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August 5, 2019

Anne Presson, Superintendent
Orcas Island Health Care District
PO Box 226
Eastsound, WA 98245

Dear Anne:

Thank you for requesting a proposal for professional services from Wipfli LLP ("Wipfli") to provide consulting services to Orcas Island Health Care District regarding the assessment of entity options for the provision of primary and urgent care services on the island.

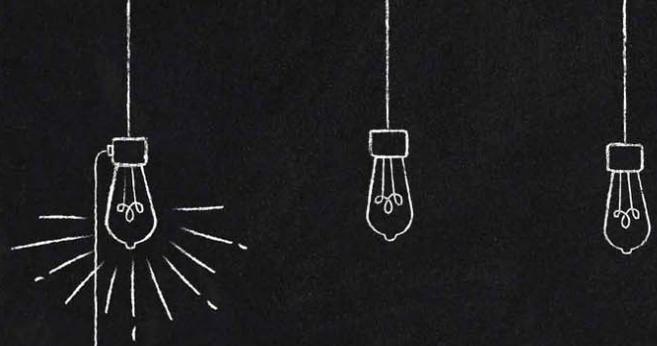
The attached document describes our anticipated process, scope of work, timing, consulting fees, and professional terms and conditions to assist Orcas Island Health Care District.

We look forward to working with Orcas Island Health Care District on this engagement. If you have questions or require additional information, please contact me at 509.232.2044 or kraebel@wipfli.com.

Sincerely,

A handwritten signature in black ink that reads "Katie Jo Raebel". The signature is written in a cursive, flowing style.

Katie Jo Raebel, CPA, Partner



Orcas Island Health Care District

Proposal to provide professional services
August 5, 2019

WIPFLI^{LLP}
CPAs and Consultants
HEALTH CARE PRACTICE

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OUR UNDERSTANDING & PROJECT OVERVIEW

Our Understanding

Orcas Island Health Care District (the District) was formed in April of 2018 to support the provision of primary and urgent care services on Orcas Island. The District is seeking a proposal from a consultant on a project to help the District determine the most appropriate structure for providing medical services on Orcas Island.

The District is a junior taxing district and uses the funds it raises to provide financial support to both existing medical practices on the island. Both medical practices have requested increases in their annual subsidies, which taken together with increases in projected capital costs, exceed the taxing capacity of the District. In addition, the medical director of one of the existing medical practices would like to retire but has not yet succeeded in finding a physician who is willing to take over the practice.

The District is looking for a way to reduce the subsidies the District pays to the practices while maintaining the desired quality and scope of care. The initial request from the District includes:

1. Identify any other viable options for achieving financial stability.
2. Assess the fit of each option for the District.
3. Model the likely financial impact of each option on revenue streams and operating costs, including the impact if the two practices were combined.
4. Identify the likely time frame for accomplishing the transition to each of the vehicles identified as an option.
5. Identify the most favorable option or combination of options to enable the District to achieve its goals.

Project Overview

We have proposed a phased approach to this engagement in order to best assist the District in choosing the ideal model for its desired results:

A. Phase I – Analyze Current Financial Position

We believe that the current state of primary care delivery will need to be evaluated to provide a good “baseline” for moving forward with other scenarios. The financial position regarding the current delivery of primary care services by Orcas Family Health Center and the University of Washington Neighborhood Clinics will be quantified and evaluated to determine if any efficiencies can be gained and how the subsidies provided contribute to delivery of care. The clinics’ financial and production information will be compared and benchmarked to that of other similar clinics. Any opportunities for improvement will be shared.

OUR UNDERSTANDING & PROJECT OVERVIEW

B. Phase II – Options for Future Primary Care Delivery and Financial Impact Analyses

Options for future delivery of primary and urgent care services on the island will be given, including the pros and cons, requirements, potential timeline, and financial impact for each scenario. This phase will include the option to combine the two practices into one, and the potential gain in reimbursement/reduction in expense. This phase will be provided via Power Point presentation and could be given through web presentation or onsite to include Phase III – Strategy and Next Steps (see below).

C. Phase III – Strategy and Next Steps

We recommend an in-person meeting to discuss next steps based on the results of Phase II. Phases II & III will ultimately be our building blocks for Phase IV – Implementation.

D. Phase IV – Implementation

Depending on how the District would like to move forward based on the results of Phase II (Options and Analyses) and discussion regarding Phase III (Strategy and Next Steps), Wipfli is here to assist with the implementation phase. This may include implementation of one combined rural health clinic, discussions with possible partners, or changes to the existing model. This phase will be under a separate engagement letter and fees will be determined based on the scope of services.

We are truly excited about the opportunity to work with Orcas Island Health Care District. The following team will be assembled to meet your needs:



Katie Jo Raebel, CPA, is a partner in Wipfli's health care practice. Katie Jo has 20 years of experience in audit and accounting focused exclusively on health care industry clients. She specializes in the rural health clinic and provider-based clinic arena. She regularly assists freestanding and provider-based clinics navigate through the rural health clinic (RHC) certification process. Katie Jo helps to calculate the RHC Medicare and Medicaid rate, provides education regarding changes in billing because of certification, and consults on all areas specific to RHCs and PBCs. Katie Jo will serve as the project lead person and will have ultimate responsibility for your satisfaction upon completion of the project.



Eric Volk, CPA, is a partner in Wipfli LLP's Spokane office. He specializes in PPS and critical access hospital (CAH) Medicare and Medicaid reimbursement and audits. Eric provides cost reporting, audit, and consulting services to numerous providers in the region. This has enabled him to develop a solid understanding of the issues that concern the health care industry. Eric has significant experience in improving cost-based reimbursement for his clients. He also is skilled in providing cost report audit and appeal support.



Steven Rousso is a partner in the firm's health care consulting practice. With nearly 37 years of experience in the health care industry, he has particular experience with rural hospitals and community clinics, as he has demonstrated on various engagements for over 150 providers throughout the country. An accomplished presenter, Steven has spoken more than 50 times on myriad health care topics for numerous state and federal associations. In addition, he has published many health care articles. Steven also acted as a consultant for the California Hospital Association (CHA), the California Primary Care Association (CPCA), and several Federally Qualified Health Center (FQHC) consortiums in California.

Other members of the Wipfli team will be consulted with and will assist with the project as needed.

Professional Fees

Professional fees will be based on the consulting time required to conduct the above items. We estimate the following amounts, which do not include out-of-pocket expenses (i.e. – travel expenses):

Component	Pricing
Phase I – Analyze Current Financial Position	\$7,500 – 10,000
Phase II – Options for Future Primary Care Delivery and Financial Impact Analyses **up to four scenarios	15,000 – 20,000**
Phase III – Strategy and Next Steps	5,000
Phase IV – Implementation	TBD based on scope of services

Currently, our approximate hourly billing rates are:

Partner \$350 - \$400

Manager/Director \$150 - \$300

Senior \$125 - \$175

Staff \$90 - \$125

We expect payment of our billings within 30 days after the invoice date. Interest at the lesser of 1% per month or the maximum rate permitted by law, except where prohibited by law, will be charged on the portion of your balance that is over 30 days past due.

The terms of this proposal are valid for 60 days from the date of this proposal.

Project Timing

We will be available to begin this project immediately, upon your approval. To initiate the engagement, the District should sign and return the Engagement Acceptance (Attachment A).

APPROVAL TO PROCEED TOGETHER

Appendix A

Engagement Acceptance

Prepared by Katie Jo Raebel, Partner, Wipfli Health Care Practice

Professional Services

If the contents of this proposal are acceptable, please sign and return this page to kraebel@wipfli.com at your earliest convenience.

Orcas Island Health Care District acknowledges acceptance of this proposal, agrees to be bound by all of its terms and conditions (see Appendix C), and represents that the person signing below has authority to execute this agreement. This agreement may be executed in a number of counterparts, including this separate signature page, each of which shall be deemed an original and all of which shall constitute one and the same agreement.



ACCEPTED BY: ORCAS ISLAND HEALTH CARE DISTRICT

BY: _____
(Signer's name and title)

DATE: _____

ABOUT WIPFLI

Appendix B

About Our Firm

Since 1930, Wipfli LLP (“Wipfli”) has been creating value and securing the future of our clients, their businesses, and the community at large. With Wipfli, you gain the significant resources of a large accounting and consulting company while enjoying the personal service of a boutique firm.

We provide industry-focused assurance, accounting, tax, and consulting services to help our clients overcome their business challenges today—and we help them plan for tomorrow.

Our clients include health care organizations, manufacturers, construction companies, contractors and developers, real estate companies, financial institutions, insurance companies, nonprofit organizations, units of government, dealerships, and individuals. Wipfli serves clients in all 50 states and internationally, with the highest concentration of our client base in the Upper Midwest. With 34 offices in the United States and India, Wipfli ranks among the top 20 accounting and business consulting firms in the nation.

Our professionals are recognized for their expertise, speaking at national, regional, and state conferences and publishing informative articles in a variety of industry publications. We create health care thought leadership for our clients, including:

- Monthly newsletter articles
- Webinars, both live and archived on our website
- National, regional, and local speaking engagements presented by industry experts
- Educational seminars providing quality education and the opportunity to communicate directly with industry experts and network with colleagues

Our Focus on Health Care

Wipfli enjoys a solid reputation for our work in the health care industry (we serve 1,800 health care clients). Our certified public accountant perspective, blended with practical health care expertise, allows us to see all sides of “the picture.” Our more than 100 health care associates understand the many steps associated with the delivery of health care services and know that any number of areas can impact your profitability.

While your “triple aim” initiatives are to provide higher service quality, at lower costs, and with greater patient satisfaction, Wipfli has three similar aims to support these initiatives.

- **High Quality Consulting Services:** We focus on ensuring you have accurate and complete data, knowledge, and tools.
- **Efficiency and Value:** We quickly understand your issues then focus on those having the greatest impact.
- **Client Satisfaction:** We strive to exceed your expectations and we measure your satisfaction.

Our team of experts uses an integrated approach and brings diverse service capabilities with a full-time focus and specialization in the health care industry to deliver custom solutions such as:

- Revenue cycle optimization
- Facility and capital planning
- Medicare and Medicaid cost reporting
- Reimbursement and regulatory compliance
- Financial and market feasibility studies
- Community health needs assessments
- Valuation, litigation, and transaction support
- Service line strategy, market analysis and planning
- Information technology assessments and vendor selection
- HIPAA security risk assessment
- Balanced scorecard, lean process improvement, and activity-based costing
- Physician compensation design, analysis, and fair market value review
- Strategic partnerships, alliances, and networks

Information about Wipfli’s extensive health care services can be found on our website:
www.wipfli.com/healthcare.

Our Key Strengths in Health Care Consulting Services

We believe the day-to-day working relationship we maintain with our clients is as important as the result. Therefore, we would like to outline how the Wipfli team of professionals will work with Orcas Island Health Care District. Key elements in our relationship will be:

Effective communication. We will gain a deeper understanding of your operations and focus on collaboration with your management and team. In return, we will ask for your candid feedback on our performance; we want to know you are getting the attention and service you deserve.

The right tools and processes. Wipfli uses the latest technology to enhance our services. Combined with proper planning and processes we have developed through decades of providing the services you have requested, we provide efficiency without sacrificing quality.

Our people. Our size enables us to develop an exceptional professional staff dedicated exclusively to our health care clients. We expend considerable resources on internal and external professional education specific to the health care industry and the types of organizations we serve, constantly monitor industry developments and regulatory activity, and share this knowledge within our health care group.

You will notice the difference this makes when our professionals quickly understand your business and offer proactive advice on the critical components of your operations.

Wipfli's Quality Principles

Wipfli's goal is to provide our clients with the highest quality of professional services so their needs are well served, in a timely manner, and at a fair price. To that end, it is our responsibility to:

- Accurately, professionally, and ethically represent the skills, experience, and capabilities of the firm to the marketplace.
- Clearly understand the clients' perceptions of their business-related problems and needs, as well as their expectations for engagement outcomes and value.
- Price all engagements reasonably and fairly.
- Communicate with both current and prospective clients in the most responsible manner and ensure that all verbal and written communications are clear, concise, and well-stated.
- Ensure all deadlines are clearly established, consistent with the needs of the client and, if altered, done so with client approval.
- Ensure the highest level of technical skill is maintained and brought to bear; outside professional services/support is sought, as appropriate.
- Make any business, professional, ethical, or legal risks inherent in consultative recommendations sufficiently clear to the client.
- Follow every engagement with an evaluation of the outcomes as they relate to client expectations, including the manner in which the engagement was conducted by Wipfli professionals.
- Maintain client confidentiality and guarantee that identifying clients does not occur for purposes of public marketing/promotion without client approval.
- Advise the client of any recommended follow up to each project with the appropriate internal/external referral, as necessary.

WIPFLI'S PROFESSIONAL SERVICES TERMS AND CONDITIONS

Appendix C

Wipfli LLP Professional Services Terms and Conditions

1. Entire Agreement

These Terms and Conditions, together with the engagement letter ("Engagement Letter") to which these Terms and Conditions are attached, the Engagement Letter's other appendixes, and applicable Change Orders, if any, constitute the entire agreement between the parties on the subject matter thereof and supersede and merge all prior proposals (including prior proposals of Wipfli regarding the engagement), understandings, and agreements (oral or written) between the parties relating to the subject matter including, without limitation, the terms of any request for proposal issued to Client or the standard printed terms on any purchase order issued by Client. No modification, amendment, supplement to, or waiver of these Terms and Conditions or the Engagement Letter shall be binding upon the parties unless made in writing and duly signed by both parties. To the greatest extent reasonably possible, the provisions of the Engagement Letter, its Appendixes (including these Terms and Conditions), Implementation Plan, Change Orders, and any other exhibit, attachment, schedule, or other document referenced in or by the Engagement Letter shall be read together and harmonized to give effect to the parties' intent. In the event of a direct conflict among the express provisions of the foregoing, the Engagement Letter shall be given controlling effect. These terms and conditions do not apply to any attest services that may be performed by Wipfli for Client, such services being governed exclusively by the Engagement Letters issued with respect thereto.

2. Commencement and Term

An Engagement Letter or Change Order shall become effective when signed by duly authorized representatives of both parties and shall remain in full force and effect until the services to be delivered under the Engagement Letter are complete (as reasonably determined by Wipfli) unless earlier terminated by either party as provided in the Engagement Letter or these Terms and Conditions. Each person executing an Engagement Letter or Change Order on behalf of a party represents and warrants to the other that he or she has all power and authority to bind the party on whose behalf he or she is executing same.

3. Fee Estimates and Change Orders

Wipfli's Engagement Letter may set forth certain ranges for Wipfli's fees charged on any project or work. Wipfli provides fee estimates as an accommodation to Client. Unless otherwise indicated in the Engagement Letter, fee estimates shall not be construed as or deemed to be a minimum or maximum fee quotation. Although Wipfli reasonably believes suggested fee ranges are accurate, Wipfli's actual fees may vary from its fee estimates.

A "Change Order" means a mutually agreed-upon change in the schedule or the time for Wipfli's performance of the work on a project, the scope of specifications of a project, and/or the fees chargeable by Wipfli to Client, which is reduced to writing using an agreed-upon form that is executed by an authorized representative of each for Wipfli and Client.

If, during the course of Wipfli's engagement, Wipfli determines that more work will be required than initially estimated, Wipfli will discuss, as soon as possible, the reasons with Client. Work that falls outside the agreed-upon scope of Wipfli's engagement shall be covered by a Change Order. Service completion times are estimated and subject to change. Where applicable, all such estimates assume that Client's hardware platform/computer system will, at the commencement of the services, be fully operable as intended and designed, functioning as necessary and available to Wipfli without material restriction for the duration of the services. Such estimates also include necessary and reasonable cooperation from client personnel.

Unless otherwise agreed in the Engagement Letter, miscellaneous expenses incurred by Wipfli in the course of performing the service will be charged in addition to Wipfli's professional fees. Miscellaneous expenses may include, but are not limited to: travel, lodging, transportation, and meals for projects requiring travel; clerical processing; telecommunications charges; delivery expenses; and all sales, use, ad valorem, excise, or other taxes or other governmental charges.

4. Fees

Unless otherwise agreed, all invoices are due and payable within thirty (30) days of the invoice date. All business or commercial accounts will be charged interest at the lesser of one percent (1%) per month or the maximum rate permitted by law, except where prohibited by law, on Client's balance due to Wipfli that is outstanding over thirty (30) days. At our discretion, work may be suspended if Client's account becomes overdue and will not be resumed until Client's account is paid in full. Client acknowledges and agrees that we are not required to continue work in the event of a failure to pay on a timely basis for services rendered as required. Client further acknowledges and agrees that in the event Wipfli stops work or withdraws from this engagement as a result of Client's failure to pay on a timely basis for services rendered as required by this Engagement Letter, Wipfli will not be liable to Client for any damages that occur as a result of our ceasing to render services.

In the event Client requests us to, or we are required to, respond to a subpoena, court order, government regulatory inquiries, or other legal process against Client or its management for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this or any prior engagements, Client agrees to compensate us for all time we expend in connection with such response, at our regular rates, and to reimburse us for all related out-of-pocket costs that we incur.

5. Tax Responsibilities

Client shall pay and be solely and exclusively liable for all sales, use, ad valorem, excise, or other taxes or governmental charges imposed on the installation, implementation, licensure, or sale of goods or services by Wipfli or third parties to Client related to the Engagement Letter.

6. Termination of Agreement

An Engagement Letter may be terminated as follows: (i) by either party immediately upon written notice to the other if either party hereto becomes the subject of voluntary or involuntary bankruptcy or other insolvency proceeding, (ii) by Wipfli or Client if either party defaults in the performance of any of its covenants and agreements set forth in an Engagement Letter or Change Order (except when such default is due to a cause beyond the control of the party) and such default is not cured within thirty (30) days after notice from either party specifying the nature of such default, and (iii) by Wipfli or Client with or without cause upon providing thirty (30) days written notice. Termination of an Engagement Letter shall have no effect on either party's obligation to pay any amount due and owing with respect to such periods prior to the effective date of such termination.

7. Ongoing Support and Advice

Wipfli ongoing support and advice, whether or not it is defined by an Engagement Letter or Change Order, shall be subject to Wipfli's Terms and Conditions and will be provided under the same terms and conditions that would apply to services defined in Wipfli's Engagement Letters or Change Orders.

Wipfli LLP Professional Services Terms and Conditions

8. Third-Party Products and Subcontractors

When Wipfli is requested by Client through an Engagement Letter or Change Order to provide assistance with third-party products, Wipfli will use commercially reasonable efforts (as defined by Wipfli) to research, learn, and assist Client in the use of third-party products. However, Wipfli shall not be held liable for software or other products or services that have been written, produced, or provided by third parties. Client accepts all responsibility for, and risk-of-loss associated with, Client's use of third-party software, hardware, and products. Client accepts full responsibility for all communications with, and indemnifies and holds Wipfli harmless from, claims by third-party software developers, vendors, contractors, and/or subcontractors who have not been directly commissioned, engaged, retained, or hired by Wipfli. Wipfli hereby expressly disclaims all liability to Client or to any third parties that might be affected by the services performed or equipment installed by a third party who has not been directly commissioned, engaged, retained, or hired by Wipfli.

9. Independent Contractor

The relationship between Wipfli and Client is solely and exclusively that of independently contracting parties.

10. Nonexclusivity

No right of exclusivity is granted, guaranteed, or implied by Wipfli and Client entering into any Engagement Letter or Change Order. Client acknowledges that Wipfli regularly performs the same or similar services as are being provided hereunder to third parties.

11. Wipfli Employees and Owners

Wipfli expressly reserves the right to replace, in its sole discretion upon notice to Client, any of our professional project team members, as necessary, to provide quality and timely service to Client. From time to time, and depending upon circumstances, personnel from affiliates of Wipfli and other Wipfli-related entities or any of their respective affiliates or from independent third-party service providers (including independent contractors) may participate in providing services related to our engagement hereunder. In addition, Wipfli may utilize cloud-based services in connection with the delivery of certain services. Solely for the purpose of rendering services hereunder, Client acknowledges that we may share with these parties information obtained in the course of rendering our services. Wipfli remains committed to maintaining the confidentiality and security of Client's information, and accordingly, Wipfli maintains internal policies procedures and safeguards to protect the confidentiality of client information and in addition, ensures that our agreements with all service providers appropriately maintain and protect the confidentiality of client information. Some persons who own an interest in Wipfli may not be licensed as Certified Public Accountants and may provide services related to this engagement.

12. Limitation of Liability

Except for liability for personal injury damages caused by Wipfli's gross negligence or willful misconduct, and regardless of whether any remedy as set forth in these Terms and Conditions fails in its essential purpose, in no event shall Wipfli's cumulative liability to Client (or its successors, assigns, or affiliates) from all causes of any kind including liability based on contract, in tort, or otherwise arising from, out of, or related to the services or transactions contemplated in the Wipfli Engagement Letter or Change Order exceed the amount actually paid to Wipfli by Client under such Engagement Letter or Change Order.

13. Dispute Resolution

If any dispute arises among the parties regarding the subject matter hereof and such dispute cannot be resolved through informal negotiations and discussion, the parties agree to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its applicable rules for resolving professional accounting and related services disputes before resorting to arbitration or litigation. Costs of any mediation proceeding shall be shared equally by all parties.

14. Governing Law

All agreements between Wipfli and Client for any service shall be governed by and construed in accordance with the internal laws of the state in which the Wipfli office which issues the Engagement Letter related to the services is located.

15. Severability

The provisions of these Terms and Conditions shall be severable, so that the invalidity or unenforceability of any provisions will not affect the validity or enforceability of the remaining provisions; provided that no such severability shall be effective if it materially changes the economic benefit of these Terms and Conditions to either party.

16. Record Retention

We will retain records related to this engagement pursuant to our record retention policy. At the end of the relevant time period, we will destroy our records related to this engagement. However, original records will be returned to Client upon the completion of the engagement. When records are returned, it is Client's responsibility to retain and protect the records for possible future use, including potential examination by governmental or regulatory agencies.

17. Assignment

The Engagement Letter to which these Terms and Conditions are attached shall be binding on the parties hereto and their respective successors and assigns. Neither party may assign this Engagement Letter without prior written consent of the other, except that Wipfli may assign its rights and obligations under this Engagement Letter without approval of Client to an entity that acquires all or substantially all of the assets of Wipfli or to any subsidiary or affiliate or successor in a merger, acquisition, or change of control of Wipfli; provided that in no event shall such assignment relieve Wipfli of its obligations under this Engagement Letter.

18. Intellectual Property Rights

Client acknowledges that Wipfli owns all intellectual property rights, title, and interest to all information provided or developed throughout the duration of this engagement. Any use of this material, other than for the stated purposes in this Engagement Letter, is not authorized. In addition, Client shall not alter or remove any of Wipfli's trademarks, copyright registration marks, patent, or other intellectual property notices applicable to any of Wipfli's goods, marketing material, or advertising media and shall not in any way alter any of Wipfli's products. Client shall promptly notify Wipfli in writing of any infringement of Wipfli's intellectual property by third parties of which Client becomes aware. Neither party shall acquire any right, title, or interest in or to the other party's code, data, business processes, or other information to which such party may have access during the term of the engagement hereunder. All such code, data, business process, and other information shall be solely and exclusively the property of the originating party.

19. Mutual Confidentiality

During the course of performing services, the parties may have access to information that is confidential to one another, including, without limitation, source code, documentation, specifications, databases, system design, file layouts, tool combinations, development methods, or business or financial affairs, which may incorporate business methods, marketing strategies, pricing, competitor information, product development strategies and methods, customer lists, customer information, and financial results (collectively "Confidential Information"). Confidential Information may include information received from third parties, both written and oral, that each party is obligated to treat as confidential.

Confidential Information shall not include any information that (i) is already known by the recipient party or its affiliates, free of any obligation to keep it confidential, (ii) is or becomes publicly known through no wrongful act of the receiving party or its affiliates, (iii) is received by the receiving party from a third party without any restriction on confidentiality, (iv) is independently developed by the receiving party or its affiliates, (v) is disclosed to third parties by the disclosing party without any obligation of confidentiality, or (vi) is approved for release by prior written authorization of the disclosing party.

Without the advance written consent of the other party, neither party shall disclose to a third party Confidential Information of the other party. Each party agrees to maintain at least the same procedures regarding Confidential Information that it maintains with respect to its own Confidential Information. Each party may use the Confidential Information received from the other party only in connection with fulfilling its obligations under this Agreement. The parties further agree that expiration or termination of this Agreement, for any reason, shall not relieve either party, nor minimize their obligations with respect to Confidential Information, as set forth herein.