



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, January 18, 2018 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/Jesse Tudela/Renea Raho/Dr. John Tudela/Krisha Sebangiol/Claire Ngirausui/Halina Palacios/Normita Cabalbag/Grace Laxina/Vanessa Tebia/Jason Camacho

Absent:

Dr. Lorenzo Hocog

- I. Call to Order: Meeting called to order at 5:31 pm
- II. Approval of Agenda: Motion to approve Agenda was made. Was seconded. Agenda approved.
- III. Approval of Minutes for the November 16, 2017 meeting: Motion to adopt the minutes of the November 16, 2017 meeting was made. Vice Chair Rosario wanted to correct the date of the expected completion of FY 16 Audit to reflect December 2017 instead of December 2016. Minutes approved with amendment.
- IV. Public Comments: There were no public comments.
- V. Reports:
 - A. Management and Operations presented by Esther Muna, CEO – CEO discussed the reports she received from the unit managers. CMS is expected to come this weekend, with the possibility that they may not come. Hospital organizational chart was updated, so that key employees are easily identified. Personnel credentials file has been updated as well. Governing Body meeting minutes are to be provided – medical staff by laws as well. We are in a place and are ready for the survey.

Hospital – members of the Governing Body are present. Census remains high at 56 for December, 53 for November, 49.4 for October. Capped out nurses remains to be an issue: 12 nurses had been hired, all US citizen; 14 rejected by USCIS; 3 were accepted. Nursing shortage remains. We currently have 82 staff nurses; overall 157 nurses are currently CWs; still short by about 20 nurses; OR and ICU is where the shortage of nurses is felt the most. Tinian and Rota are also being impacted by the shortage of nurses.

Tobacco Fund Appropriation: \$843,750 separated for one agency; asking if this could be approved for the purchase of a vehicle; \$3.375 million was received. Approval of this request tabled at this time – will vote via email on approval of this request. Please review by Friday of next week.

Federal Government Shutdown: Some programs will be affected due to program managers in the US are not working. Federally paid employees are safe for now. In case of shut down WIC program could be affected, but will cover expenses until reimbursement comes in.

B. Financial Statement presented by Derek Sasamoto, CFO – This report is as of January 10, 2018 – FY2017 year end. FY2017 year end: Budget versus Actual: Personnel budgeted at \$33.864 million; expenses under \$31 million; balance \$3.254 million. Operations budgeted at \$16.384 million; expenses \$18.021 million – medical supplies expenses were not being budgeted as individual business units; balance (\$1.637 million). Total Budget of \$50.248 million; total expenses \$48.6 million compared to budget of \$50.2 million – balance of \$1.6 million.

Revenues: Saipan Revenue \$51.7 million; expenses \$45.8 million; Operations Income \$5.8 million. Rota Revenue \$2,32,280; expenses \$1.4 million; loss of \$1.18 million. Tinian Revenue \$209,657; expenses \$1.4 million; loss of \$1.18 million brings down Operations income to \$3.5 million. Breakdown of Revenue Center: Saipan 99.16%; Tinian .39%; Rota .45%; Revenue Stream Sources: Insurance payments – 64%/ \$33.294 million; Hospital services (includes upfront payments) – 13%/6.65 million; Appropriations – 19%/ \$10 million (\$7 million for CUC); all others – 4%/2.2 million. Status of payer agreement with insurance companies – status is still pending; still discussing the terms; the insurance companies are acting as a unit and not individually; Frank Campillo from Calvo's Insurance as their lead negotiator.

FY17 year-end expense allocation: Saipan 94% - \$45.8 million of all cost; Tinian 3% - \$1.4 million; Rota 3% - \$1.4 million. Cost allocations for operations: Personnel 63% - \$30.6 million; medical supplies 8% - \$3.6 million; pharmaceuticals 5% - \$2.3 million; CUC 8% - \$3.7 million; repair and maintenance 2% - \$902,569; professional services 4% - \$2 million; hospital equipment/food (IPP meals) 2% - \$608,098; cleaning services 2% - \$600,000. Accounts for about 94% of all costs.

CUC – negotiating that the 1% OPA fee will instead be applied to CUC which is about 1% of the entire Budget.

FY18 as of December 31, 2017 – current budget of \$51 million; expense of \$8.1 million; obligations of \$493.00; total of \$8.1 million; balance of 42.9 million. Operations \$21.9 million; expense \$3.9 million; obligations \$2.3 million; total \$6.3 million; balance of \$15.6 million

Revenue and expenses - FY18 as of January 10, 2018. Expense data is as of January 10 and Revenue data is as of the end of December. Revenue for January of those first ten days have not been posted. Saipan - \$10.5 million; expenses \$10 million; obligations \$2.2 million; total of \$13.6 million. Tinian has a higher revenue because the received a payment of \$57,000 from Medicaid – total expense and obligations is \$379,877. Rota total expense and obligation \$409,000; total revenue of \$41,000.

Revenue breakdown: Saipan 98%; Tinian and Rota less than 1% each. Revenue sources: insurance 72% of all revenues at \$7.6 million; hospital services 20% - \$2.1 million; appropriations 6% - which includes the \$140,000 for the Alaris System; all others \$330,000. Expenses: Saipan – 94%; Tinian and Rota less than 3% each; cost allocations: personnel 57% - \$8.1 million; medical supplies and pharmaceutical are higher – includes the opening of the outpatient pharmacy; CUC 7% - \$300,000 a month; repair and maintenance \$185,000; cleaning services 6% - \$869,000; hospital equipment 5%.

Uncompensated Care – FY17 year end: Saipan \$12.5 million; Rota \$144,000; total \$12.7 million. As of December 31st we incurred \$4.8 million. Averaging \$1.6 million a month. Discussion was held on who is eligible for Medicaid and the Compact Impact Funds. Trustee Reyes requested that a report be prepared on the breakdown of uncompensated care cost.

Federal Grants as of October 31, 2017: Total number of Grants awarded is 68; total awards - \$18.557 million; DPH \$7.898 million; PHEPP \$1.862 million; WIC \$1.071 million; KCHC \$1.086 million; CGC \$5.440 million; DOI/CNMI \$810,000; private grants \$397,950.

Rural Development update: Submitted pre application and approved in November 2017. Application for USDA has been completed but has not submitted. Still awaiting responses from local bank. USDA needs a respond from the local banks before they can take action on our application. Bank of Guam responded with a proposal to loan \$5 million; 10-year term; amortized for 20 years – meaning it will take the \$5 million and spread it out for 20 years, however it matures in 10 years. After 10 years it will then extend for another 10 years if the finances are good. Should finances should not be doing well, the principal balance has to be paid in lump sum due the first 10 years. They are offering 1% plus BOG reference rate, which equals to 5.5% variable every month with tax exemption on interest earned. Option 2. 2% flat rate plus the reference rate of 6.5% variable with no tax exemption. three years of construction period and to draw down on the funds; during the first three years only interest will be paid; the 10-year term begins for the 20-year amortization. BOG also wants a three months reserved interest bearing account. Collateral is good with just the data revenue. The main concern is that BOG can terminate the loan at any time should they feel that we are not financially sound. We requested for this term, but have not heard back from them.

Malpractice Insurance: currently we are covered by the Government Liability Act until the Elameto case came about. There was an agreement with the Plaintiff's attorney that we would look to see if there was malpractice insurance available. Letters were sent to insurance companies on island but only one responded. We are using the information gathered to generate an RFP. We are currently working on an initial draft for the RFP. Mr. Timmons reported to the court right after Christmas with a new report due at the end of February. In Speaking with Dr. Tudela – what GMH has only covers the surgeons and OBGYN because they are higher risk.

CMS and ECRI: It was presented that there is one condition of participation outstanding that is related to the medical staff that was cited. Nurse midwives - met with the nurses. And of particular with Flaviana and Christine whose licensed previously indicated that they were Certified Nurse Midwives. ECRI questioned why it says certified when they are not certified – meaning they were not certified by the ABIM – American Board of Midwifery. Problem was corrected – licenses were corrected so that their title is Advance Practiced Registered Nurses, to reflect their training, credentials and advanced skills. Lusana (sic) – a midwife who is the only one licensed through HPLB: update – a copy of her position description was sent to HPLB to update the scope of practice in the midwife agreement. The department of OBGYN internally have a second step – to have an agreement with the mid-level providers; and, overseeing their case and evaluating their performances.

Grievances – conditions of participation for Patient's Rights: We are ensuring that the patients have a safe and clean environment. A total of 15 grievances were received in 2017 either in writing or verbal. Within the 15 complaints majority were for unprofessionalism and communications issues. Two months ago the policy on Patient Grievances were revised, and is now titled Patient Complaints and Grievances to reflect the standard in the CMS' conditions of participation in the

Standard Operations Manual (SOM) was also revised on November 17, 2017 – which identifies the definition of complaints versus grievances. Complaints and Grievances forms are available on the website, clinics, nursing stations, and business office. The patients know that these forms are available and know where to find them. Complaints is defined as an issue being resolved on the floor as soon as received – has nothing do with care; grievances is defined as patient care not provided. In October 2017 one grievance was received, November and December as well.

CQPM – submitted their annual report with attachments. Some attachments are pending because of the close of 2017 – attachments not submitted will be forthcoming. Does not contain any specifics regarding the condition of participations. Readmission data included in the report from the Utilization section which is also a part of the conditions of participation. Within the reports infection control rats for the hospital infections are included. Included are also the summary, activities and initiatives. We are under the threshold for the national average for readmission rates. Surveillance has been amped up over the past year. Met most of the cops and it is an on-going process.

Medical Staff By-laws – The Committee section of the Board of Trustees By-laws is approved by a majority vote. The BOT By-laws was finalized and signed by each of the Trustees. Medical Staff By-laws is also approved by a majority vote.

Contract Spreadsheet for BOT which includes “scope of work”: Ready reference for the scope of work and is also a quality indicator; also to include date awarded.

Announcements - should CMS arrive this weekend, they will come early in the morning. CEO will notify Trustees should they make an appearance and arrange to meet at 12 pm Monday.

Adjournment: 7:20 pm