

McKenzie River Clinic and Foundation



Annual Report

May 7, 2019



Overview / President's Message

McKenzie River Clinic has grown its patient numbers and developed new partnerships over the past year, increasing our value to the community. Yet the Clinic continues to have financial difficulties. Highlights of the past year include:

- In the last year our two-room, rural clinic served roughly 2,300 patients. Each one has their own personal story, and each one's life was made easier by the care and attention of our exceptional medical staff.
- Clinic services expanded to include more same-day appointments and, when possible, more urgent care. Our providers are also happy to see children, as well as adults of all ages.
- We have developed two exceptional partnerships, which use our facility as a resource for more than medical care. Working with FOOD for Lane County, the Clinic is now a Produce Plus location, allowing us to provide access to free, fresh produce for low-income clients. We are also pleased to work with the McKenzie Arts and Culture Collective (MACC) to support local artists by hosting art shows, receptions, and artist talks at the Clinic.
- Fundraising is critical for the Clinic budget. We had three major fundraising initiatives in the past year. The 7th annual Tokatee Scramble, in August, was a success. Our fall fundraising campaign brought in generous donations. In early March, the "Finding Bigfoot" fundraiser was successful and brought out lots of people from the community.
- The late February snowstorm and widespread power outage closed the Clinic for a week. Our services were limited the next week because internet was still out, and modern electronic health records rely on internet availability.
- The Clinic has financial challenges. The solution to long-term financial sustainability for the Clinic may be a partnership with a larger medical organization.
- Through all challenges, the community continues to strongly support the Clinic, the only locally available primary health care. Clinic Board and staff strongly believe that the McKenzie River Clinic is a vital resource for the community. We are committed to its success and to making the Clinic a sustainable practice for the next forty years.

Valerie Rapp
President, Board of Directors

Workforce

The Clinic workforce, which was already lean, was reduced even more. The part-time housekeeper position was eliminated, and front-office/medical assistant staff added the housekeeping to their workload. The part-time medical assistant/front-office position was dropped. That change eliminates a half-time position, and can leave the Clinic very short-staffed when someone has a sick day or takes vacation days.

Current workforce includes three full-time employees, one $\frac{3}{4}$ -time administrator, and a contract physician who works two days a month. Every one of these people does excellent work and is highly valuable to the Clinic and community. The workforce is:

- Tia Cloke, DNP, APRN, RN-C. Tia is the Clinic's full-time provider. She is building a strong reputation in the community and as a result, the number of patients is increasing.
- Mary Gabriele, MD. Mary is contracted to work two days a month at the Clinic. She sees some patients and provides legally required physician oversight. Mary is also building a strong reputation in the community.
 - Jane Wilson, RN-C. Jane is the administrator. She supervises the staff, is responsible for administrative and business processes, and manages staff-patient relations.
 - Sharon Boehm, MOA. Sharon handles front-office duties and medical assistant tasks.
 - Kelly Davis. Kelly shares front-office duties and medical assistant tasks.

Located in Blue River, Oregon, on Highway 126 east of Eugene/Springfield, the McKenzie River Clinic is the only primary health care facility within a distance of approximately 40 miles. The Clinic was founded in 1977 as a nonprofit 501(c)(3) corporation to provide primary health care to the upper McKenzie River community. Concerned community members obtained a federal grant in order to build and staff the Clinic to serve a rural area far from the nearest doctor's office or hospital. It remains the only primary health care facility in the area.

The Clinic is owned and operated by the McKenzie River Clinic, a nonprofit corporation organized under the laws of Oregon and with headquarters in Blue River. A Board of Directors oversees the activities, financial affairs, and property of the Clinic.

Administration

Administration always aims to put patient care first and make the work flow seem effortless to the outside observer, all while solving problems and clearing hurdles behind the scenes.

Electronic health records. The electronic health records (EHR) software that the Clinic changed to in 2018 did not live up to its commitments. After many problems that cost staff time, lost data, and impeded billing, the Clinic decided to change EHR again. The change to Athena EHR started in March, 2019. The switch has had challenges and has caused additional expense. As the bugs get worked out, Athena is beginning to function as promised, handling much of the billing process, streamlining the referral process, and handling other expected functions.

In the modern medical practice, the EHR is used for scheduling appointments, charting, writing prescriptions, processing lab orders, making referrals, receiving specialist reports, and automating the first steps of billing.

Partnerships and outreach. FOOD for Lane County, a nonprofit, developed its Produce Plus program to make fresh produce available free to low-income people at places besides food banks. Through this partnership, the Clinic offers free produce in its waiting room. The program is popular with our community and helps low-income people include more fruits and vegetables in their diet. People do not have to be Clinic patients to pick up produce.

Our partnership with McKenzie Arts and Culture Collective (MACC) brings art shows to our waiting room, which doubles as a gallery. Shows are usually up for two months, and feature local artists. Some shows are solo, and some are group shows, such as the “Masks” show in March and April, and the upcoming “Blue” show in July. As well as supporting local artists, the receptions for new shows are good outreach events. The art gallery /patient waiting room is usually full with people chatting and looking at the new art.

Additional outreach included our “Finding Bigfoot” fundraiser in March, a popular event that attracted many families in the community. The Clinic does regular outreach through social media, primarily Facebook, and the Clinic website, as well as ads in the *River Reflections*.

Billing. Twin Oaks Medical Management renegotiated the Clinic’s contracts with commercial insurance carriers in fall, 2018. It is not possible to negotiate on contracts with Medicare and Medicaid; payments from those programs are set by law, and are below our cost in providing care. Twin Oaks’ role in billing will be much reduced with the use of Athena, the new EHR.

Patient Centered Primary Care Home (PCPCH) Recognition. The Clinic is currently a Tier III PCPCH, or medical home, a designation defined by the Oregon Health Authority, a state agency. Some insurance companies pay small incentive payments to clinics with PCPCH status, and some insurers are beginning to require the status, for clinics to qualify in their preferred provider network. The Clinic will submit its application to renew its status in June.

Team work. The office and medical assistant staff are doing more cross-training and documentation of their work processes so they are better able to cover for and assist each other.

Clinic maintenance. A new exam table was purchased for one exam room. No major facility maintenance tasks were completed in the last year. The Clinic continues to seek funding for a new roof, parking lot repairs, and several minor building repairs. As long as the Clinic is running operational deficits, it won't be successful in getting grants for the facilities projects. Foundations hesitate to invest in an organization running deficits, for fear that their investment is wasted if the organization folds. The Clinic has to at least break even on its basic operations before it can build a program of facilities and equipment improvements, funded by a combination of grants, donations, and gift-in-kind contributions.

Finances

The finances of this fiscal year so far are summarized in the spreadsheet on the next page (if reading this report online, open separate pdf for spreadsheet). (The spreadsheet has some information printed on the back of the sheet also.) The Clinic's fiscal years run from July through June. Thus, the Clinic is currently in FY2018, which started on July 1, 2018, and ends on June 30, 2019.

Except for April, patient visit numbers came from the old EHR and are not accurate. (Unreliable patient visit numbers were just one of the problems with the old EHR, which is why we changed systems.) Weather-related shutdown in February and reduced service in early March affected patient visits for those months.

The structure of insurance company payments and constantly changing requirements for payment have made it very difficult for the Clinic to get adequate fee income from seeing patients. Trillium has a system that provides smaller payments per visit, with once-a-year incentive payment for meeting certain metrics. However, the old EHR did not record accurate information about the Clinic's performance on metrics, affecting our incentive payment (\$30,339.50 in Oct., 2018).

Administrative expenses included extra staff time dealing with problems from the old EHR, preparation work for switching to the new EHR, computer expenses, the exam table purchase, and other, more typical expenses.

The spreadsheet row near the bottom of the next page shows the withdrawals that the Clinic made from the endowment fund (Merrill Lynch) so far this fiscal year.

The McKenzie River Clinic Foundation and Endowment Fund

Because of the shortfall in operational revenues discussed above, the Clinic withdrew funds from the Clinic's endowment fund at an unsustainable rate over the past three years. Table 1 on page 7 shows endowment withdrawals for the calendar years 2013 through 2019 so far.

Table 1. Withdrawals from the Merrill Lynch Endowment

Calendar Year	Withdrawals	Reimbursements
2019 *	April \$25,000 March \$30,000 <u>Jan. \$25,000</u> \$80,000	
2018 *	Nov. \$25,000 * Sept. \$15,000 July \$24,000 July \$6,000 July \$12,000 May \$15,000 * April \$5,000 * March \$20,000 <u>Feb. \$20,000</u> 2018, total \$142,000	
2017 *	Dec. \$40,000 Sept. \$21,000 August \$30,000 April \$50,000 <u>March \$20,000</u> 2017 total \$161,000	
2016 *	\$55,000	\$20,000
2015	\$19,500	--
2014	no withdrawals	--
2013	\$15,000	--

Source: Clinic financial statements and Board meeting minutes, on file, McKenzie River Clinic.

2016, Oct. – put in \$20,000 from the annual Trillium incentive payment, with the understanding that it was a temporary holding in Bucket One for possible use within next six months to one year.

The Foundation endowment fund for the Clinic was at \$163,957 on May 6, 2019.

Long-Term Financial Sustainability

The financial information shows clearly that the Clinic's long-term financial sustainability is in jeopardy. We aren't out of savings yet but we are cutting into it steadily. Despite positive trends including a dynamic new provider, new patients, higher prices, increased willingness to see urgent care patients, and new partnerships, we haven't been able to break even.

The community is very supportive of the McKenzie River Clinic. Donations to the Clinic and fundraisers contribute about \$40,000 to \$50,000 a year, a very generous amount. To make up the total shortfall, the Clinic would have to get *six times* as much in donations. Getting new donors or having additional fundraisers won't come anywhere near that.

The Board takes this situation very seriously. Over the past eighteen months, Board President Val Rapp, with contributions from other Board members, has looked into how other federally designated Rural Health Clinics in Oregon are planning to stay in business and explored options for the McKenzie River Clinic. We have done research, talked to rural health experts, talked to other rural clinics in Oregon, and talked to larger health organizations.

- **The number of RHCs in Oregon is increasing**, and the total was up to 79 as of October, 2017. Significantly, however, nearly all new RHCs are provider-based, which means affiliated with a hospital or other larger medical organization.
- **There is not just a trend, but practically a stampede, from freestanding RHCs to provider-based RHCs.** In some cases, larger medical organizations are starting new RHCs. In other cases, these larger organizations are buying existing RHCs.
- **Provider-based RHCs are staying open and thriving.** When larger organizations buy existing RHCs, they keep those clinics open and staffed. Independent RHCs are closing.

The Clinic Board and staff strongly believe that the Clinic is vital to and very much needed in the McKenzie Valley community. Our Clinic offers the only primary health care in the McKenzie River valley. We need to find a solution that keeps the Clinic open and keeps its current staff, who all live locally in the community.

We are exploring the possibility of a partnership with a larger medical organization, to ensure the Clinic's long-term future. We see those types of partnerships working well to keep other RHCs in Oregon open.

Our priorities are:

- Keep local primary health care in the McKenzie community.
- Keep our current staff at the Clinic, with salary and benefits equal to or better than what they are currently getting.

Board of Directors:

Valerie Rapp – President

Linda Schaefers – Vice President

Pat Gripp – Secretary

Jane Wilson – Administrator

Galen Phipps – Treasurer

Jim Baker

Mike VanWyck

Priscilla Oxley