



Board of Trustees
Commonwealth Healthcare Corporation
Commonwealth of the Northern Mariana Islands
1 Lower Navy Hill Road Navy Hill, Saipan, MP 96950



CHCC Board of Trustee Meeting
Wednesday, September 13, 2017 at 5:30 pm in Conference Room #3

Present:

Lauri Ogumoro, Chair
David Rosario, Vice-Chair
Leticia Reyes, Trustee
William Cing, Trustee-via telephone
Esther Muna, CEO
Derek Sasamoto, CFO
Nancy Gottfried, Legal Counsel
Trinidad Diaz, Recorder
Perlita Santos
Kaitly Neises
Media

Absent:

Dr. Lorenzo Hocog, Trustee

- I. Call to order at 5:30 pm
- II. Approval of Agenda – Trustee Reyes motioned for approval. Trustee Cing seconded. Agenda approved.
- III. Adoption of Minutes for August 9, 2017 Executive Session minutes. Vice-Chair Rosario motioned to adopt. Trustee Reyes seconded. Minutes adopted.
Adoption of Minutes for August 17, 2017 Regular Meeting minutes. Vice-Chair Rosario motioned to adopt. Trustee Reyes seconded. Minutes adopted.
- IV. Public Comments – no comments at this time
- V. Reports:
 - A. Management and Operations: CEO reported that the Hospital Governing Body meeting was held yesterday. Hospital side – averaged 51 on the daily census for the month of August. 50.7 patients are hospitalized daily per month. This only includes the Medical and Surgical Wards. Beds are at full capacity on a daily basis in the Medical Ward. Out of the 50.7 – 30 bed averages for the Medical/Surgical Wards. This is where the critical services are at. Low readmission rate; for the month of August only one patient grievance was received – average received is one to two received.

Staffing shortage is still an issue; FCC is seeing more patients now; trying to merge FCC and Children's Clinic – to make sure the nurses are able to help out, considering there is still a nursing shortage. Trustee Reyes suggested that CHCC should try to

enter into a contract with the nurses in the private clinics on a part time basis. Legal Counsel advised that CHCC cannot legally enter into an agreement with the private clinics. CHCC is still actively recruiting nurses. Nurses are still being recruited from the Philippines directly, and not through an agency – however because of the CW cap it hasn't been done. Discussed about the nursing assistant program – how students cannot complete the course certification because some courses are not available here at NMC. Students who wish to finish the nursing program would go off-island to continue, and upon completion will remain there for employment because of the competitive wages. It is in the plan to start charging NMC students a fee so that they would get in-depth training in the clinics. The plan to charge is to be in effect for the 2018 school year, at \$500 per student, per semester.

Tourist Birth – for the month of August, there were 59 tourist births. Majority of these births are from Chinese tourist. Most of these pregnant tourist come during their last trimester, with no medical record of their pre-natal checkup from their previous doctors. This issue was brought up to brief the Board, so that the Board is aware should it come out in the media.

The main operation continues to move forward. Trustee Cing brought up two concerns regarding Tinian Health Center: 1) the IV pump that is there, is very old (obsolete), therefore there are no supplies available – CEO reassured that the amount needed to purchase these pumps were included in the FY18 Budget proposal; and 2) the central air-conditioning that was installed by JWS does not reach any of the patient rooms, only reaching the hallway. JWS installed the wrong capacity so it broke down. Supposedly replaced, but it is still failing. It was only 3 months ago that new units were installed - CEO will look into this issue.

B. Financial Statement: Derek Sasamoto, CFO present the financial report ending August 31, 2017.

Revenue and Grants (cash basis) – for revenue collected from local operations was \$47.637 million – totaled 79% of revenue to date; federal grants - \$13.364 million – totaled 21%. This is the total revenue collected for the last ten months.

Revenue per island on cash basis – Saipan \$47.235 million – inclusive of \$7 million appropriated for CUC; Tinian just under \$200,000; and Rota \$216,000. Exceeding revenue collection in Saipan by \$8.3 million, Rota and Tinian averaging the same. Total overall collection for the first 11 months in FY17 is \$47.6 million cash basis, last year \$39.328 million was collected. Collection doing well compared to last year.

Federal and Private Grants received: Federal \$13.188 million compared to last year at \$14.1 million. Private FY17 \$175,386 – FY16 \$219,995.

Statement of Net Position (balance sheet): Assets \$27.4 million all cash receivables and inventories, etc. Liabilities currently exceed the Assets. Continually working to reduce the deficit. Net position is \$6.221 million deficit.

Statement of Activities: actual activities that occur at CHCC where the revenues are coming from: Local side – Hospital services is where the bulk of the revenue is being generated from. Net operating revenue - \$45.506 million as of August 2017. Breakdown of expenses – operating expenses: salaries and wages, utilities and all others total \$42.4 million; and operating income is just under \$3.1 million. Federal side – contributions from the government total at \$488,248. Private grants contribution of \$78,000 – expenses of \$108,000 – deferral from the previous year inclusive. Local operating income \$3.1 million; grants and other contributions – non-operating income loss \$9.7 million - overall total \$12.89 million; net position beginning of the year negative \$19.1 million. Significant improvement in the current activities of this fiscal year – net position improved. Deficit is now \$6.2 million.

Receivables: As of July 31, 2017 – total \$16.7 million; 2017 up to \$21.6 million; cumulative receivables \$74 million – allowance for bad debts \$49.4 million; net receivables about \$25 million. As of August 31, 2017 – posting backlog \$12.9 million – these are all from previous years.

Actual v. Budget – cash basis of actual revenue collections. Budget for the first 12 months of FY17 was projected at \$50.2 million. Actual collection for the first 11 months is \$47.6 million. Revenue collections has greatly improved. Big credit to all the staff. By the end of September 30, 2017 – another \$4 to \$5 million to be collected. This would exceed the projected revenue for FY17. Expense from the first 11 months \$42.5 million – leaves a net income of about \$5 million – changes in encumbrance is \$2.7 million – net income is \$7.7 million. Charge master – an RFP is out to look for someone to look at the fees.

- C. Budget – Budget has not been passed yet. CHCC submitted an aggressive budget proposal that would allow for the increase of salaries for the nurses and getting more providers. FY18 budget for staff nurse 3 agreed to a 1.0 overtime, while the LPN is not exempted – entitled to 1.5 overtime. Overtime amounts to about \$100,000 per pay period (includes everyone, but mainly nurses).

EB2 and EB3 petitions fall under the USCIS and US Department of Labor. There are three different federal agencies involved – USCIS, US Department of Labor and the State Department. The requirements for EB2 and EB3 are a lot cheaper to apply for. EB is employee based visa – sponsored by an employer.

The FY18 Budget was submitted before the Board was seated. Trustee Cing asked if this submission was just for informational purpose or does the Board need to adopt the FY18 Budget for the Corporation. CEO will set up a meeting with the Governor along with the Board of Trustees.

- D. Malpractice Insurance – Elametao v. CNMI et al; the Order is based on a 12(b)(6) motion by the Government to dismiss the case. The non-moving party is Elameto; all of the factual issues are resolved in her favor the purpose of this Order. Statute of

limitation – knew or should have known the action being complained. In this case, it was discovered 14 years later in an unrelated surgery. Complained of pain; her common law partner is suing for loss of consortia. Unclear if she consulted with a doctor during the 14-year period. At this point it is decided in her favor. This is not a tort case but a constitutional issue. The O'Connor law firm was the party who initiated with the Legislature a Medical Malpractice Bill that was not passed. This is the same law firm representing the Plaintiff.

Government Liability Act – 7 CMC § 2201-2210. In the lawsuit four different issues were raised by the Plaintiff. Judge Camacho found that the Government Liability Act is unconstitutional in this situation. Substitution of parties – when a doctor gets sued the AG's office does a motion to substitute the doctor for CHCC.

This lawsuit has nothing to do with the Corporation, but its predecessor CHC, and how it can have a detrimental effect on CHCC; the damages cap; in the Liability Act there is no punitive damages; no right to a jury trial. Right now the case is at the Interrogatory Appeal – order on a 12(b)(6) motion to dismiss. This is not considered a final decision. There is no exact time on the judiciary to make the final decision. As part of the stipulation for CHCC, the plaintiff has agreed to not oppose the Interrogatory Appeal – in return CHCC would investigate the issue of medical malpractice which is not widely available in the CNMI. A letter was sent out to all registered insurance companies in the CNMI to see what it will take to offer medical malpractice to doctors at CHCC based on no substitution of party, no damages cap, allowing punitive damage, and allowing jury trial.

- E. CMS & ECRI – Compliance Officer to look back at the 2014 survey. We want to make sure that CHCC is in compliance with the seven conditions. Policies and Procedures – circulating to the managers to address the complaints and grievances policy; policy on restraint and seclusion; and credentialing.

CMS termination status Extended to January 2018. Starting in October ECRI will be assisting in monitoring our status. Compliance Officer to work with ECRI on the seven conditions of participation that has not been completely addressed.

VI. Old Business

- A. BOT Budget – Trustee Reyes moved to approve the proposed BOT Budget. Was seconded by Trustee Cing. BOT Budget approved.

VII. New Business

- A. Travel to Tinian and Rota – will plan to Travel to Tinian and Rota in January 2018.
- B. Credentialing Packet – was given to the Trustees, will take a look and take it from there.
- C. Public Auditor Report & Status 3/16/17 – audit still ongoing. OPA fee – will negotiate to waive fee.

- VIII. Announcements: Next Board of Trustee meeting is scheduled for October 19, 2017 at 5:30 pm in Conference Room #3.
- IX. Executive Session: Cancelled.
- X. Adjournment: Trustee Cing motioned to adjourn meeting. Was seconded. Meeting adjourned at 7:35 pm.