



**Board of Commissioners
Meeting Minutes
Linkletter Hall
March 21, 2012**

At 5:00 pm, the meeting was called to order by Board President John Miles, MD and immediately moved to executive session to discuss collective bargaining by authority of RCW 42.30.140(4)(b) and litigation by authority of RCW 42.30.110 (1)(i) in the Fairshter Room for fifty minutes.

At 6:00 pm, the meeting was continued in Linkletter Hall and was opened with the pledge of allegiance. Present were Commissioners Jean Hordyk, Jim Leskinovitch, John Nutter, and Tom Oblak; CEO Eric Lewis; CMO Scott Kennedy, MD; CFO Julie Rukstad; CNO Lorraine Wall; CHRO Richard Newman; Assistant Administrator Rhonda Curry; Legal Counsel Craig Miller; and Executive Assistant Gay Lynn Iseri. Commissioners Beitzel and Cammack, and Administrative Director Donna Davison were excused.

CONSENT AGENDA

- a. Minutes for February 15, February 28, and March 7, 2012;
- b. Bad Debt for the Month of February 2012 in the amount of \$498,656;
- c. Vouchers for the Month of February 2012 in the amount of \$5,204,929.72; and
- d. Payroll for the Period of February 5, 2012, through March 3, 2012 in the amount of \$3,412,012.17.

MOTION: To approve the consent agenda as presented. *Motion carried unanimously.*

MEDICAL STAFF REPORT – Madeleine Harrington, MD, chief of staff

Dr. Harrington then requested approval of the medical staff credentials report for February 2012.

ALLIED HEALTH PROFESSIONAL STAFF

Appointment to the Allied Health Professional Staff:

1. Babcock, Travis, PA-C Orthopedics – OMP Orthopedic Clinic
Supervising physician: Loren Larson, MD/Keith Ure, MD

Reappointment to the Allied Health Professional Staff:

1. Minor, Lynda, ARNP Wound Care and Ostomy

MEDICAL STAFF

Extension of Provisional Courtesy Medical Staff:

1. Niemeier, Agnieszka, MD Dermatology

Appointment to Consulting Medical Staff:

1. Fortna, Ryan, MD Pathology

Reappointment to the Active Staff:

1. Baker, Margaret, M. MD Orthopedic Surgery
2. Bundy, Charles A., MD General Surgery
3. Corn, Joe B., MD Internal Medicine
4. Gipe, Robert K., MD Internal Medicine
5. Lewis, Peter D., MD Family Medicine

Reappointment to the Administrative Staff:

1. Locke, Thomas H., MD Family Medicine

Reappointment to Courtesy Medical Staff:

1. Thompson, Paul B., MD Dermatology
2. Wilson, Steve, MD Family Medicine

Resignations from the Medical Staff:

1. Christiansen, Patricia, PA-C Resignation effective January 20, 2012
2. Brown, Jennifer A. ARNP-CNM Resignation effective March 31, 2012

LOCUM TENENS PRIVILEGES GRANTED – FYI

1. Hart, Ninette, MD Anesthesiology
2. Reeves, William, MD Medical Oncology

MOTION: To approve the Medical Staff recommendations for February 2012 as presented. ***Motion carried unanimously.***

QUALITY REPORT

Focus on Satisfaction – Richard Newman, chief human resource officer

The quarterly report on satisfaction was presented as attached. Items of focus include: Would patients recommend the hospital; would patients recommend the Home Health Agency; overall rating of emergency department; overall rating of the emergency department doctor; overall rating of emergency department nursing care; and keeping family or friends informed of patient status.

FINANCIAL REPORT – Julie Rukstad, chief financial officer

The fourth quarter 2011 and year to date February 2012 report was presented as attached. Sixty percent of operating revenue continues to go toward salaries and benefits. At the end of 2011, district benefits as a percentage of salaries came in at 31.4 %, mainly because of health benefit premiums increasing 14% last year, or \$1.4 million. The percentage of revenues of purchased services and supplies came in at 24.6%. The fourth quarter 2011 statistics were presented in

comparison to the same period in 2010. 4th quarter 2011 compared to same period prior year. Radiation oncology procedures were up 30% primary due to the new linear accelerator. Statistics were compared for the first two months of 2011 or 2012, and even with one extra day this year in February, adjusted patient days came in at -6%. The 2011 district operating results for quarter four showed an operating loss of \$91,000, and the first two months of 2012 showed a variance of -\$171,000 net revenue. District total margin over the past ten years came in at a 1.1% total loss. Accounts receivable days are now at 53 days.

PUBLIC COMMENT

Bill Kildall, member of Clallam County Quality Care Coalition, spoke about improving access to hospital governance information.

David Kruth, realtor, spoke in support of the board for maintaining quality medical care during tough economic times.

Sarah Garrett, patient access services employee, spoke in support of declaring impasse during recent negotiations and approving the agreement.

Mark Fischer, MD, member medical executive committee at large, read a letter in support of the board and administration from the medical staff leaders.

Anita Weems thanked the board and chief executive officer for the washing machine in the laundry department that replaced the old one purchased in the 1975's.

Mic Sager, OMC compliance officer, thanked the board for implementing a fair contract and not entering into binding arbitration.

Melinda Smithson, employee, spoke in appreciation of having a job knowing administration and the board are avoiding layoffs, while treating all employees fairly.

Dick Pilling, public member, spoke about small businesses making less each year, union members getting raises every year, and the burden businesses face with increased costs that accommodate union demands.

Dan Gase, realtor, stated biggest asset of any community is quality medical care and commended the board for ensuring the hospital doesn't become another vacant building in Port Angeles during these difficult economic times.

Krys Gordon, public member, stated this was the finest group of commissioners in twenty years, and who have stepped up to the plate to ensure the community has affordable existing health care.

Cathy Price, human resource manager and corporate officer at Nippon USA, spoke in support of board decisions and acknowledging the difficulty of conducting union negotiations in public.

Kaj Alberg, public member, said the demands of the union on OMC given the current economic environment are unfair if the affordable care act isn't repealed. The only way OMC can afford their demands is to ask for taxpayers to fund nursing salaries.

Tim Kelly, IBEW Local 997, spoke in support of the union as a proud union member.

ADMINISTRATOR'S REPORT – Eric Lewis, chief executive officer
Advocacy and Operations Update

Mr. Lewis spoke about current major challenges including the economy, rising costs, Medicare reimbursement, Medicaid and State program reimbursement, uncompensated care costs, health care reform beginning in 2014, regulatory requirements around electronic medical records, RAC, and a shortage in primary care providers.

He presented an update on the financial stability plan that included delaying the emergency department expansion by one year, reducing the 2012 capital by \$1 million, focusing on state and federal advocacy efforts, growing services, controlling expenses, focusing on the affiliation with the Swedish Health Network, and completing hospital benefit adjustments for all employees.

The goals of the plan are to maintain services for patients and the community, maintain a stable place of employment by avoiding layoffs and subcontracting, and keeping OMC a locally owned and operated entity. He reiterated the importance of having a locally elected board to make difficult decisions and setting difficult goals.

Medicare is currently paying 87% of costs to OMC. As of January 1, 2013, reimbursement will fall, and 2014 will bring even lower levels of reimbursement. An advocacy trip to DC is scheduled to meet with leaders in May. At state level, the budget has yet to be finalized. The only given is OMC will receive less than it did in 2012 from the state. Medicaid makes up 15% of OMC patients, and only pays 53% of our costs, with more cuts anticipated in soon.

The affiliation with the Swedish Health Network is going well and work is being done to provide more clinical services locally, including cardiology, neurology, sleep medicine and telemedicine. Epic EMR will bring many cost efficiencies.

OMC officially joined the Washington State Hospital Association's Partnership with Physicians that follows ten safety strategies and reduces hospital readmissions by 20% as compared to 2010.

An update on the strategic plan, including quality, patient safety and satisfaction, community relationships and organizational performance will be presented at the next business meeting.

Mr. Lewis also noted the 8th and Cherry Primary Care clinic is now open to expand availability of primary care services. A new washer has been installed to replace the old washer that was at the end of life. He thanked the laundry employees who always ensure the highest quality for patients. Lastly, he noted a letter from Washington State Auditor Brian Sonntag, commending OMC in its commitment to accountability as demonstrated for the past twelve consecutive audits without a finding while protecting public dollars by assessing risks related to waste, misappropriation and abuse, and taking action to prevent or detect such issues.

Commissioner Leskinovitch addressed the audience stating advocacy efforts are needed to fix Medicare. He urged everyone to phone, write, and email legislators to elicit a change.

NEW BUSINESS

Auxiliary Bylaws – Kathy Coombes, volunteer coordinator

The bylaws that govern the non-profit organization that manage the gift shop were summarized as noted in the packet. Formal approval of the revised bylaws will be sought at the next meeting. All the proceeds earned from the gift shop go directly back to the hospital for needed equipment. Ms. Coombes introduced Connie West, new auxiliary president, who invited new members to join the auxiliary.

HealthStream Agreement – Richard Newman, chief human resource officer

Approval of the budgeted three-year contract with Healthstream to provide competency modules to meet Joint Commission competency requirements was presented. Continuing education units are required and available for any employee can take on an annual basis required to keep current.

MOTION: To approve the three-year HealthStream Agreement for the annual cost of TWENTY THREE THOUSAND TWO HUNDRED THIRTY TWO DOLLARS AND THIRTY CENTS (\$23,232.30) plus tax as presented. ***Motion carried unanimously.***

Telemedicine Grant – Sean Johnson, information technology manager

The grant applied for in April 2011 was awarded to OMC in the amount of \$113,466. OMC will become the hub for teleconferencing to outside locations from Neah Bay and the I-5 corridor and will be required to show an equal amount of in-kind expenditures. They have been itemized in the attached presentation. Three solutions were reviewed, an RFP was issued in February, and the bid was awarded to AVI-SPL. More information will be presented at a future meeting.

Software Licensing Agreement – Sean Johnson, information technology manager

Pricing is negotiated with Microsoft and State of Washington for software licenses for a budgeted three-year agreement. The licensing model includes 650 desktops covering the virtual server operating system, and virtual SQL database licensing. As technology is improving, costs will double as of April 2012 based on a new pricing structure. OMC would save \$40,000 per year, or a total of \$120,000, if this purchase is locked in before April 1.

Board discussion ensued, and even though this purchase had not been previously reviewed by the Board Budget, Audit and Compliance Committee the committee voiced recommendation to approve this agreement to save the district a considerable amount of money.

MOTION: To approve the three-year Microsoft Desktop, Server, and SQL Licensing Agreement for the total annual cost of TWO HUNDRED THIRTY TWO THOUSAND NINE HUNDRED DOLLARS AND NINE CENTS (\$232,900.09), as presented. **Motion carried unanimously.**

Surplus Property – Julie Rukstad, chief financial officer

As an ongoing effort to dispose of old equipment primarily in the information technology department, Ms Rukstad requested approval of the surplus property that had been completely depreciated or scrapped. Also of note, the list included the old laundry washer.

MOTION: To approve the property listed as surplus on pages 56-57 of the board packet as presented. **Motion carried unanimously.**


Commissioner Hordyk thanked staff for their work at the recent annual home show, under the theme of “Bone Improvement”.


There being no further business the meeting finally adjourned at 7:29 pm.

APPROVED AND ADOPTED this 18th day of April, 2012.

ATTEST:


Secretary

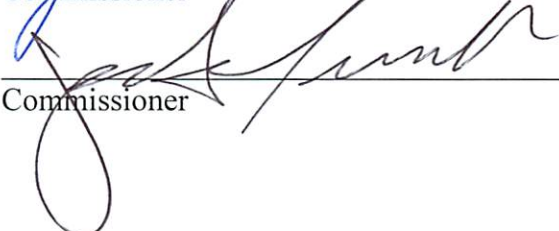

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