The regular meeting of the Board of Commissioners for Island Hospital was called to order by President Ely at 7:15 a.m. in the Cypress Room of Island Hospital.

Those present were Commissioners Lynne Lang, Ph.D., Chip Bogosian, MD, Paul Maughan, Ph.D., Jan Iversen, and Buzz Ely, MD Also present were Vince Oliver, CEO; Elise Cutter, CFO; Lois Pate, RN, CNO; Scott Harrison, MD, Chief of Staff; Anita McCoy, RN, MN, Director, Quality; Dennis Richards, Director, Community Relations; Kim Graf, Executive Assistant; Bernadette Stanek, Foundation Development Director, Dr. Mark Wenzel and Jeannette Papadakis, Anacortes School District, and Briana Alzola, Anacortes American.

Commissioner Ely opened the meeting by swearing in both Lynne M. Lang as Hospital District No. 2 Commissioner, Position 4 and Chip J. Bogosian as Hospital District No. 2 Commissioner, Position 5.

Commissioner Ely then held the Election of Officers for the 2014 Island Hospital Board of Commissioners elected positions. After discussion, Commissioner Maughan made a motion to approve the proposed nominations. Commissioner Lang seconded the motion. Commissioners Bogosian, Lang, Iversen, Maughan and Ely all voted aye and the motion carried. Commissioner Iversen was elected Island Hospital Board of Commissioner President; Commissioner Bogosian was elected Island Hospital Board of Commissioner Secretary.

Commissioner Iversen expressed her gratitude to the previous officers for their dedication and service to IH Board over the last year.

**CONSENT AGENDA:**

Elise Cutter noted that Resolution 1916 and 1918 are Fund Transfers and not Payroll Transfers.

After review, Commissioner Bogosian made a motion to approve the Consent Agenda. Commissioner Maughan seconded the motion. Commissioners Bogosian, Lang, Iversen, Maughan and Ely all voted aye and the motion carried.

**BOARD QUALITY & PATIENT SAFETY REPORT**

**Medical Staff Meeting Summaries**

**Emergency Room:** The Emergency Room is fine tuning documentation of patient records in order to avoid denial of payments when claims are filed. While the ER shifts from T System to EMR System, it has been determined that no additional staffing is needed to cover shifts while training is occurring therefore no additional expense is being incurred.

**Clinical Ethics** – IH is one (1) of five (5) sites that has been selected to participate in a research study in which the use of Vitamin substitutes will be studied in order to alleviate side effects of
patients on certain chemotherapy drugs. Commissioner Bogosian noted the importance of patient participation in research studies on drugs in order to improve the success rate of the drugs. It was noted that Denise Jones, RN is the new co-chair of the Clinical Ethics Committee for 2014. The Clinical Ethics Committee meetings have been switched to early morning so that more medical staff are available to come and participate on this committee. Vince noted that Chris Tobey, PhD. will replace Dr. Thompson on the committee as a representative from the mental health community.

**Department of Medicine**—Dr. Harrison noted that VTE Prophylaxis is now a standard of care. If VTE Prophylaxis is not used in treatment, physicians must now document why VTE Prophylaxis is not used. Dr. Harrison noted that two (2) types of restraints may be ordered: Behavioral and Safety. Order sets have been created for both types of restraints. Commissioner Iversen inquired about staff training for restraints. Lois noted IH does have violence/take down training provided to staff. Vince remarked that these situations are difficult to deal with and that more analysis is needed for take down training. The extension of security coverage appears to be the best solution in handling these situations.

Flu Vaccine—There is a new quadrivalent vaccine for 2014 Flu Season however it has been determined that the higher dose is not more effective; therefore IH will continue to trivalent dose. Vince inquired if IH could require all staff physicians to have the flu vaccine through an amendment to the Rules and Regulations or the By Laws. Dr. Harrison suggested this issue be discussed at next Med Staff meeting.

**Quality Management Review:**

Anita McCoy provided the Quality Management Review Meeting Summary:
The department continues to prepare for the DNV audit. This is an accrediting company that annually checks how well Island Hospital complies with CMS regulations. The ISO ensures that IH has a system of standards in place to ensure consistency within the hospital. To date, 92 Safety Walks have occurred throughout 2013. CORE Measures, Medical Records, Process Audits and Patient Tracers have also been reviewed. Administration will bring all the patient survey results pertaining to the Emergency Room to the next Team Health Meeting.

**FINANCE UPDATE:**

**Financial Statement Review:** Elise Cutter reported on the unaudited year end 2013 financial statements with the Committee and highlighted the following as significant items:

- **Patient Volumes**—Inpatient admissions for the year 2013 were 3,014 against a budget of 3,084 and 3,029 in 2012. The average daily census for the year 2013 was 28.6 patients compared to 27.6 budgeted and 26.1 for the year 2012, a 9.7% increase over the prior year. Surgery minutes for the year 2013 were 6.1% less than budget and 4.3% below the year 2012. Emergency Room visits for the year were 1% more than budgeted and 2.8% more than the year 2012. The total number of outpatient visits was 3.1% less than budgeted and 11.3% more than in 2012, physician clinic visits were 11.9% less than budgeted and 8.8% more than in 2012. Rural health clinic visits were 3.9% less than budget and 5.4% more than in 2012.

- **Balance Sheet**—The hospital collected $8.1 million in December and paid out $6.4 million which resulted in an increase of day’s cash on hand to 94.8 from 88.3 at the end of November. The days in Accounts Receivable deceased to 42.4 from 43.9 days at the end of November.
- **Net Revenue** – Net revenue for 2013 was $80.9 million with actual collection rate of 41.9% which was above the budgeted 41.4%. Bad Debt was 4.9% of net revenue compared to 4% in 2012. Charity Care was 2% of net revenue compared to 2.5% in 2012.

- **Operating expenses** – Total operating expenses are $1,313,000 under budget or 2%. The total number of year to date FTE's for 2013 were 523 which is 1 more than budgeted and 11 more than 2012. The Hospital recorded a net operating loss for 2013 of $817,000 or -1% versus the budgeted loss of $103,000 or -.1%. The total margin for 2013 is $383,000 versus budgeted excess of $1,055,000.

- **Summary for 2013** – Elise Cutter summarized the results for the year as being impacted by four things: 1) Volumes – down everywhere, but Surgery alone down 4.3% 2) Sequestration – since April, approximately $400,000 3) Urology – Support high as new providers brought in 4) Professional Fees – Some big non-recurring items such as the 2035 Strategic Plan, the Medical Use Overlay, Affiliation, Legal fees due to extended SEIU negotiations, and Surgery Consultants

Commissioner Lang noted that Finance Committee was very educational. Elise Cutter explained that the state and independent audits are required annually because IH receives tax dollars for operations.

No findings or written comments were reported from the state audit during the 2012 year. The auditors did recommend that IH develop district policies for the authorization of meals while not on travel, increase credit card monitoring and provide better clarification when an Executive Session is being held to ensure that counsel is present. Commissioner Lang shared that the independent audit team of CliftonLarsonAllen praised IH for their outstanding finance team reporting that only ten (10) percent (%) of hospitals within the state are able to prepare their own financial statements. Having an internal accounting system allows IH to save money and have current information readily available at all times to enable better decision making.

**STRATEGY UPDATE:**

**Psychiatry & Behavioral Health**- Dr. Backlund and a Nurse Practitioner have been hired to assist with the increased volume of patients in Behavioral Health Department. IH is expanding their Anacortes School District Intervention Program by adding another MSW to school for a half day per week to provide case management.

**Anacortes Family Medicine**- Currently searching for new physician to replace the retiring Dr. Stalsbroten.

**Wound Care Center**- Two candidates are currently scheduled for interviews to replace Dr. Versace. Dr. Versace has agreed to stay at IH through April for ensure better physician coverage during physician transition.

**Supply Chain**: Chris Matala continues to collaborate with PeaceHealth and Providence Health on a new a supply chain model. Pharmaceuticals will potentially and especially benefit from a new vendor.

**Surgery**- Optimization is becoming very noticeable. Optimization is even more critical if the Navy physicians join the IH staff. Block scheduling will be needed for them. A signed contract
has been sent to United Health and IH has received the Extended Resource Agreement from the Navy. IH is, now awaiting the Navy decision as to which hospital patients will be sent to for treatment. Vince extended a special thank you to Dr. Harrison for his efforts during the negotiation stages with the Navy. The future potential partnership with the Navy is still very unclear at this time and that it will take time to sort through all the details. It was noted that Charlene Gardner will be the Interim OR Director through March.

Commissioner Maughan asked that Ms. Gardner attend the next board meeting to be introduced.

**Clinics**- It has been determined that IH will not open an Orthopedic Clinic at this time. IH will engage local Orthopods in discussions as to how we will work together to better serve patients in the local area.

**MINS**- Physicians are using the system and realizing its importance.

**Central Registration**- Quantum Construction will be contractor for the project. Work will begin in March be completed in April or early May. Vince is very optimistic that patient scores will improve with this new system.

**OLD BUSINESS:**

**Healthy Aging Initiative**- Commissioner Bogosian reported that the Healthy Aging Committee has approached IHF and asked them to assist with funding for this program. If approved, IHF will commit a significant amount of funding for the $50,000 needed to develop this program. Commissioner Bogosian emphasized the importance of developing a comprehensive program that will stand out within our local community and the region.

**NEW BUSINESS:**

**Island Hospital Foundation:**

Bernadette Stanek reported that 2013 was a wonderful year for the Foundation. Appeals continue to be renewed at a 78% rate. Attrition rate decreased and events were tremendously successful. The IHF Annual Report will be published in February and donor statements dispersed.

In 2014 IHF will focus on increasing gift amounts from donors by engaging investors and creating meaningful cases for their support. IHF is hopeful that this effort will increase the percentage of major investors.

Board-IHF Board now has 20 members and is seeking to add additional members from community who are able to help achieve goals. Commissioner Bogosian noted the importance of cultivating relationships with potential donors in order to increase IHF donors.

Grateful Patient Program – “Ask Me Posters” communication materials will be available under the existing posters to explain the program.

Commissioner Iversen inquired about naming opportunities. It was noted that the current policy is being evaluated and donor recognition for large donations is important.
Bernadette presented Commissioner Iversen with the 2013 IHF Total Funding Check in the amount of $562,869.

**Commissioners Calendar:**

The Board approved the February calendar with the proposed changes: Commissioner Lang attends Quality Management Review on 11 February, 2014; Commissioner Maughan to attend the IHF Meeting on 25 February, 2014; and Commission Bogosian to attend the Strategy Committee Meeting on February 13, 2014.

Vince Oliver noted that he will be attending a conference the 3rd week in March and therefore he would miss the March Board Meeting. It was decided that the March Board Meeting would be held March 27th so that Vince Oliver is able to attend.

Annual WSHA Rural Health Conference Retreat-Commissioners Maughan, Lang and Ely will attend the conference this year. The conference is scheduled to be held in Lake Chelan, WA June 22-25.

Board Assignment Calendar was approved.

Commissioner Lang presented to the board the idea of board wearing nametags at community events. It was noted that nametags are issued to Board Members by the IHF. Administration will coordinate with IHF to issue nametags to all Board Members.

**Anacortes School District Levy Presentation:**

Dr. Wenzel thanked IH for their continuous support and partnership with for students within ASD.

Dr. Mark Wenzel, ASD Superintendent, and Jeannette Papadakis, ASD School Board President, reported on the two ASD levies that will appear on the 2014 ballots. After explaining the levies, they asked that individuals eligible to vote to please do so prior to February 11, 2014.

**EXECUTIVE SESSION:** NONE
ADJOURNMENT:

There being no further business, President Iversen called for the meeting to be adjourned at 8:55 a.m.

_____________________________________    ______________________________________
Jan Iversen, President/Commissioner             Chip Bogosian, M.D., Secretary/Commissioner

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Lynne Lang, Ph.D., Commissioner         Paul Maughan, Ph.D., Commissioner

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Buzz Ely, M.D., Commissioner