

**BOARD OF DIRECTORS
REGULAR MEETING
Thursday, October 18, 2007**

The Board of Directors of the Peninsula Healthcare District was called to order for Regular Session on Thursday, October 18, 2007 at 17:45 hours, 1600 Trousdale Drive, Burlingame, California.

ROLL CALL: On roll call there were present: Directors: Donald E. Newman, MD, Chair; Daniel J. Ulyot, MD, Vice Chair; Helen C. Galligan, RN, Secretary; Susan S. Smith, CPA, Treasurer; and Rick Navarro, MD.

Also present were: Cheryl A. Fama, Executive Director, Colin J. Coffey, General Legal Counsel, Carole Groom, Vice President, Community Relations, Mills-Peninsula Health Services, Tom Brewer, Vavrinek, Trine, Day & Co., LLP , Courtney Lodato and Hanna Christopher, Singer Associates, and Kelly Molloy, District Administrative Assistant.

CONSENT CALENDAR: The Consent Calendar, consisting of the minutes of the August 23, 2007 Regular Board Meeting, The Treasurer's report, and the August 31, 2007 and September 30, 2007 Unaudited Financial Statements, was presented and accepted as presented. **It was moved by Director Smith and seconded by Director Galligan to approve the Consent Calendar. The motion carried unanimously.**

ORAL COMMUNICATIONS:

Pat Giorni, of Burlingame proposed that the leasee of the building at 1600 Trousdale, purchase a bicycle rack. The grounds currently house basketball equipment and there is a parking lot for cars. Some residents are disadvantaged and only have transportation with two wheels. **Chair Newman** inquired about what happened to the bike rack that was previously purchased, when the District office was located within the hospital. **Pat Giorni** informed him that it is property of the hospital. She also stated that the District should not be responsible for paying for the new bicycle rack. **Vice Chair Ulyot** clarified that the District owns the building, located at 1600 Trousdale. He then questioned Ms. Giorni whether she was suggesting that the District buy the bicycle rack. **Pat Giorni** suggested that either the property owner or the property leasee buy it. **Vice Chair Ulyot** then clarified whether or not Ms. Giorni would object to the District purchasing a bicycle rack. **Pat Giorni** said she had no objections.

PRESENTATIONS:

MPHS Quarterly Report: Carole Groom, VP, Community Relations (For Robert Merwin, CEO, Mills-Peninsula Health Services)

Financial Performance: Ms. Groom began by giving an overview of the current finances of the hospital. She talked specifically about Inpatient Discharges, Outpatient Discharges, Days in AR, Operating Margin, which is on target and Charity Care.

Clinical Quality Performance: Ms. Groom then explained the hospital's Quality-Core indicators regarding heart attacks, heart failure, pneumonia and the surgical care infection program. The quality indicators are based on approximately six or seven tasks for each indicator that must be performed during an acute hospital admission. **Vice Chair Ulyot** explained that the tasks that quantify the program are essentially easy tasks. They are reflective of compliance and not necessarily the indicators of quality. **Vice Chair Ulyot** gave two examples of medications administered to a patient and the chart documentation that administrative staff would review after the patient was discharged to collect the data that is used to drive these reports. **Treasurer Sue Smith** questioned what was the last core indicator mentioned. **Ms. Groom** said it was the surgical care infection program which is a combination of antibiotics and wound care and the hospital is currently at 64%. **Treasurer Sue Smith** questioned what is being done about the low percentage. **Ms. Groom** said that the scores are reviewed monthly by the quality care group and improvement plans have been developed. **Executive Director Fama** added that the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) and the State health data can be viewed by the public at any time by accessing these agencies' websites via the internet.

Patient Satisfaction: Ms. Groom then went on to explain the patient satisfaction surveys. Every patient, whether out-patient or in-patient, receives a survey with about 50 questions; not every survey is returned to the hospital. The hospital is striving for 100% satisfaction and will continue to improve quality care services to achieve that goal. The current scores are "pretty good" as compared to other hospitals who maintain 400+ beds.

Emergency Room: Ms. Groom then explained the Emergency Room wait-time scale. Overall patients have to wait 2.8 hours. Because Peninsula Hospital has the ambulance service, the wait time in that particular Emergency Room is longer than the Mills campus, where there are no Emergency transport vehicles. **Vice Chair Ulyot** wanted clarification on why it would take three plus hours to be seen by an Emergency room doctor. **Ms. Groom** responded that the 3 hours covers the patients total time from registration to discharge or admission and added that the hospital treats approximately 35 – 40,000 ER patients a year. **Executive Director Fama** commented that nationally the average wait in any Emergency Room is usually six or seven hours and to have a suburban hospital such as Peninsula with a wait time of only three hours is actually very good. **Secretary Galligan** commented that she, herself has visited Peninsula Hospital twice in the past

month and did not have to wait that long. **Chair Newman** asked if Ms. Groom was able to quantify or assess waiting room time as well. **Ms. Groom** said she did not have that data and has asked that the hospital respond. **Chair Newman** felt as though that information would be a better measure. **Ms. Groom** explained that the hospital's triage nurse makes the determination as to who actually goes directly into the Emergency Room and who does not.

C.N.A. Labor Negotiations/Strike: **Ms. Groom** then moved on to talk about the recent nurses' strike that occurred on October 10 and October 11th, 2007. The hospital hired 250 replacement nurses for two days. All licenses and competencies were verified prior to the replacement nurses beginning work. The Department of Health Services visited the hospital three times during the strike and found everything in order and all this occurred with the hospital having an above average census at the time of the strike. The clinical nurse managers remained on site during the strike to oversee patient care and quality. The nurses were welcomed back on October 12, 2007. Negotiations are still in process with the California Nurses Association. **Chair Newman** asked Ms. Groom to share some of the issues that have yet to be resolved. **Ms. Groom** expressed that there has been no meeting since the nurses returned to work. The California Nurses Association is seeking one Master Contract for all 29 of the Sutter Health hospitals and that is not okay with MPHS or Sutter health. **Chair Newman** reflected that there are no real clinical issues, but rather contractual issues with Sutter-Health. **Ms. Groom** agreed.

Charity Care: **Vice Chair Ulyot** asked Ms. Groom to briefly explain how the hospital defines its Charity Care program. He then gave an example of a person who is currently two times under the national poverty level and is in the hospital. Does the hospital use the same accounting and bill as they would for an insurance company? Or does the hospital use that charity care figure to know what not to collect on that specific patient? **Ms. Groom** said that the hospital uses costs to determine the charity care amount and these costs would be based on the same calculations as any other patient. **Vice Chair Ulyot** questioned if the amount is based on a single multiplier – specifically, how do you know your costs? **Ms. Groom** explained that any patient that meets the Charity Care definition of having assets below 300% of the poverty level with no insurance or ability to pay is put into this category. The specific methodology for calculating costs is a question she would need to run by the Finance staff.

Vice Chair Ulyot asked if the numbers that make up the charity care amount that she reported are truly based on costs and not charges. **Ms. Groom** answered that they were based on costs.

Hospital Construction Project: **Ms. Groom** then gave a quick update on the construction of the new hospital, which is pretty much on schedule. She mentioned that some trees on Davis Drive have died and will be replaced in the upcoming months. The hospital held a press conference as the base isolators were going in and received very good media coverage.

Recognition Awards: She then announced two awards the hospital is to receive. The first is from the Advance for Nurses Magazine, scheduled for release on October 22, 2007 where the hospital is voted as one of the “top hospitals” in the magazine’s first Readers Choice survey. The voting was open to RN’s who ranked their hospital in areas that matter to nurses, which are: quality of care, organizational culture, professional development, communication and retention efforts. The nurses voted on this award prior to the strike. The second award was given by Health Grades in which they ranked Mills-Peninsula among the top 5 percent in the country for quality of care in 6 areas of treatment: Stroke, Critical Care, General Surgery, Overall Gastrointestinal, GI surgery and GI medical treatment.

Breast Cancer Prevention/Awareness Campaign: Lastly, she discussed a community outreach program that the hospital has done in the month of October, which was to partner with Dr. Andrea Metkus and Dr. Harriet Borofsky to create a breast cancer awareness calendar, as well as, to launch a large scale community awareness campaign to address the troubling decline in mammographies. The outreach included the business community, the faith community as well as the not for profit agencies. **Vice Chair Ullyot** questioned whether the drop off in mammography was local or national. **Ms. Groom** commented that it was a national trend. **Vice Chair Ullyot** offered that there is often a lot of confusion about the risk of actually getting the mammogram done and at what age is appropriate. This was a real opportunity for public education. **Ms. Groom** expressed that Dr. Metkus believes there are several reasons for the decline. First of which is the fallacy that some women believe that if they have not taken estrogen they are not at risk and, more importantly, there is a very large increase in women who do not have health insurance. Because of this outreach, other cities have now offered to partner with Mills-Peninsula next year. **Vice Chair Ullyot** questioned what Ms. Groom was asking of the District. **Ms. Groom** informed Dr. Ullyot that the mammography program was for informational purposes only. However would love the help of the District if it was appropriate. **Director Navarro** asked if the outreach had been written in any other language besides English. **Ms. Groom** expressed that the materials were only provided in English this year, however the materials the public can download from the web-site are in other languages.

Ms. Groom concluded by extending Mr. Merwin’s apology for not being able to attend this meeting.

FY 07’ Audit Results

Treasurer Sue Smith introduced Mr. Tom Brewer who is the partner at Vavinek, Trine & Day, the District’s audit firm, who is presenting the 2007 audit report. **Mr. Brewer** explained some procedural changes new this year. One is the requirement for a separate letter describing their responsibilities related to the audit, as well as, management’s responsibilities. In this year’s audit, a significant area of focus was the various implications as a result of the new agreement with MPHS. He reported that the audit went very well due largely to the efforts of Sue Smith and Archer Norris, who were absolutely essential. Another change this year is the requirement for letter addressing the

effectiveness of the internal controls. Mr. Brewer was pleased to report that the District's internal controls were working correctly. [He noted a typographical error on page 29, which was of no material consequence. However, he will bring replacement pages to ensure that all reports are corrected.] He then commented on:

- The adjustments for depreciation related to the construction and transfer of ownership of properties and stated that assets were recorded at the value they were at when they were originally transferred; therefore, no gain was reported on the financial statements.
- The fixed assets were consistently kept at 100% to ensure that the financial statements could reconcile with the hospital's fixed asset records
- The discussion relative to what amount, if any, liability should the District put on the books should "paramount default" occur by MPHS, noting that the Archer Norris staff was extremely helpful with this as well.

Chair Newman opened the discussion for public comment and none was given.

Treasurer Sue Smith recommended setting up an appointment with Carole Sinay to get any adjustments made. **Mr. Brewer** mentioned that he would be sending the PDF file of the Audit Report to the District staff to enable it to be put on the web site.

It was moved by Vice Chair Ulliyot and seconded by Director Navarro to approve the Audit Report as presented. The motion carried unanimously.

Ombudsman Services of San Mateo: Annual Report

Ms. Tippy Irwin, Executive Director of the program, expressed sincere appreciation to the Board for their continued support as the District is a major contributor to it. She described the program's role in systems advocacy focused most recently on the reduction of physical and chemical restraint use in the nursing homes and residential care facilities. The common myth is that restraints prevent falls. Research shows that those who are restrained usually receive worse injuries. **Chair Newman** questioned if there is any theory as to why San Mateo County is doing so poorly. **Ms. Irwin** explained that there are only two facilities in San Mateo County that are above the national average of 6%. She explained that this is good, compared to the rest of California which is much higher. She then elaborated on the Lumetra Program, which is the quality assurance arm of the California Medical Association and has been hired to develop the metrics of quality in regards to restraints to bring about change within these facilities. **Vice Chair Ulliyot** commented on the tragedy that the Ombudsman representatives have to interpolate between the doctors and the patient. It seems as though the Ombudsman program is reactive instead of proactive. It is clear within the current status of our industry, the Ombudsman program is required. **Ms. Irwin** elaborated on how the Ombudsman program rates the facilities they monitor and the confidentiality of such ratings. It is required by the State that they visit facilities weekly. **Vice Chair Ulliyot** asked if there were a set of standards or licenses needed by the facilities that they are required to meet in order to practice their trade. **Ms. Irwin** answered yes there are. **Vice Chair Ulliyot**

thanked Ms. Irwin for raising the District's consciousness to level of care provided to elders in our community.

Secretary Galligan questioned whether securing adequate numbers of quality staff is an issue because of salary constraints. **Ms. Irwin** answered that staffing is a huge issue.

Vice Chair Ullyot inquired whether the size of each care facility is the issue. He commented that because there are several smaller facilities versus having two or three larger nursing homes, the maintenance and quality assurance is harder to achieve. **Ms. Irwin** agreed that the resources available do not nearly cover the vast need.

Vice Chair Ullyot then questioned Ms. Irwin about the nutrition and dental care given to the elderly in residential, assisted living and/or nursing homes. **Ms. Irwin** commented that skilled nursing facilities are only required, by the State, to have an R.N. or an M.D. do individual dental hygiene assessments, not an actual dentist. Statistics have found that oral hygiene is imperative to anyone's overall health. She is currently petitioning to include a pilot program to change the way the current system is run and to have a dental professional assess patients. **Vice Chair Ullyot** remarked that taking care of our elders is an auspicious cause.

Chair Newman stated the fact that anyone who can't help themselves, be it children, the elderly or the disabled, need better systems in place.

Public Comment: **Pat Giorni** noted that her mother is currently in Emanuel Convalescent Care in Millbrae and agrees with all the information that Ms. Irwin has provided as she has first hand knowledge of such experiences within the skilled nursing environment. She also noted the growing problem with language differences being a barrier and impacting the patients' bill of rights. She feels it is a subject that the District should look at this issue as an ongoing healthcare problem.

COMMITTEE REPORTS:

Physician Recruitment: **Director Navarro** had nothing new to report.

Communications Oversight: **Vice Chair Ullyot** explained that the District publishes a newsletter approximately three times per year. It is mailed to some 40,000 registered voters and the cost is roughly \$25,000 per issue. Dr. Ullyot then opened discussion about revisiting the purpose and messages for which the District's newsletter is intended and the effectiveness of its ability to reach our intended audience. **Chair Newman** questioned Dr. Ullyot about how he envisioned the newsletter should be augmented. **Vice Chair Ullyot** responded that he suggests a simpler version focused on a specified subject. **Treasurer Smith** commented that she likes the current version of the newsletter. **Vice Chair Ullyot** noted that this is the reason the subject is being brought forth in the meeting. **Treasurer Smith** liked the topic of the last newsletter and enjoyed the overall presentation. She suggested changing the current platform of the newsletter to

incorporate one subject and possibly including the strategic planning process in one of the next issues.

Public Comment: Pat Giorni suggested a change in paper-stock to make it easier to read, especially for the elderly or those with vision issues. The current paper is very glossy and when under florescent lighting, makes it very difficult to read. **Director Navarro** noted that it was a good point and should be reviewed further.

Vice Chair Ulyot then asked Ms. Courtney Lodato of Singer Associates to comment on her perspective of the current newsletter. **Ms. Lodato** stated that in the past the newsletter was the vehicle for informing the residents about the new agreement with MPHS. Most recently, the newsletter was intended to serve as a soft-branding piece to inform the public about the District and what it does. **Vice Chair Ulyot** stated that the premise of a newsletter implies that there is something newsworthy to report. Branding is a very important reason to keep the newsletter, or some form of reporting tool. **Executive Director Fama** stated that it is important to have the District very visible in the community. The District also needs to look at purchasing a new mailing list and/or maintaining a list in the office. She also mentioned that it is very important that the District demonstrates its leadership role in the community by taking a position on current health topics within the media, as well as, reporting what has been done to accomplish the Board's goals. **Vice Chair Ulyot** recommended additional Communications Committee meetings with Singer and/or others to incorporate the vision, progress on achieving the strategic goals, as well as, further development of a new communications plan and the media to carry it out. **Director Navarro** suggested that the main mailing list be updated, adding and deleting households as needed. **Ms. Lodato** mentioned that the District is due to purchase a new mailing list, to keep information current. She also suggested that the District look at a new mailing list demographic with set parameters which might prove to be more successful. **Chair Newman** mentioned that the struggle is to understand what exactly the public is looking for. He suggested we participate in some form of public survey or focus group to gain a better understanding of the public needs, as well as, the value of continuing the newsletter. **Vice Chair Ulyot** was in complete agreement with Dr. Newman. **Secretary Galligan** questioned the current the status of the communications plan and whether or not Singer should already be providing this level of expertise. **Executive Director Fama** commented that the District does look to Singer for marketing and communications expertise; this expertise should support and supplement the work of the District's leadership team in reaching out to the community. **Director Navarro** suggested that we add a box in the next newsletter asking residents if they want to continue to receive the newsletter.

Public Comment: Ms. Pat Giorni suggested a post card be added to the next newsletter inviting comment from the public.

Vice Chair Ulyot brought up two more topics which were the current web page, which he views as an archival tool, and the strategic plan. Ms. Fama noted that she is awaiting

an analysis of web site hits from Singer. **Chair Newman** questioned whether our District is aware of what other communication tools other districts are using and how successful they have been. **Executive Director Fama** explained that she did some preliminary investigation and found that the districts that could afford to do large scale mailings, do so. **Mr. Colin Coffey** commented that in his experience he has seen with most surveys or focus groups done in regard to public comment about the District's newsletter have been very positive.

Scholarship Committee: Secretary Galligan opened her report by referring to the detailed report distributed in the meeting packet. She explained that the District's Nursing forgivable loan program and support of the CSM nursing program were started in 2001 to address the serious nursing shortage. The shortage still exists. The average age of nurses is 56, which means they will be retiring soon. She recommended that the Forgivable Loan Program continue. During the 2007 loan approval process, the District interviewed seven individuals and gave grants to six. She noted that there is an area in the current program that the Board needs to review and consider revising and that has to do with the current requirement of fulltime employment in the District after graduation. The new staffing ratios have changed employment opportunities. The hospitals now hire more part-time employees which makes it difficult for graduates to find full-time work to fulfill the contract terms. This difficulty triggers a high number of "repayment events" for the loan recipients and the District. She recommends that a total number of hours worked per year be put into the requirements to relax the current limitation. She also commented that the District needs to do more proactive interaction with the applicants to stay on top of their progress through school and to remind them of their requirement to keep the office updated on their school and work status. **Executive Director Fama** asked the Board to reaffirm its commitment to the program by taking action on one of the proposed recommendations in the report. **Treasurer Smith** would like to continue the program, but make revisions where appropriate to better administer the program. **Vice Chair Ulyot** is a current member of the Peninsula Round Table. Dr. Ulyot attended a seminar where the subject of nursing recruitment was on the agenda. Mr. Mike Claire who is the President of the California Community Colleges, said recruitment is low due to the inability to fund appropriate salary ranges for nursing instructors. He suggested that the District consider funding a program that supplements instructors who would then teach our nurses. **Treasurer Smith** stated that the District's grant program is currently paying instructors at CSM. **Chair Newman** suggested that Vice Chair Ulyot have a discussion with Mr. Claire in regards to the instructor and nurse education conversations being brought forth.

Action: It was agreed that the program should continue. Ms. Fama needs to incorporate the discussed changes into the program documents and bring them back for approval.

Building Committee: Vice Chair Ulyot reported that he and Treasurer Smith attended the committee meeting that was held at the construction site on September 24, 2007. During the meeting, a demonstration of the 3-Dimensional Planning Program was given. With this program, the building plans are digitally engineered to virtually build out the

space and help with anticipating construction issues and the timing of the different phases. It is truly state-of-the-art technology. Because of the 3-Dimensional Construction Program, the Seismic – Base Isolation Technology, and the Green Construction, Oren Reinbolt, MPHS Project Manager, believes that the new hospital will meet the L.E.E.D. criteria, which stands for Leadership, Energy and Environmental Designs. As of September 24, 2007, the building is one month behind schedule. He added that, in terms complexity, the building of a hospital is second only to building a nuclear facility.

EXECUTIVE DIRECTOR REPORT: Executive Director Fama reported on examples of progress in the District's four key strategic goal areas.

Goal 1 - the MPHS / District relationship: Ms. Fama keeps in contact with MPHS leadership. She monitors MPHS clinical quality via internet data sources and has notified Mr. Merwin of the District's interest in staying informed about any deliberations concerning the future location of Behavioral Health Services. The operational separation from Peninsula Hospital is complete and the District's new look and logo have been launched.

Goal 2 – Improving health status of residents: Ms. Fama has participated in the Healthy Community Collaborative meetings, Blue Ribbon Task Force, and the ACHD annual meeting. She has reviewed and revised the District's grants process to affirm the importance of a thorough and objective process and has recruited two community members to serve on the ad hoc committee.

Goal 3 – Increase Access to Health Information and Services – strategic priorities have been incorporated into the Service Agreement Committee description; Communications Committee is exploring the effectiveness and future direction of the District's newsletter.

Goal 4 – Leadership and Resource Management – In terms of the leadership, the detailed response to the Grand Jury report was intended to make a clear statement about the District's responsibilities and its position on the important issue about what organization is responsible to provide indigent care services in the County. In terms of resource management, the new office has been established within budget and first quarter operating expenses are under budget. The District's asset portfolio has been augmented by the purchase of 1875 Trousdale – a corner lot close to the current property owned by the District. She reported that this property has been surveyed by City Builders, Inc. to determine the viability of the structures and systems. The sale of 1848/50 El Camino is in process; escrow is anticipated to close in the next couple of months. She then reported that \$1.6 Million dollars was moved from the checking account to the LAIF interest earning account.

Annual Meeting of the Association of California Healthcare Districts: Executive Director Fama reported that she and Director Galligan were in attendance. The meeting content was very educational and the networking opportunities helpful. Two of the most informative lectures were on the various State proposals on health care reform and a community-based approach to elimination of health disparities.

Ms. Fama then commented on the lovely thank you note received from Treasurer Sue Smith for the birthday flowers received for her birthday.

Vice Chair Ulyot commented that Ms. Fama's letter to the Grand Jury was exemplary.

OLD BUSINESS

Strategic Plan Summary Document: Executive Director Fama asked that this item be deferred until the next meeting.

NEW BUSINESS

Ad hoc Service Agreement Committee: Secretary Galligan reported on the first meeting held on October 17, 2007. She explained that Carole Groom, Vice President of Community Relations for MPHS and Mr. Frank Lalle, Director of Grant Making for the Silicon Valley Community Foundation have agreed to serve on the committee. A draft committee description and Due Diligence Check List tool were discussed and accepted. The Service Committee members also discussed the merits of setting aside a small amount of the budgeted grant monies as a Discretionary Fund to be used at the discretion of the Executive Director in supporting community events. It was suggested that \$25,000 be taken out of the current grant monies for this purpose. Each individual gift from this fund would be limited to a maximum of \$5,000. If the gift is over \$5,000, the Board's approval will be needed. **It was moved by Secretary Galligan and seconded by Vice Chair Ulyot to approve the motion to establish a Discretionary Fund as outlined in the draft document presented at the meeting. The motion carried unanimously.**

CLOSED SESSION: The Board went into closed session to conference with its negotiator over Trousedale properties pursuant to Government Code Section 54956.8.

OPEN SESSION: There was no action to report.

ADJOURNMENT: The meeting was adjourned by Chair Newman at 19:25 hours.

By:

Kelly K. Molloy, Administrative Assistant

Approved:

Helen C. Galligan, Secretary

Donald E. Newman, M.D., Chair