Vashon Health Care District

PO BOX 213
Vashon, WA 98070
vashonhealthcare.org

BOARD MEETING MINUTES

Date: July 15, 2020
Time: 7:00 p.m.
Place: ZOOM Meeting, https://zoom.us/j/375320938

Present: Tom Langland, President
Don Wolczko, Secretary
Eric Pryne, Position 2
LeeAnn Brown, Position 3
Wendy Noble, Position 4
Eric Jensen, Superintendent
Jojo Weller, Administrative Director

1. Call to order at 7:00 p.m.

2. Approve/Amend July 15 Agenda

President Langland motions to approve agenda and Commissioner Brown seconds the motion:

"I move to approve the most recent version of the agenda."

AGENDA APPROVED 5-0

3. Approve/Correct July 01 ZOOM Regular Meeting Minutes

Secretary Wolczko motions to approve minutes and Commissioner Brown seconds the motion:

"I move to accept the minutes as distributed."

MINUTES APPROVED 5-0

4. Superintendent Report
   - See Superintendent report attached

5. Old Business/Committee Reports

STAFF AND PROFESSIONAL SERVICES: None

TEHNOLOGY AND FACILITY: None

FINANCE:

Banking /Expenditures: Commissioner Wolczko received more warrants for reimbursing commissioners for a Microsoft license, annual PO BOX fee and payment to The Healthcare Collaborative for $7,074.55 for Mr. Kunkel's services. The first payroll was completed and the next one will be paid on the 20th. Payroll for the 20th will be completed by tomorrow at 07:30. He received the Electronic Federal Tax Payment System (EFTPS) payment confirmation which is the report that shows VHCD had paid taxes for the recent

payroll. Current budget is at ($18,423.88). Ms. Weller adds that their payroll training with Lake Kennedy McCulloch was about one (1) hour which was way less than what was budgeted.

EXTERNAL RELATIONS:
Neighborcare Agreement- Commissioner Pryne mentions that the committee has an agreement to present to the board tonight. Commissioner Noble adds that this agreement is also available on the district's website at vashonhealthcare.org.

Superintendent Jensen explains that he, the committee, the district's legal counsel Brad Berg and Neighborcare have been collaborating on a subsidy amount everyone can agree on. $440,000 was the amount everyone thought was a fair price. With current negotiations with two potential providers their estimate of the subsidy required is about 1 - 1.3 million should they agree to take it on so the amount offered to Neighborcare is in the ballpark. Neighborcare will stay through October.

Commissioner Pryne says the bottom line is paying Neighborcare $440,000 and they will be staying until October 31st. Back in March Neighborcare sent the district a request for $653,000 for December 2019 through June 2020 so the amount has really come down. Also, back in January when the district presented its 2020 budget to county it included financial support for the clinic in the range of $400,000 to $600,000 so the amount is within this year's budget range.

Commissioner Noble adds that part of the agreement was that Neighborcare would continue to operate the clinic in its current capacity and keep current staffing in place. They also offered to assist with a transition to a new clinic maybe providing additional data that might be helpful.

Secretary Wolczko comments that the amount falls well within the district's proforma estimate however it seems odd to him that the other public hospital districts that the board has looked at, San Juan's and Mason County #2, their level of support is significant less than what these other requests are looking like. He agrees with the $440,000 to get the island through to the end of October.

Commissioner Brown thinks there are many people who think that Neighborcare is going to stay until a new provider came in. Commissioner Pryne answers that Neighborcare never made an open-ended agreement to stay until the district found someone else. He thanks John Jenkel and Tim Johnson who in various times were part of the conversation with Neighborcare.

Commissioner Pryne motions for the board to authorize Superintendent Jensen to sign the contract agreement with Neighborcare and President Langland seconds the motion:

> "I move the board authorize Eric J. to sign the contract agreement with Neighborcare."

AGREEMENT APPROVED 5-0

6. Public Comments (15 minutes collectively)

Alan Aman is in favor with the agreement with Neighborcare. It's true that primary care requires a subsidy but it is hard to know what the right subsidy level is. In the future he hopes that this subsidy level can serve a lot more patients. He also comments that sometimes it would be helpful to allow public comments

before the board takes a vote for the board's consideration. President Langland acknowledges this request and will consider for future agendas.

Remony Henry would like to follow up about Neighborcare potentially staying on. When Neighborcare spoke to the employees the impression was that they were open to staying on. If a proposal doesn't come through from another provider it seems preferable that they stay on.

Commissioner Noble responds that this should be tabled for now based on the communication with Neighborcare. This is our best effort and the best outcome we could hope for under the circumstances.

President Langland mentions the agreement does not shut the door for another agreement. This can be a subject for future discussion.

Susan Pitiger is an employee at the health center. She says that other employees are nervous and worried that they should be looking for another job now. There is no reassurance that the district can give the health center employees that the clinic will stay open. What can she take back to her coworkers and what happens next? Another question she had is what happens on the island if there is no primary clinic. She went through this when CHI quit and there was no clinic for three months.

Superintendent Jensen comments that the district knows for sure Neighborcare will be staying through October 31st. What he hopes to happen is to get to a point of negotiation with a provider. He is pushing to try to get to a decision point with a provider and hope to get it in the next month. Remony Henry thanks him noting that his response of expecting an answer from a provider within a month is really helpful as it is nice to have some sense of a timeframe even if nothing is definite right now.

President Langland reminds the public to send additional comments through the website that the district is monitoring.

Side by side comparison presented by Mr. Kunkel, see attached. Provider names are not available publicly at the moment. KP = Kaiser Permanente. Both potential providers see the development of virtual medicine and telemedicine as integral to what they do. It's encouraging to have conversations with groups of two and three people at the senior level. They both know the urgency the district has to eliminate any gap between Neighborcare leaving and the new provider coming in and have expressed coming to the island to do site visits. Both providers are also dealing with COVID-19 and organizational structure and resources. He and Superintendent Jensen continue to meet with them weekly.

Secretary Wolczko asks if there was anything said with regards to the capital improvements with a new facility whether the provider will take on the cost or the district will. Mr. Kunkel answers that there is a clear preference the district owns the cost but he thinks this is an opportunity coming forward. They did talk to the providers that if it became a capital issue there are multitudes of third-party healthcare developers who bring capital to the table and it becomes a lease conversation.

Commissioner Pryne asks if the FQHC provider will preclude future partnership with Kaiser Permanente as there is no current agreement showing. Mr. Kunkel says that it just means they currently do not have one and it does not mean they will not negotiate in the future.

Regarding Medicaid- overtime the reduction in volume for Neighborcare is loss of the commercial insured leaving the island. If the patients can be brought back it changes the percentages. Commissioner Pryne

notes that during the RFP research 10% of the overall island population was insured by Medicaid that contrast with 17% - 18% of the Sunrise Ridge Clinic patient base.

Commissioner Brown asks if the patients would have the ability to call the clinic directly? Superintendent Jensen says that the FQHC provider would have a direct line to call the clinic but he is not sure about the other provider.

7. New Business
    a. Confidentiality Agreement
        i. Superintendent Jensen had talked to a couple of the commissioners about this so he wanted to bring it up on the agenda. It doesn't require action from the board however the board agrees to him signing a confidentiality agreement when it comes time.
    b. District Legal Counsel
        i. Commissioner Pryne mentions that back in January the district retained Brad Berg and associates for legal counsel. The district can utilize the firm's associates. Per contract it would be up to Mr. Berg to choose handling the district's case or otherwise delegate to his associates. Ms. Weller to send the contract to Superintendent Jensen.
    c. Progress report from commissioners on research on non-clinic "Plan B" options

- "Urgent care" clinic: Presented by Commissioner Noble
    - See attached PowerPoint
    - Questions are deferred to next meeting to hear from the last two categories Community Paramedicine/other possible options involving VIFR.
- "Mini-clinic"/retail clinic: Presented by President Langland and Commissioner Noble
    - See attached email
- Community paramedicine/other possible options involving VIFR: Presented by Commissioner Brown
    - Paramedics are retrained and work with primary care centers. Instead of transporting to a hospital they would treat patients at the scene.
    - Fire Chief Krimmert is on a much-deserved vacation until Monday the 20th. Commissioner Brown was able to talk with him before he left on vacation so he knows that she is interested in meeting up when he gets back.
- Promote/support/subsidize telemedicine: Presented by Commissioner Pryne and Sheri Reder
    - People are doing a lot more online due to the current coronavirus situation and the reimbursement given for this.
    - Ms. Reder is a 40-year island resident with graduate degrees in public health and health communication. She did telemedicine work with the VA and Seattle Children's hospital. She emailed the district awhile back and recommended telemedicine as an option.
    - Commissioner Pryne and Ms. Reder had a conversation with Northwest Regional Telehealth Resource Center (NRTRC) a seven-state network that provides technical assistance regarding telehealth to rural and underserved communities. They are interested in helping us.
    - Ms. Reder explains that this is a real option and really affordable. Today Cara at UW talked about how UW started using the telemedicine program 98.6. It is a text-based system that is inexpensive which is $120 per person annually for many visits. They can deal with many issues that people have on island who don't have regular care that is easily accessible. She and Commissioner Pryne will learn more when they talk to UW and NRTRC. She would like to discuss this more with the board as she believes it has

great potential as being a very affordable way to provide very accessible care to the whole community.
    - Commissioner Pryne adds that the 98.6 model might work for island. An option is the district could agree to pay the $120 annual fee for community members under a certain annual income threshold and also provide technical support.
    - Even if the district does retain a provider telehealth will be a big part of our medical future going forward.
- Employ Sunrise Ridge providers and place them at existing island practice location (Vashon Natural Medicine?): Commissioner Wolczko
    - Due to their scheduling difficulties their meeting is set for tomorrow. Dr. Kelly Wright is open to discussion.
- Subsidize/organize transportation to off-island primary care: Commissioner Pryne
    - See attached memo
    - Commissioner Brown asks if the Metro Access vans are involved with this program. Commissioner Noble replies that the Access vans can take people to their appointments but they would have to be signed up with them.

COMMENTS:
President Langland mentions that there will be a public press release prepared by Superintendent Jensen and Neighborcare. This will not refer to the Neighborcare School Clinic. He thanks the commissioners for their research on Plan B options. He thanks the public for joining the meeting tonight. The next meeting is 05 August. Commissioner Pryne mentions that the governor's proclamation expires tonight and he will keep an eye on this.

Secretary Wolczko motions adjournment and Commissioner Pryne seconds the motion:

"I move we adjourn."

ADJOURNMENT APPROVED 5-0

Adjourned at 20:54

Vashon Health Care District

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Board of Commissioner's Meeting

July 15, 2020

Superintendent's Report

Neighborcare Health Contract

I have communicated individually with most of the Commissioners recently as we considered how to respond to Neighborcare's counter-proposal to our offer. In recent communications with Neighborcare, I have indicated that our attorney has advised us not to include the language regarding joint communications and talking points. I have assured Neighborcare that we will work with them on a joint statement. Neighborcare is pulling together the list of equipment they have purchased for the clinic. If we reach a point where the District desires to purchase some of the equipment, then we will determine fair market value. Neighborcare has determined that there are no barriers to them donating the digital x-ray equipment to the clinic. I have given Neighborcare a counter-proposal on their counter for the monthly subsidy amount. I have left the equipment value out of this proposal because: 1) it is unlikely that the District would want to buy the equipment if a new provider is identified; and 2) if the District did want to buy it we would need to be able to identify that we paid fair market value for it anyway. Neighborcare has confirmed that they are willing to stay through October 2020.

Michael Ericksen shared with me that he has spoken with Sen. Nguyen, Rep. Cody and Rep. Fitzgibbon to assure them that they are working constructively towards a transition of the clinic and alerted them to the likely need to assure the $ 3 million earmarked for clinic capital costs be renewed in the next budget cycle. He said that they all agreed to help with this, and on this as well.

AWPHD Membership

I had a phone meeting with Matt Ellsworth, Executive Director, of the AWPHD. As mentioned previously, the annual membership dues for Vashon Health Care District would only be $1000. As a member of AWPHD, Vashon would participate in the AWPHD/WSHA Inter-Governmental Transfer (IGT) program. Through this program the State of Washington leverages public dollars from the large public hospitals (UW, EvergreenHealth, Valley Medical Center) to generate a larger Federal Medicaid match. Those additional federal dollars are partly returned to those hospitals and the other public hospital districts in the State. Our portion would be very small – about equal to the amount of our dues.

Communications

I recently spoke with Wendy Kleppe at Vashon Community Care to discuss her concerns with the availability of primary care for her residents. As an Assisted Living and Memory Care provider, she indicated that she relies on primary care physicians providing orders for her residents. Without adequate primary care her census would be negatively impacted. In the past a provider from the clinic used to visit residents on-site there. She would be interested in exploring that again. She is also interested in exploring how to leverage Tele-Health to expand the range of providers available to consult.

Chelley Rohrig and I also had an opportunity to connect. She offered her assistance as a resource to assist the District in finding a replacement provider for Neighborcare. She mentioned that she saw a real need to expanded behavioral health services including services for youth.

Old Business

Financial Proforma – Independent Clinic

Plan B options included some type of independent clinic operated by the District. In order to evaluate this option, we need to run a high-level financial analysis of our options for doing this. I have discussed this with two accounting firms with expertise in this area. I am awaiting a proposal from WipFli. We will need to decide if we are prepared to move forward with this analysis. As part of this effort, I have scheduled a call with the OCHIN, a Portland company that provides EPIC, the clinic EMR to Neighborcare. I will be gaining a high-level understanding of what it would take if we needed to contract for EPIC ourselves.

External Relations

Neighborcare Agreement - Included with your materials is a revised contract version for approval by the board. Changes include: 1) a revised timeline that takes the agreement through Oct. 31, 2020; 2) a revised subsidy that covers that period of time of $440,000; and 3) revised language simply stating our commitment to work on a joint statement.

Update on Provider Discussions – you will receive a side-by-side comparison, without provider names, of the two options we have been exploring to-date with what we know so far. There is significant interest from both providers. Both will expect an arrangement where their actual costs are covered.

New Business

District Legal Counsel Options

I would like the flexibility to use other attorneys with public hospital district experience on simple matters like contracts. Brad Berg is excellent and is the go-to attorney for many of the highly specialized issues like taxes, bond financing, etc.

CLINIC SERVICES AGREEMENT

THIS CLINIC SERVICES AGREEMENT ("Agreement") is made and entered into as of this 14th day of July, 2020, by and between KING COUNTY PUBLIC HOSPITAL DISTRICT, NO. 5, a Washington municipal corporation ("PHD"), and NEIGHBORCARE HEALTH, a Washington not-for-profit corporation ("NCH").

RECITALS

A. PHD was created on or about November 26, 2019, as the result of a ballot measure authorized pursuant to Chapter 70.44 RCW;

B. PHD is organized as a municipal corporation under Chapter 70.44 RCW for the purpose of providing health care services to the residents of the public hospital district and other persons served by PHD;

C. NCH is organized as a nonprofit corporation for the charitable purpose of providing affordable, primary medical services for the residents of Vashon, Washington, and operates a federally qualified health center in Vashon (the "Clinic");

D. PHD and NCH desire to promote access to high quality patient care within the boundaries of PHD;

E. In furtherance of the foregoing, PHD and NCH desires to formalize their agreement regarding reimbursement to NCH of its operational losses, and their agreement regarding NCH's continued operation of the Clinic in Vashon, Washington, upon the terms and conditions and for the Term set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants set forth in this Agreement, and other good and valuable consideration, the adequacy of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

1. Relationship of Parties. It is mutually understood and agreed that PHD and NCH are at all times acting and performing as independent contractors. The parties acknowledge that neither is the employee of the other and that each is an independent contractor with respect to the other. Each party is solely responsible for and shall comply with all state and federal laws pertaining to employment taxes, income withholding, unemployment compensation contributions and other employment-related statutes applicable to that party. PHD shall neither have nor exercise any control over the professional medical judgment or methods used by NCH or its health care providers in the performance of services under this Agreement. However, NCH agrees that NCH and its health care providers shall at all times perform their duties and functions in strict conformance with currently approved practices in their field of medicine and in a competent and professional manner. Nothing in this Agreement shall be construed as creating or constituting a partnership between PHD and NCH.

2. Obligations of NCH.

2.1 Engagement to Operate a Clinic and Provide Primary Care Services. During the term of this Agreement, and subject to the terms and conditions of this Agreement, PHD engages NCH to operate, and NCH agrees to operate, a federally qualified health center hereof (the "Clinic") and agrees to provide to the residents of PHD and other persons served by PHD primary care services.

2.2 Clinic. NCH shall operate and manage the Clinic at 10030 SW 210th Street, Vashon, Washington.

2.3 Clinic Operations. NCH will operate the Clinic in a manner consistent with its current practices. NCH will provide notice to PHD prior to implementing any material changes to Clinic operations.

2.4 Provision of Equipment and Supplies by NCH. NCH shall be responsible for the procurement, purchasing, maintenance and repair of all medical supplies, equipment, office supplies, clinical supplies as are reasonably necessary to provide the health care services and other services required by this Agreement.

2.5 Practice Management and Billing Services. NCH shall obtain and maintain all necessary licenses, provider numbers, certifications or other items necessary to bill for services provided at the Clinic in the name of, and on behalf of, NCH. NCH shall bill and collect all fees for professional services rendered at the Clinic by NCH and its employees and agents. The accounts receivable and fees collected for services provided by NCH under the terms of this Agreement shall be owned by NCH.

2.6 Qualifications of NCH and its Providers. Throughout the time period covered by this Agreement, NCH shall maintain in good standing, and shall ensure that each one of its employees and agents maintains in good standing, under applicable laws and regulations, all required licenses and registrations to perform NCH duties and obligations as required by this Agreement, including all eligibility requirements applicable to a federally qualified health center. NCH represents and warrants that neither it nor any of its employees, owners, shareholders, directors, officers, independent contractors or agents is or has ever been sanctioned, barred from participation in or excluded from any federal or state health care program, specifically including Medicare or Medicaid. NCH shall notify PHD in writing within seven (7) days if it or any of its employees, directors, officers, independent contractors or agents is sanctioned, barred from participation in or excluded from any such program. NCH also shall notify PHD in writing within seven (7) days whenever any of the following events occur: (a) any actual change, suspension, or revocation relating to any such license or registration described herein; (b) any type of disciplinary action is taken against any health care provider performing services at, or otherwise on behalf of, PHD; (c) any investigation is formally initiated or commenced against NCH by any organization including, but not limited to, an insurance company, or governmental agency or unit that if concluded adversely to NCH would result in any change, suspension or revocation relating to any license or registration required to be maintained by NCH under the terms of this Agreement; (d) any malpractice claim is asserted, filed, or decided against any health care provider performing services at, or otherwise on behalf of, PHD; and (e) any other

event that could materially affect NCH ability to fully perform according to the terms of this Agreement.

2.7 Compliance with the Law. NCH shall provide services to Clinic patients under the terms and conditions of this Agreement and in compliance with all applicable laws, and shall provide necessary written documentation of such services as required by state and federal regulations and applicable third party reimbursement sources. Without limiting the generality of the foregoing, NCH will further ensure that its practices and procedures are fully in compliance with all applicable regulations related to the Health Insurance Portability and Accountability Act, as amended from time to time.

2.8 Taxes. NCH is solely responsible for all business and occupation taxes, in connection with the operation of the Clinic.

2.9 Access to Books and Records. NCH shall prepare and maintain, on a timely basis, complete and accurate medical, financial, and other records, reports, claims and correspondence relating to the services and treatment rendered by NCH at the Clinic (collectively referred to as the "Records"). The Records shall remain the property of NCH and PHD shall have no ownership interest in the Records. NCH shall maintain and keep the Records confidential and shall comply with any and all legal requirements related to the confidentiality of the Records.

3. Obligations of PHD.

3.1 Compliance With Applicable Laws. PHD shall comply with all applicable federal, state and local laws, regulations and restrictions in the conduct of its obligations under this Agreement.

3.2 Interruption of Services. PHD shall not be liable for any loss, injury or damage to person or property caused by or resulting from any variation, interruption, or failure of such services due to any causes whatsoever.

3.3 Compensation during the Term. In return for the services provided during the Term (as defined below), PHD agrees to pay NCH an aggregate fee of Four Hundred Forty Thousand dollars ($440,000) in four monthly installments of One Hundred Ten Thousand dollars ($110,000) each, with the first payment due July 31, 2020, the second payment the due August 31, 2020, and the third payment due September, 30, 2020 fourth and final payment due on the expiration of the Term on October 31, 2020. The monthly fee shall be paid by PHD following the receipt by PHD of a written invoice from NCH.

4. Term and Termination of Agreement.

4.1 Term. The term of this Agreement shall commence as of July 14, 2020, and shall expire on October 31, 2020 (the "Term").

4.2 Termination Without Cause. This Agreement may be terminated before the expiration of the Term by either party, at its convenience, upon sixty (60) days written notice to the other party.

4.3 Termination With Cause. This Agreement may be terminated before the expiration of the Term under the following circumstances:

4.3.1 PHD's Substantial Non-Compliance. PHD fails substantially to perform any of the terms or conditions of this Agreement, if such failure continues for sixty (60) days after NCH has given PHD written notice of such failure; or

4.3.2 NCH's Substantial Non-Compliance. NCH fails substantially to perform any of the terms or conditions of this Agreement, if such failure continues for sixty (60) days after PHD has given NCH written notice of such failure.

4.3.3 Termination for Insolvency. Either party may terminate this Agreement upon ten (10) calendar days' prior written notice if: (i) either party shall apply for or consent to the appointment of a receiver, trustee or liquidator of itself or of all or a substantial part of its assets, file a voluntary petition in bankruptcy, or admit in writing its inability to pay its debts as they become due; (ii) either party shall make a general assignment for the benefit of creditors; (iii) either party shall file a petition or an answer seeking reorganization or arrangement with creditors or take advantage of any insolvency law; or (iv) an order, judgment or decree shall be entered by a court of competent jurisdiction, on the application of a creditor, adjudicating such party as bankrupt or insolvent or approving a petition seeking reorganization or arrangement of such party or appointing a receiver, trustee or liquidator of such party or of all or a substantial part of its assets, and such order, judgment or decree shall continue unstayed and in effect for any period of thirty (30) consecutive calendar days.

4.3.4 Change in Laws or Regulations. The parties shall reasonably and in good faith amend this Agreement to comply with any legal order issued or proposed to be issued by a federal or state department, agency or commission, or with any provision of law that invalidates or that is inconsistent with the terms of this Agreement or that would likely cause one of the parties to be in violation of the law. If either party deems it necessary to amend this Agreement as provided in this section and the Amendment is unacceptable to the other party, that other party may choose to terminate this Agreement, without liability; provided, however, that all amounts outstanding pursuant to this Agreement become due and payable according to the Agreement to the extent allowed by law.

4.4 Continuing Obligations. Termination of this Agreement shall not release or discharge either party from any obligation, debt or liability which previously shall have accrued and remain to be performed upon the date of termination, including PHD's obligation to reimburse NCH for operational losses in accordance with Section 3.3 above and to pay any unpaid fees in accordance with Section 3.4 above.

4.5 Audit. At the end of the Term, PHD may request an audit of the relevant financial records of NCH solely for the purpose of confirming NCH's calculation of losses from operating activities under Section 3.3 above, and NCH will provide to PHD the records reasonably requested by PHD related to its audit. PHD's audit will be conducted during regular business hours, and PHD will provide NCH with ten (10) business days' prior written notice of such audit. PHD must request an audit under this Section 4.5 on or before December 31, 2020, after which time the audit right provided by this Section 4.5 shall expire.

5. Insurance and Indemnity.

5.1 Insurance. NCH shall maintain adequate levels of insurance to cover all aspects of the operation and management of the Clinic, including professional and general liability insurance, personal property insurance for NCH-owned property or equipment and workers compensation insurance. The Federally Supported Health Centers Assistance Act of 1992 and 1995, pursuant to 42 U.S.C. § 233(g)-(n), provides medical malpractice liability protection through the Federal Tort Claims Act ("FTCA") to deemed health centers. Coverage through the FTCA shall be deemed to satisfy the professional liability coverage requirements for the purposes of this Agreement. Evidence of such coverage shall be provided to PHD by NCH upon request. NCH will notify PHD should its coverage be canceled or modified, or if per occurrence or aggregate limits are impaired by fifty percent (50%) or more.

5.2 Indemnity. To the extent allowed under applicable law, each Party to this Agreement ("Indemnifying Party") agrees to indemnify and hold harmless the other party ("Indemnified Party") from and against any and all claims, damages, losses, or costs (including reasonable attorney's fees) incurred by the other, arising out of or in connection with any negligent act or omission by the Indemnifying Party, its employees, or agents, except to the extent caused by the negligence or intentional misconduct of the Indemnified Party. Notwithstanding the foregoing, NCH's indemnification obligations pursuant to this Section 5.2 shall not apply to any claims, damages, losses, or (including, without limitation, reasonable attorneys' fees) arising out of the negligence or willful misconduct of NCH hereunder that is both (1) covered by the Federal Tort Claims Act (FTCA) and (2) settled and/or resolved by the United States.

6. Press Release. Promptly following the execution of this Agreement, but in any event no later than July 31, 2020, NCH and PHD shall jointly issue a mutually agreeable press release (the "Press Release") announcing that NCH and PHD have reached an agreement for NCH to operate the Clinic through October 31, 2020.

7. Miscellaneous.

7.1 Assignment. Except as otherwise stated herein or agreed in writing by the parties, neither PHD nor NCH may assign their respective rights or obligations hereunder without the advance written consent of the other party hereto.

7.2 No Breach. NCH assures PHD that by entering into this Agreement, NCH will not be in breach of any obligation to any third party.

7.3 Governing Law/Venue/Jurisdiction. This Agreement is governed by and shall be construed in accordance with the laws of the State of Washington. Jurisdiction and venue of any dispute arising from this Agreement shall be in the King County Superior Court.

7.4 Dispute Resolution. In the event of a dispute or disagreement between the parties with respect to this Agreement or any aspect of NCH's management or operation of the Clinic, the parties shall meet and confer in good faith to resolve the dispute informally. If a dispute with respect to this Agreement cannot be resolved through informal meetings between the leadership of each party, the parties agree that, upon written demand by either party, any and

all unresolved disputes shall be referred to binding arbitration conducted by an impartial arbitrator. The parties will initially share equally in the fees and costs of arbitration, but the prevailing party, as specified in the arbitrator's award, shall be entitled to an award of all fees incurred in connection with the arbitration process, including reasonable attorney's fees, from the non-prevailing party. If the parties cannot agree, within fourteen (14) days following demand for arbitration by either party on the identity of the arbitrator, the then Presiding Judge of the Washington State Superior Court for King County, upon an appropriate request which either party may make, shall appoint the arbitrator.

7.5 Notices. Any notices or other communications required or contemplated under the provisions of this Agreement shall be in writing and delivered, in person, evidenced by a signed receipt or mailed by certified mail, return receipt requested, postage prepaid, to the addresses indicated below, or to such other persons or addresses as PHD or NCH may provide by notice to the other. The date of notice shall be date of delivery if the notice is personally delivered, or three (3) days following the date of mailing if the notice is mailed by certified mail:

If to NCH: **1200 12th Avenue South, Suite 901**
Seattle, WA 98144
Attention: Chief Development Officer

If to PHD: **P.O. Box 213**
Vashon, WA 98070
Attention: Superintendent

7.6 Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior proposals, negotiations, representations, communications, writing, and agreements between PHD and NCH with respect to the subject matter hereof, whether oral or written. This Agreement has not been executed in reliance upon any representation or promise except those contained herein. The parries acknowledge that each has had the opportunity to contribute to the formation of this Agreement with respect to interpreting any ambiguity which may arise hereafter with respect to interpreting any provision hereof.

7.7 Time is of the Essence. Time is of the essence with respect to this Agreement.

7.8 Amendments. This Agreement shall not be amended or modified except by a subsequent written agreement between duly authorized representatives of PHD and NCH.

7.9 Headings and Terminology. The descriptive headings in this Agreement are for reference only and shall not qualify or affect the meaning of the terms and conditions of this Agreement. All pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders, the singular shall include the plural and vice versa, as the context may require.

7.10 Waiver. The failure of PHD or NCH to object to or to take affirmative action with respect to any conduct of the other which is in violation of the provisions of this

Agreement shall not be construed as a waiver of that violation or of any future violations of the provisions of this Agreement. No waiver of any right of any party hereto shall be effective unless set out in a writing signed by each party hereto.

7.11 Severability. In the event that any sections, paragraphs, sentences, clauses, or phrases of this Agreement shall be found invalid, void and/or unenforceable for any reason, neither this Agreement generally nor the remainder of this Agreement shall be rendered invalid, void and/or unenforceable, but instead each such provision and (if necessary) other provisions hereof, shall be reformed by a court of competent jurisdiction so as to effect, insofar as is practicable, the intention of the parties as set forth in this Agreement. Notwithstanding the preceding sentence, if such court is unable or unwilling to effect such reformation, the remainder of this Agreement shall be construed and given full force and effect as if such invalid, void and/or unenforceable provisions had not been a part hereof.

7.12 Attorneys' Fees. In the event any party hereto employs any attorney to enforce or defend any claim arising out of this Agreement, the prevailing party shall be entitled to recover from the other party all reasonable attorneys' fees and costs incurred by the prevailing party.

7.13 Recitals. The terms, provisions and factual statements set forth in the Recitals are incorporated into this Agreement by this reference.

7.14 Facsimile Signatures. Each of the parties hereto (a) have agreed to permit the use of telecopied signatures in order to expedite the execution of this Agreement, (b) intend to be bound by their respective telecopied signatures, (c) are aware that the other will rely upon the telecopied signature, and (d) acknowledge such reliance and waive any defense to the enforcement of the documents affecting this transaction based on the fact that a signature was sent by telecopy only.

7.15 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original. All such counterparts together shall constitute one and the same document. The signature pages from such counterparts may be assembled together to form a single instrument comprised of all pages of this Agreement and a complete set of all signature pages.

7.16 Confidentiality. Each party acknowledges that the confidential information of the other party is the valuable property of the party disclosing such information (the "Disclosing Party"). Each party receiving such information (the "Receiving Party") shall take all such reasonably necessary precautions to maintain the Confidential Information provided by the Disclosing Party in confidence as the Receiving Party takes with its own Proprietary Information and, except as authorized in writing by the Disclosing Party or as required by law, shall not disclose the Confidential Information of the Disclosing Party to any third party or use the Confidential Information in any manner except as authorized by this Agreement. "Confidential Information" means all information of either party that is not generally known to the public, whether of a technical, business or other nature, including, without limitation, trade secrets, know-how, procedures, processes, and information relating to the technology, business plans, pricing, customers, clients, finances and other business affairs of such party.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and date first above written.

NEIGHBORCARE HEALTH:	**KING COUNTY PUBLIC HOSPITAL DISTRICT NO. 5:**
By _____	By _____
Title _____	Title _____
Date _____	Date _____

EXHIBIT A-1

Vashon Health Care District

Option 1 Side/Side

	FQHC	Hospital-Based Provider
Corporate Structure	FQHC	Hospital-based
Projected Subsidy	At least $1 million	$1.2-1.3M year 1, using current Neighborcare Mix
Target Market	Open to all. Target Medicaid population. No KP agreement	Open to all. Target Commercial payers. KP agreement
Risk Structure	Set Subsidy calculation, "true up" to performance. Overhead allocation would not include profit margin.	Set Subsidy calculation, "true up" to performance. Will include standard profit margin.
Behavioral Health	Desire to grow BH services. Would commit 1-2 exam rooms	Integrated as part of primary care at current staffing
Facility Requirements	TBD. Likely to use Sunset Ridge. Internal construction and architectural for facility improvements.	Sunset Ridge as transition only. Want commitment from District to upgrade facilities in future
Dental	Likely convert 1-2 exam rooms to dental	No Dental
Existing Staff	willingness to credential/screen existing providers/staff	willingness to credential/screen existing providers/staff

Target Hours	Clear interest in expanding hours/days including some weekend times	Not discussed yet
Specialists	Limited specialists and none internal to group. May grow strategic partnership to provide specialty care in future	Visiting Specialists within existing medical group
IT Platform	Epic	Epic

What is Urgent Care?

- Model started in 1970's by ER physicians to provide quality walk-in care
- Level of care: Non life-threatening acute conditions (Need to be clear ER vs. UC)
- Billing codes: Separate from other codes and specific to Urgent Care services
- Over 10,000 locations in U.S.
- Most common diagnosis URI, most common procedure wound repair

Where is Urgent Care provided?

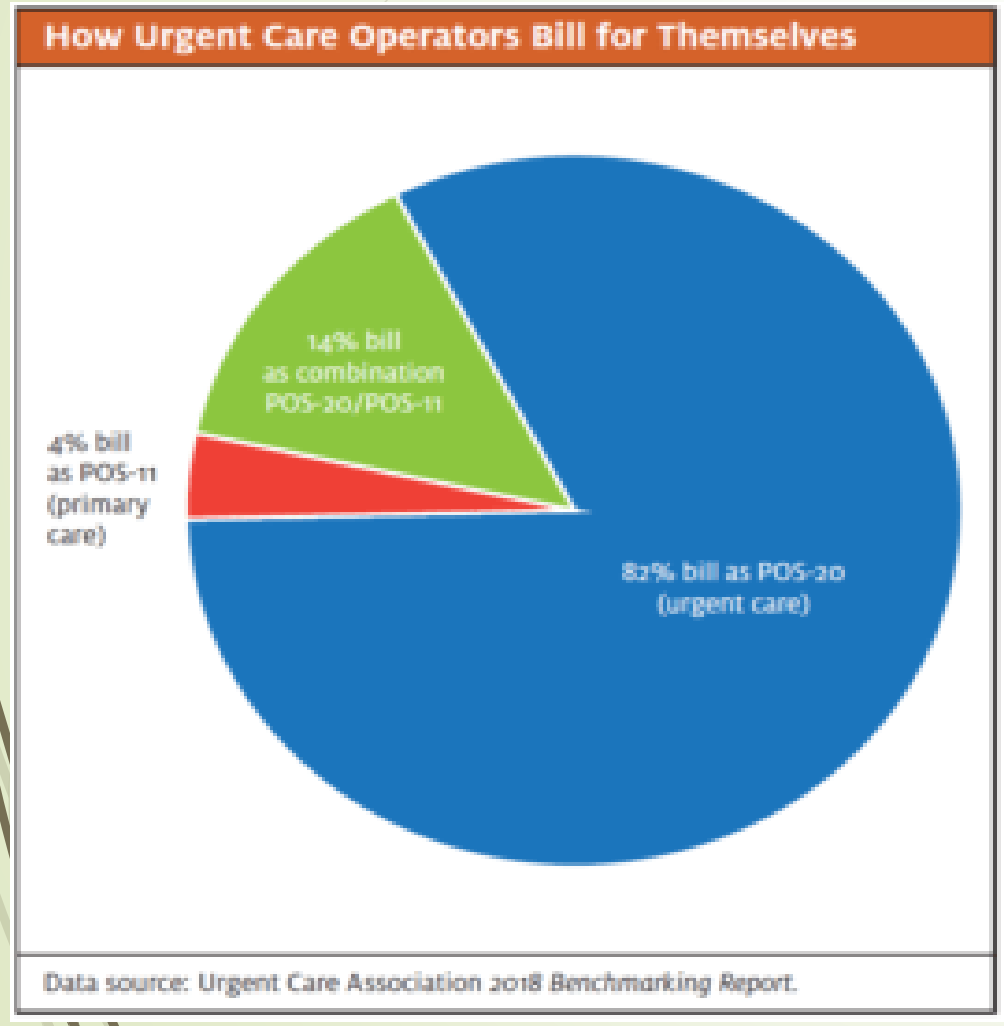
- Within hospital ER as “fast track”
- Within healthcare system facility campus
- Free standing center as part of healthcare system in community setting
- Free standing independent for-profit

Scope of Care

- 86% of urgent cares provide an "episodic" scope of care
- 8% of urgent cares offer primary care in addition to urgent care, while roughly 3% are "hybrid" urgent care/PCPs
- Similarly, 81% bill as POS-20 (urgent care), around 4% bill as POS-11 (PCP), and approximately 14% bill as a combination of POS-20/POS-11
- 11% of urgent care centers are dual contracted as UC/PCP

- Urgent Care Association's *2018 Benchmarking Report*

Billing



- "Place of Service-20" (POS-20), or "Urgent Care Facility" designation. "A location distinct from a hospital emergency room, an office, or a clinic, whose purpose is to diagnose and treat illness or injury for unscheduled, ambulatory patients seeking immediate medical attention."

Urgent Care vs. Primary Care Reimbursement

- On average, an urgent care contract pays roughly 30% more than a primary care contract.
- Typical reimbursements for urgent care are about $115 if part of larger system
- Independent for-profit typically higher

Urgent Care Center Requirements

- Physician lead--- Family Med, ER
- EHR
- X-ray
- Lab- more extensive than retail clinic
- Billing
- Typically 7 days a week with extended hours
- Collaboration with medical system is desirable but not necessary

Treatments and services

- Injuries– Lacerations, minor fractures and sprains, minor burns, animal bites, wounds
- Acute illness— UTI, nausea and vomiting, fever, migraine, STD, URI
- Skin conditions- rashes, infections
- Foreign bodies
- Pediatric concerns—otitis, rash, fever, pinkeye
- Immunizations
- School and sports physicals
- Occ Health/ L&I
- Telemedicine- phone and video offered

Vashon proximity to UCC's—West Seattle and Kitsap

- **West Seattle:**
- Convenient Care-physician operated
- Zoom Care-private independent
- CHI Franciscan Urgent Care
- Kaiser Permanente

- **Gig Harbor**
- Multicare Urgent Care
- Mary Bridge pediatric Urgent care

Proximity to UCC's---Tacoma

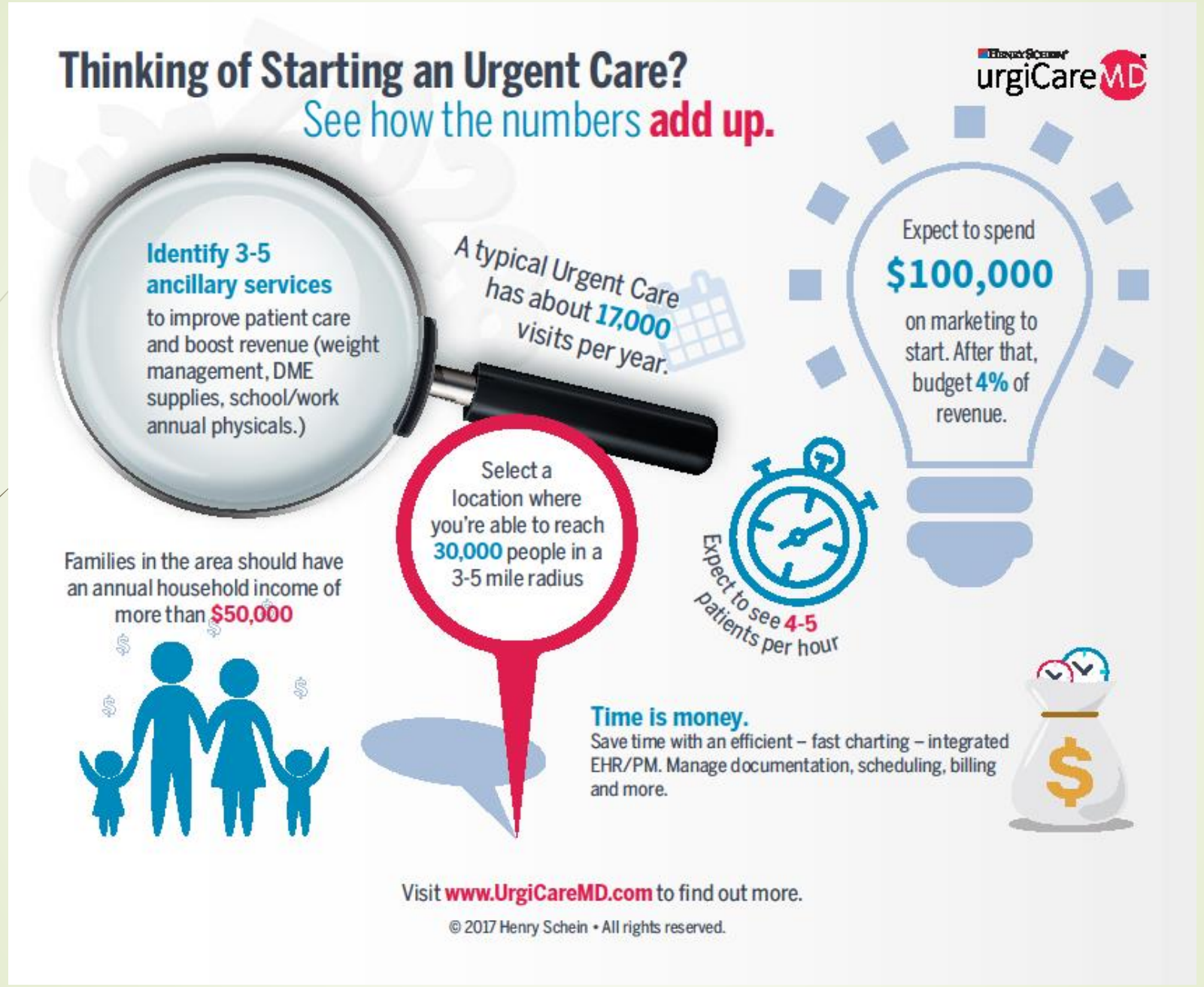
- Multicare Indigo—Point Ruston and James Center
- Multicare Family Medicine and Urgent Care-Pearl Street
- Kaiser Permanente Urgent Care-MLK
- CHI Franciscan Urgent Care- University Place
- Franciscan Prompt Care- St. Joseph's Medical Center

Higher Operating Costs compared to Primary Care

- Marketing costs in a competitive market
- Need for larger facility than primary care
- Documentation-episodic care
- Higher staffing levels
- Less productive staffing model

Urgent Care Startup

- Location---Dense population center
- Demographics and market conditions (young married couples with chidren)
- Upfront costs-building, equipment etc.
- Practice Management software
- Efficient patient billing system-either internal or revenue cycle service
- Qualified medical staff
- Insurance, salaries, benefits



Starting an Urgent Care Center

Bottom Line for Vashon

- Prohibitive startup costs
- Does not match our demographics
- Do not have population density to support
- Regional market would not support adding another UCC
- Lack of provider system to provide overhead
- Does not meet need for primary care

Jojo Weller

From: Tom Langland <tomlangland23@gmail.com>
Sent: Wednesday, July 15, 2020 9:17 PM
To: jocelyne@vashonhealthcare.org
Subject: Convenient Care (aka Mini-Clinic) summary

Mini Clinics

AKA: Retail Clinic, Convenient Care Clinic
Local examples are Minute Clinic (CVS), Care Clinic (Bartells)
and Walgreens Healthcare Clinic

STAFF: by PA's or ARNP's (NPP) = Non-Physician Provider
SCOPE OF CARE: 1) Non-urgent, acute care
2) Preventative Health Care

1) According to RAND, 90% of visits are for immunization, URI including bronchitis, sinusitis, sore throat, UTI, Internal and external ear infection, conjunctivitis, blood tests and Preventative care.
Excluded in most settings are behavioral health, ,shortness of breath, chest pain, fractures & sprains or other complaints suggesting a need for Urgent Care.
2) Preventative Healthcare includes vaccinations (other than very young children), routine physicals, health screening (like rapid strep, pregnancy, BP, cholesterol, HIV, thyroid, diabetes, etc.) and Wellness programs (like smoking cessation, weight loss,

LOCATIONS Lately over 80% are located in large chain pharmacies.
most of the rest are operated as part of a larger healthcare provider entities to augment their primary, urgent or ER clinics
Few if any stand alone retail clinics in the Northwest

NEGATIVE CONCERNS (voiced by AMA, and AAFP)
Delays, undermines or interrupts regular primary care patient /physician relationships, lost opportunities for preventative Care, antibiotic over-prescribing
(Credible research does not validate these concerns)
Research does document that healthcare visits increase as convenient access increases. In one good study it was found:
Only 40% of retail visits actually replaced an MD office or ER visit
The remaining 60% were generated by convenience, where the patient would have stayed home until they improved naturally

or, less often, worsened and required a later MD office visit.

UPSIDES RAND data

20% of ER visits could be addressed at a Retail Clinic.
Most sites incorporate tele-medicine as an option
Improves access for non-emergent visits (steady
Increases in physicals, vaccinations, health screenings)

TWO primary reasons attributed to this growing healthcare segment:

1) Flexible scheduling—including walk-in and evening appts (healthcare delivery is becoming consumerized)
2) Transparent pricing with posted fixed rates (Bigger deal these days as patients are getting stuck with an increasing portion of the cost of their own care.

I mentioned tele-medicine incorporation as an upside. I just learned this morning That Kaiser's Care Clinics will likely abandon the in-person visits and switch to the lower cost e-visit only in the near future. The COVIID 19 experience with mandatory e-visits was very well received by their patients.

FOR VASHON (In my observation)

As attractive as convenient and late hour access to acute care would be, Vashon is likely too small to support the traditional Convenient Care model while also supporting a traditional Primary Care office. There simply not enough visits and dollars from 11,000 people to pencil out both modalities.

Our mission statement, that was created and supported by our voters, calls for creating sustainable Primary Care here on Vashon Island. Unless we exhaust all possibilities for attracting or creating such a model, supporting a Convenient Care clinic here seems unwise. I would, however, suggest that we incorporate many of their patient/consumer friendly features as we hopefully work with a new provider for a Primary Care practice, or explore the ambitious task of creating one on our own.

7/14/20

To: Eric Jensen, Tom Langland, Don Wolczko, LeeAnn Brown, Wendy Noble, Jojo Weller
From: Eric Pryne

Colleagues,

At our July 1 meeting I agreed to take the lead in researching the possibility of subsidizing transportation for low-income islanders to access off-island primary care in the event an on-island primary care clinic that is accessible to all can no longer be maintained.

Vashon Youth & Family Services already operates a program that provides ferry vouchers to low-income island residents to access medical care on the mainland. On July 7 I met with VYFS Executive Director Jeni Johnson and Debbie Rieschl, director of the voucher program, to discuss a possible partnership with the Health Care District to expand this program using District funds.

Jeni and Debbie agreed that, in concept, such a program would be worth exploring (like us, they would much prefer to have a primary care clinic on the island).

The funding for VYFS' current ferry voucher program comes primarily from a $50,000 grant from Granny's Attic to support medical care for low-income islanders. Qualified persons may receive vouchers for medical care, prescription drugs and other expenses as well as ferry travel.

In 2019, VYFS issued 1,178 ferry vouchers with a total value of $19,177.58 to more than 300 island residents. To qualify, recipients must have household incomes of less than 80% of the area median, but the vast majority of those receiving vouchers have incomes at or below 30% of the area median. Many recipients are families with children; a growing number are age 55-plus. VYFS estimates about 80% of the ferry voucher recipients receive primary care at Neighborcare Vashon.

Per a Memorandum of Agreement (MOA) with Granny's, ferry vouchers cannot be used to access primary care (this was designed to help keep patients at Neighborcare). Patients use vouchers to travel to both Seattle and Tacoma, to access such medical services as chemotherapy, radiation, specialized pediatric care, and treatment for complications of diabetes.

There is an annual limit of $800 in vouchers per household; some households max out. The limit was $1,000, but three years ago VYFS ran out of vouchers in late October, leaving none to distribute in November or December.

Washington State Ferries sells the vouchers to VYFS at a discount of 10-12% -- more than that during peak travel season, when retail fares go up.

To be eligible for vouchers, potential recipients must complete an intake process and submit a statement verifying household income. Per the MOA with Granny's, applicants must present a referral from their primary care physician. During ordinary times, vouchers are distributed in person at scheduled times at VYFS and the Vashon Senior Center; three days' advance notice is requested. During the pandemic, vouchers are distributed by mail; five days' advance notice is requested.

At one time VYFS also provided vouchers for gas for travel to off-island providers, but administration was complicated, and gas money doesn't seem to be a priority need for the target population. VYFS also has a Metro grant that provides reduced-fare bus tickets to access medical care.

If the ferry voucher program were expanded to include access to off-island primary care, and if there were no clinic on the island, demand for vouchers would increase significantly. Debbie estimated it would triple.

We discussed other issues that would need to be addressed in any partnership between VYFS and the Health Care District, including (a) the current requirement that voucher recipients obtain a referral from their primary care physician – perhaps more challenging with off-island PCPs; (b) any reporting requirements the District might require of VYFS to insure that its funds are being used effectively and efficiently; and (c) possible reimbursement to VYFS for additional administrative costs incurred in expanding the program.

In summary, we agreed District financial support for an expanded VYFS ferry voucher program is an idea that warrants further consideration in the event our efforts to maintain a primary-care clinic on the island do not succeed.

After meeting with Debbie and Jeni, I did some back-of-the-envelope, very preliminary calculations of what a program to provide ferry vouchers for off-island primary care might cost:

In 2019, Neighborcare Health Vashon saw 3,670 unique patients for a total of 12,489 visits, an average of 3.4 visits per patient. Of those 3,670 patients, 17.36% (about 637) were insured by Medicaid, while 4.25% (about 156) were uninsured. The total number of Medicaid and uninsured patients was roughly 793.

Using the clinic-wide average of 3.4 visits per patient, the 793 Medicaid and uninsured patients made about 2,696 visits to the Neighborcare Vashon clinic in 2019 (not sure how accurate this is; lower-income people may make more visits, or fewer).

VYFS paid Washington State Ferries about $16.28 per voucher in 2019 (1,178 vouchers at a total cost of $19,177). If ferry vouchers were provided at that price for 2,696 more off-island trips, the total cost for those added trips would be about $47,900. This figure does not include any reimbursement to VYFS for additional administrative costs, or other related expenses.