



Health Matters

Health and Wellness Information for Our Community



Clinic Hours

Lopez Island Medical Clinic is located in Lopez Village at 103 Washburn Place.

Clinic hours:
Monday–Friday,
8:30 am– 5:00 pm

To schedule an appointment, call 468-2245 during regular hours.

Medical emergency?
Dial 911.

www.lopezislandmedical.org/

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Editor: Lorrie
Harrison

A Comprehensive Look

Understanding the Need for a Public Hospital District

By Peggy Means, retired healthcare executive



Background: In September 2016, after 23 years partnering with Lopez Clinic, Island Hospital gave notice they would terminate their contract in June, 2017, explaining that operating a remote clinic in the current healthcare environment had become too challenging. Immediately, members of the Catherine Washburn Medical Association, the non-profit volunteer board that supports our clinic, began working with Dr. Wilson, clinic staff and community members to find a new model of management that would meet our needs. It became immediately apparent that whether we found a new partner or went independent, keeping the clinic in operation would require ongoing financial support from the Lopez community. (Read the reasons for this in the following article.) After exploring all options, the group felt that a Public Hospital District would be an excellent mechanism; it met their criteria of being financially sound, fiscally responsible, fair and equitable for our community. This is the same tool being used successfully to support many other rural, remote clinics around the country. A petition was put forward to put the measure on the ballot. While only 200 signatures were needed, more than 500 people signed, successfully placing it on the April 25 ballot. This issue is devoted to the two measures on that ballot: the proposed public hospital district to support Lopez Clinic and the election of commissioners to administer the district.

The health care industry is changing. While family practice clinics like ours have operated on a positive operating margin in the past, changes in the way the government and insurers pay clinicians have caused revenues to flatten while expenses continue to increase, primarily due to regulatory changes such as the transition to electronic medical records. In 2016 Lopez Clinic's operating margin was -1% (-\$16,000). For physical therapy it was -8% (-\$11,000). So even with no change in partners we would be facing shortfalls requiring community support to continue operating the clinic.

Plans for Medicare and Medicaid to reduce physician payments are widely expected to harm rural clinics. The government is providing tens of millions of dollars over the next three years to study rural clinics and educate MDs and clinic managers on best practices, hoping to develop solutions that will prevent many of them from closing. Island Hospital's decision to end our operating agreement compounds the difficulty. Currently we receive Medicare payments that are close to the cost of services provided. If we do not operate as a department of a rural hospital, we will receive less than half of the current payment amount that Island Hospital receives for our Medicare patients. As you might guess from surveying the number of people with gray hair on the island, Medicare patients comprise about half of the clinic's total visits. This payment shortfall is estimated at \$300,000 to \$400,000 per year. Some of that payment is for the hospital's administrative and overhead costs, but no one believes the clinic will operate with a positive operating margin at these lower rates.

Clinics that partner with medical organizations may have a more favorable reimbursement model than independent rural health care clinics. Those partnerships generally

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require that the community raise and put into escrow sufficient funds to subsidize anticipated transition and operating losses for a two year period. The amount may be as much as \$1M. Partners will not take on a rural clinic without a long-term source of public funding like a public hospital district.

Without a partner, independent clinics have to purchase services from private vendors. Those expenses can include hiring consultants to help credential insurers, transferring the staff to a new compensation and benefit plan, transition to a new electronic medical record, order entry and appointment systems, and developing new supply chains and laboratory/radiology relationships. This is extremely costly financially and in time and effort of the staff.

The reasons we put a PHD on the ballot now are three-fold. First, we wanted to demonstrate to potential partners that our community is willing to provide long-term financial

support for our clinic. Every health care system we spoke with indicated this would be needed to consider a relationship. Second, we wanted to have public funds available in 2018. If we waited until fall, the levy funds would not be available until 2019. Catherine Washburn Medical Association (CWMA) has almost \$3 million in reserves, but that is not adequate to provide ongoing subsidy of operations. The CWMA Board has committed to fund the transition from the reserves, but needs to conserve the bulk of these funds for building maintenance, renovation and replacement. Some parts of the building are now forty years old and need renovation. All of the business partnerships we have seen thus far require that the land, building and ongoing repair, renovation and replacement are the responsibility of the CWMA. Finally, we believe it is best to have the Public Health District commissioners in place as soon as possible. They will be dealing with the business decisions being made now and we want their involvement and support as negotiations proceed.

Public Hospital District Q & A

Answers to these questions were provided by the Catherine Washburn Medical Association Board who initiated the measure.

What happens if the Public Hospital District measure doesn't pass, will the Clinic close?

The clinic will not immediately close if the measure doesn't pass, but it will be thrust into a tough financial position. Potential partners will no longer be interested in partnering, putting us in the position of having to go independent. Independence is a lengthy process that will have significant impacts. In the short term, clinic services would be drastically reduced. For a period of time we would be able to serve urgent care patients only. Everyone else would need to go off island for their medical care until funding and business operations are in place to offer full services again.

Passing the hospital district assures that Lopez property owners will meet that financial need now, not delay until a financial crisis develops. The bottom line is this: Lopez Clinic must have additional funding. While we might limp along using our reserves for a period of time, the clinic will eventually close without our community's financial support.

If the measure doesn't pass, where will the funds come from?

Since the clinic opened in 1972, islanders have been making donations to the Catherine Washburn

Medical Association to maintain the building and fund clinic expansions. Right now our community, through the CWMA, has almost \$3 million held in reserve for those purposes. While the funds were not intended to run the clinic, they could be used in case of an emergency. Our best estimate is that the reserves would only keep the clinic open for a few years. Because this approach would empty the reserve fund, it would leave the clinic financially vulnerable. We believe it is better to establish a public hospital district now, begin collecting funds in 2018, and protect our reserves for the purposes they were intended.

Why isn't the tax rate included in the measure?

Like everyone on Lopez, we wish it were. The problem is, we don't have exact figures for the additional income that will be needed to run the clinic. That number can't be calculated until we know if we will have a new partner or will be operating independently. Once that is known, the commissioners will begin doing the financial work necessary to set a figure that meets our actual need. The commissioners will determine the tax rate by November of this year.

How much might the measure cost me?

San Juan County sets the range in RCW 7044.060. The maximum is 75 cents per thousand dollars of assessed value. For a property assessed at \$450,000 the maximum tax would be \$337.50 per year. Of course the tax rate may be considerably lower, depending on the clinic's actual financial need.

Without Strong Turnout, No One's Vote Will Count

According to regulations governing the April 25 election, votes for the hospital district measure will be counted only if enough Lopezians actually vote. In other words, if voter turnout is low, the ballot measure will be invalidated.

The magic number for this election is 746 votes. Of that number, a simple majority will pass the measure. The good news is that Lopez residents have a track record for turning out the vote. Even for special elections, usually 50% of Lopez islanders vote, more than enough needed for this election. "The fact is, if only 745 people on Lopez vote, no one's vote will count," said Marty Clark, president of the CWMA board. "We know Lopez likes to vote, so please give this issue your serious attention then mark and mail your ballot. This election is very important to the future of the clinic. More than ever, in this election every vote counts!"

Election of PHD Commissioners

The five commissioners who administer the Lopez Public Hospital District will be elected on this ballot. (Note: If the PHD measure is not approved, the commissioners will not serve.)

The commissioners' responsibilities are the same; their positions differ only in how many years each individual will serve. Once the winners for positions #2 and #4 are determined, the number of votes cast for each of the five positions determines each person's term of office. Each of the candidates' statements can be found in the San Juan County voters guide.

According to The Public Hospital District Commissioner Guide the board and individual commissioners are responsible for overseeing the hospital district's policies and organization with respect to the operation of the district, including the delivery of quality patient care. In fulfilling its obligation, the board's role is to adopt the necessary general policies to achieve these ends and to delegate the day-to-day operational responsibility with respect to these policies to the district administrator.

First tasks of the new board will be to establish by-laws and create a budget that will be submitted to San Juan County for approval. The commissioners will estimate the cost of the on-going subsidy needed whether we move forward with a new healthcare partner or as an independent clinic, then set the actual levy amount factoring in transition costs and the approved budget. The Association of Washington

Please join us for the
**Catherine Washburn
Medical Association**
2017 Annual Meeting
Lopez Library
10am until noon
Saturday, May 27, 2017
Everyone is welcome!

Public Hospital Districts (AWPHD) will help the new commissioners with procedures, policies and set up. The commission will be governed by the Washington State Open Public Meeting law.

RCW 70.44.060 outlines the powers and duties of the commission in full detail.
(<http://app.leg.wa.gov/rcw/default.aspx?cite=70.44.060>)

Candidates for the commission:

Position 1 **Christa Campbell**

Position 2 **Phil Paige, Rebecca Presley,
George LeBoutillier**

Position 3 **Iris Graville**

Position 4 **Kirm Taylor, Jim Orcutt**

Position 5 **Albert Berger**

**Find Latest Developments
on the Clinic/CWMA website**

**Check out our website for the newest
information about the partner pro-
cess and the proposed public hospital
district: www.lopezislandmedical.org**

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Catherine Washburn Medical Association
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Thank You, Ron Shively

After six years of service, Ron Shively retired from the Catherine Washburn Medical Association Board in May of last year. “I can’t say enough about Ron,” says Charlie Janeway, CWMA secretary. “He sure put his heart into it! We all appreciate his years of leadership.”

Ron made maintenance and repair issues a priority during his three years as president. Under his leadership the CWMA board added a new phone system for the clinic, authorized an energy audit and installed a new heating, ventilation and air conditioning system (HVAC). A digital information screen was mounted in the waiting room so patients could learn more about current health issues, the latest medical developments and clinic resources. The board published the hardcover book *Island Medicine*, which traces the history of medical care on Lopez from the late 1800’s to the present and officially recognizes financial donors.

“If there was something that needed to be done, Ron would do it. He was the one over at the clinic putting up or taking down the Christmas lights; the person going to the storage area to find the historical document we needed. His leadership was great. He kept our board focused and on track and was especially interested in process,” says Charlie. Along with board member Don Poole, Ron was a major driver behind beginning to develop plans for the much-needed expansion of the clinic. “When Island Hospital notified us that they would terminate their affiliation as of June 2017, those plans had to be put on hold. We hope that an expansion will happen in time.”



Ron Shively

“Fortunately,” says Charlie, “Marty Clark, our new board president, is leading the effort to find a new route to maintain our excellent clinic on the island. Just like when she was a Lopez paramedic and led our EMTs, Marty knows how to work as a team and weave the threads together. Her skills have already served our community exceptionally well.”