

**Orcas Island Health Care District**  
**Board of Commissioners - REGULAR Meeting Minutes**  
**Orcas Island Fire & Rescue – Eastsound Firehall**  
**Tuesday, October 15, 2019**  
**5:00 – 7:30 pm**

**Commissioners Present:**

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

**Staff:**

Superintendent Anne Presson

**Guests:**

Van Nielsen, Community Link Consulting  
Peter Theobald, Community Link Consulting  
Isabel Jones, Premera/LifeWise ACA Plans  
Staici West, Premera/LifeWise Network

**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**

The Consent Agenda contained: (1) Draft Minutes from the 9/17 Regular Board Meeting and 10/2 and 10/7 Special Board Meetings; and (2) an AP Voucher report dated 10/11 in the amount of \$2,552.58.

**MOVED by Commissioner Miller, seconded by Commissioner Lange to approve the Consent Agenda as presented. VOTE 4:0:0. MOTION CARRIED.** Commissioner Boteler not yet joined.

**IV. SPECIAL ITEM: Q&A WITH COMMUNITY LINK CONSULTING (5:10 – 6:00 pm)**

The two consultants who specialize in working with Federally Qualified Health Centers (FQHC) participated via phone to answer questions from the Board following the October 7<sup>th</sup> Special Meeting. At that meeting, the Consultant hired to assess federal designations reported on her findings and the FQHC emerged as the option with the highest reimbursement opportunity. That said, there remained a lot of questions that the Consultant couldn't answer so she made the connection to Community Link Consulting.

Van Nielsen and Peter Theobald were asked a lot of questions specific to the process of creating an FQHC. This includes forming a 501 (c)(3), creating Articles of Incorporation, and drafting Bylaws compliant with the Health Resources and Services Administration (HRSA). HRSA is an agency of the U.S. Department of Health and Human Services focused on improving access to health care services for people who are uninsured, isolated or medically vulnerable. Another key step in the process is appointing individuals from the community to serve on the FQHC Board. The Bylaws would define the makeup and size of the Board, as well as the term of office. HRSA requires the Board be comprised primarily of patients served, and the Board was referred to the HRSA Compliance Manual for more details. That can be found at <https://bphc.hrsa.gov/programrequirements/compliancemanual/introduction.html>.

Once formed, a co-applicant agreement would be executed between the OIHCD and the new FQHC non-profit Board. That document sets forth the powers of each entity and what authority is retained versus delegated. The success of the endeavor relies heavily on the quality of the co-applicant agreement. The consultants explained there would be a certain amount of letting go of the reins and allowing the non-profit Board to manage the FQHC. In their experience, the most troublesome and often contested area relates to who is in control. Members of the OIHCD Board can hold seats on the FQHC Board. There was a question as to whether the non-profit Board would be subject to the Open Public Meetings Act should 3 or more Commissioners have a seat. While not positive, the consultant felt that would be the case.

Discussion continued around the fees and services that would be included in any contract to help set-up and manage the FQHC. The first step is to file articles of incorporation to establish the non-profit, which isn't time consuming and it likely something the OIHCD can handle. From there, the Commissioners would then engage a consultant to begin the FQHC application. The consultants would likely be able to provide sample Bylaws that meet the HRSA requirements. Engagement with accounting systems to manage the new entity would be outside of the initial scope of services.

In regard to delivering required services, the consultants confirmed that the FQHC can contract with an entity to provide the services as opposed to having to provide it themselves. The non-profit Board could hire an Executive Director and that could be the only person they manage. In turn, the ED would negotiate a contract with a local contractor to provide the required scope of services. Questions arose specific to additional services required (e.g. mental health and dental). Once again, the FQHC can either provide directly or contract for those services. Agreements must contain language specific to the uninsured and state clearly that no one will be denied coverage for the inability to pay. When appropriate, the consultants can look at the numbers and model which option is better. When asked about requirements to be able to meet the need for specific services, the consultants indicated that there will be a compliance site visit which looks at the staffing profile and practice management system to determine if there is adequate coverage to meet the needs of the population served. HRSA deploys three different consultants to perform the site visit.

Before moving forward in the application process, the entity needs a 6-month track record. HRSA expects the clinic to be in full compliance with all service requirements prior to submitting an application. The process to complete the application is approximately two months. Following the application, the site review is meant to validate everything in the application is actually happening. This is verified by looking at meeting minutes, and the practice management system will show how well the sliding scale has been applied.

The last area discussed was around the 340B Discount Drug Program. There remains a lot of questions about the mechanics and possible savings derived from the program, which is managed through the Office of Pharmacy Affairs. There are a lot of variables that impact overall savings and further analysis is needed to fully assess the value of the program. This includes the number of prescriptions being filled locally versus how much is filled via mail order. Two things that a participating pharmacy needs to be aware of are: (1) the inventory for the 340B program must be kept separately; and (2) the program is subject to periodic audits.

Follow up items from consultants: (1) map to follow and templates of the co-applicant agreement; (2) scope of services and associated fee range. Commissioner Miller indicated that the Board will need to create a Statement of Work (SOW) and send to three qualified consulting firms should the Board want to pursue this option.

#### **V. 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. She expects the document to be ready in another two weeks.

Commissioner Groundwater also provided an update on the new roofing material she has been pursuing as an option. She has still not received an estimate. She did receive an estimate from the blown-in insulation which was \$78,000 and will take 11-14 days. Due to the high cost she doesn't feel this is a viable option. That said, should the Board take the approach of putting the insulation on the outside of the sheeting, it creates what's known as a "hot roof". The Committee was told that when using composite material with this approach the lifetime of the roof is generally cut in half because of the heat. This requires the Board consider synthetic products, which are significantly higher in cost per square (\$525-\$550 versus \$150-\$200). Commissioner Fralick indicated that he just received the number for this material and needs to look into it further. He will try to determine the cost to help with budgeting. The next step for the Committee is to get the roof material quote, the 30% design document, and talk with the HVAC contractors to understand if the estimate of \$41 per square foot is a realistic cost.

Superintendent Presson and Commissioner Groundwater reported on their meeting with the representative from KCDA. KCDA is a public entity started many years ago as a purchasing coalition for school districts and has since expanded to other public entities. They provide an opportunity to access their contracts without going through the public bidding process. Since they go through a bid process every three years and get three bids, they satisfy statutory requirements. There is no cost to join and no obligation to use their contracts. The agreement is very basic and very non-binding, and an entity can drop out at any time.. Commissioner Groundwater talked about the OIHCD's projects and KCDA confirmed they are able to send their contracted roofer out to provide a scope of work and a quote without any obligation.

Commissioner Lange asked if it would make sense to put in the time to investigate possible federal or state grants that might help with the cost of these projects. Commissioner Groundwater indicated she's done extensive research and hasn't found anything to-date. There are some County grants that the Committee will pursue next year to help with the cost. There are also low interest loans available through OPALCO that the Committee will explore in more detail once the overall project is defined.

There was a consensus of the Board to move forward with the KCDA relationship. Commissioner Groundwater will contact them about the roofer and will research Honeywell's heat pump system, as that is who holds the HVAC contract with KCDA.

- b. **Finance Committee** – Commissioner Miller shared an update on OFHC's FY '20 budget request. Following a conversation with Commissioner Miller after the 10/2 Board action, OFHC submitted a modified budget which postpones the approved salary increases for four of the positions. This is to allow time for the OIHCD Board to research further have a better sense of market wages. Commissioner Miller felt it was important for the Board to know that OFHC is trying to best serve the community and work with the Board to mitigate costs. There is no action to take – it's for OFHC to take once additional research is concluded. Aimee sent Commissioner Miller the reports she used in determining the wages, as well as job descriptions for the Manager and Assistant Manager positions. Commissioner Miller will review and talk with local providers, per recommendation of the Consultant, to see how the recommended salaries compare. Further discussion is needed with OFHC before any modification is made to their approved FY '20 budget.

An updated draft of the OIHCD's 2020 Annual Budget was included in the Board materials. The budget assumes the Board takes no banked capacity. There were no questions on the budget items themselves. Commissioner Miller called out the \$100,000 allocation to Reserves and noted there could be some fine tuning with the debt payment numbers.

Commissioner Miller reviewed the updated five-year cash flow analysis and provided 3 scenarios for the 5-year cash forecast. The first shows cash flow if the Commissioners do not take any of the banked capacity. In this scenario the Board will be cash flow negative by early 2022 and negative cash of \$567K by end of 2023. The second shows using 75% of the banked capacity, which leaves \$170K at the end of 2023. The final version assumes the District uses 100% of the banked capacity, which leaves \$406K at the end 2023.

Commissioner Miller also walked the Board through a list of the various larger buckets in the budget to provide a sense for where there be excess/exposure. These are summarized in the table below.

<b>Summary of Possible Funds Available for Transitional Expenses</b>	
<b>Reserves</b>	
2019 Reserves	\$ 100,000
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<b>Subtotal</b>	<b>\$ 200,000</b>
<b>Budgeted Items Related to Transition</b>	
Project Management included in 2019 forecast	\$ 6,000
Project Management in 2020 budget	\$ 13,000
2019 Forecast for Independent Contracting	\$ 3,000
Independent Contracting	\$ 50,000
<b>Subtotal</b>	<b>\$ 72,000</b>
<b>Placeholders in Budget for Discretionary Expenses</b>	
\$40K Budgeted for UW over approved budget of \$683K	\$ 40,000
Amount budgeted for clinic audits & acctg services	\$ 6,000
<b>Subtotal</b>	<b>\$ 46,000</b>
<b>Equipment - Budgeted Amounts</b>	
2020 Budget for Equipment Replacements	\$ 50,000
2020 Budget for Equipment Maintenance	\$ 30,000
2019 Actuals for Equipment Purchase/Maintenance	\$ (23,810)
<b>2020 Budget over 2019 Actuals</b>	<b>\$ 56,190</b>
<b>Building Projects - Budgeted Amounts</b>	
HVAC	\$ 250,000
Roof	\$ 150,000
Painting	\$ 25,000
<b>Budget for Specific Capital Projects</b>	<b>\$ 425,000</b>
Miscellaneous Expense - Permits/Other	\$ 12,000
<b>Total Building Projects Budget</b>	<b>\$ 437,000</b>
* Does not include the \$15K for regular ongoing maintenance.	
<b>Other Potential Exposure</b>	
Legal Budget (2019 actuals \$10K)	\$ 12,000

Discussion continued around the various options and at what level the Commissioner felt comfortable setting Revenue. There was concern around the unknown costs associated with any change in clinic structure, and that fact that even if there was improvement in reimbursement that wouldn't likely be seen until 2021 at the earliest. The Commissioners talked about using debt financing to cover those transition costs, and there was universal agreement that wasn't the most optimal approach. Commissioner Miller provided some additional insights into differing levels of banked capacity and how that impacted the long-term financial picture. Commissioner Groundwater asked if the painting had to happen in 2020, and it was confirmed that it's possible that could be delayed to 2021.

**MOVED by Commissioner Lange, seconded by Commissioner Groundwater to use 75% of banked capacity in the OIHCD 2020 Budget and Levy calculation. VOTE 5:0:0. MOTION CARRIED.**

- c. **Communication Committee** – There was discussion around the intent of the Town Hall and what the slides should contain. There was consensus of the Board to have Commissioners Boteler and Lange work with Superintendent Presson to revise the current slides. Commissioner Miller will provide slides for the financial piece.

## **VI. Old Business**

- a. **Procurement Policy** – Commissioner Groundwater sought feedback from the Board in three areas before bringing back an amended Policy. The first was in regard to the signing authority of the Superintendent since they had run into issues with the Superintendent needing to sign contracts that were above the stated authority. There was consensus of the Board that once approved, they are comfortable having the Superintendent sign contracts regardless of the amount. The second area was around setting a de minimis level for which three quotes aren't required. After clarifying the current language which provides for three quotes WHEN POSSIBLE, there was agreement the existing language was adequate. Finally, there was a question if there should be a difference in how the policy reads on purchasing of supplies versus purchasing of services. The Board was comfortable using language recommended by the MRSC.
- b. **Meeting Time** – since the Resolution to temporarily move meeting times to a later start expires after this meeting, the Board discussed returning meetings to the stated 4 pm. There was consensus to permanently change the Board's regular meeting time to be 5 pm. Superintendent Presson will bring a Resolution to the next Board meeting to make that change.

## **VII. Public Comment**

Leif would like to see the Town Hall include the resources that the Board used to evaluate options. Links to areas the Board researched would be helpful. He also asked for clarification as to how many squares are needed for the roof shingles to get a sense as to the difference in total cost between the composite and synthetic material. Commissioner Fralick said it was approximately 85. Leif also asked for clarification as to the name of the consulting group on the call earlier. He stressed the importance of the contracts with mental health and dental providers, as these are very important services and should be taken seriously. Finally, he asked about the differences between an FQHC and an FQHC look-alike as far as compliance, and that the main different appeared to be whether or not you have grants.

Dr. Shu talked about fee-for-service reimbursement and an interest in LifeWise pursuing more value-based contracting. Staici West, Director of Network Contracting, confirmed that they spoke with OFHC earlier in the day about the possibility of moving to a value-based contract. In doing so, they can put in measures that apply to the population served by the clinic.

**VIII. Special Report from Premera/LifeWise**

The representatives from Premera/LifeWise provided an overview of the organization, process for those enrolling in plans through the WA Health Benefits Exchange to move from Kaiser to LifeWise, network issues and air ambulance. The representatives met earlier in the day with both clinics and Orcas Island Fire & Rescue to talk about their new Mobile Integrated Health program. There was a lot of discussion in the earlier meetings around upcoming grant opportunities to supply rural areas with needed equipment, and Superintendent Presson will be working with the clinics and OIFR to pursue opportunities.

**IX. New Business**

- a. **UW Medicine Orcas Clinic** - Commissioner Fralick reported on the monthly operations call with UWNC and the local UW Medicine Orcas Island Clinic leadership. As a result of continued concerns regarding services, staffing and morale, the group is scheduling a meeting when Matt Jaffy and Mark Bresnick are on Orcas. The goal will be to talk about possible solutions to improve these areas.
- b. **FQHC SOW** – there was consensus of the Board to begin drafting a document should the Board decide to pursue the FQHC designation. Commissioners Groundwater and Miller will take point in drafting this document.
- c. **Donations** – Superintendent Presson indicated that there is now a BARS code in the budget to capture donations and that is where the funds from OMF were recorded. There has been interest from the community to donate towards a new x-ray machine for the UW Clinic, and she has a meeting with OICF to discuss other possible donations.

**X. Upcoming Meetings**

A list of upcoming meetings was included on the Agenda.

**XI. Meeting adjournment**

**MOVED by Commissioner Groundwater, seconded by Commissioner Miller to adjourn the meeting at 7:40 pm. VOTE 5:0:0. MOTION CARRIED.**

Minutes approved this 5<sup>th</sup> day of November 2019.



Attest: Patricia Miller, OIHCD Board Secretary