

CITY COUNCIL

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Council Members

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James Kacsh

David Allison

Bret Bradford

EJ Cheshier

David Reggiani

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Vacant

NVE Tribal Council Rep

Acting CEO

Stephen Sundby, PhD

**COUNCIL JOINT WORK SESSION WITH THE
COMMUNITY HEALTH SERVICES BOARD
JULY 20, 2011
IMMEDIATELY FOLLOWING THE 7:00 PM REG MTG
LIBRARY MEETING ROOM**

AGENDA

A. CALL TO ORDER

B. ROLL CALL

COUNCIL - Mayor James Kallander, Council members Keith van den Broek, James Kacsh, David Allison, Bret Bradford, EJ Cheshier, David Reggiani, and Robert Beedle

HSB - President David Allison, Board members Kristen Carpenter, Sandra Cleveland, EJ Cheshier, Tim Joyce, and Kerin Kramer.

C. DISCLOSURES OF CONFLICTS OF INTEREST

D. COMMUNICATIONS BY AND PETITIONS FROM VISITORS

1. Audience Comments regarding agenda items

E. WORKSESSION TOPIC

2. Health Care RFP responses - discussion with Nichole Hunt of Coding Concepts
3. HSB recommendation to City Council in re Health Care RFP responses

F. AUDIENCE PARTICIPATION

G. COUNCIL AND BOARD MEMBER COMMENTS

H. ADJOURNMENT

**If you have a disability that makes it difficult to attend city-sponsored functions,
You may contact 424-6200 for assistance.**

All City Council agendas and packets available online at www.cityofcordova.net

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QHR.....	(page 10)
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Full proposals of all four proposers are on City of Cordova website
on Health Services Board page

<http://www.cityofcordova.net/boards-commissions/health-services-board/>

Key Elements	QHR	NVE	Wrangell	Providence
Purchasing & Recruiting Power	X			X
Extensive Financial Experience	X			X
Extensive Financial Reporting	X			X
Training & Education (governing boards, administrative and clinical staff)	X		X	X
Collaborative support with NVE	X		X	X
Promotes as a whole facility autonomy	X		X	X
Expansion of services			X	X
Access to outside funding		X		X
CAH Experience	X		X	X
PERS Benefit support				
Electronic Health Record		X		X
Promotes local hire and growing within	X		X	X
Access to specialty providers		X		X
Supports HSB involvement	X			X
Long Term Care Expansion			X	X

CORDOVA COMMUNITY MEDICAL CENTER



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

Memorandum

To: City Council

From: Health Services Board

Date: July 14, 2011

Re: Hospital Management RFP

At the HSB meeting the evening of July 13th, we had 4 HSB members in attendance. It was unanimous to recommend continuing consideration of both QHR and Providence proposals, eliminating the other two from contention. Basically, two of the HSB members favored QHR, and two were favoring Providence at that time.

The CCMC employees in attendance expressed concerns about Providence and their reputation as an employer...not being so good. Gave them more fear about their job stability in the future and they generally all favored the QHR proposal.

From: <John_Johnson@QHR.com>
To: "Mark Lynch" <citymanager@cityofcordova.net>
Sent: Wednesday, July 13, 2011 3:41 AM
Subject: Re:

Mark,

Our contracts have an annual escalator to stay up with inflation. Escalator is typically CPI or 5%.

I want to remind you that since CCMC is a CAH, QHR management fees are considered a pass through on the medicare cost report. The management fees are classified as a professional service and are allowable on the cost report. Our gross fee of \$373,000/yr is partially paid by the medicare program each year based on medicare utilization. This was discussed with the CCMC senior management staff the we met during our on-site visit.

Example: QHR fee - \$373,000
 Medicare utilization 40%
 Net Fee - \$223,800



Let me know if you have additional questions.

John Johnson

Vice President
 Quorum Health Resources, LLC
 1901 Marti Circle
 Longmont, CO 80501
 303-702-0349 Phone
 303-517-9043 Cell



Helping Hospitals Survive & Thrive.

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Mark Lynch <citymanager@cityofcordova.net>

07/12/2011 02:11 PM

To <John_Johnson@QHR.com>

cc

Subject

John,

Can you tell me whether the prices quoted are fixed for the contract, or will they be adjusted for inflation, etc.?

Thanks,

Mark Lynch
City Manager
City of Cordova, AK

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From: <John_Johnson@QHR.com>
To: <citymanager@cityofcordova.net>
Sent: Wednesday, July 13, 2011 8:48 AM
Subject: Follow-Up CAH Impact On QHR Fee

Mark,

I had our reimbursement specialists pull up CCMC's most recent cost report in order to calculate the CAH pass through effect on our fee. The net impact would be 15%. Medicare would cover \$55,950. Therefore, the net QHR fee for year one is \$317,050.

John Johnson

Vice President
Quorum Health Resources, LLC
1901 Marti Circle
Longmont, CO 80501
303-702-0349 Phone
303-517-9043 Cell



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Mission:

To enhance the quality of
life for all we serve

Vision:

Honor our heritage and be
the pride of the community

Values:

Integrity
Compassion and Caring
Trust
Transparency
Loyalty
Honoring our Heritage
Quality
Fiscal Responsibility

July 13, 2011

Susan Bourgeois
City Clerk
P.O. Box 1210
Cordova, AK 99574

Dear Ms. Bourgeois,

Attached please find an addendum to the Wrangell Medical Center proposal for management services for Cordova Community Medical Center. Previously we have asked clarifying questions regarding the pricing portion of the RFP as it was not made clear that a fixed figure needed to be attached to the proposal. Since our proposal has options for flat fee or profit sharing we understood these topics would be discussed and negotiated between the parties. It was communicated to me that there would be some follow up communications to possibly include onsite presentations and/or requests for additional information in writing.

We have now learned that additional questions were generated on competing proposals where additional information was shared regarding pricing among other items. We offer the attached addendum to provide similar additional information related to pricing. I understand that the Hospital Services Board meets this evening and would appreciate your forwarding this information so that they have it for their deliberations. If there are any additional questions or concerns please feel free to contact me directly.

Sincerely,



Noel D. Selle-Rea
CEO/Wrangell Medical Center

Cc: Honorable Mayor Kallender
Cordova City Council
Mark Lynch, Cordova City Manager
CCMC Health Services Board

*Caring for
Southeast*
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**Wrangell Medical Center
Addendum to Management Services Proposal of Cordova Community Medical
Center**

The proposal is for four years. The flat fee model is proposed for the first two years and may continue beyond this time, if the City of Cordova chooses. Wrangell Medical Center is open to moving towards a profit sharing model by the third year of the contract as we expect profitability following year two of our management.

The fees will be as follows:

\$150,000 - \$200,000 Onsite Administrator

\$350,000 Flat Management Fee

The onsite administrator will be a cost to CCMC. We estimate the total cost of the position to be between \$150-\$200K annually based on market data survey developed and shared with all Alaska Hospitals.

The flat fee of \$350,000 will include the following:

Executive management team: In addition to on-site administrator mentioned above, the fee will provide the services of a five-member executive management team that will provide constant, hands-on leadership, oversight and guidance to CCMC with a focus on increasing organizational profitability, expansion of services and community engagement.

CEO services: While there will be a full-time, local administrator for day-to-day management, broader guidance and direction will be provided by our Chief Executive Officer, Noel Selle-Rea through both onsite and remote access on a daily basis.

CFO services: While there will continue to be a full time comptroller position onsite in Cordova, strategic/budgetary and financial guidance to lead CCMC to profitability will be provided by the WMC Chief Financial Officer, Olinda White.

Grant writing services: Our proposal outlines the wide-spread success of our development program over the past few years. The fee will include 100% integration of WMC grant writing services into CCMC's operation, with full access to these staff and their knowledge of funding sources statewide and nationally. The fee will include ongoing search for grant opportunities for CCMC and specific grant writing for exclusive CCMC projects. Whenever possible and appropriate, CCMC will be added to proposals being developed by WMC.

Recruitment/Retention Services: The executive team will employ key strategies at CCMC that have been successful in attracting and retaining over 10 new specialty providers in the past 4 years at WMC. There will be focused planning to stabilize the

medical staff and reduce CCMC's reliance on temporary staffing, and reduce staff turnover.

Community engagement, public relations and marketing services: The WMC development program will develop a CCMC tailored community engagement program to enhance the relationship with the local community and providers. By focusing on existing patients and the community which generously supports CCMC operations we will reduce outmigration and build support for additional services in community. An example of this work was attached with our proposal.

Budgeting including chargemaster review and setting of yearly increases: These functions will be provided by WMC in conjunction with the CCMC governing board.

IT review, assessment and implementation plan services: WMC will bring an experienced IT director who will provide a review of CCMCs current IT configuration along with recommendations for short and long term expansion.

EMR assessment and recommendations for EMR purchase: WMC has been working on EMR issues for the past few years. We have reviewed the most appropriate EMR for Critical Access Hospitals which are co-located with a nursing home. We will bring that knowledge and experience to Cordova. If CCMC selects the same EMR WMC is currently planning to purchase, WMC will be able to provide a broad level of experience and expertise to the table as well.

Implementation of WMC organization wide Quality Program: WMC is in its fourth year of successful implementation of an organizational wide Quality program using same tools and framework that CCMC has recently adopted. Each department within the organization participates, from Nursing to Facilities to Support Services. This system is developed to specifically address the needs to CCMC. Metrics are established that best serve the operational need for Cordova and the patients served. Often "quality improvement" simply is purchasing a software program without the boots-on-the-ground to support the needs of rural Critical Access Hospitals. By working with each department we are able to focus on the critical success factors that most directly impact CCMCs operation. State survey preparation, patient satisfaction, core measure/clinical quality improvement, and risk management activities all fall within the purview of the Quality Program.

Critical Access Hospital Board Development:

WMC has learned that a well trained and engaged board leads to a more successful organization. Ongoing board development has been a priority for the last three years and will bring those opportunities to CCMC.

The flat fee will include funding for the entire governing entity to attend one out of state training a year, in conjunction with a Board Retreat led by a nationally recognized facilitator on Board Development and Strategic Planning. The Board Retreat will set the stage for the annual governing board directed strategic planning process for CCMC.

Ongoing board development and training opportunities will be delivered both in person and via web based training. Comprehensive orientation will also be provided for new board members.

Access to the following:

WMC's full library of Policy and Procedures for all areas of the Critical Access Hospital and Nursing Home

WMC health care legal counsel

WMC Critical Access Hospital cost report consultant

Shared access to staff development and training opportunities, including trainings specific to health care staff, as well as leadership training for CCMC staff.

Full array of leading consultants with Critical Access Hospital expertise

Nursing CME, continuing education, and licensing support

Behavioral Health:

WMC brings an existing relationship with our local behavioral provider that may serve to benefit the Sound Alternatives program.

- General

- o QHR's strategy to increase profitability?

QHR's operating practices (outlined in the RFP) maximizes operational efficiencies, reimbursement, and margin improvement. QHR will provide CCMC with the strong leadership and support services necessary in establishing a stable medical staff, identifying service line enhancements, reducing out-migration, and working towards a more collaborative relationship with the CHC. Immediate emphasis will be given to selection of CEO, medical staff development plan, revenue cycle performance, labor/supply expense management, service line analysis, physician alignment and patient satisfaction/outcomes.

- o An estimated cost for any positions that you would place in Cordova that the Hospital would be required to pay? (ie. CEO)

Even though the CEO would be a QHR employee, the hospital governing body selects the individual and establishes the salary. QHR would provide regional salary information based on facility size and geographic location. We estimate the range would be \$150,000 - \$200,000. QHR benefit expenses are 25.5%.

- o How will any deficits be handled?

QHR does not participate/share in facility deficits or profits in any of our 150 management affiliations. There is a reason that we have a 97% renewal rate and the average length of our relationships exceeds 20 years. QHR has a proven track record of providing solutions that ensure long term viability for its managed clients.

- o Can you provide a detailed fee schedule for any fees that might be needed in addition to the base proposal? And if there are any, what services would additional fees be used for? (some of this may be included in the questions below)

See individual responses below.

- Administrative

- o Does the contracted cost include off-site Board training?

Educational program costs, including webinars and off-site are included in the contract fee for board, medical staff, management, and employees. The facility is responsible for travel and lodging expenses for those attending off-site training.

- o Does the contracted cost include a consultant for accreditation?

Yes - QHR has consultants that assist with facility preparation and perform mock surveys regarding State, CAH, and JCAHO accreditations.

- o Does the contracted cost include assistance with grant writing?

QHR utilizes a strategic service partner (SSP), Strategic Healthcare Services, located in Washington D.C. Our SSP relationship provides significant discounts to our clients that utilize their services. In addition, there are numerous, very successful individuals currently performing grant writing services in our managed facilities. They often times assist with grant writing, free of charge, for hospitals within the QHR network.

- o Does the contracted cost include a consultant for EHR implementation?

Yes - QHR would perform an assessment of your current IT/EHR status and provide a management plan to achieve meaningful use requirements.

- Nursing Department

- o Does contract include staff education/training?

Yes - QHR also sponsors an annual National Nursing Conference.

- o Does contract include policy/procedure/program development?

Yes - The QHR nursing consultant assigned to the facility would review existing policy/procedure documents and provide suggested changes. QHR has a strong nursing network in which nursing executives routine share departmental information and ideas. Program development within the practice of nursing is enhanced when you have direct access to over 150 other CNO's.

- o Does contract include survey prep?

Yes - see response above related to accreditations.

- Sound Alternatives (Behavioral Health)

- o Does the contracted cost include consulting for Behavioral Health accreditation?

QHR does not have consulting services for behavioral health accreditation. We have a strategic service partner relationship with Diamond Healthcare who provide our clients access to the service at a discounted rate.

- o Does the contracted cost include assistance with recruiting staff?

The contact provides access to our strategic service partners who perform recruitment at a significantly discounted fee. These SSP's were vetted based on recruitment process and placement success rate. QHR facilities are considered a priority in their recruitment efforts.

1. What is Providence's strategy to increase profitability?

Providence's approach would be to focus first on opportunities to increase revenues:

- We would look at whether Cordova is doing everything it can to maximize Medicare swing bed volumes;
- Secondly, we would implement eICU as a mechanism to care for a few additional patients locally instead of transferring them to a larger facility;
- We would look at adding new services that meet community needs and increase revenue – examples from other communities include, "fit for duty" occupational health testing, self-directed lab testing and bone density testing;
- We would work to increase visiting specialist services;
- We would analyze the current cost reports to ensure that no opportunities are missed;
- We would work closely with the FQHC to ensure that both programs meet community needs while sharing resources and avoiding unhealthy competition.

At the same time we will be looking at expense control and will make necessary changes to ensure that City money is spent efficiently and effectively. That said, we understand the importance of the hospital and nursing home as economic engines in small communities. In Valdez, we reduced the City subsidy to the hospital and nursing home from over \$1M to zero over the course of several years while increasing FTEs during the same period from 57 to 78. At this time we don't know if something similar is possible in Cordova, but this is what we would strive for.

2. What is the length of your proposed contract?

Four years.

3. An estimated cost for any positions that you would place in Cordova?

Administrator - \$200,000 with benefits included, Finance Manager - \$125,000 with benefits included.

4. How will deficits be handled?

The City will know at the time the budget is approved each year what, if any, projected deficit will be. Providence will budget conservatively; therefore the actual deficit should be less than the budgeted deficit. For example, in Valdez, Providence has always been able to perform well ahead of the budgeted deficits. We operate on the premise that the City Council should have "no surprises." If we ever anticipate that the deficit will be larger than budgeted, we would alert the City Manager and arrange to present to the City Council the reasons for the unanticipated deficit. Should this ever occur, the City will need to cover the deficit.

5. What is the fee schedule for the additional services listed in your proposal?

We are unable to offer an absolute number in the absence of detailed gap analysis and prioritization. However, any additional services will be detailed to include labor, benefit and any other costs whether paid to Providence or other unrelated entities.

We want to reiterate here that it is our intention to carefully review the current operation and prioritize areas needing attention so we can present a budget to the City that fits within the City's means and expectations.

6. Can you provide ratios of additional fee costs to base contract costs?

We would look to the City to tell us what the City can afford. For example, if the City said, you can spend no more than \$100,000 on additional services this year, we would go to our prioritized list and budget based on the most pressing needs.

7. Does contracted cost include off-site Board training?

Providence will provide Board training in Cordova to a local advisory board as part of the management fee. We would also offer one or two advisory board members the opportunity to attend our yearly governance retreat.

8. Does contracted cost include a consultant for accreditation?

Providence will conduct a Core Survey (this is essentially a mock Joint Commission survey) as we do in Valdez and Seward and provide consultation along with that survey process. This is included in the management fee.

9. Does contracted cost include assistance with grant writing?

No, grant writing would be part of additional services if it received a high prioritization.

10. Does contracted cost include a consultant for EHR implementation?

Providence is making a significant investment in the EPIC product and we are committed to that product. We can provide consultation of Cordova's readiness for this product as part of the management fee. Consultation will consist of readiness assessment, capital and operating cost estimates.

11. Does contract include staff education and training?

Providence offers a significant volume of training through an online system called HealthStream. We are checking to see whether this training could be made available to CCMC employees at a very minimal cost.

12. Does contract include policy and procedure and program development?

Yes.

13. Does contract include survey prep?

Yes.

14. Does contract include consulting for Behavioral Health Accreditation?

Yes.

15. Does the contracted cost include help with recruiting staff?

Yes, when part of a larger recruitment campaign. For example, if we are advertising for LCSW's in Anchorage, Kodiak and Wasilla, we can add Cordova to the list. A Cordova-specific campaign would be a separate charge.