

**BOARD OF DIRECTORS  
REGULAR MEETING  
Thursday, August 28, 2008**

The Board of Directors of the Peninsula Health Care District was called to order for Regular Session on Thursday, August 28, 2008 at 17:45 hours, at the Millbrae City Council Chamber, 621 Magnolia Avenue, Millbrae, CA.

**ROLL CALL:** On roll call there were present, Don Newman, MD, Chair, Dan Ulliyot, MD, Vice Chair, Helen Galligan, RN, Secretary, Sue Smith, CPA, Treasurer and Rick Navarro, Director, MD.

**Also present were:** Cheryl A. Fama, Chief Executive Officer, Colin J. Coffey, General Legal Counsel, Jan Matejcik, District Administrative Assistant and Kelly Molloy, District Executive Assistant.

**GUESTS PRESENT:** Mr. Robert Merwin, CEO, Mills-Peninsula Health Services and Ms. Shasta Bennett, serving an administrative intern at Mills-Peninsula from the University of Michigan.

**CONSENT CALENDAR:** The Consent Calendar consisting of the minutes for the June 26, 2008 Regular Meeting and the unaudited Financial Statements for June and July, 2008 were presented. Ms. Fama asked that the June financials be pulled.

*It was moved by Director Smith and seconded by Director Navarro to approve the remaining Consent Calendar item. The motion carried unanimously.*

**Ruth Jacobs, Burlingame,** commented that she would like to know where all the money goes.

**Ms. Fama** stated she was unclear as to what money Ms. Jacobs was referring to? She went on to say that the District's audited financials are posted on the webpage and the monthly balance sheet with expense detail is provided at every meeting. **Director Smith** stated that if the meeting were to proceed some of Ms. Jacob's questions may be answered.

**ORAL COMMUNICATIONS**

**Chair Newman** opened the meeting to comments from the public on District related business not on the agenda. None was offered.

**GUEST PRESENTATION**

**Mills-Peninsula Quarterly Report: Mr. Merwin, CEO**

Mr. Merwin first introduced Ms. Shasta Bennett who is shadowing him as an administrative intern for Mills-Peninsula Health Services. She came to the hospital from the University of

Michigan. He then noted that Jeff Gerard has taken another position in the Sutter System and Carrie Pleitz, formerly of CPMC, has taken the Chief Operating Officer position.

**Mr. Merwin** reviewed his power point presentation; printed copies were distributed. Highlights included:

- MPHS' quality is ranked by Medicare in the top 5% of all U.S. hospitals
- Financial performance is strong; actual net income YTD is \$37.4M
- Tentative agreement has been reached with the C.N.A. for a 3-year RN contract
- The new hospital is >50% completed
- 25 task forces, with broad staff representation, have been established to help develop detailed move in plans
- Sutter is establishing a regional governance structure which will reduce the System's 80 boards to 11; MPHS will now be in the Peninsula Coastal Region with SMSC, Palo Alto Medical Foundation, and the new proposed hospital in San Carlos. The MPHS Board will be the Board for the region.

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Comments/Questions/Answers

**Director Ulyot** commented on the value of the 3D modeling during construction that Oren Reinboldt brought to the project; that technology has saved hundreds of thousands of dollars.

**Luciana Kincer**, San Mateo asked if ergonomics were taken into consideration in the new building and offered a current example of the new computer towers that require a significant amount of standing time for staff. **Mr. Merwin** responded that he did not know specifically how that was being done and suggested she speak with Dolores Gomez, the Chief Nurse, especially now as the move in task force work is being launched.

**Ms. Jacobs** asked if inpatient rehab is still being shifted down to Mills Hospital and is MPHS still paying for ambulances to take patients from the hospital to Mills or is Medicare? **Mr. Merwin** said that the final location of an inpatient, acute rehab has not been determined. It will probably move out of Mills because they need to put Behavioral Health into the Mills facility and that requires the move to avoid \$50-60M of renovation costs to keep the facility OSHPD compliant. MPHS is not paying for ambulance transfers from the Peninsula facility to the current acute rehab unit in Mills because Medicare will not allow that. It is viewed as an enticement by MPHS to keep patients in their system when the patient has the right to choose any acute rehab available to them.

**Ms. Jacobs** then asked what percentage of [Burlingame residents'] taxes go to support different programs at the hospital. **Mr. Merwin** answered, none. The only tax money that MPHS might receive is if the District provides a grant, which they have done for Senior Focus.

**Director Ulyot** asked if Mr. Merwin could go back to one of his slides. He then stated that a non-profit hospital must make a profit. He heard Jeff Gerard state that MPHS's goal is to make 5 – 8% profit to be able to fund the capital expenses of the future. **Mr. Merwin** answered that a

strong EBIDA is required and the current profit, which is running at 14 – 15 %, is important during the construction and equipping a new hospital. **Director Ulyot** then asked where charity care shows up? **Mr. Merwin** stated that the hospital was providing approximately \$1.2M in charity care per month and that is included in the “net” profit as reported. **Mr. Merwin** said that one contributing factor to the strong performance is Sutter’s contract pricing and methodology. He cited the example of Tenet where pricing was inflated to hit the stop-loss level faster. Sutter Health did not do this; instead it went to case rates and maintained a low pricing strategy. **Ms. Kincer** commented that MPHS actually had profits of \$44MM. **Mr. Merwin** clarified that was over a seven month period.

**Chair Newman** thanked Mr. Merwin for his presentation and information.

### **Consent Calendar**

**Chair Newman** went back to the June Financials that were removed from the Consent Calendar at Ms. Fama’s request. She stated that she wanted to highlight a few numbers given that these are the end of the fiscal year financial and recognized that a thorough analysis of performance will be presented to the Board with the 2008 audit results. She noted that actual tax revenues were \$4M, \$200K over budget and that Total Assets were up \$1.9MM. Operating expenses were \$700K under budget due a reduction in consulting and legal fees and unused monies budgeted for new program development and property development.

*It was moved by Director Smith and seconded by Director Navarro to approve the June 30, 2008 financial as distributed. The motion carried unanimously.*

**Chair Newman** asked, and the Directors agreed, to move up New Business, as he had to leave early and the Vice Chair, Dr. Ulyot would be taking over the meeting

### **NEW BUSINESS**

#### **Conflict of Interest Policy – Biennial Review**

**Ms. Fama** referenced the memo distributed in the packet which summarized the reason for the review and the history of the Board’s policy. She noted that the Board has reviewed its policy every even numbered year since 1996. It was last revised in 1998 to bring the language into compliance with new regulatory language at the time. She is now recommending a change for 2008; specifically to the Appendix which lists the positions to which the policy applies. The new CEO position is covered by the current language; however, the Assistant Secretary position, previously held by Ms. Maureen Magnacco-Dutil, is no longer filled and therefore is recommended to be deleted. **Colin Coffey** agreed that the document needed to be updated as recommended by Ms. Fama and called the Directors’ attention to the proposed Resolution No. 2008-03 that had been distributed in the meeting packet.

*Director Smith moved for the adoption and Chair Newman read aloud in its entirety Resolution No. 2008-03: RESOLUTION TO AMMEND THE CONFLICT OF INTEREST POLICY INCORPORATING PERSONEL CHANGES. (A copy is appended to and made part of these minutes)*

Discussion: **Director Ullyot** questioned what conflict was being referenced. **Colin Coffey** referred to a 1974 law, the Political Reform Act, that encompassed the issue of conflict of interest from the governor on down. In 2000, a new law was passed, which included a set of regulations designed generically to address conflict of interest. Form 700 and the Directors' annual reporting on that form is covered by this law. There are specific criteria that are used to determine if conflict exists. **Director Galligan** offered her prior employment situation as an example. She worked for a group of doctors on staff at MPHS; she did not work for the hospital. That was not in "conflict" by these criteria, but it made some question it. She reported that she now works for a group not on staff at MPHS. There being no further discussion, **Chair Newman** called for a second. **Director Navarro** seconded the motion to adopt the Resolution. **Ms. Fama** took roll call.

**Chair Don Newman:** Aye  
**Vice Chair Ullyot:** Aye  
**Secretary Galligan:** Aye  
**Treasurer Smith:** Aye  
**Director Navarro:** Aye

*Resolution 2008-03 passed unanimously.*

#### **Advocacy Position In Support of Increased Capacity for Bicycles on Caltrain**

**Ms. Fama** introduced the issue and referenced the summary prepared and distributed in the Board packet. In 2007 the Caltrain Joint Powers Board embarked on a Bicycle Master Plan. The recommendations were presented at their August 11<sup>th</sup> meeting and now the public comment period is open until September 9<sup>th</sup>. Given that an increase in the use of bicycles as an alternative to automobiles would have both direct (exercise) and indirect (air quality) health benefits for our residents, and given that three of the stations under review are in the District, it seemed appropriate to bring this issue forward. Of concern is that the recommendations do not increase availability of train service for bicycles, but actually cut current bike car capacity and are silent about adding it back. The Directors are being asked to send a letter of support asking that the JPB explore every option that will address the current, as well as, the future demand for on-board bicycle car capacity. **Director Navarro** said he was in favor of taking any action that would encourage increased exercise and supported this Board sending a letter of support as proposed.

*It was moved by Director Navarro and seconded by Director Galligan to have the Chair send a letter on behalf of the Board to the JPB and Caltrain urging that they explore all options to increase bicycle use to and from the stations. The motion carried unanimously.*

**Pat Giorni, Burlingame**, thanked the District for taking a leadership role in this important issue.

#### **1875 Trousdale Competitive Bids to Improve the Facility**

**Ms. Fama** provided a power point presentation that summarized the project, the reasons to invest in the property, the bid process, the analysis of the bids submitted, potential tenants for the space, market comp information relative to the rental market, and the relationship of this property to the short and long term master property development planning activities. She also showed a floor plan of the space and reviewed what exactly the project would entail. The full bid documents

were available. Ms. Fama noted that the bids were within \$5000 of each other. **Director Ulyot** commented that he had toured the facility and noted that the windows are small and it would be nice to have larger windows to look out onto Trousdale. **Ms. Fama** responded that changes in the current window configuration were not included in the bid specification; the improvements proposed were basic HVAC, electrical, plumbing, and sprinkler systems. **Director Smith** asked where in the building is the space that is already rented. **Ms. Fama** answered that 1400 square feet at the west end of the building is leased to Sunrise. **Chair Newman** asked Ms. Fama if she had a recommendation. **Ms. Fama** stated yes. Based on the bid price, she recommended City Builders. **Director Smith** asked if Ms. Fama knew how long the construction might take. **Ms. Fama** stated that she believed it would take about three months.

*It was moved by Director Smith and seconded by Director Navarro to accept the bid by City Builders and begin construction on 1875 Trousdale. The motion carried unanimously*

**Chair Newman** then excused himself from the meeting.

## **COMMITTEE REPORTS**

### **MPHS BUILDING COMMITTEE:**

**Director Ulyot** reported on the July 22 Building Committee Meeting and shared information presented by Mr. Kohler, the Project Manager. The project is >50% completed and 104 calendar days behind schedule due to a variety of issues; however it is still projected to be completed by May 2010. The construction costs are averaging \$1.5M per month and \$718M is now the projected total cost.

**Sharon**, a nurse at MPHS, referenced the earlier discussion about the plans to put Behavioral Health in Mills and rather than the new acute care hospital. She noted that Peninsula Medical Center's Rapid Response Team has been called several times for patient issues on the Behavioral Health Unit. She stated that acute behavioral health needs to be in close proximity to full medical services.

**Director Ulyot** acknowledged that what she shared did raise concerns that need to be explored further. **Director Galligan** asked how the Behavioral Health ECT recovery needs would be different from all the other cases that are done and recovered at Mills. **Ms. Kincer** stated that it is different because it is acute mental health, not just chemical dependency. She added that taking Behavioral Health down to Mills would be the removal of another core service from the Peninsula campus. **Director Navarro** questioned if the patients she is thinking of may be too medically ill for behavior health. **Director Ulyot** added that Mills does major laparoscopic and other invasive procedures every day and seems to do it in a safe, quality manner. Why would ECT patients be different? **Ms. Kincer** disagreed with his assessment and stated that patients are transferred to Peninsula every day for more intense medical care. **Director Ulyot** questioned if that was such a bad thing. **Ms. Kincer** stated MPHS is going to disrupt services with this plan.

**Director Navarro** then commented that he was also concerned when he heard about the potential transfer of Behavioral Health to Mills, but San Francisco General is doing the same thing in their new plans. Such a move does not seem unique and may be the new trend.

**Ms. Jacobs** stated that she felt this is the kind of topic that would be good for a community meeting. **Director Ulyot** suggested she attend the Mitigation Panel that meets monthly. **Director Galligan** reminded Ms. Jacobs that she was at a Mitigation meeting when they both were in attendance and this information was shared.

### **COMMUNICATIONS OVERSIGHT**

**Ms. Fama** reported that the 2<sup>nd</sup> edition of the reformatted District newsletter went out at the end of July as planned. About 40,000 were mailed and so far, 25 people have come into the office to get a free pedometer - “the call to action” put into the newsletter to help get a sense about readership. **Director Galligan** asked what part of Foster City we mailed to. **Ms. Fama** explained the complications with that zip code. We selected a number of streets and resident addresses from the master list when we put together the mailing list; however, 94404 is listed as San Mateo, even though it covers very little of San Mateo and all of Foster City. **Ms. Fama** referenced the Summary of Distribution report included in the Board packet which delineated the residences by zip code, as well as, a breakdown of production and mailing costs for the summer edition. **Director Smith** noted that on the Summary, zip code 94404 was not listed. **Ms. Fama** did not have an explanation for this and will follow up to determine if the Summary had a typo or if 94404 was actually left off the last mailing.

**Ms. Fama** then reported on the community outreach program – “Better Health One Step At A Time”. Five thousand (5000) inexpensive pedometers have been purchased; about 1000 have been distributed thus far through the San Mateo Health Plan, Millbrae Art and Wine Festival, the Millbrae Park and Rec. 5-mile Fun Run, local schools, San Mateo County’s Disaster Preparedness Day, visitors to the office, and other CEO meetings throughout the District.

### **SCHOLARSHIP COMMITTEE**

**Director Galligan** referenced the report included in the Board packet and highlighted that a total of 56 nurses have participated in the program and nearly \$400K in loans have been granted since it was launched. She then called attention to the bottom of the report and noted that two requests have come in “out of cycle”. Student S.L. had previously been approved by the Board, but did not get into nursing school. She has now been accepted at City College of San Francisco and has re-applied for \$2,000 for this school year.

***It was moved by Director Galligan and seconded by Director Smith to approve the \$2000 loan for Applicant S.L. The motion carried unanimously.***

**Director Galligan** then noted the second request which comes from a student that has already received \$20K from the District’s program. The student changed schools and consequently, needs to go a fifth year to complete her nursing program. She is asking for an additional \$5000 for this. **Director Galligan** does not feel an exception to the program should be made for this student. **Director Smith** noted that she would go with **Director Galligan**’s recommendation. **Director Ulyot** agreed with **Director Smith**. No action is required.

**Ms. Jacobs** then questioned if all the nurses were repaying. **Ms. Fama** responded that more than \$100K has been “forgiven” because the nurses worked in the District after graduation. \$41K has been paid back by students who moved out of the area or did not get their license. She also reported that J & L Teamworks has been engaged to assist in collecting from those on payment plans. In the history of the program, to date, only 4 have been turned over to collections with no payment activity on the accounts at all.

### **PHYSICIAN RECRUITMENT**

**Director Navarro** questioned Ms. Fama whether or not the District was receiving payment from the doctor who moved out of the area. She responded, yes, monthly payments have been received since June.

### **AD HOC SERVICE AGREEMENT**

**Ms. Fama** referenced the 2009 Calendar and Budget that were summarized and distributed in the Board packets. The current committee members are Director Galligan, Chair, Director Navarro, Carole Groome, Mayor of San Mateo and VP of Community Outreach for MPHS, and Frank Lalle, formerly from the Silicon Valley Foundation and now with the California Foundation. The Committee agreed last year that its work would benefit from two additional community members-at large; Ms. Fama is in the process of this recruitment. The grant application process begins in October and concludes with the Committee making its recommendations to the Board at its December 4<sup>th</sup> meeting. Ms. Fama pointed out that \$2M was budgeted for FY 2009; however, \$1M has already been committed from prior year approvals. (E.g. CHI, CSM, MPHS Senior Focus, etc.)

### **CHIEF EXECUTIVE REPORT**

**Ms. Fama** reported on the following topics.

- Monthly meetings with Mr. Merwin and his senior team. Agenda items cover such topics as Behavior Health, cardiac rehab, physician recruitment, and mitigation meetings.
- Enrollment in the 10-month Leadership San Mateo Program. **Director Galligan** stated that it is an excellent program that will be very valuable to Ms. Fama’s understanding of how the county works, networking for collaboration, and District visibility.
- CEO Quarterly Performance Plan Progress Report. **Director Smith** commented that Ms. Fama certainly has been busy.
- Reorganization of the County Health functions; a representative from the County health department will be a guest presenter at the September Board meeting.

### **OLD BUSINESS**

#### **Response to 2008 Grand Jury Report**

**Ms. Fama** introduced her draft response to the June 30 Civil Grand Jury Report. She commented that, upon advice of Mr. Coffey, she plans to attach a number of documents from the Board’s 12-month strategic planning process that culminated in the December 2007 Board Resolution that established its finance policy to secure reserves for its future financial obligations. **Director Navarro** asked Mr. Coffey to please refresh his memory on the 2007 Grand Jury Report. **Mr. Coffey** responded that the Grand Jury is trying to find healthcare funding for un- and under-insured county residents. It does not seem to recognize that Section

17000 of the Welfare and Institutions Code defines a different purpose for healthcare district funds. It is the public health department that is the safety net for this population; the code language even states that districts are not to subsidize the county for such services. The 2007 report focused on the magnitude of the costs of care for the indigent population and recommended that the healthcare districts work more closely with SMMC and each other in determining its grant recipients. The 2008 report is much more specific in its healthcare district recommendations and therefore, he stated that he wholly supported the facts, tone, and attachments that Ms. Fama included in her draft response.

**Director Ulyot** commented that he thinks this issue is the most important thing the District is working on and he commended Ms. Fama's response as being very thoughtful and educated. **Director Smith** agreed. There were no public comments offered.

*It was moved by Director Smith and seconded by Director Ulyot to accept the Response to the Grand Jury Report as presented. The motion carried unanimously.*

**Colin Coffey** noted that it was a very good response; it deserved a lot of attention and should be widely distributed to elected officials and other public bodies. **Director Ulyot** agreed.

#### **Master Property Development**

Ms. Fama reported that HGA architects have facilitated two planning sessions to date. The three poster boards that were developed for these planning sessions were displayed around the meeting room; one shows an aerial view of the 26 acres and adjacent properties, another provides a schematic of the parcel(s) that will revert back to the District after the old hospital is taken down, and the third shows the Burlingame building zone requirements for all the properties surrounding the 26 acres, as well as, those along Marco Polo, Ogden, and Trousdale streets. Ms. Fama reported that the process is in the earliest phase of planning.

**Ms. Jacobs** then asked about one of the boards and wanted to know what was going to go there. **Director Ulyot** responded that we do not know yet; this is a process in which the Board is engaging and it will take awhile to develop a plan for use and construction. **Ms. Kincer** asked how the city gets involved with the planning. **Ms. Fama** said she recently met with the city manager, Jim Nantell, and apprised him of our planning process that has been launched and the area we are looking at. Our architects plan to meet with the Planning staff early in our process to confirm that their understanding of the zones, codes, and possibilities are in alignment.

#### **Meeting Schedule for CY 2009**

**Director Ulyot** called the Directors attention to the Draft Meeting Calendar for 2009 and highlighted that the two key changes proposed were to go back to a 4<sup>th</sup> Thursday schedule and a 7 pm start time. **Ms. Fama** added that since the draft was distributed, Chair Newman has asked that the Board consider changing two of the dates forward by one week; specifically move the March meeting to the 19<sup>th</sup> and the April meeting to the 16<sup>th</sup>. **Director Smith** said for personal reasons she would prefer to have the meeting earlier rather than later. She also stated that she does not believe that a time change would draw more attendees, noting that the Board does not have as many controversial issues as in the past. **Ms. Kincer** asked if there could be a quarterly

meeting at 7pm. **Director Navarro** stated he preferred earlier as well, given his work and on-call schedule. **Ms. Kincer** asked about the possibility of 6pm. **Director Ulyot**, in his role as Chair, put forth that the meetings will stay at the 5:45pm start time and will be every 4<sup>th</sup> Thursday of the month, with the exception of the holiday months of November and December as noted on the calendar. All Directors were in agreement.

*It was moved by Director Smith and seconded by Director Navarro to accept the CY 2009 dates with a meeting start time of 5:45pm. The motion carried unanimously.*

**Ms. Kincer** asked that the Directors reconsider filming the meetings and making them available over the local TV channels. She stated that some people want to know what the District is doing and others would be more interested if they were exposed to the meetings via this route. **Ms. Fama** responded that the District makes its meeting materials, activities, actions, and financials readily available through the meetings, web site, newsletters, mailings, and staff's general availability. She and her staff would welcome any request for more information. However, she does not believe that the District should incur the expense and the additional meeting logistical tasks to reach out to residents that are either not interested or who do not take advantage of the opportunities already available to them.

**ADJOURNMENT:**

**There being no further business, the meeting was adjourned by Vice Chair Ulyot at 19:30 hours.**

**By:**

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**Kelly Molloy, Executive Assistant**

**Approved:**

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**Helen C. Galligan, Secretary**

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**Donald E. Newman, M.D., Chair**

