

PHYSICAL THERAPY SERVICES FUNDING AGREEMENT

THIS PHYSICAL THERAPY SERVICES FUNDING AGREEMENT (the “Agreement”) is made as of the _____ day of _____, 2026, by and between **SAN JUAN COUNTY PUBLIC HOSPITAL DISTRICT No. 3 d/b/a/ ORCAS ISLAND HEALTH CARE DISTRICT**, a Washington municipal corporation, (the “District”) and **ORCAS ISLAND PHYSICAL THERAPY, PLLC**, a Washington professional limited liability company (“OIPT”) (together, the “Parties”).

I. RECITALS

WHEREAS, the District seeks and is authorized to fulfill its statutory and governmental purpose under RCW 70.44 of ensuring that the health needs, including physical therapy needs, of District residents and others are adequately served;

WHEREAS, under RCW 70.44.240, the District may contract a legal entity such as OIPT to provide health care services to be used by individuals and may appropriate funds for this purpose;

WHEREAS, the District has determined that, absent the funding provided under this Agreement, its area population of patients insured under Medicaid would be under-served by physical therapy providers;

WHEREAS, the District has determined that the funding of physical therapy services to those receiving Medicaid furthers a public purpose which constitutes valid and substantial consideration, and, based on this consideration and for other recognized reasons, this funding is authorized and consistent with all applicable law;

WHEREAS, the Parties recognize that the arrangement contemplated in this Agreement may be time-limited and subject to further review to determine the most appropriate arrangement for providing sustainable physical therapy services to those receiving Medicaid within the District’s service area, and, accordingly, the term of this Agreement has been established as a limited term;

WHEREAS, the District desires to have certain services performed as set forth below that require specialized skills and other supportive capabilities; and

WHEREAS, OIPT represents that it is qualified and possesses sufficient skills and the necessary capabilities, including technical, professional, and administrative expertise, where required, to perform the services set forth in this Agreement.

II. TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the terms, conditions, covenants, and performance contained herein, the Parties agree as follows:

1. PURPOSE. This Agreement sets forth the terms of funding assistance provided by the District to OIPT to assist the latter in providing physical therapy services to individuals within District boundaries who are insured by Medicaid for the reasons set forth above in the above recitals.

2. SCOPE OF WORK. OIPT shall perform such services and accomplish such tasks as are designated as OIPT responsibilities throughout this Agreement and as described in **Exhibit A**, which is attached and incorporated herein by this reference. In general, OIPT agrees to provide physical therapy services to individuals covered by Medicaid in compliance with this Agreement.

3. TERM. Notwithstanding the date of execution hereof, this Agreement shall be in effect from January 1, 2027 through December 31, 2028, except that it may be extended pursuant to a modification entered into by the Parties; and provided that should additional time for auditing the project contemplated hereunder be required, the Agreement shall be deemed automatically extended for these purposes until such time as the said audit shall be completed.

4. LIAISON. The District's Project Manager for this Agreement is Chris Chord. OIPT's responsible person is [To be filled in].

5. FUNDING AMOUNT. The District shall provide funding to OIPT for physical therapy services rendered to Orcas Island residents and visitors who are Medicaid recipients to cover the actual cost of service provided per visit (the "Cost Per Visit") minus the amount that is reimbursable through Medicaid (the "Allowed Amount"). The amount reimbursable through Medicaid shall be the Allowed Amount per visit under the agreement between OIPT and the applicable Managed Care Organization (such as Wellpoint, Molina, etc.). The Parties agree that, for each type of visit, the Cost Per Visit and the Allowed Amount is reflected in **Exhibit B**.

5.1. Accordingly, the District shall make payment to OIPT on a per-visit basis in the amount calculated by subtracting the Allowed Amount from the Cost Per Visit using the amounts reflected in **Exhibit B**.

5.2. The District's funding commitment shall be further limited as follows:

5.2.1. The District's funding assistance provided to OIPT under this Agreement shall not exceed Twenty Four Thousand (\$15,000) annually.

5.2.2. The District shall make payments only for services that are reimbursable through Medicaid at some level of reimbursement.

5.2.3. The District shall make payment per the formula established herein whether or not OIPT actually receives payment through Medicaid.

5.2.4. Any amount collected for a visit that exceeds the Allowed Amount, whether from the patient, through Medicaid, or from another source, shall be applied as a credit against amounts due to OIPT by the District under this Agreement.

6. METHOD OF PAYMENT. The District shall make payments to OIPT for services rendered during the preceding month, provided the District receives from OIPT monthly invoices regarding the performance of such services and copies of substantiating documentation as requested by the District. The District shall be afforded a reasonable period of time to review invoices prior to approval of payment. No payment shall be made except for services and amounts expressly set forth in this Agreement, including **Exhibits A and B**.

The form of the invoice shall be approved by the District and shall, at a minimum, provide detail regarding (i) separately identified visits including their type, (ii) the date of each visit, (iii) the

applicable Cost of Service and Allowed Amount in accordance with **Exhibit B**, (iv) credits, if any, and (v) the total amount requested under the invoice. OIPT shall submit the invoices and any other information required by the District by the fifteenth (15th) day of the month following the period being invoiced. Unless agreed otherwise in writing, OIPT must submit payment requests by invoice within forty-five (45) days of services performed.

Upon termination or expiration of this Agreement, no final payment shall be made until all activities of OIPT have been reviewed and approved by the District, including a close-out report if requested by the District.

The Parties expressly agree that the District undertakes no obligations in this Agreement other than to provide funding for the services contemplated herein and undertakes such obligation only in accordance with the terms and limitations expressed in this Agreement.

7. BILLING/COLLECTION/FEES. OIPT shall, either directly or through a third party, bill and make good faith efforts to receive reimbursement through Medicaid for services provided to patients. OIPT shall act in good faith to collect Medicaid payments and shall employ such collection and settlement dispute mechanisms (subject to all applicable governmental regulations and the terms and conditions of applicable payor contracts or provider agreements) as are reasonable and necessary. OIPT shall ensure that the fees charged for physical therapy services to all patients are reasonable as compared to the customary fees for comparable services in the greater Skagit, Whatcom, Island and San Juan Counties area.

8. PATIENT ACCEPTANCE. OIPT shall ensure that services are provided to Orcas Island residents and visitors on a nondiscriminatory basis.

9. INDEPENDENT AGREEMENT OR RELATIONSHIP.

9.1. The Parties intend that an independent contractor relationship will be created by this Agreement. The District is interested primarily in the results to be achieved. Subject to the provisions herein, the implementation of services will lie solely with the discretion of OIPT. No agent, employee, servant or representative of OIPT shall be deemed to be an employee, servant or representative of the District for any purpose, and the employees of OIPT are not entitled to any of the benefits the District provides for its employees except as otherwise expressly provided herein. The District will be solely and entirely responsible for its acts and for the acts of its agents, employees, servants, subcontractors, or representatives during the performance of this Agreement.

9.2. In the performance of the services herein contemplated, OIPT is an independent contractor with the authority to control and direct the performance of the details of the work; however, the result of the work contemplated herein must meet the approval of the District and shall be subject to the District's general rights of inspection and review to secure the satisfactory completion thereof.

9.3. OIPT warrants that it is not excluded or disqualified under federal law as stated in Executive Order 12549. OIPT warrants that it will not subcontract with any person who is excluded or disqualified by law or regulation.

10. CONFIDENTIALITY OF CLIENT INFORMATION. OIPT shall protect all information, records and data collected from unauthorized disclosure in accordance with applicable

provisions of 42 CFR 431.300 through 431.307; RCW 70.02; RCW 71.05; RCW 71.34; and the Health Insurance Portability and Accountability Act (“HIPAA”) (together “Confidentiality Provisions”). OIPT shall have a process in place to ensure that all components of its network, system and subcontractors understand and comply with confidentiality requirements.

OIPT shall ensure that access to the information is restricted to persons or agency representatives who are subject to standards of confidentiality included in Confidentiality Provisions.

The Parties acknowledge that coordination, planning, screening and referral require the sharing of information among the various treatment providers. Disclosure of information to verify eligibility, determine the amount of assistance and to provide medically necessary physical therapy services are all “purposes directly connected with the administration of the Agreement,” and are all appropriate justifications for sharing information. Confidential information may not be disclosed to the public.

OIPT shall assure that all staff and subcontractors providing services under this Agreement receive annual training on confidentiality policies including those based on applicable Confidentiality Provisions. In addition, OIPT shall assure that all staff and volunteers acquiring information are required to sign an Oath of Confidentiality pursuant to RCW 71A.14.070.

All Invoices provided to the District, as required in this Agreement, shall be redacted to exclude all patient information and include only general information on the services provided and the fees associated with the services.

11. INDEMNIFICATION OF DISTRICT. OIPT shall protect, defend, hold harmless, and indemnify the District against all liability or loss, and against all claims or actions based upon or arising out of damage or injury (including death) to persons or property caused by or sustained in connection with OIPT’s performance of this Agreement or by conditions created thereby, and/or based upon any and all negligent and tortious conduct or any violation of any law, code, or regulation, and the defense of any such claim or actions.

OIPT shall also indemnify the District against all liability and loss in connection with, and shall assume full responsibility for, payment of all federal, state and local taxes or contributions imposed or required under unemployment insurance, worker’s compensation, social security and income tax laws, for OIPT and any employees or volunteers of OIPT.

LIMITED WAIVER OF IMMUNITY UNDER WASHINGTON STATE INDUSTRIAL INSURANCE ACT, TITLE 51 RCW AND OTHER SIMILAR INDUSTRIAL INSURANCE SCHEMES: For purposes of the foregoing indemnification provision, and only to the extent of claims against OIPT by the District under such indemnification provision, OIPT specifically waives any immunity it may be granted under the Washington State Industrial Insurance Act, Title 51 RCW, or any other similar workers’ compensation schemes. The indemnification obligation under this Agreement shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable to or for any third party under workers’ compensation acts, disability benefit acts, or other employee benefit acts. The foregoing provision was specifically negotiated and agreed upon by the Parties hereto.

12. INSURANCE.

12.1. OIPT shall carry and maintain throughout the period of the Agreement at its own expense the following minimum insurance which must be primary and non-contributory and provide coverage on an occurrence basis:

12.1.1. Comprehensive commercial general liability insurance in the amount of no less than One Million Dollars (\$1,000,000.00), or if greater, to the limit of the policy for combined single limit bodily injury, including wrongful death or property damage, to defend and indemnify all activities and services covered by this Agreement with a commercial insurance carrier protected under the State of Washington Guaranty Fund or with a risk pool approved by the Insurance Commissioner. Such insurance shall be endorsed to include the District, its officers, elected officials, employees and agents as an additional insured. Coverage shall not be reduced or cancelled without thirty (30) days' prior written notice to the District. The District shall have the right to terminate this Agreement for cause as described in Section 18.2 if the District, in its sole discretion, determines that OIPT's reduction or cancellation of coverage warrants termination.

Each insurance shall be endorsed to include language containing a "cross liability" or "separation of insureds" indicating essentially that except with respect to the limits of insurance, and any rights or duties specifically assigned in the coverage part to the first named insured, this insurance applies as if each named insured were the only named insured, and separately to each insured against whom a claim is made or a suit is brought. Any payment of a deductible or self-insured retention shall be the sole responsibility of OIPT.

12.1.2. Auto liability insurance with limits of no less than One Million Dollars (\$1,000,000.00) for each person and/or One Million Dollars (\$1,000,000.00) for each occurrence for owned, hired and non-owned automobiles used for any activities and services covered by this Agreement. Such insurance shall be endorsed to include the District, its officers, elected officials, employees, and agents as additional insured. Coverage shall not be reduced or cancelled without thirty (30) days' prior written notice to the District. The District shall have the right to terminate this Agreement for cause as described in Section 18.2 if the District, in its sole discretion, determines that OIPT's reduction or cancellation of coverage warrants termination.

12.1.3. A standard policy of professional liability insurance in the amount of One Million Dollars (\$1,000,000.00) per occurrence and Three Million Dollars (\$3,000,000.00) aggregate.

12.1.3.1. OIPT shall also ensure that all health care professionals employed by or under contract with OIPT to render physical therapy services are covered under OIPT's or their own individual professional liability insurance policies with such limits.

12.1.3.2. The professional liability and/or malpractice insurance required pursuant to this Section shall be either occurrence or claims made with an extended period reporting option or under such terms and conditions as may be reasonably required by the District.

12.1.4. Statutory workers' compensation insurance and employer's liability insurance to cover employees and volunteers as required by state and federal law.

12.2. OIPT shall provide the District evidence of insurance in the form of a Certificate of Insurance satisfactory to the District, executed by a duly authorized representative of each insurer showing compliance with the insurance requirements set forth above, including endorsements. Upon the request of the District, OIPT shall also provide a duplicate (photocopy) of each insurance policy and the name, address and telephone number of the broker who issued each one as evidence of coverage. Approval of insurance is a condition precedent to full execution, including continued compensation, of/under this Agreement. The maintenance of said insurance will not in any manner affect OIPT's obligation to hold harmless and indemnify the District as provided in this Agreement. The provisions of this Section 12 shall survive the expiration or termination of this Agreement to the extent required for OIPT to ensure that coverage extends to liability for claims brought subsequent to expiration or termination of this Agreement.

13. BACKGROUND CHECK. OIPT shall ensure that anyone who may have unsupervised access to vulnerable persons receiving services under this Agreement have a criminal history background check through the Washington State Patrol in accordance with RCW 43.43.830-845 and RCW 74.15.030. This includes employees, volunteers, owners, administrators, student interns, contract employees, employees of contractors, and others, including other clients. Criminal history background checks shall be conducted upon execution of this Agreement and every two (2) years thereafter, unless otherwise approved in writing by the District.

14. SUBCONTRACTING/OTHER CONTRACTS/ASSIGNMENT.

14.1. OIPT may subcontract services to be provided under this Agreement but shall be responsible for the acts and omissions of any subcontractor. OIPT must ensure that the subcontractor neither employs any person nor contracts with any person excluded from participation in federal health care programs under either 42 U.S.C. 1320a-7 (§§1128 or 1128A Social Security Act).

14.2. Notwithstanding the allowance for subcontracting as provided in this Section, OIPT shall not assign its interest, rights, or obligations under this Agreement to any other party without the District's written consent, which will be at the District's sole discretion.

15. PERFORMANCE STANDARDS AND QUALIFICATIONS.

15.1. In carrying out its responsibilities under this contract, OIPT shall comply with the following performance standards.

15.1.1. All professional outpatient physical therapy services provided under this Agreement shall be within the normal range of services for this industry, shall comply with all applicable laws and regulations, and meet with the industry's ethical standards.

15.1.2. Minimum qualifications for all personnel providing physical therapy services under this Agreement shall be as provided by applicable laws and regulations, including Chapter 18.74 RCW and Chapter 246-915 WAC, Chapter 246-15 WAC, Chapter 246-16 WAC, and Chapter 246-12 WAC.

15.2. Prior to providing professional services under this Agreement, OIPT shall obtain from providers:

15.2.1. A completed provider application;

15.2.2. A Washington State Patrol (“WSP”) Background Check for each provider who will have unsupervised access to clients; and

15.2.3. A copy of the provider’s Washington State license to perform physical therapy.

15.3. OIPT shall provide the District with copies of licenses of providers with the first request for reimbursement for services provided by specific providers. Reimbursement for services provided under this contract shall be contingent upon the receipt of said licenses. No costs for services will be reimbursed without proof of licensure.

15.4. All services provided under this Agreement shall be provided in a culturally competent manner.

16. MAINTENANCE AND INSPECTION OF RECORDS.

16.1. OIPT shall maintain books, records and documents that sufficiently and properly reflect all work related to the performance of this Agreement. In addition, OIPT shall maintain all accounting records in a form necessary to assure proper accounting of all funds paid pursuant to this Agreement. All of the above shall be subject at all reasonable times to inspection, review, or audit by the District, its authorized representative, the State Auditor, or other governmental officials authorized by law to do so.

16.2. OIPT shall retain all books, records, documents and other material relevant to this Agreement for six (6) years after its expiration. OIPT agrees that the District or its designee shall have full access and right to examine any of said materials at all reasonable times during said period.

17. EXTRA WORK. Work in addition to or different from that provided for in the Scope of Work section of this Agreement shall only be allowed by prior authorization in writing, as a modification to this Agreement. Such modifications shall be attached hereto and shall be approved in the same manner as this Agreement. The maximum amount payable for this Agreement shall not be increased or considered to be increased except by specific written supplement to this Agreement.

18. TERMINATION.

18.1. **Termination for Convenience.** The District may terminate this Agreement, in whole or in part, at any time, for its convenience, with at least thirty (30) days’ written notice to OIPT. OIPT shall be reimbursed for work performed and expenses incurred, as provided for in this Agreement, to the date of termination. Within thirty (30) days, OIPT shall submit a termination claim to the District. If OIPT has any property in its possession belonging to the District, OIPT will account for the same, and dispose of it in the manner directed by the District.

18.2. **Termination for Cause.** If OIPT fails to perform in the manner called for in this Agreement, or if OIPT fails to comply with any other provisions of the Agreement and fails to correct such noncompliance within five (5) days’ written notice thereof, the District may terminate this Agreement for cause. Termination shall be effected by serving a notice of termination on OIPT setting forth the manner in which OIPT is in default. OIPT will only be paid for services performed in accordance with the manner of performance set forth in this Agreement.

18.3. Termination of this Agreement shall not prevent the District from invoking those provisions herein necessary to protect or enforce its rights hereunder, which provisions shall survive termination.

19. MEDIATION. The Parties shall attempt to resolve any controversies or disputes arising out of or relating to this Agreement through a good faith attempt at mediation. Each party will pay its own attorneys' fees and costs for mediation.

20. ARBITRATION.

20.1. Any controversy or claim arising out of or relating to this Agreement that is not resolved through mediation, shall be resolved by final and binding arbitration pursuant to RCW 7.04A. Demand for arbitration shall be made in writing to the other party and shall be brought within six (6) years after the initial occurrence giving rise to the controversy or claim for which arbitration is commenced, regardless of the date of discovery or whether the claim or controversy was continuing in nature. Claims or controversies arising more than six (6) years prior to a written demand for arbitration issued under this agreement are not subject to arbitration. The arbitration shall be held in San Juan County before a single arbitrator selected by the Agreement of the Parties. If the Parties cannot agree upon an arbitrator within fifteen (15) days after the demand for arbitration is made, the arbitrator shall be selected by a judge in the Superior Court of San Juan County in accordance with the procedures set out in RCW 7.04A.110.

20.2. Unless the Parties agree otherwise in writing, the arbitration hearing shall occur no later than sixty (60) days after the date the arbitrator is appointed.

20.3. The Parties agree that, with the exception of the circumstances set out in RCW 7.04A.230, the arbitrator's decision shall be binding, final and not appealable to any court of law.

20.4. Should either Party initiate any action against the other, including arbitration, the substantially prevailing party (considering the relief sought and the relief achieved) shall be awarded reasonable attorney's fees and other costs incurred in connection with such action and enforcement thereof. The arbitrator's fee and any administrative expenses imposed by the arbitrator shall be shared equally by the Parties.

20.5. This Agreement shall be governed by laws of the state of Washington, both as to interpretation and performance.

21. FURTHER ACTS. The Parties shall do all such further acts and things and provide all such assurance and deliver all such documents in writing as may be required, from time to time, in order to fully carry out the terms, provisions and intent of this Agreement.

22. WAIVER. The waiver by, or the failure to take action with respect to, breach of any term, covenant or condition of the Agreement shall not be deemed to be a waiver of such term, covenant or condition on any subsequent breach. All remedies afforded in this Agreement shall be taken as cumulative: that is, in addition to every other remedy provided herein or by law.

23. SEVERABILITY. It is understood and agreed by the Parties that if any term or provision of this Agreement is held by any court to be illegal or in conflict with any law of the state of Washington, the validity of the remaining portions shall not be affected, and the rights

and obligations of the Parties shall be construed and enforced as if the Agreement did not contain the particular term, part or provision held to be invalid.

24. ENTIRE AGREEMENT. This instrument contains the entire Agreement between the Parties, and statements, promises, or inducements made by any Party or agent of that Party that are not contained in this Agreement shall not be valid or binding. This Agreement may not be enlarged, modified, or altered except in writing signed by the Parties.

25. SURVIVABILITY. All covenants, promises and performance which are not fully performed as of the date of termination shall survive termination as binding obligations.

26. NOTICE. Notice provided for in this Agreement shall be sent by certified mail to the following addresses:

DISTRICT AT: Orcas Island Health Care District
ATTN: District Superintendent Chris Chord
PO Box 226
Eastsound, WA 98245

OIPT AT: Orcas Island Physical Therapy, PLLC
ATTN: [Name]
PO Box 487
Eastsound, WA 98245

27. ELECTRONIC SIGNATURE. The Parties agree that this Agreement may be electronically signed, and that electronic signatures appearing on this Agreement have the same force and effect as manual signatures.

Dated this _____ day of _____, 2026.

**ORCAS ISLAND PHYSICAL THERAPY,
PLLC**

**ORCAS ISLAND HEALTH CARE
DISTRICT**

By: _____
Its: _____
Date: _____

By: Chris Chord
Its: Superintendent
Date: _____

Exhibit A
Scope of Work

OIPT shall:

1. Provide physical therapy care and treatment to Medicaid-covered individuals consistent with industry quality standards for pediatric and adult clients in an Outpatient Physical Therapy Facility located on Orcas Island.
2. Submit Invoices monthly to Chris Chord at chrisc@orcashealth.org to receive payment under this Agreement.
3. Perform the following administrative and operational functions as appropriate to support the purpose of this agreement: administrative management; billing and financial management; human resources and staff management; marketing and patient relations; compliance and risk management; and technology management.

Exhibit B
Cost Per Visit and Allowed Amount

Previous Year (2025) Reimbursement information (avg \$/Visit)	
Molina	\$72.74
Community Health Plan	\$52.28
Coordinated Care/Ambetter	\$50.95
United Health	\$55.78
Amerigroup/Wellpoint	\$38.57
Wellcare	\$53.76

Agreed cost per visit	\$80.60		
Contract	Allowable payment from OIHCD	Visits in 2025	Expected Cost
Molina	\$7.86	209	\$1,642.74
Community Health Plan	\$28.32	116	\$3,285.12
Coordinated Care/Ambetter	\$29.65	1	\$29.65
United	\$24.82	69	\$1,712.58
Amerigroup/Wellpoint	\$42.03	30	\$1,260.90
Wellcare	\$26.84	56	\$1,503.04
			\$ 9,434.03