

# Update on the Future of Health Care on Orcas

Orcas Island Health Care District

October 28, 2019

# Agenda

- **OIHCD Top Priorities for First 18 Months**
- **Results and Learnings**
- **Top Issues Facing OIHCD Going Forward**
- **Actions to Address Long-term Risks**
- **Next Steps**
- **Discussion and Questions**

# OIHCD Top Priority

**ENSURE THAT QUALITY, ISLAND-  
APPROPRIATE PRIMARY, URGENT AND  
AFTER-HOURS CARE IS AVAILABLE TO  
ALL MEMBERS OF THE COMMUNITY  
IN A FINANCIALLY SUSTAINABLE AND  
COST-EFFECTIVE MANNER**

# OIHCD 2018-19 Results

**What we hoped to achieve**

**Ensure access to quality primary, urgent, and after-hours care for all.**

**What we did achieve**

**Primary, urgent, and after-hours care is available at both clinics.**

# After-Hours Coverage: OFHC

- **3 Orcas providers (1 MD, 2 PAs) share after-hours duties.**
- **Patients call office number and the on-call provider returns the call for initial assessment by phone.**
- **Provider determines appropriate action, these may include:**
  - Home Care with recommended follow up, possibly next day in the Clinic.
  - **After Hours Office Visit:** A provider may see the caller at the clinic, if they deem it medically necessary.
  - **Advised to Call 911.**

# After-Hours Coverage: UW Clinic

- **3 Orcas/2 Lopez providers (4 MDs, 1 NP) share after-hours duties.**
- **Patients call office number and call is answered by a UW Triage RN from the mainland.**
- **Triage RN determines appropriate action, these may include:**
  - Home Care with recommended follow up, possibly next day in the Clinic.
  - Virtual Clinic – talk with a contracted provider by video for a \$35 copay.
  - On-call provider may be contacted by phone.
  - On-call provider may decide to see the caller at the clinic, if on Orcas and if they deem it medically necessary.
  - Advised to Call 911.
- **Appointments slots held daily to accommodate after hours callers and triaged/walk in patients with acute issues.**

# 2019 After-Hours Visit Summary

Data represents the number of times an on-call provider came into one of the Clinics to see a patient either after 5 on a weekday, or over the weekend.

	Jan	Feb	Mar	April	May	June	July	Aug	TOTAL
OFHC	2	1	6	5	3	6	6	7	36
UW	0	2	0	0	1	4	5	2	14
TOTAL	2	3	6	5	4	10	11	9	50

# OIHCD 2018-19 Results

## **What we hoped to achieve**

**Provide equipment needed to serve patient needs.**

## **What we did achieve**

- **New refrigerators/freezers for both clinics.**
- **Created shared x-ray protocol.**
- **UW began offering courtesy labs.**

# OIHCD 2018-19 Results

## What we hoped to achieve

**Minimize financial impact on taxpayers by staying below max tax rate of \$.75/1,000.**

## What we did achieve

**2019 Budget resulted in a tax rate of just under \$.65/1,000 for fiscal year 2019.**

# Total Expenses To Date Are In Line With Forecasts

## 2018 & 2019 Expenses

	Original	Actual	
	<u>Estimate</u>	<u>Cost</u>	<u>Difference</u>
PHD Setup & Operations	222,000	238,000	(16,000)
UW Clinic Subsidy	499,000	522,000	(23,000)
OFHC Clinic Subsidy	430,000	389,000	41,000
After Hours Compensation	100,000	14,000	86,000
Reserves	100,000	100,000	-
Building Acquisition	-	25,000	(25,000)
Building Maintenance	44,000	91,000	(47,000)
Equipment Maintenance	30,000	37,000	(7,000)
Equipment Purchases	-	10,000	(10,000)
Debt Service	<u>33,000</u>	<u>33,000</u>	<u>-</u>
<b>Total 2018/2019</b>	<b>1,458,000</b>	<b>1,459,000</b>	<b>(1,000)</b>

## Highlights/Concerns

- Deferred maintenance on building caused higher than expected costs.
- After-hours compensation lower than budget due to inability to reach agreement with UW on after hours services.
- Expenses to date include \$416K financed with LT Bond. \$383K remaining bond capacity.

# Top Issues Going Forward

## **Risks to Sustainability**

- **Lack of reliable access to providers after-hours.**
- **Voluntary nature of UW contract concerning after-hours and other UW staffing requirements.**

## **Actions to Address Risks**

- **Work with providers to create reliable, sustainable after-hours model that includes coordination and collaboration with EMS.**

# Top Issues Going Forward

## Risks to Sustainability

- **Lack of agreement on appropriate scope of services for a rural, remote primary care practice.**

## Actions to Address Risks

- **Continue to research and talk with rural health experts to be able to define and deliver island-appropriate care.**

# Top Issues Going Forward

## **Risks to Sustainability**

- **Building & equipment maintenance costs higher than budgeted.**

## **Actions to Address Risks**

- **Try to avoid duplication of expensive equipment.**
- **Seek grants and low-cost loans.**

# OIHCD Building/Equipment Costs

## 2020 Budget Assumes:

- Orcas Clinic Building Repair/Replacement:
  - New Roof – estimated at \$150,000
  - New HVAC – estimated at \$250,000
  - Exterior Painting – estimated at \$25,000
- Equipment Replacement - \$50,000
- \$384K remaining in long-term bond capacity

# Top Issues Going Forward

## Risks to Sustainability

- **\$271K (31%) increase in clinic subsidies requested by 2 clinics.**
  - OIHCD banked capacity of (\$239K)
  - After that, OIHCD is limited to annual increases of 1% (\$15K) + new construction (\$20K)

## Actions to Address Risks

- **Reevaluating cost structure:**
  - Feasibility of supporting two separate practices in two locations.
- **Researching ways to enhance revenue.**

# Summary

## Forecasted Cost Under our Current Model Are Rising Faster Than Revenue

	2018	Updated	
	<u>Estimate</u>	<u>Estimate</u>	<u>Difference</u>
PHD Operations	174,000	136,000	38,000
UW Clinic Subsidy	550,000	683,000	(133,000)
OFHC Clinic Subsidy	330,000	460,000	(130,000)
After Hours Compensation	100,000	100,000	-
Reserves	100,000	100,000	-
Building Maintenance	42,000	61,000	(19,000)
Equipment Maintenance	30,000	30,000	-
Equipment Purchases	-	50,000	(50,000)
<b>Total Forecasted Expenses</b>	<b>1,326,000</b>	<b>1,620,000</b>	<b>(294,000)</b>

### Highlights/Concerns

- Clinics increases driven primarily by compensation & benefit increases.
- No progress in enhancing after hours services.
- We failed to fully anticipate the age and remaining useful life on the clinic equipment which is now owned by the PHD.
- Estimated \$91K needed for building maintenance over remaining bond capacity.

# What Are We Doing To Address?

- Working with specialists in health care industry to evaluate alternatives to improve clinic revenues.
  - **Assess federal designations to improve reimbursement and understand the pros/cons to services and structure.**

# Revenue Enhancement Opportunities Being Considered

- Rural Health Clinic status for both clinics – least financially attractive to PHD.
  - Medicare reimbursement capped resulting in loss of revenue for UW clinic.
- Federally Qualified Health Center–Look Alike–most financially attractive to PHD.
  - Current Medicare reimbursement rates exceed costs
  - Medicaid reimburses at actual costs
- Associating with a qualifying hospital to become a Provider Based Rural Health Clinic – moderate financial gain to PHD.
  - Medicare and Medicaid reimburse at higher rate than free standing clinics
  - This is offset by costs allocated by partnering hospital

# Other Considerations

- These federal programs do come with additional requirements which vary by program such as:
  - Staffing requirements which may dictate a different mix of MD versus Nurse Practitioner or Physicians Assistant.
  - Ownership structure – a volunteer non-profit board of 9-25 members is required for FQHC Look Alike status.
  - Implementation of a sliding scale fee policy.
  - Certain services may be required to be provided or contracted such as:
    - Certain laboratory capabilities
    - Mental health
    - Dental
  - Additional cost and compliance reporting requirements.

# OIHCD Next Steps

- Gather additional criteria to use in evaluation
  - Input from the community
  - Input from both clinics and EMS
  - Input from other industry experts
- Determine optimal long-term structure
  - Possible consolidation or co-location of clinics
- Assess possible affiliations and timelines

# Discussion & Questions

- What questions do you have on our activities?
- What feedback do you have for the OIHCD?
- What else is important to you?



thank  
you!

Leave additional thoughts in suggestion box.

Register your email on the OIHCD website and access other important info and links.

[www.orcashealth.org](http://www.orcashealth.org)