Eddie Baza Calvo
Governor
Ray Tenorio
Lieutenant Governor

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Edward M. Birn
Director
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July 06, 2018

GL#34-18-2081 1 of 8
Speaker Benjamin J.F. Cruz

JUL 06 2018
Time: 10:05 [ ]AM [ ]PM File No.
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2018 JUL 16 AM 11:06

The Honorable Benjamin J.F. Cruz
Speaker
34th Guam Legislature
163 Chalan Santa Papa
Hagatna, Guam 96910

RE: Guam Memorial Hospital Authority

Buenas yan Hafa Adai Speaker B.J. Cruz,

At the public hearing held on July 05, 2018, regarding Bill No. 1 (9-S), Senators asked how much Compact Impact money was received by Guam Memorial Hospital Authority (GMHA) in 2017.

The relevant number can be found in GMHA Single Audit Report, Schedule of Federal Awards, September 30, 2017 (schedule attached). The reported amount for the category requested is $ 887,531 for Grantor, U.S. Department of the Interior.

Should you have any further questions regarding this matter, please do not hesitate to contact me at 475-1250 or 475-1221 or email at edward.birn@doa.guam.gov. *Si Yu'us Ma'ase.*

Senseramente,

EDWARD M. BIRN
Director

Attachment:

cc: PeterJohn Camacho, CEO, GMHA
Benita Manglona, CFO, GMHA
Director's File

Deloitte.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Guam Memorial Hospital Authority (the Authority) as of and for the year ended September 30, 2017, and have issued our report thereon dated June 30, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Deloitte & Touche LLP

June 30, 2018

GUAM MEMORIAL HOSPITAL AUTHORITY
(A Component Unit of the Government of Guam)

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2017

Federal Grantor/ Pass-Through Grantor/CFDA#	Program Title	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of the Interior			
Passed through the Government of Guam:		980018947	
15.875	Economic, Social and Political Development of the Territories:		
	Compact Impact FY 2015-5 : GMH & SNU Renovations		$ 887,531
	Empowering Insular Communities Grant		53,616
	Total U.S. Department of the Interior		941,147
U.S. Department of Health and Human Services			
Passed through the Government of Guam:		980018947	
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements:		
	HPP Grant FY 2016 Grant		311,972
	Total U.S. Department of Health and Human Services		311,972
U.S. Department of Homeland Security			
Passed through the Government of Guam Office of Civil Defense:		980018947	
97.047	Pre-Disaster Mitigation		
	FY 2013 Pre-Disaster Mitigation (PDM) Competitive Grant		43,100
	Total Federal Awards		$ 1,296,219
	Reconciliation to the financial statements:		
	Federal program expenditures recorded in operating expenses	$ 250,851	
	Federal program expenditures recorded in capital assets	887,531	
	Nonoperating expenses: Federal program expenditures	157,837	
			$ 1,296,219

See accompanying notes to schedule of expenditures of federal awards.

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Edward M. Birn
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July 09, 2018

Speaker Benjamin J.F. Cruz

JUL 09 2018
Time: 4:42 AM PM File No.
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The Honorable Benjamin J.F. Cruz
Speaker
Chairperson: Committee on Appropriations and Adjudication
155 Hesler Street, Suite 107
Hagatna. Guam 96910

RE: Written Testimony - Bill 1 (9-S)

Buenas yan Hafa Adai Speaker B.J. Cruz,

This bill seeks to concentrate the proceeds of a stream of dedicated funding for Guam Memorial Hospital Authority (GMHA) on correcting deficiencies, both operational and facility based identified in recent reports issued by the Centers for Medicaid & Medicare Services and the Joint Commission.

GMHA is a complex organizational structure, set up to perform a complex mission. It has a foot in each of the commercial world and the governmental universe. Many of its operating activities are governed by administrative rules and legislation. There are unavoidable costs associated with this. GMHA also has to work in the commercial sphere of insurance and self-pay patients. It has to compete for scarce technical and professional resources and it is at the end of a very long supply chain. Overlying all these factors is its mandate to afford medical treatment to all who request it whether or not they can pay.

GMHA performs a public service. That means quite simply that the public must expect to pay for it. It is more equitable and a form of insurance, for the public to pay through the means of either general or specific taxation rather than place the burden on those who have received medical treatment and cannot afford to pay the additional cost of treatment.

This is not to say that GMHA should not operate efficiently and economically, but it is to say that the cost of providing a medical service, a service which matches those standards set forth in the CMS and JC reports, needs a contribution from the public.

Without it, GMHA, like all businesses trying to operate in a cash shortage situation, will struggle to meet product and service standards. The increase in the cost of medical services is well known to all. Up to date medical treatment requires up to date medical equipment. That investment requires cash. That equipment requires space, providing that space requires cash.

The people certainly must feel that the money which the hospital receives with its consent is well spent, that it is used for patient care, that the Board and Management make good decisions; but withholding a needed cash infusion, just as withholding a needed blood transfusion will only worsen the patient's condition. Expand GMHA financial reporting so that you can be assured of its governance, expand the Board reporting requirement, inquire more deeply into the performance improvement monitoring system. That is all fair and reasonable. But do not leave GMHA starved of cash and resources, unable to plan (a pre-requisite of performance improvement) because of uncertainty of funding in future years.

Critique the business plan. No plan is faultless, but it is a plan and that is a start. Most plans require seed money, this is no exception. In the end, it is the patients, who might be you and me, who will benefit.

Thank you for giving me the opportunity to submit this testimony, and should you have any further questions relating to this matter, please feel free to contact me at 475-1234 or 475-1250 or email at edward.birn@doa.guam.gov. *Si Yu'us Ma'ase.*

Senseramente,

EDWARD M. BIRN

cc: Vince Arriola, Deputy Director, DOA
PeterJohn Camacho, CEO, GMHA
Benita Manglona, CFO, GMHA
Director's File

GUAM Memorial Hospital Authority
CMS and Joint Commission Citations with Direct Funding Requirements
July 9, 2018 *

Clinical (CMS A396, A800, A806, A812; TJC MM040101, TJC PC010203)	
TJC: Nursuing lack of documentation for sedation monitoring; CMS: Lack of care plan on blood transfusion/infection control; TJC: Nursing did not do initial assessment on a patient bordering in the ER;	
IT System upgrade to integrate better workflow for nurses and doctors clinical documentation for efficiency- a number of citation is documentation in the EHR/ this will also address Meaningful Use and Merit-based Incentive Program (MIPS) requirements which will reduce reimbursement to the hospital if not met	20,000,000
Risk Management (TJC PI020101EP4 , CMS A286)	
Certified Professional in Health Care Risk Management CPHRM Training & Exam Prep Series	14,400
Hospital Safety Learning System-online computer based risk management incident reporting system	22,000
Physical Environment	
Fire pump assembly **(CMS K353)**	
Test & Drain Valves **(CMS K351)**	100,000
Walkway East & West **(CMS K200)**	20,000
Egress Doors **(CMS K222)**	275,000
Hazardous Area Enclosures **(CMS K321)**	30,000
Cafeteria Doors **(CMS K222)**	100,000
Roof repair **(TJC EC 020601 EP1)**	20,000
Maintenance Program software - to address need for documentation of maintenance record	5,000,000
Closed Circuit TV & Access Control System **(TJC EC 020101 EP1)**	25,000
	2,000,000
Positions Needed (Benefits Included)	
Case Manager positions needed-4 positions **(CMS A807)**	
Infection Control Preventionist - 2 positions (New CMS Conditions of Participation requirement-**F868, F882; TJC NPSG07030EP5)**	338,000
Patient Safety Officer **(TJC LD040405EP2)**	156,000
Hospital Nurse Risk Management Program Officer **(TJC P1020101EP4, CMS A286)**	93,600
Hospital Risk Management Specialist **(TJC P1020101EP4, CMS A286)**	94,531
	85,696
Total	**28,374,227**

* Needs identified as of this date. List not all inclusive.

Speaker Benjamin J.F. Cruz

JUL 09 2018

Time: 4:46 A.M. / P.M. File No.

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