsibilities for Critical Access Hospital** – Commissioner Zaveruha made a motion to approve this policy, seconded by Commissioner Saugen. After discussion it was decided that revisions were needed on the wording, and that Mr. Rhine would work with attorney, Dale Roundy on the revised wording, as approved in a revised motion by Commissioner Zaveruha, seconded by Commissioner Schoenknecht. Motion carried.

Staff and Status Reports by Administration

Administrator's Report – Mr. Rhine reported that five physicians have been interviewed over the past month, including four internal medicine specialists and one family practitioner. With the family practitioner requiring a J-1 waiver and a federally mandated minimum wage, it appears that her recruitment would not be feasible. At this point in time, the other couple originally from Romania, has decided not to come to Whidbey. There is still one candidate from Michigan, who hopefully will be interested in relocating to Whidbey. She is available in late summer. There are also other candidates for hospitalist positions. In the area of orthopedics, the hospital has signed an employment agreement with Dr. Jim Livermore and Whidbey Orthopedic Surgeons, Inc. to provide orthopedic services in a hospital owned practice. The hospital also has the possibility of signing a part-time agreement with Dr. William Drury that would entail him practicing here for a period of twelve to eighteen months. Mr. Rhine stated these details should be ironed out soon.

Dashboard Report – The Board did not have any questions on the Dashboard report.

Board Items

A. **Board Retreat** – There was a proposed revision to the Board Retreat agenda, eliminating the financial report due to waiting for the cost report results. Strategic planning and Quality were moved to the morning. Staff will attend in the morning only, leaving at noon, for the Board to meet in the afternoon. The Board requested perspectives on other hospitals from facilitator, Jeff Mero.

Public Questions or Comments

There were none.

Consent Agenda Items:

1. After review and discussion, Commissioner Schoenknecht made a motion, seconded by Commissioner Miller to approve the write offs as presented in the amount of \$319,340.52. Motion carried.
2. 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 Schoenknecht made a motion, seconded by Commissioner Miller to approve vouchers #101704 and #101763 in the total amount of \$7,588.945. 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 Schoenknecht made a motion, seconded by Commissioner Miller to approve vouchers #341 to #56, #101465 to #102282 excluding #101704 and #101763, in the total amount of \$4,313,507.15. Motion carried with all commissioners voting.

There being no further business or public comments, the meeting was adjourned at 8:03 p.m.