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LOOKING FORWARD

THE COMMONWEALTH HEALTHCARE CORPORATION



Published October 30, 2019

The Commonwealth Healthcare Corporation strives to improve the quality of life for CNMI residents through acute care and preventive services aimed at fostering responsible lifestyles. The CHCC is committed to exceeding standards; honoring the dignity of its stakeholders and community; promoting equality and accountability throughout the corporation; and improving CNMI health and well-being through excellence and innovation in service.

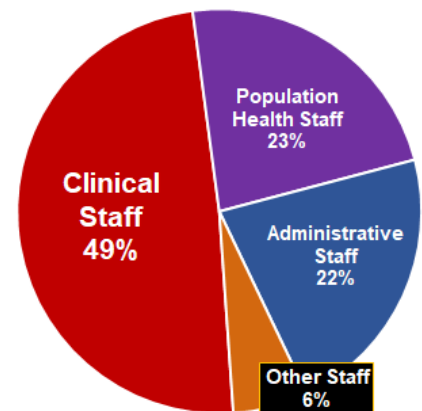
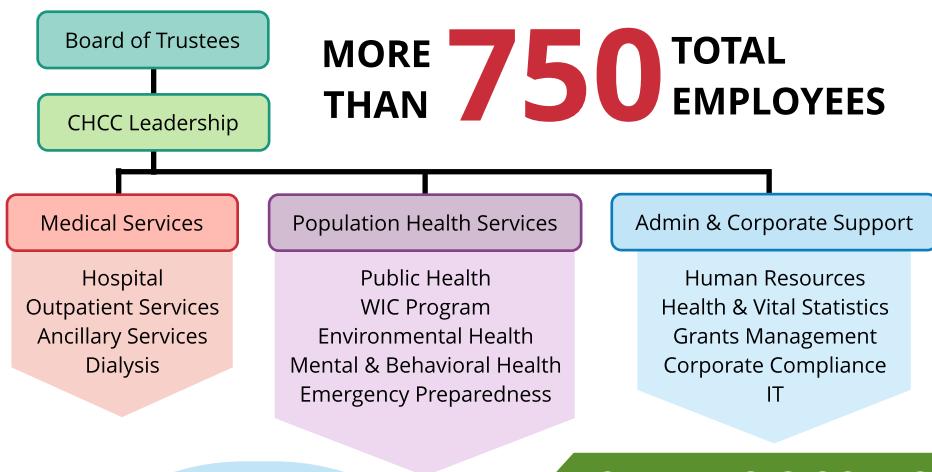


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Board Chairperson

THE CHCC AT A GLANCE



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STRATEGIC GOALS

1. Providing quality and affordable care to the community.
2. Maintaining a comprehensive data management system to track health patterns and trends in the CNMI.
3. Increasing financial efficiency to make investments into improvements to facilities, equipment, and services.
4. Maintaining CMS accreditation.
5. Recruiting and retaining staff from both the US and abroad.
6. Improving the corporation through professional development and staff training.

CMS COMPLIANCE

A full Centers for Medicare and Medicaid Services (CMS) survey was performed in April 2019. No immediate jeopardies were found, and both the CHCC hospital and dialysis center maintained accreditation.

**28 NEW PROVIDERS
IN FY2019**

**NEW ONCOLOGY
SPECIALTIES
INCLUDE PSYCHIATRY**

FY2019 CITIZEN CENTRIC REPORT

OUR YEAR

PAGE 2

HOSPITAL UPGRADES

Reverse osmosis water system that allows the CHCC to produce over 40,000 gallons of clean water per day, reducing reliance on other sources especially during emergencies.

Monitoring software and other equipment for the labor and delivery unit aimed at promoting better outcomes for women and their babies.



Reverse osmosis system

The overall CHCC readmission rate in 2018 was **8.3%**
Compared to the national average of **15.3%**

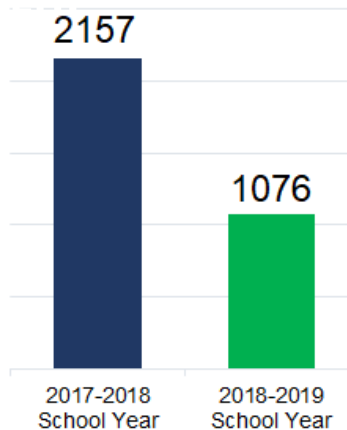
The overall rates of unplanned readmission focus on whether patients who were discharged from a hospital had to be hospitalized again within 30 days. The overall rate of unplanned readmission shows whether a hospital is doing its best to prevent complications, provide clear discharge instructions to patients and caregivers, and help patients make a smooth transition to their home.

COMMUNITY HEALTH

Immunization delinquent students enrolled in CNMI schools and daycare centers decreased by 50% in the 2018-2019 school year, compared to the 2017-2018 school year.

The CNMI Women, Infants, and Children Program (WIC) has worked to successfully increase breastfeeding initiation rates (the proportion of infants who are ever breastfed) to 94% in 2018, surpassing the Healthy People 2020 target of 81.9%. Breastfeeding leads to healthier outcomes for both the mother and the baby, including reducing the risk of Sudden Infant Death Syndrome.

Immunization- Delinquent Students Enrolled in CNMI Schools and Daycare Centers



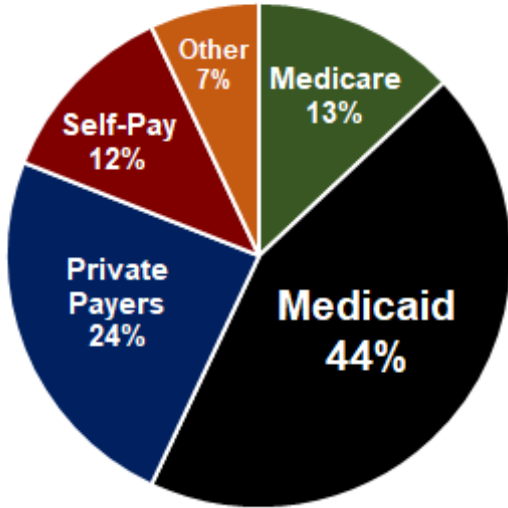
MENTAL HEALTH

In 2018 the CHCC Crisis Counseling Program YUTU provided in-home counseling to over 3,000 community members, and conducted 126 group counseling sessions at events and community centers.

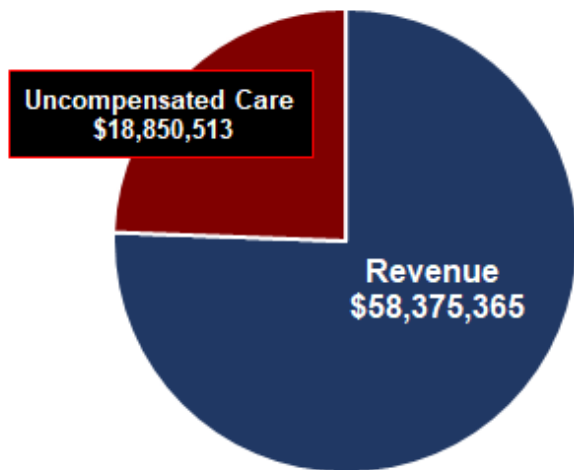
The Garret Lee Smith Youth Suicide Prevention Program, under the CHCC Suicide Prevention Program, provided intervention and counseling services to 116 individuals in 2018.

OUR FINANCES

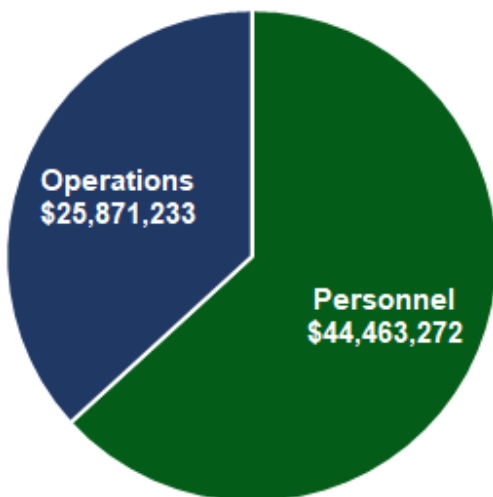
REVENUE BREAKDOWN
TOTAL FY2019 REVENUE: \$58,375,365



LOST REVENUE POTENTIAL
TOTAL FY2019 POTENTIAL REVENUE: \$77,225,878



EXPENSES BREAKDOWN
TOTAL FY2019 EXPENSES: \$70,334,505



The CHCC must always balance the clinical imperative - best possible health outcomes for all - with the business objective - sustaining operations. Page 4 of this report goes into more detail about the financing challenges faced by the CHCC which affect the total amount of uncompensated care accrued by the corporation.

TOTAL FY2019 REVENUE
\$58,375,365

The majority of CHCC revenue comes from Medicaid reimbursements, which represent 44% of total revenue for FY2019.

Private payers include Aetna, Calvo's, Staywell, Moylan's, Take Care, and Veterans/Tri Care insurance. Other revenue comes from sources such as the cafeteria and various fees charged by the CHCC.

TOTAL FY2019 EXPENSES
\$70,334,505

Personnel and medical supply costs amount to approximately 77% of all CHCC expenses. Response and recovery operations after Super Typhoon Yutu also resulted in an additional \$3,150,949 of FY2019 expenses.

TOTAL FY2019 GRANT FUNDING
\$18,270,722

Major sources of grant funding for the CHCC come from the Health Resources and Services Administration (HRSA), the Substance Abuse and Mental Health Services Administration (SAMHSA), and the Centers for Disease Control and Prevention (CDC).

Grant funded projects include the solar power project in the lower parking lot, the prescription drug monitoring program, and the National Electronic Disease Surveillance System.

The CHCC received a total of \$704,544 from local government appropriations in FY2019, amounting to 7% of total appropriations.

LOOKING FORWARD

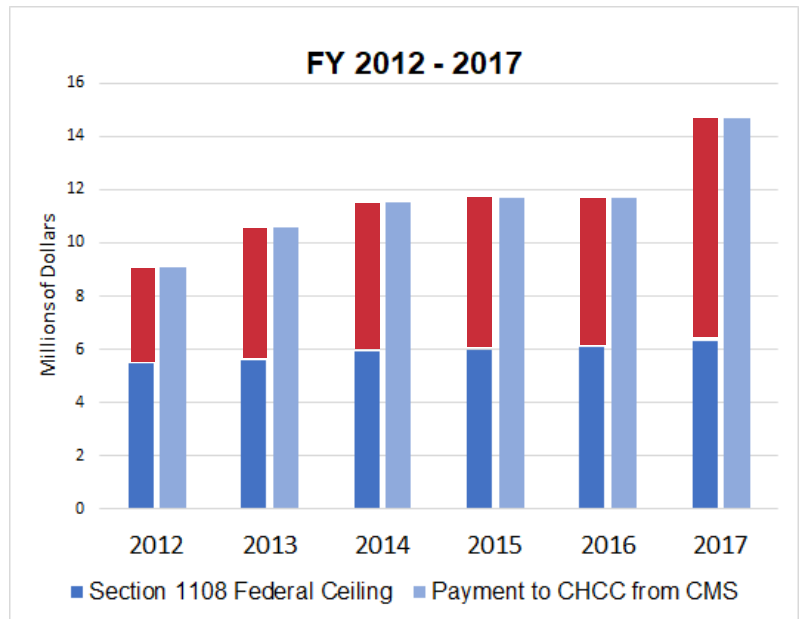


FINANCING CHALLENGES

The red bars indicate the amount of money the CNMI government would have needed to pay CHCC during these years without additional ACA funds.

Since 2011, the CNMI Medicaid Agency has benefitted from additional funds from the Affordable Care Act (ACA), with a boost in 2019 from Typhoon Yutu relief.

Beginning in October 2019, federal funding for the program has returned to pre-2011 levels, which means the CNMI government will need to significantly augment funding of the Medicaid program, or make significant cuts to benefits and/or eligibility.



The operation of the CHCC is highly dependent on the CNMI Medicaid Agency's ability to pay for services. If cuts are made, the CHCC would likely see an increase in charity and uncompensated care.

Roughly 28% of the CNMI population relies on Medicaid in order to affordably access health care services. Despite the high poverty rate (52%), many CNMI residents don't qualify for Medicaid because they do not hold the necessary immigration status to be eligible. As of 2010, forty-three percent (23,184) of all CNMI residents were non-U.S. citizens, with fewer than one fifth of them holding the immigration status necessary to be eligible for CNMI Medicaid assistance.

ECONOMIC OUTLOOK

Even with the severe financing challenges described above, the CHCC has made significant strides towards financial stability, with further gains expected in the future. However, without improvements to Medicaid and other third party reimbursements, and a reduction in the uninsured population, the CHCC will be significantly encumbered when trying to meet our goals. Reducing the rate of uninsured patients in the CNMI through mechanisms such as employer-sponsored and government-sponsored health insurance would significantly improve the CHCC's financial stability.