

Board Minutes

May 14, 2007

The regular meeting of the Board of Commissioners of Whidbey Island Public Hospital District was called to order at 6:10 p.m. by Board President, Roger Case, M.D. Present were Commissioner Case, Commissioner Zaveruha, Commissioner Miller, and Commissioner Saugen. Commissioner Schoenknecht was present by conference phone. Chief Executive Officer, Scott Rhine, Chief Operating Officer, Tom Tomasino, Chief Financial Officer, Doug Bishop, Chief of Staff, Dr. Chris Bibby, Dale Roundy, Esq., Judy Moore, John Bitting, and Carolyn Pape 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 April 9, 2007 regular Board meeting were approved as presented in a motion by Commissioner Saugen, seconded by Commissioner Zaveruha. Motion carried.

Public Questions or Comments

There were none.

Quality and Patient Safety

No report.

Medical Staff Report

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

Zayan A. Kanjo, M.D. – Active Staff Reappointment

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

Nicholas S. Muff, M.D. – Courtesy Staff Reappointment

Kara L. Carlson, M.D. – Courtesy Staff Reappointment

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

Brian Burgoyne, M.D. – Courtesy Staff Appointment

Bart P. Keogh, M.D. – Courtesy Staff Appointment

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

Deborah D. Bibby, PA-C – Allied Health Professional

Laurie A. Baumgartner, ARNP – Allied Health Professional

Commissioner Saugen made a motion, seconded by Commissioner Miller to approve the Allied Health Professional Appointments as presented.

Dr. Bibby stated that Andrew Glass, DO resigned as of May 1, 2007.

Dr. Bibby reported that the medical staff retreat recently held went well, with 23 physicians attending. The hospital vision statement was discussed, and the physicians liked the ones that had the verbage "close to home" in them. Issues identified included interaction with the Board. Dr. Bibby will try to bring issues to the Board from the medical staff, and also noted that a Board status report is welcomed at the medical staff meetings. President Case will present this report at the medical staff meetings. The medical staff is also concerned about the Board position coming open (District #3 – Commissioner Saugen will not seek re-election)

The medical staff would like to have input on candidates for this position. It was felt that people need to be encouraged to run, and that the best candidates won't step forward unless encouraged. Candidates must register to run for election the first week in June. Administration will draft a press release this week, announcing the open Board position. President Case announced that his term ends this year, and he has not yet decided if he will seek re-election for another term. Guest speaker at the retreat, Bob Perna from WSMA, talked about pay for performance. Dr. Bibby noted that it was a good presentation.

Dr. Bibby, Dr. Waterman, Tom Tomasino and Molly Nagel recently attended a medical staff leadership conference in Las Vegas that was very good and covered multiple pertinent topics.

Individual Items: (Discussion and/or Action)

A. Laboratory Outpatient Services – Tom Tomasino reported that a quote for these services was received four weeks ago. The formal quote recently received was higher than the original quote, which apparently did not include implementation. Tom spoke with outsourcing at McKesson, but has not heard back from them. The quote to implement these services is \$533,000, and was originally quoted as \$395,000.

B. Proposed Financial Services Plan – Scott Rhine reported that Administration is recommending that some hospital charges be raised as of June 1, 2007. Mr. Rhine stated that a recent study shows that Whidbey General Hospital's overall average charge adjusted for patient acuity is significantly lower than competing hospitals in the area with one exception. There are a few areas that will not increase, and some services may see a decrease in charges. This should positively impact the bottom line and cash flow. Mr. Rhine stated that this is not the only solution for improving hospital finances, but is an important component. Doug Bishop noted that this was discussed in the Finance Committee, and that the data to make this decision was based on public data and CPT codes. Mr. Rhine reported that the other component to improving the hospital's finances is to meet with the various health plans and negotiate an increase in reimbursement. Doug Bishop and Beth Stout have been working with two regional financial groups on joint negotiations. Necessary changes will be

made to improve efficiencies. The physician subsidy to Dr. Keith Becker will be eliminated due to the closure of his ENT practice the end of June, and administration has decided not to recruit for this service at this time. Administration is also looking at revenue cycles in Home Health & Hospice services. An increase in the regular levy may be a future consideration if these steps are not successful. Doug Bishop, CFO noted that in order to be more fair to those without insurance coverage, the hospital will offer a discount of 20% of charges for prompt payment within 30 days for self pay patients. This approximates the discount given to insurance and other health plans. In addition, financial assistance policies have been revised to further assist those within 400% of the federal poverty level. After discussion, Commissioner Miller made a motion, seconded by Commissioner Saugen to approve the proposed financial services plan. Motion carried.

C. Strategic Planning Discussion/Mission Statement/Critical Issues –

Scott Rhine reported that an adhoc committee met to draft the hospital's mission statement. The committee came up with several drafts that were taken to the managers meeting, employee forums and MEC for feedback. A list of critical issues facing Whidbey General Hospital was also presented for review. Mr. Rhine stated that there may be others that need to be added to the list. Changing the hospital's name was suggested by one of the managers, and was discussed with the managers. Most of the managers felt that it was not a priority to change the name of the hospital at this time mainly due to time and cost involved. (Please see attachments).

D. KSA-Heery Programming Contract – Mr. Rhine reported that these parties to the master planning and programming agreement had already been approved at the March Board meeting as the proposal was a joint proposal between KSA and Heery Architects. Personnel from the companies have not changed and due to the insurance requirements, Heery Architects will be the principal and will work with KSA on the project. The issue of adequate insurance was raised and it was stated that the Heery Company does have adequate insurance. After discussion, Commissioner Miller made a motion, seconded by Commissioner Saugen to amend the earlier contract authority, and approve Heery as the principal on the programming phase of the Med/Surg and patient services project. Motion carried.

South Whidbey and EMS Building Projects: Dale Roundy reviewed the contract with Mahlum Architects and made some suggestions for changes, particularly where limited liability was concerned. There were questions about how the price was negotiated. Administration will continue to review any language issues in this contract with legal counsel, and administration will sign the agreement when legal counsel issues are resolved. This was approved by the Board of Commissioners. It was noted that the motion for approval of this contract stands as submitted last month. Administration will also meet with Ritter Construction and Dale Roundy to clarify and define roles for the various projects.

Board Items

A. Board Retreat – There was discussion about whether or not to hold the

Board Retreat this week on Friday, May 18, 2007. The Board wants information a week in advance of the retreat to include breakdown by services, cost comparisons within the hospital and with other hospitals, analysis of low volume services, cost report results, and year end audited financials. The decision was made to reschedule the Board retreat to Friday, June 15, 2007 starting at 9:00 a.m.

B. Board Attendance at Foundation Meetings - It was decided that President Case would attend the May Foundation meeting, Commissioner Schoenknecht the July meeting and Commissioner Saugen the November meeting. The Foundation meets the third Wednesday of those months at 6:30 p.m.

Staff and Status Reports from Administration

A. Administrator's Report – Mr. Rhine talked about the new mammography equipment that is up and running. Commissioner Zaveruha stated that having this state of the art equipment is a quantum leap for a hospital our size. There have been some transmission issues with the south end, which are being worked on.

B. John Bitting talked about a rumor in the community having to do with the ER not performing rape/sexual assault examinations. John confirmed that this is not the case and that he plans to meet with law enforcement this week to discuss this. Hospital policy has not changed. A recent case was sent off island, which is what started the rumor. The particular case required use of Providence Everett's SANE program with trained staff.

C. Judy Moore reported that a meeting was recently held with the Sheriff's office regarding inmates coming to the hospital as outpatients. Judy noted that there were some misconceptions on the hospital's part, and that talks on this would be continuing. Also to be recognized was the hospital's recent celebration of National Nurse's Week and Hospital Week.

D. Doug Bishop reported that cash was negative due to payroll at the end of the month, however the line of credit did not have to be used. AR days are at 60. March was a profitable month with a positive bottom line of \$186,000. Revenues were at \$9 million. Contractuals for March were good, and a payable on the cost report is reserved. Year to date the bottom line is a positive \$542,000, with an operating margin of 3.78% which is an improvement from last year. Doug reviewed the quarterly graphs and statistics. Overall, cash has improved year to date, and has a \$1.4 million cash balance. Taxes have been received and patient accounts is working hard to be accurate and timely in billing and collecting. Doug reported that he expects to have a draft of April financial statements by later this week. Revenues for April are over \$8 million. There is a \$30,000 payable on the 2005 cost report. The 2006 cost report is in progress and being reviewed. Doug stated that it looks close to what was estimated.

E. Dashboard Report – Mr. Rhine reported that he and Tom Tomasino and John Bitting have been reviewing patient diverts. From January through April 25th

there have been 18 diverts. President Case noted that the rate of preadmits appears unacceptable. Judy Moore reported that all readmits are reviewed. Commissioner Saugen commented that there should be realistic and reliable benchmarks set for this report. It was noted that there have been internal discussions on the definitions of these statistics, and that we are essentially benchmarking against ourselves. No decisions were made for changes to this report.

Consent Agenda Items:

A. Commissioner Miller made a motion, seconded by Commissioner Saugen to approve the declaration of surplus as presented. Motion carried.

B. After review and discussion, Commissioner Saugen made a motion, seconded by Commissioner Miller to approve the write offs as presented in the amount of \$255,849.06. Motion carried.

C. 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 the General Fund vouchers in the total amount of \$548.58. 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 #1033 to #1051, #104146 to #105025 in the total amount of \$4,689,225.26. Motion carried with all commissioners voting.

There being no further business, the meeting was adjourned at 8:34 p.m.