

Orcas Island Health Care District
Board of Commissioners - SPECIAL Meeting Minutes
Orcas Island Library – Community Room
Tuesday, October 2, 2019
5:00 – 7:00 pm

Commissioners Present:

Art Lange
Diane Boteler (remote – joined at 5:30pm)
Patricia Miller
Pegi Groundwater (remote)
Richard Fralick

Staff:

Superintendent Anne Presson

Commissioners Absent:

None

I. Call to Order

President Fralick called the meeting to order at 5:03 pm.

II. Public Comment

No public comment at this time.

III. Consent Agenda

President Fralick removed the 9/17 Draft Regular Board Meeting Minutes from the Consent Agenda as the Board wasn't ready to take action. These Minutes will be brought to the next Regular Board Meeting. This left two items for consideration on the Consent Agenda: (1) AP Voucher report dated September 15th in the amount of \$7,649.58; and (2) AP Voucher report dated September 24th in the amount of \$71,716.74.

MOVED by Commissioner Groundwater, seconded by Commissioner Miller to approve the Consent Agenda as amended. VOTE 4:0:0. MOTION CARRIED.

IV. Committee and Work Group Reports

- a. **Building/Equipment Committee** – Commissioner Groundwater provided an update on the status of the 30% Requirements Document being prepared by Hargis Engineering. The original estimate was that it would take approximately 45 days to complete the work, and it's been about 2 ½ weeks since the Agreement was signed following approval by the Board. Hargis has also received the CAD drawings they requested. Prior to moving forward, Commissioner Groundwater had confirmed this approach was sufficient to enable an HVAC contractor to quote.

Commissioner Groundwater also provided an update on the new roofing material she was pursuing as an option. The manufacturer confirmed last Friday that the Clinic building is a candidate for their product, and she's expecting an estimate for the cost of the material any day. When asked if there's a local roofing contractor who can install this material, Commissioner Groundwater replied that she was told the material is easy to install and any roofing contractor who is familiar with metal roofs should have no problem handling the installation. The contractor will need a crane to lift the panels.

Commissioner Miller asked if the timing was such that local contractors should be contacted to see if they'd be comfortable using this material. Based on the fact that the quote was due any day, it seemed prudent to wait until the Committee had more detail before approaching the local contractors. Commissioner Groundwater did say she would like to talk with spray foam installers to get an estimate of cost in the event the Board decides to go in another direction after receiving the quote from the roofing manufacturer.

In other Building/Equipment Committee updates, Superintendent Presson shared an equipment list containing items identified as being at the end of life by UWNC. One item on the list is replacement chair cushions for the UW Clinic as many have become soiled. Commissioner Groundwater has recently spoken with the former Clinic Manager who recalled the cushion material used was impermeable and the cushions might be reusable, and she also obtained the original specification sheet from a former OMF Board members. She will do further investigation since one cushion has been taken apart.

Superintendent Presson also informed the Board that she and Commissioner Groundwater have scheduled a meeting with an organization called KCBA. They will provide more details at the next Board meeting once they learn more. Briefly, KCBA is a purchasing co-op for public agencies that was started by school districts many years ago. It has since expanded to offer membership to other public entities, including the Orcas School District and San Juan County. They provide an opportunity to access their contracts without going through the public bidding process, and they hold contracts with every type of contractor.

Finally, as it relates to existing equipment, the Superintendent and Commissioner Boteler have scheduled a date to conduct the physical equipment inventory at the UW Clinic and are working to finalize a date with OFHC.

- b. **Negotiations Committee** – Commissioner Miller shared an updated FY '20 Budget proposal from OFHC. She pointed out some changes, as the request has been modified since the Board's initial review. The year over year spread sheet had also been updated and provides additional detail and comments around the areas that have increased. The requested annual subsidy is now \$461,512 and Aimee Johnson, OFHC Clinic Manager, was present to answer questions.

There was discussion around how the increased cost structure would impact the Medicare reimbursement rate being OFHC is designated as a Rural Health Clinic (RHC). As an RHC, their reimbursement rate for Medicare is calculated on a cost basis. Aimee Johnson explained how the timing of a change in costs will impact future reimbursement rates. In short, she will submit a cost report for FY '20 at the end of their fiscal year (October through September). That is due by end of February 2021 and there is a reconciliation approximately 3 months after the cost report is submitted. Medicare looks at the average cost/visit based on expenses and what Medicare paid, versus the new cost structure. At that time, the reimbursement rate for the following year is set and any adjustment for the prior period is determined.

There was discussion around the draft report from the Consultant, which shows OFHC's Medicaid reimbursement rate of \$114 compared to the average RHC reimbursement rate of \$150. Aimee confirmed that the differential is likely a result of OFHC's low cost per visit, which has historically been just over \$100. Discussion continued to help the Board better understand OFHC's encounter and reimbursement rates, and efforts to collect bad debt. This also included ways to increase OFHC's reimbursement, and Aimee shared that after many years without a change OFHC just raised their fees 10%. She expects that should help with their Medicare reimbursement rates.

There was discussion on specific components of the budget, including changes to provider and staff compensation. Commissioner Miller noted that it became obvious going through this process how complex it is to be able to understand compensation data. Similar to UW, OFHC has agreed to incorporate an incentive-based approach for the providers based on WRVUs. The updated budget also includes the health benefits that were approved at the last Board meeting.

Commissioner Groundwater had two questions on the budget: (1) clarification on the 21% increase in malpractice which was attributed to the additional provider; and (2) what is expected in terms of capital expenditures since OFHC was over budget in 2019 and the 2020 budget request was at the same level as the 2019 budget. Aimee clarified that all of the chairs were replaced last year, which was a one-time expense that caused them to be over budget. In 2020 they aren't expecting any capital outlays and should only be handling maintenance in the coming year.

Commissioner Lange asked how OFHC expects to meet the higher revenue in the updated budget since it contains fewer FTEs. Aimee handed out a spread sheet that summarized how they came to the 2020 revenue target. In 2019, OFHC projected 15 visits/day and averaged 14.5 visits/day over the last 12 months. Budgeted revenue of \$575,000 with 2.2 providers is compared to actual data through September showing \$579,000 in revenue with only 1.94 providers. In addition, the 2019 budget used a revenue of \$80/visit for MDs and \$60/visit for PAs.

In the 2020 Budget, OFHC looked at actual work and type of patients the providers are seeing when calculating revenue per provider. When factoring in the payor mix, the average revenue is \$83/visit. The 2020 Budget is assuming 15 visits/day as far as productivity, and providers working 48 weeks per year. The four weeks off are inclusive of vacation, holidays and continuing education. **Superintendent Presson will make sure everyone has a soft copy of the handout Aimee shared.**

Commissioner Miller clarified that the Committee is asking the Board to approve a FY '20 Budget in total and would like to address any changes or concerns. Once approved, she would like more time to work with Aimee to look at the timing of large expenses and determine the best way to establish the quarterly subsidy payments. In the past this has been done in equal installments, 25% each quarter, and that might not be the best way to support OFHC's cash flow needs since they have some large expenses that happen at certain times in the year.

Commissioner Groundwater recalled that when the Board was hit with UW Medicine's FY '20 Budget increase the Board expressed big upset with the District having to absorb big city rates. Now she feels as though approving the OFHC FY '20 Budget does the same for OFHC. In the long term, it's making the Board's job harder. Commissioner Boteler expressed support for Commissioner Groundwater's concerns. She also feels the escalating costs are being driven by UW's budget and is concerned the District has no influence. It points out how unsustainable a two-clinic model becomes, and she feels it pushes the Board towards a change. That said, at this point she is ok approving OFHC's request because of the current situation.

Commissioner Miller stressed that it's not the intent of the Negotiating Committee to push for equity across the clinics, rather the Committee presented OFHC's request with explanation for the changes year over year. She agrees it's a hard situation being presented with a budget from UW Medicine that was a take it or leave it approach, while OFHC has tried to work with the Committee and has been willing to make accommodations.

Commissioner Groundwater reiterated her obligation to the taxpayers and shared that she has heard people express concern about the tax rate. She continues to feel that this seems to be moving the Board in the wrong direction.

There was significant discussion before taking a final vote on the motion.

MOVED by Commissioner Miller, seconded by Commissioner Lange to approve the OFHC FY '20 Budget with an annual subsidy amount of \$461,512. Further, the Board authorizes Commissioner Miller and Superintendent Presson to work with the OFHC Clinic Manager to determine the quarterly allocations. VOTE 4:1:0. MOTION CARRIED WITH COMMISSIONER GROUNDWATER OPPOSED.

- c. **Finance Committee** – Commissioner Miller shared an updated Clinic Financial Summary report showing data from both clinics through June 30, 2019. There were no questions and Commissioners felt the document was very helpful as it captured everything in one place.

Superintendent Presson provided an updated draft of the OIHCD's 2020 Annual Budget. A final draft will be discussed in detail at the October 15th Regular Board meeting. A few changes requested before bringing back the final draft include: (1) showing the range of the millage rate if the Board were to use none or all of the Banked Capacity; (2) using a reasonable number of meetings, illustrate what the total expense could be if all Commissioners took their compensation; (3) provide detail on the items that made up the 2019 Building Maintenance Expense; (4) update the principal and interest payment numbers for the WA Fed Long-term GO Bond.

- d. **Communication Committee** – A draft power point presentation and meeting outline were shared with the Board. After continued discussion, it was decided that Superintendent Presson will work with Commissioner Miller to create a few additional slides with more detail on financials and services. She will work with Commissioner Lange to assign slides and handle meeting logistics.

Commissioner Boteler remained concerned that the Board doesn't mis-represent the level of services currently provided for after-hours care. The Board will want to be sensitive to how that piece is communicated as she feels what's provided doesn't meet the needs of the community.

After it was surfaced that the October 5th Town Hall date is now conflicting with the memorial service of a long-timer islander, the Board decided it was appropriate to reschedule the meeting and host the first Town Hall on October 28th.

V. Strategic Planning

The initial draft of the report from DZA was shared with the Board. After discussion, there was consensus of the Board that it would be helpful to have the consultant, Shar Sheaffer, walk the Commissioners through the material. Shar has agreed to come to Orcas on Monday, October 7th, and the Board will host a Special Meeting for this purpose.

VI. Operations Report

- a. **August Financial** – the actual revenue and expenses YTD through August were reviewed. The Superintendent and Commissioner Miller continue to work together to ensure the monthly report, 2020 budget document and 5-year cash flow analysis all tie together.

- b. **Quest Lab** – Superintendent Presson reported she is talking with Quest to determine if it would be viable to have them process labs for the UW Medicine Orcas Island Clinic and cover the cost of transporting the labs off island. If there is interest, she will coordinate a meeting with Quest and the Clinic Manager for UW Medicine Orcas Clinic.
- c. **Premera/LifeWise** – a reminder that two of the leaders from Premera will be attending the next Regular Board meeting. They will be introduced at the end of the 10/15 Regular meeting.
- d. **Project Management Scope of Work Solicitation** – Superintendent Presson reported that she sent the approved SOW to three candidates and received two responses. Both are strong candidates and she would like to schedule in person interviews with each. There was a consensus of the Board to move forward in scheduling interviews, and to have Commissioners Miller and Groundwater participate. A recommendation will be brought back to the Board.
- e. **Web Manager proposal** – The Superintendent received a proposal from another Web Manager, Cloud52. The individual has accommodated suggested changes in the Agreement following Commissioner Groundwater's review. Superintendent Presson is recommending the Board approve a bundled approach, whereby the hosting is included in the Web Manager's proposal. While this slightly raises the cost from (\$900 to \$1,200/year), the fee to migrate the website to the new platform will be waived.

MOVED by Commissioner Miller, seconded by Commissioner Groundwater to approve the Cloud52 Web Manager proposal. VOTE 5:0:0. MOTION CARRIED.

VII. Public Comment

Aimee Johnson, OFHC Clinic Manager, thanked the Board for approving the Clinic's FY '20 Budget. She expressed that having benefits for the staff is very much appreciated. She also provided some insight into the Clinic's interest in becoming an FQHC when initially formed. There were three things they couldn't meet: (1) finances; (2) mental health services; and (3) dental services.

Leif commented on the financials and asked that information be larger when converted to PDF format. He also wanted to comment on the financials themselves and feels it's important to understand the perspective of the provider when assessing the Budget request. Finally, he'd like to see the after-hours reports posted on the website.

One last piece of business was brought to light by Commissioner Miller. She referenced an email sent earlier in the day regarding purchase of the MGMA database. She wanted to gauge the Board's interest in the data and determine if they were at a point of needing this type of data. She also confirmed that once purchased, all Commissioners would have access. There was some discussion as to the geographic adjustments, and if the data is representative of rural areas.

MOVED by Commissioner Lange, seconded by Commissioner Boteler to have Commissioner Miller complete the due diligence to understand how the MGMA data is collected. If comfortable with what she's learned, Commissioner Miller is authorized to move forward in purchasing a license for an annual subscription to the MGMA database. VOTE 5:0:0. MOTION CARRIED

The Superintendent will add the cost of purchasing the database into the District's 2020 Budget.

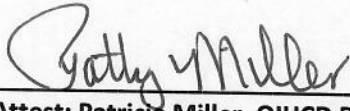
VIII. Upcoming Meetings

A list of upcoming meetings was included on the Agenda. As discussed earlier, the October 15th Board meeting will be extended 30 minutes to accommodate an introduction to the Premera leaders. They will be slotted for the end of the meeting.

IX. Meeting adjournment

**MOVED by Commissioner Groundwater, seconded by Commissioner Miller to adjourn the meeting at 7:19 pm.
VOTE 5:0:0. MOTION CARRIED.**

Minutes approved this 15th day of October 2019.



Attest: Patricia Miller, OIHCD Board Secretary