

**Mayor**

James Kacsh

**Council Members**

Kristin Carpenter

Tim Joyce

Tom Bailer

Robert Beedle

Josh Hallquist

David Reggiani

James Burton

**City Manager**

Randy Robertson

**City Clerk**

Susan Bourgeois

**Deputy Clerk**

Tina Hammer

**Student Council**

Ashley Reece

Bhren Peña

**City Council Work Session  
January 11, 2016 @ 6:00 pm  
Cordova Center Community Rooms A & B  
Agenda**

**A. Call to order**

**B. Roll call**

Mayor James Kacsh, Council members Kristin Carpenter, Tim Joyce, Tom Bailer, Robert Beedle, Josh Hallquist, David Reggiani and James Burton

**C. Communications by and Petitions from Visitors**

**1. Audience Comments regarding agenda items**

**D. Work Session topic**

**2. *Ron Vigus*, Regional Vice President , Quorum Health Resources, LLC**

- Initial assessment of CCMC
- Recommendations

**E. Audience participation**

**F. Council comments**

**G. Adjournment**

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January 11, 2016

Mayor and City Council  
Health Services Board  
City of Cordova  
Cordova, AK

Quorum Health Services appreciates the opportunity to work with you to improve the performance of Cordova Community Medical Center. Since we began on October 15, we have been actively engaged with the hospital staff, City Administration and you to provide advice on specific issues and to conduct an assessment and develop recommendations.

This assessment and recommendations is based on visits I made in November and December and a visit by Arnie Katz, Associate Vice President – Finance, in December. We have also had regular telephone and other contacts that have provided input into this report.

The report includes findings and recommendations for the following functional areas of the organization:

- |                           |                            |
|---------------------------|----------------------------|
| 1. Governance             | 7. Community               |
| 2. Finance                | 8. Growth                  |
| 3. Compliance             | 9. Education               |
| 4. Leadership             | 10. Quality                |
| 5. Medical Staff          | 11. Information Technology |
| 6. Native Village of Eyak | 12. Capital Investment     |

The second section of the report includes the same findings and recommendations that are sorted by priority.

The report also includes a priority ranking and an estimated cost for each recommendation. The priority rankings are based on improving financial performance and reducing risk to the organization. Firm costs will be provided in a written proposal for items that you elect to pursue.



Effective implementation of these recommendations can assist in improving the performance of Cordova Community Medical Center. Please feel free to call me at 803.944.5088 if you have any questions.

Sincerely,

Ronald J. Vigus  
Regional Vice President

Item #	Key Performance Area	Findings	Priority	Recommendation	Estimated Cost	Timing
1.0	Governance	The City Council is serving as members of the Health Services Board, the hospital's governing body. Some members do not see this as their role as a member of the Council. The Board has had limited education about their responsibilities and is eager to receive education.	High	Implement Board structure that allows for individuals who have the background, time and willingness to serve as a Board. Need to have full responsibility and authority,	Attorney fees to review documents enacting change	1st Quarter 2016
2.0	Financial					
2.1	Financial Leadership	CFO appears to be hard worker and invested in organization. While she has had experience as hospice CFO she has not had previous experience as CAH CFO. Has resigned effective December, 31, 2015. There does not appear to be a 2nd level Finance employee who can fill in temporarily.	High	Recruit CFO. Implement development plan to include education and mentoring for new CFO, as necessary.	\$15,000	CFO Recruitment Begun
2.2	Contractual Adjustments	Does not use sophisticated model to estimate contractuals and other deductions from revenue, nor year-end reimbursement settlements. Need for accuracy of estimated Net Revenue. Potential to improve reimbursement.	High	QHR to review contractual adjustments and bad debts to assess accuracy. QHR to also provide a model for CFO to calculate this on at least a quarterly basis.	Included in QHR Contract	1st Quarter 2016 Annually
2.3	Financial Statements	Currently, financial statements have significant entries that are made late in the year that prevents current income statements from being accurate. Goal for financial close is 20th of month.	High	Associate Vice President-Finance to conduct a mini- Financial Operating Review (FOR). As a part of the review, evaluate processes used to close financial statements to determine if they can be completed by 15th of month.	Included in QHR Contract \$2500 Travel Expense	Annually
2.4	Financial Performance	Loss of \$1.4 million recorded in FY14 and similar or greater loss projected for FY15. CFO not confident of revenue cycle performance.	High	1. Revenue Cycle Assessment 2. Implementation assist may be required.	1. \$35,000 2. TBD	1st Quarter 2016
2.5	Patient Financial Services					
2.5.1	Health Information Services	Coding is outsourced, and has not been reviewed by an external source	Medium	Coding review, to ensure compliance and optimization of revenue, as well as timeliness.	\$30,000	3rd Quarter 2016
2.5.2	Billing	All but Long Term Care billing is outsourced, and no review has been done of biller's accuracy, timeliness, denial experience or write-off experience.	Medium	PFS Assessment evaluating: accuracy of registrations; charge capture process; development of an internal committee to review timeliness and accuracy of charges, coding, billing and collections; develop key metrics to strengthen monitoring and accountability; evaluate outsource biller; review cash controls; and ensure Charity Care policy complies with ACA mandate	Included in above.	2nd Quarter 2016

Item #	Key Performance Area	Findings	Priority	Recommendation	Estimated Cost	Timing
2.6	Days Cash On Hand	At time of initial visit, only \$20,000 cash on hand. CEO and CFO reports outstanding AP and regular requests from City for funding.	High	City should consider budgeting for monthly funding to stabilize liquidity in future. Meaningful Use funds should be adequate for cash flow requirements in FY16 but interim funding from the City will be required until those funds are received.	\$700,000 for 2016, funded by Meaningful Use funds. Interim City support may be required in 1st & 2nd Quarters- amount not determinable at this time	2016
2.7	Cost Report Review	Cost reports are filed annually. Extremely complicated.	Medium	Associate Vice President - Hospital Finance and Reimbursement to review 2014 Cost Report, develop contractual model and visit hospital to implement and evaluate potential for interim rate adjustment.	Included in QHR Contract \$2500 Travel Expense	2014 Review complete with \$12,000 additional revenue identified. 1st Quarter 2016
2.8	Charge Effectiveness	Charges should be based on competitiveness and efficiency in producing net revenue. Inpatient, Outpatient and ER charges are placed on manual charge sheets, then input into system, rather than it being an automated process. This can lead to late and missed charges. Charge capture processes should be strengthened.	High	1. QRate consultation which will maximize the reimbursement benefit of the charge structure. 2. Charge Master review.	1. \$18,500 2. \$33,000	1. 1st Quarter 2016 2. 3rd Quarter 2016
3.0	Compliance	Compliance Program appears to be minimal. During visit major deficiency discovered. Staff began to correct immediately. Review of Medical Staff credentialing process needed although recent CAH survey found no deficiencies.	High	1. Compliance Program Assessment 2. Implementation and mentoring	1. \$32,500 2. TBD	1st Quarter 2016
3.1	Contract Management	CAH survey found central contract repository was not complete. Examples include missing and non-renewed contracts	Low	Audit contract files, obtain copies of missing contracts, renew where appropriate. Consider automated software to catalogue, document terms and approvals and notify of renewals.	\$10,000	2016
4.0	Leadership	Interim CEO has been in place for approximately 18 months. No prior senior hospital administration experience				
4.1	Interim CEO		High	Begin immediate recruitment to place Interim CEO with senior hospital administration experience.	\$20,000 per month	In process
4.2	Permanent CEO		High	Begin immediate recruitment to place permanent CEO with senior hospital administration experience.	\$15,000	In process
4.3	CNO	CNO in place for 30 days. Interpersonal skills attributed to significant staff turnover.	High	Recruit new CNO	\$20,000	In process

Item #	Key Performance Area	Findings	Priority	Recommendation	Estimated Cost	Timing
4.4	Compensation		High	Evaluate compensation/benefits for CEO to ensure competitiveness.	None	Complete
5.0	Medical Staff	Currently, there is one full-time physician supplemented by locums. A new physician has been recruited and is to arrive in April. Have used mid-levels in past but none present now.	Medium	Maintain regular contact with recruited physician. Develop regular locums staffing.	Minimal	1st Quarter 2016
6.0	Native Village of Eyak	Currently operates busy FQHC. Has had disputes with hospital/City historically. Their doctors have minimal involvement in hospital.	Medium	Develop dialogue between hospital and NVE to create partnership that is focused on developing best healthcare system for community. May need facilitator.	TBD	2016
7.0	Community	Community acknowledges importance of hospital - healthcare and Coast Guard presence. Concern about quality of care.	Low	Implement marketing program to focus on capabilities of hospital and staff. Highlight CT.	\$10,000	3rd Quarter 2016
8.0	Growth	CT becoming operational in future. Need to develop new services for community and sources of revenue. Dr. Blackadar has some ideas he is pursuing. In past, had a number of specialists that staffed part-time clinics. Need to re-establish. Need stronger effort to fill swing beds.	Medium	1. Market CT to Ilanka and community. 2. Support Dr. Blackadar in development of new services. 3. Develop specialty clinics including telemedicine clinics. Begin with orthopedics since it has potential for swing bed patients.	Depends on programs implemented	2016
9.0	Education	Board and hospital management staff need significant education re: finance, compliance, quality, strategy.	Medium	Regular use of QLI webinars including prior year sessions. 2 Board members to Trustee Conference and to Board Essentials. Region Team to provide education. Consultants to provide education when on site.	Included in QHR Contract \$6,000 Travel Expenses	2016
10.0	Quality	Recent CAH validation survey found significant deficiencies. POC has been approved. Quality program appears minimal.	Medium	Quality Program Implementation and Mentoring	Assessment: \$37,450 Implementation: \$91,000 over 2 years	2nd Quarter 2016
11.0	Information Technology					
11.1	Electronic Health Record	Hospital must comply with Stage 1 criteria for the 90 days up to December 31, 2015, and attest in January, in order to receive Meaningful Use reimbursement from Medicare and Medicaid+C4, and avoid ongoing reimbursement penalties. This is the LAST opportunity to qualify.	High	Closely monitor compliance and attestation process. In the years following attestation, a process must be put in place to monitor and demonstrate continued compliance.	\$0	4th Quarter 2015/ 1st Quarter 2016
11.2	Healthland System	There is either inadequate training or resistance on the part of clinical staff to utilize the system's functions as established. The utilization of the system may not be utilizing its full capabilities	Medium	Assess system utilization and processes surrounding the system to obtain maximum benefit from investment.	TBD	2nd Quarter 2016

Initial Assessment and Recommendations

Visits: 11/5/2015, 12/7/2015

Item #	Key Performance Area	Findings	Priority	Recommendation	Estimated Cost	Timing
12.0	Capital Investment	The Medical Center was built in 1984, and maintenance & capital replacement has been inadequate.	Medium	A Capital Plan should be developed. As a start, \$250,000 of the Meaningful Use funds could be allocated to a capital investments for the Hospital.	Minimum \$200,000 to \$300,000 per year (equal to annual Depreciation)	Ongoing

