



2007 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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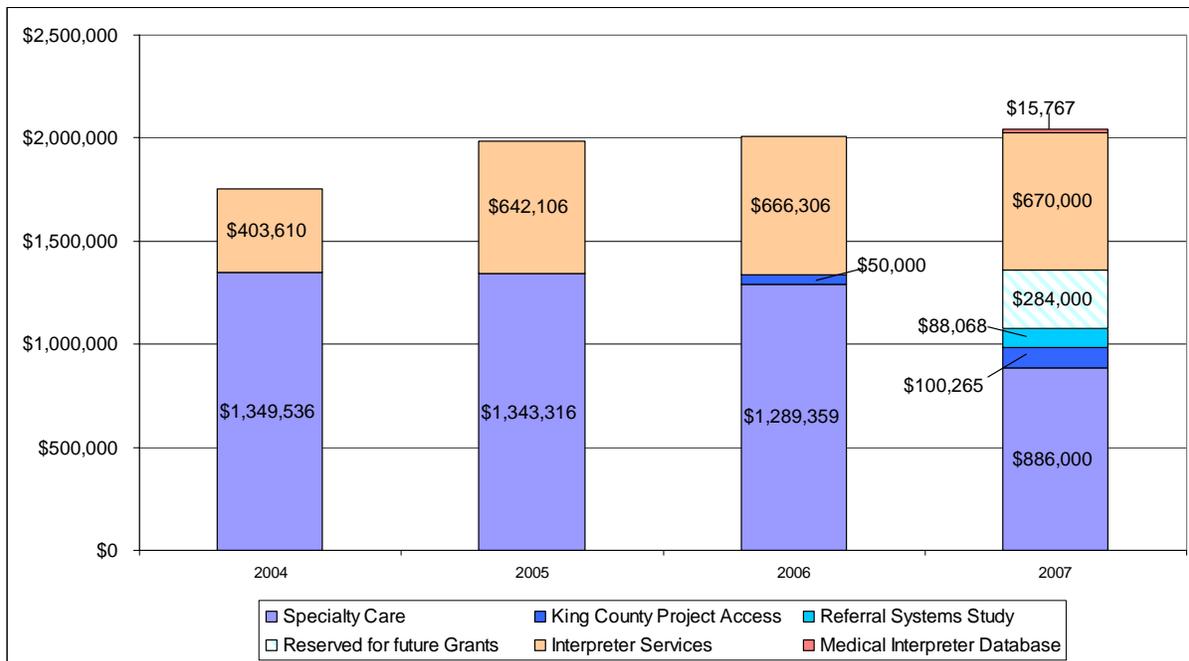
Key Events in 2007

Provision of health care services to the vulnerable and disadvantaged

In 2007 the PHPDA provided almost \$1 M to underwrite specialty care services for the uninsured. A \$100,265 grant was given to King County Project Access and an \$886,000 agreement with Pacific Medical Centers underwrote the latter's specialty care services for the uninsured (the "Patient Assistance Program").

\$670,000 was used to provide interpreter services for Pacific Medical Centers' Medicaid patients, at over 9,405 medical appointments, through the Federal Medicaid Match Program (50% Medicaid Match, 50% PHPDA funds).

The PHPDA dedicated other funds to new initiatives, including a research study to examine gaps and problems in the specialty referral system network, and the development of a database of local medical interpreters for use by public medical organizations.

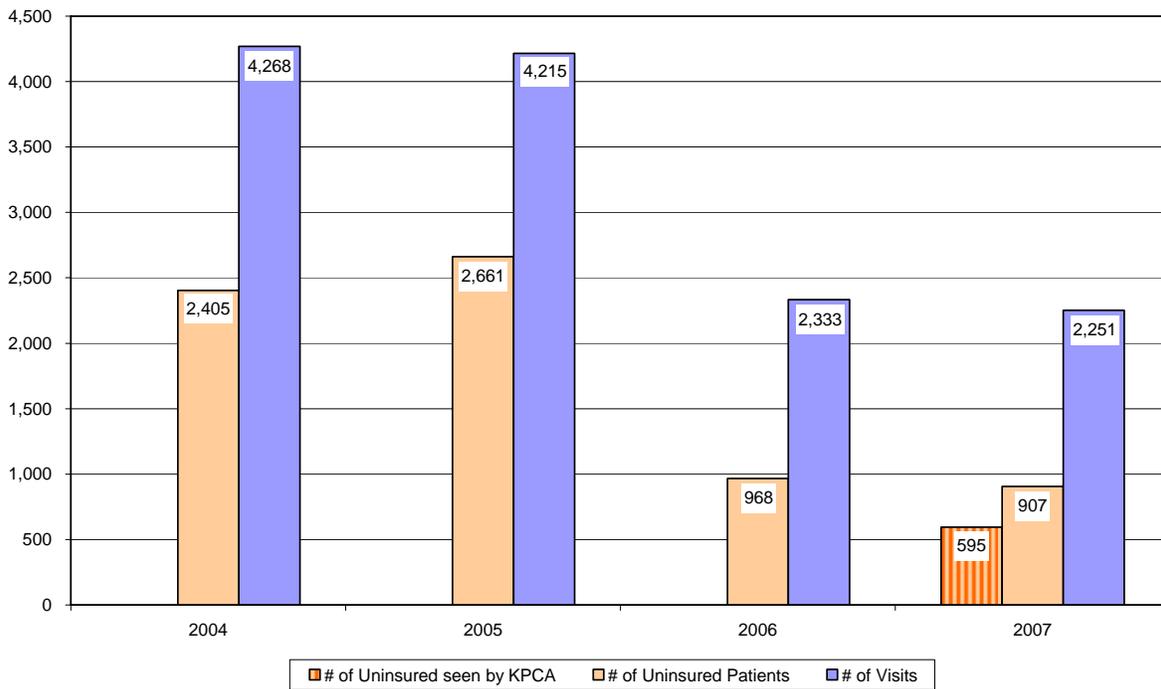


Charity Care services goals met in 2007

The PHPDA has a baseline goal of providing \$1.5 million in services to the uninsured through its contractor, Pacific Medical Centers. For 2007, Pacific Medical Centers provided almost \$1.9 million in specialty services and interpretation to the uninsured. The value of these services is based on full charges. This baseline goal was thus met in 2007.

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**Specialty Care Patients & Visits at Pacific Medical Centers
 Supported by PHPDA Contributions**



Charity Care patient goals met in 2007; Referral Systems Study undertaken to remove barriers to specialty care access

The PHPDA has a benchmark goal that over 1100 uninsured patients will be seen (with its funding). Pacific Medical Centers provided care to 907 patients: King County Project Access served 595 patients, for a total of 1502.

The PHPDA has been actively tracking the decline in patients seen throughout 2006 and 2007, and has taken action to address this issue. In 2007 the PHPDA hired a consulting firm and established an Oversight Committee of safety net organizations to study the referral and eligibility processes that are in place for referring low-income patients from primary care clinics to specialty care providers (Pacific Medical Centers and KPCA volunteer organizations). The goals of the study were to thoroughly understand the processes involved and to generate recommendations for system-wide improvement. In 2007, only 42% of referred uninsured patients were successfully appointed. After implementation of recommended changes, 77% of referred patients were successfully appointed during the first 3 months of 2008, indicating an 83% increase of successful referrals.

Total investment in this critical project was over \$88,000 in 2007.

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Culturally appropriate health care

In 2007, the PHPDA provided funding for interpreters at over 9,405 Medicaid appointments, in a program which is partially funded by the Washington State Department of Social and Health Services. (The PHPDA contracts with Pacific Medical Centers to provide the interpreter services to Medicaid patients.) Total funding for this program in 2007 was \$670,000.

In 2007 the PHPDA invested over \$15,000 in a project to support its goal of culturally appropriate health care: to develop a medical interpreter database for use by health care organizations in the Puget Sound region (Harborview Medical Center, University of Washington, Seattle King County Public Health, and Pacific Medical Centers). Development will continue in 2008. The PHPDA is funding this project in its entirety.

Communications

2007 saw production of the PDA's second "Report to the Community," a document sent out to key stakeholders and distributed to the public at various events. The report details the PDA's use of funds, current programs, goals, and more. In addition, a background piece, "A Short History of the PHPDA," was produced. This communications piece details the historical development of the Pacific Hospital and the PHPDA organization, from 1933 through future key dates, ending in 2021. These documents, as well as the PDA's annual reports, are available to the public on the PDA's website, www.phpda.org.

Property stewardship

The PHPDA continues to monitor the maintenance practices of its lessees, in support of its charge of stewardship for the property. Maintenance issues will continue to be brought to the attention of the lessees in a timely manner.

Financial oversight

The Finance and Audit Committee revised its committee charter, to clarify its audit and risk management responsibilities. The committee worked with the external auditor in reviewing their recommendations for the 2006 independent audit. The Committee reviewed financial statements on a monthly basis. On a quarterly basis it reviewed credit card expenditures, the check register, and retirement contributions.

Financial policies are continually reviewed and updated, and new policies developed.

At the end of 2007, the PHPDA now has \$100,000 in both of its two Reserve Funds.

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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 2007, one new member was appointed to the Governing Council, and two were reappointed for three-year terms.

2008 PHPDA Council Members and Officers

| Council Member | Position(s) | Employment | Term ends | Appointing authority |
|--------------------------------|---|----------------------------------|------------------|-----------------------------|
| Gary A. Zimmerman, PhD | Council Chair, <i>Ex Officio</i> Planning & Finance Committees | Retired University Administrator | December 2010 | PHPDA Council |
| Kevin P. Fox | Council Vice Chair, Finance Committee Chair | Bank of America | December 2008 | PHPDA Council |
| Theresa J. Rambosek, JD | Council Secretary, Planning Committee member | Bennett, Bigelow, & Leedom | December 2010 | Mayor |
| Dr. Thomas H. Wood, MD | Council Treasurer, Finance Committee member | Swedish Medical Center | December 2008 | Mayor |
| Linda A. Ruiz, JD | Planning Committee Chair | Affiliated Computer Services | December 2009 | Mayor |
| Marite M. Butners, MA, JD, LLM | Planning Committee member | Providence Health System | December 2010 | PHPDA Council |
| Dr. J. Carey Jackson, MD, MPH | Planning Committee member | Harborview Medical Center | December 2008 | Mayor |
| Wendy Watanabe, MSW | Planning Committee member | Consultant (self-employed) | December 2009 | PHPDA Council |
| Lance M. Wilken | Finance Committee member | CB Richard Ellis | December 2009 | King County Executive |
| Rosemary Barker Aragon, MPA | <i>Ex Officio</i> , all committees | PHPDA Executive Director | | |

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

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Summary Program Information

1. Funding Provided by the PHPDA

| Grantee/Contractor/Initiative | PHPDA Funding in 2007 |
|---|----------------------------------|
| Contract with Pacific Medical Centers – Specialty Care for uninsured patients | \$886,000 |
| Contract with Pacific Medical Centers – Interpreter Services for Medicaid patients | \$670,000 |
| Grant to King County Project Access- Specialty Care for uninsured patients | \$100,265 |
| Specialty Referral Systems Study—removal of barriers | \$88,068 |
| Medical Interpreter Database | \$15,767 |
| Total expended on programs in 2007: | \$1,760,100 |
| The PHPDA did not expend its entire budget in 2007. It held those unexpended funds for future grant making. This will be guided by the Strategic Planning underway in 2008. | |
| Unexpended funds (available for grant making in 2008) | \$284,000 |
| Total: | \$2,044,100 |

2. Patients Served by PHPDA Contractors/Grantees

| Grantee/Contractor | Number of Patients Served in 2007 |
|--|--|
| Pacific Medical Centers – Discount Payment (Charity Care) Program and Interpreter Services for Charity Care patients | 907 |
| King County Project Access | 595 |
| Total: | 1,502 |

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Priorities for 2008

The PHPDA

- The PHPDA will complete an updated strategic plan, which will guide its expanded grant making efforts from 2008 on.

Planning Committee Goals:

- Increase number of uninsured or underinsured patients receiving specialty care services by: a) supporting the growth and long-term stability of King County Project Access; and b) ensuring the implementation of 2007 Referral Systems Study recommendations.
- Lead the 3-year strategic planning for the organization, including development of specific milestones.
- Lead the expansion of the PHPDA grant making program. Ensure the effectiveness of the PHPDA's grant making program.
- Increase public support for PHPDA efforts and programs by developing a communications plan that is consistent with the 3-year strategic vision.

Finance Committee Goals:

- Continue to monitor the obligations of the PDA's Charity Care and Interpreter Services contractors.
- Develop plans for the PDA's financial future and to inform the organization's 3-year plan.
- Monitor the financial aspects of grant compliance.
- Ensure that the PDA effectively manages its leases and assures stewardship of its capital assets.
- Undertake a high-level organizational risk assessment.

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Financial Information

Operating Budget

The PHPDA 2008 Operating Budget was approved on December 11, 2007. The PHPDA has no capital budget.

| | |
|---------------------------|--------------------|
| Cash Revenues: | <u>\$2,608,416</u> |
| Operating Expenses: | <u>\$340,579</u> |
| Pass-Through Expenses*: | <u>\$304,872</u> |
| Grants/Projects/Services: | <u>\$1,962,965</u> |
| Depreciation (non-cash): | <u>\$1,044,585</u> |

**The PHPDA pays leasehold excise and property taxes on behalf of its two long-term tenants, and is subsequently reimbursed for these taxes.*

PHPDA revenue sources are: 1) rental income from the three long-term tenants, WRC.Com Tower, WRC.Com Development, and Pacific Medical Centers; 2) government grants (DSHS Medicaid Match funding for interpreter services); 3) lessee property and excise tax reimbursements, and; 4) interest income.

As of January 1, 2008, the PHPDA holds \$100,000 in its Operating Reserve Fund and \$100,000 in its Maintenance Reserve Fund.

List of Depositories

PHPDA monies are deposited in Bank of America checking and sweep accounts.

Certified statement of assets, liabilities, income, and expenses for 2006 and 2007

The December 31, 2006 PHPDA Financial Statements and Schedules (with Independent Auditors' Report thereon) were transmitted to the City of Seattle in June 2007. The 2007 Audit will be transmitted upon completion in late spring 2008.

*Prepared March/April 2008 by Rosemary Barker Aragon, Executive Director
Approved March 11, 2008 by the PHPDA Governing Council*

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Attachments

- 1. Certificates of Insurance**
- 2. PHPDA 2008 Operating Budget**
- 3. Resolution 18-2007, approving the 2008 Operating Budget**