



Vashon Island Health Care District Market Assessment

April 2022



HEALTH FACILITIES PLANNING & DEVELOPMENT

RESEARCH · DATA · ANALYTICS · STRATEGY · IMPLEMENTATION

Overview

- Health Facilities Planning and Development (HFPD) was engaged to conduct a market and environmental assessment for the Vashon Health Care District.
 - A number of sources were used to provide data on the market:
 - Washington Inpatient CHARS Data
 - Claritas
 - Truven Outpatient Estimates
 - CDC's Behavioral Risk Factor Surveillance System (BRFSS)
 - American Community Survey 2019, 5-Year Estimates
- Additionally, HFPD was asked to provide information about sustainable primary care delivery models.



Questions posed:

What are the implications of serving the primary care needs of a majority of Island residents?

What are the top 3-4 health needs of Island residents?

What are the alternative primary care models and which of these will best meet the needs of Island residents over the longer term?

Does the primary care model significantly impact the size of the new clinic needed? What is likely to be the mix of virtual vs. in-person visits?

Is there a broader healthcare strategy beyond primary care that the District needs to consider?

Demand for behavioral health services on Vashon.

What would be the incentive for another healthcare system to partner with VHCD to provide services on the Island?

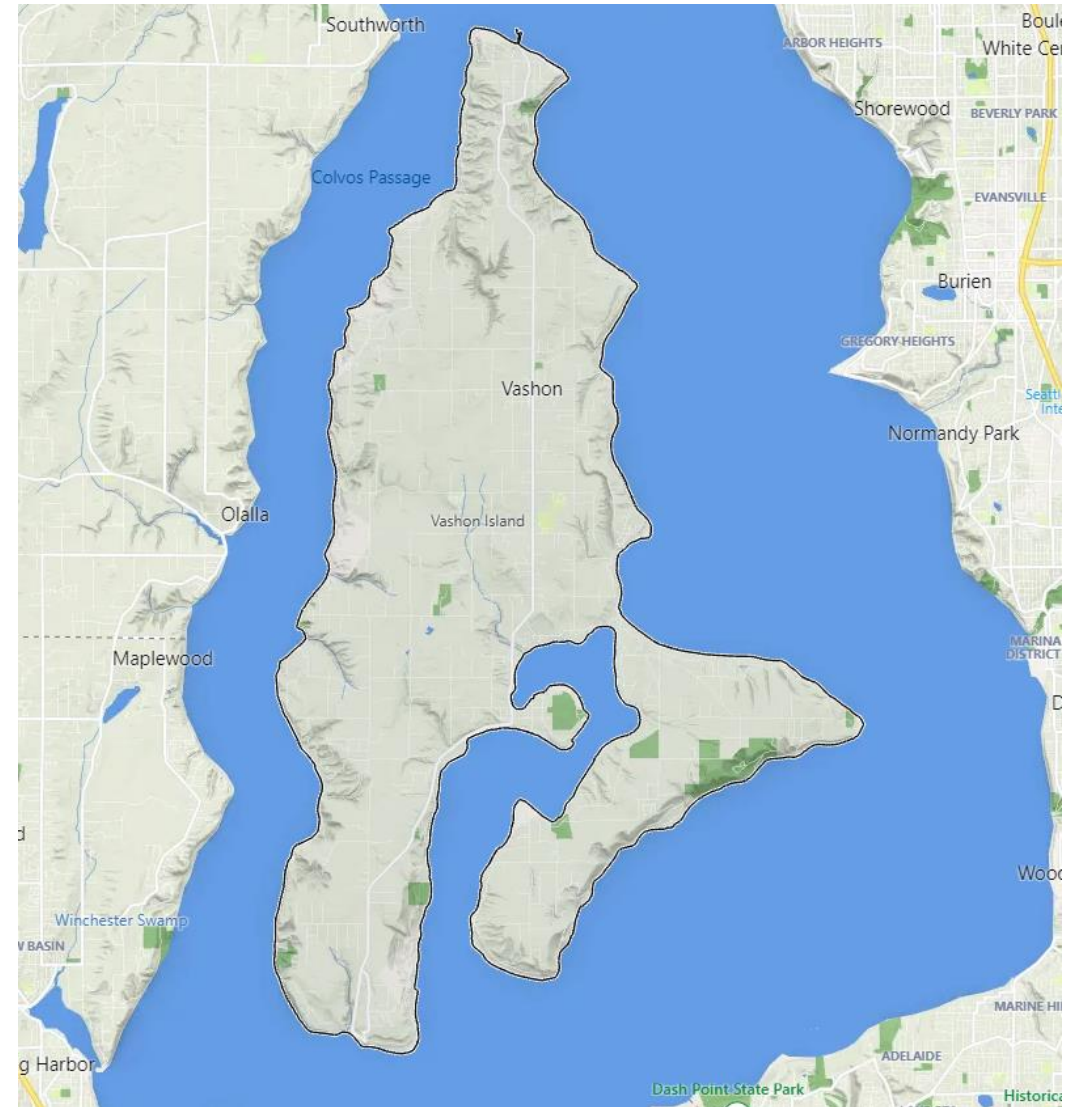
Will VHCD's business plan support the projected growth in clinic services and the debt service needed to complete the financing on a clinic facility to serve this growth?

Key Findings on Health and Health Care Use

- Vashon Island is “older” than King County and Washington State. Nearly all of the population growth is in the 65 and older age cohort. The aging population on the Island will continue to drive health care utilization.
- Nearly 40% of Island residents are considered ALICE (Asset Limited, Income Constrained, Employed) indicating these households are struggling to pay for basic necessities.
- A growing number of residents are covered by Medicaid.
- The most frequent inpatient diagnoses for Vashon Island residents are related to pregnancy and childbirth. About one-third of these encounters are paid for by Medicaid. Medicaid pays for maternity services as a part of a global payment bundle (antepartum, delivery and postpartum care).
- Inpatient encounters for Island residents are steadily decreasing although the population is growing. Between 2016 and 2021 (annualized based January – June data), inpatient volume decreased by 28%. The inpatient use rate has decreased nearly 33% over the same time period.
 - A growing percentage of patients are utilizing Pierce County hospitals for inpatient care.
- The percentage of Island residents who’ve had a heart attack or have coronary artery disease is 3x higher than King County rate and 2.25x higher than the State.
- Based on the response of residents to the BRFSS survey, and inpatient data, residents appear to have increasing mental health needs.
- It’s estimated that Vashon Island residents generate about 17,000 Primary Care Visits annually; and SeaMar saw the majority of this volume.

Vashon Island Health Care District Today

- Vashon Island Health Care District (King County Public Hospital District No. 5) was established in November 2019 by a 71% majority of voters and began collecting property taxes in 2021.
- The District completed an RFP process for Primary Care Services in 2020 and selected Sea Mar which began providing services on the Island in November 2020.
- In return for services, the initial agreement provided a \$1.5 million grant to Sea Mar to subsidize clinic operations.
- The District has focused on outreach since Sea Mar began operating the clinic. The intent is assure that Islanders know what services are provided. Sea Mar's estimated clinic volumes in 2021 (COVID Year) were 11,400, including primary care and urgent care.¹



1. Annualized volumes based on 9 months of data presented at the Feb 2 Commissioners Meeting

Services Offered at the Sea Mar Clinic

- Exams
- Immunizations and Flu Shots
- Well-Child Visits
- Breast & Cervical Health Screening
- Family Planning
- Acute Care
- Chronic Disease Management
- Smoking Cessation
- Testing & Treatment for TB, Hepatitis, HIV, and other Communicable Diseases
- Laboratory Services
- X-Ray
- Open Monday – Friday 8:00 am – 5:00 PM, Plus on-call phone consultation
- 3.4 Providers
 - Thomas Erdmann, MD
 - Jessica Wesch, MD
 - Jeffrey Hanspeterson, MD
 - In addition, a 0.4 ARNP

Vashon Island Health Services

Vashon has many health services on-Island including primary care and behavioral health; however, only basic imaging and rehabilitation services are available on-Island. With the closing of Vashon Community Care, there are limited options available for Assisted Living.

Health Service	Provider
Primary Care	Sea Mar (including integrated BH) NeighborCare Health – School Based Health Center
Imaging	X-Ray (Sea Mar)
Lab	Sea Mar
Advanced Imaging	None
Specialty Services	None
Behavioral Health	Vashon Youth & Family Services <ul style="list-style-type: none"> Counseling, Case Management, Crisis Intervention, Substance Abuse Disorders VARSA <ul style="list-style-type: none"> Youth Substance Abuse NeighborCare Health <ul style="list-style-type: none"> School Based Health Center Independent Providers
Dental Care	Independent Providers NeighborCare Health – School Based Health Center

Health Service	Provider
Pharmacy	Vashon Pharmacy
Home Health	Various King County Providers
Hospice	Various King County Providers
Assisted Living	JG Commons Senior Housing (Low-Income)
Skilled Nursing	None
Rehab	Physical Therapy (PT) – Various Providers Occupational Therapy (OT) – None Speech Therapy (ST) - None ChildStrive (Birth to Three in-home PT, OT and ST) Vashon Island School District Special Services (PT, OT, ST)
Other Services	Chiropractic Naturopathic Medicine Optometry

A range of social services are available on Vashon Island to support residents.

Service Type	Provider
Youth Services	Vashon Youth & Family Services (After school care) Journeymen (Youth Mentorship)
Parental Support Services	Vashon Youth & Family Services ChildStrive
Wellness Vouchers (Prescription, Ferry, & Medical Care)	Vashon Youth & Family Services
Medical Supplies	Vashon Care Closet (DME, Personal Hygiene, and Other Supplies)
Housing	Interfaith Council on Homelessness (rent vouchers) Vashon Household (affordable housing) St. Vincent de Paul Society (emergency rent assistance)
Domestic Violence & Sexual Assault Services	Vashon DOVE Project
Food Assistance	Vashon Maury Community Foodbank St. Vincent de Paul Society Vashon Social Services Network
Elder Care	Vashon Senior Center <ul style="list-style-type: none"> • Lunch Delivery, In-person lunch and transportation to Senior Center for lunch (M,W,F) • Off-Island Transportation to Medical Appointments • Social Activities • Assistance for aging at home • Respite Care, phone check-ins, and social visits (occasional)
Clothing Closet	Vashon Youth & Family Services

Vashon Community Care Closure

With the closure of Vashon Community Care, the ability to care for elderly Island residents is of significant concern. The only remaining provider is for low-income residents.

- Vashon Community Care (VCC) announced it was closing its doors at the end of 2021.
- Reasons cited for closing include:
 - Decreased demand for assisted-living services
 - On-going staffing shortages
 - Critical budget shortfall
- Transforming Age, the parent company of VCC provided more than \$4 million in subsidies to the facility since 2018.

Population

Vashon Island's population is expected to grow by 13.1% between 2022 and 2030 to nearly 13,500. Vashon is growing slightly faster than King County and Washington; however, the population is significantly older than King County and the State at large. Nearly 1/3 of the population will be age 65 and older in 2030.

	2010	2022	% of Total Population (2022)	2030	% of Total Population (2030)	% Change 2022 - 2030	King County % of Total Population (2022)	King County % of Total Population (2030)	King County Population % Change 2022-2030	Washington % of Total Population (2022)	Washington % of Total Population (2030)	Washington Population % Change 2022-2030
0-17	2,068	1,865	15.6%	2,140	15.9%	14.8%	20.4%	20.2%	10.3%	22.0%	21.5%	7.8%
18-44	2,268	3,061	25.7%	3,797	28.1%	24.0%	38.7%	34.9%	0.5%	36.1%	34.2%	4.4%
45-64	4,416	4,127	34.6%	3,488	25.8%	-15.5%	25.9%	26.5%	13.9%	24.9%	23.7%	5.1%
65-74	1,087	1,796	15.1%	2,761	20.5%	53.8%	9.1%	11.4%	39.3%	10.6%	13.2%	37.4%
75-84	540	790	6.6%	1,145	8.5%	44.9%	4.2%	6.1%	61.1%	4.7%	5.9%	39.5%
85+	245	292	2.4%	331	2.5%	13.4%	1.6%	1.5%	4.9%	1.8%	1.8%	12.1%
Total	10,624	11,931	100.0%	13,497	100.0%	13.1%	100.0%	100.0%	11.4%	100.0%	100.0%	10.1%
Female: 15-44	1,340	1,632	13.7%	1,915	14.2%	17.4%	20.5%	18.7%	2.0%	19.3%	18.4%	5.1%
Hispanic Total	434	547	4.6%	705	5.2%	28.9%	10.5%	11.6%	23.3%	14.0%	16.0%	25.9%
0-64	8,752	9,053	75.9%	9,351	69.3%	3.3%	85.0%	81.5%	6.8%	82.9%	79.5%	5.5%
65+	1,872	2,878	24.1%	4,230	31.3%	47.0%	14.9%	18.9%	40.9%	17.0%	20.9%	35.2%

Socioeconomic Indicators

Vashon Island has a lower percentage of High School graduates than King County and Washington at large. While Vashon's median and average household incomes are lower than King County's the percentage of people living in poverty is lower; however, those that are struggling to meet ends meet (ALICE Households) is higher than King County and the State at large. The percentage of those who are uninsured is also lower than in King County and the State.

Metric	Vashon Island	King County	Washington
High School Graduate (Age 25+)	91.3%	96.0%	93.1%
Unemployment Rate	1.6%	4.2%	5.0%
Median Household Income	\$78,966	\$94,974	\$73,775
Average Household Income	\$115,678	\$128,360	\$98,983
Per Capita Income	\$53,131	\$52,462	\$38,915
Persons Living in Poverty	5.3%	8.9%	10.8%
Children Under 18 Living in Poverty	2.8%	10.4%	13.6%
Age 65+ Living in Poverty	4.1%	8.4%	7.5%
Asset Limited, Income Constrained, Employed (ALICE) Households	37%	30%	33%
Uninsured	3.6%	5.3%	6.3%
Public Health Coverage	44.8%	26.8%	35.3%

Source: American Community Survey 2019 (5-year estimates). Accessed through Social Explorer

ALICE: United for Alice – Washington State Profile (2018)

ALICE Households

The United Ways of the Pacific Northwest's ALICE report provides estimates of ALICE households and households in poverty. ALICE is an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed – households that earn more than the Federal Poverty Level (FPL), but less than the basic cost of living for the county (the ALICE Threshold). Combined, the number of ALICE and poverty-level households equals the total population struggling to afford basic needs.

Health Status Indicators

Overall, Vashon Island residents tend to be healthier than residents of Washington at large. When compared to King County, Vashon Island adults have higher rates of diabetes and high blood pressure although a smaller percentage of adults smoke and are binge drinkers. Additionally, fewer adults have delayed care as a result of cost and fewer adults have no usual source of care.

Metric	Vashon Island	King County	Washington
Low birth weight (2017-2019)	5.8%	6.6%	6.4%
Adults ever told have diabetes (2018)	9.1%	8.2%	9.9%
Age-adjusted mortality rate (Years/100,000)	588.0	544.5	667.3
Adults ever told have high blood pressure (2017)	28.8%	24.1%	29.5%
Adults who are obese (2018)	24.4%	24.3%	28.7%
Adults who've delayed/not sought care because of cost (2017)	8.8%	10.4%	11.2%
Adults with no usual source of care (2017)	16.6%	21.7%	24.4%
Adults with no dental visits in past year (2018)	21.5%	28.0%	30.8%
Adults who are binge drinkers (2018)	16.0%	17.8%	14.7%
Adults who smoke (2018)	9.4%	11.5%	12.0%
Adults with Coronary Heart Disease or AMI (2015-2019)	12.6%	4.2%	5.6%

HPSA Designation & Rural Status

- ❖ Vashon Island has a health professionals shortage area (HPSA) designation for Primary Care.
- ❖ Vashon is considered “Rural” for purposes of the Rural Health Clinics Program.

HPSA Designation

Discipline	HPSA Name	Designation Type	Designation Date	HPSA Score
Primary Care	Vashon Maury Island	Geographic HPSA	7/27/17	15

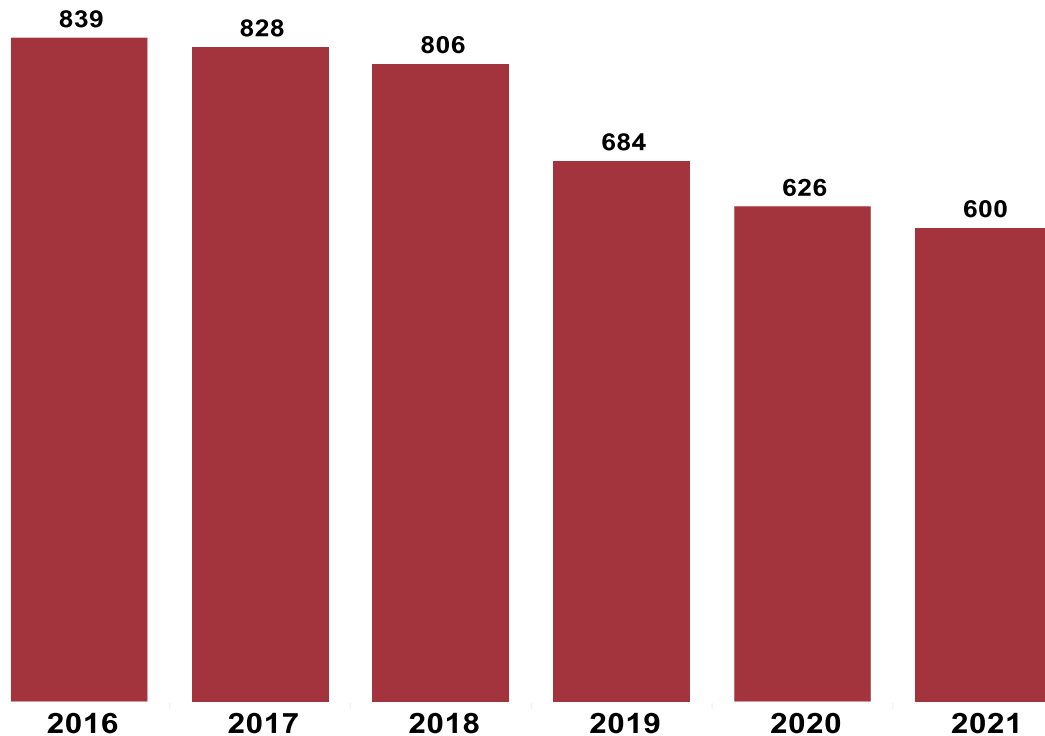
The Market

Inpatient Encounters

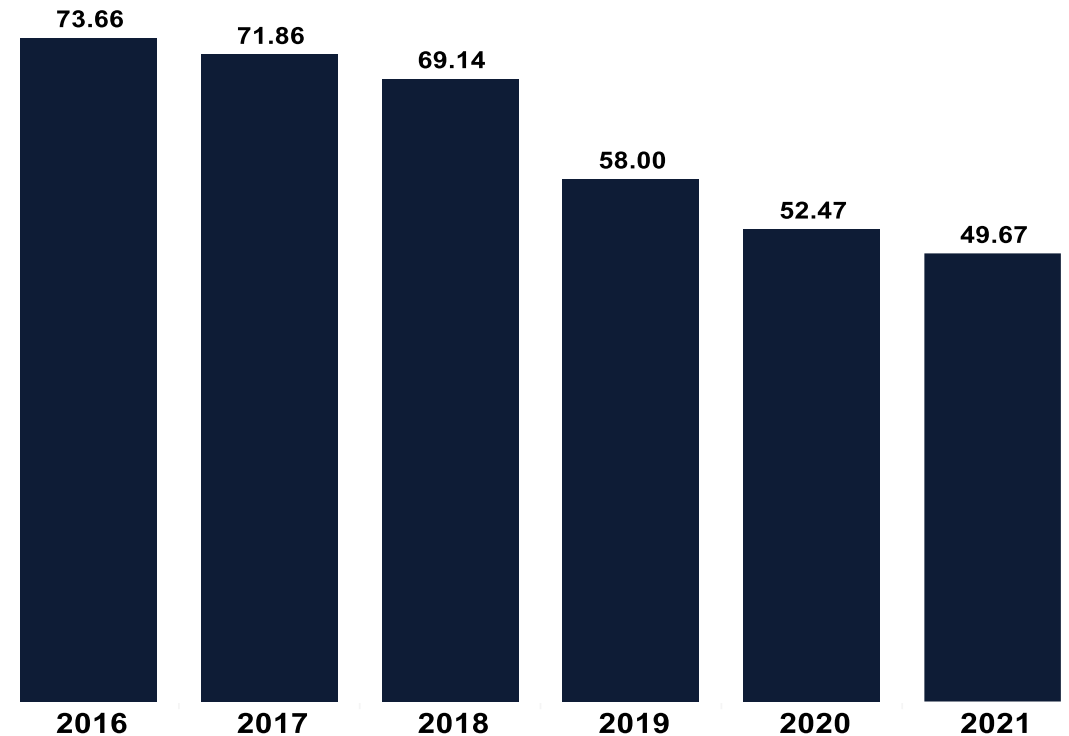
Inpatient discharges from Vashon Island decreased more than 28% between 2016 and 2021 (based on annualized data) and days decreased by nearly 11%. Discharges/1,000 persons decreased by more than 32% over this time period.

Vashon Island Inpatient Utilization

Inpatient Discharges



Inpatient Use Rate (Discharges/1,000 Persons)



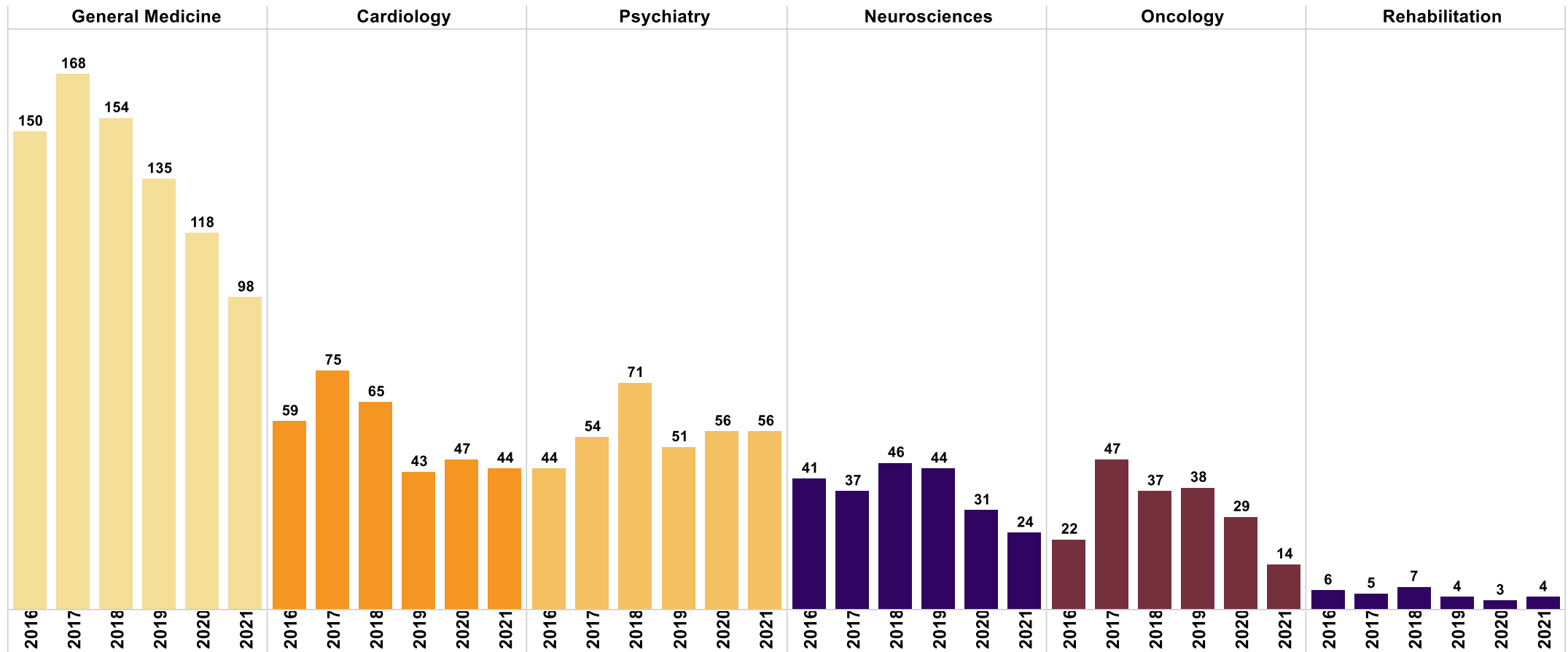
Most Frequent Primary Inpatient Discharge Diagnoses

- *Source: Washington State CHARS Database. 2018 – 2021 (Q2). 2021 volume is annualized based on the first six months of the year.*

Diagnosis	2018	2019	2020	2021A	Total
Pregnancy and related complications	48	37	49	52	160
Newborn	43	37	44	44	146
Sepsis	43	50	37	28	144
Unilateral primary osteoarthritis (left or right hip)	31	24	5	12	66
Alcohol dependence	24	12	11	10	52
Major depressive disorder	10	13	20	12	49
Myocardial infarction	16	10	14	10	45
Cerebral infarction	16	11	8	2	36
Unilateral primary osteoarthritis (left or right knee)	22	7	2	0	31
Hypertensive heart and chronic kidney disease with heart failure	12	7	9	4	30
Atherosclerotic heart disease of native coronary artery	7	5	11	8	27
Hypertensive heart disease with heart failure	4	12	6	10	27
Acute kidney failure	6	11	6	4	25
Acute respiratory failure	8	10	3	8	25
Encounter for antineoplastic chemotherapy	7	7	4	2	19

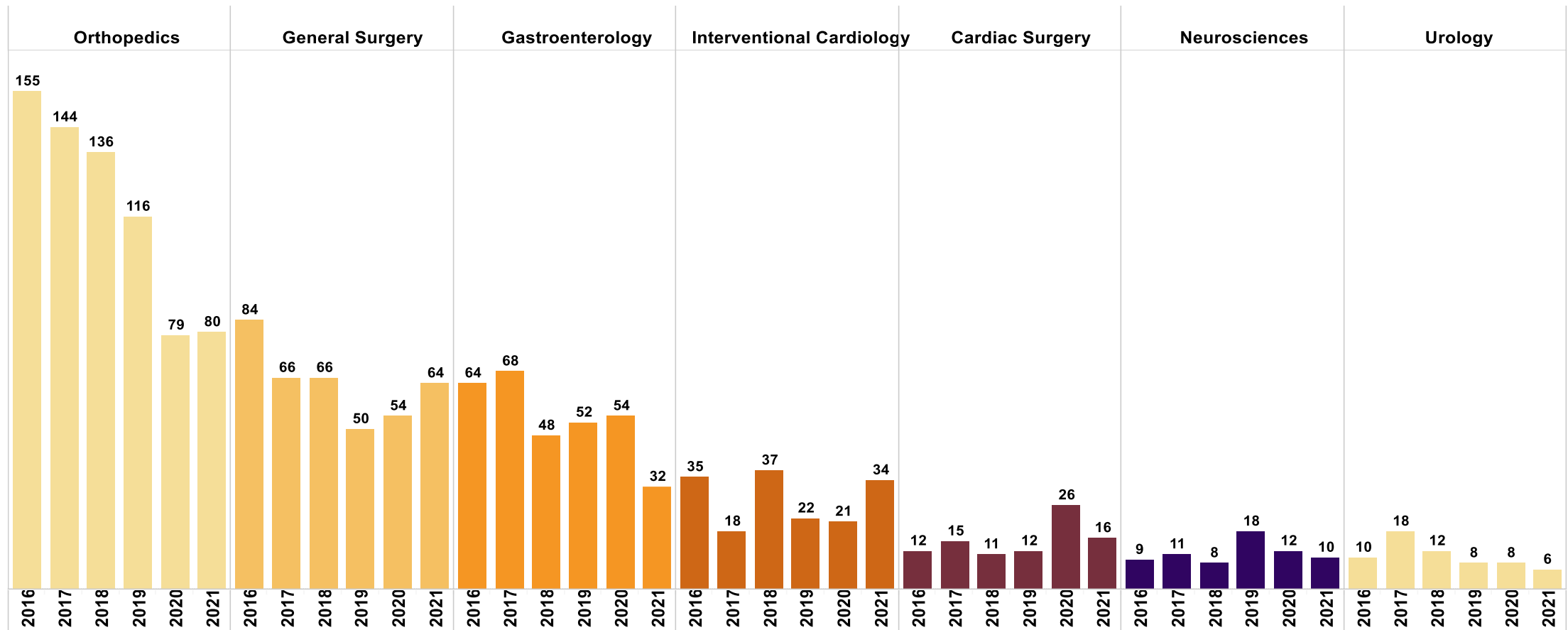
Inpatient Volume – Medical Services

Neurosciences, Oncology, and General Medical discharges decreased faster than total inpatient discharges between 2016 and 2021 (annualized) with decreases of 41%, 36%, and 35%, respectively. Psychiatry discharges grew by 27% over this same time period.



Inpatient Volume – Surgical Services

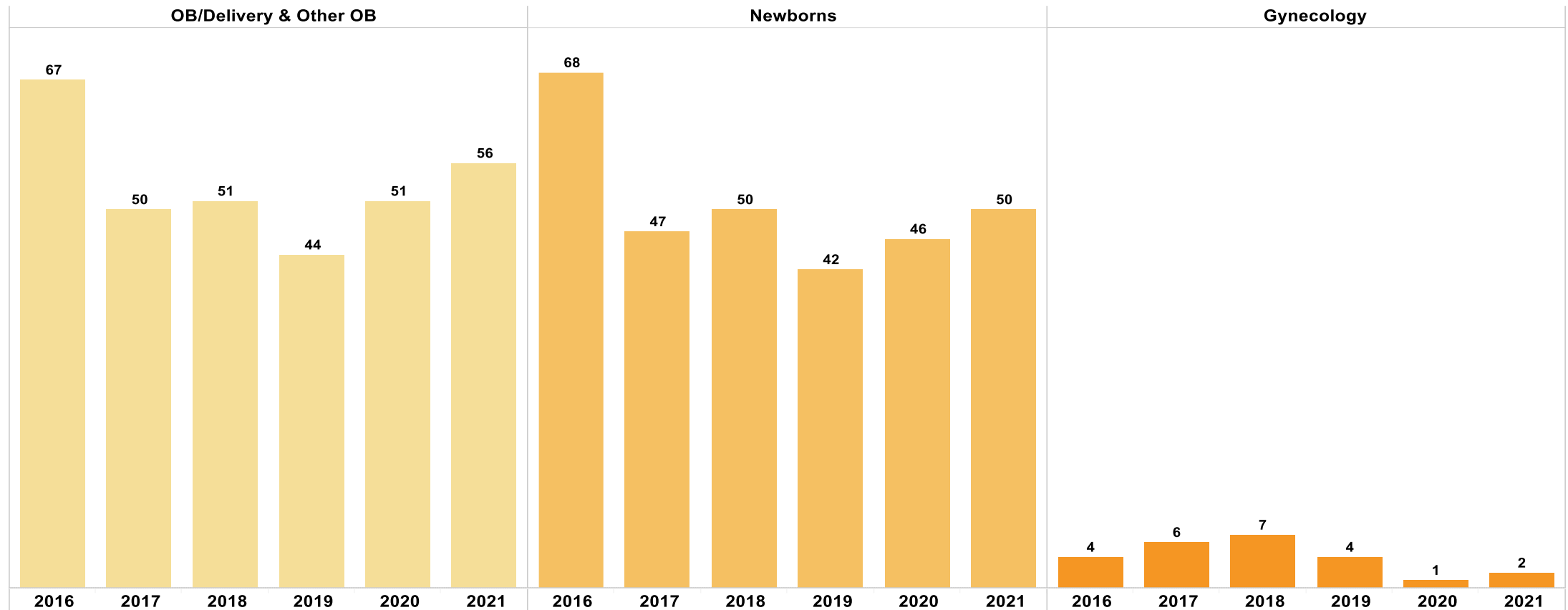
Gastroenterology and Orthopedics inpatient discharges decreased nearly 50% between 2016 and 2021 (annualized), nearly 1.8X faster than all inpatient discharges. Urology also decreased by 40% over this same time period while neurosciences and cardiac surgery discharges increased.



Source: Washington State CHARS Database. 2016 – 2021 (Q2). 2021 volume is annualized based on the first six months of the year.

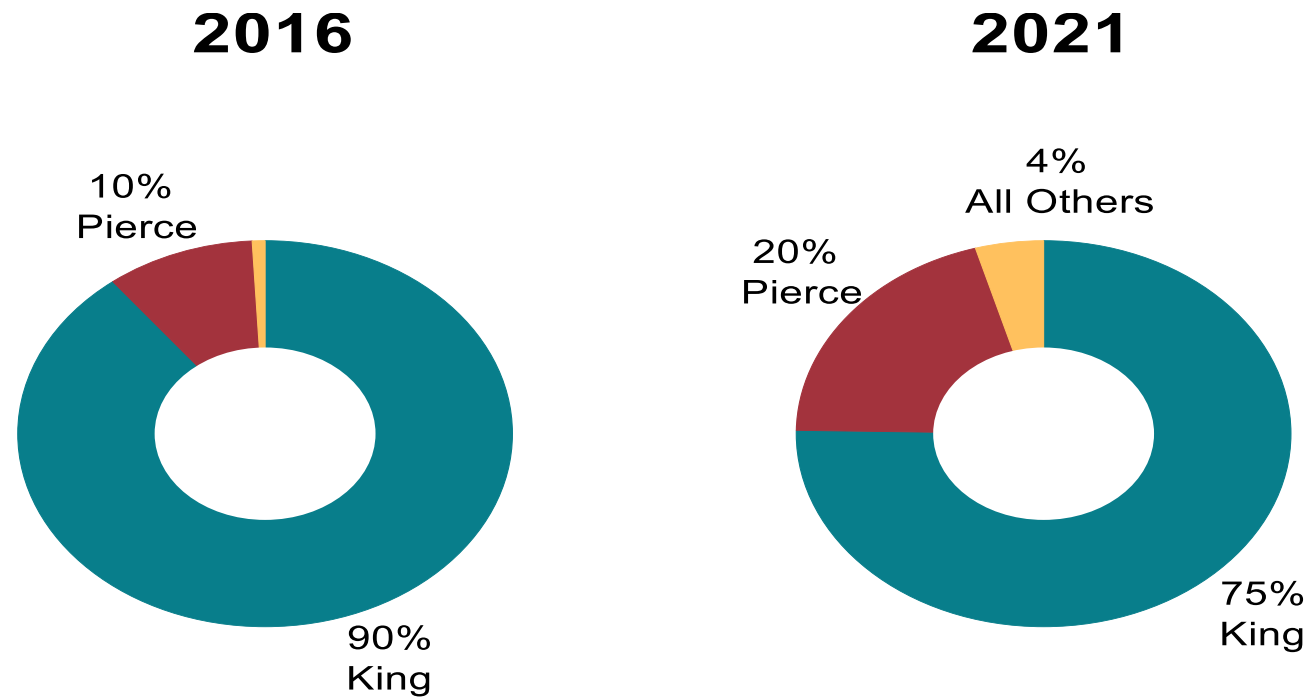
Inpatient Volume – OB, GYN, and Newborns

While Gynecology discharges decreased significantly faster than the market between 2016 and 2021 (annualized), OB Delivery and Other OB and Newborns (including normal newborns) decreased less than the market.



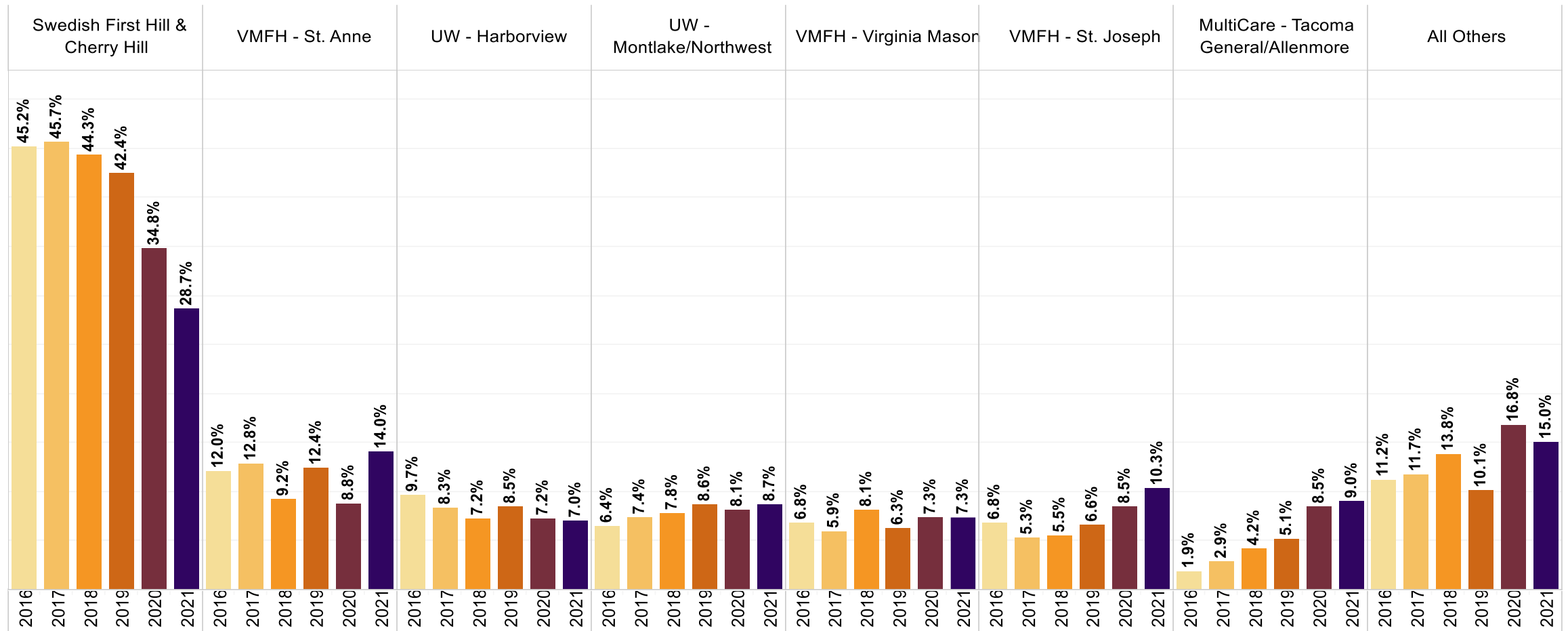
Inpatient Discharges

A growing number of Vashon residents are utilizing Pierce County Hospitals for inpatient care. In 2016 only 10% of all inpatient encounters occurred in Pierce County hospitals, and the percentage grew to 20% in 2021.



Inpatient Discharges

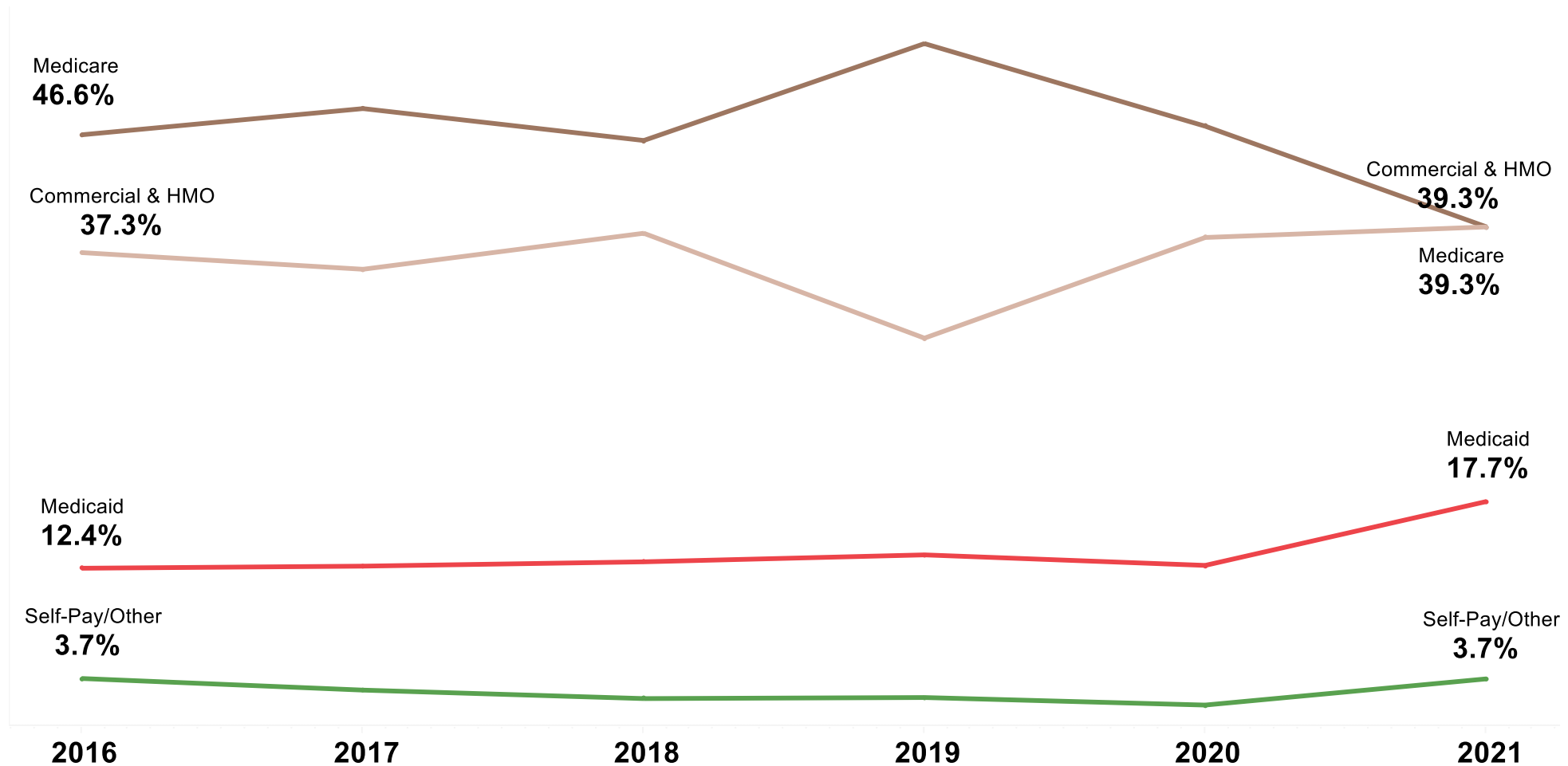
Fewer Vashon Island residents are utilizing Swedish Cherry Hill and First Hill/Ballard for inpatient services. The percentage of patients going to these facilities decreased by nearly 37% between 2016 and 2021. St. Anne and the Tacoma hospitals are seeing a larger percentage of patients from Vashon Island.



Source: Washington State CHARS Database. 2016 – 2021 (Q2). 2021 volume is annualized based on the first six months of the year. Excludes normal newborns.

Inpatient Payer Mix

The portion of Medicaid inpatient encounters from Vashon Island increased more than 42% between 2016 and 2021. Surprisingly, after growing to 54% of total encounters in 2019, the portion Medicare encounters decreased between 2019 and 2021 although the population on the Island is aging. Since 2019, Medicare encounters decreased by 27%.



Source: Washington State CHARS Database. 2016 – 2021 (Q2). 2021 volume is annualized based on the first six months of the year. Excludes normal newborns.

Estimated Outpatient Volumes - District

Assuming all Vashon residents remain on-Island for health care there are about 19,000 surgical/procedural visits expected by 2030. Residents are expected to utilize nearly 80,000 15 minutes PT sessions by 2030 as well.

Service	Unit of Measure	2022 Est	2030 Proj.
Outpatient Surgery Procedures, major	OR-based Surgical Procedures	5,155	5,690
Outpatient Surgery procedures, minor	Office-based Surgical Procedures	11,289	12,460
<u>Gastroentero Endoscopy Procedures</u>	<u>Procedures (Colonoscopy, ERCP, Sigmoidoscopy, etc.)</u>	<u>2,376</u>	<u>2,622</u>
Outpatient Procedures Total		18,820	20,772
Physical Therapy sessions	Sessions/PT functional & manipulative sessions (15 min)	70,531	77,846
Mammography Procedures	Exams	4,632	5,112
CT Procedures	Exams	4,474	4,938
Ultrasound - Other procedures	Exams	3,935	4,343
X-Ray procedures	Exams	2,524	2,785
MRI Procedures	Exams	2,308	2,548
Ultrasound - OB procedures	Exams	1,588	1,752
Chemotherapy visits	Visits/Chemotherapy administration, initial drug, & infusion	1,384	1,528
Echocardiography	Exams/Transesophageal & transthoracic procedures	1,380	1,523
DEXA	Exams	727	802
Cardiac Rehab visits	Visits/MD services	621	685
Occupational Therapy sessions	Occupational therapy evaluation	384	424
Radiation Oncology sessions	Radiation treatment management, 5 sessions	345	381
SPECT	Exams	337	372
Nuclear Medicine	Exams	218	241
Cardiac catheterization	Procedures (Cardiac cath, left, right and combined)	138	152
PET scan	Exams	104	115

Estimated Office Visits & Emergency Visits - District

District residents are expected to generate nearly than 33,000 office visits in 2022, growing to more than 36,000 by 2030. District residents also generate approximately 7,400 Emergency Department Visits and 4,000 Urgent Care Visits each year. The National Ambulatory Medical Care Survey indicates on average there are more than 267 physician office visits per 100 people and more than 51% of these visits are for Primary Care.

	2022 Estimates	2030 Projections
Estimated Physician Office Visits - TOTAL	32,664	36,051
Estimated Primary Care Visits	16,724	18,458
Urgent Care Visits	3,816	4,212
Emergency Department Visits	6,738	7,436

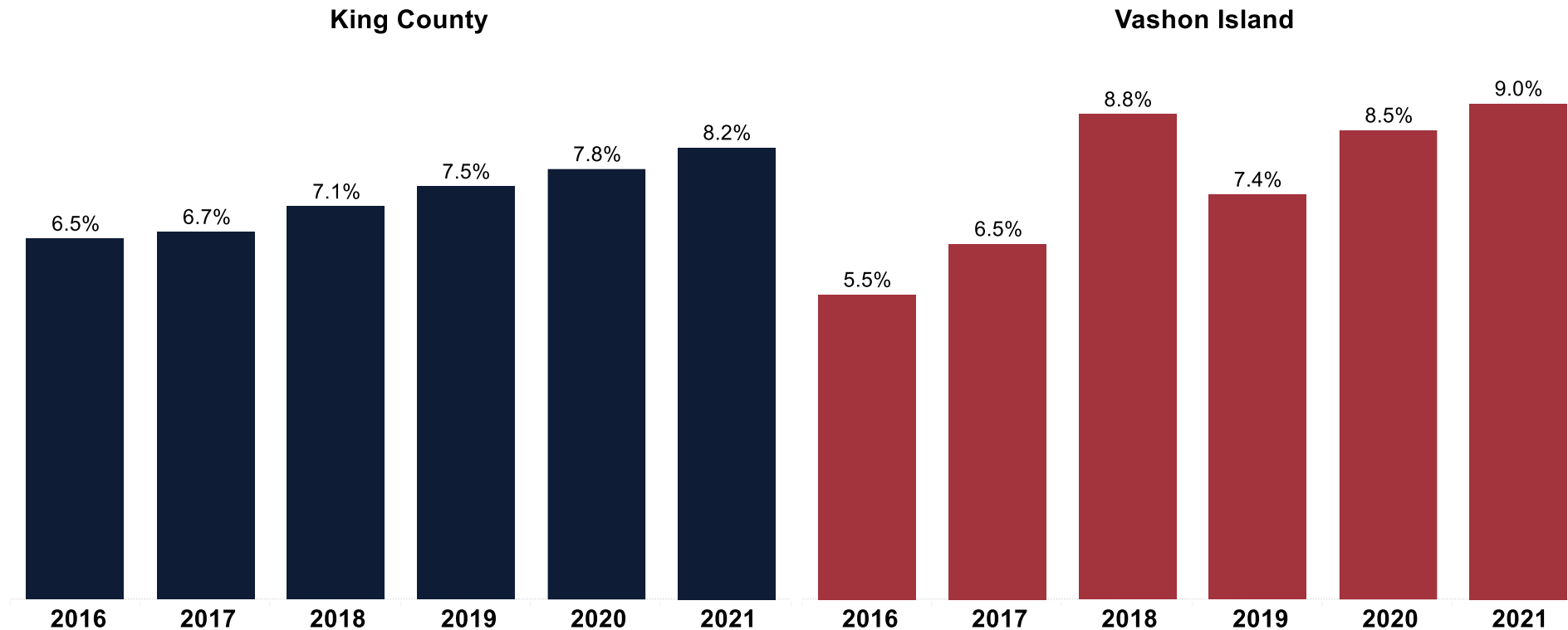
Mental Health Status Indicators

While CDC data appears to indicate Vashon residents have better mental health than residents of King County and Washington, data from inpatient admissions contradicts this.

Metric	Vashon Island	King County	Washington
14 or More Poor Mental Health Days per Month (2015 – 2019)	4.5%	12.0%	13.6%
Nervous Feeling All or Most of the Time (2015, 2016, 2018)	0.4%	5.0%	5.8%
Felt Hopeless All or Most of the Time (2015, 2016, 2018)	2.1%	9.7%	11.2%
Restless or Fidgety All or Most of the Time (2015, 2016, 2018)	3.4%	4.9%	6.1%
Depressed All or Most of the Time (2015, 2016, 2018)	0.0%	1.7%	1.9%
Everything is an Effort All or Most of the Time (2015, 2016, 2018)	5.0%	5.7%	6.6%
Felt Worthless All or Most of the Time (2015, 2016, 2018)	3.8%	2.3%	2.5%
Receiving Treatment for Mental Health or Emotional Problem (2015, 2016, 2018)	6.2%	15.9%	15.4%

Inpatient Admissions Mental Health & Substance Abuse

The percent of inpatient encounters for Mental Health and Substance Abuse for Vashon Island residents has grown by nearly two-thirds since 2016 whereas King County's percentage has grown by about one-quarter.



Behavioral Health and Staffing Needs

If all residents remained on Vashon Island, there's significant demand from mental health practitioners. The population is large enough to support a psychiatrist and more than 24 other behavioral health providers. By 2030, the Island will need more than 27 behavioral health providers.

- A Behavioral Health Needs Assessment was commissioned by Vashon Youth & Family Services and the report was completed in 2021.
- The report found many residents do not access behavioral health on-Island as a result of physical inaccessibility, lack of awareness of services, and cultural and social barriers.
- On-Island Services are also over-burdened and under-resourced.
- There is very limited case management available on-Island.
- Vashon Youth & Family Services doesn't have funding to expand services on the Island.

Vashon Island Gross Behavioral Health Provider Demand (FTEs)

	2022 Gross Need	2027 Gross Projected Need
Psychiatrists	1.0	1.0
Clinical, Counseling, and School Psychologists	5.2	6.0
Marriage and Family Therapists	3.0	3.4
Mental Health Counselors	6.4	7.3
Mental Health and Substance Abuse Social Workers	9.4	10.7

Source: HFPD Adjusted Physician Demand Tool.

Vashon Youth and Family Services (2021). Vashon-Maury Island Behavioral Health Needs Assessment. Report: unpublished. Prepared by Yve Susskind, Ph.D.

www.vyfs.org/community-needs

Primary Care Model Options

The analysis shows that the FQHC model provides the highest reimbursement and greatest scope of services

Options Evaluated



- Ruled Out:
 - Independent Practice
 - Provider-based RHC- eliminated by Medicare as an option December 2020
 - Hospital Out- Patient Department- Medicare Site Neutral rules only allow HOPDs within 250 yards of the main hospital.
- Evaluated:
 - FQHC
 - FQHC Look-Alike
 - Public FQHC
 - Freestanding RHC– available only to hospitals under 50 beds

Nonprofit or public facility	For-profit, nonprofit, or public facility
Required to provide care for all age groups	May be limited to a specific type of PC practice (e.g., OB-GYN, Pediatrics)
Must be located in or serve an area with a medically underserved population or experiencing a shortage of healthcare providers	Must be located in a rural area designated as a Health Professional Shortage Area, Medically Underserved Area, or Governor-designated and Secretary-certified shortage area.
FQHCs may operate in both non-urbanized and urbanized areas	RHCs must be located in non-urbanized areas, as defined by the U.S. Census Bureau. May retain RHC status if designation of service area changes.
Required to have a board of directors—at least 51% must be CHC patients	Not required to have a board of directors
Minimum services required including, but not limited to, maternity and prenatal care, preventive health and dental services, emergency care, and pharmaceutical services	No minimum service requirements
Required to treat all residents in their service area with charges based on a sliding fee scale, and no patient can be denied service for the inability to pay	Not required to charge based on a sliding fee scale unless a National Health Service Corps-approved site
Must provide after-hours coverage to respond to patient medical emergencies by telephone, face-to-face, or by arrangement with another healthcare provider	Not required to provide a minimum of hours or emergency coverage
Required to have ongoing quality assurance program	Required to conduct a biennial program evaluation regarding quality improvement
Required to submit an annual cost report and, if more than \$750,000 in Federal funds are spent in the fiscal year, audited financial reports	Required to submit an annual cost report; however, auditing of financial reports is not required
FQHCs are not held to productivity standards	RHCs are held to productivity standards: Physicians held to 4,200 FTE; mid-levels 2,100 visits per FTE

FQHC AND RHC COMPARISON

FQHC VS. FQHC LOOK-ALIKE

While look-alikes do not receive Health Center Program funding, they are still eligible for:

- FQHC Reimbursement
- HRSA's 340B Drug Pricing Program for discounted drugs
- Free vaccines for uninsured and underinsured children through the Vaccines for Children Program
- Assistance in the recruitment and retention of primary care providers through HRSA's National Health Service Corps

FQHC VS. FQHC LOOK-ALIKE

Receive Health Center Program (HCP) federal grant funding under the Section 3,30 Public Health Service Act	Yes	No
Eligible for malpractice coverage under the Federal Tort Claims Act	Yes	No
Eligible for federal loan guarantees for capital improvements	Yes	No
Receive 340B Federal Drug Pricing Program discounts for pharmaceutical medications	Yes	Yes
Eligible for enhanced Medicaid/Medicare Reimbursement	Yes	Yes
Automatic designation as a Health Professional Shortage Area (HPSA) - provides eligibility to apply and receive National Health Service Corps (NHSC) personnel and site eligibility	Yes	Yes



FQHC REQUIREMENTS FOR PUBLIC AGENCIES

Public agencies are permitted to utilize a co-applicant governance structure for the purposes of meeting Health Center Program governance requirements. Public centers may be structured in one of two ways to meet the program requirements:

- Public agency independently meets all the Health Center Program governance requirements based on the existing structure and vested authorities of the public agency's governing board; or
- Together, the public agency and the co-applicant meet all Health Center Program requirements.

FQHC & FQHC LOOK-ALIKE VS. RHC Reimbursement Comparison

FQHC/Look-Alike Reimbursement – all inclusive rate:

- **Medicare:** For 2019, the FQHC payment rate for Washington (not King County) was \$170.62 per encounter
- **Medicaid:** For 2019, the average cost per encounter for an FQHC was approximately \$250.

RHC Reimbursement – all inclusive rate:

- **Medicare:** \$100 in 2021 and inflating by \$13 per year until 2028 (final 2028 upper limit will be \$191).
- **Medicaid:** For 2019, the average cost per encounter for an RHC was approximately \$150.



Questions to Address:

- What are the implications of serving the primary care needs of a majority of Island residents?
- What are the top 3-4 health needs of Island residents?
- What are the alternative primary care models and which of these will best meet the needs of Island residents over the longer term?
- Does the primary care model significantly impact the size of the new clinic needed? What is likely to be the mix of virtual vs. in-person visits?
- Is there a broader healthcare strategy beyond primary care that the District needs to consider?
- Demand for behavioral health services on Vashon.
- What would be the incentive for another healthcare system to partner with VHCD to provide services on the Island?
- Will VHCD's business plan support the projected growth in clinic services and the debt service needed to complete the financing on a clinic facility to serve this growth?

Closing Thoughts

- It appears that SeaMar is already serving the majority of Island residents, though its data could be skewed by COVID and vaccines.
- Top 3-4 needs appear to be primary care, behavioral health, specialty visits and services for the aging (care coordination, wellness checks, aging in place supports). Dental may be a top need as well. This makes the FQHC model a very good model for the Island.
- Medicare seem poised to make permanent the telehealth higher payments put in place during COVID. Data suggests that younger cohorts more interested in this as a care delivery model.
- Incentive for health systems is an interesting question– the incentive is the downstream revenues; after FHS left the Island their market share increased! And, recent changes to primary care reimbursement will make this even more challenging.
- What is do-able for the District? Can a focus on health and wellness be supported? What do we do with the aging that needs more services.