

**Board of Commissioners Regular Meeting
Wednesday, October 23, 2019
3:30 pm - 6:30 pm
Lopez Island Fire & EMS Meeting Room**

1. OPENING ITEMS

Action (Procedural): A. Call to Order - Board Chair Commissioner Presley called the meeting to order at 3:35 pm. It was noted Commissioner Campbell was absent and Commissioner Graville would be calling in remotely. Others in attendance were Superintendent Presson and several guests from Lopez Island Physical Therapy (LIPT) and UW Medicine Lopez Island Clinic (UW), both of whom were present to deliver their Annual Report to the Board.

Information, Procedural: B. Public Comment - there was no one interested in making a public comment at this time.

2. CONSENT AGENDA

Action (Consent): A. Draft Regular Board Meeting Minutes of September 25, 2019. In the absence of Commissioner Graville and Commissioner Berger having not been at the September 25th meeting, the Draft Minutes were removed from the Consent Agenda. These Minutes will be brought back to the November Regular Board Meeting.

Action (Consent): B. AP Voucher Report dated October 1, 2019, in the amount of \$2,992.66, was previously approved by the Auditing Officer.

Action (Consent): C. Approval of Consent Agenda - MOVED by Commissioner Berger, seconded by Commissioner Orcutt, to approve the Consent Agenda as amended. VOTE 3:0:0. MOTION CARRIED.

3. COMMITTEE REPORTS

A. Finance Committee - 2020 Budget & Levy, and updated 5-year Cash Flow Analysis - Commissioner Berger provided an updated on the 2020 budget development process, and he walked the Board through some areas to note.

These included the following:

- An increase in legal since the Board will be negotiating an updated Clinical Services Agreement with UW Medicine
- There has been a request for an additional \$30,000 from Lopez Island PT that isn't yet incorporated into the budget
- Property Tax Revenue is the main source of income and the budget uses the allowed 1% increase. No assumption has been made for amounts associated with New Construction as those are still very preliminary.
- Reserves continue to be part of the budget as per the District's Financial Management Policy. This protects the District from any unforeseen changes in either the clinical partner's contract or economic conditions.
- The District has a 20-year General Obligation Bond to repay and, should financial conditions warrant, the Board could elect to expedite payment.

The Committee has also been working with the LIHD's Accountant to update the District's 5-year cash flow analysis. Key takeaways are that the District remains in a good financial position over the entire reporting period. The analysis might need to be adjusted once the LIHD knows more about the next 3-year CSA with UW Medicine. At this time a 3% annual increase is included in the subsidy assumptions,

and that could change in the later years following renewal of the Agreement in September 2020. Overall, it's positive that the District will have \$450,000 in the Reserve Fund as of the end of 2021.

B. Quality Committee - Commissioner Orcutt reported that the Committee met on October 1st and a summary of the findings was provided. The 12-month results are summarized below with the numbers showing the % results for UW Lopez Clinic over the 12-month reporting period versus the UW Goal. The numbers in red represent areas below Goal, which are areas to focus on in the coming year.

Preventive Care

- Breast Cancer Screening **65.6%**/75.7%
- Colorectal Cancer Screening 69.9%/66.4%
- Cervical Cancer Screening **67%**/78%
- Pneumonia Immunizations 86.3%/85.5%
- Pediatric Immunizations **7.1%**/58.2%
- Chlamydia Testing **48.6%**/53.5%

Preventive Composite 74.9%/74%

Disease Management

- Diabetes
- A1c 81.9%/73%
- Eye Exam **44%**/58.9%
- Blood Pressure 74%/68.8%
- Hypertension 80.5%/67.7%
- Depression Screening **58%**/65%

Management Composite 68.6%/68.5%

C. Communications Committee - Commissioner Graville has joined the meeting and shared that the Committee met and finalized a draft of the Communications Policy & Procedures. The draft was shared with the Board to allow adequate time for review before taking action.

The Committee also talked briefly about the production schedule for the next issue of HealthMatters 2.0, which will be the second week in January. Anyone with ideas for the next edition should provide feedback to Superintendent Presson. Each of the partners shared ideas for topics which include:

- Follow-up from the June Community Conversation
- New equipment/staff at the Clinic – vaccine refrigerator monitoring system, retinal scanner, possible relocation of lab into former PT space (need to find out if that will increase services), new RN
- Marty will check with CWMA about PT update and other CWMA news
- Insurance update – Premera to replace Kaiser and continued reporting on those activities.
- LIHD - 2020 budget and levy
- Fire/EMS – highlight staff/volunteers, Paramedics/EMTs
- Wellness program at LIFRC

4. SPECIAL REPORT - Lopez Island PT - The Annual Report from Lopez Island Physical Therapy, LLC (LIPT) was presented to the Board. Terri Drahn provided highlights in key areas impacting the practice's financials. The following is a summary of the report.

2019 Milestones

- Move into terrific new space which allows for both providers to be working at the same time.
- Q'3 2018: **495** patient visits vs. Q'3 2019: **652** patient visits (**32% increase**)
- Q'3 2018: 7.7 visits/day vs. Q'3 2019: 10.3 visits/day (**34% increase**)
- Q'3 2018 overall labor cost \$76/visit vs. Q'3 2019 overall labor cost \$66/visit. Budgeted at \$73/visit in 2020.
- The # of new evaluations increased from 6/week prior to the move to 8/week after the move, and 10/week scheduled for Q'4.
- Waiting time for a new evaluation appointment is still higher than desirable, demonstrating that demand for services continues to increase

Volume

Patient visits have increased to **10 per day** and exceeded last quarter's volume by 20%. The Practice didn't expect to reach this volume until closer to the end of the year. This improvement is due to the improved schedule in the new space, and an **increase in support staff to 1.15**, with staff providing more assistance to PTs in monitoring treatment modalities to free up practitioners to see more patients. In addition, there was no significant PT time off during the quarter and staff are becoming more efficient in their new space.

Revenue

Q'3 Revenue/Visit was lower than expected, and the Practice is working with the billing service to understand the reasons. Days in receivables **increased from 30 days in June to 48 days in July and 40 days in August**, mostly due to billing staff issues. They are investigating whether this is isolated to their service provider, or whether other practices are also experiencing this problem. If it is a continuing problem with the billing service they will examine changing services in 2020. For the month of September, revenue improved to **\$74/visit** which exceeds the **FY '19 target of \$72/visit**. In 2020 the target is \$80 per visit and 10.5 visits per day. Important to note that the number of visits is increasing yet revenue lags by approximately 30 days.

The practice has been analyzing claims and payer collection ratios to assess whether a target above \$80/visit is achievable. **A rate per visit of \$85 and a volume of 11 patients per day is needed for the practice to break even. Kaiser has been a good payer and there are concerns about LifeWise.** The LIHD Superintendent was able to have an initial discussion with the Director of Network Contracting for LifeWise during her visit to the islands 10/15-16. She will be following up to see if there are ways to enhance the relationship for PT.

Net revenue was \$140,252 for 2018 and is projected to be \$181,153 for 2019 (29% increase). Revenue/visit declined in the third quarter compared to the prior quarter (\$66/visit versus \$78/visit in the second quarter (18% decrease). They believe this issue is a combination of growth of revenue lagging behind growth of visits (industry average of 30 days) and issues at the billing support service. The new space will provide additional opportunities to generate revenue, such as supervised fitness activities for patients pre and post discharge, and sale of PT supplies.

LIPT has been investigating how the practice's revenue /visit stacks up to other similar practices using our same payers. The payer mix varied from 68 - 79% Medicare/Medicaid on a monthly basis. Revenue/visit for other practices with this payer mix is just under \$90/visit. With Kaiser Permanente leaving the County in 2020 it's unclear how that will impact payment, and we should know more after the first quarter of 2020.

Expenses

Expenses for medical and office supplies exceeded budget as a result of the move. Rent and utility bills are running behind schedule, and the Practice expects to have a better picture of actual costs by the end of the year. Other Direct Expenses increased due to the move to a much larger space, which now includes the need for supplies to cover restrooms, laundry and janitorial. Relocation is budgeted to increase the cost of space and supplies by only \$4 per visit, from \$4 per visit in 2018 to \$8 per visit in 2020. This is thanks to the support of CWMA for leasehold improvements, equipment, and lease support.

Subsidy

The practice experienced a loss in Q'3 19 and **is requesting \$13,179** in support for the quarter. Together with the prior payments, the 2019 YTD subsidy will be **\$25,207**. Since the inception of the contract, **total payments equal \$60,207 to-date, leaving a balance of \$9,793 from the initial agreement of \$70,000.**

Practice Stability

The practice has not lost any staff and has gained one staff member. The practice is falling behind the median of salaries and wages for practitioners (no salary and wage increases have been granted since

opening in October 2017) and this issue will be examined and a plan developed to stay competitive in the industry. Demand for PTs is high in the region and the practice offers very few benefits, so this could create challenges in future recruitment.

After presenting the data it was opened up for questions. Commissioner Berger commented that it doesn't appear the practice has reached a saturation point and more time is needed to assess the true market size. It appears that the therapists have increased the number of patients seen per day yet it's still booked out a while to get an appointment. He was wondering if the change in insurance plans will change the number of visits. Peggy Means commented that the practice has never been able to see a patient more than once a week due to the lack of space in the prior location. She also noted that most of the revenue comes in the evaluation, which is early in the patient's overall treatment plan.

Commissioner Berger also asked questions on the way the practice is structured, and his experience with mainland practices that use lower level staff for half of the visit. He wondered if it was possible to take that same approach with the staff available on Lopez. Terri indicated that the practice was starting to go in that direction by using aides to help with certain modalities. They looked at a PT Assistant yet the financials didn't pan out in their initial review. There is also the possibility of hiring an Exercise Aide yet there could be issues with compensation and it could be tough to find an individual who was also willing to do some administrative work. In addition, this type of staff can't work unsupervised so that is also a challenge.

Commissioner Orcutt suggested that it might be between the payer mix and staffing challenges the practice might never break even. If the community wants PT to survive it may require ongoing support from the PHD. Peggy felt it would take another year to assess what it will take to be financially independent. Terri commented on how much support Peggy provides and in the absence of her generosity the practice would be further in the hole. Lauren Stephens shared that CWMA keeps a line item on LIPT and will continue to support them. Finally, Commissioner Presley reminded the Board that when the PHD was formed it was clear the community felt PT was a very high priority. She feels the practice has done an excellent job presenting the material and is doing the right things to understand and grow the practice. She also appreciates the support provided by CWMA.

5. SPECIAL REPORT - UW Medicine/Lopez Clinic - UW Medicine Lopez Island Clinic - FY '19 Annual Report. The UW leadership from Seattle and the Lopez Clinic presented their financial, quality, operations and patient/employee experience results from the fiscal year that just ended.

A few highlights from UW's Fiscal Year 2019 (July 1, 2018 through June 30, 2019) are summarized below, and a copy of the report is attached to these Minutes:

Finance

Actual Patient Visits (5,497) were 22% below the Target (7,020)
Net Loss of \$475,528 (LIHD subsidy) is 7% below a Budget of \$510,996
Charity care represented \$3,836 and Bad Debt was \$8,163

Quality

Preventive Screening Composite - exceeded goal 8 out of 12 months reported
Individual areas to work on include: breast cancer screening, cervical cancer screening, pediatric immunizations and Chlamydia screening

Chronic Condition/Disease Management Composite - exceeded goal 8 out of 12 months reported
Individual areas to work on include: Diabetes Retinal Exam and Depression Screening

Patient Experience

Scores in several categories decreased over the most recent twelve months, with the greatest decrease being in the Access Composite measure which **dropped by 7%**. While below the Target, it's still ahead of the current UW average. The Clinic Manager explained how approximately 40% of the daily slots are held each day for urgent or same day needs. She is closely monitoring the activity each day and is able to adjust, as needed. On average, the Clinic is seeing 6-7 same day patients. There was also a discussion around referrals since that can be a source of frustration for patients. It's important to note that the provider enters the referral and then it goes to a centralized referral area at UW in Seattle. The process can be dictated by the patient's insurance plan, and from start to finish the process can take 5-10 business days. The Board felt this would be a good article to help educate the community.

Following review of the report there was continued discussion. Commissioner Graville expressed concern that nothing was showing as money spent in the area of Interpreter Services. She hopes in the future that is utilized. Mark Bresnick from UW Operations shared that the Clinic staff will begin documenting when this service is offered to be able to demonstrate attempts to assist patients who could benefit from the service. Many times this is offered and declined, or someone in the clinic will provide the support. Commissioner Berger asked about telepsych, and shared that he met the person in charge of telehealth services at the Chelan conference. In her presentation she made a big push towards telepsych services and it's something the clinic was promised a long time ago. Mark shared that in their other clinics the program requires the support of an onsite Social Worker. He has put a placeholder in their next budget for this position.

There was discussion around how the leave of a provider is handled since the Clinic has limited clinical staff. Mark shared that the UW float pool is empty and that's something they are working to resolve. The Board expressed the need to have a plan for short-term coverage and succession planning. Finally, there was discussion around the results from the LIHD 2019 Community Health Care Survey. Certain themes emerged from the data which indicated there is a need to communicate more with the community in key areas. As mentioned earlier, referrals was one and coordination with EMS is another. Commissioner Graville feels it's important to provide a joint response to the community around these themes to demonstrate the concerns raised by the community are being addressed. This should include actions taken to-date and plans for the future. The Board will discuss this in more detail at their next meeting, and will schedule a follow-up with UW.

6. OLD BUSINESS

Action: Commissioner Compensation Policy - An updated draft of the Commissioner Compensation Policy was reviewed. There were a few minor edits from the version shared at the August Board meeting.

MOVED by Commissioner Berger, seconded by Commissioner Orcutt, to approve the Commissioner Compensation Policy as amended. VOTE 4:0:0. MOTION CARRIED.

7. NEW BUSINESS

Discussion: Strategic Planning - Board Chair, Commissioner Presley, shared her thoughts with the Board that a second meeting should be added over the coming months to allow the Board to talk about strategic issues versus operational concerns. There was consensus of the Board to proceed as recommended by the Chair, and the Agenda for the November 15th Regular Meeting will be structured in a way to accommodate this discussion.

8. OPERATIONS REPORT

A. Monthly Financial Reports - there was a detailed discussion around financials during the Finance Committee report, and Superintendent Presson only touched on a few highlights from the San Juan County financial reports through September. The cash balance is \$691,280, yet she has submitted an AP Voucher to pay the balance due to UW in the amount of \$554,527. There was a small amount of Property Tax Revenue captured and the bulk will show up on October's monthly report. Finally, nothing unusual on the Expense Report through 9/30/19.

B. Quest - Superintendent Presson is exploring the possibility of having Quest take over the transport and processing of labs from UW Lab. This is of interest since the cost to the District for lab transport is \$26,000/year. Quest has confirmed they are interested in taking over this role and will absorb the transport fee. The next step will be to schedule a call with Quest and UW to explore what the impact would be on providers, staff and patients.

C. Update on Hispanic Health Care Survey - Superintendent Presson has been working on capturing a good sample of surveys to better understand how well the clinic is serving the Hispanic community. She hopes to have results by the next Board meeting.

D. Update on Premera/Lifewise - Superintendent Presson continues to work closely with leaders from Premera/LifeWise to ensure a smooth transition when they take over following the departure of Kaiser Permanente. So far, all interactions have been very positive, and they seem committed to serving the community. The 10/16 meeting with the Chiefs and Premera's Medical Director to discuss air transport was very productive.

E. Articles of Interest - several articles were included in the Board packet.

9. CLOSING ITEMS

A. Commissioner Comments - Commissioner Orcutt expressed interest in pursuing a pay for performance type of approach to the next UW CSA. He would like to explore the possibility of having a percentage of the subsidy dependent on performance around agreed upon measures.

B. Upcoming Meetings and Key Activities - in addition to the meetings listed on the Agenda, Superintendent Presson noted that the LIFRC was hosting an Open House on 11/14 when the co-founders of the OSW program will be visiting.

C. Meeting Adjournment - **The Board Chair called for adjournment at 6:30 pm.**