



**AGENDA**  
**COMMUNITY HEALTH SERVICES BOARD**  
**Library Conference Room**  
**SPECIAL MEETING**  
**January 15, 2014 6:30pm**

At CCMC, we believe that healthy people create a healthy community.

- President  
David Allison  
term expires 03/14
  
- Vice-President  
EJ Cheshier  
term expires 03/15
  
- Secretary  
David Reggiani  
term expires 08/15
  
- Board Members  
Bret Bradford  
term expires 03/15  
Tim Joyce  
term expires 03/14  
Kristin Carpenter  
term expires 04/16  
James Burton  
term expires 03/15
  
- Administrator  
Theresa L. Carté

- I. OPENING**
  - A.** Call to Order
  - B.** Roll Call – David Allison, EJ Cheshier, David Reggiani, Bret Bradford, Tim Joyce, Kristin Carpenter, James Burton.
  - C.** Establishment of a Quorum
  
- II. COMMUNICATIONS BY AND PETITIONS FROM VISITORS**
  - A.** Guest Speaker
  - B.** Audience Comments (limited to 3 minutes per speaker).  
Speaker must give name and agenda item to which they are addressing.
  
- III. CONFLICT OF INTEREST**
- IV. APPROVAL OF AGENDA**
- V. APPROVAL OF CONSENT CALENDAR**
  - A.** Minutes from October 2, 2013 Regular Meeting **Pg 1-3**
  - B.** Minutes from November 14, 2013 Special Meeting **Pg 4-5**
  - C.** Minutes from November 20, 2013 Special Meeting **Pg 6-7**
  
- VI. REPORTS AND CORRESPONDENCE**
  - A.** Administrator’s Report - 2013 Year-End Operating Report and CT Scanner update **Pg 8-22**
  - B.** President’s Report
  - C.** Finance Report – October/November monthly reports **Pg 23-28**

**VII. ACTION ITEMS**

- A.** CT Scanner Resolution to fund Task 200: Final Documents to Spark Design **Pg 29-30**
- B.** Resolution of support for CT Scanner **Pg 31-32**
- C.** Recredentialing and Privileging of Dr. Deland Barr, DO

**VIII. DISCUSSION ITEMS**

- A.** Review of the 2013 Fiscal year audit **Pg 33-37**

**IX. AUDIENCE PARTICIPATION** (limited to 3 minutes per speaker)

Members of the public are given the opportunity to comment on matters which are within the subject matter jurisdiction of the Board and are appropriate for discussion in an open session.

**X. BOARD MEMBERS COMMENTS**

**XI. EXECUTIVE SESSION\***

**XII. ADJOURNMENT**

\*Executive Session: Subjects that may be considered in executive session are: 1) Matters, immediate knowledge of which would clearly have an adverse effect upon the finances of the public entity; 2) Subjects that tend to prejudice the reputation and character of any person, provided that the person may request a public discussion; 3) Matters which by law, municipal charter, or ordinance are required to be confidential; 4) Matters involving consideration of governmental records that by law are not subject to public disclosure; 5) Direction to an attorney or labor negotiator regarding the handling of specific legal matters or labor negotiations.

**Minutes**  
**Community Health Services Board**  
**Library Conference Room**  
**October 2, 2013 – 6:15 PM**  
**Regular Meeting**

**I. CALL TO ORDER AND ROLL CALL –**

**David Allison** called the HSB special meeting to order at 6:15 pm. Board members present: **David Allison, David Reggiani, Bret Bradford (arrived @ 6:20pm), Tim Joyce, Kristin Carpenter, James Burton and E.J Cheshier (arrived @ 6:28pm).**

A quorum was established.

CCMC staff present: **Theresa Carté**, CEO and **Stephen Sundby**, Director, Sound Alternatives.

**II. COMMUNICATIONS BY AND PETITIONS FROM VISITORS**

- **Guest Speakers** – None
- **Audience Comments** – None

**III. CONFLICT OF INTEREST – None**

**IV. APPROVAL OF AGENDA**

**M/Reggiani S/Joyce** move to approve the agenda.

Add item VII Action Item “E” to the Agenda for Credentialing of Melissa Brooks

**Upon voice vote, motion passed 5-0**

**V. APPROVAL OF CONSENT CALENDAR**

Minutes from the July 3, 2013 HSB Regular Meeting

**M/Joyce S/Burton**

**Upon voice vote, motion passed 5-0**

**VI. REPORTS AND CORRESPONDENCE**

- **Administrator’s Report**

**Theresa Carté** ~ highlighted the four new permanent and 2 casual CCMC staff that have been hired since the July 3, 2013 HSB meeting, and listed who the current travelers are.

There is a list of the current repairs to the facility such as the Ambulance bay door, the drainage problem in front of the ER entrance, a drainage issue caused by a blocked pipe in the kitchen and the HVAC repairs are still underway. We have submitted LOI’s to both Murdock and Rasmuson Foundation for grants in regards to the CT Scanner. Our EHR, Healthland had some internal issues which delayed the go-live date and subsequently has pushed the date back as far as October 2014.

- **President’s Report** ~ None

- **Finance Report**

**Theresa Carté** ~ summarized the Finance report; at the end of August 2013, records showed a slight decrease from budget in its total revenue. Expenses are lower than expected mostly due to reduction in utility cost from summer and HVAC work. The statistics for CCMC mostly show a better than budget average. A major concern of the hospital has been its

day's cash on hand (DCOH), due to a reduction of cash received from Medicare it reduced the DCOH to 8.25 days in the month of August.

**Sound Alternatives** ~ So far in 2013, the only patient revenue recognized has been through its respite care program in August. Grant revenues are based upon a total of expected grants to date, annualized over the entire year. Total expenses include all department based expenses; however, do not include overhead items such as administrative, building costs and utilities.

## **VII. ACTION ITEMS**

**A. Approve CCMC 2014 FY Budget  
M/Carpenter S/Joyce "I move to forward to City Council."  
Upon voice vote, motion passed 7-0**

**B. Recommendation by HSB for Providence Region Community Ministry Board**  
HSB members were not ready to make a recommendation. At any time, the HSB is welcome to provide a recommendation to Providence for this role.

**C. Credentialing and Privileging of Dr. Curtis Bejes  
M/Joyce S/Reggiani "I move to offer the credentialing privileges to Dr. Curtis Bejes".  
Upon voice vote, motion passed 7-0**

**D. Credentialing and Privileging of Dr. Philip Hess  
M/Joyce S/Reggiani "I move to offer the credentialing privileges to Dr. Philip Hess".  
Upon voice vote, motion passed 7-0**

**E. Credentialing and Privileging of Melissa Brooks, ANP-C  
M/Joyce S/Reggiani "I move to offer the credentialing privileges to Melissa Brooks".  
Upon voice vote, motion passed 7-0**

## **VIII. DISCUSSION ITEMS**

**A. Review the Community Health Needs Assessment Results and Implementation Plan**

**Theresa Carté** – Gave a brief summary of who the CHNA Advisory group members were and the organization are affiliated with and a timeline of when this process started. The top five needs identified within the community were as follows: 1. Attracting and Retaining Medical Providers. 2. Access to Specialty Care. 3. Affordability of Care. 4. Care Coordination across Healthcare Providers. 5. Mental Health/Substance Abuse. *A copy of the results from the CHNA Survey can be made available upon request.*

**B. Rasmuson Foundation Grant Board Giving Requirements**

**(via teleconference) Mariko Selle**, Grant writer for CCMC spoke in regards to the giving requirements by the Rasmuson Foundation. The Rasmuson Foundation requires non-profit boards who ask for their assistance to be “100% giving” boards. A copy of the Board Giving requirements can be viewed directly from the following location, <http://www.rasmuson.org/index.php?switch=viewpage&pageid=136>

**IX. AUDIENCE PARTICIPATION** – None

**X. BOARD MEMBERS COMMENTS**

**Joyce** ~ No comment

**Carpenter** ~ Glad to see the financials

**Bradford** ~ No comment

**Reggiani** ~ No comment

**Burton** ~ No comment

**Cheshier** ~ No comment

**Allison** ~ No comment

**XI. EXECUTIVE SESSION** – None

**XII. ADJOURNMENT** –

**M/Reggiani S/Bradford** Move to adjourn the meeting.

**Allison** declared the meeting adjourned at 7:26 pm.

**Transcribed by: Faith Wheeler-Jeppson**

**Minutes  
Community Health Services Board  
Library Conference Room  
November 14, 2013 – 5:30 PM  
Special Meeting**

**I. CALL TO ORDER AND ROLL CALL –**

**David Allison** called the HSB special meeting to order at 5:30 pm. Board members present: **David Allison, David Reggiani, E.J. Cheshier and James Burton (telephonically).**

A quorum was established.

CCMC staff present: **Theresa Carté**, CEO and **Tim Kelly**, CFO.

**II. COMMUNICATIONS BY AND PETITIONS FROM VISITORS**

- **Guest Speakers** – None
- **Audience Comments** – None

**III. CONFLICT OF INTEREST – None**

**IV. APPROVAL OF AGENDA**

**M/Reggiani S/Cheshier** “I move to approve the agenda.”

**Upon voice vote, motion passed 4-0**

**V. APPROVAL OF CONSENT CALENDAR - None**

**VI. REPORTS AND CORRESPONDENCE**

- **Administrator’s Report** - None
- **President’s Report** ~ None
- **Finance Report**

**Theresa Carté** reviewed the September 2013 Financial Report. **Tim Kelly** noted that the Medicaid software issues are not solely affecting CCMC; businesses like Cordova Drug are being affected as well through Tricare. **Tim Kelly** explained in detail the statistics from the report on page 3 of the packet.

**VII. ACTION ITEMS**

**A. EHR Update**

**Theresa Carté** spoke to the delay from Healthland on the implementation of Centriq, after considering several options the new go-live date will be January 2015. A payment of \$402,649 was made to Healthland in March of 2013; this money was provided by the City. In May of 2013 a payment was received by CCMC from Medicaid for implementation for \$106,500. The next expected payment to Healthland is February 2015 which will be \$343,924 CCMC will need this money from the City as capital. See the full packet for additional details.

**B. Approve Updated 2014 Budget**

**M/Reggiani S/Cheshier** “I move to approve the updated 2014 budget as presented.”

**Upon voice vote, motion passed 4-0**

**C. Approve Loan Repayment Proposal**

After a lengthy discussion HSB members advised staff that in section 1 of the resolution the debt repayment to the City should be reviewed annually with the budget. In section 2 of the resolution it should be stated that this was to be reviewed quarterly and the operating revenues resulting in an account balance in excess of 45 days of Operating Expenses shall be applied 50% to the City and 50% into a depreciation account.

**D. Capital Plans**

**M/Cheshier S/Reggiani "I move to approve."**

**Upon voice vote, motion passed 4-0**

**E. Credential and Privilege of Dr. Kristel Rush**

**M/Reggiani S/Cheshier "I move to approve the credentialing and privileging of Dr. Kristel Rush."**

**Upon voice vote, motion passed 4-0**

**VIII. DISCUSSION ITEMS**

**A. Providence Contract and Evaluation Criteria**

**Theresa Carté** provided a 2 page summary of the management contract with a question regarding the individual paragraphs associated with this contract.

HSB members agreed that we need a meeting between Administration and the City to discuss the contract and evaluate how each is doing.

**IX. AUDIENCE PARTICIPATION – None**

**X. BOARD MEMBERS COMMENTS**

**Reggiani** ~ Thanks for all of the info

**Burton** ~ No comment

**Cheshier** ~ No comment

**Allison** ~ No comment

**XI. EXECUTIVE SESSION – None**

**XII. ADJOURNMENT –**

**M/Reggiani S/Cheshier** Move to adjourn the meeting.

**Allison** declared the meeting adjourned at 6:55pm.

**Transcribed by: Faith Wheeler-Jeppson**

**Minutes  
Community Health Services Board  
Library Conference Room  
November 20, 2013 – 7:00 PM  
Special Meeting**

**I. CALL TO ORDER AND ROLL CALL –**

**David Allison** called the HSB special meeting to order at 7:00 pm. Board members present: **David Allison, David Reggiani, Bret Bradford, Tim Joyce and Kristin Carpenter.**

A quorum was established.

COCM staff present: **Theresa Carté**, CEO and **Stephen Sundby**, Director, Sound Alternatives.

**II. COMMUNICATIONS BY AND PETITIONS FROM VISITORS**

- **Guest Speakers** – None
- **Audience Comments** – None

**III. CONFLICT OF INTEREST – None**

**IV. APPROVAL OF AGENDA**

**M/Reggiani S/Bradford** move to approve the agenda.

**Upon voice vote, motion passed 5-0**

**V. APPROVAL OF CONSENT CALENDAR - None**

**VI. REPORTS AND CORRESPONDENCE**

- **Administrator’s Report** - None
- **President’s Report** - None
- **Finance Report** - None

**VII. ACTION ITEMS**

**A.** Office of Rate Review (ORR) Settlement on Medicaid Rates

**M/Bradford S/Reggiani** I move to go into Executive Session to discuss matters of which could have an adverse effect upon the finances of the City.” (7:03pm)

**Upon voice vote, motion passed 5-0**

**M/Carpenter S/Joyce** “I move to direct COCM’s counsel to settle the Medicaid rates appeal with the Alaska Department of Health and Social Services, OAH No. 13-1001-MDR, on those terms discussed in executive session, and recommend settlement under those terms to the City Council.”

**Upon voice vote, motion passed 5-0**

**VIII. DISCUSSION ITEMS - None**

**IX. AUDIENCE PARTICIPATION – None**

**X. BOARD MEMBERS COMMENTS - None**

**XI. EXECUTIVE SESSION**

Allison called the Executive Session to order at 7:03pm

Allison called the Regular meeting back in session at 7:17pm

**XII. ADJOURNMENT –**

**M/Reggiani S/Joyce** Move to adjourn the meeting.

**Allison** declared the meeting adjourned at 7:20pm.

**Transcribed by: Faith Wheeler-Jeppson**

DRAFT





2013 YEAR-END OPERATING REPORT  
PRESENTED JANUARY 15, 2014

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# EXECUTIVE SUMMARY

Dear Cordova City Council Members, Mayor and City Manager:

At CCMC, we have been realizing our Mission in 2013: "As a partner in our community, Cordova Community Medical Center provides personalized service to support the health and well-being of all people through their journeys in life."

We completed the Community Health Needs Assessment with the support of the following key groups: Public Health Nurse, Ilanka Community Health Center, Native Village of Eyak, Family Resource Center, Volunteer Fire Department, City of Cordova, Cordova Fisherman District United, and Copper River Watershed Project. This is a survey that is required every three years. We had great support throughout and have published a plan to improve the health of our community based on the feedback from many people in Cordova.

We've added resources to improve the care at the hospital with a Advanced Nurse Practitioner, 2 nurses, 2 Social Workers, and a Physical Therapist.

We began work to attain the CT Scanner that will allow people to stay in Cordova for their healthcare. With the City's support, we are pursuing grant money for at least half the cost of the project.

On behalf of the CCMC Team, we appreciate your continued trust and support.

Sincerely,

*Theresa L. Carté, PhD*  
Administrator

# MAJOR ACCOMPLISHMENTS

- e-ICU keeping residents in Cordova
  - 16 people admitted to e-ICU between April and December
  - 11 of these people were able to stay in Cordova due to e-ICU
- Completed the Community Health Needs Assessment
- Hired a permanent provider – Advanced Nurse Practitioner
- Initiated patient and employee satisfaction surveys
- CT Scanner plans are moving forward

*Stewardship*

*Respect*

*Integrity*

*Excellence*

*Compassion*

# CCMC Strategic Plan

## Mission

As a partner in our community, Cordova Community Medical Center provides personalized service to support the health and well-being of all people through their journeys in life

## Vision

Dedicated to excellence for every person every time

## Values

Stewardship - Respect - Compassion - Integrity - Excellence

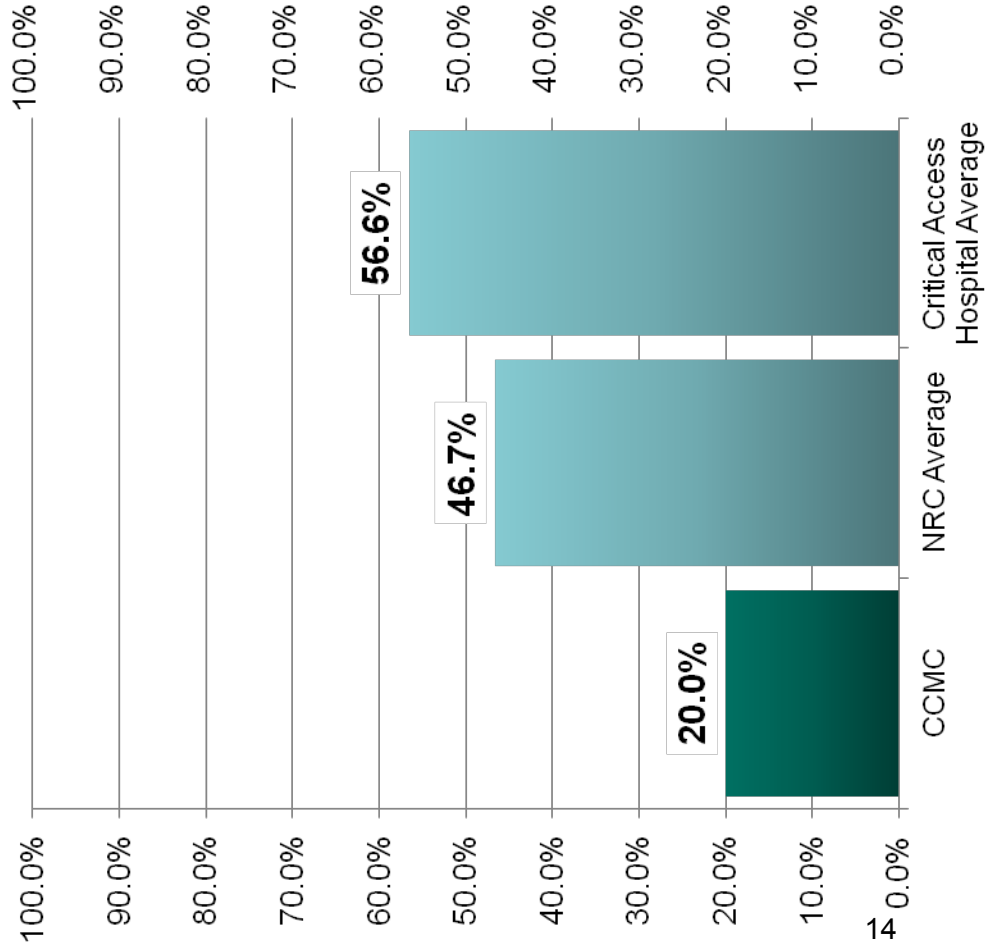
<b>STRATEGIES</b> (What will we do and why)	<b>KEY TACTICS</b> (How will we do it)
<p><b>1. Primary Care Clinic Volume</b>                      Become the primary care clinic of choice for the community by leveraging CCMC's unique position as the most comprehensive continuum of care in Cordova</p>	<p>A. Partner with local businesses, government and industry to better meet their needs – (i.e. Coast Guard)                      B. Expand ancillary services not available at other clinics in Cordova                      C. Attract and retain medical providers                      D. Explore expanded hours to increase access                      E. Address staffing plan for each role to ensure adequate staffing to ensure consistent clinic access</p>
<p><b>2. Keep Residents in Cordova for their health care</b>                      Reduce the need for people to leave Cordova for care to strengthen and solidify CCMC's position as the provider and partner of choice in Cordova</p>	<p>A. Explore collaboration opportunities with other providers and stakeholders to reduce outmigration of patients                      B. Leverage PHSA CAH experience and new telehealth initiatives to expand needed specialty services                      C. Educate community regarding full range of services offered at, and the benefits of utilizing, CCMC                      D. Acquire 16 slice CT Scanner to keep people in Cordova for treatment (reduce Medevacs) and improve routine diagnostic capabilities.                      E. Increase clinical staff training in support of increased, higher acuity inpatient stays</p>

# PEOPLE

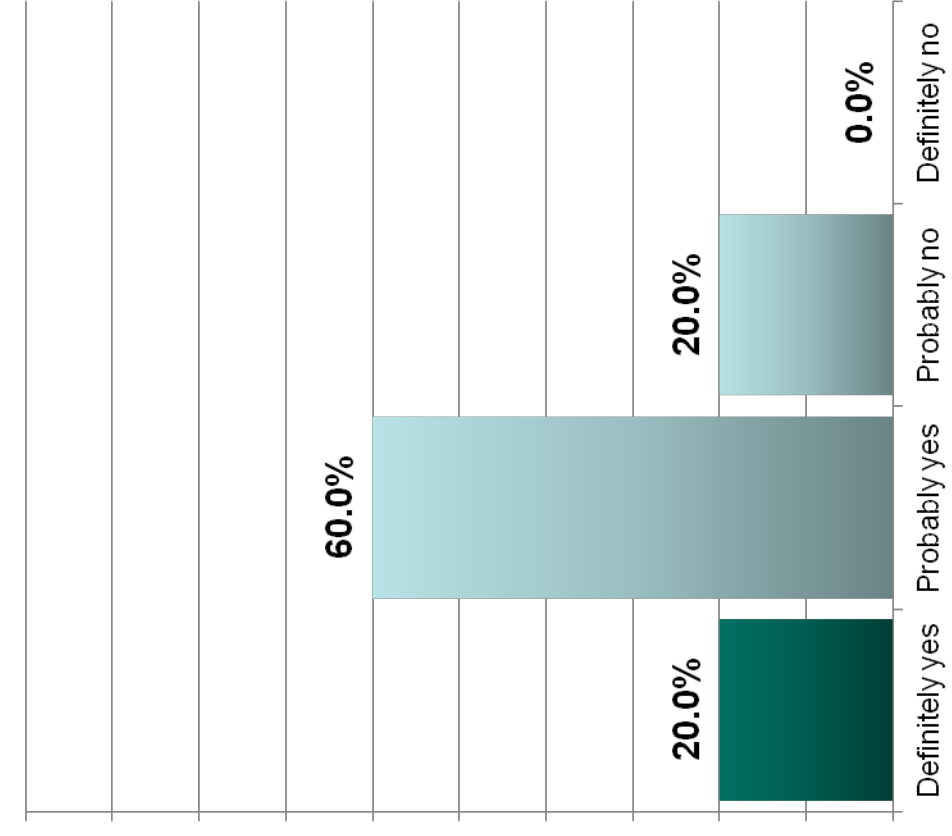
- Training
  - 2 Lab personnel attended annual conference in Fairbanks
  - Nursing training on CPR, Adverse Medication Events, and Patient Falls Reduction, Wound Care, and Alzheimer's Patients
  
- Recruiting – Hired for the following positions in 2013
  - Nurse Practitioner
  - Physical Therapist
  - 2 Social Workers (Sound Alternatives and Hospital)
  - Staff Accountant
  - 2 Nurses
  
- Employee Engagement Survey - first survey completed this year
  - 44% response rate
  - Opportunities: Improvements in communications and working towards a larger response rate

# PEOPLE: LIKELIHOOD TO RECOMMEND CCMC AS A PLACE TO WORK

## Positive Score Benchmarks



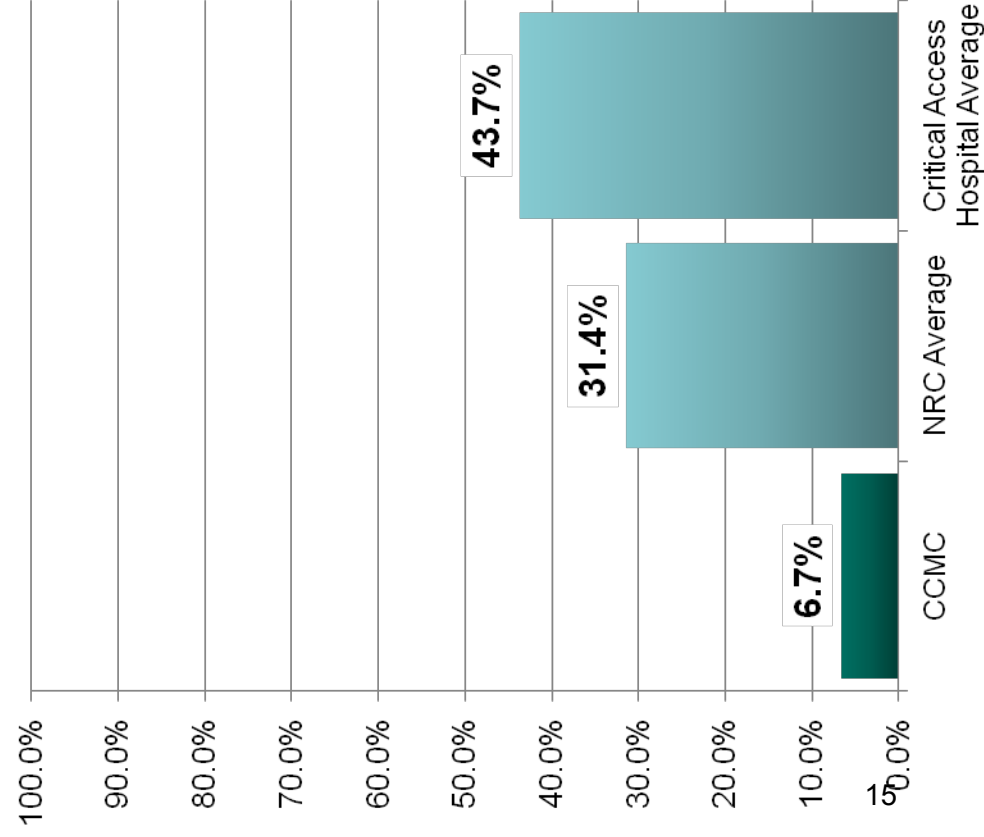
## 2013 CCMC Response Distribution



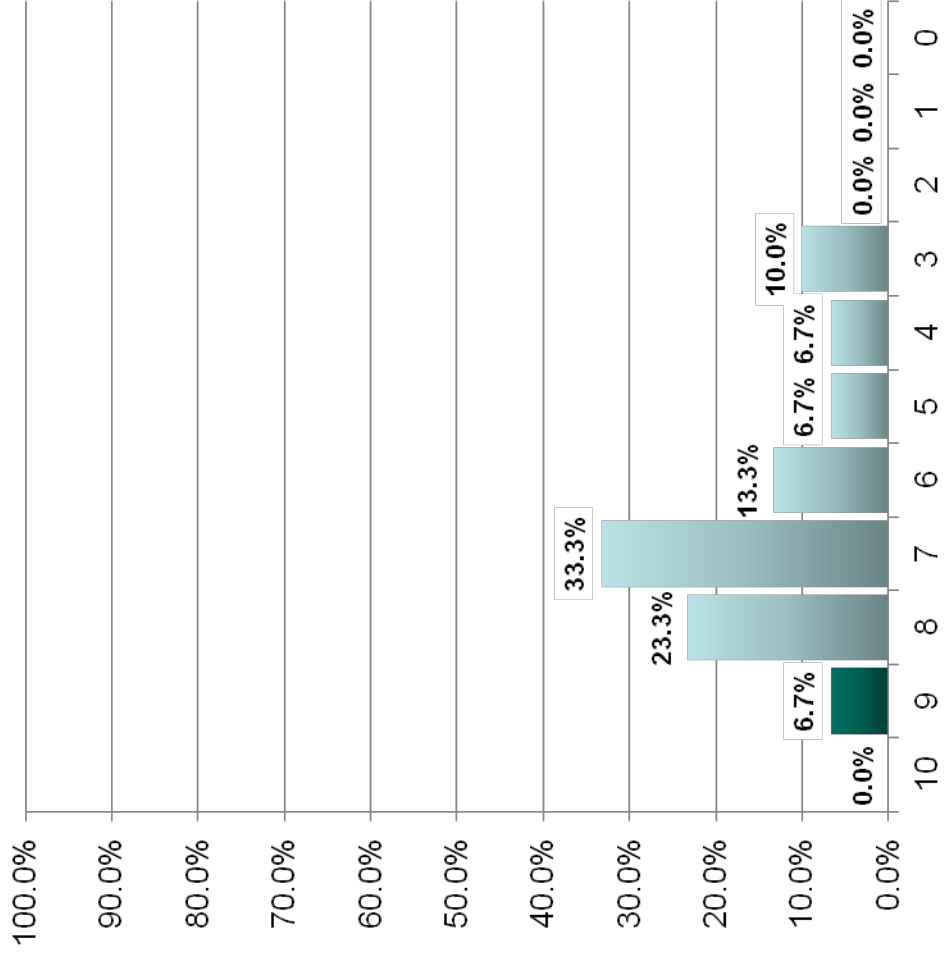
Dedicated to Excellence Every Time for Every Person

# PEOPLE: RATE CCMC AS A PLACE TO WORK

## Positive Score Benchmarks



## 2013 CCMC Response Distribution





# QUALITY

<b>QUALITY MEASURES</b>	<b>2012 Jan- Dec</b>	<b>2013 Jan – Dec</b>	<b>CCMC Goals</b>
<b>Resident Falls</b> per 1000 resident days	3.85	7.19	<3
<b>Patient Falls</b> per 1000 days	6.59 (actual n=2)	0	<4
<b>Adverse Drug Events</b> per 1000 pt days (medication error requiring pharmaceutical intervention)	0	0.7	0
<b>Catheter Associated Urinary Tract Infections</b>	0	1	0
<b>Blood Transfusions</b> (correct pt gets correct blood transfused)	100%	100%	100%
<b>Pressure Ulcers</b> after admission	0	1	0
<b>Readmissions within 30 days</b>	0	1	0
<b>Hand washing Compliance</b> ( based on number of hand washing opportunities when entering and exiting a patient or resident room)	48%	49%	>60%

# PHYSICIAN RECRUITING

- Interviewed 4 physicians for permanent placement, made 3 offers; reasons for non-acceptance of offers
  - Limits to ER on call schedule
  - Family responsibilities in lower 48
- Dr. Robert Gear completed 6 months as a Locum Tenens
- Hired a Nurse Practitioner, Melissa Brooks
- Initiated aggressive advertising campaign for physicians

# CUSTOMER SERVICE

- Surveyed patients starting in July 2013
- Our goal to be in the top quartile
- Surveying the following areas:
  - Inpatient (HCAHPS)
  - Outpatient Rehab
  - Emergency Department
  - Clinic
  - Long Term Care
- First results were posted in January, can start sharing results quarterly next month

# GROWTH

SPECIALTY SERVICES	
EXISTING	NEEDED
Pediatric	Dermatology
Orthopedics	Ear Nose and Throat (ENT)
Ophthalmology	
Optometrist	
Phlebology	
Dietician	

Began offering new services this year:

- Occupational Therapy Services within Cordova School District
- Ear piercing through Primary Care Clinic
- Massage therapy through Primary Care Clinic

# 2013 COMMUNITY BENEFIT

- Support local CNA program
- Promote and support education for health care careers among local youth (HS job shadow program)
- Provided free Alzheimer’s Screening to community
- Participated in annual PWS Traveling Health Fair by providing reduced cost lab testing and information on Rehabilitative Services offered at CCMC
- Engaged entire community in Community Health Needs Assessment, jointly created and published an action plan in response to results
- Food Bank & Angel Tree
- Free medication box refill for community members
- Free blood pressure checks
- Provide Senior meal program and Senior Ride program
- Free sharps disposal for community members
- Provide laundry service for local government agencies
- Provided free CPR training to Ilanka Community Health Center staff
- Providing space and three trained nurses for SART program
- Provided first aid kits to kids basketball camp and little league baseball

# 2014 PRIORITIES

- Stabilize local provider base
- Fill key roles: Director of Nursing, Dietary Manager
- Complete design, plan & purchase phases of CT Scanner project
- Focus improvement on Employee Satisfaction
- Expand specialty clinics
- Prepare to implement Centriq electronic medical record
- Achieve Meaningful Use
- Implement ICD-10
- Reduce need for travelers
- Add to collaboration with Cordova School District

## CT Grant Application Update

Funding Source	Amount	Grant Due Date	Review Date
Rasmuson Foundation	375,000	March 14, 2014	June
Murdoock Charitable Trust	250,000	February 1, 2014	May
Providence Foundation	50,000	Awarded	
USDA (Potential)	50,000	Grant Application Requested	
City of Cordova	225,000	Need Commitment by March 14	
<b>Total</b>	<b>950,000</b>		

**Financial Report for October 2013**  
**By: Timothy Kelly, CFO**

**Cordova Community Medical Center:**

**REVENUES**

For the month of October 2013, CCMC has exceeded the budgeted amount of revenue for the month.

- Total Patient Revenues were \$3.32M. Current adjustments to the Medicaid reimbursement rate have helped to lower contractual amounts for total net patient revenue. Rates for Medicare and Medicaid Long Term Care continue to be slightly higher than normal, however with the completion of the audited financial statements and a new cost report, the rates should be increased and contractals lowered.
- Self Pay revenues continue to be major concern in our payer mix. Medicaid currently makes up 39.5% of CCMC's total revenue for the year while Medicare is another 22.9%. Self Pay is currently at 8.8% of all revenue with Bad Debt being about 2%.
- 39.1% of all revenue is generated through the Long Term Care unit, 49.6% is through outpatient facilities, and the remaining 11.3% is through Inpatient services.
- During the fiscal year audit, CCMC continued to make refinements to its bad debt accrual process. Due to changes, an adjustment was made in October to reflect the annual accrual to date.
- Cost Recoveries are lower than expected; however, this can be attributed to a reduction in grant income. CCMC anticipates applying for new Memorandum of Agreements in the future to help in our cost recovery amounts.

**EXPENSES**

Expenses are lower than expected mostly due to the continuing reduction in utility costs from summer and the HVAC work.

- Wages and benefits are relatively stable. They are currently running higher than expected because of the acquisition of two LCSW's and a Licensed Nurse Practitioner. The taxes and benefits are lower because of a reclassification during the month of July. The auditors reclassified one month of our Health Insurance Policy expense to a prepay account. The ratio of taxes and benefits to wages is higher for the month because of an increase in the health insurance offered to employees, but lower annually because of the reclassification.
- General and Malpractice Insurance is higher due to an increase in rates and the increase of cost of Workman's Compensation Insurance.
- Travel expense is higher annually because of so many conferences held during the month of September, but lower for the current month. This should eventually lower our annual amount.
- Supplies are higher due to the busy summer months and an increased need to replenish our medical supplies. CCMC had one oncology patient which required very expensive medication, restocking of this medication was considerable.
- CCMC is currently analyzing its pharmaceutical processes. We need to change some of our coding to a federally mandated HCPC coding system. As a result, we have found that we are



not charging correct dosages on some drugs. This has resulted in under charging on some drugs and over charging on others. We are currently reviewing and shifting our pricing system to match the 50<sup>th</sup> percentile of all companies.

- Utilities, particularly diesel fuel, are proving to be a major savings so far this year. While the budget has been annualized, there is still a considerable savings. Since the HVAC has been renovated and additional insulation installed in the EFIS system, CCMC continues to record lower utility costs.
- Rental buildings costs have also increased because of our need to utilize traveling personnel in some areas.

## **STATISTICS**

NET AR days shows a longer turn around in the accounts receivable. The change in the Medicaid Software program has dramatically affected our cash receipts. With such a large volume in Medicaid, it appears that CCMC is still behind about \$300k-\$400k in cash collections.

After completion of the current cost report for FY 2013, CCMC expects to receive an adjustment to the Medicare rates for FY 2013. The adjustment is based on the additional Medicare patient days throughout the year as well as the corrected coding for labor and allocation of utility costs. This adjustment is expected to restore the amount withheld in June 2013 as well as impart some additional cash.

Days' cash on hand (DCOH) is still a major concern. While repayment of the Medicare payment has been completed, the issue with the Medicaid Software installation has had a major affect on CCMC's collection of about one half of its cash per month. During the month of October, CCMC billed Medicaid for \$313k, but only received approximately \$180,000. After many conversations with the administration, errors in the software are continuing to be found and corrections are ongoing.

	<b>Oct-13</b>	<b>Oct-13</b>	<b>2013 YTD</b>	<b>2013 YTD</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>
<b>Gross Patient Revenue</b>	\$ 889,681	\$ 680,636	\$ 3,316,921	\$ 2,700,589
<b>Net Patient Revenue</b>	717,446	569,983	2,521,634	2,261,548
<b>Bad Debt</b>	65,681	(29,021)	(71,634)	(115,148)
<b>Cost Recoveries</b>	70,647	139,164	336,312	552,168
<b>Total Revenue</b>	853,774	680,126	2,786,312	2,698,568
<b>Total Expenses</b>	(690,790)	(696,807)	(2,586,331)	(2,764,752)
<b>Net Operating Income (Loss)</b>	162,984	(16,681)	199,981	(66,184)
<b>Depreciation Expense</b>	(21,879)	(19,195)	(94,429)	(76,161)
<b>Net Income (Loss)</b>	141,105	(35,876)	105,552	(142,345)
<b>Full Time Equivalents</b>	66.33	69.30	75.22	71.70
<b>Acute Average Daily Census</b>	0.10	0.34	0.11	0.34
<b>Acute Bed Days</b>	9.00	10.40	33.00	41.60
<b>LTC Average Daily Census</b>	10.00	9.50	9.60	9.50
<b>LTC Bed Days</b>	310.00	287.50	1,181.00	1,150.00
<b>Swing Bed Days</b>	51.00	31.67	76.00	126.68
<b>Medicare Swing Days</b>	51.00	25.00	76.00	100.00
<b>OP Visits</b>	36.00	22.50	150.00	90.00
<b>ER Visits</b>	42.00	58.33	290.00	233.32
<b>Clinic Visits</b>	157.00	142.00	727.00	568.00
<b>Net AR Days</b>	94.10	60.00	106.23	60.00
<b>Days Cash on Hand</b>	9.59	45.00	9.59	45.00

**Sound Alternatives Counseling Center:**

Grant revenues are based upon a total of expected grants to date, annualized over the entire year. An accrual for Waiver revenue for the month of October has not been established at this time. Total expenses include all department based expenses; however, do not include overhead items such as administrative, building costs and utilities.

	<b>Oct-13</b>	<b>Oct-13</b>	<b>2013 YTD</b>	<b>2013 YTD</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>
<b>Net Patient Revenue</b>	33,195	9,720	96,354	38,880
<b>Grant Revenue</b>	40,609	49,133	186,510	196,532
<b>Total Revenues</b>	73,804	58,853	282,864	235,412
<b>Total Expenses</b>	(71,983)	(49,185)	(247,025)	(196,740)
<b>Net Operating Income (Loss)</b>	1,821	9,668	35,839	38,672
<b>Full Time Equivalents</b>	10.71	13	13.9	13
<b>Visits</b>	122	94	147	376

**Financial Report for November 2013**  
**By: Timothy Kelly, CFO**

**Cordova Community Medical Center:**

**REVENUES**

For the month of November 2013, CCMC has exceeded the budgeted amount of revenue for the month.

- Patient Revenue was \$889,681 which is over \$200k higher than budgeted. Contractual rates continue to look high, however it is felt these will be reduced upon review of the cost report which was submitted at the end of November 2013. The combination of the increased revenue and high contractual still appear to be higher than the budgeted Net Patient Revenue.
- Cost recoveries are lower than expected with the majority of these recoveries coming from the USAC reduction of the internet costs for the hospital.
- Self Pay and Medicaid revenues are major concerns in our payer mix. Medicaid currently makes up 38% of CCMC's total revenue. Self Pay is currently at 8.8% of all revenue with Bad Debt being about 2%.
- During November there was an increase in CCMC's Medicare revenue due to an increase in the swing bed volume. CCMC had two patients in swing bed status for the entire month, as well as having another patient for a few days.
- Additionally, there were several acute care patients that pushed the acute care bed days above 30 days.

**EXPENSES**

Expenses are higher than expected due to an increase in wages and the recognition of both the Providence Management Agreement costs and the Administrator's costs in the CCMC profit and loss statement.

- Wages and benefits are higher than expected because of the acquisition of two LCSW's and a Licensed Nurse Practitioner. The taxes and benefits for the month of November are in line with the amount of wages that were paid for the month of November. The year-to-date taxes and benefits number is lower than normal because the auditors reclassified one month of our Health Insurance Policy expense to a prepay account.
- General and Malpractice Insurance is higher due to an increase in rates and the increase of cost of Workman's Compensation Insurance. The insurance amounts are being recognized on an annual basis per month.
- Other expenses include subscriptions, licenses, and dues. During November, CCMC paid their annual ASHNHA dues of approximately \$20,000.
- There is currently an intensive search for replacement personnel and physicians at the hospital. This has increased the current month's recruitment costs.
- Professional Services are higher for the month of November and for the year. This is due to the recognition of the Administrator's salary and the Providence Management Fee per discussions with the auditors. This adjustment is also recognized in the non-operating area as a contribution in-kind by the City of Cordova.

- Utilities remain low for the month and for the year.
- Rental buildings costs remain high because of CCMC's need to utilize traveling personnel in some areas.

## STATISTICS

NET AR days continue to increase because of the Medicaid Software issue. The change in the Medicaid Software program has dramatically affected our cash receipts. At the end of November, Medicaid made up \$877k of CCMC's total accounts receivable of \$2.3M.

Days' cash on hand (DCOH) is a major concern. During the month of November, the amount of daily expenditures increased to \$24k a day which is up from an average of \$22k a day. For the month of November, that would mean an increase of expended cash of \$60,000 for the month.

	Nov-13	Nov-13	2013 YTD	2013 YTD
	Actual	Budget	Actual	Budget
<b>Gross Patient Revenue</b>	\$ 868,530	\$ 658,680	\$ 4,185,451	\$ 3,338,021
<b>Net Patient Revenue</b>	594,029	551,596	3,115,663	2,795,351
<b>Bad Debt</b>	(40,201)	(28,085)	(111,835)	(142,327)
<b>Cost Recoveries</b>	91,880	134,675	428,197	682,498
<b>Total Revenue</b>	645,708	658,186	3,432,025	3,335,523
<b>Total Expenses</b>	(773,903)	(674,329)	(3,527,314)	(3,417,329)
<b>Net Operating Income (Loss)</b>	(128,195)	(16,143)	(95,289)	(81,806)
<b>Depreciation Expense</b>	(21,879)	(19,195)	(116,308)	(76,161)
<b>City In-Kind Contribution</b>	41,666	41,666	208,332	208,332
<b>Net Income (Loss)</b>	(108,408.38)	6,328.10	(3,265.09)	50,364.84
<b>Full Time Equivalent</b>	67.89	69.30	72.59	71.70
<b>Acute Average Daily Census</b>	1.07	0.34	0.43	0.34
<b>Acute Bed Days</b>	32.00	10.40	65.00	41.60
<b>LTC Average Daily Census</b>	10.00	9.50	9.80	9.50
<b>LTC Bed Days</b>	300.00	285.00	1,520.00	1,444.00
<b>Swing Bed Days</b>	63.00	30.00	139.00	152.00
<b>Medicare Swing Days</b>	62.00	25.00	138.00	125.00
<b>OP Visits</b>	16.00	22.50	166.00	112.50
<b>ER Visits</b>	29.00	58.33	319.00	291.65
<b>Clinic Visits</b>	160.00	142.00	887.00	710.00
<b>Net AR Days</b>	118.26	60.00	114.24	60.00
<b>Days Cash on Hand</b>	4.93	45.00	4.93	45.00

**Sound Alternatives Counseling Center:**

Grant revenues are based upon a total of expected grants to date, annualized over the entire year. Actual billing for Waiver revenue did not occur until December 2013. An accrual for waiver revenue for the months of October and November has been established at \$22k. Total expenses include all department based expenses; however, do not include overhead items such as administrative, building costs and utilities.

	<b>Nov-13</b>	<b>Nov-13</b>	<b>2013 YTD</b>	<b>2013 YTD</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>
<b>Net Patient Revenue</b>	10,695	9,720	107,049	48,286
<b>Grant Revenue</b>	56,046	49,133	242,557	244,080
<b>Total Revenues</b>	66,741	58,853	349,606	292,367
<b>Total Expenses</b>	(70,243)	(49,185)	(317,284)	(244,338)
<b>Net Operating Income (Loss)</b>	(3,501)	9,668	32,322	48,028
<b>Full Time Equivalent</b>	11.52	13	13.6	13
<b>Visits</b>	84	94	450	470

**CITY OF CORDOVA, ALASKA  
RESOLUTION**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORDOVA, ALASKA,  
AUTHORIZING THE APPROPRIATION FROM THE GENERAL FUND IN THE  
AMOUNT OF \$42,000 TO THE CORDOVA COMMUNITY MEDICAL CENTER  
(CCMC) TO FUND THE COST OF TASK 200 (FINAL DOCUMENTS) PHASE OF THE  
A CT SCANNER PROJECT AT CORDOVA COMMUNITY MEDICAL CENTER**

**WHEREAS**, The City Council and the City of Cordova Community Medical Center (CCMC) have had several discussions concerning the need to procure a CT scanner; and

**WHEREAS**, the purchase and installation of a CT scanner at Cordova Community Medical Center would benefit the citizens of Cordova through increase diagnostic capability that could allow patients to receive treatment in Cordova and reduce the need to leave Cordova for services; and

**WHEREAS**, the installation of a CT scanner requires careful planning including professional design services for building modifications and cost estimates necessary to the installation of a major item of specialized equipment in an active health facility; and

**WHEREAS**, Spark Design, LLC has been contracted to provide the Design Services for the CCMC CT scanner project; and

**WHEREAS**, Sparks Design, LLC has completed Task 100 Concept Design and it is time to complete Task 200 Final Documents;

**NOW, THEREFORE BE IT RESOLVED**, the City of Cordova will provide \$42,000 for payment to Spark Alaska, LLC for the completion of Task 200 Final Documents for the CCMC CT Scanner project.

**PASSED AND APPROVED THIS 5<sup>th</sup> DAY OF FEBRUARY, 2014.**

\_\_\_\_\_  
James Kacsh, Mayor

ATTEST:

\_\_\_\_\_  
Susan Bourgeois, City Clerk



## Memorandum

To: Health Services Board  
From: Theresa Carté, CCMC Administrator  
Date: January 10, 2014  
Re: CT Scanner Resolution to fund Task 200: Final Documents

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CCMC has budgeted this year for the CT Scanner to be operational in November 2014. The budget includes both the planned revenue from the additional services we will be providing and the expenses associated with its use.

In order to be ready as quickly as possible to begin renovations and installation, we need to continue the work on the Architectural and Engineering Design process. We completed Task 100, Concept Design in July 2013. The next step is the Final Documents.

The Spark Design, LLC team will coordinate the completion of the construction documents package. The Final Documents will be prepared for a design-bid-build delivery. The package will consist of drawings and specifications. Cordova Community Medical Center/City of Cordova will provide Division 00 and Division 01 of the specification for bidding and construction contract purposes to support this work.

We would like the Health Service Board to make a motion to support the payment for this next step in the CT Scanner project. We have drafted the Resolution which we would like to include in the next City Council meeting.

***Requested Motion: I move to support the submission of the “CT Scanner Resolution to fund Task 200: Final Documents to Spark Design, LLC” to the February 5, 2014 meeting of the Cordova City Council.***

**CITY OF CORDOVA, ALASKA  
RESOLUTION**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORDOVA, ALASKA,  
AUTHORIZING THE APPROPRIATION FROM THE GENERAL FUND IN THE  
AMOUNT OF \$225,000 TO THE CORDOVA COMMUNITY MEDICAL CENTER  
(CCMC) TO FUND THE COST OF A CT SCANNER PURCHASE AND  
INSTALLATION AT CORDOVA COMMUNITY MEDICAL CENTER**

**WHEREAS**, the City of Cordova and Cordova Community Medical Center have been discussing the Cordova Community Medical Center purchasing a CT scanner; and

**WHEREAS**, the purchase and installation of a CT scanner at Cordova Community Medical Center would benefit the citizens of Cordova through increase diagnostic capability that could allow patients to receive treatment in Cordova and reduce the need to leave Cordova for services; and

**WHEREAS**, the installation of a CT scanner requires careful planning including concept drawings and projected cost for the purchase and installation; and

**WHEREAS**, the success of the project receiving grant funding requires a financial commitment from the City of Cordova.

**NOW, THEREFORE BE IT RESOLVED**, the City of Cordova will provide \$225,000 in capital funds to support the planning, purchase, and installation of a CT scanner at Cordova Community Medical Center.

**PASSED AND APPROVED THIS 5<sup>th</sup> DAY OF FEBRUARY, 2014.**

\_\_\_\_\_  
James Kacsh, Mayor

ATTEST:

\_\_\_\_\_  
Susan Bourgeois, City Clerk





## Memorandum

To: Health Services Board  
From: Theresa Carté, CCMC Administrator  
Date: January 10, 2014  
Re: Resolution of support for CT Scanner

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CCMC has followed the City of Cordova's request to pursue grant funding in the purchase and installation of the CT Scanner. We are working with Rasmuson, Murdock, and USDA to acquire approximately \$675,000 in support of this project. The City of Cordova has already received \$50,000 grant money from Providence Health & Services Alaska in support of the CT Scanner. The total amount we are pursuing from grants is \$725,000.

As part of the Rasmuson Foundation's grant application, they require that the City produce evidence of their in kind support for the CT Scanner project. This must be done before the application due date in April. They request this in an amount that is half of what we are asking them to contribute or the amount to make up the difference in cost of the project, whichever is greater. We are asking Rasmuson for \$375,000, which means half of that amount would be \$187,500. In this case, the amount that the City of Cordova needs to commit to the project is \$225,000 which is the difference between the approximated total grant support (\$725,000) and the total estimated project cost (\$950,000).

We would like the Health Service Board to make a motion to support the commitment to \$225,000 to be paid by the City of Cordova during the course of this project. The money does not need to be spent now; this is a commitment to spend, when necessary, in support of the project. We have drafted the Resolution which we would like to include in the next City Council meeting.

***Requested Motion: I move to support the submission of the "Resolution of support for CT Scanner" to the February 5, 2014 meeting of the Cordova City Council.***

# ELGEE REHFELD MERTZ, LLC

CERTIFIED PUBLIC ACCOUNTANTS

9309 Glacier Highway, Suite B-200 • Juneau, Alaska 99801  
907.789.3178 • FAX 907.789.7128 • www.ermcpa.com

November 25, 2013

Honorable Mayor, City Council and  
Cordova Community Health Services Board  
Cordova Community Medical Center  
Cordova, Alaska

Dear Members:

We have audited the financial statements of Cordova Community Medical Center (the “Medical Center”), a component unit of the City of Cordova, as of and for the year ended June 30, 2013, and have issued our report thereon dated November 25, 2013. Professional standards require that we advise you of the following matters relating to our audit.

## **Our Responsibility In Relation to the Financial Statement Audit**

As communicated in our engagement letter dated June 1, 2013, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Cordova Community Medical Center solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

## **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, and our firm have complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Cordova Community Medical Center is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2013. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are management's estimate of net realizable value of accounts receivable and the associated allowance for doubtful accounts.

Management's estimate of the net realizable value of accounts receivable and the associated allowance for doubtful accounts is based on historical collections of accounts receivable. We evaluated the key factors and assumptions used to develop the above mentioned values and determined that it is reasonable in relation to the basic financial statements taken as a whole.

### *Financial Statement Disclosures*

The financial statement disclosures are neutral, consistent, and clear.

## **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatement that we identified as a result of our audit procedures was brought to the attention of, and corrected by, management:

- To reclassify cash, accounts payable, payroll liability, and prepaid expenses.

The following material misstatements were brought to our attention by the Medical Center for review and possible correction, all of which were corrected by management:

- To record Capital Contributions from the City of Cordova to the Medical Center.
- To record Providence management fees and salary costs paid for by the City of Cordova on behalf of the Medical Center.
- To record State of Alaska PERS on-behalf revenue.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Cordova Community Medical Center's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the management representation letter dated November 25, 2013.

### **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Accounting Assistance**

As part of our engagement we drafted the financial statements of Cordova Community Medical Center from its books and records; however, management of Cordova Community Medical Center was involved in the drafting process and retains responsibility for the financial statements and schedules.

### **Other Information in Documents Containing Audited Financial Statements**

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the Cordova Community Medical Center's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, is materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its

manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

### **Other Significant Matters, Findings or Issues**

In the normal course of our professional association with Cordova Community Medical Center, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Cordova Community Medical Center's auditors.

### **Internal Control and Other Matters**

#### ***Other Internal Control Matters Noted During the Current Audit***

No new matters to report for fiscal year 2013.

#### ***Internal Control Matters Noted During the Prior Audit and Their Current Status***

##### Internal Controls over Financial Reporting, Timely and Complete Reconciliations

In prior year, we recommended the Medical Center ensure that sufficient accounting personnel, employed or on a contract basis, are available to maintain its accounting records. In addition, we recommended that the Medical Center establish a monitoring process whereby the Administrator and/or Community Health Services Board can assure itself that the accounting records are being properly maintained. This matter was reported as a material weakness in internal controls over financial reporting.

*FY13 Status:* This comment is considered partially resolved, and we are not reporting this as a material weakness in fiscal year 2013; however, management needs to continue to improve processes to ensure timely and complete reconciliations.

We recognize that during the year, accounts were reconciled regularly and timely; however, there were errors in the reconciliations at year-end related to account classifications and a failure to capture non-routine transactions related to contributed capital from the City of Cordova, as well as certain costs paid for by the City of Cordova on behalf of the Medical Center. Further, there were errors in properly recording expenses for invoices that cross fiscal years.

We recommend management review account classifications at year-end, ensure proper cutoff procedures are adhered to for invoices crossing fiscal years and ensure non-routine transactions are accurately captured. Several of the capital projects related to the contributions from the City of Cordova to the Medical Center are still in process. We recommend that at project completion, the Medical Center ensure they have recorded the entire project amount and the amount is in agreement with the City of Cordova records.

##### Seek Additional Funding Sources or Consider Cost Reductions

In prior year we recommended that the Health Services Board work to identify additional funding sources or cut costs in order for the hospital to continue to remain viable in future years.

*FY13 Status:* Comment resolved.

GASB 68 Implementation

In prior year we recommended that the Cordova Community Medical Center work with the State of Alaska to estimate its share of the net pension liability. We also recommended the Cordova Community Medical Center assess the consequences of this accounting change on its financial statements and evaluate the resulting budgeting, financial reporting and other considerations that might be relevant to the users of the financial statements in light of the significant impact this accounting change will likely generate.

*FY13 Status:* Management plans to work on this during fiscal year 2014 to prepare for the implementation in fiscal year 2015.

Accumulate Statistical Information

In prior year, we recommended the Medical Center accumulate statistical data and regularly report this data to the Community Health Services Board.

*FY13 Status:* Comment resolved.

Improve Controls Over Grant Reporting

In prior year, we recommended that the CFO review and approve all financial grant reports prior to submission.

*FY13 Status:* Comment resolved.

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This information is intended solely for the use of the Members of the Community Health Services Board, the City Council, and management of Cordova Community Medical Center and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*ERM*