

AGENDA

Board of Directors Meeting

5:30 PM - Monday, February 27, 2023

Click link to join Zoom meeting

Meeting ID: 878 0782 1015 Pwd: 931197 Phone Line: 669-900-9128 or 301-715-8592

Kelly Cooper,	Keriann Baker	Aaron Weisser
President		
Melissa Jacobsen,	M. Todd Boling, DO	Bernadette Wilson
Vice Pres.		
Julie Woodworth,	Matthew Hambrick	Beth Wythe
Secretary		
Walter Partridge,	Edson Knapp, MD	Ryan Smith, CEO
Treasurer		

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- 1. CALL TO ORDER
- 2. ROLL CALL
- 3. REFLECT ON LIVING OUR VALUES
- 4. WELCOME GUESTS & PUBLIC / INTRODUCTIONS / ANNOUNCEMENTS
- 4.1. Rules for Participating in a Public Meeting Rules for Participating in a Public Meeting
 - 5. COMMENTS FROM THE AUDIENCE ON ITEMS OF ANY MATTER
 - 6. APPROVAL OF THE AGENDA
 - 7. APPROVAL OF THE CONSENT CALENDAR
- 6 15
 7.1. Consideration to Approve the South Peninsula Hospital (SPH) Board of Directors meeting minutes for January 25, 2023.
 Board of Directors Jan 25 2023 Minutes DRAFT

7.2. 16 - 19 Consideration to Approve January 2023 Financials Balance Sheet January 2023 Income Statement January 2023 Cash Flows Statement January 2023 7.3. Consideration to Approve the Annual Report to the Contract Administrator 20 7.4. Consideration to Approve a Proclamation for Colleen James to Honor her Retirement with 34 Years of Service to South Peninsula Hospital Colleen James Proclamation Consideration to Approve the 2023 Quality Assurance & Performance 21 7.5. Improvement Plan for South Peninsula Hospital Home Health Home Health QAPI 2023 22 7.6. Consideration to Approve the 2023 Quality Assurance & Performance Improvement Plan for South Peninsula Hospital Long Term Care Long Term Care QAPI 2023 23 - 82 7.7. Consideration to Accept the Financial Audit for FY 2022 Financial Audit FY2022 8. **PRESENTATIONS** Presentation of Retirement Proclamation for Colleen James 8.1. 8.2. Health Care Provider Scholarship Committee (video) Presentation of Financial Audit FY22 by BDO 8.3. **UNFINISHED BUSINESS** 9. 10. **NEW BUSINESS** 83 10.1. Consideration to Approve SPH Resolution 23-06, A Resolution of the South Peninsula Hospital Board of Directors Approving the 2022 Discretionary Contribution for the Non-Union 403(b) Plan SPH Resolution 23-06 84 - 85 10.2. Consideration to Approve SPH Resolution 2023-07, A Resolution of the South Peninsula Hospital Board of Directors Approving a Partial Annuity Placement Buyout of the South Peninsula Hospital Employees' Pension Plan and Trust SPH Resolution 23-07 86 - 87 10.3.

SPH Resolution 2023-08, A Resolution of the South Peninsula Hospital and Board of Directors Approving a Plan amendment for the 457 Plan to Adhere to the Requirements of the Secure Act of 2019.

SPH Resolution 23-08

88 - 91 10.4. Consideration to Approve SPH Resolution 2023-09, A Resolution of the South Peninsula Hospital Board of Directors Approving the Request of Unobligated Service Area Funds and Unobligated Plant Replacement Expansion Funds to Support Updating the Long Term Care Heating Ventilation and Air Conditioning System

SPH Resolution 23-09

SPH LTC Cooling Estimate

SPH LTC Project Funds Remaining

11. REPORTS

92 - 99 11.1. Chief Executive Officer

Balanced Scorecard - 4Q 2022 2023 Balanced Scorecard - DRAFT

100 11.2. BOD Committee: Pension

Annual Pension Committee Chair Memo 2022 Annual Pension Committee Chair Memo

- 11.3. BOD Committee: Finance
- 11.4. BOD Committee: Governance
- 11.5. BOD Committee: Education (No iProtean video this month will resume with March meeting.)
- 11.6. Chief of Staff
- 11.7. Service Area Board Representative: Ralph Broshes

12. DISCUSSION

13. COMMENTS FROM THE AUDIENCE ON ITEMS OF ANY MATTER

14. COMMENTS FROM THE BOARD

(Announcements/Congratulations)

- 14.1. Chief Executive Officer
- 14.2. Board Members

15. INFORMATIONAL ITEMS

- 101 107 15.1. Patient Centered Care Quality Committee Minutes.

 PCCQ Minutes January 2023
 - 16. ADJOURN TO EXECUTIVE SESSION (IF NEEDED)
 - 17. ANNOUNCEMENTS AS A RESULT OF EXECUTIVE SESSION
 - 17.1. Credentialing
 - 18. ADJOURNMENT



MEMO

Administration 4300 Bartlett Street Homer, AK 99603 907-235-0325 ~ 907-235-0253, fax

To: Public Participants

From: Operating Board of Directors – South Peninsula Hospital

Re: Rules for Participating in a Public Meeting

The following has been adapted from the "Rules for Participating in a Public Meeting" used by Kenai Peninsula SAB of SPHI.

Each member of the public desiring to speak on any issue before the SPH Operating Board of Directors at tonight's meeting will be given an opportunity to speak to the following guidelines:

- Those who wish to speak will need to sign in on the sign in sheet being circulated. When the chair recognizes you to speak, you need to clearly give your name and the subject you wish to address.
- Please be concise and courteous, in time, so others present will have an opportunity to speak.
- Please observe normal rules of decorum and avoid disparaging by name the reputation or character of any member of the Operating Board of directors, the administration or personnel of SPHI, or the public. You cannot mention or use names of individuals.
- The Operating Board Directors may ask you to respond to their questions following your comments. You could be asked to give further testimony in "Executive Session" if your comments are directly related to a member of personnel, or management of SPHI, or dealing with specific financial matters, either of which could be damaging to the character of an individual or the financial health of SPHI, however, you are under no obligation to answer any question put to you by the Operating Board Directors.
- This is your opportunity to provide your support or opposition to matters that are within the areas of Operating Board of Directors governance. If you have questions, you may direct them to the chair.

These rules for participating in a public meeting were discussed and approved at the Board Governance Committee meeting on February 24, 2013.



MINUTES Board of Directors Meeting

6:00 PM - Wednesday, January 25, 2023 Conf Rms 1 & 2 and **7**00m

The Board of Directors of the South Peninsula Hospital was called to order on Wednesday, January 25, 2023, at 6:00 PM, in SPH Conference Rooms 1 & 2.

1. CALL TO ORDER

President Kelly Cooper called the regular meeting to order at 5:30 p.m.

2. ROLL CALL

BOARD PRESENT: President Kelly Cooper, Keriann Baker, Todd Boling, Matthew Hambrick,

Vice President Melissa Jacobsen, Edson Knapp, Treasurer Walter Partridge,

Aaron Weisser, Bernadette Wilson, Beth Wythe, and CEO Ryan Smith

BOARD EXCUSED: Secretary Julie Woodworth

ALSO PRESENT: Ryan Smith, CEO; Angela Hinnegan, COO; Anna Hermanson, CFO; Rachael

Kincaid, CNO; Christopher Landess, Chief of Staff; Helen Armstrong, SAB;

Lane Chesley; Maura Jones, Executive Assistant

*Due to the Zoom meeting format, only meeting participants who comment, give report or give presentations are noted in the minutes. Others may be

present on the virtual meeting.

2.1. A quorum was present.

3. REFLECT ON LIVING OUR VALUES

Rachael Kincaid, CNO, spoke about the newly developed in-house CNA training program. It was developed and taught by SPH staff to grow the next generation of healthcare professionals.

4. WELCOME GUESTS & PUBLIC / INTRODUCTIONS / ANNOUNCEMENTS

Ms. Cooper welcomed guests to the meeting.

4.1. Rules for Participating in a Public Meeting

5. COMMENTS FROM THE AUDIENCE ON ITEMS OF ANY MATTER

Lane Chesley, KPB Assembly representative, gave a report. It has been great to have Mayor Navarre in office as the interim Mayor. He has advocated for SPH infrastructure funding with the Senators. He has scheduled meetings with local property owners near SPH property.

6. APPROVAL OF THE AGENDA

Beth Wythe made a motion to approve the agenda as presented Edson Knapp seconded the motion. Motion Carried.

7. APPROVAL OF THE CONSENT CALENDAR

Melissa Jacobsen read the consent calendar into the record.

- 7.1. Consideration to Approve the South Peninsula Hospital (SPH) Board of Directors meeting minutes for December 7, 2022.
- 7.2. Consideration to Approve November and December FY23 Financials
- 7.3. Consideration to approve moving the February meeting date to Monday, February 27, 2023 due to conflict with the Rural Health Care Leadership Conference.
- 7.4. Consideration to Approve the Respiratory Protection Plan
- 7.5. Consideration to Accept the Annual Review of Board of Directors Bylaws and Board of Directors Policies submitted by the Governance Chair

8. PRESENTATIONS

8.1. SPH Financial Audit Presentation

The representative from BDO was not present on the call, so the presentation was tabled. Ms. Jones will reach out to reschedule for the next meeting.

9. UNFINISHED BUSINESS

10. NEW BUSINESS

10.1. Election of Officers for 2023

The election of officers was conducted.

Aaron Weisser made a motion. Whereas COVID-19 introduced unique and temporary challenges for South Peninsula Hospital AND our current president and treasurer are uniquely qualified to return the focus of the board toward long-term strategic planning, I motion to establish special circumstances warranting the extension of officer terms for Walter Partridge as Board Treasurer and Kelly Cooper as Board President for one year. Edson Knapp seconded the motion. Keriann Baker opposed, all other in favor. Motion Carried

Discussion: Ms. Baker noted she would not vote in favor of establishing special circumstances, even though she greatly respects Ms. Cooper and Mr. Partridge, because she does not believe there is sufficient need to establish a special circumstance, and that others are qualified to serve in those offices. Mr. Hambrick clarified that the motion was to allow Ms. Cooper and Mr. Partridge to be nominated, not to elect them to the positions.

Kelly Cooper and Melissa Jacobsen were nominated for the position of President and accepted the nominations. Board members voted through the electronic voting platform. Kelly Cooper won with a majority of the vote.

Melissa Jacobsen, Aaron Weisser and Walter Partridge were nominated for the position of President and accepted the nominations. Board members voted through the electronic voting platform. Aaron Weisser won with a majority of the vote.

Julie Woodworth was nominated for the position of Secretary. She was not present at the meeting but had previously expressed her willingness to serve. Board members voted through the electronic voting platform. Julie Woodworth won with a majority of the vote.

Walter Partridge was nominated for the position of Treasurer and accepted the nominations. Board members voted through the electronic voting platform. Walter Partridge won with a majority of the vote.

The outcome of the election for 2023 officers is as follows:
President - Kelly Cooper
Vice President - Aaron Weisser
Secretary - Julie Woodworth
Treasurer - Walter Partridge

Aaron Weisser made a motion Whereas COVID-19 introduced unique and temporary challenges for South Peninsula Hospital AND our current president and treasurer are uniquely qualified to return the focus of the board toward long-term strategic planning, I motion to establish special circumstances warranting the extension of officer terms for Walter Partridge as Board Treasurer and Kelly Cooper as Board President for one year. Edson Knapp seconded the motion. Motion Carried.

10.2. Consideration to Approve SPH Board Resolution 2023-01, A Resolution of the South Peninsula Hospital Board of Directors Approving the Use of \$250,000 Plant Replacement Expansion Funds to Fund the Preliminary Design Project for Hospital Infrastructure Replacement and Deferred Maintenance.

Angela Hinnegan, COO, reported. There are two infrastructure projects that need to be completed. They are both compliance issues. One is involves the generator and the other is the HVAC issues in Long Term Care. John Hedges and the borough put this together to get the design work for the infrastructure changes.

Discussion: Mr. Hambrick asked about the next steps for the process. Ms. Hinnegan responded the borough will handle the RFP. Mr. Partridge added the Finance Committee discussed this at their meeting and recommended approval. This also went to the Service Area Board first due to the meeting schedule, and they recommended approval as well.

Aaron Weisser made a motion to approve SPH Board Resolution 2023-01, A Resolution of the South Peninsula Hospital Board of Directors Approving the Use of \$250,000 Plant Replacement Expansion Funds to Fund the Preliminary Design Project for Hospital Infrastructure Replacement and Deferred Maintenance. Beth Wythe seconded the motion. Motion Carried.

A roll call vote was conducted.

Melissa Jacobsen Yes Excused Julie Woodworth Walter Partridge Yes Keriann Baker Yes Todd Boling Yes Matthew Hambrick Yes Edson Knapp Yes Aaron Weisser Yes Bernadette Wilson Yes Beth Wythe Yes

10.3. Consideration to Approve SPH Board Resolution 2023-02, A Resolution of the South Peninsula Hospital Board of Directors Approving the Capital Budget for Fiscal Year 2024.

Anna Hermanson, CFO, reported. This is the annual resolution requesting the funds for the capital budget for fiscal year 2024. The amounts are included in the resolution. The details of each capital project were not included in the packet, so Ms. Jones forwarded them to the board via email.

Mr. Partridge added the projects were reviewed at Finance Committee and the committee recommended approval.

Matthew Hambrick made a motion to approve SPH Board Resolution 2023-02, A Resolution of the South Peninsula Hospital Board of Directors Approving the Capital Budget for Fiscal Year 2024. Keriann Baker seconded the motion. Motion Carried.

A roll call vote was conducted.

Melissa Jacobsen Julie Woodworth Excused Walter Partridge Yes Keriann Baker Yes Todd Boling Yes Matthew Hambrick Yes Edson Knapp Yes Aaron Weisser Yes Bernadette Wilson Yes Beth Wythe Yes

10.4. Consideration to Approve SPH Board of Directors Resolution 2023-03, A Resolution of the South Peninsula Hospital Board of Directors Approving an Increase to the Limitation on the Total Cumulative Annual Cost of Real Property Leases in which SPH, Inc. is the Sole Lessee and Requesting Amendments to the Operating Agreement Regarding Leases for Contract Labor Housing.

Ryan Smith, CEO, reported. Hospital Administration was planning to lease an additional property, to accommodate a standalone OB/Gyn clinic, which would bring us very close to the maximum amount allowed per the Operating Agreement with the Kenai Peninsula Borough. This resolution allows for an increase to that limit. It also clarifies that the limit does not apply to leases for staff housing. This was discussed with the mayor during his visit to the hospital and he is supportive of the change.

Mr. Partridge added this was discussed at Finance Committee. Ms. Wilson asked for clarification on the new OB/Gyn clinic. Mr. Smith answered it would not replace the West Wing, but would be a separate clinic with Dr. Knapp and Dr. Ellis. Ms. Cooper asked what will be done with the vacated COVID testing site. We are in the process of renovating that area for future clinic space. Ms. Baker asked if Dr. Edson Knapp should recuse himself from the vote, since his wife will be occupying the new clinic space. After discussion, the board decided that was not necessary, as the vote relates to changes to the lease limits in the Operating Agreement, and does not directly involve the OB/Gyn clinic.

Keriann Baker made a motion to approve SPH Board of Directors Resolution 2023-03, A Resolution of the South Peninsula Hospital Board of Directors Approving an Increase to the Limitation on the Total Cumulative Annual Cost of Real Property Leases in which SPH, Inc. is the Sole Lessee and Requesting Amendments to the Operating Agreement Regarding Leases for Contract Labor Housing. Beth Wythe seconded the motion. Motion Carried.

A roll call vote was conducted.

Melissa Jacobsen Yes Julie Woodworth Excused Walter Partridge Yes Keriann Baker Yes Todd Boling Yes Matthew Hambrick Yes Edson Knapp Yes Aaron Weisser Yes Bernadette Wilson Yes Beth Wythe Yes

10.5. Consideration to Approve SPH Board of Directors Resolution 2023-04, A Resolution of the South Peninsula Hospital Board of Directors Approving Renewal of the Xerox Copy and Print Services Lease Contract with Kelley Services

Anna Hermanson, CFO, reported. This resolution will allow Administration to renew the contract that provides our Xerox copy and print services. The previous contract was with Office Tech, and they were bought out by Kelley Services. They will replace a large number of our printers, with no increase in the cost of the contract. If we were to bid this out, with the current supply chain issues, it would cause a huge disruption to the hospital's work flows. This is above the CEO signing authority, so it is being brought to the board for approval.

Mr. Partridge added this was reviewed and approved at the Finance Committee meeting.

Aaron Weisser made a motion to approve SPH Board of Directors Resolution 2023-04, A Resolution of the South Peninsula Hospital Board of Directors Approving Renewal of the Xerox Copy and Print Services Lease Contract with Kelley Services Keriann Baker seconded the motion. Motion Carried.

A roll call vote was conducted.

Melissa Jacobsen Yes Excused Julie Woodworth Walter Partridge Yes Keriann Baker Yes Todd Boling Yes Matthew Hambrick Yes Edson Knapp Yes Aaron Weisser Yes Bernadette Wilson Yes Beth Wythe Yes

10.6. Consideration to Approve SPH Resolution 2023-05, A Resolution of the South Peninsula Hospital Board of Directors Recommending Approval of the Kenai Peninsula Borough Assembly Resolution 2023-008 Establishing the Federal Congressional Priorities List for the Kenai Peninsula Borough for Fiscal Year 2024.

Ryan Smith, CEO, reported. The mayor met with Senator Murkowski's office and added funding for our infrastructure to the congressional priorities list. The resolution shows the hospital board's support.

Keriann Baker made a motion to approve SPH Resolution 2023-05, A Resolution of the South Peninsula Hospital Board of Directors Recommending Approval of the Kenai Peninsula Borough Assembly Resolution 2023-008 Establishing the Federal Congressional Priorities List for the Kenai Peninsula Borough for Fiscal Year 2024. Matthew Hambrick seconded the motion. Motion Carried.

A roll call vote was conducted.

Melissa Jacobsen Yes Julie Woodworth Excused

Walter Partridge Yes Keriann Baker Yes Todd Boling Yes Matthew Hambrick Yes Edson Knapp Yes Aaron Weisser Yes Bernadette Wilson Yes Beth Wythe Yes

11. REPORTS

11.1. Chief Executive Officer: Ryan Smith

Ryan Smith reported. New physicians Dr. Emma Mayfield (family medicine) and Dr. Erin Murphy (emergency department) have joined the team. Dr. Regina Lancaster just signed a contract to join us as another primary care physician at Homer Medical Center. We also interviewed Dr. Hans Amen and hope he will join the team at Homer Medical Center as well. The Balanced Scorecards is included in the packet. You will see we've also submitted a proposal for the scorecard for 2023. If you have any feedback, please let us know. We are still in the process of making sure we have all the appropriate indicators. Ms. Cooper requested a document that summarizes the changes, and Rachael Kincaid, CNO, agreed to put that together.

11.2. BOD Committee: Finance

Walter Partridge, Finance Chair, reported. The Finance Committee met last week and discussed all the resolutions on the agenda tonight. The financials for last month looked pretty good. There was a material finding in the audit dealing with the pension information not being provided in a certain format in a particular report, even though the information was included elsewhere. Ms. Cooper noted that was frustrating, considering how hard SPH's finance team works. Ms. Baker agreed that the finance team is very strong, and very appreciated by the board.

11.3. BOD Committee: Governance

Aaron Weisser, Governance Chair, reported. The Governance Committee met last week. We have temporarily tabled recusal guidance, as SPH is looking for a new lawyer for these sort of issues. The Bylaws and form revisions are complete. We are developing a policy review rotation, and working on simplified meeting rules for the board to follow in lieu of Robert's Rules, as well as job descriptions for the officers. We've discussed how to develop better relationships with the medical staff and are considering relaunching the Doctors Dinners. We've also discussed separating the CEO Evaluation process from the Governance Committee. The committee is also recommending a list of required reports that are discussed in the board policies. We can then develop a compliance calendar for requirements in board policies.

11.4. BOD Committee: Education

Discussion: iProtean Video: Governance Essentials Part I: The Board's Overarching Duties and Responsibilities

Melissa Jacobsen, Education Chair, reported. The Education committee has not met this month, but will need to start working on a board retreat for 2023. Everyone was asked to view the iProtean video on Governance. Ms. Jacobsen asked for discussion. Various board members noted their was a discrepancy between with Jamie Orlikoff told the board during the fall work session regarding conflict of interest, and what was taught in the module. Mr. Smith agreed to reach out to Mr. Orlikoff for clarification. The board generally agreed that the programming was good and the platform easy to use.

11.5. Chief of Staff: Christopher Landess, MD

Dr. Landess, Chief of Staff reported. The medical staff continues to work on recruitment. Dr. Murphy has been great to work with in the Emergency Department. Some physicians from JBER have been doing prn work in the ED as well. The medical staff appreciates the pieces falling into place at Homer Medical with new providers. He is supportive of bringing back Doctors Dinners.

11.6. Service Area Board Representative: Helen Armstrong

Helen Armstrong reported on behalf of the Service Area Board (SAB). The SAB has been reviewing resolutions coming to the Operating Board as well, sometimes in reverse order. We passed resolution 23-01 and started looking at the the capital budget. We'll vote on that in February. We also did a resolution on adopting the congressional priorities, like the operating board did tonite. The SAB is making some changes and hoping to stop doing contracts, and let those things go directly through the hospital (MAPP, All Things Addiction, etc.). This will simplify the SAB budget and allow the board to focus on hospital support. Ms. Cooper noted the board appreciates Ms. Armstrong's leadership on the SAB.

12. DISCUSSION

12.1. Discussion: Board of Directors Self Evaluation "I understand the long-term strategic plan of SPH and the board's role in accomplishing its strategic objectives"

Mr. Weisser led a discussion on this question from the board's self evaluation. He solicited feedback from those who scored this lower than other questions, and asked what might be helpful. Ms. Cooper noted the board has sometimes struggled with the strategic plan and how often it should be reviewed, and that should be clarified. Mr. Hambrick added that even if he understands the overall goals of the hospital, he can't give a concise answer to what is the strategic plan. Ms. Wythe said we've never developed a more detailed 3-5 year plan. Mr. Weisser feels we should have something easily consumable that can be put in front of the group often. Mr. Partridge agreed it needs to be revisited more often.

13. COMMENTS FROM THE AUDIENCE ON ITEMS OF ANY MATTER

There were no further comments from the audience.

14. COMMENTS FROM THE BOARD

(Announcements/Congratulations)

14.1. Chief Executive Officer

Mr. Smith shared that Anna Hermanson has accepted the permanent position of CFO. She has been serving as the interim CFO since August 2022.

14.2. Board Members

Bernadette Wilson appreciated the electronic voting system and thanked Aaron Weisser and Maura Jones for setting that up. Keriann Baker asked that the board take another look at the meeting calendar. One of the meetings falls on a Nutcracker show, and a number of staff members have children who participate. A May meeting also falls on the last day of school. Ms. Cooper agreed the board should look at the schedule. Beth Wythe appreciated the good discussion. Mr. Weisser has had recent visits to the Emergency Department with family members and thanked Dr. Landess for the incredible care given by that depart e bnt. Kelly Cooper shared there will be a Homeless Connect/Community Resource event at the SPARC on 1/31 and they are accepting donations at Coop's Coffee.

15. INFORMATIONAL ITEMS

16. ADJOURN TO EXECUTIVE SESSION

The board adjourned to Executive Session at 7:29pm. The board came out of executive session at 7:50pm for announcements.

17. ANNOUNCEMENTS AS A RESULT OF EXECUTIVE SESSION

17.1. Credentialing

After review of the applicants' files in Executive Session, Ms. Jacobsen moved to approve the following positions in the medical staff as requested and recommended by the Medical Executive Committee. Matthew Hambrick seconded the motion. Motion carried.

Appointments (Telemed/Telehealth*)

Barton, Christopher MD Anesthesiology/eICU Telemedicine Jones, Joshua MD Psychiatry/Telepsych Telemedicine Kwon, Soo Young MD Neurology/Telestroke Telemedicine

Appointments

Kowalski, Christopher MD Otolaryngology Courtesy Staff Oley III, William MD Emergency Med Courtesy Staff

Waite, Claire MD Radiology Courtesy Staff

Wray, Jesse MD Emergency Med Courtesy Staff

Reappointments

Blanton, Renae FNP Family Medicine Courtesy Staff

Martin Young, Sonja CNM Midwifery Courtesy Staff

Pratt, Christine PA-C Family Med/Gen Surgery Active Staff

Warren, Carrie FNP-C Family Medicine Active Staff Updated Privileges

All currently have remote read privileges only. Requesting on site radiology privileges.

Chen, Janice MD Radiology Courtesy Staff Evans, Dave MD Radiology Courtesy Staff Fowler, Kier MD Radiology Courtesy Staff Panko, Jessica MD Radiology Courtesy Staff Ross, Jordan MD Radiology Courtesy Staff Ryan, Tim MD Radiology Courtesy Staff

18. ADJOURNMENT The meeting was adjourned at 7:51pm.

Respectfully Submitted,	Accepted:
Maura Jones, Executive Assistant	Kelly Cooper, President
Minutes Approved:	
	Julie Woodworth, Secretary

South Peninsula Hospital

DRAFT-UNAUDITED

BALANCE SHEET As of January 31, 2023

		As of January 31, 2023	As of Jan 31, 2022	As of December 31, 2022	CHANGE FROM Jan 31, 2022
	ASSETS				
	CURRENT ASSETS:	00 500 405	10 001 007	00 440 040	1 004 100
1	CASH AND CASH EQUIVALENTS	23,523,135	18,661,997 8,861,051	23,418,940 9.503.549	4,861,138 966,816
2	EQUITY IN CENTRAL TREASURY TOTAL CASH	9,827,867 33,351,002	27,523,048	32,922,489	5,827,954
3	TOTAL GAGIT	00,001,002	21,323,040	32,322,403	3,021,304
4	PATIENT ACCOUNTS RECEIVABLE	29,752,952	30,795,970	29,119,390	(1,043,018)
5	LESS: ALLOWANCES & ADJ	(14,859,117)	(14,380,127)	(14,407,970)	(478,990)
6	NET PATIENT ACCT RECEIVABLE	14,893,835	16,415,843	14,711,420	(1,522,008)
7	PROPERTY TAXES RECV - KPB	188,957	228,352	237,340	(39,395)
8	LESS: ALLOW PROP TAX - KPB	(4,165)	(3,598)	(4,165)	(567)
9	NET PROPERTY TAX RECV - KPB	184,792	224,754	233,175	(39,962)
10	OTHER RECEIVABLES - SPH	1,387,379	446,462	881,708	940,917
11	INVENTORIES	1,971,057	1,829,575	1,964,261	141,482
12	NET PENSION ASSET- GASB	4,969,521	9,250,712	4,914,147	(4,281,191)
13	PREPAID EXPENSES	1,063,378	1,037,296	1,125,564	26,082
14	TOTAL CURRENT ASSETS	57,820,964	56,727,690	56,752,764	1,093,274
	ASSETS WHOSE USE IS LIMITED				
15	PREF UNOBLIGATED	7,415,304	10,602,311	6,795,866	(3,187,007)
16	PREF OBLIGATED	1,531,135	2,164,876	2,307,376	(633,741)
17	OTHER RESTRICTED FUNDS	72,733	78,243	123,483	(5,510)
	PROPERTY AND EQUIPMENT:	9,019,171	12,845,430	9,226,725	(3,826,259)
18	LAND AND LAND IMPROVEMENTS	4,114,693	4,111,915	4,114,693	2,778
19	BUILDINGS	67,588,920	67,101,465	67,494,237	487,455
20	EQUIPMENT	30,655,487	29,579,388	30,423,111	1,076,099
21	BUILDINGS INTANGIBLE ASSETS	2,456,899	0	2,382,262	2,456,899
22	EQUIPMENT INTANGIBLE ASSETS	462,427	0	462,427	462,427
23	IMPROVEMENTS OTHER THAN BUILDINGS	273,935	273,640	273,935	295
24	CONSTRUCTION IN PROGRESS	1,321,868	393,790	1,604,846	928,078
25	LESS: ACCUMULATED DEPRECIATION FOR FIXED ASSETS	(63,893,545)	(59,878,982)	(63,556,615)	(4,014,563)
26	LESS: ACCUMULATED AMORTIZATION FOR LEASED ASSETS	(676,638)	0	(636,757)	(676,638)
27	NET CAPITAL ASSETS	42,304,046	41,581,216	42,562,139	722,830
28	GOODWILL	10,000	22,000	11,000	(12,000)
29	TOTAL ASSETS	109,154,181	111,176,336	108,552,628	(2,022,155)
	DEFERRED OUTFLOWS OF RESOURCES				
30	PENSION RELATED (GASB 68)	4,530,917	(568,607)	4,530,917	5,099,524
31	UNAMORTIZED DEFERRED CHARGE ON REFUNDING	315,305	384,520	320,942	(69,215)
32	TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,846,222	(184,087)	4,851,859	5,030,309
33	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	114,000,403	110,992,249	113,404,487	3,008,154

		As of January 31, 2023	As of Jan 31, 2022	As of December 31, 2022	CHANGE FROM Jan 31, 2022
	LIABILITIES & FUND BALANCE				
	CURRENT LIABILITIES:				
34	ACCOUNTS AND CONTRACTS PAYABLE	1,358,524	1,810,031	1,497,752	(451,507)
35	ACCRUED LIABILITIES	7,165,117	7,260,523	6,648,667	(95,406)
36	DEFERRED CREDITS	(30,979)	1,944,997	(7,986)	(1,975,976)
37	CURRENT PORTION OF LEASE PAYABLE	398,862	0	382,284	398,862
38	CURRENT PORTIONS OF NOTES DUE	0	0	0	0
39	CURRENT PORTIONS OF BONDS PAYABLE	1,820,000	1,060,000	1,820,000	760,000
40	BOND INTEREST PAYABLE	132,144	154,542	97,182	(22,398)
41	DUE TO/(FROM) THIRD PARTY PAYERS	1,288,761	1,312,134	1,388,761	(23,373)
43	TOTAL CURRENT LIABILITIES	12,132,429	13,542,227	11,826,660	(1,409,798)
	LONG-TERM LIABILITIES				
44	NOTES PAYABLE	0	0	0	0
45	BONDS PAYABLE NET OF CURRENT PORTION	7,760,000	10,250,000	7,760,000	(2,490,000)
46	PREMIUM ON BONDS PAYABLE	450,203	610,303	462,370	(160,100)
47	CAPITAL LEASE, NET OF CURRENT PORTION	2,029,531	26,531	2,007,027	2,003,000
48	TOTAL NONCURRENT LIABILITIES	10,239,734	10,886,834	10,229,397	(647,100)
49	TOTAL LIABILITIES	22,372,163	24,429,061	22,056,057	(2,056,898)
50	DEFERRED INFLOW OF RESOURCES	0	0	0	0
51	PROPERTY TAXES RECEIVED IN ADVANCE	0	0	0	0
	NET POSITION				
52	INVESTED IN CAPITAL ASSETS	5,731,963	5,731,963	5,731,963	0
53	CONTRIBUTED CAPITAL - KPB	0	0	0	0
54	RESTRICTED	25,286	25,286	25,286	0
55	UNRESTRICTED FUND BALANCE - SPH	85,870,991	80,805,939	85,591,181	5,065,052
56	UNRESTRICTED FUND BALANCE - KPB	0	0	0	0
57	TOTAL LIAB & FUND BALANCE	114,000,403	110,992,249	113,404,487	3,008,154



INCOME STATEMENT As of January 31, 2023

DRAFT-UNAUDITED

			MON	ГН			YEAR TO DATE			
			01/31/23		01/31/22		01/31/23		01/31/22	
	Patient Service Revenue	Actual	Budget	Var B/(W)	Actual	Actual	Budget	Var B/(W)	Actual	
1	Inpatient	2.370.022	3,541,331	-33.08%	2,876,624	17,911,447	23,260,825	-23.00%	21,266,869	
2	Outpatient	12,234,909	12,527,537	-2.34%	10,436,704	88,190,851	85,157,604	3.56%	76,407,613	
3	Long Term Care	1,115,097	1,097,797	1.58%	921,413	7,452,895	7,684,579	-3.01%	5,602,570	
4	Total Patient Services	15,720,028	17,166,665	-8.43%	14,234,741	113,555,193	116,103,008	-2.19%	103,277,052	
	Deductions from Revenue									
5	Medicare	2,432,353	3,100,690	21.55%	2,712,169	21,737,999	23,351,161	6.91%	21,242,261	
6	Medicaid	2,535,062	2,200,747	-15.19%	2,133,499	16,077,996	16,573,730	2.99%	13,311,677	
7	Charity Care	63,064	131,622	52.09%	26,386	1,099,254	991,241	-10.90%	371,509	
8	Commercial and Admin	1,309,283	1,234,559	-6.05%	1,224,337	10,520,820	9,297,412	-13.16%	8,945,814	
9	Bad Debt	114,293	289,463	60.52%	5,214	1,569,068	2,179,934	28.02%	2,079,668	
10	Total Deductions	6,454,055	6,957,081	7.23%	6,101,605	51,005,137	52,393,478	2.65%	45,950,929	
11	Net Patient Services	9,265,973	10,209,584	-9.24%	8,133,136	62,550,056	63,709,530	-1.82%	57,326,123	
12	USAC and Other Revenue	59,250	61,664	-3.91%	62,129	434,401	431,654	0.64%	383,622	
13	Total Operating Revenues	9,325,223	10,271,248	-9.21%	8,195,265	62,984,457	64,141,184	-1.80%	57,709,745	
	Operating Expenses									
14		4,520,383	4,221,142	-7.09%	4,001,794	29,895,708	29,280,068	-2.10%	27,803,880	
15	Employee Benefits	1,898,181	2,729,289	30.45%	2,030,288	13,624,251	15,092,692	9.73%	11,996,246	
16	Supplies, Drugs and Food	886,077	1,272,791	30.38%	1,098,733	7,213,211	8,002,739	9.87%	7,355,546	
17	Contract Staffing	157,600	208,042	24.25%	510,427	1,694,166	1,138,790	-48.77%	2,584,482	
18	Professional Fees	576,340	486,035	-18.58%	568,505	3,817,864	3,056,735	-24.90%	3,220,311	
19 20	Utilities and Telephone	170,243	296,793	42.64% -20.11%	155,140	1,012,377	972,747	-4.07%	978,251	
21	Insurance (gen'l, prof liab, property) Dues, Books, and Subscriptions	61,255 21,744	51,001 20,369	-20.11% -6.75%	57,975 22,739	443,283 131,091	414,716 155,236	-6.89% 15.55%	415,836 141,402	
22	Software Maint/Support	150,807	20,309	26.84%	204,993	1,156,640	1,170,713	1.20%	1,068,916	
23	Travel, Meetings, Education	59,488	71,523	16.83%	48,895	325,652	418,418	22.17%	310,035	
24	Repairs and Maintenance	126,246	137,463	8.16%	158,413	1,036,263	901,554	-14.94%	898,094	
25	Leases and Rentals	66,704	72,745	8.30%	99,265	457,813	486,663	5.93%	531,418	
26	Other (Recruiting, Advertising, etc.)	157,161	83,124	-89.07%	82,034	920,425	581,783	-58.21%	655,943	
27	Depreciation & Amortization	337,928	345,889	2.30%	332,572	2,366,272	2,421,224	2.27%	2,278,089	
28	Total Operating Expenses	9,190,157	10,202,335	9.92%	9,371,773	64,095,016	64,094,078	0.00%	60,238,449	
29	Gain (Loss) from Operations	135,066	68,913	-95.99%	(1,176,508)	(1,110,559)	47,106	2457.57%	(2,528,704)	
	Non-Operating Revenues									
30	General Property Taxes	57,335	44,969	27.50%	55,305	4,793,359	4,500,399	6.51%	4,537,851	
31	Investment Income	127,020	9,750	1202.77%	(13,555)	192,572	68,253	182.14%	(272)	
32	Governmental Subsidies	0	0	0.00%	500,000	0	0	0.00%	1,183,072	
33	Other Non Operating Revenue	0	0	100.00%	0	2,937	0	100.00%	79,384	
34 35	Gifts & Contributions Gain <loss> on Disposal</loss>	0	0	0.00% 0.00%	406 0	0 6,572	0	0.00% 0.00%	406 0	
36	SPH Auxiliary	1,454	6	24133.33%	1	1,737	0 41	4136.59%	41	
37	•	185,809	54,725	239.53%	542,157	4,997,177	4,568,693	9.38%	5,800,482	
	, •									
38	Non-Operating Expenses Insurance	0	0	0.00%	0	0	0	0.00%	0	
39	Service Area Board	12,975	9,798	-32.42%	9,932	55,872	45,862	0.00%	45,367	
40	Other Direct Expense	7,383	3,600	-105.08%	8,296	9,604	25,201	61.89%	25,201	
41	Administrative Non-Recurring	0	0	0.00%	0	0	0	0.00%	0	
42	Interest Expense	38,530	28,432	-35.52%	32,233	272,588	199,020	-36.97%	225,631	
43	Total Non-Operating Expenses	58,888	41,830	-40.78%	50,461	338,064	270,083	-25.17%	296,199	
	Grants									
44	Grant Revenue	20,325	29,167	0.00%	347,268	241,915	204,166	0.00%	1,174,689	
45	Grant Expense	2,501	25,000	90.00%	13,784	17,510	175,000	89.99%	575,213	
46	Total Non-Operating Gains, net	17,824	4,167	327.74%	333,484	224,405	29,166	-669.41%	599,476	
47	Income <loss> Before Transfers</loss>	279,811	85,975	-225.46%	(351,328)	3,772,959	4,374,882	-13.76%	3,575,055	
48	Operating Transfers	0	0	0.00%	0	0	0	0.00%	0	
49	Net Income	279,811	85,975	-225.46%	(351,328)	3,772,959	4,374,882	P #@e	<u>1835f5,1637</u>	

DRAFT-UNAUDITED



Statement of Cash Flows As of January 31, 2023

	Cash Flow from Operations:	
1	YTD Net Income	3,772,959
2	Add: Depreciation Expense	2,366,272
3 4 5 6 7 8 9	Adj: Inventory (increase) / decrease Patient Receivable (increase) / decrease Prepaid Expenses (increase) / decrease Other Current assets (increase) / decrease Accounts payable increase / (decrease) Accrued Salaries increase / (decrease) Net Pension Asset (increase) / decrease Other current liability increase / (decrease)	91,447 1,624,375 (303,159) (843,386) (448,991) (945,809) (293,812) (1,089,509)
11	Net Cash Flow from Operations	3,930,387
	Cash Flow from Investing:	
12 13 14		(1,466,541) (1,276,373) 6,572
15	Net Cash Flow from Investing	(2,736,342)
	Cash Flow from Financing	
16 17	Cash paid for Lease Payable Cash paid for Debt Service	 - (893,484)
18	Net Cash from Financing	(893,484)
19	Net increase in Cash	\$ 300,561
20	Beginning Cash as of July 1, 2022	\$ 33,050,441
21	Ending Cash as of January 31, 2023	\$ 33,351,002



A PROCLAMATION RECOGNIZING COLLEN JAMES FOR OVER 34 YEARS OF SERVICE TO SOUTH PENINSULA HOSPITAL

WHEREAS, after 34 years spent at South Peninsula Hospital; and

WHEREAS, Colleen started as a new grad on Acute Care in 1988; and

WHEREAS, after a few back-to-back cases involving sexual assault, Colleen wrote a protocol for South Peninsula Hospital; and

WHEREAS, Colleen developed and launched the first Sexual Assault Response Team/Sexual Assault Nurse Examiner (SART/SANE) program in Alaska out of Homer in 1993; and

WHEREAS, Colleen has collaborated with organizations such as the Alaska Board of Nursing, Homer Police Department, the Alaska Court System, and the Alaska Nurses Association for decades; and

WHEREAS, Colleen has devoted herself to the protection of vulnerable populations in Homer and beyond; and

WHEREAS, Colleen has given countless hours of her time to provide support and education to the staff of South Peninsula Hospital; and

WHEREAS, Colleen leaves a large impact and legacy among community members and healthcare workers all over the state of Alaska.

NOW, THEREFORE, BE IT PROCLAIMED BY THE BOARD OF DIRECTORS OF SOUTH PENINSULA HOSPITAL:

THAT COLLEEN JAMES IS RECOGNIZED BY THE BOARD OF DIRECTORS FOR HER THIRTY FOUR YEARS OF SERVICE TO SOUTH PENINSULA HOSPITAL

PROCLAIMED BY THE BOARD OF DIRECTORS OF SOUTH PENINSULA HOSPITAL THIS 27th DAY OF FEBRUARY 2023.

Ryan Smith, Administrator	Kelly Cooper, Board President



2023 Quality Assurance & Performance Improvement (QAPI) Plan for South Peninsula Hospital Home Health

Vision

South Peninsula Hospital is the provider of choice with a dynamic and dedicated team committed to service excellence.

Mission

South Peninsula Hospital promotes community health and wellness by providing personalized, high quality, locally coordinated healthcare.

Purpose

Using evidence-based practices, South Peninsula Hospital Home Health is dedicated to achieving constant and demonstrated excellence in clinical quality and safety.

Plan

- 1. Improve patient's ability to breathe better, from admission to discharge. Publicly-reported Care Compare measure: *How often patients' breathing improved*. "Shortness of breath is associated with breathing faster than normal and feeling like there isn't enough oxygen. This can make patients uncomfortable or anxious, or too tired to do normal activities." With a current score of 48%, the Home Health team would like to work toward a goal of 75%. The plan includes thorough assessment, education, monitoring of symptoms, and tracking patients' breathing throughout their length of stay.
- 2. Improve patients' ability to take their own medications at home. Publicly-reported Care Compare measure: *How often patients got better at taking their drugs correctly by mouth.* "Taking drugs/medications incorrectly can keep them from working properly and could cause unintended harm including death." With a current score of 58.4%, the Home Health team will work toward a goal of 75%. The plan includes thorough assessment, education, and tracking patient and caregiver abilities throughout the length of stay.

Administrator, Director of Home Health – Ivy Stuart, RN Quality Nurse – Katie Watson, RN Clinical Supervisor, Back-up Administrator – Marissa Frank, RN

This material was prepared by Health Services Advisory Group, Inc., the Medicare Quality Improvement Organization (QIO) for California, under contract with the Centers for Medicare & Medicaid Services (CMS), an agency of the U.S. Department of Health and Human Services, from material originally prepared by the Carolinas Center for Medical Excellence, the former QIO for North Carolina. The contents presented do not necessarily reflect CMS policy. Publication No. CA-11SOW-C.2-10132017-02



2023 Quality Assurance & Performance Improvement (QAPI) Plan for South Peninsula Hospital Long Term Care

Vision

South Peninsula Hospital is the provider of choice with a dynamic and dedicated team committed to service excellence.

Mission

South Peninsula Hospital promotes community health and wellness by providing personalized, high quality, locally coordinated healthcare.

Purpose

Using evidence-based practices, South Peninsula Hospital LTC is dedicated to achieving constant and demonstrated excellence in clinical quality and safety.

Plan

- 1. Reduce falls with major injury. Publicly-reported Care Compare measure: *Falls with major injury*. The Centers for Medicaid and Medicare Services defines as bone fractures, joint dislocations, closed head injuries with altered consciousness and subdural hematomas. With a current score of 3.9%, the LTC team would like to work toward a goal of <3%. The plan includes thorough education of staff, monitoring of residents, and evidence-based falls reduction techniques.
- 2. Reduce urinary tract infections. Urinary tract infections are common in elders who have decreased mobility and oral intake, and they lead further decline in an already frail population. With a current score of 4%, the LTC team would like to work toward a goal of <3%. The plan includes thorough assessment, creative approaches to increasing fluid intake, education for staff, and evidenced-based guidelines for recognizing and treating infection.

Administrator – Rachael Kincaid, DNP Director of Nursing – Katie Martin, RN Quality Nurse – Joyce Rider, RN

Basic Financial Statements, Required Supplementary Information and *Government Auditing Standards* Report Years Ended June 30, 2022 and 2021



Basic Financial Statements, Required Supplementary Information and *Government Auditing Standards* Report Years Ended June 30, 2022 and 2021

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Independent Auditor's Report

To the Honorable Mayor and Members of the Kenai Peninsula Borough Assembly, and South Peninsula Hospital, Inc. Operating Board Homer, Alaska

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of South Peninsula Hospital (the Hospital), a component unit of Kenai Peninsula Borough, as of and for the years ended June 30, 2022 and 2021, the statements of fiduciary net position and changes in fiduciary net position as of December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of June 30, 2022 and 2021 and its fiduciary fund as of December 31, 2021 and 2020, and the changes in financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Hospital and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

As discussed in Note 9 to the financial statements, the Hospital adopted the provisions of Governmental Accounting Standards Board Statement Number 87, Leases. As a result, net position has been restated as of July 1, 2020. Our opinion is not modified with respect to this matter.

As discussed in Note 18 to the financial statements, the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position on pages 19 and 20 present comparative information for the year ended December 31, 2020 that was omitted from the basic financial statements of the Hospital for the year ended June 30, 2021. The inclusion of this information reflects a correction of an error from the previously issued fiscal year ended June 30, 2021 audited statements. Our opinion is not modified with respect to this matter

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit
 procedures that are appropriate in the circumstances, but not for the purpose of
 expressing an opinion on the effectiveness of the Hospital's internal control.
 Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of changes in the Hospital's net pension (asset) liability and Hospital pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do 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.

Supplementary Information

Our audit for the year ended June 30, 2022 was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Hospital's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2023 on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hospital's internal control over financial reporting and compliance.

Anchorage, Alaska January 9, 2023

BDO USA, LLP

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Management's Discussion and Analysis

Introduction

South Peninsula Hospital (the Hospital) is a rural community hospital that serves a population of approximately 15,000 and spans 8,900 square miles. The Hospital's mission is to promote and improve community health and wellness by providing high quality, cost-effective, locally coordinated, and holistic healthcare.

South Peninsula Hospital provides a variety of healthcare services including;

- Diagnostic Laboratory and Imaging
- Inpatient Hospitalization
- Outpatient Care
- General and Orthopedic Surgery
- Skilled Long-term Nursing Care
- 24-Hour Emergency Services
- Specialty Care Clinics
- Home Health Services
- Rehabilitation Therapy
- Sleep Lab Services
- Family Practice Services

The Hospital is a discretely presented component unit of the Kenai Peninsula Borough serving the Southern Kenai Peninsula. The Hospital operates as a not-for-profit hospital and healthcare organization with business-type activities. The Hospital follows accrual based accounting and records transactions in accordance with Governmental Accounting Standards for an enterprise fund.

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position

One of the most important questions asked about the Hospital's finances is, "is the Hospital as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenue, Expenses and Changes in Net Position report information about the hospitals resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The Hospital's net position is the difference between its assets and liabilities reported on the Statement of Net Position.

These two statements report the Hospital's net position and changes in it. You can think of the Hospital's net position as one way to measure the Hospital's financial health, or financial position. Over time, increases or decreases in the Hospital's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the hospital's patient base and measures of the quality of service it provides to the service area, as well as local economic factors to assess the overall health of the Hospital.

Management's Discussion and Analysis

The Statement of Cash Flows

The final required statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and both capital and noncapital financing activities. It provides answers to such questions as "Where did cash come from?" "What was cash used for?' and "What was the change in cash during the reporting period?"

Fiduciary Fund

The Statements of Fiduciary Net Position and Changes in Fiduciary Net Position are presented for the South Peninsula Hospital Employees' Pension Plan and Trust, as it is required to be presented to account for resources held for the benefit of the participants where the Hospital acts as a trustee. The fund uses the accrual basis of accounting.

The Hospital's Net Position

The Hospital's net position increased by \$4.9M in 2022 and \$12.8M in 2021. Summarized financial information of the Hospital's Statement of Net Position as of June 30, 2022, 2021 and 2020 (000's omitted) are as follows:

		2022	2021	2020
Assets	-	-	(as restated)	(not restated)*
733663				
Cash and cash equivalents	\$	25,723	23,990	24,939
Net patient receivables		15,582	13,106	11,157
Other current assets		15,539	18,090	32,518
Plant, property and equipment, net		43,457	44,204	39,628
Other noncurrent assets and deferred outflows		12,947	13,401	6,894
Total assets and deferred outflows	\$	113,248	112,791	115,136
Liabilities		_	_	
Current liabilities and deferred inflows	\$	13,953	16,649	28,260
Long-term bonds and lease payable	•	11,440	13,248	16,762
Total liabilities and deferred inflows	\$	25,393	29,897	45,022
Net Position				
Invested in capital assets,				
net of related debt	\$	30,509	29,391	25,678
Restricted		59	63	142
Unrestricted		57,287	53,440	44,294
Total net position	\$	87,855	82,894	70,114

^{*}Not restated for effects of GASB 87.

Management's Discussion and Analysis

The capital infrastructure of the Hospital is primarily funded by an established property tax mil rate which pays for both debt service on bond issuance and provides for capital equipment replacement. There have been no significant recent changes to the debt structure. Long-range capital expenditures are expected to be adequately funded by this mil rate and funded depreciation.

Operating Results and Changes in the Hospital's Net Position

Summarized financial information of the Hospital's Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2022, 2021 and 2020 (000's omitted) are as follows:

	2022	2021	2020
		(as restated)	(not restated)*
Total Operating Revenue	\$ 100,498	86,231	76,677
On anothing Foresteen			
Operating Expenses:	(7.422	EQ 470	E0 704
Salaries, wages and benefits	67,422	58,479	50,704
Professional fees and contract staffing	11,896	8,352	7,286
Supplies	13,723	9,733	7,966
Depreciation and amortization	4,361	3,888	3,288
Other	8,163	7,548	7,556
Total operating expenses	105,565	88,000	76,800
Loss from operations	(5,067)	(1,769)	(123)
Nonoperating gains (losses):			
Property taxes	4,690	4,691	4,675
Other	5,337	9,858	5,579
	,	•	,
Total nonoperating gains	10,027	14,549	10,254
	•		,
Change in net position	4,960	12,780	10,131
J	,,,,,,	,	,
Net position, beginning of year	82,894	70,114	59,983
	•	· -	· · · · · · · · · · · · · · · · · · ·
Net position, end of year	\$ 87,855	82,894	70,114
*Not restated for effects of CACR 97			

^{*}Not restated for effects of GASB 87.

The Hospital realized a loss of \$5.07 million from operations for fiscal year 2022 compared to a \$1.77 million loss in fiscal year 2021, loss from operations of \$1.2 thousand in 2020. Gross patient revenue grew by 19% while net patient revenue increased by 17%. Net patient revenue for fiscal year 2022 was \$14.2 million higher than previous year and operating expenses increased \$17.6 million. Of that increase, \$3.1 million was in salaries and wages, \$2.6 million was in contract staffing, 5.8 million was in employee benefits, and \$3.99 million was in supplies & drugs. The majority of the increase in salaries and wages was from negotiated wage increases required by a collective bargaining agreement; other increases were due to expanding services by adding family care providers, mental health providers, a General Surgeon, and an OBGYN provider. Supply increases were attributable to both the increased demand in supplies necessary to protect staff and

Management's Discussion and Analysis

to provide vaccinations and testing for COVID-19 as well as increase prices due to supply chain sourcing issues and inflation. Supply costs were also elevated due to increased patient volumes, which increased the volume of supplies required to treat. Employee benefit increases were attributed to significant employee health claim expenses experienced during FY22, which aligns with industry trends where those who put off care during the pandemic are now sicker and require care that is more expensive. Contract staffing increased by \$1.29 million due to contributed services from FEMA workers sent by the State of Alaska to assist with the COVID-19 Pandemic. Supplies increased by \$895 thousand related to contributed supplies provided by the State of Alaska to allow South Peninsula Hospital to continue to provide needed COVID testing for the community.

No substantial operational changes are expected for fiscal year 2023. The hospital anticipates that contact staffing levels will remain high while recruitment continues for hard to fill clinical positions. It is expected that health insurance expenses will continue to increase and the hospital has budgeted for a 20% annual increase for employee benefits.

Budgetary Highlights

		Actual	Budget	Variance
Revenue				
Gross patient charges	\$	181,758	165,704	16,054
Deductions	Y	(81,935)	(76,000)	(5,935)
Other revenue		675	605	70
Not Operating Poyonus		100 409	00.200	10 190
Net Operating Revenue		100,498	90,309	10,189
Operating Expenses:				
Salaries, wages and benefits		67,422	62,187	(5,235)
Professional fees and contract staffing		11,896	5,965	(5,931)
Supplies		13,722	9,832	(3,890)
Depreciation and amortization		4,361	3,569	(792)
Other		8,164	8,369	205
Total operating expenses		105,565	89,922	(15,643)
Income (loss) from operations		(5,067)	387	(5,454)
Total nonoperating gains		10,027	6,177	3,850
Net Income	\$	4,960	6,564	(1,604)

The Hospital exceeded budgeted amounts for gross patient revenue by \$16.1 million due to annual price increases and strong outpatient services, which also resulted in deductions exceeding budgeted levels by \$5.9 million. This variance resulted in net operating revenue, which was \$10.2 million above budget. Total expenses exceeded budget by \$15.6 million. Salaries and wages exceeded budget by \$931 thousand due to the expansion and growth of services being provided including additional Mental Health providers, and a full time General Surgeon. Contract staffing exceeded budget by \$5.9 million, of which \$1.29 million was related to contributed services provided by the State of Alaska for assistance during the pandemic, and as numerous clinical positions remained unfilled throughout the year and additional contract providers were added for some of

Management's Discussion and Analysis

our Specialty services. Employee benefits were \$4.3 million over budget due to increased health insurance claim expenses from employees. Total nonoperating gains were \$3.8 million above budget due to receipt of governmental subsidies for lost revenues related to COVID-19, contributed services provided by the State of Alaska as traveling contract staff, and as contributed supplies related to COVID-19 test kits provided by the State of Alaska. Overall, the facility's net income in FY22 was \$1.6 million under budget.

Capital Assets

	2022	2021	2020
		(as restated)	(not restated) *
Capital Assets			
Land and land improvements	\$ 4,115	3,857	3,817
Buildings and building improvements	67,422	66,245	62,733
Equipment	30,084	28,688	27,006
Leased equipment	3,179	2,803	· -
Improvements other than buildings	290	213	140
Construction in progress	651	385	289
Less accumulated depreciation	(62,284)	(57,987)	(54,357)
Net Capital Assets	\$ 43,457	44,204	39,628

^{*}Not restated for effects of GASB 87.

In FY22, South Peninsula Hospital's capital improvement projects totaled \$3.3 million with \$1.5 million in major moveable equipment, and \$1.2 million in buildings. Among the largest capital purchases were the building at 203 W. Pioneer, an X-Ray machine for our Specialty Clinic, and replacement of the Homer Medical Center roof. Total fixed asset depreciation in FY22 was \$3.96 million, resulting in an overall decrease in net capital assets of \$711 thousand in FY22 from year prior.

Other Economic Factors

There are issues facing the hospital that could result in material changes in its financial position in the long term. Among those issues are:

Risks related to changes in Medicare and Medicaid reimbursement Competition in the local healthcare market Nursing and other healthcare related labor shortages Affordable Care Act

The hospital is certified as a provider under both the Medicare program, which provides certain healthcare benefits to beneficiaries who are over 65 year of age or disabled, and the Medicaid program, funded jointly by the federal government and the state, which provides medical assistance to certain needy individuals and families. Approximately 40% of the hospital's gross patient revenue for fiscal year 2022 was derived from Medicare and 25% from Medicaid.

Management's Discussion and Analysis

South Peninsula Hospital is uncertain as to the full magnitude that the pandemic will have on South Peninsula Hospital's financial condition, liquidity, and future results of operations. South Peninsula Hospital is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. South Peninsula Hospital is also evaluating additional funding sources.

Contacting the Hospital's Financial Management

The financial report is designed to provide our patients, suppliers, investors and creditors with a general overview of the Hospital's finances. If you have questions about this report or need additional information, contact the Hospital's Finance Office at 4300 Bartlett, Homer, Alaska, 99603.

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Basic Financial Statements

Statements of Net Position

		2021
June 30,	2022	2 (as restated)
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	\$ 25,722,672	2 \$ 23,990,124
Equity in central treasury of Kenai Peninsula Borough	7,327,807	6,276,576
Total cash and cash equivalents and equity in central		
treasury of Kenai Peninsula Borough	33,050,479	30,266,700
creasury of remark emissica borough	33,030,47	30,200,700
Patient receivables, net of contractual allowances of \$10,626,713		
in 2022 and \$8,315,678 in 2021	19,419,058	17,850,843
Less estimated uncollectibles	(3,836,453	3) (4,744,533)
Net actions asserted as	45 502 701	42.404.240
Net patient receivables	15,582,605	13,106,310
Property taxes receivable	102,233	3 135,749
Less estimated uncollectible taxes	(4,165	·
Property taxes receivable, net of allowance of \$4,165 in 2022 and \$6,325 in 2021	98,068	3 129,424
Other receivables	614,427	7 619,778
Inventory	2,062,504	•
Net pension asset	4,675,709	
Prepaid expenses	760,219	
Total Current Assets	56,844,01°	55,185,546
	· · · ·	, ,
Assets Whose Use is Limited		
Unspent bond proceeds	23,254	
Plant replacement and expansion fund	7,904,096	
Other	23,796	26,543
Total Assets Whose Use is Limited	7,951,146	10,409,880
Capital assets, net	43,457,288	3 44,204,155
Total Assets	108,252,445	5 109,799,581
Deferred Outflows of Resources Pension related	4,624,23	2 524 000
Goodwill	4,624,23	
Unamortized deferred charge on refunding	354,766	•
- Chambridge driving on relanding	33 1,7 00	120,177
Total Deferred Outflows of Resources	4,995,997	2,991,185
Total Assets and Deferred Outflows of Resources	\$ 113,248,442	2 \$ 112,790,766
	¥ 1.13,2.10,111	- 7 1.2,770,700

Statements of Net Position, continued

		2000	2021
June 30,		2022	(as restated)
Liabilities, Deferred Inflows of Resources and Net Position			
Current Liabilities			
Accounts and contracts payable	\$	1,985,020	2,690,272
Accrued liabilities		6,784,926	5,535,887
Medical claims reserve		1,326,000	1,333,116
Unearned revenue		29,927	15,859
Current portion of bonds payable		1,785,000	1,705,000
Current portion of leases payable		375,821	307,903
Bond interest payable		110,899	128,549
Due to third-party payors		1,212,604	1,376,416
Total Current Liabilities		13,610,197	13,093,002
		-,, -	-,,
Long-term Liabilities			
Bonds payable, net of current portion		8,465,000	10,250,000
Unamortized premium on bonds payable		535,373	715,206
Leases payable, net of current portion		2,164,807	2,282,350
Total Long-term Liabilities		11,165,180	13,247,556
Total Liabilities		24,775,377	26,340,558
Deferred Inflows of Resources			
Pension related		93,314	3,104,615
Property taxes received in advance		524,471	451,005
Total Deferred Inflows of Resources		617,785	3,555,620
Net Position			
Net investment in capital assets		30,509,307	29,391,194
Restricted		59,345	63,366
Unrestricted		57,286,628	53,440,028
Total Net Position		87,855,280	82,894,588
Total Liabilities, Deferred Inflows of Resources and Net Position	\$	113,248,442 \$	112,790,766
,	т	-, -, -	,,.

Statements of Revenues, Expenses and Changes in Net Position

		2021
Years Ended June 30,	2022	(as restated)
Operating Revenues		
Gross patient charges	\$ 181,757,902 \$	152,961,698
Less charges associated with charity care	(226,294)	(1,266,505)
Patient service revenue	181,531,608	151,695,193
Contractual adjustments	(78,140,540)	(62,766,688)
Provision for bad debts	(3,568,228)	(3,332,151)
Not nationt corvice revenue	99,822,840	85,596,354
Net patient service revenue		
Other operating revenue	675,414	635,047
Total Operating Revenues	100,498,254	86,231,401
Operating Expenses		
Salaries and wages	47,034,508	43,867,020
Employee benefits	20,387,855	14,611,588
Professional fees	5,969,141	4,989,523
Supplies, drugs and food	13,722,585	9,732,515
Depreciation and amortization	4,360,582	3,888,174
Repairs and maintenance	3,529,255	3,142,993
Utilities and telephone	1,673,368	1,618,910
Contract staffing	5,926,912	3,362,632
Lease and rentals	314,977	651,132
Insurance	654,421	632,594
Travel, meetings and education	552,188	365,068
Dues, books and subscriptions	232,511	243,641
Other operating expenses	1,206,739	894,307
Total Operating Expenses	105,565,042	88,000,097
Loss from operations	(5,066,788)	(1,768,696)
Nonoperating Revenues (Expenses)	4 (00 (40	4 (04 422
General property taxes	4,689,619	4,691,422
Grants and contributions	6,070,463	3,738,022
Gain on extinguishment of PPP loan	(455.225)	6,623,389
Investment income (loss)	(155,225)	72,520
Gain on sale of assets	-	32,049
Interest expense	(510,810)	(493,738)
Other expenses	(66,567)	(114,878)
Total Nonoperating Revenues, net	10,027,480	14,548,786
Change in net position	4,960,692	12,780,090
Net Position, beginning of year	82,894,588	70,114,498
Net Position, end of year	\$ 87,855,280 \$	82,894,588

Statements of Cash Flows

		2021
Years Ended June 30,	2022	(as restated)
Cook Flour from Or continu Authorities		
Cash Flows from Operating Activities	¢ 07 240 412	Ċ 02 471 742
Receipts from patients and users Payments to suppliers	\$ 97,360,613 (32,657,635)	\$ 83,671,763 (24,704,294)
Payments to suppliers Payments to employees	(67,354,961)	
Other receipts	680,765	823,737
Other receipts	000,703	023,737
Net cash flows for operating activities	(1,971,218)	(1,756,295)
Cash Flows from Noncapital Financing Activities		
Receipts from property taxes	4,596,463	4,638,735
(Decrease) increase in advances from Governmental Payers	(163,812)	
Grant and other nonoperating revenues (expenses)	3,814,081	10,278,582
Net cash flows from noncapital financing activities	8,246,732	13,415,183
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(3,328,452)	(5,675,011)
Bond principal paid	(1,705,000)	(1,630,000)
Payments on leases	(458,839)	(240,943)
Interest paid on capital debt	(500,931)	(647,895)
Net cash flows for capital and related financing activities	(5,993,222)	(8,193,849)
The cash from for capital and related financing decirrenes	(3,773,222)	(0,173,017)
Cash Flows from Investing Activities		
Increase (decrease) in assets whose use is limited	2,458,734	(5,994,896)
Interest and dividends received	42,753	72,520
Net cash flows from (for) investing activities	2,501,487	(5,922,376)
Net increase (decrease) in cash and cash equivalents	2,783,779	(2,457,337)
Cash, Cash Equivalents and Equity in Central Treasury, beginning of year	30,266,700	32,724,037
Cash, Cash Equivalents and Equity in Central Treasury, end of year	\$ 33,050,479	\$ 30,266,700

Statements of Cash Flows, continued

			2021	— 1
Years Ended June 30,		2022	(as restated	d)
			,	
Reconciliation of Loss from Operations to Net				
Cash Flows for Operating Activities				
Loss from operations	\$	(5,066,788)	\$ (1,768,696	<u>6)</u>
Adjustments to reconcile income from operations to net				
cash for operating activities:				
Depreciation and amortization		4,360,582	3,888,174	4
Bad debt expense		-	442,340	
Contributed services and supplies received		2,189,815	,5	-
Change in assets, deferred outflows and liabilities:		_, ,		
Patient receivables, net		(2,476,295)	(2,335,679	9)
Other receivables		5,351	188,690	,
Inventory		(253,889)	(251,326	6)
Prepaid expenses		(106,212)	50,799	,
Net pension asset		3,925,003	(5,435,876	6)
Deferred outflows - pension related		(2,088,223)	(554,697	7)
Deferred inflows - pension related		(3,011,301)	2,867,076	6
Accounts and contracts payable		(705,252)	1,129,548	8
Unearned revenue		14,068	(31,252	2)
Accrued liabilities		1,249,039	54,604	4
Medical claims reserve		(7,116)		-
Total adjustments		3,095,570	12,401	<u>1</u>
Net Cash Flows for Operating Activities	\$	(1,971,218)	\$ (1,756,295	5)
Supplemental Disclosure of Cash-Flow Information				
Contributed services received	¢	1 204 045	ċ	
Contributed services received Contributed supplies received	\$ \$	1,294,815 895,000	\$ \$	_
Unearned revenue related to COVID advance funding	э c	073,000	\$ (1,502,134	<u> </u>
oneamed revenue related to COVID advance fullding	Ş	-	1,302,132 ب	Ŧ <i>J</i>

Statements of Fiduciary Net Position - Pension Trust Fund South Peninsula Hospital Employees' Pension Plan and Trust

December 31,	2021	2020
Assets		
Investments, at fair value	\$ 28,618,088	\$ 24,728,269
Cash	-	911
Receivables	300,000	1,350,000
Accrued income	-	112
Total Assets	28,918,088	26,079,292
Net Position - restricted for pensions	\$ 28,918,088	\$ 26,079,292

Statements of Changes in Fiduciary Net Position - Pension Trust Fund South Peninsula Hospital Employees' Pension Plan and Trust

Years Ended December 31,	2021	2020
Additions:		
Investment income	\$ 3,099,225	\$ 3,053,827
Employer contributions	1,500,000	2,925,000
Total Additions	4,599,225	5,978,827
Deductions:		
Benefits paid to participants	1,718,299	1,611,770
Administrative expenses	42,130	64,246
Total Nonoperating Revenues, net	1,760,429	1,676,016
Net Increase in Fiduciary Net Position	2,838,796	4,302,811
Net Position, beginning of year	26,079,292	21,776,481
Net Position, end of year	\$ 28,918,088	\$ 26,079,292

Notes to Basic Financial Statements June 30, 2022 and 2021

1. The Reporting Entity

The South Peninsula Hospital (the Hospital) is a component unit of the Kenai Peninsula Borough (the Borough), which was incorporated as a second-class borough on January 1, 1964, under provisions of the State of Alaska Borough Act of 1961. The South Peninsula Hospital accounts for the provision of Hospital services for the south peninsula area within the Kenai Peninsula Borough. The South Peninsula Hospital is operated under a sublease and operating agreement ("Operating Agreement") by South Peninsula Hospital, Inc. Under the terms of this agreement, which expires December 31, 2029, with an optional five-year extension, the South Peninsula Hospital Service Area provides funds to the Hospital, for payment of debt service, additions to, repairs and replacement of property, plant, and equipment and for operational purposes if needed.

In 2012, the Kenai Peninsula Borough adopted the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. In connection therewith, the Kenai Peninsula Borough reviewed its legal and contractual agreements with the South Peninsula Hospital, which was previously reported as an enterprise fund, and has determined that, for financial reporting purposes in accordance with generally accepted accounting principles, this activity is appropriately recorded as a discretely presented enterprise component unit of the Kenai Peninsula Borough.

South Peninsula Hospital Employee's Pension Plan and Trust (the Fiduciary Fund) is noncontributory defined benefit pension plan covering certain employees of the Hospital. It is reported as a component unit because the Hospital appoints a voting majority of the Trustees of the Fiduciary Fund. The Hospital reports the South Peninsula Hospital Employee's Pension Plan and Trust as a fiduciary fund under the provisions of GASB Statement No. 84, *Fiduciary Activities*, as it is a pension plan that is administered through a trust in which contributions are irrevocable, assets are dedicated to providing pensions to plan members, and assets are legally protected from creditors. The Fiduciary Fund's fiscal year is December 31; therefore, the financial information presented for the Fiduciary Fund are as of and for the fiscal years ended December 31, 2021 and 2020.

2. Summary of Significant Accounting Policies

Enterprise Accounting

Enterprise activities accounting is used to account for government operations which are financed and operated in a manner similar to private business enterprises. It is the intent of the Hospital that the costs (expenses, including depreciation and amortization) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

The acquisition, maintenance and improvement of the physical plant facilities required to provide these services are financed from existing cash resources of the Hospital and the Kenai Peninsula Borough including the issuance of general obligation bonds by the Kenai Peninsula Borough on behalf of the Hospital.

The accrual basis of accounting is followed by the Hospital and by the Fiduciary Fund. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when incurred.

Notes to Basic Financial Statements

Equity in Central Treasury

The Kenai Peninsula Borough has combined monies available for investment from all of the Borough's separate reporting funds and component units into a "Central Treasury". The Central Treasury concept permits the more efficient investment of the combined assets. Each entity whose monies are deposited in the Central Treasury has equity therein.

Cash Equivalents

For purposes of the statements of cash flows, the Hospital considers all highly liquid investments and deposits in the Kenai Peninsula Borough central treasury to be cash equivalents except those included in assets whose use is limited. The central treasury, which holds cash and investments, is used essentially as a cash management pool by each fund or entity.

Investments

The Hospital's policy is to invest only in obligations of the U.S. Treasury, its agencies and instrumentalities, fully collateralized certificates of deposit, commercial paper, and money market mutual funds. Investments are stated at fair value.

The fiduciary fund reports investments at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Investment income includes gains and losses on the investments bought and sold as well as held during the year.

Assets Whose Use is Limited

Assets whose use is limited are assets set aside by the Board for uses over which the Board retains control and may, at its discretion, use for other purposes.

Inventory

Inventory consists primarily of Hospital supplies and pharmaceuticals and is stated at the lower of cost (first-in, first-out method) or market.

Prepaid Expenses

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid expenses.

Notes to Basic Financial Statements

Capital Assets

Capital assets are stated at cost less accumulated depreciation. To be considered for capitalization, the cost of an asset must exceed \$5,000 and the service life must exceed one year. Land and construction in progress are not depreciated. Expenditures for renewals and betterments are capitalized and maintenance and repairs are expensed when incurred. Gains and losses upon asset disposal are reflected in income. Depreciation is charged to operations by use of the straight-line method over the estimated useful lives of the assets, estimated as follows:

Buildings and improvements 10-50 years Equipment 3-15 years

Deferred Outflows and Deferred Inflows

A deferred outflow represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. A deferred inflow represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. Deferred outflows consist of deferred charges on debt refunding, goodwill, and outflows related to the pension plan. Deferred inflows of resources consist of inflows related to the pension plan and payments received as of June 30 for property taxes due October 15th. Such deferred property tax revenues are for support for the following fiscal year operations.

Net Position

In the financial statements, net position is reported under three classifications.

The net investment in capital assets classification represents the position of net position related to the Hospital's investment in capital assets net of any related debt.

The restricted classification reflects constraints imposed on resources either by (a) externally by creditors, grantors, contributors, or laws or regulations; or (b) imposed by law through constitutional provisions or enabling legislation.

The unrestricted classification reflects the residual amount of net position.

When both restricted and unrestricted resources are available for use, it is the Hospital's policy to use restricted resources first followed by unrestricted.

Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan and additions to/from the plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Notes to Basic Financial Statements

Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not included in net revenue.

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied by the Kenai Peninsula Borough on July 1 and are due in either two installments on September 15 and November 15, or one installment due October 15. The Borough bills and collects property taxes of the Borough service areas including the South Peninsula Hospital.

Leases

South Peninsula Hospital is party to multiple leases of nonfinancial assets as a lessee. South Peninsula Hospital recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the Hospital initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Hospital determines (1) the discount rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Hospital uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Hospital generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Hospital is reasonably certain to exercise.

The Hospital monitors changes in circumstances that would require a remeasurement of its leases and will remeasure lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of any lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Notes to Basic Financial Statements

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Uncompensated Care

Bad debts and charity care are subtracted from patient service revenue to arrive at net patient revenue. The following information relates to uncompensated care for the years ended June 30, 2022 and 2021.

	2022	2021
Bad debt Charges forgone, based on established rates (unaudited)	\$ 3,568,228 226,294	\$ 3,332,151 1,266,505
Total Uncompensated Care	\$ 3,794,522	\$ 4,598,656

4. Deposits and Investments

Deposits for the Hospital consisted of the following at June 30, 2022 and 2021:

	2	022	2021			
	Carrying Amount			Bank Balance		
Bank accounts Cash on hand	\$ 25,743,782 2,686	\$ 26,576,681	\$ 24,013,981 2,686	\$ 24,641,976		
	25,746,468	\$ 26,576,681	24,016,667	\$ 24,641,976		
Less cash equivalents included in assets whose use is limited	(23,796)		(26,543)			
Cash and Cash Equivalents	\$ 25,722,672		\$ 23,990,124			

For the cash and cash equivalents and for central treasury cash, the checking account balances are fully insured by federal deposit insurance or collateralized by securities which are held by the financial institution or third party and the Borough's agent in the Kenai Peninsula Borough's name.

The Kenai Peninsula Borough has combined monies available for investment from all of the Borough's separate funds and several component units into a "Central Treasury."

Notes to Basic Financial Statements

The Hospital's investment in the Central Treasury is recorded on the statements of net position as follows:

	2022	2021
Equity in Central Treasury of Kenai Peninsula Borough	\$ 15,255,157 \$	16,659,913
Less amount included in assets whose use is limited: Plant replacement and expansion fund Unspent bond proceeds	(7,904,096) (23,254)	(10,359,499) (23,838)
Total Equity in Central Treasury	\$ 7,327,807 \$	6,276,576

Fiduciary Fund Investments

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the fiduciary fund has the ability to access.
- Level 2 Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2021 and 2020.

Common collective trusts: Valued at the net asset value (NAV) of units of a bank collective trust. NAV is readily determinable fair value and is the basis for current transactions. Transactions (purchases and sales) may occur daily.

Notes to Basic Financial Statements

Money market fund: Consists of investments in an institutions money market fund that permits daily redemption, the fair value of which is based upon the quoted price in active markets provided by the financial institution managing this fund.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open ended mutual funds that are registered with the Securities and Exchange Commission. The funds are required to publish their daily NAV and to transact at the price. The mutual funds held by the Plan are deemed to be actively traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the fiduciary fund's investments at fair value:

December 31, 2021		Level 1		Level 2	Level 3	Total	
Common collective trusts Money market fund	\$	- 812,243	\$	27,805,845 -	\$ - -	\$ 27,805,845_ 812,243	\$
Total Investments at Fair Value	\$	812,243	\$	27,805,845	\$ -	\$ 28,618,088	
December 31, 2020		Level 1		Level 2	Level 3	Total	
Common collective trusts Mutual funds Money market fund	\$	746,320 957,436	\$	23,024,513	\$ - - -	\$23,024,513 746,320 957,436	
Total Investments at Fair Value	Ś	1.703.756	Ś	23.024.513	\$ -	\$24.728.269	

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Notes to Basic Financial Statements

5. Capital Assets

A summary of the changes in capital assets during fiscal year 2022 follows:

	Balance July 1, 2021 (as restated)	Additions	Deletions	J	Balance une 30, 2022
Land and land improvements Construction in progress	\$ 3,857,422 385,206	\$ 257,221 266,744	\$ -	\$	4,114,643 651,950
Total nondepreciable assets	4,242,628	523,965	-		4,766,593
Buildings and building improvements Equipment Right-to-use leased equipment Improvements other than buildings	66,244,668 28,687,804 2,803,350 213,358	1,177,183 1,546,296 375,826 77,029	- (149,932) - -		67,421,851 30,084,168 3,179,176 290,387
Total depreciable assets	97,949,180	3,176,334	(149,932)		100,975,582
Total capital assets	102,191,808	3,700,299	(149,932)		105,742,175
Less accumulated depreciation and amortization for:					
Land improvements Buildings Equipment Right-to-use leased equipment Improvements other than buildings	(2,576,036) (31,908,780) (23,057,965) (339,543) (105,329)	(178,170) (2,377,935) (1,372,536) (411,073) (20,868)	- - 63,348 - -		(2,754,206) (34,286,715) (24,367,153) (750,616) (126,197)
Total accumulated depreciation and amortization	(57,987,653)	(4,360,582)	63,348		(62,284,887)
Net Capital Assets	\$ 44,204,155	\$ (660,283)	\$ (86,584)	\$	43,457,288

Notes to Basic Financial Statements

A summary of the changes in capital assets during fiscal year 2021 (as restated) follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
	(as restated)			(as restated)
Land and land improvements Construction in progress	\$ 3,816,722 288,755	\$ 40,700 96,451	\$ - -	\$ 3,857,422 385,206
Total nondepreciable assets	4,105,477	137,151	-	4,242,628
Buildings and building improvements Equipment Right-to-use leased equipment Improvements other than buildings	62,732,513 27,005,986 2,803,350 140,475	3,512,155 1,960,731 - 72,883	- (278,913) - -	66,244,668 28,687,804 2,803,350 213,358
Total depreciable assets	92,682,324	5,545,769	(278,913)	97,949,180
Total capital assets Less accumulated depreciation and amortization for:	96,787,801	5,682,920	(278,913)	102,191,808
Land improvements Buildings Equipment Right-to-use leased equipment Improvements other than buildings	(2,400,379) (29,801,246) (22,063,050) - (92,092)	(2,107,534)	- 257,288 - -	(2,576,036) (31,908,780) (23,057,965) (339,543) (105,329)
Total accumulated depreciation and amortization	(54,356,767)	(3,888,174)	257,288	(57,987,653)
Net Capital Assets	\$ 42,431,034	\$ 1,794,746	\$ (21,625)	\$ 44,204,155

Notes to Basic Financial Statements

6. Long-term Debt

Long-term debt consisted of the following at June 30, 2022 and 2021:

	Balance June 30, 2021	Additions	Retired	Balance June 30, 2022	Due Within One Year
General Obligation Bonds General obligation bonds 2017 series in annual installments, including a coupon rate ranging between 2.5% - 5.0%, maturing in May 2032	\$ 3,575,000	\$ - 9	S 260,000	\$ 3,315,000	\$ 275,000
Refunding general obligation bonds 2016 series (2007 original issue) in annual installments, including a coupon rate ranging between 2.5% - 5.0%, maturing in December 2023	2,020,000	-	645,000	1,375,000	670,000
Refunding general obligation bonds 2015 series (2007 original issue) in annual installments, including a coupon rate ranging between 2.0% - 5.0%, maturing in March 2028	6,360,000		800,000	5,560,000	840,000
Total General Obligation Bonds	11,955,000	-	1,705,000	10,250,000	1,785,000
Plus unamortized bond premium	715,206	-	179,833	535,373	<u>-</u>
Total General Obligation Bonds, Net of Premium	12,670,206	-	1,884,833	10,785,373	1,785,000
Total Bonds Payable	\$ 12,670,206	\$ - 9	1,884,833	\$ 10,785,373	\$ 1,785,000

Notes to Basic Financial Statements

	Balance June 30, 2021	Additions	Retired	Balance June 30, 2022	D	ue Within One Year
Lease payable	\$ 2,590,253	\$ 273,363	\$ (322,988)	\$ 2,540,628	\$	375,821

In 2022, the Hospital implemented GASB 87, included in the beginning balance is lease liability at the beginning of the year of \$2,592,770.

The remaining annual requirements of all debt outstanding as of June 30, 2022 are as follows:

	Gei	neral Obligation E	Bonds
Year Ending June 30,2022	Principal	Interest	Total
2023	\$ 1,785,000	\$ 430,219	\$ 2,215,219
2024	1,850,000	359,294	2,209,294
2025	1,195,000	297,669	1,492,669
2026	1,250,000	237,919	1,487,919
2027	1,315,000	175,419	1,490,419
2028-2032	2,855,000	186,100	3,041,100
	\$ 10,250,000	\$ 1,686,620	\$ 11,936,620

7. Deferred Charge on Bonds

The Hospital issued bonds in 2007, which were refunded in 2015 and 2017 (see Note 6 regarding long-term debt) resulting in a deferred charge on bonds. The unamortized balance as of June 30, 2022 and 2021 was \$345,927 and \$406,974, respectively, for the 2016 refunding. The unamortized balance as of June 30, 2022 and 2021 was \$8,839 and \$19,203, respectively, for the 2018 refunding. Combined amortization expense for the years ending June 30, 2022 and 2021 was \$71,411.

8. Restricted Net Position

The Hospital has restricted net position of \$59,345 at June 30, 2022 and \$63,366 in 2021. This is the unspent interest earnings on bond funds which must be used for the purposes allowed by the bonds.

9. Restated Net Position - Adoption New Accounting Pronouncements

The Hospital has retroactively implemented GASB Statement Number 87, *Leases* (GASB 87) effective for the fiscal year beginning July 1, 2020. GASB 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities.

Notes to Basic Financial Statements

The effects of reporting GASB 87 in the Hospital's financial statements for the year ended June 30, 2021 are as follows:

	As Previously Reported	Effect of Adoption of GASB 87	As Restated
Assets Capital assets	\$ 41,740,348	\$ 2,463,807	\$ 44,204,155
Liabilities Lease payable	34,909	2,555,344	2,590,253
Net Position	82,986,125	(91,537)	82,894,588
Operating expenses	87,908,560	91,537	88,000,097

The notes to the financial statements for the year ended June 30, 2021 have been restated to reflect the adoption of GASB 87.

10. Leases

During the current year, the Hospital entered into multiple-year lease agreements as a lessee for various nonfinancial assets. As of June 30, 2022, the outstanding balance on the leases was \$2,540,628. The Hospital is required to make monthly principal and interest payments. The Hospital used their incremental borrowing rate of 5.25% as the discount rate for the leases. The nonfinancial assets have various useful lives. No material direct costs payments were made. The value of the right-to-use asset as of June 30, 2022, was \$3,179,176 and had accumulated amortization of \$750,616.

Year Ending June 30, 2022	_	Principal	Interest	Total
2023	\$	375,821	\$ 121,911	\$ 497,732
2024		375,595	102,794	478,389
2025		389,015	83,265	472,280
2026		323,800	64,617	388,417
2027		284,448	49,431	333,879
Thereafter		791,949	57,162	849,111
Total	\$	2,540,628	\$ 479,180	\$ 3,019,808

Notes to Basic Financial Statements

11. Functional Expenses

Operating expenses grouped according to function are as follows for the years ended June 30, 2022 and 2021:

	 2022_	2021
Operating Expenses		
Healthcare services Fiscal, administrative and facility services Provision for depreciation and amortization	\$ 81,591,744 20,013,932 3,959,366	\$ 67,855,746 16,588,721 3,555,630
Total Operating Expenses	\$ 105,565,042	\$ 88,000,097

12. Third-Party Payer Programs

The Hospital has agreements with third-party payers that provide for reimbursement at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Hospital's established rates for services and amounts reimbursed by third-party payers. A summary of the basis of reimbursement with major third-party payers follows:

Medicare

Critical Access Hospitals are paid based on each Hospital's reported costs. Inpatient, Outpatient, Laboratory, Therapy, and Swing-Bed services are paid at 101 percent of the Hospitals' cost of providing those services. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports and audits by the Medicare fiscal intermediary.

Medicaid

Inpatient and outpatient services rendered to Medicaid program beneficiaries are paid for through a cost reimbursement method. Inpatient stays are paid on a per day rate. Outpatient services are reimbursed as a percentage of charges.

Commercial

The hospital has multiple commercial payer contracts with the largest portions of revenue coming from Premera and Aetna. The hospital is reimbursed at a percentage of charges with its commercial payers.

Balances due to third-party payers are as follows for the years ended June 30, 2022 and 2021:

	2022	2021
Due to Medicare	\$ 1,212,604	\$ 1,376,416
Total Due to Third-Party Payers	\$ 1,212,604	\$ 1,376,416

Notes to Basic Financial Statements

Composition of payers of gross patient receivables and revenues is approximated as follows for the year ended June 30, 2022:

	Revenues	Patient Receivables
Commercial	31%	34%
Medicare	40	33
Medicaid	25	16
Self-pay and other	4	17
	100%	100%

Composition of payers of gross patient receivables and revenues is approximated as follows for the year ended June 30, 2021:

	Revenues	Patient Receivables
Commercial	31%	32%
Medicare	41	33
Medicaid	24	13
Self-pay and other	4	22
	100%	100%

13. Defined Benefit Pension Plan

Description of Plan

The Hospital employees participate in the South Peninsula Hospital Employees' Pension Plan, a defined-benefit single-employer plan. The Plan was established and is administered by the South Peninsula Hospital. The Plan issues separate financial statements that are available by contacting the Hospital at South Peninsula Hospital, 4300 Bartlett Street, Homer, Alaska 99603. As of January 1, 2013, the plan is "frozen for nonunion employees" and will not accept participants other than those previously designated. The Plan has been closed to all employees hired after February 28, 2016.

Benefits Provided

The Plan provides retirement, disability, and death benefits. Retirement benefits for employees are calculated as 0.69% of the employee's average annual compensation plus 0.4% of the average compensation in excess of \$10,000 times years of service to a maximum of 35 years. Average compensation is determined based on the highest five years. Employees with 3 years of continuous service are eligible to retire at age 65. Employees with 12 years of continuous service are eligible to retire at age 55. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits equal 50% of the participant's deferred vested benefit. An employee who leaves the Hospital's service may withdraw his or her contributions, plus any accumulated interest.

Notes to Basic Financial Statements

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date.

At January 1, 2022 and 2021, respectively, the following employees were covered by the benefit terms:

	2022	2021
Inactive employees or beneficiaries currently receiving benefits	62	58
Inactive employees of beneficiallies currently receiving benefits	76	75
Active employees	166	177
	304	310

Contributions

The Plan's funding policy provides for actuarially determined periodic contributions by the Hospital at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The Plan uses the Unit Credit cost funding actuarial method. Significant actuarial assumptions used to calculate the net pension obligation are identical to those used for funding purposes. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees do not contribute to the Plan. For the year ended June 30, 2022 and 2021, respectively, the Hospital's average contribution rate was 21.71% and 33.96% percent of annual payroll.

Net Pension Asset

The Hospital's net pension asset was measured as of June 30, 2022 and 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2022 and 2021.

Actuarial Assumptions

The total pension liability in the June 30, 2022 and 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 2.0% to 2.5%, annually

Salary increases 2.50%, average, including inflation

Investment rate of return 7.00%

Mortality rates for June 30, 2022 were based on the Pri-2012 White Collar Mortality, projected with MP-2021 for plan funding. Mortality rates for June 30, 2021 were based on the Pri-2012 White Collar Mortality, projected with MP-202- for plan funding.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2021 to December 31, 2021. The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2020 to December 31, 2020.

Notes to Basic Financial Statements

The long-term expected rate of return on pension plan investments was determined using a buildingblock method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	36%	5.75%
International equity	14	5.85
Fixed income	47	3.50
Cash	3	2.00
Total	100%_	

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that Hospital contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability (Asset)

	Total Pension Liability	 Plan Net Position	Net Pension (Asset)
Balances at June 30, 2020	\$ 17,634,703	\$ 20,799,539	\$ (3,164,836)
Charges for the year:			
Service cost	373,822	-	373,822
Interest	1,176,670	-	1,176,670
Difference between expected and actual	, ,		, ,
experience .	662,719	-	662,719
Assumption changes	467,682	-	467,682
Contributions - employer	-	2,925,000	(2,925,000)
Net investment income	-	5,191,769	(5,191,769)
Benefit payments	(1,676,959)	(1,676,959)	<u> </u>
Net change for the year	1,003,934	6,439,810	(5,435,876)
Balances at June 30, 2021	\$ 18,638,637	\$ 27,239,349	\$ (8,600,712)

Notes to Basic Financial Statements

Charges for the year: Service cost Interest Difference between expected and actual	\$ 354,338 1,303,668	\$ -	\$ 354,338 1,303,668
experience Assumption changes	1,103,860 45,827	-	1,103,860 45,827
Contributions - employer Net investment income		1,950,000 (3,067,310)	(1,950,000) 3,067,310
Benefit payments	 (1,664,386)	(1,664,386)	-
Net change for the year	 1,143,307	(2,781,696)	3,925,003
Balances at June 30, 2022	\$ 19,781,944	\$ 24,457,653	\$ (4,675,709)

Sensitivity of the net pension asset to changes in the discount rate. The following presents the pension asset of the Hospital, calculated using the discount rate of 7.00 percent, as well as what the Hospital's pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	[Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability (asset) June 30, 2021	\$ (6,273,145)	\$	(8,600,712)	\$ (10,549,608)
Net pension liability (asset) June 30, 2022	\$ (2,081,158)	\$	(4,675,709)	\$ (6,845,644)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan's financial report.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

For the year ended June 30, 2022 and 2021, the Hospital recognized pension expense of \$550,479 and \$(198,497), respectively.

Notes to Basic Financial Statements

At June 30, 2022, the Hospital reported deferred outflows of resources related to pensions from the following sources:

		Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience Changes in assumptions	\$	- 93,314	\$ 2,340,429 350,591
Net difference between projected and actual earnings on pension investments			1,933,211
Total Deferred Outflows of Resources - Pension Related	\$_	93,314	\$ 4,624,231

At June 30, 2021, the Hospital reported deferred outflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,841,108
Changes in assumptions Net difference between projected and actual earnings on pension investments	111,833 2,992,782	424,278 270,622
Total Deferred Outflows of Resources - Pension Related	\$ 3,104,615	\$ 2,536,008

Net amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

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52,368
164,128
1,345,197
883,341
1,031,841
\$ 1,054,042
\$

Notes to Basic Financial Statements

14. Deferred Compensation Plans

The Hospital offers union and nonunion deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The union plan, available to all union employees hired after March 1, 2016, has a 4% defined contribution and an additional 2% match. The nonunion plan has a discretionary defined contribution and match of up to 4%. The deferred compensation is generally not available to employees until termination, retirement, death, or unforeseeable emergency although the Plan organized under Section 403(b) allows employees to borrow against their accounts subject to certain restrictions.

In accordance with the Internal Revenue Code, all assets and income of the Plans are held in trust for the exclusive benefit of participants and their beneficiaries.

15. Risk Management

The Hospital is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, medical malpractice, errors and omissions, injuries to employees, and natural disasters. The Hospital has claims outstanding at year end that management believes the chances of an adverse outcome are either remote or the loss cannot be reasonably estimated; therefore, there is no accrual at year end. The Hospital purchases commercial insurance for all risks of loss except as described below.

The Hospital is insured for medical malpractice claims by a modified claims-made policy for any occurrence since January 1, 1987 reported during the current policy period or renewal thereof. Management has no reason to believe that the Hospital will not be able to obtain such coverage in future periods. The Hospital also retains \$100,000 of medical claims expense per covered employee each year, with coverage limited to a lifetime maximum of \$1,000,000 per covered employee.

Self-Insured Health Plan

The Hospital is self-insured for employee health insurance claims. Health Plan administration and processing is contracted to an independent third-party service provider. Health expense claims, administrative fees, and stop loss premiums are accrued in the period incurred. An estimate for claims incurred but not reported (IBNR) and claims incurred but not paid (IBNP) as of the Statement of Net Position's date has been recorded based on claims lag reports from the plan administrator. A schedule of the changes in the claims liability for the years ended June 30, 2022 and 2021 follows:

	2022	2021
Medical claims reserve liabilities, beginning of year Current year claims incurred and changes in estimates for	\$ 1,333,116	\$ 1,781,435
claims incurred in prior years	13,249,221	9,025,776
Claims and expenses paid	(13,256,337)	(9,474,095)
Medical Claims Reserve Liabilities, end of year	\$ 1,326,000	\$ 1,333,116

Notes to Basic Financial Statements

16. COVID-19 Considerations

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally, and Governor Dunleavy issued a public health disaster emergency for the State of Alaska.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on South Peninsula Hospital's (SPH) financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, SPH estimates the effects of the COVID-19 outbreak on its results of operations, financial condition, and liquidity for fiscal year 2022 at \$4.3 million. SPH received funding in the amount of \$4.3 million in FY22 from the following sources: HHS Stimulus Funds \$3.1 million, State of Alaska \$525 thousand in testing supplies, State of Alaska \$297 thousand, Kenai Peninsula Borough Cares Act Support \$159 thousand, City of Homer Cares Support \$215 thousand, Other sources \$12 thousand.

The impact of COVID-19 on financial reporting arises from the impacts on business activity, which include, among other possible impacts:

- Temporary cessation of elective procedures
- Decline in patient volumes for outpatient elective services and provider visits
- Decline in patient revenues
- Decline in cash receipts
- Increase in supply expenses
- Increase in labor costs
- Increase in capital equipment costs use for diagnostic tools to detect COVID-19

The impact of COVID-19 to SPH resulted in \$6.6 million of lost net revenue in FY20, \$1.9 million in FY21, and \$1.1 million in FY22. Although SPH cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, it may have a continued adverse effect on the SPH's results from future operations, financial position, and liquidity in fiscal year 2023.

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief and Economic Security (CARES) Act." The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions and technical corrections to tax depreciation methods for qualified improvement property. SPH did pursue deferral of employment tax payments. SPH did apply for and receive a Paycheck Protection Program loan in the amount of \$6,528,631 through the Small Business Association, a provision of the CARES act, in FY21 that loan was forgiven.

Notes to Basic Financial Statements

In March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 (ARPA) into law. ARPA was written to provide additional relief for individuals and businesses and tribal governments as well as education and COVID-19 testing, vaccination support, and research.

SPH continues to examine the impact that the ARPA may have on its operations. Currently, management is unable to determine the impact that the ARPA will have on SPH's financial condition, results of operation, or liquidity.

17. Paycheck Protection Program

In 2020, under the Paycheck Protection Program the Hospital received loans from the Small Business Administration (SBA). The loans held an interest rate of 1% and required monthly payments from April 2020 thru to the maturity in April 2022. The program required proceeds to be used mainly for employee wages. During 2021, the Hospital received notice that the loan was forgiven and payments are not required. As such the Hospital has reported a gain on forgiveness of debt of \$6,528,631.

18. Accounting Changes and Prior Period Restatement

In fiscal year 2021, the Hospital adopted provisions of GASB Statement No. 84, Fiduciary Activities, which, among other items, requires the Hospital to address criteria for identifying and reporting fiduciary activities. The Hospital has determined that the South Peninsula Hospital Employee's Pension Plan and Trust, which was not included in the 2021 financial statements as a fiduciary activity, will now be reported as a fiduciary fund of the Hospital. As a result of a re-evaluation of the impacts of this statement, the Hospital has included the required Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position for the years ended December 31, 2021 and 2020.

19. Recently Issued Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several new accounting standards with upcoming implementation dates (effective dates are adjusted for the issuance of GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance). The following new accounting standards were implemented by the Hospital for 2022 reporting:

GASB Statement No. 87 - Leases - Effective for year-end June 30, 2022. The Hospital implemented this Statement for the current year, with restatements presented for the prior year, as detailed in Note 9.

GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period - Effective for year-end June 30, 2022. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The Hospital adjusted its policy for capitalization of interest as a result of implementation.

GASB Statement No. 92 - Omnibus 2020 - Provisions of this Statement related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The effective date for all other provisions of the Statement are to be implemented for year-end June 30, 2022. This Statement addresses a variety of topics such as leases, the applicability of Statement No. 73 and Statement No. 74 for reporting assets accumulated for postemployment benefits, the applicability of

Notes to Basic Financial Statements

Statement No. 84 to postemployment benefit arrangements, the measurements of liabilities and assets related to asset retirement obligations in a government acquisition, reporting of public entity risk pools, referencing to nonrecurring fair value measurements, and terminology used to refer to derivative instruments. The Hospital implemented the relevant provisions of this Statement for the current year. There were no significant financial statement impacts of adoption.

The GASB has issued several new accounting standards with upcoming implementation dates (effective dates adjusted for the issuance of GASB Statement No. 95). Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

GASB Statement No. 91 - Conduit Debt Obligations - Effective for year-end June 30, 2023. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations, and related note disclosures. This Statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting.

GASB Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements - Effective for year-end June 30, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APA).

GASB Statement No. 96 - Subscription-Based Information Technology Arrangements - Effective for year-end June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement, among other things, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability, provides capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA.

GASB Statement No. 99 - Omnibus 2022 - Provisions of this Statement related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, classification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance. The effective date for the provisions of this Statement related to leases, PPPs, and SBITAs are to be implemented for year-end June 30, 2023. The effective date for the provisions of this Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53, are to be implemented for year-end June 30, 2024.

GASB Statement No. 100 - Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62 - Effective for year-end June 30, 2024. Earlier application is encouraged. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 101 - Compensated Absences - Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.



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South Peninsula Hospital (A Component Unit of the Kenai Peninsula Borough)

Schedule of Changes in the Net Pension (Asset) Liability and Related Ratios

Years Ended June 30, 2022	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service costs	\$ 354,338	\$ 373,822	\$ 402,959	\$ 460,975	\$ 552,945	\$ 677,790	\$ 685,421	\$ 640,873
Interest	1,303,668	1,176,670	1,173,850	1,186,280	1,165,248	1,095,431	1,084,781	1,058,784
Changes in assumptions	45,827	467,682	(9,010)	(157,344)	24,287	23,460	22,728	304,145
Difference between expected and actual experience	1,103,860	662,719	496,583	493,686	89,493	646,237	151,435	38,465
Benefit payments, including refunds of employee contributions	(1,664,386)	(1,676,959)	(2,397,916)	(1,924,438)	(1,138,595)	(1,752,472)	(1,831,964)	(893,400)
Net Change in Total Pension Liability	1,143,307	1,003,934	(333,534)	59,159	693,378	690,446	112,401	1,148,867
Total Pension Liability - beginning of year	18,638,637	17,634,703	17,968,237	17,909,078	17,215,700	16,525,254	16,412,853	15,263,986
Total Pension Liability - end of year	\$ 19,781,944	\$ 18,638,637	\$ 17,634,703	\$ 17,968,237	\$ 17,909,078	\$ 17,215,700	\$ 16,525,254	\$ 16,412,853
Plan Fiduciary Net Position								
Contributions - employer	\$ 1,950,000	\$ 2,925,000	\$ 2,250,000	\$ 2,475,000	\$ 2,990,000	\$ 1,174,500	\$ 681,750	\$ 454,500
Additional investment return	(3,067,310)	5,191,769	1,032,801	1,181,078	1,070,126	1,518,194	144,855	(603,361)
Benefit payments, including refunds of employee contributions	(1,664,386)	(1,676,959)	(2,397,916)	(1,924,438)	(1,138,595)	(1,752,472)	(1,831,964)	(893,400)
Net Change in Plan Fiduciary Net Position	(2,781,696)	6,439,810	884,885	1,731,640	2,921,531	940,222	(1,005,359)	(1,042,261)
Plan Fiduciary Net Position - beginning of year	27,239,349	20,799,539	19,914,654	18,183,014	15,261,483	14,321,261	15,326,620	15,298,282
Plan Fiduciary Net Position - end of year	\$ 24,457,653	\$ 27,239,349	\$ 20,799,539	\$ 19,914,654	\$ 18,183,014	\$ 15,261,483	\$ 14,321,261	\$ 15,326,620
Hospital's Net Pension (Asset) Liability	\$ (4,675,709)	\$ (8,600,712)	\$ (3,164,836)	\$ (1,946,417)	\$ (273,936)	\$ 1,954,217	\$ 2,203,993	\$ 1,086,233
Plan fiduciary net position as a percentage of the total pension asset (liability)	123.64%	146.14%	117.90%	110.80%	101.50%	88.65%	86.66%	93.38%
Covered-employee payroll	\$ 8,981,095	\$ 8,612,159	\$ 9,423,893	\$ 10,864,897	\$ 11,374,381	\$ 18,456,466	\$ 19,654,269	\$ 17,884,004
Hospital's net pension (asset) liability as a percentage of covered-employee payroll	52.06%	99.87%	33.60%	-17.90%	-2.40%	10.59%	11.21%	6.07%

Notes to Schedule

Information presented for 2022 is based on Plan measurement date of June 30, 2022. This schedule is intended to present 10 years of information. Additional years information will be included as it becomes available.

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South Peninsula Hospital (A Component Unit of the Kenai Peninsula Borough)

Schedule of Pension Contributions

Years Ended June 30, 2022	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ -	\$ -	\$ 1,414,858	\$ 1,722,750	\$ 1,231,588	\$ 1,386,433	\$ 1,354,770	\$ 816,458
Contributions in relation to the actuarially determined contribution	1,950,000	2,925,000	2,250,000	2,475,000	2,990,000	1,174,500	681,750	454,500
Contribution deficiency (excess)	\$ (1,950,000)	\$ (2,925,000)	\$ (835,142)	\$ (752,250)	\$ (1,758,412)	\$ 211,933	\$ 673,020	\$ 361,958
Covered-employee payroll	\$ 8,981,095	\$ 8,612,159	\$ 9,423,893	\$ 10,864,897	\$ 11,374,381	\$ 18,456,466	\$ 19,654,269	\$ 17,884,004
Contributions as a percentage of covered-employee payroll	21.71%	33.96%	23.88%	22.78%	26.29%	6.36%	3.47%	2.54%

Notes to Schedule

Valuation date: Actuarially determined contributions rates are calculated as of January 1, 2022. This schedule is intended to present 10 years of information. Additional years information will be included as it becomes available.

Methods and Assumptions Used to Determine Contribution Rates

Liability Interest Rate 7.00%

Administrative Level percentage of payroll

Remaining Amortization Period5 to 13.33 yearsAsset Valuation Method5-year smooth market

Inflation 2.50%
Salary Increases 2.5% annually
Investment Rate of Return 7%

Retirement Age All participants are assumed to retire at age 70

Mortality Pri-2012 White Collar Mortality, projected with MP-2021

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Single Audit Section



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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Honorable Mayor and Members of the Kenai Peninsula Borough Assembly, and South Peninsula Hospital Operating Board Homer, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the South Peninsula Hospital (the Hospital), a component unit of Kenai Peninsula Borough, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise South Peninsula Hospital's basic financial statements, and have issued our report thereon dated January 9, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hospital's internal control over financial reporting (internal control) for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

South Peninsula Hospital's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Hospital's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Hospital's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anchorage, Alaska January 9, 2023

BDO USA, LLP



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Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Honorable Mayor and Members of the Kenai Peninsula Borough Assembly, and South Peninsula Hospital Operating Board Homer, Alaska

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited South Peninsula Hospital's (the Hospital's) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Hospital's major federal programs for the year ended June 30, 2022. The Hospital's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Hospital complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Hospital and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Hospital's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Hospital's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Hospital's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Hospital's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and
 design and perform audit procedures responsive to those risks. Such procedures include
 examining, on a test basis, evidence regarding the Hospital's compliance with the
 compliance requirements referred to above and performing such other procedures as we
 considered necessary in the circumstances.
- obtain an understanding of the Hospital's internal control over compliance relevant to the
 audit in order to design audit procedures that are appropriate in the circumstances and to
 test and report on internal control over compliance in accordance with the Uniform
 Guidance, but not for the purpose of expressing an opinion on the effectiveness of the
 Hospital's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Anchorage, Alaska January 9, 2023

BDO USA, LLP

South Peninsula Hospital (A Component Unit of the Kenai Peninsula Borough)

Schedule of Expenditures of Federal Awards Year Ended June 30, 2022

	Federal	Pass-Through	Provided	
Fordered Country (Deep Through Country)	Assistance	Entity	to	Total
Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Listing Number	ldentifying Number	Subre- cipients	Federal Expenditures
Program of Cluster Title	Nullibel	Number	cipients	Experiurtures
U.S. Department of the Treasury Passed through Alaska Hospital Association COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	FY2022	\$ -	\$ 24,500
COVID-17 COLOHAVILUS SCACE AND LOCAL LISCAL RECOVERY LUNGS	21.027	1 12022	<u> </u>	\$ 24,300
Passed through Alaska Department of Health and Social Services- COVID-19 Coronavirus Relief Fund	21.019	FY2022		12,000
Total U.S. Department of the Treasury				36,500
U.S. Department of Health and Human Services Direct:				
COVID-19 Provider Relief Fund and American Rescue Plan Rural Distribution	93.498	N/A		1,029,053
Passed through Kenai Peninsula Borough- COVID-19 Epidemiology and Laboratory Capacity of Infectious Disease	es 93.323	KPB 02020-19-25	-	159,095
Passed through City of Homer- COVID-19 Epidemiology and Laboratory Capacity of Infectious Disease	es 93.323	C0621-570-C		154,057
Total Assistance Listing Number 93.323				313,152
Passed through Alaska Department of Health and Social Services- COVID-19 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crisis	93.391	601-313-22015		51,282
Healthcare Crisis	73.371	001-313-22013		31,202
Passed through Alaska Department of Health and Social Services- COVID-19 Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665	602-255-22015		75,228
Passed through Alaska Department of Health and Social Services- National Bioterrorism Hospital Preparedness Program	93.889	0621-021		20,845
Passed through Alaska Department of Health and Social Services- COVID-19 Rural Health Research Centers	93.155	C0621-583		258,376
Passed through Alaska Department of Health and Social Services- COVID-19 Small Rural Hospital Improvement Grant Program	93.301	0618-124		11,855
Total U.S. Department of Health and Human Services				1,759,791
Total Expenditures of Federal Awards			\$ -	\$ 1,796,291

The accompanying notes are an integral part of this schedule.

South Peninsula Hospital (A Component Unit of the Kenai Peninsula Borough)

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of South Peninsula Hospital under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of South Peninsula Hospital, it is not intended to and does not present the financial position, changes in net position or cash flows of South Peninsula Hospital.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

South Peninsula Hospital has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Provider Relief Fund (PRF) and American Rescue Plan (ARP) Rural Distribution Program

The total PRF Program expenditures on the Schedule includes \$115,664 of out-of-period expenditures and \$913,389 of lost revenues which are reported in accordance with the terms and conditions included in the Health Resources and Services Administration (HRSA) Post-Payment Notice of Reporting Requirements specific to the PRF Program.

South Peninsula Hospital (A Component Unit of the Kenai Peninsula Borough)

Schedule of Findings and Questioned Costs Year Ended June 30, 2022

	Section I - Summary of Auditor'	's Results	
Financial Statemer	nts		
	nuditor issued on whether the financial were prepared in accordance with GAAP:	Unmodified	
Material weakness	r financial reporting: (es) identified? ncy(ies) identified?	X Yes Yes	no X (none reported)
Noncompliance mat	erial to financial statements noted?	Yes	X no
Federal Awards			
Material weakness	r major federal programs: (es) identified? ncy(ies) identified?	Yes Yes	X no X (none reported)
Type of auditor's re major federal prog	port issued on compliance for grams:	Unmodified	
,	isclosed that are required to be reported a 2 CFR 200.516(a)?	yes	X no
Identification of ma	jor federal programs:		
Assistance Listing Number	Name of Federal Program or Cluster	Agency	
93.498	Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	U.S. Departi Human Se	ment of Health and rvices
Dollar threshold use	d to distinguish between Type A and Type	B programs:	\$ 750,000
Auditee qualified as	low-risk auditee?	yes	X no

South Peninsula Hospital (A Component Unit of the Kenai Peninsula Borough)

Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2022

Section II - Financial Statement Findings Required to be Reported in Accordance with **Government Auditing Standards**

Finding 2022-001	Fiduciary Fund Activity Assessment and Omission of Fiduciary Funds
	Statements - Internal Control Over Financial Reporting - Material Weakness

Criteria Government Accounting Standards states management is responsible for establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; using resources efficiently; economically, effectively, and equitably, and safeguarding resources; following laws and regulations; and ensuring that financial information is reliable and properly reported. Internal controls over financial reporting should allow management to prevent or detect and correct misstatements on a timely basis. GASB Statement No. 84, Fiduciary Activities, requires the reporting of a fiduciary fund for pension trusts that meet certain criteria.

Condition The Hospital did not identify the pension trust fund as a fiduciary activity. As a result, the financial statements did not initially include these activities as

a fiduciary fund. During our audit, we performed an assessment of potential fiduciary activities noting the pension trust fund should be reported as a

fiduciary activity.

Cause The Hospital's evaluation of the impacts of GASB 84 was incorrect in the prior

Effect or The pension trust fund was not identified as a fiduciary fund and was Potential Effect

improperly excluded from the FY 2021 financial statements.

Recommendation The Hospital should implement processes and controls to ensure potential

> fiduciary activities are assessed and properly reported. The Hospital should implement processes and controls to ensure proper implementation of new

accounting standards.

Views of Management concurs with the finding. Management will implement processes Responsible accounted for and ensure proper implementation of new accounting Officials

and controls to ensure potential fiduciary activities are assessed and properly

standards.

Section III - Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in in 2 CFR 200.516(a)) that are required to be reported.



General Accounting 4300 Bartlett Street Homer, AK 99603 907-235-0912 F.907-235-0254

Name of Contact Person: Anna Hermanson

Interim CFO

ahermanson@sphosp.org

907-235- 0912

Finding 2022-001 Fiduciary Fund Activity Assessment and Omission of Fiduciary Funds

Statements - Internal Control Over Financial Reporting - Material Weakness

Corrective Action

South Peninsula Hospital will meet with the Kenai Peninsula Borough Finance Director annually to review any new GASB pronouncements and discuss them together to both ensure that standards are implemented in tandem at the same time. This will ensure that we have discussed and reviewed and are in agreement for both timelines and implementation requirements.

Expected Completion Date:

Fiscal year 2023

Introduced by: Administration
Date: Feb 27, 2023

Action: Vote:

Yes - X, No - X, Excused - X

SOUTH PENINSULA HOSPITAL BOARD RESOLUTION 2023-06

A RESOLUTION OF THE SOUTH PENINSULA HOSPITAL BOARD OF DIRECTORS APPROVING THE 2022 DISCRETIONARY CONTRIBUTION FOR THE NON-UNION 403(b) PLAN

WHEREAS South Peninsula Hospital offers a defined contributions plan to its Non-Union employees; and

WHEREAS Non-Union employees receive a 4% match to their 403b contributions as their payroll deferral elections are made each pay period; and

WHEREAS South Peninsula Hospital has approved an additional 2% match of eligible compensation in recent years at the end of the plan year; and

WHEREAS Board Policy F-17 allows for a discretionary contribution not to exceed 4% of annual eligible compensation per IRS guidelines; and

WHEREAS it is the recommendation of management that the South Peninsula Hospital Board of Directors approve a discretionary contribution in an amount equal to 2% of Non-Union employee's eligible compensation with a maximum contribution not to exceed 2% of the IRC Sec. 401(a)(17) limit for the plan year.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SOUTH PENINSULA HOSPITAL TO APPROVE THE DISCRETIONARY CONTRIBUTION FOR NON-UNION EMPLOYEES 403(b) PLAN FOR THE PLAN YEAR 2022 IN AN AMOUNT EQUAL TO 2% OF ELIGIBLE COMPENSATION.

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF SOUTH PENINSULA HOSPITAL THIS 27th DAY OF FEBRUARY 2023.

ATTEST:	Kelly Cooper, Board President
ATTEST.	
	<u>_</u>
Julie Woodworth, Secretary	

Introduced by: Administration
Date: February 27, 2023

Action: Vote:

Yes - X, No - X, Excused - X

SOUTH PENINSULA HOSPITAL BOARD RESOLUTION 2023-07

A RESOLUTION OF THE SOUTH PENINSULA HOSPITAL BOARD OF DIRECTORS APPROVING A PARTIAL ANNUITY PLACEMENT BUYOUT OF THE SOUTH PENINSULA HOSPITAL EMPLOYEES' PENSION PLAN AND TRUST

WHEREAS South Peninsula Hospital has a Defined Benefit Pension Plan which is still administers in accordance with its Plan Document; and

WHEREAS the Defined Benefit Pension Plan has been frozen to new entrants since 2012 and the number of retirees and deferred vested participants has grown to approximately 141 individuals; and

WHEREAS the estimated value of plan assets needed to fund the benefit to this group is approximately \$8 million, however the final number will not be known until the winning bidder is selected and the process is completed, but it is not expected to exceed \$12 million; and

WHEREAS South Peninsula Hospital is allowed per ERISA and Federal IRS guidelines to transfer the burden of plan administration to a creditable insurance carrier that can fulfill the plan requirements on behalf of the organization; and

WHEREAS it is the recommendation of South Peninsula Hospital Administration that we use this opportunity to begin reducing the balance of plan assets and lower the burden of administering the South Peninsula Hospital Employees' Pension Plan; and

WHEREAS South Peninsula Hospital Administration has selected an Annuity Placement Provider to assist with the regulatory requirements of ERISA fiduciary standards when selecting an annuity provider for a defined benefit pension plan as written in DOL interpretive bulletin 95-1, and

WHEREAS Dietrich Associates was selected as our broker to perform in the capacity of co-fiduciary and ensure that ERISA standards are followed, and

WHEREAS South Peninsula Hospital Administration asks for the approval of the Board of Directors to select the insurance carrier for the annuity placement through a formal bid process with the recommendation of Dietrich Associates, and

WHEREAS South Peninsula Hospital Administration asks for the approval of the Board of Directors to initiate a wire transfer of Plan Assets from the South Peninsula Hospital Employees' Pension Plan and Trust to the winning insurance carrier of the annuity placement after it is selected.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SOUTH PENINSULA HOSPITAL TO APPROVE THE PARTIAL ANNUITY PLACEMENT BUYOUT OF THE SOUTH PENINSULA HOSPITAL EMPLOYEES' PENSION PLAN AND TRUST.

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF SOUTH PENINSULA HOSPITAL THIS 27^{th} DAY OF FEBRUARY 2023.

ATTEST:	Kelly Cooper, Board President
Julie Woodworth, Secretary	

Introduced by: Date: Action: Vote: Administration February 27, 2023

SOUTH PENINSULA HOSPITAL BOARD RESOLUTION 2023-08

A RESOLUTION OF THE SOUTH PENINSULA HOSPITAL BOARD OF DIRECTORS APPROVING A PLAN AMENDMENT FOR THE 457 PLAN TO ADHERE TO THE REQUIREMENTS OF THE SECURE ACT OF 2019

WHEREAS South Peninsula Hospital offers a non-qualified 457 plan to its highly compensated employees; and

WHEREAS South Peninsula Hospital management was notified by its Plan Administrator/Custodian that the *Setting Every Community Up for Retirement Enhancement Act* of 2019 (SECURE) required that we make an amendment to our 457 plan by 12/31/2022; and

WHEREAS South Peninsula Hospital management signed the 457 plan amendment with the intent to ask for retroactive Board Approval in February 2023; and

WHEREAS the amendment from the SECURE act of 2019 will effectively change the timing of Required Minimum Distributions (RMD) to Beneficiary/ies of a Participant who dies prior to the Required Beginning Date (RBD) or latest date to which a plan participant may defer distributions. The beneficiary RMD election will be changed from 5 years to 10 years in the absence of an election or age 72; and

WHEREAS South Peninsula Hospital follows all Federal and State Regulatory requirements with regard to its qualified and non-qualified employee retirement plans; and

WHEREAS South Peninsula Hospital desires to amend the 457 Plan to meet the requirements of the SECURE act; and

WHEREAS the provisions of this amendment are being made retroactively to bring the Plan's terms into compliance with its operation pursuant to the SECURE Act. Each Article indicates the date upon which the change goes into effect; and

WHEREAS this Resolution was reviewed at the Pension Committee on February 16, 2023.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SOUTH PENINSULA HOSPITAL:

1. That Management is hereby authorized to take any actions that are necessary to comply with the requirements of the SECURE Act of 2019 as it relates to our SPH 457 deferred compensation plan.

SPH Resolution 2023-XX page 1 of 2

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF SOUTH PENINSULA HOSPITAL THIS $27^{\rm th}$ DAY OF FEBRUARY, 2023.

ATTEST:	Kelly Cooper, Board President
Julie Woodworth, Secretary	

SPH Resolution 2023-XX page 2 of 2

Introduced by: Date: Action:

Vote:

Administration

SOUTH PENINSULA HOSPITAL BOARD RESOLUTION 2023-09

A RESOLUTION OF THE SOUTH PENINSULA HOSPITAL BOARD OF DIRECTORS APPROVING THE REQUEST OF UNOBLIGATED SERVICE AREA FUNDS AND UNOBLIGATED PLANT REPLACEMENT EXPANSION FUNDS TO SUPPORT UPDATING THE LONG TERM CARE HEATING VENTILATION AND AIR CONDITIONING SYSTEM

WHEREAS, South Peninsula Hospital Administration has a Long Term Care facility that provides service for up to 28 residents; and

WHEREAS, Centers for Medicare and Medicaid Service have regulatory requirements for the allowable temperature ranges in a Long Term Care facility; and

WHEREAS, South Peninsula Hospital Long Term Care was not able to adhere to those requirements and room temperatures exceeded the maximum allowed temperature during the summer; and

WHEREAS, It was deemed necessary that a heating ventilation and air conditioning (HVAC) system be installed to meet these requirements; and

WHEREAS, the cost to perform the needed upgrades is estimated at \$1,801,065; and

WHEREAS, Kenai Peninsula Borough South Peninsula Hospital Project 22SHB has \$173,649 available in remaining project funds and additional funds will be needed to complete this project; and

WHEREAS, SPH Management has cancelled or completed certain projects under budget during the past year which has resulted in an excess of Service Area Fund Balance; and

WHEREAS, SPH Management would like to request that unobligated monies from the Service Area in the amount of \$1,000,000 be appropriated to complete the replacement and upgrade of the SPH Long Term Care HVAC System; and

WHEREAS, SPH Management would like to request that the remaining portion of \$627,416 be appropriated from unobligated monies from the SPH Plant Replacement and Expansion fund be appropriated to complete the replacement and upgrade of the SPH Long Term Care HVAC System; and

WHEREAS, the SPH Long Term Care HVAC Project was discussed at Finance Committee on February 16, 2023.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SOUTH PENINSULA HOSPITAL:

- 1. That the South Peninsula Hospital Board of Directors approves the LTC HVAC Upgrade Project in the amount of \$1,801,065.
- 2. That the South Kenai Peninsula Service Area Board make a recommendation to approve the use of unobligated Service Area Funds in the amount of \$1,000,000 and the use of \$627,416 from plant replacement funds for the SPH LTC HVAC and Upgrade Project.
- 3. That the South Peninsula Hospital Board of Directors requests that the Kenai Peninsula Borough appropriate \$1,000,000 in unobligated Service Area Funds and appropriate \$627,416 in unobligated SPH Plant Replacement and Expansion Funds for the SPH LTC HVAC and Upgrade Project.

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF SOUTH PENINSULA AT ITS MEETING HELD ON THIS DAY OF February 2023.

ATTEST:	
	Kelly Cooper, Board President
Julie Woodworth, Board Secretary	

STATEMENT OF PROBABLE COST KENAI PENINSULA BOROUGH CAPITAL PROJECTS DEPARTMENT

Project Name: SPH LTC Cooling Date: 2/13/23

Description: Install rooftop AHUs with Refrigerant Cooling Coils and Air-cooled Condensing Units at

each AHU. Backfeed each existing duct mains.

A/E Firm: TBD Project Manager: Carmen Vick

Funding:

Account Number: N/A

PROJECT COST ESTIMATE

1. Construction Costs \$1,259,620.00 Based on 95% Design for Option #3

A. General Requirements

Subtotal \$1,259,620.00 Construction contingency 5% \$62,981.00

Total Construction Cost: \$1,322,601.00

2. Design & CA Services

A. Construction Documents Revised

B. Advertisment \$500.00 C. CA Services \$0.00

3. Other Project Costs

A. Reproduction and Advertising

B. Project Management 2% \$26,452.02

C. Permits

D. Testing & Inspections

E. FF&E \$0.00 Total Other Costs: \$26,952.02

3. Subtotal Project Cost: \$1,349,553.02
A. Annual Inflation Rate 8.3% over 6 months \$56,006.45
B. Legal & Admin. Costs: 2% up to 1M, 2% >1M \$26,991.06

Total Inflation and Administrative Costs \$1,432,550.53

Project Contingency

Total Project Cost: \$1,432,550.53

KENAI PENINSULA BOROUGH

Budget To Actuals Statement Report
Report Option: Statement of Expenditures
From Date: 07/01/2022 To Date: 02/13/2023

From Account: To Account: Run Date: 02/13/2023 User: phartley Report by:

Wildcard Accounts: 491-81210-22shb

Account Number	Account Name	Original Budget Re	vised Budget	Actuals Date Range	Current YTD Actuals	Current YTD Tot Enc	tal Committed Bud	dget Variance	Percent Remaining
Expenditures									
491-81210-22SHB-40110	REGULAR WAGES	0.00	0.00	1,272.24	1,272.24	0.00	1,272.24	-1,272.24	0.00%
491-81210-22SHB-40210	FICA	0.00	0.00	98.95	98.95	0.00	98.95	-98.95	0.00%
491-81210-22SHB-40221	PERS	0.00	0.00	279.86	279.86	0.00	279.86	-279.86	0.00%
491-81210-22SHB-40321	HEALTH INSURANCE	0.00	0.00	459.61	459.61	0.00	459.61	-459.61	0.00%
491-81210-22SHB-40322	LIFE INSURANCE	0.00	0.00	2.27	2.27	0.00	2.27	-2.27	0.00%
491-81210-22SHB-40410	LEAVE	0.00	0.00	162.48	162.48	0.00	162.48	-162.48	0.00%
491-81210-22SHB-43011	CONTRACTUAL SERVICES	0.00	150,689.65	58,575.65	58,575.65	92,114.00	150,689.65	0.00	0.00%
491-81210-22SHB-43110	COMMUNICATIONS	0.00	14.38	17.10	17.10	0.00	17.10	-2.72	-19.00%
491-81210-22SHB-43210	TRANSPORT/SUBSISTENCE	0.00	30.00	0.00	0.00	0.00	0.00	30.00	100.00%
491-81210-22SHB-43220	CAR ALLOWANCE	0.00	0.00	53.67	53.67	0.00	53.67	-53.67	0.00%
491-81210-22SHB-43310	ADVERTISING	0.00	134.87	0.00	0.00	0.00	0.00	134.87	100.00%
491-81210-22SHB-48516	FY22 SPH A/C UNIT FOR LONG TERM CARE & REHAB	0.00	172,946.30	0.00	0.00	0.00	0.00	172,946.30	100.00%
491-81210-22SHB-61990	ADMIN SERVICE FEE 1%	0.00	3,238.16	368.23	368.23	0.00	368.23	2,869.93	89.00%
Total Expenditures		0.00	327,053.36	61,290.06	61,290.06	92,114.00	153,404.06	173,649.30	

South Peninsula Hospital

Hospital Board of Trustees Balanced Scorecard Report Fourth Quarter Calendar 2022 (Oct, Nov, Dec)

Overall Indicators	4th Q 2022	Target	n	Note
Medicare Care Compare Overall Hospital Star Rating	N/A	5		
Medicare Care Compare Overall Hospital Survey Star Rating	4	5		
Medicare Care Compare Overall Nursing Home Star Rating	5	5		
Medicare Merit Based Incentive Payment System Total Score	62.47	75		2019 60.6; 202075.2; 202181.34
The Chartis Group - iVantage Health Analytics Index Rank	57.9	75		2019 34.6; 202074.7; 202170.9
Quality of Care		Target	n	Note
Severe Sepsis & Septic Shock Care	56%	>75%		4/1/22-6/30/22 (Care Compare 71%, 1/1/21-12/31/21)
Measures the percentage of patients who received appropriate care for severe sepsis and septic shock.				# of cases passing/total # of cases-exceptions (Q2-2022 = 3 pass, 3 fail, 4 exclusions)
Stroke Care	N/A*	>95%	3	4/1/22-6/30/22 (Care Compare N/A, 1/1/21-12/31/21)
Percentage of patients who came to ED w/Stroke symptoms and received CT/MRI within 45 minutes of arrival.				Numerator = CT/MRI within 45 min & documented last known well. Denominator = Pts w/ Stroke presenting within 2 hrs of sympt. *(Q2-2022 = NA- 0 pass, 0 fail, 3 excluded)
Readmission	4%	<15%	295	10/1/22-12/31/22 (Care Compare 15.8%, 7/1/20-6/30/21)
Unplanned readmission which occurs within 30 days of a previous discharge date.				# of patients with unplanned readmission within 30 days of discharge - exclusions/Eligible admissions
Elective Deliveries	0%	<0%	30	10/01/22-12/31/22 (Care Compare N/A, 1/1/21-12/31/21)
% of non-medically indicated deliveries including caesarean delivery, inductions of labor, and cervical ripening occurring before 39 weeks gestation.				# of non-medically indicated deliveries before 39 weeks gestation / total deliveries.
Provider Quality Score (Group)	75%	>95%		Scoring tabulated as a running, annual score.
CMS Merit-Based Incentive Payment System (MIPS) for providers				
Patient Safety	4th Q 2022	Target	n	Note
Patient Fall Rate AC (injurious fall rate)	6.3 (1.8)	3-5*	1113	# of patient falls / # patient days x 1000
Measures the number of patient falls per 1,000 patient days				n = IP, observations and swing bed patient days.
Resident Fall Rate LTC (injurious fall rate)	3.9 (0)	2	2009	# of resident falls / # resident days x 1000
Measures the number of resident falls per 1,000 patient days				
Medication Errors	0	0		
Measures the number of reported medication errors causing patient harm or death.				*Unknown Med allergy and confusion with a Home Health patient (caretaker manages med) led to two harm events without staff error.
Never Events	0	0		
Measures the number of errors in medical care that are clearly identifiable, preventable and serious in their consequences as defined by CMS and NQF.				

Provider and Staff Alignment	4th Q 2022	Target	n	Note
Provider Satisfaction Percentile	74th	75th		
Measures the satisfaction of physician respondents as indicated by Press Ganey physician survey results. Measured as a percentile.				Result of provider survey 2021
Employee Satisfaction Percentile	70th	75th		
Measures the satisfaction of staff respondents as indicated in Press Ganey staff survey results Measured as a percentile.				Result of employee survey 2021
Patient Satisfaction Through Press Ganey	4th Q 2022	Target	n	Note
Inpatient Percentile	69th	75th	43	
Measures the satisfaction of inpatient patient respondents. Measures as a percentile ranking across Press Ganey clients.				Q2-2022: 79th, n = 40 Q3-2022: 87th, n = 49
Outpatient Percentile	12th	75th	252	
Measures the satisfaction of outpatient patient respondents. Measures as a percentile ranking across Press Ganey clients.				Q2-2022: 31st, n = 249 Q3-2022: 14th, n = 255
Emergency Department Percentile	96th	75th	43	
Measures the satisfaction of emergency patient respondents. Measures as a percentile ranking across Press Ganey clients.				Q2-2022: 81st, n = 62 Q3-2022: 83rd, n = 94
Medical Practice Percentile	76th	75th	454	
Measures the satisfaction of patient respondents at SPH Clinics. Measures as a percentile ranking across Press Ganey clients.				Q2-2022: 61st n = 498 Q3-2022: 49th, n = 466
Ambulatory Surgery Percentile	74th	75th	69	
Measures the satisfaction of ambulatory surgery patient respondents. Measures as a percentile ranking across Press Ganey clients.				Q2-2022: 56th, n = 76 Q3-2022: 20th, n = 57
Home Health Care Percentile	97th	75th	33	*Running 12 months due to low quarterly returns
Measures the satisfaction of Home Health Care clients (or family) respondents. Measures as a percentile ranking across Press Ganey clients.				Q2-2022: 55th, n = 36 Q3-2022: 88th, n = 38
Consumer Assessment of Healthcare Providers and Services	4th Q 2022	Target	n	Note
HCAHPS Percentile	69th	75th	43	
Measures the 1-10 ranking received by inpatient client (or family) respondents. Measures as a percentile ranking across Press Ganey clients.				Q2-2022: 91st, n = 39 Q3-2022: 87th, n = 49
HHCAHPS Percentile	87th	75th	33	*Running 12 months due to low quarterly returns
Measures the 1-10 ranking received by Home Health Care client (or family) respondents. Measures as a percentile ranking across Press Ganey clients.				Q2-2022: 54th, n = 36 Q3-2022: 77th, n = 38

Workforce	4th Q 2022	Target	n	Note
Turnover: All Employees	3.29%	< 5%	527	17 Terminations/527 Total Employees
Percentage of all employees separated from the hospital for any reason				
Turnover: Voluntary All Employees	2.51%	< 4.75%	527	13 Voluntary Terminations/527 Total Employees
Measures the percentage of voluntary staff separations from the hospital				
First Year Total Turnover	6.45%	< 7%	93	6 New Staff Terminated in Q4/93 Total New Hires from 1/1/2022-12/31/2022
Measures the percentage of staff hired in the last 12 months and who separated from the hospital for any reason during the quarter.				
Information System Solutions	4th Q 2022	Target	n	Note
Eligible Hospital (EH) Promoting Interoperability: hospital-based measures for inpatient and observation stays.	81	>60		CMS score 60 and above = pass *(Data temp unavailable)
e-Prescribing: Electronic Prescribing (Rx)	8	10	392	392 out of 471
Health Information Exchange: Support Electronic Referral Loops by receiving and incorporating health information	20	20	3	3 out of 3
HIE: Support Electronic Referral Loops by sending health information (Summary of Care sent)	6	20	46	46 out of 163
Provider to patient exchange: Provide patients electronic access to their health information (timely access via the patient portal)	37	40	210	210 out of 228
Public Health & Clinical Data Exchange	10	10	10	10 out of 10
Eligible Provider (EP) - Promoting Interoperability (Group)	100%	95%		
Merit Based Incentive Payment System Promoting Interoperability score (MIPS tracking is in Athena)				Scoring tabulated as a running, annual score.
Electronic Medical Record (EMR) Adoption Stage	5	5		
Health Information Management & Systems Society (HIMSS) Electronic Medical Record Adoption Model (EMRAM) stage.				The current US average is 2.4 out of a possible 7.0 stages. Stage 6 and 7 require site visit validation.
IT Security Awareness Training Complete Rate	90%	100%	1589	
% of employees who have completed assigned security training				1589 videos training sent, 1427 completed.
Phishing Test Pass Rate	99%	100%	2688	
				2688 test phishing emails sent out to staff. 5 of the email link were clicked, causing 5 potential security risks.

Financial Health	4th Q 2022	Target	n	Note
Operating Margin	-3.88%	-9.4%		
Measures the surplus (deficit) of operating income over operating expenses as a percentage of net patient service revenue for the quarter.				Target is based on budgeted operating margin for the period.
Adjusted Patient Discharges	1,070.14	931.47		
Measures the number of patients discharged, adjusted by inpatient revenues for the quarter divided by (inpatient + outpatient revenues).				Total Discharges: 170 (Acute, OB, Swing, ICU) LTC Revenue & discharges not included
Net Revenue Growth	18.0%	12.9%		
Measures the percentage increase (decrease) in net patient revenue for the quarter compared to the same period in the prior year.				Target is based on budgeted net patient service revenue for the period compared to net patient service revenue for the same period in prior year.
Full Time Equivalents (FTEs) per Adjusted Occupied Bed	7.53	9.34		
Measures the average number of staff FTEs per adjusted occupied bed for the quarter.				Target is based on budgeted paid hours (FTE) divided by (budg gross patient revenue/budg gross inpatient rev) X budgeted average daily census for the quarter.
Net Days in Accounts Receivable	51.0	55		
Measures the rate of speed with which the hospital is paid for health care services.				
Cash on Hand	81	90		# Represents days
Measure the actual unrestricted cash on hand (excluding PREF and Service Area) that the hospital has to meet daily operating expenses.				Cash available for operations based average daily operating expenses during the quarter less depreciation for the quarter.
Uncompensated Care as a Percentage of Gross Revenue	2.4%	2.5-3.5%		
Measures bad debt & charity write offs as a percentage of gross patient service revenue				Target is based on industry standards & SPH Payer Mix Budgeted total is 2.9% Expected range of 2.5-3.5%
Surgical Case Growth	16.8%	24.9%		
Measures the increase (decrease) in surgical cases for the quarter compared to the same period in the prior year.				Target is based on budgeted surgeries above actual from same quarter prior year.
Intense Market Focus to Expand Market Share	4th Q 2022	Target	n	Note
Outpatient Revenue Growth	20.7%	14%		
Measures percentage increase (decrease) in outpatient revenue for the quarter, compared to the same period in the prior year.				Target is based on budgeted outpatient revenue for the period compared to outpatient revenue for the same period in the prior year.

South Peninsula Hospital

Hospital Board of Trustees Balanced Scorecard Report

Quarter Calendar 2023 (Draft)

Quarter Calc	iluai 202	23 (Druji	<u> </u>	
Overall Indicators	Q 2023	Target	n	Note
Medicare Care Compare Overall Hospital Star Rating	N/A	5		
Medicare Care Compare Overall Hospital Survey Star Rating	4	5		
Medicare Care Compare Overall Nursing Home Star Rating	5	5		
Medicare Merit Based Incentive Payment System Total Score	61.59	25		2019 60.6; 202075.2; 202181.34
The Chartis Group - iVantage Health Analytics Index Rank	57.9	75		2019 34.6; 202074.7; 202170.9
Quality of Care / Patient Safety	Q 2023	Target	n	Note
Severe Sepsis & Septic Shock Care		>75%		
Sepsis (percentage of patients who received appropriate care for sepsis and/or septic shock.)				# of cases passing/total # of cases-exceptions (# pass, # fail, # exclusions)
Stroke Care		> 95%		
Percentage of patients who came to ED w/Stroke symptoms and received CT/MRI within 45 minutes of arrival.				Numerator = CT/MRI within 45 min & documented last known well. Denominator = Patients with Stroke presenting within 2 hours of symptoms. (# pass, #failed, # excluded)
Median Emergency Room Time		140 min		Target (minutes)
Average time spent in department before leaving.				Average throughput time of random sample of ED visits (chart abstracted).
Readmission		< 15%		
The readmission measures are estimates of the rate of unplanned readmission to an acute care hospital in 30 days after discharged from a hospitalization. Patients may have had an unplanned readmission for any reason.				# of patients with unplanned readmission within 30 days of discharge - exclusions/Eligible admissions
Elective Deliveries		0%		
Percentage of mothers whose deliveries were scheduled too early (1-2 weeks early), when a scheduled delivery wasn't medically necessary.				# of non-medically indicated deliveries before 39 weeks gestation total deliveries.
Provider Quality Score (Group)		15 pts		Scoring tabulated as a running, annual score.
CMS Merit-Based Incentive Payment System (MIPS) for providers				Target to be adjusted Quarterly as appropriate
Patient Fall Rate AC		< 5		# of patient falls / # patient days x 1000
Measures the number of patient falls per 1,000 patient days				n = IP, observations and swing bed patient days.
Medication Errors		0		
Measures the number of reported medication errors causing patient harm or death.				Reported errors classified as type E-I by the National Coordinating Council for Medication Error Reporting and Prevention/CMS
Never Events		0		
Unexpected occurrence involving death/serious physiological or psychological injury, or the risk thereof.				

Home Health	Q 2023	Target	n	Note
Improvement in Breathing		> 80%		
Percentage of home health quality episodes patient became less short of breath.				Patients w/ quality episode indicating reduced shortness of breath/ Total pts. w/ quality episode ending w/ discharge during the reporting period – Exemptions.
Correct Medication Administration		> 75%		
Percentage of home health quality episodes patients improved taking oral medication correctly.				Patients w/ quality episode indicating an improved ability to take their meds correctly. Total pts. w/ quality episode ending w/ discharge during the reporting period – Exemptions.
Nursing Home	Q 2023	Target	n	Note
Fall with Major Injury		< 3%		
Resident w/ look back assessment(s) that indicate 1 or more falls resulting major w/injury. (fx/dislocation, head injury w/ altered consciousness, subdural hematoma.)				Residents with a lookback scan assessment indicating a Major Fall/ Total patient's with a lookback scan assessment – Exemptions
Urinary Tract Infections (UTI)		< 3%		
Residents w/ look back scan asses(s) that indicates (UTI) within the last 30 days.				Residents with a lookback scan assessment indicating a UTI within the last 30 days/ Total patients with a lookback scan – Exemptions.
Consumer Assessment of Healthcare Providers and Services	Q 2023	Target	n	Note
HCAHPS Percentile		75th		
Measures the 1-10 ranking received by inpatient client (or family) respondents. Measures as a percentile ranking across Press Ganey clients.				Q -20: , n = Q -20: , n =
HHCAHPS Percentile		75th		*Running 12 months due to low quarterly returns
Measures the 1-10 ranking received by Home Health Care client (or family) respondents. Measures as a percentile ranking across Press Ganey clients.				Q -20: , n = Q -20: , n =
Patient Satisfaction Through Press Ganey	Q 2023	Target	n	Note
Inpatient Percentile		75th		
Measures the satisfaction of inpatient patient respondents. Measures as a percentile ranking across Press Ganey clients.				Q-20:, n = Q-20:, n =
Outpatient Percentile		75th		
Measures the satisfaction of outpatient patient respondents. Measures as a percentile ranking across Press Ganey clients.				Q -20:, n = Q -20:, n =
Emergency Department Percentile		75th		
Measures the satisfaction of emergency patient respondents. Measures as a percentile ranking across Press Ganey clients.				Q -20:, n = Q -20:, n =
Medical Practice Percentile		75th		
Measures the satisfaction of patient respondents at SPH Clinics. Measures as a percentile ranking across Press Ganey clients.				Q -20:, n = Q -20:, n =
Ambulatory Surgery Percentile		75th		
Measures the satisfaction of ambulatory surgery patient respondents. Measures as a percentile ranking across Press Ganey clients. Home Health Care Percentile (HHC)				Q-20:, n = Q-20:, n =
Home Health Care Percentile (HHC)		75th		*Running 12 months due to low quarterly returns
Measures the satisfaction of HHC clients (or family) respondents. Measures as a percentile ranking across Press Ganey clients.				Q-20:, n = Q-20:, n =

Provider and Staff Alignment	Q 2023	Target	n	Note
Provider Satisfaction Percentile	74th	75th		
Measures the satisfaction of physician respondents as indicated by Press Ganey physician survey results. Measured as a percentile.				Result of provider survey 2021
Employee Satisfaction Percentile	70th	75th		
Measures the satisfaction of staff respondents as indicated in Press Ganey staff survey results Measured as a percentile.				Result of employee survey 2021
Workforce	Q 2023	Target	n	Note
Turnover: All Employees		< 5%		
Percentage of all employees separated from the hospital for any reason				Terminations/ Total Employees
Turnover: Voluntary All Employees		< 4.75%		
Measures the percentage of voluntary staff separations from the hospital				Voluntary Terminations/ Total Employees
First Year Total Turnover		< 7%		
Measures the percentage of staff hired in the last 12 months and who separated from the hospital for any reason during the quarter.				New Staff Terminated in Q/ Total New Hires from -
Travel Nursing Utilization		< 20		
Measure total travel staff utilized in a previous quarter (Internal & External)				01-2023 - External: 14 / Internal: 13, Total: 27
Information System Solutions	Q 2023	Target	n	Note
Eligible Hospital (EH) Promoting Interoperability: hospital-based measures for inpatient and observation stays.		> 60		CMS score 60 and above = pass
e-Prescribing: Electronic Prescribing (Rx)		10		
Health Information Exchange: Support Electronic Referral Loops by receiving and incorporating health information		20		
HIE: Support Electronic Referral Loops by sending health information (Summary of Care sent)		20		
Provider to patient exchange: Provide patients electronic access to their health information (timely access via the patient portal)		40		
Public Health & Clinical Data Exchange		10		
Eligible Provider (EP) - Promoting Interoperability (Group)		10 pts		Target quarterly for annual score
Merit Based Incentive Payment System Promoting Interoperability score (MIPS tracking is in Athena)				
Electronic Medical Record (EMR) Adoption Stage		5		
Health Information Management & Systems Society (HIMSS) Electronic Medical Record Adoption Model (EMRAM) stage.				The current US average is 2.4 out of a possible 7.0 stages. Stage 6 and 7 require site visit validation.
□IT Security Awareness Training Complete Rate		97%		
% of employees who have completed assigned security training				# videos training sent, # completed.
Phishing Test Pass Rate		97%		
2, % of Phishing test emails that were not failed.				# test phishing emails sent out to staff. # of the email links were clicked, causing # potential security risks.
07				

Financial Health	Q 2023	Target	n	Note
Operating Margin		1.5%		
Measures the surplus (deficit) of operating income over operating expenses as a percentage of net patient service revenue for the quarter.				Target is based on budgeted operating margin for the period.
Adjusted Patient Discharges		1091.72		
Measures the number of patients discharged, adjusted by inpatient revenues for the quarter divided by (inpatient + outpatient revenues).				Total Discharges: # (Acute, OB, Swing, ICU) LTC Revenue & discharges not included
Net Revenue Growth		-2.1%		
Measures the percentage increase (decrease) in net patient revenue for the quarter compared to the same period in the prior year.				Target is based on budgeted net patient service revenue for the period compared to net patient service revenue for the same period in prior year.
Full Time Equivalents (FTEs) per Adjusted Occupied Bed		9.35		
Measures the average number of staff FTEs per adjusted occupied bed for the quarter.				Target is based on budgeted paid hours (FTE) divided by (budg gross patient revenue/budg gross inpatient rev) X budgeted average daily census for the quarter.
Net Days in Accounts Receivable		55		
Measures the rate of speed with which the hospital is paid for health care services.				
Cash on Hand		90		# Represents days
Measure the actual unrestricted cash on hand (excluding PREF and Service Area) that the hospital has to meet daily operating expenses.				Cash available for operations based average daily operating expenses during the quarter less depreciation for the quarter.
Uncompensated Care as a Percentage of Gross Revenue		2-5.3%		
Measures bad debt & charity write offs as a percentage of gross patient service revenue				Target is based on industry standards & SPH Payer Mix Budgeted total is 2.9% Expected range of 2.5-3.5%
Average Age of Plant		8 yrs		
Average age of assets used to provide services				The average age of plant is calculated based on accumulated depreciation, divided by depreciation expense.
Intense Market Focus to Expand Market Share	Q 2023	Target	n	Note
Outpatient Revenue Growth		7%		
Measures percentage increase (decrease) in outpatient revenue for the quarter, compared to the same period in the prior year.				Target is based on budgeted outpatient revenue for the period compared to outpatient revenue for the same period in the prior year.
Surgical Case Growth		12.2%		
Measures the increase (decrease) in surgical cases for the quarter compared to the same period in the prior year.				Target is based on budgeted surgeries above actual from same quarter prior year.





MEMORANDUM

To: SPH Board of Directors

From: Pension Committee

Date: 02/16/2023

Re: Annual Pension Committee Report of Fund Activity

A. The Board Policy F-07-Pension Plan Investment specifies that "<u>A report of fund activity will be</u> made to the Board no later than the end of the first quarter of each calendar year.

- a. The year 2022 has not been a good one for the aggregate plans of SPH, with an overall return of -16%. This is matched by the benchmarks of the overall market used by the Committee to indicate performance relative to the market. See the attached "Retirement Plan Summary" for information.
- While these results are concerning, neither Newport, nor the Committee has been provided information that suggests further asset allocation or index fund strategies. We continue to monitor and take a long term view of the market at this point.
- c. Within the Defined Benefit Plan, Newport moved actual assets to the target asset allocations of 50% Equities, 47% Fixed, and 3% Cash or equivalent and has maintained this allocation throughout since the end of the first quarter of 2022.
- d. At the direction of the Committee, the CEO, COO, and CFO of SPH has begun the process of de-risking the Defined Benefit Plan. At this point this has taken the form of interviewing three annuity services providers, recommended by the Newport Group and selecting one provider to place the *retiree* and *deferred vested* beneficiary plan assets with an insurance carrier. An update on the progress of this effort will be made to the Pension Committee in the February 2023 meeting. This effort, when begun, will impact around 67 current retirees, 74 deferred vested (former employees), or their beneficiaries. It will not impact current employees remaining in the Defined Benefit Plan.

Board Action Required: None. For your information only.

Walter Partridge

Chair-SPH Pension Committee

South Peninsula Hospital Patient Centered Care Quality Committee January 18, 2023

DATE OF MEETING: January 18, 2023

MEMBERS PRESENT: x = Present

X	Shover, Susan (Quality Management Director, CMTE Co-Chair)	X	Wilson, Bernadette (Board of Directors, CMTE Co-Chair)
X	Wythe, Beth (Board of Directors)	X	Kincaid, Rachael (Chief Nursing Officer)

X	Ansell, Tracy (QM Admin Asst. / Scribe.)	X	Kincaid, Rachael (CNO)		Stuart, Ivy (Dir. Home Health)
X	Banks, Bonita (Risk Mitigation RN)		Kinnard, Penny (Mgr. HIM)	X	Stearns, Linda (RN Coordinator)
	Bartilson, James (Dir. of Info. Services)		Konik, Andrea (Med Staff Coordinator)		Tuomi, Christina (CMO)
X	Burdick, Joelle (OB Director)		Lautenschlager, Brent (Dir. Imaging)	X	Tupper, Mike (Quality Support Spec.)
X	Caldwell, Craig (ER Director)		Lewald, Anna (I.P. Nurse)		
	Dahmann, Dee (Spec. Serv. Cl. Manager)	X	Martin, Katie (LTC Director)		
	Deaver, Nancy (Pt. Access Super.)	X	Miller, Laura (Dir. Lab)		
X	Gall, Amber (Dir Of Surgical Serv.)	X	Nollar, Jane (AC Director)		
	Gallios, Kelly (HMC Manager)	X	Northrop, Karen (Mgr. Rehab Services.)		
X	Greear, Vince (Mgr. Pharmacy)	X	Ostman, Rhoda (Nutritional Serv. Mgr.)		
X	Herrmann, Justin (Mgr. EVS)	X	Smith, Harrison (Facilities Manager)		

OTHERS (NONMEMBERS) PRESENT: Specialty Clinic Manager Sara Woltjen

SUBMITTED BY:					

Susan Shover and/or Bernadette Wilson, Co-chairs

	Discussion	Action	Follow Up
I. Call to Order	Quality Director Susan Shover called the meeting to order at 12:33 pm.		CLOSED
II. Approval of Minutes/ III. Agenda	Risk Mitigation RN Bonita Banks motioned to approve the October 2022 minutes and Board of Director Member Bernie Wilson seconded the motion. Quality Management Director Susan Shover requested to make a small change to the agenda, by tabling Potiont Financial Samiges deportment report. Pound of	APPROVED	CLOSED
	the agenda, by tabling Patient Financial Services department report. Board of Director Member Beth Wythe motioned to accept the correction and Environmental Services Manager Justin Herrmann, second the motion.		

	Discussion	Action	Follow Up
IV. Living Our Values (L.O.V.) Commitment	Bonita Banks shared a L.O.V. compliment regarding one of our speech and language therapists who went above and beyond to reach out to re-connect with a patient who needed additional assistance to continue their therapy. The therapist worked with Patient Financial Services and QM to help re-engage the patient. Long Term Care Director Katie Martin shared about one of her nurses who left her position for a while then came back. She expressed to Katie, how nice it was to come back to such a positive environment.		CLOSED
V. New Business	A. Quality Plan Review Susan Shover explained it is time again to review the Quality Plan. The plan is scheduled to present to the board in May. She will send it out to the committee within the next month for review. The committee will have a chance to submit any needed changes before going to the Medical Executive Committee (MEC) in March and to the Board in April for final approval. B. 2023 Draft Balanced Scorecard Susan Shover talked about the changes in the upcoming 2023 Scorecard. The hope is to get into concurrent/real time data. Sepsis will continue to be monitored. Response to patients presenting with Stroke symptoms will stay on the scorecard even though it will fall off Care Compare. It is important to continue to monitor this information to make process improvements are solidified. Median Emergency Room Time (from door to discharge), Readmissions, Elective Deliveries, Provider Quality Score (MIPS), have not changed much. Patient Fall Rate changes to major falls with injury for LTC. Home Health and LTC have added indicators reported on HH Compare and LTC Compare. HCAHPS and HHCAHPS as well as Press Ganey patient satisfaction information will continue to be monitored on the scorecard. There is possibly going to be a category for contract staffing under the Workforce category. Target for IT security changes from 100% target, to a more realistic 97%.	QM Director to send Quality Plan to PCCQ Committee for review and input.	OPEN

	Discussion	Action	Follow Up
VI. Balanced Scorecard	Q4 of 2022 Balanced Scorecard (BSC) A. Overall Indicators – 3rd Quarter 2022 i. Care Compare Quality Specialist Mike Tupper spoke to SPH BSC indicators.		ONGOING
	 B. Quality of Care Sepsis - CNO Rachael Kincaid is working on and through the Sepsis Steering Committee, to report concurrent/real time data. A process is in place for Sepsis information to be received within 24 hours (based on nursing documentation completed). The Quality Director continues to complete chart abstractions and transmit sepsis core measure information to CMS quarterly. Readmissions – SPH is participating in the Alaska Hospital and Healthcare Association (AHHA) and Alaska Flex Readmission Reduction Collaborative, a program to reduce readmissions in Alaska hospitals. 		ONGOING
	 C. Patient Safety Mike Tupper touches on each of the patient safety topics. i. Falls (injurious fall rate) – Above the target this quarter for both AC and LTC. 		ONGOING
	 D. Patient Satisfaction reported through Press-Ganey Mike Tupper spoke to the outpatient Press Ganey ranking while the committee viewed the BSC on the screen. i. Inpatient – Working with Jane Nollar on choosing items for the 2023 Acute Care quality dashboard. 		ONGOING

	Discussion	Action	Follow Up
	ii. Outpatient – Has been a challenge as it covers multiple departments. Currently working on processes in outpatient departments that would affect the score.		
	iii. Ambulatory Surgery – OR Director Amber Gall, continues to bring up their Press Ganey scores by working with her staff. It was noted the score has shown much improvement from the previous quarter. (20 th to 74 th).		
	E. Consumer Assessment of Healthcare Providers and Services		
	i. HCAHPS Scores have improved through all four quarters of 2022. There have been a lot of discussion regarding intentional rounding which may be part of the positive change. Jane also mentions Acute Care's new team of CNAs are phenomenal.		
	 F. Information Systems i. MIPS Promoting Interoperability – Looking at the HIE (Health Information Exchange) numbers of electronic referrals: Currently Athena cannot do case reporting to the State. Athena is filing an exemption on behalf of South Peninsula Hospital. 		ONGOING
	ii. Security Awareness Training Target will be reduced for the upcoming 2023 scorecard, for a more realistic measure.		
VII. Departmental Reporting	A. Infection Prevention	TABLED	ANNUAL REPORTING
	B. Long Term Care (LTC)		ANNUAL REPORTING

Discussion	Action	Follow Up
 LTC Director Katie Martin, reported results of the LTC Facility Quality Assurance Improvement Performance (QAPI) Team measures. – Weight Monitoring 2022 – Monitoring resident weight monthly with documentation. Met goal of 95% at a 3-quarter measure. Standing Order Labs – Insuring appropriate initiated standing orders upon admission. Added after noticing a trend of orders not being followed. Goal 95% with a 6-month measure. Goal met. Falls with major injury - Ongoing audit to reduce injurious falls. Case by case measure with a goal of less than or equal to two per 1000 occupied bed days. Currently monitoring. Medication Errors that reach the resident to decrease adverse drug events. Goal is zero. Continue to monitor. Handwashing goal of 100% met. Immunization Rates for pneumococcal, influenza, Shingrix and COVID-19. Residents have a say in what immunizations they receive. Rate is good. Nursing Home Care Compare 5-Star Rating – Balance Score Card measure for LTC. Goal of Five met. Continued monitoring. Performance Improvement Project (PIP) – 2023 will be Interdisciplinary Team (IDT) monthly wound care review. Facility Initiated Report – One resident-to-resident incident. (Resident given a 30-day notice for inappropriately grabbing a female resident). November 2021 CMS Survey POC Completed 		
C. Pharmacy Pharmacy Manager Vince Greear reported working on medication errors on the pharmacy side. He is changing processes to insure medication scanning happens to increase levels accuracy. Some decrease in error during the process has been noted.		ANNUAL REPORTING

Discussion	Action	Follow Up
D. Specialty Clinic Clinic Manager Sara Woltjen reported on clinic new process improvement		ANNUAL REPORTING
Code Blue – Emergency staff has participated in mock code blue exercises in the Family Care Clinic. After an exercise prior to the ED Department assistance, they discovered holes in their process. Family Care Clinic RN Sydney Webb did a wonderful job updating and stocking the code cart.		
Vaccine – After an occurrence of a wrong vaccine given to a patient, a RCA was conducted and new processes were put into place. Fixed an issue with similar named vaccines stored together. Initiated a training program with a checklist for vaccine administration and developed better protocols for communication of orders. Pharmacy Manager Vince Greear gave thumbs up on the new changes.		
E. HIMT Facilities Manager Harrison Smith reported for HIMT. Facilities is currently working with the State on 2 citations, HVAC controls and fire dampers. Facilities is working with the borough for the HVAC upgrade. Deadline of January of 2024		ANNUAL REPORTING
HCAHPS Scores – Continue to work on the noise control for better HCAHPS scores.		
F. Acute Care Acute Care Director Jane Nollar reported working on a new quality dashboard for 2023. Reviewing the 2021 CMS survey with plan of corrections, picking some needed process improvement measures to carry forward. Incorporating HCAHPS scores for staff awareness and training. Sepsis is another topic of interest, which is on the BSC. Dr. Martinez came to a staff meeting to discuss Sepsis and the information was well received.		ANNUAL REPORTING

	Discussion	Action	Follow Up
	G. Utilization Management Amy Wirick is the new UM Nurse. Once she gets more familiar with her position, quality improvement items will be assessed that may need attention.		ANNUAL REPORTING
	H. Patient Financial Services	TABLED	ANNUAL REPORTING
VIII. Pending Business	 A. RLDatix – Mike Tupper reported RLDatix is up and running and everyone is doing their part. Quality Assistant Tracy Ansell is working in the system to build dashboards. Currently, hospital wide data is being reviewed and built into dashboards; then will start breaking down data for individual departmental dashboards. QM continues to tweak the system for better processes and information. B. Trauma Certification – Craig reported on the Trauma Re-verification and works is being done on double checking data entered in the trauma system. The State of Alaska continues to help and SPH will reach out to them when ready for a revisit. 		ONGOING
IX.Informational Items	No information items.		
XI. Adjourn Executive Session	The meeting was adjourned to executive session at 1:30 pm.		
Note:	Next Meeting: April 19, 2023		