

Orcas Island Health Care District

Proposal to Provide Services
August 2019



DINGUS | ZARECOR & ASSOCIATES ^{PLLC}
Certified Public Accountants

Contact Information

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Certified Public Accountants

August 14, 2019

Anne Presson, District Superintendent
Orcas Island Health Care District
P.O. Box 226
Eastsound, WA 98245

We appreciate the opportunity to propose on the project to determine the most appropriate structure for providing medical services on Orcas Island.

DZA has a deep understanding of rural health care with a proven track record of providing superior services in a timely manner.

If you have questions or require additional information please call me at 509.321.9485.

DINGUS, ZARECOR & ASSOCIATES PLLC

A handwritten signature in black ink, appearing to read 'Shar'.

Shar Sheaffer, CPA
Partner

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Executive Summary

When you choose DZA, you enlist a team of experienced professionals devoted to each project with unparalleled customer service. Our company stands out in a multitude of ways, including:

- **Specialty:** We are healthcare accounting, auditing, and reimbursement specialists. DZA offers both depth and breadth of healthcare knowledge, providing you with the most up-to-date information on changing regulations.
- **Hands-on Experience:** You will know us. Through active communication, we seek to comprehensively understand the goals your company strives towards and to cater our services to help you succeed.
- **Quality on Time:** Each product we generate includes a partner and manager review and revision process, providing you with the highest quality product. We carefully lay out each engagement ahead of time to guarantee timely delivery.

Who We Are

Dingus, Zarecor & Associates PLLC (DZA) has provided accounting services to those within the healthcare and public sector since 2003. We are located in Spokane Valley, Washington, but our clients span across the states from Alaska to Texas. DZA's accounting services include:

- Audits
- Medicare and Medicaid cost reports
- Reimbursement consulting
- IRS Form 990 preparation
- Clinic analysis
- Feasibility studies

Our team comprises of four partners, twenty-seven accounting staff members, and five administrative support staff members, all of whom are versed in financial and reimbursement-specific issues and niched in their knowledge to best serve your healthcare entity. In every aspect of work we will do for you, at least two of our highly experienced partners will be involved, offering their insights and knowledge.

We stay up to date on both regional and national hospital issues through a rigorous Continuing Professional Education program, attending and presenting at conferences, and encouraging growth and learning for all our team members.

Our low staff turn-over rate enables us to build strong relations and communication amongst one another, translating into higher quality work. We know who is best equipped for each task.

To ensure our own internal quality, DZA adheres to the following accountability measures:

- Each DZA professional team member receives rigorous continuing professional education (CPE), exceeding American Institute of Certified Public Accountants (AICPA) requirements.
- We participate in the essential AICPA peer review program, which gives firms a rating of pass, pass with deficiency, or fail. DZA received a peer review rate of pass – the highest rating available
- DZA is a voluntary member of the AICPA Employee Benefit Plan Audit Quality Center and the Governmental Audit Quality Center (the Centers). Joining the Centers heightens the quality standards of our work, as we adhere to the Centers' membership requirements in addition to the AICPA and State Board of Accountancy requirements.

Client Based Approach

Commitment to Client Service: DZA's commitment to providing high-quality service at an affordable price stands unwavering.

- **We are specialists, not generalists.** Healthcare is what we do as a firm. Our staff has training and experience relevant to your specific needs.
- **Our commitment to quality is our best practice.** Everything we produce goes through an extensive review process. You will receive a final product that has been meticulously checked and corroborated by multiple team members.
- **We find the best fit for you.** DZA's partners are a team, believing that utilizing each other's strengths makes for the best client experience. When assigning managers and staff, we will compare your needs with their experience, assigning those best suited to you.
- **Our commitment to value.** DZA will provide your organization with professional, knowledgeable staff at an affordable price.
- **We are a resource to you.** Each October, DZA hosts a three day healthcare seminar designed to provide our clients the opportunity to explore current reimbursement and accounting topics and other issues they face daily in the healthcare field.

Open, Ongoing Communication: We strive to meet and exceed your expectations. Our approach begins with open and ongoing communication. In our experience, this results in a more effective engagement and relationship with our clients. Many clients contact us weekly to discuss issues large and small, and unless a significant project or research is requested, we do not charge for this exchange. We believe continuous communication throughout the year is necessary to provide you with high quality services. Our email and phone lines remain open for clarifications, questions, or anything in between.

We continually have you in mind. Upon learning new and relevant information, we think of how the topic applies to our clients, passing on need-to-know updates in the ever-changing realm of healthcare.

DZA's Project Management

Experience: As specialists of the healthcare field, DZA supports clients representing a wide variety of healthcare entity types. DZA serves the financial accounting, reimbursement, and 990 needs of rural health clinics, federally qualified health centers, critical access hospitals, and a variety of others, both as standalone entities and as multiple entities functioning under an overarching regional healthcare system. Many of our clients present as a mix of clinic and hospital types, so we know first hand the benefits and struggles of having multiple entity types functioning together.

Actively working with such a range of clinic types allows us to approach this project with insight and insider knowledge of how each type realistically functions separately and in relation to the others. We will approach your engagement with the knowledge to competently advise you on the best fit for both ensuring financial security and providing optimal care to your community.

Project Timeline: Our method starts with the end in mind. While preparing for your engagement, we establish a few major milestones to shape your timeline:

- **Issuance Dates:** We start each engagement by working with management to schedule issuance dates.
- **Completion Date:** The completion date will be scheduled for two weeks prior to the issuance dates, allowing management time to review the drafts.
- **Feasibility Study:** Work will require about a month of DZA's time and will begin after receiving the required workpapers electronically. The full timeline will span approximately two months. In Appendix A, you will find the prep guide of necessary documents.

Secure: To facilitate the use of client data and record retention, as a firm we use paperless software, ensuring your engagements will be completed efficiently.

A secure portal will be available to you for an easy, safe exchange of the data between your hospital and our team.

Standout Process: Details matter. To provide you with the best product, a partner will directly interact with your engagement at all stages. Project management begins with our internal procedures and best practices, which we continually monitor and update. DZA consistently establishes a framework for your projects to ensure timely, efficient, and accurate results, tracked and reviewed throughout by the assigned management team.

Pricing

We strive to provide the quality you deserve at a reasonable price. Our proposed pricing for your engagement is based on our hourly rates. Budgeting approximately 60 hours of our time, total proposed cost for this engagement is \$17,000.

The pricing is based on the anticipated cooperation from your personnel, along with the assumption that any unexpected circumstances will not be encountered during our performance of your requested services. Pricing may be renegotiated if significant additional time or projects prove necessary. A discussion will occur before any additional costs are incurred.

Projects or research will be billed at our standard rates, which will vary based on the individual providing the services.

Any of our out-of-pocket costs will be billed at actual cost. As always, we welcome ongoing communication and will never charge for routine consultations or questions throughout the year.

Team Biographies

Shar Sheaffer, CPA, Owner

Healthcare Industry Experience

Shar Sheaffer is a partner of Dingus, Zarecor & Associates PLLC. With the firm since 2007, Shar has worked in the field of healthcare accounting since 2001 and specializes in reimbursement. She frequently speaks at healthcare conferences, including the annual DZA Seminar, updating clients and staff on the never-ending changes in healthcare regulations.

Education

Shar received a Bachelor in Accounting from Eastern Washington University.

Affiliations & Activities

Shar is a member of both American Institute of Certified Public Accountants (AICPA) and Washington State Certified Public Accountants (WSPCA). She is the past president of the Montana chapter of Healthcare Financial Management Association (HFMA).

Shayna DesJardin, CPA, Senior

Healthcare Industry Experience

With the firm since 2015, Shayna has nearly ten years of experience working within the healthcare field, with nearly five years of those working exclusively with critical access hospitals and other healthcare organizations, serving their financial reporting and reimbursement needs. She specializes in Medicare and Medicaid cost reports and reimbursement projects.

Education

Shayna received her Bachelor of Science in Business Management from Peninsula College, and her Certificate of Accounting from Whitworth University.

Affiliations & Activities

Shayna is a board member of the WSPCA.

References

Our work speaks for itself. Below you will find a selection of our client contacts at critical access hospitals who routinely use us for their projects.

Hilary Whittington, CFO

Jefferson Healthcare

Port Townsend, Washington

Telephone: 360.385.2200

E-mail: hwhitting@jgh.org

Jamie Slater, CFO

Klickitat Valley Health

Goldendale, Washington

Telephone: 509.773.1014

Email: jslater@kvhealth.net

Steve Febus, CFO

Pullman Regional Hospital

Pullman, Washington

Telephone: 877.466.0473

Email: steve.febus@pullmanregional.org

Leslie Crane, CFO

Bear Lake Memorial Hospital

Montpelier, Idaho

Telephone: 208.847.4406

Email: leslie.crane@blmhospital.com

Client List

Below you will find a selected list of clients we currently serve. We have selected this list based on those hospitals sharing similar engagement needs as you.

- Adams County Health Center
- Arkansas Valley Regional Medical Center
- Artesia General Hospital
- Astria Medical Center - Toppenish
- Astria Regional Medical Center
- Astria Sunnyside Hospital
- Bear Lake Memorial Hospital
- Benewah Community Hospital
- Bethany of the Northwest
- Bingham Memorial Hospital
- Blue Mountain Hospital – Oregon
- Blue Mountain Hospital – Utah
- Borger Medical Clinic
- Boundary Community Hospital
- Cahaba Medical Care
- Caribou Memorial Hospital
- Cascade Medical Center
- Clackamas County Public Health
- Cokeville Hospital District
- Colorado Rural Health Center
- Columbia Basin Hospital
- Columbia County Health System
- Columbia Memorial Hospital
- Colville Tribal Convalescent Center
- Community Action Partnership of Western Nebraska
- Community Health Centers of Central Wyoming
- Community Hospital of Anaconda
- Cordova Community Medical Center
- Coulee Medical Center
- Curry Health District
- Delta County Memorial Hospital
- East Adams Rural Healthcare
- Eunice Hospital District
- Family Health Centers
- Family Medicine Residency of Idaho, Inc.
- Ferry County Public Hospital District
- Garfield County Hospital District
- Gila Regional Medical Center
- Golden Plains
- Good Shepherd Health Care System
- Goodland Regional Medical Center
- Grand River Hospital District
- Grande Ronde Hospital
- Greely County Health Services
- Guadalupe County Hospital
- Hands of Hope
- HealthWorks
- Hospice of Eastern Idaho
- Hospice of Spokane
- Humboldt General Hospital
- Jefferson Healthcare
- Kiowa County Hospital District
- Kittitas County Public Hospital District No. 2
- Kittitas Valley Healthcare
- Klickitat County Emergency Medical Services District No. 1
- Klickitat Valley Health
- Kootenai Health
- Kremmling Memorial Hospital District
- Lost Rivers Medical Center
- Lower Umpqua Hospital
- Madison Memorial Hospital

- Marias Medical Center
- Mary's Woods at Marylhurst
- Mattawa Community Medical Clinic
- Memorial Hospital of Carbon County
- Mendocino Coast Hospital District
- Melissa Memorial Hospital
- Mineral Community Hospital
- Minidoka Memorial Hospital
- Moab Regional Hospital
- Morongo Basin Healthcare District
- Morton General Hospital
- Mountain View Hospital
- Newport Community Hospital
- Nor-Lea Hospital District
- North Canyon Medical Center
- North Runnels Hospital
- North Valley Hospital
- Odessa Memorial Healthcare Center
- Olathe Community Clinic dba River Valley Family Health Center
- Olympic Community of Health
- Oneida County Hospital
- Operation Samahan, Inc.
- Pioneers Medical Center
- Plains Memorial Hospital
- Prosser Memorial Hospital
- Prowers Medical Center
- Pullman Regional Hospital
- Quincy Valley Medical Center
- Rockwood Retirement Communities
- Roosevelt General Hospital
- Salmon River Health Clinic
- Shoalwater Bay Indian Tribe
- Shoshone Medical Center
- Sierra Vista Hospital
- Skyline Community Hospital
- St. Vincent General Hospital District
- Star Valley Medical Center
- Summit Pacific
- Syringa General Hospital
- Teton Valley Health Care, Inc.
- The CAH Network
- The N.A.T.I.V.E. Project
- Three Rivers Hospital
- Trios Health
- Uintah Basin Healthcare
- Valley View Health Center
- Valor Health
- Wallowa Memorial Hospital
- Washington Rural Health Collaborative
- Whitman Hospital and Medical Center
- Willapa Harbor Hospital

Appendix A

ORCAS ISLAND HEALTH CARE DISTRICT

Clinic Feasibility Study Preparation Guide

December 31, 2018

All documents should be in Excel (unless otherwise noted), as of or for the year ended December 31, 2-10, and uploaded to our secure portal at www.dzacpa.com

Please list information for each clinic separately

Trial balance for each clinic that includes account number, account description, and balance	<u>Excel</u>
Detail of salary expense by personal, please include the employees title or job description (doctor, NP, MA, receptionist, housekeeping, etc.)	<u>Excel</u>
Detail of contract labor by job description (PA, MA, receptionist, etc.)	<u>Excel</u>
List of mid-levels and physicians included in each clinic	<u>Excel</u>
Current physician and mid-level salaries (copy of the physicians tax form may suffice)	<u>Excel</u>
2017 and 2018 financial statements for the clinics	<u>PDF</u>
Trial balance for each clinic that includes account number, account description, and balance	<u>Excel</u>
Gross revenue by CPT code - this schedule <i>must</i> be in Excel and contain the following: CPT code CPT code modifiers Patient identifier Dates of service Type of CPT code (office visit, laboratory, radiology, procedure, nurse visit, injection, other) Identification of any nurse visit Charge amount (standard charge for the CPT code listed) Payor Units billed Location of visit or procedure (office or at a hospital type facility) Number of encounters - these are medically necessary face-to-face encounters between a physician and a patient in a clinic setting. If more than one code is billed, only one encounter is counted. Type of practitioner (MD, NP, or PA) <i>** See next tab for suggested format</i>	<u>Excel</u>
Crosswalk of payor abbreviations to payor names	<u>Excel</u>
Identification of any procedure codes billed in conjunction with another E&M or physician code	<u>Excel</u>
Types of services currently provided	<u>Excel</u>
Types of services the District is considering offering or would like to offer.	<u>Excel</u>
Changes in visits expected in future years	<u>Excel</u>
Types of facilities currently being consider (including FQHC look alike, RHC, provider-based RHC to an existing CAH, and CAH)	<u>Excel</u>

Suggested format for charges by CPT code

Patient identifier	Date of service	CPT Description	CPT Code	Modifier 1	Modifier 2	Payor	Charge Amount	Units	Total Charge	Doctor **	Location	Encounter
DZA0036	1/1/2019	Office/outpatient visit	99214	25		MCR	100.00	10.00	1,000.00	MD	Office	Y
DZA0037	1/1/2019	Office/outpatient visit	99214			XIX	100.00	4.00	400.00	MD	Office	Y
DZA0038	1/1/2019	Office/outpatient visit	99214			BC	100.00	7.00	700.00	MD	Office	Y
DZA0036	1/1/2019	Fna w/ image	10022			MCR	250.00	2.00	500.00	MD	Office	N
DZA0037	1/1/2019	X-ray of abdomen	74000			XIX	75.00	4.00	300.00	MD	Hospital	n/a
DZA0038	1/1/2019	X-ray of abdomen	74000			XIX	75.00	4.00	300.00	MD	Office	N
DZA0039	1/1/2019	Observation care	99220			BC	200.00	25.00	5,000.00	MD	Hospital	n/a

billed in conjunction with E&M

**Doctor - this can be type (MD, PA, NP) or by practitioner name