

July 14, 2008

The regular meeting of the Board of Commissioners of Whidbey Island Public Hospital District was called to order at 6:01 p.m. by Board President, Roger Case. Present were President Case, Commissioner Schoenknecht, Commissioner Zaveruha, Commissioner Miller, and Commissioner Wallin. Chief Executive Officer, Scott Rhine, Chief Financial Officer, Joe Vessey, Chief Operating Officer, Tom Tomasino, Chief Nurse Executive, Jacque Scott, Chief of Staff, Dr. Chris Bibby, Dale Roundy, Esq., Carolyn Pape, Trish Rose, Debbi Williams, Cal Cogburn, Bonnie Garcia, Laura Baer, Steve Howell 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 9, 2008 regular Board meeting were approved with revisions to page 1, paragraph 3 adding quotation marks to the last sentence of the paragraph.

Public Questions or Comments

There were none.

Report from Adhoc Surgery Committee

Cal Cogburn, RN in PACU stated he and others in the department felt their concerns brought to the Board on April 17, 2008 are not being addressed timely enough. There continues to be mandatory convenience time taken by staff, concerns with Surgery management regarding booking and block times, and quality staff are leaving or looking to leave. Nursing has had to provide leadership to the locum anesthesiologists. Concern was expressed that Dr. Outlund is off for a month, and also has plans to be on vacation for two weeks in August. Nursing feels that they are meeting resistance to changes, and are wanting and needing solutions to meet the needs of patients and staff. Mr. Cogburn stated that they are going to take their concerns to Washington State Nurses Association (WSNA). Mr. Cogburn noted great concern for retention of core nursing staff being here to train new staff, as well as constant overbooking of cases causing mandatory overtime for staff. Mr. Rhine stated that the Surgery Adhoc Committee has reviewed a draft policy regarding scheduling that has not yet been approved. Commissioner Wallin stated that the adhoc committee needs to talk about these issues brought forward again tonight. Nursing staff feel that Administration can make the necessary changes to solve these problems, and that block times must be adhered to. Commissioner Zaveruha noted concern for the fact that there are no surgeons on the Surgery Adhoc Committee. Mr. Rhine stated that the draft policy on scheduling was reviewed by Dr. Outlund and Dr. Burnett. Concerns were voiced about Dr. Outlund, which Mr. Rhine pointed out as unfair to have that discussion without Dr. Outlund at the meeting and not having all the facts. Mr. Rhine noted that Dr. Outlund was at the hospital doing interviews during his vacation time, and also planned to shorten the time he was off. Mr. Rhine stated that Jacque Scott, Katie Carr and Dr. Outlund needed to have further talks with staff. Mr. Rhine commended the work by Molly Nagel, medical staff coordinator, with such short notice ensuring there was locum anesthesia coverage during the last few weeks. A date will be set for the next Surgery Adhoc Committee, which will be chaired by Dr. Outlund and Katie Carr. Mr. Rhine will send a letter to the Board and surgery/PACU staff in one week. President Case stated that these are problems way overdue in being solved, and that the Board cannot solve these issues. President Case stressed that patient safety is of the utmost importance. Mr. Cogburn thanked the Board and Administration for listening to their concerns, and stated that they come to these meetings to help solve the problems that need to be resolved to alleviate stress in the department, and work together to take care of our patients.

Quality and Patient Safety Report

Mr. Rhine stated that the biggest concern (solving anesthesia and surgery issues) was already discussed.

The Patient Safety Network (PSN) goes live on July 22, 2008. This is an online tool created by the University of Washington for reporting and tracking incident reports. This will replace the paper incident reports (which can continue to be used for now). Manager training has been completed. Tom Tomasino, Chief Operating Officer, reported that the Press Ganey report has been received and shows dramatic changes in the Region 9 score. The mean score only changed by one point, which

changed the Region 9 percentile ranking by forty points. Tom noted that he and Jacque Scott would be reviewing this report in-depth.

Medical Staff Report

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

Amy A. Picco, D.O. – Active Staff Appointment

Gregory W. Tanksley, M.D. – Active Staff Appointment

Michael J. Picco, D.O. – Active Staff Appointment

Commissioner Zaveruha made a motion, seconded by Commissioner Schoenknecht to approve the active staff appointments as presented. Motion carried.

Christopher W. Roberts, M.D. – Courtesy Staff Appointment

David A. Alexander, M.D. - Courtesy Staff Appointment

Edward J. Lee, M.D. - Courtesy Staff Appointment

Brandon Y. Liu, M.D. - Courtesy Staff Appointment

Nancy Shaffer, M.D. - Courtesy Staff Appointment

Commissioner Zaveruha made a motion, seconded by Commissioner Schoenknecht to approve the courtesy staff appointments as presented. Motion carried.

Dr. Bibby noted that he hopes that the issues in surgery can be remedied soon, and knows hard work is being done to find solutions.

Dr. Bibby commended Trish Rose for a good ad in the newspaper announcing Dr. Mike Picco's arrival as an orthopedic surgeon. Trish reported that another ad is being developed as well.

Individual Items (Discussion and/or Action)

A. Ratify Purchase of General Surgery Practice \$12, 018.00

Scott Rhine, CEO requested approval for an expenditure of \$12, 018.00 for Dr. Heisterkamp's general surgery practice to include equipment and supplies. Mr. Rhine spoke with the insurance company and legal counsel regarding this purchase, who felt the agreement addressed liability concerns with the active charts. The practice includes 614 active patient charts. Dr. Heisterkamp has sent letters to these patients informing them she is leaving the area. After discussion, Commissioner Wallin made a motion, seconded by Commissioner Miller, with Commissioner Zaveruha abstaining, to approve the purchase of Dr. Heisterkamp's general surgery practice in the amount of \$12,018.00. Motion carried.

Professional Liability Insurance Renewal for 2008-2009

Commissioner Miller reported that the Finance Committee met with both Washington Casualty Company and AIG regarding the renewal of the hospital's professional liability insurance, and are recommending the renewal be with Washington Casualty Company. The cost is \$264, 953 annually, which will be paid 1/12th each month with no finance charge. It is also being recommended to continue D&O insurance with Chubb at an annual cost of \$15,290. Mr. Rhine noted that staff support is stronger with Washington Casualty Company. With no further discussion, Commissioner Miller made a motion, seconded by Commissioner Schoenknecht to approve that the hospital select Washington Casualty Company as the hospital's professional liability insurance carrier at an annual cost of \$264,953 for 2008 and 2009. Motion carried.

B. Facility Master Plan Update and Schedule

Commissioner Wallin reported that a draft of the master plan and schedule was presented at the Building Committee meeting held before the Board meeting tonight. The Building Committee is recommending that the Board schedule a special meeting to have a work session regarding the master plan and schedule. There are multiple variables to consider including the election, economy, healthcare issues and the fact that single rooms are needed for patient privacy and infection control considerations. It was suggested that representatives from Arlington or Skagit Hospital be invited to share their recent experiences with construction and bonds. The Board agreed that a workshop is needed to look at all of the factors involved in decisions about the major hospital remodel project and the bond needed to finance the project. It was decided to hold a workshop (special Board meeting) on Monday, August 4, 2008, time to be determined.

C. EMS Coupeville Project Postponement

Joe Vessey, Chief Financial Officer, stated that a motion was needed for accounting principles to postpone the Coupeville EMS project. This project will be done at a later time. Expense planning

costs will be expensed in 2008. After discussion, Commissioner Miller made a motion, seconded by Commissioner Schoenknecht to postpone the Coupeville EMS project at this time. Motion carried.

D. EMS Capital Requisition (Ambulance)

Joe Vessey, Chief Financial Officer, reported that there were two ambulances budgeted for purchase in 2008. The company providing the ambulances is backlogged, and the ambulances will not be received until 2009. Mr. Vessey stated that \$255,000 will be capitalized for ambulance purchases in 2009. Commissioner Miller made a motion, seconded by Commissioner Wallin to approve capitalizing \$255,000 in 2009 for ambulance purchases as requested. Motion carried.

E. Fixed Asset Capitalization Policy Revision

Commissioner Zaveruha made a motion, seconded by Commissioner Wallin to approve changes as presented (raising limit from \$1,000 to \$5,000) on the Capital Budgets and Authorized Purchasing Limits policies as recommended by the Finance Committee and presented by Joe Vessey, CFO. Motion carried.

Board Items

A. Process for South Whidbey Hospital Commissioner Selection

The Board discussed the process for replacing Commissioner Schoenknecht on the Board. The person will be selected by committee, and the position will be placed on the ballot in November of 2009 per regulations (RCW 70.44.045; RCW 42.17.070(1); RCW 29A.04.330). Names have been received of people interested in filling the vacancy. President Case and Commissioner Wallin will meet to make a list of commitments, and will also meet with Trish Rose, Community Relations manager, to get an announcement in the newspaper and on the hospital website. Interested parties should submit a letter of interest, and interviews will be held.

Staff and Status Reports from Administration

Administration Report

Scott Rhine, CEO stated that there was not a written Administrator's report for this meeting. Focus has been on anesthesia and general surgery. A general surgery candidate, Elizabeth Tucker, M.D., has been signed, and will be here from September, 2008 to March, 2009. She will come here as a locum tenens, and if things work out, may stay on long term. She met with Dr. Zaveruha, Dr. Outlund and Dr. Bibby, and spoke on the phone with Dr. Koo. Dr. Tucker has spent the last seven months in Arizona, and is well thought of at the hospital where she is finishing up a temporary assignment. She has also worked in hospitals in New York and Philadelphia.

Mr. Rhine reported that work continues with anesthesia services, and commended Island Hospital anesthesiologists for stepping up with short notice to help with coverage.

Recruitment efforts continue with conversations with a couple on the island who are both physicians interested in part time work here. Mr. Rhine indicated he will have more to report on this at a later date.

Mike and Amy Picco are here, and excited to begin work. Mike is an orthopedic surgeon working with Dr. Livermore at Whidbey Orthopedic Surgeons, and Amy is a family practitioner working at Whidbey Community Physicians.

Tom Tomasino, Chief Operating Officer, reported that the Bayview EMS project is currently in the permit process with the County, which is expected to take 3 ½ weeks. The bid walk through will be in September, bid opening September 15, 2008, two days to review the bids and notice to proceed with construction October 1, 2008.

Mr. Tomasino reported that the Whidbey General South user groups went well, and that this is back as a viable project with corrections made. The cost estimate for this project is expected sometime in August, 2008.

Jacque Scott, Chief Nurse Executive, reported that the Department of Health licensing survey recently completed, went well. There were no major deficiencies, and the process was very instructive.

The follow-up phone call program is working well, and will provide a full month of statistics for July. The person making the calls, Karen Looram, has exceeded every expectation, and is doing a great job. This has had a very positive impact on patients.

Interviews continue to be held for a pharmacy manager, and Ms. Scott reported that a decision point is close.

The last three meetings with the Surgery Adhoc Committee have produced a number of ideas and a vast amount of input from staff.

Ms. Scott also reported that the collaborative has done a lot of work and will be providing education for surgery managers on critical thinking and critical management. The educator coming here is very experienced and will spend two days here and two days at United General in Sedro Woolley.

Carolyn Pape, Human Resources Director, talked about the student intern program we have at the hospital. There are currently six interns here, three paid for by grants and three funded by the hospital. They are in Lab, Diagnostic Imaging, Med/Surg, Food Services and two in Rehab Services. They are paid minimum wage for eight weeks, and work thirty-two hours per week. Most of the interns have gone on to get degrees, and although none have yet come here to work, Carolyn is confident that this will provide a good source of employees as the program continues.

Mr. Rhine reported that he would get more information on the rural healthcare clinic issues for a future meeting.

Joe Vessey, CFO, reported that May was a great month. Levy money was received. Cash is at 46 days, with a goal of 60 days. AR days are at 49, meeting the goal to be under 50 days. Gross accounts receivable are reserved at 56%. Moss Adams requested that bad debts be reviewed, which may make for further adjustments – a study is in progress. The current ratio is 1.8. Inpatient daily census is 16.5, with 84% of those being government payors. There is a slight decrease in commercial volume, which impacts contractuals. Champus is 1/10th of the hospital's volume. Expenses are on budget for May. The bottom line is a positive \$645,000 with a 10.57% operating margin for the month of May.

Year to date gross revenue is 1.6% under budget. Inpatient volume is down, and outpatient volume is on budget. Expenses are good, with staff doing a good job and Frank Hemeon, Controller, helping by reviewing expenses with managers. The bottom line for the year to date is a positive \$2.86 million with an operating margin of over 10%. Mr. Vessey noted that good contracting, an increase in outpatient volumes, and charge master increases were all contributing to the positive bottom line. June volumes show decreases for inpatient and outpatient volumes, and Mr. Vessey is not expecting as favorable a month for financials.

Critical Access and Emergency Department Report

There were three diverts in May for a total of twenty-two for the year. The Emergency Department continues to see a high number of TriCare patients, with 309 TriCare patients seen in June.

Review of Dashboard Report

Mr. Rhine commended the Admin Team for being instrumental in achieving 95% on completed staff evaluations. There is a process in place to ensure this compliance continues.

Administration will strive to have data from the follow-up phone call program on next month's dashboard report.

Tom Tomasino will be meeting with Shannon McDonnell and Katie Carr regarding meaningful numbers for infection control rates. Measurements for re-admits are also being reviewed.

Consent Agenda Items:

A. Commissioner Miller made a motion, seconded by Commissioner Wallin to approve the write offs for June in the amount of \$282,055.11. 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 Wallin to approve vouchers #116212, #116234 in the total amount of \$9,204.66. 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 Miller made a motion, seconded by Commissioner Wallin to approve vouchers #115464 to #116245, #1429 to #1455, excluding #116212 and #116234 in the total amount of \$5,272,416.80. Motion carried with all commissioners present voting.

There being no further business, the meeting adjourned at 7:52 p.m.