

# COUNCIL MINUTES

July 10, 2001

The City Council of the City of Mesa met in a joint meeting with the staff of Banner Health System at Lutheran Heart Hospital, Primrose Room, 6750 E. Baywood, Mesa, Arizona on July 10, 2001 at 7:30 a.m.

COUNCIL PRESENT	STAFF PRESENT	BANNER HEALTH SYSTEM STAFF
Mayor Keno Hawker Jim Davidson Bill Jaffa Dennis Kavanaugh Pat Pomeroy Claudia Walters	Mike Hutchinson Debbie Dollar Jack Friedline Barbara Jones Tony Malaj Richard Mulligan Tom Remes Paul Wenbert	Valley Lutheran Medical Center Don Evans, Senior Vice President & CEO  Desert Samaritan Medical Center Bruce Pearson, Senior Vice President & CEO  Lutheran Heart Hospital Kathy Bollinger, Vice President  Lutheran Hospitals' Foundation Jimmy Jones, Executive Director
COUNCIL ABSENT		
Mike Whalen		

(Items on the agenda were discussed out of order but for the purposes of clarity will remain as listed on the agenda).

1. Welcome and Introductions.

Valley Lutheran Senior Vice President & CEO Don Evans welcomed the Mesa City Council and staff to the meeting and commented on the importance of scheduling this type of meeting to share information and exchange ideas relative to specific goals and challenges.

2. Update on Valley Lutheran's programs and challenges.

Mr. Evans stated that Valley Lutheran opened in 1984 in response to the needs of the growing community in the East Valley. Mr. Evans informed those present that Valley Lutheran Hospital has been recognized as one of the top orthopedic hospitals in the country. Mr. Evans commented on the challenges associated with providing services on a seasonal basis, and noted that the hospital is utilized extensively during the months of December through March and its use dramatically decreases during the remaining months.

Mr. Evans requested that Lutheran Heart Hospital Vice President Kathy Bollinger provide information regarding the Mesa Lutheran Heart Hospital.

Ms. Bollinger stated that Mesa Lutheran Heart Hospital is the newest healthcare facility, approximately eight months old. Ms. Bollinger stated that previously the Heart Program had been in place at Mesa Lutheran Hospital for 15 years but based on demand and the fact that 75% of heart patients resided in this area, the need existed to erect this type of facility. Ms. Bollinger stated that the Hospital currently employs

280 personnel and utilizes approximately 180 volunteers. Ms. Bollinger said that the Heart Hospital is a \$45 million facility, with \$12 million in equipment alone. Ms. Bollinger stated that the facility houses 60 beds; 16 of which are designated for intensive care and pointed out that the facility has three cardio catheterization labs, an electro physiology lab, three dedicated cardio vascular operating rooms and has dedicated the fifth floor for future expansion (60 additional beds). Ms. Bollinger projected that the additional beds will be utilized within a three-year period as well as additional space designed for an added cardio catheterization lab and an operating room. Ms. Bollinger estimated that the Heart Hospital will perform 850 heart surgeries this year.

At the request of Mr. Evans, Lutheran Hospitals' Foundation Executive Director Jimmy Jones provided an overview of the organization's background and history and stated that the foundation was founded in 1982 with a net worth of \$350,000. Mr. Jones pointed out that currently the foundation's worth is in excess of \$5.5 million and generates approximately \$1.5 million a year. Mr. Jones stated that \$900,000 of their budget is allocated for community supported activities within the Cities of Mesa and Apache Junction. Mr. Jones commented that the Foundation supports the health clinics located in every Mesa and Apache Junction school along with the costs associated with providing a nurse practitioner. Additionally, Mr. Jones pointed out that the Foundation is responsible for providing health screenings and other medical services at the winter visitor clinics. Mr. Jones discussed the Foundation's nursing scholarship program, which includes nurses, radiology technicians and pharmacists.

### 3. Update on the Banner Health System merger.

Mr. Evans stated that on or about September 1, 1999, Lutheran Health Systems of Fargo, North Dakota and Phoenix-based Samaritan Health Systems merged to become the Banner Health System. Mr. Evans highlighted a brief presentation and referred to a handout provided to those in attendance, which outlined the numerous Medical Centers, hospital facilities, and services provided by the Banner Health System. Mr. Evans reported that the Banner Health System currently operates in 14 states, 32 hospitals and 31 nursing homes and employs a total of 22,500 personnel. Mr. Evans commented that the Banner Health System is a non-profit corporation and services 33% of the healthcare market in the Phoenix area. Mr. Evans spoke of the staffing shortages associated with the Centers and commented that this issue continues to be a serious concern and challenge for health providers. Mr. Evans outlined the mission statements established by the Banner Health System along with financial strategies to maintain a strong balance sheet and improve operating performance. Mr. Evans pointed out that a new healthcare facility will be located in Gilbert at Greenfield Road and Ray Road in the near future.

At the request of Mr. Evans, Senior Vice President & CEO Bruce Pearson provided an overview of the Desert Samaritan Medical Center, which was built in 1973 and is located on Dobson Road and Southern Avenue. Mr. Pearson stated that Desert Samaritan operates a successful open-heart program and noted that 950 open-heart surgeries will be scheduled this year. Mr. Pearson pointed out that although Desert Samaritan has not expended significant marketing efforts compared to the Arizona Heart Institute, Desert Samaritan is projected to perform 200 to 300 more open-heart surgeries than the Institute.

Mr. Pearson advised that the goal established by Desert Samaritan to expand the facility to accommodate all of the healthcare needs of the East Valley has been initiated. He added that as part of this goal, Desert Samaritan is currently in the process of obtaining a permit to finalize plans to erect a neonatal ICU facility housing 65 beds for preemies who are born with health issues. Mr. Pearson said that the facility is expected to open next year. Mr. Pearson reported that the obstetrical program continues to be utilized extensively and said that approximately 7,400 babies have already been delivered this year. Mr. Pearson pointed out that Desert Samaritan has elevated its level of care as it relates to high-risk pregnancies and stated that obstetricians and anesthesiologists are available in-house on a 24-hour basis to handle any

emergencies of this type. Mr. Pearson commented that an additional expanded level of care is in the area of Pediatrics and reported that Pediatric physicians are located in emergency rooms on a 24-hour basis.

Mr. Pearson discussed the Behavioral Health Center, which provides inpatient and outpatient psychiatric services and stated that the Center has recently expanded the program to include adolescents. Discussion ensued relative to the financial difficulties associated with the operation of a psychiatric facility. Mr. Pearson emphasized the need to identify the necessary resources to fund the costs associated with providing a higher level of care. Mr. Pearson pointed out that last year Banner Hospitals operated at a loss.

Mr. Pearson commented that recruiting and retaining nursing staff has become a significant challenge. Mr. Pearson stated that a leadership role has been undertaken by the facility to develop partnerships, such as with the schools, to provide young adults with information regarding healthcare careers and to offer scholarships. In addition, efforts have been expended to develop nursing programs at the East Valley Institute of Technology.

Discussion ensued relative to the financial difficulties associated with the establishment of a Trauma 1 Center at Desert Samaritan Hospital. Mr. Pearson stated the opinion that if funding was in place, it is feasible that a Level 1 Trauma Center could be operational by the end of 2003.

4. Tour of the Valley Lutheran Campus.

At 8:46 a.m. a tour was conducted of the Lutheran Heart Hospital and the adjacent Valley Lutheran Hospital.

5. Adjournment.

Without objection the Joint Meeting with the staff of Banner Health System adjourned at 9:15 a.m.

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KENO HAWKER, MAYOR

ATTEST:

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BARBARA JONES, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the joint meeting with Banner Health System held on the 10<sup>th</sup> day of July 2001. I further certify that the meeting was duly called and held and that a quorum was present.

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BARBARA JONES, CITY CLERK