

Orcas Island Health Care District
Board of Commissioners – SPECIAL Meeting Minutes
Planning Session
The West Sound Cafe
July 9, 2019
9:00 am – 3:00 pm

Commissioners Present:

Art Lange
Diane Boteler
Patricia Miller
Pegi Groundwater
Richard Fralick

Staff:

Superintendent Anne Presson

Commissioners Absent:

None

I. Call to Order

President Fralick called the meeting to order at 9:12 am. He explained that focus of this meeting is for the Board to conduct a strategic planning session. It is being held in a different setting as it's meant to be an informal conversation amongst the Board members. As such, there is not a Public Comments section in the Agenda.

II. Review of Report on Rural Health Clinics (RHC), Critical Access Hospitals (CAH) and Federally Qualified Health Centers (FQHC)

Commissioner Groundwater presented an overview of the research she and Commissioner Boteler conducted on alternative clinic structures that could potentially offer improved reimbursement for services delivered. Commissioner Groundwater went through the history of the three most common structures. For each, she outlined the requirements for staffing and summarized the advantages and disadvantages.

Orcas Family Health Center (OFHC) is designated an RHC, which has advantages specific to reimbursement from government payors (e.g. Medicare and Medicaid). Understanding the benefits specific to UW Orcas Clinic, or any consolidation of the two clinics under one of these structures, requires a thorough understanding of the make-up and mix of the total patient population. A practice with Medicare patients that tend to need more extensive medical services might not benefit as much from the RHC payment structure as a practice comprise of less complex Medicare patients. On the other hand, a practice with a larger Medicaid population derives substantial value in the RHC reimbursement structure.

In order to gain a better understanding specific to the population on Orcas, Commissioners outlined the data needed to make an informed decision. Data will be needed from UW to determine the percentage of Medicare visits that fall into the two most complex billing code categories. The Board is also hoping to understand the range of reimbursement from commercial payors (non-Medicare or Medicaid) that UW

has negotiated to determine if the advantages of those contracts are significant enough to outweigh benefits of

the higher RHC reimbursements. While the Board is focused on the possible reimbursement advantages in the first part of the analysis, Commissioners recognize the importance of balancing economics with the value that comes from having autonomy to influence scope of services.

III. Viable Paths/Partnerships

In addition to the options of an RHC or FQHC, the Board talked about the possible advantages/disadvantages of a service delivery model that included affiliating with another entity. These could include:

1. **Health Systems** (Example: PeaceHealth) – benefits include the ability to leverage the back-office support. There are often advantages of being a part of a large system that has clout in contracting for services. On the other side, a large system offers less autonomy.
2. **Urgent Care Centers** – the Board needs a clear understanding of any license requirements and/or understanding of scope of services of an urgent care approach and how they would deliver primary care.
3. **Provider Groups** (Example: Family Care Network) like Health Systems, the clinic would be able to leverage systems and support. There could be more flexibility and autonomy in this model as decisions related to scope are likely made locally.
4. **RHC affiliation with an under 50-bed hospital** – this is what the clinic had with Island Hospital. This model provides the back-office support and the possibility of a very favorable financial model. Uncertainties exist in the continuation of the favorable reimbursement, which could be eliminated with any change in Medicare legislation.

IV. Work Plan

Commissioner Lange outlined the sequence of events that could take place:

1. Understand the pros/cons of the structures available to the clinics on Orcas
2. In parallel, consider the cost/benefit of moving OFHC to the building owned by the District
3. If advantageous from a revenue standpoint, consider consolidating both clinics under the existing RHC
4. Continue to explore the advantages of the CAH, FQHC, and possibilities of grant funding

Other topics the Board discussed related to the work plan included:

1. The possibility of relocating OFHC to the building owned by the District while continuing to operate as a separate clinic. Identifying the costs associated with a move would be important to understand.

2. The possibility of consolidating into a single clinic at some point in the future. Evaluating the scalability of existing systems and the impact to future revenue and expenses would be necessary to determine any benefits.
3. Determining if an FQHC can achieve higher reimbursement by being affiliated with an under 50-bed hospital, as is the case with an RHC, and understand any restrictions that might exist in current staff contracts.

The Board talked about the tracks of work that are likely to be conducted in parallel over the next year. These include:

1. Tenant Building Repairs/Replacement (HVAC/Roof/Paint/Generator)
2. Interior Renovations of the Clinic Building if collocating both practices makes sense
3. OIHCD Budget and impact on millage
4. Identifying the optimal structure (e.g. RHC, CAH, FQHC)
5. Transition to structure and possible integration of clinics (EMR, Billing, Practice Management, etc.)

Discussion centered around the importance of project management, and the fact that deliverables and interdependencies will need to be closely tracked and managed. Concerns were voiced over the bandwidth of the Superintendent and whether consideration should be given to moving forward in hiring an Administrative Assistant. The Superintendent will review her responsibilities and bring suggestions to the next Regular Board meeting. Commissioners will also think about community resources that can be leveraged to generate additional capacity and expertise. A discussion around Board Committees will be brought to the next Regular Board meeting.

The Board discussed the possibility of asking to meet with clinic staff to provide an overview of this work. President Fralick and Commissioner Miller were asked to draft an agenda for any possible future meeting with clinic staff. Commissioner Lange cautioned that we plan to carefully explain that what we are doing is largely a function of the budgets not being sustainable which leads to the need to understand what options are available. Any discussion with staff will be targeted for early August.

Finally, Commissioners were asked to provide the Superintendent with their availability through October. They were also asked to send their consultant list to the Superintendent, as well as individuals they know of in the community who have expertise in areas such as IT, HR and construction. This will help as the Committees reconsider their make-up.

V. Resource List

Commissioner Lange conducted extensive research to compile a list of consultants who are well versed in all areas of expertise required to effectively advise the Board. The Board also talked about the kind of information that will be needed once a consultant is selected.

In preparing the Scope of Work, Commissioner Lange felt the Board needs to be able to answer two questions: (1) What is the optimal structure/designation, including a financial analysis; and (2) what are potential affiliations and their advantages/disadvantages? After those questions are answered, the Board will want to see an implementation timeline and tasks to be completed to reach the desired state.

Recognizing the time constraints, there was consensus to authorize Commissioners Groundwater and Lange to prepare the Scope of Work for consultant services. The report should include a list of 3-4 consultants, and a draft will be brought to the next Regular Board meeting.

Discussion continued around the Provider Option, and specifically Family Care Network (FCN). Commissioner Boteler was asked to pursue initial conversations to determine if FCN is interested in talking with the Board about a possible affiliation. If they indicate no interest, the Board would like to understand the reasons behind their decision. Commissioner Boteler was asked to put together a summary of what FCN offers, like the overview for the RHC, including information on the buy-in, ongoing costs, services provided and negotiated rates with payors.

Another resource that was discussed is the WA Rural Health Collaborative (www.rhcc.org). It is a group of Public Hospital Districts (PHDs) that works together on a group purchasing approach for services. They are looking to include non-hospital based PHDs and it might be a way of contracting for services or affiliate with another RHC or FQHC.

VI. Community Communication Plan

The Board members were all in agreement that it's important the community be updated on their current and ongoing activities. It was decided Commissioner Groundwater would draft an article on the reasons behind the Board's exploration of RHC, CAH FQHC, and explain that this is going to be a long and thoughtful process. She will bring a draft to the next Regular Board meeting.

The Communications Committee will get the full committee together for feedback on how to best approach the community as this work progresses.

VII. District Prospectus and Statement of Purpose

In conjunction with the draft Prospectus, the Superintendent shared materials that were used when Lopez Island was marketing themselves to potential partners. While the Board felt this exercise might be most beneficial once the consultant identifies a clear direction, there was an interest in getting the work started. The Commissioners were assigned sections of the document and the Superintendent will work on building out an OIHCD Prospectus. Included in this document will be the District's revised draft of the Statement of Purpose.

VIII. Building Work Group

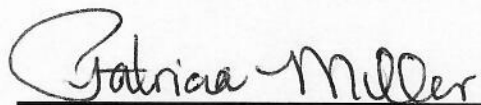
President Fralick shared feedback from a recent meeting with the County Planning Department. The good news is that it doesn't appear the District will need to do a re-engineering for the roof should the Board decide on a different approach to the insulation. The County thought that it would be better to have an integrated permit so it will be necessary to vacate the existing roof permit and credit the fees paid towards an integrated permit.

IX. Adjourn – Action

Comm. Fralick

President Fralick adjourned the meeting at 2:45 pm.

Minutes approved this 6th day of August 2019.



Attest: Patricia Miller, OIHCD Board Secretary