

## **Case Example: Recent formation of a Public Hospital District in Washington**

### Need for a PHD

In 2017, an existing small primary care clinic on Orcas Island, owned by a local foundation, was being operated on contract and staffed by a small mainland, under 50-bed hospital. Because of financial losses due to poor payor mix – a very high Medicare and Medicaid percent of insurance payments – the current operator gave a year’s notice it would end the relationship. After political pressure was exerted to ensure the 5,000+ full-time residents wouldn’t lose access to health care, a large academic health system agreed to take over operation and staffing of the clinic. In doing so, the system required the community create a Public Hospital District (PHD). Up until this point, losses were subsidized by philanthropy, and the system wasn’t willing to rely on an unknown and unreliable method of covering the likely financial losses that would continue under their management. A group made of a cross section of islanders came together to form the Coalition for Orcas Healthcare (COHC), and it was their responsibility to pursue getting a PHD passed.

### Getting a PHD on the ballot

San Juan County already had two other Public Hospital Districts, on San Juan Island and on Lopez Island. Since this was not a county-wide proposal, the San Juan County Board of Commissioners could not themselves put the matter on the ballot.

The COHC began the process to educate the community on why a PHD was needed and how it would benefit the clinic and the community. The process to seek signatures to put the creation of a PHD on the ballot required a lot of planning and coordination from the 30+ volunteers. This involved collecting enough signatures to match 10% of the Orcas Island turnout from the prior general election.

### The campaign for support

Having success in putting the measure on the ballot, the COHC volunteers set about contacting groups across the island to promote a “yes” vote on the ballot measure to create an Orcas Island PHD for the purpose of subsidizing the clinic’s operations. Such a ballot measure included not only creation of a district but election of the district’s Board of Commissioners. Thirty volunteers spent about eight months establishing strategy and carrying out messaging and meetings to support the measure in this community of about 5300 population. Candidates interested in running for a commissioner seat became part of the COHC and were very involved in the process from the start.

### Pros and Cons

Opponents were chiefly concerned about the cost of real estate taxes at the PHD legal maximum of 75 cents per \$1,000 of assessed valuation of their homes. Other concerns included having to trust the eventually elected Commissioners to set the actual level of taxation and to determine the activities and services the PHD would undertake. The campaign for support issued a “Q and A” reviewing the concerns stated by those opposed and the stating the corresponding arguments for approval.

### Election Results

In November 2018, the ballot measure passed with 77% approval and the new public hospital district was formed.