



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
 Thursday, October 19, 2017 at 5:30 pm in Conference Room #3

Present:

Lauri Ogumoro, Chair
 David Rosario, Vice-Chair
 Leticia Reyes, Trustee
 Esther Muna, CEO
 Derek Sasamoto, CFO
 Nancy Gottfried, Legal Counsel
 Trinidad Diaz, Recorder
 Anthony Reyes/Tiffany Sablan/Kaitlyn Neises
 Media
 Public: Felipe Atalig/Marcia Calvo/Nora Sablan/James Camacho

Absent:

Dr. Lorenzo Hocog, Trustee
 William Cing, Trustee (excused)

- I. Call to Order: Meeting was called to order at 5:35 pm. Quorum was determined with the Trustees present.
- II. Approval of Agenda: Vice Chair moved to approve Agenda, was seconded by Trustee Reyes. Agenda approved without amendment.
- III. Approval of Minutes: Trustee Reyes moved to approve September 13 meeting minutes. Vice Chair Rosario seconded. Minutes was approved without amendment.
- IV. Public Comments:

Mr. Felipe Atalig presented to the Board his personal opinion regarding the recent decision to increase the rate at the hospital. He strenuously disagrees. He does not see the reason for such increase, other than that it's been a long time that the rate has been reviewed or increased. He also strongly disagrees with the CEO's decision to raise the rate, because it was done without justifiable bases and insufficient facts. He feels that this decision will ultimately affect the public. He stated he has not seen any letters other than what he has read, but is positive that there is no evidence in favor of this decision to increase. He feels that the legislature and the public should be given a chance to review this policy before it was approved and signed by the Governor. He also strongly feels that the legislature should have an input in this decision.

Nancy Gottfried explained how the process works in accordance to the Administrative Procedures Act. The Governor signed the English translation on October 3rd. He signed the Indigenous translation on October 4th. These are emergency regulations, so they go into effect as soon as the Governor signs, which is only good for 120 days at the same time a

Notice of Intent to Promulgate as permanent the rate changes. On October 28th, the Commonwealth Register will publish the Intent to Promulgate as permanent this same regulation as well as the emergency one that is now in effect. There will be a 30-day notice to comment period. She also explained how to access the Commonwealth Register online. Comments are to be sent to Esther Muna.

Mr. Atalig asked what are the reasons behind the declaration of emergency; asked if CHCC was running out of funds. Chair explained to him that CHCC don't have enough funds, and needs the financial support from the legislature.

The process to promulgate requires the Attorney General's signature and CHCC. For emergency it only requires the Governor's signature. The legislature is not involved in the rule making process.

Mr. Atalig asked that as noted in the newspaper – the legislature is planning to conduct an oversight hearing. Should the result of this hearing conclude that the action taken is improper, can that alter the signature of the Governor? Nancy explained that the only course to overturn the emergency regulations would be through Court. The Administrative Procedures Act is a rule making process, where the legislature is not involved.

Marcia Calvo – Please see attached letter from Mr. Frank J. Campillo, Health Plan Administrator for Calvo's Select Care.

V. Reports:

A. Management & Operations - CEO presented that since the last meeting, we have worked on the new fiscal year; nurses' salary adjustments to be more competitive; hiring of physicians; typical operation of CHCC moving forward; having issues with the generator which is being fixed – does not affect patient care. Another concern, the financial short fall and how it will affect the services of the doctors. Met with the staff about the financial shortfall; asked them to be innovative and to seek some of the grants that are allowable; be conservative in the actual expenditures; making sure that there is payroll and medical supplies; told the medical staff that there is still medical need in the community which needs to be provided; still need to hire/recruit; Trustee Reyes requested for a copy of the rate increase, as well as the rate increase for the nurses. As previously discussed, met with the nurses to come up with a more acceptable and competitive rate, and to also make sure it is affordable. Rates will be emailed to Trustees.

Will share with the Board by email the vital statistics that was discussed in the last meeting in regards to the tourist birth number.

As per Trustee Cing's request regarding Tinian: the air conditioning has been fixed. Will receive \$140,000 from the Grants Management Office, Office of the Governor for the IV system. Will put in order with 25% payment, which will include Tinian and Rota. The IV system requires manufacturing; therefore, it is not readily available. \$600,000 is what is needed for this system. CHC volunteers has donated \$120,000; \$140,000 came from the Governor's Office; \$288,000 from CHCC.

CT – this was bought in October 2012. It was a refurbished system when bought. Preventive maintenance is done, but it still breaks down. Dan Harding is in contact with Siemens which is located in Singapore or Philippines. To CHCC's advantage it is closer and affordable for repair purposes. Working with Siemens to see if they can provide a CT on a lease bases. Leasing will benefit CHCC financially, to bring the equipment here and to do preventive maintenance.

Takecare Contract – CHCC and Takecare have reached a preliminary agreement. Claims up to June 30 has been settled with a payment today. They are back in network; CHCC now accepting Takecare insurance. Further discussion will include for a provider agreement by January 2018, to include negotiated rates; services in radiology; and among other things a more consistent reconciliation and prompt payment of claims.

- B. Financial Statement – data is as of October 18 for FY17 year end. FY17 budget for \$33.8 million for personnel; \$16.3 million for operations – total \$50.2 million. Actual expense for personnel is \$30.6 million and for operations \$17.8 million. Total personnel and operations \$48.4 million. Results of operation versus expense is \$51.69 million. Expense and obligation – Tinian total revenue is \$209,000; expenses with obligations is \$1.414 million – net loss of \$1.2 million. Rota total revenue is \$209,000; expense and obligations \$1.449 million – net loss of \$1.2 million. Revenue Cycle: Saipan accounted for 90% of all revenue – Rota and Tinian at 2% each. Insurance side is 64% - \$33.29 million. Hospital services including public health programs – 13% - \$6.65 million. FY17 appropriation of \$7 million for CUC. All others at 3%. Expenses: Saipan - \$17.8 million or 94%; Tinian and Rota at 3% each. Health Allocation – personnel for FY17 year end – 59% of all expenses; medical supplies 14%; three quarters of all expenses is for medical supplies and personnel; CUC at 9% of all cost at \$4.7 million; repair and maintenance – 3% at \$1.2 million; cleaning services \$600,000. This figure does not factor in the food purchase for all inpatients. Over 90% of cost is for necessity. Insurance premium went up \$1 million for all personnel. Observing \$14 million in cost with no matching revenues because it is mandated to treat with or without payment.

Total awards – multiple year grants award total \$48 million (includes previous years). Total revenue from federal grants – actual draw down for FY17 as of September 30, 2017 is \$14.7 million; accounts for 22% of all CHCC revenue. Audit will complete in December. The new audit to start January 2018 with completion date of June 2018.

- C. CHCC Budget – Came up with the \$74 million budget based on the actual projections – gave figures on uncompensated of \$16 million, which came up with the \$90 million figure. Budget will be based on actual collection; revenue projection just under \$50 million. Met with medical staff regarding budget – to look for ways to cut expense. Medical staff budget includes specialty care; salary increase for physicians; right now there are four Locum physicians on the floor; challenges of recruiting for physicians is the salary. Discussed that in December the physicians will get a salary increase. Need to increase salaries of doctors and nurses so that we can be competitive and retain them.

The Medicare Cost report – asked to go back and incorporate this cost for nurses, doctors and a 10% increase across the board for all non-clinical staff. Everyone that works in the system is really needed.

Invited the Office of Public Auditor to come do an ethics course for the leadership staff to understand about the government vehicles.

- D. Malpractice Insurance – Nancy updated the Trustees on the Malpractice Insurance and the Elameto case. Malpractice Insurance – sent out letters to the 21 registered insurance companies in the CNMI asking if they will give coverage to CHCC for Medical Malpractice Insurance in accordance to the terms set in the Elameto decision. Of those 21 letters sent, two came back undeliverable; two responded stating that they could not provide; one came back with a 10-page survey – with questions that needed to be answered to determine a bases for the insurance. Survey was done, but was not sent out. Mr. Chris Timmons, Assistant Attorney General says an RFP has to be sent out with the information collected in the survey.

As for the Elameto decision, there is not much to report at this time. Attorneys on both sides are going through the transcript trying to identify portions that are relevant, which needs to be done before the court sets a briefing schedule.

- E. CMS & ECRI – provided the CMS action team dashboard to the Trustees. This was based on the ECRI contract that came in to do the site survey. The funding for ECRI – first half of \$156,000 was expended before the end of the fiscal year. Discussed with the Compliance Officer to monitor the status of all the dashboard and citations. An additional \$170,000 is funded to come in and monitor the status of what ECRI found. Once the agreement and addendum is signed by ECRI, PIHOA, and CEO they can continue to monitor until we pass.

VI. Old Business

- A. PHI Contract – moved to executive session.
- B. Collections Data - Reported to the Trustees on the breakdown on how the collections is done. This section has two staffs and a supervisor. They deal with a lot of patients who come into the hospital. They are make sure that the data collected is accurate. Discussed about insurance billings. The reconciliation repots will address a lot of the denied claims. Trustee Reyes was given a summary chart for FY11 that addressed issues of concern. It was explained as to what kind of reports that are available. Trustees Reyes asked for a simpler report if possible. Report include what was billed, what was rejected that went to the collections team, and how much was paid. An account receivable report would contain that information which was previously distributed to the Trustees. She is requesting to have this report at every meeting to monitor if we are missing anything during collection. Tony is working with Tiffany's team to develop a standard report that will monitor the progress and efforts to reach a certain goal. There are a number of reasons for the denial of claims. We are current with timely filing; inpatient claims; and

outpatient claims for February 2017 is ongoing. The reports would also have information categories such as non-payment and specific reasons for non-payment.

C. Update on Lawsuit – discussed with the Malpractice Insurance above.

VII. New Business

A. Construction of Pharmacy – construction is ongoing. Kaitlyn will do a written report as to the progress for the Trustees. Completion date is in about two weeks.

B. Grants Opportunities – CHCC have a Grants Management Office to look for grants opportunities.

C. Takecare Contract – was already discussed with CEO's report on Management and Operations.

D. Status of CW's, HI, EB Visas – The 14 staff that left are coming back. Permits have been approved. 15 EB2 visas are still in process. Nancy states that there is an RFP out. Working with a lawyer to categorize what people are eligible for. Different visas have different waiting periods. This depends on what country your passport is from.

VIII. Executive Session – to discuss PHI Contract; start 7:26 pm.

IX. Announcements – next Board of Trustees meeting will be on November 16, 2017 at 5:30 pm.

X. Adjournment – meeting adjourned at 8:15 pm

