

June 9, 2008

The regular meeting of the Board of Commissioners of Whidbey Island Public Hospital District was called to order at 6:04 p.m. by Board President, Roger Case. Present were President Case, Commissioner Schoenknecht, Commissioner Zaveruha, and Commissioner Wallin. Chief Executive Officer, Scott Rhine, Chief Financial Officer, Joe Vessey, Chief Operating Officer, Tom Tomasino, Chief of Staff, Dr. Chris Bibby, Dale Roundy, Esq., Carolyn Pape, Trish Rose 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 May 12, 2008 regular Board meeting, and May 29, 2008 and June 3, 2008 special Board meetings were approved as presented in a motion by Commissioner Schoenknecht, seconded by Commissioner Wallin. Motion carried.

Public Questions or Comments

Mr. Rhine stated that in tonight's Board packets, was a letter from community member, Theresa Gandhi, urging the Board about planning for chemical sensitivity measures for the South Whidbey Healthcare Services building. This was discussed by the Board, and President Case will send Ms. Gandhi a letter from the Board.

Mary Pierzchala questioned why the recently held special Board meetings were not publicized. Mr. Rhine noted that the rule is that agendas be sent out twenty-four hours prior to a special meeting, and that the hospital had done that. Mr. Rhine stated that we should have notified Ms. Pierzchala of these meetings, and will be sure to email her the agenda next time special meetings are scheduled. Dale Roundy, hospital attorney, noted that the hospital did meet its legal commitment for the special meetings. Ms. Pierzchala noted that "the hospital should be looking at the need to pull this community together, and stated that we are not building loyalty by holding meetings that the public is unaware of".

Report from Adhoc Surgery Committee

Mr. Rhine reported that the Surgery Adhoc Committee met on June 2, 2008 and talked about current recruitment efforts. Several referrals have been received for general surgeons; however, most have not been candidates that would necessarily fit the current needs. Dr. Outlund has reviewed the resumes, and has called and been impressed with one candidate. We will plan for this surgeon to do locum tenens work beginning in July.

The Cascade ENT group will rent office space at Whidbey General North one day per week beginning in September according to their group administrator.

With the need for additional physician recruitment, Mr. Rhine reported that the Admin Team has discussed and made the decision to hire a recruitment specialist. That position will be posted this week.

Mr. Rhine indicated that we need to recognize the scope of service level and focus on outpatient services. He stated that endoscopy is key for our success as a critical access hospital. The Western Washington Medical Group in Everett has increased the number of days they are doing endoscopies for July. The hospital intends to encourage them to continue higher frequency of available days on an ongoing basis. Mr. Rhine will be meeting with Dr. Tiesen, podiatrist, and Tom Tomasino reported that Dr. Currier may be recruiting another podiatrist for her practice. Efforts are being made to encourage utilization of our surgery department by podiatrists.

Mr. Rhine shared a process paper for anesthesia services. Commissioner Wallin noted that the ad hoc Surgery Committee is making good progress, with a positive atmosphere within the committee during meetings. The next meeting will be June 17, 2008. Mr. Rhine noted that this committee is currently meeting approximately twice a month.

Quality and Patient Safety Report

Trauma Survey

The trauma survey was held on May 27, 2008, and went well. The hospital was awarded provisional trauma designation as a Level III service. The provisional adjective was added because we do not have orthopedic surgery call covered seven days a week. Mr. Rhine indicated

the hospital would work with Dr. Picco and perhaps Naval Hospital Orthopedic surgeon(s) to see if additional coverage can be arranged.

Board Committee Report

There was no discussion.

Medical Staff Report

Dr. Chris Bibby, Chief of Staff, reported that there were no appointments or reappointments to approve.

Medical Staff Retreat Report and Actions

Dr. Bibby reported that nineteen physicians attended the medical staff retreat held on May 31, 2008. The theme was to formulate solutions to current issues, primarily usage of Whidbey Island specialists and the hospital services. A system will be set up for surgeons to visit primary care clinics to do lunch time presentations about their services. Dr. Riederer suggested inviting staff and community to help with a garden project at the hospital. Commissioner Zaveruha reported that there have been communication failures, with good solutions formulated and that now need to be implemented.

Individual Items (Discussion and/or Action)

A. Approval of Board Resolution #284 Authorizing District Officials to Act on Behalf of Retirement Plan (401(a))

Commissioner Zaveruha made a motion, seconded by Commissioner Schoenknecht to approve Resolution #284 authorizing individuals to act on behalf of Whidbey General Hospital Employees' Pension Plan. Motion carried.

B. Approval of Board Resolution #285 Authorizing District Officials to Act on Behalf of Deferred Salary Accumulation Plan (457 Plan)

Commissioner Zaveruha made a motion, seconded by Commissioner Schoenknecht to approve Resolution #285, authorizing individuals to act on behalf of Whidbey General Hospital Employees' Deferred Compensation Plan. Motion carried.

C. Approval of McKesson Information System Contract Renewal and Laboratory System

The hospital outsourcing agreement with McKesson ended last year and Mr. Tom Tomasino has been negotiating with McKesson on a renewal agreement with some changes in our onsite services and some offsite maintenance and service upgrades. McKesson is requesting an eight year renewal, and the hospital would like to consider a five to eight year renewal term. There is a \$267,000 increase per year, which includes purchase of and installing the new Lab system and providing maintenance on that system, and STAR and TRENDSTAR hosted and maintained offsite. This increased price also includes the ongoing licensure and use of the nursing documentation system that has been provided without software cost during the testing phase. Commissioner Wallin reported that the Finance Committee recommended approving a five year renewal contract, with an option for three more years. After discussion, Commissioner Wallin made a motion, seconded by Commissioner Schoenknecht to approve that Tom Tomasino, Chief Operating Officer, negotiate a five year renewal contract with McKesson with an option for three more years, and if that is not accepted to negotiate an eight year renewal. Motion carried.

D. Approval of Purchase and Sale Agreement for General Surgery Practice Not to Exceed \$10,000.00

Mr. Rhine reported that Dr. Georgia Heisterkamp has agreed to sell her office equipment and furnishings, as well as her active patient charts (relatively few due to surgical specialty) to the hospital. This will allow the hospital to set up a practice as of July 1, 2008 for the initial locum surgeon, Dr. Anna Voltura who will be practicing here for approximately four months. The cost is preliminarily estimated to be less than \$10,000; but it will be very helpful to have a practice already established. It is very complex with the credentialing and billing for a new physician and this will give us an ongoing practice to use for temporary surgical services until a full-time surgeon can be recruited. Dr. Koo and Dr. Zaveruha have agreed to allow the practice to utilize space in their office, however, the hospital will need to provide the support staffing and the billing services. The hospital will hire a part time medical assistant for this new practice. The Board raised some questions, including STARK law compliance, liability issues and if an additional insurance rider would be needed. After further discussion, with Commissioner Zaveruha

abstaining from the discussion, Commissioner Wallin made a motion, seconded by Commissioner Schoenknecht, to approve the purchase and sale agreement for Dr. Heisterkamp's general surgery practice not to exceed \$10,000.00 subject to full insurance coverage, and legal advice regarding liability and STARK law questions. Motion carried with Commissioner Zaveruha abstaining. Mr. Rhine assured the Board that he would bring this back to the Board if there were any problems or issues.

Master Plan Update and Preliminary Schedule

Mr. Rhine reported that space, location, flow concepts, the site plan and parking are currently being looked at as developed by Mahlum Architects as a second alternative. The Steering Committee met on May 27, 2008 and approved the new concept. User groups reviewed and liked the concept. With these approvals, the hospital will continue to move forward in this direction. A preliminary cost estimate will be presented in the July Board meeting, and in August or September the Board will be asked to approve drawings and a financing package in preparation for going to the voters with a bond issue in 2009. Forums for medical staff and hospital staff will be held, as well as focus groups to review these concepts and get feedback. After further discussion, Commissioner Schoenknecht made a motion, seconded by Commissioner Wallin to move forward with the conceptual direction as presented. Motion carried. Commissioner Wallin suggested that Trish Rose talk with Lynn Goebel from the City of Oak Harbor, as well as with Skagit Hospital, regarding the marketing campaigns and strategies they used to get feedback.

Board Items

Mr. Rhine asked the Board when the process for replacing Commissioner Schoenknecht will be determined. Commissioner Schoenknecht indicated that she will be leaving her term on the Board sometime in early fall. Commissioner Wallin and President Case will work on this. Hospital attorney, Dale Roundy was asked to clarify the process, which he will research and report on. This will be put on the July Board agenda.

President Case also mentioned that he thought our hospital should be nominated for a Washington State Hospital Association health leadership award for the work that was done to get the TriCare rule changed for better reimbursement for critical access hospitals across the country.

Staff and Status Reports from Administration

Administration Report

The Board had no questions on the Administrator's report submitted.

Joe Vessey, Chief Financial Officer, reported that April was a great month, and strong financially.

Operating cash is \$3.75 million or 21 days. AR days are slightly increased at 50.1, mostly due to the Medicare probe audits in Rehab Services and EMS due to increased volume and the price increases. The ratio for reserves is 55.5%, which Mr. Vessey noted as conservative. The current ratio is 1.78 which is becoming stronger. We continue to maintain assets, and long term debt remains low. Gross patient revenue for April was above budget by 1%. Lab, Radiology and South Whidbey Community Clinic all had 10% increases in volume from March. Outpatient volumes are above budget. 52% of charges were adjusted off on a budget of 56%, which was favorable. Operating expenses were under budget by \$21,000, there was a bottom line of a positive \$736,000 and the operating margin for April was 12.98%.

Year to date gross patient revenue is below budget by 1.6%. The total adjusted revenue is 54% which is conservative. Mr. Vessey noted that the managers have done a great job managing operating expenses for the year. The hospital currently has a positive bottom line of \$2.2 million with an operating margin of 10.2%.

Critical Access and Emergency Department Report

Tom Tomasino reported that the hospital's Press Ganey ranking had dropped, but felt it would improve as more data is posted. Mr. Tomasino will email Board members when this is updated.

The Nurse follow-up phone call program will be up and running next month. TriCare visits were 20% of total Emergency Department visits for the month of April.

Review of Dashboard Report

Tom Tomasino noted that the numbers for infection rate are very small, and that work is being

done on these to make them more meaningful. The Board likes the new dashboard format.

Consent Agenda Items:

A. Commissioner Schoenknecht made a motion, seconded by Commissioner Wallin to approve the write offs for April in the amount of \$367,016.52, and for May in the amount of \$309,316.83. 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 Schoenknecht made a motion, seconded by Commissioner Wallin to approve vouchers #115439, #115456 in the total amount of \$11,320.38. Motion carried with Commissioner Zaveruha abstaining.

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 Wallin to approve vouchers #114588 to #115461, #1396 to #1428, excluding #115439 and #115456 in the total amount of \$6,574,789.96. Motion carried with all commissioners present voting.

There being no further business, the meeting adjourned at 8:13 p.m.