

<b>Minutes</b>
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<b>Maricopa County Special Health Care District Board of Directors Meeting Maricopa Medical Center Auditoriums 1 and 2 November 24, 2008 1:00 p.m.</b>
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**Present:** Gerald L. Cuendet, Ph.D., Chair, District 4  
William Bruno, Vice Chair, District 1  
Paulina Morris, Director, District 3  
Mike Cowley, Director, District 5

**Absent/Excused:** Charlie Gail Hendrix, Director, District 2

**Others Present:** Betsey Bayless, MIHS, Chief Executive Officer  
Bill Vanaskie, MIHS, Chief Operating Officer  
Kathy Benaquista, MIHS, Controller  
Warren Whitney, MIHS, Senior Vice President Strategic & Corporate Affairs  
Stephan Stapczynski, M.D., F.A.C.E.P., MIHS, Chief of Staff  
Sherry Stotler, MIHS, Chief Nursing Officer  
Louis B. Gorman, District Counsel  
David J. Cantelme, Board Counsel  
Melanie Talbot, Clerk of the Board

**Guest Presenters:** Dan Hobohm, M.D., MIHS, Vice President of Quality & Outcomes Management

**Recorded by:** Cynthia Cornejo, Assistant Clerk of the Board

**Call to Order**

Chairman Cuendet called the meeting to order at 1:05 p.m.

**Roll Call**

Ms. Talbot called roll. Following roll call, it was noted that four of the five voting members of the Maricopa County Special Health Care District Board of Directors were present, which represents a quorum.

**Pledge of Allegiance**

The Pledge of Allegiance to the flag was lead by Mr. Gorman.

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**Call to the Public**

Chairman Cuendet called for public comment. Ms. Talbot read aloud the guidelines which have been determined as acceptable by the Board of Directors.

Chairman Cuendet stated that the Board was honored to have the City of Phoenix Mayor, Phil Gordon, in attendance.

Mayor Phil Gordon thanked the Board on behalf of a grateful city council for what had been accomplished as an organization, from caring for those that protect and serve the community, to caring for those less fortunate and underserved. He presented a "Friend of Phoenix" certificate to the Board which read: "For your passion and commitment to helping people and for your selfless service as a member of the inaugural Board of Directors for the Maricopa County Special Health Care District, from a very grateful Mayor."

Mr. Paul Westover, MedPro Chief Executive Officer, stated that the Board had the District's best interest at heart and thanked them for their responsiveness and availability throughout the past four years. He presented the Board with a token of appreciation from MedPro.

Dr. Kote Chundu, Chairman of MedPro Board of Directors, echoed Mr. Westover's appreciation for the Board's commitment. He stated that the past four years had been crucial and the accomplishments made by the inaugural Board had created a solid foundation for the incoming Board members. He thanked them for their support.

Director Morris thanked Mr. Westover and Dr. Chundu for their comments and noted that the accomplishments within MedPro had been amazing as well. The relationship between MedPro and the District had been much improved.

Dr. Stapczynski thanked the Board and presented them with a token of appreciation on behalf of the medical staff at MIHS.

Chairman Cuendet thanked all for their support as well.

**General Session Presentation, Discussion and Action:**

1. Opening Comments and Remarks from Chief Executive Officer

Ms. Bayless deferred her comments to the end of the meeting.

2. Reports to the Board of Directors:

Old Business from September 2008

a. Return on Investment for Grant Writing Department

Report for November 2008

b. Compliance Officer's Activities, Quality, and Effectiveness

c. Internal Auditor's Activities, Quality, and Effectiveness

d. Non-Privileged Patient Care Staff Competency Report

Ms. Bayless stated that the Board received the reports along with the Board meeting material.

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**General Session Presentation, Discussion and Action, cont.:**

3. Approval of Consent Agenda

a. Minutes:

Review and Approve Special Health Care District Board of Directors Meeting Minutes dated:

- i. October 22, 2008
- ii. October 30, 2008

b. Contracts:

- i. Approve a new contract (C-90-09-506-1-00) between United Blood Services and Maricopa County Special Health Care District dba Maricopa Integrated Health System (MIHS) to provide high quality whole blood and blood components to then Maricopa Medical Center Blood Bank. MIHS has been utilizing the Contractor's services for Blood Products since 2003. The initial contract term is from January 1, 2009 to December 31, 2010. The anticipated annual expense is \$2,442,000 and has been budgeted for operational expenditures. The anticipated fiscal year budget impact is \$1,017,500 for FY 2009 and \$1,424,500 for FY 2010.
- ii. Approve a new Intergovernmental Agreement (IGA) (C-90-09-507-1) between the Department of Health and Human Services Health Resources and Services Administration (HRSA) and Maricopa County Special Health Care District dba Maricopa Integrated Health System (MIHS) to award MIHS funding for the Ryan White Title IV (Part D) Program. The purpose of this grant is to establish an agreement to expand dental services for HIV/AIDS women, youth, and their affected family members. The initial contract term is from August 1, 2008 to July 31, 2013. The estimated annual revenue is \$696,700.00 in FY 2009.
- iii. Approve amendment to contract (C-90-06-032-1-01) CIGNA and Maricopa County Special Health Care District dba Maricopa Integrated Health System (MIHS) for CIGNA network participation at the new rates. The term of the amendment is three years commencing January 1, 2009.
- iv. Approve new agreement (C-90-09-508-1) between Magellan Behavioral Health Services of Arizona (Magellan) and Maricopa County Special Health Care District dba Maricopa Integrated Health System (MIHS) for Magellan network participation. The term of the amendment is ten months commencing September 1, 2007. Based on utilization for the first ten months of the agreement (the initial period), MIHS accrued expected revenue totaling \$34.5 million based on current rates.

c. Board Governance

- i. Approve registration fee, mileage, and meal expense, not to exceed rates allowable under applicable District practices or policies, for Board Member Bruno to attend *Arizona Managed Care Newsletter's* 2009 Winter State of the State Meeting in Phoenix, Arizona, January 28, 2009. **NOTE:** Reduced registration fee rate was given to AMCN subscribers.

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**General Session Presentation, Discussion and Action, cont.:**

3. Approval of Consent Agenda, cont.

c. Board Governance, cont.:

- ii. Approve Affidavit Appointing Shabnam Sood, M.D. as Deputy Medical Director in Department of Psychiatry
- iii. Approve Annual Performance Improvement Plan
- iv. Accept Recommendation from Family Health Center Advisory Council (FHCAC) to appoint Lillie Cunningham to the vacant non-user community member vacancy for the October 1, 2008 - September 30, 2010 term. Appointment was approved by the FHCAC on September 17, 2008.
- v. Accept Recommendation from Family Health Center Advisory Council (FHCAC) to appoint Yolanda Leon to the vacant non-user community member vacancy for the October 1, 2008 - September 30, 2010 term. Appointment was approved by the FHCAC on November 19, 2008.
- vi. Accept Recommendation from Family Health Center Advisory Council (FHCAC) to appoint Anita Jordan to the vacant user community member vacancy for the October 1, 2008 - September 30, 2010 term. Appointment was approved by the FHCAC on November 19, 2008.
- vii. Approval on patient account write offs greater than \$500,000 billed charges:

Month	Payer	Total chrgs	Moved to Bad Debt	Admit Date	Dischrg Date
Oct	None	\$ 601,501	\$601,501	05/19/08	06/27/08

d. Medical Staff

- i. Approve Revisions to the Disposition of Disruptive Practitioner Behavior Allegations Policy #39018 S

Vice Chairman Bruno stated that he would abstain from item 3.c.i.

**MOTION:** Director Morris moved to approve the consent agenda. Director Cowley seconded.  
**Motion unanimously passed.**

**NOTE:** Vice Chairman Bruno abstained from voting on item 3.c.i.

4. Approval of Maricopa Integrated Health System Medical Staff Appointments/Reappointments, Privileges, and Change of Status for November 2008

**MOTION:** Vice Chairman Bruno moved to approve the Maricopa Integrated Health System Medical Staff Appointments/Reappointments, Privileges, and Change of Status for November 2008. Director Cowley seconded. **Motion unanimously passed.**

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**General Session Presentation, Discussion and Action, cont.:**

5. Approval of Maricopa Integrated Health System Allied Health Professional Staff Appointments/Reappointments, Practice Prerogatives, and Change of Status for November 2008

**MOTION:** Director Morris moved to approve the Maricopa Integrated Health System Allied Health Professional Staff Appointments/Reappointments, Privileges, and Change of Status for November 2008. Director Cowley seconded. **Motion unanimously passed.**

6. Presentation and Discussion on Institute for Health Care Improvement Whole Systems Measures Dashboard

Dr. Hobohm reviewed the key quality indicators. Patient falls continued to be below the established benchmarks, and for the first month, medication errors were above the benchmarks, which is a good indicator that the MIDAS system is working, and that people are reporting any errors.

Vice Chairman Bruno asked if all errors associated with medication are reported, or are only those errors associated with adverse reactions reported. He asked if an error could be that a patient did not take his or her medication at the correct time or take it at all.

Mr. Vanaskie stated that patient receiving medication at the wrong time, receiving the wrong dose, or the medication was administered differently than prescribed, are all considered medication errors. All errors are reported, not just those with adverse reactions.

Vice Chairman Bruno asked if an error was corrected in the pharmacy, prior to reaching the patient, if that was still reported.

Mr. Vanaskie said that anytime things do not go as they should have, it is reported.

Dr. Hobohm said the number of pressure ulcers reported continued to decline. Core measures continue to improve. There is room for improvement with the core measures for pneumonia, however, the core measures for surgical care improvement prevention is above Arizona and national means in all areas.

Chairman Cuendet asked if the core measures were a Joint Commission standard.

Dr. Hobohm stated that the core measures were Centers for Medicare & Medicaid Services (CMS) standards.

Ms. Stotler added that state licensing agencies also require these standards.

Mr. Vanaskie stated that the cores measures were established by CMS. Hospitals voluntarily submit their core measures data to CMS and this data is available on the CMS website for the public to view. The System has a very small percentage of Medicare patients, however, Dr. Stapczynski took the lead on working through the processes and there has been substantial improvement. The core measures are not standards, but CMS believes that good processes lead to better patient outcomes.

Vice Chairman Bruno referred to the number of days for an available appointment in the CHC and asked if there had been any improvements.

Mr. Vanaskie said that there had been a great deal of improvement in that area. The number of clinic sessions is increasing and senior administration is working with MedPro on how improvements could be made.

Vice Chairman Bruno said that there are still some specialties that have appointments three months out.

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**General Session Presentation, Discussion and Action, cont.:**

6. Presentation and Discussion on Institute for Health Care Improvement Whole Systems Measures Dashboard, cont.

Dr. Hobohm said that staff is working with the internal medicine department to improve that and there is focus on medical sub-specialties, such as rheumatology.

Director Morris thanked Dr. Hobohm, Ms. Stotler, and Mr. Vanaskie for the significant improvements made under Ms. Bayless's leadership.

Chairman Cuendet congratulated staff on the tremendous amount of work accomplished.

7. Discuss and Review October 2008 Financial Performance

Ms. Benaquista reviewed the financial performance for the month of October 2008. She stated that on a consolidated basis, the total operating income for the month was better than budget by \$488,268, which is an improvement over prior year by \$1.1 million. Year to date for operating income, the System is \$457,000 positive to budget, which is an improvement over prior year by \$2.1 million. On the total income and loss for the month, the System is \$266,000 positive to budget and \$1.4 million better than prior year. Year to date against budget, the System is \$370,000 better than budget and \$3.8 million better than prior year.

The patient volumes are below budget with admissions down 949 on a year to date basis. Adjusted patient days, on a year to date basis, are lower than prior year by 1,200 and better than budget by 7,400. Volumes are down in ambulatory, emergency room, and throughout the organization, with exceptions in psychiatry, urgent care, and surgery. There were no significant changes in the payor mix for the month.

She stated that the Maricopa Health Plan had an increase in membership of 7,459 to bring the total number of members to 45,526.

The operating revenue at Maricopa Medical Center was below budget by nearly \$6.4 million, however, the operating expenses were better than budget by over \$6.9 million. The Maricopa Health Plan is on budget, with the operating revenue at \$4.6 million and the operating expenses at \$4.6 million. The System is operating according to the reduced volumes to control salary and other operating expenses. On a consolidated basis, the System had over \$96 million in cash reserves, which equates to 62 days of operation.

Director Morris asked Ms. Benaquista to explain the importance of a substantial amount in cash reserves.

Ms. Benaquista said that a long term goal of the organization is to build a new facility. In order to do so, the System would need to meet standards of the bonding agencies, which state that a cash reserve of 150 days of operating cash is need to ensure a good bond rating.

Ms. Bayless said that the industry standard is to have between 120 and 140 days of operating cash on hand. There needs to be a healthy reserve. The System had come a long way from its humbling beginnings.

Director Morris said that the turnaround was amazing.

Chairman Cuendet asked how it had been accomplished.

Ms. Benaquista said that when the System was faced with financial uncertainty years ago, expenses were reduced by 10% across the System.

Chairman Cuendet added that the expense reduction included staff taking mandatory days off without pay.

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**General Session Presentation, Discussion and Action, cont.:**

7. Discuss and Review October 2008 Financial Performance, cont.

Ms. Benaquista said that the employees of MIHS were willing to do so because they all believed in the mission and wanted to see the organization succeed.

Vice Chairman Bruno said he would like Ms. Bayless to consider setting up two restricted accounts that would require Board approval prior to releasing any funds. The first account would be designated for the funds borrowed from Maricopa County. The second account would be for the cash reserve requirement for the Maricopa Health Plan.

8. Board Acceptance or Approval of the Fiscal Year Annual Audit for June 30, 2008 or Direct Staff to take Appropriate Action with Regard to the Fiscal Year Annual Audit if the Board Determines that Modifications or Revisions to it are in Order

Ms. Bayless commended MIHS staff and the agents with Ernst & Young (E&Y) for completing the audit two months earlier than last year. There were weekly meetings between MIHS and E&Y to get that accomplished.

Ms. Benaquista stated that the audit shows significant improvements over the past three years. The current audit resulted in a positive adjustment \$1.6 million. Two large contributing factors in the adjustment were the Federally Qualified Healthcare Center (FQHC) reimbursements and the MedPro incentive accruals.

**MOTION:** Vice Chairman Bruno moved to accept the fiscal year annual audit for 2008 with one clarification to page 18 as it relates to charity care. Director Cowley seconded.

Vice Chairman Bruno commended all for completing the audit ahead of schedule. There was an important statement included in the audit and he read it aloud, "The District was able to leverage the \$46 million in tax revenues to provide \$47 million in cost for uncompensated care and bad debts, and purchase new assets of \$20 million. Additionally, the District was able to train 214 new physicians, operate a leading trauma service, and continue to operate the state's only, and the second largest national, burn center. The District continues to strive to be an effective steward of the public monies designated for health care services in Maricopa County."

He congratulated all for the accomplishments made over the past year. The District does collect taxes and it is the Board's discretion on how it is used. The Board used that amount and leveraged it to make the most of it.

**VOTE: Motion unanimously passed.**

9. Strategic Plan Implementation Update

Mr. Whitney said that the focus of the implementation is now on gathering data to formulate specific plans and processes. He noted that The Strategy Group is now Navvis Healthcare.

Chairman Cuendet said he received a call from one of the state auditors conducting the mandated audit of the District, and the auditor was very inquisitive about the strategic plan. In reference to the mandated audit, he asked if any results were available.

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**General Session Presentation, Discussion and Action, cont.:**

9. Strategic Plan Implementation Update, cont.

Ms. Bayless said that auditors spent a lot of time with staff and have been very reasonable. The auditors did not have a healthcare background and were unfamiliar with regulatory agencies and other issues that the System faces. She is anticipating that once the audit is complete, the District can present data to the Legislature that demonstrates the good stewardship of public monies.

Director Morris stated that the time and resources MIHS has had to use for the state to conduct the audit should be quantified so the taxpayers are aware of the amount that was spent in order to conduct the vindictive legislation that was passed.

Chairman Cuendet stated that the audit could also demonstrate how much the District had accomplished.

Ms. Bayless said that she believes that the information provided to the auditors shows that the property tax received is spent well and they now realize the profound impact the organization has on the community. The amount received through taxes accounts for only 10% of all revenue, the other 90% is generated by services provided by the organization.

Chairman Cuendet stated that if the System continues to operate as it has, there may not be a need to continue the tax levy.

Ms. Bayless said that it would be more attainable with improved facilities.

10. Discussion and possible Board action taking a position on behalf of the District, or taking other action, regarding AHCCCS' lawsuit against the District and Board Members, a District Notice of Claim to the State and AHCCCS, and/or Intergovernmental Agreement with the State and/or AHCCCS regarding Disproportionate Share Hospital funding or non-Disproportionate Share Hospital funding or reimbursement for the District, federal or state legislation or action, including state or federal legislation and regulations regarding Disproportionate Share Hospital reimbursement or non-Disproportionate Share Hospital funding or reimbursement federal oversight of Disproportionate Share Hospital program and reimbursement, State of Arizona compliance with federal regulations, and guidelines regarding Disproportionate Share Hospital funds and/or non-Disproportionate Share Hospital funding or reimbursement methodologies to benefit the District and District facilities.

**MOTION:** Vice Chairman Bruno moved that the Chairman of the Maricopa County Special Health Care District is authorized to execute that certain Acknowledgement of Extension of Deadline to File Notice of Claim by and between the Maricopa County Special Health Care District and the Arizona Health Care Cost Containment System in the form attached as Exhibit A; and that the Chairman of the Maricopa County Special Health Care District is authorized to execute an intergovernmental agreement between and among the Maricopa County Special Health Care District, the Arizona Health Care Cost Containment System and the State of Arizona, in substantially the form attached hereto as Exhibit B following acceptance thereof by the State of Arizona. Director Cowley seconded.

Vice Chairman Bruno stated that the action by the Board is an attempt to resolve any differences in a way that will benefit all parties.

**VOTE:** Motion unanimously passed.

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**General Session Presentation, Discussion and Action, cont.:**

11. Concluding Items
  - a. Future Agenda Item/Report Calendar
    - i. **December**
      - a. **Quarterly Reports:**  
Sentinel Events  
Performance on Investment of Funds  
Chief Executive Officer Annual Goals Quarterly Progress
    - ii. **January**
      - a. **Quarterly Reports:**  
Capital Expenditures for 2<sup>nd</sup> Quarter FY 2009  
Contract Approvals and Asset Disposal for 2<sup>nd</sup> Quarter FY 2009  
Family Health Center Advisory Council
      - b. **Other:**  
General Liability Insurance  
Discussion on Preparation of FY 2010 Budget and Capital Plans  
Legislative Session Issues  
Employee Satisfaction Survey Results
    - iii. **February**
      - a. **Quarterly Reports:**  
Patient Satisfaction Survey Results for 4<sup>th</sup> Quarter 2008  
Compliance Officer's Activities, Quality and Effectiveness  
Open and Settled Claims  
Internal Auditor's Activities, Quality and Effectiveness  
Foundations
  - b. Board Member Requests for Future Agenda Items or Reports
    - i. Report on the Impact of Centers for Medicare & Medicaid Services (CMS) "Never Events"
    - ii. Presentation/Report from the Audit and Compliance Committee
  - c. Comments
    - i. Chairman and Member Closing Comment
    - ii. Chief Executive Officer Summary of Current Events

Ms. Bayless stated that MIHS was featured on NBC's Nightly News with National Science and Health correspondent Robert Bazell, featuring a segment about the "Mujeres en Accion" Program. While taping the segment, a major report was released about the effects of statins on heart disease and Dr. Merhdad Saririan, a cardiologist, was available to discuss the report with Mr. Bazell.

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**General Session Presentation, Discussion and Action, cont.:**

11. Concluding Items, cont.

The Arizona Burn Center was also in the news for the treatment given to a young boy from Romania, who suffered severe burns after his home caught on fire. Ms. Bayless stated that Channel 12 featured two morning news reports about RSV season, reporting live from the emergency department of Maricopa Medical Center.

Director Morris said that serving on the Maricopa County Special Health Care District Board of Directors had been the best experience of her professional career. She was very proud of all that had been accomplished and stated that it was a privilege to work with her fellow Board members and Ms. Bayless. She thanked Ms. Talbot and Mr. Cantelme for their work with the Board. She wished the new Board members and the System wonderful success and stated that she will always be a champion for the District.

Director Cowley stated that he was approached by Maricopa County Board of Supervisors Chairman Kunasek when a vacancy occurred on the Maricopa County Special Health Care District Board of Directors, and was cautioned about getting involved. He was told that the District would not succeed. Director Cowley stated that the best gift is the pride of success. He continued to say that the biggest responsibility the Board had was to ensure that the System had a strong leader. The Board's best decision was to hire Ms. Bayless. He thanked everyone for helping prove those wrong that doubted the District. He stated that he was incredibly proud to be a part of the District and hoped the new Board members would embrace the vision and continue to empower the employees to fulfill the mission.

Vice Chairman Bruno thanked his fellow Board members for their service and stated that he was proud to serve with them. He said that the past four years had been the most exciting and rewarding achievement of his professional career that he will always treasure.

Chairman Cuendet stated that one institution is like any institution. The people within the institution are what make it successful. The District is fortunate to have had the Board that served for the past four years. The Board conducted the business of the District professionally and was as supportive as possible. He wished success with the new Board and stated that if it were not for the work accomplished over the past four years, the District would not be looking towards a bright future. He stated that he appreciated everyone working together to make the District successful.

Ms. Bayless said that the past four years had been challenging, however, they had been rewarding as well. She said that it was an honor to work with the Board and for the System. She stated that she appreciated the Board's friendship and support as she worked to bring stability to the System. Ms. Bayless said that when she accepted the challenge of being CEO of MIHS, it was unclear if the System would succeed. However, with the Board's leadership, the System had accomplished so much. Those accomplishments included reaching a cash reserve of more than \$105 million, dedicating more than \$70 million in capital improvements, increased employee salaries, and strengthening the Maricopa Health Foundation.

The Board also set a tone of community leadership while pursuing additional and adequate Disproportionate Share Hospital (DSH) funds from the state. Now, there is some acknowledgement that the System's DSH allocation needs to be increased. There is also widespread agreement that there is a need for a new facility. The Board had been the System's biggest champions and supporters while speaking to various organizations and groups across the community.

She stated that there were some difficult moments in the press, and through it all, the Board supported her, the physicians, the nurses, and all employees at MIHS, who provide care to the residents of Maricopa County every day. She thanked the Board for their service and support and stated that it had been a privilege to work by their side for the betterment of the health of the patients. The Board had made a difference in the lives of countless people who came to MIHS seeking care and compassion.

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**Adjourn**

**MOTION:** Director Morris moved to adjourn the November 24, 2008 Special Health Care District Board of Directors meeting. Vice Chairman Bruno seconded. **Motion unanimously passed.**

Meeting adjourned at 2:52 p.m.

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Gerald L. Cuendet, Ph.D., Chair  
Special Health Care District  
Board of Directors