

AGENDA
COMMUNITY HEALTH SERVICES BOARD MEETING
Cordova Library Conference Room
November 9, 2011 – 7:00 PM

CCMC'S core purpose is to deliver quality health care locally.
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President
David Allison
term expires 03/12

Vice-President
Kristin Carpenter
term expires 08/12

Secretary
Tim Joyce
term expires 08/14

Board Members
Elmer (E.J.) Cheshier
term expires 08/13
Nichole Hunt
term expires 08/12
Jim Kacsh
term expires 08/12
NVE Tribal Council - Vacant
term expires 08/13

Acting CEO
Stephen Sundby, PhD

- I. OPENING**
 - A. Call to Order
 - B. Roll Call – David Allison, Kristin Carpenter, EJ Cheshier, Nichole Hunt, Jim Kacsh, Timothy Joyce
 - C. Establishment of a Quorum
- II. COMMUNICATIONS BY AND PETITIONS FROM VISITORS**
 - A. Guest Speaker
 - B. Audience Comments (limited to 3 minutes per speaker).
Speaker must give name and item on the agenda which they are addressing.
- III. CONFLICT OF INTEREST**
- IV. APPROVAL OF AGENDA**
- V. APPROVAL OF CONSENT CALENDAR**
 - A. HSB Meeting Minutes – 10/12/2011.....Page 1
- VI. REPORTS AND CORRESPONDENCE**
 - A. Administrator’s Report.....Page 9

- B. President’s Report
- C. Finance Report
 - i. Balance Sheet as of 09/30/11.....Page 10
 - ii. YTD Income Statement as of 9/30/11.....Page 11
 - iii. Three Year Comparative Income Statements (YTD as of 9/30/11).....Page 12
- D. City Council Report
- VII. ACTION ITEMS**
 - A. Computer Server
 - B. Privileging of Dr. William Doyle, M.D
 - C. Liaison to Sound Alternatives Advisory Board
- VIII. DISCUSSION ITEMS**
- IX. AUDIENCE PARTICIPATION –**

A. The board shall give members of the public the opportunity to comment on matters which are within the subject matter jurisdiction of the Board and are appropriate for discussion in an open session. Public comment limited to 3 minutes per speaker.

X. BOARD MEMBERS COMMENTS

XI. EXECUTIVE SESSION

XII. ADJOURNMENT

*Executive Session: Subjects that may be considered in executive session are: 1) Matters, immediate knowledge of which would clearly have an adverse effect upon the finances of the public entity; 2) Subjects that tend to prejudice the reputation and character of any person, provided that person may require a public discussion; 3) Matters which by law, city charter, or ordinance are required to be confidential; 4) Matters involving consideration of government records that by law are not subject to public disclosure; 5) Direction to an attorney or labor negotiator regarding the handling of specific legal matters or labor negotiations.

Minutes
Community Health Services Board
Cordova Library Conference Room
October 12, 2011 – 7:00 PM

I. CALL TO ORDER AND ROLL CALL –

Kristin Carpenter called the HSB meeting to order at 7:04 pm. **Board members present: David Allison** (telephonically), **Kristin Carpenter, EJ Cheshier, Nichole Hunt** (telephonically), **Tim Joyce, and Jim Kacsh**. A quorum was established.

CCMC staff present: Stephen Sundby, PhD (Acting CEO)(telephonically), **Zhiyong Li** (CFO).

II. COMMUNICATIONS BY AND PETITIONS FROM VISITORS – None

III. CONFLICT OF INTEREST – None

IV. APPROVAL OF AGENDA

M/Joyce, S/Kacsh: Move to approve the agenda.

A roll call vote was made on the motion: 6 yeas. - 0 nays. Motion passed.

V. APPROVAL OF CONSENT CALENDAR

M/Joyce, S/Kasch: Move to approve the consent calendar.

- a. Health Services Board meeting minutes from September 14, 2011
- b. First quarter 2012 policies

A roll call vote was made on the motion: 6 yeas – 0 nays. Motion passed.

VI. REPORTS AND CORRESPONDENCE

A. Administrator's Report

Sundby reported that the facility underwent a Critical Access Hospital survey in September. Most of the findings were addressed or fixed before the surveyors left. Remaining items must be completed by November 4, 2011.

Sundby reported on the most recent Providence visits, which both went very well. Susan Humphrey-Barnett and Angela Lewis met with managers and focused on the Long Term Care operations. The Administrators from Valdez and Kodiak also visited along with Kodiak's Director of Quality Improvement, primarily focusing on acute care, ER, and clinic operations.

Sound Alternative's Recovery Month Celebration drew 55 people; this level of participation was equal to the first year a similar event was held in the Mat-Su.

Sundby reported on a deferred maintenance grant that may be available through behavioral health, and he is keeping an eye on that as potential for the facility.

Carpenter asked **Sundby** to list how many openings CCMC has for each staff position in future reports. **Sundby** responded that CCMC is seeking two (2) Physicians, two (2) Physicians' Assistant/mid-level practitioners, and two (2) nurses. He further confirmed that the Licensed Clinical Social Worker will be in Cordova on the 15th of October.

Carpenter asked for clarification on when Providence will be able to assist with these positions. **Sundby** noted that Providence has already been assisting by providing some names of individuals to recruit, and while those haven't resulted in hires yet, it demonstrates Providence's willingness to assist. **Sundby** added that once Providence is onboard, CCMC may be able to "share" an Occupational Therapist with Valdez, which will provide a basis to improve our Swing Bed numbers.

B. President's Report

Allison reported that City Council has not yet seen a copy of the contract with Providence but it is being worked by the City Manager. **Allison** further noted that it looks like the Health Services Board will remain a governing Board of sorts to start with because PERS rules require it; the ultimate goal is to covert the Board to advisory.

Allison expressed his hope for a contract effective the beginning of the year.

Carpenter announced that the Foraker Group will be in Cordova Friday, November 18th, from 6 to 8 pm offering Board training. **Carpenter** noted that since the group is going to continue as a governing Board, everyone should plan to participate in the training.

Cheshier added that PERS has been one of the real “tripping” points in the contract with Providence. **Allison** stated that there may be a clause for rural communities.

C. Finance Report

Li introduced the finance report by noting that for three months, patient volume has dropped, although revenue has increased. CCMC has also had a significant increase in health benefits (insurance) cost, with \$150K in employer costs, which does not include the additional contributions from employees participating in the plan.

Reporting on the annual audit, **Li** stated that the auditors finished their field-work. This year, CCMC was able to provide complete Board minutes and is storing backups and residents’ property in a safe deposit box. **Li** reported that the auditors noted that only one person controls inventory. **Cheshier** asked if they require two, and **Li** responded that there should be a second person accomplishing verification of inventory controls. **Li** also noted that the auditors would like a second individual assigned to IT security.

With respect to the Balance Sheet, **Li** highlighted that the cash balance dropped \$400K from last year, although the liability is less. The grant programs reflect as a negative asset, because the revenue must be carried that way until the funds are earned.

Commenting on the three-year comparative report, **Li** emphasized that other than acute care and supplies, revenue categories have increased, largely due to the Charge Master update. However, the expenses have increased more than revenue. **Li** provided a handout that illustrated a three-year comparison of July through September. This chart shows that inpatient days dropped significantly in 2011. The billing department cannot account for the decline. The Emergency Room discharges did not change significantly, but that could be due to an increase in medevacs, which would also result in a decrease in inpatient days. Medevacs were likely higher due to decreased provider stability during 2011. Mid-level traveling practitioners staffing the ER may not be able to treat certain acute conditions in-house, and the ongoing instability impacts patients’ confidence in CCMC’s staff – those that can may request a transfer out. **Li** further noted that our lab turnover really increased, also impacting customer confidence, and Ilanka is using CCMC’s lab less. Through Providence’s Electronic ICU, CCMC will be able to reduce medevac numbers and retain more patients locally. **Carpenter** commented that stabilizing providers would help everyone become familiar with one another’s skills. **Li** added that locums tend to accumulate more hours than permanent staff because they

are in control of the hours they work. For example, locums will typically spend time making more detailed chart notes than permanent staff, enabling a locum to bill more legitimate hours. **Carpenter** responded that while detailed chart notes are desirable, the system works against CCMC financially.

Hunt referred to the allowance for uncollectables on the balance sheets and asked why the value decreased from \$851K to \$212K. **Li** responded that \$750K-worth of accounts with no activity since 2009, was transferred to collections.

Carpenter noted that it helps that **Li** is looking into these financial questions.

D. City Council

Allison reported that the roof is on top of the City's capital budget list as well as EHR.

E. Native Village of Eyak

Allison directed that the NVE Report be removed from future agendas since the NVE Tribal Council Representative position on the Board is vacant. **Carpenter** will send an explanatory email to NVE.

VII. ACTION ITEMS

A. Medical Staff Bylaws

M/Joyce, S/Kasch: Move to approve the Medical Staff Bylaws.

Joyce requested information on what had changed since last approved. **Sundby** replied that the current version allows mid-levels to practice in CCMC's Emergency Room. In response to general consensus that the Board did not understand the requirements of the Medical Staff or the related Bylaws, **Cheshier** noted that this is where Providence can really assist with knowledge. **Carpenter** asked if the Bylaws were in an electronic format, and upon confirmation, requested that future changes be highlighted by staff.

A roll call vote was made on the motion: 6 yeas. - 0 nays. Motion passed.

B. Privileging of Dr. Donna Hephinger

M/Joyce, S/Kasch: Move to grant privileges to Dr. Hephinger as Medical Doctor at CCMC.

Sundby noted that both Drs. VanWinkle and Ehret interviewed Dr. Hephinger.

A roll call vote was made on the motion: 6 yeas. - 0 nays. Motion passed.

C. Health Services Board Officers

Carpenter directed that the Board needs to elect a President, Vice President, and Secretary.

Allison was nominated for President.

M/Joyce, S/Cheshier: Move to close the nominations for President.

A roll call vote was made on the motion: 6 yeas. – 0 nays. Motion passed.

Carpenter was nominated for Vice President.

M/Joyce, S/Cheshier: Move to close the nominations for Vice President.

A roll call vote was made on the motion: 6 yeas. – 0 nays. Motion passed.

Joyce was nominated for Secretary.

M/Cheshier, S/Kasch: Move to close the nominations for Secretary.

A roll call vote was made on the motion: 6 yeas. – 0 nays. Motion passed.

M/Kasch, S/Joyce: Move to elect the slate of officers as nominated.

A roll call vote was made on the motion: 6 yeas. – 0 nays. Motion passed.

D. FY12 Operational Budget

Li introduced two budget scenarios. The first targeted a balanced budget and was based on volume consistent with FY11. The first three months of FY12 provided a

baseline for the revenue and contractual numbers and EHR was moved to the capital budget. The second projection reflects an increase of \$200K in contractual services and the potential that CCMC may need to reimburse Medicare.

Joyce stated that the first proposal was very optimistic and that he believed CCMC would be in the negative in the end and that it is just a matter of by how much. **Hunt** commented that the Board needs to keep in mind the management fees that will be incurred with a contract.

Carpenter asked when the financial benefits of all the changes will kick in. **Sundby** replied that he expects next fiscal year; EICU will have the first impact and then other services, like an Occupational Therapist, will help fill swing beds.

Allison agreed with **Joyce** about wanting to be conservative. He noted that Providence will submit their own budget, so changes are expected, likely after the first of the year. **Allison** indicated that passing a budget at this point fulfils the Board's obligation and getting the City to commit to its \$400K contribution. **Allison** expressed his preference for the second proposal, and reiterated that it is time to get City Council something.

M/Cheshier, S/Joyce: Move to present the FY12 budget depicted on page 42 of the agenda packet (Projection #2) to City Council.

A roll call vote was made on the motion: 6 yeas. – 0 nays. Motion passed.

E. Capital Budget

Li introduced the capital budget list by noting that any of the items will increase CCMC's depreciation expense. **Li** discussed the IT Server and explained the manual W-2 and 1099 process from FY11. Alternatively, a preferred option would be for CCMC to contract with an external entity to host CCMC's processes, but the monthly cost won't be available for a week. **Cheshier** commented that CCMC needs an option to carry the processes through until EHR is implemented. **Allison** responded that the IT Server for \$100K should remain on the capital budget list and that he can explain to Council the alternative lower-cost options available.

Li also noted that EHR was inadvertently omitted and should be added as #2 under Equipment and IT. Providence has indicated that CCMC does not have to go with EPIC if we can get a better financial deal with another system. Healthland (our current vendor)

can provide a system for \$580K capital investment and \$100K annual maintenance fee. **Carpenter** noted that functionality should be the focus, not the cost and cited the need to do a needs assessment first. **Carpenter** suggested that CCMC spend \$7-8K on a consultant to develop a checklist of needs, including the interface. **Hunt** responded that a consultant would not be needed as the department heads can do the needs assessment based on how CCMC does business now and how the various systems match CCMC's processes. **Joyce** noted that Providence will be a key factor and may even provide some assistance, to which **Hunt** asked if assistance to EHR implementation should be included in the contract.

Allison requested a return to the point of order and stated that EHR should be added to the Capital Budget list. He further noted that EHR is on the Council's list and therefore should be on the Board's. **Kasch** requested clarification regarding the amount. **Carpenter** directed that EHR in the amount of \$1M be added as item #2 under Equipment and IT.

M/Cheshier, S/Joyce: Move to send the revised capital budget list to City Council.

A roll call vote was made on the motion: 6 yeas. – 0 nays. Motion passed.

VIII. DISCUSSION ITEMS

No discussion items.

IX. AUDIENCE PARTICIPATION

None.

X. BOARD MEMBER COMMENTS

Joyce thanked **Allison** and **Carpenter** for taking on the roles of President and Vice President again.

Cheshier echoed the thanks and expressed positive hopes for the capital funding, contract negotiation, and transition.

Hunt asked if Board members could teleconference the Board training. **Carpenter** directed staff to coordinate with the City Clerk.

Carpenter thanked **Li** for putting together the budget and assisting the Board in understanding the numbers. She further expressed her hope that **Li** is still with CCMC following the transition. The next HSB meeting will be November 9th.

XI. EXECUTIVE SESSION

None.

XIII. ADJOURNMENT

M/Cheshier, S/Joyce: Move to adjourn. Unanimously approved. Meeting adjourned at 8:48 pm.

Transcribed by: Laura Cloward

Reviewed by: HSB Secretary, Tim Joyce

CORDOVA COMMUNITY MEDICAL CENTER



P.O. Box 160 • 602 Chase Ave. • Cordova, Alaska 99574-0160
Phone: (907) 424-8000 • Fax: (907) 424-8116

To: Health Services Board
From: Stephen Sundby, Ph.D., CCMC Acting Administrator
RE: Administrator Report
Date: November 9, 2011

1. The Plan of Correction was accepted for the State of Alaska 9/19/2011 Critical Access Hospital (CAH)/Life Safety Standards Surveys.
2. Providence visit: Susan Humphrey-Barnett (Administrator for Area Operations Administration) visited on Friday, November 4th.
3. A new server is needed to update our Healthland financial software in order to bring CCMC in compliance with 5010 requirements.
4. I attended the State of Alaska Mental Health Board and the Alaska Commission for Behavioral Health Certification meetings in Anchorage.
5. The Sound Alternatives Advisory Board Meeting is scheduled for November 16th.
6. Staffing:
 - a. Positions we are advertising to fill:
 - i. Physicians – 2
 - ii. Physicians Assistant/Mid-Level Practitioner – 2
 - iii. Nurses – 5
 - iv. Radiology Technician – 1
 - v. Laboratory Technician – 2
 - vi. Licensed Occupational Therapist – 1
7. Stephen Sundby and Zhiyong Li are meeting on Fridays at 9:00 AM with Angela Arnold and Penney Benson (NVE) to coordinate and collaborate where opportunities arise.

Cordova Community Medical Center
 Balance Sheet
 September 30, 2011

	Current Year	Last Year	
	9/30/2011	9/30/2010	Increase (Decrease)
Assets			
Cash	99,875	393,097	(293,222)
Receivables			
Accounts Receivable	1,294,086	1,696,800	(402,714)
Allowance for Uncollectible	(255,728)	(861,215)	
Net Accounts Receivable	<u>1,038,360</u>	<u>835,585</u>	202,775
Other	65,751	163,802	(97,851)
Grant Programs & City Transfers	(94,287)	(159,538)	65,251
Supplies Inventory	145,007	127,238	17,769
Prepaid Expenses	30,339	56,583	(26,244)
Other Assets			
Major Moveable	10,684,096	10,625,271	58,825
Accum Depreciation	(8,428,803)	(8,162,252)	(266,551)
Total Assets	<u>3,540,338</u>	<u>3,879,585</u>	<u>(339,247)</u>
Liabilities and Net Assets			
Accounts Payable	295,186	392,047	(96,861)
Accrued Payroll & Related Liab	514,920	429,789	85,131
Other Liabilities	33,220	48,185	(14,965)
Total Current Liabilities	<u>843,326</u>	<u>870,021</u>	<u>(26,695)</u>
Net Pension Obligation	0	0	0
Obligations under Capital Lease	0	0	0
Total Liabilities	<u>843,326</u>	<u>870,021</u>	<u>(26,695)</u>
Prior/Current Income/(Loss)	2,697,012	3,009,564	(312,552)
Total Liabilities & Net Assets	<u>3,540,338</u>	<u>3,879,585</u>	<u>(339,247)</u>

Cordova Community Medical Center
Income Statement (Fiscal Year 2012 - 7/1/11 through 6/30/12)

Period
3

	Actual 2011 July	Actual 2011 August	Actual 2011 September	Actual YTD Total
Revenue				
Acute	0	8,500	6,800	15,300
Long Term Care	268,981	270,923	262,184	802,088
Swing Bed	11,900	18,700	42,500	73,100
Lab/Blood	61,626	58,895	76,191	196,712
EKG	2,460	3,772	4,439	10,671
Medical Supplies/RT (Oxygen)	16,768	24,420	20,802	61,990
Radiology/Ultrasound	30,523	43,459	34,424	108,406
Pharmacy	44,959	43,800	42,637	131,396
PT	19,080	14,667	27,083	60,830
Outpatient	13,824	12,357	22,770	48,951
Emergency Room	39,714	26,898	32,060	98,672
Short Stay-Obsv	2,548	3,796	4,212	10,556
Pro Fee	38,851	35,780	39,882	114,513
Clinic	30,988	50,843	28,276	110,107
BH (MH, AL, Outreach)	14,077	16,558	23,139	53,774
Other - Mortuary, Respite, L&D				0
Gross Patient Services Revenue	596,300	633,368	667,399	1,897,067
Contractual Adj, Charity, Bad Debt	(138,619)	(74,352)	(191,006)	(403,977)
Net Patient Services Revenue	457,680	559,016	476,393	1,493,089
Interest Income	0	0	0	1
City Contributions				0
City Funding	33,333	33,333	33,333	100,000
City In-Kind Contributions Utilities	1,019	1,019	1,019	3,058
In Kind Revenue - Non City	30,788	30,788	30,788	92,364
Grant and Waiver Funding	78,847	48,848	72,127	199,822
Non-Operating Revenue	11,406	21,906	5,131	38,442
Total Non-Operating Revenue	155,394	135,895	142,398	433,687
Total Revenue	613,074	694,911	618,791	1,926,776
Expenses				
Wages	241,588	278,426	246,549	766,563
Taxes and Benefits	146,148	139,670	108,116	393,932
Recruitment & Relocation	324	3,288	1,119	4,731
Professional Services	68,550	124,634	68,136	261,320
Minor Equipment	270	7,705	30	8,005
Supplies	33,962	31,362	41,446	106,770
Repair & Maintenance	1,211	19,505	4,868	25,384
Rent / Lease Equipment	2,150	689	2,069	4,908
Utilities and Fuel	14,381	29,357	24,007	67,745
USF In Kind Utilities Expense	30,788	30,788	30,788	92,364
Travel & Training	375	3,364	5,535	9,274
General & Malpractice Insurance	11,561	28,898	(21)	40,438
Other Expenses	2,354	8,923	1,879	13,156
Total Expenses	553,659	706,609	534,321	1,794,589
Income/(Loss) before depreciation	59,415	(11,698)	84,470	132,187
Depreciation Expense	21,893	21,893	21,893	65,679
Net Income/(Loss)	37,522	(33,591)	62,577	66,508

Cordova Community Medical Center

Three Year Comparative Profit & Loss Statements

	Current to Last Year Comparison	FY 2012 YTD September 30, 2011	FY 2011 YTD September 30, 2010	FY 2010 YTD September 30, 2009
Revenue				
Acute	-46.78%	15,300	28,750	41,250
Long Term Care	7.64%	802,088	745,149	694,975
Swing Bed	39.77%	73,100	52,301	221,540
Lab/Blood	10.08%	196,712	178,704	181,791
EKG	18.30%	10,671	9,020	8,528
Medical Supplies/RT (Oxygen)	-22.62%	61,990	80,111	48,565
Radiology/Ultrasound	119.37%	108,408	49,417	46,899
Pharmacy	-1.93%	131,396	133,980	159,122
PT	14.87%	60,830	52,956	64,279
Outpatient	34.51%	48,951	36,393	28,637
Emergency Room	108.29%	98,672	47,373	50,575
Short Stay-Obsv	1.86%	10,556	10,363	6,240
Pro Fee	132.41%	114,513	49,273	63,159
Pro Fee - Clinic	107.87%	110,107	52,968	63,089
BH (MH, AL, Outreach)	341.40%	53,774	12,183	40,993
Other - Mortuary, Respite, L&D		0	190	552
Gross Patient Services Revenue	23.26%	<u>1,897,067</u>	<u>1,539,130</u>	<u>1,720,194</u>
Contractual Adj, Charity, Bad Debt	109.07%	(403,977)	(193,225)	(313,444)
Net Patient Services Revenue	10.94%	<u>1,493,089</u>	<u>1,345,905</u>	<u>1,406,750</u>
Interest Income		1	34	0
City Contributions				
City Funding	-2.97%	100,000	103,058	99,999
City In-Kind Contributions Utilities	-0.02%	3,058	3,058	3,058
In Kind Revenue - Non City	-0.68%	92,364	93,000	163,832
Grant and Waiver Funding	17.54%	199,822	170,009	216,021
Non-Operating Revenue	48.07%	38,442	25,963	22,151
Total Non-Operating Revenue	9.76%	<u>433,687</u>	<u>395,122</u>	<u>505,060</u>
Total Revenue	10.67%	<u>1,926,776</u>	<u>1,741,026</u>	<u>1,911,810</u>
Expenses				
Wages	5.94%	766,563	723,615	818,821
Taxes and Benefits	20.75%	393,932	326,230	444,353
Recruitment & Relocation	-22.86%	4,731	6,133	11,224
Professional Services	-4.68%	261,320	274,139	207,830
Minor Equipment	103.78%	8,005	3,928	2,207
Supplies	-1.11%	106,770	107,963	109,553
Repair & Maintenance	48.07%	25,384	17,144	9,084
Rent / Lease Equipment	-11.84%	4,908	5,567	4,131
Utilities and Fuel	6.87%	67,745	63,391	51,860
USF In Kind Utilities Expense	-3.85%	92,364	96,058	76,332
Travel & Training	64.73%	9,274	5,630	13,059
General & Malpractice Insurance	68.81%	40,438	23,954	27,485
Other Expenses	-6.93%	13,156	14,136	7,332
Total Expenses	7.60%	<u>1,794,589</u>	<u>1,667,887</u>	<u>1,783,269</u>
Income/(Loss) before depreciation	80.73%	<u>132,187</u>	<u>73,139</u>	<u>128,541</u>
Depreciation Expense	3.73%	65,679	63,315	63,316
Net Income/(Loss)	<u>577.0%</u>	<u>66,508</u>	<u>9,824</u>	<u>65,225</u>

Cordova Community Medical Center Three Year Comparative Profit & Loss Statements

