

Orcas Island Health Care District
Board of Commissioners - REGULAR Meeting Minutes
Orcas Island Fire & Rescue – Eastsound Firehall
Tuesday, January 7, 2019
5:00 – 7:00 pm

Commissioners Present:

Art Lange
Diane Boteler (remote)
Patricia Miller, Secretary
Pegi Groundwater
Richard Fralick, President

Staff:

Superintendent Anne Presson

Commissioners Absent:

None

I. Call to Order

President Fralick called the meeting to order at 5:04 pm. Welcomed everyone back from the holiday and holiday break.

II. Public Comment

No public comment at this time.

III. Consent Agenda

The Consent Agenda contained five items: (1) Draft Minutes from the 12/03 Regular Meeting and 12/10 Special Meeting; and three AP Voucher reports dated 12/16 (\$14,602.35), 12/26 (\$2,010.74) and 1/04 (\$11,543.90). No objections to entertaining the Consent Agenda in its entirety.

MOVED by Commissioner Groundwater, seconded by Commissioner Miller to approve the Consent Agenda as presented. No further discussion. VOTE 5:0:0. MOTION CARRIED.

IV. Committee and Work Group Reports

- a. **Building/Equipment Committee** – Commissioner Groundwater reported that Hargis provided pricing for the AC units, which added approximately \$15,000 to the numbers already quoted for the other major HVAC components. The mechanical and electrical drawings are both finalized, and Wayne roofing now has this information.

Commissioner Groundwater also reported back on the questions that surfaced at the last Board meeting specific to how long the roof and HVAC contractors have been under contract with KCDA, and if the deciding factor is price how does KCDA ensure quality. Wayne's Roofing has been under contract with KCDA for two years and has a three-year contract. Last year, they represented the largest dollar volume of work for any KCDA contractor and had the highest customer rating. KCDA is very positive about their experience with Wayne. On the HVAC side, Honeywell is a new contract this year, yet they have had a security contract with KCDA for many years, and the feedback has been positive. In regard to how KCDA balances quality and price, they explained they handle that by looking carefully at references. If a company doesn't have a track record of

good performance they are deemed to be not a non-responsive bidder and that is how they screen.

Wayne's roofing came out for a site visit and provided a schematic on the insulation and roof itself. They also sent samples of shingles and were asked to quote based on a specific type. At this point the representative is out until 1/10. On the HVAC side, President Fralick has been pushing and the hold up on HVAC quote was related to getting the equipment quote from the supplier. That information was finally received so the representative expects to provide a bid Friday. President Fralick also shared that the roofing contractor had ideas about the sequencing of the two projects and the staging with HVAC. He felt the old roof could be torn off and the roof made watertight with an appropriate material. From there, the HVAC company could do their work and open up roof panels, as needed. When that work was complete the roofers would return and that would allow more flexibility in scheduling and the ability to uncouple the projects. The HVAC contact agreed with the approach and indicated that is what he hoped would happen. **The bids will be brought to the next Board meeting and at that point the Commissioners will be able to determine if we can afford what's proposed.**

There was discussion around the urgency of the repairs, and it was confirmed both systems are urgent. The Board was reminded the proposals will simply be data points, and the Board will have the leeway to decide whether or not to accept the bids or conduct their own RFP bid process. Commissioner Miller asked about grants or financing opportunities with OPALCO, and President Fralick confirmed they've had several meetings with the OPALCO finance team. Commissioner Groundwater confirmed there are low interest loans for residential heat pumps but not commercial at this time. There could be grants through the County (LTAC and PFFAP) yet the timing has passed for this year. The LTAC funds have been used in the past for rest rooms and parks and are limited to publicly owned facilities, which is why the Clinic didn't qualify during the application period last year which was in July. LTAC funds are intended to promote additional tourism; therefore, the Board will need to make a case that having the clinic supports attracting tourism. Commissioner Lange felt an argument could be made that not having a clinic could deter tourism. The Committee will explore all options once a plan is in place.

Once the approach is known, that will also be the time to prepare a new permit that will be joint for the roof and HVAC. Commissioner Miller asked if it would make sense to get that process started since it could be lengthy. President Fralick felt it was better not to piecemeal the process with the County and in his discussions the County advised that we should submit a joint permit due to the coordination between the two projects. When we are ready, they will credit the amount already paid for the roof permit towards the new permit. There were questions asking if the plans prepared by Hargis might be sufficient to start the permit process. President Fralick felt the HVAC was still too preliminary and the approach could change so it was preferable to wait. While President Fralick was willing to go with the consensus of the Board, the Commissioners were comfortable deferring to the recommendation to wait a few more weeks and see what comes out of the proposals. **In the meantime, Superintendent Presson was asked to talk with the County to find out the lead time for permits.**

- b. **Finance Committee** – Commissioner Miller reported that she is still working through UW's Q'1 2020 financials that were just distributed. UW is changing the format to match their standard reports and will not continue to provide reports showing current quarter and YTD quarter. Instead, the report shows the last month of the quarter (month to-date) and then YTD. While this works for their internal departments, which receive monthly reports, the month YTD column is meaningless for the District since we are only getting the reports quarterly.

One other difference that was pointed out is these reports have a plug to come up with a Net Income of zero. This is done by assuming the entire difference is covered by the District subsidy, even though UW is only entitled to the one quarter of the loss. The reasons cited by UW as that it was too onerous to create a separate report, and the reports have been prone to mistakes so they would feel more comfortable sending what comes out of their system. When asked if we could receive the reports monthly, UW indicated that all of their third-party contracts' reporting is quarterly so that's all they are willing to do. Final comments were around the visits being so far below target. In the last Operations meeting, the variance was attributed to Dr. Fleming staying at .8 FTE versus moving to 1.0, and the fact that the clinic was operating with reduced hours. There was a sense that perhaps having Dr. Alperin move to 1.0 FTE might help, and hopefully there will be a return to normal hours in January.

The final comment from the Finance Committee was that Commissioner Miller is transitioning the monthly Clinic Financial Comparison to Superintendent Presson. At this point it seems like any regular reports should be transitioned to the Superintendent to take over. Once they have a chance to review, an updated report will be brought to the next Regular meeting.

- c. **Marketing Work Group – FQHC/Provider-Based RHC** – Commissioners Groundwater and Lange shared draft documents as assigned at the December 10th Special Board meeting. The rest of the Commissioners were asked to review and provide feedback on the business case they drafted.

President Fralick felt it was important that any communication be very clear that the District doesn't control or employ the clinic staff. Discussion continued around the best way to convey the current situation whereby the District only controls the subsidy and building/equipment. There were different approaches to how the document lays out what the District really owns versus the staff which we don't control. Commissioner Boteler felt strongly the staff is a crucial element of what might interest an outside party and it needs to be a prominent part of the document. Commissioner Groundwater agreed and felt it's important to highlight there's a lot of staff already here.

President Fralick felt it was timely to share the outcome of a phone conversation he and Superintendent Presson had with the CEO of the Northwest Regional Primary Care Association CEO, Bruce Gray. The call was arranged by the WIPFLi consultant with the intent of getting a sense of what FQHCs might be interested in talking with the District. They both felt a good next step would be to finalize the District Prospectus and prepare a one-pager that outlines what's in it for an FQHC interested in affiliation. Ideally, the Board should do the same for a hospital in the Provider-Based Rural Health Clinic model.

Commissioner Lange felt strongly that there be an initial outreach to solicit interest, as opposed to sending out information cold. The initial outreach would be to talk with the entity about their interest and provide some basic information on the District. From there, Commissioner Lange felt the business case information would turn into a power point and be presented in person as part of a personal pitch that is customized to that entity.

There was discussion as to the value of having Bruce review the District's marketing material and Prospectus and provide feedback to make sure the documents are well positioned. Since knows what will make the District attractive to an FQHC it would seem his feedback would be valuable. President Fralick was encouraged on the call to hear there might be interest, and Bruce encouraged to District look at cross state lines for possible affiliations. He felt the FQHCs in Alaska

might be more aligned due to their remoteness. **Superintendent Presson had previous conversations with PIMC and offered to follow-up with the Administrator on those that centered around the Frontier Extended Stay Model in Alaska.**

There was consensus of the Board to have any feedback on the Prospectus to Superintendent Presson and feedback on the business case to Commissioner Groundwater by January 13th. Commissioner Groundwater will also provide the list of possible FQHC affiliations to the Superintendent. Further discussion on next steps will be held at the next Board meeting.

President Fralick provided a few other updates from the discussion with Bruce. Bruce cautioned that the FQHCs might be reluctant to consider expansion since their funding is held up in the federal budget process. Only \$1.5 billion of discretionary funding was put in place and the remaining \$4.5 billion of mandatory funding, as part of 5-year authorization, is held up until May 22nd.

Commissioner Miller felt it would be helpful to have Commissioner Lange summarize the research he's been conducting directly with existing FQHCs. There's been some mixed messages and it would be helpful to have something to look at to see the FQHCs talked to and feedback. **There was consensus of the Board to have Commissioner Lange give a short summary of his findings at the next Board meeting. Commissioner Lange said he will also go back and verify some of the feedback he's received to make sure it's accurate.**

A comment was made about a possible FQHC affiliation partner being Unity Care Northwest, as they used to run the Port Roberts PHD. Commissioner Boteler went to medical school with the Medical Director and knows they were having issues with Port Roberts year ago and weren't necessarily interested in other PHDs. That could have changed, and Commissioner Boteler **offered to have an informal conversation to determine if there might be any interest. Either way, this contact might be a good resource to be able to provide insights into questions that Board has around scope of services and what's working and not working.**

On the topic of FQHC services, Commissioner Groundwater shared a document that lists the basic services required. She is continuing to explore this topic in more detail to understand how the requirements can be satisfied (e.g. what level of service and access is needed). There was discussion around resources to help provide feedback on the service requirements, including the WA Association of Community Health Centers. The Executive Director, Bob Marsalis, was someone Bruce Gray also suggested as a resource. Commissioners Groundwater and Lange have spoken with him and indicated he was very helpful and responsive in the past. Tom Eversole, a former Orcas resident, was also noted as a good resource, as was the District's legal counsel who has a partner that specializes in FQHCs. **Commissioners Groundwater and Lange will follow-up with these contacts and ask Bob if he has recommendations as to FQHCs that might be interested.**

- d. **Legal Issues** – Commissioners Groundwater and Miller reported on the legal implications associated with owning a practice versus subsidizing a provider practice. They were able to confirm that the legal exposure is there no matter who owns the Clinic, and it is handled with insurance. Anyone creating a new practice has the possibility of not getting it right due to lack of experience. While going with someone who knows what they are doing reduces liability, he didn't weigh it heavily in the decision making as exposure can be mitigated with insurance.

The Work Group assignments were clarified and Commissioners Boteler/Fralick will secure the Provider-Based contacts to include names, titles, and relationships in addition to FQHCs.

V. Old Business

- a. **Consultant Update** – Superintendent Presson shared a request from WIPFLi associated with their actual costs as a result of preparing for and participating in the December 10th Special Board meeting. When all was said and done, their actual time and expense for the project was over three times the fee of \$7,500. Recognizing the unusual circumstance, and the financial constraints of the Board, WIPFLi is asking for an additional payment of \$3,750.

Discussion was held and there was agreement that the additional payment wasn't the issue, the concern was whether the Board can afford WIPFLi in the bigger picture. There was also hesitation to set a precedent to allow revisiting of an agreed upon fee. There was recognition WIPFLi is a valuable partner and Commissioner Miller felt the Board will need their expertise going forward. The Board will need to use them sparingly and carefully manage the relationship. At the same time, it's important to tap into people who are willing to help (e.g. other FQHCs and the association contacts discussed earlier). Commissioner Miller felt it might be a good idea to have WIPFLi sit with Aimee Johnson and Superintendent Presson to review OFHC's cost report and see if there's a way to improve the RHC reimbursement.

MOVED by Commissioner Groundwater, seconded by Commissioner Lange to reluctantly cover the additional consulting cost of \$3,750 and convey to WIPFLi the Board's concern about being able to afford the relationship going forward. VOTE 5:0:0. MOTION CARRIED.

Superintendent Presson was authorized to have a follow-up discussion with WIPFLi and bring back any concerns. She will ask about discounting their hourly rate, as well as how to leverage less expensive staff. There was no action taken on the Engagement Letter, which will be brought back to the next Board meeting. Finally, there was consensus of the Board to have all questions/interaction with WIPFLi go through Superintendent Presson to help manage the relationship. Commissioner Groundwater shared that she had one item outstanding with Steve Rousso which related to the costs to consider when combining practices that he referenced in the 12/10 meeting.

- b. **Process and timeline for choosing Clinic structure** – President Fralick added this item so the Board can start putting together a plan. He'd like to engage the Project Manager and treat this decision as a project, which clearly defined deliverables and timelines so the Board is able to answer the critical questions.

Commissioner Miller thinks the Board needs a project plan to get to a decision because there are so many variables. She shared an idea that Commissioner Groundwater came up with in their Work Group meeting yesterday, which is to have the Superintendent and Project Manager interview the Commissioners and identify what questions each needs to have answered to be able to decide on the Clinic structure. Discussion continued with each Commissioner providing feedback. President Fralick felt the Board needed to approach this as they do the budget process. He also expressed concern that availability isn't going to allow Commissioners to do the work, as has been the case, and the more that can be downloaded to Superintendent Presson and the PM the better.

Commissioner gave some ideas of what needs to happen. First might be to come up with the questions and circumstances for a decision whether or not we want to be an FQHC, regardless of whether there's someone interested in affiliation. Next, understanding the questions Commissioners need to have answered to say yes or no to the FQHC. On the PBRHC, the issues are more around identifying the potential partners, developing the business case and deciding the engagement strategy. At this point it's too early to set a timeline; however, it would be helpful to lay out the milestones as far as what is needed to make decisions. This should include the external timeline factors that will force the Board to be at decision points (e.g. UW budget in April/May, District budget in the fall). **Consensus of the Board to begin this process and proceed as discussed.**

President Fralick reminded the Board that they've heard a consistent message from the two existing Clinics, as well as all of the consultants who have said the model of supporting two separate clinics on the island makes no sense. President Fralick asked the Commissioners if the Board has also come to that conclusion. Commissioner Miller added the question as to whether it's time to verbalize any decision to the community more clearly so they can understand that's the path the Board is pursuing and the reasons why. It would also allow the Board to start hearing feedback that could be factored into the decision-making process.

Commissioner Groundwater felt this was consistent with the message the Board has always said, including statements made during the Coalition Town Halls. It was always cautioned that supporting two clinics wasn't a long-term solution and down the road we would need one Clinic. Commissioner Boteler agreed with Commissioner Groundwater, and her perspective was both from health care delivery and financial support. She feels the District is spending too much money and not getting all of the services that are needed. Commissioner Lange agreed with what was shared yet expressed concern as to the timing of any communication with the community. A commitment to consolidation will ultimately raise questions as to what that could look like and he wants to make sure we have some answers. Clarification was needed to confirm everyone was talking the same language. Commissioner Miller stated that her intent is to say the Board is talking about consolidating funding, and her biggest concern in making a statement was the impact on the clinic staff. The Town Halls have only had a couple hundred people so there are many in the community that aren't aware of what's being discussed. Since this such a pivotal decision, if it's already made she felt it should be more broadly communicated.

The Board talked further and wants to avoid creating any undue stress and strain on clinic staff. Everyone felt it was important to talk with the Clinics to make sure staff knows their service is valued and appreciated. While the Board can't make assurances, its important staff feels the Board is thinking about this and will keep them apprised as discussions progress. The two groups who are designated as clinic liaisons were directed to convey that message. While the Board might not have the final decision, it would be reasonable to think it would be an important factor in evaluating any possible affiliation.

The idea of a communication piece continued to be debated. The Commissioners agree on the fact that they have ability to control funding – yet how that is communicated raised concerns over it appearing that the Board is picking a winner and loser. Rather, how can the Board convey that they will encourage the two Clinics to create a consolidated entity that addressed the needs of entire community. The discussion highlighted the benefit of formalize the message to ensure everyone is saying the same thing.

Commissioner Miller felt it was important the Board reconsider formalizing their message now as opposed to waiting. The important point centered around how to address consolidating funding and recognizing what influence the District has not owning either Clinic. Not being in a position to initiate a consolidation yet recognizing that a change in support would greatly impact the ability of both Clinics to survive. How can the District structure a message that conveys a desire for the Clinics to find a way to work together and compels them to combine into a single entity? When the dust settles, bringing together the best of both into a new entity is what the District wants to fund. **Based on what was discussed, Superintendent Presson was asked to draft a possible unified Board position and bring it back to the next Regular meeting.**

The idea of creating an RFP for a single entity and having the two existing clinics to respond was also discussed, and there was agreement that both Clinics should submit a single operator proposal. While Commissioner Miller felt that convening a group of providers on the island could help the Board assess the pros/cons (e.g. ownership, staffing model, etc.) of an ownership model. This might include people with medical practice and clinic operation experience, as well as someone with IT experience. The document could highlight what's important to the Board (e.g. after-hours, scope of services, sliding scale), as well as ask that consideration be given to staffing mix and overall subsidy.

Commissioner Groundwater had brought up the idea of convening a group of providers, and clarified her intent was more to develop an ideal health care model. She feels that neither model works well for the entire island, and it's very important that the Board make sure all groups on the island are well served in any new model. There needs to be a recognition that each of the existing clinics serves a very different population, and their approach to care is also different. Having the expertise of a clinical advisory work group might help the Board define what the right model for health care looks like. **There was consensus of the Board to bring back a list of names of people who understand island practice and discuss this further at the next Board meeting.**

There was also a consensus of the Board to ask both clinics to submit a single operator model. The Board will make it clear they are considering a variety of options beyond these proposals and will develop a list of criteria that should be taken into consideration. Commissioner Boteler wondered if it was premature to ask the Clinics to put work into developing a proposal. Commissioner Miller feels it's important to understand the pros/cons of a stand-alone practice on the island. After continued discussion, the Board agreed both Clinics should be given the opportunity, and it will determine if there is flexibility in their approach or if they locked into their current model. **The Commissioners were asked to think about the list of the critical elements to build into an ideal model and further discussion will be held at the next Board meeting.**

VI. New Business

- a. **Election of Board Officers** – as part of the regular governance process, every January the Board elects a President and Secretary to serve a one-year term. Superintendent Presson asked for nominations. Commissioner Lange nominated Commissioner Fralick to serve another term as President and Commissioner Miller to serve another term as Secretary. There were no other nominations.

MOVED by Commissioner Lange, seconded by Commissioner Groundwater to continue with Commissioner Fralick as Board President and Commissioner Miller as Board Secretary for 2020. VOTE 5:0:0. MOTION CARRIED.

- b. **Committees** – there was consensus of the Board to leave the existing Committees and Work Groups intact and revisit at a later date.
- c. **Business Travel and Expense Policy** – due to time constraints, a first review of this document was postponed. Commissioners were asked to send any initial changes and feedback to Commissioner Groundwater.

VII. Operations Report – due to time constraints, the Superintendent provided a few brief updates. There was nothing unusual to report on the monthly financials, and it's looking like all expenses are ending up at or below budget. The 2020 Commissioner and Board meetings calendar is now posted on SharePoint. President Fralick encouraged all Commissioners to provide regular updates on their availability to Superintendent Presson.

VIII. Public Comment

Bob Thomas expressed concerns around the uncertainty of the FQHC funding and the fact that there could be a lot of up-front costs with funding in limbo. The upcoming election could have an impact on a variety of factors, including the possibility of Medicare for All.

Marilyn felt that the District loses too much control if they were to affiliate, and she would like to see more control over the hiring of physicians. She also feels there is also no after-hours care or urgent care, and that is increasing air transports. She is against consolidation and wouldn't have support the PHD if she knew that was a possibility.

Leif shared that while the idea of owning a clinic is daunting, as the conversation goes on it seems to build the case. He feels the past relationship with Island Hospital created some of the problems the District is trying to solve for today. The ownership model could help ensure outcomes serve the community. He also expressed concern with any announcement to the community around consolidation of funding and encouraged the Board to get things worked out soon.

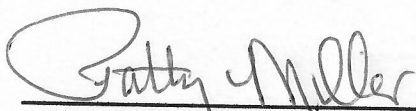
IX. Upcoming Meetings

A list of upcoming meetings was included on the Agenda. OFHC will be presenting their annual RHC report at the next Regular meeting.

X. Meeting adjournment

MOVED by Commissioner Miller, seconded by Commissioner Groundwater to adjourn the meeting at 7:07 pm.
VOTE 5:0:0. MOTION CARRIED.

Minutes approved this 21st day of January, 2020.



Attest: Patricia Miller, OIHCD Board Secretary