

CHCC Board of Trustees

Minutes of May 30, 2024

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| Prepared by: Trinidad S. Diaz | Approved by: Board of Trustees |
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Present:

Juan Babauta, Chair
 Polly Masga, Trustee
 Mariah Barcinas, Trustee
 Corinne Santos, Trustee
 Phyllis Chong, Vice Chair
 Esther Muna, CEO
 Perlie Santos, CFO
 Stephen Anson, AAG

Gallery:

Tiffany Crisostomo
 Eleanor Cabrera
 Clarinda Ngirausui
 Warren Villagomez
 Grace Laxina
 Kodep Ogumoro-Uludong
 Donald Barcinas
 Aileen Pangelinan
 John Tagabuel
 J. Horey
 Marissa Flores
 Paul Ogumoro
 Malcolm Omar

| Topic | Discussion | Resolution/Action |
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| I. Meeting called to order | Meeting called to order. | Start time is 11:01am |
| II. Quorum | Five (5) Trustees present: Juan Babauta, Chairman; Polly Masga, Trustee; Mariah Barcinas, Trustee; and Corinne Santos, Trustee; Vice Chair Phyllis Chong. | Quorum determined with five (5) Trustees present. |
| III. Approval of Agenda | A Motion was made to Approve Agenda. *Question: will the Grievance of Ms Ogumoro be addressed? If so under which Item in the Agenda it be discussed? *Grievance will be addressed: Item XIII Review of Grievances and Personnel Regulation. *Clarification: for Item XIII as to the Regulations, under the Open Government Act, it will be discussed during open meeting; as to the discussion of employee grievance, it will be conducted in closed executive session. It was motioned and seconded; Agenda is approved with a majority vote of Trustees present. | Agenda is approved with a majority vote of the Trustees present. |
| IV. Approval of Minutes for 1/11/24 and 2/22/24 | *Trustee Chong had an objection with the previous meeting minutes for items which she believes were not included – as well as her request to include some Agenda items that were not included. *Minutes from 1/11/24 and 2/22/24 are approved by majority vote of the Trustees present. | Minutes from 1/22/24 and 2/22/24 are approved by majority vote of the Trustees present. |
| V. Public Comments | Marissa Flores: addressed several financial challenges facing CHCC. If not addressed, how it may impact the corporation’s ability to maintain its current services and to meet financial obligations. Some concerns aired: contingent liabilities; may have pending lawsuits that could cause financial sediments; cash flow issues - would like to know what the Board’s plan to avoid any issues; CHCC’s difficulty managing day to day financial obligations – what is the plan to address this issue; Medicare funding – funding may be uncertain – what is the plan to increase fundings in our area; tax withholding | |

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| | <p>violations. What steps are being taken to address these issues and to ensure that it does not happen again; outstanding audits for 2018 to 2023 – what is being done to complete audits; federal grant – are future grants being jeopardized.</p> <p>The challenges are significant – requesting for transparency to keep community and staff fully informed, and to provide update on status of listed issues.</p> <p>Kodep Ogomoro – no comments, but a question: is Ms. Ogomoro’s grievance going to be heard in executive session; and at any time will she be engaged?</p> <p>*Clarification was made that this is a time allotted to give the public the opportunity to make comments, not for questions and answers. Under the Open Government Act, discussions amongst the Board of employee grievance are discussed in executive session.</p> | |
| <p>VI. Credentials</p> | <p>Credentials documents for each applicant were sent to all the Trustees for review.</p> <p><u>New Applicants</u></p> <ol style="list-style-type: none"> 1. Dr. Donald McLawhorn, Jr., Psychiatry – without objections from the Trustees, Applicant is approved. 2. Dr. Coleen Haynes, Internal Medicine – IP/Locum, without objections from the Trustees, Applicant is approved. 3. Dr. Katherine Arenz, Family Practice/ER – without objections from the Trustees, Applicant is approved. 4. Jesse Palacios, Nurse Practitioner/FCC – without objections from the Trustees, Applicant is approved. 5. Grace Stanton, Certified Registered Nurse Anesthetist – without objections from the Trustees, Applicant is approved. <p><u>Renewal Applicants</u></p> <ol style="list-style-type: none"> 6. Dr. Felix Cabrera, Internal Medicine/IP – without objections from the Trustees, Applicant is approved contingent upon receipt of renewed license before the end of the day, should it not be received Privileges is not approved until the next meeting. Notice of approval received on 5/30/24 at 429pm via email. 7. Sumer Ackley, Nurse Practitioner/Oncology – without objections from the Trustees, Applicant is approved. 8. Edward White, Nurse Practitioner/THC – without objections from the Trustees, Applicant is approved. 9. Pamela White, Nurse Practitioner/THC – without objections from the Trustees, Applicant is approved. 10. Elizabeth Oldenkamp, Physician Assistant/ER – without objections from the Trustees, Applicant is approved. | <ol style="list-style-type: none"> 1. Privileges approved up to the expiration of his license; expires 9/30/2025 2. Privileges approved up to the expiration of her contract; expires 9/8/2024 3. Privileges approved up to the expiration of her license; expires 4/30/2026 4. Privileges approved up to the expiration of his license; 7/21/2025 5. Privileges approved up to the expiration of her license; expires 5/5/2025 6. Privileges approved up to the expiration of his license; expires 5/31/2026 7. Privileges approved up to the expiration of her license; expires 12/20/2024 8. Privileges approved up to the expiration his license; expires 3/19/2026. 9. Privileges approved up to the expiration of her license; expires 7/23/24 10. Privileges approved up to the expiration of her license; expires on 3/31/2026 |

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| VII. Review & Approve Updated Food Regulations | John Tagabuel presented to the Board the updated FDA Food Code for 2022. Per Regulation 1111-40 the current code does not address the retail end and what that responsibility is. Recommending that the updated FDA Food Code 2022 be adopted by reference. A motion to approve was made. Motion was seconded. Without objections Food Code is approved. | Updated FDA Food Code was approved without objections. |
| VIII. Presentation of Micronesia Renewable Energy/Board Action | Discussed the different options available. The Harness System – hydrogen and super capacitor technology has the source of energy that will benefit CHCC with renewable energy and energy storage. It has been tested to ensure they are safe – 4.72 megawatt solar energy system with 18 megawatt hours of super capacitors on board hydrogen. Units are now in full production being shipped throughout the US and other countries. Proposed Finance: MRE would assume the debt on the project. CHCC will avail to the Inflation Reduction Act. After the facility is commissioned – CHCC will take ownership; apply for direct pay, get back the 40% treasury check to CHCC. Finance with a low USDA term structure. Reliability & Sustainability: MRE is extremely confident that the technology works and that it is a reliable power source. Timeline: Start to finish is 18 months, then turn over to CHCC. Units will be delivered. Units will arrive and be delivered in eight months from the time the order is placed. Tiffany, Jesse and Warren endorsed that the Harness System is dependable, sustainable, reliable and has low maintenance. AN EPA grant application for \$15M was submitted – hoping to be one of the 20 entities to be awarded. Will save a lot of money in the long run; current CUC spending is not feasible. Personnel will be available 24/7 on Saipan should a service call be placed – will be trained on the Harness Oasis units. There is a 20-year warranty. Upfront cost is \$29.6M; the project consists of the Harness Oasis System and solar panel; Phase 2 and 3: Phase 2 hopefully will begin by the end of the year; Phase 3 early next year: 167 kilowatt each. Requested that the Governor’s Office also include CHCC in their EPA grant application package. Phase 4 is \$2.3M rooftop solar panels. \$50M for Phase 5, 6, and 7 to include the hydrogen and super capacitor. Should the loan push through and the system is turned over – will avail to the investment tax credit of \$11M - \$18M amount of loan. Financing with USDA – interest rate at 5% for 25 - year term. After approval of EPA grant – balance to be paid off will save on financing cost estimated interest of \$6M. Monthly payment at \$120K. Need to inquire if the EPA grant allows for prior grant award activities; what are the clause for early repayment versus the interest income. CFO to provide Trustees with cross projection on the financing. A Motion was made to wait until further information is provided. Original approval from the last meeting is withdrawn. Motion was seconded. Motion approved. | Motion to table Item VIII until further information is provided. Original approval by the Board is withdrawn. Motion was seconded. Motion approved. |
| IX. Update on Tax Issue | Negotiations is still ongoing with the Department of Finance to resolve this matter. | |
| X. Board Committee Reports | 1. Quality & Patient Safety: Quarterly meeting was held on May 23 rd . Reviewed data and action plans for the quarter. Slight increase in some cases which are being immediately addressed. Continuing to work diligently to correct deficiencies; continue to work | |

collaboratively with the Hospital Quality Council. No major issues. Minutes of Committee meetings are available.

2. Governance: Committee Chare is finalized. Legal review and clarification on the evaluation requirement for the CFP is pending. Work plan was drafted – divided into four phases with 16 objectives with specific action items; develop grievance processes and policies; annual mandated orientation/refresher for leadership positions. Legislative advocacy efforts – bills still awaiting action in the Senate.
Committee meeting minutes are available.
Board Bylaws – proposal is to have a process that employees shall not seek contravention of decisions by the Board – make sure there is a process.
Comments request from the Legislature: Governance Committee should respond with the assistance of leadership to reflect the position of CHCC. See Section 5 of the Bylaws – Action by Consent – if all Trustees approve by email, then there is action by consent. Bylaws need to be reviewed and updated.
3. Finance & Audit: Meeting held on April 24; Ernest and Young (Auditors) still working on 2019 audit. Will issue a qualified opinion based on what is given to them; CRO will submit documentations on May 31; results will be received by July; by August, 2019 audit should be completed. No audited financial statement since 2019 – 5 years behind. Big concerns by auditors; have other projects that needs to move; unpaid vendor accounts – some are 90 days. Update on vendor payments: still not able to pay for the full 90 days but made significant payments; anticipate regular bi-weekly payments to resume.
Insurance and billing collections are five to six months behind. Currently operating o cash basis.
There is concern on not having audited financial statement dating back to 2019 that will affect the ability to borrow money or apply for grants, or jeopardize grants that are currently being received. Another concern is what is the timeframe to complete audits for 2020, 2021, 2022 and 2023. Currently working to prioritize the audit for 2019, 2020 and 2021 with auditors; insisted on a disclaimer that would be adversarial to the Corporation; agreed to a qualification scope limitation; will be provided required schedules to prepare financial statement which was just finalized. UG audit will be done with a full scope audit which cannot be compromised. Audit for 2023 needs to have a better qualified opinion the years prior. A request for proposal is in process for the 2022, 2023 and 2024 audits.
Grantors passed all compliance audit tests with a good report, so that grants are not in jeopardy. Will share with the Board statements from grantors that they did specific audit.
Budget is based on internally prepared financial statement. 2024 financial statement is available as it could be generated form the Munis system. There maybe a delay in the audits by the extra steps are being done to ensure that the financial statement is not being manipulated.
Funding of the 17% Medicaid match is not a law; the government needs to pay its portion; government currently owing \$84M dating back to 2013. It is stated on the state plan that they have to pay with varying percentage. There is a need for legislation to pass the 17% funding.

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| | <p>Uncompensated care runs at \$12M to \$15M a year. Improvements has been made on billing backlogs. Prior backlog was about 2 years, compared to five to six months currently. Normal contractual adjustments are done when reviewing a claim. What causes the backlog is the EHR system which was previously discussed. There were five vendors who submitted proposals to replace the current EHR system. One of them is in the top three in the US.</p> <p>Currently all claims are being submitted manually by dropping them to the local offices.</p> <p>One strategy to move the backlog is to hire six more personnel for billing and collections – for a second shift; consider contracting out billing, or subcontract part of billing; currently the dialysis unit is contracted with Gaia who does the billing and coding.</p> | |
| <p>XI. CFO Report</p> | <p>-Fund status reports for CHCC and HNP were sent by email to the Trustees. Vice Chair presented question to clarify the account wages looks duplicate, CFO clarified that the Salaries and wages are separated between classified and unclassified. They are not duplicated.</p> <p>- Even absent any payment from Medicaid for the June to September last year, FY2024 broke-even; revenue generated evens out with cash inflow with outflow. Revenues 48 million and expenditures of 47.3 million</p> <p>- Despite that, we still have a large account payable from last year are pending until the FY 23 Medicaid issue is resolved; able to pay for what is currently being spent; able to work within the cash balance for the fiscal year.</p> <p>-Cost Report: Business units identified as indirect and direct cost. Direct Cost – all clinics including Tinian and Rota Health Center; ancillary services – radiology, laboratory, respiratory, PT and Pharmacy. Support services: billing and collection and medical records. Indirect costs: accounting and administration; non-clinical and other programs. HNP personnel is funded by CHCC which is a separate business unit; inter island medical referral. The biggest percentage is the Providers. Professional fee is a separate component that is only for the Providers and Mid-Level Providers.</p> <p>-Uncompensated care was not factored into funds that were lost which should be reflected.</p> <p>-Revenue Component: government insurance, private insure and compensated care – cost allocated will determine profitability on those areas. In the Cost Report audit it is allocated to the cost centers. Revenue Center – Medicare and Medicaid which is cost reimbursement; Medicaid is partial cost – only pays the federal match. Third party insurance and charity care; margin on insurance is covering losses. Revenue potential is to factor in the 17% match that is missing and reimbursement from the government for uncompensated care; should be out of the red.</p> <p>-Will share the next quarterly report – revenue potential as reports is able to be generated by the system. Will allocate cost and match to revenue to see losses; the 17% makes a big difference – work in progress.</p> <p>Clinics: Primary Care, Oncology, Dialysis and Dental.</p> | |
| <p>XII. CEO Report</p> | <p>-Strategic Planning: currently awaiting message signing; should also include the already posted overall plan on the website. The different</p> | |

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| | <p>departments have particular initiatives on the strategic pillars, goals and objectives; all have metrics to follow to begin tracking and monitoring particular metrics to be able to document in alignment with the plan; reports and data are being generated; once put together will assess whether work being done is in alignment to the priority pillars that were approved by the previous Board. Plan was expanded to work with the different areas – frontline staff. Previous plan consisted of only Directors.</p> <p>When Plan was created and the determination of priority objectives were made: nine advisory groups were created across the population work out the objectives and the metrics. Standardized evaluation form for all staff is available to include current goals and objectives; all feed backs are considered on a quarterly basis to be able to document.</p> <p>-Health Advisory Committee: includes Tinian and Rota Health Center Resident Directors, CFO, CMO and CGC; will continue to advocate for additional funding for uncompensated care, as well as the Foundation Bill – still pending in the Senate; the utility rate to be changed to commercial rate; territorial share of Medicaid as well as prioritizing funding for the hospital and other safety net sources; ensure that funds earmarked for CHCC are not transferred for other uses for the CNMI government.</p> | |
| XIII. Review of Grievance & Personnel Regulation | <p>-A letter was received suggesting to the Board to consider making amendments to the Personnel Regulation. This is an opportunity for the Board to review, adopt and amend the Regulations for CHCC.</p> <p>-Governance Committee is currently working on the grievance processes and policies; have a couple of resources to mirror; should be done by next month.</p> <p>-Employee grievance is not in the conditions of participation for CMS. There is a policy for patient grievances.</p> | |
| XIV. Board Matters | <p>-A request for the CEO to provide the Trustees with a copy of her employment contract.</p> <p>-Proposed that the next Board meeting be held in Tinian or Rota. Proposed that in the future a meeting to be held at the Multi Purpose Building so that the public can have access to make public comments.</p> <p>-Suggested next meeting be held in Tinian at the end of July.</p> | |
| XV. Executive Session | With no objections from the Trustees present, the meeting moved into Executive Session to discuss employee grievance with the Legal Counsel. | Meeting moved into executive session at 2:06pm to 3:01pm. |
| XVI. Adjournment | Motion to adjourn. Seconded. Without objections, meeting adjourned. | Meeting adjourned at 3:02pm. |