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Board of Commissioners
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Sept. 18, 2018

Seema Verma
Administrator, Centers for Medicare & Medicaid Services
U.S. Department of Health and Human Services
Attention: CMS-1695-P
7500 Security Boulevard
Baltimore, MD 21244-1850

Dear Ms. Verma:

I am writing to you on behalf of the Board of Commissioners of the Port of Port Angeles, located in Port Angeles, Washington. The Port is charged by Washington State charter to provide economic development by investing in infrastructure for airborne and maritime commerce. The ability of the Port to accomplish its mission is dependent on other fundamental services, such as healthcare, to take care of workers and their families. Without accessible and affordable healthcare in our communities it is difficult to retain and expand existing companies and even harder to attract new companies.

Olympic Medical Center (OMC) is fundamental to the well-being of citizens who face multiple hardships, including the ability to reach a health clinic. The Port of Port Angeles Board and staff are deeply concerned regarding the proposed cuts to OMC's reimbursement rates due to the Centers for Medicare Services (CMS) proposed site neutral policies which would cut reimbursements for off-site clinics (a clinic that is more than 250 yards from a hospital). Site neutral policies do not work in our rural community because long ago the independent physicians determined they could not operate at such a low Medicare reimbursement rate and the clinics closed (some were eventually re-started by OMC). OMC currently has \$5 million in uncompensated care and operated on a negative -1.5% margin in 2017. A 60% cut in reimbursement rates would threaten the viability of OMC.

Clallam County is a rural county. Our county is classified as a distressed county and the recent health assessment shows that our county suffers from some of the highest suicide rates and infant mortality rates of all counties in Washington state. We have lower than average wages and higher than average unemployment than other counties.

OMC is a regional hospital and provides services to a local population that is relatively poorer and significantly older than the national average. As a result, many of the community's care recipients rely on Medicaid and Medicare for their health care. Additionally, OMC is the largest employer in the county. Any cuts to Medicare reimbursements will have profound negative financial impacts on OMC and will threaten its ability to retain its current level of employment and result in negative economic impacts throughout the community. The shortage of healthcare professionals will be made worse.

If OMC does not continue to receive an exemption from the proposed changes to the site neutral policies, it will be disastrous for our community. This in turn will make it even more difficult for the Port and our community to attract businesses and workers to the area. Clallam County's economy will be harmed. One of the top three conditions vital to businesses and people considering a move to Clallam County is the quality and availability of health care. We are fortunate to have a top-rated medical facility here, but its viability will be seriously compromised by the funding cuts in the current CMS proposal.

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Additionally, as the only full-service care center in the region, OMC serves patients over a wide-reaching geographic area. Many of them live as far away as 70 miles from OMC's main campus in Port Angeles, and having to travel that far to receive medical care would impose serious hardships, if not an outright barrier to receiving treatment.

Our County and OMC's needs and attributes are unique in Washington State. Unlike urban medical centers, it does not have the capacity or opportunity to absorb these cuts. There are not enough insured residents among whom to spread costs, and OMC is already working with an extremely thin operating margin. Reduced reimbursements would result in less primary and preventative care and cause more expensive emergency room visits, and other cascading ill effects would follow.

A growing economy is going to require concurrent growth in health care services. Reduced rates will affect not only Medicaid and Medicare patients, but also the ability of OMC to serve the entire population, including families.

The Board of the Port of Port Angeles strongly recommends that CMS maintains its reimbursement for off-site hospital-based clinics or revise the current proposal to exempt OMC due to the unique situation of our rural community. Our community cannot sustain such a blow to its economy or health.

Sincerely,



Karen F. Goschen, Executive Director
On behalf of the Board of Commissioners