

July 9, 2007

The regular meeting of the Board of Commissioners of Whidbey Island Public Hospital District was called to order at 6:07 p.m. by Board President, Roger Case, M.D. Present were Commissioner Case, Commissioner Zaveruha, Commissioner Schoenknecht, Commissioner Miller and Commissioner Saugen. Chief Executive Officer, Scott Rhine, Chief Operating Officer, Tom Tomasino, Chief Financial Officer, Doug Bishop, Dale Roundy, Esq., Judy Moore, Ron Wallin, Dr. Flora Barlotta and Mary Pierzchala were also present.

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

#### **Minute Approval**

Minutes from the June 11, 2007 regular Board meeting and June 15, 2007 special Board meeting were approved as presented in a motion by Commissioner Schoenknecht, seconded by Commissioner Saugen. Motion carried.

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

Dr. Flora Barlotta was welcomed. Dr. Barlotta is a community member on the hospital Ethics Committee.

Mr. Ron Wallin was introduced and welcomed. He is currently running for the District 3 Board Commissioner seat against Mr. Bert Speir.

Mr. Wallin commented that he recently brought a physician from Italy to tour the hospital. He noted that the visit was short notice, and they were glad to have the opportunity to be here. The physician was very impressed by our facility, the staff and the caliber of our equipment, and was happy to have the opportunity to talk with staff in departments. Overall it was a very positive visit.

#### **Education**

Scott Rhine, CEO presented an overview of the executive summary of Heery HLM and Kurt Salmon and Associates that was presented at the June 28, 2007 Steering Committee. Market share was discussed and priorities listed as follows: 1) 39 inpatient beds with 2 labor and delivery rooms 2) add surgical and outpatient surgical needs to accommodate volume and privacy 3) infrastructure issues 4) support area needs. Commissioner Saugen, who is on the Steering Committee, felt this was a good overview and noted that there was a lot of discussion around the 39 beds, with some committee members feeling this number was too low. Commissioner Zaveruha commented that the architects and engineers on the project have obviously done their homework. Doug Bishop stated that the budget for this project is projected to be approximately \$25-\$30 million. Overall the engineers on the project stated that our facility is well maintained. The hospital does not expect to be out of business during construction, although there may some unforeseen transition problems that cannot be anticipated at this time. The next meeting of the Steering Committee is July 17, 2007.

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

##### **Quality Story: Patients Rights and Responsibilities**

Mr. Rhine reported that President Case, Commissioner Zaveruha, Arlene Johnson, Quality Director and he recently attend a Safety Summit meeting in Seattle that had very good presenters. Recommendations from this meeting included that hospital Boards should focus more of their meeting time on quality, with as much as 25% of the Board meeting having to do with the topic of quality. Encouragement was given to share patient stories at Board meetings. With these recommendations in mind, Mr. Rhine presented a summary of a recent patient experience, with questions at the end about what we can learn from this patient experience, and what can we change to improve patient experiences from a management and medical staff perspective? There were questions from the Board whether these stories could be kept private enough for a public meeting? How would the cases be chosen? Mr. Rhine indicated that willing patients might be asked to present their own stories. Commissioner Zaveruha felt that we needed to be careful regarding patient privacy and make sure that patients were not identifiable unless they chose to participate. Mr. Rhine summarized the case review. Attached is a summary of the Board's discussion from this case study on patient rights and responsibilities.

The review of the "Protecting 5 million Lives from Harm" Governance Leadership How-to-Guide will be at the August Board meeting, particularly pages 10-13.

## **Medical Staff Report**

No report.

### **Individual Items**

#### **A. Recommendation for 2007-2008 Professional Liability Insurance**

Mr. Rhine reported that the renewal date for the hospital's professional liability insurance is July 31, 2007. The hospital has had Lexington AIG for the last two years, which is a large national company with a good rating. AIG, Washington Casualty and the Hudson Company were the companies considered. The hospital's premium will be reduced due to our low claim experience and a very competitive, soft market. It was felt that Washington Casualty does not yet have a high enough rating, which could affect the hospital's bond rating.

For D&O (directors and officers) insurance, the hospital has been with C N A for the last two years. CHUBB offered a reduced premium, and it is being recommended to the Board that the hospital change to CHUBB from C N A for D&O insurance.

After discussion, Commissioner Miller made a motion seconded by Commissioner Saugen to approve renewing the contract with Lexington AIG for the hospital's professional liability insurance, and to change from C N A to CHUBB for D&O insurance; providing that prior acts coverage is also provided. Motion carried.

#### **B. Recommendation for Revised Student Loan Repayment Program**

Mr. Rhine reported that the current program for physician student loan repayment is \$10,000 each year for three years, with an additional two years considered if requested and if funding is available. Administration is proposing that this program be revised and the District pay 1/10 of a physician's student loan debt each year for a total of ten years. Mr. Rhine spoke with attorney Jim Freadman of the Foster Pepper Firm, who felt that it would be worthwhile to help with physician retention. It was noted that the STARK rules limit compensation a physician can receive. The Board felt that a maximum amount should be set, that conceptually it seemed like a good program in principle, and that there could be many different scenarios. After further discussion, Commissioner Zaveruha made a motion, seconded by Commissioner Saugen to approve revisions to the physician student loan repayment program in concept as presented, and with a cap not to exceed \$200,000 over the ten year period. In addition, the Board felt the amount should be adjusted for physicians who may work only part-time. Motion carried. Mr. Rhine will check with the hospital in Aberdeen who has this type of program in place, to find out what specifics they are using.

#### **C. Approval of Action Items from Board Planning Retreat (June 15, 2007)**

Mr. Rhine noted that these items were not summarized for tonight's meeting, but that the main action item was regarding continuation of OB services with epidural coverage. After discussion, Commissioner Saugen made a motion, seconded by Commissioner Miller to approve the continuation of OB services with epidural coverage in the most efficient way possible. Motion carried. It was also noted that President Case would send appreciation letters on behalf of the Board to Dr. Barrio and Dr. Burnett for their letters of support for continuing OB services.

Tom Tomasino, Chief Operating Officer, reported that the Sleep Center has increased physician time to four days per month starting in August. There is another physician that we hope will be able to come and help at the Sleep Center. Revenues for the Sleep Center for the first six months of this year are improving. Appointments continue to be sixty days out. There was some discussion about selling durable medical equipment at the Sleep Center, however it was reported that the certification process to be able to do this was onerous.

#### **D. South Whidbey Health Care Services Site Location and Ground Lease Principles Discussion**

Mr. Rhine reported that Administration is working with Goosefoot to determine the usability of the property based on zoning concerns and requirements. Administration has met with County Commissioner Mike Shelton about this, and Goosefoot has requested a written interpretation from the County on the zoning. Mr. Rhine indicated that we should know more within the next few weeks regarding the zoning issues. In the meantime, Ritter Construction has been asked to look for alternative sites. Doug Bishop, CFO has also looked at some other properties in the area. Doug stated that the soft cost for the project is approximately \$10-\$11 million, which is more than our budget. Doug stated that the hospital's debt capacity is \$8 million with a bank, which requires 25%

down, and \$9 million for bonds, with a combination being considered. It was noted that the U.S. Department of Agriculture might have money available, which Doug will follow up on. Doug stated that the Whidbey General South building and current EMS quarters would be sold, which will assist in paying for the projects on the south end as well. It is hoped that a site for the South Whidbey Healthcare Services building will be identified within the next 90 days. There was discussion that the hospital should be sure to check with the County on these properties to make sure there are no easement or setback issues.

Dale Roundy talked about a ground lease option with Goosefoot for the Bayview property if the zoning issues are solved. It was noted that not all of the Board members agree with this option. Mr. Roundy stated that the challenge is that there are not that many sites available. Mr. Rhine acknowledged that Administration is not saying they prefer a ground lease, but that they are looking for options and that a ground lease should be evaluated as one of several options. Doug Bishop stated that land on Whidbey Island is going to be hard to come by and will become a valuable asset.

The purchase and sale agreement for the parcel of land owned by Goosefoot to be used for the paramedic station on South Whidbey, has been signed. Administration is currently working with architects and engineering firms to evaluate our ability to use this parcel for what we need.

#### **B. Board Items**

There were no specific Board items to discuss.

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

A. Administrator's Report – This report was emailed to Board members last week, and was also in tonight's Board folders. Mr. Rhine reported that June was another good month financially, and that physician recruitment has been very successful in the last six weeks.

B. Financial Report - Doug Bishop reported that May has \$9.4 million in revenue, 19 days of cash on hand and AR days at 59. The bottom line for May is a positive \$168,000, even though there were two negative prior year settlements. Operating expenses were below budget.

Year to date revenue is 6% above budget, operating expenses 2% below budget and the bottom line is a positive \$978,000 with a 4% operating margin. Doug noted that this has been a much better year financially than last year.

Statistics through May show inpatient admits at 828, Emergency Department admits at 794 and non-Emergency Department admits (direct admits) at 34. We are averaging 76% government patients. Emergency Department days are up due to the summer months.

Doug noted that June revenue is close to \$10 million, which is a record for the hospital.

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

A. After review and discussion, Commissioner Saugen made a motion, seconded by Commissioner Schoenknecht to approve the write offs as presented in the amount of \$428,183.85. Motion carried.

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 Miller made a motion, seconded by Commissioner Saugen to approve vouchers #106153, #106216 and #106241 in the total amount of \$8,163.61. 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 Miller made a motion, seconded by Commissioner Saugen to approve vouchers #1072 to #1103, #105844 to #106644, excluding #106153, #106216, and #106241 in the total amount of \$6,056,800.46. Motion carried with all commissioners voting.

At approximately 8:47 p.m., there being no further regular business, the Board President announced that the Board would be meeting in Executive Session for approximately 30-45 minutes to discuss personnel evaluation and performance as authorized by (RCW 42.30.110(g)). The Executive Session commenced promptly thereafter and it was adjourned at 9:40 p.m., but no action was taken by the Board during the Executive Session. There being no further action to be considered by the Board, the Board meeting was adjourned at 9:40 p.m.