

AGENDA
COMMUNITY HEALTH SERVICES BOARD
Library Conference Room
SPECIAL MEETING
November 14, 2013 5:30pm

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 - None

VI. REPORTS AND CORRESPONDENCE

- A. Administrator’s Report
- B. President’s Report
- C. Finance Report – YTD Financials, AP Status Report, and
Financial Consultant Report.....2

VII. ACTION ITEMS

- A. EHR Update.....5
- B. Approve Updated 2014 Budget.....7
- C. Approve Loan Repayment Proposal.....10
- D. Capital Plans.....11
- E. Credential and Privilege Dr. Kristel Rush

VIII. DISCUSSION ITEMS

- F. Providence Contract and Evaluation Criteria.....12

VIII. 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.

IX. BOARD MEMBERS COMMENTS

X. EXECUTIVE SESSION*

XI. 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.

Financial Report for September 2013

By: Timothy Kelly, CFO

Cordova Community Medical Center:

REVENUES

For the month of September 2013, CCMC shows that it has met the budgeted amount of revenue for the month.

- Total Patient Revenues were \$2.43M. While this is higher than budget, deductions continue to be high because the reimbursement rate has been lowered by both Medicaid and Medicare. This has increased the amount of the contractuals for both entities.
- One of the contributing factors to CCMC's large contractual amount is the large amount of Medicaid revenue compared to "total" revenue. Medicaid makes up 42% of CCMC's total revenue. This is generated through CCMC's revenue from the Long Term Care unit. The LTC makes up 39% of Total Revenue which is almost all of Medicaid. The reimbursement rate of a Long Term Care bed is normally about 75% of the amount billed which would make the other 25% and contractual deduction.
- Bad debt continues to be a larger deduction from revenue than budgeted. This has been a continuing issue because of the higher volume in the summer of self-pay patients.
- Cost Recoveries are lower than expected; however, this can be attributed to a reduction in grant income. More grants should be available after the beginning of the Government's fiscal year.

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 appear to be higher for the month, but this is actually a carryover from the previous month. For the year, wages are currently below budget because of the use of travelers in physical therapy and registered nurses. In September, CCMC hired a Licensed Nurse Practitioner as one of our providers. The ratio of taxes and benefits to wages is higher because of an increase in the health insurance offered to employees.
- 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 because many conferences are held during the month of September.
- Supplies are slightly higher because of the busy summer months and an increased need to replenish our medical supplies. CCMC had one oncology patient which required very expensive medication, restocking this medication was considerable. Additionally, supplies are being coded more accurately in lieu of minor equipment. This is why minor equipment is so low.
- Utilities, particularly diesel fuel, are proving to be a major savings so far this year. While the budget has been annualized, there is a considerable savings so far. Since the HVAC has been renovated and additional insulation installed in the EFIS system, CCMC is already recording lower utility costs.

- Rental buildings have also increased because of our need to utilize traveling personnel in some areas.

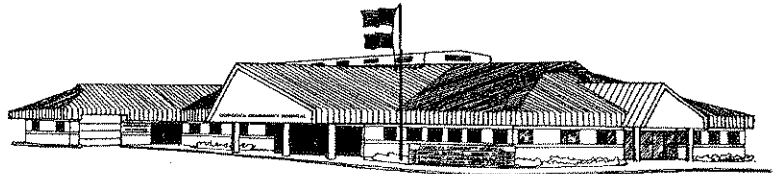
STATISTICS

NET AR days shows a longer turn around in the accounts receivable. The lower monthly number shows that the trend is reversing. Normally NET AR days is calculated on an annual basis.

Days' cash on hand (DCOH) is still a major concern. CCMC has completed repayment of the Medicare settlement for FY 2013. While this has had an effect on the reduction of cash received from Medicare, there has been a development with the receipt of billings from Medicaid. On September 16, Medicaid quit receiving billings for the old Medicaid system. Medicaid installed a new software system in order to streamline the Medicaid billing process. As a result, no cash payments were to be released until at least October 7th. In order to offset this lack of receipts, Medicaid provided an advanced based upon CCMC's last three months of billings. While this has inflated our days' cash on hand, this is an artificial inflation. During the month of October, CCMC was able to bill Medicaid for \$313k, but only received approximately \$1,000. After many conversations with the administration, errors in the software have been corrected and the remaining funds should be received shortly.

	Sep-13	Sep-13	2013 YTD	2013 YTD
	Actual	Budget	Actual	Budget
Gross Patient Revenue	\$ 803,383	\$ 658,680	\$ 2,427,240	\$ 2,019,953
Net Patient Revenue	622,364	551,597	1,804,188	1,691,564
Bad Debt	(36,225)	(28,085)	(137,315)	(86,127)
Cost Recoveries	71,618	134,675	265,664	413,004
Total Revenue	657,757	658,187	1,932,537	2,018,441
Total Expenses	(657,858)	(674,330)	(1,836,166)	(2,067,944)
Net Operating Income (Loss)	(101)	(16,143)	96,371	(49,503)
Depreciation Expense	(19,191)	(18,576)	(57,724)	(56,966)
Net Income (Loss)	(19,292)	(34,719)	38,647	(106,469)
Full Time Equivalents	68.5	69.3	70.2	71.7
Acute Average Daily Census	0.17	0.34	0.26	0.34
Acute Bed Days	5.0	10.4	24.0	31.2
LTC Average Daily Census	10.0	9.5	9.5	9.5
LTC Bed Days	300.0	287.5	871.0	862.5
Swing Bed Days	16.0	31.7	25.0	95.0
Medicare Swing Days	16.0	25.0	25.0	75.0
OP Visits	45	23	114	68
ER Visits	52	58	248	175
Clinic Visits	175	142	570	426
Net AR Days	64.9	60.0	82.7	60.0
Days Cash on Hand	19.2	45.0	21.0	45.0

CORDOVA COMMUNITY MEDICAL CENTER



P.O. Box 160 • 602 Chase Ave. • Cordova, Alaska 99574-0160
Phone: (907) 424-8000 • Fax: (907) 424-8116

FINANCIAL CONSULANT REPORT

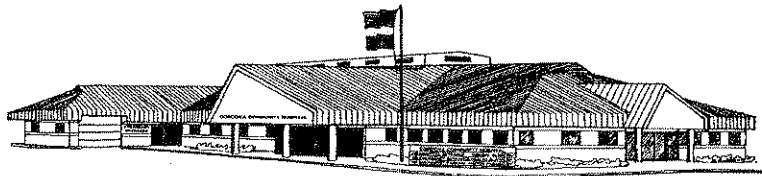
Robert E. Fisher, MBA, FACHE, FHFMA
B. E. Smith

A/O November 5, 2013

OUTLINE

- Engaged to help assist the day to day operation of the finance department and develop an action plan related to four specific goals with findings and recommendations for each.
 - Complete a solid budget for Calendar 2014 by September 25, 2013 (*completed*)
 - Assist with Healthland Centriq financials migration from Classic in preparation for Centriq EHR installation (*scheduled 11/1/13 installation delayed by Healthland, assisting Admin with assessment of issues surrounding delay: options, reimbursement implications, delay cost, etc.*)
 - Assess processes within Finance division (*in process: reviewed P+Ps, interviewed staff, preparing assessment and recommendations*)
 - Assist CFO with completion of FYE 6/30/13 Audit and Cost Report preparation (*currently in progress with 11/30/13 deadlines*)
- **Engagement finding requiring immediate resolution and action:**
 - GAAP accounting treatment for city subsidization of hospital as in-kind revenue, loans or contribution to equity which may result in restatement of previous year(s) audits (awaiting pronouncement from auditors on this issue)
 - Recommend the HSB receive information and education regarding industry/community norms for subsidies for a city-owned facility
 - Previous accounting for city subsidization of CCMC has resulted in legitimate reimbursable expenses not being booked to CCMC records (mgmt fees, insurance, depreciation, city maintenance, etc.)
 - Non-booked expenses has resulted in under reimbursement by cost reimbursed payers – Medicare and Medicaid causing lost income to CCMC (estimated amounts to be determined upon determination of GAAP accounting treatment and identification of city expenses for CCMC)
 - Accounting issue must be resolved in order to complete audit and prepare cost report with proper reimbursable expense by 11/30/30 due date
 - Depending on restatement of prior year audit(s) for city subsidization, amended Medicare/Medicaid cost reports should be filed to regain lost reimbursement
- Recommend orientations to hospital finance and healthcare compliance be developed and presented to the HSB. Healthcare compliance orientation is a CMS requirement.

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Date: November 6, 2013
From: Theresa L. Carté, CCMC CEO
To: Health Services Board
Subject: Updated Plans for EHR Implementation

Healthland has informed us that our implementation of Centriq will be delayed. They have worked closely with us to determine the impact of this delay on our Meaningful Use payments from Medicare and Medicaid.

After considering several options, we have come up with a revised go-live date of January 2015. This is 10 months later than we first expected to go-live. The timing of this go-live is good for the hospital as it is during our lower volume period. We will have time to work through issues in January through March before fishing season opens in April. This also allows us to request reimbursement on the full cost of the EHR without depreciation.

The updated cost for our purchase is \$746,573. This includes a discount of \$276,130.

We paid Healthland \$402,649 on March 25, 2013. This money was provided by the City of Cordova. On May 10th of 2013, CCMC received \$106,500 from Medicaid for implementation. The original plan was to return the reimbursements to the City of Cordova as we received them. However, at that time, we had made a proposal to the City to repay the money with the loan repayments (presented to HSB at the June 5, 2013 meeting).

Our next expected payment to Healthland is February 12, 2015, approximately 30 days after go-live. We will pay the final balance of the cost which is \$343,924. We will need this money from the City of Cordova as capital.

We then expect to get another Meaningful Use payment, this time from Medicare, for anywhere between \$0 and \$400,000. The current estimated amount based on our current Medicare days would be \$388,777. That payment would be received by CCMC around August 2015. We also expect Meaningful Use money from Medicaid in the amount of \$50,000 in May 2015 and \$25,000 in January 2016. The following page includes a break down of payments to Healthland for Centriq and our expected reimbursements from Medicare and Medicaid.

Lastly, Healthland has held our \$402,649 since April of 2013. The City could have received interest in the amount of 3% on that money. Healthland has offered to reduce the Initial One-Year Maintenance Services Period Fee \$25,000 to cover for that lost potential. This reduction in cost will be realized in 2015.

	2013		2014	2015		2016	Totals
	25-Mar-13	10-May-13		12-Feb-15	May-15		
Paid to Healthland	(\$402,649)		0				(\$746,573)
Received or expected from Medicaid		\$106,500	0		\$25,000	\$25,000	\$181,500
Received or expected from Medicare			0		\$388,777		\$388,777
Amount City of Cordova pays in Capital							(\$176,296)

Type	Acct Type	Jul-Jun 2011	Jul-Jun 2012	Jul-Jun 2013	2014 Budget
Patient Services Revenue	BH Patient Revenue	137,198	232,527	177,231	187,865
	Clinic Medicaid	13,759	22,896	28,690	30,411
	Clinic Medicare	87,783	168,318	150,160	159,169
	Clinic Other	212,403	391,377	369,178	391,328
	IP Medicaid	8,732	9,300	39,217	41,570
	IP Medicare	148,435	102,854	298,673	317,998
	IP Other	65,474	81,251	243,681	258,581
	LTC Medicaid	3,190,992	2,888,692	3,428,222	3,633,915
	LTC Medicare	29,764	31,734	136,161	144,330
	LTC Other	25,084	527,733	429,055	454,799
	OP Medicaid	89,676	129,222	135,313	168,699
	OP Medicare	611,609	701,959	850,787	1,188,307
	OP Other	1,280,876	1,527,485	1,292,158	1,452,617
	Other Revenue	970	500	1,080	1,000
	SB Medicaid	75,978	26,695	60,874	64,704
	SB Medicare	472,879	290,163	632,656	700,691
	SB Other	40,497	-	-	-
Patient Services Revenue Total		6,492,109	7,132,706	8,273,135	9,195,983
Deductions	Charity	(123,365)	(123,945)	(194,258)	(204,468)
	Contractual	(701,418)	(1,194,370)	(1,944,055)	(1,825,522)
Deductions Total		(824,783)	(1,318,315)	(2,138,313)	(2,029,990)
Bad Debt	Bad Debt	(8,617)	(310,975)	(354,404)	(376,000)
Bad Debt Total		(8,617)	(310,975)	(354,404)	(376,000)
Cost Recoveries	Grant	521,765	520,469	536,246	513,556
	Misc Revenue	1,202,096	1,052,577	929,339	931,742
	Non-Op Revenue	83,398	82,710	44,597	20,100
Cost Recoveries Total		1,807,259	1,655,756	1,510,182	1,465,398
Wages	CNA's	(294,561)	(257,439)	(259,089)	(299,783)
	Nurses	(671,937)	(660,203)	(575,900)	(651,041)
	Management	(493,526)	(412,726)	(444,160)	(614,016)
	NonProductive	(306,323)	(339,786)	(283,900)	(183,220)
	Other	(1,114,808)	(1,202,381)	(1,275,402)	(1,347,862)
	Physicians	(126,703)	(131,833)	(64,779)	(120,640)
	PTO Accrual	(9,248)	35,656	(26,241)	(100,826)
	Technicians	(10,030)	(24,596)	(101,360)	(209,018)
Wages Total		(3,027,136)	(2,993,308)	(3,030,831)	(3,526,405)

Type	Acct Type	Jul-Jun 2011	Jul-Jun 2012	Jul-Jun 2013	2014 Budget
Taxes and Benefits	FICA	(221,896)	(217,769)	(219,195)	(267,178)
	Health and Life	(496,878)	(596,509)	(535,464)	(644,997)
	Retirement	(728,432)	(534,233)	(559,822)	(737,375)
Taxes and Benefits Total		(1,447,206)	(1,348,511)	(1,314,482)	(1,649,550)
General and Malpractice Insurance Total		(246,235)	(155,291)	(193,014)	(177,860)
Repair & Maint Total		(46,075)	(67,635)	(46,232)	(47,750)
Travel & Training Total		(28,339)	(49,032)	(49,820)	(57,850)
Other Expenses	Dues and Subs	(28,626)	(39,948)	(29,069)	(33,060)
	License and Tax	(4,476)	(7,455)	(1,246)	(2,150)
	Other Expense	(41,042)	(15,469)	(31,014)	(35,100)
Other Expenses Total		(74,144)	(62,872)	(61,329)	(70,310)
Recruitment & Relocation Total		(22,532)	(20,794)	(62,275)	(78,000)
Professional Services	Locums	(434,928)	(392,949)	(511,876)	(500,000)
	Professional Services	(668,463)	(685,665)	(590,655)	(435,850)
	Specialty	(100,322)	(146,376)	(4,830)	(289,000)
	Therapists	-	(388)	(67,792)	(184,000)
	Traveling Nurses	(108,794)	(102,364)	(139,043)	(150,000)
Professional Services Total		(1,312,507)	(1,327,742)	(1,314,196)	(1,558,850)
Supplies	Freight	(47,190)	(54,183)	(47,745)	(49,800)
	Medical Supplies	(224,498)	(223,606)	(235,824)	(330,000)
	NonMedical Supplies	(67,447)	(47,654)	(45,504)	(33,125)
	Other Supplies	(140,020)	(167,694)	(201,674)	(215,700)
Supplies Total		(479,155)	(493,137)	(530,747)	(628,625)
Minor Equipment	Medical Equip	(16,614)	(17,987)	(2,350)	(7,500)
	Other Minor Equip	(18,631)	(14,226)	(12,642)	(9,150)
Minor Equipment Total		(35,245)	(32,213)	(14,992)	(16,650)
Utilities and Fuel	Electric	(125,925)	(131,744)	(100,192)	(103,000)
	Fuel	(139,735)	(150,216)	(137,976)	(152,600)
	Gas	(4,251)	(4,442)	(5,696)	(6,200)
	Internet	-	-	(244,159)	(253,100)
	Phone	(428,239)	(452,000)	(54,587)	(56,700)
	Snowplowing	(5,274)	(213)	(167)	(200)
	Television	(2,418)	(3,325)	(7,808)	(7,700)
	Water/Sewer	(11,633)	(13,574)	(20,587)	(20,500)
Utilities and Fuel Total		(717,475)	(755,514)	(571,172)	(600,000)
Rent/Lease Equip & Buildings		(26,520)	(40,508)	(57,945)	(49,300)
Grand Total		3,399	(187,385)	43,566	(205,759)

	Fiscal Year 2013		Fiscal Year 2014	
	Actual	Budget	Actual	Budget
Gross Patient Revenue	\$ 8,273,135	\$ 9,195,983		
Net Patient Revenue	6,134,822	7,165,993		
Bad Debt	(354,404)	(376,000)		
Cost Recoveries	1,510,182	1,465,398		
Total Expenses	(7,247,035)	(8,461,150)		
Net Operating Income (Loss)	43,566	(205,759)		
Full Time Equivalents	66.77	69.3		
Acute Average Daily Census	0.33	0.34		
Acute Bed Days	122	125		
LTC Average Daily Census	9.78	9.5		
LTC Bed Days	3568	3450		
Swing Bed Days	384	380		
Medicare Swing Days	282	300		
OP Visits	260	270		
ER Visits	652	700		
Clinic Visits	1664	1700		
Net AR Days	83.4	60		
Days Cash on Hand	4.4	45		

**CITY OF CORDOVA, ALASKA
RESOLUTION**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORDOVA, ALASKA,
AUTHORIZING THE CITY AND CCMC TO AGREE TO REPAYMENT TERMS FOR
ANY AND ALL OUTSTANDING DEBT**

WHEREAS, the City of Cordova (City) and Cordova Community Medical Center (CCMC) are partners in the provision of healthcare services in Cordova; and

WHEREAS, the City and CCMC are committed to achieving financial sustainability;
and

WHEREAS, the City has provided CCMC financial loans to sustain operations and continue to provide healthcare services to the community.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Cordova, Alaska that CCMC will repay any and all outstanding debt owed to the City of Cordova, as follows:

1. It is desirable to allow for the growth of working capital and reserve capacity in CCMC's bank account. Therefore, as is considered customary in the hospital industry, CCMC shall be permitted to use surplus operating revenues to increase the total balance in its account to cover up to forty-five (45) days of Operating Expenses.
2. Operating revenues resulting in account balance in excess of forty-five (45) days of Operating Expenses shall be applied as follows, (i) fifty percent (50%) will be applied to debt owed to the City and (ii) fifty percent (50%) shall accumulate in the account for future community health care investments.

BE IT FURTHER RESOLVED THAT this agreement is in effect for a period of two (2) years, at which time it may be reviewed, modified and renewed upon agreement of both parties.

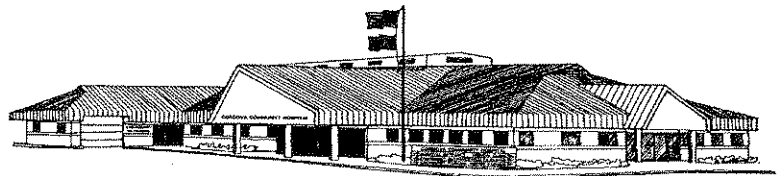
PASSED AND APPROVED THIS 14TH DAY OF NOVEMBER, 2013.

James Kacsh, Mayor

Attest:

Susan Bourgeois, City Clerk

CORDOVA COMMUNITY MEDICAL CENTER



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Phone: (907) 424-8000 • Fax: (907) 424-8116

November 11, 2013

David Allison, President
Community Health Services Board

Dear Mr. Allison and Members of the Board,
Cordova Community Medical Center would like to present the following Capital Request for the fiscal year 2014.

16 Slice CT Scanner: Project Total = \$1,029,372

- \$79,372 – Architectural and Engineering Design Services (Spark LTD)
 - Task 100 Concept Design \$ 25,407 – Complete and paid for
 - Task 200 Final Documents \$ 38,009
 - Task 300 Permitting \$ 1,250
 - Task 400 Bidding \$ 3,120
 - Task 500 Construction Administration \$ 11,586
 - Total Proposed A/E Fee \$ 79,372
- \$300,000 – GE 16 Slice refurbished CT Scanner
- \$650,000 – Surgical Room Conversion to CT room

We are pursuing grant money from Rasmuson Foundation and the Murdock Charitable Trust for a total of \$700,000. This brings the capital request amount for 2014 to \$303,065 (subtracting out the \$25,407 already paid in 2013).

Proposal for process to complete Annual Review of Management Agreement Contract

Goals of this communication:

- Create discussion and decision on method to complete annual review of the Management Agreement between Providence and City of Cordova
- Decide on a date to complete the review at City Council; inform Providence staff so they can attend that meeting if available

Proposed process:

The annual review will be done by engaging the City Council members in dialogue around the following key aspects of the Management Contract (see contract for details).

- 1) Health Services Administrator – Is the current Providence provided CEO/Administrator meeting the needs of the City?
- 2) Management Services – Has Providence operated CCMC consistent with applicable laws and regulations, and the policies and procedures as established by the Board? Are any identified compliance issues being addressed?
- 3) Budgets – Did Providence provide the budget on time to the Board (90 days before the end of the fiscal year of Cordova)?
- 4) Employees – Is the Providence provided CEO/Administrator managing employees according to applicable CCMC employment policies and contracts? Is the City providing the Administrator the authority to perform these duties?
- 5) Contracts – Are all contracts over \$25,000 going to the City Council for approval? Is Providence following applicable federal, state, and local laws in regard to contracts under \$25,000?
- 6) Medical Staff – Has Providence supported CCMC in ensuring that medical staff is organized and operated in accordance with applicable medical staff bylaws and in compliance with all federal, state, and local laws? Has the Community Health Service Board amended or revised the medical staff bylaws, the associated policies and protocols, entered into contracts for professional services or granted medical staff membership or clinical privileges without first consulting Providence?
- 7) Policy Review – If needed, has Providence provided policy, procedure, and program development reviews, and made associated recommendations for the development of policies, procedures, and programs for CCMC?
- 8) Accreditation Services – Has Providence advised CCMC on receiving and maintaining accreditation of its behavioral services by the appropriate accrediting bodies?
- 9) Recruiting – Has Providence supported CCMC's recruiting process?
- 10) Start up Activities:
 - a. Evaluation of operations
 - b. Clinic operations

- c. Electronic Health Record
 - d. Readiness Assessment (eICU)
 - e. Performance Indicators
 - f. Mock Survey
- 11) Representative to Providence Community Ministry Board
 - 12) Fee for Management Services - Has the Administrator's salary and benefits been included in the CCMC budget presented to the City? Has Providence billed, and the City of Cordova paid, the quarterly payments for the Management Fee and Administrator costs? Have any increases in the Administrator's salary been reviewed with the Board? Has the annual Management Fee been increased as identified in the agreement?
 - 13) Additional Services – Has Providence provided any additional services? If yes, and not included in annual budget approved by City Council, was an addendum to the Agreement created?
 - 14) Governance – Has the City Council dissolved the Health Service Board? If yes, has Providence created a community advisory board?
 - 15) Code Changes – Has the City amended its Municipal Code in a manner affecting CCMC? If yes, has Providence and the City met in good faith to negotiate the appropriate changes to this agreement to ensure compliance?
 - 16) Insurance – Has Providence maintained the appropriate insurance?
 - 17) Access to Cordova's Records – Has Cordova allowed Providence access to the financial and business records to carry out Providence's obligations under this agreement?
 - 18) Cooperation with Auditors – If asked, has Providence cooperated with governmental or independent auditors and accountants? If yes, was Providence reimbursed by Cordova for the additional time and expense as agreed upon by the city manager and Providence?
 - 19) Ethical and Religious Directives – Has CCMC followed the ERDs?