



AGENDA
CCMC AUTHORITY BOARD OF DIRECTORS
CCMC CONFERENCE ROOM
December 7, 2017 at 6:00PM
REGULAR MEETING

AT CCMC, WE BELIEVE THAT HEALTHY PEOPLE CREATE A HEALTHY COMMUNITY.

Board of Directors

Kristin Carpenter exp. 3/20
April Horton exp. 3/19
Sally Bennett exp. 3/19
Dorne Hawxhurst exp. 3/18
Amanda Wiese exp. 3/18

CCMC CEO

Scot Mitchell

OPENING: Call to Order

Roll Call – April Horton, Dorne Hawxhurst, Kristin Carpenter, Sally Bennett and Amanda Wiese. Establishment of a Quorum

A. APPROVAL OF AGENDA

B. CONFLICT OF INTEREST

C. COMMUNICATIONS BY AND PETITIONS FROM VISITORS (Speaker must give name and agenda item to which they are addressing.)

1. Audience Comments (limited to 3 minutes per speaker).
2. Guest Speaker

D. BOARD DEVELOPMENT

1. Overview of Surveys/Accreditation

E. APPROVAL OF CONSENT CALENDAR

F. APPROVAL OF MINUTES

1. 11/02/2017 Regular Meeting Minutes

Pages 1-3

G. REPORTS OF OFFICER and ADVISORS

1. Board Chair Report – Kristin Carpenter
2. CEO Report – Scot Mitchell, CEO
3. Finance Report – Lee Holter, CFO
4. Quality Improvement Quarterly Report – Kelly Kedzierski, RN

Pages 4-6

Pages 7-15

Pages 16-19

H. CORRESPONDENCE

I. ACTION ITEMS

1. Delineation of Privileges – Dr. Hannah Sanders, MD
2. Delineation of Privileges – Dr. Murray Buttner, MD
3. Approval of 2017 Audit Engagement
4. Cordova Drug Purchase

Page 20

Page 21

Pages 22-30

J. DISCUSSION ITEMS

1. CEO Evaluation Preparation –

Pages 31-44

L. AUDIENCE PARTICIPATION (limited to 3 minutes per speaker)

Members of the public are given 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.

M. BOARD MEMBERS COMMENTS

N. EXECUTIVE SESSION

1. Pursuant to AS 42.40.170 Executive Sessions; please see #3 below

O. ADJOURNMENT

For a full packet, go to www.cityofcordova.net/government/boards-commissions/health-services-board

*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 the person may request a public discussion; 3) Matters which by law, municipal charter, or ordinance are required to be confidential; 4) Matters involving consideration of governmental 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
CCMC Authority – Board of Directors
CCMC Admin Conference Room
November 2, 2017 at 6:00pm
Regular Meeting

CALL TO ORDER AND ROLL CALL –

Kristin Carpenter called the Board Meeting to order at 6:00pm.

Board members present: **April Horton, Dorne Hawxhurst, Kristin Carpenter,** and **Sally Bennett**

A quorum was established. 4 members present.

CCMC staff present: Scot Mitchell, CEO; Lee Holter, CFO; Carol Eichert, LTC DON, Carmen Nourie, Lab Director; Lykia Lorenz, Executive Director of Sound Alternatives and Faith Wheeler-Jeppson, Executive Admin Assistant.

There was 1 community member in the audience.

A. APPROVAL OF AGENDA

M/Hawxhurst S/Bennett “move to approve the Agenda.”

4 yeas, 0 nay

Motion passed.

B. CONFLICT OF INTEREST ~ None

C. COMMUNICATIONS BY AND PETITIONS FROM VISITORS

1. Audience Participation ~ None

2. Guest Speaker ~ None

D. BOARD DEVELOPMENT

1. Funding Authorization Levels

Scot Mitchell reported that there is a conflict between what the HSB Bylaws state and what the City Code states in regards to the dollar amount that the CEO can approve payment of unbudgeted items without authorization from the Board. The 2011 HSB Bylaws reflect a \$10,000 limit, the City Code has a \$25,000 limit. The bylaws are in accordance with powers granted by the City of Cordova Ordinance 14.28. In the event of a conflict, the Ordinance will supersede the HSB bylaws.

E. APPROVAL OF CONSENT CALENDAR ~ None

F. APPROVAL OF MINUTES

M/Bennett S/Hawxhurst “move to approve the September 28, 2017 Regular Meeting Minutes”.

4 yeas, 0 nay

Motion passed.

G. REPORT OF OFFICERS AND ADVISORS

1. Board Chair Report ~ Kristin Carpenter reported that she had met with Scot last week to talk about the Agenda, and to get an update on the hiring of the Pharmacy Tech. They also talked about the evaluation process for the CEO, that will be discussed further later in the meeting.

2. **CEO's Report** ~ Scot Mitchell, CEO reported that Dr. Blackadar would be available if Board members had any questions for him. The 340B program cuts will be significant, fortunately for us those cuts are to the outpatient Perspective Payment System (PPS) hospitals and not CAH facilities. Scot has been working with the City for several months to reduce the cost for Healthcare and Pharmaceutical coverage as well. We've been looking at plan design changes, those should take effect around the first of the year. We are going to be making some organizational changes, we have a couple of positions that will be eliminated next week, we're still working with counsel on that. We have just concluded our LTC Survey, overall it went better than what they did on our last survey. Some concerns were repeat deficiencies. The State has ten working days to get their report to us, and we will then have ten calendar days to input our plan of correction. Then they will do a revisit, which can be in person or by phone. In regards to Life Safety some of the things that they brought up in the exit interview were GFCI outlets being too close to a water source, a couple of sprinkler heads that are too close to a light source, a bulb being burnt out on an exit sign, they found penetrations in a fire/smoke barrier, and misuse of power strip. **Carol Eichert** reported on the Clinical side of the survey. Carol reported that each of the surveyors had commented on what a wonderful job the CNA's are doing. A few Policies and Procedures need to be sent to the surveyors. Reporting of incidents was brought up by the surveyors and were curious as to why there hadn't been any in the past year. Since we've had so many travelers we will be working on documentation and standardizing the documentation for the care of the residents. Meals coming up from Dietary to the residents will be reviewed. **Scot Mitchell** reported that part of the new standards for emergency preparedness is that starting November 28th there will be Emergency Preparedness surveys along with the Life Safety and CAH surveys.
3. **Finance Report** ~ Lee Holter, CFO reviewed the financial information provided in the packet with the board, a few highlights on the Income Statement, our **YTD Gross Revenue** exceeds our budget, primarily that is due to increased Medicaid Swing Bed utilization. Our **Net Income** shows a positive variance over the budget. Lee Holter reviewed the **AVEC** performance with the board which reflected 53% in the 0-90 days, and 47% in the 91+ days. The goal is to have 20% or less in the over 90 days category.
4. **Nursing Report** ~ Scot Mitchell reported that Tammy Pokorney, CNO's report is in the packet, a handout of the September Partnership for Patients was provided to the Board.
5. **2016 Audit Report** – **Shar Sheaffer, DZA** was in attendance to review the written report on the 2016 Audit with the board.

A few items from the Audit report that were discussed were the Assets, Receivables, Capturing Charges, Pharmacy, PERS and the Physical Plant.

A full copy of the 2016 Audit Report was entered into the file.

H. CORRESPONDENCE

I. ACTION ITEMS

1. Appointment of Board Member to fill a vacant position

M/Bennett S/Hawxhurst "I move to appoint Amanda Wiese to fill the vacant position on the board."

4 yeas, 0 nay

Motion passed.

Kristin Carpenter swore Amanda Wiese in.

J. DISCUSSION ITEMS

1. Cordova Drug Acquisition Status ~ Scot Mitchell reported that he and the City Manager had met with David O'Brien with a proposal that was very close to what David had originally presented, that he did not accept. The offer will be left on the table for David's consideration until the CCMC Pharmacy opens.

2. Upcoming Board Meeting Dates

With Thanksgiving coming up the board came to a consensus that the next meeting date will be December 7, 2017 at 6pm.

3. CEO Evaluation Preparation

Scot Mitchell reported to the Board that currently we have one Evaluation form for all employees and that one form does not work for everyone. What we will have is one for Executives, one for Department Managers and then one for the hourly employees. The board asked Scot to provide a copy of the template that has previously been used for the CEO evaluation.

K. AUDIENCE PARTICIPATION - None

L. BOARD MEMBERS COMMENTS

Carpenter ~ Thank you for the good work on the Audit. Thank you Lee and thanks again to Scot, I think we're really lucky. And we're excited to see what the Pharmacy does for our organization. One last thing, looking at the roster I notice that Dorne's position on the board will be up in March.

Hawxhurst ~ I appreciate all of the work that went into the Audit. I appreciate Shar being here, thank you Scot for all of the things that you're doing to improve the facility Scot. Also, the contact numbers on the website are small and hard to read.

Bennett ~ I echo all of that, thank you

Wiese ~ I echo the other comments as well, thanks to the Auditors and to Scot. And I'm happy to be here.

Horton ~ Thanks Amanda for filling that void, thank you Shar, we look forward to working with you. And I appreciate you Scot for getting us in such a short time in the positive forward direction that we're moving. And we appreciate you Lee.

M. EXECUTIVE SESSION - None

N. ADJOURNMENT

M/Bennett S/Horton "I move to adjourn the meeting."

Carpenter declared the meeting adjourned at 8:27pm.

Prepared by: Faith Wheeler-Jeppson



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CEO Report to the CCMC Authority Board of Directors
December 7, 2017 Meeting
Scot Mitchell, CEO

The Big Picture

The Senate will soon start debating the Tax Cuts and Jobs Act, which is legislation geared towards overhauling the federal tax code. One of the current elements of the bill would repeal enforcement of the Affordable Care Act's individual mandate that requires most individuals to purchase health insurance. The Congressional Budget Office (CBO) estimates that this could give rise to 13 million more people being uninsured by 2027. The CBO also estimates that this would increase premiums in the individual health insurance market by about 10%. The House of Representatives passed its tax reform bill on November 16, 2017. That bill did not include a repeal of the individual mandate.

The 340B Drug Pricing Program has been in the news a lot lately, since the Centers for Medicare and Medicaid Services (CMS) issued a final rule last month that reduces payments by almost 30%, or about \$1.6 billion. These cuts do not affect CAH hospitals like CCMC. The American Hospital Association, along with other health care groups, has filed a federal lawsuit to prevent CMS from implementing these cuts. A hearing will be held on December 21, 2017 to hear arguments on this suit. A bill has also been introduced in the House of Representatives that would prevent CMS from carrying out these cuts. While these cuts do not apply to our new pharmacy at this time, we are keeping an eye on the proceedings to make sure additional changes do not target CAHs.

Status Updates

- The State Department of Health and Social Services was onsite at CCMC from October 29th through November 2nd conducting a standard, unannounced survey of the nursing home. We have received the list of deficiencies, and we did better this year compared to the survey from last year. We had 9 life safety citations this year, compared to 12 last year, and the clinical citations dropped from 21 last year to 14 this year. We have requested an Informal Dispute Resolution for one of the clinical deficiencies. We initially had to submit our Plan of Correction by November 30th, but have been granted an extension until December 4th due to the website where we have to submit our POC being down for a couple days.
- Two nurse surveyors from the Centers for Medicare and Medicaid Services office in Seattle arrived on November 27th to conduct an unannounced comparative survey of the nursing home. CMS requires

at least five of these surveys in each state annually, and this was our lucky year. As of my writing this report, the survey is still ongoing and I'll report back to the board once we receive the CMS report.

- The Joint Commission was onsite October 10th and 11th for a recertification survey of Sound Alternatives. On November 28th we received notice from The Joint Commission that they have granted Sound Alternatives a three year accreditation and have earned The Joint Commission's Gold Seal of Approval for Behavioral Health Care Accreditation by demonstrating continuous compliance with its performance standards. The Gold Seal of Approval is a symbol of quality that reflects an organization's commitment to providing safe and effective care.
- We will be presenting two physician credentialing packets for delineation of privileges to the board at this meeting. Dr. Hannah Sanders will need to be re-appointed. Dr. Murray Buttner will be for initial privileges. Due to confidentiality requirements, the credentialing packets will not be included in the electronic version of the board packet, but will be copied and provided in the printed packet to the Board members.
- As mentioned last month, we've been working on recruiting specialty physicians to come to CCMC for clinics. We have just started working on the primary source verification component of the credentialing for an OB-GYN physician. We are still working on the specifics of how often this physician will come to Cordova, but we will probably start with at least quarterly. Once the credentialing is completed, I will present the packet to the Board for the granting of privileges. We are still having discussions with other specialty physicians, and hope to have a couple more ready to visit Cordova early next year.
- We will be holding a grand opening for the CCMC pharmacy on December 4, 2017 at 3:00 pm. The public is invited to come and meet the pharmacy staff and see the new location. As you know we have been working with the City and David O'Brien of Cordova Drug to come to an agreement to purchase some of the assets of Cordova Drug. We have come to a verbal agreement, and are now waiting on the contract to be finalized by legal counsel.
- As we are looking for more ways to increase the financial sustainability of CCMC, one area commonly used in CAH facilities is swing beds. We've seen a significant bump in the utilization of intermediate swing beds this year. One way to further improve this program is using swing beds more for Medicare skilled patients. With this in mind, we recently had a consultant meet with our staff to help us develop a more formal approach to try to increase the Medicare utilization of our swing beds. This involved developing new policies, practices, forms and training programs on Medicare swing beds. As you will see in the financial statement this month, we have a very large increase in contractual adjustments, based on our estimates of what we will have to pay back to Medicare due to the changes we've seen with swing bed utilization this year. This new program will hopefully help us reduce this adjustment.
- As mentioned previously, we have been working with other CAH hospitals in Alaska and the Alaska State Hospital and Nursing Home Association to research converting our nursing home beds into swing beds. This approach has been very successful in a few other states, I even did this at my last hospital. Unfortunately, we recently found out that there are some Alaska laws that currently do not allow this type of program change to occur. ASHNHA hired a consultant to help with this research, and it is the consensus of the others involved in the research that there is very little chance that the State Legislature would be willing to amend the law to allow this program to move ahead. As of now, this project will not go forward.
- We are continuing to research changes to our electronic health record (EHR) systems. We have come to a conclusion on a new EHR for the nursing home, and are working on the specifics of a contract for the new system. The new system will allow our staff to electronically document the care provided, which will help us continue to improve the quality of care that we provide. The new LTC system will be cloud-based, so we will not have to purchase servers, etc. which greatly reduces the cost of the

system. We have a few more demos scheduled for newer staff to review a potential new hospital EHR system. Our hope is to bring a proposal for a new hospital EHR system to the Board for approval in January 2018. The LTC EHR system will not need Board approval due to the low cost.

- The 2018 operating and capital budgets are still being finalized. The budgets will not be ready for the December 7th meeting, so we will have to bring it back for Board approval at a later date.
- As requested at the last meeting, I will be bringing copies of the forms that had been used in previous CEO evaluations for discussion. The current process states that the CEO evaluation is due during the month of the anniversary of hire, which is June for me.
- As we come to the end of 2017, I want to give a big shout out to the staff of CCMC. There has been a lot of change here this year. Anytime an organization goes through a great deal of transformation, it puts a lot of stress on everyone. We've added several new staff members this year, and made a lot of improvements in how the facility operates. This has helped us generate many improvements that are evident in the improved financial and quality performance of CCMC. We could not have done it without the dedication of our amazing staff! I also want to thank each of the Board members for stepping up and taking on the daunting task of making the revamped governance model at CCMC a success. It takes a great team to be successful, and we are well on our way to creating our own success story!

To the CCMC Health Services Board

October 2017 Financial Executive Summary

Statistics

Acute Care patient days increased by 2 in October from 16 in September. Swing bed days increased to 157 up 37 from 120 in September. Average Daily Census (ADC) increased to 5.6 days in October from 4.5 in September.

ER Visits drop by 10 in October versus 43 in September. PT procedures increased by 167 from September's level of 206. Lab tests were down by 57 tests, with October having 280 tests versus 337 in September. X-ray tests dropped by 9 to 34 in October compared to 43 in September, while CT tests were 9 compared to 12 in September. October clinic visits decreased by 73 visits in October compared to 356 in September, as flu shot visits decreased. Behavioral Health increased by 13 visits in October compared to 72 in September.

Balance sheet

Cash increased by \$10K in October versus September's cash balance of \$485K. Day's cash on hand at the end of September was 18.9 days compared to 17.1 days at the end of September.

Net AR decreased by \$55K in October when compared to September. We are seeing constant improvement in AR due to the collect efforts by AVEC. Days in AR decreased by 1.9 days in October from 80.1 days in September

Accounts payable decreased by \$162K in October from September's amount of \$903,999. Payroll liabilities increased by \$53K from September's amount of \$109,870.

A payable of \$525,384 was booked for a Medicare amount due because of the payer mix increase of Medicaid swing bed volume

There was no increase in debt to the city in September. Only minor changes in the other amounts of debt for October.

Income Statement

Gross revenue increased in October by \$147K from September which had \$1,007K, on the strength of swing bed revenue and waiver income in behavioral health.

Contractual adjustments increased in October due to \$525K in Medicare contractual allowance and \$284K in Swing bed allowance. Plus other contractual allowances

Payroll decreased by \$13K from September \$347K. Payroll taxes and Benefits increased by \$19K in October. Professional services decreased by \$60K in October. Supplies expense increased by \$8K in

October. Rents and Leases decreased by \$2K in October. Maintenance and repair expenses decreased by \$26K in October versus September. Utilities decreased by \$26K in October versus September. Recruitment and relocation decreased \$18K. Overall expenses were down by \$107K in October compared to September. There was a negative (\$563,258K) operating profit for October due to large contractual allowances for Medicare and Medicaid.

Year to Date

YTD revenue for Nine months of operation is \$1,559K over budget and exceeds last year by \$2,275K. Continued high volume in Swing bed has helped this year, however the shift in payer mix increased contractual allowances. YTD net income for October, was \$12K negative.

Activity and Projects

EHR

Work on E H R improvement is being reviewed as CPSI has come forward with an extremely good offer to convert.

Budget

Currently working with managers and Administration to get a 2018 budget to the board later this month.

The managers have been actively involved with figuring their department's operating expenses budget.

Business Line Statements/Departmental Statements

This is a work in progress that keeps getting delayed. I am working on financial statements for our business lines, I.E., Sound Alternatives, Clinic, LTC in addition to the consolidated Hospital Financials. These individual financial statements would roll into the total CCMC financial statement you get each month. Also working to set up Departmental statements so managers can see their monthly departmental operation against budget.

AR billing, coding and Collections

AVEC staff continue working old open claims as well as coding new claims, they are totally responsible for coding and billing at this point, we still have to work on some rough spots in the process but they are doing well.

Respectfully submitted

Lee Holter
CFO



Monthly Financial Statements

OCTOBER 2017

Cordova Community Medical Center
Balance Sheet

ASSETS	<u>10/31/2017</u>	<u>9/30/2017</u>	<u>10/31/2016</u>
Current Assets			
Cash	495,997	485,584	225,792
Net Account Receivable	1,577,574	1,632,557	1,315,035
Third Party Receivable	-	-	0
Other Receivables	-	83,394	100,481
Prepaid Expenses	70,202	50,152	16,356
Inventory	158,098	151,324	181,314
Total Current Assets	<u>2,301,871</u>	<u>2,403,012</u>	<u>1,838,978</u>
Property, Plant & Equipment			
Land	122,010	122,010	122,010
Buildings	7,006,762	7,006,762	7,006,763
Equipment	6,772,970	6,772,970	6,759,816
Construction in Progress	117,567	112,480	1,060,094
Subtotal PP&E	<u>14,019,309</u>	<u>14,014,222</u>	<u>14,948,682</u>
Less Accumulated Depreciation	(10,612,996)	(10,566,459)	(10,060,052)
Total Property & Equipment	<u>3,406,313</u>	<u>3,447,762</u>	<u>4,888,630</u>
Other Assets			
PERS Deferred Outflow	1,218,788	1,218,788	929,979
Total Other Assets	<u>1,218,788</u>	<u>1,218,788</u>	<u>929,979</u>
Total Assets	<u>6,926,972</u>	<u>7,069,562</u>	<u>7,657,587</u>
LIABILITIES AND FUND BALANCE			
Current Liabilities			
Accounts Payable	741,861	903,999	644,619
Payroll & Related Liabilities	162,846	109,870	518,909
Third Party Settlement Payment	525,384	0	0
Interest & Other Payables	14,406	14,195	4,640
Long Term Debt-- City	3,477,563	3,477,563	3,100,976
Other Current Long Term Debt	47,448	43,160	135,624
Total Current Liabilities	<u>4,969,509</u>	<u>4,548,787</u>	<u>4,404,768</u>
Long Term Liabilities			
2015 Net Pension Liability	6,907,864	6,907,864	5,015,100
Total Long Term Liabilities	<u>6,907,864</u>	<u>6,907,864</u>	<u>5,015,100</u>
Deferred Inflows of Resources			
Pension Deferred Inflow	77,000	77,000	88,788
Total Deferred Inflows	<u>77,000</u>	<u>77,000</u>	<u>88,788</u>
Total Liabilities	<u>11,954,373</u>	<u>11,533,651</u>	<u>9,508,656</u>
Net Position			
Unrestricted Fund Balance	2,460,523	2,460,523	2,769,539
Temporary Restricted Fund Balance	13,035	13,035	13,035
Prior Year Retained Earnings	(7,488,816)	(7,488,816)	(4,086,354)
Current Year Net Income	(12,143)	551,169	(547,290)
Total Net Position	<u>(5,027,401)</u>	<u>(4,464,089)</u>	<u>(1,851,069)</u>
Total Liabilities & Net Position	<u>6,926,972</u>	<u>7,069,562</u>	<u>7,657,587</u>

Cordova Community Medical Center
 Gross AR Aging and Days in AR
 October 2017

TOTAL							Oct Days In AR
<u>Gross A/R</u>	<u>0 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>91 - 120</u>	<u>121+</u>	<u>Totals</u>	
Commercial	193,393	98,786	68,353	41,081	128,947	530,561	19.0%
Medicare	197,656	74,963	78,553	76,951	76,442	504,566	18.1%
Medicaid	261,341	103,620	14,200	6,224	343,865	729,250	26.1%
Long Term Care	272,421	2,922	13	(524)	60,273	335,106	12.0%
Other Govt payers	18,488	12,254	25,506	17,204	(1,230)	72,221	2.6%
Extended Pymt Terms	-	-	-	15,054	196,487	211,541	7.6%
Private Pay	39,793	18,892	54,588	69,317	90,343	272,934	9.8%
Work Comp	1,924	5,759	48,950	13,478	65,377	135,487	4.9%
Totals	985,016	317,196	290,164	238,786	960,503	2,791,665	100.0%
	35.3%	11.4%	10.4%	8.6%	34.4%	100.0%	78.2
						<u>(89,221)</u> Credit Balances	

Cordova Community Medical Center
Income Statement

October 2017					Year To Date					
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Prior Yr</u>	<u>Variance</u>		<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Prior Yr</u>	<u>Variance</u>
81,013	67,392	13,621	76,917	4,097	REVENUE	846,023	1,310,575	(464,552)	664,514	181,509
318,117	19,460	298,657	30,526	287,590	Acute	2,357,848	267,318	2,090,530	630,729	1,727,119
375,206	333,521	41,685	358,652	16,554	Swing Bed	3,662,693	3,551,000	111,693	3,523,546	139,146
98,386	84,876	13,510	93,296	5,091	Long Term Care	980,973	794,380	186,593	741,948	239,025
188,553	191,323	(2,770)	219,038	(30,486)	Clinic	2,204,037	2,381,928	(177,891)	2,162,323	41,714
92,435	43,121	49,314	21,363	71,072	Outpatients	362,614	549,770	(187,156)	415,835	(53,222)
					Behavioral Health					
1,153,710	739,693	414,017	799,791	353,919	Patient Services Total	10,414,188	8,854,971	1,559,217	8,138,897	2,275,291
					DEDUCTIONS					
212	11,428	(11,216)	-	212	Charity	9,977	136,967	(126,990)	184,560	(174,582)
867,997	106,758	761,239	91,578	776,420	Contractual Adjustments	2,849,621	1,279,571	1,570,050	1,250,238	1,599,383
15,789	20,948	(5,159)	18,726	(2,937)	Bad Debt	273,901	251,074	22,827	308,913	(35,013)
883,998	139,134	744,864	110,304	773,695	Deductions Total	3,133,499	1,667,612	1,465,887	1,743,711	1,389,788
					COST RECOVERIES					
(71,366)	28,528	(99,894)	-	(71,366)	Grants	265,036	411,553	(146,517)	389,989	(124,953)
82,475	67,691	14,784	82,475	-	In-Kind Contributions	914,289	976,532	(62,243)	1,167,080	(252,791)
(9,449)	10,773	(20,222)	5,008	(14,457)	Other Revenue	374,209	155,410	218,799	697,077	(322,868)
1,659	106,992	(105,333)	87,482	(85,823)	Cost Recoveries Total	1,553,533	1,543,495	10,038	2,254,146	(700,613)
271,371	707,551	(436,180)	776,970	(505,599)	TOTAL REVENUES	8,834,223	8,730,854	103,369	8,649,332	184,891
					EXPENSES					
334,978	321,772	13,206	316,615	18,364	Wages	3,337,071	3,539,495	(202,424)	2,902,704	434,368
148,497	163,873	(15,376)	148,660	(164)	Taxes & Benefits	1,478,711	1,802,605	(323,894)	1,703,030	(224,320)
115,188	110,843	4,345	205,695	(90,507)	Professional Services	1,401,298	1,438,002	(36,704)	2,077,709	(676,411)
3,742	2,307	1,435	566	3,176	Minor Equipment	38,003	23,070	14,933	27,261	10,742
41,694	35,348	6,346	31,405	10,288	Supplies	468,225	347,897	120,328	338,574	129,651
4,754	2,204	2,550	5,353	(599)	Repairs & Maintenance	87,692	22,040	65,652	68,624	19,067
7,911	9,142	(1,231)	17,428	(9,517)	Rents & Leases	112,709	91,420	21,289	155,151	(42,441)
85,345	97,913	(12,568)	102,290	(16,944)	Utilities	1,046,299	1,008,757	37,542	1,020,664	25,635
6,248	3,748	2,500	29,303	(23,055)	Travel & Training	70,746	37,444	33,302	63,143	7,603
14,919	17,959	(3,040)	30,424	(15,505)	Insurances	160,314	181,898	(21,584)	171,330	(11,016)
866	4,167	(3,301)	19,641	(18,775)	Recruit & Relocate	58,344	41,670	16,674	83,393	(25,050)
46,537	43,750	2,787	47,844	(1,307)	Depreciation	461,576	437,500	24,076	459,154	2,422
24,451	12,224	12,227	13,026	11,425	Other Expenses	126,379	122,240	4,139	125,883	496
835,129	825,250	9,879	968,249	(133,119)	TOTAL EXPENSES	8,847,368	9,094,038	(246,670)	9,196,621	(349,253)
(563,758)	(117,699)	(446,059)	(191,279)	(372,480)	OPERATING INCOME	(13,145)	(363,184)	350,039	(547,289)	534,144
500			-		Restricted Contributions	1,025			-	
(563,258)	(117,699)	(445,559)	(191,279)	(371,980)	NET INCOME	(12,120)	(363,184)	351,064	(547,289)	535,169

Cordova Community Medical Center Statistics

Change each month

10

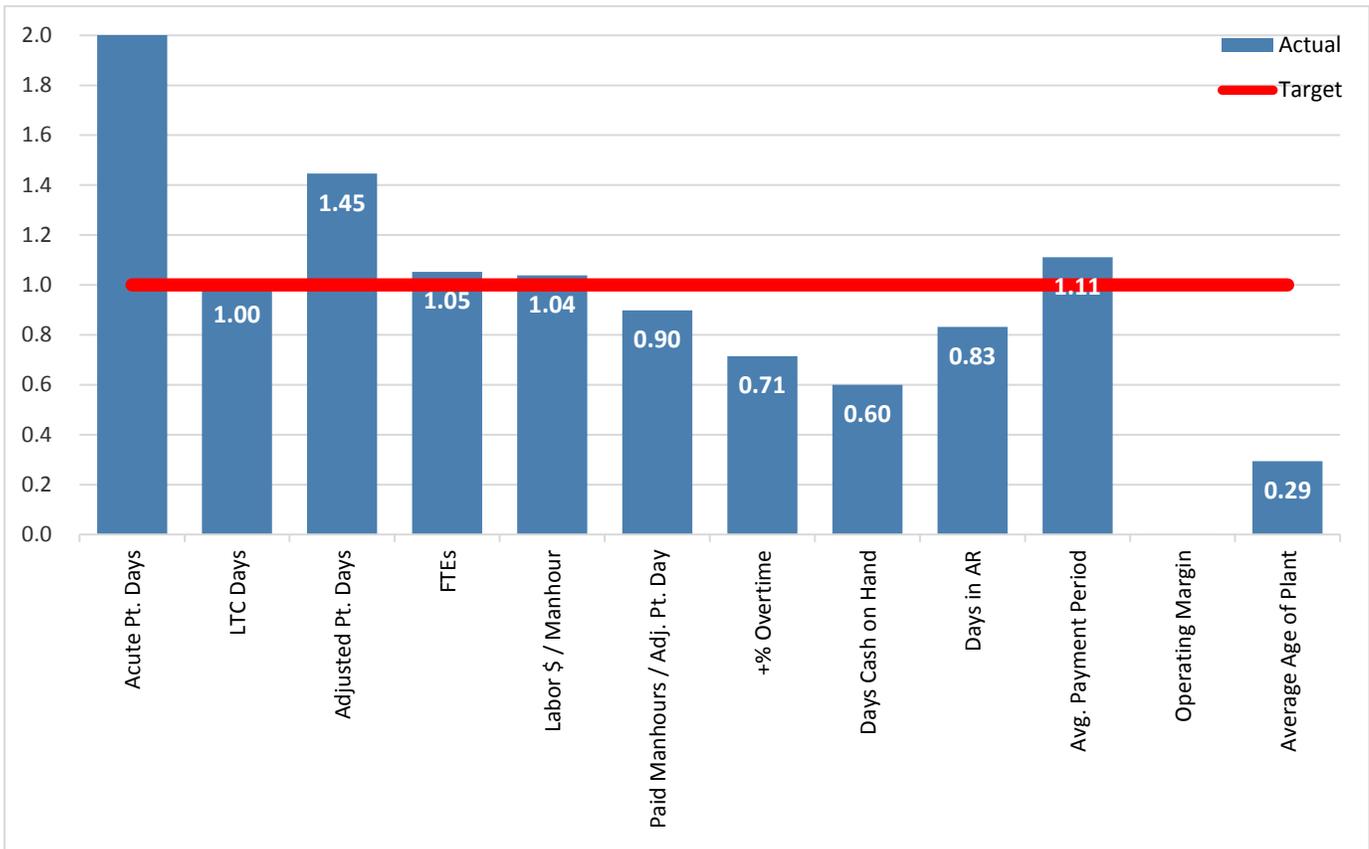
	31	28	31	30	31	30	31	31	30	31	30	31	Cumulative	Monthly	
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Average	
Hosp Acute+SWB Avg. Census	29														
FY 2017 ADC	3.1	3.8	4.5	4.5	4.5	3.1	5.3	4.4	4.5	5.6				4.3	
FY 2016	0.8	1.9	1.3	2.0	1.7	2.2	1.2	0.3	0.7	1.1	0.5	1.0		1.2	
FY 2015	1.1	0.2	2.0	2.3	2.0	2.7	0.9	1.5	0.7	0.5	0.9	0.1		1.2	
Acute Admits															
FY 2017	9	7	7	5	4	1	10	6	6	8			63	6.3	
FY 2016	6	8	3	8	9	5	7	5	6	10	6	8	81	6.8	
FY 2015	1	1	4	6	5	2	5	1	5	5	3	1	39	3.3	
Acute Patient Days															
FY 2017	32	22	29	23	28	2	49	12	16	18			231	23.1	
FY 2016	16	15	18	22	26	20	11	10	18	22	15	17	210	17.5	
FY 2015	2	3	7	8	16	3	10	2	11	6	7	2	77	6.4	
SWB Admits															
FY 2017	5	3	2	1	2	0	1	0	0	3			17	1.7	
FY 2016	2	2	0	2	1	3	1	0	1	2	1	2	17	1.4	
FY 2015	1	1	3	3	2	0	0	3	1	1	0	0	15	1.3	
SWB Patient Days															
FY 2017	64	84	109	111	111	90	114	124	120	157			1,084	108.4	
FY 2016	9	40	23	37	28	46	25	0	3	11	1	14	237	19.8	
FY 2015	31	3	55	60	46	78	18	45	11	11	19	0	377	31.4	
CCMC LTC Admits															
FY 2017	0	0	0	0	0	0	0	0	0	0			0	0	
FY 2016	1	0	0	0	0	0	2	0	0	0	0	0	3	0.3	
FY 2015	0	0	0	1	1	2	1	2	2	1	0	0	10	0.8	
CCMC LTD Resident Days															
FY 2017	310	280	310	300	310	300	310	310	300	310			3,040	304	
FY 2016	310	290	310	297	310	298	292	310	300	310	300	310	3,637	303.1	
FY 2015	310	280	308	287	307	300	274	273	388	309	300	310	3,646	304	
CCMC LTC Avg. Census															
FY 2017	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	0.0	0.0		10.0	
FY 2016	10.0	10.0	10.0	9.9	10.0	9.9	9.4	10.0	10.0	10.0	10.0	10.0		9.9	
FY 2015	10.0	10.0	9.9	9.6	9.9	10.0	8.8	8.8	12.9	10.0	10.0	10.0		10.0	
ER Visits															
FY 2017	49	35	47	49	53	55	75	68	53	43			527	52.7	
FY 2016	52	45	52	52	59	79	85	74	51	55	37	53	694	57.8	
FY 2015	23	46	49	40	104	73	104	97	47	56	37	39	715	59.6	

Cordova Community Medical Center Statistics

Change each month

	31	28	31	30	31	30	31	31	30	31	30	31	Cumulative	Monthly
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
Outpatient Registrations w/ER														
FY 2017	120	111	138	293	136	146	177	168	145	106			1,540	154
FY 2016	120	117	131	342	159	164	160	172	165	146	126	137	1,939	485
FY 2015													0	0
PT Procedures														
FY 2017	416	322	497	399	327	296	343	136	206	373			3,315	332
FY 2016	319	344	349	401	326	396	291	324	489	346	407	415	4,407	367
FY 2015	224	197	280	347	321	224	319	345	216	170	296	269	3,208	267
OT Procedures														
FY 2017	94	38	0	0	0	0	0	0	0	0			132	13
FY 2016	105	107	51	139	124	53	31	26	36	62	66	111	911	76
FY 2015	24	55	95	67	108	65	35	107	90	99	115	128	988	82
Lab Tests														
FY 2017	298	322	284	304	318	283	435	410	337	280			3,271	327
FY 2016	304	363	324	350	374	399	318	314	319	340	272	219	3,896	325
FY 2015	440	350	533	266	486	311	411	328	359	363	291	367	4,505	375
X-Ray Procedures														
FY 2017	47	43	37	29	42	63	72	57	43	34			467	47
FY 2016	60	52	64	56	76	71	63	74	52	44	42	37	691	58
FY 2015	27	27	66	68	59	56	99	84	47	34	37	44	648	54
CT Procedures														
FY 2017	7	7	13	14	12	14	22	15	12	9			125	13
FY 2016		7	16	14	15	24	20	14	15	25	17	13	180	16
FY 2015													0	0
CCMC Clinic Visits														
FY 2017	212	175	197	188	248	239	217	284	356	283			2,399	239.9
FY 2016	178	197	170	203	222	191	205	231	343	227	203	223	2,593	216
FY 2015	141	151	157	196	204	190	224	270	164	194	131	160	2,182	182
Behavioral Hlth Visits														
FY 2017	70	98	71	90	88	100	85	109	72	85			868	86.8
FY 2016	94	100	103	104	89	75	58	39	56	47	80	122	967	81
FY 2015	94	90	73	97	37	68	112	49	106	70	71	76	943	79

**Cordova Community Medical Center
Organizational Scorecard
October 2017**



Indicator	October		
	Target	Actual	Score
Acute Pt. Days	472	1315	2.79
LTC Days	3040	3040	1.00
Adjusted Pt. Days	1534	2218	1.45
FTEs	60	56.99	1.05
Labor \$ / Manhour	35	33.71	1.04
Paid Manhours / Adj. Pt. Day	30	33.4	0.90
+% Overtime	3	4.2	0.71
Days Cash on Hand	30	17.98	0.60
Days in AR	65	78.2	0.83
Avg. Payment Period	30	27	1.11
Operating Margin	5	0	0.00
Average Age of Plant	7	23.88	0.29

Indicator	September		
	Target	Actual	Score
Acute Pt. Days	431	1140	2.65
LTC Days	2730	2730	1.00
Adjusted Pt. Days	1418	1958	1.38
FTEs	60	55.7	1.08
Labor \$ / Manhour	35	33.52	1.04
Paid Manhours / Adj. Pt. Day	30	34	0.88
+% Overtime	3	3.4	0.88
Days Cash on Hand	30	17.1	0.57
Days in AR	65	81.5	0.80
Avg. Payment Period	30	30	1.00
Operating Margin	5	5.2	1.04
Average Age of Plant	7	26.6	0.26

Quality Improvement for Quarter 3.

Quality improvement is an ongoing daily effort and I am proud to say each team member works hard toward one common goal. That goal is to deliver the quality our community deserves by identifying areas in need of improvement and working diligently to put in new processes and make the necessary changes toward improvement.

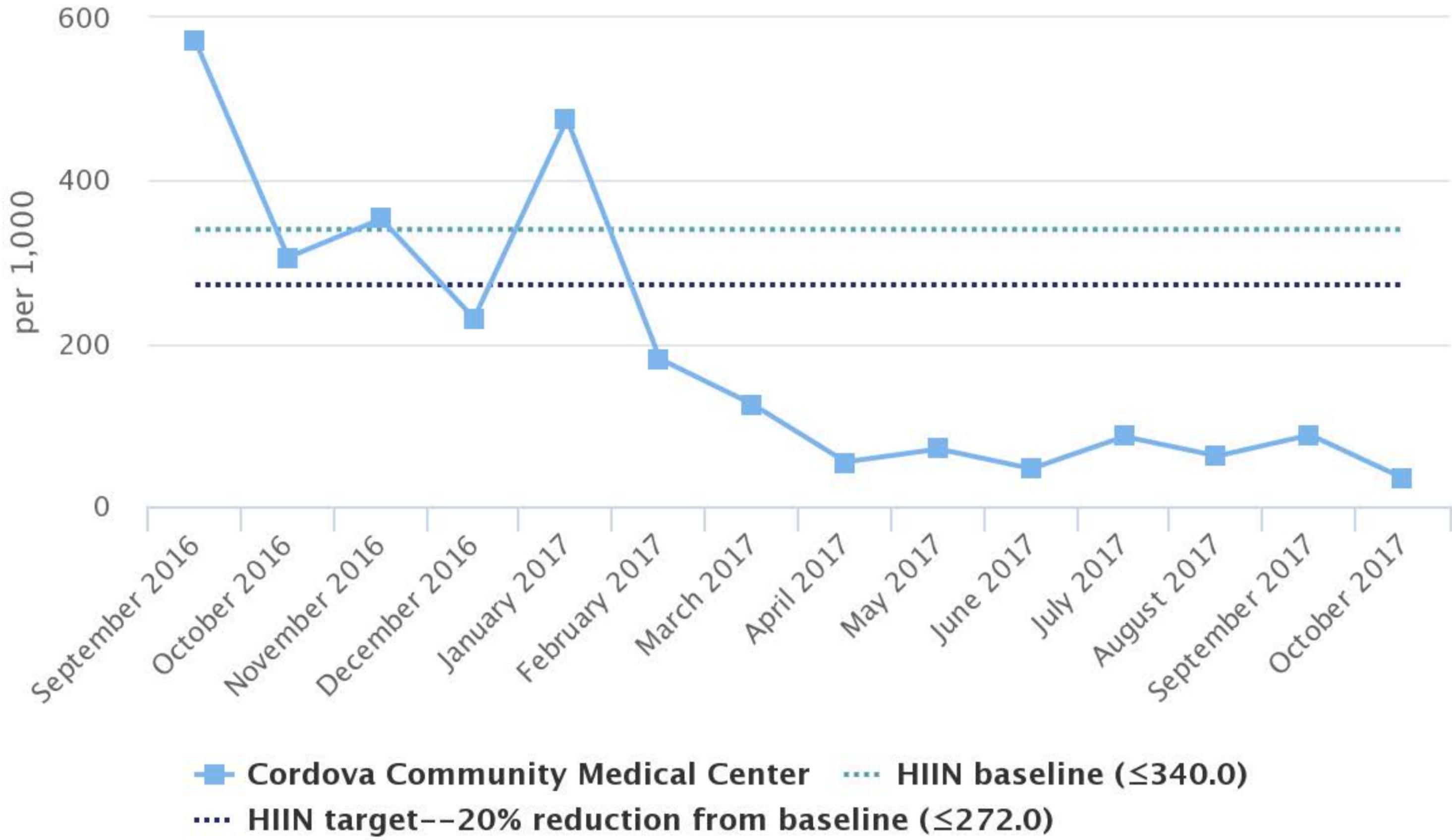
- Our Infection Control Nurse has received her completed “Infection Prevention Control Officer Training” and received a Certificate of Completion of Specialized Training-IPCO
- Hand hygiene compliance has increased by 50% more glove use and 3.0% more washing in before entering the room.
- We have implemented new tracking system for equipment cleaning along with ongoing education and compliance with preventing the spread of infection.
- Antibiotic stewardship-We have had a 25% decrease in patient days on antibiotics.
- CCMC has had Zero Falls with Injury this quarter.
- We have had an 8% decrease in documentation errors.

Emergency Department Transfer Communication Hospital Report

CMS Certified Number (CCN): 021307

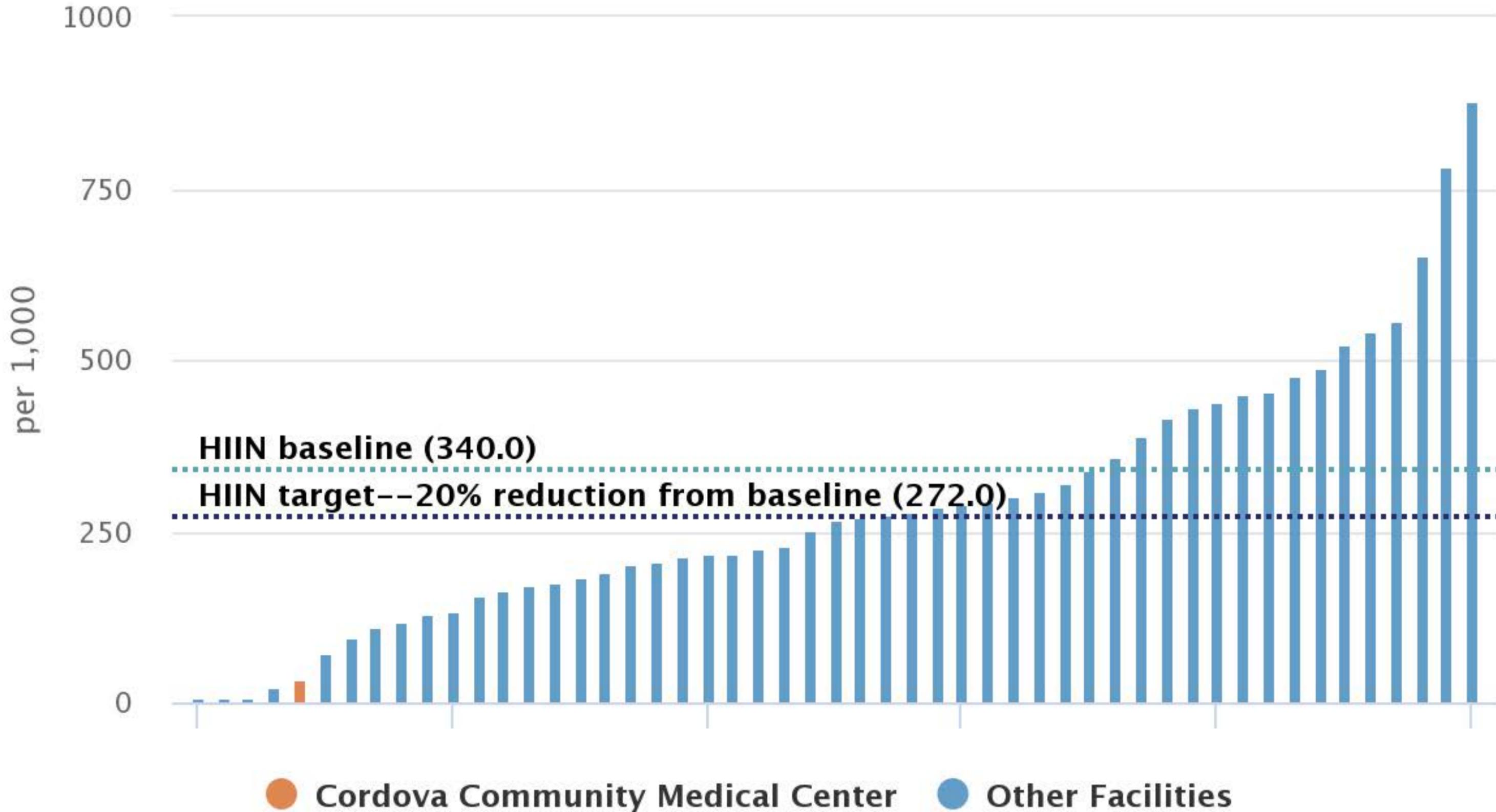
Measures	Data Elements	Q1 2017	Q2 2017	Q3 2017	Q4 2017
		1/1/2017	4/1/2017	7/1/2017	10/1/2017
		Records Reviewed (N) = 8	Records Reviewed (N) = 4	Records Reviewed (N) = 3	Records Reviewed (N) =
EDTC-1: Administrative Communication	Percentage of medical records that indicated the following occurred prior to patient departure from ED:				
	1. Healthcare Facility to Healthcare Facility Communication	87.50% (n=7)	100.00% (n=4)	100.00% (n=3)	N/A
	2. Physician to Physician Communication	87.50% (n=7)	100.00% (n=4)	100.00% (n=3)	N/A
	All EDTC-1 Data Elements	87.50% (n=7)	100.00% (n=4)	100.00% (n=3)	N/A
EDTC - 2 Patient Information	Percentage of medical records that indicated the communication of following patient information within 60 minutes of patient's departure from ED:				
	1. Patient Name	87.50% (n=7)	100.00% (n=4)	100.00% (n=3)	N/A
	2. Patient Address	0.00% (n=0)	25.00% (n=1)	66.67% (n=2)	N/A
	3. Patient Age	87.50% (n=7)	100.00% (n=4)	100.00% (n=3)	N/A
	4. Patient Gender	87.50% (n=7)	75.00% (n=3)	100.00% (n=3)	N/A
	5. Patient Contact Information	0.00% (n=0)	25.00% (n=1)	100.00% (n=3)	N/A
	6. Patient Insurance Information	0.00% (n=0)	25.00% (n=1)	100.00% (n=3)	N/A
	All EDTC-2 Data Elements	0.00% (n=0)	25.00% (n=1)	66.67% (n=2)	N/A
EDTC - 3 Vital Signs	Percentage of medical records that indicated the communication of following patient's vital signs information within 60 minutes of patient's departure from ED:				
	1. Pulse	62.50% (n=5)	100.00% (n=4)	100.00% (n=3)	N/A
	2. Respiratory Rate	62.50% (n=5)	100.00% (n=4)	100.00% (n=3)	N/A
	3. Blood Pressure	62.50% (n=5)	100.00% (n=4)	100.00% (n=3)	N/A
	4. Oxygen Saturation	62.50% (n=5)	100.00% (n=4)	100.00% (n=3)	N/A
	5. Temperature	62.50% (n=5)	75.00% (n=3)	100.00% (n=3)	N/A
	6. Neurological Assessment	75.00% (n=6)	100.00% (n=4)	100.00% (n=3)	N/A
	All EDTC-3 Data Elements	62.50% (n=5)	75.00% (n=3)	100.00% (n=3)	N/A
EDTC - 4 Medication Information	Percentage of medical records that indicated the communication of following patient's medication information within 60 minutes of patient's departure from ED:				
	1. Medication Given in ED	62.50% (n=5)	100.00% (n=4)	100.00% (n=3)	N/A
	2. Allergies/Reactions	62.50% (n=5)	100.00% (n=4)	100.00% (n=3)	N/A
	3. Medication History	62.50% (n=5)	100.00% (n=4)	100.00% (n=3)	N/A
	All EDTC-4 Data Elements	62.50% (n=5)	100.00% (n=4)	100.00% (n=3)	N/A
EDTC - 5: Physician or Practitioner Generated Information	Percentage of medical records that indicated the communication of following physician generated information within 60 minutes of patient's departure from ED:				
	1. History and Physical	37.50% (n=3)	100.00% (n=4)	100.00% (n=3)	N/A
	2. Reason for Transfer/Plan of Care	75.00% (n=6)	75.00% (n=3)	100.00% (n=3)	N/A
	All EDTC-5 Data Elements	37.50% (n=3)	75.00% (n=3)	100.00% (n=3)	N/A
EDTC - 6 Nurse Generated Information	Percentage of medical records that indicated the communication of following nurse generated information within 60 minutes of patient's departure from ED:				
	1. Nursing Notes	62.50% (n=5)	100.00% (n=4)	100.00% (n=3)	N/A
	2. Sensory Status (formerly Impairments)	50.00% (n=4)	100.00% (n=4)	100.00% (n=3)	N/A
	3. Catheters/IV	75.00% (n=6)	100.00% (n=4)	100.00% (n=3)	N/A
	4. Immobilizations	87.50% (n=7)	100.00% (n=4)	100.00% (n=3)	N/A
	5. Respiratory Support	100.00% (n=8)	100.00% (n=4)	100.00% (n=3)	N/A
	6. Oral Restrictions	100.00% (n=8)	100.00% (n=4)	100.00% (n=3)	N/A
	All EDTC-6 Data Elements	50.00% (n=4)	100.00% (n=4)	100.00% (n=3)	N/A
EDTC - 7 Procedures and Tests	Percentage of medical records that indicated the communication of following procedures and tests information within 60 minutes of patient's departure from ED:				
	1. Tests/Procedures Performed	87.50% (n=7)	100.00% (n=4)	100.00% (n=3)	N/A
	2. Tests/Procedures Results	87.50% (n=7)	100.00% (n=4)	100.00% (n=3)	N/A
	All EDTC-7 Data Elements	87.50% (n=7)	100.00% (n=4)	100.00% (n=3)	N/A
All EDTC Measures	Percentage of medical records that indicated the communication of all necessary patient's data upon patient's departure from ED:				
	All EDTC Measures	0.00% (n=0)	25.00% (n=1)	66.67% (n=2)	N/A

Antimicrobial Stewardship: Overall



Antimicrobial Stewardship: Overall

All Facilities





Memorandum

To: CCMC Authority Board of Directors

From: Scot Mitchell, FACHE, CCMC CEO

Subject: Delineation of Privileges for Dr. Hannah Sanders

Date: 12/1/2017

Suggested Motion: “I move that the CCMC Authority Board of Directors approve the Medical Staff privileges for Dr. Hannah Sanders, MD as requested.”



Memorandum

To: CCMC Authority Board of Directors

From: Scot Mitchell, FACHE, CCMC CEO

Subject: Delineation of Privileges for Dr. Murray Buttner

Date: 12/1/2017

Suggested Motion: “I move that the CCMC Authority Board of Directors approve the Medical Staff privileges for Dr. Murray Buttner, MD as requested.”



Memorandum

To: CCMC Authority Board of Directors
From: Scot Mitchell, FACHE, CCMC CEO
Subject: Dingus, Zarecor & Associates PLLC
Date: 12/1/2017

Suggested Motion: “I move that the CCMC Authority Board of Directors authorizes Scot Mitchell, CEO to enter into an agreement with Dingus, Zarecor & Associates PLLC for the purpose of conducting the 2017 Financial Audit.”



DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

December 1, 2017

Health Services Board
and Lee Holter, CFO
Cordova Community Medical Center
602 Chase Ave
Cordova, Alaska 99574

We are pleased to confirm our understanding of the services we are to provide Cordova Community Medical Center (the Center) for the year ending December 31, 2017. We will audit the financial statements of the Center, which comprise the statement of net position as of year end, the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Center's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Center's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1) Management's Discussion and Analysis.

We have also been engaged to report on supplementary information other than RSI that accompanies the Center's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditors' report on the financial statements:

- 1) Schedule of Proportionate Share of Net Pension Liability.
- 2) Schedule of the Center's Contributions

Audit Objectives

The objective of our audit is the expression of an opinion as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the District and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to the governing board of the District. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add emphasis-of-matter or other-matter paragraphs. If our opinion on the financial statements is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express an opinion or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures — General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We may request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures — Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures — Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The auditors' procedures do not include testing compliance with laws and regulations in any jurisdiction related to Medicare and Medicaid antifraud and abuse. It is the responsibility of management of the entity, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provision of laws and regulations that determine the reported amounts and disclosures in the entity's financial statements. Therefore, management's responsibilities for compliance with laws and regulations applicable to its operations, include, but are not limited to, those related to Medicare and Medicaid antifraud and abuse statutes.

With respect to cost reports that may be filed with a third party (such as federal and state regulatory agencies), the auditors have not been engaged to test in any way, or render any form of assurance on, the propriety or allowabililty of the specific costs to be claimed on, or charges to be reported in, a cost report. Management is responsible for the accuracy and propriety of all cost reports filled with Medicare, Medicaid, or other third parties.

Other Services

We will also assist in preparing the financial statements and related notes of the District in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for designing, implementing, establishing, and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies for us of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes, financial preparation services, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

HIPAA Business Associate Agreement

You agree that you are solely responsible for the accuracy, completeness, and reliability of all data and information you provide us for our engagement. You agree to provide any requested information on or before the date we commence performance of the services. To protect the privacy and provide for the security of any protected health information, as such is defined by the Health Insurance Portability and Accountability Act of 1996, as amended from time to time, and the regulations and policy guidances thereunder ("HIPAA"), we shall enter into a HIPAA Business Associate Agreement ("BAA").

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the District; however, management is responsible for distribution of the reports and the financial statements.

The audit documentation for this engagement is the property of Dingus, Zarecor & Associates PLLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the Regulatory Agency, cognizant or oversight agency for the audit or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Dingus, Zarecor & Associates PLLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by a regulatory agency.

We expect to begin our audit in approximately March and to issue our reports no later than May. Shar Sheaffer is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (shipping and travel) except that we agree that our gross fee, excluding expenses, will be as follows:

Audit	\$23,000
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Health Services Board
and Lee Holter, CFO
Cordova Community Medical Center
December 1, 2017
Page 7

Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

You have requested that we provide you with a copy of our most recent external peer review report and any subsequent reports received during the contract period. Accordingly, our 2016 peer review report accompanies this letter.

We appreciate the opportunity to be of service to Cordova Community Medical Center and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please print and sign a copy and return to us.

DINGUS, ZARECOR & ASSOCIATES PLLC



Shar Sheaffer, CPA
Owner

RESPONSE:

This letter correctly sets forth the understanding of Cordova Community Medical Center.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____

REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

April 14, 2017

To the Owners of
Dingus, Zarecor & Associates PLLC
and the Peer Review Committee of the Washington Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Dingus, Zarecor & Associates PLLC (the firm) in effect for the year ended November 30, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; and audits of employee benefit plans.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Dingus, Zarecor & Associates PLLC in effect for the year ended November 30, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Dingus, Zarecor & Associates PLLC has received a peer review rating of *pass*.

ARNETT CARBIS TOOTHMAN LLP

Arnett Carbis Toothman LLP

**CITY OF CORDOVA
EVALUATION PROCEDURES
FOR
CITY MANAGER
CITY CLERK
HEALTH SERVICES ADMINISTRATOR**

1. STATEMENT OF CITY COUNCIL'S RESPONSIBILITIES

In accordance with CMC 14.28.020, the City Council and the Community Health Services Board are required to each adopt a procedure by which the Health Services Administrator will be evaluated by their respective bodies.

Evaluating the performance of the City Manager, City Clerk, and Health Services Administrator is a significant responsibility of the City Council and Mayor. Conducting an effective evaluation is hard work, but it does not have to be a bad experience. With a clear procedure and open lines of communications, chances are good that the experience will result in a more productive working relationship.

2. PURPOSES OF EVALUATION

The purposes of providing periodical evaluations of the City Manager, City Clerk, and Health Services Administrator are:

- a. To give the employee timely feedback on his/her performance and to identify areas in which he/she are doing well along with areas in which improvement may be needed. Evaluation should lead to positive action.
- b. To clarify and strengthen communication between the employee and the Council as it relates to their respective expectations for their positions.
- c. To serve as a method for gathering data relevant to subsequent personnel decisions.

3. ACCESS TO EVALUATION DOCUMENTS

Information concerning the performance of an individual being evaluated under these procedures is not a public record and is not subject to disclosure under AS 09.25. However, the individual who is the subject of the evaluation is entitled to a copy of the information and may waive the confidentiality provisions of this section concerning the information.

4. FREQUENCY AND TIMING OF EVALUATIONS

Evaluation is an ongoing process. To be most beneficial it is suggested that evaluation sessions be held periodically.

Pre-evaluation Session. Initially this meeting to go over expectations and explain the process should take place soon after the adoption of this evaluation procedure and thereafter within sixty days of the date of new hire of any future city manager, city clerk or health services administrator.

Special Performance Evaluation Session. This meeting may be scheduled at the will of the Council to provide feedback and address any areas needing improvement.

Final Annual Evaluation Session. This meeting should be scheduled within approximately 30 days of the employee's anniversary date of hire. It also marks the beginning of the next evaluation cycle.

Nothing in these evaluation procedures precludes the Council from exercising its authority to appoint or terminate the services of the City Manager, City Clerk, or Health Services Administrator; or to exercise its authority as set forth in any employment contract with said employees.

5. OVERVIEW OF STEPS INVOLVED IN EVALUATION PROCESS

- a. Pre-evaluation Session. Initially this meeting to go over expectations and explain the process should take place soon after the adoption of this evaluation procedure and thereafter within sixty days of the date of new hire of any future city manager, city clerk or health services administrator.
- b. Special Performance Evaluation Session. This meeting may be scheduled at the will of the Council to provide feedback and address any areas needing improvement.
- c. Final Annual Evaluation Session. This meeting should be scheduled within approximately 30 days of the employee's anniversary date of hire. It also marks the beginning of the next evaluation cycle.
 1. Prior to the annual evaluation session, the employee will be invited to complete a self-evaluation using his/her respective Evaluation Form as a guide. He/she may write comments rather than use the rating system if he/she so chooses. These self-evaluation reports should be made available to the mayor and council members prior to the actual Final Annual Evaluation Session.
 2. Individual council members and the mayor should each go through and fill out the evaluation form for the employee prior to meeting for the Final Annual Evaluation Session.

3. The time scheduled for the Formal Evaluation Session should be sufficient to do the job in a professional manner. The employee meets with the Council in an executive session. If he/she is excluded from the executive session or any portion thereof, he/she may exercise his/her right to ask for a public meeting, in accordance with appropriate statutes.

"Round Robin" comments by Council members and the mayor are permitted.

The tabulation of the council members' and the mayor's scoring and comments will be assigned to the Mayor and one council member.

4. After completing the Evaluation Report Forms, copies should be made available for Council members. A meeting should take place with the employee. The Mayor and the council member who compiled the Evaluation Report will represent the Council. This meeting go through the "sign off" procedure.
5. The final step will be the personnel decisions, assessment of evaluation process and the next evaluation cycle begins.

(11/98)

STATEMENT OF EXPECTATIONS FOR THE HEALTH SERVICES ADMINISTRATOR

The following are areas of performance expectations in which the Health Services Administrator will be evaluated. They are designed to communicate to the Administrator and the Council a general understanding of the areas of performance expected of the Health Services Administrator.

1. Responsible for the overall supervision of the affairs of the Cordova Community Health Services System.
2. Prepares a budget annually in conjunction with the Community Health Services Board (CHSB) and submits it to the City Council in accordance with appropriate time lines and regulations.
3. Responsible for the administration of the budget and recommending to the CHSB and Council any changes in the budget after it goes into effect.
4. Responsible for carrying out all applicable laws and ordinances affecting the Cordova Community Health Services System. Responsible for carrying out policies established by the board and, if necessary, approved or adopted by the City Council.
5. Solicits and administers grants in accordance with grant authorities' requirements.
6. Develops and implements a plan of correction for any deficiencies noted during survey and other compliance inspections and providing a written copy of such plan to the governing board and Council.
7. Prepares and submits to the board and City Council an organizational plan for the personnel that effectively meets the day-do-day needs of the Cordova Community Medical Center.
8. Responsible for the recruitment, supervision and leadership of all employees of the Cordova Community Medical Center. This includes selection, management, discipline, development and separation of all city medical center employees subject to the provisions of any medical center personnel plans, applicable agreements and laws.
9. Develops and maintains an effective working relationship with the professional staff and with those concerned with the rendering of professional services to the end that the best possible care may be rendered to all patients.
10. Meets the highest standards in personnel management and treats employees in a respectful and professional manner. This also includes insuring that employees follow grievance procedures and policies.

11. Helps establish and maintain an image of the hospital that represents to the community the highest standards of service, compassion integrity and professionalism.
12. Develops and implements a program for the recruitment, admission and retention of long-term care patients as approved by the CHSB.
13. Develops financial plans to maintain CCMC in a financially viable position.
14. Engages in activities to promote own professional growth and development.
15. Prepares such reports as may be required on any phase of medical center activity. This includes, but is not limited to, the following: preparation of a written quarterly report to the City Council addressing the issues, needs and operations of the Cordova Community Medical Center, including its financial status. If requested, provides an oral executive summary of each quarterly report at a regular or special City Council meeting to coincide with the submission of the written quarterly report.
16. Oversees all purchasing of equipment and supplies in accordance with the appropriate policies and procedures.
17. Abides by the code of ethics or guidelines established for hospital and nursing home administrators.

SELF-EVALUATION PROCESS FOR HEALTH SERVICES ADMINISTRATOR

The Health Services Administrator is invited to assess his own performance using his respective Evaluation Forms as a guide. He may write comments rather than use the rating system if he so chooses. Self-evaluation reports will be made available to Council members and the Mayor prior to the Final Annual Evaluation Session. For the Council and Mayor, hearing how the Health Services Administrator rates his own performance (and, perhaps more importantly, how he arrived at the rating) can help members gain some insight into how the Administrator feels he is doing his job.

Certainly, Council is not in a position to always observe everything the Health Services Administrator does relative to carrying out the requirements of his job. For the Administrator, comparison of his self-assessment with the Council's evaluation provides an opportunity for insight.

The goal is to strengthen communication between the Administrator and the Council as it relates to their respective assessments and expectations for that position.

**CITY OF CORDOVA
HEALTH SERVICES ADMINISTRATORS EVALUATION FORM**

Administrator's name: _____

Evaluator's name: _____

Date: _____ Period Covered by Evaluation: _____

DIRECTIONS: The following are areas of performance expectations in which the Administrator should be evaluated.

(1) Please read each expectation and then rate the Administrator's performance using the following scale:

- 1 = Immediate improvement needed
- 2 = Progress recommended
- 3 = Meets performance expectations
- 4 = Exceeds performance expectations
- NR = Not rated, insufficient basis for evaluating

(2) In the space provided for COMMENTS, you are encouraged to offer positive feedback or constructive criticism. A low rating should be substantiated by narrative comments. If required, continue on a separate sheet and attach to this form.

1. Effectively provides overall supervision of the affairs of the Cordova Community Health Services System.

RATING (PLEASE CIRCLE): NR 1 2 3 4

COMMENTS: _____

2. Prepares a sound annual budget for review and approval by the Community Health Services Board (CHSB) and submits it to the City Council in accordance with appropriate time lines and regulations.

RATING (PLEASE CIRCLE): NR 1 2 3 4

COMMENTS: _____

- 3. Effectively administers the budget and makes appropriate, reasoned recommendations for changes to the budget after it goes into effect.

RATING (PLEASE CIRCLE): NR 1 2 3 4

COMMENTS: _____

- 4. Carries out and complies with all applicable laws and ordinances affecting the Cordova Community Health Services System. Effectively carries out policies established by the board and, if necessary, approved or adopted by the City Council.

RATING (PLEASE CIRCLE): NR 1 2 3 4

COMMENTS: _____

- 5. Identifies appropriate grant opportunities; effectively administers grants in accordance with grant authority's requirements.

RATING (PLEASE CIRCLE): NR 1 2 3 4

COMMENTS: _____

- 6. Develops and implements a plan of correction for all deficiencies noted during survey and other compliance inspections, and keeps the CHSB and Council informed of ratings, survey results and improvements.

RATING (PLEASE CIRCLE): NR 1 2 3 4

COMMENTS: _____

- 7. Prepares and submits to the CHSB and City Council an organizational plan for the personnel that effectively meets the day-to-day needs of the Cordova Community Medical Center.

RATING (PLEASE CIRCLE): NR 1 2 3 4

COMMENTS: _____

- 8. Responsible for the recruitment, supervision and leadership of all employees of the Cordova Community Medical Center. This includes selection, management, discipline, development and separation of all city medical center employees subject to the provisions of any medical center personnel plans, applicable agreements and laws.

RATING (PLEASE CIRCLE): NR 1 2 3 4

COMMENTS: _____

- 9. Develops and maintains an effective working relationship with the professional staff and those concerned with the rendering of professional services to the end that the best possible care may be rendered to all patients.

RATING (PLEASE CIRCLE): NR 1 2 3 4

COMMENTS: _____

- 10. Meets the highest standards in personnel management and treats employees in a respectful and professional manner. This also includes insuring that employees follow grievance procedures and policies.

RATING (PLEASE CIRCLE): NR 1 2 3 4

COMMENTS: _____

11. Helps establish and maintain an image of the hospital that represents to the community the highest standards of service, compassion, integrity and professionalism.

RATING (PLEASE CIRCLE): NR 1 2 3 4

COMMENTS: _____

12. Develops a program for the recruitment, admission and retention of long term care patients as approved by the CHSB.

RATING (PLEASE CIRCLE): NR 1 2 3 4

COMMENTS: _____

13. Develops financial plans to maintain the CCMC in a financially viable position.

RATING (PLEASE CIRCLE): NR 1 2 3 4

COMMENTS: _____

14. Engages in activities to promote own professional growth and development.

RATING (PLEASE CIRCLE): NR 1 2 3 4

COMMENTS: _____

1998

15. Prepares such reports as may be required on any phase of medical center activity. This includes, but is not limited to, the following: preparation of a written quarterly report to the City Council addressing the issues, needs and operations of the Cordova Community Medical Center, including its financial status. If requested, provides an oral executive summary of each quarterly report at a regular or special City Council meeting to coincide with the submission of the written quarterly report.

RATING (PLEASE CIRCLE): NR 1 2 3 4

COMMENTS: _____

16. Oversees all purchasing of equipment and supplies in accordance with the appropriate policies and procedures.

RATING (PLEASE CIRCLE): NR 1 2 3 4

COMMENTS: _____

17. Abides by the code of ethics or guidelines established for hospital and nursing home administrators.

RATING (PLEASE CIRCLE): NR 1 2 3 4

COMMENTS: _____

(11/98)

EVALUATION REPORT

Name of Employee: _____

Period Covered: _____

Names of Tabulators: _____

Date: _____

TABULATION OF SCORES OF EVALUATORS

Perform Indicators	Mayor	Councilor	Total Points	Average Score						
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										
16										
17										
Total Points										
Aver Rating										

1 = Immediate Improvement Needed

2 = Progress Recommended

3 = Meets Performance Expectations

4 = Exceeds Performance Expectations

NR = Not Rated or Insufficient Basis for Evaluating

OVERALL COMMENTS LISTED BY INDIVIDUAL EVALUATORS REGARDING THEIR RESPONSE TO THIS QUESTION: What degree of confidence do you have in the employee evaluated based on all aspects of his / her performance and their relationship to you as an elected official?

(See Attachments)

We, the undersigned, have reviewed the attached performance evaluation and hereby put our signatures to the same for

_____ on this _____ day of _____, 20____.
(Employee)

Mayor

Councilor

I, the undersigned, hereby acknowledge that the City Council and I have reviewed this performance evaluation. I understand that I have the right to study and prepare a response, which will be attached to the evaluation before it is placed in my personnel file. It is understood that my signature on this form does not necessarily mean that I agree with the evaluation.

Signature: _____

Printed Name: _____

Date: _____