



## **2008 Annual Report to the City of Seattle**

Approved March 10, 2009 by the PHPDA Governing Council

**2008 Annual Report to the City of Seattle**  
***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. This property consists of a 14-story “hospital tower” and north lot leased to Wright Runstad. It also consists of 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. The surrounding grounds are used in common by the PHPDA and the tenants. These lease funds are used by the PHPDA to accomplish its purpose.

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 **Mission** is to champion effective health care for the vulnerable and disadvantaged in our community. This is done to bridge gaps in health care access. (December 2004)

**Key Events in 2008**

In our 2007 Report to the City, we identified five priorities which all have been addressed. They included:

- Update the PHPDA strategic plan
- Increase the number of uninsured or underinsured patients receiving specialty care services
- Expand our capacity to increase grant making
- Ensure that the PDA effectively manages its leases and assures stewardship of its capital assets
- Undertake a high-level organizational Risk Assessment and address these risks

**Strategic Plan Update**

In 2008, the PHPDA updated its strategic plan.

The PHPDA **vision** is: A community in which all people have access to effective health care that respects each individual’s value and circumstance.

By acting as a Funder and a Catalyst, the PHPDA will:

1. Underwrite and fund direct specialty care for the uninsured and underinsured.
2. Identify and eliminate barriers to access
3. Fund Research & Evaluation efforts which provide credible data to inform decision making at the system level, as well as the program level.

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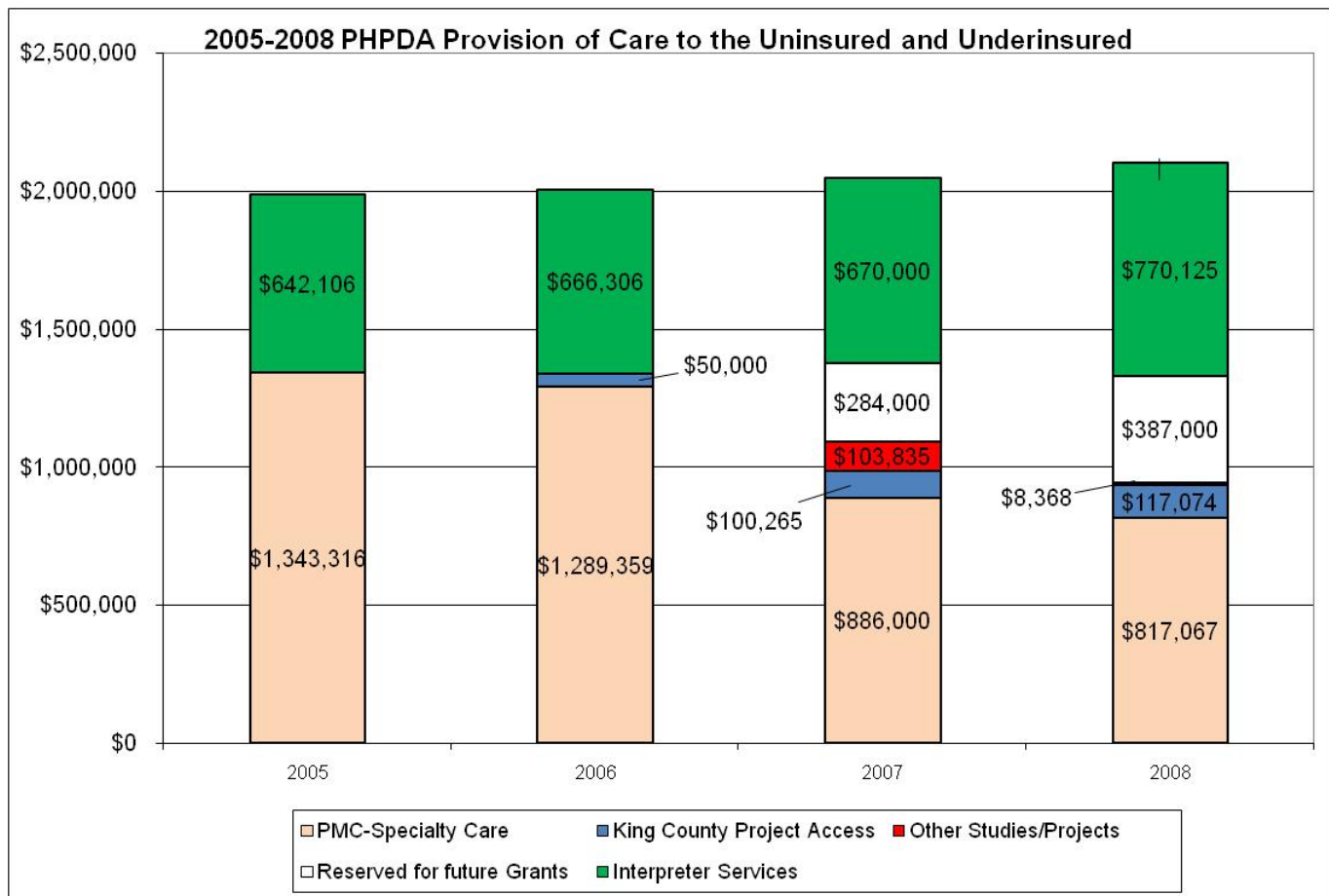
**PHPDA funding increased care for the uninsured and underinsured**

The PHPDA provided almost \$2.1M for healthcare services to the uninsured and underinsured, using lease revenues of \$1.7 million and a DSHS Grant of \$385,000.

The PHPDA underwrote Pacific Medical Center’s direct provision of specialty care to the uninsured. Over \$817,000 was provided to PMC to pay for these specialty services in 2008. This represents approximately 34% of PMC charges to provide specialty care to the uninsured, the rest of which are absorbed by PMC.

In 2008, the PHPDA provided a \$100,000 general operations grant to King County Project Access and a \$15,000 Capacity Building/Sustainable funding grant for King County Project access—for a consultation to occur in 2009. This represents approximately 1/3 of KCPA funding.

An additional \$770,125 was expended to provide Interpreter Services for Medicaid patients receiving healthcare at Pacific Medical Centers. Over 11,150 interpreted Medicaid visits were funded in 2008. The PHPDA participates in the Medicaid Administrative Match Program administered by DSHS (50% Medicaid Match, 50% PHPDA funds).



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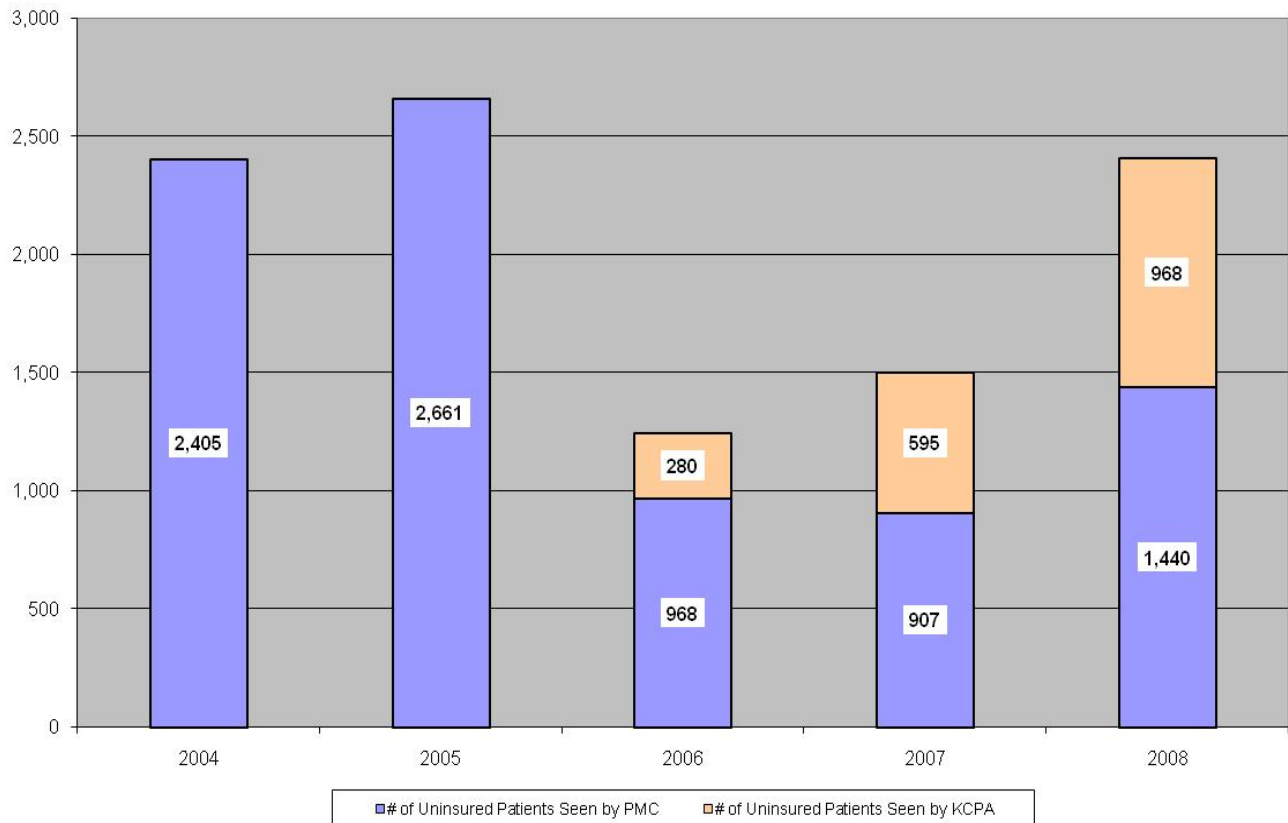
**The PHPDA exceeded its Charity Care patient goals in 2008.**

In 2008, 2,408 patients received care from King County Project Access and Pacific Medical Centers. This exceeds the PHPDA goal of 1,100 patients.

In 2006, Pacific Medical Centers required uninsured patients to demonstrate their eligibility for charity care. The PHPDA commissioned a report in 2007 to identify the barriers to successful referrals.

This growth is due to implementing the recommendations from the 2007 “Specialty Care Referral System Barrier Study” (performed by MCPP Healthcare Consultants for the PHPDA). The PHPDA, safety net clinics, Public Health, and Pacific Medical Centers all participated in the study and in implementing the changes in late 2007 and in 2008.

**Uninsured Specialty Care Patients Supported by PHPDA Contributions**



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**Foster System Change**

At the end of 2008, the PHPDA funded 3 studies. The results will be received and acted on in 2009.

1. A study of barriers within the safety net clinics, which will lead to actions that increase the volume of specialty referrals to KCPA and Pacific Medical Centers.
2. Preparation of a Patient Navigator Demonstration Grant program. The Navigator program is a pilot project to provide non-English speaking poor and others in the target population with a healthcare staff person who acts as a culturally sensitive guide through the specialty/hospital system. The project is also designed to help providers give effective care, and make better use of their time and resources.
3. An analysis of data regarding the uninsured's use of emergency departments and whether provision of specialty care could reduce those costs. The PHPDA goal is to engage the hospital community in actions to create more specialty access.

**Develop credible benchmark data**

The PHPDA commissioned a study by Milliman, to develop an agreed upon community estimate of the uninsureds' demand/need for specialty care. This work will occur in 2009.

**Financial stewardship**

In 2008 the PHPDA developed a Risk Management Plan to identify and address the different financial, property management, and other types of risks we face.

Moss Adams completed the 2007 external audit and reported compliance with policies and procedures.

Complying with its Policy on Professional Services, the PHPDA solicited RFPs from different independent auditing firms, and chose Clark Nuber to perform the 2008,2009, and 2010 external audits of the PDA.

The State Auditor completed an audit of 2006-2007, with no negative findings.

The Finance 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.

Additionally, the Finance Committee tracked investments on a monthly basis, making investment decisions accordingly.

At the end of 2008, the PHPDA has \$100,000 in each of its two Reserve Funds.

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**Priorities for 2009**

**Increase access for uninsured/underinsured to specialty care in King County:**

- Continue to fund PMC's direct specialty care services for the uninsured.
- Provide continued grant support to King County Project Access.

**Identify and foster use of credible measures of healthcare access efforts for the uninsured/underinsured:**

- Fund studies to provide credible measures for the uninsured's specialty care needs and the gap between those needs and supplies for adoption by healthcare organizations in their planning.

**Foster system changes to create a sustainable platform for improving specialty care to the uninsured/underinsured:**

- Provide grants for the Patient Navigator Program as a demonstration pilot for improving patient's clinical experience and outcomes as well as generate better quality and financial results for providers and hospitals. The PHPDA's goal is that, if successful, the Patient Navigator concept will be implemented in many hospital systems.
- Evaluate barriers to access to care, which safety net and specialty providers subsequently use to improve their systems.

**2009 PHPDA Council Members and Officers**

The PHPDA is governed by a board of nine appointed members.

<b>Council Member</b>	<b>Position(s)</b>	<b>Employment</b>	<b>Term ends</b>	<b>Appointing authority</b>
Gary A. Zimmerman	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 2011	PHPDA Council
Theresa J. Rambosek	Council Secretary, Planning Committee member	Bennett, Bigelow, & Leedom	December 2010	Mayor
Marite Butners	Council Treasurer, Finance Committee member	Providence Health System	December 2010	PHPDA Council
Marc Provence	Planning Committee member	University of Washington and Fred Hutchinson/UW Cancer Consortium	December 2011	Mayor
Linda Ruiz	Planning Committee Member	Affiliated Computer Services	December 2009	Mayor
Wendy Watanabe	Planning Committee Chair & member	Consultant (self-employed)	December 2009	PHPDA Council
Lance Wilken	Finance Committee member	CB Richard Ellis	December 2009	King County Executive
Dr. Tom Wood	Planning Committee member	Swedish Medical Center	December 2011	Mayor
Rosemary Aragon	Executive Director			

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**Financial Information**

**Operating Budget**

The PHPDA 2009 Operating Budget was approved on January 13, 2009. The PHPDA has no capital budget.

Cash Revenues:	\$2,446,226
Operating Expenses:	\$311,059
Pass-Through Expenses*:	\$334,417
Grants/Projects/Services:	\$2,764,295
Depreciation (non-cash):	\$1,039,739.26

\*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 grant (DSHS agreement-Medicaid Administrative Match funding for interpreter services); 3) lessee property and excise tax reimbursements, and; 4) interest income.

As of January 1, 2009, the PHPDA holds \$100,000 in its Operating Reserve Fund and \$100,000 in its Maintenance Reserve Fund.

The Council Chair, Treasurer, and Executive Director are bonded.

**List of Depositories**

PHPDA monies are deposited in a Bank of America checking and a Bank of America sweep account. The PHPDA Reserves and additional monies are invested in the State & Local Government Investment Pool.

**Certified statement of assets, liabilities, income, and expenses for 2007 and 2008**

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

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**Attachments**

- 1. Certificates of Insurance**
- 2. PHPDA 2009 Operating Budget**
- 3. Resolution 01-2009, approving the 2009 Operating Budget**