

February 4, 2013

To: Citizens for the Tonasket Assisted Living

RE: Response letter for Closure of Assisted Living Facility

Mr. Don Atchison

The Board of Commissioners appreciates the time and comments of the public as we enter into a period of change with the closure of the Assisted Living Facility.

We wish to express to the community that this was the most difficult decision we have had to make in recent times. We feel the same sorrow and in some ways the same anger that some of you do.

Government reimbursements are inadequate to support this facility as well as the other facilities that have recently been forced to close in Davenport and Goldendale. We urge you to write to your congressional representative (Doc Hastings) and ask for more support for the sake of all elders.

The facts of this decision however, are incontrovertible – The Hospital District is in warrants to the county. These warrants cannot be used to support the Assisted Living facility. Previous fiscal reports indicating that the Assisted Living Center was making a profit were incorrect. Fund accounting for an organization as complex as the district is in itself complex and we believe that in a effort to provide a “lay person” explanation of finances, some misconceptions began and then were perpetuated and are now considered to be fact when they are not. Our new CFO has now gone through the profit and loss for the AL from 2005 to the present time. This information has been published and reflects the reality that we have been operating at a loss for some time. Many folks asked why it took so long to let the public know this...

We recognized issues in greater detail when our new CFO and CEO Linda Michel brought this information to our attention. Over time, several solutions were attempted which included reduction of staff, and reduction of purchasing within all departments to free up funds for this important facility and to reduce warrants. These solutions did not bring about the needed savings and shortly after, we received a letter from the county Treasurer indicating her concern about the state of the warrants. The warrants, we were reminded, were supposed to be a temporary measure and not financing of ongoing losses. WE were also reminded that this trend could not continue. The board worked with the senior management staff to review our financial position and to solicit community solutions that might have been outside the obvious solutions most folks seek such as grants or staff reductions (which were already at minimum levels). A community meeting was held that did not yield any immediate solutions and a

subsequent meeting of the Hospital's Assisted Living committee was attended by several community members who discussed the potential of a levy. The reality here is that a levy requires further financial investment and is NOT an immediate solution nor does it solve the problem of reducing reimbursements for Medicaid and increasing costs for operations over time. If a levy was to pass it would take at a minimum, eighteen months for any funding to be received and begin reducing expenses. There remains a question as to whether the taxpayers of the district would be willing to continuously finance increased levies to provide an assisted living facility for thirty people. In our survey of the community regarding services, only 4 out of 800+ surveys indicated that the AL was a primary consideration.

The board did meet in Executive session to try and find alternate solutions but none were found. We, as a governing board, were sadly forced to put **the finances of the entire district at a higher priority** than the residents of the Assisted Living Facility. We voted to accept the recommendation arrived at by the Senior management Team – a group of highly skilled and technically proficient people who had spent many months trying to craft an alternate solution. **We all felt sick about the choice that** we were forced to make – many of us might have needed this facility in the coming years just as much as the loved ones who currently reside there. This decision was made as a part of our fiduciary duty as public officials.

We did not decide on a future use for the facility. This has been intimated and is untrue. There ARE possibilities for use of the facility in the future so that is not left vacant; however, NOTHING HAS BEEN DECIDED as of this date. These decisions will be made according to the recommendations of the professional staff and require full financial projection to demonstrate projected viability. In the interest of further transparency, we have invited 3 private citizens who expressed their concern and interest to participate in the committee reviewing our options. As the hospital's committee works on our plan we will report out to the community when actual plans are proposed.

There is no reason why the concerned citizens group cannot continue to pursue additional funding independently. If funding is found we would welcome the opportunity to bring the facility up to the appropriate standards so that seniors can have a full service facility again. To be clear, the solutions we are seeking are LONG TERM. (Others programs are being looked at in the North County that could be a possible solution and would not be as restricted to the rules that Assisted Living Facilities are.)

Of the seniors in the facility at the first of January, 25 have found new homes and 3 are still in the process. It is our intention that NO ONE will be put out on the street.

We as commissioners are legally obligated to do our utmost to protect the financial viability of the hospital. Certainly we feel deeply sorry for the situation our residents are in, but again, we

are charged with protecting the business of the entire district and making sure that our losses in the AL do not impact the long term viability of the hospital which serves all the people of the district.

We are heartened to see the engagement of the community in this issue and look forward to coming together to work on these important issues. Thank you.

Respectively submitted.

Okanogan County Public Hospital District No.4 – Board of Commissioner's

A handwritten signature in blue ink, appearing to read "Helen Casey", with a stylized, flowing script.

Helen Casey – Board Chair