



**Board of Commissioners
Meeting Minutes
Linkletter Hall
October 19, 2011**

At 5:00 pm, Board President Jim Cammack called the special meeting to order in the Wendel Room at Olympic Medical Center. The meeting was immediately moved to executive session by authority of RCW 42.30.140(4)(a) to discuss collective bargaining, RCW 42.30.110(1)(g) to discuss personnel matters, and RCW 42.30.110(1)(i)(ii) to discuss potential litigation.

Present were Commissioners John Beitzel, Arlene Engel, Jean Hordyk, Jim Leskinovitch, John Miles, MD; CEO Eric Lewis; CMO Scott Kennedy, MD; CFO Julie Rukstad; CNO Lorraine Wall, CHRO Rich Newman; Assistant Administrator Rhonda Curry; Legal Counsel Craig Miller; and Executive Assistant Gay Lynn Iseri. Commissioner Nutter was excused.

The executive session concluded at 5:55 pm. At 6:00 pm, the meeting continued in Linkletter Hall, called to order and was opened with the pledge of allegiance. Commissioner Nutter joined the meeting.

CONSENT AGENDA

- a. Minutes for September 21, 2011 and October 5, 2011;
- b. Bad Debt for the Month of September 2011 in the amount of 586,102.61;
- c. Vouchers for the Month of September 2011 in the amount of \$5,574,847.10;
- d. Payroll for the Period of September 4 through October 1, 2011 in the amount of 3,473,900.28.

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

PUBLIC HEARING PROPOSED REDISTRICTING PLAN

Commissioner Cammack opened the public hearing and asked for any comment on the proposed redistricting plan that was presented by legal counsel and approved by a board ad hoc committee for adoption. As there was no comment received from the public, the hearing was closed.

MOTION: To direct legal counsel to draft resolution redistricting the precincts in Clallam County Public Hospital District #2 for consideration at the next meeting. *Motion carried unanimously.*

PUBLIC COMMENT

- Jeana Hutton, RN, spoke about negotiating a fair contract.
- Mary Reynolds, RN, requested negotiations get back to the table.
- Marion Honeybee Burns, SEIU 775NW, spoke in appreciation of nurses.
- Nelson Cone, retired union member, spoke about union negotiations, benefits and wages.
- William Grimes, inquired about buying poor quality supplies from Swedish's buying group.
- Tim Kelley, IBW Local 997, spoke about retaining employees and a good wage and benefit package.

SWEDISH HEALTH SERVICES AFFILIATION AGREEMENT

Chief Executive Officer Eric Lewis discussed the proposed affiliation agreement with Swedish Health Services stating the agreement was identical to the one presented at the previous meeting except the annual fee of \$120,000 will be evaluated after one year instead of three years, and then remain the same for the next three years. He reviewed the benefits of the affiliation including clinical services like neurology, sleep medicine, cardiology, endocrinology; treatment and transfer protocols; affording EPIC for electronic medical records; buying group to purchase supplies at the same or better quality standards; accountable care organization for Medicare to accept alternative ways of payment; and other support services. He stressed the agreement was still a contractual relationship similar to telestroke and neurology, and that OMC would be first member of Swedish Health network.

MOTION: To approve Resolution 445 – Approving the Affiliation Agreement with Swedish Health Services as presented.

Discussion: Commissioner Engel noted the importance of keeping the hospital local under the leadership of Eric Lewis, and is pleased to be able to offer new services locally. Commissioner Miles spoke in favor of the affiliation with a well respected partner stating larger groups are necessary because of the change in payment systems. Commissioner Beitzel stated Accountable Care Organizations could turn into an insurance company and OMC needs to be connected to something bigger to remain independent. Commissioner Nutter stated due to health care reform and reductions in reimbursement, we need to be a part of something bigger, to remain locally controlled and find efficiencies to keep our doors open. Commissioner Leskinovitch stated EPIC EMR is an important factor as they would not sell the product to a small hospital like us. Commissioner Hordyk noted OMC is being watched carefully by other hospitals in the state as we are the first to engage in this sort of affiliation. The whole board, administration and physicians were involved in this process and it's important to keep up with the rest of the industry.

SWEDISH HEALTH SERVICES AFFILIATION AGREEMENT (continued)

Commissioner Cammack commended the work of Eric Lewis, Camille Scott from Forks Community Hospital and Mike Glenn from Jefferson Healthcare for their collaborative work moving this process forward with the common theme of continuity of care and the patient returning home to their own primary care physician. He stated this will be the umbrella agreement that will open the door for other agreements with Swedish.

Motion carried unanimously.

MEDICAL STAFF RECOMMENDATIONS - Chief of Staff Harry Lyndes, MD

Dr. Lyndes requested approval of the following September 2011 credentials report:

ALLIED HEALTH PROFESSIONAL STAFF:

Extension of Provisional Allied Health Staff:

1. Christiansen, Patricia, PA-C Orthopedic Surgery

MEDICAL STAFF:

Appointment to the Provisional Active Staff:

1. Yee, Henry, MD Orthopedic Surgery

Reappointment to the Active Staff:

1. Howarth, Stephen, MD Anesthesiology

Appointment to the Active Staff:

1. Yelland, Grace, MD Pediatrics – Provisional period complete

Appointment to the Provisional Telemedicine Staff:

1. Deuel, Thomas, MD Neurology - Swedish

Extension of Provisional Telemedicine privileges:

1. Malik, Amer, MD Neurology

Resignation of Privileges:

1. Likosky, William, MD Neurology – Expiration of privileges 9/15/11

LOCUM TENENS PRIVILEGES GRANTED – FYI:

1. Ambrose, Anton, MD OB/GYN
2. Reeves, William, MD Medical Oncology

MOTION: To approve the September 2011 medical staff credentials report as presented. *Motion carried unanimously.*

Proposed Medical Staff Bylaws Amendment

Dr. Lyndes presented the changes in Article 3, medical staff categories, to credential those who need to be while bringing new physicians into the fold.

MOTION: To approve the medical staff bylaws amendment as presented.
Motion carried unanimously.

Proposed Revisions to Medical Staff Governance Policies

Dr. Lyndes presented revisions due to the two year review criteria for MS G9, Credentials / Quality Assessment Files (Revised), MS G16, Practitioner Health and MS G 22, DEA Registration Expiration.

MOTION: To approve the revisions to the medical staff governance policies as presented. ***Motion carried unanimously.***

Proposed Revisions to Medical Staff Privilege Forms

Dr. Lyndes presented revisions to the Family Medicine Privilege Form (Low Volume Providers), Internal Medicine Privilege Form (Low Volume Providers), AHP Physician Assistant Scope of Practice Form, and AHP ARNP (General / Non ED) Scope of Practice Form, including the change in verbiage regarding the administration of the hematoma block for the AHP Physician Assistant Scope of Practice Form, which was sent back to committee for clarification due to the request of Commissioner Miles.

MOTION: To approve the revisions to the medical staff privilege forms as presented. ***Motion carried unanimously.***

QUALITY REPORT

Focus on Quality – Lorraine Wall

As the past report was done in July, there was no new change in the data to share this time. Instead, Ms. Wall presented an update on the Swedish TeleStroke program that has been in place for the past year. She discussed the importance on focusing on stroke treatment and critical timing to save the brain. She noted the Swedish TeleStroke program has been very successful at OMC with 24/7 availability of neurologist consultation, an 11-member stroke team, real time evaluation of patient and test results, help developing algorithms to improve timing and staff training. Community education regarding prevention, identifying risk factors, collaborating with EMS and acute treatment option were discussed and she presented volumes since the inception of the program. See attached presentation.

FINANCIAL UPDATE – Julie Rukstad, Chief Financial Officer

Ms. Rukstad presented third quarter 2011 results that indicate good numbers year to date. Highlights were supplies that were mainly chemo drugs; year to date 1.9% total net margin; total salaries as percentage of net revenue was slightly over 59%; total A/R days was 49 days; and

cash on hand was 95 days; uncompensated care was up to \$9.4 million annualized for 2011. The unknowns regarding financial reimbursement remain very scary. She reviewed debt to capitalization noting OMC projects are funded this way. OMC remains at 15%, while the national average is 31% debt to capitalization. See attached presentation.

OLD BUSINESS

UFCW 21 Union Agreement – Rich Newman, Chief Human Resource Officer

Mr. Newman announced the final union contract with UFCW 21 for Support Services has been settled. Negotiations were timely, collaborative, and productive resulting in a fair contract for all parties involved.

MOTION: To approve the three year UFCW 21 Support Services contract as presented. *Motion carried unanimously.*

ADMINISTRATOR'S REPORT – Eric Lewis, Chief Executive Officer

Operations and Union Update

Mr. Lewis commended the work achieving 49 days A/R. The planned ED expansion is underway using long term debt. The year to date net income was budgeted for 2% and we are currently at 1.9% largely due to improvements at the cancer center with the Varian TrueBeam, the orthopedic surgery clinic in Sequim and expense management. Retaining local services to help our patients also increases our revenues.

Mr. Lewis announced all UFCW 21 bargaining units have settled including Home Health with 49 employees, Pro/Tech with 198 employees, and Support Services today with 127 employees. Negotiations took two to three months, with both parties focusing on a win-win agreement. Retirement is moving to 5% with a 2% match for these employees, and management will follow this change that is closer to market. The goal was to avoid subcontracting and layoffs which would be a positive for patients, the community, employees and OMC.

OMC will continue to work diligently with SEIU to settle a fair contract and remain in mediation. The offer is similar to the UFCW agreement. SEIU continues to negotiate throughout the state with Swedish, Yakima, and Providence St. Joes. Economics make this negotiations session more challenging as in the past.

There has never been so much uncertainty regarding reimbursement. The state budget has never been so challenged with potential cuts to programs that will negatively impact OMC nearly \$5 million per year. Elected officials will meet with OMC representatives soon. Further cuts will not be good for this community as 55% of the patients are Medicare.

The 2012 budget was very difficult to plan. Revenue projection is impossible and volumes are difficult to forecast with the possibility of more uninsured patients presenting if the state's basic health plan is eliminated. The medical staff budget committee has been busy determining priorities given this difficult budgeting period. Approximately \$20 million in expenditures were requested, with less than half being approved.

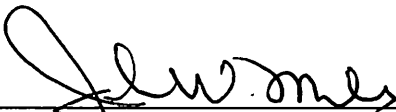
The Swedish Affiliation will change issues including buying group, clinical services and installing and planning the EPIC installation. Medical staff input was received and included in the plan, as the planning environment has changed quickly. Because of all the state and federal uncertainties, this was a very difficult plan to develop. The 2012-2014 Strategic Plan will include language changes because of this affiliation agreement.

On a positive note, OMC Foundation donations of \$56,225.99 will be used to purchase a pinpoint cranial radio surgery system for the cancer center that will help provide services locally. See attached presentation.

There being no further business the meeting finally adjourned at 7:28 pm.

APPROVED AND ADOPTED this 16th day of November, 2011.

ATTEST:



Secretary

Commissioner


Commissioner




President



Commissioner



Commissioner



Commissioner