

September 9, 2013

The regular meeting of the Board of Commissioners of the Whidbey Island Public Hospital District was called to order at 5:03 p.m. by Board President, Anne Tarrant. Present were President Tarrant; Commissioner Wallin; Commissioner Gardner; Commissioner Cammermeyer; Commissioner Fey; Chief Executive Officer, Tom Tomasino; Chief Financial Officer, Terry Litke; Chief Operating Officer, Hank Hanigan; Chief Nursing Officer, Linda Gipson; Chief Quality Officer, Teresa Fulton; Chief of Staff, Gabe Barrio, MD; Attorney, Dale Roundy; and several other hospital staff.

### **Points of Order**

None

### **Minute Approval**

President Tarrant called for a motion to approve the minutes of the August 12, 2013 regular Board Meeting. Commissioner Gardner made a motion, seconded by Commissioner Fey to approve minutes with one correction. Motion carried.

#### **Education**

Josh Lewis, Moss Adams presented slides for the next hospital audit report which included:

- o One proposed adjustment; Net impact and Consistency
- o No new significant accounting policy
- Net assets changed to net position
- o New standard next year with the bond
- o 2 new category in assets and deferred liabilities, refunding of debt, interest rate swap
- o No issues discussed
- $\circ\quad \text{No disagreements with management}$
- o Accounting estimates accounts receivable
- o 2012 favor shift for Medicaid, changes always reported
- o Total assets and growth from 2011 to 2012 capital assets are up
- o Days accounts receivables
- o Net assets growing, long term debt
- o Net possession declined since 2010, changes by net income.
- o Debt to capitalization 2012, should be 36%
- Capacity to borrow
- o Operating revenue and expenses
- o Operating margin -2008 to 2012
- o Consulting staff with Meditech has been brought down
- o Excess margin
- o Positive standpoint, conversion working well
- o Jump from low margins
- o Comparison D.O.H other hospitals in the area unaudited information
- Salaries and benefits

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President Tarrant thanked Josh Lewis for his presentation.

## Public Questions or Comments on Agenda Items

There were no public questions or comments on agenda items.



### **Quality and Patient Safety**

Teresa Fulton, CQO reported they have received many thank you notes from happy patients and families recently. The new Lost and Found program is finding misplaced items and consistently documenting in the medical record. A discharge reminder will be in Meditech to remind staff about belongings. GE Centricity is parallel testing this weekend. The meaningful use form is in electronic format and will help with core measures. Teresa Fulton, CQO thanked David Serle, Dr. Chris Bibby, Dr. Scheidt, Ken Stephens and Nino Olalia. Tom Tomasino, CEO stated the MIS department rebuilt the network and this implementation was brought on by our staff and they did a great job. Teresa Fulton, CQO stated GE Centricity has been great and very helpful through the implementation.

# **Medical Staff Report**

A. Chief of Staff Report

Dr. Gabe Barrio, Chief of Staff, presented the following active staff reappointments:

Patrice J. O'Neill, MD

Active Staff Reappointment

Commissioner Cammermeyer made a motion, seconded by Commissioner Gardner to approve

the active staff reappointments as presented. Motion carried.

Dr. Gabe Barrio, Chief of Staff, presented the following courtesy staff reappointments:

William A. Wien, MD Courtesy Staff Reappointment

Bryce C. Inman MD Courtesy Staff Reappointment

Ashok B. Shroff, MD Courtesy Staff Reappointment Sujata T. Agnani, MD Courtesy Staff Reappointment Rajesh Subramanian, MD Courtesy Staff Reappointment Peter D. Sutcliffe, MD Courtesy Staff Reappointment Alan DS Chan, MD Courtesy Staff Reappointment Mark D. Mavhle, MD Courtesy Staff Reappointment John D. McGowan, MD Courtesy Staff Reappointment Courtesy Staff Reappointment Sanjiv R. Parikh, MD

Commissioner Cammermeyer made a motion, seconded by Commissioner Gardner to approve

the courtesy staff reappointment as presented. Motion carried.

Dr. Gabe Barrio, Chief of Staff, presented the following consulting staff reappointments:

Thomas A. Deuel, MD Consulting Staff Reappointment Aaron N. Stayman, MD Consulting Staff Reappointment

Commissioner Cammermeyer made a motion, seconded by Commissioner Gardner to approve

the consulting staff reappointments as presented. Motion carried.

Dr. Gabe Barrio, Chief of Staff, presented the following active staff appointments:

Brian C. Tryon, MD Courtesy Staff Appointment Samantha C. Lancaster, MD Courtesy Staff Appointment

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

Dr. Gabe Barrio, Chief of Staff, presented the following allied health staff reappointments:

David W. Young, PA-C
Starla K. Smit, PA-C
Allied Health Staff Reappointment

Commissioner Cammermeyer made a motion, seconded by Commissioner Gardner to approve

the allied health staff reappointments as presented. Motion carried. Dr. Gabe Barrio, Chief of Staff, presented the following resignations:

Mary K. Meyer, MD Effective 07/23/213 Emergency Medicine



Dr. Gabe Barrio, Chief of Staff reported after much consideration the Medical Executive Committee (MEC) would like to move forward with negotiating a Hospitalist contract with Sound Physicians.

President Tarrant asked for a motion for approval to move forward.

Commissioner Cammermeyer made a motion, seconded by Commissioner Gardner to approve moving forward with Sound Physicians. Motion carried.

#### **Individual Items**

## A. Administrative Update

Tom Tomasino, CEO reported the Employee Appreciation TEA and STARS breakfast will be held on September 26 in Conference room A at 2:00 pm. Please come by and thank our employees for their years of service.

Hank Hanigan, COO reported we have recruited a Director of Pharmacy through Cardinal Health. Ken Martin will start on September 23 in training and Ken's first onsite day will be September 30. We have recruited a Lab Manager, Steve Lail. Steve has been here two weeks.

#### B. Resolution 338

Terry Litke, CFO reported resolution #338 is to secure a line of credit with Whidbey Island Bank. This line of credit will only be used, if needed, to help during Meditech issues with billing and coding, which are now almost resolved. This line of credit is not to exceed \$4,000,000 and is a Non-Revolving Line of Credit to provide funds to pay part of the maintenance and operation expenses for the hospital.

Commissioner Wallin recused himself from the vote because he owns stock (less than one percent) in the parent corporation of Whidbey Island Bank.

Commissioner Gardner made a motion, seconded by Commissioner Fey to approve resolution #338. Motion carried.

#### C. Surplus Properties

Hank Hanigan, COO reported we have received six appraisals, each from a different appraising company, for the three properties. We are asking for approved if we should sell. Commissioner Gardner asked to research each appraisal report. Hank Hanigan, COO is asking for approval to proceed with the sale step. Commissioner Gardner made a motion, seconded by Commissioner Cammermeyer to move forward with the sale of the Freeland and Oak Harbor properties. Motion carried.

# D. Nursing Update

Linda Gipson, CNO reported we recently had 70 of our nurse's attend a telestroke training program. We have also signed up with the Daisy Foundation to recognize nurses. The Daisy Foundation was created by a Whidbey Island family who lost son to the auto- immune disease ITP (Idiopathic Thrombocytopenia Purpura). During their son's time in the hospital they felt they wanted to recognize nurses for all their great care, inspiration and dedication. We will award two nurses each year with a Daisy award. Linda Gipson, CNO reported the Hospice program should be in place by November 3.

## **Board Items**

None

# **Staff and Status Reports from Administration**

## A. Administrator's Report

Tom Tomasino, CEO reported CAHs are under scrutiny once again as the government tries to sort out its finances at the federal level. In President Obama's budget proposal, cost reimbursement would decrease from 101% of allowed costs to 100% and a strict enforcing of a minimum 10-mile distance rule from another hospital to maintain status. However, the Office of Inspector General (OIG) just released their report on CAHs, recommending a strict enforcement of the original mileage rule (35 miles from another hospital) which would decertify 850 of the nations 1300 CAHs, including Whidbey General. They estimate the savings to the



Medicare program would be approximately 400 million per annum. On the financial side, we have identified many of the issues and have taken action to correct them. One issue was that many charges had not been entered into the system. Recently, every charge specialist in the hospital concentrated on entering charges without other distractions. Offsite coders have been added to code the charges, and the upload into the clearinghouse has been automated as of the 27th of August.

### B. Financial Report

Terry Litke, CFO reported there have been significant problems in certain areas of the Meditech system after go live we have had to make estimates in certain areas of revenues and expenses. Each day we are making progress in correcting some areas but it is a slow process. We have knowledgeable consultants in helping us to identify solutions to the areas needing improvements. Consequently these financial statements are based on estimates in many areas. July financial statements show a negative margin of (\$676,061) with a negative operating margin of (7.86%). This July loss is \$785,267 more than the budgeted positive July margin of \$109,206. The average inpatient census for July was 17.52, which was a 17% increase from the June average census of 14.97. Inpatient surgeries were 57 in July which was a 46% increase from the average monthly inpatient surgeries of 39 in 2012. Total outpatient volumes for July are not available as several departments have not reported yet due to conversion problems and departmental issues. Gross patient revenues were at \$15,847,337 which was over budget by 0%, or \$3,494. Operating expenses were over budget by \$667,368 or 9%. Total Salaries and wages and employment agency expenses were over budget by \$ 199,880 or 6%. Physician fees were over budget by \$150,887 or 32%. Professional Fees were over budget by \$56,420 or 33%. Supplies were over budget by \$293,317, or 38% and Depreciation expense was over budget by \$57,976 or 26%. The significant over budget expense areas for July are identified as follows: Salaries and wages were under budget by \$8,439; however Employment agency fees were \$207,536 over budget. The major over budget departments were Surgery \$53,442 over, Lab \$44,182 over, MedSurg; \$25,246 over, Emergency Room \$24,721 over, Pharmacy \$18,528 over, Physical Therapy \$17,614 over, Accounting \$13,834 over and Intensive Care \$9,087 over. Physician fees \$150,887 over budget. The major over budget departments were Surgical Providers \$88,003 over, and Hospitalists \$78,985 over. The major over budget departments were Health Information Management \$23,151 over, Pharmacy \$22,813 over, Administration \$14,716 over and Patient Accounts \$12,808 over. Supplies expenses \$293,317 over budget. The major over budget departments were Surgery \$143,309 and Pharmacy \$175,866 over. Depreciation expense was over budget due to the NWCC building not being included in the budget and shorter useful lives for assets placed in service in 2013. The Days Cash on Hand decreased from 26.6 in June to 10.5 in July. Days of Net Revenue in Receivables increased from 54.7 in June to 65.0 in July, which means we collected less than we had the previous month (This is due to the problems with charging correctly under the Meditech system, which have required a manual review of almost all claims before they could be billed). After 7 months in 2013 we have a negative YTD bottom line of (\$3,730,139) versus a budgeted negative YTD bottom line of (\$1,619,322), which is \$2,110,817 worse than budgeted YTD. (Note; The YTD loss reported in June was \$3,453,996 so when the July loss of \$676,061 was added to it the total YTD loss would be expected to be \$4,130,057. However, after the June financials were finalized it was discovered that some expenses were routing incorrectly and had been duplicated. Consequently, when these incorrect routings were discovered and corrected the YTD loss dropped by almost \$400,000.

#### C. Review of Dashboard Report

Tom Tomasino, CEO reported our numbers have slightly increased and we are working on these issues.



## **Consent Agenda**

### A. Approval of Monthly Write-Offs and Vouchers

Vouchers audited and certified by the auditing officer as required by RCW 42.24.080, 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 Cammermeyer made a motion, seconded by Commissioner Gardner to approve vouchers #171072 to #171709 and #3073 to #3093 in the total amount of \$6,680,730.25 Motion carried. Commissioner Cammermeyer made a motion, seconded by Commissioner Gardner to approve the Capital equipment vouchers for July in the amount of \$6,719.29 therefore the vouchers are approved for payment in the amount of \$6,687,449.54. Motion carried.

# Agenda Items for next Regular Board Session

President Tarrant reminded the board to have their answers for the 20 questions topic they are beginning.

### **General Public Comments**

Six community members spoke. Topics included:

Proposed bond; hospitalist's contract; clerical contract; current financial situation; potential overtures from hospitals to acquire Whidbey General Hospital.

Larry Eaton stated he would like the board to consider a new format to the agenda regarding public questions or comments about agenda items, to be moved after the agenda items are reviewed by the board. President Tarrant stated they will take the recommendation into consideration.

### Adjournment

There being no further business, President Tarrant called for a motion to adjourn. Commissioner Cammermeyer made a motion, seconded by Commissioner Gardner to adjourn the meeting at 7:02 pm, motion carried.