

KENAI PENINSULA BOROUGH

Office of the Borough Clerk

144 North Binkley Street
Soldotna, AK 99669
Phone 907-714-2160
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Johni Blankenship, MMC
Borough Clerk

MEMORANDUM

TO: Blaine Gilman, Assembly President
Kenai Peninsula Borough Assembly Members

THRU: Johni Blankenship, Borough Clerk (JB)

FROM: Michele Turner, Deputy Borough Clerk (MT)

DATE: July 26, 2016

RE: Ordinance 2016-22: Amending KPB 16.08.010 and 16.24.010 to Move the Common Boundary Between the Central Kenai Peninsula Hospital Service Area and the South Kenai Peninsula Hospital Service Area, South, Subject to Approval by Voters Residing in the Central Kenai Peninsula Hospital Service Area and the Proposed New Area (Johnson, Bagley)

Pursuant to enactment of Ordinance 2016-11, the Central Kenai Peninsula Hospital Service Area Board was disbanded effective June 30, 2016. Please delete the second to last Whereas clause.

[WHEREAS, AT ITS MEETING OF _____ THE CKPHSA BOARD RECOMMENDED _____; AND]

Based on the attached recommendations received from South Kenai Peninsula Hospital Service Area Board, please amend the last Whereas clause to read:

"WHEREAS, [AT ITS MEETING OF _____] the SKPHSA Board recommended the assembly vote in opposition to the ordinance;"

Thank you.

South Peninsula

H O S P I T A L

S E R V I C E A R E A B O A R D

4300 Bartlett St. Homer, Alaska 99603

To: Kenai Peninsula Borough Assembly Members & Clerk

From: South Peninsula Service Area Board

**Re: South Peninsula Service Area Board Comments in Opposition to
Premature Consideration of Boundary Changes Proposed in Ordinance No.
2016-22**

**Please see enclosed comments from the South Peninsula Service Area Board in
opposition to Ordinance No. 2016-22.**

Exhibit A

Serving the Health Needs of South Kenai Peninsula

Acute Care Hospital

Personal Care Attendant Program

In-Patient Long Term Care

Home and Community Based Hospital Care

Preventive Medical Care and Wellness Programs

Health Education Programs

addiction treatment and counseling. Dr. Spencer estimates that the syringe exchange programs will “reduce hepatitis C in the addict population by 30 percent and reduce the transmission of HIV by a third.” If Dr. Spencer is not allowed to provide medical services at the Clinic then the entire service area may lose the one of only two doctors on the peninsula that are licensed to provide valuable and desperately needed addiction medicine services.

D. The Proposed Boundary Revision Would Adversely Impact Health Care Finances

SPH provides a high level of health care to residents in a small rural setting. As the numbers demonstrate SPH provides healthcare to residents in the Northern Service Area. Currently, the Service Area is composed of over 25% of properties that are eligible for an age based exemption. As a result SPH is faced with a declining tax base in conjunction with a rapidly aging population that heavily utilizes its services. As additional properties become eligible for age based exemptions there will be a corresponding loss of tax revenues. Accordingly, the proposed boundary change in conjunction with a declining tax base would impact both the finances of SPH and have an adverse impact on access to healthcare within the Service Area.

Conclusion

In conclusion it is unusual that only part of the Service Area is entitled to vote on any boundary changes given that any revisions to the Service Area boundary would impact all residents within the Service Area. We request that any vote on this important issue be extended to all residents of the Service Area. Thus, the South Kenai Peninsula Hospital Service Area Board respectfully requests that the Kenai Peninsula Borough Assembly vote in opposition to Ordinance 2016-22.

would be undermining the work and priorities identified by the community as its number one priority for the past eight years.

Opioid Abuse is a significant issue impacting the Kenai Peninsula. According to the Alaska Department of Health and Social Services, opioid drug abuse is higher in Alaska than it is for the rest of the United States. The Homer News noted recently that “in 2012, the overdose rate (in Alaska) for prescription opioid pain relievers was double the national rate for the United States and the heroin-associated overdose death rate was more than 50 percent of the national rate, according to the Alaska Department of Health and Social Services.” It is estimated that subsequent to 2012, “the number of opioid pain reliever overdose deaths rose by 9 percent and heroin-associated overdose deaths rose by 71 percent in Alaska.” See <http://homernews.com/homer-news/local-news/2016-04-14/addicts-face-barriers-to-help>; see also <http://peninsulaclarion.com/news/2016-04-10/heroin-addiction-hooks-homer>.

Dr. Spencer offers patients medically assisted detoxification by administering medication to reduce nausea symptoms associated with drug withdrawal. Dr. Spencer prescribes a short-term buprenorphine treatment for individuals that intend to enter residential addiction programs. Dr. Spencer also works in conjunction with mental health providers by prescribing buprenorphine treatment on a long term basis when the drug is used in conjunction with mental health counseling for addiction recovery. Dr. Spencer has been a tireless advocate for drug addiction treatment and prevention within the Service Area community. Over the past six months alone Dr. Spencer has participated in a community task force focusing on opioid abuse and prevention. Dr. Spencer held a community talk on opioid abuse and prevention and trained residents and law enforcement on how to administer Naloxone (a drug that prevents an opioid overdose). Some of the programs implemented by Dr. Spencer since she began working at the Clinic and SPH include implementing a clean syringe exchange that allows users to exchange used needles for clean ones. The syringe exchange also provides intravenous drug users with information and access to services pertaining to

the boundaries are shifted south as depicted on all of the proposals but SPH will only be able to continue providing health care resources to the Clinic if and only if the proposed revisions the Service Area Boundaries are not shifted south of Barbara Drive. Any boundary revision that reestablishes the Service Area south of Barbara Drive would prevent SPH from providing future health care resources to the Clinic. Accordingly, the proposed boundary revision would negatively impact local access to health care.

C. The Proposed Boundary Revision Could Adversely Impact Health Care Resources for the Entire Service Area

As mentioned above Dr. Spencer was recruited from New England to provide critically needed healthcare to the Clinic. In addition to the health services provided in the Northern Service Area, at the clinic, Dr. Spencer also provides health care in Homer. Dr. Spencer specializes in family practice and addiction medicine. Dr. Spencer is the only doctor in Homer and one of only two Doctors located on the Peninsula with a specialty in addiction medicine. The Service Area Board was formed to ensure that residents in the Service Area would have access to certain levels of service in regard to access to health care. As part of its analysis into levels of service the Service Area Board helped fund a needs assessment known as Mobilizing for Action through Planning and Partnership (“MAPP”). The 2009 and 2012 MAPP needs assessment identified access to substance abuse health resources as the communities’ number one need. A copy of the MAPP needs assessment can be viewed at <http://www.sphosp.org/about-sph/health-needs-assessment/>. The MAPP needs assessments documented the problem of lack of substance abuse treatment options. The addition of Dr. Spencer’s substance abuse expertise was filling an unmet need as identified in this assessment, funded in part by the South Kenai Peninsula Hospital Service Area Board through the MAPP of the Southern Kenai Peninsula. Jeopardizing Dr. Spencer’s practice

doctor that could treat tribal members and other patients at the Clinic. SPH and the Tribe moved forward with this partnership and recruited employees to provide health resources in Ninilchik. The Borough's actions threaten this partnership. The Ninilchik Traditional Council opposes any changes to the current boundary, per its resolution adopted July 18, 2016.

SPH recruited Dr. Sarah Spencer to work a split schedule providing patient care at both SPH and the Clinic. Dr. Spencer has spent several years at the clinic and has built a reputation and level of trust with the Clinic's patients and the surrounding community. Dr. Spencer and her staff's reputation and commitment to their patients has made them a trustworthy resource in both the Northern Service Area and the entire service area. She and her staff have built a rapport with their patients and Dr. Spencer's team provides a vital service to patients that might not otherwise seek health care. A copy of comments submitted by Dr. Spencer are attached hereto as Exhibit C.

Revising the boundaries as proposed in Ord. 2016-22, Proposed Area 1 or Proposed Area 2 would adversely impact the health care resources available in the Northern Service Area and the Clinic. Moreover, the Service Area will not be able to provide health care resources for areas that are not within its boundaries. Accordingly, if the boundaries are revised as depicted in Proposed Area 1 or Proposed Area 2, SPH would no longer be able to provide health care resources to the Clinic. This means that Dr. Spencer and other SPH employees would no longer provide patient care at the Clinic once the new boundary revisions took place. If the boundary revisions proposed in the original version of Ord. 2016-22 were implemented SPH would still be able to provide resources to the Clinic because the Clinic would still be within its boundaries but the Service Area's finances would still be adversely impacted. A copy of the forecasted financial changes based on the revised boundaries depicted in Ord. 2016-22, Proposed Area 1 or Proposed Area 2 is attached hereto as Exhibit D; See also Exhibits A-B. SPH finances will be adversely impacted if

facilities on 911 separate visits. Clearly, residents of the northern part of the service area rely on the services of South Peninsula Hospital.

Moreover, SPH also provides health resources in the Northern Service Area at the Clinic. Over the past few years the Clinic has provided care on approximately 1,166 occasions. The residency of the patients treated by the clinic consisted of treatment to the following:

- (a) Homer: 114 patients;
- (b) Anchor Point: 154 patients;
- (c) Kasilof: 22 patients;
- (d) Clam Gulch: 43 patients;
- (e) Kenai-Soldotna-Sterling: 38 patients;
- (f) Anchorage 25 patients;
- (g) Other AK: 28 patients; and,
- (h) Lower 48: 55 patients.

These numbers illustrate that SPH provides significant health care resources both to residents of the Northern Service Area that are seen directly by SPH in Homer, Alaska and to the Clinic which provides health care to Northern Service Area residents and others within the Northern Service Area. The health resources provided to Northern Service Area residents and within the Northern Service would be jeopardized by the proposed boundary revisions as described below.

B. The Ninilchik Traditional Council Community Clinic will be Adversely Impacted by the Proposed Boundary Changes

In the past the Clinic has struggled to recruit doctors and other health care workers for employment at the Clinic. As a result, the Ninilchik Tribe approached SPH to propose a partnership that would help the Ninilchik Tribe build tribal capacity by staffing its Clinic with a

To: Kenai Peninsula Borough Assembly Members & Clerk

From: South Kenai Peninsula Hospital Service Area Board

Re: South Kenai Peninsula Hospital Service Area Board Second Set of Comments in Opposition to Boundary Changes to the Service Area as Proposed in Ordinance No. 2016-22 and supporting documents

Please consider these second set of comments submitted by the South Kenai Peninsula Service Area Board in opposition to Ordinance No. 2016-22 (the “Ordinance”). We reiterate our initial comments which are attached hereto as Exhibit A to these comments. In connection with the Ordinance to amend the current boundaries of the South Peninsula Service Area (“the Service Area”) several additional boundary revisions have been proposed. A copy of three boundary revision proposals prepared by the Borough is attached hereto as Exhibit B to these comments. For simplification these comments will refer to the geographic regions depicted in Ord. 2016-22, Proposed Area 1 and Proposed Area 2 collectively herein as the “Northern Service Area” when referring to the entirety of these properties. For the following reasons we urge the Kenai Peninsula Borough Assembly Members (the “Assembly”) to vote in opposition to Ordinance 2016-22.

A. South Peninsula Hospital Provides Significant Health Care Services to Residents of Clam Gulch, Kasilof, Clam Gulch and Ninilchik

SPH provides health care resources to residents in the Northern Service Area by providing care to these residents at SPH and by treating these residents at the Ninilchik Traditional Council Community Clinic (the “Clinic”). In FY 2014 SPH treated 245 discrete residents from Clam Gulch and Ninilchik in its Homer facilities on 939 separate visits. In FY 2015 SPH treated 250 discrete residents from Clam Gulch and Ninilchik in its Homer facilities on 917 separate visits. In the first ten months of FY 2016, SPH treated 278 residents from Clam Gulch and Ninilchik in its Homer

South Peninsula

H O S P I T A L

S E R V I C E A R E A B O A R D

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To: Kenai Peninsula Borough Assembly Members & Clerk

From: South Kenai Peninsula Hospital Service Area Board

**Re: South Kenai Peninsula Hospital Service Area Board Comments in
Opposition to Premature Consideration of Boundary Changes Proposed in
Ordinance No. 2016-22**

**Please see enclosed the second set of comments from the South Kenai Peninsula
Hospital Service Area Board in opposition to Ordinance No. 2016-22.**

Serving the Health Needs of South Kenai Peninsula

Acute Care Hospital

Personal Care Attendant Program

In-Patient Long Term Care

Home and Community Based Hospital Care

Preventive Medical Care and Wellness Programs

Health Education Programs

07/20/2016 - 1 of 14 - SAB Comments in Opposition

To: Kenai Peninsula Borough Assembly Members & Clerk

From: South Peninsula Service Area Board

Re: South Peninsula Service Area Board Comments in Opposition to Premature Consideration of Boundary Changes Proposed in Ordinance No. 2016-22

Please consider these initial comments submitted by the South Peninsula Service Area Board in opposition to Ordinance No. 2016-22 (the “Ordinance”). The Ordinance, *inter alia*, proposes to amend the current boundaries of the South Peninsula Service Area (“the Service Area”). For the following reasons we urge the Kenai Peninsula Borough Assembly Members (the “Assembly”) to vote in opposition to Ordinance 2016-22.

A. The Borough Should Not Make Any Major Changes to Peninsula Healthcare Prior to the Completion of the Health Care Task Force Process

The Borough has established its Health Care Task Force to analyze health care costs, access to health care and other issues of importance concerning health care available throughout the Peninsula. As part of this analysis the Borough hired Stroudwater Associates (“Stroudwater”), a respected firm with an expertise in rural health care. The Task Force agreed to pay Stroudwater approximately Two Hundred Thousand Dollars (\$200,000.00) to assist the Borough with a Peninsula wide health care analysis pertaining to the aforementioned emphases. As part of this project Stroudwater engaged in analysis and outreach with the hospitals, clinics, mental health providers, social service providers, Assembly Members, Doctors, medical administrators, the general public and other stakeholders located throughout the Peninsula. Stroudwater, the Borough and the other stakeholders involved in this process have invested significant time, effort and financial resources into this project. Stroudwater has gathered information and has made an initial report which it provided to the stakeholders and the Task Force. However, the Task Force has not adopted or made recommendations based on the Stroudwater findings. Given that the Borough

the Task Force and its stakeholders have recently invested significant time and money into this process its is only prudent that the Borough finalize this process before making significant changes to any Service Area boundaries. Since the Task Force has not adopted recommendations or finalized its process it is premature for the Borough to take significant action prior to the Task Force completion of its process.

B. Health Care Resources in Ninilchik will be Adversely Impacted by the Proposed Boundary Revision

SPH in conjunction with tribal partners has established and continues to jointly provide health care for the Ninilchik Traditional Council Community Clinic (the “Clinic”). SPH has demonstrated its commitment to the northern part of the Service Area by investing significant time and resources for the Clinic. The Clinic is primarily used by residents located in the northern part of the Service Area including those residents located north of the proposed boundary line revision. The services provided by SPH through the Clinic directly serve residents in and north of Ninilchik. The majority of the patient population seen at the Ninilchik are non-members with a payer mix of 34% Medicare & Medicaid, 31% commercial insurance, 24% Indian Health Services and 11% other. Furthermore, the Clinic patients utilize more than just clinic resources. The patients using the clinic are connected to additional health care resources connected to South Peninsula Hospital through ancillary services such as lab, imaging and physical therapy. The proposed boundary revision could significantly impact SPH’s ability to provide healthcare resources to the Clinic. Accordingly, the proposed boundary revision could negatively impact local access to health care.

C. The Proposed Boundary Revision Would Adversely Impact Health Care Finances

As a rural hospital SPH faces various challenges that arise whenever a rural hospital seeks to provide a high level of health care to residents in a small rural setting such as the one existing

served within the Service Area. SPH treats residents in and North of Ninilchik. SPH is already facing a declining tax base because the current service area is home to a rapidly aging community. As additional retirees relocate to the Service Area (or age in place) additional properties will be eligible for age based exemptions therefore resulting in a loss of tax revenue. The financial impacts of the proposed boundary revision are unknown but clearly the proposed boundary change would impact both the finances of SPH and have an adverse impact on access to healthcare.

Thus, the South Kenai Peninsula Hospital Service Area Board respectfully requests the Kenai Peninsula Borough Assembly oppose this ordinance until an exact financial impact is determined and the findings of the KPB Health Care Task Force are considered.



The information depicted hereon is for a graphical representation only of best available sources. The Kenil Peninsula Borough assumes no responsibility for any errors on this map.

Kenil Unit

- Statewide Oil and Gas Unit Boundaries
- CURRENT HOSPITAL SERVICE AREA
- Ord. 2016-22, Proposed Change
- Public Proposed Area 1
- Public Proposed Area 2

Cook Inlet

Archie Unit

Barbara Drive

Robin Ave; Oil Well Rd

Tim Ave

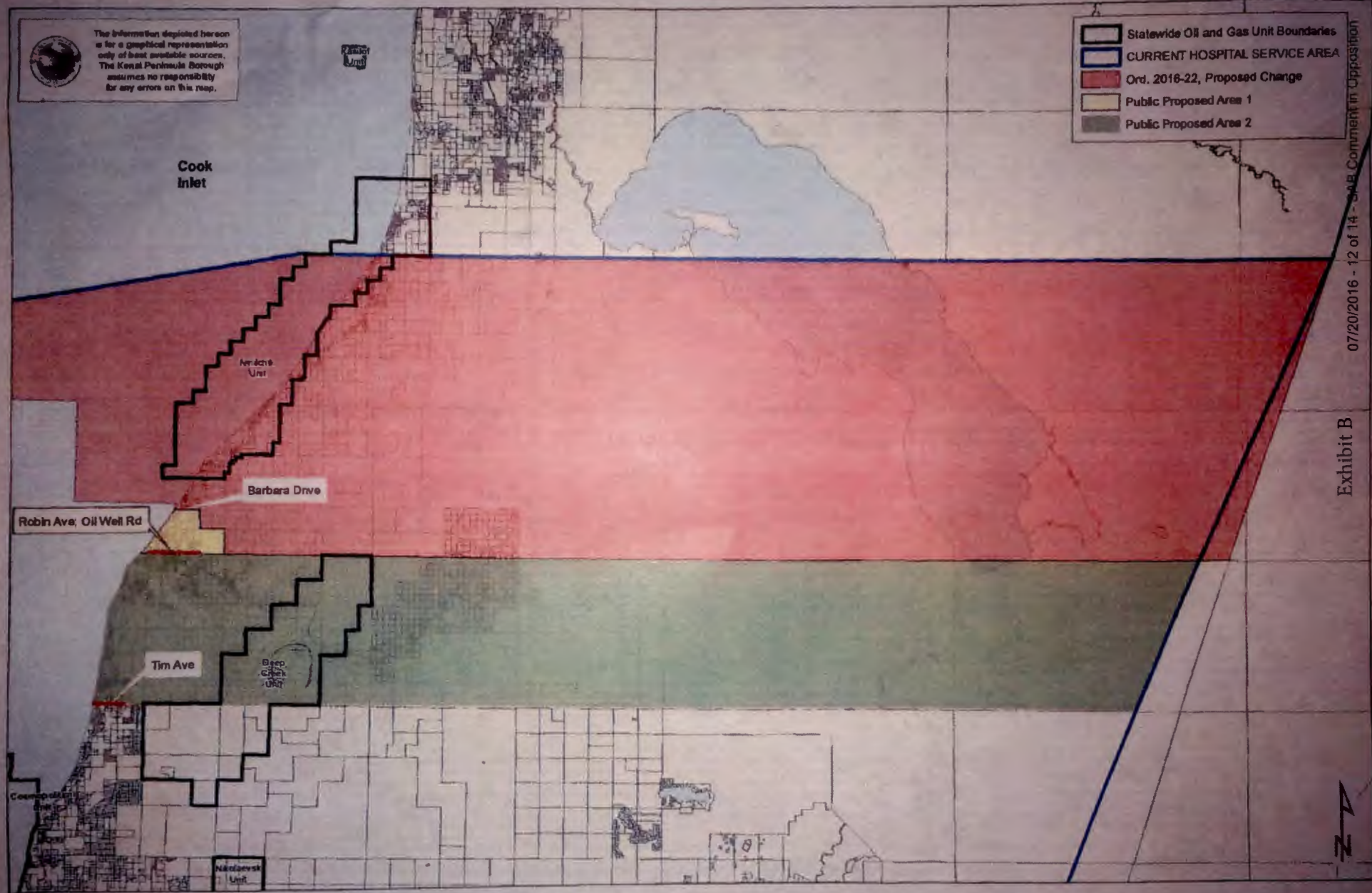
B. Curtis Springs

Nickerson Unit

07/20/2016 - 12 of 14 - SAB Comment in Opposition

Exhibit B

27



From: Sarah <sarahspencerak@gmail.com>
Date: June 22, 2016 at 5:45:26 PM AKDT
To: assemblyclerk@kpb.us
Subject: Please distribute to assembly members

Urgent request: KPB assembly vote on July 25th could eliminate Dr. Spencer's ability to work at the Ninilchik clinic.

I am writing you to encourage you not to move the hospital service area boundary further south.

I am the physician at Ninilchik community clinic and a well respected member of this local community.

Most local residents aren't aware of is the direct and severe impact that this proposal may have on the availability of medical services in Ninilchik.

Many of my patients may not realize that I am actually an employee of South Peninsula Hospital, not the Ninilchik Community Clinic. NTC contracts with SPH to provide many services for them, including lab oversight, xray, ultrasound and my services as a physician. If the SPH services area line is moved south of the Ninilchik clinic, then SPH will no longer be able to provide services to the Ninilchik clinic and I won't be able to work here anymore. This would be devastating both to me personally and to all my patients in town who I have worked so hard to build a relationship with over the past 2 ½ years.

Before I moved here, NTC had been trying for years to recruit a physician on their own without success. They asked SPH to help them find a physician to provide care locally and SPH was able to recruit me from Valdez. I love working in Ninilchik and had been planning to work here for many years to come. Sadly, this proposal may end the years of incredible support that SPH has been providing to the Ninilchik clinic. In the past 2 years Ninilchik Clinic has taken care of over 1,100 individual patients, including over 600 from Ninilchik and 50 from clam gulch. We are not just a native clinic; we accept medicare, medicaid and most private insurance. I know many of our local residents depend on our clinic for their primary care needs, as I am the only doctor working between Homer and Soldotna. Additionally I am the only physician south of Soldotna to provide specialty treatment for addiction, an area of desperate need.

Ninilchik cannot afford to loose their only physician. Recruiting physicians to work in rural Alaskan towns in this current age of nationwide shortage of primary care physicians is an almost insurmountable challenge. Additionally, frequent turnover of physicians is harmful for continuity of care and destroys the sense of trust that has been developed in the community for their local doctors.

Hospitals are sometimes hesitant to invest in primary care as it is not a moneymaking venture, especially in a small town like Ninilchik. However, as South Peninsula hospital so clearly understands, our investments in primary care is what helps to keep people healthy and to reduces trips to the emergency room and hospital. Local access to primary care is critical for the health and well-being of Ninilchik in residents.

Please do what is best for the healthcare needs of this rural town and keep the hospital service area line north of the Ninilchik clinic.

Thank you for your consideration and feel free to email me or call me

907-299-7460

Dr. Sarah Spencer D.O.

Exhibit C

SPH revenue & mill rate impacts due to potential boundary changes

	FY2017 taxable values	Originally Proposed	Boundary change to Oilwell Rd & Alice ave	Boundary change extended to Tim Ave
Real	1,424,391,000	1,370,982,500	1,346,258,500	1,270,910,800
Personal	98,061,000	91,828,983	90,301,233	83,765,505
Oil & gas (AS43.56)	162,557,000	115,111,060	115,111,060	84,689,300
total	1,685,009,000	1,577,922,543	1,551,670,793	1,439,365,605
reduction in taxable values from proposed change in boundaries		107,086,457	133,338,207	245,643,395
mill rate	2.30	2.30	2.30	2.30
Property tax revenue	3,875,521	3,629,222	3,568,843	3,310,541
change in tax revenue from current taxable values		(246,299)	(306,678)	(564,980)
debt service revenue generated from departing property values, (approximately 1.10 mills)		116,724	145,339	267,751
net change in service area revenue		(129,575)	(161,339)	(297,229)
Adjusted property tax revenues	3,875,521	3,745,946	3,714,181	3,578,292
effective mill rate to remaining service area taxable values to hold service area whole <u>if funds were rec'd</u> from the departing properties for the debt service o/s as of June 30, 2016.		2.382	2.404	2.506
effective mill rate to remaining service area taxable values to hold service area whole <u>if no funds were rec'd</u> from the departing properties for debt service that was o/s at June 30, 2016		2.456	2.498	2.693