



AGENDA
COMMUNITY HEALTH SERVICES BOARD
Library Conference Room
REGULAR MEETING
July 2, 2014 at 5:15pm

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

President
 Kristin Carpenter
 term expires 4/16

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 03/17
 James Burton
 term expires 03/15
 Tom Bailer
 term expires 03/17

Administrator
 Theresa L. Carté

- I. OPENING**
 - A. Call to Order
 - B. Roll Call – Kristin Carpenter, EJ Cheshier, David Reggiani, Bret Bradford, Tim Joyce, James Burton and Tom Bailer.
 - 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 the April 2, 2014 Regular Meeting Pg 1-4
 - B. Minutes from the May 7, 2014 Special Meeting Pg 5-6
- VI. REPORTS AND CORRESPONDENCE**
 - A. Administrator’s Report Pg 7-9
 - B. President’s Report
 - C. Finance Report Pg 10-11

- VII. ACTION ITEMS**
 - A. Recredentialing and Privileging of Robert L. Gear III, D.O.
 - B. Dr. Bejes, Co-Medical Director Contract Pg 12
 - C. Resolution for updated CCMC Check Signers Pg 13
- VIII. DISCUSSION ITEMS**
 - A. Management Contract
 - B. Financial Audit review Pg 14-17
 - C. Compliance Program Update Pg 18
- 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
April 2, 2014 – 5:30 PM
Regular Meeting

I. CALL TO ORDER AND ROLL CALL –

Bret Bradford called the HSB special meeting to order at 5:44 pm. Board members present: **Bret Bradford, Tom Bailer, James Burton and Tim Joyce.** (Joyce and Burton telephonically)
E.J. Cheshier arrived at 6:14pm
A quorum was established.
CCMC staff present: **Theresa Carté**, CEO and **Stephen Sundby**, Director, Sound Alternatives and **James Henkelman**, Social Worker.

II. COMMUNICATIONS BY AND PETITIONS FROM VISITORS

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

III. CONFLICT OF INTEREST – None

IV. APPROVAL OF AGENDA

M/ Bailer S/ Joyce move to approve the agenda.
Upon voice vote, Motion passes 4-0.

V. APPROVAL OF CONSENT CALENDAR

M/ Bailer S/ Burton move to approve the minutes.
Minutes from February 19, 2014 Special Meeting
Upon voice vote, Motion passes 4-0.

VI. REPORTS AND CORRESPONDENCE

- **Administrator's Report –**

Theresa Carté reported that for **Staffing**, since our last meeting we hired a Nurse, Nicole LaBarge she is local. She brings a lot of really positive energy to the hospital; we're very excited to have her. In regards to travelers we still have 1 night nurse, 2 CNA's and 1 physician. In May we'll be hiring a permanent CNA. The Director of Nursing position is still open; we've done interviews but haven't made an offer. For the CFO, we've made an offer and it was accepted. Our new CFO Tiffany Varnadoe will be starting April 14th. We have 4 physicians who have expressed interest in a permanent position with CCMC. Our Clinic Nurse Gladah Hicks had retired after 26 years of committed service to the community. Kari Collins has accepted that position and brings a lot to that role; she's a great addition to the Clinic. With Kari's transition to the Clinic, that leaves us with an open position for nights. We have one open CNA position and expect to be able to hire someone from the current CNA class. For the **Employee Satisfaction** section we've invited Jim Henkelman to speak to that. **Quality and Patient Safety**, we had a CMS State Survey of our Long Term Care Facility last week. I'll share some of the highlights from that during the Quality report later. On the **Facility** we have a new chiller to keep the Lab cool year round, which is a huge relief for us. HVAC repairs are still underway, Siemens was here for

several weeks to replace the valves in the HVAC system. **CT Scanner**, we'll have a report on that a little bit later on the Agenda from Stephen Sundby. The last item is that the hospital participated in the AK Shield Statewide Emergency Preparedness Drill. We successfully evacuated 7 'residents' to an alternate care site (Ilanka). We we're a little less successful at getting our supplies for the acute patients to the alternate care site at the Little Chapel. We will be updating our plans based on the drill.

President's Report – None

Finance Report – None

VII. ACTION ITEMS

A. Credentialing and Privileging of Dr. Alberta Laktonen.

M/ Joyce S/ Bailer "I move to grant the Credentialing and Privileging to Dr. Alberta Laktonen and Dr. Peter Mjos."

Upon voice vote, Motion passes 4-0.

B. Credentialing and Privileging of Dr. Peter Mjos. *See motion above*

C. Election of Officers

M/ Joyce S/ Bailer "I would like to nominate Kristin Smith-Carpenter for Health Service Board President."

Upon voice vote, Motion passes 4-0.

D. Resolution to update the CCMC check signers.

M/ Bailer S/ Burton "I move to approve a Resolution of the Cordova Community Health Services Board of the Cordova Community Medical Center designating the representatives authorized for signing checks, non-check payroll tax payment, and cash transfers for Cordova Community Medical Center."

Upon voice vote, Motion passes 4-0.

VIII. DISCUSSION ITEMS

A. Employee Satisfaction

Volunteer member of the Employee Satisfaction Team, **Jim Henkelman** ~ Theresa and the Executive Team wanted to form an Employee Satisfaction Work Group based on the results of the Employee Satisfaction Survey that we did last fall.

There were two issues that really stood out. First was Improving Communication, staff just felt like they didn't know what was going on. And the other area that came up really clearly was a sense of people not treating each other with respect. Through the meetings we came up with a list of things:

- People wanted to know what the budget is; Theresa is working on the Budget sharing concept to the annual racetrack.
- Develop a way to hold managers accountable to the annual evaluation policy and procedures.
- A monthly potluck for welcoming new employees and employee departures.

- A monthly newsletter highlighting "what's going on" in various departments around the hospital.
- A communications easel which could be moved around CCMC to inform staff of any news or current events.
- A monthly "Northern Lights" award, where employees can nominate coworkers who they see exhibiting an admirable trait in the community or workplace.
- An employee morale campaign, where each month we'll will focus on different topics, to encourage staff to exhibit traits that a good coworker should have.

The first monthly potluck was held for St. Patrick's Day, which many employees enjoyed. Also, the first CCMC Newsletter went out 2 weeks ago, which received so much positive feedback from the staff.

HSB asked that the newsletters be given to the members monthly as they come out.

B. Quality report

Theresa Carté reported that CCMC had their CMS Long Term Care Survey last week. This year we had 3 State Surveyors and 1 Federal Surveyor, they were here Monday through Thursday. They are required to give us a written report within 10 working days, and then once we receive theirs we have 10 calendar days to respond to it. It looks to be April 21st will be the latest that ours will be due. We had one Immediate Jeopardy during the survey. An Immediate Jeopardy is an incident identified by a Surveyor as potentially putting the Health and Safety of a Resident at risk. We immediately put an action in place to correct for that. Here are the areas impacted: **Dietary** ~ the kitchen has several items needing correction. **Facilities** ~ the floors need to be cleaned around the edges of two rooms. **Nursing** ~ these will be itemized in their report. **Administration** ~ leadership for Nursing and Quality. **Infection Control** and **Human Resources**.

C. Ct Scanner update

Stephen Sundby reported that the Murdock Charitable Trust proposal has been submitted by Mari. What she found out is that it will be reviewed in August instead of May, so that moves out deadline just a little bit. She also submitted the Rasmuson, one problem that came up with Rasmuson is that we have to have 50% of the project funds accounted for before they'll review it. So if they don't review it in June it won't be until November. You know we're also going for a \$50,000 grant from the USDA, we're going to ask for a loan from the USDA for a little under \$112,000. If we get that and the \$50,000 that will meet the 50% that Rasmussen will go ahead and review our proposal in June. So the way it's looking is it will be August before we'll know on all of our funding for the CT Scanner. The second thing I wanted to report on is Sparks is going ahead with our final documents, I believe those will be due in April.

D. Sound Alternatives application to The Joint Commission

Stephen Sundby reminded members that under their grant that they get from Behavioral Health when they revised them in 2013 they are requiring us to get accreditation. The Joint Commission makes the most sense since we're already a part of the hospital. We've submitted our application to The Joint Commission and paid our \$1700 down payment. We're setting up a visit in August, which gives us a little more time. While they're here they may

want to talk with a couple members of our governing board. **Theresa Carté** added that the hospital will not be Joint Commission Certified, just so that you as our governing board are aware in case they do interview you.

E. Financial Audit Review ~ None

IX. AUDIENCE PARTICIPATION

Jim Kacsh, 824 Woodland Drive ~ I'll ask a question and I don't expect it to be answered, but I want you guys to keep this question in the back of your mind. City, School Board and lots of other things we have detailed budgets; we are able to see detailed budgets. It's laid out in a plan and we can see what we're doing throughout the year. For many years now we haven't been able to get a budget from the hospital. It helps with governing; it helps with every day operations. I know we've had difficulty in the CFO position and things like that, hopefully when the new CFO arrives it could be a task for them. I don't know if it's accounting software that we don't have or that we're missing accounting software that enables us to have detailed departmental budgets. I don't know what the answer is but I think it's important. It's a City owned facility and it's just kind of the way we do things and we haven't been able to get a document like this. Thank you

X. BOARD MEMBERS COMMENTS

EJ Cheshier ~ Sorry I was late for the whole meeting

Tom Bailer ~ I do have a couple of concerns and that is that it seems to be a revolving door with employees down there and that's always concerned me. It tends to point towards worker dissatisfaction and that's a concern of mine. The other one is, how about a customer satisfaction survey? On a scale from 1 to 10 my satisfaction has probably been a two. It was great, I went down there and saw Dr. Gear, I was really happy with Dr. Gear and he wanted to be here. And then it seemed like a week later he was gone. I just made my appointment in Anchorage today to do my annual checkup, I'll spend my health dollars up there because I don't know of any Doctor that's here more than a month. And I want long term care, someone I can go back to. I'm speaking as a customer of this community and I don't spend my dollars down there because I don't have faith in it. I'm not alone in that. I hope it gets adjusted; it's been 10-15 years since we've had a Doctor that lived here and that's a shame.

Tim Joyce ~ No comment

James Burton ~ No comment

Bret Bradford ~ No comment

XI. EXECUTIVE SESSION - None

XII. ADJOURNMENT –

M/ Bailer S/ Cheshier Move to adjourn the meeting.

Bradford declared the meeting adjourned at 6:29pm.

Transcribed by: Faith Wheeler-Jeppson

Minutes
Community Health Services Board
Library Conference Room
May 7, 2014 – 6:15 PM
Special Meeting

I. CALL TO ORDER AND ROLL CALL –

Kristin Carpenter called the HSB special meeting to order at 6:17 pm. Board members present: **Kristin Carpenter, E.J. Cheshier, David Reggiani, Tim Joyce, James Burton and Tom Bailer.**

A quorum was established.

CCMC staff present: **Theresa Carté**, CEO and **Tiffany Varnadoe**, CFO.

II. COMMUNICATIONS BY AND PETITIONS FROM VISITORS

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

III. CONFLICT OF INTEREST – None

IV. APPROVAL OF AGENDA

M/ Cheshier S/ Bailer move to approve the agenda.

Upon voice vote, Motion passes 6-0.

V. APPROVAL OF CONSENT CALENDAR - None

VI. REPORTS AND CORRESPONDENCE

- **Administrator's Report** –

Theresa Carté reported on **Staffing**, Theresa introduced the new CFO, Tiffany Varnadoe. Kyle Wheeler is now our Maintenance Tech and Luciano Tiburcio is our new Dishwasher. We have an increase in our travelers with Kari's transition to the Clinic Nurse position and we had a Nurse who went out on Medical leave. We have an interview scheduled for a Director of Nursing; she'll be in the week of 11th. We also have a couple of possible permanent Physicians who are currently doing Locums to see if they are the right fit. Ken Lobe retired after 13 years and that position is open and we are recruiting. And the open CNA position should be filled soon. On **Quality** the big focus right now is the Plan of Correction from the CMS State Survey that we did, we got our Plan of Correction in and it was accepted, now we're working on our action items and that has to be completed by May 11th for the Surveyors return. The CT Scanner, we'll probably be asking for a Special Meeting to discuss this topic. The Rasmuson Grant application is requiring us to show that we have half of the cost of the project covered; we have the other portion covered with the Murdock Grant, however Murdock won't communicate the receipt of funding until August and this grant (Rasmuson) will be in June. We're working on a loan application, but to get a loan of that amount we would need the President of the Health Services Board to co-sign on the application. We don't expect to need that loan; we expect to get the Murdock money. But, we have to go through that process to get the Rasmuson money. So that will be coming to you in a Special Meeting if necessary in a couple of weeks.

President's Report – **Carpenter** stated that she did get a call from the Auditors Elgee, Rehfield and Mertz stating that they were working on the six month audit and asked if I had any concerns or was aware of any fraud. She (auditor) asked that I bring it up to the rest of the Board and see if anyone has any concerns that they can call her, or you can get ahold of me I have the number.

Finance Report – Tiffany Varnadoe stated that since we really don't have any financials yet she would just give you a quick update. The next set of financials that the Board will receive will be for April and they'll include year to date. We've had a few glitches in the IT Department, the Business Office is down none of the computers are working, as soon as that's back up and rolling she will work on the financials. The Audit is through with its first review and is with the partner at the firm, so it's back in the hands of the two people that did the audit. Hopefully in the next day or two it will be finalized.

VII. ACTION ITEMS - None

VIII. DISCUSSION ITEMS

A. Review legal opinion regarding grievance procedure (may be covered in Executive Session)

M/ Cheshier S/ Burton "I move to go into Executive Session regarding matters of immediate knowledge of which would clearly have an adverse effect on the immediate finances of the public entity, specifically grievance procedures."

Upon voice vote, Motion passes 6-0

HSB went into Executive Session at 6:31pm

Carpenter called the meeting back in Regular Session at 6:47pm

M/ Joyce S/ Bailer "I move that the Attorney draft a letter for your signature regarding the grievance procedure that we discussed in Executive Session."

Upon voice vote, Motion passes 6-0

IX. AUDIENCE PARTICIPATION - None

X. BOARD MEMBERS COMMENTS

Burton ~ No comment

Cheshier ~ No comment

Bailer ~ I request on the emails that you would put the time of the meetings, I would appreciate it. Thanks

Reggiani ~ No comment

Joyce ~ No comment

Carpenter ~ No comment

XI. EXECUTIVE SESSION *

A. Review legal opinion regarding grievance procedure.

See item "A" for motion

XII. ADJOURNMENT –

M/ Reggiani S/ Burton Move to adjourn the meeting.

Allison declared the meeting adjourned at 6:50 pm.

ADMINISTRATOR'S REPORT TO THE HEALTH SERVICE BOARD

July 2, 2014 HSB Meeting

Date of Report: June 27, 2014

Staffing

We have hired the following employees since our last Board meeting (5/7/2014).

- 1) Margarita Moore, Director of Nursing-start date 8/4/2014
- 2) Ruby Vergara, Dietary Manager-start date 7/28/2014
- 3) Greg Vergara, Building Services Manager-start date 7/28/14

We have the following travelers at this time.

- 1) 4 Nurses (3 staff, 1 Long Term Care Coordinator)
- 2) 2 Providers (Physician/NP/PA) – one is covering PTO
- 3) 1 Interim DON

Status of open positions and transitions:

- 1) Physician – Interview planned with Dr. Sam Blackadar on July 7th. We will be increasing our visibility to the right physicians through targeted advertising through the rest of this year.
- 2) Nurse – We have a night shift and swing shift nurse position open
- 3) CNA – We have one open position
- 4) Long Term Care Supervisor – We have decided to post and fill the vacant position for LTC Supervisor. This has been open since last year. The LTC State Survey demonstrated the criticality of this role for our facility and the need for this individual to work on day shifts.

Employee Satisfaction

CCMC has been having monthly employee pot lucks since March. In addition, Jim Henkelman has been publishing a monthly employee newsletter as a result of the feedback from staff.

Quality and Patient Safety

We had our revisit for the CMS State Survey of our Long Term Care facility on 5/22-23. The revisit identified three tags that were still out of compliance. These were corrected, a Plan of Correction (PoC) was submitted and was accepted. The final telephonic revisit was completed on June 6th. We are now in substantial compliance with these regulations as of June 4th. We have added a Long Term Care Coordinator nurse on day shift and a full time Interim DON to meet the standards and provide the quality that is necessary for our LTC facility. We will have a permanent DON in early August and have posted the LTC Supervisor position as a day shift full time employee to ensure that our quality and patient safety is maintained.

Facility

- HVAC repairs are still underway. We have the quote to make the necessary repairs to the chiller and to replace the remaining faulty valves in the HVAC system. Based on the remaining money left in the budget from the roof repair, we have decided to complete the chiller repairs only. We are waiting on an updated quote for that work and the final rebalancing of the air handling system. Replacement of the faulty valves will be reconsidered once we have our new Building Services Manager in place.

Compliance

All of the action items from the Compliance Work Plan have been completed with one exception. The requirements for completion of job related competencies had a due date of 12/31/2014 and is still in progress. This is assigned to Tim James, HR Coordinator, who will be working closely with our new DON to complete this on time.

CT Scanner

Stephen Sundby, Project Lead, submitted a separate report on the CT Scanner project which follows this report.

Electronic Health Record (EHR) – Healthland Centriq

We are considering the infrastructure and hardware build that will be required in support of the EHR. Many of our computers and printers will not function with the new system due to their age and the updated requirements of the new system. We expect to have more information in the coming weeks on plans to upgrade to meet these requirements.

**CT Scanner Update
6-2-2014**

Proposed Funding Breakdown

Funding Source	Amount Requested	Grant Due Date	Review Date
Rasmuson Foundation	375,000	Submitted	November
Murdock Charitable Trust	250,000	Submitted	August
Providence Foundation	50,000	Awarded	--
USDA (Potential)	50,000	Grant Proposal in Progress	
City of Cordova	225,000	Approved by City Council	
Total	950,000		

Murdock Charitable Trust Visit

Janice Kennedy from the Murdock Charitable Trust made an on-site visit on June 5th. CCMC provided a working lunch with key staff related to the CT Scanner Project, along with a Board member in attendance. This included Theresa Carte, Stephen Sundby, Tiffany Varnadoe, Kevin Byrd and Tim Joyce. Ms. Kennedy was then given a tour of the facility, including the Radiology Department. Ms. Kennedy had a good meeting with Randy Robertson and discussed the project with him. This was followed by a tour of the Ilanka Community Health Center by their staff. The ICHC staff described their services and how we all work together to provide services to the community. She was given a tour of the City of Cordova by Stephen Sundby, followed by dinner at the Reluctant Fisherman with Theresa Carte and Stephen Sundby.

Ms. Kennedy expressed that it was clear that there was a need for the CT Scanner in Cordova. It was important for her to see the commitment by the City of Cordova for the project.

**CCMC
Stats
May 2014**

	Jan - May Budget	Jan - May Actual
% Deductions to Revenue	26.2%	31.8%
% Benefits to Wages	46.8%	44.3%
Full Time Equivalents	69	66
Acute Average Daily Census	0.34	0.48
Acute Bed Days	63	73
LTC Average Daily Census	10	9.26
LTC Bed Days	1,438	1,398
Swing Bed Days	158	234
Medicare Swing Days	125	114
OP Visits	113	84
ER Visits	292	225
Clinic Visits	708	755
Gross AR Days	60	70
Days Cash on Hand	45	30

CCMC
Profit Loss Statement
May 2014

REVENUE	Budget Fiscal Year to Date	Actual Fiscal Year to Date	YTD Variance to Budget
Patient Services Revenue	3,831,660	3,916,585	2.2%
Deductions	(1,002,496)	(1,243,781)	24.1%
Cost Recoveries	610,583	1,115,301	82.7%
TOTAL REVENUES	3,439,747	3,788,105	

EXPENSES	Budget Fiscal Year to Date	Actual Fiscal Year to Date	YTD Variance to Budget
Wages	1,469,335	1,590,887	8.3%
Taxes and Benefits	687,312	705,023	2.6%
General and Malpractice Insurance	74,108	17,517	-76.4%
Repair & Maint	19,896	12,645	-36.4%
Travel & Training	24,104	26,514	10.0%
Other Expenses	29,296	35,511	21.2%
Recruitment & Relocation	32,500	51,530	58.6%
Professional Services	649,521	493,669	-24.0%
Supplies	261,927	242,445	-7.4%
Minor Equipment	6,938	9,524	37.3%
Utilities and Fuel	250,000	273,848	9.5%
Rent/Lease Equip & Buildings	20,542	50,221	144.5%

TOTAL EXPENSES before Depreciation 3,525,479 3,509,333 -0.5%

NET OPERATING INCOME **(85,732)** **278,772**

Depreciation Expense 114,041
City Contribution In-Kind 0
Other Restricted Contributions 2,091

NET INCOME **(85,732)** **166,822**

July 2, 2014

To: Health Service Board
From: Theresa L. Carté, CCMC Administrator
cc: Tim James, CCMC HR Coordinator
Subject: Co-Medical Director Contract

CCMC has negotiated a contract with Dr. Curt Bejes to act as our Co-Medical Director with Dr. Jim Dudley. The contract will not be an additional cost as Dr. Bejes will pick up the visits that Dr. Dudley is unable to schedule at this time.

This became necessary due to an emergent issue that would not allow Dr. Dudley to meet the visits that are required to meet regulatory requirements for our facility around physician oversight as Medical Director.

With this second contract, it will give us the flexibility to ensure we will meet these requirements with one of these two physicians. They have worked together and demonstrated great communications so we will have continuity between visits.

Thank you for your consideration.

**Community Health Services Board
Resolution**

**A RESOLUTION OF THE CORDOVA COMMUNITY HEALTH SERVICES BOARD
OF THE CORDOVA COMMUNITY MEDICAL CENTER DESIGNATING THE
RESPRESENTATIVES AUTHORIZED FOR SIGNING CHECKS, NON-CHECK
PAYROLL TAX PAYMENT, AND CASH TRANSFERS FOR CORDOVA
COMMUNITY MEDICAL CENTER.**

WHEREAS, the Cordova Community Medical Center checking accounts for the general fund, payroll fund, grant fund and nursing home patient trust accounts, require two (2) signatures; and

WHEREAS, CCMC investment accounts, funded depreciation accounts, and malpractice trust accounts require the Administrator and one (1) Board Officer's original signatures, and

THEREFORE, BE IT RESOLVED THAT,

1. All checks issued require two signatures; that checks exceeding \$5,000.00 for expenditures other than non-operational monthly expenses, i.e. payroll taxes, insurance, PERS contribution, etc, require at least one (1) Health Service Board Officer's signature, and that non-check payroll tax payments and cash transfers from the general checking account to the payroll checking account require only one (1) signature.
2. The Health Services Board authorizes the following additional individual to act as check signers on the above-mentioned accounts:

Addition to approved Check Signers:

Chief Financial Officer Tiffany Varnadoe

Current Approved Check Signers to remain:

Vice-President	E.J. Cheshier
Secretary	David Reggiani
Member	Bret Bradford
President	Kristin Carpenter
Administrator	Theresa Carté
SA Director	Stephen Sundby

PASSED and approved this 2nd day of July 2014

Board Signature: _____ Date: _____

ELGEE REHFELD MERTZ, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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907.789.3178 • FAX 907.789.7128 • www.ermcpa.com

May 14, 2014

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 six months ended December 31, 2013, and have issued our report thereon dated May 14, 2014. 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 February 14, 2014, 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 the six months ended December 31, 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 the net realizable value of accounts receivable and the associated allowance for doubtful accounts.

Management's estimates 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 they are 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 misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

- To adjust bad debt and contractual allowances to actual

- To record fixed asset activity and contributions from City of Cordova
- To adjust revenue and accounts receivable for the new Medicaid rate
- To record PERS in-kind revenue and expense
- To accrue additional accounts payable
- To reclassify cash, payroll liabilities, prepaid insurance, and current portion of long term debt

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 attached letter dated May 14, 2014.

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.

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

Material Weakness in Internal Controls over Financial Reporting

As described in our Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we identified a deficiency in internal controls over financial reporting that we consider to be a material weakness.

Finding 2013-001: Internal Controls over Financial Reporting

The Medical Center did not maintain adequate internal controls over financial reporting.

Other Internal Control Matters Noted During the Current Audit

No other internal control matters were noted for the six months ended December 31, 2013.

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

Internal Controls over Financial Reporting, Timely and Complete Reconciliations

Current Status: Comment not resolved. See current period material weakness.

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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

Memorandum

To: Health Services Board

Date: June 19, 2014

Re: Compliance Program – Annual Report presented at July 2nd HSB meeting

From: Faith Wheeler-Jeppson, Compliance Officer

Compliance Officer Training:

- Attended the 2013 Providence Annual Compliance Conference in Anchorage on September 20th.
- Attended the Health Care Compliance Association Regional Alaska Conference in Anchorage on February 27th and 28th 2014
- 3 Healthcare Compliance books and 1 HIPAA; A Guide to Healthcare Privacy and Security Law binder were purchased for reference to current guidelines.

Annual Compliance Training/Education:

- CCMC Staff: As of June 19th 2014, 67 employees have completed CCMC's mandatory annual Compliance Training. Two employees are in noncompliance as they have not completed the mandatory training.
- HSB: By May 7th 2014 all members of the Health Service Board have read, signed and returned copies of the CCMC Confidentiality and Conflict of Interest Disclosure Form.
- HSB: Annual Compliance Training, including Fraud and Abuse Law will be done in the Q4 2014 Meeting.

Investigations:

- Compliance Officer has been involved in 3 investigations in the past 12 months.