WHITE RIVER HEALTH DISTRICT
DESCHUTES RIM HEALTH CLINIC

BUDGET MESSAGE FOR FY 24-25

General Statements for the FY 24-25 Budget

The Fiscal Year 24-25 annual budget (July 1, 2024 – June 30, 2025) for the White River Health District reflects the outcome of Ballot Measure 33-110 – an Option Tax Levy to support Health District and Clinic operations. Continuance of the Option Tax Levy for supplemental tax revenue for the clinic failed during the May 21st election. This discontinuance of tax funding significantly impacted how the FY 24-25 budget was crafted. The loss of needed tax funding has caused the curtailment of staffing and clinic hours, reductions in pay, positions and key expenditures, and requiring the district to seek additional funding through grants, fundraising, and other means. The health clinic relies greatly on tax funding to operate successfully in serving the health care needs of people in South Wasco County. Without additional tax funding beyond the meager permanent tax base, the health clinic will struggle financially, affecting services.

A District Manager has not been hired for the Health District/Clinic since the previous district manager left in early 2020, due mainly to the financial instability caused by the pandemic and insufficient funds to meet the expense. This has required staff and the Board of Directors to take on significant 'district management' and clinic operational responsibilities, which has proved untenable and unsustainable. Despite the tax failure, the FY 24-25 budget includes critical funding for a District Manager, albeit at reduced pay and hours.

Pandemic Repercussions

Messaging of the Health District/clinic's budget must include the repercussions of the COVID-19 pandemic on the clinic's financial stability and ability to recruit providers as well as key staff. COVID-19 changed the world and negatively impacted our care delivery system. Since the pandemic, recruitment of a provider has been extremely difficult given the steep competition for hiring providers in the health care industry. The pool of providers has greatly diminished as they left their positions following the intense and stressful years of the pandemic. Provider and support staff wages have also increased after the pandemic, making it difficult to offer competitive salaries. Our difficulty in recruiting a provider willing to relocate to rural South Wasco County can be attributed to these unfortunate outcomes. Provider retention is also negatively impacted by the limited availability of affordable housing in South Wasco County. Nonetheless, the clinic will continue its search for a full-time provider and has included such funding in the budget.

INCOME

Primary income for clinic operations comes from tax dollars, and sales of medical and dental care services which include patient and insurance revenue. This revenue will be supplemented with contracted funds associated with Pacific Source patients (i.e. Capitation funds), Columbia Gorge Health Council/Pacific Source special CCO (Coordinated Care Organization) funds, grants, and financial support from the

Deschutes Rim Clinic Foundation. Leasing space in the old clinic for 'wellness uses' will also provide a small revenue stream.

Tax Revenue

The Health District is a taxing district allowing it to receive tax revenue from property owners to assist in covering operational and payroll costs as medical/dental income alone is not sufficient to maintain operations. The district receives funding from a permanent tax rate of $0.25/$1,000 of assessed property value, which is one of the lowest tax rates in the State. Therefore, an Option Tax Levy is put on the Ballot every 5 years to supplement the permanent tax. In the May 21st, 2024, election, a Ballot Measure for a 5-year continuation of the Option Tax Levy at $0.50/assessed property value was on the ballot for voter approval.

This Ballot Measure did not pass. It failed by a margin of 45% (yes votes) to 55% (no votes). The failure of this tax levy will put a significant financial strain on the clinic for the upcoming fiscal year, affecting its operations and services. That outcome is reflected in the proposed FY 24-25 budget.

Tax funds received from the taxpayers are placed, via the County, in a special pool of government funds established by the Oregon State Treasury, named the Local Government Investment Pool (LGIP). These funds earn interest and are accessible to the clinic when needed. New tax dollars are added annually in mid-November, and incrementally as tax payments are belatedly received by the County.

Given the failure of the option tax levy to pass, the clinic will only receive $122,005 in annual tax revenue (vs $366,017 if it had passed) in November 2024 to carry through to November 2025. However, for the 24-25 fiscal year which ends in June 2025, the prorated amount of tax funds for use from November 2024 to June 30, 2025 (7 ½ months), will be **$76,253**. Estimated carryover of November 2023 funds remaining in the LGIP account on June 30, 2024, together with the bank account balance on that date, is **$100,000**. During the fiscal year, we estimate LGIP interest earnings will be **$3,000.**

Patient and Insurance Revenue (Sales)

Medical revenue comes from patient co-pays, coinsurance and the patient's insurance payments, and Medicare and Medicaid revenue. Insurance payments come from Oregon Health Plan, Medicare, and commercial insurance payors. These types of medical revenue are lessened when the clinic does not have a provider, or providers are working limited hours. Dental care revenue comes from patient co-pays, self-pays (those without insurance), and the patient's insurance coverage.

In the FY 24-25 proposed budget, we estimated **$219,700** in revenue from medical patient and insurance revenue; **$85,000** from Medicare and Medicaid revenue; **$120,000** from dental patient and insurance revenue; and, **$1,005** from sales of dental appliances and other miscellaneous items. Total income from Sales of medical and dental services and general sales is estimated at **$425,705.**

Other Income

Space in the old clinic is being leased/rented out to a chiropractor and two massage therapists. Lease and rental income from these uses is estimated to be **$7,800** for the fiscal year.

The clinic's savings account is used to hold special grant funds or reserve/excess funds. Estimated savings balance at the start of the 24-25 fiscal year is **$150**.

Old and outdated medical and dental equipment will be deemed 'surplus' as its use is no longer needed. We will attempt to reap some revenue (**$10,000**) through the sale of this old equipment.

The Deschutes Rim Clinic Foundation (a 501 (c)(3) corporation) will financially support the salary of the district manager when performing foundation tasks, which will include fundraising, grant writing and fiscal reporting. The annual contribution to the district manager's salary is estimated to be **$6,720**.

The Foundation will engage in fundraising events to raise funds for clinic operations. This is made necessary due to the failure of the option tax levy and the absence of additional funds the levy would have provided. Income from fundraising is estimated to be **$28,000**.

Contracted funds associated with Pacific Source patients (capitation funds) are provided to the district based on the number of patients served. We estimate receiving **$75,000** in capitation dollars with the assumption the clinic will have a full-time provider.

As a Coordinated Care Organization (CCO) for Medicaid patients, the health clinic receives funds from the Columbia Gorge Health Council and Pacific Source. These funds are used to support our ability to provide equitable access to primary care for CCO members. We estimate our annual share of these funds will be **$10,000**.

The total amount budgeted for other income sources is **$137,670.**

Grants

The Deschutes Rim Health Clinic will apply for **$50,000** in grant funding from the Columbia Gorge Health Council. This aspirational effort is made necessary by the failure of the option tax levy and loss of supplemental tax dollars.

The health clinic will also apply for other grants from non-profit foundations and organizations to help cover the cost of clinic administration and operations; we anticipate requesting and receiving **$75,000** in grant funding. This aspirational effort is made necessary by the failure of the option tax levy and the loss of supplemental tax dollars.

The White River Health District applied for and received funding from the Congressionally Directed Spending program of the federal government in late 2022 (Consolidated Appropriations Act, 2022), to be spent on new clinic construction and equipment purchases. We anticipate using **$50,000** of the remaining funds on the purchase of medical and dental equipment and tools.

Total grant funds to be requested are budgeted at **$175,000**.

Total **Gross Profit** from annual carryover, tax revenue, sales of services, lease/rental income, special funds, disposition of old equipment, the Deschutes Rim Clinic Foundation contributions and grants is estimated at **$917,628**.

EXPENSES

Contracted Services

The Health District contracts with professional or qualified personnel and businesses to provide specialty services. These services include:

1) Contracted Medical and Dental Services: The district anticipates continuing its contracts for services for a part-time medical director, medical provider, and dental provider. Expenses for these contracted services are budgeted at **$221,200**.
2) Contracted Building and Grounds maintenance: The Health District contracts with an individual to provide building and grounds maintenance, including building repairs for both the new and old clinics. Annual cost for this service is budgeted at **$1,500**. Grounds will also be maintained with the assistance of volunteers to help conserve funds.
3) Contracted Fire Alarm Monitoring: The budgeted amount for this service for the new clinic is **$2,500**.
4) Contracted General Counsel: The Health District retains legal representation through the law firm of Marvin Chorzempa & Larson, P.C. The annual budgeted amount for this contract is **$8,525**.
5) Contracted Accountant/CPA: The District recently contracted with an accountant/CPA to take charge of the financial books, monthly financial statements, and payroll, and assist with budget development and audit preparation. This contract service will continue in FY 24-25. The budgeted amount for this contract is **$33,450**.
6) Contracted Auditor: The district recently contracted with the firm JWT & Associates in Fresno, CA to conduct the district's annual municipal audits. Due to the difficulty in finding a municipal auditor for several years, auditing work in FY 24-25 will include audits for FY 21-22 and FY 22-23 financials, as well as financials from the current ending fiscal year (23-24). The cost of three annual audits by the professional auditing firm is budgeted at **$54,000.**

The total budgeted amount for all contracted services is $**320,175.**

Payroll Expenses

Payroll expenses include payroll tax expense and payroll benefits (medical).

1) Payroll Expenses: The budgeted amount for payroll taxes is **$25,000**.
2) Benefits (Medical): Medical insurance coverage for two full-time employees with a per employee $50/mo. cost share is budgeted at **$9,000**.

Personnel Services

Personnel services include clinic employees, either full-time or part-time, who support clinic and district operations. Full-time employees for the new fiscal year will be district manager, medical provider and an office manager. Part-time employees will be an administrative ass't/biller/coder, dental assistant, and

housekeeping services. Medical assistant work is anticipated to be performed by existing staff as funding is nonexistent to hire an MA. The clinic manager position will not be filled due to the lack of funds; however, a previous clinic manager will be temporarily retained to assist with orientation and training of the new district manager. Furthermore, *all full-time staff have been reduced to 0.8 FTEs and clinic hours reduced to 4 days/week due to insufficient revenue to conduct business full-time.* The total budgeted amount for Personnel Services is **$225,808**.

Total for Payroll and Personnel Services expenses is budgeted at **$259,808**.

Insurance & Licensing

Insurance and licensing costs include Workman's Compensation, Malpractice Insurance for providers, Business Liability Insurance, and License renewals (providers). These expenses are budgeted at **$30,547**.

Clinic Supplies & Small Equipment

The health clinic budgets for equipment, supplies and lab fees for both the medical and dental services provided. The cost for dental supplies and lab fees is significantly higher for dental than for medical. Lab fees are those charged by outside entities to perform medical lab analyses and provide dental restorative products. Medical and dental equipment purchases are covered by a federal grant. Total budget amount for the above is **$75,450**.

Costs for Pharmacy & Biologicals include 'vaccines for children' (VFC) and general vaccines for immunizations. The budgeted amount for these costs is **$7,200**.

Total costs for supplies, small equipment, lab fees and pharmacy/biologicals is **$82,650.**

HIPAA Compliance

HIPAA compliance refers to actions necessary to protect 'patient health information' (PHI) and patient health and safety, as required by the Health Information Portability and Accountability Act. These actions include shredding services for most all health clinic papers and precautions for biohazards and safety. The budgeted amount for HIPAA compliance is $**1,442**.

Office Expenses

Office expenses include various categories related to computers and electronic health records software, interest expense, advertising and marketing, dues and subscriptions, meeting/training costs and office supplies.

1) Bank & CC Interest & Fees: The budgeted amount for this category is **$65,000** for payment of interest on the construction loan to build the new clinic.
2) Electronic Medical Records: The clinic uses specialized software for patient information and electronic medical records retention; the cost of which is affected by the number of providers using the system. The budgeted amount for EMR is **$20,000.**
3) Advertising and Marketing: Marketing of clinic services and campaigning for additional tax levy funding is budgeted at **$1,000**.

4) Dues & Subscriptions: Dues to Special Districts Association of Oregon and other entities, and subscriptions for materials and services are budgeted at **$2,000.**
5) Accounting & Payroll Software/Services: The clinic uses a payroll service for employee payroll and employee payroll taxes. The budgeted cost is **$2,200**.
6) Meeting, Training, Recruitment, Education: A significant reduction in this category was necessitated by limited revenue. The budgeted amount is **$2,500**.
7) Office Supplies: General office supplies and shipping & handling are budgeted at $**2,500**, a reduction from previous years due to limited revenue.

The total budget for Office Expenses is **$95,200**.

Travel & Lodging & Meals

Travel & lodging costs are primarily those for providers to cover their expenses in patient visits, special travel, or lodging on a temporary basis for short stays during employment interviews. Meal costs are for employee appreciation events. The total budgeted amount is **$1,850.**

Repairs & Maintenance

Repairs and maintenance include the cost of building, grounds, and equipment maintenance and repairs, and cleaning supplies. Total budgeted amount is **$4,000**.

Utilities

Utility expenses cover electric, water, sewer, propane, HVAC and internet/phone costs for both the new and old clinics. Total budgeted amount is **$27,367.**

Contingency

There are no contingency (surplus) dollars available in this FY 24-25 budget due to limited revenue.

Uncategorized Expense (Liabilities)

Uncategorized expenses include liabilities of debt service, loan repayments, business payout, and overdue accounts payable.

1) OWFCU Loan: The budgeted amount is **$38,196** to pay on the construction loan's principal.
2) Accounts Payable: Overdue accounts payable to a locum tenens (traveling provider) company will mostly be paid in FY 24-25 in the amount of **$12,732**.
3) Balentine Payout: Remaining payments for purchase of the Balentine Dental clinic is **$4,500**.
4) Bridge Loan Payout: A personal bridge loan provided in FY 22-23 to help cover payroll costs will have a payout period of 2 years. The FY 24-25 payout will be **$39,162**.

Total budgeted amount for uncategorized expenses (liabilities) is **$94,590**

The Total Expense for operations of the health clinic is budgeted at **$917,629.**

The FY 24-25 budget is balanced with a Net Operating Income of **$0**.