

Orcas Island Health Care District
Board of Commissioners - REGULAR Meeting Minutes
Orcas Island Fire & Rescue – Eastsound Firehall
Tuesday, August 20, 2019
5:00 – 7:00 pm

Commissioners Present:

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

Staff:

Superintendent Anne Presson

Commissioners Absent:

None

I. Call to Order

Since President Fralick was remote, Commissioner Miller Chaired the meeting and it was called to order at 5:04 pm.

II. Public Comment

Pierrette Guimond shared that she has been absent from the Board meetings for a while yet recognized the Board has been hard at work. She questioned where things stood today as far as trying to get both clinics under the same roof. She recognizes a lot of people felt the tax would be for after-hours care, yet she views that as something that is impossible to deliver due to the significant cost and there's not enough money. She sees the Board is looking to hire a consultant; however, she feels there is a lot of knowledge on the Board and the Commissioners should know by now the best course of action to take for the community. She feels it is to put everyone under one roof, and then answer the question whether we need UW. She expressed that Dr. Shinstrom's office has been operating more efficiently and could serve the community better than what exists today.

Leif had some questions related to physician salaries and stated he couldn't discern that information from OFHC's financials. He thinks this is an important issue when assessing the sustainability of the clinics and asked to see an executive summary of salaries for OFHC.

Before moving on, Commissioner Miller made two modifications to the Agenda. One was specific to the Superintendent's one-time bonus. That item will be added to the end of Section VII and titled: Superintendent Compensation. Under Old Business, an item was added under the Consultant Statement of Work to discuss project management.

III. Consent Agenda

The Consent Agenda contained an AP Voucher Report dated August 12th in the amount of \$6,671.43 and the August 6th Regular Board meeting draft Minutes.

MOVED by Commissioner Groundwater, seconded by Commissioner Boteler to approve the Consent Agenda as presented. VOTE 5:0:0. MOTION CARRIED.

IV. Committee and Work Group Reports

- a. **Building Committee** – Commissioner Groundwater reported that the Committee held a phone meeting with Ron Eliason from Hargis, the engineering firm that performed the recent analysis. The call was to discuss the deliverables originally included in Phase 2 of their proposal. After reviewing the District needs, everyone agreed that the proposed narrative associated with the original Phase 2 deliverables wouldn't get the District further towards where it needs to be.

What was decided on the call was that the next phase should be to either draw up a detailed Request for Proposal (RFP), which would be expensive, or take a less expensive approach and prepare a Requirements document. The latter would then be included in an RFP package that the Committee would develop. Hargis was agreeable to putting together a 30% Requirements Document to provide some basic load calculations for the HVAC equipment, as well as to summarize other mechanical requirements. Hargis will provide the Board with a cost proposal for preparing the 30% Requirements Document. The goal for having the Requirements Document is to ensure the responses to the RFP are for similar systems so they are easily compared. Unfortunately, the Board doesn't have the expertise to be able to create a detailed enough RFP to achieve this goal. The HVAC and Roof projects are too complex to send a general RFP.

There was continued discussion to help the Commissioners understand the next steps in more detail. Commissioner Boteler questioned the sequencing and if the Board must first decide on the approach to the Roof and HVAC projects before preparing the Requirements document. **Commissioner Fralick confirmed that the next decision the Board will have to make will be to evaluate the Hargis cost proposal for the 30% Requirements Document.** He anticipates the cost will be in the range of \$10,000 - \$12,000; however, it's a very important step to ensure all bidders are on the same page.

Commissioner Groundwater explained that the Committee is still exploring various roofing options and has not yet decided on the right approach. She recently identified a new material that could possibly cut down on labor costs; however, she has yet to get pricing. Commissioner Miller asked about timing since the Finance Committee will need to begin the 2020 budget development shortly. Commissioner Fralick hopes to have the Hargis proposal by the end of the week, and it will be brought to the September Board meeting. In addition to cost, the Committee expects to have an estimate of how long it will take to complete the Requirements document. Commissioner Groundwater believes it's a 2-3-week project and from there the Committee will be able to create the RFP package.

Commissioner Boteler asked if there is any sense of what the projects are going to cost. Based on discussions to-date, Commissioner Groundwater anticipates the HVAC will likely be in the \$275,000 range. Commissioner Fralick shared that the going rate for HVAC replacement in a commercial building is \$40 per square foot, and the Clinic is just over 6,000 sq. feet with 800 square feet of roof due to the large overhang. These numbers are consistent with what the Committee is hearing from the Engineers. Commissioner Boteler also asked about energy savings, and if the District can expect to see reductions with a new system. Commissioner Groundwater confirmed that there is definitely an opportunity for savings; however, the Committee has yet to do the calculations. Discussion continued with Commissioners expressing concern over the cost. Commissioner Fralick stressed the importance of ensuring any system provides a level of comfort to patients and staff, as well as high air quality.

- b. **Communications Committee** – Superintendent Presson has been working with the Committee to determine room availability and timing for the Town Hall meetings. After discussing various options, there was a consensus of the **Board to host Town Hall meetings on October 5th from 3 pm – 5 pm and November 4th from 5:30 pm – 7:30 pm. The Regular meeting scheduled for November 5th will remain on the calendar.**
- c. **Contract Negotiations Work Group** – Commissioner Miller reported that there remains confusion on the interpretation of the additional \$40,000 that was available to UW Medicine Orcas Island Clinic (UW) when their FY '20 budget was approved. UW recently reported that they have not been able to carve out any additional savings from Other Expenses. As a result, they asked if the additional funds can be used to hire a part-time employee or if they are contingent on UW achieving those savings.

The Commissioners revisited the original motion which was adopted at the June 18th Board meeting. Several Commissioners felt the intent of the motion was to provide \$40,000 subject to UW finding an additional \$40,000 in matching funds. The Commissioners asked Dr. Alperin, who was present at the meeting, about what an additional \$40,000 could do for clinical staffing. He explained the funds could be used to hire a part-time phlebotomist rather than an additional full-Medical Assistant (MA) that was originally proposed. He explained that currently there is an MA who spends time doing both jobs, and it would be very helpful to hire someone to handle phlebotomy. The ideal scenario going forward was to pair an MA with each of the three providers.

The discussion continued and concerns arose specific to the hiring of additional staff when YTD visits remain down and there is one less provider. Commissioner Fralick didn't recall that the original motion specified the type position to be hired. Commissioner Lange asked if, regardless of the original motion, the Board was open to considering funding a part-time phlebotomist rather than a full-time MA. Commissioner Groundwater expressed concern at the increase in the expense/visit..

For clarity, Superintendent Presson read the June 18th motion:

From the June 18th Meeting Minutes: MOVED by Commissioner Miller, seconded by Commissioner Groundwater and restated to approve a budget with a subsidy of \$683,601, to include 8.77 support staff FTEs and 2.75 provider FTEs with the option to go to \$725,601, provided additional funds are used to increase clinical staff FTEs by hiring an additional Medical Assistant (MA). VOTE 4:0:0. MOTION CARRIED.

MOVED by Commissioner Fralick to modify the motion adopted at the June 18th Regular Board meeting, and approve a budget with a subsidy of \$683,601, to include 8.77 support staff FTEs and 2.75 provider FTEs with the option to go to \$725,601, provided additional funds are used to increase clinical staff. There was no SECOND. MOTION FAILED.

Commissioner Miller entertained another motion, yet no one was interested in making an alternate motion. UW will be informed that the original motion stands as approved at the June 18th Regular Board meeting.

- d. **Finance Committee** - Commissioner Miller reported that she is still in the process of working on the Clinic comparison spread sheet which will include the most recent financials from both clinics. This will represent the Q'4 financials from UW and closes out their FY '19 as of June 30th. The

remaining subsidy due to UW for FY'19 is \$196,329. There is also \$4,105 due for equipment repair and maintenance over what's been funded to-date.

Commissioner Miller noted that the loss for the fiscal year was greater than the maximum subsidy of \$529,460, which resulted in UW absorbing \$157,215 of the losses. The good news is that the District had budgeted \$30,000 for equipment repairs and maintenance and total spent is approximately \$21,000. UW visits are down YTD compared to budget, yet they have been making up some ground the past two quarters. The Committee submitted several questions to Lindsey having to do with Provider Compensation and the significant variance in Other Operating Expenses.

Commissioner Groundwater asked for clarification as to whether Revenue was recorded when billed or received. Commissioner Miller will confirm although she was relatively certain UW uses an accrual method of accounting which would account for Revenue when billed.

In regard to OFHC, their financials will represent their Q'3, being that their fiscal year ends September 30, 2019. Commissioner Miller shared that she spoke with Aimee and expects to have OFHC's FY '20 draft budget by the end of this month so it can be discussed at the September 3rd Board meeting. She also explained to Aimee why the Board wasn't able to consider OFHC's mid-year budget adjustment request and that the Board will use the information to inform the next year's budget.

Commissioner Miller shared that Aimee is waiting for a template from the Committee and will then begin reporting visits in a similar fashion to UW. There was a discussion around employee benefits, and Commissioner Lange asked if it would be possible to approve that piece so they can get benefits in place by October 1st. Commissioner Miller will add that to the discussion on September 3rd. She's in the process of clarifying both UW and OFHC's current benefits approach.

V. Old Business

- a. **Consultant Statement of Work (SOW)** – Commissioner Groundwater updated the Board on the responses received to-date from the SOW solicitation. Two consultants provided proposals that were shared at the last Board meeting, and one from DZA has been received since.

The Work Group feels that either DZA or Wipfli would be able to do the job. While the proposal from Ron Kercheval was interesting, there was a feeling that his expertise was more aligned with what's coming down the pike in the broader health care environment. The other two firms are experts in the areas specific to maximizing reimbursement, which is what the District needs at this point.

Discussion centered around DZA and Wipfli as the top candidates. Katie Raebel from Wipfli is known to be the best out there when it comes to Rural Health Clinics. Shar Sheaffer of DZA is also someone who can get the District what it needs. The Commissioners talked about the fact that Wipfli is known to have the expertise to help make a practice more efficient. Questions centered around whether DZA could be hired to do the work and Wipfli could be hired to implement whatever ends up being the recommended structure. There was also a question about data, and Superintendent Presson hadn't yet heard from UW to determine how readily available the data elements might be and if all data needed will be available.

In the end, it came down to cost and the fact that DZA's proposal included a price that was significantly less than Wipfli. While it was a very tough decision, the Work Group's recommendation was to go with the proposal from DZA. Commissioner Lange said if cost wasn't an issue he'd likely go with Wipfli. Commissioner Miller reminded the Board that there is \$50,000 in the budget for the cost of hiring a consultant. She expressed the need to make sure we get the right person since this work would be used to make one of the most important decisions this board would make during our terms as Commissioners (the long-term structure for operating the clinics). She wants to feel confident that the data delivered from this project is the best it can be.

Commissioner Boteler asked for clarification as to what we are asking the consultant to do. Is the work specific to the financial reimbursement structure or are we going to include an assessment of an affiliation with an entity such as Family Care Network (FCN). Commissioner Miller outlined her expectation that this will be a two-step process whereby the first step is to assess the financial impact of either an RHC, FQHC or a Critical Access Hospital alignment. From there, the Board will consider who will be best to affiliate with given the structure. Commissioner Groundwater agreed although clarified that Phase 1 could include an affiliation with another FQHC. Commissioner Miller also suggested that the financial element is only one piece and will be considered with other factors such as autonomy, etc. Discussion continued and there was a concern about timing and a strong desire to expedite execution of a contract so the work can begin.

MOVED by Commissioner Groundwater, seconded by Commissioner Lange to award the contract to DZA and authorize Commissioner Groundwater to negotiate a contract with DZA for \$17,000. She will bring the contract back to the Board only if she sees any red flags. VOTE 5:0:0. MOTION CARRIED.

Commissioner Fralick left the meeting at this point.

VI. New Business

- a. **Modify the Time of Regular Board Meetings** – as directed by the Board at the last meeting, Superintendent Presson presented Resolution 2019-03 to extend the temporary change in Regular meeting times through the October 15, 2019 Board meeting.

MOVED by Commissioner Groundwater, seconded by Commissioner Boteler to adopt Resolution 2019-03, which is a Resolution to Modify the Time of Regular Board Meetings. VOTE 3:0:0. MOTION CARRIED. Commissioner Lange was not present for the vote.

- b. **Request for After-Hours and Clinic Subsidy** – Dr. Shu presented a request for subsidy. Since this has been requested and discussed with individual Commissioners several times, the Board is being asked to consider this request and make a formal decision.

Commissioner Groundwater felt the request to subsidize another clinic was taking the Board in the wrong direction, especially as the Commissioners have consistently talked about their goal of reducing the number of practices being subsidized by combining practices. She is sure Dr. Shu is a good provider but adding another clinic to support is not the way to go. Commissioner Boteler agreed with those comments and didn't think it would be the right way to spend District funds at this point. Commissioner Miller also agreed, saying it was unfortunate that Dr. Shu hasn't been able to be integrated into one of the existing clinics, yet she agreed that granting a subsidy request at this time would take the Board in the wrong direction.

There was a consensus of the Board and Superintendent Presson was directed to formally respond negatively to Dr. Shu's request.

VII. Operations Report

- a. **Monthly Financials** – an updated financial template was distributed for final comment. There was a consensus of the Board that the document meets their needs. Commissioner Miller indicated that the Forecast numbers have yet to be updated, yet she was happy to see that the District is under spending in several areas.

Commissioners liked the explanation in cells where it was helpful to know where the numbers come from. Commissioner Miller reminded the Board that the Revenue figure was a conservative estimate and we might see a higher actual once the October taxes are received.

- b. **Long-term care activities** – in the essence of time there was no discussion on the materials provided specific to the LTC survey that is under way.
- c. **Vaccine Article** – the Board was supportive of the revised vaccine article and directed the **Superintendent to proceed with publishing in The Sounder and Orcas Issues.**
- d. **UW Reports/Meetings Schedule** – **Superintendent Presson will provide an updated schedule once UW signs off on the draft** that she created in collaboration with Dr. Alperin and the Clinic Manager. She also shared that there is now a direct line to the Clinic Manager for patient complaints/question/suggestions. The number will not be published and will only be given to individuals as issues arise. Commissioners were directed to forward people to the Superintendent and she will provide the contact information.
- e. **Other** – Superintendent Presson reported that she recently checked in with Kevin Walstrom to see how close OMF is to wrapping up their operations. Kevin expects to close the OMF books at the end of September and estimates the payout to OIHCD to be approximately \$34,000.

VIII. Old Business (continued) – Superintendent Compensation

Commissioner Groundwater reported that following action at the last Board meeting to grant Superintendent Presson a one-time bonus, the District's attorney communicated that a bonus cannot be paid after the fact. In order for a public entity to be able to pay an incentive bonus, there must be a set of expectations and goals set in advance and tied to performance. Otherwise, the bonus could be viewed as a gift of public funds.

Discussion continued as to the best way to recognize Superintendent Presson's efforts while staying within the bounds of what a public entity is allowed to do. After much discussion, the Board realized it would be best to rescind the bonus and adjust the Superintendent's compensation. Since payroll ran on 8/19, the Superintendent will need to work with the County to figure out how to handle the situation.

MOVED by Commissioner Groundwater, seconded by Commissioner Boteler to rescind the one-time bonus granted to the Superintendent at the August 6th Board meeting. VOTE 5:0:0. MOTION CARRIED.

MOVED by Commissioner Groundwater, seconded by Commissioner Boteler to increase the Superintendent's base compensation to \$45,000/year, effective September 1, 2019. VOTE 4:0:0. MOTION CARRIED.
Commissioner Fralick had previously left the meeting and was not present for the vote.

IX. Public Comment

Dr. Shu expressed he was supportive of consolidating the clinics and would like to rewrite his request and talk with individual Commissioners. His goals are twofold: (1) to consolidate the clinics; and (2) reduce overall costs and increase quality. He feels that looking at maximizing financial reimbursement isn't as important as looking at quality. Islanders have a financial burden when they are transported off island, and he feels that leveraging telehealth for training is something the District should pursue. The providers need to increase their education to build confidence and practice their skills.

Leif asked if an FQHC is like an RHC on steroids, and if an FQHC can affiliate with an entity such as FCN. He also felt the comments suggest the island isn't getting after-hours care yet reports say there is a lot of after-hours care going on. He asked if it can't be forced into the CSAs, and he was reminded that such language is in the OFHC CSA.

Pierrette Guimond thanked the Commissioners for the detailed discussion and their hard work. She is impressed with their efforts and felt there aren't a lot of public meetings that are so informative and open.

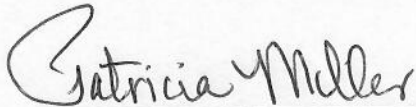
X. Upcoming Meetings

A list of upcoming meetings was included on the Agenda. UW is expected to deliver their Annual Report at the September 17th Regular Board meeting.

XI. Meeting adjournment

MOVED by Commissioner Boteler, seconded by Commissioner Groundwater to adjourn the meeting at 7:12 pm. VOTE 4:0:0. MOTION CARRIED.

Minutes approved this 3 day of Sept, 2019.



Attest: Patricia Miller, OIHCD Board Secretary