NOTICE OF REGULAR BOARD MEETING OF THE
UPPER SAN JUAN HEALTH SERVICE DISTRICT d/b/a PAGOSA SPRINGS MEDICAL CENTER
Monday, July 24 2023 at 5:00 p.m. MST
The Board Room (direct access – northeast entrance)
95 South Pagosa Blvd., Pagosa Springs, CO 81147

The public may attend in person or via Zoom.
To attend via Zoom, please use this link to join the meeting:
https://us02web.zoom.us/j/83611276692
or telephone (346)248-7799 or (669)900-6833
Meeting ID: 836 1127 6692

AGENDA

1) **CALL TO ORDER; ADMINISTRATIVE MATTERS OF THE BOARD**
   a) Confirmation of quorum
   b) Board Director self-disclosure of actual, potential or perceived conflicts of interest
   c) Approval of the Agenda (and changes, if any)

2) **PUBLIC COMMENT:** This is an opportunity for the public to make comment and/or address USJHSD Board. Persons wishing to address the Board need to notify the alternate Clerk to the Board, Heather Thomas, prior to the start of the meeting. All public comments shall be limited to matters under the jurisdiction of the Board and shall be expressly limited to three (3) minutes per person. The Board is not required to respond to or discuss public comments. No action will be taken at this meeting on public comments.

3) **PRESENTATIONS: THE 2022 AUDIT**. Kami Maztek of Dingus, Zarecor & Associates, PLLC will present, via Zoom, the 2022 audit report and opinion of the auditor. The auditor has three letters to the Board summarizing key matters regarding the auditor's scope of work and opinion including:

   a) **Auditor Report on the Audit of the Financial Statements**: "In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2022 and 2021, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America." (Audit's pdf packet page 8).
   b) **Auditor Report on Internal Control Over Financial Reporting**: "The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards." (Audit's pdf packet page 40.)
   c) **Auditor Report on Compliance for the Major Federal Program**: "In our opinion, the District complied, in all material respects, with the compliance requirements referred to above [OMB Compliance Supplement] that could have a direct and material effect on its major federal program

for the year ended December 31, 2022. (Audit's pdf packet page 41.)

4) **REPORTS:**
   a) **Oral Reports** (may be accompanied by a written report)
      i) Chair Report — Chair Kate Alfred
      ii) CEO Report — Dr. Rhonda Webb
      ~~iii) Executive Committee — Chair Alfred and Vice Chair Rose~~
      iv) Foundation Committee — Dir. Parada and CEO R. Webb
      v) Facilities Committee — Dir. K. Douglas and COO C. Mundt
      ~~vi) Strategic Planning Committee — Vice Chair Rose, Dir. Cox and CEO R. Webb~~
      vii) Finance Committee Report — Treas.-Sec. Zeigler and CFO C. Keplinger
         (a) June Financials

   b) **Written Reports** *(no oral report unless the Board has questions)*
      i) Medical Staff Report — Chief of Staff, Dr. John Wisneski

5) **DECISION AGENDA:**
   a) Consideration of Resolution 2023-15 regarding acceptance of the audit, as presented in writing and verbally by DZA, of the financials ending December 31, 2022 of the Upper San Juan Health Service District dba Pagosa Springs Medical Center.
   b) Brief overview of the 2021 and 2022 *Annual Program Evaluations* that will be submitted by PSMC to CDPHE and Consideration of Resolution 2023-16 regarding acceptance of the Annual Program Evaluation submissions.

6) **CONSENT AGENDA:** (The Consent Agenda is intended to allow Board approval, by a single motion, of matters that are considered routine. There will be no separate discussion of Consent Agenda matters unless requested.)
   a) Approval of Board Member absences:
      i) Regular meeting of 07/24/2023
   b) Approval of Minutes for the following meeting(s):
      i) Regular meeting of: 06/27/2023
   c) Approval of Medical Staff report recommendations for new or renewal of provider privileges.

7) **EXECUTIVE SESSION:**
   The Board reserves the right to meet in executive session for any purpose allowed and topic announced at open session of the meeting, in accordance with C.R.S. Section 24-6-402(4).

8) **OTHER BUSINESS:**

9) **ADJOURN**

DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

Board of Directors
Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Pagosa Springs, Colorado

In planning and performing our audit of the financial statements of Upper San Juan Health Service District doing business as Pagosa Springs Medical Center (the District) for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

In addition, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated July 13, 2023, on the financial statements of the District. We will review the status of the comments during our next audit engagement. Our comments are summarized as follows:

Policies and procedures over federal awards – Acceptance of federal grant funding requires the establishment of written policies and procedures over federal awards. These policies and procedures should include how federal award compliance requirements are monitored and how compliance with such requirements, is ensured. We recommend the District document its policies and procedures over federal awards to help ensure compliance with federal awards.

Policies and procedures over GASB 87,* Leases, *standard – During fiscal year 2022, the Governmental Accounting Standards Board (GASB) issued statement No. 87, *Leases*. With the implementation of this new standard, the District should have policies and procedures in place to properly evaluate leases entered into to determine if GASB standard No. 87, *Leases*, applies to the agreements. We noted the District did not have any such policies and procedures. We recommend the District document its policies and procedures over GASB standard No. 87, *Leases*, to help ensure compliance with the accounting standard.

We will review the status of this comment during our next audit engagement. This letter does not affect our report dated July 13, 2023, on the financial statements of the District.

Closing

We wish to thank the Chief Financial Officer, Controller and the accounting department for their support and assistance during our audit.

This communication is intended solely for the use of the Board of Directors and management of the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
July 13, 2023

DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

July 17, 2023

Board of Directors
Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Pagosa Springs, Colorado

We have audited the financial statements of Upper San Juan Health Service District doing business as Pagosa Springs Medical Center (the District) for the year ended December 31, 2022 . Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letters to you dated November 15, 2022 and June 20, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements.

As described in Note 1 to the financial statements, the District changed accounting policies related to accounting for leases by adopting Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, in 2022.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

- Management's estimate of the allowance for uncollectible accounts and contractual adjustments is based on historical collection rates and an analysis of the collectibility of existing accounts receivable.
- Management's estimate for third-party settlements is based on interim payments, District expenses, and patient statistical data.
- Management's estimate of the liability for employee health insurance claims incurred but not reported is based on historical data regarding the average cost and timing of employee health insurance claims.

- Management's estimate of CARES Act Provider Relief recognized is based on qualifying expenses based on current guidance.

We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 13, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We identified the following significant risks of material misstatement as part of our audit planning:

- Management override of controls
- The patient accounts receivable allowance for contractual adjustments and doubtful accounts (allowance) contains a risk of improper revenue recognition

- Estimated third-party payor settlements contain a risk of improper revenue recognition due to error
- Implementation of the new lease standard (GASB 87) creates a risk of material misstatement

Other Matters

We applied certain limited procedures to the management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of budget and actual revenues and expenses, which accompany the financial statements but are not RSI. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
July 13, 2023

Upper San Juan Health Service District
doing business as
Pagosa Springs Medical Center

Basic Financial Statements and
Independent Auditors' Reports

December 31, 2022 and 2021

DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
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DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Pagosa Springs, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Upper San Juan Health Service District doing business as Pagosa Springs Medical Center (the District) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinion

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, 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 Matter

As discussed in Note 1 to the financial statements, in 2022, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. 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 these 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.

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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 District'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.

Auditors' 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 auditors' report that includes our opinion. 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, including omissions, 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 District'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 District'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 on pages 4 – 7 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 was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of budget and actual revenues and expenses and the schedule of expenditures of federal awards, as required by the *Uniform Guidance*, are presented for purposes of additional analysis, and are 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 information is fairly stated in all material respects in relation to the 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 July 13, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters for the year ended December 31, 2022. We issued a similar report for the year ended December 31, 2021, dated June 20, 2022, which has not been included with the 2022 financial compliance report. The purpose of those reports 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 District'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 the District's internal control over financial reporting and compliance.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
July 13, 2023

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Management's Discussion and Analysis
December 31, 2022 and 2021

Our discussion and analysis of Upper San Juan Health Service District doing business as Pagosa Springs Medical Center's (the District) financial performance provides an overview of the District's financial activities for the fiscal years ended December 31, 2022 and 2021. Please read it in conjunction with the District's financial statements, which begin on page 8.

Financial Highlights

- The District's net position decreased $1,383,687, or 6.3% percent, in 2022, and increased $8,757,564, or 67.1 percent, in 2021.
- The District reported operating loss in 2022 of $3,540,125 and in 2021 of $592,269. Income in 2022 decreased by $2,947,856, or 497.7 percent, under the income reported in 2021. Operating income in 2021 increased by $631,402, or 51.6 percent compared to 2020.
- Nonoperating revenues (expenses) decreased by $3,127,815, or 66.3 percent, in 2022 compared to 2021. Nonoperating revenues (expenses) increased by $2,951,594, or 167.4 percent, in 2021 compared to 2020.

Using this Annual Report

The District's financial statements consist of three statements — a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows. These financial statements and related notes provide information about the activities of the District, including resources held by the District that are designated for specific purposes by contributors, grantors, or enabling legislation.

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

Our analysis of the District's finances begins on page 4. One of the most important questions asked about the District's finances is, "Is the District as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District's 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 the cash is received or paid.

These statements report the District's net position and changes in it. The difference between assets and liabilities is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are 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 District's patient base and measures of the quality of service it provides to the community, as well as the local economic factors to assess the overall health of the District.

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 financing activities. This statement provides meaningful information on how the District's cash was generated and how it was used.

The District's Net Position

The District's net position is the difference between its assets and liabilities reported in the Statements of Net Position on pages 8 – 9. The District's net position decreased by $1,383,687, or 6.3 percent, in 2022, and increased $8,757,564, or 67.1 percent, in 2021.

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Management's Discussion and Analysis (Continued)
December 31, 2022 and 2021

	2022	2021	2020
Assets			
Current assets	$ **20,721,963**	$ 25,772,922	$ 24,763,261
Other noncurrent assets	**2,702,674**	1,115,298	878,731
Capital assets, net	**25,502,006**	21,765,648	22,271,693
Total assets	$ **48,926,643**	$ 48,653,868	$ 47,913,685
Liabilities			
Current liabilities	$ **5,494,967**	$ 7,177,118	$ 11,469,024
Long-term debt and lease liabilities, less current maturities	**21,334,374**	18,021,514	22,109,314
Total liabilities	**26,829,341**	25,198,632	33,578,338
Deferred inflows of resources			
Property tax revenue	**1,473,115**	1,434,016	1,277,441
Deferred inflow from debt refinancing	**192,404**	205,750	-
Total deferred inflows of resources	**1,665,519**	1,639,766	1,277,441
Net position			
Net investment in capital assets	**2,721,344**	3,076,911	2,991,549
Restricted	**2,702,674**	1,115,298	878,731
Unrestricted	**15,007,765**	17,623,261	9,187,626
Total net position	**20,431,783**	21,815,470	13,057,906
Total liabilities, deferred inflows of resources, and net position	$ **48,926,643**	$ 48,653,868	$ 47,913,685

The significant changes in assets and liabilities in 2022 were as follows:

- Total assets for the District were $48,926,643 at the end of 2022, an increase of $272,775 from the balance of $48,653,868 at the end of 2021.

  Current assets decreased $5,050,959 from $25,772,922 in 2021 to $20,721,963 in 2022 due to decreased cash and cash equivalents primarily from repayment of Medicare Accelerated Payments and use of CARES Act Provider Relief receipts. Net patient receivables of $4,487,988 in 2022 increased $344,692 from $4,143,296 at the end of 2021.

- Total liabilities for the District were $26,829,341 in 2022, an increase of $1,630,709 from the balance of $25,198,632 in 2021.

  Current liabilities decreased $1,682,151 from $7,177,118 at the end of 2021 to $5,494,967 at the end of 2022 primarily due to significant decreases in balances related to Medicare Accelerated Payments payable and unearned CARES Act Provider Relief Fund.

  Long-term debt and lease liabilities increased $3,312,860 from $18,021,514 in 2021 to a balance of $21,334,374 in 2022.

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Management's Discussion and Analysis (Continued)
December 31, 2022 and 2021

Operating Results and Changes in the District's Net Position

In 2022, the District's net position decreased by $1,383,687, or 6.3 percent, as shown in Table 2. The District's net position increased by $8,757,564, or 67.1 percent, in 2021.

	2022	2021	2020
Operating revenues			
Net patient service revenue	$ **36,754,300**	$ 35,738,866	$ 32,142,883
340B contract pharmacy	**657,676**	1,420,266	1,818,620
Grants	-	266,109	181,058
Other	**347,651**	208,716	185,820
Total operating revenues	**37,759,627**	37,633,957	34,328,381
Operating expenses			
Salaries and benefits	**23,141,203**	24,055,373	22,441,169
Supplies	**7,176,600**	6,054,530	5,795,916
Depreciation and amortization	**2,078,524**	1,802,311	1,793,074
Other	**8,903,425**	6,314,012	5,521,893
Total operating expenses	**41,299,752**	38,226,226	35,552,052
Operating income (loss)	**(3,540,125)**	(592,269)	(1,223,671)
Nonoperating revenues (expenses)			
Property taxes	**1,585,008**	1,434,731	1,405,122
Interest expense	**(764,111)**	(976,848)	(947,263)
CARES Act Provider Relief Fund	**669,775**	4,225,159	1,234,026
Interest income	**96,025**	31,470	71,033
Total nonoperating revenues, net	**1,586,697**	4,714,512	1,762,918
Excess of revenues before capital grants and contributions	**(1,953,428)**	4,122,243	539,247
Gain on forgiveness of Paycheck Protection Program loan	-	3,740,044	-
Capital grants and contributions	**569,741**	895,277	1,584,111
Change in net position	**(1,383,687)**	8,757,564	2,123,358
Net position, beginning of year	**21,815,470**	13,057,906	10,934,548
Net position, end of year	$ **20,431,783**	$ 21,815,470	$ 13,057,906

Operating Results

The first component of the overall change in the District's net position is operating income – the difference between the revenue and the expenses incurred to perform those services. Operating loss increased $2,947,856 from 2021 to 2022.

The primary component of the change in operating income for 2022 compared to 2021 is:

- Professional fees increased $3,081,931 due to increased costs and use of contract labor.

Overall, professional fees increased between 2021 and 2022 by $3,081,931. In 2021, overall professional fees increased $297,247 from 2020.

Nonoperating Revenues and Expenses

Nonoperating activity for 2022 and 2021 consists primarily of property taxes levied for repayment of the District's bonds, CARES Act Provider Relief Fund revenue, interest expense, and interest income. Net nonoperating revenues and expenses decreased by $3,127,815, or 66.3 percent, in 2022.

The District recognized CARES Act Provider Relief Funds of $669,775 during 2022.

The District's Cash Flows

Changes in the District's cash flows are consistent with changes in operating results and nonoperating revenues and expenses discussed earlier.

Capital Asset and Debt Administration

Capital Assets

Net capital assets increased in 2022 by $3,736,358, or 17.2 percent, from 2021. This net increase includes purchases (including construction in progress) of $5,814,882 and depreciation expense of $2,078,524. Net capital assets decreased $506,045, or 2.3 percent, from 2020 to 2021. This net decrease includes purchases (including construction in progress) of $1,296,266 and depreciation expense of $1,802,311.

At the end of 2022, the District had $25,502,006 in capital assets, net of accumulated depreciation, as detailed in Note 4 to the financial statements.

Debt

At December 31, 2022, the District had $22,518,417 in long-term debt and lease liabilities, an increase of $4,095,872 from December 31, 2021. At December 31, 2021, the District had $18,422,545 in long-term debt obligations.

The District's formal debt issuances must be approved by the District's Board of Directors. The amount of debt issued is subject to limitations that apply to the District. There have been no changes in the District's debt ratings in the past two years.

Contacting the District's Financial Management

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the District's office, at Pagosa Springs Medical Center, 95 S Pagosa Blvd, Pagosa Springs, Colorado 81147.

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Statements of Net Position
December 31, 2022 and 2021

ASSETS		**2022**		**2021**
Current assets				
Cash and cash equivalents	**$**	**11,118,818**	$	17,037,727
Receivables:				
Patient accounts		**4,487,988**		4,143,296
Property tax levy		**1,473,115**		1,434,016
Estimated third-party payor settlements		**1,378,194**		639,000
Other		**153,799**		515,223
Inventories		**1,854,553**		1,801,605
Prepaid expenses		**255,496**		202,055
Total current assets		**20,721,963**		25,772,922
Noncurrent assets				
Cash and cash equivalents, restricted for debt service		**2,380,611**		1,115,298
Cash and cash equivalents, restricted for retirement contributions		**322,063**		-
Capital assets, net		**25,502,006**		21,765,648
Total noncurrent assets		**28,204,680**		22,880,946
Total assets	**$**	**48,926,643**	$	48,653,868

See accompanying notes to basic financial statements.

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Statements of Net Position (Continued)
December 31, 2022 and 2021

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		2022		2021
Current liabilities				
Accounts payable	$	1,244,099	$	893,997
Refunds payable		376,496		254,551
Accrued compensation and related liabilities		2,003,938		1,433,741
Estimated third-party payor settlements		616,550		902,277
Unearned CARES Act Provider Relief Fund		-		669,775
Medicare Accelerated Payments payable		-		2,561,304
Accrued interest payable		69,841		60,442
Current maturities of long-term debt and lease liabilities		1,184,043		401,031
Total current liabilities		5,494,967		7,177,118
Noncurrent liabilities				
Long-term debt and lease liabilities, less current maturities		21,334,374		18,021,514
Total liabilities		26,829,341		25,198,632
Deferred inflows of resources				
Property tax revenue		1,473,115		1,434,016
Deferred inflow from debt refinancing		192,404		205,750
Total deferred inflows of resources		1,665,519		1,639,766
Net position				
Net investment in capital assets		2,721,344		3,076,911
Restricted		2,702,674		1,115,298
Unrestricted		15,007,765		17,623,261
Total net position		20,431,783		21,815,470
Total liabilities, deferred inflows of resources, and net position	$	48,926,643	$	48,653,868

See accompanying notes to basic financial statements.

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2022 and 2021

	2022	**2021**
Operating revenues		
Net patient service revenue	**$ 36,754,300**	$ 35,738,866
340B contract pharmacy	**657,676**	1,420,266
Grants	**-**	266,109
Other	**347,651**	208,716
Total operating revenues	**37,759,627**	37,633,957
Operating expenses		
Salaries and wages	**19,859,948**	20,776,614
Employee benefits	**3,281,255**	3,278,759
Professional fees and other purchased services	**5,521,990**	2,440,059
Supplies	**7,176,600**	6,054,530
Utilities	**495,971**	430,349
Depreciation and amortization	**2,078,524**	1,802,311
Leases and rentals	**158,387**	451,270
Repairs and maintenance	**635,369**	539,480
Provider fees	**818,303**	929,460
Insurance	**456,879**	339,605
Other	**816,526**	1,183,789
Total operating expenses	**41,299,752**	38,226,226
Operating loss	**(3,540,125)**	(592,269)
Nonoperating revenues (expenses)		
Property taxes	**1,585,008**	1,434,731
Interest expense	**(764,111)**	(976,848)
CARES Act Provider Relief Fund	**669,775**	4,225,159
Interest income	**96,025**	31,470
Total nonoperating revenues, net	**1,586,697**	4,714,512
Excess of revenues (expenses) before gain on forgiveness of Paycheck Protection Program loan and capital grants and contributions	**(1,953,428)**	4,122,243
Gain on forgiveness of Paycheck Protection Program loan	**-**	3,740,044
Capital grants and contributions	**569,741**	895,277
Change in net position	**(1,383,687)**	8,757,564
Net position, beginning of year	**21,815,470**	13,057,906
Net position, end of year	**$ 20,431,783**	$ 21,815,470

See accompanying notes to basic financial statements.

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

		2022		2021
Change in Cash and Cash Equivalents				
Cash flows from operating activities				
Receipts from and on behalf of patients	$	**36,293,557**	$	37,460,157
Other receipts		**709,075**		254,262
Payments to and on behalf of employees		**(22,571,006)**		(23,856,487)
Payments to suppliers and contractors		**(15,714,367)**		(12,573,796)
Net cash from operating activities		**(1,282,741)**		1,284,136
Cash flows from noncapital financing activities				
Receipt of CARES Act Provider Relief Fund		**-**		1,036,145
Repayment of Medicare Accelerated Payments		**(2,812,498)**		(1,663,648)
Property taxes		**1,585,008**		1,434,731
Net cash from noncapital financing activities		**(1,227,490)**		807,228
Cash flows from capital and related financing activities				
Principal payments on lease liabilities		**(261,326)**		(169,908)
Principal payments on long-term debt		**(340,000)**		(9,035,000)
Proceeds from the issuance of long-term debt		**2,300,000**		8,675,266
Purchase of capital assets		**(3,364,932)**		(1,296,266)
Interest paid on long-term debt and lease liabilities		**(820,810)**		(1,038,613)
Capital grants and contributions		**569,741**		895,277
Net cash from capital and related financing activities		**(1,917,327)**		(1,969,244)
Cash flows from investing activities, investment income		**96,025**		31,470
Net change in cash and cash equivalents		**(4,331,533)**		153,590
Cash and cash equivalents, beginning of year		**18,153,025**		17,999,435
Cash and cash equivalents, end of year	$	**13,821,492**	$	18,153,025

See accompanying notes to basic financial statements.

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Statements of Cash Flows (Continued)
Years Ended December 31, 2022 and 2021

	2022	2021
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Cash and cash equivalents	$ 11,118,818	$ 17,037,727
Cash and cash equivalents, restricted for debt service	2,380,611	1,115,298
Total cash and cash equivalents	$ 13,499,429	$ 18,153,025
Reconciliation of Operating Loss to Net Cash From Operating Activities		
Operating loss	$ (3,540,125)	$ (592,269)
Adjustments to reconcile operating loss to net cash from operating activities		
Depreciation and amortization	2,078,524	1,802,311
Provision for bad debts	2,652,985	2,547,165
(Increase) decrease in assets:		
Receivables:		
Patient accounts	(2,997,677)	(3,270,125)
Estimated third-party payor settlements	(488,000)	121,708
Other	361,424	(220,563)
Inventories	(52,948)	(150,292)
Prepaid expenses	(53,441)	36,044
Increase (decrease) in liabilities:		
Accounts payable	350,102	155,541
Refunds payable	121,945	(246,547)
Accrued compensation and related liabilities	570,197	198,886
Estimated third-party payor settlements	(285,727)	902,277
Net cash from operating activities	$ (1,282,741)	$ 1,284,136

Noncash Noncapital Financing Activities – During the year ended December 31, 2022, the District implemented Government Accounting Standards Board Statement No. 87, *Leases*, which resulted in recognizing one new right-of-use asset and lease liability totaling $158,866.

During the year ended December 31, 2022, the District entered into two new right-of-use asset and lease liabilities for a building and medical equipment totaling $2,291,084.

See accompanying notes to basic financial statements.

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Notes to Basic Financial Statements
Years Ended December 31, 2022 and 2021

1. Reporting Entity and Summary of Significant Accounting Policies:

a. Reporting Entity

Upper San Juan Health Service District doing business as Pagosa Springs Medical Center (the District) was organized to operate, maintain, and provide health services to the citizens of Archuleta County and a small portion of Hinsdale and Mineral Counties in the state of Colorado. As organized, the District is exempt from paying federal income tax. The District is governed by a Board of Directors consisting of members that must be qualified electors of the District. Members are elected to staggered four-year terms of office.

The District operates a licensed 11-bed hospital, a rural health clinic, and an ambulance service in Pagosa Springs, Colorado. The services provided include medical-surgical, pediatrics, surgery, emergency room, oncology, pain management clinic, and related ancillary services (laboratory, imaging, cardiology, physical therapy, respiratory therapy, etc.).

b. Summary of Significant Accounting Policies

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

Enterprise fund accounting – The District's accounting policies conform to accounting principles generally accepted in the United States of America as applicable to proprietary funds of governments. The District uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

Cash and cash equivalents – Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

Prepaid expenses – Prepaid expenses are expenses paid during the year relating to expenses incurred in future periods. Prepaid expenses are amortized over the expected benefit period of the related expense.

Inventories – Inventories are stated at cost on the first-in, first-out method. Inventories consist of pharmaceutical, medical-surgical, and other supplies used in the operation of the District.

Capital assets – The District capitalizes assets whose costs exceed $5,000 and have an estimated useful life of at least two years. Major expenses for capital assets, including repairs that increase the useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses are incurred. Capital assets are reported at historical cost or their estimated fair value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and computed using the straight-line method. Amortization of assets subject to leases is reported with depreciation expense.

Useful lives are estimated as follows:

Buildings and improvements	5 to 39 years
Equipment	2 to 20 years
Lease right-of-use – building	25 years
Lease right-of-use – equipment	2 to 5 years

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

1. **Reporting Entity and Summary of Significant Accounting Policies (continued):**

   b. **Summary of Significant Accounting Policies (continued)**

   Accrued compensated absences – Employees earn paid time off at varying rates depending on years of service. Employees must be full-time with at least one month of continuous employment in order to earn paid time off. Accumulated paid time off cannot exceed certain limits, depending on the employee's position. All paid time off is accrued and expensed when earned.

   Bond premiums – Bond premiums are being amortized on a straight-line basis over the life of the bond issue.

   Net position – The net position of the District is classified into three components. *Net investment in capital assets* consists of the District's capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net position* is composed of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the District. *Unrestricted net position* is composed of remaining net position that does not meet the definition of *net investment in capital assets* or *restricted.*

   Restricted resources – When the District has both restricted and unrestricted resources available to finance a particular program, it is the District's policy to use restricted resources before unrestricted resources.

   Operating revenues and expenses – The District's statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions, including grants for specific operating activities associated with providing healthcare services — the District's principal activity. Nonexchange revenues, including taxes and contributions received for purposes other than capital asset acquisitions, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide healthcare services other than financing costs.

   Grants and contributions – From time to time, the District receives federal, state, and county grants, as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Grants that are unrestricted or that are restricted to a specific operating purpose are reported as operating revenues. Grants that are used to subsidize operating deficits are reported as nonoperating revenues. Contributions, except for capital contributions, are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

1. Reporting Entity and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Change in accounting principle – In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. The objective of this statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases previously classified as operating leases. Under this statement, a lessee is required to recognize a lease liability and an intangible asset representing the lessee's right to use the leased asset, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District adopted Statement No. 87 during the year ended December 31, 2022. See Notes 4 and 6 for additional information on the leases and related right-of-use assets recorded by the District.

When the District adopted GASB No. 87, *Leases*, the District elected the transition option to apply the new guidance as of that effective date without adjusting comparative periods presented. Adoption of the standard required the District to recognize lease liabilities and lease right-of-use assets totaling $158,866 as of January 1, 2022. The adoption had no material impact on the statement of revenues, expenses, and changes in net position.

Upcoming accounting standard pronouncements – In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objectives of this statement are to (1) define a subscription-based information technology arrangement (SBITA); (2) establish that an SBITA results in a right-of-use subscription asset — an intangible asset — and a corresponding subscription liability; (3) provide the capitalization criteria for outlays other than subscription payments, including implementation costs of an SBITA; and (4) require note disclosures regarding an SBITA. The new guidance is effective for the District's year ending December 31, 2023. Management is currently evaluating the effect this statement will have on the financial statements and related disclosures.

Subsequent events – Subsequent events have been reviewed through July 13, 2023, the date on which the financial statements were available to be issued.

2. Bank Deposits and Investments:

Deposits:

Under Colorado State statute, the Commercial Bank Code Public Deposit Protection Act of 1989 (PDPA) protects public funds held in bank deposit accounts in the event that the bank holding the public deposits becomes insolvent. As defined by the PDPA, deposit accounts include checking, savings, bank money market, and certificate of deposit accounts. Banks must deliver bank assets (usually securities) to a third-party institution, which are pledged to the Colorado Division of Banking, for all Colorado public depositors.

At December 31, 2022, the District had $322,063 restricted for use on the employee retirement plan.

The District's deposits and certificates of deposit are entirely covered by the Federal Deposit Insurance Corporation or by deposits collateralized by securities not held in the District's name under the PDPA.

2. Bank Deposits and Investments (continued):

Investments

Colorado State statutes authorize the District to invest in obligations of the United States Treasury, agencies and instrumentalities, commercial paper, repurchase agreements, money market funds, and local government investment pools with a maturity date of no more than five years from the date of purchase.

Custodial credit risk – Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of the deposits or investments that are in the possession of an outside party. The District's investment policy does not contain policy requirements that would limit the exposure to custodial credit risk for investments.

Credit risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is typically measured by the assignment of a rating by a nationally recognized statistical rating organization. The District has a policy specifically requiring or limiting investments of this type.

Concentration of credit risk – Concentration of credit risk is the inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party caused by a lack of diversification (investments acquired from a single issuer). The District has a policy limiting the amount it may invest in any one issuer or multiple issuers.

Interest rate risk – Interest rate risk is the risk that changes in market interest rates could adversely affect an investment's fair value. The District has a policy specifically managing its exposure to fair value losses arising from changing interest rates.

At December 31, 2022 and 2021, the District had invested $1,631,265 and $1,603,215, respectively, in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. Colotrust operates similarly to a money market fund and each share is equal in value to $1.00. A designated custodial bank provides safekeeping and depository services to Colotrust in connection with the direct investment and withdrawal functions of Colotrust. Substantially all securities owned by Colotrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by Colotrust. Colotrust funds carry a Standard & Poor's AAA rating. There is no custodial interest rate or foreign currency risk exposure. The underlying investments held by Colotrust are valued at fair value.

The District's remaining investments at December 31, 2022 and 2021, were in money market funds, with a carrying value of $2,380,611 and $1,208,685, respectively. Of the amounts, $2,380,611 and $1,115,298 are restricted by the bond agreements for debt reserve at December 31, 2022 and 2021, respectively.

The District's investments are recorded as cash equivalents.

Fair value measurements – The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The District's money market funds are valued using quoted market prices (Level 1) as of December 31, 2022 and 2021.

3. Patient Accounts Receivable:

Patient accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectibility of patient accounts receivable, the District analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to patients who have third-party coverage, the District analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the District records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

The District's allowance for uncollectible accounts for self-pay patients has not changed significantly from the prior year. The District does not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant writeoffs from third-party payors.

Patient accounts receivable reported as current assets, consisted of these amounts:

	2022	2021
Receivable from patients and their insurance carriers	$ **5,222,159**	$ 4,843,141
Receivable from Medicare	**1,712,245**	1,657,373
Receivable from Medicaid	**266,570**	320,936
Total patient accounts receivable	**7,200,974**	6,821,450
Less allowance for uncollectible accounts	**2,712,986**	2,678,154
Patient accounts receivable, net	$ **4,487,988**	$ 4,143,296

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

4. Capital Assets:

Capital asset additions, retirements, transfers, and balances were as follows:

	Balance December 31, 2021	Additions	Retirements	Transfers	Balance December 31, 2022
Capital assets not being depreciated or amortized					
Land	$ 101,000	$ 603,021	$ -	$ -	$ **704,021**
Construction in progress	743,362	293,911	-	(630,007)	**407,266**
Total capital assets not being depreciated or amortized	844,362	896,932	-	(630,007)	**1,111,287**
Capital assets being depreciated or amortized					
Buildings and improvements	29,091,611	1,859,132	-	583,927	**31,534,670**
Equipment	11,325,151	608,868	-	46,080	**11,980,099**
Lease right-of-use assets					
Buildings	-	408,900	-	-	**408,900**
Equipment	-	2,041,050	-	-	**2,041,050**
Total lease right-of-use assets	-	2,449,950	-	-	**2,449,950**
Total capital assets being depreciated or amortized	40,416,762	4,917,950	-	630,007	**45,964,719**
Less accumulated depreciation and amortization for					
Buildings and improvements	(9,838,557)	(1,290,213)	-	-	**(11,128,770)**
Equipment	(9,656,919)	(488,516)	-	-	**(10,145,435)**
Lease right-of-use assets					
Building	-	(49,836)	-	-	**(49,836)**
Equipment	-	(249,959)	-	-	**(249,959)**
Total lease right-of-use assets	-	(299,795)	-	-	**(299,795)**
Total accumulated depreciation and amortization	(19,495,476)	(2,078,524)	-	-	**(21,574,000)**
Total capital assets being depreciated or amortized, net	20,921,286	2,839,426	-	630,007	**24,390,719**
Capital assets, net	$ 21,765,648	$ 3,736,358	$ -	$ -	$ **25,502,006**

Construction in progress at December 31, 2022, consisted primarily of a backup oxygen system for the hospital. The oxygen systems project is anticipated to be completed by July 2024. Additional costs to complete the project are unknown as of December 31, 2022.

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

4. Capital Assets (continued):

	Balance December 31, 2020	Additions	Retirements	Transfers	Balance December 31, 2021
Capital assets not being depreciated					
Land	$ 101,000	$ -	$ -	$ -	**$ 101,000**
Construction in progress	1,487,415	1,251,397	-	(1,995,450)	**743,362**
Total capital assets not being depreciated	1,588,415	1,251,397	-	(1,995,450)	**844,362**
Capital assets being depreciated					
Buildings and improvements	27,375,253	7,368	-	1,708,990	**29,091,611**
Equipment	11,082,890	37,501	(81,700)	286,460	**11,325,151**
Total capital assets being depreciated	38,458,143	44,869	(81,700)	1,995,450	**40,416,762**
Less accumulated depreciation for					
Buildings and improvements	(8,629,210)	(1,209,347)	-	-	**(9,838,557)**
Equipment	(9,145,655)	(592,964)	81,700	-	**(9,656,919)**
Total accumulated depreciation	(17,774,865)	(1,802,311)	81,700	-	**(19,495,476)**
Total capital assets being depreciated, net	20,683,278	(1,757,442)	-	1,995,450	**20,921,286**
Capital assets, net	$ 22,271,693	$ (506,045)	$ -	$ -	**$ 21,765,648**

5. Employee Health Self-insurance:

The District established a self-insurance fund for employee medical care that is administered through UMR, Incorporated. Specific and aggregate stop-loss coverage on the health plan is provided to limit the ultimate exposure of the District.

The District has recorded the estimated liability for self-insurance claims in the statements of net position, in accrued compensation and related liabilities. The income and expenses related to administration of self-insurance and the estimated provision for claims liabilities are recorded in the statements of revenues, expenses, and changes in net position, in employee benefits expense.

The District accrues an incurred but not yet reported liability for plan claims that have been incurred but have not yet been reported to the District. The District has also purchased a supplementary insurance policy to cover claims in excess of $50,000.

	2022	2021
Claim liability, beginning of year	**274,048**	$ 229,398
Current year claims and changes in estimates	**1,640,346**	1,501,813
Claim payments	**(1,677,405)**	(1,457,163)
Claim liability, end of year	**$ 236,989**	$ 274,048

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

6. Long-term Debt and Lease Liabilities:

A schedule of changes in the District's long-term debt and lease liabilities is as follows:

	Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022	Amounts Due Within One Year
Long-term debt					
Improvement and Refunding Revenue Bonds, Series 2016 A (Tax Exempt) and Refunding Revenue Bond Series 2016 B (Taxable)	$ 9,590,000	$ -	$ (340,000)	$ 9,250,000	$ 225,000
Limited Tax General Obligation Refunding Bonds, Series 2021	7,885,000	-	-	7,885,000	420,000
2016 bond premium	124,047	-	(5,098)	118,949	-
2021 bond premium	762,467	-	(47,654)	714,813	-
75 S Pagosa Building Mortgage	-	2,300,000	-	2,300,000	120,000
Total long-term debt	18,361,514	2,300,000	(392,752)	20,268,762	765,000
Lease liabilities					
Carefusion lease	-	158,866	(51,377)	107,489	52,939
Stryker surgery equipment lease	-	603,657	(18,399)	585,258	112,348
Siemens MRI lease	-	1,687,427	(130,519)	1,556,908	253,756
Stryker equipment lease	16,201	-	(16,201)	-	-
Wells Fargo equipment lease	44,830	-	(44,830)	-	-
Total lease liabilities	61,031	2,449,950	(261,326)	2,249,655	419,043
	$ 18,422,545	$ 4,749,950	$ (654,078)	$ 22,518,417	$ 1,184,043

	Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021	Amounts Due Within One Year
Long-term debt					
Limited Tax General Obligation Bonds, Series 2006 and Limited Tax General Obligation Bonds, Series 2007	$ 8,705,000	$ -	$ (8,705,000)	$ -	$ -
Improvement and Refunding Revenue Bonds, Series 2016 A (Tax Exempt) and Refunding Revenue Bond Series 2016 B (Taxable)	9,920,000	-	(330,000)	9,590,000	340,000
Limited Tax General Obligation Refunding Bonds, Series 2021	-	7,885,000	-	7,885,000	-
2007 bond premium	219,096	-	(219,096)	-	-
2016 bond premium	129,144	-	(5,097)	124,047	-
2021 bond premium	-	790,266	(27,799)	762,467	-
Total long-term debt	18,973,240	8,675,266	(9,286,992)	18,361,514	340,000
Capital lease obligations					
Stryker equipment lease	81,005	-	(64,804)	16,201	16,201
Wells Fargo equipment lease	149,934	-	(105,104)	44,830	44,830
Total capital lease obligations	230,939	-	(169,908)	61,031	61,031
	$ 19,204,179	$ 8,675,266	$ (9,456,900)	$ 18,422,545	$ 401,031

6. Long-term Debt and Lease Liabilities (continued):

The terms of the District's long-term debt follow:

- Health Care Services Enterprise Improvement and Refunding Revenue Bonds, Series 2016A (Tax Exempt) and Refunding Revenue Bonds, Series 2016B (Taxable), in the original amounts of $9,590,000 and $1,545,000, respectively. The bonds are secured by the District's net revenue. The bonds mature annually at amounts ranging from $225,000 to $680,000 with semiannual interest payments at rates ranging from 2.75 percent to 6.125 percent through June 1, 2046.
- Limited Tax General Obligation Refunding Bonds, Series 2021, in the original amount of $7,885,000, issued in May 2021 to refund the Limited Tax General Obligation Bonds, Series 2006 and Series 2007. The bonds bear interest rates of 3 percent. The bonds mature annually beginning in 2023 at amounts ranging from $420,000 to $640,000, with semiannual interest payments through December 2037.
- Mortgage, in the original amount of $2,300,000, for the purchase of a building. The building was purchased from a former board member. The mortgage is due in annual installments beginning in 2023 ranging from $120,000 to $195,000, including interest at 3.54 percent, paid semiannually, through December 31, 2037. The mortgage is secured by the related land and building.

Scheduled principal and interest repayments on long-term debt are as follows:

Years Ending December 31,	Principal	Interest	Total
2023	$ 765,000	$ 794,283	$ 1,559,283
2024	790,000	770,603	1,560,603
2025	815,000	745,572	1,560,572
2026	840,000	719,670	1,559,670
2027	870,000	692,356	1,562,356
2028-2032	4,795,000	3,001,284	7,796,284
2033-2037	5,715,000	2,088,810	7,803,810
2038-2042	2,360,000	1,135,113	3,495,113
2043-2046	2,485,000	316,203	2,801,203
	$ 19,435,000	**$ 10,263,894**	**$ 29,698,894**

6. Long-term Debt and Lease Liabilities (continued):

The terms of the District's lease liabilities follow:

- Carefusion equipment lease, effective December 2019, due in monthly installments of $4,620, including interest at 3.00 percent through December 2024.
- Siemens MRI equipment and building lease, effective March 2022, due in monthly installments of $27,154, including interest at 4.972 percent through June 2028.
- Stryker surgery equipment lease, effective November 2022, due in monthly installments of $11,073, including interest at 3.843 percent through October 2027.

The District's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Scheduled principal and interest payments on lease liabilities are as follows:

Years Ending December 31,	Principal	Interest	Total
2023	$ 419,043	$ 95,123	$ 514,166
2024	437,957	76,209	514,166
2025	401,540	57,186	458,726
2026	420,541	38,185	458,726
2027	418,271	18,309	436,580
2028	152,303	2,337	154,640
	$ 2,249,655	**$ 287,349**	**$ 2,537,004**

7. Paycheck Protection Program Note Payable:

In April 2020, the District was granted a loan from First Southwest Bank in the aggregate amount of $3,740,044, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the CARES Act Provider Relief Fund, which was enacted March 27, 2020.

The District received notice of forgiveness of the PPP loan in June 2021. The loan forgiveness has been recorded as a Gain on Forgiveness of Paycheck Protection Program loan in the statements of revenues, expenses, and changes in net position for the year ended December 31, 2021.

8. Net Patient Service Revenue:

The District recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients who do not qualify for charity care, the District recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the District's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the District records a significant provision for bad debts related to uninsured patients in the period the services are provided. The District's provision for bad debts and writeoffs have not changed significantly from the prior year. The District has not changed its charity care or uninsured discount policies during fiscal years 2022 or 2021. Patient service revenue, net of contractual adjustments and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows:

	2022	2021
Patient service revenue (net of contractual adjustments and discounts):		
Medicare	**$ 25,038,512**	$ 19,675,882
Medicaid	**1,806,861**	4,506,384
Other third-party payors	**6,318,940**	8,186,091
Patients	**2,547,990**	3,011,829
Provider fee	**4,111,252**	3,187,647
	39,823,555	38,567,833
Less:		
Charity care	**416,270**	281,802
Provision for bad debts	**2,652,985**	2,547,165
Net patient service revenue	**$ 36,754,300**	$ 35,738,866

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- *Medicare* – The District has been designated a critical access hospital and the clinic a rural health clinic by Medicare. The District is paid on a cost reimbursement method for substantially all services provided to Medicare beneficiaries. The District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after the submission of annual cost reports by the District and audits thereof by the Medicare administrative contractor.

- *Medicaid* – Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Medicaid outpatient services are paid based on prospectively determined rates. Rural health clinic encounters are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by Medicaid. Physician services are reimbursed on a fee schedule.

8. Net Patient Service Revenue (continued):

- The District also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Net patient service revenue increased by approximately $1,415,000 in the year ended December 31, 2022, and increased approximately $50,000 in the year ended December 31, 2021, respectively, due to differences between original estimates and final settlements.

During the year ended December 31, 2017, the District received notice that its Medicaid rural health clinic rates were being updated to the higher of the prospectively determined rate or the cost per encounter as determined by the District's annual Medicare cost reports. Rate reconciliations are being conducted by the Colorado Department of Health Care Policy and Financing. As a result, Medicaid claims from 2017 through 2020 are being reprocessed, resulting in a payback of approximately $1,149,594 that was accrued at December 31, 2022. For the years ended December 31, 2022 and 2021, the District has estimated a receivable of approximately $786,000 and $236,000, respectively, for the rate reconciliation.

Under the Colorado Health Care Affordability Act (Act), the District pays provider fees to the state of Colorado. The provider fees are based on inpatient days and outpatient charges. The District also receives various supplemental payments from the state of Colorado under this Act.

The District provides charity care to patients who are financially unable to pay for the healthcare services they receive. The District's policy is not to pursue collection of amounts determined to qualify as charity care. Accordingly, the District does not report these amounts in net operating revenues or in the allowance for uncollectible accounts. The District determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses, based on data from its costing system. The costs of caring for charity care patients for the years ended December 31, 2022 and 2021, were approximately $235,000 and $154,000, respectively. The District did not receive any gifts or grants to subsidize charity services during 2022 and 2021.

9. CARES Act Provider Relief Fund:

Through December 31, 2022, the District received $6,128,960 of funding from the CARES Act – Provider Relief Fund. These funds are required to be used to reimburse the District for healthcare-related expenses or lost revenues that are attributable to coronavirus. The District recorded these funds as unearned grant revenue until eligible expenses or lost revenues are recognized. During the years ended December 31, 2022 and 2021, the District recognized $669,775 and $4,225,159 of grant revenue from these funds, respectively.

10. Property Taxes:

The Archuleta, Hinsdale, and Mineral County Treasurers act as agents to assess and collect property taxes levied in the county for all taxing authorities. Property taxes are levied and assessed in December on property values assessed as of January 1 of the prior year.

Taxes are due in two equal amounts by February 28 and June 15, or all may be paid by April 30. The assessed property is subject to lien on the levy date. Taxes estimated to be collectible are recorded as revenue in the year of the levy by the District. No allowance for uncollectible taxes receivable is considered necessary at the statement of net position dates. A deferred inflow of resources and a receivable were recorded at December 31, 2022 and 2021, for taxes levied for 2023 and 2022, respectively.

For 2022, the District's regular tax levy was $3.884 per $1,000 on a total combined assessed valuation of $377,957,395, for a total regular combined levy of $1,473,115. For 2021, the District's regular tax levy was $3.884 per $1,000 on a total assessed valuation of $368,271,969, for a total regular levy of $1,434,016.

11. Defined Contribution Plans:

The District provides retirement benefits for all its employees through a defined contribution plan administered by the Colorado County Officials and Employees Retirement Association (CCOERA) (the Plan). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Under the defined contribution retirement plan, the District is required to contribute 6 percent of employee compensation to the Plan.

Employees are required to participate in the Plan upon the first day of the payroll period after the employee's date of hire. The Plan provides retirement benefits based upon the employee's vested account. A participant becomes 100 percent vested upon completion of five years of covered service. Contributions by employees are immediately vested. Amounts forfeited by employees who leave employment before they become fully vested are applied to reduce future employer contributions. Under the Plan, employees direct the investment of both the employee and employer contributions among several investment options available through an outside plan administrator. Employer contributions to the Plan totaled approximately $1,132,000 and $1,238,000 for the years ended December 31, 2022 and 2021, respectively. Employee contributions to the Plan totaled approximately $1,132,000 and $1,238,000 for the years ended December 31, 2022 and 2021, respectively.

District employees may defer a portion of their compensation under a District sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until it is distributed to them; distributions may be made only at termination, retirement, or death. The laws governing deferred compensation plan assets require plan assets to be held by a trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the District's property and are not subject to District control, they have been excluded from these financial statements.

The District made all required funding payments during the year.

12. Risk Management and Contingencies:

Risk management – The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Medical malpractice claims – The District has professional liability insurance with COPIC Insurance Company (COPIC). The policy provides protection on a "claims-made" basis whereby only malpractice claims reported to the insurance carrier in the current year are covered by the current policies, as well as past incidents that are reported during the current term. The malpractice insurance provides $1,000,000 per claim of primary coverage with an annual aggregate limit of $3,000,000. The policy has a deductible of $50,000 per claim.

No liability has been accrued for future coverage of acts, if any, occurring in this or prior years. Also, it is possible that claims may exceed coverage available in any given year.

Industry regulations – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of various statutes and regulations by healthcare providers. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Management believes the District is in compliance with fraud and abuse as well as other applicable government laws and regulations. If the District is found in violation of these laws, the District could be subject to substantial monetary fines, civil and criminal penalties, and exclusion from participation in the Medicare and Medicaid programs.

Taxpayer's Bill of Rights – Colorado voters passed an amendment to the state constitution, Article X, Section 20, known as the *Taxpayer's Bill of Rights*. This amendment has several limitations including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of this amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

13. Concentration Risks:

Patient accounts receivable – The District grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows:

	2022	2021
Medicare	**36 %**	32 %
Medicaid	**8**	12
Other third-party payors	**28**	27
Patients	**28**	29
	100 %	100 %

Physicians – The District is dependent on local physicians and mid-level providers practicing in its service area to provide admissions and utilize hospital services on an outpatient basis. A decrease in the number of physicians providing these services or changes in their utilization patterns may have an adverse effect on District operations.

14. Budget and Actual Revenues and Expenses:

The District overspent its approved budget by $1,413,104 in 2022.

SUPPLEMENTAL INFORMATION

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Schedule of Budget and Actual Revenues and Expenses
Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues			
Net patient service revenue and 340B contract pharmacy	$ 33,977,507	$ **33,300,724**	$ (676,783)
Provider fees	3,341,487	**4,111,252**	769,765
Grants	57,469	**-**	(57,469)
Other	1,796,268	**347,651**	(1,448,617)
Total operating revenues	39,172,731	**37,759,627**	(1,413,104)
Operating expenses			
Salaries and wages	20,899,095	**19,859,948**	(1,039,147)
Employee benefits	3,502,536	**3,281,255**	(221,281)
Professional fees and other purchased services	3,103,605	**5,521,990**	2,418,385
Supplies	6,428,707	**7,176,600**	747,893
Utilities	431,329	**495,971**	64,642
Depreciation and amortization	2,262,261	**2,078,524**	(183,737)
Leases and rentals	182,154	**158,387**	(23,767)
Repairs and maintenance	528,686	**635,369**	106,683
Insurance	350,766	**456,879**	106,113
Provider fees and other	1,771,405	**1,634,829**	(136,576)
Total operating expenses	39,460,544	**41,299,752**	1,839,208
Operating loss	(287,813)	**(3,540,125)**	(3,252,312)
Nonoperating revenues (expenses)			
Property taxes	1,434,203	**1,585,008**	150,805
Interest expense	(846,190)	**(764,111)**	82,079
CARES Act Provider Relief Fund	-	**669,775**	669,775
Interest income	-	**96,025**	96,025
Total nonoperating revenues, net	588,013	**1,586,697**	998,684
Excess of revenues over expenses (expenses over revenues) before capital grants and contributions	300,200	**(1,953,428)**	(2,253,628)
Capital grants and contributions	200,000	**569,741**	369,741
Change in net position	**$ 500,200**	**$ (1,383,687)**	**$ (1,883,887)**

See accompanying independent auditors' report.

SINGLE AUDIT

AUDITORS' SECTION

DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

INDEPENDENT AUDITORS' 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*

Board of Directors
Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Pagosa Springs, Colorado

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 Upper San Juan Health Service District doing business as Pagosa Springs Medical Center (the District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated July 13, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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*.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
July 13, 2023

DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Pagosa Springs, Colorado

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Upper San Juan Health Service District doing business as Pagosa Springs Medical Center's (the District) 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 the District's major federal program for the year ended December 31, 2022. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on the 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 (*Government Auditing Standards*); 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District 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 the major federal program. Our audit does not provide a legal determination of the District'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 District's federal programs.

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Auditors' 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 District'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 District's compliance with the requirements of the 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 District'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 District'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 District'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 Auditors' 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.

Purpose of this Report

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.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
July 13, 2023

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section I – Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued:	***Unmodified***
Internal control over financial reporting:	
• Material weakness(es) identified?	___ yes _X_ no
• Significant deficiency(ies) identified?	___ yes _X_ none reported
Noncompliance material to financial statements noted?	___ yes _X_ no

Federal Awards:

Internal control over major federal programs:	
• Material weakness(es) identified?	___ yes _X_ no
• Significant deficiency(ies) identified?	___ yes _X_ none reported
Type of auditors' report issued on compliance for major federal programs:	***Unmodified***
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ yes _X_ no

Identification of Major Federal Program:

Federal Assistance Listing Number	*Name of Federal Program or Cluster*
93.498	Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? ___ yes _X_ no

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2022

Section II – Financial Statement Findings

No matters were reported for 2022. Therefore, no corrective action plan is necessary, nor has one been prepared.

Section III – Federal Award Findings and Questioned Costs

No matters were reported for 2022. Therefore, no corrective action plan is necessary, nor has one been prepared.

AUDITEE'S SECTION

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Additional Award Identification		Total Federal Expenditures
U.S. Department of Health and Human Services Direct Programs:					
Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498		COVID-19	$	940,826
U.S. Department of Health and Human Services Pass-through Programs from:					
Colorado Rural Health Center					
Small Rural Hospital Improvement Grant Program	93.301	Not provided	COVID-19		103,596
Total U.S. Department of Health and Human Services					1,044,422
Total U.S. Department of the Treasury Pass-through Programs from:					
Colorado Department of Local Affairs					
Coronavirus Relief Fund	21.019	SD-301, RF-050, CVRF-RF-124, CVRF-RF-175	COVID-19		10,242
Total U.S. Department of the Treasury					10,242
Total expenditures of federal awards				$	1,054,664

See accompanying independent auditors' report and notes to the schedule of expenditures of federal awards.

Notes to the Schedule of Expenditures of Federal Awards:

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Upper San Juan Health Service District doing business as Pagosa Springs Medical Center (the District), under programs of the federal government for the year ended December 31, 2022. Amounts reported on the Schedule for Federal Assistance Listing number 93.498 – Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution are based upon the December 31, 2022, Provider Relief Fund report. 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 the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

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. The District has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2022

The audit for the year ended December 31, 2021, reported no audit findings, nor were there any unresolved findings from periods ended December 31, 2020, or prior. Therefore, there are no matters to report in this section for the year ended December 31, 2022.

Upper San Juan Health Service District
doing business as
Pagosa Springs Medical Center

Financial Indicators

December 31, 2022

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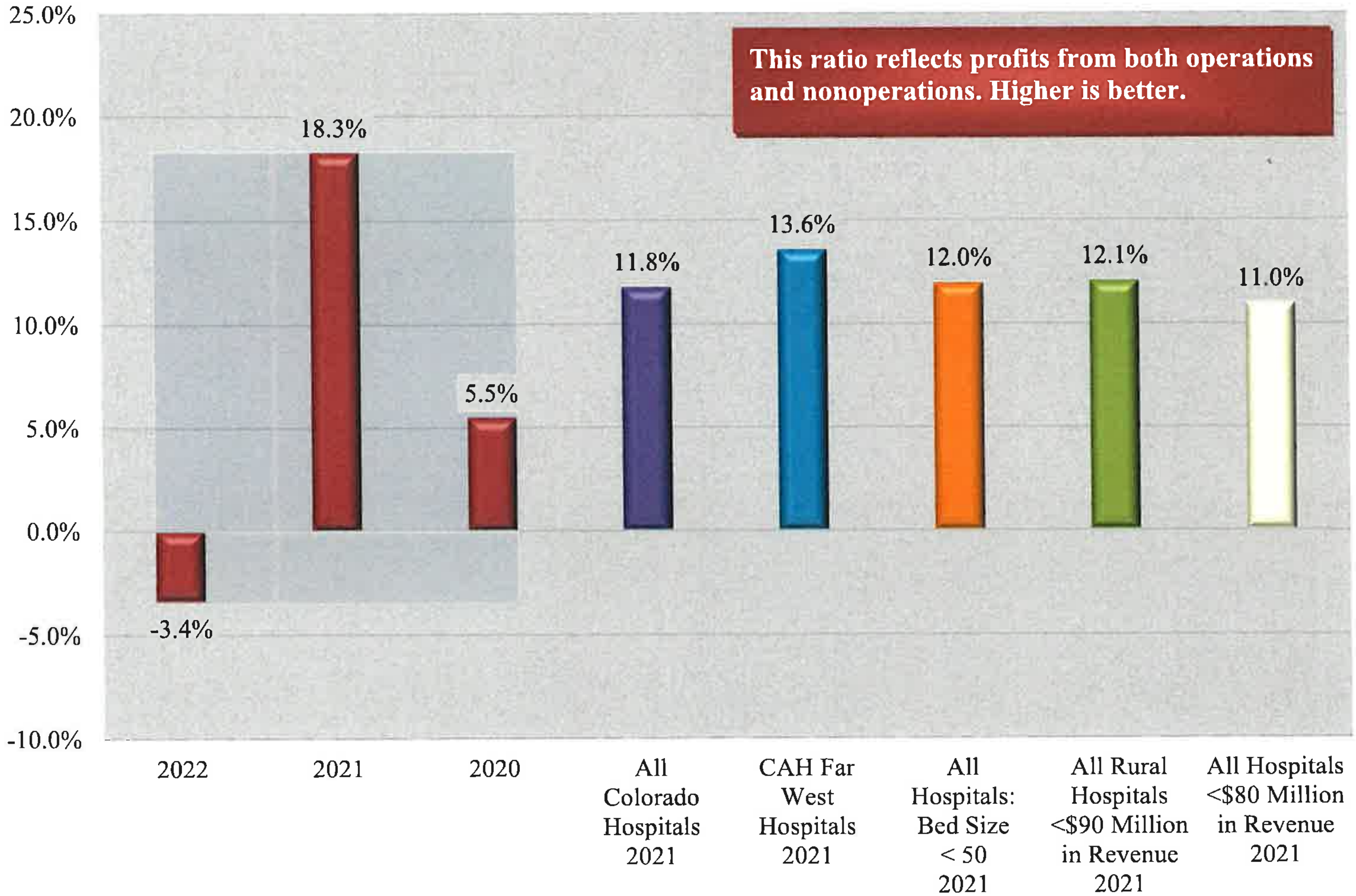
Certified Public Accountants

Upper San Juan Health Service District
doing business as
Pagosa Springs Medical Center

Total Margin

$$\frac{\text{Change in Net Position}}{\text{Total Revenues}}$$

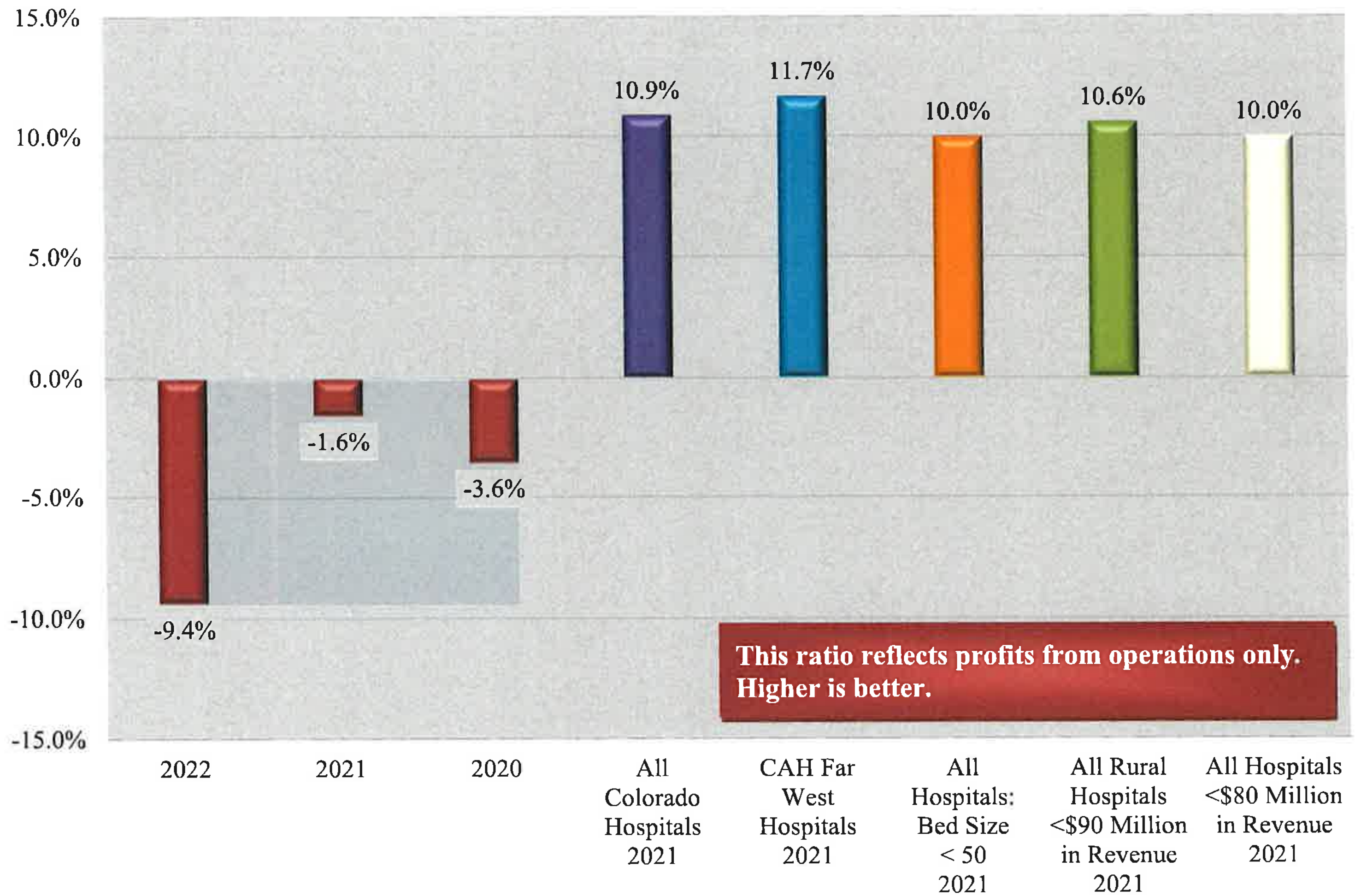


DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

Upper San Juan Health Service District
doing business as
Pagosa Springs Medical Center

Operating Margin

$$\frac{\text{Operating Income (Loss)}}{\text{Total Operating Revenues}}$$



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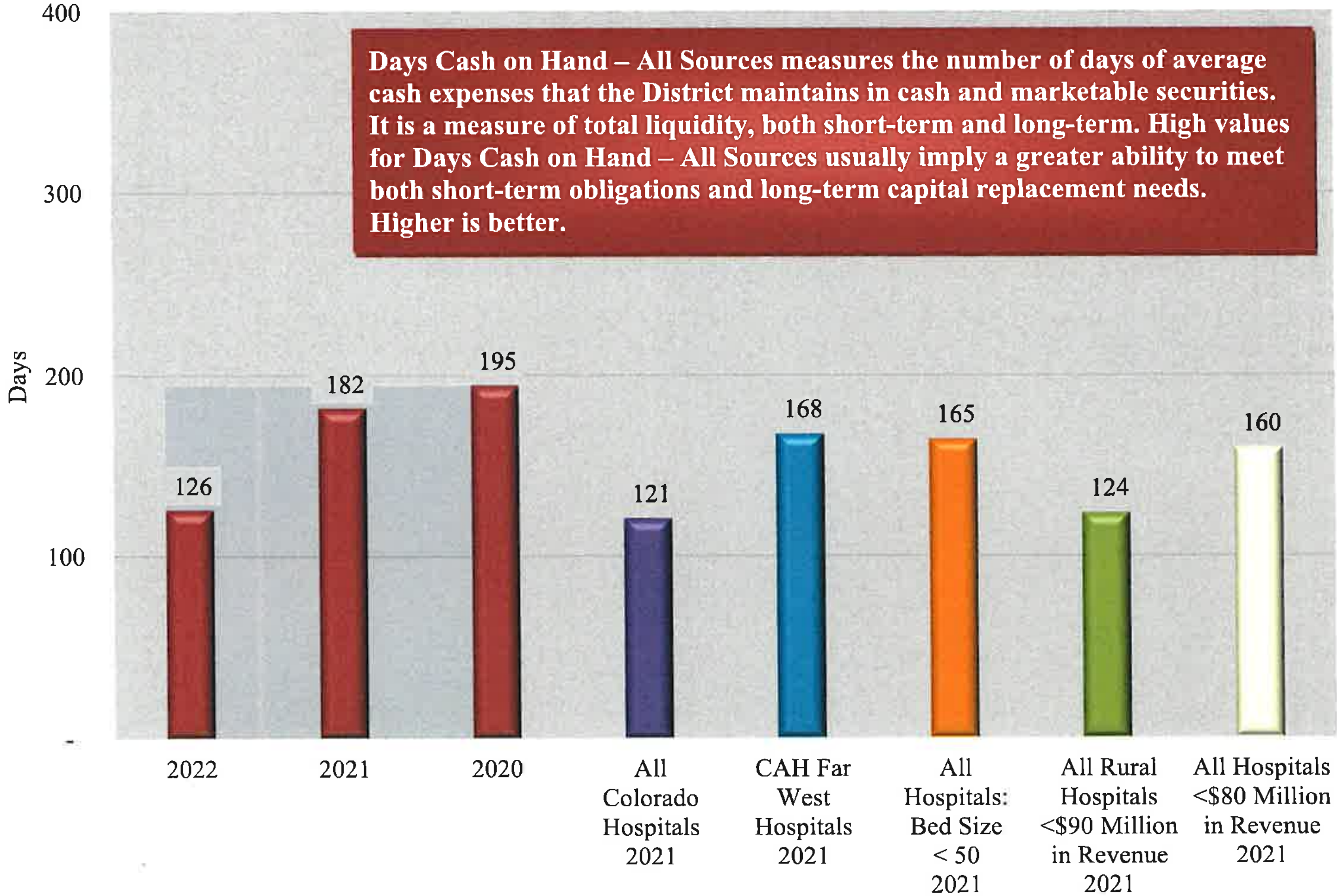
Pagosa Springs Medical Center

Days Cash on Hand – All Sources

$$\frac{\text{Cash + Short-term Investments + Unrestricted Long-term Investments}}{\text{(Total Expenses - Depreciation) / 365}}$$



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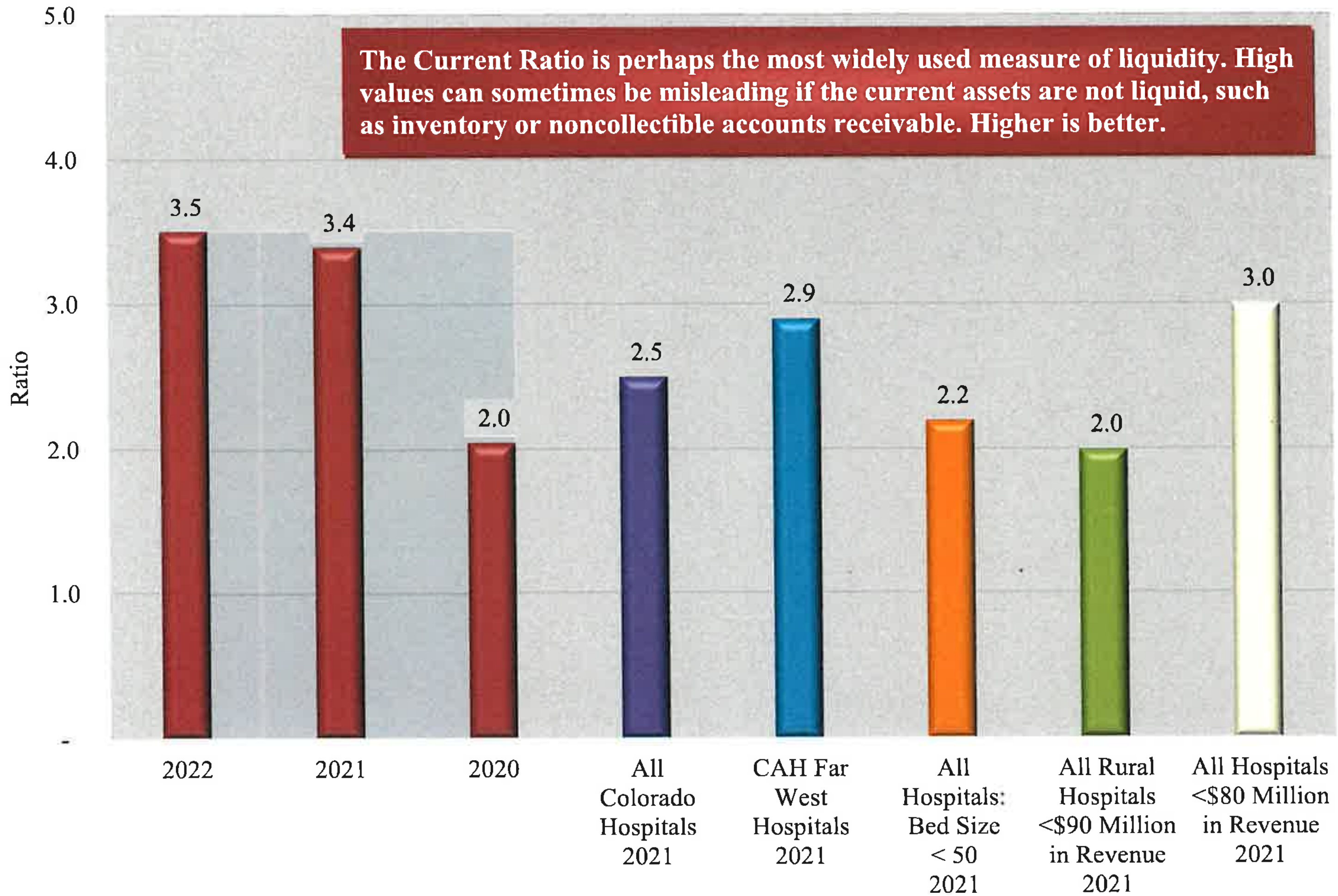
Upper San Juan Health Service District
doing business as
Pagosa Springs Medical Center

Current Ratio

$$\frac{\text{Total Current Assets}}{\text{Current Liabilities}}$$



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doing business as
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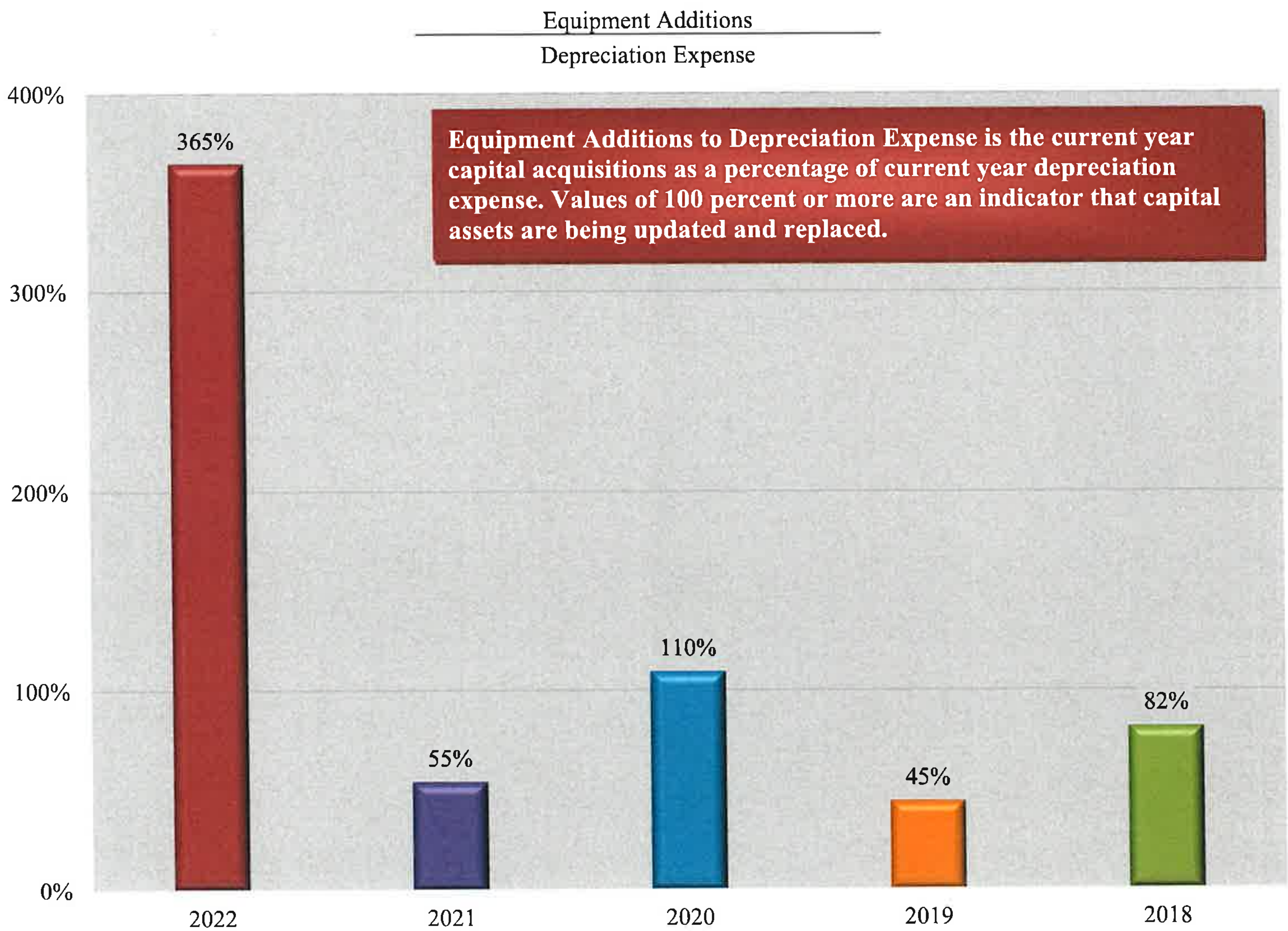
Equipment Additions to Depreciation Expense



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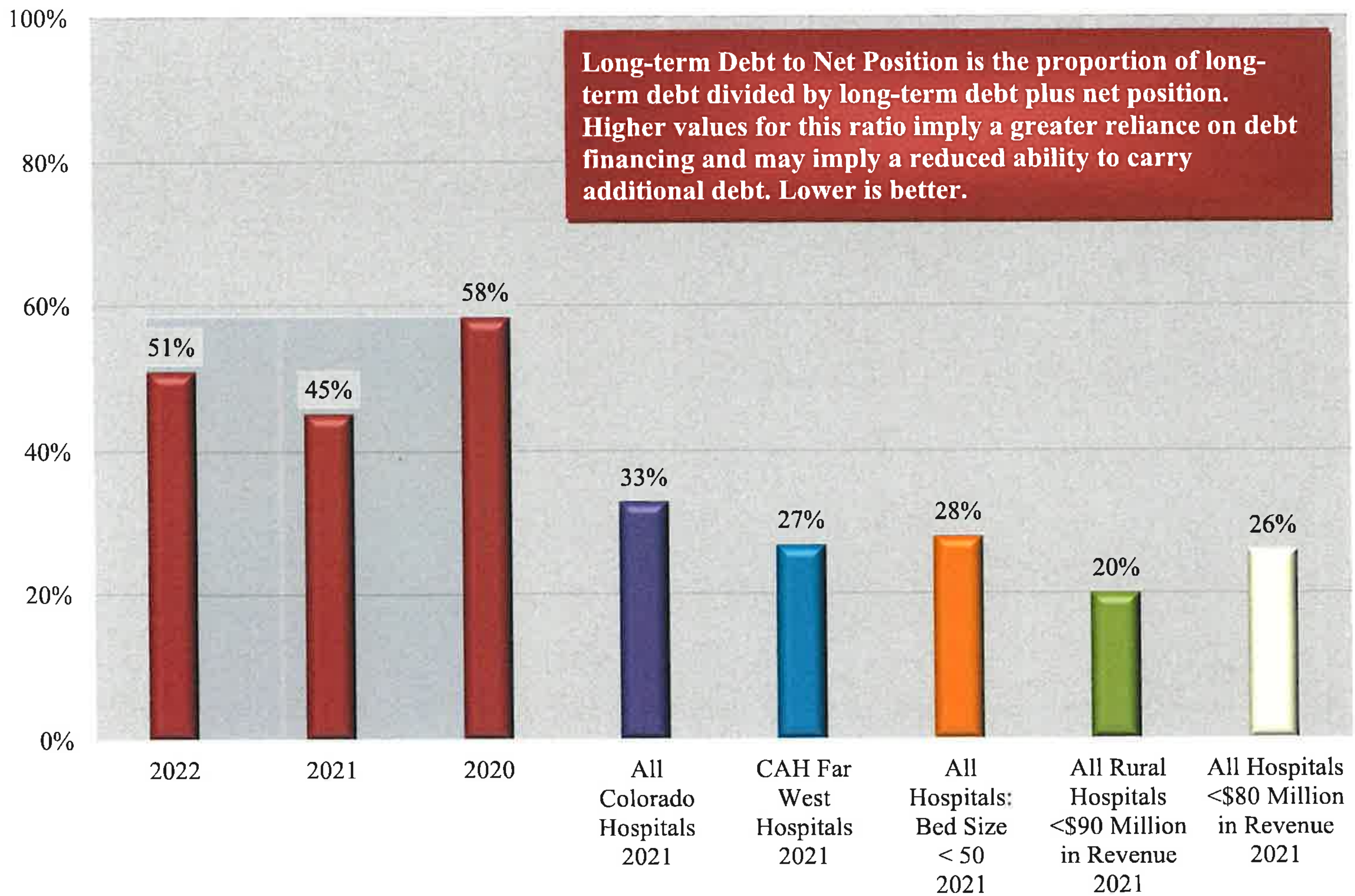
doing business as
Pagosa Springs Medical Center

Long-term Debt to Net Position

$$\frac{\text{Long-term Debt}}{\text{Long-term Debt + Net Position}}$$



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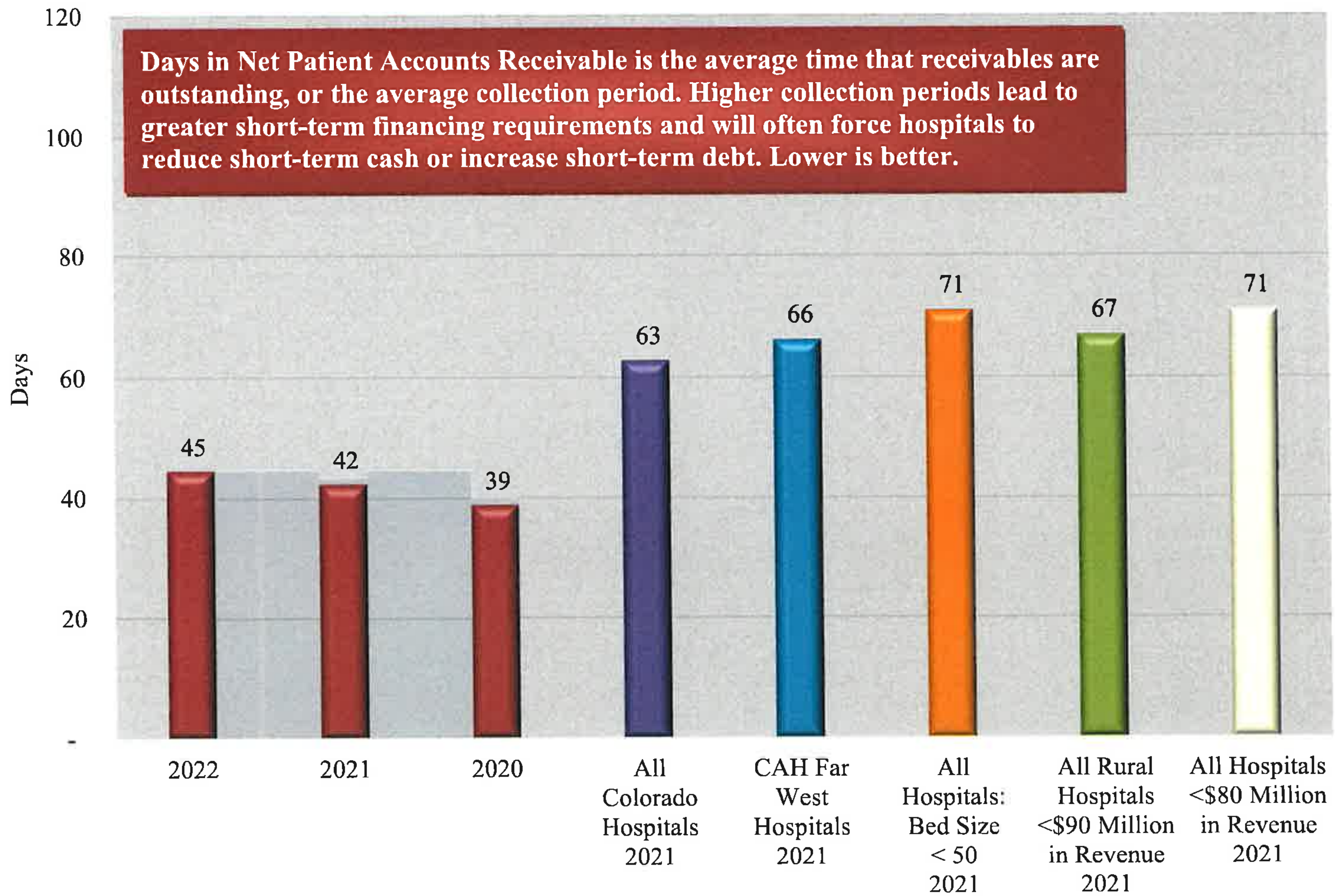
Upper San Juan Health Service District
doing business as
Pagosa Springs Medical Center

Days in Net Patient Accounts Receivable

$$\frac{\text{Net Patient Accounts Receivable}}{\text{Net Patient Service Revenue / 365}}$$



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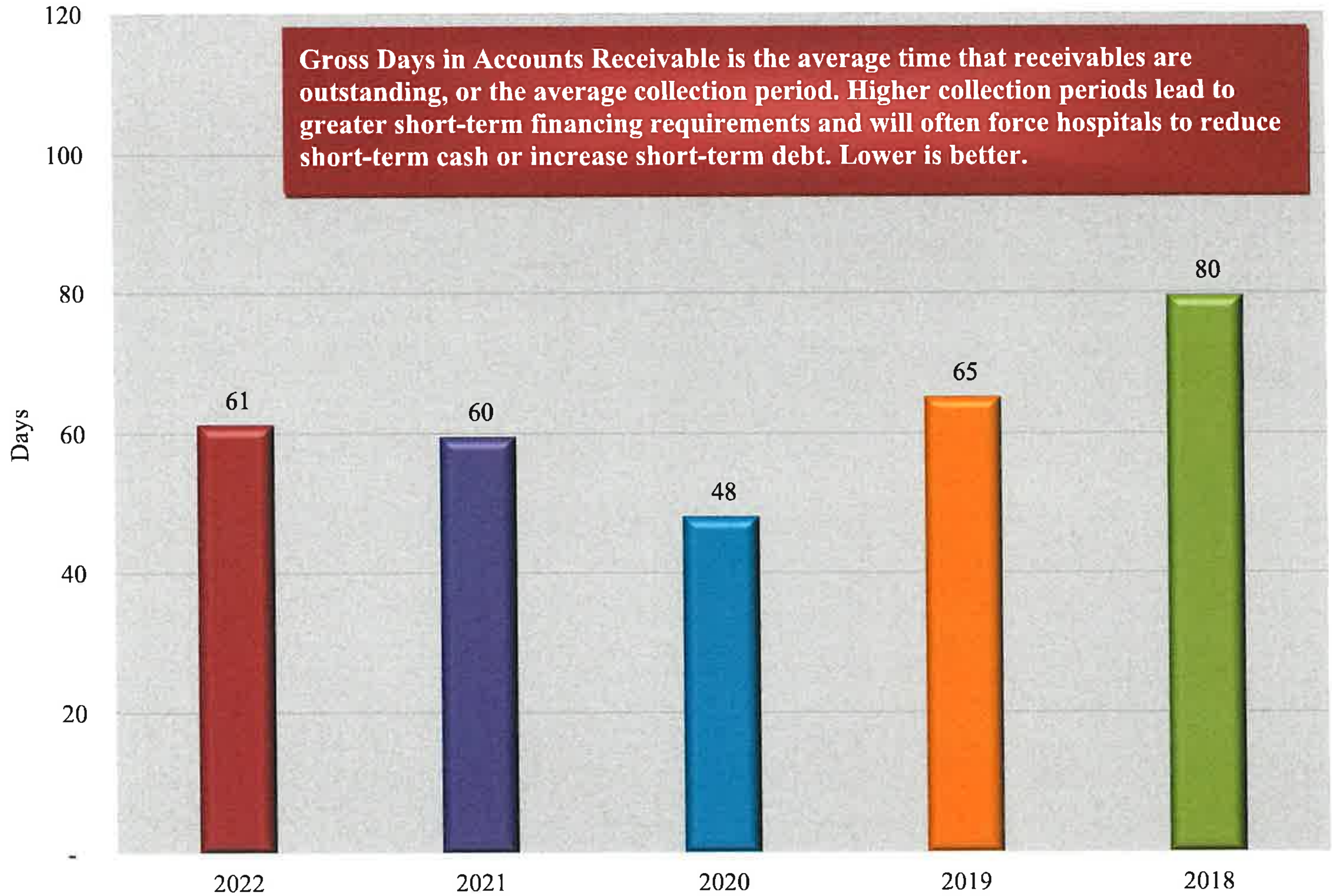
Upper San Juan Health Service District
doing business as
Pagosa Springs Medical Center

Gross Days in Accounts Receivable

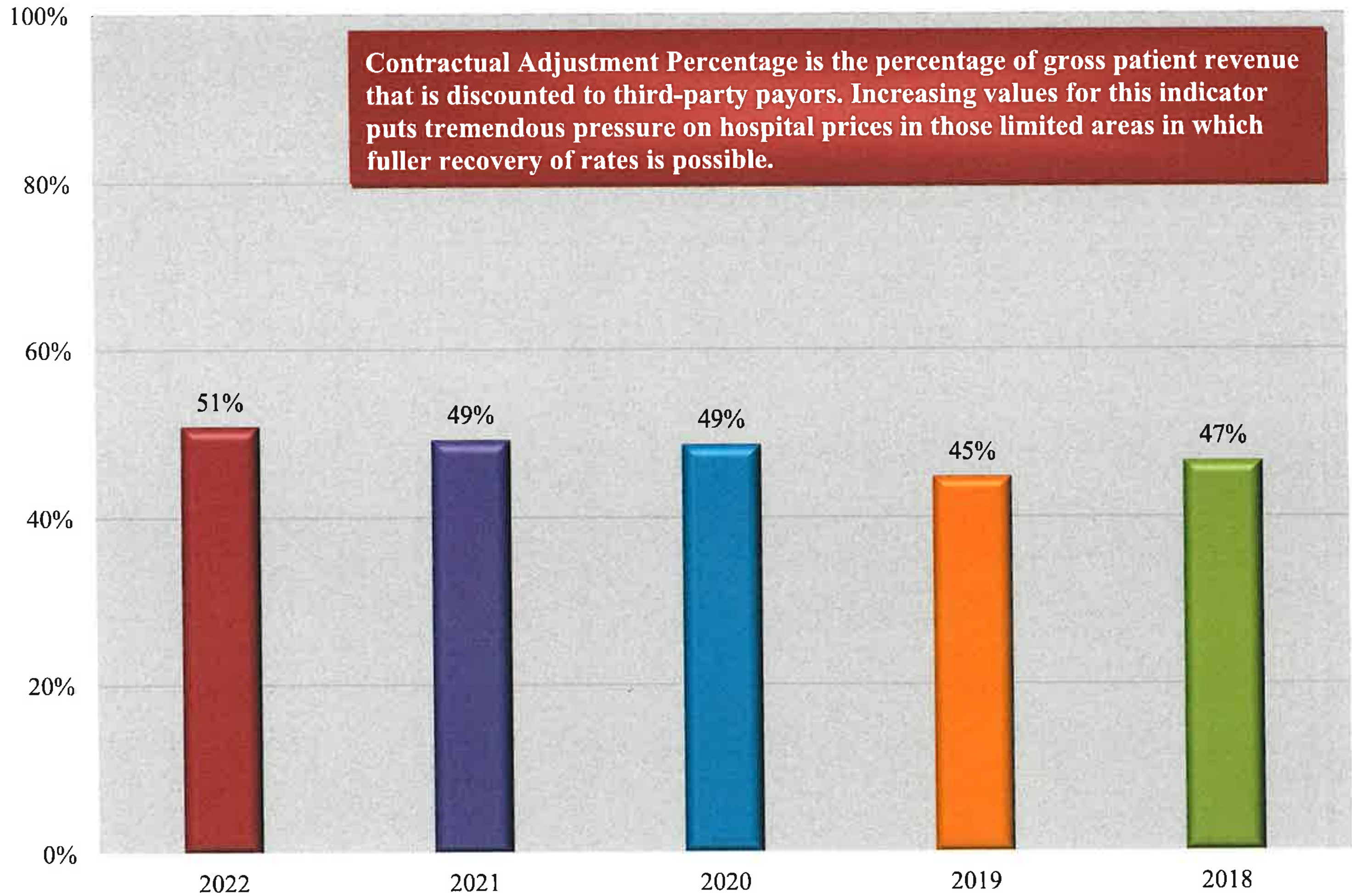
$$\frac{\text{Gross Patient Revenues}}{\text{Average Daily Hospital Revenue (Revenue/365)}}$$



Upper San Juan Health Service District
doing business as
Pagosa Springs Medical Center

Contractual Adjustment Percentage

$$\frac{\text{Contractual Adjustments}}{\text{Gross Patient Revenues}}$$



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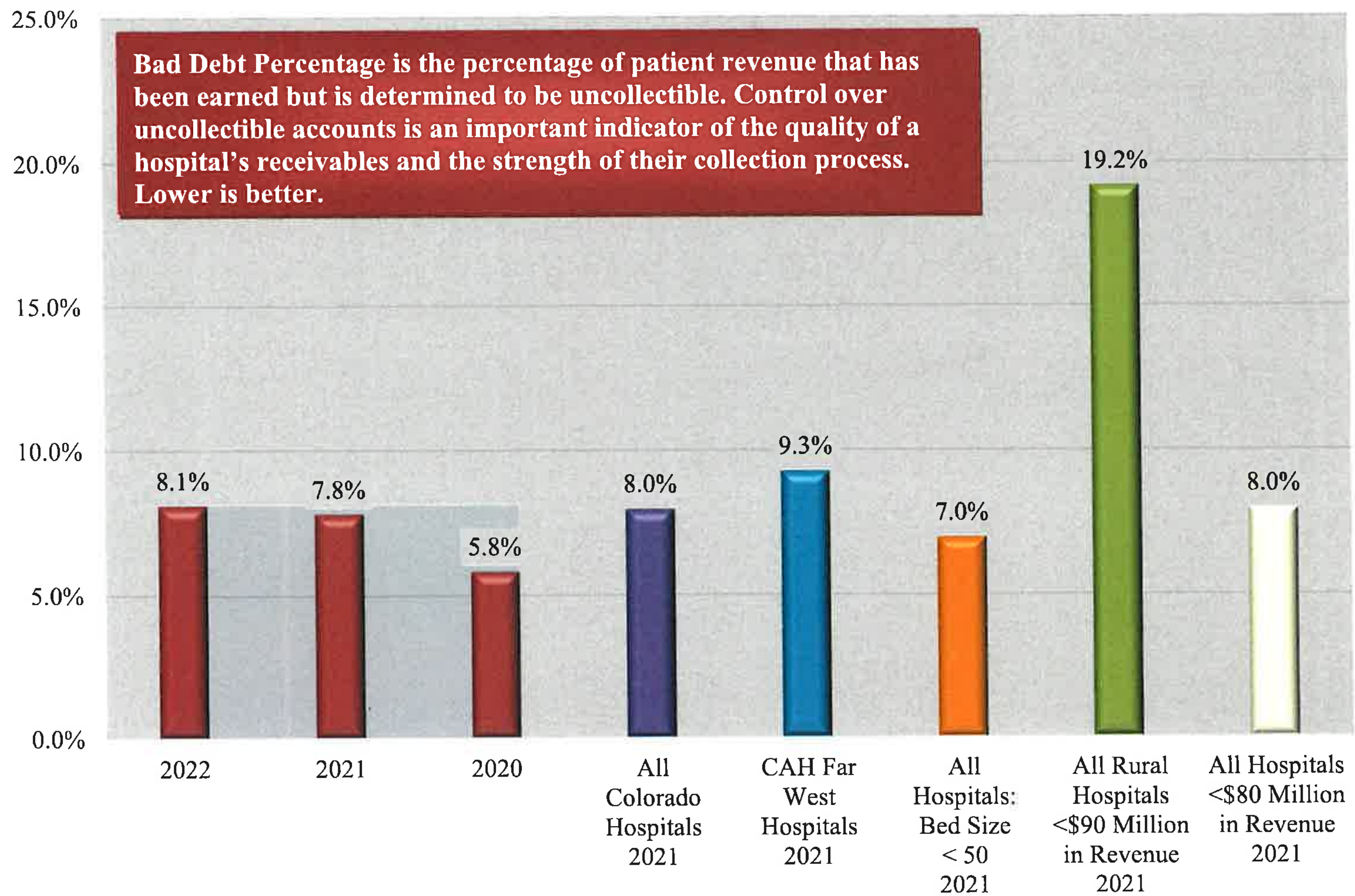
Upper San Juan Health Service District
doing business as
Pagosa Springs Medical Center

Bad Debt Percentage

$$\frac{\text{Provision for Bad Debt}}{\text{Net Patient Revenue}}$$



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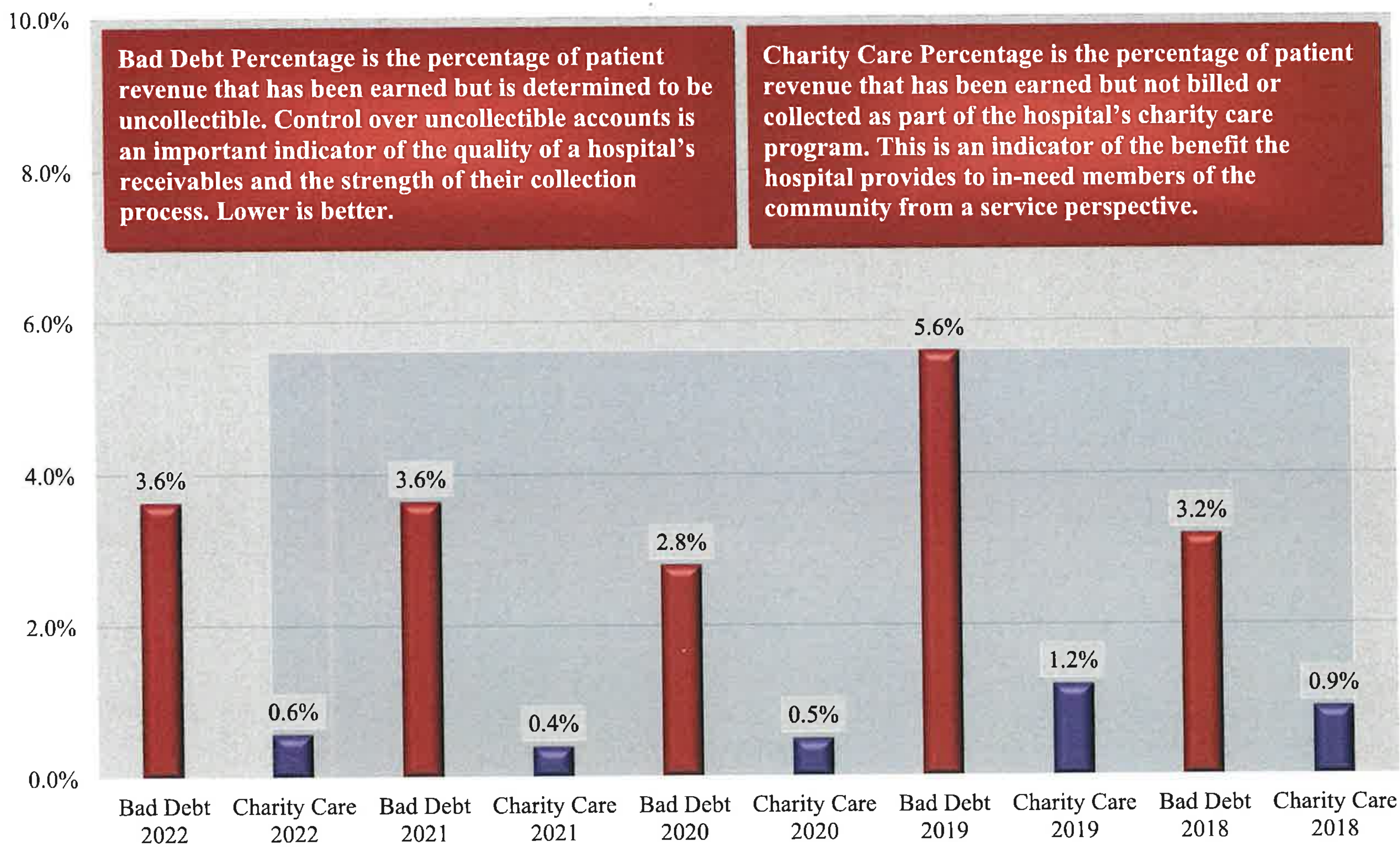
Upper San Juan Health Service District
doing business as
Pagosa Springs Medical Center

Bad Debt and Charity Care Percentage

$$\frac{\text{Provision for Bad Debt or Charity Care}}{\text{Gross Patient Revenues}}$$



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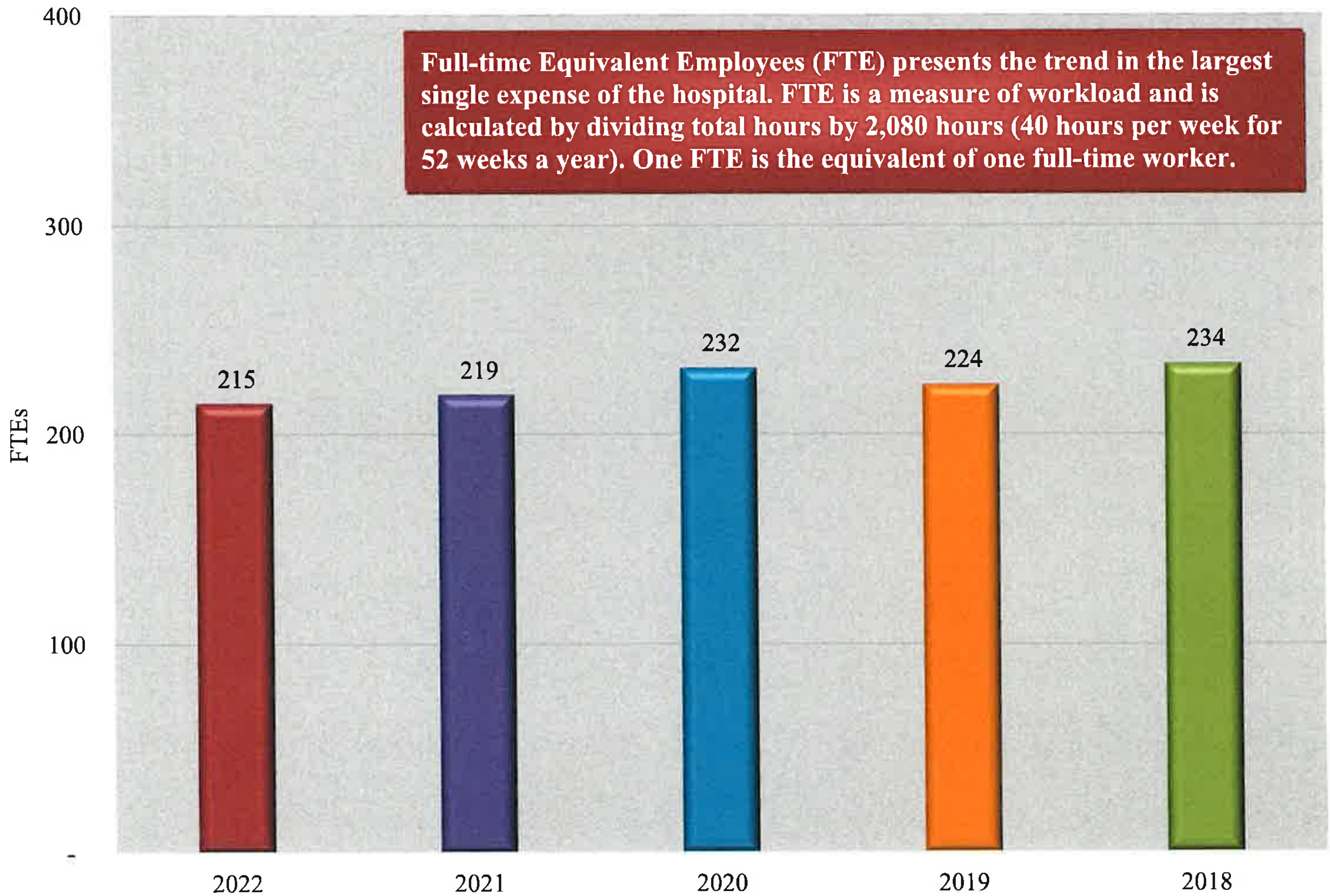
Upper San Juan Health Service District
doing business as
Pagosa Springs Medical Center

Full-time Equivalent Employees (FTE)



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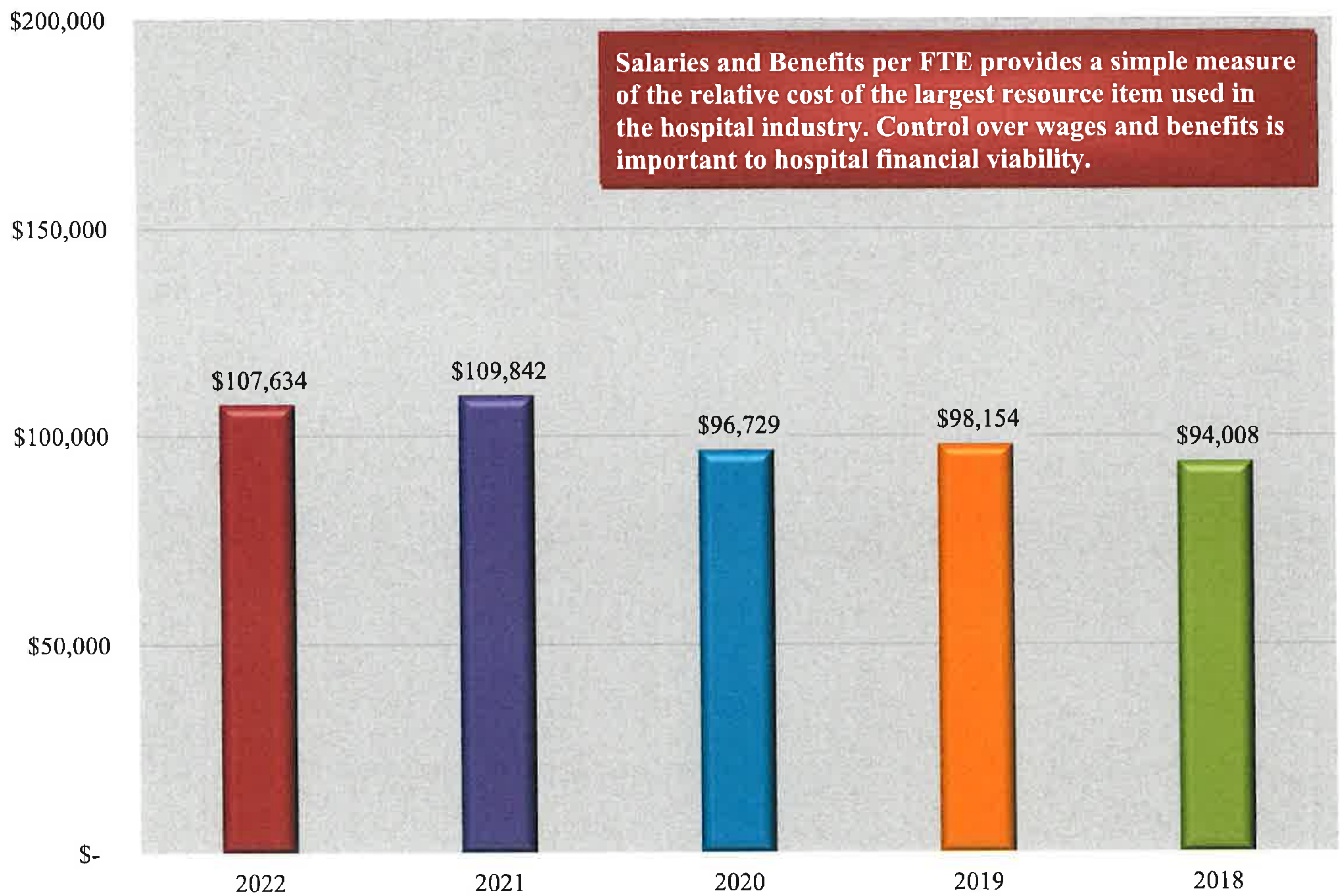
Upper San Juan Health Service District
doing business as
Pagosa Springs Medical Center

Salaries and Benefits per FTE

$$\frac{\text{Total Salaries + Total Benefits}}{\text{FTEs}}$$



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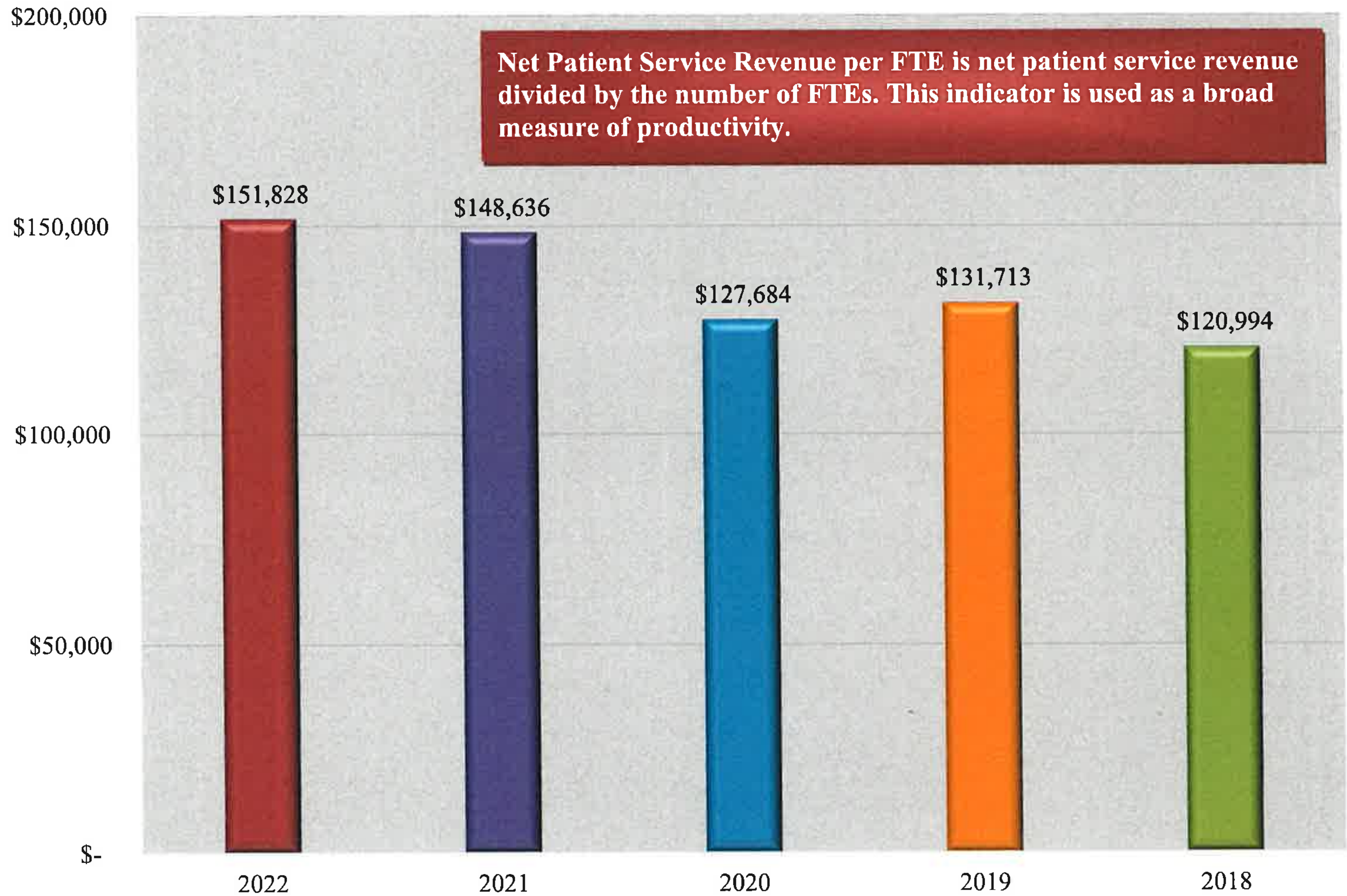
Upper San Juan Health Service District
doing business as
Pagosa Springs Medical Center

Net Patient Service Revenue per FTE

$$\frac{\text{Net Patient Service Revenue}}{\text{FTE}}$$



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Facilities Committee Report for the USJHSD Board Meeting on July 20, 2023

The Board's Facilities Committee met on July 20, 2023. The report below provides an overview of the discussions of the Facilities Committee.

1) **Large Projects:**

   a) **Medical Wellness Building Renovation (f/ka Pruitt Building):**
      i) In March 2023, the Board passed a resolution making the fundraising goal for 2023 funds to support the renovation of the Medical Wellness Building.
      ii) Fundraising efforts are ongoing.
      iii) In April 2023, PSMC staff applied for a grant of $1,000,000 from the State of Colorado Division of Local Affairs (DOLA) as DOLA has been very generous to PSMC in the past (for the Clinic Building and our HVAC system). The application is for funding for the renovation. At the end of June, the CEO and staff presented the grant application to the DOLA review committee in Denver. A response to PSMC's DOLA application is anticipated by August.
      iv) In May 2023, PSMC bid the project and selected the team of RTA Architects and Nunn Construction. No work can begin until it is known if we have an award from DOLA (and, if awarded, the contract with DOLA is signed).

   b) **Oxygen Generation Building**: PSMC bid this project and only received one bid that was higher than anticipated. PSMC will pursue additional grant funding and rebid the project in early 2024 with an anticipated timeline of construction in the late spring or summer of 2024.

   c) **Roof Replacement:** As previously reported to the Board, other than the new outpatient clinic building, an inspection concluded that the roof areas over the hospital areas and Cancer Center need to be replaced. The roof replacement is anticipated to cost between $500,000 and $800,000. PSMC is looking for grant opportunities to help pay for this and remaining costs into the 2024 capital budget.

2) **Other Ongoing Projects**: Staff reported on a series of operational projects of repair and maintenance (for example HVAC, parking asphalt, landscaping, security, lighting, EMS building maintenance).

Finance Committee & CFO Report for the
USJHSD Board Meeting on July 18, 2023

The Board's Finance Committee met on July 18, 2023. The report below provides an overview of the financials and addresses any comments or questions made by members of the Finance Committee.

1) **<u>2022 Audit:</u>**
   a) DZA presented to the Finance Committee an in-depth review of the audit of PSMC's 2022 financials. There was in-depth discussion of the opinion, internal controls and the single audit of federal funds.

2) **<u>June Financials</u>**:
   a) **<u>Bottom line and Income Statement</u>**:
      i) PSMC had a positive bottom line for June of $312,541.
      ii) PSMC has a year-to-date positive bottom line of $636,933. PSMC generally operates at a deficit for the first half of the year, but for 2023, PSMC had a positive bottom line every month except January.
      iii) Gross revenue for the month of June was over seven million – only the second time in PSMC history.
      iv) Investment income for June was $34,239.07 ($23,789.19 from CSIP, $7,162 from ColoTrust, and $3,287.88 from TBK) and was reported on line 30 of the Income Statement; line 30 also includes other income including 340b income so staff will add a reporting line to break apart 340b and investment income going forward.

   b) **<u>Accounts Receivable</u>**: Accounts Receivable is in great shape and at 48.9 days.

   c) **<u>Cash on hand</u>**: Collection of cash was steady; PSMC ended the month with 114.2 days of cash on hand (a decrease following semi-annual payments on bonds for construction of the hospital and clinic as well as the lease-purchase for the Medical Wellness Building).

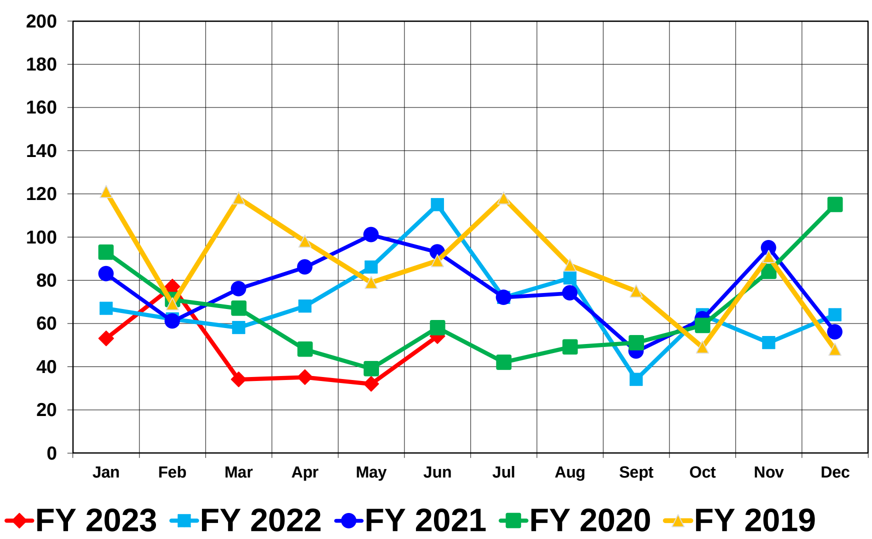
   d) **<u>Balance Sheet</u>**: No discussion.

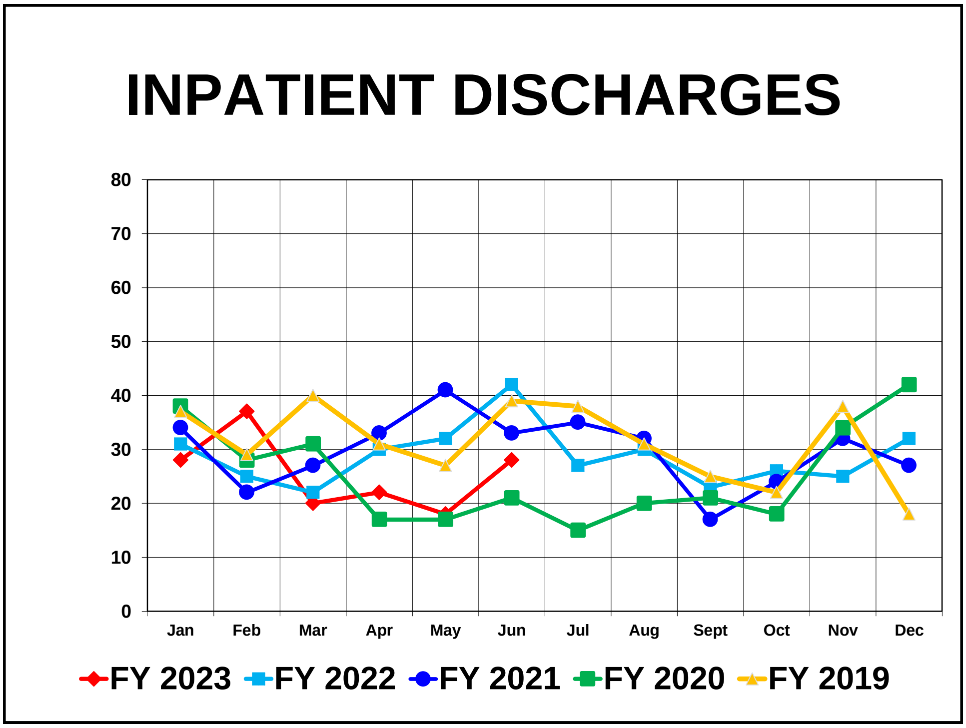
1) **<u>Other Discussions</u>**:
   a) Discussed patient volumes:
      i) Emergency Department visits continue to increase.
      ii) OR and Pain procedures were down but we did have a CRNA off-site in June.
      iii) Clinic visits were steady.
      iv) Radiology exams continue to increase.
   b) The CFO maintains an assessment of results of A/R collections and this will be reviewed at the next Finance Committee meeting.

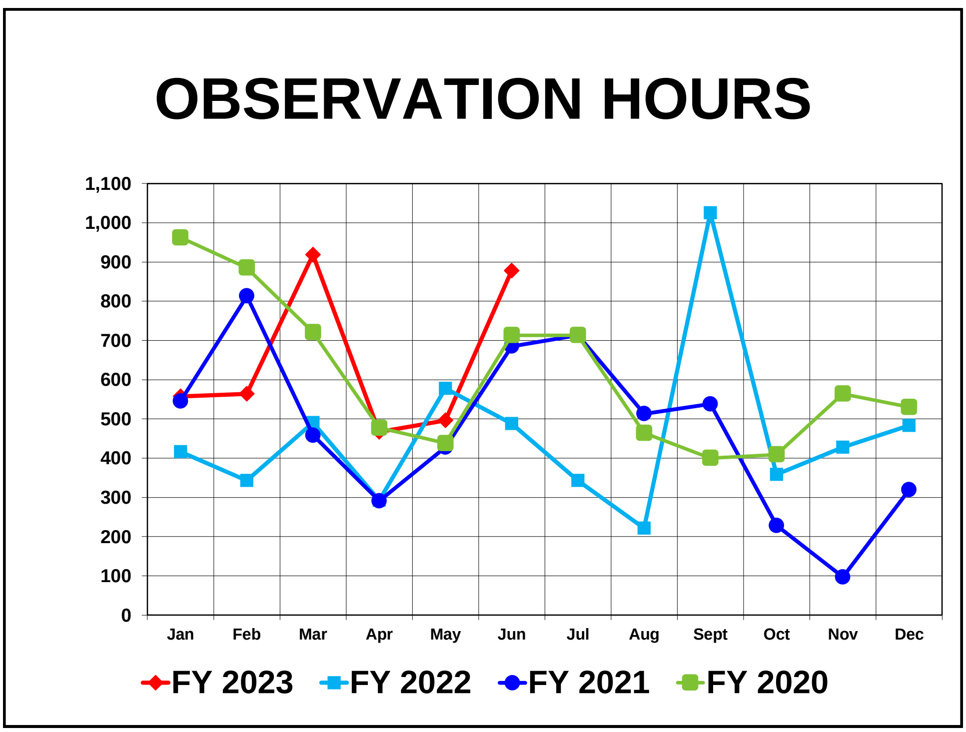
PAGOSA SPRINGS
Medical Center
THE CARE YOU DESERVE, IN THE MOUNTAINS YOU LOVE

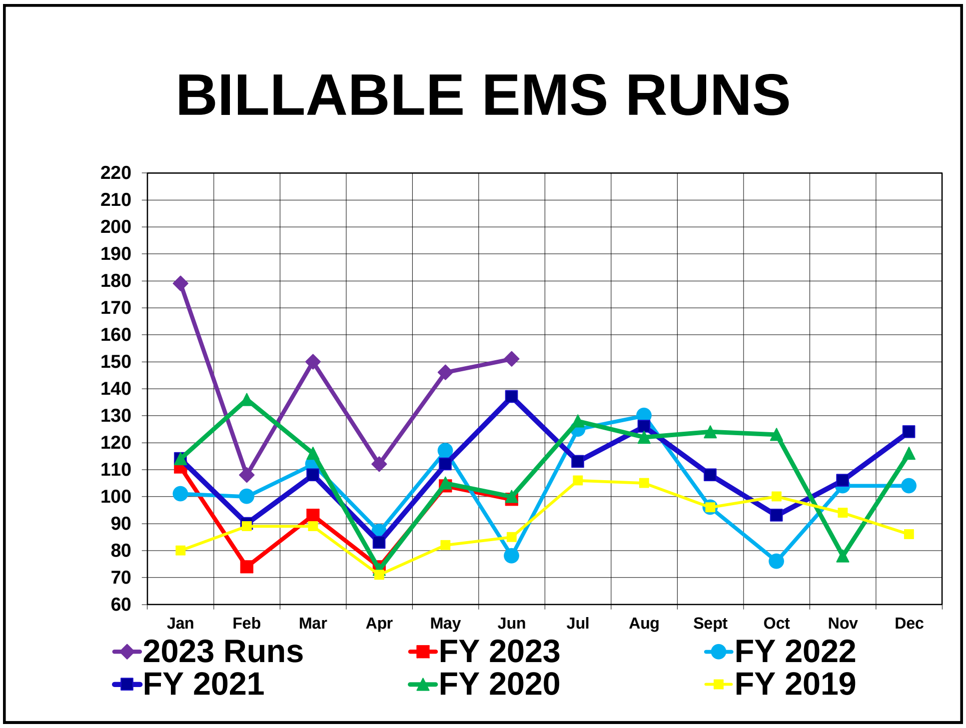
FINANCIAL PRESENTATION
YTD JUNE 2023

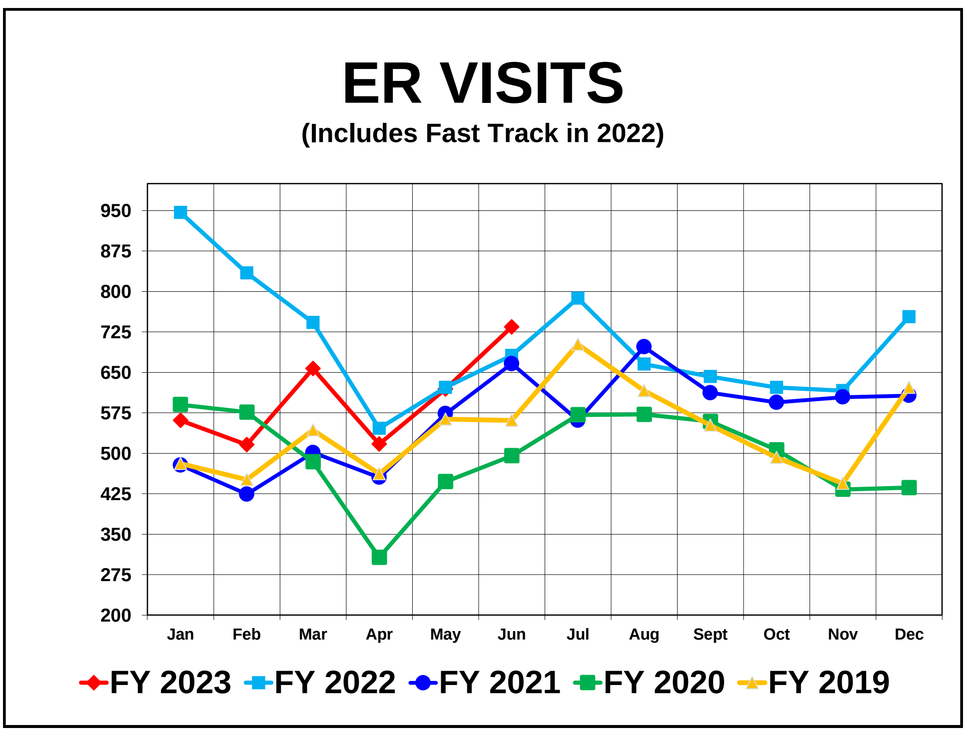
PATIENT DAYS

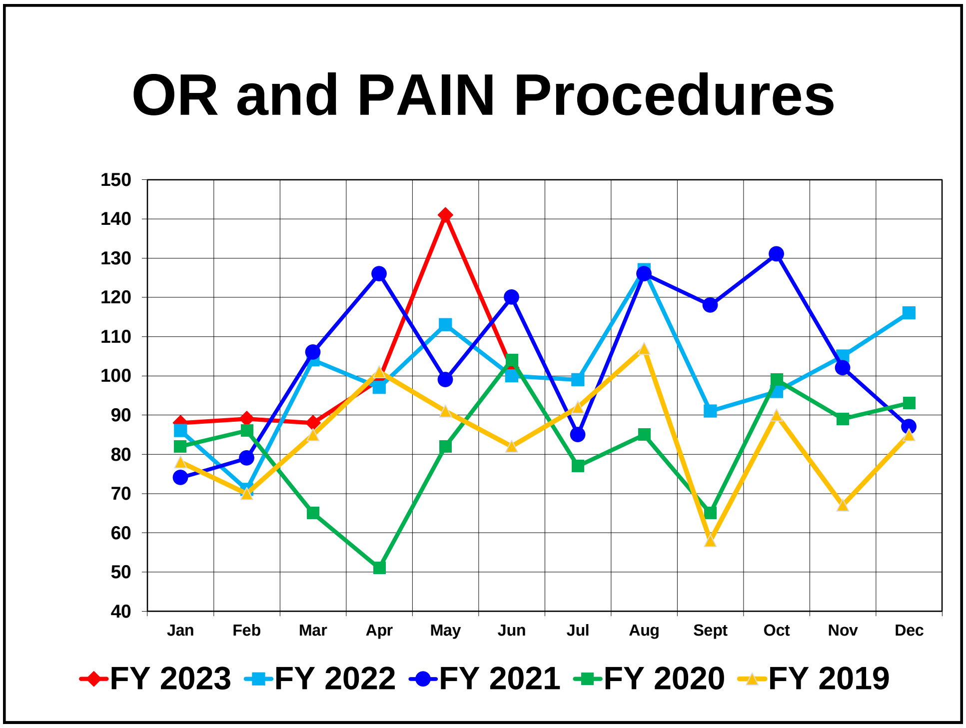


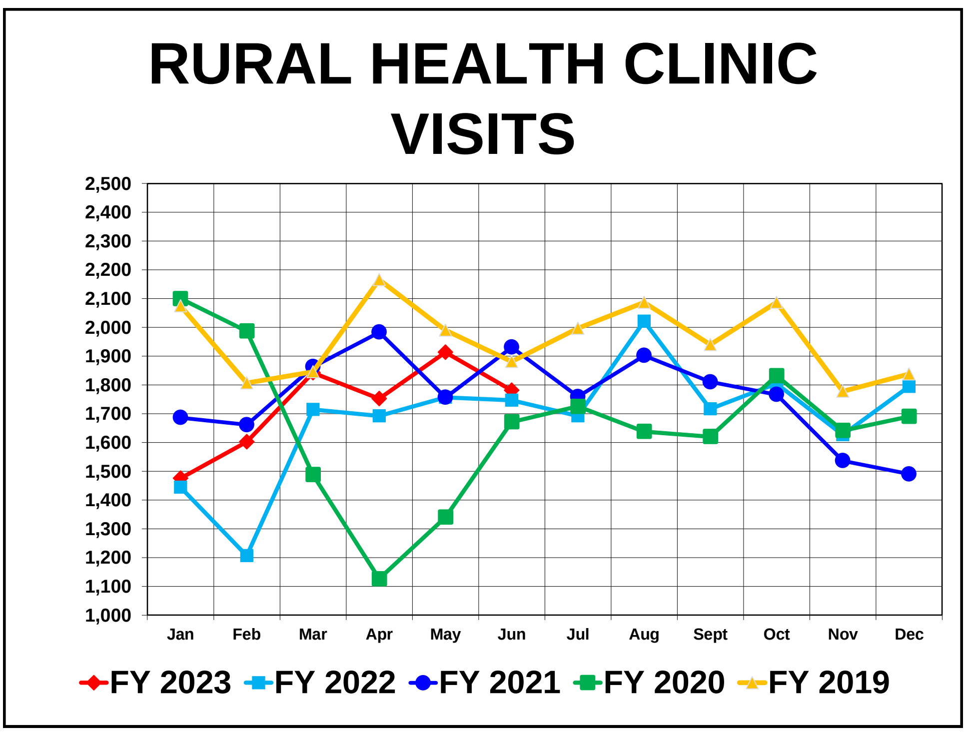

INPATIENT DISCHARGES
80
70
60
50
40
30
20
10
0
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sept
Oct
Nov
Dec
FY 2023
FY 2022
FY 2021
FY 2020
FY 2019


OBSERVATION HOURS
1,100
1,000
900
800
700
600
500
400
300
200
100
0
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sept
Oct
Nov
Dec
FY 2023
FY 2022
FY 2021
FY 2020

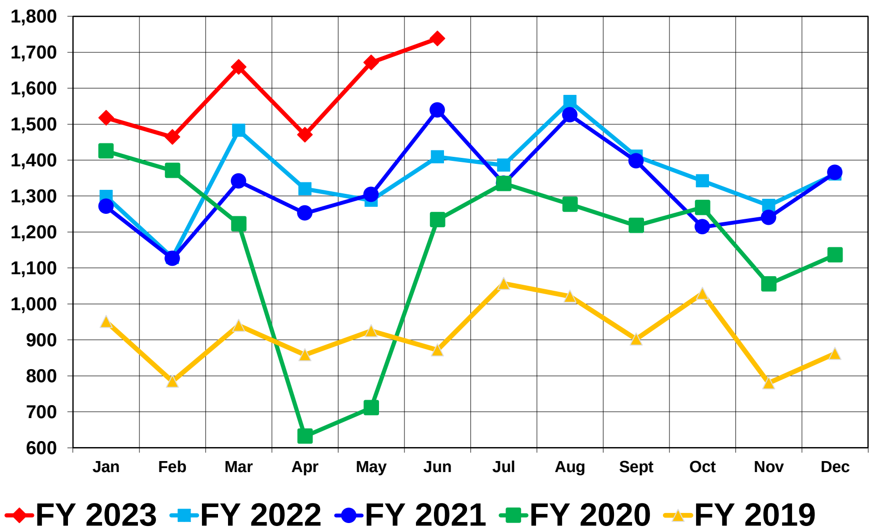

BILLABLE EMS RUNS
220
210
200
190
180
170
160
150
140
130
120
110
100
90
80
70
60
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sept
Oct
Nov
Dec
2023 Runs
FY 2023
FY 2022
FY 2021
FY 2020
FY 2019


ER VISITS
(Includes Fast Track in 2022)
950
875
800
725
650
575
500
425
350
275
200
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sept
Oct
Nov
Dec
FY 2023
FY 2022
FY 2021
FY 2020
FY 2019


OR and PAIN Procedures
150
140
130
120
110
100
90
80
70
60
50
40
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sept
Oct
Nov
Dec
FY 2023
FY 2022
FY 2021
FY 2020
FY 2019

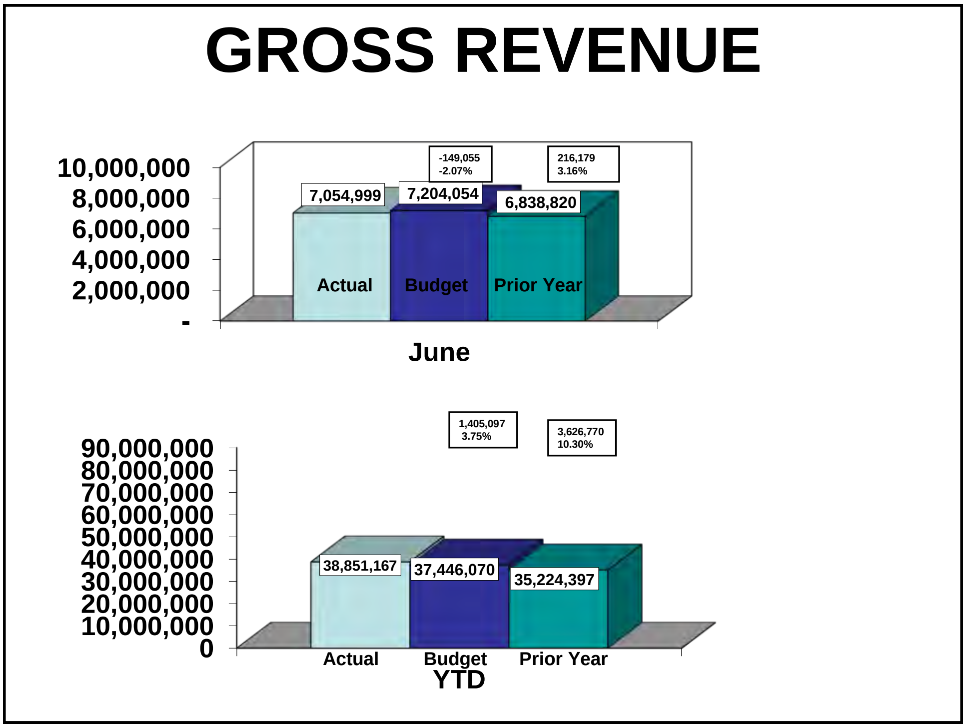

RURAL HEALTH CLINIC VISITS
2,500
2,400
2,300
2,200
2,100
2,000
1,900
1,800
1,700
1,600
1,500
1,400
1,300
1,200
1,100
1,000
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sept
Oct
Nov
Dec
FY 2023
FY 2022
FY 2021
FY 2020
FY 2019

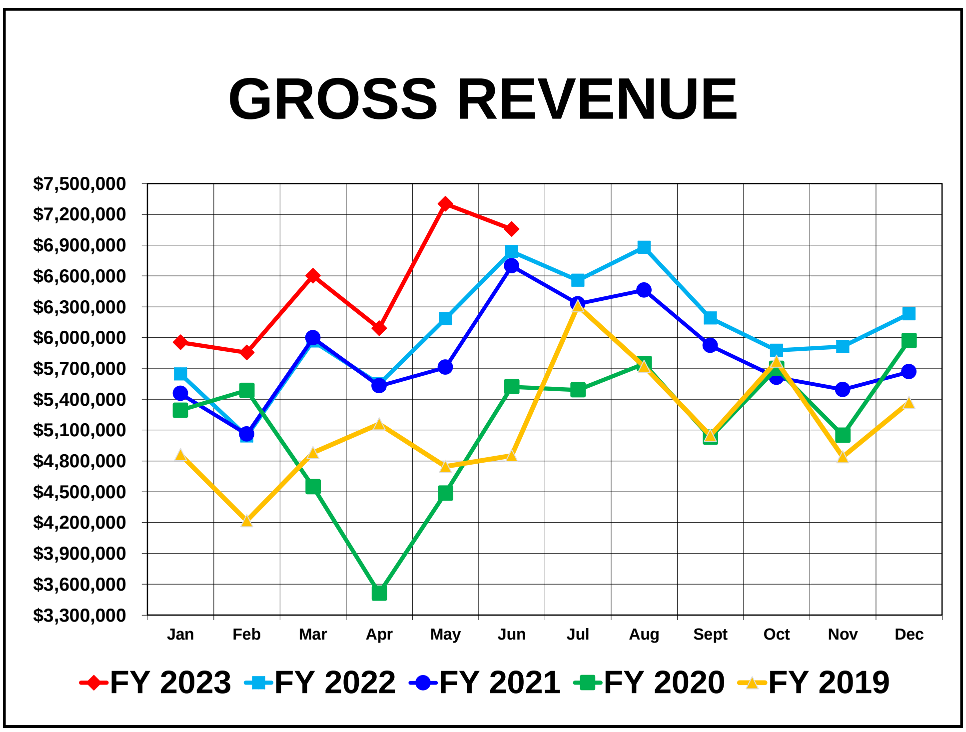
RADIOLOGY EXAMS

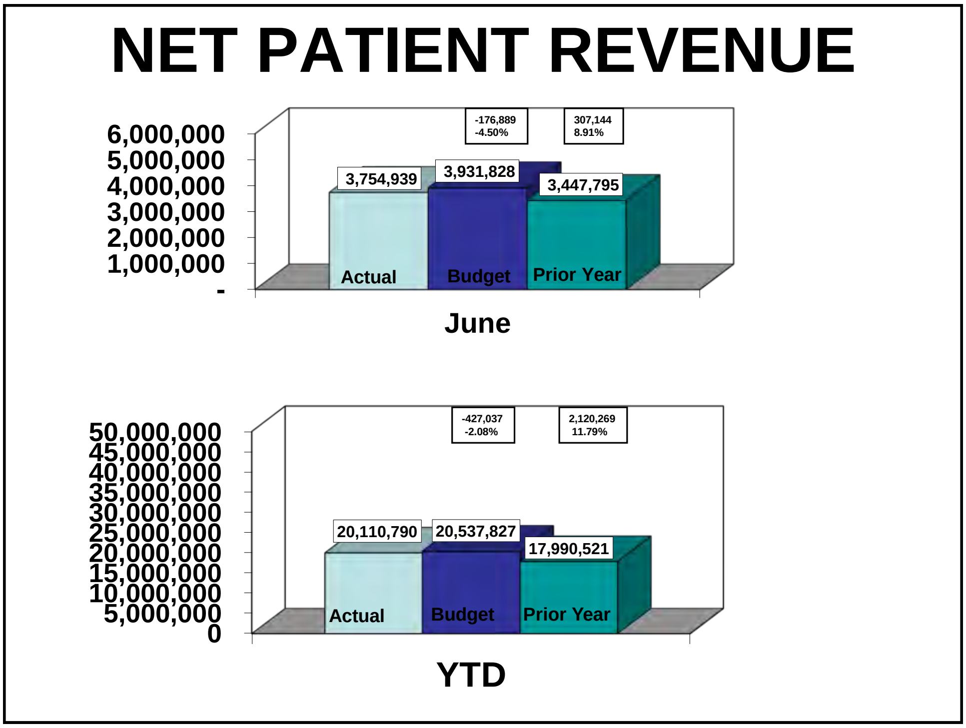


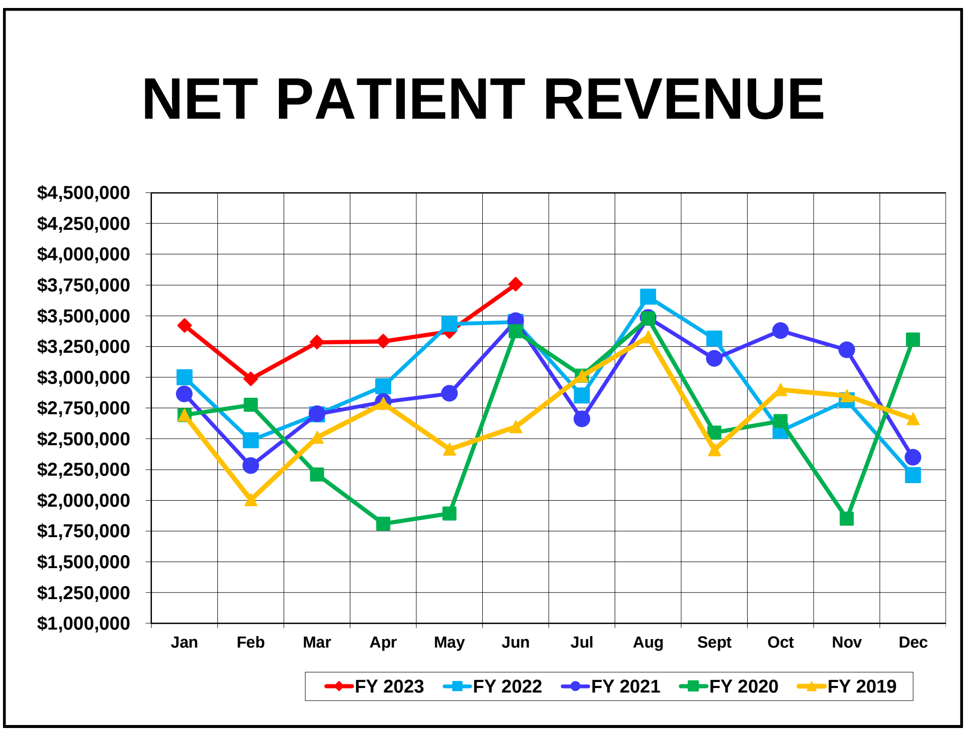
Summary of Financials

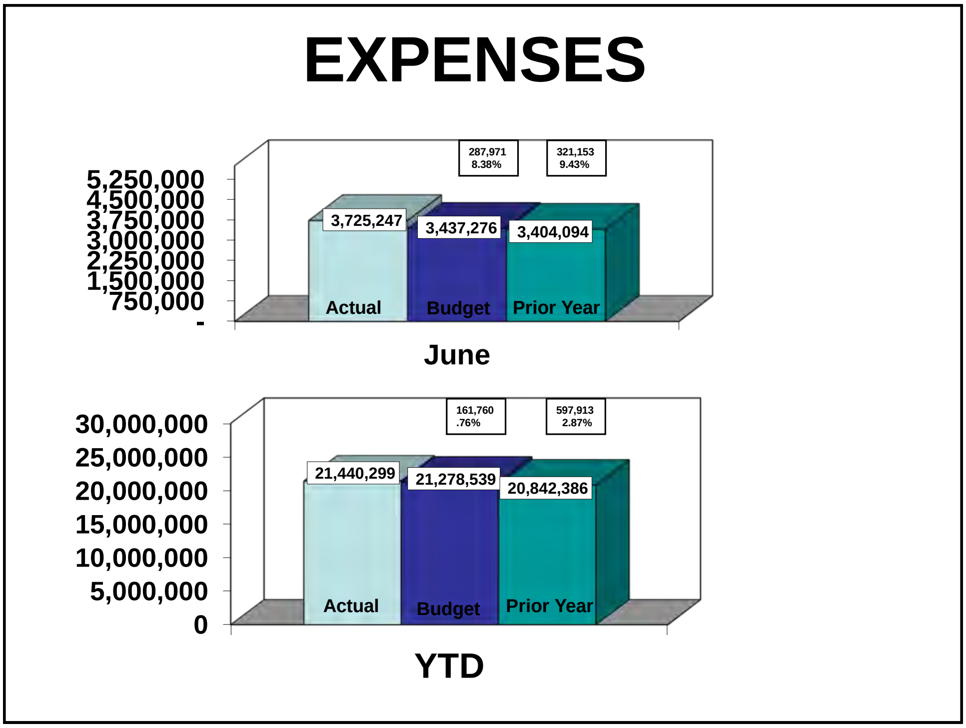
	May		
Gross Revenue	$ 7,299,799		
Net Revenue	$ 3,371,760		
Expenses	$ 3,905,165		
Grants, 340B and Tax Revenue	$ 545,962		
Grants and 340B and Stimulus		$ 174,793	
Tax Revenue		$ 371,169	
Net Income	$ 12,557		

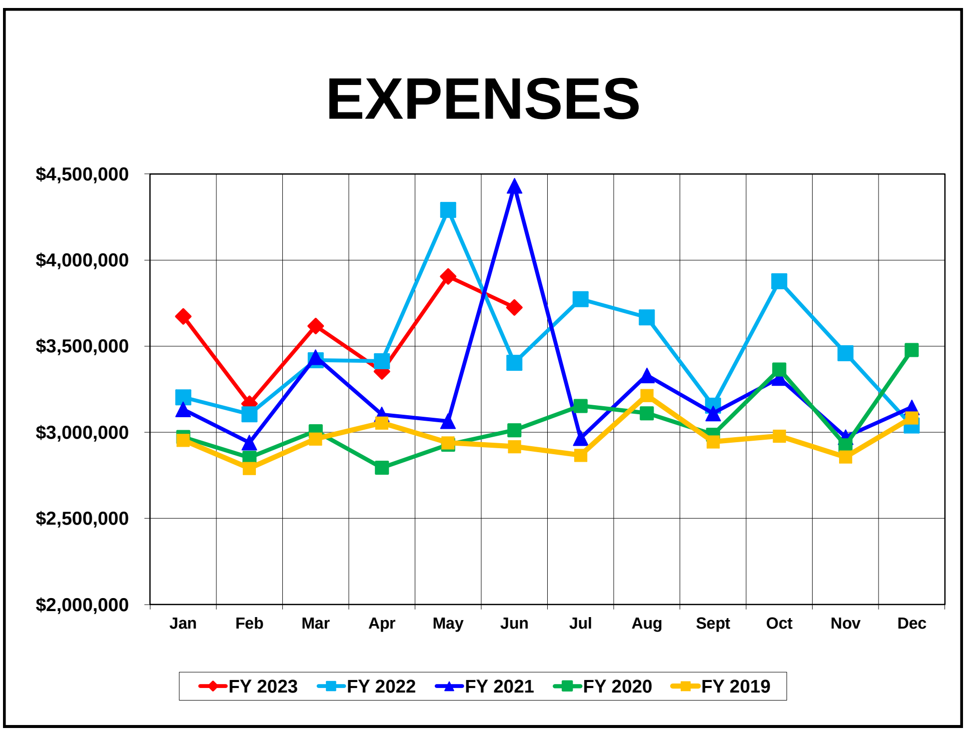

GROSS REVENUE
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
-
-149,055
-2.07%
216,179
3.16%
7,054,999
7,204,054
6,838,820
Actual
Budget
Prior Year
June
1,405,097
3.75%
3,626,770
10.30%
90,000,000
80,000,000
70,000,000
60,000,000
50,000,000
40,000,000
30,000,000
20,000,000
10,000,000
0
38,851,167
37,446,070
35,224,397
Actual
Budget
Prior Year
YTD


GROSS REVENUE
$7,500,000
$7,200,000
$6,900,000
$6,600,000
$6,300,000
$6,000,000
$5,700,000
$5,400,000
$5,100,000
$4,800,000
$4,500,000
$4,200,000
$3,900,000
$3,600,000
$3,300,000
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sept
Oct
Nov
Dec
FY 2023
FY 2022
FY 2021
FY 2020
FY 2019

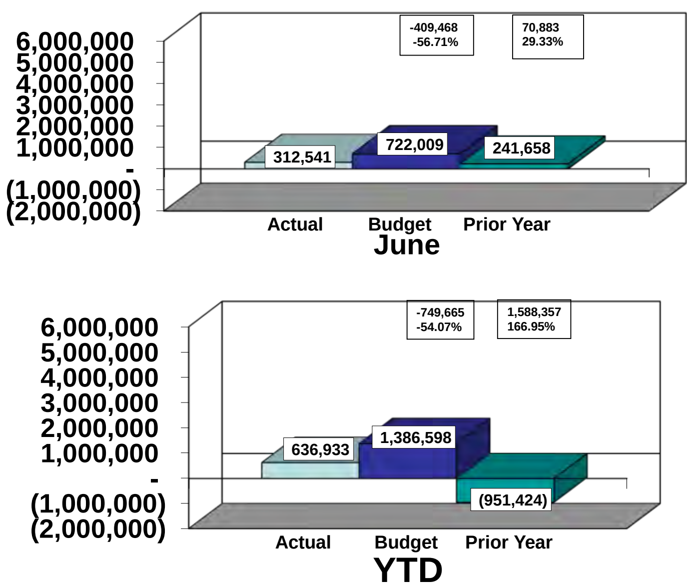

NET PATIENT REVENUE
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
-
-176,889
-4.50%
307,144
8.91%
3,754,939
3,931,828
3,447,795
Actual
Budget
Prior Year
June
50,000,000
45,000,000
40,000,000
35,000,000
30,000,000
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
0
-427,037
-2.08%
2,120,269
11.79%
20,110,790
20,537,827
17,990,521
Actual
Budget
Prior Year
YTD


NET PATIENT REVENUE
$4,500,000
$4,250,000
$4,000,000
$3,750,000
$3,500,000
$3,250,000
$3,000,000
$2,750,000
$2,500,000
$2,250,000
$2,000,000
$1,750,000
$1,500,000
$1,250,000
$1,000,000
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sept
Oct
Nov
Dec
FY 2023
FY 2022
FY 2021
FY 2020
FY 2019


EXPENSES
5,250,000
4,500,000
3,750,000
3,000,000
2,250,000
1,500,000
750,000
-
287,971
8.38%
321,153
9.43%
3,725,247
3,437,276
3,404,094
Actual
Budget
Prior Year
June
30,000,000
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
0
161,760
.76%
597,913
2.87%
21,440,299
21,278,539
20,842,386
Actual
Budget
Prior Year
YTD


EXPENSES
$4,500,000
$4,000,000
$3,500,000
$3,000,000
$2,500,000
$2,000,000
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sept
Oct
Nov
Dec
FY 2023
FY 2022
FY 2021
FY 2020
FY 2019

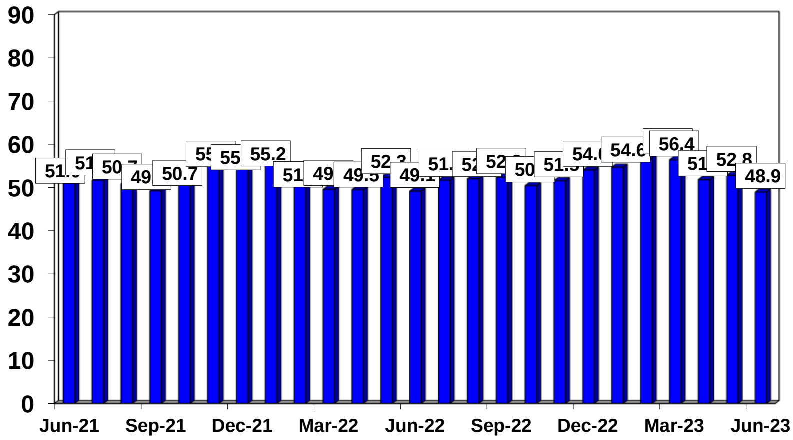
NET INCOME



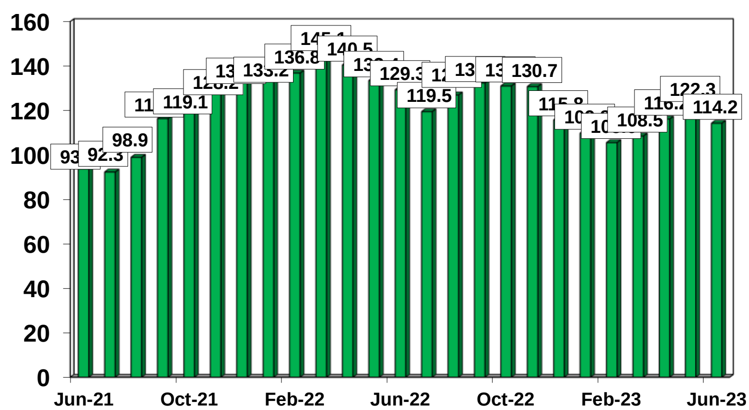
Summary of Financials

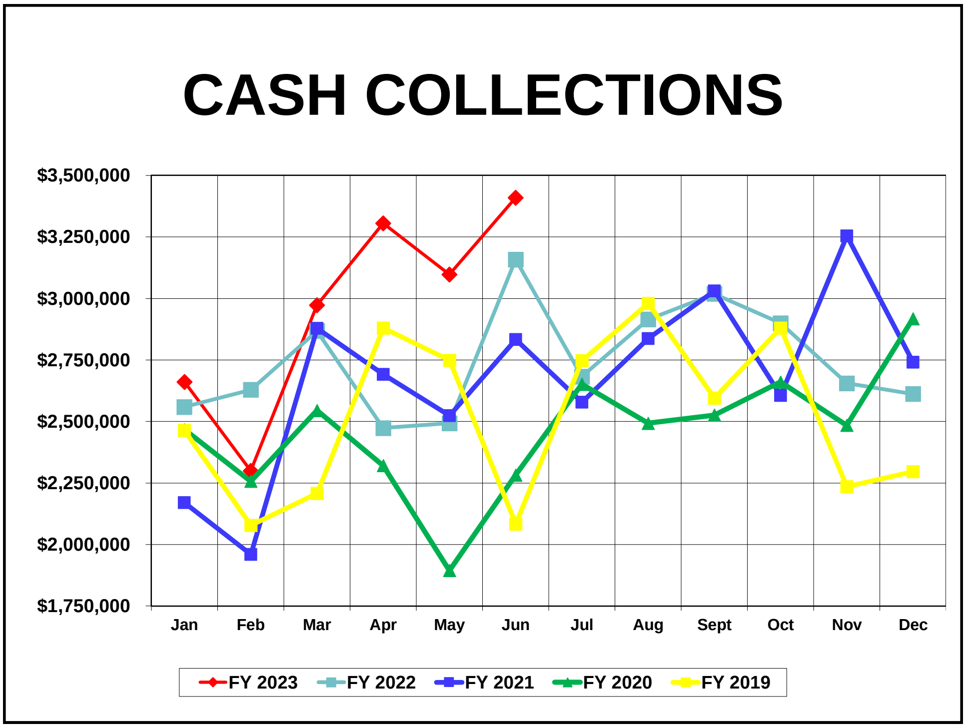
	June		
Gross Revenue	$ 7,054,999		
Net Revenue	$ 3,754,939		
Expenses	$ 3,725,247		
Grants, 340B and Tax Revenue	$ 282,849		
Grants and 340B and Stimulus		$	135,521
Tax Revenue		$	147,328
Net Income	$312,541		

GROSS DAYS IN ACCOUNTS RECEIVABLE



DAYS CASH ON HAND




CASH COLLECTIONS
$3,500,000
$3,250,000
$3,000,000
$2,750,000
$2,500,000
$2,250,000
$2,000,000
$1,750,000
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sept
Oct
Nov
Dec
FY 2023
FY 2022
FY 2021
FY 2020
FY 2019

Pagosa Springs Medical Center

ORAL REPORTS 4.a.vii(a)

Income Statement - - - June 30, 2023

		Current Month				Year-to-Date			
		2023	Budget	Difference	Variance	2023	Budget	Difference	Variance
	Revenue								
7	Total In-patient Revenue	186,197	805,553	(619,356)	-77%	1,978,113	3,532,038	(1,553,925)	-44%
17	Total Out-patient Revenue	6,259,127	5,764,595	494,532	9%	33,710,966	30,744,503	2,966,463	10%
18	Professional Fees	609,675	633,906	(24,231)	-4%	3,162,088	3,169,529	(7,441)	0%
19	**Total Patient Revenue**	**7,054,999**	**7,204,054**	**(149,055)**	**-2%**	**38,851,167**	**37,446,070**	**1,405,097**	**4%**
20	Revenue Deductions & Bad Debt								
21	Contractual Allowances	3,510,729	3,549,181	(38,452)	-1%	19,519,138	18,140,258	1,378,880	8%
22	Charity	49,432	-	49,432		182,560	-	182,560	
23	Bad Debt	273,553	53,714	219,839	409%	1,364,707	751,996	612,711	81%
24	Provider Fee & Other	(533,654)	(330,669)	(202,985)	61%	(2,326,028)	(1,984,011)	(342,017)	17%
25	Total Revenue Deductions & Bad Debt	3,300,060	3,272,226	27,834	1%	18,740,377	16,908,243	1,832,134	11%
26	**Total Net Patient Revenue**	**3,754,939**	**3,931,828**	**(176,889)**	**-4%**	**20,110,790**	**20,537,827**	**(427,037)**	**-2%**
27	Grants	358	19,336	(18,978)	-98%	87,145	143,054	(55,909)	-39%
28	HHS Stimulus Other Revenue	-	-	-		-	-	-	
29	COVID PPP Loan Forgiveness	-	-	-	0%	-	-	-	0%
30	Other Operating Income - Misc	135,163	104,908	30,255	29%	647,244	878,400	(231,156)	-26%
31	**Total Net Revenues**	**3,890,460**	**4,056,072**	**(165,612)**	**-4%**	**20,845,179**	**21,559,281**	**(714,102)**	**-3%**
32	**Operating Expenses**								
33	Salary & Wages	1,852,759	1,759,030	93,729	5%	10,285,225	11,028,403	(743,178)	-7%
34	Benefits	311,139	305,885	5,254	2%	1,741,068	1,684,886	56,182	3%
35	Professional Fees/Contract Labor	158,697	55,028	103,669	188%	990,410	631,981	358,429	57%
36	Purchased Services	217,703	206,354	11,349	5%	1,205,503	1,164,203	41,300	4%
37	Supplies	625,835	597,413	28,422	5%	3,782,196	3,662,366	119,830	3%
38	Rent & Leases	25,943	17,571	8,372	48%	169,739	108,048	61,691	57%
39	Repairs & Maintenance	43,110	41,524	1,586	4%	288,071	262,181	25,890	10%
40	Utilities	31,343	41,811	(10,468)	-25%	309,669	254,235	55,434	22%
41	Insurance	39,228	37,656	1,572	4%	240,489	225,934	14,555	6%
42	Depreciation & Amortization	166,013	145,660	20,353	14%	1,002,632	899,941	102,691	11%
43	Interest	85,109	85,705	(596)	-1%	503,637	483,348	20,289	4%
44	Other	168,368	143,639	24,729	17%	921,660	873,013	48,647	6%
45	**Total Operating Expenses**	**3,725,247**	**3,437,276**	**287,971**	**8%**	**21,440,299**	**21,278,539**	**161,760**	**1%**
46	**Operating Revenue Less Expenses**	**165,213**	**618,796**	**(453,583)**	**-73%**	**(595,120)**	**280,742**	**(875,862)**	**-312%**
47	**Non-Operating Income**								
48	Tax Revenue	147,328	103,213	44,115	43%	1,232,053	1,105,856	126,197	11%
49	Donations	-	-	-		-	-	-	
50	**Total Non-Operating Income**	147,328	103,213	44,115	43%	1,232,053	1,105,856	126,197	11%
51	**Total Revenue Less Total Expenses**	**$ 312,541**	**$ 722,009**	**$ (409,468)**	**-57%**	**$ 636,933**	**$ 1,386,598**	**$ (749,665)**	**-54%**

Pagosa Springs Medical Center

Income Statement Comparison - - - June 30, 2023

		Current Month				Year-to-Date			
		2023	2022	Difference	Variance	2023	2022	Difference	Variance
	Revenue								
2									
7	Total In-patient Revenue	186,197	676,783	(490,586)	-72%	1,978,113	2,904,155	(926,042)	-32%
17	Total Out-patient Revenue	6,259,127	5,569,158	689,969	12%	33,710,966	29,276,637	4,434,329	15%
18	Professional Fees	609,675	592,879	16,796	3%	$ 3,162,088	3,043,605	118,483	4%
19	**Total Patient Revenue**	**7,054,999**	**6,838,820**	**216,179**	**3%**	**38,851,167**	**35,224,397**	**3,626,770**	**10%**
20	Revenue Deductions & Bad Debt								
21	Contractual Allowances	3,510,729	3,560,213	(49,484)	-1%	$ 19,519,138	17,605,429	1,913,709	11%
22	Charity	49,432	(1,026)	50,458	-4918%	182,560	215,659	(33,099)	-15%
23	Bad Debt	273,553	72,003	201,550	280%	1,364,707	855,362	509,345	60%
24	Provider Fee & Other	(533,654)	(240,165)	(293,489)	122%	(2,326,028)	(1,442,574)	(883,454)	61%
25	Total Revenue Deductions & Bad Debt	3,300,060	3,391,025	(90,965)	-3%	18,740,377	17,233,876	1,506,501	9%
26	**Total Net Patient Revenue**	**3,754,939**	**3,447,795**	**307,144**	**9%**	**20,110,790**	**17,990,521**	**2,120,269**	**12%**
27	Grants	358	-	358		87,145	77,288	9,857	13%
28	HHS Stimulus Other Revenue	-	-	-		-	-	-	
29	COVID PPP Loan Forgiveness	-	-	-		-	-	-	
30	Other Operating Income - Misc	135,163	85,963	49,200	57%	647,244	631,846	15,398	2%
31	**Total Net Revenues**	**3,890,460**	**3,533,758**	**356,702**	**10%**	**20,845,179**	**18,699,655**	**2,145,524**	11%
32	**Operating Expenses**								
33	Salary & Wages	1,852,759	1,642,245	210,514	13%	10,285,225	10,108,334	176,891	2%
34	Benefits	311,139	339,471	(28,332)	-8%	1,741,068	1,708,672	32,396	2%
35	Professional Fees/Contract Labor	158,697	184,764	(26,067)	-14%	990,410	1,592,608	(602,198)	-38%
36	Purchased Services	217,703	121,602	96,101	79%	1,205,503	1,046,316	159,187	15%
37	Supplies	625,835	582,948	42,887	7%	3,782,196	3,332,029	450,167	14%
38	Rent & Leases	25,943	9,131	16,812	184%	169,739	96,715	73,024	76%
39	Repairs & Maintenance	43,110	33,527	9,583	29%	288,071	287,672	399	0%
40	Utilities	31,343	27,631	3,712	13%	309,669	261,582	48,087	18%
41	Insurance	39,228	35,174	4,054	12%	240,489	218,850	21,639	10%
42	Depreciation & Amortization	166,013	226,556	(60,543)	-27%	1,002,632	951,488	51,144	5%
43	Interest	85,109	67,903	17,206	25%	503,637	428,153	75,484	18%
44	Other	168,368	133,142	35,226	26%	921,660	809,967	111,693	14%
45	**Total Operating Expenses**	**3,725,247**	**3,404,094**	**321,153**	**9%**	**21,440,299**	**20,842,386**	**597,913**	3%
46	**Operating Revenue Less Expenses**	**165,213**	**129,664**	**35,549**	**27%**	**(595,120)**	**(2,142,731)**	**1,547,611**	-72%
47	**Non-Operating Income**								
48	Tax Revenue	147,328	111,994	35,334	32%	1,232,053	1,191,307	40,746	3%
49	Donations	-	-	-		-	-	-	
50	**Total Non-Operating Income**	147,328	111,994	35,334	32%	1,232,053	1,191,307	40,746	3%
51	**Total Revenue Less Total Expenses**	**$ 312,541**	**$ 241,658**	**$ 70,883**	**29%**	**$ 636,933**	**$ (951,424)**	1,588,357	**-167%**

Pagosa Springs Medical Center

Balance Sheet - - - June 30, 2023

Assets	Current Month	Prior Month
Current Assets		
Cash		
Operating (TBK/COLO Trust)	$ 4,729,201	$ 5,040,628
Debt Svc. Res. 2016 Bonds (UMB)	878,731	878,731
Bond Funds - 2016 Bonds (UMB)	115	464,754
Bond Funds - 2021 (UMB)	2,584,830	2,560,505
CSIP Investments (Begins In March)	5,585,603	5,561,813
Escrow - UMB	-	40,710
COVID PPP	-	-
Relief Fund Cash Restricted	-	-
Medicare Accelerated Pmt	-	-
Total Cash	13,778,480	14,547,141
Accounts Receivable		
Patient Revenue - Net	4,070,260	4,312,936
Other Receivables	376,492	510,286
Total Accounts Receivable	4,446,752	4,823,222
Inventory	1,838,075	1,838,108
Total Current Assets	20,063,307	21,208,471
Fixed Assets		
Property Plant & Equip (Net)	22,880,300	23,038,285
Work In Progress	385,047	341,956
Land	704,021	704,021
Total Fixed Assets	23,969,368	24,084,262
Other Assets		
Prepaids & Other Assets	445,774	491,034
Total Other Assets	445,774	491,034
Total Assets	**$ 44,478,449**	**$ 45,783,767**

Liabilities	Current Month	Prior Month
Current Liabilities		
Accts Payable - System	$ 761,056	$ 982,601
Accrued Expenses	471,168	865,980
Cost Report Settlement Res	(563,672)	(566,373)
Wages & Benefits Payable	1,699,919	2,307,583
Deferred Revenue	254,940	402,269
COVID PPP Short Term Loan	-	-
Relief Fund Liability	-	-
Medicare Accelerated Pmt Liab	(258,617)	(258,615)
Current Portion of LT Debt-75 S Pagosa	120,000	120,000
Current Portion of LT Debt-2021	420,000	420,000
Current Portion of LT Debt-2016	230,000	225,000
Total Current Liabilities	3,134,794	4,498,445
Long-Term Liabilities		
Leases Payable - 75 S Pagosa	2,180,000	2,180,000
Equipment Lease (Siemens MRI)	1,442,961	1,461,661
Bond Premium (Net) - 2006 Def Outflows	185,731	186,843
Bond Premium (Net) - 2016	116,400	116,825
Bond Premium (Net) - 2021	690,986	694,957
Bonds Payable - 2021	7,465,000	7,465,000
Bonds Payable - 2006	-	-
Bonds Payable - 2016	8,795,000	9,025,000
Total Long-Term Liabilities	20,876,078	21,130,286
Net Assets		
Un-Restricted	19,830,644	19,830,644
Current Year Net Income/Loss	636,933	324,392
Total Un-Restricted	20,467,577	20,155,036
Restricted		
Total Net Assets	20,467,577	20,155,036
Total Liabilities & Net Assets	**$ 44,478,449**	**$ 45,783,767**

Pagosa Springs Medical Center

Monthly Trends

		Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	YTD Total
	Activity	**30**	**31**	**31**	**30**	**31**	**30**	**31**	**31**	**28**	**31**	**30**	**31**	**30**	**181**
2	In-Patient Admissions	42	27	30	23	26	25	32	28	37	20	22	18	28	**153**
3	In-Patient Days	115	72	81	34	64	51	64	53	77	34	35	32	54	**285**
4	Avg Stay Days (In-patients)	2.7	2.7	2.7	1.5	2.5	2.0	2.0	1.9	2.1	1.7	1.6	1.8	1.9	1.9
5	Swing Bed Admissions	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0
6	Swing Bed Days	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0
7	Avg Length of Stay (Swing)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8	Average Daily Census	3.8	2.3	2.6	1.1	2.1	1.7	2.1	1.7	2.8	1.1	1.2	1.0	1.8	1.6
	Statistics														
9	E/R visits	681	787	638	639	529	616	753	561	516	657	517	619	734	3,604
10	Observ Hours	488	343	221	1,025	358	428	483	557	564	918	467	496	878	3,880
11	Lab Tests	6,094	5,926	6,175	5,720	5,839	6,987	5,695	5,480	5,176	6,094	5,279	6,051	6,390	34,470
12	Radiology/CT/MRI Exams	1,409	1,386	1,563	1,411	1,342	1,274	1,361	1,517	1,464	1,659	1,470	1,671	1,738	9,519
14	OR Cases	100	99	127	91	95	105	116	88	89	88	99	112	102	578
15	Clinic Visits	1,747	1,692	2,021	1,717	1,804	1,627	1,794	1,475	1,602	1,842	1,752	1,913	1,781	10,365
16	Spec. Clinic Visits	46	10	33	33	27	30	37	41	42	28	38	53	40	242
17	Oncology Clinic Visits	137	135	139	120	126	111	93	109	106	106	110	133	139	703
18	Oncology/Infusion Patients	295	268	254	286	214	161	195	134	171	229	254	261	211	1,260
19	EMS Transports	78	125	130	96	76	104	104	111	74	93	74	104	99	555
20	Total Stats	11,075	10,771	11,301	11,138	10,410	11,443	10,631	10,073	9,804	11,714	10,060	11,413	12,112	65,176

Pagosa Springs Medical Center --- Statistical Review

Statistical Review

	2023	June			June			June Prior Y-T-D			
		Current Month Actual	Current Month Budget	Variance	Y-T-D Actual	Y-T-D Budget	Variance	Y-T-D Actual	Prior Y-T-D Actual	Difference	Variance
1	**In-Patient**										
2	Admissions:										
3	Acute	28	43	(15)	153	189	(36)	153	182	(29)	-16%
4	Swing Bed	-	-	-	-	-	-	-	-	-	
5	Total	28	43	(15)	153	189	(36)	153	182	(29)	-16%
7	Patient Days:										
8	Acute	54	108	(54)	285	474	(189)	285	456	(171)	-38%
9	Swing Bed	-	-	-	-	-	-	-	-	-	
10	Total	54	108	(54)	285	474	(189)	285	456	(171)	-38%
12	Average Daily Census:										
13	# Of Days	30	30		181	181		181	181		
14	Acute	1.8	3.6	(1.8)	1.6	2.6	(1.0)	1.6	2.5	(0.9)	-38%
15	Swing Bed	-	-	-	-	-	-	-	-	-	
16	Total	1.8	3.6	(1.8)	1.6	2.6	(1.0)	1.6	2.5	(0.9)	-38%
18	Length of Stay:										
19	Acute	1.9	2.5	(0.6)	1.9	2.5	(0.6)	1.9	2.5	(0.6)	-26%
20	Swing Bed	-	-	-	-	-	-	-	-	-	0%
21	Total	1.9	2.5	(0.6)	1.9	2.5	(0.6)	1.9	2.5	(0.6)	-26%
33	**Out-Patient**										
34	Out-Patient Visits										
35	E/R Visits	734	772	(38)	3,604	4,121	(517)	3,604	4,371	(767)	-18%
36	Observ admissions	37	25	12	166	132	34	166	131	35	27%
37	Lab Tests	6,390	6,350	40	34,470	33,865	605	34,470	32,827	1,643	5%
38	Radiology/CT/MRI Exams/M	1,738	1,511	227	9,519	8,059	1,460	9,519	7,994	1,525	19%
39	OR Cases	102	111	(9)	578	593	(15)	578	552	26	5%
40	Clinic Visits	1,781	1,856	(75)	10,365	9,895	470	10,365	9,559	806	8%
41	Spec. Clinic Visits	40	34	6	242	181	61	242	211	31	15%
42	Oncology Clinic Visits	139	125	14	703	666	37	703	698	5	1%
43	Oncology/Infusion Patients	211	288	(77)	1,260	1,536	(276)	1,260	1,674	(414)	-25%
44	EMS Transports	99	114	(15)	555	607	(52)	555	595	(40)	-7%
45	Total	11,271	11,186	85	61,462	59,655	1,807	61,462	58,612	2,850	5%

Pagosa Springs Medical Center

Cerner/Healthland Accounts Receivable for Hospital by Payor and Days Outstanding -- As of June 30, 2023

	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181+ Days	Total	Percent of Total	Accts sent to Collections
2 **Medicare**	$ 2,752,285	$ 307,803	$ 119,917	$ 102,720	$ 39,962	$ 54,700	$ 302,983	$ **3,680,370**	**34%**	
3 **Medicaid**	650,554	94,841	33,362	17,183	21,733	60,912	132,177	**1,010,762**	**9%**	
4 **Third Party**	1,765,941	576,778	177,720	177,975	187,075	117,931	692,622	**3,696,042**	**34%**	
5 **Self-Pay**	343,742	215,665	206,001	233,572	334,926	176,413	1,085,742	**2,596,061**	**24%**	
Current Month Total	**$ 5,512,522**	**$ 1,195,087**	**$ 537,000**	**$ 531,450**	**$ 583,696**	**$ 409,956**	**$ 2,213,524**	**$ 10,983,235**	**100%**	**169,493**
Pct of Total	50%	11%	5%	5%	5%	4%	20%	100%		
May-23	$ 5,727,512	$ 1,086,665	$ 730,974	$ 686,873	$ 574,251	$ 322,203	$ 2,335,486	$ 11,463,964		149,612
Pct of Total	50%	9%	6%	6%	5%	3%	20%	100%		
Apr-23	$ 4,649,144	$ 1,340,245	$ 887,732	$ 744,066	$ 390,670	$ 383,149	$ 2,391,747	$ 10,786,753		118,155
Pct of Total	43%	12%	8%	7%	4%	4%	22%	100%		
Mar-23	$ 5,487,671	$ 1,397,788	$ 1,008,260	$ 492,549	$ 442,994	$ 507,208	$ 2,182,723	$ 11,519,193		146,612
Pct of Total	48%	12%	9%	4%	4%	4%	19%	100%		
Feb-23	$ 5,248,449	$ 1,682,584	$ 760,575	$ 468,388	$ 607,923	$ 437,374	$ 2,190,121	$ 11,395,414		102,197
Pct of Total	46%	15%	7%	4%	5%	4%	19%	100%		
Jan-23	$ 5,123,357	$ 1,248,805	$ 614,514	$ 745,873	$ 482,283	$ 273,204	$ 2,257,741	$ 10,745,777		141,264
Pct of Total	48%	12%	6%	7%	4%	3%	21%	100%		
Dec-22	$ 4,866,761	$ 1,268,334	$ 866,931	$ 548,451	$ 414,832	$ 408,064	$ 2,198,139	$ 10,571,512		176,992
Pct of Total	46%	12%	8%	5%	4%	4%	21%	100%		
Nov-22	$ 4,628,883	$ 1,203,061	$ 741,822	$ 516,963	$ 509,027	$ 428,506	$ 2,149,446	$ 10,177,708		226,765
Pct of Total	45%	12%	7%	5%	5%	4%	21%	100%		
Oct-22	$ 4,510,172	$ 1,414,025	$ 840,205	$ 678,170	$ 658,661	$ 439,855	$ 1,826,111	$ 10,367,199		147,187
Pct of Total	44%	14%	8%	7%	6%	4%	18%	100%		
Sep-22	$ 5,163,652	$ 1,454,685	$ 829,159	$ 821,421	$ 525,214	$ 274,896	$ 2,073,259	$ 11,142,286		176,296
Pct of Total	46%	13%	7%	7%	5%	2%	19%	100%		
Aug-22	$ 5,070,970	$ 1,423,538	$ 1,289,523	$ 637,852	$ 423,338	$ 370,971	$ 1,518,317	$ 10,734,509		181,959
Pct of Total	47%	13%	12%	6%	4%	3%	14%	100%		
Jul-22	$ 5,195,855	$ 1,750,827	$ 922,811	$ 484,274	$ 416,696	$ 338,589	$ 1,881,363	$ 10,990,415		262,515
Pct of Total	47%	16%	8%	4%	4%	3%	17%	100%		
Jun-22	$ 5,296,769	$ 1,257,194	$ 690,323	$ 660,956	$ 438,544	$ 356,021	$ 1,355,339	$ 10,055,146		248,707
Pct of Total	53%	13%	7%	7%	4%	4%	13%	100%		
May-22	$ 4,976,841	$ 1,229,667	$ 763,335	$ 569,449	$ 554,337	$ 321,119	$ 1,643,977	$ 10,058,725		150,992
Pct of Total	49%	12%	8%	6%	6%	3%	16%	100%		

Pagosa Springs Medical Center

Cerner/Healthland Accounts Receivable for Hospital by Payor and Days Outstanding -- As of June 30, 2023

		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181+ Days	Total	Percent of Total	Accts sent to Collections
	Apr-22	$ 4,411,765	$ 1,085,976	$ 693,620	$ 609,943	$ 440,794	$ 289,902	$ 1,669,402	$ 9,201,402		215,897
	Pct of Total	48%	12%	8%	7%	5%	3%	18%	100%		
	Mar-22	$ 4,206,381	$ 1,389,690	$ 673,681	$ 575,452	$ 413,271	$ 309,780	$ 1,752,689	$ 9,320,944		199,177
	Pct of Total	45%	15%	7%	6%	4%	3%	19%	100%		
	Feb-22	$ 4,206,381	$ 1,389,690	$ 673,681	$ 575,452	$ 413,271	$ 309,780	$ 1,752,689	$ 9,320,944		199,177
	Pct of Total	45%	15%	7%	6%	4%	3%	19%	100%		
	Jan-22	$ 4,815,885	$ 1,218,564	$ 968,019	$ 573,545	$ 504,719	$ 332,446	$ 1,663,719	$ 10,076,897		184,318
	Pct of Total	48%	12%	10%	6%	5%	3%	17%	100%		
	Dec-21	$ 4,411,483	$ 1,771,146	$ 897,483	$ 629,416	$ 471,528	$ 299,814	$ 1,716,882	$ 10,197,752		246,249
	Pct of Total	43%	17%	9%	6%	5%	3%	17%	100%		
	Nov-21	$ 5,254,766	$ 1,288,663	$ 765,276	$ 596,925	$ 429,612	$ 449,363	$ 1,582,207	$ 10,366,811		223,165
	Pct of Total	51%	12%	7%	6%	4%	4%	15%	100%		
	Oct-21	$ 4,591,197	$ 1,412,195	$ 784,524	$ 573,095	$ 661,916	$ 330,409	$ 1,562,788	$ 9,916,124		372,288
	Pct of Total	46%	14%	8%	6%	7%	3%	16%	100%		
	Sep-21	$ 4,623,878	$ 1,367,954	$ 793,192	$ 861,326	$ 484,324	$ 263,617	$ 1,610,326	$ 10,004,617		251,846
	Pct of Total	46%	14%	8%	9%	5%	3%	16%	100%		
	Aug-21	$ 5,070,970	$ 1,423,538	$ 1,289,523	$ 637,852	$ 423,338	$ 370,971	$ 1,518,317	$ 10,734,509		181,959
	Pct of Total	47%	13%	12%	6%	4%	3%	14%	100%		
	Jul-21	$ 4,918,121	$ 1,859,528	$ 864,925	$ 524,846	$ 546,331	$ 340,021	$ 1,455,387	$ 10,509,159		125,498
	Pct of Total	47%	18%	8%	5%	5%	3%	14%	100%		
	Jun-21	$ 4,450,225	$ 991,357	$ 492,319	$ 470,912	$ 586,430	$ 386,858	$ 1,658,314	$ 9,036,415		248,707
	Pct of Total	49%	11%	5%	5%	6%	4%	18%	100%		
	May-21	$ 4,564,596	$ 1,223,151	$ 900,499	$ 559,379	$ 516,823	$ 338,558	$ 1,383,875	$ 9,486,881		95,678
	Pct of Total	48%	13%	9%	6%	5%	4%	15%	100%		
12	**Pct Settled (Current)**		74.3%	59.9%	40.1%	21.6%	-4.9%	-477.7%			
13	**Pct Settled (May from Apr)**		76.6%	45.5%	22.6%	22.8%	17.5%	-509.6%			
14	**Pct Settled (Apr from Mar)**		75.6%	36.5%	26.2%	20.7%	13.5%	-371.6%			
15	**Pct Settled (Mar from Feb)**		73.4%	40.1%	35.2%	5.4%	16.6%	-399.1%			
16	**Pct Settled (Feb from Jan)**		67.2%	39.1%	23.8%	18.5%	9.3%	-701.6%			

Pagosa Springs Medical Center

Pagosa Springs Medical Center --- Net Days in A/R 2023

		31	28	31	30	31	30
		Jan-23	**Feb-23**	**Mar-23**	**Apr-23**	**May-23**	**Jun-23**
2	**Net Accounts Receivable**	$ 3,937,851	$ 4,304,267	$ 4,578,027	$ 5,065,484	$ 4,312,936	$ 4,070,260
3	**Net Patient Revenue**	$ 3,421,097	$ 2,987,220	$ 3,534,110	$ 3,291,664	$ 3,372,760	$ 3,754,939
4	**Net Patient Rev/Day (2 month Avg)**	$ 90,700	$ 108,522	$ 110,345	$ 111,863	$ 109,260	$ 116,982
5	**Net Days in A/R**	**43**	**40**	**41**	**45**	**39**	**35**

		31	31	30	31	30	31
		Jul-22	**Aug-22**	**Sep-22**	**Oct-22**	**Nov-22**	**Dec-22**
7	**Net Accounts Receivable**	$ 4,150,381	$ 4,332,364	$ 4,146,319	$ 3,566,483	$ 3,353,545	$ 3,573,432
8	**Net Patient Revenue**	$ 2,851,249	$ 3,654,608	$ 3,390,296	$ 2,562,908	$ 2,810,896	$ 2,202,304
9	**Net Patient Rev/Day (2 month Avg)**	$ 103,451	$ 104,933	$ 230,900	$ 195,684	$ 88,185	$ 82,369
10	**Net Days in A/R**	**40**	**41**	**18**	**18**	**38**	**43**

Pagosa Springs Medical Center --- Gross Days Target

12	Medicare	33%	21	$ 116,848	$ 809,753
13	Medicaid	7%	35	$ 116,848	$ 286,276
14	Blue Cross	15%	48	$ 116,848	$ 841,302
15	Commercial	26%	65	$ 116,848	$ 1,974,723
16	Self Pay	19%	150	$ 116,848	$ 3,330,154
17	Total:	100%			$ 7,242,210
18					$ 116,848
19				**Gross Days in A/R Target**	**62**

Pagosa Springs Medical Center
Revenue by Financial Class
June 30, 2023

ORAL REPORTS 4.a.vii(a)

Financial Class	Inpatient MTD	Outpatient MTD	Total MTD	% MTD
Auto/Liability Insurance	-	43,285.10	43,285.10	0.61%
Blue Cross	6,211.79	666,010.04	672,221.83	9.53%
Champus	-	74,625.76	74,625.76	1.06%
Commercial Insurance	1,274.52	889,820.43	891,094.95	12.63%
Medicaid	40,632.10	1,219,062.85	1,259,694.95	17.86%
Medicare	100,390.18	2,522,023.18	2,622,413.36	37.17%
Medicare HMO	64,127.36	930,639.86	994,767.22	14.10%
Self Pay	3,157.79	137,889.31	141,047.10	2.00%
Self Pay - Client Billing	-	9,356.13	9,356.13	0.13%
Veterans Administration	8,919.31	254,596.20	263,515.51	3.74%
Workers Compensation	3,449.26	79,527.37	82,976.63	1.18%
Total	**228,162.31**	**6,826,836.23**	**7,054,998.54**	**100.00%**

Financial Class	Inpatient YTD	Outpatient YTD	Total YTD	% YTD	12/31/2022 % YTD	12/31/2021 % YTD	12/31/20 % YTD	12/31/19 % YTD	12/31/18 % YTD	12/31/17 % YTD
Auto/Liability Insurance	-	340,604.65	340,604.65	0.88%	1.02%	1.41%	0.91%	1.15%	1.05%	1.24%
Blue Cross	81,097.94	3,719,983.60	3,801,081.54	9.78%	10.30%	11.40%	12.38%	15.40%	15.42%	15.90%
Champus	16,173.42	291,132.40	307,305.82	0.79%	0.91%	0.95%	0.82%	0.31%	0.08%	0.07%
Commercial Insurance	216,791.46	4,990,332.62	5,207,124.08	13.40%	11.31%	12.12%	11.72%	11.34%	13.08%	11.79%
Medicaid	312,654.49	6,182,813.50	6,495,467.99	16.72%	17.07%	17.50%	18.86%	18.75%	18.22%	20.28%
Medicare	1,040,164.78	13,109,696.64	14,149,861.42	36.42%	36.26%	36.51%	38.60%	36.99%	36.75%	35.27%
Medicare HMO	411,544.63	4,868,959.63	5,280,504.26	13.59%	14.99%	11.01%	7.77%	7.20%	4.47%	3.55%
Self Pay	15,492.86	1,252,517.40	1,268,010.26	3.26%	3.22%	3.95%	3.68%	4.40%	5.40%	6.96%
Self Pay - Client Billing	-	49,650.98	49,650.98	0.13%	0.27%	0.36%	0.22%	0.18%	0.18%	0.19%
Veterans Administration	102,891.50	1,531,215.07	1,634,106.57	4.21%	3.76%	3.76%	4.13%	2.74%	4.13%	3.58%
Workers Compensation	3,449.26	314,000.08	317,449.34	0.82%	0.88%	1.03%	0.92%	1.52%	1.22%	1.17%
Total	**2,200,260.34**	**36,650,906.57**	**38,851,166.91**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
Blank										0.00%
HMO (Health Maint Org)										0.03%
Total					100.00%	100.00%	100.00%	100.00%	100.00%	100.03%

Pagosa Springs Medical Center
Financial Forecast
Statement of Cash Flows

	Jun-23
Cash Flows from operating activities	
Change in net assets	311,541
Adjustments to reconcile net assets to net cash	
Depreciation and amortization	166,013
Patient accounts receivable	242,676
Accounts payable and wages payable	(829,209)
Accrued liabilities	(394,812)
Pre-paid assets	45,260
Deferred revenues	(147,329)
Other receivables	133,794
Reserve for third party settlement	2,701
Inventory	33
Net Cash Provided by (used in) operating activities	(469,332)
Cash Flows from investing activities	
Purchase of property and equipment	(13,536)
Work in progress	(43,091)
Proceeds from sale of equipment/(Loss)	1,000
Net Cash Provided by (used in) investing activities	(55,627)
Cash Flows from financing activities	
Principal payments on long-term debt	(225,000)
Proceeds from debt (funding from 2021 Bond)	-
Proceeds from PPP Short Term Loan	-
Recognize Amounts from Relief Fund	-
Payments/Proceeds from Medicare Accelerated Payment	(2)
Change in Prior Year Net Assets	-
Change in leases payable	(18,700)
Net Cash Provided by (used in) financing activities	(243,702)
Net Increase(Decrease) in Cash	(768,661)
Cash Beginning of Month	14,547,141
Cash End of Month	13,778,480

2023						
Month	Cash Goal	Actual Cash	Variance	% Collected	GL Non AR	Total
Jan-23	$1,898,252.00	$2,661,282.24	$763,030.24	140.20%	$ (94,934.27)	$2,566,347.97
Feb-23	$2,517,041.00	$2,300,038.64	($217,002.36)	91.38%	$ 33,865.39	$2,333,904.03
Mar-23	$2,681,584.00	$2,973,397.69	$291,813.69	110.88%	$ 80,560.75	$3,053,958.44
Apr-23	$3,284,110.00	$3,305,562.31	$21,452.31	100.65%	$ 123,435.41	$3,428,997.72
May-23	$2,963,309.00	$3,097,724.96	$134,415.96	104.54%	$ 78,380.91	$3,176,105.87
Jun-23	$3,371,760.00	$3,410,190.02	$38,430.02	101.14%	$ 348,856.56	$3,759,046.58
Jul-23						
Aug-23						
Sep-23						
Oct-23						
Nov-23						
Dec-23						
	$16,716,056.00	$17,748,195.86	$1,032,139.86	106.17%	$ 570,164.75	$18,318,360.61

2023 Revenue				
Month	Revenue Goal	Actual Revenue	Variance	% Generated
Jan-23	$ 6,252,289.00	$ 5,954,092.00	$ (298,197.00)	95.23%
Feb-23	$ 5,361,067.00	$ 5,853,763.00	$ 492,696.00	109.19%
Mar-23	$ 6,250,864.00	$ 6,599,775.00	$ 348,911.00	105.58%
Apr-23	$ 6,188,899.00	$ 6,090,739.00	$ (98,160.00)	98.41%
May-23	$ 6,188,899.00	$ 7,299,799.00	$ 1,110,900.00	117.95%
Jun-23	$ 7,204,053.00	$ 7,054,999.00	$ (149,054.00)	97.93%
Jul-23	$ 6,892,800.00			
Aug-23	$ 7,016,731.00			
Sep-23	$ 6,644,938.00			
Oct-23	$ 5,877,646.00			
Nov-23	$ 5,941,036.00			
Dec-23	$ 6,767,444.00			
Totals	$ 76,586,666.00	$ 38,853,167.00	$ 1,407,096.00	105.15%

Pagosa Springs Medical Center
Cash Forecast as of end of December 2023
Forecast Months Based on Budget and Actual

Prepared 7/13/2023
Cash balance at 12/31/22 13,821,488

	(1) Net Asset Change	(2) Depreciation	(3) Receivables	(4) Payables & Other Liabilities	(5) Pre-Paid Assets	(6) Deferrred Revenue	(7) Third Party	(8) Inventory	(9) Equipment Purchase	(10) Lease Payables	(11) Other	Net Cash Change	Balance
January 2023 (Actual)	(141,450)	150,394	(465,836)	314,555	(273,391)	-	(157,058)	13,421	(65,961)	(27,154)	-	(652,480)	13,169,008
February 2023 (Actual)	21,315	183,912	(250,228)	(574,589)	4,756	(83,822)	(35,080)	(10,201)	11,428	(18,700)	(7,206)	(758,415)	12,410,593
March 2023 (Actual)	240,404	166,002	236,086	31,520	23,385	(468,304)	250,000	4,887	-	(11,993)	-	471,987	12,882,580
April 2023 (Actual)	191,566	166,630	503,328	108,970	34,976	(149,554)	(26,324)	13,244	(106,715)	(18,700)	(213)	717,208	13,599,788
May 2023 (Actual)	12,557	169,680	1,113,321	577,827	(25,264)	(371,169)	(531,380)	(4,905)	25,389	(18,700)	(2)	947,354	14,547,142
June 2023 (Actual)	311,541	166,013	376,470	(1,224,021)	45,260	(147,329)	2,701	33	(55,627)	(18,700)	(225,002)	(768,661)	13,778,481
July 2023 (Budget)	(473,896)	172,026	(50,000)	200,000	(50,000)	-	150,000	15,000	(91,666)	(27,000)	-	(155,536)	13,622,945
August 2023 (Budget)	159,701	171,708	(250,000)	200,000	(50,000)	-	(200,000)	15,000	(91,666)	(27,000)	100,000	27,743	13,650,688
September 2023 (Budget)	545,770	152,269	(150,000)	200,000	(50,000)	-	(100,000)	(15,000)	(91,666)	(27,000)	-	464,373	14,115,061
October 2023 (Budget)	(1,275,231)	171,472	(150,000)	200,000	(50,000)	-	150,000	(15,000)	(91,666)	(27,000)	100,000	(987,425)	13,127,636
November 2023 (Budget)	(342,205)	152,453	(150,000)	200,000	(50,000)	-	150,000	(15,000)	(91,666)	(27,000)	-	(173,418)	12,954,218
December 2023 (Budget)	114,258	151,841	(150,000)	200,000	(50,000)	-	150,000	(15,000)	(91,666)	(27,000)	100,000	382,433	13,336,651
Totals	(635,670)	1,974,400	613,141	434,262	(490,278)	(1,220,178)	(197,141) 981,635	(13,521)	(741,482)	(275,947)	67,577	(484,837)	13,336,651

	at 06/30/2023
Bond Requirements (60 days cash)	6,774,917
Less Cares Act	-
Less Medicare Accelerated	-
Less Bond Reserve	(878,731)
Net Cash for Days Cash on Hand	13,668,410
AVG. Expense Per Day	111,778
Days Cash on Hand	122.28

Notes:
(1) Forecast based on projected net income.
(2) Forecast is based on the budgeted depreciation expense.
(3) Based on projected changes in receivables.
(4) Based on projected changes in payables and liabilities.
(5) Based on projected changes in prepaids.
(6) Based on projected deferred revenues.
(7) Based on projected Due to Third Party Reserves.
(8) Based on projected Inventory changes.
(9) Based on projected equipment and capital project expenditures.
(10) Based on projected lease payments.
(11) Based on projected receivables and payables due to Covid.

PAGOSA SPRINGS Medical Center

THE CARE YOU DESERVE, IN THE MOUNTAINS YOU LOVE

THE UPPER SAN JUAN HEALTH SERVICE DISTRICT
DOING BUSINESS AS PAGOSA SPRINGS MEDICAL CENTER

MEDICAL STAFF REPORT BY CHIEF OF STAFF, JOHN WISNESKI
July 25, 2023

I. STATEMENT OF THE MEDICAL STAFF'S RECOMMENDATIONS FOR THE USJHSD BOARD ACCEPTANCE OF NEW POLICIES OR PROCEDURES ADOPTED BY THE MEDICAL STAFF:

RECOMMENDATION	DESCRIPTION
Nurse Practitioner Orthopedics Privilege Form	New Privilege Form
Medical Staff Policy: Visiting/Rotating Resident Policy	New Medical Staff Policy: to address the policy and procedure for residents doing 1-month rural rotations at PSMC.
Waiver of Board Certification Requirement for Dr. Michael Kloep	For reappointment; this waiver process is a requirement of the Medical Staff Bylaws and was originally granted by the Med Exec Committee and Board of Directors at the time of his initial appointment in 2019.

II. STATEMENT OF THE MEDICAL STAFF'S RECOMMENDATIONS FOR THE USJHSD BOARD ACCEPTANCE OF PROVIDER PRIVILEGES (ACCEPTANCE BY THE BOARD RESULTS IN THE GRANT OF PRIVILEGES):

NAME	INITIAL/REAPPOINT/CHANGE	TYPE OF PRIVILEGES	SPECIALTY
Felipe Matsunaga, MD	Initial Appointment	Telemedicine/Teleradiology	Diagnostic Radiology
Ralph Battels, MD	Reappointment	Courtesy/Emergency Medicine	Emergency Medicine
Ray Bradford, MD	Reappointment	Telemedicine/ Teleradiology	Interventional Radiology/Diagnostic Radiology
Anthony Brown, MD	Reappointment	Telemedicine/Teleradiology	Interventional Radiology/Diagnostic Radiology
James Chang, MD	Reappointment	Telemedicine/Teleradiology	Diagnostic Radiology & Pediatric Radiology
Nathan Coleman, MD	Reappointment	Telemedicine/Teleradiology	Diagnostic Radiology
Robert Halterman, DO	Reappointment	Active/Emergency Medicine	Emergency Medicine
Michael Kloep, MD	Reappointment	Courtesy/Hospitalist & Emergency Medicine	Hospitalist & Emergency Medicine
Jared Mahan, MD	Reappointment	Telemedicine/Teleradiology	Diagnostic Radiology & Neuroradiology
Laura Medina, MD	Reappointment	Courtesy/General Surgery	Surgery
Stanislav Poliashenko, MD	Reappointment	Telemedicine/Teleradiology	Diagnostic Radiology & Neuroradiology
Michael Preece, MD	Reappointment	Telemedicine/Teleradiology	Diagnostic Radiology & Neuroradiology
Ryan Stopher-Mitchell, DO	Reappointment	Active/Family Medicine	Family Medicine
Roy Tinguely, MD	Reappointment	Active/General Surgery	Surgery
Jason Wallace, DO	Reappointment	Active/Family Medicine & Hospitalist	Family Medicine
John Wisneski, MD	Reappointment	Active/Hospitalist	Family Medicine
Joshua Zastrocky, MD	Reappointment	Courtesy/Ophthalmology	Ophthalmology

III. REPORT OF NUMBER OF PROVIDERS BY CATEGORY

Active: 18
Courtesy: 20
Telemedicine: 145
Advanced Practice Providers & Behavioral Health Providers: 12
Honorary: 2

Total: 197

UPPER SAN JUAN HEALTH SERVICE DISTRICT
D/B/A PAGOSA SPRINGS MEDICAL CENTER

Formal Written Resolution 2023-15
July 24, 2023

WHEREAS, auditor Dingus, Zarecor & Associates, PLLC has delivered to the Board of Directors of the Upper San Juan Health Service District d/b/a Pagosa Springs Medical Center its written and verbal report of the financial audit for fiscal year ending December 31, 2022.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE UPPER SAN JUAN HEALTH SERVICE DISTRICT HEREBY RESOLVES to accept the audit report of Dingus, Zarecor & Associates, PLLC, titled: *Upper San Juan Health Service District doing business as Pagosa Springs Medical Center, Basic Financial Statements and Independent Auditors' Report, December 31, 2022 and 2021* and letters attached thereto.

ADOPTED and APPROVED by the Board of Directors this 24th day of July, 2023.

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Kate Alfred, Chair of the Board of Directors

PAGOSA SPRINGS MEDICAL CENTER

Annual Program Evaluation

2021

INTRODUCTION

In compliance with Medicare's Conditions of Participation for Critical Access Hospitals, Pagosa Springs Medical Center (PSMC) evaluates its total program of services each year. We review the appropriateness of services from a medical necessity standpoint. We evaluate the quality and efficiency of our services and the overall satisfaction of the patients we serve.

Because we strive to provide high quality healthcare that is easily accessible and appropriate to our rural population, we review trends in demographics, referral patterns and the input from our community when evaluating our program.

Using patient comments, community meetings and surveys, we evaluate the satisfaction of the community with our services, facility and overall environment of care.

Our robust peer review program provides assurance that our medical services are safe and excellent quality, and any issues are promptly identified and addressed. Review of quality measures, performance improvement activities and policies and procedures allows us to make process changes that are necessary to support excellence in clinical practice.

This Annual Evaluation includes information regularly used by PSMC to determine the number of patients served, the volume of services, review of medical records, healthcare policies and whether utilization of services was appropriate, established policies were followed and, if needed, necessary adjustments. This Annual Evaluation was provided to the Board of Directors of the Upper San Juan Health Service District d/b/a Pagosa Springs Medical Center.

SCOPE OF SERVICES

Pagosa Springs Medical Center is fully licensed and accredited as a Critical Access Hospital. PSMC has eleven acute care/swing beds and seven Emergency Department beds. PSMC is a designated Level Four Trauma Center.

<u>Clinical Diagnostic/Treatment Services</u>

- Anesthesia Services
  - General and local anesthesia
  - OP pain management, consultation and procedures
  - IP pain management, trauma
- Cardiopulmonary Services
  - Respiratory Therapy
  - EKG
  - Event Monitoring
  - Stress Testing
  - Echocardiography
  - Basic Pulmonary Function Testing
- Case Management/Discharge Planning
- Diagnostic Imaging
  - General Radiology
  - Bone Densitometry
  - Ultrasound
  - CT
  - MRI

- Mammography

- Dietary
  - Dietitian Consultation (by contract)
- Emergency Medical Services (Ambulance)
  - Sole ambulance/EMS service for 1,800 square mile service area
  - EMS Training Center
    - ACLS, PALS, TNCC, BLS certification
    - Community Outreach
      - AED
      - CPR
      - Stop the Bleed
    - EMT-B certification
- Emergency Department
  - Trauma Services – Level 4 certification with expanded scope
  - Tele-neurology (by contract)
  - Tele-psychiatry (by contract)
- Infusion Therapy
  - Therapeutic Phlebotomy
  - Oncology Infusions
  - IV Hydration
  - Medication Administration
- Inpatient/Observation Services
  - Adult and Pediatric Medical/Surgical
    - Subject to extenuating circumstances (e.g., transfers precluded due to inclement weather), Pagosa Springs Medical Center does not admit pediatric patients who weigh less than 10 kilograms (22 pounds).
- Laboratory Services
  - Blood Bank
  - General Laboratory Services
  - Pathology (by contract)
- Oncology
  - Provider clinic
  - Chemotherapy injection, infusion, and/ or irrigation
  - Genetic Counseling
  - Patient Navigation
  - Survivorship
- Pharmacy
  - Inpatient pharmacy and support to Oncology/Infusion
  - Participates in 340B program
- Rehabilitative Services
  - Physical Therapy
- Surgical Services
  - General Surgery
  - Orthopedic Surgery
  - Gastroenterology
  - Ophthalmological Surgery
  - Ear, Nose and Throat Surgery
  - Gynecological Surgery
  - Pain Management Services

Support Services:
- Administration
- Compliance
- Employee Health
- Environmental Services
- Financial Accounting
- Fundraising
- Health Information Management
- Human Resources
- Infection Control
- Informatics
- Information Technology
- Marketing and Communication
- Materials Management
- Medical Staff Credentialing and Privileging

- Patient Financial Services
- Patient Registration and Pre-service
- Plant Operations and Life Safety
- Quality and Patient Safety
- Risk Management and Legal

Community Services:
- Community Education
- Patient and Family Information and Education

2021 PROGRAM EVALUATION

Sources of Data

PSMC used the following sources of data for the 2021 program evaluation:
- Internally generated utilization data
- Quality Council Minutes
- Performance Improvement Committee Minutes
- Occurrence Reports
- Patient Satisfaction Surveys (HCAPHS)
- AHRQ Patient Safety Survey
- Community Feedback
- Demographic and Economic Profiles for Region 9
- Robert Wood Johnson County Health Rankings - 2022
- Hospital Generated Statistical Reports
- Colorado Rural Health Center's Snapshot of Rural Health - 2022
- Evaluation of 2021 Initiatives

Trends in Health Care Demographics

According to US Census data, Archuleta County's population was 13,588 in 2020. This is a 2.04% increase, which is consistent with the growth rate for the previous year. Assuming this growth rate continues, population in 2025 will be more than 15,000 residents. Additionally, almost 400,000 people visit Pagosa Springs each year.

The age demographic for Archuleta County fulltime residents continues to be older than Colorado overall with over twenty-seven percent of the population greater than sixty-five years of age.The over 65 population statewide increased by 1% to just over 15%.

Archuleta County continues to have a substantial number of residents living at or below the poverty level. Nineteen percent of Archuleta County's children live at or below the poverty level and 10% of families report food insecurity. Children living below the poverty level is steadily decreasing from a high of 27% in 2014. The median household income in 2021 increased from $57,600 to $64,000 which remains lower than the statewide median income which had only a modest increase from $77,100 to $77,700. Fourteen percent of the population in Archuleta County is uninsured, up from thirteen last year.

The ratio of patients to primary care doctors is 1,280:1, up slightly from last year and remains close to the State ratio which is 1,200:1. Access to mental health providers in Archuleta County remains limited with the ratio of patients to providers being 570:1 compared to the State at 250:1.

In 2021, County Health Rankings began reporting an overall rank for Health Factors and Health Outcomes for each county. Health Factors include Education, Employment, Family and Social Support and Community Safety. Health Outcomes include Tobacco Use, Diet and Exercise, Alcohol and Drug Use, Access to Care and Quality of Care. For 2021, Archuleta ranks 21 out of the 59 ranked counties for health outcomes and 26 out 59 for health factors.

Archuleta County outperforms the state in life expectancy at 82.6 years for Archuleta and 80.0 years for Colorado. 92% of the population report adequate exercise opportunities compared to only 88% for the state.

Some areas where Archuleta County did not do as well as the state overall are Obesity at 25% of the population, frequent mental distress at 13%, and incidence of diabetes at 8%.

PSMC Service Line Statistics

Item	**2020**	**2021**	**Change**
Emergency Department visits	**5976**	**6772**	↑
Inpatient Admissions	**302**	**357**	↑
Observation Encounters	**381**	**314**	↓
Length of Stay	**2.6**	**2.5**	↓
Primary Care Encounters	**14312**	**16928**	↑
Specialist Encounters	**4302**	**4215**	↓
Behavioral Health Visits	**2143**	**1171**	↓
Average Daily Walk-in Clinic Visits	**15.5**	**19.2**	↑
Oncology Visits	**1404**	**1355**	↓
Infusion Encounters	**827**	**1026**	↑
Oncology Infusions/Injections	**1344**	**1872**	↑
Gastrointestinal Procedures	**363**	**483**	↑

General Surgery Procedures	**108**	**118**	↑
Orthopedic Surgery Procedures	**291**	**243**	↓
ENT Surgery Procedures	**33**	**26**	↓
Gynecological Procedures	**10**	**14**	↑
Eye Surgery Procedures	**18**	**45**	↑
Pain Management Procedures	**125**	**244**	↑
Laboratory Tests	**60693**	**68228**	↑
General Radiology Procedures	**6899**	**7240**	↑
MRI Procedures	**911**	**1085**	↑
CT Scans	**3999**	**4813**	↑
Ultrasound Procedures	**1248**	**1532**	↑
2D Echo	**407**	**498**	↑
Outpatient Physical Therapy Visits	**2916**	**3369**	↑

Evaluation of Service Line Statistics and Demographics

Current demographics suggest that Pagosa Springs will continue to experience population growth and the percentage of our population over the age of 65 will also continue to increase. The "over 65" demographic is a higher and more complex user of healthcare services that PSMC is taken into consideration in the evaluation of our existing service lines and in the selection of new services.
Like most of the state, Archuleta County is experiencing a surge in behavioral health needs and patient access to services to support mental health is extremely limited. Substance Use Disorders continue rise in Colorado, with one death every 9.5 hours in the state. Residents of Archuleta County consider opioid abuse to be the third most important issue impacting health.

Current statistics are difficult to analyze due to the unique effects of the COVID-19 pandemic. There are notable increases in volumes for the Emergency Department, Inpatient, Lab, Diagnostic Imaging, Infusion (including Oncology Infusion), Interventional Pain Management and Primary Care visits. It is likely that some of these increases are directly due to the COVID-19 pandemic. Interventional Pain Management is a new service line and continues to grow as expected. Two of PSMC's behavior health providers departed resulting in a nearly fifty percent decrease in Behavioral Health visits. Changes in the delivery of mental health services, nationwide, has been to a more integrated care model, utilizing a partnership with Primary Care. We expect this trend to continue and have adapted our plans to utilize integrated behavioral health care accordingly. While we remain concerned about the decrease in some volumes, it is unclear whether we can actually endorse 2021 volumes as normal performance because many patients delayed preventive and discretionary services during the pandemic.

Community Input

Due to the COVID-19 pandemic restrictions, PSMC has not held many community meetings although it did receive input from community members for Strategic Planning. We continued to invite the public to attend Board of Director Meetings where there is an opportunity for the public to provide input. We also monitored patient complaints and comments to identify any trends. Patients continue to indicate that the high cost of healthcare is a critical issue, especially treatment received in the Emergency Department. Reduced access to appointments for primary care has also been mentioned. The other notable request from community stakeholders was labor and delivery services but PSMC cannot support such services in terms of competency (only approximately 100 babies born annually in Archuleta County) or with staffing.

PSMC regularly receives positive comments from the community related to the quality of services and the caring attitude of staff.

2021 Pandemic Response

COVID – Incident Command and Management:

1. Held weekly meetings (and more often as needed) for Incident Command regarding COVID information and response.
2. Conducted ongoing assessment of such matters as COVID policies, supply, oxygen, lab capacity, hospital capacity, employee wellness, etc.
3. Issued written briefings weekly to all employees, Board members and press.

COVID Community leadership:

1. Continued in a leadership role in the community during the pandemic.
2. Continued to host SJBPH's free community testing in the parking lot at PSMC.
3. Continued to participate in State and local meetings with policy makers for the most current and effective COVID response.

COVID Community Testing:

1. Provided location for free community COVID-19 drive-up testing.

COVID Vaccines to the Community

1. PSMC took on a significant undertaking of organizing and holding mass vaccine events at the Pagosa Community Center from January through April 2021. While PSMC staff already had a significant workload with care for patients and the pandemic response, staff took on the additional work to create patient-friendly events for vaccination of our community. Throughout the vaccine process there was significant time spent in advance of each event including coordination of patients, staffing and with SJBPH, Animas Surgical Hospital in Durango, CO and others. During 2021, PSMC administered approximately 8,804 COVID vaccine shots.

COVID Patient Care:

1. PSMC's Incident Command and staff continually evaluated and adjusted its response to the evolving pandemic. In the last quarter of 2021, hospitals in Colorado experienced the most significant surge of the pandemic. In response, PSMC quickly pivoted to expand its ability to respond to more infectious patients by moving the Cancer Center services to the outpatient clinic and setting up FastTrack emergency services in the Cancer Center. This FastTrack area was staffed Monday through Friday by already overworked staff who provided response to patients with COVID symptoms.
2. As Monoclonal Antibody infusion treatments (MABs) became available, PSMC staff did the background work to be able to provide infusions to patients who qualified. The delivery of MABs is labor intensive and given that PSMC was very short-staffed, PSMC (with the support of SJBPH) pursued and obtained additional staffing from State Homeland Security; the MABs staffing commenced work at PSMC on December 27, 2020 and continued through October 2021.
3. PSMC's clinical staff remained engaged in understanding the latest evolving and fluctuating information for patient diagnosis and care.

COVID Lab Testing:

1. PSMC's lab continued its focus on finding options to get the most reliable COVID-19 testing for patients with the fastest response possible (as limited by the performing lab).
2. Processed just under 4600 COVID samples.
3. The Colorado Hospital Association recognized Lab Manager, Craig Willeford, as a COVID superhero for his above-and-beyond efforts in response to COVID, including the speed and independence in which he brought testing to Archuleta County.

COVID Supply:

1. While the U.S. supply chain improved somewhat in 2021, sporadic outages continued especially in PPE, IV fluids and equipment availability. Purchasing from non-preferred vendors led to an increase in supply costs and frequent delays in receipt of equipment.

COVID Infection Control (process and facility changes):

1. Throughout 2021, PSMC adjusted processes for patient and visitor screening and access depending on the infection rates.
2. PSMC continued to monitor changing guidance from the public health, the State and federal government and updated policies and practices to meet infection control needs.
3. PSMC continued to screen employees daily. The Employee Health nurse managed employee screenings, quarantines and return to work issues under continually changing CDC guidelines.
4. In the third quarter of 2021, the State mandated that all healthcare workers be vaccinated except those with a religious or medical exemption. PSMC's Employee Health took on the additional work of conducting weekly testing of exempted unvaccinated employees and associated reporting to the State.

COVID and Financial Sustainability:

$5,092,814.77	PSMC monitored the changes to the use of CARES Act funds and was able to use funds to cover expenses related to the pandemic for equipment, hazard pay bonuses, PPE, testing supplies, utilities employee benefits and insurance.
$3,740,044.42	PSMC received approval of its request for forgiveness of the Payroll Protection Program loan – this loan was originally awarded based upon PSMC's continued staffing levels despite the 2020 initial lockdown that suspended elective surgery and limited other services.
$291,653.80	PSMC applied to COVID Relief Fund #2 for pandemic expenses related to daily screening of employees, screening of patients, employee health nurse, infection control nurse, and behavioral health.
$147,967.16	PSMC applied to COVID Relief Fund #2.2 for pandemic expenses related to staffing of housekeeping and EMS.
$50,000.00	PSMC applied to COVID Relief Fund #3 for pandemic expenses for daily screening, employee health nurse, infection control nurse, patient access screening and behavioral health related to the pandemic.
$ 20,000.00	PSMC applied to COVID Relief Fund #4 for expenses associated with oxygen generation.

$832,347.17	PSMC received sums from the federal Health Resources & Services Administration Provider Relief Fund. The fund supports healthcare-related expenses and/or lost revenue attributable to COVID.
$103,498.18	PSMC received sums from the federal Health Resources & Services Administration Provider Relief Fund. The fund supports healthcare-related expenses and/or lost revenue attributable to COVID.
$100,000.00	PSMC received from federal Health Resources & Services Administration funds for testing expenses.
$75,194.14	PSMC requested and received from Archuleta County COVID relief funds related to testing expenses.

2021 Initiatives Evaluation

Clinical and Support Services:

1. Clinic
    a. Successfully participated in State of Colorado Practice Transformation program -- the goal of this program is to move outpatient clinic care to a population health model (population health management includes elements of care integration, care coordination, teamwork, patient engagement, data analytics to reduce health disparities among populations, value-based care payment based on health outcomes rather than volume). The program requires the Clinic to meet certain quality metrics. In 2021, PSMC moved in the Practice Transformation Program from tier 4 to tier 3 with the ultimate goal of moving to tier 1. The financial result is an increase in a monthly payment to PSMC for its Medicaid patients (PSMC has 3,583 Medicaid members and at tier 4 was paid $2.00 per member per month and at tier 3 is paid $2.25 per member per month).
    b. Successfully participated in the Zero Suicide program and moved from a level zero to a level three (of 4 total levels). Work in the program included: training of all PSMC employees to recognize indicators of suicide and interventions; specific training of certain clinical staff for handling in-depth analysis of patient risk; and collection/reporting of data on screenings and behavioral health follow-up.
    c. Successfully participated in and completed a State LARC program (long-acting contraception program which also included a monetary benefit to PSMC of $12,000).
    d. Discontinued the Saturday walk-in Clinic due to severe staff shortages.
    e. Expanded available orthopedic services through the successful recruitment of Dr. David Eisenhauer who is double-board in orthopedic surgery, hand surgery and trauma.

2. EMS
    a. EMS responded to 2,131 calls -- EMS maintained operations despite significant staffing challenges.
    b. The Emergency Medical Services Association of Colorado recognized the excellence of PSMC's EMS team with the following awards:
        1. Dave Bronson: C.J. Shanaberger Lifetime Achievement Award
        2. James Jackson: ALS EMS Professional of the year
        3. Andrew Spangler: EMS Instructor of the year
    c. EMS recognized dispatch and community responders with "lifesaver awards" for saving a cardiac arrest patient.

3. Facilities
    a. Completed approximately 710 staff requested work orders.
    b. Commenced the preliminary planning work for an oxygen generation equipment.

c. Commenced planning work for facility modifications that will be needed for 3D mammography.
d. Conducted preliminary planning work for security improvements.
e. After resolving many challenges, completed the foundation work for the new modular building for the new MRI (shortly after the start of 2022, the modular was set on the foundation and the magnet placed in the modular).

4. IT
    a. PSMC earned "CHIME Most Wired" recognition level 9 of 10 (PSMC was previously at level 7). The College of Healthcare Information Management Executives (CHIME) aims to recognize healthcare organizations that have adopted and leveraged information technology to improve patient safety and outcomes in the healthcare industry. CHIME recognized 107 hospitals in the U.S. that achieved level 9.
    b. The PSMC team was very proactive in addressing cyber security and implemented new programs to identify suspicious activity as well as actions to improve business continuity in the event of a cybersecurity event.

5. Informatics
    a. Was tasked with helping to organize and assist with all public COVID vaccine clinics.
    b. Implemented HIPAA-compliant policies and procedures to support offering a pediatric patient portal that allows parents/legal guardians of minor patients, ages 0 – 13 years of age, to be able to access health information for their child(ren.).
    c. Implemented Cerner's new Referral Management Solution to more efficiently address all referrals being sent and received in all departments

6. Lab
    a. In 2021, PSMC's lab saw 24,213 patients and processed 68,228 tests/specimens (this number excludes pathology samples and only 3,813 of those tests/specimens were sent out to reference labs). This volume was managed despite significant staffing challenges.

7. Radiology
    a. In 2021, PSMC's Radiology Department saw 10,571 patients and performed 15,909 diagnostic imagining procedures.
    b. All techs were trained and reached proficiency on the portable x-ray machine.
    c. PSMC passed the Mammography Quality Standards Act FDA mammography inspection.

8. Oncology and Infusion
    a. Dr. Andrew Buck commenced caring for patients in PSMC's Cancer Center which supported the smooth transition of Dr. Bill Jordan to semi-retirement.
    b. The Cancer Center continued to grow resulting in 2,898 annual encounters in oncology and infusion.
    c. The Cancer Center team implemented a cancer patient support group.

9. Pharmacy
    a. Revenues approximately 48% above budget while expenses within 5% of budget.
    b. Successful inventory management utilizing "just in time" ordering.
    c. Entered new 340b contracts and remain profitable in the program.
    d. Med Take Back program is successful in comparison to other Colorado counties (this program gets unused medications out of the community and reduces risk of abuse).

Culture and Talent

1. Physicians and Advanced Practice Providers (nurse practitioners, physician assistants, certified nurse anesthetists) changes:
    a. Long-time emergency department physician and Chief of Staff Dr. Ralph Battels sought to semi-retire and reduce his work to PRN services; PSMC was able to accommodate this with the addition of another emergency department physician.
    b. After years of service, oncologist Dr. Bill Jordan wished to retire and reduce his work to PRN services; PSMC was able to accommodate this with the addition of Dr. Andrew Buck to PSMC's Cancer & Infusion Center.
    c. Long-time family medicine physician Dr. Bob Brown sought to reduce his work load but remains with PSMC on a PRN status.

Revenue Cycle and Financial Goals

1. PSMC's days operational cash on hand at the end of the year in 2021 was 135.95 days. For purposes of the bond covenants, PSMC easily meets its days of cash on hand obligation.
2. PSMC's audited net income for 2021 included operating income, was $8,757,564.
3. Self-Pay vendor is hitting higher than expected collection rates.
4. Hospital price transparency tool is compliant for 2021.
5. Implemented new budget software which created efficiencies for planning by managers and leadership.
6. Completed successful annual audit with the added challenge of remote document review and meetings due to COVID-19.
7. Brought release of medical information back to PSMC with an addition of expense by one FTE.
8. PSMC refinanced PSMC's 2006/2007 Bonds to obtain a lower interest rate, same pay-off date of 2036, but an overall savings of $1,838,409.

9. Successfully received confirmation of forgiveness of the federal Paycheck Protection Program.
10. Successfully filed for and passed audit for the Cares Act Funding

Compliance

1. All staff are current within 30 days of hire for Compliance training and acceptance of the Code of Conduct.
2. Staff are maintaining a 90% completion rate for review and sign-off for policies and procedures.
3. We were unable to restart the Compliance Committee as planned and will make it a 2022 Initiative.

Infection Control

1. Through active Infection Prevention and Control activities, PSMC emphasizes patient safety as a top priority. PSMC performs regular surveillance and reports hospital associated infections to the National Health Safety Network and communicable conditions to Colorado Department of Public Health and Environment. PSMC reported zero healthcare associated infections (HAIs) related to MRSA or Clostridium difficile. There were no catheter associated urinary tract infections or central line associated bloodstream infections. There were 2 surgical site infections, representing a surgical site infection rate of 0.17%, well below the national average SSI rate of 2-4%. Prevention and education activities in 2021 included: staff and provider education for hand hygiene, sharp safety education, blood borne pathogens, respiratory etiquette education, antimicrobial stewardship, isolation precautions, and use of personal protective equipment.

Quality and Patient Safety

1. Hospital Transformation Program

a. Received approval by HCPF (Medicaid program) in May for our Application and Intervention Proposals.
b. Received approval by HCPF (Medicaid program) in September for our seven Implementation/Milestone Plans.
c. Applied for and received the first of the Rural Support Fund payments in the amount of $521,739.

2. Continued population health quality programs with primary care that improve patient care and earn financial reward for Humana, United Health Care, and Anthem. Initiated new programs with Tri-west and Optum.
3. Received payment for 2021 HQIP submission in the amount of $228,336. This reflects PSMC attaining 95 out 100 points.
4. Quality Payment Program / Merit-Based Incentive Payment System (MIPS): PSMC completed PY 2020 submission, achieving a final score of 94.52 out of 100 points. Performance resulted in a positive payment adjustment of 1.45% for the 2022 billing year.
5. Eligible Hospital (EH) Promoting Interoperability: PSMC completed PY 2020 submission, including the EH eCQM requirement. PSMC scored 74. This is a pass/fail initiative, an organization must achieve 50 points or more to pass.
6. Medicare Beneficiary Quality Improvement Program: PSMC completed submission for 2021 Outpatient Quality Reporting measures, HCW flu vaccination reporting, HCAPHS participation and Antibiotic Stewardship reporting. This allows us access to $12,000 for HCAPHS services and consulting services through the SHIP Grant.
7. Completed annual Patient Safety and Risk Management Assessment by our malpractice carrier. The single recommendation from that review is under review.
8. Used the Clarity Event reporting system to track to resolution all patient complaints reducing our time to close an event from 16.5 days in 2019 to 13 days in 2020.
9. HCAPHS: 241 surveys were mailed and 62 were received for a 26% response rate. Our Quality Bundle: "Would recommend this hospital" had 84% as Definitely Yes and 15.5% as Probably Yes. Top Performer in the bundle was "How often did doctors Treat you with respect and courtesy?" at 95% Definitely Yes. "How often did nurses treat you with courtesy and respect."? At 95% Definitely Yes

Peer Review Program

PSMC has established a comprehensive peer review program to insure the quality and appropriateness of medical services. Results of peer review are reported to the Professional Review Committee where findings are discussed and actions recommended. Peer review results are considered in the appointment process. The table below lists the components of the medical peer review program.

Provider Peer Review Triggers List
Clinic
Clinic Random Peer Review (minimum of 5/yr)
Specialty Clinic Random (goal of 2%)
ED Reviews
ED Random Peer Review (goal of 2%-only required if 2% not met by other ED triggers below)
All obstetrical and newborn cases
ED Transfer out (transferred out via flight only)
ED AMA
ED Deaths

Inpatient Reviews
Inpatient Random Peer Reviews (goal of 2%)
All inpatient re-admissions for same diagnosis w/I 30 days
All inpatient with LOS > 7 days
All inpatient stays ≤ 24 hours
All transfers from IP to another facility
IP Deaths (unexpected only)
All hospital acquired Infections
Surgery Reviews
Random Surgery Reviews (goal of 2%)
All post-op surgical infections
Unplanned return to OR
Unplanned ED visit within 24 hours after an OR procedure
Anastomotic Leaks
GI lab Perforation
Unanticipated Need for Transfusion
Post Op DVT
Unexpected OR Outcomes
Malignant Hyperthermia/adverse reaction to anesthesia/anaphylactic shock or IV conscious sedation complications
CRNA Random Peer Reviews (goal of 2%)
General Standing Reviews
All hemolytic transfusion reactions
All requested from providers, administration, nursing, risk management, and quality
All mortality cases (unexpected IP, all OP, ED, OR)

Medical Staff Additions

LAST NAME	FIRST NAME	PRACTICE AREA	GROUP NAME
Anderson	John	Teleradiology	Radiology Imaging Associates
Brown	Matthew	Teleradiology	Radiology Imaging Associates
Buck	Dennis	Oncology & Hematology	Pagosa Springs Medical Center
Coleman	Nathan	Teleradiology	Radiology Imaging Associates
Dickinson	Courtney	Licensed Professional Counselor	Axis Health System
Eisenhauer	David	Orthopedics	Pagosa Springs Medical Center
Grillon	Jean Michel	Teleradiology	Radiology Imaging Associates
Hasselbach	Anthony	Teleradiology	Radiology Imaging Associates
Jonas	Craig	Teleradiology	Radiology Imaging Associates
Leigh	Tyler	Telneurology	Blue Sky Neurology/HealthONE Virtual Network
Messina	Taylor	Licensed Professional Counselor	Axis Health System

Moore-Langston	Shannon	Telepsychiatry	MindCare Solutions/HealthONE Virtual Network
Morris	Caitlin	Licensed Clinical Social Worker	Axis Health System
Murphy	Heather	Licensed Professional Counselor Candidate	Axis Health System
Norman	Zachary	Teleneurology	Blue Sky Neurology/HealthONE Virtual Network
Norris	Joy	Emergency Medicine	Pagosa Springs Medical Center
Plasto	Dinko	Teleradiology	Radiology Imaging Associates
Pluta	Chelsea	Telepsychiatry	MindCare Solutions/HealthONE Virtual Network
Ravert	Brian	Teleradiology	Radiology Imaging Associates
Sacks	Benjamin	Teleradiology	Radiology Imaging Associates
Sonderegger	Lauren	Hospitalist	Pagosa Springs Medical Center
Swanson, Jr.	Jerome	Teleradiology	Radiology Imaging Associates
Wells	Charles	Teleradiology	Radiology Imaging Associates

Policy and Procedure Review

Pagosa Springs Medical Center utilizes a cloud-based software system for the management of policies and procedures and other critical documents. At the beginning of 2021, there were 2,197 policies and procedures under management. The annual review and revision of documents is fully automated, with reviewers receiving notification that they have documents to review via email each week. There is a custom approval process for each document consisting of between four and six reviewers including a member of leadership.

In addition to the mandatory annual review, documents are available for revision whenever necessary and proceed through the entire approval process for each revision.
Staff members are assigned to read all policies and procedures that are relevant to their position. Completion of assignments is monitored and department managers are responsible for staff compliance.

Staff has immediate access to all relevant documents and are required to read and sign off on all documents related to their job role.

2022 Planned Initiatives

Covid-19 Pandemic Response

1. Actively participate in vaccination program for the community.
2. Transition seasonal vaccination, if required, to Clinic setting.
3. Adopt COVID response plans that further patient safety in the future.

Clinical and Support Services

1. Evaluate software that will allow for text communications to patients for scheduling and appointment reminders.
2. Explore telemedicine for Psychiatry and other specialties (delayed due to pandemic).
3. Implement Team Based Care in the Clinic
4. Complete MRI project

5. Complete upgrade to 3D Mammography

Culture and Talent

1. Develop pay grade scales for every position; assure compensation plan is competitive with other regional facilities
2. Develop a succession plan for multiple key staff members and providers preparing for retirement.

Revenue Cycle and Financial Goals

1. Create a Capital Improvement Committee and applicable processes for capital planning.

Compliance

1. Restart the Compliance Committee
2. Initiate enterprise wide risk assessment
3. Develop an on-going monitoring and internal audit program.

Quality and Patient Safety

1. Submit all required progress reporting to HCPF on implementation of the selected interventions resulting in no loss in provider fee. Successfully attest to utilization of the Rural Support Fund resulting in continued additional payment of $521,739.
2. Fully participate in the HQIP program achieving a score of 85 or greater.
    a. A performance improvement initiative was started in 2020 to improve safe handoffs between the OR and other units. That project was put on hold for 2021 and will be restarted in 2022.
    b. Fully implement the Zero Suicide Program.
3. Fully participate in MBQIP, SHIP Grant. Promoting Interoperability and MIPS quality programs.

Strategic Growth

1. Periodically submit service line analysis to the Board Finance Committee.

Community Relationships

1. Hold at least one community related mock emergency table top with other community entities.
2. Present to the County and Town Commissions annually.
3. Hold at least two community education/outreach events.
4. Issue a community oriented Annual Report

PAGOSA SPRINGS MEDICAL CENTER

Annual Program Evaluation

2022

INTRODUCTION

In compliance with Medicare's Conditions of Participation for Critical Access Hospitals, Pagosa Springs Medical Center (PSMC) evaluates its total program of services each year. We review the appropriateness of services from a medical necessity standpoint. We evaluate the quality and efficiency of our services and the overall satisfaction of the patients we serve.

Because we strive to provide high quality healthcare that is easily accessible and appropriate to our rural population, we review trends in demographics, referral patterns and the input from our community when evaluating our program.

Using patient comments, community meetings and surveys, we evaluate the satisfaction of the community with our services, facility and overall environment of care.

Our robust peer review program provides assurance that our medical services are safe and excellent quality, and any issues are promptly identified and addressed. Review of quality measures, performance improvement activities and policies and procedures allows us to make process changes that are necessary to support excellence in clinical practice.

This Annual Evaluation includes information regularly used by PSMC to determine the number of patients served, the volume of services, review of medical records, healthcare policies and whether utilization of services was appropriate, established policies were followed and, if needed, necessary adjustments. This Annual Evaluation was provided to the Board of Directors of the Upper San Juan Health Service District d/b/a Pagosa Springs Medical Center.

SCOPE OF SERVICES

Pagosa Springs Medical Center is a fully licensed and accredited Critical Access Hospital. PSMC has eleven acute care/swing beds and seven Emergency Department beds. PSMC is a designated Level Four Trauma Center.

Clinical Diagnostic/Treatment Services

- Anesthesia Services
  - General and local anesthesia
  - OP pain management, consultation and procedures
  - IP pain management, trauma
- Cardiopulmonary Services
  - Respiratory Therapy
  - EKG
  - Event Monitoring
  - Stress Testing
  - Echocardiography
  - Basic Pulmonary Function Testing
- Case Management/Discharge Planning
- Diagnostic Imaging
  - General Radiology
  - Bone Densitometry
  - Ultrasound
  - CT
  - MRI
  - Mammography

- Dietary
  - Dietitian Consultation (by contract)
- Emergency Medical Services (Ambulance)
  - Sole ambulance/EMS service for 1,800 square mile service area
  - EMS Training Center
    - ACLS, PALS, TNCC, BLS certification
    - Community Outreach
      - AED
      - CPR
      - Stop the Bleed
    - EMT-B certification
- Emergency Department
  - Trauma Services – Level 4 certification with expanded scope
  - Tele-neurology (by contract)
  - Tele-psychiatry (by contract)
- Infusion Therapy
  - Therapeutic Phlebotomy
  - Oncology Infusions
  - IV Hydration
  - Medication Administration
- Inpatient/Observation Services
  - Adult and Pediatric Medical/Surgical
    - Subject to extenuating circumstances (e.g., transfers precluded due to inclement weather), Pagosa Springs Medical Center does not admit pediatric patients who weigh less than 10 kilograms (22 pounds).
- Laboratory Services
  - Blood Bank
  - General Laboratory Services
  - Pathology (by contract)
- Oncology
  - Provider clinic
  - Chemotherapy injection, infusion, and/ or irrigation
  - Genetic Counseling
  - Patient Navigation
  - Survivorship
- Pharmacy
  - Inpatient pharmacy and support to Oncology/Infusion
  - Participates in 340B program
- Rehabilitative Services
  - Physical Therapy
- Surgical Services
  - General Surgery
  - Orthopedic Surgery
  - Gastroenterology
  - Ophthalmological Surgery
  - Ear, Nose and Throat Surgery
  - Pain Management Services

Support Services:

- Administration
- Compliance
- Employee Health
- Environmental Services
- Financial Accounting
- Fundraising
- Health Information Management
- Human Resources
- Infection Control
- Informatics
- Information Technology
- Marketing and Communication
- Materials Management
- Medical Staff Credentialing and Privileging
- Patient Financial Services
- Patient Registration and Pre-service
- Plant Operations and Life Safety
- Quality and Performance Improvement
- Risk Management and Legal

Community Services:

- Community Education
- Patient and Family Information and Education

2022 PROGRAM EVALUATION

Sources of Data

PSMC used the following sources of data for the 2022 program evaluation:

- Internally generated utilization data
- Quality Council Minutes
- Performance Improvement Committee Minutes
- Occurrence Reports
- Patient Satisfaction Surveys (HCAPHS)
- AHRQ Patient Safety Survey
- Community Feedback
- Demographic and Economic Profiles for Region 9
- Robert Wood Johnson County Health Rankings - 2023
- Hospital Generated Statistical Reports
- Colorado Rural Health Center's Snapshot of Rural Health - 2023
- Evaluation of 2022 Initiatives

Trends in Health Care Demographics

According to US Census data, corrected in 2021, Archuleta County's population was 13,359. Robert Wood Johnson data for 2023 estimates the population at 13,790. In the last ten years, the population has increased by about 2,000 fulltime residents. Assuming this growth rate continues, population in 2025 will be more than 15,000 residents. Additionally, almost 400,000 people visit Pagosa Springs each year.

The age demographic for Archuleta County fulltime residents continues to be older than Colorado overall with over twenty-seven percent of the population greater than sixty-five years of age. The over sixty-five population statewide remains at just over fifteen percent. Ten percent of Archuleta County residents are veterans.

Archuleta County continues to have a substantial number of residents living at or below the poverty level. Children living at or below the poverty level increased by one percent over last year to twenty percent and eleven percent of families reported food insecurity, an increase of one percent. Despite the increase in children living below the poverty level this past year, over the past eight years there has been an overall decrease from a high of twenty-seven percent in 2014. The median household income in 2022 increased from $64,000 to $68,000. Seventeen percent of the population in Archuleta County is uninsured, up from fourteen percent last year.

The ratio of patients to primary care doctors is 1,280:1, and remains close to the State ratio of 1,200:1. Access to mental health providers in Archuleta County remains very limited with the ratio of patients to providers being 570:1 compared to the State at 250:1.

In 2022, County Health Rankings began reporting an overall rank for Health Factors and Health Outcomes for each county. Health Factors includes things that are related to health and can be modified to improve the length and quality of life for residents like Education, Employment, Family and Social Support and Community Safety. Health Outcomes represent how healthy a county is right now for example; tobacco use, diet and exercise, alcohol and drug use, chronic disease and access to care. For 2022, Archuleta ranks 20th out of the 59 ranked counties, in the high middle range for both health outcomes and health factors.

Archuleta County outperforms the state in life expectancy at 82.6 years for Archuleta and 80.0 years for Colorado. Ninety-two percent of the population report adequate exercise opportunities compared to only eighty-eight percent for the state. Obesity fell in the county by two full percentage points over last year to twenty-three percent.

Archuleta County did not do as well as the state overall in providing preventive services. Only forty percent of the residents received a Flu shot, statewide the vaccine rate is fifty-one percent. Mammography screening is also low at thirty-two percent of the eligible population. Residents continue to report access to mental health services is limited with fourteen percent of the population reporting frequent mental distress.

PSMC Service Line Statistics

Item	2021	2022	Change
Emergency Department visits	**6772**	**8333**	↑
Inpatient Admissions	**357**	**345**	↓
Observation Encounters	**314**	**277**	↓
Length of Stay	**2.5**	**2.4**	↓
Primary Care Encounters	**16928**	**14681**	↓
Specialist Encounters	**4215**	**5260**	↑
Behavioral Health Visits	**1171**	**381**	↓
Average Daily Walk-in Clinic Visits	**19.2**	**18.5**	↓

Oncology Visits	**1355**	**1322**	↓
Oncology and Infusions/Injections	**2898**	**2047**	↓
Gastrointestinal Procedures	**483**	**406**	↓
General Surgery Procedures	**118**	**91**	↓
Orthopedic Surgery Procedures	**243**	**276**	↑
ENT Surgery Procedures	**26**	**28**	↑
Gynecological Procedures	**14**	**0**	↓
Eye Surgery Procedures	**45**	**60**	↑
Pain Management Procedures	**244**	**343**	↑
Laboratory Tests	**68228**	**69169**	↑
General Radiology Procedures	**7240**	**7236**	↓
MRI Procedures	**1085**	**1289**	↑
CT Scans	**4813**	**5003**	↑
Ultrasound Procedures	**1532**	**1583**	↑
Cardiology Procedures	**3654**	**2768**	↓
Outpatient Physical Therapy Visits	**3369**	**3921**	↑

Evaluation of Service Line Statistics and Demographics

Current demographics suggest that Pagosa Springs will continue to experience population growth. With that growth, we will likely continue to see the number of residents over age 65 also increase. The "over 65" demographic is a higher and more complex user of healthcare services that PSMC is taken into consideration in the evaluation of our existing service lines and in the selection of new services.
Like most of the state, Archuleta County is experiencing a surge in behavioral health needs and patient access to services to support mental health is extremely limited. Substance Use Disorders continue to rise in Colorado, with one death every 9.5 hours in the state. Residents of Archuleta County consider opioid abuse to be the third most important issue affecting health.

The continuation of the Covid19 pandemic is reflected in the decline in volume for many services as patients continued to defer non-emergency care.

Our outpatient clinic currently has only one behavioral health provider. We have changed to an integrated behavioral health model that is designed to enable primary care practices to better utilize limited behavioral health resources.

Our gastroenterologist retired at the end of 2021 and we transitioned to a locum arrangement that did not begin until March of 2022 thus decreasing our GI procedures volume. At the end of 2022, PSMC terminated the locum contract, electing to rely exclusively on PSMC's two general surgeons for GI procedures. .

PSMC added a part-time orthopedic surgeon with an upper extremity specialty expanding the orthopedic service line and some coverage when PSMC's full-time surgeon is off.

Four Corners OG/GYN in Durango, CO did not continue their outreach clinic at PSMC and did not perform gynecological surgery at PSMC in 2022.

Four Corners Eye continues to provide cataract surgery at PSMC and with the addition of Dr. Brach have increased their PSMC surgery volumes in 2022.

PSMC's Interventional Pain Management Program continues to grow. One CRNA has general certification and additional certifications that allow him to perform cervical injections and ablations-- his pain procedure volume increased substantially in 2022. PSMC's other CRNA is working towards his certification.

PSMC operationalized a new MRI in early 2022 and resulted in a steady increase in the volume of MRIs. PSMC has a full-time MRI tech expect that trend to continue; we have additional imaging techs are pursuing MRI certification to be able to help cover this specialty. Unfortunately, PSMC's Echo technologist departed in October of 2022, and as a result the volume of cardiology procedures declined.

Community Input

In September of 2022, at the Healthy Archuleta Community Fair, PSMC surveyed attendees about several initiatives that PSMC has planned. We wanted to solicit community feedback about the importance of screening for social determinants of health. Community members were positive about the benefit of screening and identified transportation, housing and food insecurity as their biggest concerns. Several comments were also received about substance abuse and the difficulty in finding resources to address this and other mental health issues.

We continued to invite the public to attend Board of Director Meetings where there is an opportunity for the public to provide input.

PSMC also monitored patient complaints and comments to identify any trends. Patients continue to indicate that the high cost of healthcare is a critical issue, especially treatment received in the Emergency Department. Complaints have also been received about reduced access to appointments for primary care and behavioral health. PSMC regularly receives positive comments from the community related to the quality of services and the caring attitude of staff.

2022 Pandemic Response

COVID – Incident Command and Management:

1. Held weekly meetings (and more often as needed) for Incident Command regarding COVID information and response.
2. Conducted ongoing assessment of such matters as COVID policies, supply, oxygen, lab capacity, hospital capacity, employee wellness, etc.
3. Issued written briefings weekly to all employees, Board members and press.

COVID Community leadership:

1. Continued in a leadership role in the community during the pandemic.
2. Continued to participate in State and local meetings with policy makers for the most current and effective COVID response.

COVID Community Testing:

1. Provided location for community COVID-19 drive-up testing.

COVID Patient Care:

1. PSMC's clinical staff remained engaged in understanding the latest evolving and fluctuating information for patient diagnosis and care.

COVID Supply:

1. While the supply chain continued to improve in 2022, sporadic shortages continued especially in medications and equipment availability. Purchasing from non-preferred vendors led to an increase in supply costs and frequent delays in receipt of equipment.

COVID Infection Control (process and facility changes):

1. PSMC continued to monitor changing guidance from the public health, the State and federal government and updated policies and practices to meet infection control needs.
2. PSMC continued to screen employees daily. The Employee Health nurse managed employee screenings, quarantines and return to work issues under continually changing CDC guidelines.

COVID and Financial Sustainability:

1. PSMC had a challenging financial year in 2022. It was the first time we have had a negative bottom line in five years. Volumes were low and patients were not quite ready to fully return to the healthcare setting. We are predicting that we will have a better year in 2023 as people get past the pandemic and move on to the next stage in life. We finished the year (unaudited) with a negative margin of $2,488,073.
2. We had extraordinarily high expenses related to wages, contract labor, drugs and supplies. We do not expect this to change any time soon and we are looking for ways to enhance services to help offset this trend.

2022 Initiatives Evaluation and Department Activities

Clinical and Support Services:

1. Clinic
   a. Made significant progress on the implementation of Team-based care for the entire clinic.
   b. Successfully completed the Master's I Program and are now participating in the Master's II program. This program allows us to receive additional compensation for Medicaid patients.
   c. Exceeded clinic goals to help our patients have controlled blood pressure and controlled diabetes.
   d. Participated in the Diabetes-Cardiovascular Disease Project, from the University of Colorado's School of Medicine. PSMC's multi-specialty clinic was 1 out of 10 high functioning primary care clinics, and the only Rural Health Clinic selected in Colorado to participate.
   e. Participated in the Hospital Transformation Program by providing follow up on 100% of our inpatients resulting zero hospital re-admissions. We have also provided follow-up on all ED visits.
   f. Screened every patient, every visit, with a suicide screen.
   g. Offered immediate Behavioral Health intervention in conjunction with the patient visit, in addition to traditional therapy sessions.
   h. Presented several times on the local radio station (KWUF) to inform our community of new providers, services we offer in the clinic and important changes.
   i. Participated in the Healthy Archuleta: Food Coalition

   j. Employed high school students for their summer internship from the Community Development Corporation
   k. Became an official Rural Rotation site for all Family Medicine residency programs in the State of Colorado
   l. Hosted CU School of Medicine 2nd year medical students for a 9 month longitudinal internship program

2. Compliance
   a. All staff are current within 30 days of hire for Compliance training and acceptance of the Code of Conduct.
   b. Staff are maintaining a 90% completion rate for review and sign-off for policies and procedures.
   c. Provided Diversity and Inclusion training for the first time.
   d. The Compliance Committee began meeting again, holding three meeting in 2022. Committee members were educated as to the purpose of the committee. The committee's first project was to create the committee charter.

3. Emergency Department
   a. Successful review by CDPHE of the Trauma Program resulting in renewal of our Level IV designation.
   b. Hired a new Trauma Coordinator to assist in the management of the Trauma Program.

4. Emergency Medical Services
   a. EMS responded to 2,177 calls resulting in 1230 total transports.
   b. EMS maintained 24/7 operations for a 1,800-square mile service area despite significant staffing challenges.
   c. Provided Active Shooter Training to the entire staff.

5. Facilities
   a. Purchase the adjacent 2.25 acres of land and empty medical office building in order to complete the campus and have space for expanded services.
   b. Commenced the initial planning work for an oxygen generation system.
   c. Completed facility upgrades required for new 3D Mammography unit.
   d. Hired two night shift security guards to improve staff safety after-hours.
   e. Completed the installation of a new modular building to house the new MRI.

6. Infection Control
   a. Through active Infection Prevention and Control activities, PSMC emphasizes patient safety as a top priority. PSMC performs regular surveillance and reports hospital associated infections to the National Health Safety Network and communicable conditions to Colorado Department of Public Health and Environment. PSMC reported zero healthcare associated infections (HAIs) related to MRSA or Clostridium difficile. There were no catheter associated urinary tract infections or central line associated bloodstream infections. There were three surgical site infections, representing a surgical site infection rate of 0.25%, well below the national average SSI rate of 2-4%. Prevention and education activities in 2022 included: staff and provider education for hand hygiene, sharp safety education, blood borne pathogens, respiratory etiquette education, antimicrobial stewardship, isolation precautions, and use of personal protective equipment.

7. Informatics
    a. Implemented Quick Visits in Cerner allowing for more efficient provider documentation for common illnesses.
    b. Completed multiple interface projects involving Cerner and Revenue Cycle Departments.
    c. Completed a mammography workflow optimization with Cerner for the new mammography equipment.
    d. Developed all Cerner workflows for the new Care Manager position.
    Provided significant support to the Quality and Performance Improvement Department for the HTP Program and to the Clinic for the Master's Program.

8. Information Technology
    a. At the beginning of 2022, PSMC's IT Manager left for other opportunities. The department was very short staffed-during for nine months and spent the majority of their time on system maintenance. Many patches and system events were unfortunately not completely addressed during this roughly nine-month period. After an extensive search, PSMC hired a new IT manager who started in September 2022.
    b. PSMC hired a "Help desk Technician" for remote work and partial on-site work.
    c. IT initiated activities directed towards a future transition to Microsoft 365.
    d. Many products and resources were reviewed and re-architected for better financial management and future.

9. Lab
    a. In 2022, PSMC's lab processed 68,294 tests/specimens.
    b. Began a comprehensive review of Lab and Blood Bank policies, procedures and training materials, retiring out-of-date documents and creating new reference materials for staff use.
    c. Implemented new training and competency tools.

10. Oncology and Infusion
    a. In 2022, PSMC's Cancer Center's best financial month had 34% higher billed revenue than the Cancer Center's best month in 2021.
    b. PSMC's Cancer Center served more patients in 2022 than 2021.
    c. Our Cancer Support Group continues to provide cancer patients, caregivers, and survivors a place to connect. In addition, Behavior Health has become more involved with our patients to help address various concerns.

11. Pharmacy
    a. Pharmacy staffing has stabilized and we are diligently working to get back up to speed on all pharmacy programs.

12. Quality and Performance Improvement
    a. Hospital Transformation Program:
        i. Interim activity quarterly reporting on our seven implementation plans began 7/31/22. All three of our quarterly interim reports were accepted with no at risk adjustment penalties.

   ii. We received our Rural Support Fund payment of $521,739. We are using these dollars to support the salary expense of a full time RN Care Manager who was hired to support our HTP initiatives around chronic care management, annual well visits, SDoH screening and level 4, 5 ED follow up clinic appointments. We are using these funds to purchase patient engagement software that to interface with Cerner.

b. Hospital Quality Incentive Program (HQIP)
   i. Our PY 2022 HQIP submission was submitted on time achieving a final score of 90 out of 100 points and a payment of $171,806.

c. Merit-Based Incentive Payment System (MIPS)
   i. PSMC completed PY 2022 submission, achieving a final score of 96.04 out of 100 points. Performance resulted in a positive payment adjustment of 1.77% for the 2023 billing year.

d. Eligible Hospital (EH) Promoting Interoperability
   i. PSMC completed PY 2022 submission including the EH electronic quality measure (eCQM) requirement. PSMC scored 55. This is a pass/fail initiative; an organization must achieve a minimum of 50 points or more to pass. Successful attestation avoids downward Medicare payment adjustments.

e. Medicare Beneficiary Quality Improvement Program
   i. PSMC completed submission for 2022 Outpatient Quality Reporting measures, Emergency Department Transfer Communication (EDTC) , Health Care Worker vaccination reporting, HCHAPS participation and Antibiotic Stewardship reporting. This allows us access to $12,836 for reimbursement of HCAHPS reporting services and Chargemaster consulting services through the Small Rural Hospital Improvement Program (SHIP).

f. Annual Patient Safety and Risk Management Assessment
   i. The patient safety and risk management review was completed by our malpractice insurance carrier. Recommendations based on survey results are under review.

g. Clarity Event Reporting System
   i. We are continuing to promote the use of clarity reporting for tracking and following up on events. Days to close was 21 in 2022 with a goal of 20 days.

h. HCAHPS
   i. Forty-two inpatients returned surveys in 2022. Our top performing domains included Communication with Nurses (93% top box score); Communication with Doctors (96% top box scores); Discharge Information (93% top box scores) and Recommend the Hospital (90% top box scores). Areas identified for improvement are Quality of food served to you (38% top box scores); and How would you rate the ease of registration and admission process (62% top box score).

13. Radiology
   a. Installed and successfully licensed a new 3D Mammography unit.
   b. Installed and successfully licensed a new MRI unit.

<u>Community Relationships</u>

1. Held a mock emergency tabletop exercise addressing response for a missing person.
2. Presented to both the county and town commissions on multiple issues concerning medical services in the county.
3. Issued a community oriented report to all residents of the district. The district plans to issue this kind of report approximately every other year.

Culture and Talent

1. Began a multi-year project to implement Human Resource Information System (HRIS) software to manage HR processes and workflows.
2. Completed implementation of a new payroll software system with the goal of improving the accuracy and efficiency of payroll processing.
3. Developed pay grade scales for every position to assure that compensation plan is objectively applied.
4. Succession planning completed for key staff member.

Revenue Cycle and Financial Accounting

1. PSMC's days of cash on hand at the end of the year in 2022 was 115.8 days. For purposes of the bond covenants, PSMC continued to meet its days of cash on hand obligation for 2022.
2. While gross revenues increased from 2021 to 2022, PSMC's unaudited net income for 2022 was $-2,488,073. This net loss is related to extraordinary expenses for contract labor, wages and supplies.
3. PSMC's Self-Pay billing vendor is hitting higher than expected collection rates.
4. The hospital price transparency tool is compliant with the State of Colorado for 2022.
5. Created a Capital Improvement Committee and applicable processes for capital planning.

Strategic Growth

1. Acquired an adjacent 2-5 acres of property and building to allow for expansion of services.
2. Provided several new service line analyses to the board for consideration.

Peer Review Program

PSMC has established a comprehensive peer review program to insure the quality and appropriateness of medical services. Results of peer review are reported to the Professional Review Committee where findings are discussed and actions recommended. Peer review results are considered in the appointment process. The table below lists the components of the medical peer review program.

Provider Peer Review Triggers List
Clinic
Clinic Random Peer Review (minimum of 5/yr)
Specialty Clinic Random (goal of 2%)
ED Reviews
ED Random Peer Review (goal of 2%-only required if 2% not met by other ED triggers below)
All obstetrical and newborn cases
ED Transfer out (transferred out via flight only)
ED AMA
ED Deaths
Inpatient Reviews
Inpatient Random Peer Reviews (goal of 2%)
All inpatient re-admissions for same diagnosis w/I 30 days
All inpatient with LOS > 7 days
All inpatient stays ≤ 24 hours
All transfers from IP to another facility
IP Deaths (unexpected only)

All hospital acquired Infections
Surgery Reviews
Random Surgery Reviews (goal of 2%)
All post-op surgical infections
Unplanned return to OR
Unplanned ED visit within 24 hours after an OR procedure
Anastomotic Leaks
GI lab Perforation
Unanticipated Need for Transfusion
Post Op DVT
Unexpected OR Outcomes
Malignant Hyperthermia/adverse reaction to anesthesia/anaphylactic shock or IV conscious sedation complications
CRNA Random Peer Reviews (goal of 2%)
General Standing Reviews
All hemolytic transfusion reactions
All requested from providers, administration, nursing, risk management, and quality
All mortality cases (unexpected IP, all OP, ED, OR)

Medical Staff Additions

Last Name	FIRST NAME	PRACTICE AREA	GROUP NAME
April	Daniel	Teleradiology	Radiology Imaging Associates
Berarducci	Jennifer	Gynecology	Four Corners OBGyn
Gillespie	Daniel	Teleradiology	Radiology Imaging Associates
Kim	Inhyup	Teleneurology	Blue Sky Neurology/HealthONE Virtual Network
Kirkpatrick	Aaron	Teleradiology	Radiology Imaging Associates
Mashburn	Kaela	Family Medicine	Pagosa Springs Medical Center Primary Care Clinic
McNaul	David	Teleradiology	Radiology Imaging Associates
Newman	Suzanne	Telepsychiatry	MindCare Solutions/HealthONE Virtual Network
Nickelsen	Jillian	Hospitalist	Pagosa Springs Medical Center
Norris	Carrie	Teleradiology	Radiology Imaging Associates
Stewart	Stephen	Emergency Medicine	Pagosa Springs Medical Center
Stone	Robert	Teleradiology	Radiology Imaging Associates
Thomas	Lionel	Teleneurology	Blue Sky Neurology/HealthONE Virtual Network
Tomas	Caroline	Teleradiology	Radiology Imaging Associates
Warncke	Emily	Teleradiology	Radiology Imaging Associates
Wright	Ian	Teleradiology	Radiology Imaging Associates
Wright	Kimberly	Teleradiology	Radiology Imaging Associates
Wright	Christopher	Telepsychiatry	Mindcare Solutions/HealthONE Virtual Network
Zappone	Phillip	Family Medicine	Pagosa Springs Medical Center Primary Care Clinic

Policy and Procedure Review

Pagosa Springs Medical Center utilizes a cloud-based software system for the management of policies and procedures and other critical documents. At the beginning of 2022, there were 2,281 policies, procedures, and forms under management. The annual review and revision of documents is fully automated, with reviewers receiving notification that they have documents to review via email each week. There is a custom approval process for each document consisting of between four and six reviewers including a member of leadership.

In addition to the mandatory annual review, documents are available for revision whenever necessary and proceed through the entire approval process for each revision.
Staff members are assigned to read all policies and procedures that are relevant to their position. Completion of assignments is monitored and department managers are responsible for staff compliance.

Staff has immediate access to all relevant documents and are required to read and sign off on all documents related to their job role.

2023 PLANNED INITIATIVES

Clinical and Support Services

1. Clinic
   a. Explore telemedicine for Psychiatry and other specialties.
   b. Complete the implementation of Team Based Care in the Clinic allowing us to provide our patients with a "Medical Home".
   c. Improve visibility in the community by participating in all "Walks" that relate to health; i.e. Walk for Mental Health Awareness Month.
   d. Offer Sports Physicals at Pagosa High School for all middle and high school athletes.
   e. Increase Medicaid reimbursement by completing the Tier 3 requirements allowing us to move to Tier 2 in the Medicaid Value Based Care Program.
   f. Hire an additional RN Care Manager to focus on our most medically complex patients.
   g. Create a new job for a "Community Health Advocate", who will screen our patients for needs with transportation, housing, food, utilities, etc. and provider referrals and local resources to help meet those needs.

2. Compliance
   a. Initiate enterprise wide risk assessment.
   b. Develop an on-going monitoring and internal audit program.

3. Facilities
   a. Improve security by installing security cameras throughout the facility.
   b. Enhance security by creating a new key management process.

4. Informatics
   a. Implement Cerner's Consumer Engagement suite, which will include direct book scheduling, enhanced appointment reminders, bidirectional texting capabilities, broadcast messaging capabilities, online intake forms and enhanced patient portal notifications. That project will most likely take over a year to implement and will likely roll into 2024 and will be one of the primary focuses of Informatics.

5. Information Technology

   a. Begin work for a transition to Microsoft 365.
   b. Acquire a new WIFI system.
   c. Install new firewall and VPN.
   d. Purchase Windows 11 client machines.
   e. Transition the "Shared Drive" to OneDrive.
   f. Initiate new encryption process for PHI
   g. Evaluate virtual check-in stations

6. Physical Therapy
   a. Hire an additional physical therapist to handle increasing volumes and improve access to care.

<u>Community Relationships</u>

1. Hold one community related mock emergency tabletop with other community entities.
2. Present to the County and Town Commissions annually.
3. Hold at least two community education/outreach events.

<u>Culture and Talent</u>

1. Multi-year project (began in 2022) to implement Human Resources Information System (HRIS) software to manage HR processes and workflows.
2. Continue with succession planning for multiple key staff members and providers preparing for retirement.
3. Staff Competencies, On-Boarding and Orientation Project (SCOOP) a complete restructuring of the post hire on-boarding, orientation and training for new hires. The goal of this project to it to provide the employee with a standardized post hire process that will prepare the employee for independent assignment.

<u>Quality and Performance Improvement</u>

1. Timely submit all required HTP interim activity and milestone reports to HCPF for each of our selected interventions, resulting in no loss in provider fee.
2. Successfully attest to utilization of the Rural Support Fund, resulting in continued additional payment of $521,739.
3. Purchase and implement selected patient engagement software interface; work with IT and informatics on a staff training plan.
4. Fully participate in the HQIP program achieving a score of 85 or greater.
   a. A performance improvement initiative was started in 2020 to improve safe handoffs between the OR and other units. The project was put on hold for 2022 and will be restarted in 2023.
   b. Continue full implementation of the Zero Suicide Program.
   c. Charter a Health Equity multidisciplinary team responsible for the management, implementation and outcomes of health disparity improvement and healthcare equity initiatives; obtain letter of support for this program from senior leadership.
   d. Participate in the AHQR Patient Safety Survey.
5. Fully participate in MBQIP, SHIP Grant. Promoting Interoperability and MIPS quality programs.

<u>Revenue Cycle and Financial and Financial Accounting</u>

1. Maintain Accounts Receivable at 55 days or less.
2. Reduce denials due to prior authorization issues by 10%.
3. Incur no late fees associated with accounts payable.
4. Complete the annual audit with no "Findings".

Strategic Growth

1. Periodically submit service line analysis to the Board Finance Committee.

UPPER SAN JUAN HEALTH SERVICE DISTRICT
D/B/A PAGOSA SPRINGS MEDICAL CENTER

Formal Written Resolution 2023-16
July 24, 2023

WHEREAS, Medicare regulations at Section 485.641 require critical access hospitals to compile a periodic evaluation of the number of patients served, the volume of services, review of records, healthcare policies and whether use of services was appropriate and the policies were followed or adjusted as needed; and

WHEREAS, PSMC staff prepared PSMC's periodic annual evaluation of 2021 and 2022 and will submit the same to the Colorado Department of Public Health and Environment.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE UPPER SAN JUAN HEALTH SERVICE DISTRICT HEREBY RESOLVES that the Board acknowledges receipt of and acceptance of PSMC's periodic evaluation for 2021 and 2022.

ADOPTED and APPROVED by the Board of Directors this 24th day of July, 2023.

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Kate Alfred, Chair of the Board of Directors

MINUTES OF REGULAR BOARD MEETING
June 27, 2023, at 5:00 PM
The Board Room
95 South Pagosa Blvd., Pagosa Springs, CO 81147

The Board of Directors (the "Board") of the Upper San Juan Health Service District doing business as Pagosa Springs Medical Center ("PSMC") held its regular board meeting on June 27, 2023, at PSMC, The Board Room, 95 South Pagosa Blvd., Pagosa Springs, Colorado as well as via Zoom video communications.

Directors Present: Chair Kate Alfred, Vice-Chair Martin Rose, Treasurer/Secretary Mark Zeigler, Director Jason Cox, Director Barbara Parada, Director Kathee Douglas, Director Gwen Taylor

Present via Zoom: none

Present via telephone: none

1) CALL TO ORDER

a) Call for quorum: Chair Alfred called the meeting to order at 5:00 p.m. MDT and Clerk to the Board, Laura DePiazza, recorded the minutes. A quorum of directors was present and acknowledged.

b) Board member self-disclosure of actual, potential or perceived conflicts of interest: None.

c) Approval of the Agenda: Vice-Chair Rose motioned to approve the agenda with no changes. Director Cox seconded; the Board unanimously approved the agenda.

2) PUBLIC COMMENT

None

3) PRESENTATIONS

a) Presentation of Emergency Department and Trauma Program, by Memi Fox, RN

b) Questions & Discussion:

i. Vice-Chair Rose asked for clarification on PSMC's status as Level 3 or 4 Trauma Center. Ms. Fox responded that PSMC is Level 4 (a Level 3 has 24/7 surgery call coverage).

ii. Treasurer-Secretary Ziegler asked if there are different reimbursements for different Levels. CFO Keplinger responded and clarified that it would be better for the bottom-line if we could be a Level 3 full-time and Acute Care had the ability to keep the patients here.

iii. Vice-Chair Rose commented that with 375,000 visitors per year it is important for them to know we can take care of them.

iv. Director Cox commented that if we could retain our patients without having to transfer them out to a Level 3 that is 60 miles away we would have that revenue stream, but would it justify the extra labor and costs. CFO Keplinger responded, yes, all things being equal. A full-time surgeon and the support staff (nurses and CRNAs) would need to be on-call all the time and at this point the need is not there.

v. Director Parada asked how much it costs to have a full-time surgeon. CFO Keplinger responded in the range of $300,000 to $500,000 per year.

4) <u>REPORTS</u>

a) <u>Oral Reports</u>

- Chair Report by Chair Alfred:
  - Commented how lovely and professional the Gala Fundraiser was and thanked the CEO, Jodi Scarpa, Marty Rose and all involved.
  - Reported that she and CAO Bruzzese are reviewing the Board Manual as it has not been reviewed in more than 2-3 years. Board members can expect to be getting an invitation to an orientation and review of the Board Manual. Director Parada asked if suggestions could be made. Chair Alfred responded that suggestions would be entertained.
  - Reminded everyone that the meeting in July is moved to Monday, July 24, 2023.
- CEO Report by CEO Dr. Rhonda Webb:
  - Mentioned that the Fundraising Gala was a big success and that year to date funds will be presented at the July meeting.
  - As a member of the Board of the Colorado Hospital Association, attended the conference in Vail. There was much discussion on how to guide hospitals in this new normal. Healthcare financing is going to change.
  - Announced that PSMC is hosting Senator Hickenlooper who is visiting regarding the status of rural hospitals.
  - Announced that Rhonda, Ann and Jodi will be headed to Denver to present PSMC's grant application request for $1,000,000 to fund renovations to the Medical Wellness Building.
- Facilities Committee Report by Director Douglas
  - Reported there are 15 active projects.
  - Other projects are roof repair, asphalt repair, and camera acquisition. Director Parada asked if the roof repair is urgent. Director Douglas responded that one of the roofs is most critical. Director Parada asked if hospital roofs are a specialty. CFO Keplinger and CEO Webb responded.
  - In response to a question of Secretary Zeigler, staff affirmed that the 2021 funds expended for Oxygen Generation was only for the equipment and not the building. Staff confirmed this is accurate. Further comments and explanation was given by CAO Bruzzese, CEO Webb and CFO Keplinger.
- Strategic Planning Committee Report by Director Rose
  - Discussion on having a campus sign on the corner of South Pagosa Blvd and Hwy 160.
- Finance Committee Report by CFO Keplinger
  - Chelle Keplinger presented and discussed financials for May 2023. Director Parada asked what percentage of our budget we pay the contracted radiology readers. CFO Keplinger and CEO Webb responded that except for our one on-site radiologist, we do not have any out-of-pocket expenses for all of the RIA tele-radiology physicians because RIA charges and collects their own professional fees. Questions asked and answered.

b) <u>Written Reports</u>

- Medical Staff Report – No discussion

5) EXECUTIVE SESSION
None

6) DECISION AGENDA
None

7) CONSENT AGENDA
Director Rose motioned to approve the consent agenda (approval of Board member absences, approval of the regular meeting minutes of 5/23/2023, and the Medical Staff report recommendations for revised policy and new or renewal of provider privileges). Motion was seconded by Secretary Zeigler, and the Board unanimously approved said consent agenda items.

8) OTHER BUSINESS
None

9) ADJOURN
There being no further business, Chair Alfred adjourned the regular meeting at 5:55 p.m. MDT.

Respectfully submitted by:
Laura DePiazza, serving as Clerk to the Board