



DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

August 26, 2019

Pegi A Groundwater, Commissioner
San Juan County Public Hospital District #3
doing business as Orcas Island Health Care District
18 Haven Rd
Eastsound, WA 98245

Dear Pegi:

This letter is to confirm our understanding of the terms and the nature and limitations of the services we will provide for Orcas Island Health Care District (the District).

We perform the following:

1. Write a narrative comparing the requirements, benefits, and drawbacks of the options identified by the District and any additional structural options identified by the consultant. This narrative will also include:
 - a. A discussion of the fit of each identified option for achieving the District's goals.
 - b. A projected timeline for achieving each of the identified options.
2. An econometric model of the different combination of models that would allow the District to plug in differing assumptions to see what their impact would be.
3. A recommendation on the approach that the consultant concludes is best for the District with an explanation of the reasons that model was chosen.

Our objectives will include recommendations as well as the data sources and methodology.

Conformance with Section 952 of Public Law 96-499

Section 952 of P.L. 96-499 requires access by the Secretary of Health and Human Services and the U.S. Comptroller General to the books and records of subcontractors of Medicare providers. Absent the allowability of such access, the provider's cost for such services would not be allowable for Medicare reimbursement purposes if the contract value over 12-months is \$10,000 or more. We would grant such access if this law is applicable to our services.

Administration, Fees, and Other

You are responsible for management decisions and functions, and for designating an individual with suitable skill, knowledge, or experience to oversee any other services we provide. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

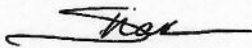
Pegi Groundwater, Commissioner
Orcas Island Health Care District
August 26, 2019
Page 2

Our price for the above services is estimated to be \$17,000. Out-of-pocket costs, if any, will be billed at actual costs. Additional services will be discussed with and approved by you prior to performance.

We appreciate the opportunity to be of service to Orcas Island Health Care District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please print and sign a copy and return it to us.

Sincerely,

DINGUS, ZARECOR & ASSOCIATES PLLC



Shar Sheaffer, Owner

RESPONSE:

This letter correctly sets forth the understanding of Orcas Island Health Care District.

By: Anne Rensen

Title: Superintendent

Date: 8-30-19