



**Board of Commissioners
Meeting Minutes
Linkletter Hall
September 1, 2010**

The meeting was called to order at 6:00 pm by Board President John Beitzel in Linkletter Hall at Olympic Medical Center and was opened with the pledge of allegiance. Present were Commissioners Jim Cammack, Arlene Engel, Jean Hordyk, Jim Leskinovitch, John Miles, MD and John Nutter; Chief Executive Officer Eric Lewis; Chief Medical Officer Scott Kennedy, MD, Chief Financial Officer Julie Rukstad, Assistant Administrators Rhonda Curry, Chief Nursing Officer Lorraine Wall, Administrative Director Donna Davison; Legal Counsel Craig Miller; public members and Executive Assistant Gay Lynn Iseri.

Board President John Beitzel opened the meeting by noting many major aspects of the health care delivery system are evolving quickly. OMC must maintain the best patient care while adhering to these changes and issues. He commended Chief Executive Officer Eric Lewis and his team who are obligated to develop a Strategic Plan to remain viable entity.

OMC'S MAJOR CHALLENGES AND PROPOSED FUTURE DIRECTION

Chief Executive Officer Eric Lewis discussed OMC's major challenges including reimbursement cuts, employees not affording the cost of health care, increasing deductibles, higher out of pocket costs, the health care reform bill, increased number of Medicaid patients, and the issue of electronic medical records creating challenges for hospitals because of the future Medicare cuts. He stated OMC's major goals are to remain locally controlled and financially viable delivering local services. The Strategic Plan's eight strategies for financial viability were reviewed and he addressed the following six proposed actions:

1. Regional planning with Jefferson Healthcare and Forks Community Hospital has been occurring for three years with the proposed name of North Olympic Peninsula Healthcare Collaboration.
2. A Request for Information was sent out to develop a tertiary medical center affiliation as an option for patients to partner for services we don't offer locally. Clinical services, EMR, healthcare reform and strategic vision will be a focus.
3. The correct system for electronic medical records and the future for primary care, wellness focus, and accepting global payments are being addressed with regional cooperation critical. An option would be to use the same system of our tertiary partner.
4. Lean process improvement will be critical to our future. Employees are being trained promoting greater employee satisfaction and making a difference for our patients.

5. Living within our means will become more of a focus by increasing revenues through advocacy for adequate reimbursement for patient care in our community, increasing business locally, and controlling expenses based upon revenue changes. Job security will be focused upon with little or no raises in order to avoid layoffs and capital investments will be crucial to maintain high quality of equipment for patients.
6. Creating an accountable care organization and positioning ourselves through EMR and a tertiary partner will be important as OMC is at the bottom 10% in Medicare reimbursement levels. Ninety percent of hospitals are being reimbursed more for the same work. The focus is primary care and wellness.

REVISED ORGANIZATION CHART

Mr. Lewis presented the revised organization chart for approval. Direct reports to the CEO position were reduced from eight to six to create a more efficient and effective administrative lead team (ALT). The OMP POC was added to the chart; Information Technology and Clinical Informatics were moved under the Chief Financial Officer; Risk Management was moved under the Chief Human Resource Officer but remains at the ALT level; the Cancer Center moved under the Assistant Administrator of Strategic Development; the Chief Medical Officer will focus solely on CMO duties; Home Health will report to the Chief Nursing Officer and Olympic Medical Physicians will report directly to the CEO instead of the CMO. The positions of Assistant Administrator Specialty Services and Chief Technology Officer were eliminated.

MOTION: To approve the revised Organization Chart as presented.

Discussion: The Board commended the CEO for these changes. **Motion carried unanimously.**

EMERGENCY DEPARTMENT CODING CONTRACT

Compliance Officer Mic Sager introduced a coding contract for the emergency department. Three different coding systems for inpatient, outpatient and cancer center all have to tie together. This new coding system will increase total reimbursement levels through the emergency room. The cost of the contract with Lynx will be \$4.65 for every emergency room visit, or approximately \$125,000 ongoing with a \$6,000 implementation fee. Estimated increased reimbursement could be up to \$800,000. Formal approval will be sought at a future meeting.

SOFTWARE FOR LAB

Dr. Scott Kennedy, CMO introduced a contract for lab software with OuterWare that would meet the Medicare requirements for medical justification. It would be upgraded and paid for in 2010 and 2011 and negotiations are underway for the final contract with Atlas Labworks. Patient information would be entered by the physician creating accurate billing information and justification for the order. The patient will be able to access any draw station and the information from the originating clinic would be available. Phase two will interface with Meditech at the cost not to exceed \$380,000 dollars. Formal approval will be sought at a future meeting.

Quality Reporting Summary – Dr. Scott Kennedy, CMO

As required by the Joint Commission for leaders to be aware of data reporting, the Executive Quality Council meets monthly with three subcommittees of quality, safety and satisfaction to collect this data. It was noted this frequency schedule for reporting may be modified at any time.

MOTION: To approve the quality reporting frequency schedule as presented.

Discussion: Data retrieval will be streamlined by Quality Support Services. **Motion carried unanimously.**

BIOMED AND DIAGNOSTIC IMAGING MAINTENANCE CONTRACT

Deby King, Director of Diagnostic Imaging and Kathi Pressley, Director of Materials Management introduced a 5 year contract that would cover all medical equipment except beds and all diagnostic imaging equipment except ultrasound and mammography. Masterplan offered the best contract with a 5-year savings of over \$200,000 per year, or a million dollars over the life of the contract for a total of \$894,000 per year plus tax effective 1/1/2011. Formal approval will be sought at a future meeting. See attached information.

REVISED PHYSICIAN EMPLOYMENT AGREEMENT

Julie Rukstad, CFO introduced a revised physician employment agreement with Dr. William Hobbs who agreed to the standardized agreement and is based on the guaranteed compensation of 25% of MGMA with incentive program with a threshold. The final contract will be brought back to a future meeting for formal approval.



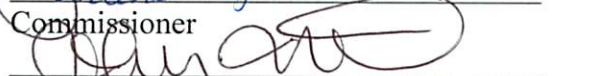
2011 BUDGET AND 2011-2013 STRATEGIC PLAN UPDATE PROCESS AND TIMELINE

Julie Rukstad, CFO and Rhonda Curry, Assistant Administrator Strategic Development presented a brief calendar update for budget planning and community forum schedules for Sequim and Port Angeles.

There being no further business, the meeting was adjourned at 7:17 pm.

APPROVED AND ADOPTED this 15th day of September, 2010.

ATTEST:


Secretary

Commissioner

Commissioner


President

Commissioner

Commissioner

Commissioner