



2005 Annual Report

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Pacific Hospital Preservation & Development Authority

Overview

Purpose and Mission

The City of Seattle chartered the Pacific Hospital Preservation & Development Authority (PHPDA) in 1981. Its principal asset is the Beacon Hill property known previously as the Public Health Service Hospital or Pacific Hospital, consisting of a 14-story “hospital tower” leased to Wright Runstad (sub-leased to Amazon.com), a clinic in the ground floor & basement of the “tower building,” six Officers’ Quarters buildings and a patient parking garage all leased to Pacific Medical Centers, and the surrounding grounds.

The PHPDA purpose (per the revised Charter, as approved by the Mayor of Seattle on November 2, 2004) is: To support and provide funding for the provision of the best possible health care to medically underserved communities in the greater Puget Sound area, including those referred through community clinics, those with limited access to medical care, and all others who are in need of charity health care.

The PHPDA adopted the following **Mission** and **Goals** in December 2004:

Mission: To champion effective health care for the vulnerable and disadvantaged in our community.

PHPDA Goals/Roles:

- Promote the increased provision of specialty services for the underserved and uninsured.
- Promote high quality, culturally appropriate health care in our community.
- Promote improved health care for the vulnerable and disadvantaged by “telling their story” (i.e. putting a face on their health care needs and the efforts of those who seek to address those needs).
- Assure that the PHPDA’s Charity Care Commitment is met, by providing funding for health care services for indigent, Medicaid, and Medicare patients, with a priority on providing specialty services to patients referred by Community Health Centers and Seattle-King County Department of Public Health Clinics.

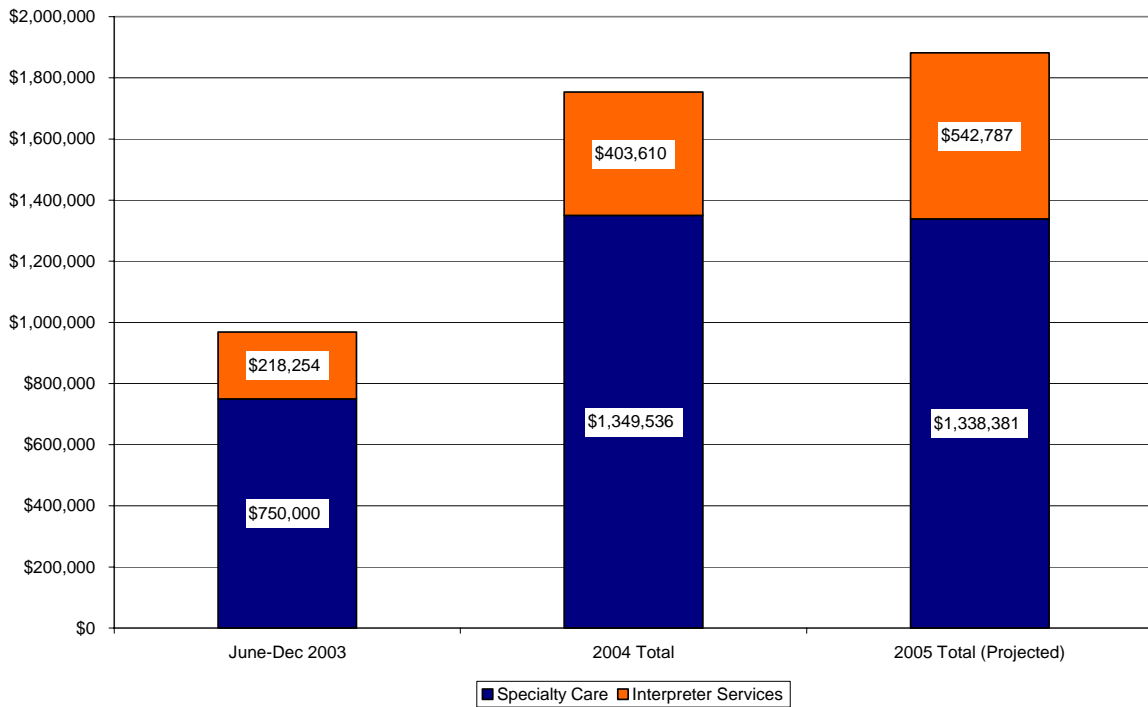
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Key Events in 2005

Provision of health care services to the vulnerable and disadvantaged

In 2005 the PHPDA provided over \$1.3 million, through a contract with Pacific Medical Centers, to support specialty care for the uninsured. An additional \$540,000 was used to provide interpreter services for Medicaid patients at over 8,800 medical appointments through the Federal Medicaid Match Program (48.5% Medicaid Match, 51.5% PHPDA funds).

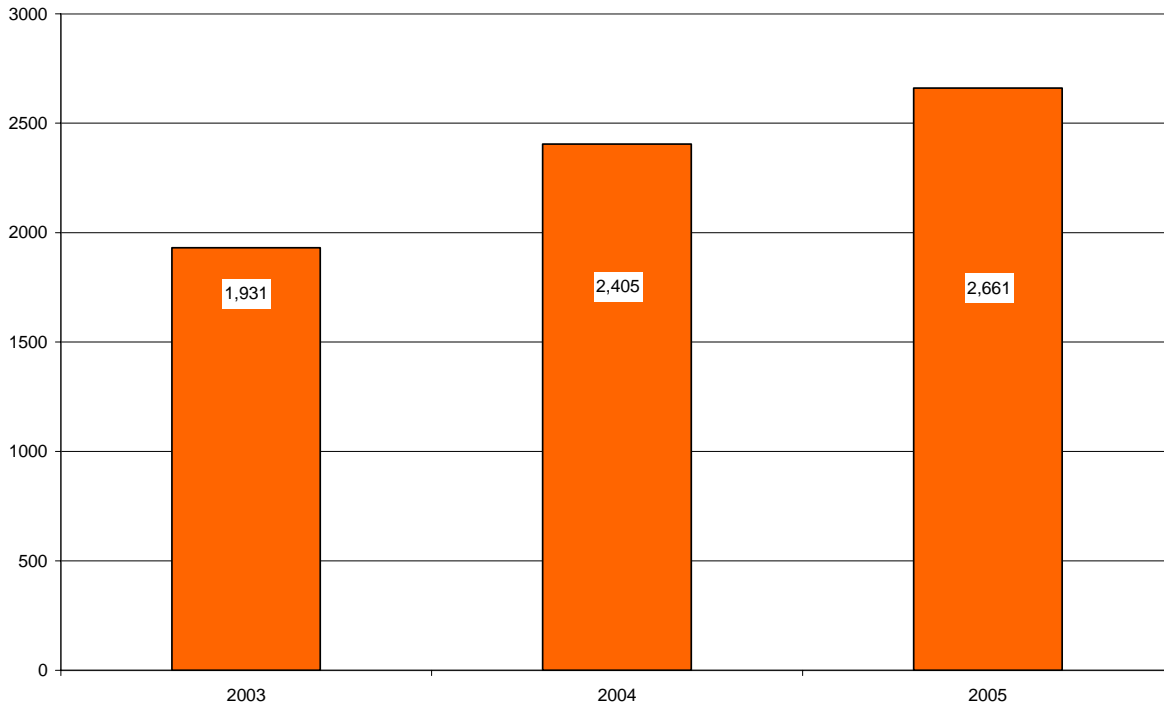
2003-2005 PHPDA Use of Program Funds



Most importantly, in 2005 more than 2,600 people received health care they could not otherwise afford through the efforts of the PHPDA and its partners.

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Number of Uninsured Patients Supported by PHPDA Contributions



Access to specialty care

In partnership with the Washington Health Foundation and King County Medical Society, the PHPDA moved King County Project Access closer to implementation. This program is one in which an infrastructure is put in place to make it easy for specialty physicians to see uninsured patients free-of-charge, upon appropriate referral from Community Health Centers and the clinics of the Seattle-King County Department of Public Health

Culturally appropriate health care

The PHPDA has an Interlocal Agreement (contract) with the Department of Social and Health Services, wherein DSHS reimburses the PHPDA for interpreter services provided to Medicaid patients. This is a Medicaid Match program. In 2005, the PHPDA and DSHS signed a new four-year Interlocal Agreement (July 2005-June 2009) to continue this long-standing program. The PHPDA subcontracts with Pacific Medical Centers to provide the interpreter services. In 2005, the PHPDA provided funding for interpreters at over 8,800 appointments, for a total contribution of over \$540,000.

In 2005 the PHPDA Governing Council conducted an in-depth analysis of the Interpreter Services program and the provision of services at Pacific Medical Centers. Audits were performed of the certification status of interpreters, and current and historical data were collected and reviewed. The PHPDA is pleased to continue working with Pacific Medical Centers on this program in 2006.

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In the summer of 2005 the PHPDA participated in a test project (named "PREQUEL") with UW Health Sciences focusing on cultural competency for a group of UW Health Sciences students working in rural Nicaragua. The six participating students were educated in cultural skills prior to departure for their service. Upon their return, they submitted written reports and were interviewed one-on-one about their experiences. Lessons learned about cultural preparedness (or lack thereof) will be incorporated in future similar projects.

Financial oversight

The PHPDA Governing Council took the following actions in 2005, in response to recommendations of the Finance Committee:

- **AUDITS:** Worked with external auditor (Moss Adams) and reviewed final external audit findings. Implemented recommendations regarding fixed asset system and depreciation. Put in place policies recommended in the 2003 audit by the State Auditor.
- **OVERSIGHT OF CONTRACTS:** Amended the Charity Care Cooperation Agreement between Pacific Medical Centers and the PHPDA to better manage financial aspects of the Interpreter Services program.
- **TAX STATUS:** Requested modification of the PHPDA's tax status classification based on the PHPDA's standing as an "affiliate of a governmental unit."

Governing Council

The PHPDA is governed by a board of nine volunteer community representatives who oversee its activities and work to protect its asset (the property). In 2005, one new member was appointed to the Governing Council, and three members were reappointed for three-year terms.

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2005 Charity Health Care Report
Services provided by Pacific Medical Centers

The PHPDA has a contract with Pacific Medical Centers, wherein the latter serves as the PDA's Contracted Organization to deliver charity health care services to uninsured patients. Priority is given to the provision of specialty services, and Pacific Medical Centers commits to accepting patients referred by the Community Health Centers and the King County Health Department.

<u>Value of Services provided by Pacific Medical Centers –the Charity Care Financial Commitment</u>		<u>Jan-Dec 2005</u>
Charity Care to indigent persons		\$2,540,364
Unreimbursed costs of interpreter services		\$217,619
Bad Debt (exceeding the MGMA average)		none
Up to 10% of Medicaid Contractual Allowances		\$322,610
Unreimbursed costs of other approved community programs		<i>None to date</i>
ANNUAL TOTAL		\$3,080,594
Baseline goal EXCEEDED		REQUIREMENT OF \$1.5 MILLION MINIMUM
<u>Other significant care (charges not reimbursed)</u>		
Medicaid Contractual Allowances (90%)		\$2,903,494
Medicare Contractual Allowances		\$4,852,614
TOTAL		\$7,756,108
Patients served: Benchmarks EXCEEDED		
<u>Patients served by PMC</u>	# Patients Jan-Dec 2005	1988 Benchmark
Unduplicated Charity Care, uninsured Patients	2,661	1,100
Unduplicated Medicaid Patients	5,436	2,271
Unduplicated Medicare Patients	5,828	1,464

Patient "satisfaction with overall quality of care" rating: **4.17**
(On a scale of 1-5, with 5 being excellent.)

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Priorities for 2006

Programming Goals:

- Continue to improve access to specialty care for the uninsured and underinsured by working with King County Project Access (KCPA) to ensure its success and development.
- Promote high quality, culturally appropriate health care in our community.
- Design and create a website for the PHPDA, at www.phpda.org.
- Continue to ensure that the PHPDA's Charity Care Commitment is met (per the King County-PHPDA Interlocal Agreement).

Financial/Stewardship Goals:

- Develop a long-term plan for use of PDA funds that will provide stability and support the PHPDA's mission,
- Monitor the obligations of the PDA's contractors.
- Conduct a review of the maintenance programs of the PHPDA's two long-term tenants. Act on any recommendations from the PDA's property maintenance consultant.

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PHPDA Council Members and Officers as of January 2006

Council Member	Position(s)	Employment	Term ends	Appointing authority
Gary A. Zimmerman	Council Chair Ex Officio to Planning & Finance Committees	Fiske Genealogical Foundation	December 2007	PHPDA Council
Steve Brennan	Council Vice Chair Planning Committee	Providence Health System	December 2007	Mayor
Kevin Fox (appointed Jan 1, 2006)	Finance Committee	Bank of America	December 2008	PHPDA Council
Dr. Carey Jackson (appointed June 2005)	Planning Committee	Harborview Medical Center	December 2008	Mayor
Theresa Rambosek (appointed Jan 1, 2006)	Council Secretary Planning Committee	Self-Employed (Attorney)	December 2007	PHPDA Council
Linda Ruiz	Planning Committee Chair	Affiliated Computer Services	December 2006	Mayor
Margaret Z. Shepherd	Planning Committee	KS Consulting	December 2006	PDA Council
Todd Timberlake	Finance Committee	Microsoft Corporation	December 2006	King County Executive
Dr. Tom Wood	Council Treasurer Finance Committee Chair	Swedish Clinical Information Systems	December 2008	Mayor
Rosemary Barker Aragon	Ex Officio, all committees	PHPDA Executive Director		

The Council Chair, Treasurer, and Executive Director are bonded, for \$6,000 each.

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Financial Information

Operating Budget

The PHDPA 2006 Operating Budget was approved on December 13, 2005. The PHPDA has no capital budget.

Operating Revenues:	<u>\$2,508,160</u>
Operating Expenses:	<u>\$867,468</u>
<i>(includes \$526,800 for Interpreter Services program funding)</i>	

Charity health care purchased from Pacific Medical Centers:	<u>\$1,340,692</u>
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Operating Reserve:	<u>\$50,000</u>
Maintenance Reserve:	<u>\$25,000</u>

Depreciation:	<u>\$1,182,000</u>
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The PHPDA is operating with positive cash flow.

PHPDA revenue sources are: Tower lease monies (Wright Runstad); Beacon Hill clinic space/quarters/garage lease payments (Pacific Medical Centers); and DSHS Medicaid Match funding for interpreter services.

List of Depositories

PHPDA monies are deposited in Bank of America checking and savings accounts (Business Interest Optimizer Account

Certified statement of assets, liabilities, income, and expenses for 2005

The December 31, 2004 PHPDA Financial Statements and Schedules (with Independent Auditors' Report thereon) were transmitted to the City of Seattle in June 2005. The 2005 Audit will be transmitted upon completion.

Prepared March 2006 by: Rosemary Barker Aragon, Executive Director
Approved March 14, 2006: PHPDA Governing Council