

Vashon Health Care District
Board of Commissioners
Special Meeting (by Zoom)
October 15, 2020

MINUTES

COMMISSIONERS PRESENT:

LeeAnn Brown

Tom Langland

Wendy Noble

Eric Pryne

Don Wolczko

STAFF: Superintendent Eric Jensen

ABSENT: Administrative Director Jocelyne Weller

GUEST: Jay Rodne, Attorney

CALL TO ORDER

Commissioner Langland called the meeting to order at 7:01 PM. He reminded the Board and the public in attendance that the purpose of this special meeting is to discuss and vote on the proposed Clinic Services Agreement between the Vashon Health Care District and Sea Mar Community Health Centers.

APPROVAL OF AGENDA

Commissioner Pryne suggested adding a period for public comment to the agenda after discussion by the Board, to be followed by a vote on the Agreement. With this modification the agenda was approved by unanimous vote.

SUPERINTENDENT REPORT

Superintendent Jensen introduced Attorney Jay Rodne who assisted in writing the Clinic Services Agreement. He then introduced the terms of the Agreement that has been negotiated with Sea Mar to assume the operation of the clinic.

Sea Mar has expressed their intention to begin to move into the clinic during the week after NeighborCare leaves. Sea Mar executives visited the NeighborCare clinic today to meet with the staff and answer questions.

The agreement is for a one-year subsidy of \$1.5 million with automatic renewal unless one party chooses to end the arrangement. The amount of the requested subsidy is comparable to the amount requested by the hospital-based system that had expressed interest in operating the clinic. The subsidy is based on data from the previous year's financials from Neighborcare. There is provision to do an evaluation of financials at the end of the first year and adjust the amount of the subsidy based on that data.

Superintendent Jensen noted that there is not a lot of detail regarding the day-to-day operations of the clinic to allow Sea Mar to make adjustments as needed.

Superintendent Jensen reviewed the key points of the Agreement. He noted that Kaiser already has contracts with Sea Mar clinics so they don't anticipate any problems with establishing a contract with the Vashon clinic. He also noted that the Agreement also includes language regarding walk-in care coverage availability.

DISCUSSION OF CLINICAL SERVICES AGREEMENT

Commissioner Langland turned the meeting over to the Board for questions and comments.

Commissioner Langland: Article 2.9 refers to access to books and records. Will the PHD have access to the clinic's financial records? Will we get accountant's records?

Attorney Rodne: This is standard contract language. Sea Mar will make their financial information open to the public and to the District Board. When Sea Mar representative attends quarterly Board meetings there should be updates on finances.

Commissioner Pryne: Article 2.3 refers to "reasonable" availability of appointments. What does "reasonable" mean and how is it determined?

Attorney Rodne: "Reasonable" is an objective, not subjective standard. It refers to what any reasonable person of organization would do in the same situation that would be appropriate and consistent with standards. There are objective benchmarks for comparison.

Commissioner Noble: Article 4.4 identifies continuing obligations in the case of termination of the Agreement. What does this include?

Attorney Rodne: It includes any outstanding retroactive debts or payments that were accrued prior to the termination.

Commissioner Wolzcko: I had hoped we could reimburse for actual losses instead of committing to the entire \$1.5 million.

Superintendent Jensen: One downside of that arrangement is that it could end up costing us more if the clinic faces revenue shortfalls. This way we are not responsible for making up any losses.

Commissioner Langland: It is a relief to see that Kaiser will be included in the 3rd party insurers.

PUBLIC COMMENTS:

Ron Smothermon: Strongly suggested not voting on the Agreement tonight but allowing more time to review it. Seeing the contract for the first time just before voting on it is not good business sense. There should be language committing to a contract with Kaiser. Patient reviews from other Sea Mar clinics site long waits for appointments. There is concern about the reimbursement for an FQHC and whether the clinic will still have large losses that will impact taxpayers. It would have been helpful to have more advance notice about this action.

Superintendent Jensen: The Agreement has standard contract language. The Board has been discussing the language and terms of the Agreement for a couple of months, so this is not new information. We have a loan from King County and will be looking at those terms.

Commissioner Wolzcko: We have one more payment to Neighborcare of \$110,000 before we begin subsidies to Sea Mar. In April we get our first tax revenue. He will be meeting with King County executives to ask them to consider extending the term of our loan to reduce our debt service next year.

Superintendent Jensen: \$1.5 million is a high subsidy but the financial picture may improve next year, and we may be able to negotiate a lower subsidy.

Commissioner Langland: Confirms that the Board has seen the data included in the Agreement.

Angela London: The District should require Sea Mar to submit more data: receipts, insurance information, CPT codes, number of visits and types of visits. Will Sea Mar be doing community surveys? Kaiser is not a “sure thing”. She had a verbal agreement that Kaiser would cover her patients, but they didn’t follow through. They now require their patients to get prescriptions filled at Kaiser pharmacies, which could have an impact on Vashon pharmacy. How does Sea Mar extrapolate the losses of 2020 going forward?

Superintendent Jensen: There had been a decline in clinic visits prior to the onset of the COVID pandemic, so the decline in visits is not entirely due to COVID. He has been in regular communication with Kaiser medical director and Kaiser will be promoting the new clinic for their Vashon patients.

Debby Jackson: Will calls for appointments go directly to the clinic?

Superintendent Jensen: Yes. He has informed the regional VP’s at Sea Mar that this is an important issue.

Commissioner Wolczko: One of the current clinic staff reported in our last meeting that they don’t have the staff availability to cover incoming calls for appointments.

MOTION TO APPROVE CLINIC SERVICES AGREEMENT

Commissioner Langland thanked Superintendent Jensen and Attorney Rodne for their work in completing the Agreement. **Motion by Commissioner Brown to approve the Clinic Services Agreement, second by Commissioner Langland.**

Commissioner Pryne expressed a number of reservations about the process and the substance of the Agreement. He would like to see the contract on our website for the public to see before we voted on it. Transparency is an important part of this process. He would like to see more performance criteria for Sea Mar in the contract including staffing levels, services provided and measures of provider productivity. He also expressed concern about the large sum of money we are committing to Sea Mar with very few specifics in terms of what we are getting in return. He would have preferred to reimburse losses up to \$1.5 million rather than giving a flat sum. He would also like to see a commitment that if Sea Mar obtains additional funding from government grants or other sources that that money be applied as a credit against the subsidy. He stated that he would support the clinic in spite of his reservations, but hopes that his reservations and concerns are groundless.

Commissioner Langland asked Superintendent Jensen what the impact would be if we delayed our vote. Superintendent Jensen replied that Sea Mar couldn’t hire any employees without a contract. The Sea Mar medical director is concerned about being able to retain medical staff. If the clinic closed it would be at least two years, maybe longer, before we could reopen it. This agreement gives us a year to see if Sea Mar is a “good fit”. If we started our own clinic we would not likely get the same level of reimbursement an FQHC or hospital based clinic would get. There would be a large investment of time and money in start up requirements.

Commissioner Brown noted that we have the option of terminating the Agreement with 120 days notice if there are major problems. Commissioner Wolczko noted that the arrangement is not perfect but it fulfills our Mission of providing primary care to the island. Superintendent Jensen noted that the current medical providers at the clinic were very positive about working with Sea Mar.

Motion to approve the Clinic Services Agreement passed unanimously.

Superintendent Jensen expressed his thanks to all for their work and support.

The next regular meeting of the Vashon Health Care District will be October 21st, 7:00 PM by Zoom.

Motion to adjourn by Commissioner Pryne, second by Commissioner Wolczko. Approved unanimously.

Meeting adjourned at 8:06 PM.

Respectfully submitted,

Wendy Noble, Commissioner