



PO BOX 213, Vashon WA 98070  
vashonhealthcare.org

## Board of Commissioner's Meeting June 2, 2021

### Superintendent's Report

#### Clinic Financials

I followed up with Marc Mora at Kaiser since our last Board meeting. I shared with him that Sea Mar's data to date shows an 8% payer mix for Kaiser commercial patients and a 9% payer mix for Kaiser Medicare Advantage. I shared with Marc my concern that Kaiser may not be paying cost to Sea Mar for their Medicare advantage patients which I believe they are required to do by Medicare. I also explained to him that my reason for digging into these details is that the Vashon Health Care District's subsidy is paying for two-thirds of the cost of operating the Sea Mar Vashon clinic and that our current levy rate is higher than is sustainable long-term. Dustin has responded that Kaiser Medicare Advantage should be paying at cost, but that overall, they are quite small for Sea Mar as a system. He will review the commercial payments but believes that Kaiser payments won't be drastically different than other commercial payers.

#### Clinic Services Agreement Changes

Based on feedback from individual board members, I have compiled some suggested changes to the Sea Mar contract which expires Oct. 31. We are considering these changes now because the contract language states that the agreement automatically renews 120 days prior to the end of the contract term. Regarding the subsidy, most commissioners were in favor of proposing approximately a 10% reduction for the new contract year which is the language I have included. One commissioner has proposed a reduction of \$250,000.

2.1 ... "For purposes of this Agreement, "Clinic" herein refers to a primary care medical clinic, and does not include any further services which Sea Mar may establish on Vashon Island in the future, including dental and behavioral health services, except for psychiatric services integral to the delivery of primary care."

2.3 Clinic Operations. SEA MAR will operate the Clinic in a manner consistent with its current practices and schedule and shall endeavor to provide for reasonable availability of walk-in and same day appointments, ~~and~~ reasonable timeframe for scheduled appointments and an afterhours provider call schedule for handling routine calls. SEA MAR will provide notice to PHD prior to implementing any material changes to Clinic operations. Sea Mar shall share with PHD its regularly compiled performance, quality and service reports for the Clinic. A representative of Sea Mar shall, at least quarterly, ~~be available each quarter to~~ attend the District's Board of Commissioners' meetings for the purpose of providing general updates on the operation and financial performance of the Clinic.

3.3 Compensation during the Term. In return for the services provided during the Term (as defined below), PHD agrees to provide SEA MAR with a grant in the amount of One Million ~~Three~~Five Hundred ~~Fifty~~ Thousand dollars (\$~~13,500,000~~) in twelve monthly installments of One Hundred ~~Twelve~~ nty ~~Five~~ Thousand Five Hundred dollars (\$~~1,225,0500~~) each, with the first payment due November 1, 202~~10~~, and subsequent payment due on the first of each consecutive month through October, 202~~12~~. The parties shall review the performance of clinic operations annually and shall discuss whether the grant amount from PHD to Sea Mar should be revised.

4.1 Term. The term of this Agreement shall commence as of November 1, 202~~10~~, and shall continue for an ~~initial~~ term of one (1) year unless terminated earlier pursuant to this Agreement (the "Term"). At the end of ~~the initial and each subsequent~~ term, this Agreement will automatically renew for an additional one (1) year successive term unless either party provides written notice of its intention not to renew, or its desire to renegotiate one or more contract terms, at least one hundred twenty (120) days prior to the end of the ~~current~~initial term and one hundred twenty (120) days prior to the end of any renewal term.

## **Capital Project for Clinic Construction**

Commissioners Langland and Pryne and I met this week to discuss how to approach defining VHCD's role in planning and funding a capital project to construct a new clinic building on the island. Three million dollars in State funding for a Vashon clinic was officially transferred to Sea Mar this past legislative session. This is unlikely to be sufficient to fund a new clinic. A key question that we need to answer is whether or not Sea Mar is interested in partnering with the District and/or an island entity to help fund development of the clinic. Secured funding from Vashon residents for a portion of the building could help build buy-in and ownership on the part of Island residents. We also discussed the potential availability of federal infrastructure dollars for the clinic, which would require at a minimum a preliminary clinic design and budget. At this point it seems unlikely we would need to create a new non-profit entity to seek funding. Tom and Eric will provide more detail about our discussion. Our next step is to meet with members of the Health Care Collaborative board.

## **Unfinished Business and Committee Reports**

### **Unfinished Business**

**King County Roads Levy** – The proposed King County Roads Levy was introduced today by the King County Council. Attached are the two pieces of legislation introduced today and referred to their Local Services Committee. The next meeting of that committee is scheduled for Tuesday, June 22. The legislation introduced are:

1. Ordinance 2021-0206: legislation that will place this levy on the ballot and establishes parameters for the levy including levy rate, time span, language of the ballot measure, and eligible expenditures, and
2. Motion 2021-0207: legislation that provides additional guidance on the levy including eligible expenditures and establishes the County's intent to make whole any junior taxing district that experiences pro-rationing as a result of this levy. This can be found starting on line 59, and is stated as follows:

*It is the intent of the council that any junior taxing district, such as the Vashon hospital district and Vashon cemetery district, that loses revenues resulting from pro-rationing as mandated by RCW 84.52.010, to the extent the pro-rationing was caused solely by the property tax levy and if authorized by the county council by ordinance, be made whole.*

**Administration and Finance**

**Wolczko**

**Warrant Approval**

**Outstanding Warrants - Special Districts by Fund**

Report ID: AP\_RPRT\_174D  
 Report Date: 6/1/2021  
 Page: 1 of 1

**As of 06/01/2021**

District VHEALTHD  
 Fund 140050010

Payee	Fund#	Issue Date	Warrant#	Status	Warrant Amount
ERIC JENSEN	140050010	05/26/2021	9907507		1,479.05
LAKE KENNEDY MCCULLOCH CPA	140050010	05/26/2021	9907508		55.00
SEA MAR COMMUNITY HEALTH CLINICS	140050010	05/26/2021	9907509		125,000.00
SUNRISE RIDGE HEALTH SERVICES	140050010	05/26/2021	9907510		7,340.89
USPS	140050010	05/26/2021	9907511		134.00
WENDY AMAN	140050010	05/26/2021	9907512		238.66
<b>Total For Fund 140050010</b>					<b>134,247.60</b>
<b>Total For District VHEALTHD</b>					<b>134,247.60</b>

**Payroll**

Payroll for May 16 – 31 is pending due to the early date of this board meeting.

**King County Borrowing as of May 31 2021**



**Daily Cash Balance Report**  
 As Of 05-30-2021

Report ID: CM\_RPRT\_014  
 Report Date: 06/01/2021  
 Page 1 of 1

Fund	Fund Name	Ending Balance
140050010	VASHON-MAURY HOSPITAL 5 GENERAL	-570,220.16
	<b>Total</b>	<b>-570,220.16</b>

<-----End of Report----->

**VHCD 2020 SAO Annual Report** - Included is the annual report we are required to file with the State Auditor’s Office. Barb Huff at Lake Kennedy prepared and filed the report online for us. The SAO format uses the broad BARS categories, so its not very useful. All expenses basically fall into three line items: Wages (5610010); Benefits/Payroll Taxes (5610020); and Services including the subsidy (5610040).

**Outreach Committee**

**Pryne**

Eric Pryne is in the process of scheduling a 2<sup>nd</sup> All-District Informational Meeting for Tuesday, June 15, 7 pm, on Zoom.

# ANNUAL REPORT CERTIFICATION

King County Public Hospital District #5

(Official Name of Government)

3246

MCAG No.

Submitted pursuant to RCW 43.09.230 to the Washington State Auditor's Office

For the Fiscal Year Ended 12/31/2020

## GOVERNMENT INFORMATION:

Official Mailing Address PO Box 213  
Vashon, WA 98070

Official Website Address \_\_\_\_\_

Official E-mail Address \_\_\_\_\_

Official Phone Number \_\_\_\_\_

## AUDIT CONTACT or PREPARER INFORMATION and CERTIFICATION:

Audit Contact or Preparer Name and Title Donald Wolczko Secretary

Contact Phone Number \_\_\_\_\_

Contact E-mail Address don@vashonhealthcare.org

I certify 29th day of May, 2021, that annual report information is complete, accurate and in conformity with the Budgeting, Accounting and Reporting Systems Manual, to the best of my knowledge and belief, having reviewed this information and taken all appropriate steps in order to provide such certification. I acknowledge and understand our responsibility for the design and implementation of controls to ensure accurate financial reporting, comply with applicable laws and safeguard public resources, including controls to prevent and detect fraud. Finally, I acknowledge and understand our responsibility for immediately submitting corrected annual report information if any errors or an omission in such information is subsequently identified.

Signatures

Donald Wolczko (don@vashonhealthcare.org)

**King County Public Hospital District #5  
Fund Resources and Uses Arising from Cash Transactions  
For the Year Ended December 31, 2020**

		<b>401 Operations</b>
<b>Beginning Cash and Investments</b>		
308	Beginning Cash and Investments	-
388 / 588	Net Adjustments	-
<b>Revenues</b>		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	-
350	Fines and Penalties	-
360	Miscellaneous Revenues	19,665
Total Revenues:		19,665
<b>Expenditures</b>		
520	Public Safety	-
560	Social Services	922,996
Total Expenditures:		922,996
Excess (Deficiency) Revenues over Expenditures:		(903,331)
<b>Other Increases in Fund Resources</b>		
391-393, 596	Debt Proceeds	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		-
<b>Other Decreases in Fund Resources</b>		
594-595	Capital Expenditures	2,921
591-593, 599	Debt Service	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		2,921
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(906,252)</b>
<b>Ending Cash and Investments</b>		
50821	Nonspendable	-
50831	Restricted	-
50841	Committed	-
50851	Assigned	-
50891	Unassigned	(906,254)
<b>Total Ending Cash and Investments</b>		<b>(906,254)</b>

The accompanying notes are an integral part of this statement.

# King County Public Hospital District #5

Schedule 01

For the year ended December 31, 2020

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
3246	401	Operations	3089100	Unassigned Cash and Investments - Beginning	\$0
3246	401	Operations	3611000	Investment Earnings	(\$1,205)
3246	401	Operations	3620000	Rents and Leases	\$12,580
3246	401	Operations	3670000	Contributions and Donations from Nongovernmental Sources	\$8,073
3246	401	Operations	3699100	Miscellaneous Other	\$217
3246	401	Operations	5610010	Hospitals, Assisted Living, and Convalescent Facilities	\$44,816
3246	401	Operations	5610020	Hospitals, Assisted Living, and Convalescent Facilities	\$4,042
3246	401	Operations	5610040	Hospitals, Assisted Living, and Convalescent Facilities	\$874,138
3246	401	Operations	5089100	Unassigned Cash and Investments - Ending	(\$906,254)
3246	401	Operations	5946160	Capital Expenditures/Expenses - Hospitals, Assisted Living and Convalescent Facilities	\$2,921

**King County Public Hospital District #5  
Schedule of Liabilities  
For the Year Ended December 31, 2020**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
<b>Assessment Debt/Liabilities (with commitments)</b>						
253.43	Tax Warrant	1/31/2027	-	911,254	-	911,254
	<b>Total Assessment Debt/Liabilities (with commitments):</b>		-	<b>911,254</b>	-	<b>911,254</b>
	<b>Total Liabilities:</b>		-	<b>911,254</b>	-	<b>911,254</b>

**Labor Relations Consultant(s)**  
**For the Year Ended December 31, 20\_\_**

Has your government engaged labor relations consultants? \_\_\_ Yes X No

If yes, please provide the following information for each consultant:

Name of firm:
Name of consultant:
Business address:
Amount paid to consultant during fiscal year:
Terms and conditions, as applicable, including:  Rates (e.g., hourly, etc.):  Maximum compensation allowed:  Duration of services:  Services provided:



**LOCAL GOVERNMENT RISK-ASSUMPTION  
For the Year Ended December 31, 20\_\_**

1. no Does the entity self-insure for any class of risk, including liability, property, health and welfare, unemployment compensation, workers' compensation? (yes/no)

**If NO, STOP, you do not need to complete the rest of this Schedule.**

**If YES, continue below.**

- a. Which class of risk does the entity self-insure? Check all that apply.
- i.      Liability
  - ii.      Property
  - iii.      Health and Welfare (medical, vision, dental, prescription)
  - iv.      Unemployment Compensation
  - v.      Workers' Compensation
  - vi.      Other - please describe: \_\_\_\_\_
- b.      Does the entity self-insure as an individual program? (yes/no)
- i.      If answered YES, does the entity allow another separate legal entity into its self-insurance program(s)? (yes/no) For example, employees of a different organization participate in a health and welfare program of a city.  
  
If so, list the entity or entities: \_\_\_\_\_
- c.      Does the entity self-insure as a joint program? (yes/no)  
  
     If answered YES, list the other member(s): \_\_\_\_\_

2. \_\_\_\_ Does the entity administer its own claims? (yes/no)
3. \_\_\_\_ Does the entity contract with a third party administrator for claims administration? (yes/no)
4. \_\_\_\_ Did the entity receive a claims audit in the last three years, regardless of who administered the claims? (yes/no)
5. \_\_\_\_ Were the program's revenues sufficient to cover the program's expenses? (yes/no)
6. \_\_\_\_ Did the program use an actuary to determine its liabilities? (yes/no)

**EXAMPLE**

Description of Risk Type	Number of claims received during the period	Number of claims paid during the period	Total amount of claims paid during the period
Liability (automobile)	354	279	\$104,366

Description of Risk Type	Number of claims received during the period	Number of claims paid during the period	Total amount of claims paid during the period