



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

September 27, 2004

Ordinance 15014

Proposed No. 2004-0277.1

Sponsors Edmonds and Lambert

1 AN ORDINANCE authorizing approval of an amendment
2 to the Interlocal Cooperation Agreement between King
3 County and the Pacific Hospital Preservation and
4 Development Authority for the provision of health care
5 services to indigent persons.

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7

8 **STATEMENT OF FACTS:**

- 9 1. King County Ordinance 8196, passed in August 1987, provided for a
10 public vote on general tax obligation bonds which included \$9,315,000 for
11 the Pacific Hospital Preservation and Development Authority ("PHPDA")
12 to modify the structure of the PHPDA's Beacon Hill facility to bring it into
13 compliance with city of Seattle seismic and other building codes.
- 14 2. In November 1987 King County voters approved the issuance of the
15 bonds detailed in King County Ordinance 8196.
- 16 3. An interlocal cooperation agreement between King County and the
17 PHPDA was entered into on April 17, 1991, pursuant to King County

18 Motion 8222, to provide for the transfer of the bond proceeds related to
19 the authority and to ensure compliance with federal law regarding the use
20 of proceeds from tax-exempt bonds.

21 4. The Seattle-King County department of public health and the PHPDA,
22 in consultation with the community health centers, have been in
23 discussions since 1998 seeking to target resources from the PHPDA to
24 persons in need of health care services and to clarify reporting
25 requirements for the PHPDA.

26 5. The county and the PHPDA share a mutual desire to maintain a safety
27 net of health care services to benefit indigent persons in the community.

28 6. The county, through the Seattle-King County department of public
29 health, will work with the PHPDA and the community health centers to
30 promote a system of health services that continues to support the PHPDA's
31 mission to serve indigent people and function as part of the community
32 safety net.

33 **BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:**

34 SECTION 1. The attached first amendment to the Interlocal Cooperation

Ordinance 15014

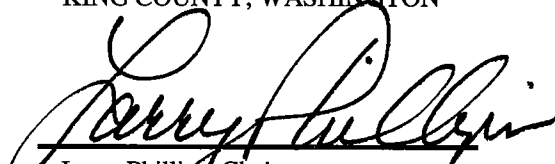
35 Agreement between Pacific Hospital Preservation and Development Authority and King
36 County is approved.

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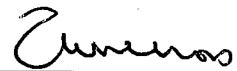
Ordinance 15014 was introduced on 6/21/2004 and passed by the Metropolitan King
County Council on 9/27/2004, by the following vote:

Yes: 12 - Mr. Phillips, Ms. Edmonds, Mr. von Reichbauer, Ms. Lambert, Mr.
Pelz, Mr. McKenna, Mr. Ferguson, Mr. Hammond, Mr. Gossett, Mr. Irons,
Ms. Patterson and Mr. Constantine
No: 0
Excused: 1 - Ms. Hague

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON


Larry Phillips, Chair

ATTEST:


Anne Noris, Clerk of the Council

APPROVED this 30 day of September, 2004.


Ron Sims, County Executive

RECEIVED
2004 OCT -5 PM 3:25
CLERK
KING COUNTY

Attachments A. First Amendment to the Interlocal Cooperation Agreement between Pacific Hospital
Preservation and Development Authority and King County, Washington

**FIRST AMENDMENT
to the
Interlocal Cooperation Agreement**

between

Pacific Hospital Preservation and Development Authority
(hereinafter the "**Authority**")
and
King County, Washington
(hereinafter the "**County**")

WHEREAS, the County and the Authority entered into an Interlocal Cooperation Agreement dated as of April 17, 1991 (the "**Interlocal Agreement**"), which set forth the terms and conditions concerning the County's issuance of bonds authorized by King County Ordinance No. 8196, which provided in excess of \$9,315,000 to the Authority to modify the structure of the Authority's Beacon Hill facility to bring it into compliance with City of Seattle seismic and other building codes; and

WHEREAS, the purposes of the Interlocal Agreement include the need to ensure that the Authority's project would benefit indigent persons for at least that period of time during which any bonds sold to finance the project remain outstanding or for twenty years after the date of issuance of the bonds, whichever is longer, and to ensure that the Authority meets certain obligations as part of the network of health care providers for the indigent, and

WHEREAS, the Seattle-King County Department of Public Health and the Authority, in consultation with the Community Health Centers, have been in discussions since 1998 seeking to target resources from the Authority, to persons in need of health care services and to clarify reporting requirements for the Authority; and

WHEREAS, the County and the Authority share a mutual desire to maintain a safety net of health care services to benefit indigent persons in the community; and

WHEREAS, The County, through the Seattle-King County Department of Public Health, will work with the Authority and Community Health Centers to promote a system of health services that continues to support the Authority's mission to serve indigent people and function as part of the community safety net;

NOW, THEREFORE, in consideration of the mutual promises made herein, the County and the Authority hereby agree as follows:

1. Article II of the Interlocal Agreement is hereby amended by deleting Sections Q., R., and S. in their entirety and adding new Sections AD., AE., AF., AG., and AH. as follows to the end of the Article:

AD. Department – Seattle-King County Department of Public Health

AE. Director – Director of the Seattle-King County Department of Public Health

AF. Charity Care Commitment – the Authority's Agreement pursuant to Section 8.2 to provide or otherwise arrange for not less than \$1.5 million per year in Charity Care.

AG. Community Health Centers – Non-profit, community based organizations located in King County that provide comprehensive health care services to low income and Indigent Persons, and communities of ethnic, cultural and linguistic diversity.

AH. Contracted Organization – A direct provider of health care and related services contracted by the Authority to provide charity care. As of the date of this First Amendment, the Contracted Organization is PacMed Clinics, a Washington non-profit corporation doing business as Pacific Medical Centers.

2. Article II, Section J of the Interlocal Agreement is hereby amended in its entirety to read as follows:

J. Charity Care – Charity Care includes any of the following:

- i) The unreimbursed cost of any health care the Authority provides or otherwise arranges to be provided to Indigent Persons.
- ii) The Authority's Bad Debt in excess of the industry standard. The industry standard shall be measured by the latest edition of the Medical Group Management Association's (MGMA) Cost Survey Report.
- iii) The cost of unreimbursed interpreter services for Indigent Persons.
- iv) Other Community Programs: If the Authority or its Contracted Organization develops additional community programs that benefit, in whole or in part, Indigent Persons, the Authority may request the Department's approval to include the unreimbursed cost of such programs to Indigent Persons towards meeting the Charity Care Commitment. The Authority must request and receive the Department's approval before applying the unreimbursed costs of such community programs to the Charity Care Commitment.
- v) Up to ten percent (10%) of Medicaid Contractual Allowances.

3. Article II, Section M of the Interlocal Agreement is hereby amended in its entirety to read:

M. Contractual Allowances – The difference between the Contracted Organization's charges for providing health care services and the contractually agreed reimbursement from Medicare, Medicaid, and the Washington Basic Health Plan or similar state funded healthcare programs.

4. Article II, Section O of the Interlocal Agreement is hereby amended in its entirety to read as follows:

O. Discount Payment Program – The program which discounts health care charges to Indigent Persons.

5. Article II, Section T of the Interlocal Agreement is hereby amended in its entirety to read as follows:

T. Indigent Persons:

- i) Those patients who receive services from the Authority or its Contracted Organization, within King County, who have exhausted any third party sources of payments, including Medicare and Medicaid, and whose gross income is at or below two hundred-fifty percent (250%) of the Federal poverty standards, adjusted for family size, or whose income is otherwise not sufficient to enable them to pay for the care or to pay deductibles or co-insurance amounts required by a third-party payor; or
 - ii) Patients referred from the Community Health Centers and/or the Department, when the Community Health Centers and/or the Department have determined that the patient has exhausted any third party sources of payments, including Medicare and Medicaid, and has a gross income at or below two hundred-fifty percent (250%) of the Federal poverty standards adjusted for family size or whose income is otherwise not sufficient to enable them to pay for the care or to pay deductibles or co-insurance amounts required by the third-party payor.
6. Section 8.2 of the Interlocal Agreement is hereby amended in its entirety to read as follows:

Section 8.2 Charity Care

- A. As long as any Bonds are outstanding or for twenty years after the date of issuance of the Bonds, whichever is longer, the Authority shall provide or otherwise arrange for Charity Care in exchange for public funding of the Project. To that end, the Authority will provide not less than \$1.5 million per year in Charity Care.
- B. Provision of comprehensive specialty care services to patients of the regional community health center system and the Seattle-King County Department of Public Health will be a priority component of the Charity Care provided by the Authority or its Contracted Organization in satisfaction of the above requirements.
- C. Documentation of compliance with the Charity Care Commitment will be the responsibility of the Authority. Documentation of the financial status of Indigent Persons shall be the responsibility of the Contracted Organization. The responsibility for documentation of the financial status of patients referred by a Community Health Center or the Department to the Contracted Organization may be delegated to the referring Community Health Center or the Department, as applicable. If the Contracted Organization delegates documentation of financial eligibility to the referring providers, the Contracted Organization will enter into an agreement to formalize this responsibility. These agreements shall be available to King County and/or State Auditor, if requested.

7. A new Section 8.21 is added as follows:
Section 8.21 Community Health Center and Department Referrals
 The Authority, through its Contracted Organization, shall accept referrals from the Community Health Centers and the Department.
8. A new section 8.22 is added as follows:
Section 8.22 Commitment to serving those in need
 The Authority, through its Contracted Organization, will continue to serve Medicare and Medicaid patients and patients who are Indigent Persons, consistent with 1988 benchmarks as described in Attachment A.
9. A new Section 8.23 is added as follows:
Section 8.23 Reporting
- A. The Authority will submit quarterly reports to the Department no later than thirty days after the end of each quarter. The Authority will also submit an annual report to the Department by February 15th of each year during the term of this Agreement with respect to the preceding year. Such reports will be presented in the format of Attachment A and will document compliance with the requirements of sections 8.2 and 8.22. Such reports will also include other information as set forth in Attachment A.
 - B. In the event the level of health care provided to Indigent Persons, Medicaid, and Medicare patients falls below the commitments found in sections 8.2 and 8.22, the Authority will explain the reasons for such reduction to the Director and will submit a plan and timeline for achieving the financial commitment of this agreement. If the Authority is unsuccessful, the Director will prepare a report with recommendations for the King County Executive.
 - C. The Authority and the Director will meet at least biennially to discuss charity healthcare trends and changes in funding demands (as a mechanism to ascertain how the need might be changing in the community), as well as the financial ability of the Contracted Organization to provide Charity Care at historical levels.
 - D. The Authority will secure patient satisfaction information from the Contracted Organization and will, to the extent possible, gather patient satisfaction information relative to persons served under the charity care commitment. The Authority shall annually prepare patient satisfaction information and submit it with the fourth quarter report.
 - E. The Authority will request the Community Health Centers and Public Health clinics to provide information annually regarding patient access and service availability for referred Charity Care. Information will be reported annually with the fourth quarter report.
10. Section 8.4 of the Interlocal Agreement is hereby deleted in its entirety.
11. Attachment A to the Interlocal Agreement is hereby deleted in its entirety and replaced with Attachment A as attached to this First Amendment.

- 12. All other terms and conditions of the Interlocal Agreement shall remain unchanged and in full force and effect.
- 13. The County's obligations under the Agreement are subject to official County Council approval.

AUTHORITY

By _____

Its _____

Date: _____

Pursuant to Resolution _____

COUNTY

Date: _____

Acting under authority of
Motion No. _____

Approved as to form:

Norm Maleng
King County Prosecuting Attorney

Attachment A
PHPDA Charity Care Agreement--Quarterly and Annual Report
Q__ Year__

<u>Charity Care Financial Commitment</u>	
Charity Care to Indigent Persons	\$
Unreimbursed costs of interpreter services	\$
Bad Debt (exceeding the MGMA average)	\$
Up to 10% of Medicaid Contractual Allowances	\$
Unreimbursed costs of other approved community programs	\$
TOTAL	\$
	REQUIREMENT OF \$1.5 MILLION
<u>Other significant care (charges not reimbursed)</u>	
Medicaid Contractual Allowances	\$
Medicare Contractual Allowances	\$
TOTAL	\$

<u>Charity Care patients</u>	# Unduplicated Patients	1988 Benchmark
Unduplicated Charity Care Patients		1,100
Unduplicated Medicaid Patients		2,271
Unduplicated Medicare Patients		1,464
<i>Total</i>		

To be reported annually:

- Patient satisfaction information
- Satisfaction of referring organizations
- Other Arranged Charity Care (i.e., arranged charity hospital services)