

**San Juan County Public Hospital District #2
Dba Lopez Island Hospital District (LIHD)**

**Board of Commissioners - Regular Meeting
April 28, 2021**

**REMOTE MEETING DUE TO COVID-19
Zoom Video/Audio
4:00 – 6:00 pm**

Minutes

Commissioners Present

Albert Berger, Board Secretary
Christa Campbell
Iris Graville, Board President
James Orcutt
Steven Greenstein

Staff

Superintendent Anne Presson

Commissioners Absent

None

I. Call to Order

The meeting was called to order at 4:01 pm by Commissioner Campbell. Commissioner Campbell was asked to Chair the meeting in the absence of the Board President, Iris Graville. President Graville was expected to join the meeting late due to travel from off island.

II. Public Comment

There was no request for public comment at this time.

III. Consent Agenda

The Consent Agenda contained three sets of Minutes and two AP Voucher Reports. Superintendent Presson asked that the March 24th Regular Board Meeting Minutes be removed and brought back at the next meeting. That left Special Meeting Minutes of March 17th and Regular Board Minutes/Strategic Planning from April 14th. The AP Voucher Reports were dated 3/28/21 in the amount of \$1,791.13 and 4/25/21 in the amount of \$365.49.

MOVED by Commissioner Orcutt, seconded by Commissioner Berger to approve the Consent Agenda with the removal of Minutes from the March 24th Regular Board Meeting. VOTE: 4:0:0. Motion Carried.

IV. Health Care Partner Updates

a. **UW Medicine Lopez Island Clinic (UW)** – This being the mid-year report, the entire UW leadership team was present. This included the following:

- Debra Gussin, Executive Director UW Neighborhood Clinics and Associated VP Primary Care and Population Health.
- Lindsey Pervinich, CPA, Finance Site Lead, UW Neighborhood Clinics
- Dr. Matt Jaffy, Associate Medical Director, North Region, UW Neighborhood Clinics
- Dr. Bob Wilson, UW Lopez Clinic, Clinic Chief
- Mark Bresnick, Assistant Director of Operations, North Region, UW Neighborhood Clinics
- Crystal Rovente, UW Lopez, Clinic Manager

Gussin started the discussion with an overview of the health care landscape and how UW Medicine is adjusting since COVID. She shared that the system learned a lot and was able to do things they didn't think they could do. Things that were 5–10-year initiatives were executed in months.

Gussin went on to summarize UW's key strategies for the coming year:

1. UW feels virtual care and telehealth are here to stay, and it seems like parity for payment is likely to remain. While they have come a long way, she feels UW has only just scratched the surface of digital health, and there is a lot more that can be done around remote patient monitoring and incorporating technology into home devices. These types of innovations will be valuable to patients, like Lopez, who are far away from care. The system expects at least 20-25% of care will be remote, which might change the footprint of their bricks and mortar locations.
2. UW Medicine is also very focused on health care equity, diversity and inclusion. She pointed out that the UW system provides more charity care than the rest of the systems in the State combined. COVID has helped UW learn how to reach out to vulnerable populations. They have added a Chief Equity Officer who will be an important part of the overall work going forward.
3. UW recognizes their cost models aren't sustainable across the board, not just on Lopez. They are looking at ways to do the best they can to reduce expenses; however, they recognize that costs are going up every year. Perhaps by delivering more care remotely the need for labor will be less, or the makeup of the care team could change and using different types of caregivers could help mitigate overall expenses.

Recruitment and retention must also be balanced, and UW must keep an eye on ways to compete for the best talent. Commissioner Berger asked if UW saw an opportunity on Lopez to test clinical research programs – specifically around telehealth and remote patient monitoring. He also asked to what extent increased use of telehealth could reduce staffing requirements, and to what extent there is flexibility in looking at the clinic staffing model.

Gussin responded that there is still “grooming” work to be done to prepare patients for a telehealth visit. As a result, UW hasn’t yet seen reduced staffing needs. She acknowledged that could change over time as people become more comfortable and prolific in utilizing technology.

Gussin also shared that the Chair of UW’s Family Medicine Department Dr. Paul James, is interested in visiting the Lopez Clinic. He has a history in rural medicine and might consider ways to use the Lopez Clinic as a laboratory for remote monitoring. While it hasn’t been discussed yet, Gussin was open to exploring the idea of using Lopez as a pilot site. Dr. Jaffy commented that UW is still experimenting with remote monitoring, and has only recently started with patients with diabetes and hypertension management. The technology isn’t to the point where it’s easy to do, and there is still a large labor component involved.

Pervinich took over and spent the bulk of the meeting reviewing the LIHD’s FY ’21 experience through December 31, 2020, and a high-level overview of the financial activity in the most recent quarter. There was also a review of the FY ’22 draft budget and resulting gap in funding.

The key takeaways included:

FY’21

- Due to delayed billing from uncertainty around the telehealth reimbursement during COVID, some WRVUs from FY ’20 flowed into FY ’21 which is partially why WRVUs are up while visits are down over the reporting period.
- UW worked to decrease the per diem RN time to keep expenses down.
- UW is attempting to bring in seniors for their annual wellness visit to increase visits.
- Payor mix change (increased Medicare) is impacting Net Revenue (unfavorable)
- Lower than budgeted visits are impacting Net Revenue (unfavorable) and leading to lower Provider Incentive Payments (favorable)
- Benefit load for staff as State Workers under union contract is 40%; which is higher than what has historically been the actual cost of benefits for staff

- Expense per visit was only unfavorable to budget by 3.49%; represents good control of variable expenses since most expenses are fixed.
- Overall, expense management offsets revenue variance for a favorable financial performance (2.23%) through 12/31/20.

FY '21 financial performance through March 2021 is due to the Board by May 15. Pervinich reported the high-level trends as follows:

- wRVUs unfavorable by 10%
- Visits unfavorable by 14%
- Net revenue unfavorable by 17%
- Labor costs unfavorable by 1%
- Other expenses favorable by 21%
- \$90K remaining before reaching maximum funding by LIHD

FY '22 Budget Draft Overview - Pervinich summarized factors impacting Net Revenue and Expenses:

Favorable impact to Net Revenue:

- Volumes
- Increased reimbursement expected from Medicare

Unfavorable impact to Net Revenue:

- Payor Mix shift

Unfavorable impact to Expense – Labor Expense:

- Providers – 8.1% increase largely driven by projected 6.4% increase in wRVUs
- Non-providers – 6.4% increase driven by benefit load

FY '22 LIHD Funding Capped at \$641,481. Based on draft budget and resulting shortfall the gap between what's estimated and the LIHD cap is \$30,388. UW has proposed ways to reduce that to just under \$10,000.

Tactics for gap closure:

- Removal of Customer Service Line (no longer utilized in FY21)
- Reduction of vaccine expense which was likely over adjusted in FY '21

Gap per Presented Budget	30,388
Customer Service Line	(2,032)
Vaccines	(11,683)
Benefit Load Change	(7,153)
Gap to Close	9,520

Discussion continued around the FY '22 budget and ways to moderate expenses or increase revenue capture. UW talked about making sure they bill for all of the work that's performed, which is what drives the WRVU increase. Commissioners were asked to send additional questions and suggestions to Superintendent Presson. She and Commissioner Berger will continue working with Pervinich to finalize the FY '22 Budget with UW. The third quarter financials for the current fiscal year will be brought to the May 26th Board meeting.

- b. **LIPT** – Since the practitioners were seeing patients and unable to attend, Superintendent Presson shared a summary provided to her from the Lopez Island Physical Therapy practice. Overall, the financials are looking positive and the practice will provide a formal report at the May 26th Board meeting.

Visits - on budget for Q'1. Visits for March were strong, because staff have all been vaccinated and are transitioning to have some days where patients overlap. The budget had anticipated that they would gradually return to a pre-covid schedule in May, increasing the average number of patients to 10 per day in May and 11 per day by October. Will know more by the end of the 2nd quarter about whether the volume of appointments will support this schedule. The staff has not had time off for the past year, so they are coordinating vacations and assessing any impact on the schedule for the remainder of the year.

Revenue/Expenses – Revenue was 5% higher than budget and Expenses were on budget. Expenses may receive a small adjustment next quarter, because there were some issues during the year end transition from QuickBooks online for payroll to QuickBooks on the desktop. The new bookkeeper, Joyce Stewart, is working with the IRS to assure that the payroll taxes paid are at the correct level.

Revenues look excellent in March, but this is because the practice is in the wind-down phase with the old biller, while the new biller-initiated services in March and has extra staff helping with start-up. We look forward to seeing whether the new billers will help the practice achieve an ongoing higher revenue per visit.

Operating Loss – the loss of \$15,936 was 14% below budget. A portion of the PPP loan will additionally offset some of those expenses. The PPP offset will end by the end of April, and the practice requests that they be able to delay the request for LIHD subsidy until the May meeting. At that point there will be a full accounting of the PPP payroll contribution and the portion that contributed to the first quarter salary expense.

V. Community Partner Updates

- a. **CWMA** – Barbara Nepom and Katherine Ingman attended as the new representatives from CWMA. Superintendent Presson reported that she, Barbara, and others from the CWMA facilities team and UW met before the Board meeting to review the outstanding clinic equipment repairs, maintenance and replacement items. It was a very productive meeting and the group will continue working together in support of the Clinic.
- b. **Lopez Fire & EMS** – Duane Bordvick reported that the LIFE Commissioners will be starting their strategic planning on Monday from 9-3. Chief Bigby is working on the EMS levy and will be getting information to the public. They also purchased a new pickup truck through an IOSA grant.

VI. Committee Reports

- a. **Finance Committee** – There was no report from the Finance Committee.
- b. **Quality Committee** - There was no report from the Quality Committee.
- c. **Communications Committee** – Commissioner Campbell shared that the initial publication of HealthMatters 2.0 in the Weekly was incorrect and the paper would be republishing a four-page insert the following week. She also mentioned that paper copies were included in the deliveries by the Senior Center and LIFRC. She received a lot of positive feedback, and the comment heard the most is a request to have Dr. Wilson write a column. Dr. Wilson said he would be happy to write something for the next issue.
- d. **SJC Community-Based Long-Term Care (LTC) Network** – Superintendent Presson will provide a report for the grant at the May Board meeting.

VII. Old Business

No Old Business was brought back to the Board.

VIII. New Business

Rick McCoy from the Lopez Island Pharmacy provided an update to the Board. The McCoy's have the opportunity to begin to transfer ownership to Jennifer Hernandez. Jennifer was fortunate to start a rotation at the Lopez Pharmacy in the Spring of 2020. Due to COVID, her rotation was extended so she was able to spend several months working and living on Lopez. Both Jennifer and her husband fell in love with the community and are looking to make their home on Lopez. In fact, Jennifer's husband remained working on Lopez when Jennifer went back to finish her last semester of school at Washington State University.

There was continued discussion and agreement among the Commissioners that the Lopez Island Pharmacy is an integral part of the health care system on Lopez. It provides an invaluable service to the community, and is a close partner to the Clinic. There was consensus of the Board to form a Work Group to begin to think about how to provide additional support to Jennifer that would enable her to pursue taking over the Pharmacy. Superintendent Presson will work on gathering together members of the Pharmacy, LIHD and CWMA, as well as Jennifer and the LIHD consultant, to begin conversations.

IX. Operations Report

- a. **LIHD Financials through March 31, 2021** – Superintendent Presson provided a summary of the financial report for the first quarter of 2021. There was nothing unusual to report. The Superintendent noted the updates to the spread sheet since the February meeting. Commissioners expressed appreciation for the effort to create this new financial reporting format, which everyone agreed was much improved from the County reports.
- b. **Sensitive Items Update** – nothing currently under review.

X. Public Comment

There was no request for public comment at this time.

XI. Commissioner Comments

Commissioner Greenstein noted that he attended the LIFE Board meeting and it was the first time he was able to meet everyone in person. He shared that EMS provided Wen Murphy and Dr. Wilson with a pager to make it easy to reach if there's a question about a patient over the weekend or after-hours.

Commissioner Berger asked Chief Bigby about call volume. The Chief reported that Fire calls are down and EMS calls are about the same. That said, he did comment on the fact that in his first five month's he's flown off more people than in his prior 30 years as a Paramedic. The Chief offered to bring back information on what percentage of calls result in an air transport.

Commissioner Campbell circled back to the earlier UW discussion and asked Gussin to comment on what UW's focus on equity, diversity and inclusion will look like on Lopez. Gussin agreed to think about that and return with some ideas.

Commissioner Berger also asked Gussin about UW's focus on restorative justice. He recently read about that and wondered what it was about and whether it has applicability to the Lopez Clinic. Gussin committed to look into what had come from UW and provide more details.

Commissioner Orcutt commented on the discussion around the pharmacy. He would like to see something like what the PT practice provided when they initially were forming and asking for subsidy.

XII. Upcoming Meetings

The next Regular Meeting of the LIHD is scheduled for May 12th at 3 pm. This will be the Board's second Strategic Planning meeting. The second meeting in May is scheduled for May 26th at 4 pm.

XIII. Adjourn

MOVED by Commissioner Orcutt, seconded by Commissioner Berger to adjourn the Regular meeting at 6:20 pm. VOTE: 5:0:0. Motion Carried.