



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, November 16, 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

Absent:

Dr. Lorenzo Hocog, Trustee

- I. Call to order: Meeting was called to order at 5:30 pm
- II. Approval of Agenda: Chair moved to amend the Agenda to include the approval of Minutes for the October 19, 2017 Executive Session. Trustee Cing seconded. Agenda approved with amendment.
- III. Approval of Minutes: Vice Chair Rosario moved to approve the Minutes of the October 19, 2017 regular meeting. Trustee Reyes seconded. Minutes approved. Trustee Reyes moved to approve the Minutes of the October 19, 2017 Executive Session. Vice Chair Rosario seconded. Minutes approved.
- IV. Public Comments: No public comments at this time.
- V. Reports:
 - A. Management and Operations: The CEO started off with an update on the room rates, that was discussed at the meeting with the Legislators. Explained to them how CHCC arrived at the figures that was the rate increase. Will also have a meeting with the insurance companies to discuss the submitted proposals – hospital service agreement - a lot of these agreements are designed for the insurance company's benefit. They were sent a revised agreement that was drafted by Jeff Wolfe (sic) (who worked with us on the medical cost report) that will incorporate CHCC's terms in regards to CHCC's benefits and theirs. The insurance companies also requested for a copy of the Aetna agreement. This was given to them. CEO explained that it will be hard for the others to mirror the agreement between CHCC and Aetna. Upon billing Aetna pays on time, bills on time and pays electronically. They did not respond after being given a copy of the Aetna Agreement.
Pharmacy – The pharmacy report was shared with the Trustees. The renovation is complete. 340B – waiting for a letter from Congressman Kilili, which he is having the

Ethics Committee in Congress review to make sure we are not overstepping the boundary in asking HRSA to support us, in giving us the discounted option as a critical access hospital. We have followed up on the letter, but the review has not been completed.

USCIS Petitions – update: still have two (2) capped out employees that have expired since April – they have not been given any answer as to their status. In the last couple of months, we have hired 10 US citizen nurses. One LPN, and the rest are RNs. Expecting to hire two more US citizen nurses this month; also applying are qualified Hemo Techs. We are still lacking nurses, so overtime continues to be an issue.

Update on equipment – expecting some funding from SNILD – about \$1.8 million: up for consideration are the pixies (sic) system and the L&D Fetal and Maternal monitors are priorities from this funding. We went ahead and purchased the balance on the Alar (sic) because we had the donation from the volunteers, and the donation from the Grants Office, Office of the Governor – on top of that we have \$300,000 and we are working with the manufacturer to see if we can pay 50% - that will include, two for Tinian and two for Rota, the rest for the rooms that are not filled. The Fetal and Maternal monitors are about \$300,000. The CT that was purchased in 2012 was refurbished is constantly breaking down – we want to include a new CT scan to the list. Equipment list was forwarded to the Board by Jesse, which will cost between \$5 to \$6 million. Trustee Reyes asked about the CT scan place that closed down. CEO explained that she has met with that person, but was not interested in selling. He would prefer to run the business himself. Discussions with him did not go anywhere. The cost of funding for the Alaris (sic) will come from CHCC revenue.

Dentist – Dr. Sabino has been visiting Tinian and Rota monthly. We will purchase a new dental chair for Tinian – less than \$20,000. She also spoke about getting an additional staff that she needs. The Tinian community appreciates that we have this dental services there.

Facilities – One of the things mentioned at the Hearing was what upgrade has been done. We will try to focus on a room that is not being used to start as a renovation model, and to see how much that cost. Discussed how we can get one of the local foundations to sponsor a room at their expense, and to include all required maintenance of that room.

Display case at the entrance – we can take it back. It is not in the agreement. Nancy will write a letter to PHI regarding the display case.

Trustee Cing shared that a few months ago he was talking to the Governor and a few of the delegation – it was mentioned that there seems to be a lot of CIP funds that is not being spent, and are being forced to start using those funds. Now is the time to discuss about asking for some of those funds to fund the renovation.

Still working on trying to get a loan for the new facility across the street. Spoke to the Governor regarding securing the funds for that. One of the top consideration is to move the outpatient clinic there. The ER and Ancillary services will move to the south end,

where the clinics are currently located. From there the whole hospital will be renovated. The first phase total cost is estimated at \$9 million.

Just a reminder of the upcoming events: this Saturday, is the Health Fair from 7 am to 12 pm; December 15 is the Christmas Party to begin at 6 pm at the Fiesta Resort.

- B. Financial Statement: CFO presented to the Board the financial status of CHCC. Room and Board data – 478 claims involving room and board for the period ending October 4 to present; \$1.7 million earned with the new rates. Previous rates for the same time period as new rates: less revenues for more claims (519 claims equaled \$1.5 million in revenue); realized a quarter of a million with rate increase. Chair asked if the birthing tourist pay or not – it was confirmed that they pay in full in cash. As of November 15 FY18 Budge has been adjusted. Personnel \$51.14 same as last fiscal year; operations \$17.2 - \$2.6 million previous year obligation; personnel expense \$2.62 million; operational expense \$1.14 million; obligations \$1.56 million; allotment for October for FY18 has not been received; total expense obligations confirmed is \$2.67 million total of \$5.2 million.

Revenue versus expenses: Saipan revenue \$2.65 million: expense \$3.5 million; \$1.3 million expected to be received by Medicaid; projecting \$40 to \$45 million in revenue for FY18, not including appropriations. Tinian \$3,500 in revenue - \$111,000 in expense for personnel and operations; Rota \$4,700 in revenue - \$116,000 in expenses. Revenue center breakdown; Saipan received the vast majority of revenue in the first months; Tinian and Rota received less than 1%. Revenue stream sources: insurance \$1.3 million; hospital services under \$600,000; appropriations \$487,997; Expenses: Saipan \$5 million; Tinian \$142,604; Rota \$140,180. Cost allocations: personnel 50% of expenses; medical supplies 5%; pharmaceuticals 9%; CUC 6% repair and maintenance 2%; cleaning services 9%; machinery, tools and equipment 11%.

CUC: there was a net metering agreement to try to bring the solar energy – and for CHCC to try to pay back the arears owed CUC. Arears \$16 million – CHCC was paying \$150,000 a month; CUC was paid \$7 million from the supplemental budget received; RFP is out for solar renewable energy; submission of RFPs is being reviewed. Still trying to payoff arears. Vice Chair asked whether or not the issue with MPLT has been resolved – CEO responded it was on one of the request submitted to the Governor's office that they were going to pay off. To date it hasn't been paid. Interest is still being paid on time. Chair asked if the room rate increase will be able to pay off CUC debt. It was stated that if we maintain consistent results as the first month of \$3 million, we are expecting about \$3.7 million CUC expenses this year. Trustee Reyes asked about the status of the disputed amount owed CUC – upon receiving the billings it is analyzed and once a discrepancy is found, it is brought to their attention and determined that there were issues with that billing – an official dispute letter is then submitted to CUC. The \$16 million past due was incurred after we became a corporation. This amount includes penalties.

Federal Grants: FY18 total grants ward is \$18,557,475. Total of 68 grants received. DPH just under \$7.9 million; Preparedness \$1.8 million; WIC \$1.07 million; KCHC \$1.08 million; CGC \$5.4 million; DOI \$8000,000; Private Grants \$397,950.

Single Audit update – FY16 audit expected to be completed in December 2016. FY17 will start immediately after review of qualified RFP; target completion date for FY17 audit is June 2018. CHCC will be up to date in terms of audit period compliance.

Budget 2019 – anticipated submission date of December from all CHCC offices/programs.

USDA update – working on application which is due in mid-January 2018. Will give to CEO and Board to review before submission. Going for \$9 million for Phase One. Working with Tony Barcinas from USDA Guam. A requirement is to go to commercial banks to apply for the loan – once denied USDA will come in. Terms of repayment with USDA is for long term – 40 years, with low interest rate of less than 4%.

- C. Malpractice Insurance: Six to eight insurance companies were called to inquire regarding coverage – none of the companies offer what we need. Letters were also sent to all registered insurance companies on island asking what requirements are need for such coverage and to provide suggestions. This was done in anticipation issue an RFP. Only Moylan's responded with a 10-page questionnaire which was filled out. This was not submitted to Moylan's, but the information collected will be used to create an RFP. There will be a report to the court on what has been done already. Dr. Tudela gave me information in which GMH has something similar to use in regards to the Government Liability Act, but additional insurance is purchased just for the surgeons and the OBs. Discussed about the lawsuit regarding the two doctors from Rota. Rota delegation promised to pay them, but are claiming the CNMI government needs to pay half. This happened before CHCC became a corporation. Elameto case – no update on the briefing schedule or when it will be heard.
- D. CMS & ECRI: Had a meeting with ECRI – they are to monitor the 7 different areas from the citation from the last survey from CMS. Governing Body – trying to address the credentialing to show that we are doing due diligence; making sure providers are meeting the requirements. Mentioned about the governing board – to make sure that reports are being provided to the Board. Hospital Governing Body meet on a quarterly basis. Make sure information is provided in a timely manner to the Board. Patient's rights are all green; facilities – a lot of green. ECRI monitoring is working, the Compliance Officer is on top of things, dealing with the staffs, also making sure that they review the files. January is the deadline for CMS. Goal is to have all green by then.

VI. New Business

- A. Chinese Investors: a group with Queenie Cabrera came to meet with us – the want to bring providers here; asked what they will do if asked to invest in equipment – response was they will take a look at what equipment they can provide – never heard from them again. The other investor – they wanted to rent an area where they will bring VIPs from China – have our physicians prescribe the orders. They were looking for unique therapy. It ends when they are told to go through the licensing process.
- B. FQHC Board: Federally Qualified Health Centers; a lot of benefits: Medicaid payment is higher as community health center; qualify for a lot of grants; they also qualify for 340B program. Tinian and Rota cannot apply as a community health center, but can apply as a look alike, which gives the same benefits, but not the \$650,000 funding.

Spoke to Tinian and Rota to search for board members. Their board can apply to be a non-profit (Governing Board still in charge). Will ask HRSA to look at the structure of their Board. Required that they are members of the community.

- C. Review of Proposed Board of Trustees Bylaws: Chair sent out copies of the bylaws. It was decided that the Board will hold quarterly meetings on the third Thursday of the first month of the quarter. Was motioned and seconded. Four Committees: 1) governance 2) health care advisory; 3) finance and audit; and 4) quality and patient safety. These can still be change. Nancy will send out a redraft of the bylaws. Chair made a motion that these will be the four committees. Also to encourage the community to join and assist. Trustee Cing, seconded.

Senate Bill 20-29 – Vice Chair Rosario objected to the presentation. Nancy will email her power point presentation and any comments from the Trustees are to be emailed to her.

In 2011 the corporation was established pursuant to PL16-51. PL19-78 was passed in December 2016. When this was done there was an AG Opinion that left a lot of thing in a vacuum. PL16-51 was detained, whereas PL17-78 was brief and had errors. Chair will make an official request to the Governor to get a copy of this opinion as to how PL19-78 needs to be improved. Chair will also request for a new Rota representative.

- VII. Announcements – next Board of Trustee Meeting is scheduled for December 13, 2017 at 5:30 in Conference Room 3.
- VIII. Adjournment 7:30 pm: Trustee Cing motioned to adjourn and was seconded.

