



Meeting: Regular Session  
Date: Thursday, December 1, 2016  
Time: 6:00 pm  
Place: Hospital Classroom

## AGENDA

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1. **Convene/Roll Call**
2. **Correspondence/Agenda Changes**
3. **Persons to be Heard** (*Public participation on any item off the agenda. All public testimony is not to exceed 3 minutes for an individual, unless the President imposes other time constraints at the beginning of the agenda item.*)
4. **Guest Speakers**
5. **Consent Agenda<sup>1</sup>**

*All matters under Item 5 Consent Agenda are considered to be routine and will be enacted by one motion. There will be no separate discussion of these items. If discussion is desired, that item will be removed from the Consent Agenda and will be considered separately.*

  - A. Approve the minutes of the regular session Hospital Board meeting of 10/27/16
6. **Unfinished Business**
  - A. SEARHC letter of intent
  - B. Appoint Board member to SEARHC/SCH Collaboration team
7. **New Business**
  - A. Capital Projects List
  - B. Strategic Planning session discussion
  - C. Braveheart Discussion
  - D. CEO Evaluation
8. **Staff Reports**
  - A. Finance Report
  - B. CEO/Administrative Team Report
  - C. Medical Staff Report & Recommendations
  - D. Quality Committee Report
9. **Board & Liaison Reports**
10. **Executive Session**
11. **Adjourn**

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<sup>1</sup> The consent agenda is designed to expedite the conduct of routine business during board meetings in order to allocate more meeting time to education and discussion of substantive issues.

Documentation and information related to the topics listed on this agenda is available upon request from Administration. Please call 747-1725 if you would like this information sent to you or made available for pick-up after regular business hours.



209 Moller Avenue  
Sitka, Alaska 99835  
Phone: (907)747-3241  
Fax: (907)747-1794

✚ SITKA COMMUNITY HOSPITAL

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**Minutes: HOSPITAL BOARD MEETING**  
Regular Session: Thursday, October 27, 2016

Board Attendance: Bryan Bertacchi, Steve Gage, David Lam and Connie Sipe.

Liaison Attendance: Michael Scarcelli (Staff Liaison), Bob Potrzuski (Assembly Liaison) and Roger Golub (Medical Staff)

Staff & Others: Rob Allen, Cynthia Brandt, Raine Clarke, Steve Hartford, Dr. Mark Smith, Kay Turner, Amy Morrison, Ronda Anderson, Dan Etolian and Patrick Williams.

1. **Convene/Roll Call:** Bryan Bertacchi, Sitka Community Hospital President called the meeting to order at 6:00 pm in the Sitka Community Hospital Classroom. Roll Call established four Board members in attendance.
2. **Correspondence/Agenda Changes:** None.
3. **Persons to be Heard:**
4. **Guest Speakers:** Amy Morrison with Venneberg Insurance presented answers to the Boards questions regarding current coverage and gave recommendations. Ms. Morrison recommends that the Hospital Board stay with their current coverage. **Board agrees to continue with the current coverage.**
5. **Consent Agenda:** Items on the consent agenda were: (A) Approve the minutes of the regular session Hospital Board meeting of September 22, 2016. **Motion made by Mr. Lam to accept the September 22nd, 2016, seconded by Ms. Sipe. Motion carried 4-0. All in favor.**
6. **Unfinished Business:**
  - A. **SEARHC update:** Rob Allen gave a brief update on the SEARHC collaboration project. Mr. Allen announced that Sitka Community Hospital and the Assembly will be meeting for a work session on November 21<sup>st</sup> at 6pm. This work session will be held at the Harrigan Hall. Mr. Allen announced that Sitka Community Hospital and the Assembly will meet for a joint meeting on November 28<sup>th</sup> at 6pm. This work session will be held at the Harrigan Hall. Both of these meetings are open to the public and will be announced in the Sentinel.
7. **New Business:**
  - A. **Presentation and Approval of Capital Projects: Clinic Office Modular and Patient Financial Services remodel:** Steve Hartford presented the plans for the Clinic Office Modular. Mr. Hartford explained the spacing issues currently with the providers, support staff, administration staff and patient rooms. This plan is projected as a five to ten year solution. Mr. Hartford presented the plans for the Patient Financial Services remodel. This remodel will bring the PFS department up to HIPAA regulations and provide more work stations for the billing department staff as well as provide privacy for patients visiting the PFS department. **Ms. Sipe motioned to proceed with presenting the Clinic Office Modular to the Assembly for approval. Motion carried 3-1 (Mr. Gage was not in favor). Ms. Sipe**

**motioned to proceed with presenting the Patient Financial Services remodel to the Assembly for approval. Motion carried 4-0. All in favor.**

**8. Staff Reports:**

7:25- 7:35 recess

**A. CEO/Administrative Team Report:**

- Cynthia Brandt gave an overview of the Financials. Her facts and figures are included in the handout given to the board members at the work session held on October 18th. Ms. Brandt distributed an updated narrative to the board. This narrative and the financial report are included in the original of these minutes.
- Rob Allen invited Kay Turner, Long Term Care Administrator, to give an overview of the recent State Long Term Care Survey and Life Safety Code Survey. Ms. Turner explained the importance of a new EMR system and the issues found. The major project will be focused on updating the Long Term Care Policies.
- Mr. Allen invited Steve Hartford to brief the board on the progress of the Credentialing Policy. Mr. Hartford stated that he anticipates having this policy completed for the December 1<sup>st</sup> Board Meeting.
- Mr. Allen updated the board on the new EHR project. Mr. Allen stated that they have narrowed the decision down to two, Athena and Cerner. There is a site visit scheduled for the third week in November with Athena. The plan is to have a final decision by January 2017.
- Mr. Allen announced that Wendy Fowler will be resigning as a full time employee and stay on as PRN to assist with the transition.
- Mr. Allen gave an update on the Values 360 Training reviews which the doctors, nurses and managers are participating.
- Mr. Allen announced that they have three candidates for the Controller position. Dr. Baltadono is resigning in November. Dr. Koskinen will potentially be joining us in the late Spring. Point Click Care goes live on December 1<sup>st</sup>, 2016.
- Mr. Allen invited the volunteer of board members to attend the Board Training Conference in Phoenix schedule for February. **Connie Sipe and David Lam agreed to attend.**

**B. Medical Staff Report & Recommendations:** Dr. Golub gave an update on the Bylaws rewrite project. Dr. Golub plans to speak with Ms. Blackman and will get back to the board at the beginning of the year with more updates.

**C. Quality Committee Report:** Steve Hartford briefly went over the progress on the Q-Statim reporting system. All involved have been very pleased with the new process. Steve Gage announced that November 1<sup>st</sup> there will be a Quality Improvement Steering Committee meeting and November 8<sup>th</sup> is the regularly scheduled Quality Improvement meeting.

**9. Board & Liaison Reports:**

A. Connie Sipe went over the CEO Evaluation documents distributed to the board and asked each of the members to complete the evaluation and return to her by November 18<sup>th</sup>. The final review will be presented in Executive Session at the December 1<sup>st</sup> Board Meeting.

**10. Announcements:** No Announcements.

**11. Adjourn:** Mr. Bertacchi declared the meeting adjourned at 8:45pm.

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*Minutes recorded and summarized by Beth Kindig*

APPROVED: \_\_\_\_\_

Board Secretary

Date: \_\_\_\_\_

**LETTER OF INTENT**

This letter of intent (“**Letter of Intent**”), which is effective as of November \_\_\_\_, 2016 (the “**Effective Date**”), sets forth a nonbinding agreement in principle between **SouthEast Alaska Regional Health Consortium** (hereinafter referred to as “**SEARHC**”), a nonprofit tribal health consortium of 18 Native communities established under the provisions of the Indian Self-Determination Act, and **Sitka Community Hospital** (hereinafter referred to as “**SCH**”), a municipal general hospital and a component unit of the City and Borough of Sitka, Alaska. Each of SCH and SEARHC is hereinafter individually termed a “**Party**,” and collectively they are termed the “**Parties**.”

**Recitals.**

**WHEREAS**, the community envisions enhanced healthcare services in Sitka that rely on coordinating the Parties’ strengths and collaborating on the community’s healthcare priorities.

**WHEREAS**, the Parties serve overlapping service areas in the City and Borough of Sitka, both providing inpatient and outpatient services.

**WHEREAS**, the service area population is rapidly aging, and the community is unlikely to see meaningful population growth that is necessary to sustain the current scope of quality of services of the Parties in the current configurations.

**WHEREAS**, Medicare and Medicaid rate freezes, combined with Alaska’s state budget crisis and decreased oil prices, could result in decreased reimbursement and increased demands on local funding priorities.

**WHEREAS**, SCH desires to become less reliant on cash infusions, such as capital support and lines of credit from the City and Borough of Sitka.

**WHEREAS**, SEARHC draws patients from a larger service area and operates clinics in 18 communities throughout Southeast Alaska, which will allow the Sitka community to access healthcare services, cost structures, and infrastructure scaled to the larger population of Southeast Alaska.

**WHEREAS**, the Parties collaborating to provide care for the same patient populations and reducing duplication of services, would enable the Parties to sustain and expand clinical services for the community.

**NOW, THEREFORE**, the Parties wish to enter into a time-limited period of nonbinding, exclusive, confidential negotiations concerning a Proposed Affiliation (hereinafter referred to as the “**Proposed Transaction**”).

**Section 1. Purpose and Objectives for the Proposed Transaction**

Specific terms of the alignment will be determined through joint negotiation. SEARHC and SCH are executing this Letter of Intent formally to set forth their mutual intent to further

pursue an alignment strategy through detailed transaction planning and definitive document development. Excluding the binding provisions described in Section 2, the contents of this LOI are nonbinding. The Parties wish to (i) first develop, by June 30, 2017 (which date the Parties may extend by mutual agreement) a mutually acceptable term sheet (hereinafter referred to as the “**Term Sheet**”) describing the Parties’ more specific goals and intended key structures and approaches for the Proposed Transaction and (ii) then reach agreement on the next steps to be taken before developing mutually acceptable, legally binding definitive agreements (hereinafter referred to as the “**Definitive Agreements**”):

The purpose of the Proposed Transaction will be to become the premier healthcare provider in the communities the Parties serve, improving community health through the sustainable provision of a broad array of high-quality clinical services. The Parties desire for the Proposed Transaction to achieve the following objectives (hereinafter referred to as the “**Objectives**”):

- 1.1 Improve quality and safety throughout the continuum of care and reduce the cost of providing such care by integrating clinical and administrative systems.
- 1.2 Develop enhanced medical expertise, specialties, and complementary resources for improved patient outcomes and better patient care experiences.
- 1.3 Preserve and enhance the quality of healthcare provided to patients.
- 1.4 Create a financially thriving enterprise with operational efficiencies that enables the expansion of services with the intent of optimizing patient care and enhancing access to capital.
- 1.5 Enhance access to a broad array of healthcare services for the patients in Sitka and the surrounding communities
- 1.6 Enhance the long-term ability of the Parties to secure capital and operational funding for the provision and expansion of services for patients.
- 1.7 Ensure equitable employment opportunities to attract and retain high-quality providers and staff to meet patient healthcare needs.
- 1.8 Facilitate an IT platform that will maximize efficiency, patient safety, and quality of care while meeting the challenges of, and opportunities provided by, healthcare reform.
- 1.9 Preserve equal access to healthcare services for all individuals in the communities and provide high-quality, culturally appropriate care.
- 1.10 Create operational efficiencies with the intent of optimizing patient care, realizing economies of scale, and reducing costs for patients and purchasers of healthcare services.

- 1.11 Enable capital investments for new and improved buildings and equipment that are currently not financially and operationally possible.
- 1.12 Enable the new healthcare entity to meet SEARHC's Indian Health Service legal and funding obligations as well as allow for community input for the maintenance or provision of services within Sitka.
- 1.13 No terms of the Proposed Transaction, and nothing in the Definitive Agreements, shall require, or be interpreted to require, SCH or SEARHC to conduct any activity or take any action that could cause it to contravene or compromise its philosophy, mission, or values.

## **Section 2. Nonbinding Letter of Intent; Binding Provisions**

With the exception of the provisions in this Section 2 (hereinafter referred to as the "**Binding Provisions**"), all other provisions of this Letter of Intent are not legally binding and do not create or constitute any legally binding obligations whatsoever between SEARHC and SCH, and neither SEARHC nor SCH shall have any obligation or liability to the other Party with respect to the Proposed Transaction unless and until Definitive Agreements, in form and substance satisfactory to each Party and its respective counsel, are executed and delivered by and between the Parties.

- 2.1 Access Until the Termination Date. Subject to the confidentiality provisions the Parties may enter pursuant to the Confidentiality and Nondisclosure Agreement, (hereinafter referred to as the "**CNDA**"; see APPENDIX A), each of SEARHC and SCH will provide the other Party with reasonable access consistent with this transaction, to its respective facilities, books, and records (during normal business hours), and shall cause its respective directors, employees, accountants, attorneys, and other agents and representatives (collectively, the "**Representatives**") to cooperate reasonably with the other Party in connection with such Party's due diligence investigation of its assets, contracts, liabilities, operations, records, and other aspects of its business.

Each Party may, as part of the due diligence process, provide the other Party, and such other Party's outside counsel and/or outside consultant, with various due diligence materials. Certain of this information may be determined by the disclosing Party to be competitively sensitive. Such information will be disclosed in accordance with guidelines consistent with state and federal antitrust laws as may be identified and agreed upon by the Parties. Any delivery or exchange of competitively sensitive due diligence information must be made in compliance with state and federal antitrust laws.

- 2.2 Exclusive Dealing Until the Termination Date. During the term of this Letter of Intent, SEARHC and SCH agree that neither shall, directly or indirectly, solicit or negotiate any potential merger, acquisition, consolidation, or other relationship with any other entity that would be in lieu of the Proposed Transaction being pur-

sued by the Parties; provided that this shall not preclude the Parties from negotiating or undertaking arrangements in the ordinary course of business. Each Party will immediately notify the other of any contact initiated by any other person regarding any such offer or proposal or any related inquiry.

- 2.3** Costs. Except as otherwise provided in the Definitive Agreements, each Party will pay its own legal, accounting, out-of-pocket, and other expenses incident to this LOI and to any action taken by such Party in preparation for the evaluation and discussions regarding the transactions. As previously agreed, the Parties will share the consultant advisor costs related to the affiliation efforts.
- 2.4** Termination. This Letter of Intent shall terminate on the “**Termination Date,**” which date shall be the earliest of (i) October 1, 2017 (unless mutually extended by the Parties hereafter in writing), (ii) the date on which this Letter of Intent is terminated by either Party (as provided below) or by the Parties’ mutual agreement, or (iii) the date the Parties execute the Definitive Agreements. Notwithstanding the foregoing or any other term in this Letter of Intent to the contrary, however, either Party may, in its sole discretion for any reason, with or without cause, terminate this Letter of Intent immediately upon written notice to the other Party, without penalty or liability.

Upon termination of the Binding Provisions, each Party will have no further obligations hereunder, except as expressly provided in any binding written agreement that each Party may enter into in the future, which will survive any such termination.

- 2.5** Publicity. Each Party will undertake commercially reasonable efforts to coordinate with the other Party any public announcement by such Party during the term of this Letter of Intent, where possible.
- 2.6** No Assignment. Neither Party may assign any or all of its rights or obligations under this Letter of Intent.
- 2.7** Survival. The terms and provisions of the following Sections of this Letter of Intent shall survive the termination or expiration of this Letter of Intent: CNDA, 2.3, 2.4, and 2.6,

### **Section 3. Other Provisions**

- 3.1** Good Faith. SEARHC and SCH shall negotiate in good faith in an attempt to (i) first reach agreement on the Term Sheet and then reach agreement on and finalize the terms of the Definitive Agreements, in forms consistent with and in furtherance of the Objectives, and consistent with this Letter of Intent, and (ii) then submit them for approval by SEARHC’s and SCH’s boards and the Sitka Assembly, respectively.



- 3.2** No Violation. Each Party has relied on the other Party's representation that it is not currently bound under any binding or enforceable contract or agreement with any third party which would materially interfere with the transactions contemplated hereby. This Letter of Intent, and the transactions contemplated hereby, will not violate any contract, agreement, or commitment binding on either Party.
- 3.3** Effect. SEARHC and SCH understand that the detailed terms of the transaction and the preparation of Definitive Agreements remain to be developed and agreed upon. Effecting the Proposed Transaction is contingent upon the final negotiation of those terms, satisfactory due diligence, regulatory approvals, formal approval by the boards of both organizations and the Sitka Assembly, and the execution of satisfactory Definitive Agreements, at the discretion of each.
- 3.4** No Waiver. No failure or delay by a Party in exercising its rights under this Letter of Intent shall operate as a waiver hereof, nor shall a waiver of any single right or remedy preclude exercise thereof or of any other right or remedy.
- 3.5** Governing Law. This Letter of Intent shall be governed by and construed and enforced in accordance with the laws of the State of Alaska.
- 3.6** Notices. The Binding Provisions constitute the entire agreement between the Parties and supersede all prior oral or written agreements, understandings, representations and warranties, and courses of conduct and dealing between the Parties on the subject matter thereof. Except as otherwise provided herein, the Binding Provisions may be amended or modified only by a document executed by each Party.

Any notices delivered under this Letter of Intent shall be deemed delivered when personally delivered, or five days after they are deposited with the United States Postal Service, certified mail, return receipt requested, or upon delivery by reputable overnight carrier with signature upon receipt required, addressed to the Parties at their addresses set forth below. Either Party may change the address to which notices are to be sent by mailing written notice thereof to the other Party as provided in this Letter of Intent.

If to SCH:

Rob Allen, MPA  
Chief Executive Officer  
Sitka Community Hospital  
209 Moller Avenue  
Sitka, Alaska 99835-7142

If to SEARHC:

Dan Neumeister, MHA, FACHE  
Chief Operating Officer  
SouthEast Alaska Regional Health Consortium  
3100 Channel Drive, Suite 300

Juneau, Alaska 99801-7837

**3.7** Counterparts. This Letter of Intent may be executed in one or more counterparts, each of which will be deemed an original copy of this Letter of Intent and all of which, when taken together, will be deemed to constitute one and the same instrument. Executed versions of this Letter of Intent may be delivered by the Parties via facsimile or email, either or both of which shall constitute delivery of an original.

The Parties hereby execute this Letter of Intent to be effective as of the Effective Date.

**SouthEast Alaska Regional Health  
Consortium**

**Sitka Community Hospital**

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**Appendix A**  
**Confidentiality and**  
**Nondisclosure Agreement**

**CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT**

This Confidentiality and Nondisclosure Agreement (hereinafter referred to as the “Agreement”) is by and between SouthEast Alaska Regional Health Consortium (hereinafter referred to as “SEARHC”) and Sitka Community Hospital (hereinafter referred to as “SCH”).

**Recitals.**

**WHEREAS**, SEARHC possesses certain proprietary financial, economic, and business information relating to SEARHC’s practice, operations, policies, procedures, and methodologies; and

**WHEREAS**, SCH possesses certain proprietary financial, economic, and business information relating to SCH’s operations, policies, procedures, and methodologies; and

**WHEREAS**, SEARHC and SCH would like to exchange such information for the purpose of evaluation and analysis in order to determine whether SEARHC and SCH would like to enter into a business transaction or relationship.

**NOW, THEREFORE**, for and in consideration of the mutual covenants contained herein, the Parties do hereby agree as follows:

1. SCH agrees to keep any information concerning SEARHC that is furnished by or on behalf of SEARHC, whether furnished before, at the time of, or after the date of this Agreement (collectively, the “SEARHC Information”) in strict confidence and not to disclose or otherwise use the SEARHC Information for any purpose other than for the performance of the evaluation herein described. Accordingly, SCH agrees to treat the SEARHC Information that it receives as it would its own proprietary information and to take all reasonable precautions to prevent the unauthorized disclosure to any third party of the SEARHC Information.

2. SEARHC agrees to keep any information concerning SCH that is furnished by or on behalf of SCH, whether furnished before, at the time of, or after the date of this Agreement

(collectively, the “SCH Information” and together with the SEARHC Information, the “Information”) in strict confidence and not to disclose or otherwise use the SCH Information for any purpose other than for the performance of the evaluation herein described. Accordingly, SEARHC agrees to treat the SCH Information that it receives as it would its own proprietary information and to take all reasonable precautions to prevent the unauthorized disclosure to any third party of the SCH Information.

3. Each Party agrees that the Information may be disclosed to such Party’s directors, board members, officers, employees, agents, and advisers who need to know such Information for the purposes of performing the evaluation herein described (it being agreed that such directors, board members, officers, employees, agents, and advisers shall be informed by such Party of the confidential nature of the Information and that by receiving such Information, such Parties are agreeing to be bound by the terms of this Agreement).

4. The Information provided by each Party for the purpose of this evaluation remains the property of the providing Party and, if requested, will be returned promptly.

5. Unless a Party has obtained the prior written consent of the other Party, such Party will not, and will direct its directors, officers, employees, agents, and advisers not to, disclose to any person either the fact that discussions or negotiations are taking place concerning a possible transaction between SEARHC and SCH or any of the terms, conditions, or other facts with respect to any such possible transaction, including the status thereof.

6. The above notwithstanding, each Party’s obligation of confidence with respect to the Information disclosed hereunder (including items described in Section 3 above) shall not include:

- (a) Information that, at the time of disclosure, is published, known publicly, or is otherwise in the public domain;

- (b) Information that, after disclosure, is published or becomes known publicly or otherwise becomes part of the public domain, through no fault of the Party to whom the Information was disclosed;
- (c) Information that, prior to the time of disclosure, is known to the Party who received the Information, as evidenced by its written records;
- (d) Information that has been or is disclosed in good faith by a third party who was not or is not under any obligation of confidence or secrecy to the disclosing Party at the time such third party disclosed such Information; and
- (e) Information that is required to be disclosed in compliance with applicable laws or regulations or by order of a court or other regulatory body of competent jurisdiction.

7. If either Party is requested (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand, or similar process) to disclose any of the Information (the “Disclosing Party”) to which it owes an obligation of confidence, then the Disclosing Party agrees to notify the other Party (the “Non-Disclosing Party”) promptly of such request(s) and the documents requested thereby so that the Non-Disclosing Party may seek an appropriate protective order and/or waive in writing the Disclosing Party’s compliance with the provisions of this Agreement. It is further agreed that, if in the absence of a protective order or the receipt of a waiver hereunder, the Disclosing Party is nonetheless, in the opinion of the Disclosing Party’s counsel, compelled to disclose any of the Information to which it owes an obligation of confidence or else stand liable for contempt or suffer other penalty from any tribunal or governmental or similar authority, the Disclosing Party may disclose such information without liability hereunder; in such a case, the Disclosing Party shall give the Non-Disclosing Party written notice of the Information to be so disclosed as far in advance of its disclosure as is practicable and shall cooperate with the Non-Disclosing Party’s efforts to obtain an order or other reliable assurance that confidential treatment will be accorded to such portion of the Information required to be disclosed.

8. At any time upon a Party's request, the other Party shall promptly redeliver all Information whether in such Party's possession or the possession of such Party's directors, officers, employees, agents, or advisers. All documents, memoranda, notes, and other writings whatsoever (including all copies, extracts, or other reproductions) prepared by a Party or such Party's advisers based on the Information shall be destroyed. The redelivery of such material shall not relieve a Party of its obligation of confidentiality or other obligations hereunder.

9. The disclosure of the Information pursuant to this Agreement shall not result in any obligation on the part of either Party to enter into any future agreement relating to such Information or to undertake any other obligation not specifically set forth in a written agreement signed by the Parties.

10. It is understood and agreed that no failure or delay by either Party in exercising any right, power, or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise of any right, power, or privilege.

11. It is understood and agreed that money damages would not be a sufficient remedy for any breach of this Agreement and that the Non-Breaching Party shall be entitled to specific performance and injunctive or other equitable relief as a remedy for any such breach. Such remedy shall not be deemed to be the exclusive remedy for a breach of this Agreement but shall be in addition to all other remedies available at law or equity. In any action between the Parties to enforce any terms or provisions of this Agreement, the prevailing Party in the action shall be entitled to reimbursement of its reasonable costs and expenses, including, without limitation, costs, expenses, and reasonable attorneys' fees.

12. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Alaska, without giving effect to the principles of conflict of laws thereof.

13. This Agreement may be executed in one or more counterparts, each of which shall be an original, with the same effect as if the signatures thereto were upon one instrument.

**IN WITNESS WHEREOF**, the Parties intending to be legally bound have caused this Agreement to be executed by their duly authorized representatives as of the last date written below.

**SouthEast Alaska Regional Health  
Consortium**

**Sitka Community Hospital**

Name: \_\_\_\_\_

Name: \_\_\_\_\_

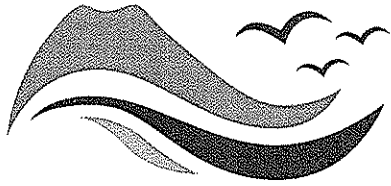
Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_





## MEMORANDUM

**To:** Chairman Bertacchi and Board members;  
Rob Allen, CEO

**From:** Steven Hartford, Director of Operations *S.H.*

**Date:** November 23, 2016

**Subject:** Capital Budget for fiscal 2017

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In accordance with City policy, all equipment purchases or facility upgrade projects which exceed \$5,000.00 are deemed to be Capital purchases. The attached spreadsheet is the current list of capital needs as produced by all departments in advance of the budget year which commenced on July 1, 2016. This list has been updated and prioritized by the senior leadership and submitted to the CEO for his review and approval.

The total capital funding available in the current budget is \$419,976.00. This number is detailed at the bottom of the attached spreadsheet.

The administration is seeking Board approval of the prioritized expenditures listed as priority # 1 on the budget along with the flexibility to substitute, subject to the CEO's or his designee's approval, any item from the #2 priority list should one or more of the #1 items need to be deferred due to scheduling, lack of availability or changed circumstances.



Brave Heart Volunteers provide quality education and support services for families and individuals facing health challenges such as terminal or chronic illness, dementia, disabilities, hospitalization, or end of life.

**MISSION:** We provide, with our volunteers and community partners, compassionate caregiving, companionship, respite and education to those facing illness, isolation, end of life and grief.

**VALUES:** Dignity, Kindness, Compassion, Respect and Community

**POSITIVES:** Sitka reputation, volunteer base, special events, endowment

## **SERVICES**

### 1. Volunteer Companionship:

- a. Volunteers at Brave Heart are compassionate, caring, and available up to 2 hours a week to connect with your loved one and provide you with much-needed respite. Volunteers are not trained to provide medical assistance of any kind, but can spend time conversing, walking, playing cards, or reading with your loved one and can also assist with minor household tasks, light yard work, cooking or cleaning.
- b. End of Life Companionship: Specially trained End of Life Volunteers are available to provide companionship support to your family or loved one, or to anyone facing an End of Life situation. The original vision of Brave Heart Volunteers founders Jean Frank and Auriella Hughes was that in Sitka, no one who wants company will die alone.

### 2. Education and Training

- a. Delivered monthly, the C:ARE (Connect: Advocacy, Resources and Education) series provides support, education, and a safe, confidential space for Sitka's caregivers to gather, learn, and share experiences. Network with others in similar situations, learn more about caregiving, and tap into local and national resources. Examples "Dying Matters" ADRD Topics.
- b. Lending Library: Come by our office at the Pioneer Home Manager's House to explore our Lending Library, which includes resources such as DVDs and books about Alzheimer's Disease and Related Dementia, Grief and Bereavement, Caregiving, and End of Life.

### 3. Grief and Bereavement

- a. NorthStar Support Group: Led by Erin Matthes, our Therapeutic Care Manager, this is a peer support experience that combines a variety of writing and art activities with discussions that reflect the issues and concerns of its members. A closed 8-week session, it offers the opportunity to share experiences and develop relationships with a consistent group of peers following the loss of a loved one.
- b. The Friends in Grief program matches newly bereaved community members with a volunteer who has experienced a similar loss. The volunteer has participated in a grief support group and completed volunteer training.
- c. Heart Notes: We deliver a bereavement series of consolatory notes to those who have lost a loved one at planned intervals over a period of 13 months

## Potential Partnership Between Brave Heart Volunteers and Sitka Community Hospital

### Assumptions:

- Need for palliative care that is coordinated from clinical to community-based to individual
- Partner with liked minded/mission organizations – Sitka Community Hospital is the only entity BHV is looking to partner with.
- No other agency provides the services of BHV
- Sitka is aging
- Economy of Sitka is challenging – hard to support so many small non-profits

### BHV current situation that makes this time right for considering organizational restructuring

1. Staff turnover – current staffing. The Executive Director position has not been filled. Grant funded positions have been phased out.
  - a. Erin Matthes, Therapeutic Care Manager (20 hours week)
    - i. The Therapeutic Care Manager develops and implements a range of services to: inform, support, and guide patients and families through the process of /grief bereavement before, at the time of, and after the death of a loved one; educate, train, and support individuals in their professional or volunteer roles as grief/bereavement care providers; and anticipate and respond to community education and supportive needs related to grief/bereavement.
  - b. AmeriCorp Volunteer (40 hours/week)
    - i. Coordinate volunteer program, office management and special events
2. Board Member Recruitment - The majority of BHV's board has been with the organization for many years. The Board has made organizational restructuring (merger, joint agreement etc.) a top strategic priority.
3. Grants are being phased out – BHV is no longer making youth grief a priority due to lack of funding.
4. BHV must shrink or merge with another entity.

Possible Structure  
to get conversation started  
- Draft Straw Man

Fundraising  
w/ BHU's  
donors' grant  
contacts  
Use BHU's existing  
Board to help.

SCH Fndt.

SCH BOARD

Auxiliary

Special Events  
Volunteer's  
Use BHU's existing  
Board to join

SCH

Outside

CLINIC

HOME HEALTH

Nursing

Palliative Care

Nurses

BHW

EQT

Cont. Ed.

Clinical

Community engage

Nols

Educ

Grief

# ***SITKA COMMUNITY HOSPITAL***

## **FINANCIAL REPORTING PACKAGE**

**FISCAL YEAR 2017**

**For the four months ended October 31, 2016**



**SITKA COMMUNITY HOSPITAL**  
**Financial Reporting Package**  
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**SITKA COMMUNITY HOSPITAL**  
**Statement of Revenues and Expenses**  
For the four months ended October 31, 2016

Month Actual	Month Budget	\$ Variance	% Variance		YTD Actual	YTD Budget	\$ Variance	% Variance	Prior YTD	% Variance
				<b>Gross Patient Revenue:</b>						
\$368,296	\$355,363	\$12,933	3.6%	1. Inpatient revenue	\$1,944,798	\$1,404,950	\$539,848	38.4%	\$1,390,094	39.9%
1,432,162	1,480,133	(47,971)	-3.2%	2. Outpatient revenue	6,171,310	6,210,463	(39,153)	-0.6%	5,621,590	9.8%
426,464	407,002	19,462	4.8%	3. Longterm care revenue	1,685,411	1,615,136	70,275	4.4%	1,425,727	18.2%
<u>2,226,922</u>	<u>2,242,498</u>	<u>(15,576)</u>	<u>-0.7%</u>	4. <b>Total gross patient revenue</b>	<u>9,801,519</u>	<u>9,230,549</u>	<u>570,970</u>	<u>6.2%</u>	<u>8,437,411</u>	<u>16.2%</u>
				<b>Deductions from Revenue:</b>						
48,629	209,262	160,633	76.8%	5. Contractual adjustments	167,664	861,362	693,698	80.5%	637,301	73.7%
0	0	0	n/a	6. Prior year settlements	0	0	0	n/a	0	n/a
121,336	26,434	(94,902)	-359.0%	7. Bad debt expense	538,733	108,808	(429,925)	-395.1%	129,821	-315.0%
1,819	6,816	4,997	73.3%	8. Charity and other deductions	4,206	28,057	23,851	85.0%	53,830	92.2%
<u>171,784</u>	<u>242,512</u>	<u>70,728</u>	<u>29.2%</u>	9. <b>Total deductions from revenue</b>	<u>710,603</u>	<u>998,227</u>	<u>287,624</u>	<u>28.8%</u>	<u>820,952</u>	<u>13.4%</u>
<u>2,055,138</u>	<u>1,999,986</u>	<u>55,152</u>	<u>2.8%</u>	10. <b>Net patient revenue</b>	<u>9,090,916</u>	<u>8,232,322</u>	<u>858,594</u>	<u>10.4%</u>	<u>7,616,459</u>	<u>19.4%</u>
				<b>Other Revenue</b>						
0	0	0	n/a	11. Inkind Service - PERS/USAC	0	0	0	n/a	0	n/a
42,878	31,208	11,670	37.4%	12. Other revenue	126,535	123,825	2,710	2.2%	128,273	-1.4%
<u>42,878</u>	<u>31,208</u>	<u>11,670</u>	<u>37.4%</u>	13. <b>Total other operating revenue</b>	<u>126,535</u>	<u>123,825</u>	<u>2,710</u>	<u>2.2%</u>	<u>128,273</u>	<u>-1.4%</u>
<u>2,098,016</u>	<u>2,031,194</u>	<u>66,822</u>	<u>3.3%</u>	14. <b>Total operating revenue</b>	<u>9,217,451</u>	<u>8,356,147</u>	<u>861,304</u>	<u>10.3%</u>	<u>7,744,732</u>	<u>19.0%</u>
				<b>Expenses:</b>						
1,083,364	991,513	(91,851)	-9.3%	15. Salaries and wages	4,216,445	3,938,623	(277,822)	-7.1%	3,670,050	-14.9%
501,682	510,411	8,729	1.7%	16. Employee benefits	2,028,328	2,033,940	5,612	0.3%	1,815,714	-11.7%
118,372	123,414	5,042	4.1%	17. Supplies	527,463	539,724	12,261	2.3%	531,443	0.7%
126,839	119,034	(7,805)	-6.6%	18. Purchased services	522,474	476,136	(46,338)	-9.7%	462,966	-12.9%
107,258	117,205	9,947	8.5%	19. Professional services	381,758	465,040	83,282	17.9%	410,468	7.0%
60,305	69,226	8,921	12.9%	20. Depreciation and amortization	240,776	277,841	37,065	13.3%	317,524	24.2%
33,286	31,134	(2,152)	-6.9%	21. Utilities	134,951	124,536	(10,415)	-8.4%	141,657	4.7%
62,213	55,896	(6,317)	-11.3%	22. Repairs and maintenance	231,789	223,584	(8,205)	-3.7%	167,994	-38.0%
12,042	16,669	4,627	27.8%	23. Insurance	50,758	66,676	15,918	23.9%	63,415	20.0%
11,543	25,500	13,957	54.7%	24. Rentals and leases	49,885	102,000	52,115	51.1%	70,408	29.1%
55,396	52,423	(2,973)	-5.7%	25. Traveler service	313,781	240,891	(72,890)	-30.3%	122,059	-157.1%
9,122	9,697	575	5.9%	26. Other expense	34,225	38,788	4,563	11.8%	39,616	13.6%
18,161	7,104	(11,057)	-155.6%	27. Minor equipment	60,995	28,416	(32,579)	-114.7%	21,114	-188.9%
8,724	8,825	101	1.1%	28. Training and education	34,521	35,300	779	2.2%	35,443	2.6%
9,053	5,127	(3,926)	-76.6%	29. Collection fees	22,454	20,508	(1,946)	-9.5%	18,498	-21.4%
6,507	4,449	(2,058)	-46.3%	30. Advertising	34,478	17,796	(16,682)	-93.7%	14,536	-137.2%
8,259	2,222	(6,037)	-271.7%	31. Recruitment and relocation	41,142	42,222	1,080	2.6%	12,907	-218.8%
<u>2,232,126</u>	<u>2,149,849</u>	<u>(82,277)</u>	<u>-3.8%</u>	32. <b>Total expenses</b>	<u>8,926,223</u>	<u>8,672,021</u>	<u>(254,202)</u>	<u>-2.9%</u>	<u>7,915,812</u>	<u>-12.8%</u>
<u>(134,110)</u>	<u>(118,655)</u>	<u>(15,455)</u>	<u>-13.0%</u>	33. <b>Income (loss) from operations</b>	<u>291,228</u>	<u>(315,874)</u>	<u>607,102</u>	<u>192.2%</u>	<u>(171,080)</u>	<u>270.2%</u>



<b>SITKA COMMUNITY HOSPITAL</b> <b>Statement of Revenues and Expenses</b> <b>For the four months ended October 31, 2016</b>
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Month Actual	Month Budget	\$ Variance	% Variance		YTD Actual	YTD Budget	\$ Variance	% Variance	Prior YTD	% Variance
				<i>Nonoperating Gains(Losses):</i>						
1,100	1,667	(567)	-34.0%	34. Donations	4,227	6,668	(2,441)	-36.6%	13,541	-68.8%
6,712	10,833	(4,121)	-38.0%	35. Grant revenue	57,520	43,332	14,188	32.7%	45,180	27.3%
(370)		(370)	n/a	36. Gain (loss) on disposal of assets	(1,983)		(1,983)	n/a	0	n/a
1,250	425	825	194.1%	37. Interest revenue	3,148	1,686	1,462	86.7%	1,197	163.0%
(1,199)	(1,201)	2	0.2%	38. Interest expense	(4,874)	(4,969)	95	1.9%	(5,653)	13.8%
<u>7,493</u>	<u>11,724</u>	<u>(4,231)</u>	<u>-36.1%</u>	39. <b>Net nonoperating gains (losses)</b>	<u>58,038</u>	<u>46,717</u>	<u>11,321</u>	<u>24.2%</u>	<u>54,265</u>	<u>7.0%</u>
<u>(126,617)</u>	<u>(106,931)</u>	<u>(19,686)</u>	<u>-18.4%</u>	40. <b>Income (loss) before transfers</b>	<u>349,266</u>	<u>(269,157)</u>	<u>618,423</u>	<u>229.8%</u>	<u>(116,815)</u>	<u>399.0%</u>
				<i>Transfers In:</i>						
0	13,016	(13,016)	-100.0%	41. City Support - Capital	0	52,064	(52,064)	-100.0%	0	n/a
70,398	57,753	12,645	21.9%	42. City Support - Tobacco Tax	216,042	229,149	(13,107)	-5.7%	125,130	72.7%
<u>70,398</u>	<u>70,769</u>	<u>(371)</u>	<u>-0.5%</u>	43. <b>Total transfers in</b>	<u>216,042</u>	<u>281,213</u>	<u>(65,171)</u>	<u>-23.2%</u>	<u>125,130</u>	<u>72.7%</u>
<u>(\$56,219)</u>	<u>(\$36,162)</u>	<u>(\$20,057)</u>	<u>-55.5%</u>	44. <b>Total income (loss) after transfers</b>	<u>\$565,308</u>	<u>\$12,056</u>	<u>\$553,252</u>	<u>4589.0%</u>	<u>\$8,315</u>	<u>-6698.7%</u>

**SITKA COMMUNITY HOSPITAL**  
**Key Volume Indicators**  
For the four months ended October 31, 2016

<u>Current Month</u>					<u>Year-To-Date</u>						
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>				<u>Actual</u>	<u>Budget</u>	<u>Variance</u>		<u>Prior YTD</u>	<u>Variance %</u>
		<u>Amount</u>	<u>%</u>					<u>Amount</u>	<u>%</u>		
					<b>Hospital Inpatient</b>						
19	14	5	35.7%	1.	Admissions	91	64	27	42.2%	73	24.7%
126	104	22	21.2%	2.	Patient Days	566	429	137	31.9%	412	37.4%
4.1	3.4	0.7	21.2%	3.	Average Daily Census	4.6	3.5	1.1	31.9%	3.3	37.4%
33.9%	28.0%	5.9%	21.2%	4.	Percentage of Occupancy	38.3%	29.1%	9.3%	31.9%	27.9%	37.4%
-	-	-	n/a	5.	Average Length of Stay - Acute	-	-	-	n/a	-	n/a
616	537	79	14.7%	6.	Adjusted Patient Days	2,362	2,325	37	1.6%	2,078	13.7%
-	-	-	n/a	7.	Outpatient Observation Days	-	-	0	n/a	-	n/a
					<b>Newborn</b>						
10	5	5	100.0%	9.	Patient Days	29	13	16	123.1%	12	141.7%
5	3	2	66.7%	10.	Deliveries	16	11	5	45.5%	10	60.0%
2.0	1.7	(0.3)	-20.0%	11.	Average Length of Stay	1.8	1.2	(0.6)	-53.4%	1.2	51.0%
					<b>Long Term Care</b>						
0	0	0	n/a	12.	Admissions	3	1	2	200.0%	1	200.0%
377	341	36	10.6%	13.	Resident Days	1,488	1,353	135	10.0%	1,228	21.2%
12.2	11.0	1	10.6%	14.	Average Daily Census	12.1	11.0	1	10.0%	10.0	21.2%
81.1%	73.3%	7.7%	10.6%	15.	Percentage of Occupancy	80.7%	73.3%	7.3%	10.0%	66.6%	21.2%
					<b>Other Services</b>						
					Surgical Visits						
4	2	2	100.0%	16.	-Inpatient	11	6	5	83.3%	6	83.3%
16	20	(4)	-20.0%	17.	-Outpatient	70	91	(21)	-23.1%	86	-18.6%
20	22	(2)	-9.1%	18.	<b>Total</b>	81	97	(16)	-16.5%	92	-12.0%
127	156	(29)	-18.6%	19.	Emergency Room Visits	698	822	(124)	-15.1%	856	-18.5%
2,474	2,342	132	5.6%	20.	Outpatient Visits	10,089	9,449	640	6.8%	9,733	3.7%
2,601	2,498	103	4.1%	21.	<b>Total</b>	10,787	10,271	516	5.0%	10,589	1.9%
5,680	5,310	370	7.0%	22.	Pharmacy Line Items	26,691	26,675	16	0.1%	22,402	19.1%
363	373	(10)	-2.7%	23.	Radiology Procedures	1,639	1,555	84	5.4%	1,624	0.9%
1,883	1,837	46	2.5%	24.	Lab Tests	9,036	7,605	1,431	18.8%	7,683	17.6%
1,714	1,641	73	4.4%	25.	Rehab Services Units	7,127	6,709	418	6.2%	7,553	-5.6%
18	14	4	28.6%	26.	Infusion Services	86	63	23	36.5%	79	8.9%
224	102	122	119.6%	27.	Home Health Visits	672	405	267	65.9%	238	182.4%
975	1,028	(53)	-5.2%	28.	Clinic Visits	3,832	3,741	91	2.4%	3,118	22.9%

( ) or - indicates an unfavorable variance

<b>SITKA COMMUNITY HOSPITAL</b> <b>Key Operational Indicators</b> <b>For the four months ended October 31, 2016</b>
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<u>Current Month</u>					<u>Year-To-Date</u>						
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>			<u>Actual</u>	<u>Budget</u>	<u>Variance</u>		<u>Prior YTD \$</u>	<u>Prior YTD %</u>	
		<u>Amount</u>	<u>%</u>				<u>Amount</u>	<u>%</u>			
164.7	159.6	(5.1)	-3.2%	1.	Regular Full Time Equivalents (FTE's)	163.9	159.6	(4.3)	-2.7%	155.9	-5.1%
0.0	0.0	0.0	n/a	2.	Contract/Travel Full Time Equivalents (FTE's)	0.0	0.0	0.0	n/a	0.0	n/a
164.7	159.6	(5.1)	-3.2%	3.	<i>Total FTE's</i>	163.9	159.6	(4.3)	-2.7%	155.9	-5.1%
\$2,070	\$2,277	(\$208)	-9.1%	4.	Net Patient Revenue per Adjusted Patient Day	\$2,361	\$2,238	\$123	5.5%	\$2,304	2.5%
\$1,091	\$1,129	\$38	3.4%	5.	Salary Expense per Adjusted Patient Day	\$1,095	\$1,071	(\$24)	-2.3%	\$1,110	1.3%
\$119	\$141	\$21	15.2%	6.	Supply Expense per Adjusted Patient Day	\$137	\$147	\$10	6.6%	\$161	14.8%
\$2,187	\$2,369	\$182	7.7%	7.	Operating Expense before Depreciation - Per Adjusted Patient Day	\$2,256	\$2,282	\$26	1.1%	\$2,298	1.8%
\$2,248	\$2,448	\$200	8.2%	8.	Total Operating Expense per Adjusted Patient Day	\$2,318	\$2,358	\$39	1.7%	\$2,394	3.2%
(\$135)	(\$135)	\$0	0.0%	9.	Net Operating Margin per Adjusted Patient Day	\$76	(\$86)	\$162	188.1%	(\$52)	-246.2%
2.2%	9.3%	7.1%	76.6%	10.	Contractual Adj. as a % of Gross Revenue	1.7%	9.3%	7.6%	81.7%	7.6%	77.4%
0.1%	0.3%	0.2%	73.1%	11.	Charity/Other Ded. as a % of Gross Revenue	0.0%	0.3%	0.3%	85.9%	0.6%	93.3%
5.4%	1.2%	-4.3%	-362.2%	12.	Bad Debt as a % of Gross Revenue	5.5%	1.2%	-4.3%	-366.3%	1.5%	-257.2%
-6.0%	-5.3%	-0.8%	-14.6%	13.	Operating Margin	3.8%	-3.2%	7.0%	217.6%	-1.5%	351.2%
-2.6%	-1.7%	-0.9%	51.0%	14.	Total Margin	6.0%	0.1%	5.8%	4190.1%	0.1%	-5575.9%
				15.	Days Cash on Hand	81.6				19.2	324.1%
				16.	Days in A/R	37.3				47.6	21.5%

FTE's - Contract/Travelers to be reported in the future

( ) or - indicates unfavorable variance

**SITKA COMMUNITY HOSPITAL**

**Balance Sheet**

**October 31, 2016**

**ASSETS**

	<b>October 2016</b>	<b>September 2016</b>	<b>June 2016</b>	<b>October 2015</b>
<b>Current Assets:</b>				
1. Cash - operating	\$3,026,535	\$3,107,449	\$2,590,037	\$2,359,659
2. Cash - savings	2,020,665	2,020,665	2,020,665	
3. Cash - restricted	129,395	129,395	129,395	129,790
4. Total cash	<u>5,176,595</u>	<u>5,257,509</u>	<u>4,740,097</u>	<u>2,489,449</u>
5. Patient receivables	4,704,493	4,424,373	4,175,172	4,265,544
6. Less: allowance for contractals & bad debt	(1,875,660)	(1,775,113)	(1,059,903)	(1,394,085)
7. Net patient receivables	<u>2,828,833</u>	<u>2,649,260</u>	<u>3,115,269</u>	<u>2,871,459</u>
8. Due from 3rd party payors	0	0	0	1,618,073
9. Other receivables	138,150	141,172	202,193	38,296
10. Inventories	368,601	363,990	357,822	330,234
11. Prepaid expenses	37,306	54,592	160,969	216,253
12. Total current assets	<u>8,549,485</u>	<u>8,466,523</u>	<u>8,576,350</u>	<u>7,563,764</u>
<b>Property and Equipment:</b>				
13. Assets in service	20,403,061	20,345,034	20,406,495	20,347,484
14. Assets in progress	111,993	104,193	60,548	69,381
15. Total property and equipment	<u>20,515,054</u>	<u>20,449,227</u>	<u>20,467,043</u>	<u>20,416,865</u>
16. Less: accumulated depreciation	(16,132,177)	(16,075,952)	(15,989,633)	(15,405,588)
17. Net property and equipment	<u>4,382,877</u>	<u>4,373,275</u>	<u>4,477,410</u>	<u>5,011,277</u>
<b>Deferred Outflows:</b>				
18. Pension	3,538,873	3,538,873	3,538,873	1,063,576
19. Total assets	<u><b>\$16,471,235</b></u>	<u><b>\$16,378,671</b></u>	<u><b>\$16,592,633</b></u>	<u><b>\$13,638,617</b></u>

**LIABILITIES & FUND BALANCE**

	<b>October 2016</b>	<b>September 2016</b>	<b>June 2016</b>	<b>October 2015</b>
<b>Current Liabilities:</b>				
20. Accounts payable	\$622,121	\$517,741	\$673,554	\$847,113
21. Accrued payroll liabilities	775,270	615,578	875,820	865,386
22. Accrued vacation	763,282	741,615	796,659	760,926
23. Deferred 3rd party payor settlement	1,695,665	1,695,665	1,695,665	1,695,665
24. Due to 3rd party payors	1,015,256	1,052,638	1,060,132	0
25. Holiday savings payable	192,155	176,795	129,395	193,820
26. Resident trust payable	1,454	1,288	977	626
27. Line of credit payable	905,512	936,676	1,400,000	1,400,000
28. Current portion of long-term debt	76,560	76,560	76,560	73,730
29. Total current liabilities	<u>6,047,275</u>	<u>5,814,556</u>	<u>6,708,762</u>	<u>5,837,266</u>
<b>Long-Term Debt:</b>				
30. Note payable - MOB	326,996	333,317	352,217	404,786
<b>Other Long-term Liabilities:</b>				
31. Net Pension Liability	15,650,585	15,650,585	15,650,585	9,504,067
32. Total liabilities	<u>22,024,856</u>	<u>21,798,458</u>	<u>22,711,564</u>	<u>15,746,119</u>
<b>Deferred Inflows:</b>				
33. Difference in pension costs	277,080	277,080	277,080	1,098,043
<b>Net Position:</b>				
34. Unrestricted	(6,396,008)	(6,396,008)	(3,215,855)	(3,213,859)
35. Restricted	0	0	0	0
36. Current year net income (loss)	565,308	699,142	(3,180,155)	8,315
37. Total net position	<u>(5,830,701)</u>	<u>(5,696,867)</u>	<u>(6,396,011)</u>	<u>(3,205,545)</u>
38. Total liabilities and fund balance	<u><b>\$16,471,235</b></u>	<u><b>\$16,378,671</b></u>	<u><b>\$16,592,633</b></u>	<u><b>\$13,638,617</b></u>

SITKA COMMUNITY HOSPITAL  
Statement of Revenues and Expenses  
FISCAL YEAR 2017

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total	FY16 YTD	% VAR
<i>Gross Patient Revenue:</i>															
1. Inpatient revenue	\$606,958	\$554,661	\$368,296	\$414,883									1,944,798	\$1,390,094	39.9%
2. Outpatient revenue	1,597,218	1,747,480	1,432,162	1,394,450									6,171,310	5,621,590	9.8%
3. Longterm care revenue	401,846	434,076	426,464	423,025									1,685,411	1,425,727	18.2%
4. <b>Total gross patient revenue</b>	<b>2,606,022</b>	<b>2,736,217</b>	<b>2,226,922</b>	<b>2,232,358</b>									<b>9,801,519</b>	<b>8,437,411</b>	<b>16.2%</b>
<i>Deductions from Revenue:</i>															
5. Contractual adjustments	77,560	133,193	48,629	(91,718)									167,664	637,301	73.7%
6. Prior year settlements	0	0											0	0	n/a
7. Bad debt expense	104,114	56,271	121,336	257,012									538,733	129,821	-315.0%
8. Charity and other deductions	319	2,068	1,819	0									4,206	53,830	92.2%
9. <b>Total deductions from revenue</b>	<b>181,993</b>	<b>191,532</b>	<b>171,784</b>	<b>165,294</b>									<b>710,603</b>	<b>820,952</b>	<b>13.4%</b>
10. <b>Net patient revenue</b>	<b>2,424,029</b>	<b>2,544,685</b>	<b>2,055,138</b>	<b>2,067,064</b>									<b>9,090,916</b>	<b>7,616,459</b>	<b>19.4%</b>
<i>Other Revenue</i>															
11. Inkind Service - PERS/USAC	0	0	0	0									0	0	n/a
12. Other revenue	23,897	27,093	42,878	32,667									126,535	128,273	-1.4%
13. <b>Total other operating revenue</b>	<b>23,897</b>	<b>27,093</b>	<b>42,878</b>	<b>32,667</b>									<b>126,535</b>	<b>128,273</b>	<b>-1.4%</b>
14. <b>Total operating revenue</b>	<b>2,447,926</b>	<b>2,571,778</b>	<b>2,098,016</b>	<b>2,099,731</b>									<b>9,217,451</b>	<b>7,744,732</b>	<b>19.0%</b>
<i>Expenses:</i>															
15. Salaries and wages	978,535	1,017,551	1,083,364	1,136,995									4,216,445	3,670,050	-14.9%
16. Employee benefits	490,751	498,328	501,682	537,567									2,028,328	1,815,714	-11.7%
17. Supplies	146,099	138,065	118,372	124,927									527,463	531,443	0.7%
18. Purchased services	104,600	145,171	126,839	145,864									522,474	462,966	-12.9%
19. Professional services	95,608	100,426	107,258	78,466									381,758	410,468	7.0%
20. Depreciation and amortization	59,955	60,305	60,305	60,211									240,776	317,524	24.2%
21. Utilities	32,435	36,467	33,286	32,763									134,951	141,657	4.7%
22. Repairs and maintenance	53,494	66,159	62,213	49,923									231,789	167,994	-38.0%
23. Insurance	14,268	12,485	12,042	11,963									50,758	63,415	20.0%
24. Rentals and leases	11,711	12,146	11,543	14,485									49,885	70,408	29.1%
25. Traveler service	97,173	111,029	55,396	50,183									313,781	122,059	-157.1%
26. Other expense	6,792	7,785	9,122	10,526									34,225	39,616	13.6%
27. Minor equipment	9,609	20,645	18,161	12,580									60,995	21,114	-188.9%
28. Training and education	3,445	9,678	8,724	12,674									34,521	35,443	2.6%
29. Collection fees	3,300	2,787	9,053	7,314									22,454	18,498	-21.4%
30. Advertising	9,208	10,152	6,507	8,611									34,478	14,536	-137.2%
31. Recruitment and relocation	19,793	9,762	8,259	3,328									41,142	12,907	-218.8%
32. <b>Total expenses</b>	<b>2,136,776</b>	<b>2,258,941</b>	<b>2,232,126</b>	<b>2,298,380</b>									<b>8,926,223</b>	<b>7,915,812</b>	<b>-12.8%</b>
33. <b>Income (loss) from operations</b>	<b>311,150</b>	<b>312,837</b>	<b>(134,110)</b>	<b>(198,649)</b>									<b>291,228</b>	<b>(171,080)</b>	<b>-270.2%</b>

SITKA COMMUNITY HOSPITAL  
Statement of Revenues and Expenses  
FISCAL YEAR 2017

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total	FY16 YTD	% VAR
<i>Nonoperating Gains(Losses):</i>															
34. Donations	(73)	0	1,100	3,200									4,227	13,541	-68.8%
35. Grant revenue	0	50,808	6,712	0									57,520	45,180	27.3%
36. Gain (loss) on disposal of assets	0	(1,169)	(370)	(444)									(1,983)	0	n/a
37. Interest revenue	552	695	1,250	651									3,148	1,197	163.0%
38. Interest expense	(1,259)	(1,249)	(1,199)	(1,167)									(4,874)	(5,653)	13.8%
39. <b>Net nonoperating gains (losses)</b>	<b>(780)</b>	<b>49,085</b>	<b>7,493</b>	<b>2,240</b>									<b>58,038</b>	<b>54,265</b>	<b>7.0%</b>
40. <b>Income (loss) before transfers</b>	<b>310,370</b>	<b>361,922</b>	<b>(126,617)</b>	<b>(196,409)</b>									<b>349,266</b>	<b>(116,815)</b>	<b>399.0%</b>
<i>Transfers In:</i>															
41. City Support - Capital	0	0	0	0									0	0	n/a
42. City Support - Tobacco Tax	40,135	42,934	70,398	62,575									216,042	125,130	72.7%
43. <b>Total transfers in</b>	<b>40,135</b>	<b>42,934</b>	<b>70,398</b>	<b>62,575</b>									<b>216,042</b>	<b>125,130</b>	<b>72.7%</b>
44. <b>Total income (loss) after transfers</b>	<b>\$350,505</b>	<b>\$404,856</b>	<b>(\$56,219)</b>	<b>(\$133,834)</b>									<b>\$565,308</b>	<b>\$8,315</b>	<b>-6698.7%</b>
45. <b>FY17 Budget</b>	<b>\$103,725</b>	<b>\$14,686</b>	<b>(\$70,195)</b>	<b>(\$36,162)</b>									<b>\$12,054</b>		
46. <b>FY17 Variance</b>	<b>\$246,780</b>	<b>\$390,170</b>	<b>\$13,976</b>	<b>(\$97,672)</b>									<b>\$553,254</b>		

<b>SITKA COMMUNITY HOSPITAL</b>
<b>Key Volume Indicators</b>
<b>FISCAL YEAR 2017</b>

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total	FY16 YTD	% Change
<b>Hospital Inpatient</b>															
1. Admissions	20	33	19	19									91	73	24.7%
2. Patient Days	180	152	108	126									566	412	37.4%
3. Average Daily Census	5.8	4.9	3.6	4.1									4.6	3.3	37.4%
4. Percentage of Occupancy	48.4%	40.9%	30.0%	33.9%									38.0%	110.8%	-65.7%
5. Average Length of Stay - Acute	0.0	0.0	0.0	0.0									0.0	0.0	n/a
6. Adjusted Patient Days	654	631	528	616									2,362	2,078	13.7%
7. Outpatient Observation Days	0	0	0	0									0	0	n/a
<b>Newborn</b>															
9. Patient Days	7	10	2	10									29	12	141.7%
10. Deliveries	4	6	1	5									16	10	60.0%
11. Average Length of Stay	1.8	1.7	2.0	2.0									1.8	1.2	51.0%
<b>Long Term Care</b>															
12. Admissions	2	1	0	0									3	1	200.0%
13. Resident Days	341	380	390	377									1,488	1,228	21.2%
14. Average Daily Census	11.0	12.3	13.0	12.2									12.1	10.0	21.2%
15. Percentage of Occupancy	73.3%	81.7%	86.7%	81.1%									80.0%	264.1%	-69.7%
<b>Other Services</b>															
<b>Surgical Visits</b>															
16. -Inpatient	4	2	3	4									11	6	83.3%
17. -Outpatient	16	15	23	16									70	86	-18.6%
18. <b>Total</b>	18	17	26	20									81	92	-12.0%
19. Emergency Room Visits	225	202	144	127									698	856	-18.5%
20. Outpatient Visits	2,703	2,815	2,097	2,474									10,089	9,733	3.7%
21. <b>Total</b>	2,928	3,017	2,241	2,601									10,787	10,589	1.9%
22. Pharmacy Line Items	7,215	7,980	5,816	5,680									26,691	22,402	19.1%
23. Radiology Procedures	431	486	359	363									1,639	1,624	0.9%
24. Lab Tests	2,507	2,438	2,208	1,883									9,036	7,683	17.6%
26. Rehab Services Units	1,802	1,915	1,967	1,714									7,127	7,553	-5.6%
26. Infusion Services	23	26	19	18									86	79	8.9%
27. Home Health Visits	113	176	159	224									672	238	182.4%
28. Clinic Visits	921	956	980	975									3,832	3,118	22.9%

Sum of monthly adjusted patient days will not equal YTD which uses avg adjustment factor

( ) or - indicates unfavorable variance

<b>SITKA COMMUNITY HOSPITAL</b> <b>Key Operational Indicators</b> <b>FISCAL YEAR 2017</b>
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	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Apr	June	Total	FY16 YTD	% Change
1. Regular Full Time Equivalents (FTE's)	162.4	164.0	165.1	164.7									163.9	155.9	-5.1%
2. Contract/Travel Full Time Equivalents (FTE's)	0.0	0.0	0.0	0.0									0.0	0.0	n/a
3. Total FTE's	162.4	164.0	165.1	164.7									163.9	155.9	-5.1%
4. Net Patient Revenue per Adjusted Patient Day	\$2,437	\$2,517	\$2,239	\$2,070									\$2,361	\$2,304	2.5%
5. Salary Expense per Adjusted Patient Day	\$984	\$1,007	\$1,180	\$1,091									\$1,095	\$1,110	1.3%
6. Supply Expense per Adjusted Patient Day	\$147	\$137	\$129	\$119									\$137	\$161	14.8%
Operating Expense before Depreciation															
7. - Per Adjusted Patient Day	\$2,068	\$2,175	\$2,366	\$2,187									\$2,256	\$2,298	1.8%
8. Total Operating Expense per Adjusted Patient Day	\$2,129	\$2,235	\$2,432	\$2,248									\$2,318	\$2,394	3.2%
9. Net Operating Margin per Adjusted Patient Day	\$332	\$309	(\$146)	(\$135)									\$76	(\$52)	246.2%
10. Contractual Adj. as a % of Gross Revenue	2.2%	4.9%	2.2%	2.2%									1.7%	7.6%	77.4%
11. Charity/Other Ded. as a % of Gross Revenue	0.1%	0.1%	0.1%	0.1%									0.0%	0.6%	93.3%
12. Bad Debt as a % of Gross Revenue	4.0%	2.1%	5.4%	5.4%									5.5%	1.5%	-257.2%
13. Operating Margin	13.5%	14.1%	-6.0%	-6.0%									3.8%	-1.5%	351.2%
14. Total Margin before Transfers	14.9%	15.2%	-2.6%	-2.6%									6.0%	0.1%	#####
15. Days Cash on Hand	77.3	81.6	76.1	74.1									81.6	19.2	324.1%
16. Days in A/R	36.5	37.3	36.0	39.0									37.3	47.6	21.5%



<b>SITKA COMMUNITY HOSPITAL</b>
<b>Rate and Volume Variance Analysis</b>
<b>For the four months ended October 31, 2016</b>

<u>Current Month</u>					<u>Year-To-Date</u>						
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Rate</u>	<u>Volume</u>		<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Rate</u>	<u>Volume</u>	
\$368,296	\$355,363	\$12,933	(\$62,240)	\$75,173	1.	<b>Inpatient Revenue</b>	\$1,944,798	\$1,404,950	\$539,848	\$91,181	\$448,667
126	104	22			2.	Patient Days - Total	566	429	137		
\$2,923	\$3,417	(\$494)			3.	Inpatient Revenue per Patient Day	\$3,436	\$3,275	\$161		
\$1,432,162	\$1,480,133	(\$47,971)	(\$109,001)	\$61,030	4.	<b>Outpatient Revenue</b>	\$6,171,310	\$6,210,463	(\$39,153)	(\$351,158)	\$312,005
2,601	2,498	103			5.	Emergency Room & Outpatient Visits	10,787	10,271	516		
\$551	\$593	(\$42)			6.	Outpatient Revenue per ER/OP Visit	\$572	\$605	(\$33)		
\$426,464	\$407,002	\$19,462	(\$23,506)	\$42,968	7.	<b>Long Term Care Revenue</b>	\$1,685,411	\$1,615,136	\$70,275	(\$90,880)	\$161,155
377	341	36			8.	Resident Days	1,488	1,353	135		
\$1,131	\$1,194	(\$62)			9.	Long Term Care Revenue per Resident Day	\$1,133	\$1,194	(\$61)		
\$2,226,922	\$2,242,498	(\$15,576)	(\$194,747)	\$179,171	10.	<b>Total Gross Patient Revenue</b>	\$9,801,519	\$9,230,549	\$500,695	(\$350,857)	\$921,827
\$1,083,364	\$991,513	(\$91,851)	\$37,757	(\$129,608)	11.	<b>Salary and Wages</b>	\$4,216,445	\$3,938,623	(\$277,822)	(\$93,978)	(\$183,844)
993	878	115			12.	Adjusted Patient Days - Total	3,850	3,678	172		
\$1,091	\$1,129	\$38			13.	Salaries & Wages per Adjusted Patient Day	\$1,095	\$1,071	(\$24)		
\$118,372	\$123,414	\$5,042	\$21,174	(\$16,132)	14.	<b>Materials and Supplies</b>	\$527,463	\$539,724	\$12,261	\$37,454	(\$25,193)
993	878	115			15.	Adjusted Discharges - Total	3,850	3,678	172		
\$119	\$141	\$21			16.	Materials & Supplies per Adjusted Patient Day	\$137	\$147	\$10		

( ) or - indicates unfavorable variance

November 22 2016

Cash on Hand	\$ 4,538,000	
Medicaid Payable (Repaid by June 2017)	\$ (700,000)	(\$100,000 per month)
City Line of Credit (Monthly)	\$ (940,000)	(1/2 Tobacco Tax Receipts)
Cost Report possible payback	\$ (2,000,000)	Waiting for Audit Return
Restricted Funds	\$ (340,000)	
Available for Operations/Projects	\$ 558,000	
If Cost Report is favorable	\$ 2,558,000	

### SCH Goals

Pay off City Line of Credit by Dec 2018	\$ (940,000)
Pay Medicaid Payable by June 2017	\$ (700,000)
Cost Report payback settled. ASAP	
Grow Cash Reserves to 60 Days Cash on Hand	
Cash from Operations fully funding Budget, including Depreciation	
Not dependent on Tobacco Tax to balance budget	
Correctly staffed	
Increase Star rating of LTC/CAH	

### Short term projects, 1 to 3 years

New Electronic Health Records system implemented  
Policy and Procedure review and rewrite project  
Patient Centered Medical Home  
New administration offices to increase clinical space  
Review services provided and staffing levels  
Therapy pool for Rehab

### Medium to long term projects

New clinic/admin building  
New LTC and nursing home addition  
Upgrade existing building  
Acute care rooms  
Emergency Room

Upgrade surgery suite



Admin Team Report to the Board  
October 2016

**Selected stats include:**

4.2	Average daily census
5	Deliveries
1	Swing bed admit
127	Emergency room contacts
20	Surgeries
554	Rehab visits
1714	Rehab units
975	Clinic visits
716	Laboratory visits
1591 Procedures 343 Ref Procedures	Laboratory tests

**Growth**

The rehab units and visits appear decreased because they do not take into consideration the significant growth in home health. The spread of visits is just shifting but only the outpatient and inpatient statistics are counted here for units and visits. There were 96 home health PT and OT visits for the month of September.

**Community**

Bridget Hitchcock, PT presented the Explain Pain lecture. She also taught the OB TENS portion of the Childbirth Education class.

**People**

The radiology department is recruiting for an Ultrasound technologist. The Lab is also recruiting.



**Synopsis:**

October was a productive month at Mountainside Family Healthcare (MFHC). Some notable achievements include:

- 975 total patients seen in clinic
- 225 total visits for Home Health
- Hiring a new team members: Kyla Philips (RN), Shelia Egne (CNA) and Jennifer Cross (Dept Admin Ast)
- Sharing CNA's between MFHC and Home Health to increase Home Health Aide numbers

**Statistics and Graphs**

**MFHC:**

**Home Health/Infusion:**

**Patients Seen Per-Month by Provider**

**Patients Visits Per-Month**

	7/16	8/16	9/16	10/16
Bakkes, Kimberly	70	67	70	58
Baltodano, Neyton			87	103
Barnes, Jacquelyn	218	294	231	178
Brushafer, Debra	51	74	95	80
OB GYN CG, NM, SH	20	21	61	70
Ingallinera, Kathy	100	60	23	8
Peters, Betty	84	81		
Pohlman, Debra	73	110	130	111
Roesel, Charles	115	61	125	102
Wein, Richard	44	93	83	85
Locums	79		1	9
SP Clinic Nurse	2	2	1	2
Sullivan, Sharon	8	7	9	8
Clinic Nurse	57	86	64	161

Home Health			
	114 Skilled Nursing Visits		
	101 Therapy Visits		
	10 Home Health Aide Visits		
	Total: 225 Visits		
Infusion			
	25 Nursing Visits		
	Total: 19 visits		

	7/16	8/16	9/16	10/16
Total Clinic Visits	921	956	980	975

	7/16	8/16	9/16	10/16
MFHC-New Patients	84	76	71	44



**3<sup>rd</sup> next available appointment:**

Used rather than the "next available" appointment since it is a more sensitive reflection of true appointment availability. For example, an appointment may be open at the time of a request because of a cancellation or other unexpected event. Using the "third next available" appointment eliminates these chance occurrences from the measure of availability.

Kimberly Bakkes	11/11/2016	12/9/2016
Debra Brushafer	11/11/2016	11/23/2016
Debra Pohlman	11/11/2016	12/13/2016
Charles Roesel	11/11/2016	12/7/2016
Richard Wein	11/11/2016	11/13/2016
Jackie Barnes	11/11/2016	SAME DAY

**Recruitment:**

There is an ongoing effort to recruit an Internal Medicine provider to the clinic. This has slowed down our appointment pace per provider (as shown above in third next available appointment) and will be an integral part of moving forward as an organization.

**Quality:**

- Leah Rose and Sam Pate received their ONS Chemotherapy certification
- Lauren Thompson completed her Associates in Information Technology