



NOTICE OF REGULAR BOARD MEETING OF
THE UPPER SAN JUAN HEALTH SERVICE DISTRICT
d/b/a PAGOSA SPRINGS MEDICAL CENTER

Tuesday, June 23, 2020, at 5:30 PM

**BOARD ROOM LIMITED TO 10 PERSONS SO IN-PERSON MEETING IS
LIMITED TO BOARD MEMBERS, CLERK TO BOARD, AND CEO, WITH
ROTATING PRESENCE BY CFO, COO, CAO AND COS**

**ALL OTHERS (PUBLIC OR OTHER PSMC EMPLOYEES)
MAY ATTEND VIA ZOOM**

Please use this link to join the meeting: <https://zoom.us/j/96904926293>
or telephone (346) 248-7799 or (669) 900-6833

Zoom Meeting ID: **969 0492 6293**

AGENDA

1) CALL TO ORDER; ADMINISTRATIVE MATTERS OF THE BOARD

- a) Confirmation of quorum
- b) Board member 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 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) PRESENTATION: 2019 Audit. Zoom presentation of report and opinion of the auditor by Kami Maztek of Dingus, Zarecor & Associates, PLLC. As noted in the financial report, the auditor presented, via Zoom, the audit to the PSMC Finance Committee who received the report without objection or issue. The audit included in the Board packet and the scope of the auditor's work is summarized in its cover letters (pages 1-5) of the audit.

4) **REPORTS**

a) **Oral Reports** (may be accompanied by a written report)

- | | |
|--|---|
| i) Chair Report | Chair Greg Schulte |
| ii) CEO Report | Dr. Rhonda Webb |
| iii) Committee Reports | |
| (1) Executive Committee | Chair Schulte and V.Chair Mees |
| (2) Foundation Committee | Dir. Mees, Dir. Dr. Pruitt and CEO R.Webb |
| (3) Facilities Committee | Dir. Mees, Dir. Daniels, and COO K.Douglas |
| (4) Strategic Planning Committee | Dir. Schulte, Dir. Cox and CEO R.Webb |
| (5) Finance Committee & Report | Dir. Campbell, Dir. Ziegler and CFO C.Keplinger |

b) **Written Reports** (*no oral report unless the Board has questions*)

- | | |
|--|-----------------------------------|
| i) Operations Report | COO-CNO, Kathee Douglas |
| ii) Medical Staff Report | Chief of Staff, Dr. Ralph Battels |

5) **DECISION AGENDA**

- a) [Consideration of Resolution 2020-13](#) regarding acceptance of the 2019 audit of the Upper San Juan Health Service District.

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 06/23/2020
- b) Approval of Minutes for the following meeting(s):
- i) [Regular meeting of: 05/26/2020](#)
- c) Approval of [Medical Staff report](#) recommendations for new or renewal of provider privileges.

7) **OTHER BUSINESS**

8) **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) as of and for the year ended December 31, 2019, 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.

However, 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 June 4, 2020, 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:

Contractual adjustments – When contractual adjustments are recorded in the general ledger system, either manually or automatically, they should be identified by payor classification. This allows for enhanced reporting and easily accessible data for analysis. In the current general ledger system, contractual adjustments for Medicare, Medicaid, and other third-party payors are grouped together in one general ledger account. We recommend updating the chart of accounts to segregate between these types of payors. Furthermore, segregation of other major third-party payors, such as Blue Cross Blue Shield, is recommended.

Inventory – Accounting standards requires inventory to be expensed when used. Supplies for all departments (except operating room and general stores) are being expensed when purchased. Recording supplies this way causes significant fluctuations from month to month and at year end based on when purchases are made. When the full inventory count is performed, the supplies expense is corrected, but with the count only being performed annually, the monthly supplies expense could be materially misstated. We recommend using a perpetual inventory system in all departments to keep track of when inventory is used. If this isn't feasible, we alternately recommend performing full inventory counts at least quarterly to keep inventory balances and supplies expense correct throughout the year.

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

This communication is intended solely for the information and use of management, the Board of Directors, and others within 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
June 4, 2020



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, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 5, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practice

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. No new accounting policies were adopted and the application of existing policies was not changed during 2019.

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.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are 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.

Board of Directors
Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
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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 auditors' 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 June 4, 2020.

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 auditors' 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

The financial statements have been prepared assuming the District will continue as a going concern. As discussed in Note 12 to the financial statements, the COVID-19 pandemic has created economic uncertainties which may negatively impact the District's financial position. These uncertainties could cause substantial doubt of the District's ability to continue as a going concern. Management's plans regarding those matters are also described in Note 12. The financial statements do not include any adjustments that might be necessary if the Organization is unable to continue as a going concern.

We have considered management's plans and have concluded that substantial doubt of the District's ability to continue as a going concern has been alleviated. Management's use of the going concern basis of accounting is appropriate and the related disclosures are adequate. Our report is not modified with respect to this matter.

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.

Board of Directors
Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
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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 accompanies the financial statements but is not required supplementary information. 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
June 4, 2020

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

Basic Financial Statements and
Independent Auditors' Report

December 31, 2019 and 2018



DINGUS | ZARECOR & ASSOCIATES ^{PLLC}
Certified Public Accountants

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

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, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the COVID-19 pandemic has created economic uncertainties which may negatively impact the District's financial position. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note 12. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, 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 audits 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.

Other 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of budget and actual revenues and expenses is fairly stated, in all material respects, in relation to the financial statements as a whole.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
June 4, 2020

**Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Management's Discussion and Analysis
Years Ended December 31, 2019 and 2018**

Our discussion and analysis of Upper San Juan Health Service District doing business as Pagosa Springs Medical Center's (the District's) financial performance provides an overview of the District's financial activities for the fiscal years ended December 31, 2019 and 2018. Please read it in conjunction with the District's financial statements, which begin on page 8.

Financial Highlights

- The District's net position increased \$1,188,618, or 12.2 percent, in 2019, and \$352,013, or 3.7 percent, in 2018.
- The District reported operating income in 2019 of \$242,441 and operating loss in 2018 of \$459,259. Income in 2019 increased by \$701,700, or 152.8 percent, over the loss reported in 2018. Operating losses in 2018 increased by \$4,362, or 1.0 percent.
- Nonoperating revenues increased by \$17,713, or 5.5 percent, in 2019 compared to 2018. Nonoperating revenues decreased by \$41,747, or 11.5 percent, in 2018 compared to 2017.

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 and 9. The District's net position increased by \$1,188,618, or 12.2 percent, in 2019, and \$352,013, or 3.7 percent, in 2018.

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Management's Discussion and Analysis (Continued)
Years Ended December 31, 2019 and 2018

Table 1. Net Position

	2019	2018	2017
<i>Assets</i>			
Current assets	\$ 13,073,610	\$ 12,780,705	\$ 12,462,697
Capital assets, net	21,645,485	23,141,917	24,384,997
Other noncurrent assets	1,572,068	1,059,386	929,528
Total assets	\$ 36,291,163	\$ 36,982,008	\$ 37,777,222
<i>Liabilities</i>			
Current liabilities	\$ 4,828,495	\$ 5,994,804	\$ 6,622,937
Capital lease obligations, less current maturities	270,221	461,822	359,945
Long-term debt, less current maturities	18,991,684	19,650,128	20,278,572
Total liabilities	24,090,400	26,106,754	27,261,454
<i>Deferred inflows of resources, property tax revenue</i>	1,266,215	1,129,324	1,121,851
<i>Net position</i>			
Net investment in capital assets	1,478,152	2,144,329	2,908,480
Restricted	1,572,068	1,059,386	929,528
Unrestricted	7,884,328	6,542,215	5,555,909
Total net position	10,934,548	9,745,930	9,393,917
Total liabilities and net position	\$ 36,291,163	\$ 36,982,008	\$ 37,777,222

The significant changes in assets and liabilities in 2019 were as follows:

- Total assets for the District were \$36,291,163 at the end of 2019, a decrease of \$690,845 over the balance of \$36,982,008 at the end of 2018.

Current assets increased \$292,905 from \$12,780,705 in 2018 to \$13,073,610 in 2019 due to improved charge capture, payor contract compliance, and improvements to the charging and collection practices which were made possible by the integrated Cerner electronic health record system. Net patient receivables of \$4,425,062 in 2019 decreased \$678,998 from \$5,104,060 at the end of 2018.

- Total liabilities for the District were \$24,090,400 in 2019, a decrease of \$2,016,354 from the balance of \$26,106,754 in 2018.

Current liabilities decreased \$1,166,309 from \$5,994,804 at the end of 2018 to \$4,828,495 at the end of 2019. Refunds payable decreased \$216,144 from \$280,928 at the end of 2018 to \$497,072 at the end of 2019.

Long-term debt and capital lease obligations decreased \$850,045 from \$20,111,950 in 2018 to a balance of \$19,261,905 in 2019.

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Management's Discussion and Analysis (Continued)
Years Ended December 31, 2019 and 2018

Operating Results and Changes in The District's Net Position

In 2019, the District's net position increased by \$1,188,618 or 12.2 percent, as shown in Table 2. The District's net position increased by \$352,013, or 3.7 percent, in 2018.

Table 2. Operating Results and Changes in Net Position

	2019	2018	2017
<i>Operating revenues</i>			
Net patient service revenue	\$ 32,584,951	\$ 31,220,161	\$ 27,656,336
340b contract pharmacy	1,842,227	1,873,822	1,396,144
Electronic health records incentive payment	143,657	428,940	444,042
Other revenue	227,806	194,897	604,820
Total operating revenues	34,798,641	33,717,820	30,101,342
<i>Operating expenses</i>			
Salaries and benefits	21,986,392	21,997,862	19,065,513
Supplies	4,915,129	4,128,476	3,705,280
Depreciation	1,877,244	2,343,494	1,988,458
Other	5,777,435	5,707,247	5,796,988
Total operating expenses	34,556,200	34,177,079	30,556,239
Operating income (loss)	242,441	(459,259)	(454,897)
<i>Nonoperating revenues (expenses)</i>			
Property taxes	1,262,092	1,251,238	1,171,890
Interest expense	(1,014,962)	(988,821)	(840,024)
Interest income	93,383	60,383	32,681
Total nonoperating revenues, net	340,513	322,800	364,547
Excess of revenues (expenses) before capital grants and contributions	582,954	(136,459)	(90,350)
Capital grants and contributions	605,664	488,472	871,110
Change in net position	1,188,618	352,013	780,760
Net position, beginning of year	9,745,930	9,393,917	8,613,157
Net position, end of year	\$ 10,934,548	\$ 9,745,930	\$ 9,393,917

**Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Management's Discussion and Analysis (Continued)
Years Ended December 31, 2019 and 2018**

Operating Results

The first component of the overall change in the District's net position is operating income – the difference between revenues and the expenses incurred to perform those services. Operating income increased \$701,700 from 2018 to 2019.

The primary components of the change in operating income for 2019 compared to 2018 are:

- Net patient service revenue increased \$1,364,790 due primarily to expansion of services and charge capture.
- Supplies expense increased \$786,653 due primarily to expansion of services for oncology.
- Depreciation expense decreased \$466,250 due to amortization of new assets placed in service to support growth strategy.
- Insurance expense increased \$132,992.

Overall net patient service revenue increased between 2018 and 2019 by \$1,364,790. In 2018, overall net patient service revenue increased \$3,563,825 from 2017.

Nonoperating Revenues and Expenses

Nonoperating activity for 2019 and 2018 consists primarily of property taxes levied for repayment of the District's bonds, interest expense, and interest income. Net nonoperating revenues and expenses increased by \$17,713, or 5.5 percent, in 2019.

The District received contributions from the Dr. Mary Fisher Medical Foundation of \$515,811 and \$340,227 during 2019 and 2018, respectively.

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 decreased in 2019 by \$1,496,432, or 6.5 percent, from 2018. This net decrease includes purchases (including construction in progress) of \$384,505 and depreciation expense of \$1,877,244. Net capital assets decreased \$1,243,080, or 5.1 percent, from 2017 to 2018. This net decrease includes purchases (including construction in progress) of \$1,100,414 and depreciation expense of \$2,343,494.

At the end of 2019, the District had \$21,645,485 invested in capital assets, net of accumulated depreciation, as detailed in Note 4 to the financial statements.

Debt

At December 31, 2019, the District had \$20,089,003 in long-term debt obligations, a decrease of \$828,251 from December 31, 2018. At December 31, 2018, the District had \$20,917,254 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.

**Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Management's Discussion and Analysis (Continued)
Years Ended December 31, 2019 and 2018**

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, CO 81147.

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Statements of Net Position
December 31, 2019 and 2018

ASSETS	2019	2018
<i>Current assets</i>		
Cash and cash equivalents	\$ 5,078,831	\$ 4,459,288
Receivables:		
Patient accounts	4,425,062	5,104,060
Property tax levy	1,266,215	1,129,324
Estimated third-party payor settlements	281,268	-
Other	305,726	329,731
Inventories	1,517,700	1,546,811
Prepaid expenses	198,808	211,491
Total current assets	13,073,610	12,780,705
<i>Noncurrent assets</i>		
Cash and cash equivalents, restricted for debt service	878,731	881,860
Cash and cash equivalents, restricted for capital purchases	693,337	177,526
Capital assets, net	21,645,485	23,141,917
Total noncurrent assets	23,217,553	24,201,303
Total assets	\$ 36,291,163	\$ 36,982,008

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, 2019 and 2018

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	2019	2018
<i>Current liabilities</i>		
Accounts payable	\$ 1,495,531	\$ 1,443,422
Refunds payable	497,072	280,928
Accrued compensation and related liabilities	1,930,464	1,868,644
Estimated third-party payor settlements	-	1,516,172
Accrued interest payable	78,330	80,334
Current maturities of capital lease obligations	187,098	195,304
Current maturities of long-term debt	640,000	610,000
Total current liabilities	4,828,495	5,994,804
<i>Noncurrent liabilities</i>		
Capital lease obligations, less current maturities	270,221	461,822
Long-term debt, less current maturities	18,991,684	19,650,128
Total noncurrent liabilities	19,261,905	20,111,950
Total liabilities	24,090,400	26,106,754
<i>Deferred inflows of resources , property tax revenue</i>	1,266,215	1,129,324
<i>Net position</i>		
Net investment in capital assets	1,478,152	2,144,329
Restricted	1,572,068	1,059,386
Unrestricted	7,884,328	6,542,215
Total net position	10,934,548	9,745,930
Total liabilities, deferred inflows of resources, and net position	\$ 36,291,163	\$ 36,982,008

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, 2019 and 2018

	2019	2018
<i>Operating revenues</i>		
Net patient service revenue	\$ 32,584,951	\$ 31,220,161
340b contract pharmacy	1,842,227	1,873,822
Electronic health records incentive	143,657	428,940
Other	227,806	194,897
Total operating revenues	34,798,641	33,717,820
<i>Operating expenses</i>		
Salaries and wages	18,652,428	18,782,081
Employee benefits	3,333,964	3,215,781
Professional fees and other purchased services	2,414,581	2,384,199
Supplies	4,915,129	4,128,476
Utilities	470,670	407,364
Depreciation and amortization	1,877,244	2,343,494
Leases and rentals	519,307	548,927
Repairs and maintenance	538,506	503,764
Provider fees	716,909	761,668
Insurance	313,793	180,801
Other	803,669	920,524
Total operating expenses	34,556,200	34,177,079
<i>Operating income (loss)</i>	242,441	(459,259)
<i>Nonoperating revenues (expenses)</i>		
Property taxes	1,262,092	1,251,238
Interest expense	(1,014,962)	(988,821)
Interest income	93,383	60,383
Total nonoperating revenues, net	340,513	322,800
Excess of revenues (expenses) before capital grants and contributions	582,954	(136,459)
<i>Capital grants and contributions</i>	605,664	488,472
Change in net position	1,188,618	352,013
Net position, beginning of year	9,745,930	9,393,917
Net position, end of year	\$ 10,934,548	\$ 9,745,930

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, 2019 and 2018

	2019	2018
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
<i>Cash flows from operating activities</i>		
Receipts from and on behalf of patients	\$ 33,308,736	\$ 31,119,967
Electronic health records incentive	143,657	48,253
Other receipts	251,811	194,897
Payments to and on behalf of employees	(21,924,572)	(21,890,373)
Payments to suppliers and contractors	(10,382,517)	(10,053,360)
Net cash provided by (used in) operating activities	1,397,115	(580,616)
<i>Cash flows from noncapital financing activities, property taxes</i>	1,262,092	1,251,238
<i>Cash flows from capital and related financing activities</i>		
Principal payments on capital lease obligations	(202,200)	(257,698)
Principal payments on long-term debt	(610,000)	(590,000)
Purchase of capital assets	(378,419)	(711,872)
Interest paid on long-term debt and capital lease obligations	(1,035,410)	(1,008,594)
Capital grants and contributions	605,664	488,472
Net cash used in capital and related financing activities	(1,620,365)	(2,079,692)
<i>Cash flows from investing activities, investment income</i>	93,383	60,383
Net increase (decrease) in cash and cash equivalents	1,132,225	(1,348,687)
Cash and cash equivalents, beginning of year	5,518,674	6,867,361
Cash and cash equivalents, end of year	\$ 6,650,899	\$ 5,518,674

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, 2019 and 2018

	2019	2018
<i>Reconciliation of Cash and Cash Equivalents to the Statements of Net Position</i>		
Cash and cash equivalents	\$ 5,078,831	\$ 4,459,288
Cash and cash equivalents, restricted	1,572,068	1,059,386
Total cash and cash equivalents	\$ 6,650,899	\$ 5,518,674
<i>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</i>		
Operating income (loss)	\$ 242,441	\$ (459,259)
<i>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities</i>		
Depreciation and amortization	1,877,244	2,343,494
Provision for bad debts	3,470,960	1,846,928
(Increase) decrease in assets:		
Receivables:		
Patient accounts	(2,791,962)	(3,257,377)
Estimated third-party payor settlements	(281,268)	-
Electronic health records incentive	-	(380,687)
Other	24,005	(53,168)
Inventories	29,111	(348,371)
Prepaid expenses	12,683	22,908
Increase (decrease) in liabilities:		
Accounts and refunds payable	268,253	107,826
Accrued compensation and related liabilities	61,820	107,489
Estimated third-party payor settlements	(1,516,172)	(510,399)
Net cash provided by (used in) operating activities	\$ 1,397,115	\$ (580,616)

Noncash Investing, Capital, and Financing Activities

The District entered into capital lease obligations in the amounts of \$2,393 and \$388,542 during the years ended December 31, 2019 and 2018, respectively.

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, 2019 and 2018**

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 as 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.

Useful lives are estimated as follows:

Buildings and improvements	5 to 39 years
Equipment	2 to 20 years

Upper San Juan Health Service District
 doing business as Pagosa Springs Medical Center
 Notes to Basic Financial Statements (Continued)
 Years Ended December 31, 2019 and 2018

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 on regular hours actually worked 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 298 hours. 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.

Electronic health records (EHR) incentive payment – The EHR incentive payments are provided to incent hospitals to become meaningful users of EHR technology, not to reimburse providers for the cost of acquiring EHR assets. EHR incentive payments are therefore reported as operating revenue.

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.

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

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

b. Summary of Significant Accounting Policies (continued)

Upcoming accounting standard pronouncements – In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*, which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under 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 new guidance is effective for the District's year ending December 31, 2022, although earlier application is encouraged. The District has not elected to implement this statement early; however, management is still evaluating the impact, if any, of this statement in the year of adoption.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The new guidance is effective for the District's year ending December 31, 2021. 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 June 4, 2020, the date on which the financial statements were available to be issued.

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

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.

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.

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.

The District's investments were in compliance with the state of Colorado's (the State) investment requirements for the years ended December 31, 2019 and 2018.

**Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2019 and 2018**

2. Bank Deposits and Investments (continued):

Investments (continued):

At December 31, 2019 and 2018, the District had invested \$1,590,828 and \$1,554,126, 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. Colotrust operates like a 2a-7 external investment pool and investments in the pool are valued at \$1 net asset value (NAV) per share. The underlying investments held by Colotrust are valued at fair value.

The District's remaining investments at December 31, 2019 and 2018, were in money market funds, with a carrying value of \$1,909,873 and \$1,551,328, respectively. Of the amounts, \$878,731 in both 2019 and 2018 are restricted by the bond agreement for debt reserve. Additionally, of the amounts, \$0 and \$3,129 in 2019 and 2018, respectively, are restricted for capital purchases.

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; 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, 2019 and 2018.

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

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 increased significantly from the prior year due to an increase in self-pay accounts receivable and significant writeoffs of aged patient account balances. 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:

	2019	2018
Receivable from patients and their insurance carriers	\$ 4,879,242	\$ 4,543,433
Receivable from Medicare	1,430,071	1,385,397
Receivable from Medicaid	451,152	441,297
Total patient accounts receivable	6,760,465	6,370,127
Less allowance for uncollectible accounts	2,335,403	1,266,067
Patient accounts receivable, net	\$ 4,425,062	\$ 5,104,060

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

4. Capital Assets:

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

	Balance December 31, 2018	Additions	Retirements	Transfers	Balance December 31, 2019
<i>Capital assets not being depreciated</i>					
Land	\$ 101,000	\$ -	\$ -	\$ -	\$ 101,000
Construction in progress	38,505	34,526	-	-	73,031
Total capital assets not being depreciated	139,505	34,526	-	-	174,031
<i>Capital assets being depreciated</i>					
Building and improvements	27,019,152	38,336	-	-	27,057,488
Equipment	10,149,875	311,643	(65,761)	-	10,395,757
Total capital assets being depreciated	37,169,027	349,979	(65,761)	-	37,453,245
<i>Less accumulated depreciation for</i>					
Building and improvements	(6,283,884)	(1,179,461)	-	-	(7,463,345)
Equipment	(7,882,731)	(697,783)	62,068	-	(8,518,446)
Total accumulated depreciation	(14,166,615)	(1,877,244)	62,068	-	(15,981,791)
Total capital assets being depreciated, net	23,002,412	(1,527,265)	(3,693)	-	21,471,454
Capital assets, net of accumulated depreciation	\$ 23,141,917	\$ (1,492,739)	\$ (3,693)	\$ -	\$ 21,645,485

Construction in progress at December 31, 2019, consisted of the initial costs for the upgrade of the hospital heating, ventilation, and air conditioning system. The project is scheduled to be completed no later than October 31, 2020, with additional costs of approximately \$1,800,000.

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

4. Capital Assets (continued):

	Balance December 31, 2017	Additions	Retirements	Transfers	Balance December 31, 2018
<i>Capital assets not being depreciated</i>					
Land	\$ 101,000	\$ -	\$ -	\$ -	\$ 101,000
Construction in progress	65,945	38,505	-	(65,945)	38,505
Total capital assets not being depreciated	166,945	38,505	-	(65,945)	139,505
<i>Capital assets being depreciated</i>					
Building and improvements	26,893,622	125,530	-	-	27,019,152
Equipment	9,385,074	936,379	(237,523)	65,945	10,149,875
Total capital assets being depreciated	36,278,696	1,061,909	(237,523)	65,945	37,169,027
<i>Less accumulated depreciation for</i>					
Building and improvements	(5,081,888)	(1,201,996)	-	-	(6,283,884)
Equipment	(6,978,756)	(1,141,498)	237,523	-	(7,882,731)
Total accumulated depreciation	(12,060,644)	(2,343,494)	237,523	-	(14,166,615)
Total capital assets being depreciated, net	24,218,052	(1,281,585)	-	65,945	23,002,412
Capital assets, net of accumulated depreciation	\$ 24,384,997	\$ (1,243,080)	\$ -	\$ -	\$ 23,141,917

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

5. Employee Health Self-insurance:

The District established a self-insurance fund for employee medical care that is administered through Meritain Health. 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. 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.

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.

	2019	2018
Claim liability, beginning of year	\$ 277,761	\$ 297,343
Current year claims and changes in estimates	1,782,014	1,699,033
Claim payments	(1,785,751)	(1,718,615)
Claim liability, end of year	\$ 274,024	\$ 277,761

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

6. Long-term Debt:

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

	Balance December 31, 2018	Additions	Reductions	Balance December 31, 2019	Amounts Due Within One Year
<i>Long-term debt</i>					
Limited Tax General Obligation Bonds, Series 2006 and Limited Tax General Obligation Bonds, Series 2007	\$ 9,330,000	\$ -	\$ (305,000)	\$ 9,025,000	\$ 320,000
Improvement and Refunding Revenue Bonds, Series 2016 A (Tax Exempt) and Refunding Revenue bond Series 2016 B (Taxable)	10,545,000	-	(305,000)	10,240,000	320,000
2007 bond premium	245,788	-	(13,346)	232,442	-
2016 bond premium	139,340	-	(5,098)	134,242	-
Total long-term debt	20,260,128	-	(628,444)	19,631,684	640,000
<i>Capital lease obligations</i>					
Stryker equipment lease	216,014	-	(70,204)	145,810	64,804
Dell server lease	76,681	-	(19,036)	57,645	18,317
Wells Fargo equipment lease	349,691	-	(98,220)	251,471	101,584
Synoptek telephone lease	14,740	2,393	(14,740)	2,393	2,393
Total capital lease obligations	657,126	2,393	(202,200)	457,319	187,098
	\$ 20,917,254	\$ 2,393	\$ (830,644)	\$ 20,089,003	\$ 827,098
	Balance December 31, 2017	Additions	Reductions	Balance December 31, 2018	Amounts Due Within One Year
<i>Long-term debt</i>					
Limited Tax General Obligation Bonds, Series 2006 and Limited Tax General Obligation Bonds, Series 2007	\$ 9,620,000	\$ -	\$ (290,000)	\$ 9,330,000	\$ 305,000
Improvement and Refunding Revenue Bonds, Series 2016 A (Tax Exempt) and Refunding Revenue bond Series 2016 B (Taxable)	10,845,000	-	(300,000)	10,545,000	305,000
2007 bond premium	259,134	-	(13,346)	245,788	-
2016 bond premium	144,438	-	(5,098)	139,340	-
Total long-term debt	20,868,572	-	(608,444)	20,260,128	610,000
<i>Capital lease obligations</i>					
Stryker equipment lease	-	291,619	(75,605)	216,014	64,804
Dell server lease	-	92,437	(15,756)	76,681	17,540
Wells Fargo equipment lease	444,659	-	(94,968)	349,691	98,220
Pittney Bowes equipment lease	558	-	(558)	-	-
Synoptek telephone lease	30,124	4,486	(19,870)	14,740	14,740
De Lage Landen equipment lease	50,941	-	(50,941)	-	-
Total capital lease obligations	526,282	388,542	(257,698)	657,126	195,304
	\$ 21,394,854	\$ 388,542	\$ (866,142)	\$ 20,917,254	\$ 805,304

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

6. Long-term Debt (continued):

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 net medical center revenue. The bonds mature annually at amounts ranging from \$320,000 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 Bonds, Series 2006, in the original amount of \$9,470,000. The bonds bear interest rates varying from 4 percent to 5 percent. An additional \$2,530,000 in bonds was issued in January 2007 for a total issue of \$12,000,000. The additional bonds bear interest at rates varying from 3.6 percent to 4.0 percent. The bonds mature annually at amounts ranging from \$320,000 to \$730,000, with semiannual interest payments through June 2037. The bonds are additionally secured by net medical center revenue.

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

Years Ending December 31,	Principal	Interest	Total
2020	\$ 640,000	\$ 933,959	\$ 1,573,959
2021	665,000	905,397	1,570,397
2022	690,000	877,409	1,567,409
2023	595,000	851,641	1,446,641
2024	620,000	825,809	1,445,809
2025-2029	3,545,000	3,685,707	7,230,707
2030-2034	4,445,000	2,779,551	7,224,551
2035-2039	4,080,000	1,657,717	5,737,717
2040-2044	2,665,000	831,003	3,496,003
2045-2046	1,320,000	82,075	1,402,075
	\$ 19,265,000	\$ 13,430,268	\$ 32,695,268

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

6. Long-term Debt (continued):

The terms of the District's capital lease obligations follows:

- Synoptek telephone lease, due in monthly installments of \$1,526, with no interest through August 2019; collateralized by equipment with a cost of \$54,930 and accumulated depreciation of \$18,310 and \$12,817 as of December 31, 2019 and 2018, respectively.
- Wells Fargo equipment lease, due in monthly installments of \$9,402, including interest at 3.37 percent, through May 2022; collateralized by equipment with a cost of \$455,148 and accumulated depreciation of \$176,471 and \$101,718 as of December 31, 2019 and 2018, respectively.
- Dell server lease, due in monthly installments of \$1,711, including interest at 4.36 percent, through January 2023; collateralized by equipment with a cost of \$92,437 and accumulated depreciation of \$36,975 and \$18,487 as of December 31, 2019 and 2018, respectively.
- Stryker equipment lease, due in monthly installments of \$6,076, including interest at 2.32 percent, through April 2022; collateralized by equipment with a cost of \$290,974 and accumulated depreciation of \$163,673 and \$90,929 as of December 31, 2019 and 2018, respectively.

Scheduled principal and interest payments on capital lease obligations are as follows:

Years Ending December 31,	Principal	Interest	Total
2020	\$ 187,098	\$ 17,244	\$ 204,342
2021	188,996	12,952	201,948
2022	81,013	3,632	84,645
2023	212	6	218
	\$ 457,319	\$ 33,834	\$ 491,153

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

7. 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 has increased significantly from the prior year due to significant writeoffs of aged patient account balances. The District has not changed its charity care or uninsured discount policies during fiscal years 2019 or 2018. 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:

	2019	2018
Patient service revenue (net of contractual adjustments and discounts):		
Medicare	\$ 14,592,624	\$ 13,545,490
Medicaid	4,030,720	3,458,142
Other third-party payors	12,287,759	10,485,445
Patients	2,809,043	3,202,800
Provider fee	3,081,149	2,907,467
	36,801,295	33,599,344
Less:		
Charity care	745,384	532,255
Provision for bad debts	3,470,960	1,846,928
Net patient service revenue	\$ 32,584,951	\$ 31,220,161

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.

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

7. 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 decreased by approximately \$55,000 and increased by approximately \$607,000 in the years ended December 31, 2019 and 2018, respectively, due to differences between original estimates and final settlements.

During the year ended December 31, 2017, the District received notice that their 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 2010-2018 are being reprocessed, resulting in a payback of approximately \$633,000 that was accrued at December 31, 2018. Net patient service revenue decreased by approximately \$31,000 and increased by approximately \$195,000 in the years ended December 31, 2019 and 2018, respectively, due to differences in the original estimates and final settlements. For the year ended December 31, 2019, the District has estimated a receivable of approximately \$243,000 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, 2019 and 2018, were approximately \$421,000 and \$319,000, respectively. The District did not receive any gifts or grants to subsidize charity services during 2019 and 2018.

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

8. 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, 2019 and 2018, for taxes levied for 2020 and 2019, respectively.

For 2019, the District's regular tax levy was \$3.884 per \$1,000 on a total combined assessed valuation of \$325,481,370, for a total regular combined levy of \$1,266,215. For 2018, the District's regular tax levy was \$3.884 per \$1,000 on a total assessed valuation of \$289,792,837, for a total regular levy of \$1,129,324.

9. Defined Contribution Plans:

The District provides retirement benefits for all of 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 \$1,115,000 and \$1,114,000 for the years ended December 31, 2019 and 2018, respectively. Employee contributions to the Plan totaled approximately \$1,115,000 and \$1,114,000 for the years ended December 31, 2019 and 2018, 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.

**Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2019 and 2018**

10. 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.

Upper San Juan Health Service District
doing business as Pagosa Springs Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

11. 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:

	2019	2018
Medicare	24 %	24 %
Medicaid	14	15
Other third-party payors	38	49
Patients	24	12
	100 %	100 %

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

12. COVID-19 Pandemic:

The COVID-19 pandemic has created economic uncertainties which may negatively impact the District's financial position. Beginning in March 2020, the District began experiencing significant declines in revenues due to temporarily suspending all elective surgeries and other elective procedures. In addition, the District has experienced declines in volumes of outpatient and ancillary services, such as radiology, laboratory, emergency department, and clinic visits.

In April 2020, the District received approximately \$5,100,000 of funding from the CARES Act Provider Relief Fund. Additional distributions from the CARES Act Provider Relief Fund are expected based on announcements by the United States Department of Health and Human Services. Medicare sequestration has been suspended from May 1, 2020 through December 31, 2020, which will increase Medicare reimbursement by 2 percent.

The District also entered into a loan for approximately \$3,500,000 in April 2020 as part of the Small Business Administration Paycheck Protection Program, also a part of the federal government's response to the pandemic. The loan bears interest at 1 percent and matures in April 2022. The loan has the potential to be forgiven in full or in part based on certain payroll and other costs incurred in the eight-week period following the date of first disbursement of the loan funds.

As of December 31, 2019, the District had unrestricted reserves representing 57 days of operating expenses. The District has also implemented cost containment efforts in response to COVID-19. State and federal governments are also considering additional emergency funding to help hospitals overcome these negative effects.

In addition to accepting funding from the CARES Act Provider Relief Fund, management plans on restarting elective surgeries. The District could also utilize its unrestricted reserves to cover operating expenses until revenues recover. The ultimate COVID-19 pandemic effect on the District's financial position is unknown at this time.

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, 2019

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Operating revenues</i>			
Net patient service revenue and 340b contract pharmacy	\$ 30,227,155	\$ 31,346,029	\$ 1,118,874
Provider fees	2,829,084	3,081,149	252,065
Grants	1,136,500	-	(1,136,500)
Other	1,950,500	371,463	(1,579,037)
Total operating revenues	36,143,239	34,798,641	(1,344,598)
<i>Operating expenses</i>			
Salaries and wages	18,834,660	18,652,428	182,232
Employee benefits	3,603,400	3,333,964	269,436
Professional fees and other purchased services	2,444,909	2,414,581	30,328
Supplies	4,900,012	4,915,129	(15,117)
Utilities	486,736	470,670	16,066
Depreciation and amortization	1,900,830	1,877,244	23,586
Leases and rentals	573,924	519,307	54,617
Repairs and maintenance	612,805	538,506	74,299
Insurance	210,000	313,793	(103,793)
Provider fees and other	1,488,600	1,520,578	(31,978)
Total operating expenses	35,055,876	34,556,200	499,676
<i>Operating income</i>	1,087,363	242,441	(844,922)
<i>Nonoperating revenues (expenses)</i>			
Property taxes	1,197,000	1,262,092	65,092
Interest	(1,034,913)	(1,014,962)	19,951
Capital grants and contributions	250,000	605,664	355,664
Interest income	-	93,383	93,383
Total nonoperating revenues, net	412,087	946,177	534,090
Change in net position	\$ 1,499,450	\$ 1,188,618	\$ (310,832)

See accompanying independent auditors' report.

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

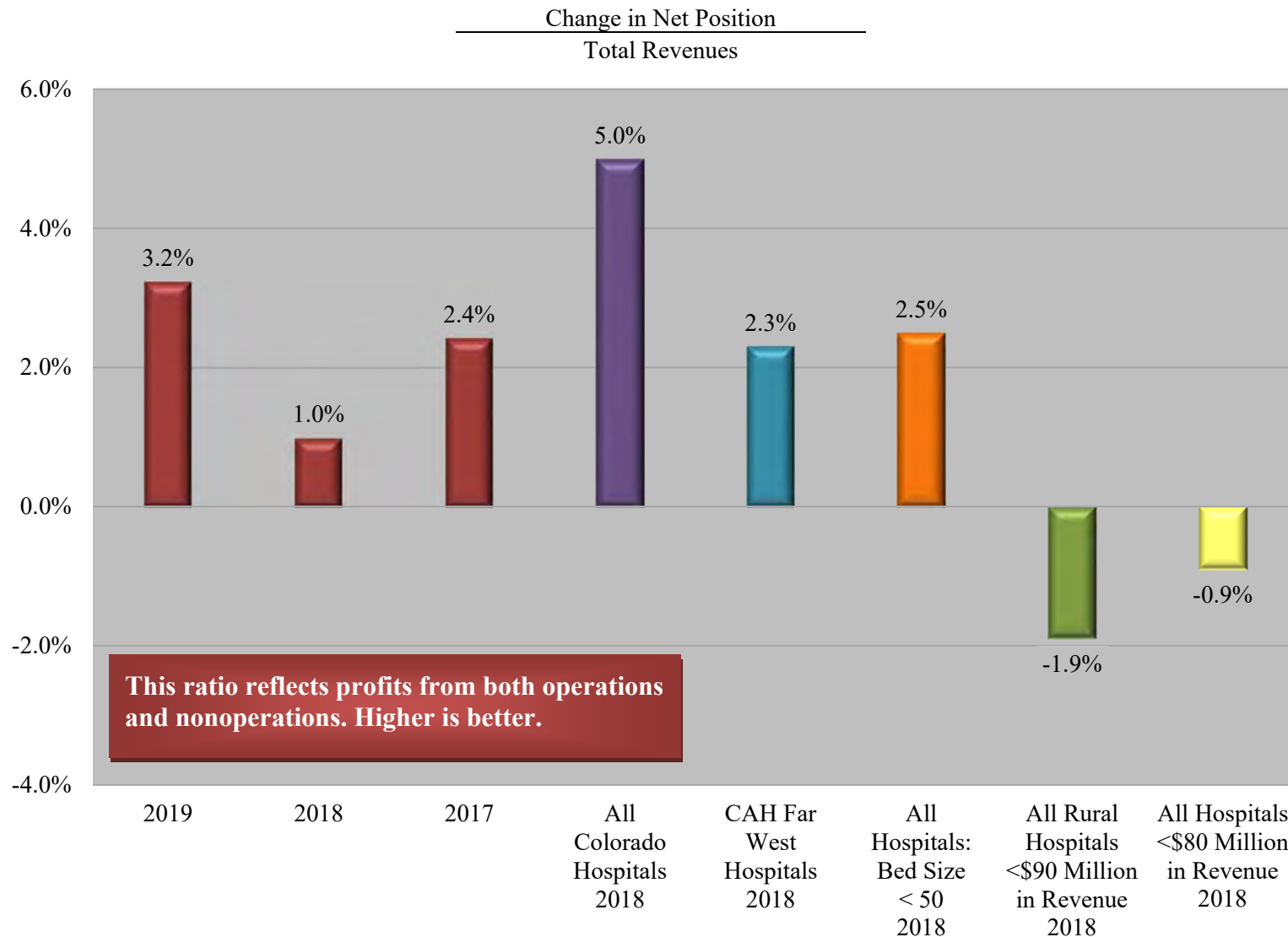
Financial Indicators

December 31, 2019



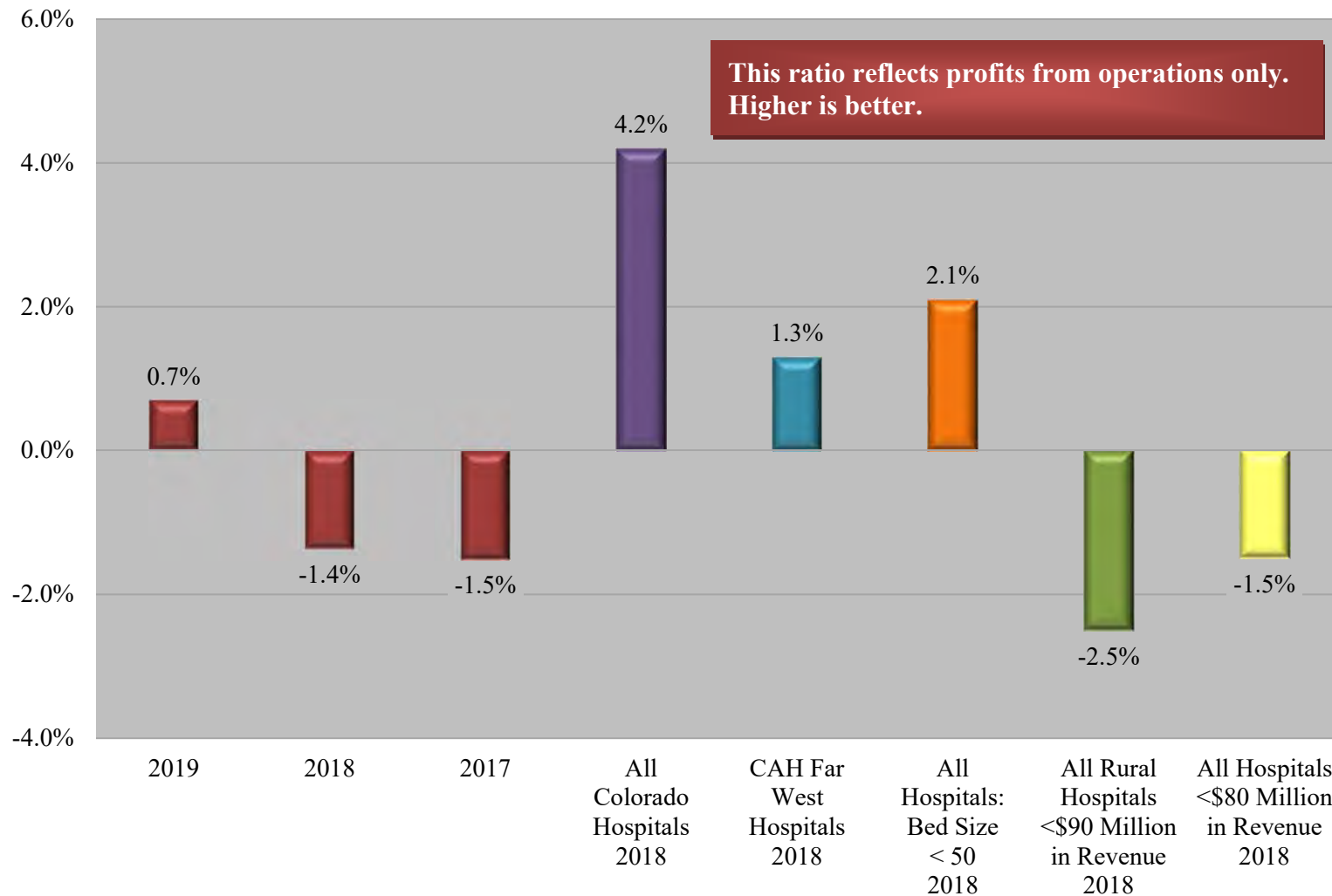
DINGUS | ZARECOR & ASSOCIATES^{PLLC}
Certified Public Accountants

Total Margin



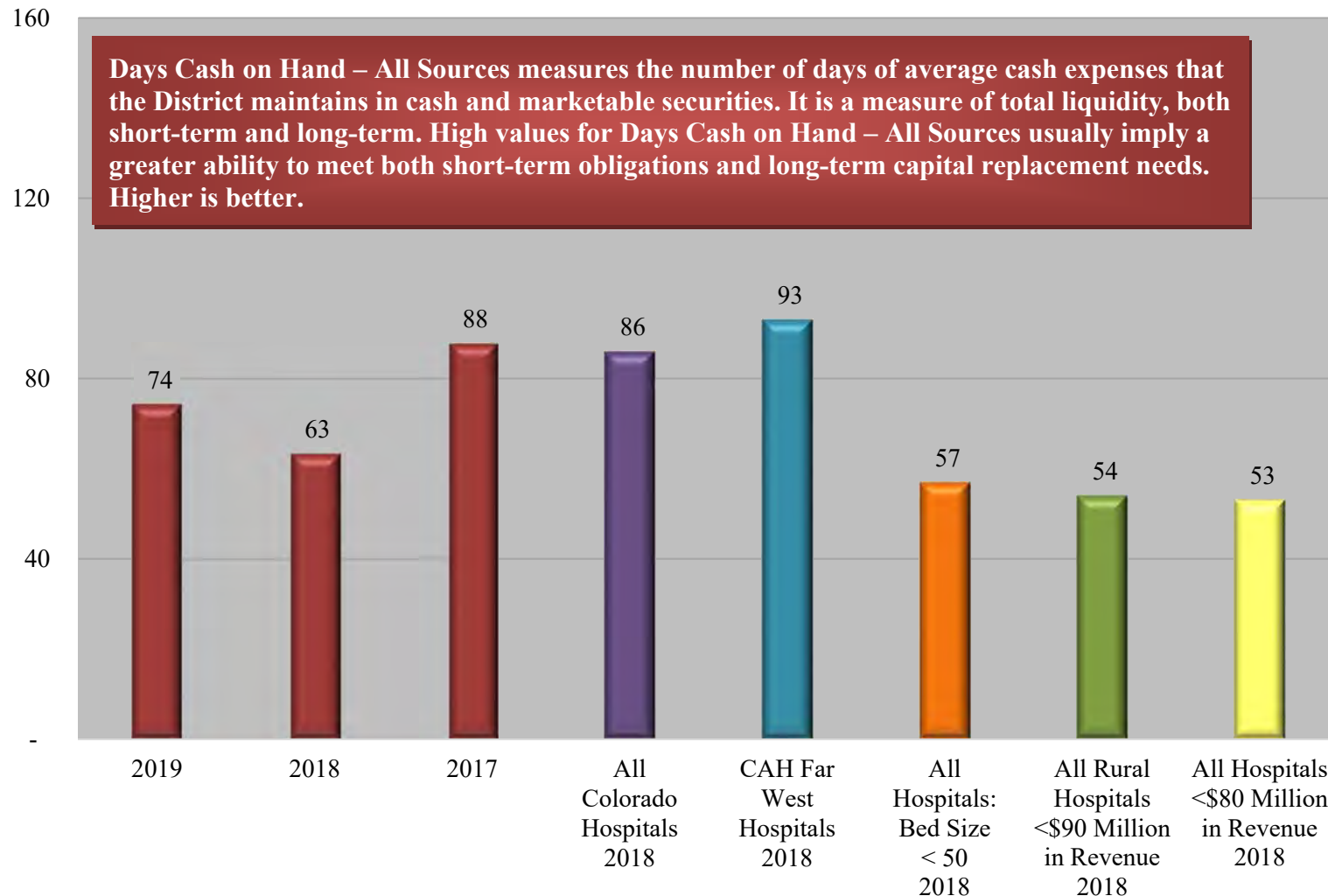
Operating Margin

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



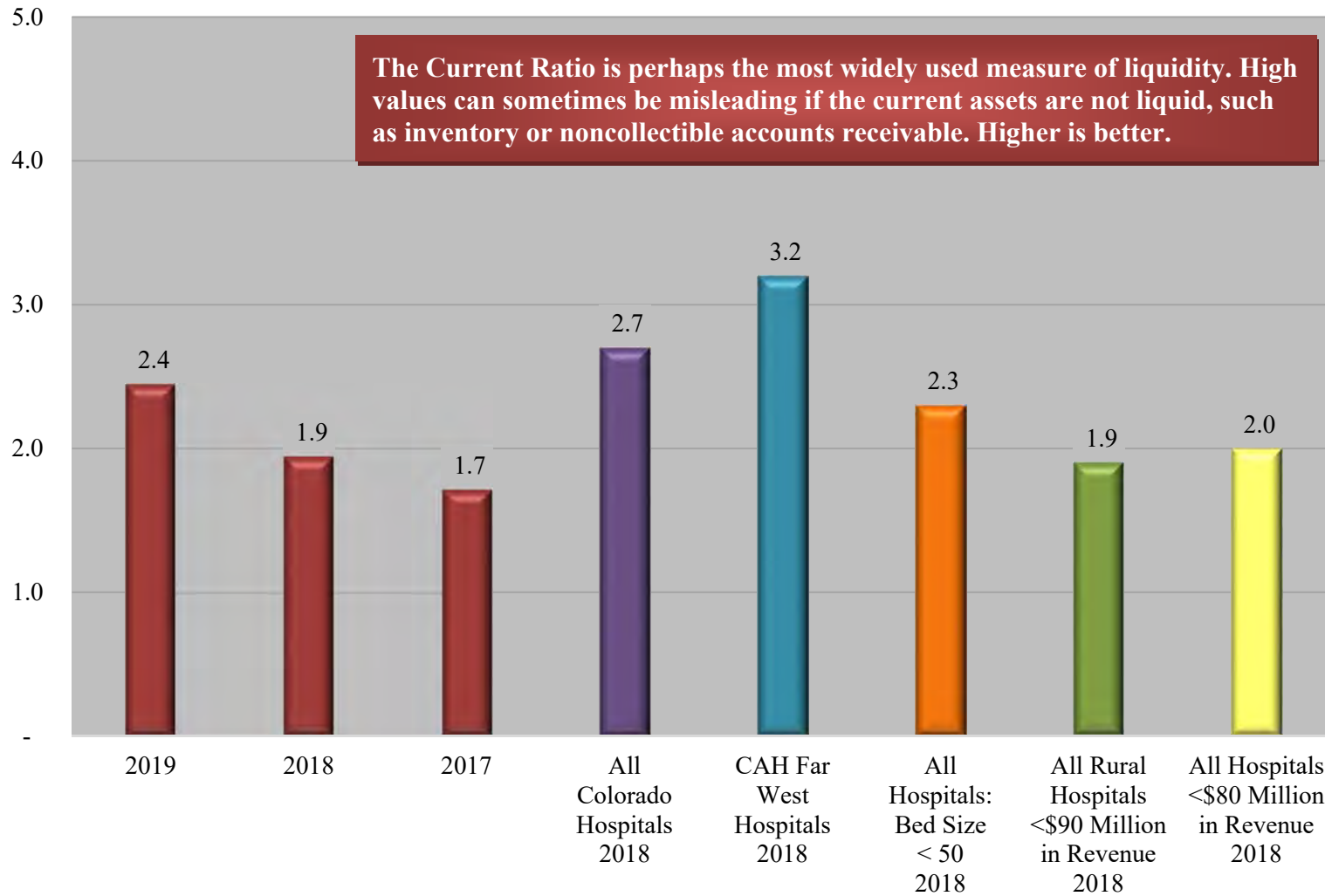
Days Cash on Hand – All Sources

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

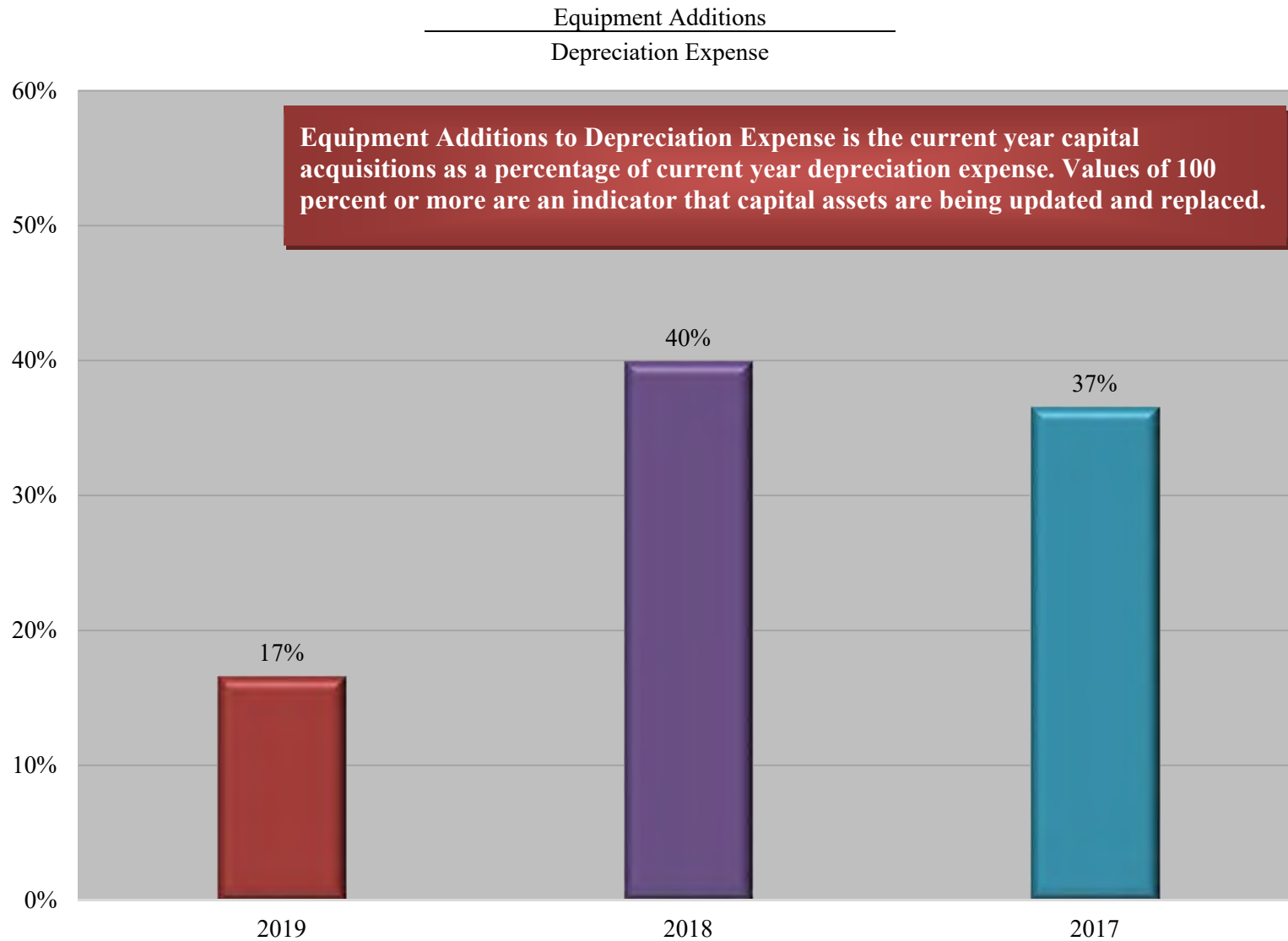


Current Ratio

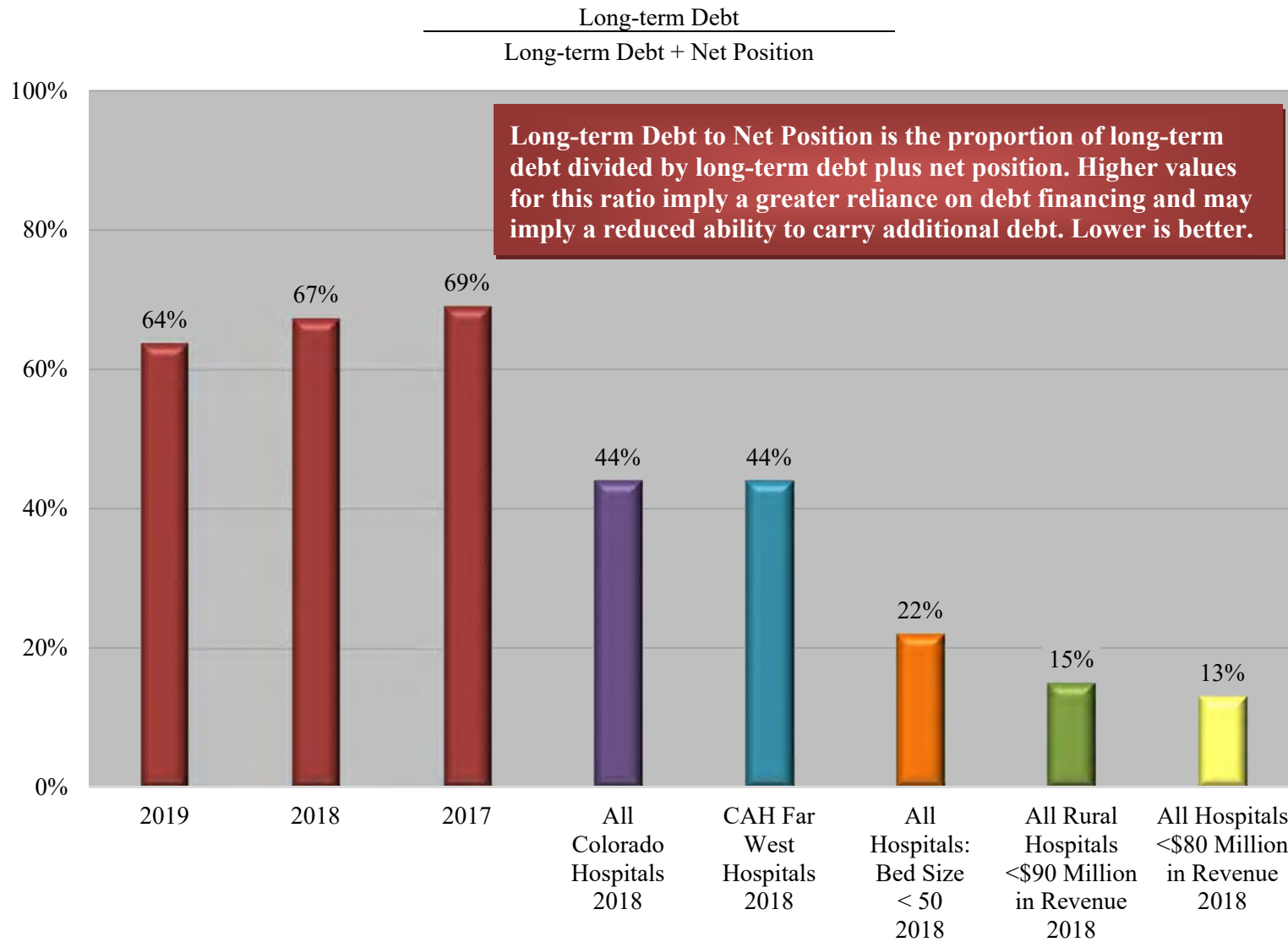
$$\frac{\text{Total Current Assets}}{\text{Current Liabilities}}$$



Equipment Additions to Depreciation Expense

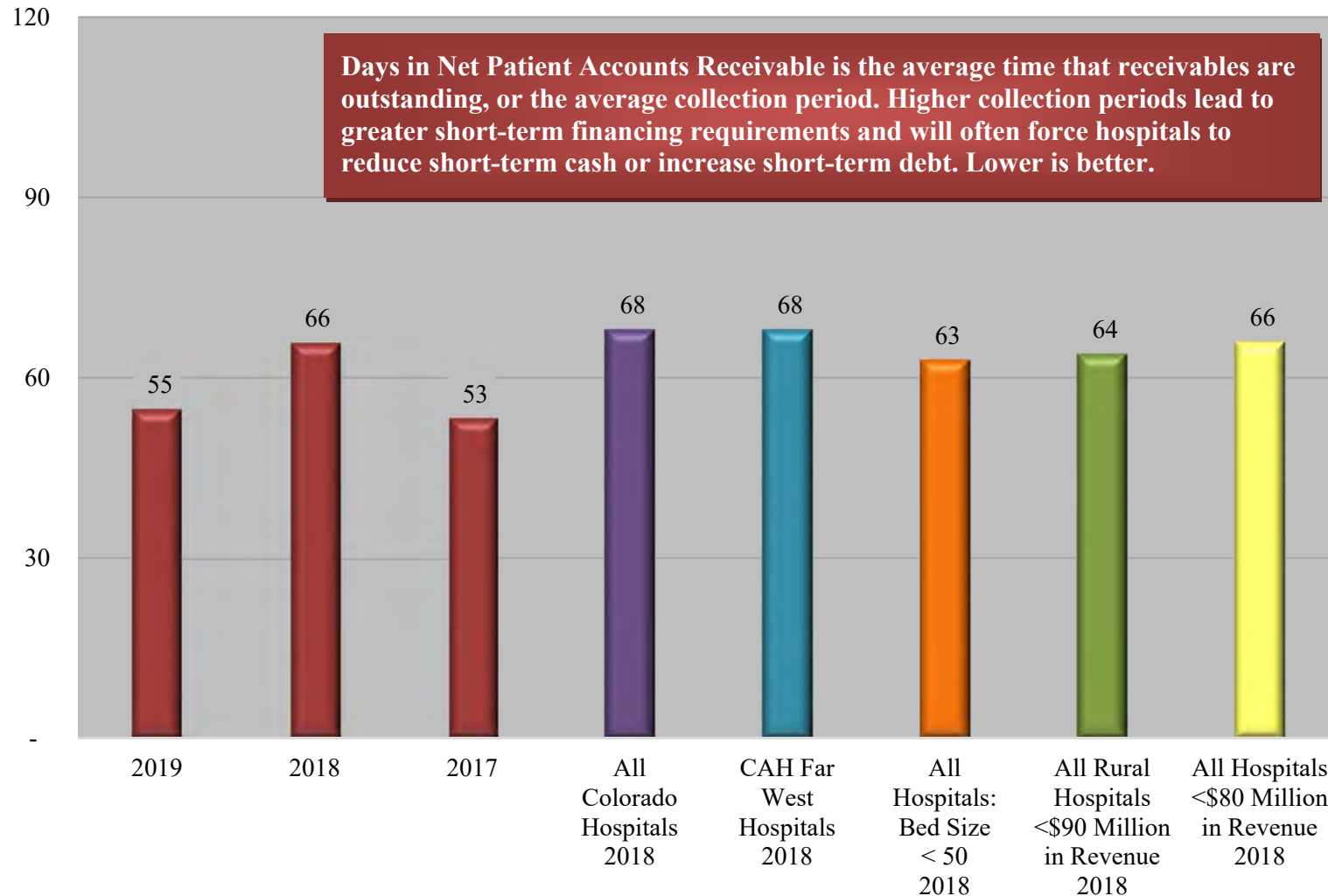


Long-term Debt to Net Position

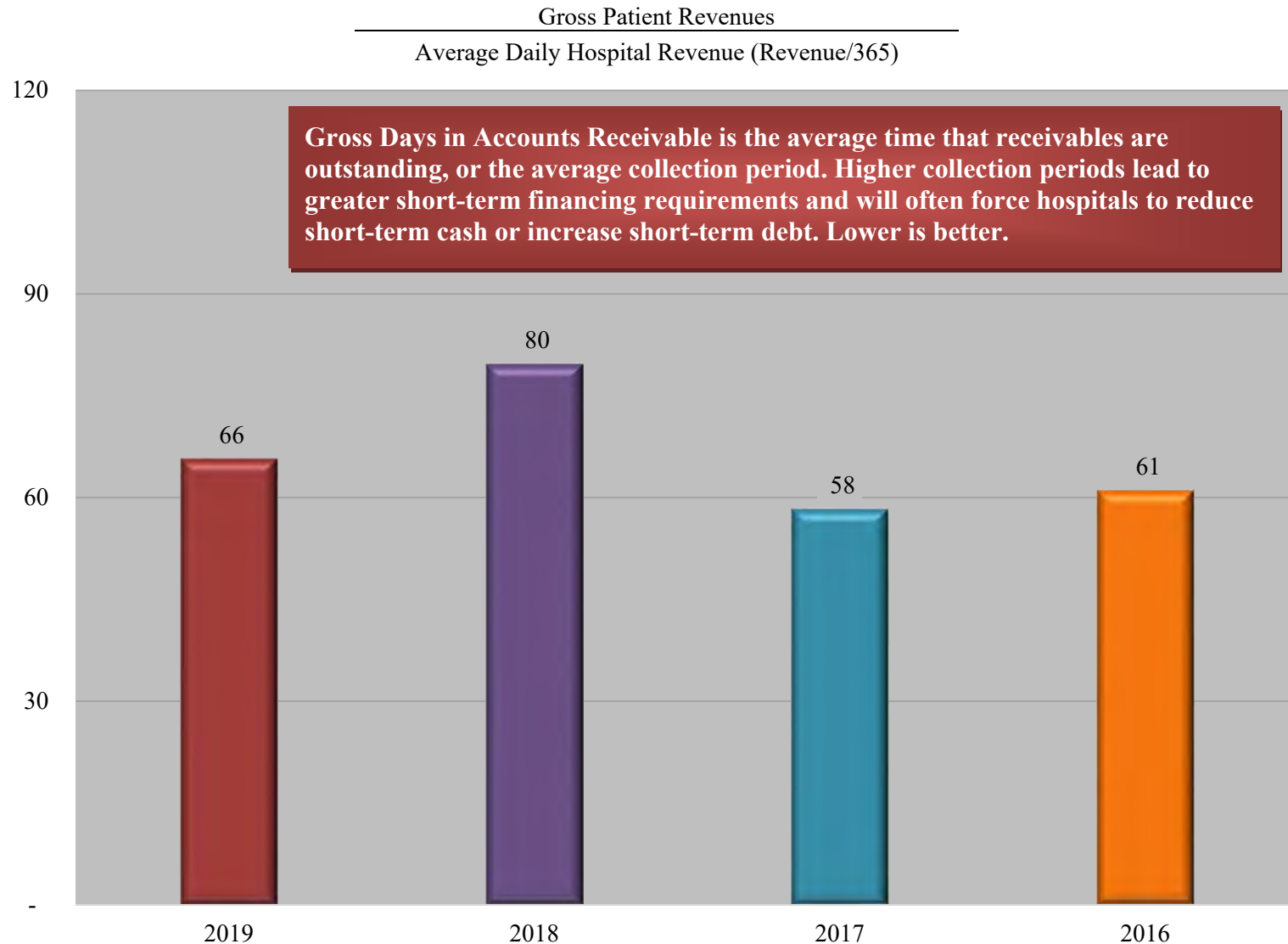


Days in Net Patient Accounts Receivable

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

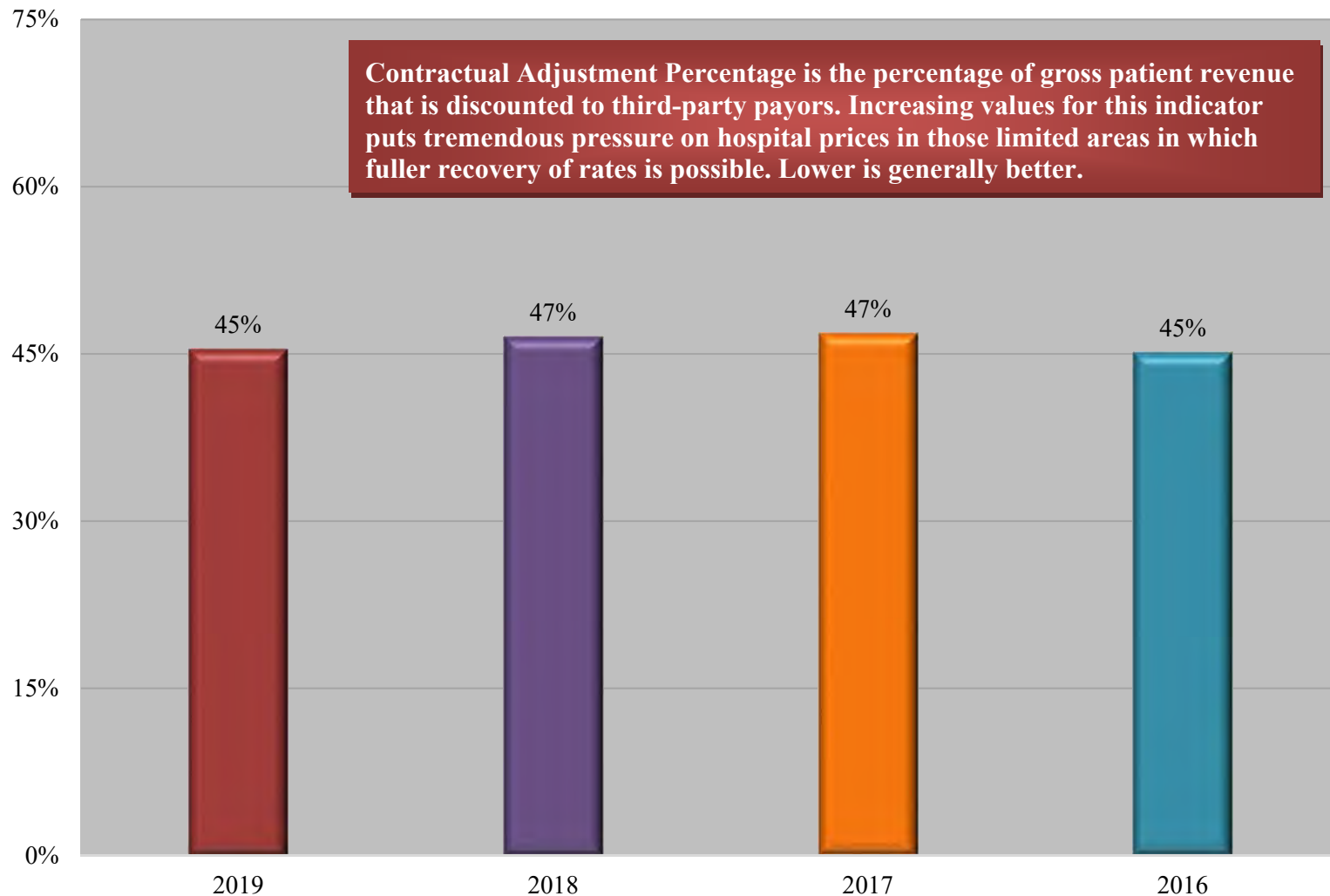


Gross Days in Accounts Receivable



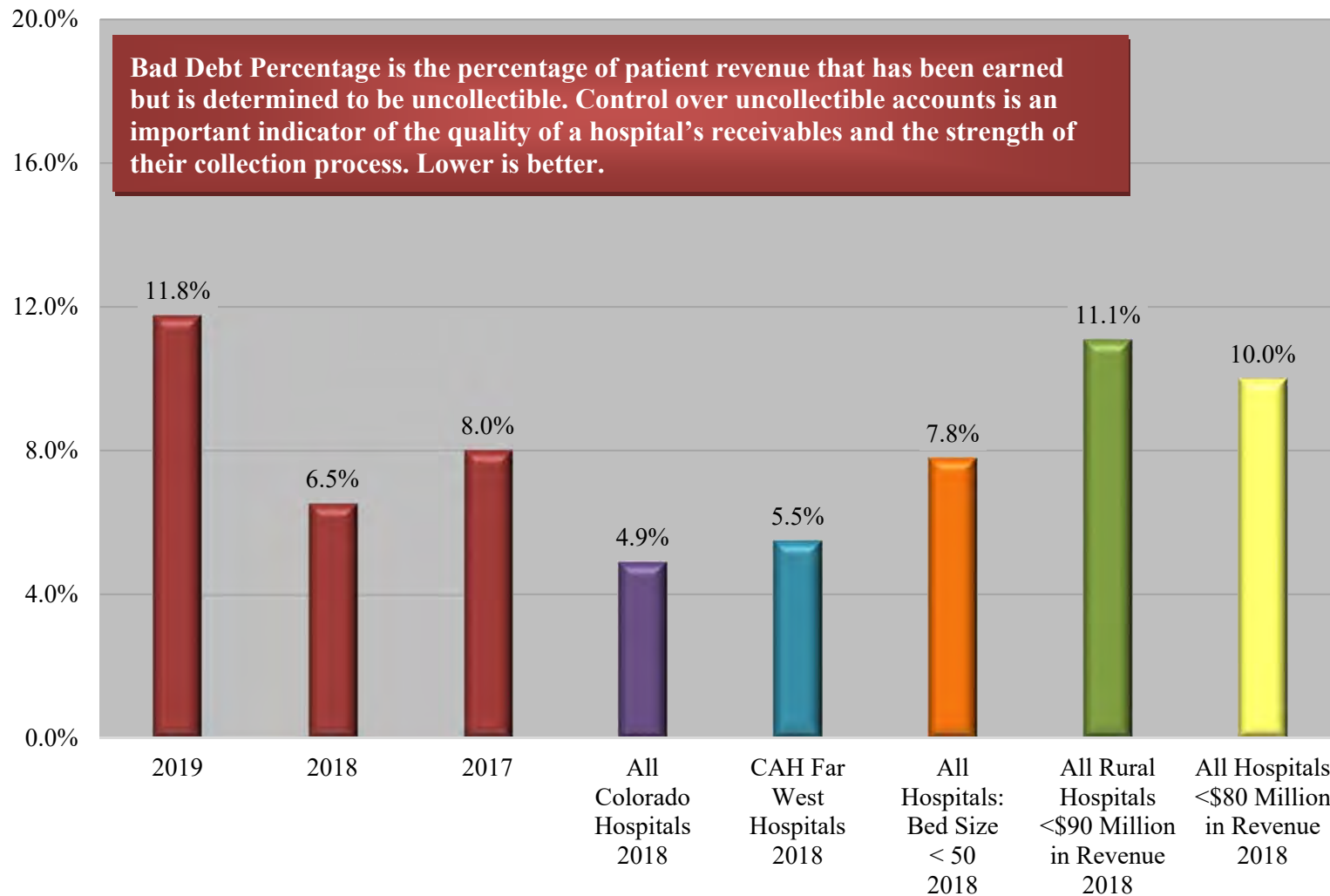
Contractual Adjustment Percentage

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



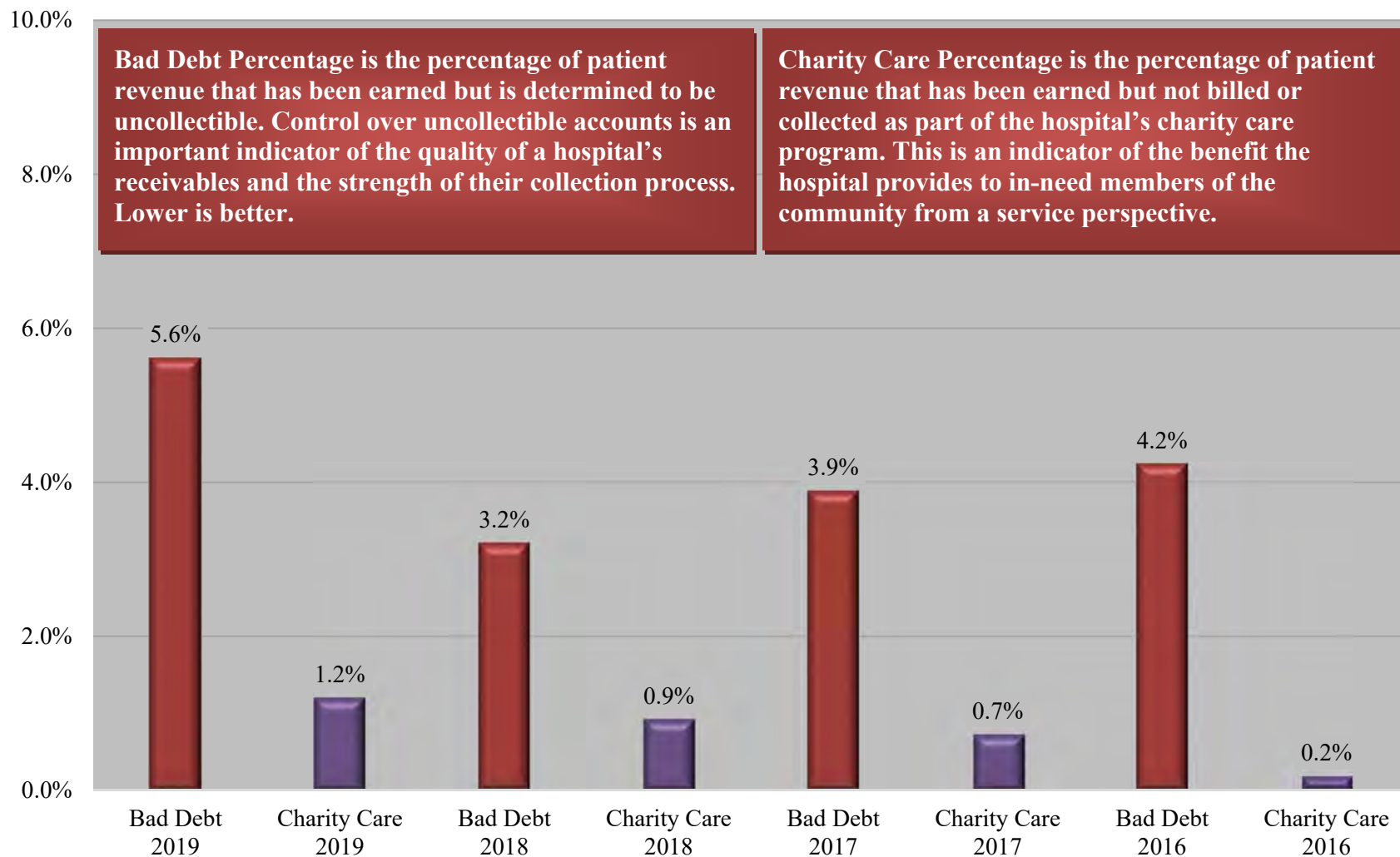
Bad Debt Percentage

Provision for Bad Debt
Net Patient Revenue

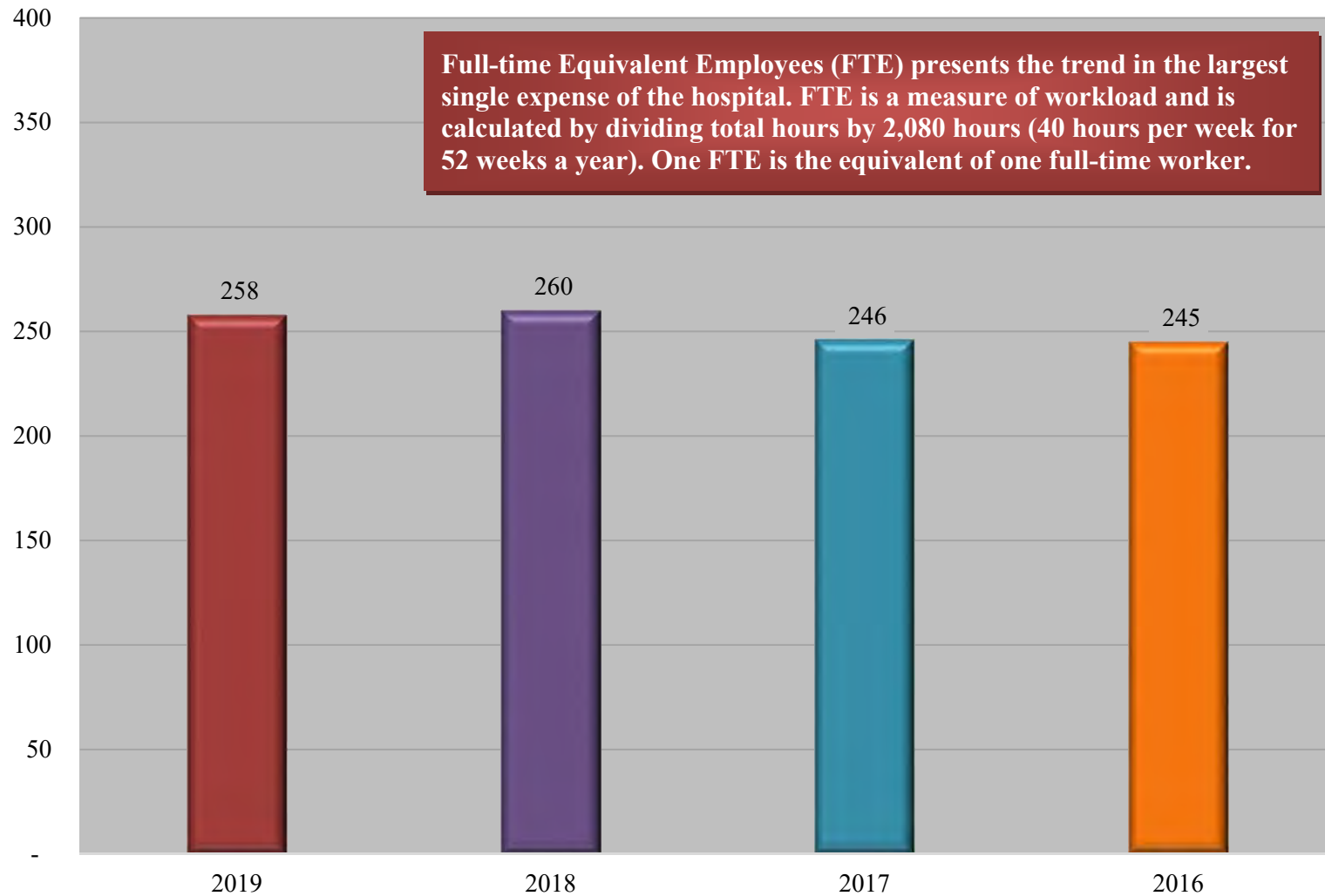


Bad Debt and Charity Care Percentage

Provision for Bad Debt or Charity Care
Gross Patient Revenues

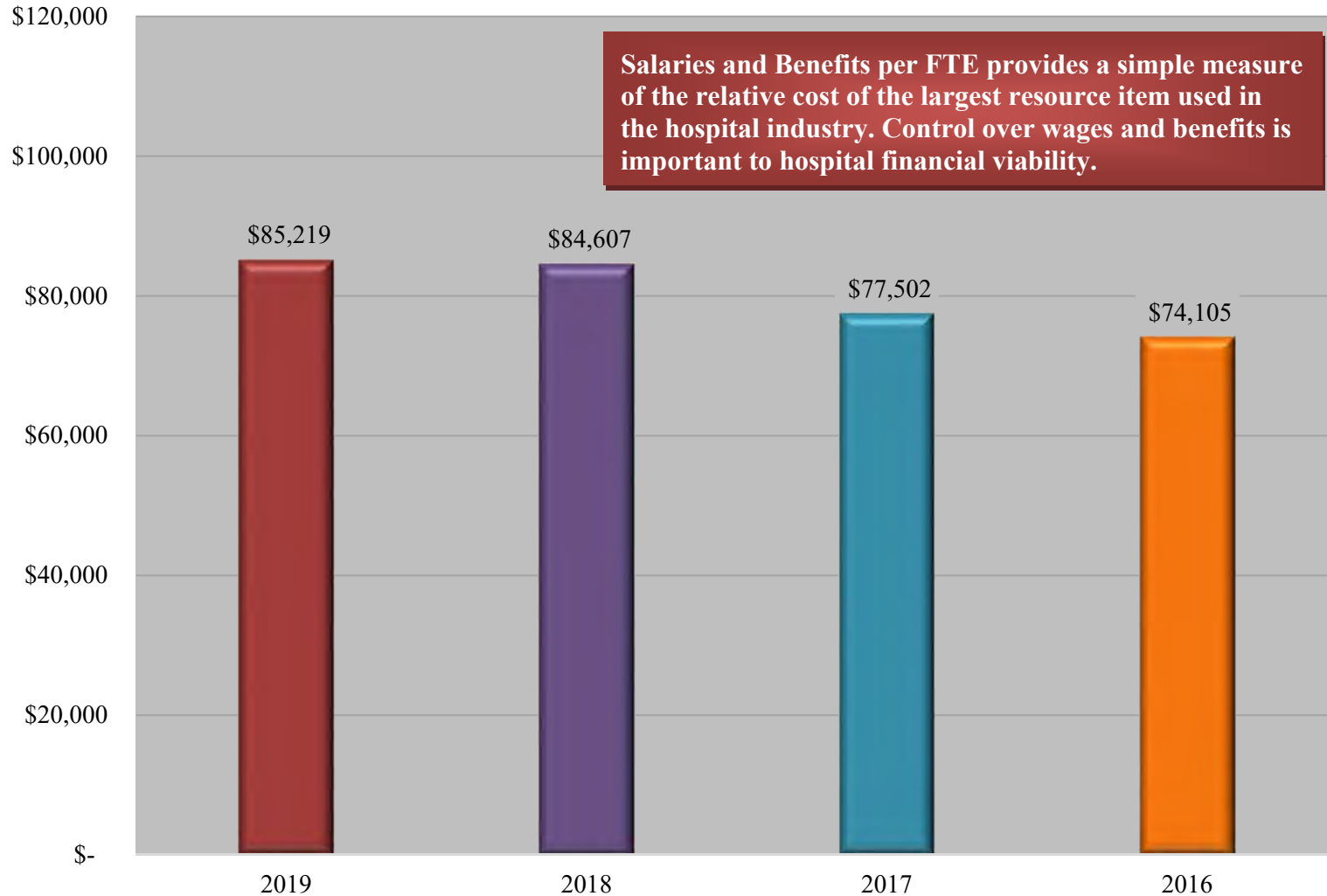


Full-time Equivalent Employees (FTE)

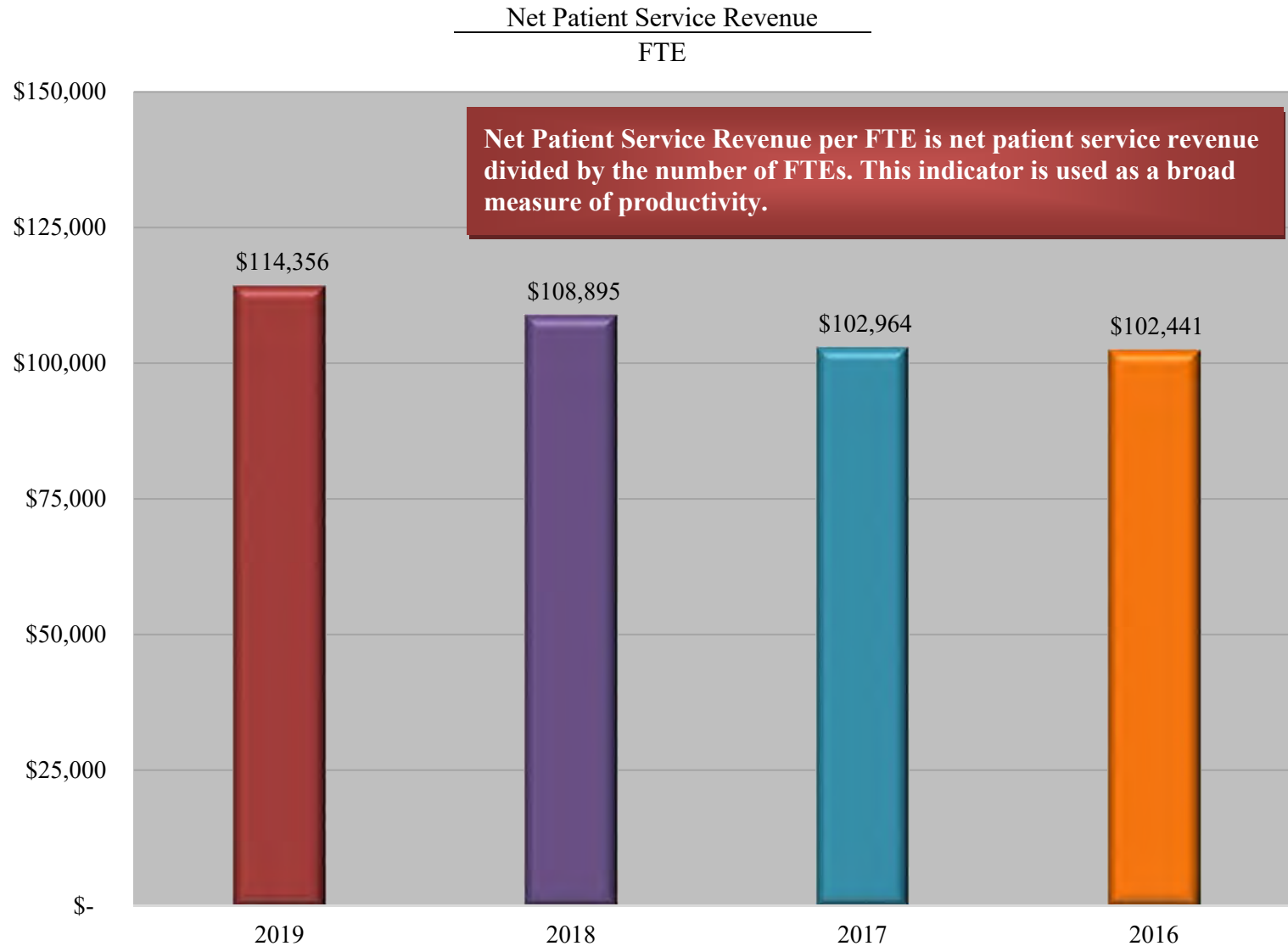


Salaries and Benefits per FTE

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



Net Patient Service Revenue per FTE



CEO REPORT TO BOARD OF DIRECTORS

June 23, 2020

A. GENERAL**1) Primary Care:**

- a) We are excited that Dr. Jason Wallace and his family are moving back to Pagosa Springs. Dr. Wallace will begin seeing patients at PSMC on July 15th.
- b) Dr. Corinne Reed and her husband are very excited to welcome a new baby to their family in July. Dr. Reed starts her maternity leave around July 20th. Dr. Reed will return on November 2nd on a part-time basis so she has time with her baby.
- c) Dr. Julie Buchner is changing her primary care practice and starting September 5th, she will be part-time to have more time with her family.

2) Oncology:

- a) Dr. Bill Jordan continues to serve as the Medical Director of the Cancer Center. Dr. Jordan will return full-time on August 24th.
- b) Kelly Cesary, NP continues to care for our oncology patients.
- c) Dr. Virginia Tjan will be moving to Montrose at the end of August; we wish her well, and assure all patients that the team of Dr. Jordan and Ms. Cesary will provide continuity of care.

3) EMS: The new ambulance has a final inspection on 6/23 and then is expected to arrive in Pagosa Springs around August 1st (the ambulance was paid for 50% by EMTS Colorado grant and the other 50% by other generous donors and grants).**B. COVID-19****1. OPERATIONS**

- a. **Testing:** PSMC has brought COVID-19 PCR (polymerase chain reaction) testing on-site. The processing of a test for results takes an hour per test which means PSMC is able to conduct and provide rapid results to the patient typically within hours. There continues to be occasional issues with supply of test kits and media, which means that testing priorities are symptomatic patients. Accordingly, if there is a high volume of testing in a day, some tests may continue to be processed through the State lab or LabCorp rather than PSMC's on-site testing.
- b. **Screening:** Consistent with the order of the Governor of Colorado for hospitals performing elective surgeries, PSMC continues to screen every patient/employee who enters PSMC for fever and COVID-19 symptoms.
- c. **Masks:** Consistent with the order of the Governor of Colorado for hospitals performing elective surgeries, every person entering PSMC must wear a mask.
- d. **Visitors:** PSMC continues to limit general visitors but does allow a visitor for such things as support to a person with physical limitations, support of a minor child, establishing a plan for cancer treatment, and end of life events.

- e. **Return of Remote Workers:** With the Stay At Home Order in March, many nonclinical workers began working remotely from home – this allowed us to manage staff better and assure that we would have support staff working in the event of an onsite exposure. PSMC implemented a six-week plan to weave these folks back onsite. The first four weeks have functioned very smoothly.

2. **PLANNING**

- a. **Planning for Outpatient Infection Control Rooms:** PSMC's plans for outpatient infection control patient care are with the engineer and almost in final form. The anticipated work will result in direct access to two patient care rooms on the first floor of the clinic (northwest corner). Unless there are issues with the negative air pressure or the availability of materials, this work should be completed by the end of July.
- b. **Main lobby** Once the clinic infection work is accomplished, PSMC will reopen the main lobby with distancing.
- c. **Planning for Alternate Screening:** PSMC is evaluating various plans for an alternative, in the fall/winter, to the front tent screening location.

3. **PSMC REMAINS PREPARED FOR A SURGE**

- a. PSMC has a surge capacity plan as follows:
 - i. Increase inpatient capacity from 11 beds to 25 beds.
 - ii. Increase ICU bed capacity from 0 beds to 2 beds.
 - iii. PSMC has worked with regional hospitals for a regional surge plan. Mercy Regional Medical Center reports it has capacity to increase its ICU beds from 11 beds to 23 beds and has 40 vents (approximately 6 of these are anesthesia machines and would have to be modified). Mercy continually reports for the past month that its statistical data shows it will have capacity to treat the regional ICU needs including transfers from PSMC.
 - iv. A limiting factor for PSMC to operate an ICU bed and/or vent continues to be that PSMC was not designed or constructed to have an ICU and lacks piped oxygen. PSMC has a significant supply of tanked oxygen but during a surge, vendors cannot assure deliveries.
- b. PSMC continues to participate in many regional and State work groups to best address the pandemic including: telephone or Zoom meetings with the Governor and hospital CEOs, Colorado Hospital Association, Western Healthcare Alliance, regional public health preparedness and response, regional and County emergency management, and public health and regional policy makers.
- c. PSMC has approximately 90 days of PPE in its inventory and is striving to maintain that level. PSMC monitors inventory daily as well as the burn rate. PSMC operates under the PPE Crisis Standards of Care for reuse and cleaning. PSMC uses a "CoolClavePlus" decontamination unit that generally allows us to decontaminate N95 masks up to 25 times prior to

discard although most decontaminated masks are discarded after 5 cleanings.

- d. PSMC continues to take actions to minimize exposures:
 - i. Nonemergency patients are screened prior to entry and any patient who screens for COVID-19 symptoms are addressed only in the new “Hot Doc” area and do not enter other parts of PSMC.
 - ii. PSMC instituted CDC guidance on use of PPE and has addressed with staff.
- e. PSMC remains open to treat the community including chronic conditions, illnesses and emergencies. PSMC continues to offer expanded telephonic and tele-health visits for patients.

4. **TIMELINE** – *PSMC continues under incident command and a local disaster emergency.*

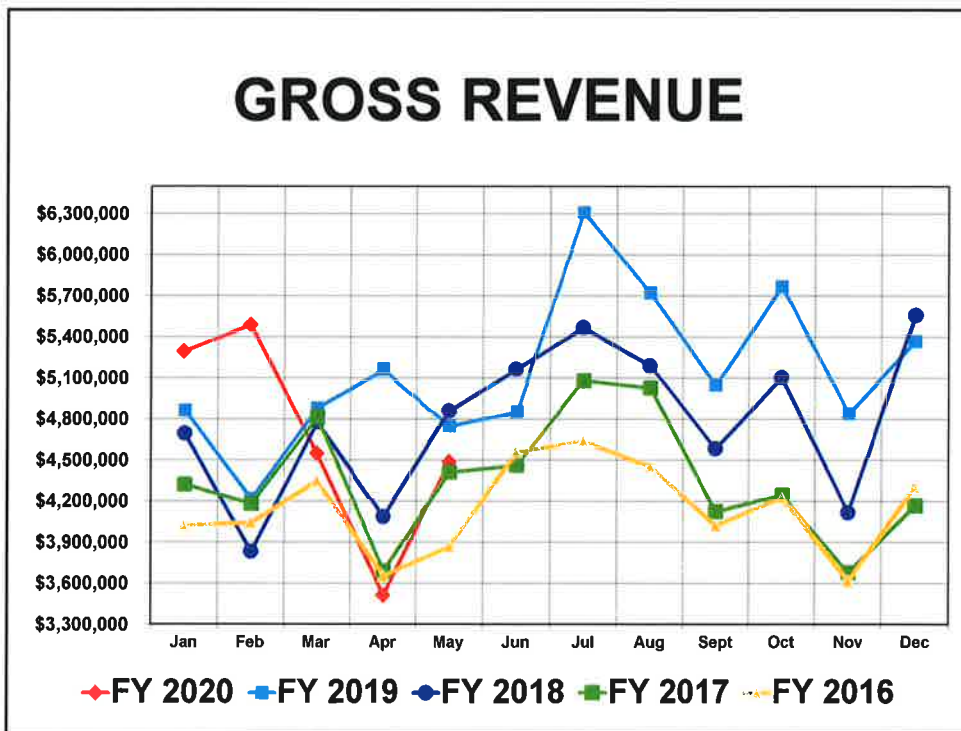
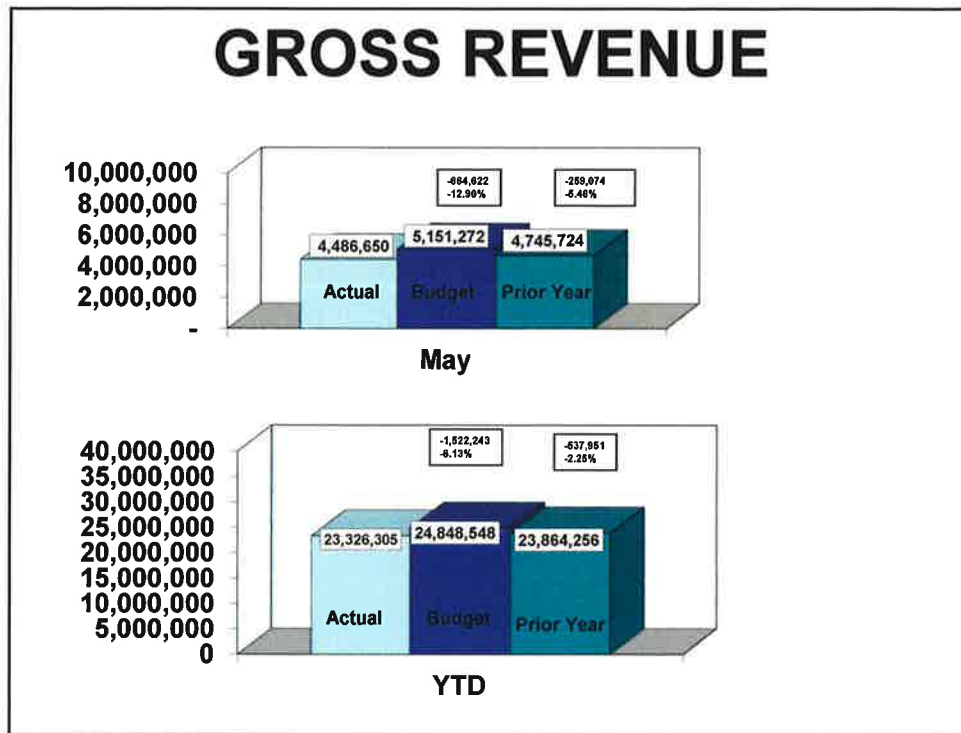
- a. On February 26, 2020, PSMC’s CEO activated the emergency operations plan for a pandemic.
- b. On March 11, 2020, the Governor of Colorado issued an Order declaring a state disaster of emergency due to COVID-19.
- c. On March 12, 2020, PSMC’s CEO activated its Incident Command as part of its emergency operations plan to prepare and respond to the pandemic.
- d. On March 16, 2020, a local disaster emergency was declared by San Juan Basin Public Health, the Town of Pagosa Springs and Archuleta County.
- e. On March 24, 2020, the PSMC Board of Directors declared a local disaster emergency.



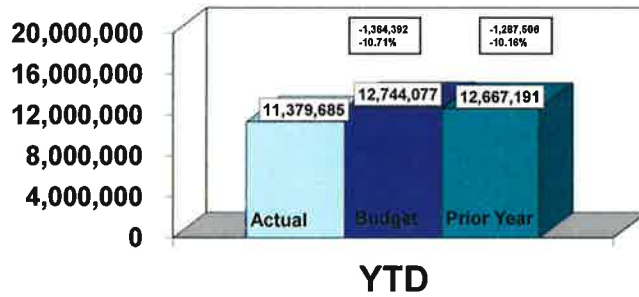
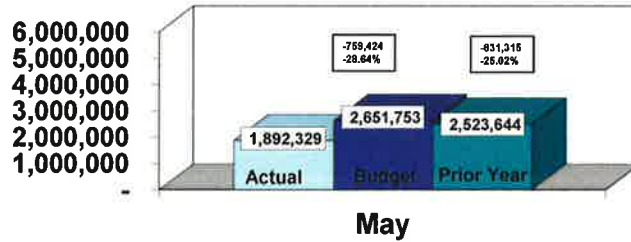
FINANCIAL PRESENTATION YTD MAY 2020

Summary of Financials

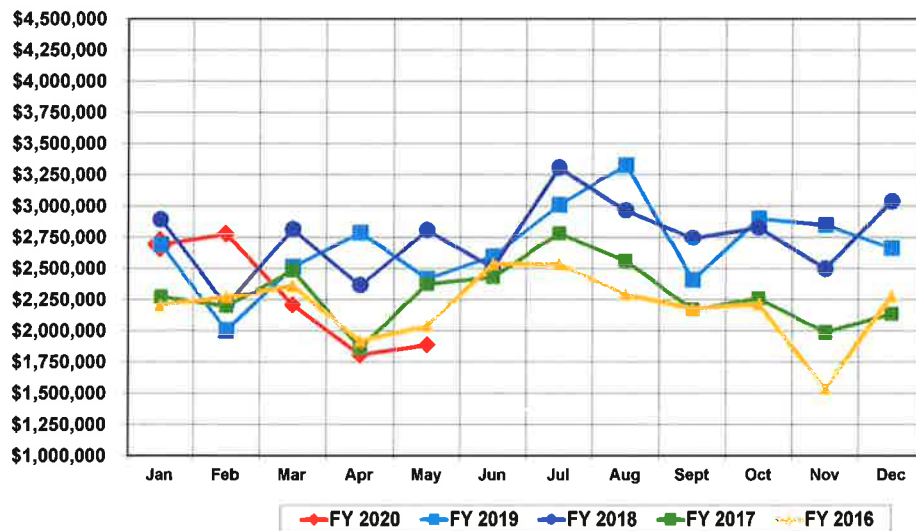
	April	
Gross Revenue	\$ 3,512,394	
Net Revenue	\$ 1,809,102	
Expenses	\$ 2,794,499	
Grants, 340B and Tax Revenue	\$ 1,051,391	
Grants and 340B	\$ 924,306	
Tax Revenue	\$ 127,085	
Net Income	\$ 65,994	

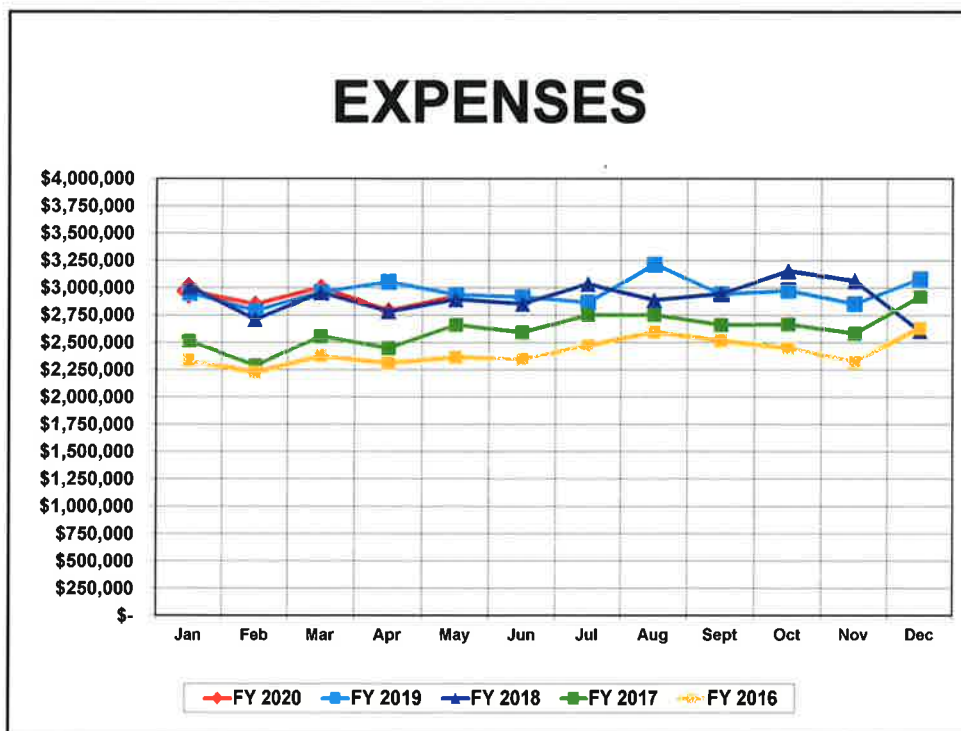
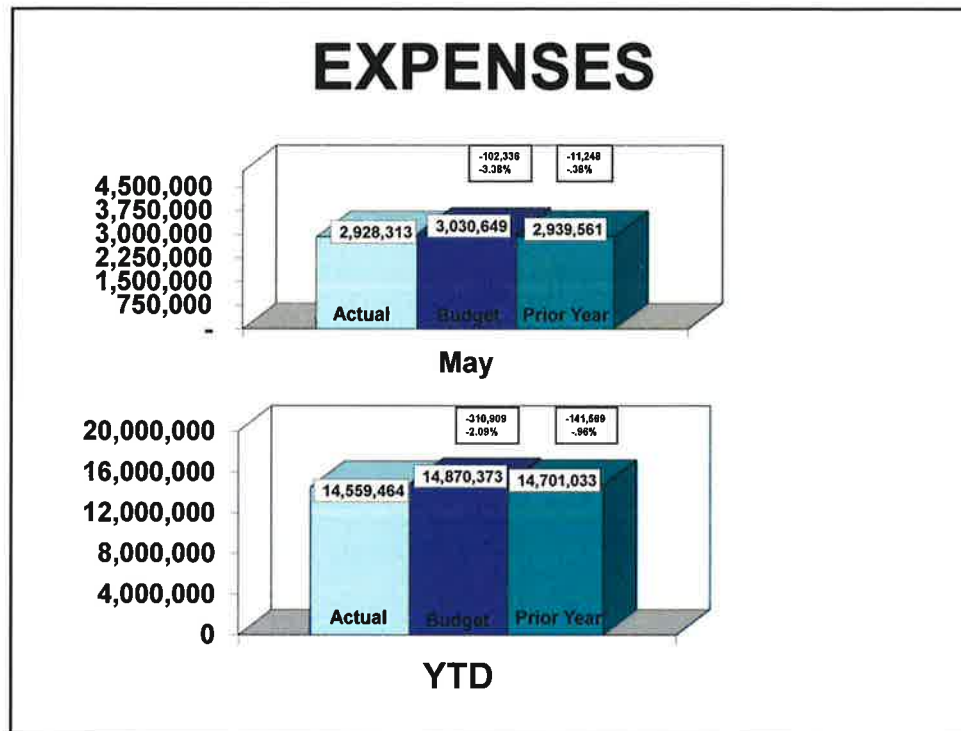


NET PATIENT REVENUE

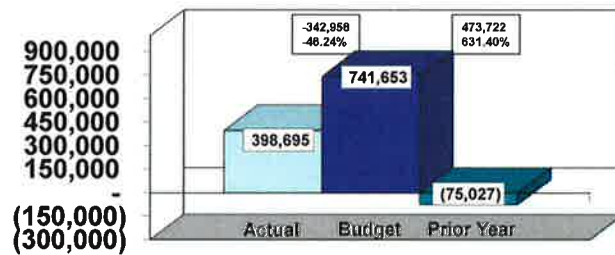
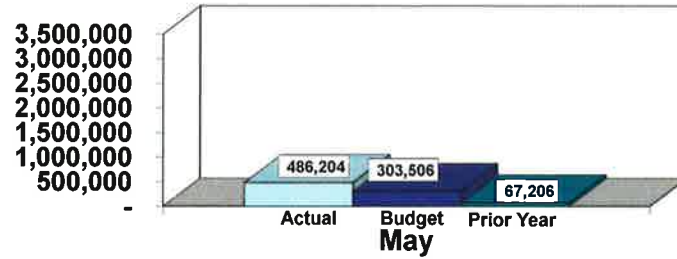


NET PATIENT REVENUE

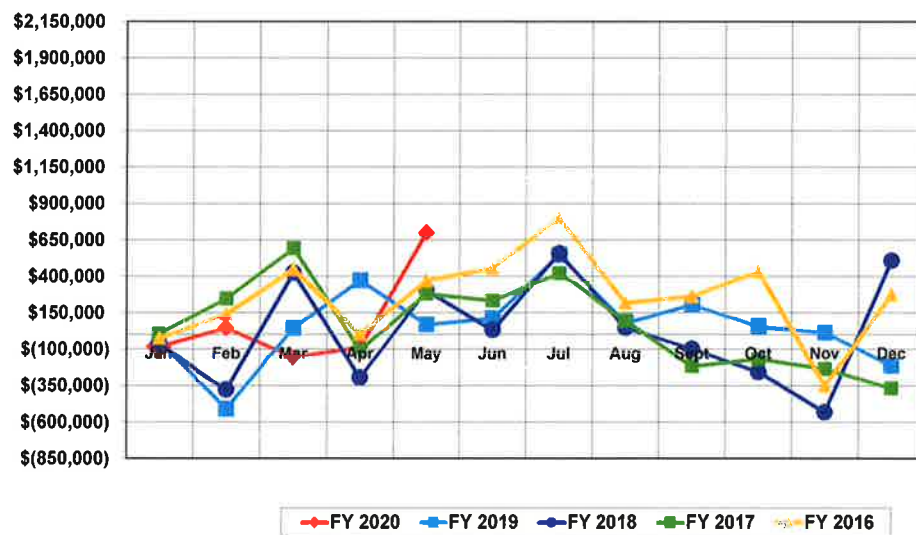




NET INCOME



NET INCOME

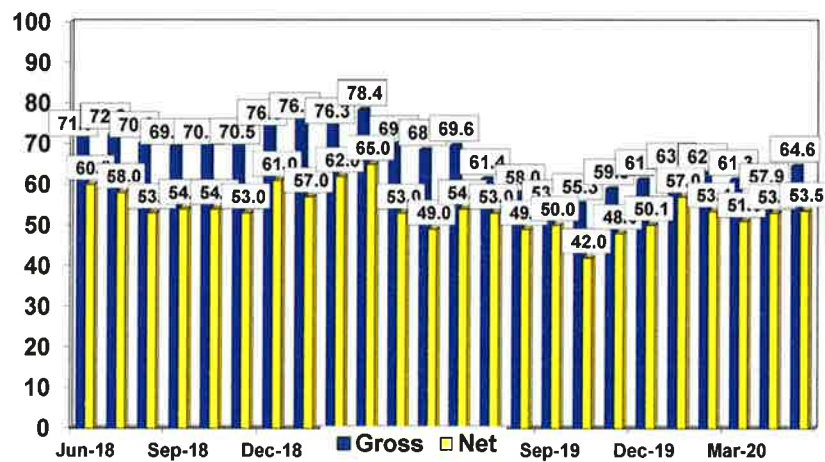


Summary of Financials

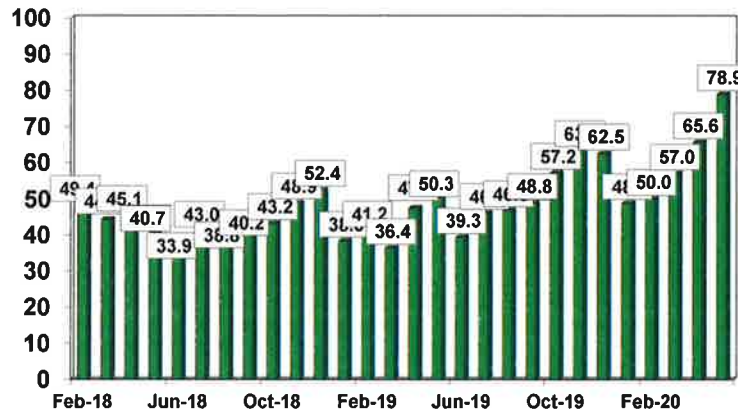
May

Gross Revenue	\$ 4,486,650
Net Revenue	\$ 1,892,329
Expenses	\$ 2,928,313
Grants, 340B and Tax Revenue	\$ 1,522,188
Grants and 340B and Stimulus	\$ 1,260,653
Tax Revenue	\$ 261,535
Net Income	\$ 486,204

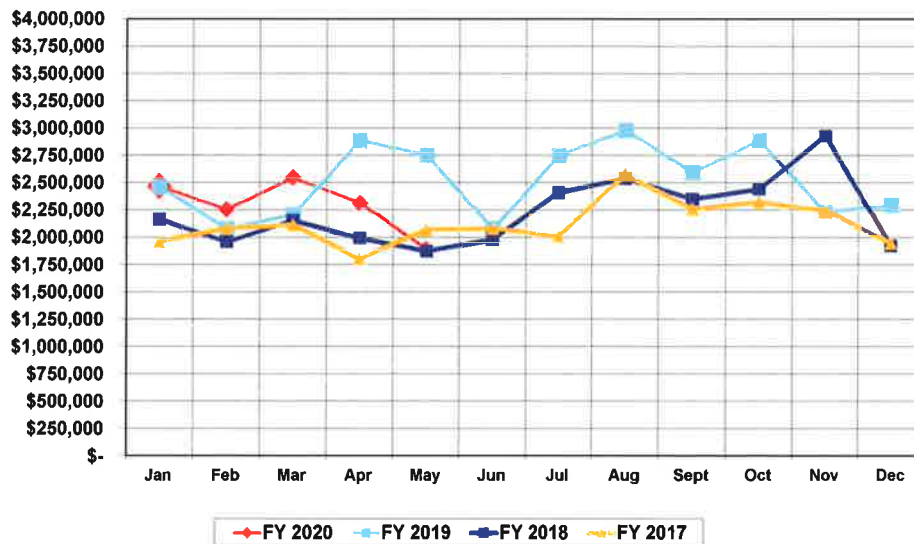
DAYS IN ACCOUNTS RECEIVABLE



DAYS CASH ON HAND



CASH COLLECTIONS



Income Statement - - - May 31, 2020

Page 1

	2020	Current Month Budget	Difference	Variance	2020	Year-to-Date Budget	Difference	Variance
Revenue								
7 In-patient Revenue	372,091	419,127	(47,036)	-11%	2,045,064	2,292,836	(247,772)	-11%
18 Out-patient Revenue	3,824,163	4,099,868	(275,705)	-7%	19,398,526	19,416,224	(17,698)	0%
19 Professional Fees	290,396	632,277	(341,881)	-54%	1,882,715	3,139,488	(1,256,773)	-40%
20 Total Patient Revenue	4,486,650	5,151,272	(664,622)	-13%	23,326,305	24,848,548	(1,522,243)	-6%
21 Revenue Deductions & Bad Debt								
22 Contractual Allowances	2,024,109	2,506,575	(482,466)	-19%	11,729,686	11,850,064	(120,378)	-1%
23 Charity	25,609	108,341	(82,732)	-76%	(18,665)	447,728	(466,393)	-104%
24 Bad Debt	791,814	148,791	643,023	432%	1,470,560	749,368	721,192	96%
25 Provider Fee & Other	(247,211)	(264,188)	16,977	-6%	(1,234,961)	(942,689)	(292,272)	31%
26 Total Revenue Deductions & Bad Debt	2,594,321	2,499,519	94,802	4%	11,946,620	12,104,471	(157,851)	-1%
27 Total Net Patient Revenue	1,892,329	2,651,753	(759,424)	-29%	11,379,685	12,744,077	(1,364,392)	-11%
28 Grants	-	200,000	(200,000)	-100%	142,700	911,000	(768,300)	-84%
29 HSS Stimulus Other Revenue	696,306	-	696,306	-	1,290,961	-	1,290,961	-
29 Other Operating Income - Misc	230,199	248,442	(18,243)	-7%	944,986	1,181,061	(236,075)	-20%
30 Total Net Revenues	2,818,834	3,100,195	(281,361)	-9%	13,758,332	14,836,138	(1,077,806)	-7%
Operating Expenses								
32 Salary & Wages	1,533,479	1,596,540	(63,061)	-4%	7,722,112	7,912,425	(190,313)	-2%
33 Benefits	281,740	345,547	(63,807)	-18%	1,262,933	1,669,473	(406,540)	-24%
35 Professional Fees/Contract Labor	22,331	14,575	7,756	53%	138,355	111,706	26,649	24%
36 Purchased Services	161,016	184,411	(23,395)	-13%	753,654	889,158	(135,504)	-15%
37 Supplies	450,742	401,344	49,398	12%	2,199,904	1,838,491	361,413	20%
38 Rent & Leases	36,546	27,160	9,386	35%	185,875	191,043	(5,168)	-3%
39 Repairs & Maintenance	36,249	42,173	(5,924)	-14%	215,189	232,462	(17,273)	-7%
40 Utilities	24,090	37,659	(13,569)	-36%	157,548	253,561	(96,013)	-38%
41 Insurance	25,128	29,563	(4,435)	-15%	126,439	124,534	1,905	2%
42 Depreciation & Amortization	147,272	145,960	1,312	1%	739,277	711,438	27,839	4%
43 Interest	88,052	83,482	4,570	5%	444,873	384,867	60,006	16%
44 Other	121,668	122,235	(567)	0%	613,304	551,215	62,089	11%
45 Total Operating Expenses	2,928,313	3,030,649	(102,336)	-3%	14,559,463	14,870,373	(310,910)	-2%
46 Operating Revenue Less Expenses	(109,479)	69,546	(179,025)	-257%	(801,131)	(34,235)	(766,896)	2240%
Non-Operating Income								
48 Tax Revenue	261,535	233,960	27,575	12%	865,678	775,888	89,790	12%
49 Donations	334,148	-	334,148	-	334,148	-	334,148	-
50 Total Non-Operating Income	595,683	233,960	361,723	155%	1,199,826	775,888	423,938	55%
51 Total Revenue Less Total Expenses	\$ 486,204	\$ 303,506	\$ 182,698	60%	\$ 398,695	\$ 741,653	\$ (342,958)	-46%

Pagosa Springs Medical Center

Income Statement Comparison - May 31, 2020

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		Current Month				Year-to-Date			
		2020	2019	Difference	Variance	2020	2019	Difference	Variance
Revenue									
2	In-patient Revenue								
3	In-Patients	\$ 371,422	\$ 157,241	\$ 214,181	136%	\$ 2,044,395	\$ 1,526,537	\$ 517,858	34%
4	Central Supply	\$ -	\$ 68,713	\$ (68,713)	-100%	\$ -	\$ 506,396	\$ (506,396)	
5	Surgery	-	37,200	(37,200)	-100%	-	283,918	(283,918)	-100%
6	Swing Beds	669	-	669		669	12,442	(11,773)	-95%
7	Total In-patient Revenue	372,091	263,154	108,937	41%	2,045,064	2,329,293	(284,229)	-12%
Out-patient Revenue									
8	ER	3,824,163	813,226	3,010,937	370%	19,398,526	3,682,974	15,715,552	427%
9	Lab	-	516,896	(516,896)	-100%	-	2,426,136	(2,426,136)	-100%
10	Ambulance	-	146,380	(146,380)	-100%	-	818,706	(818,706)	-100%
11	Clinic	-	412,284	(412,284)	-100%	-	2,022,848	(2,022,848)	-100%
12	Imaging	-	872,143	(872,143)	-100%	-	4,121,967	(4,121,967)	-100%
13	Central Supply	-	150,851	(150,851)	-100%	-	777,128	(777,128)	-100%
14	Surgery	-	348,051	(348,051)	-100%	-	1,636,796	(1,636,796)	-100%
15	Oncology	-	155,825	(155,825)	-100%	-	988,970	(988,970)	-100%
16	Other	-	545,660	(545,660)	-100%	-	2,311,374	(2,311,374)	-100%
17	Total Out-patient Revenue	3,824,163	3,961,316	(137,153)	-3%	19,398,526	18,786,899	611,627	3%
18	Professional Fees	290,396	521,254	(230,858)	-44%	1,882,715	2,748,064	(865,349)	-31%
19	Total Patient Revenue	4,486,650	4,745,724	(259,074)	-5%	23,326,305	23,864,256	(537,951)	-2%
Revenue Deductions & Bad Debt									
21	Contractual Allowances	2,024,109	2,330,187	(306,078)	-13%	11,729,686	11,438,558	291,128	3%
22	Charity	25,609	91,703	(66,094)	-72%	(18,665)	485,756	(504,421)	-104%
23	Bad Debt	791,814	130,886	660,928	505%	1,470,560	538,858	931,702	173%
24	Provider Fee & Other	(247,211)	(330,696)	83,485	-25%	(1,234,961)	(1,266,107)	31,146	-2%
25	Total Revenue Deductions & Bad Debt	2,594,321	2,222,080	372,241	17%	11,946,620	11,197,065	749,555	7%
26	Total Net Patient Revenue	1,892,329	2,523,644	(631,315)	-25%	11,379,685	12,667,191	(1,287,506)	-10%
27	Grants	-	50,099	(50,099)	-100%	142,700	50,099	92,601	185%
27.5	HSS Stimulus Other Revenue	696,306	-	696,306		1,290,961	0	1,290,961	
28	Other Operating Income - MISC	230,199	219,093	11,106	5%	944,986	1,149,969	(204,983)	-18%
29	Total Net Revenues	2,818,834	2,792,836	25,998	1%	13,758,332	13,867,259	(108,927)	-1%
Operating Expenses									
31	Salary & Wages	1,533,479	1,526,640	6,839	0%	7,722,112	7,741,589	(19,477)	0%
32	Benefits	281,740	314,414	(32,674)	-10%	1,262,933	1,403,737	(140,804)	-10%
34	Professional Fees/Contract Labor	22,331	48,245	(25,914)	-54%	138,355	105,448	32,907	31%
35	Purchased Services	161,016	171,761	(10,745)	-6%	753,654	812,858	(59,204)	-7%
36	Supplies	450,742	379,332	71,410	19%	2,199,904	1,837,227	362,677	20%
37	Rent & Leases	36,546	45,492	(8,946)	-20%	185,875	239,772	(53,897)	-22%
38	Repairs & Maintenance	36,249	37,303	(1,054)	-3%	215,189	218,535	(3,346)	-2%
39	Utilities	24,090	32,309	(8,219)	-25%	157,548	239,823	(82,275)	-34%
40	Insurance	25,128	23,978	1,150	5%	126,439	131,491	(5,052)	-4%
41	Depreciation & Amortization	147,272	151,926	(4,654)	-3%	739,277	799,851	(60,574)	-8%
42	Interest	88,052	88,116	(64)	0%	444,873	437,730	7,143	2%
43	Other	121,668	120,045	1,623	1%	613,304	645,595	(32,291)	-5%
44	Total Operating Expenses	2,928,313	2,939,561	(11,248)	0%	14,559,463	14,701,033	(141,570)	-1%
45	Operating Revenue Less Expenses	(109,479)	(146,725)	37,246	-25%	(801,131)	(833,774)	32,643	-4%
Non-Operating Income									
47	Tax Revenue	261,535	213,931	47,604	22%	865,678	758,747	106,931	14%
48	Donations	334,148	-	334,148		334,148	-	334,148	
49	Total Non-Operating Income	595,683	213,931	381,752	178%	1,199,826	758,747	441,079	58%
50	Total Revenue Less Total Expenses	\$ 486,204	\$ 67,206	\$ 418,998	623%	\$ 398,695	\$ (75,027)	\$ 473,722	-631%

Pagosa Springs Medical Center

Balance Sheet - - - May 31, 2020

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	Assets	Current Month	Prior Month	Liabilities	Current Month	Prior Month
1						
2	Current Assets			Current Liabilities		
3	Cash					
4	Operating	\$ 4,758,770	\$ 4,396,904	Accts Payable - System	\$ 590,170	\$ 722,055
5	Debt Svc. Res. 2016 Bonds	878,731	878,731	Accrued Expenses	1,678,148	1,606,100
6	Bond Funds - 2016 Bonds	576,556	79	Cost Report Settlement Res	841,794	(68,078)
7	Bond Funds - 2006	1,842,204	1,590,394	Wages & Benefits Payable	1,292,135	1,108,959
8	Capital Escrow	-	-	Deferred Revenue	1,833	3,333
9	COVID PPP	3,740,044	3,740,044	COVID PPP Short Term Loan	3,740,044	3,740,044
10	Relief Fund Cash Restricted	3,801,853	-	Relief Fund Liability	3,801,853	-
11	Medicare Accelerated Pmt	4,224,952	4,224,952	Medicare Accelerated Pmt Liab	4,224,952	4,224,952
12	Total Cash	19,823,110	14,831,104	Current Portion of LT Debt-2006	320,000	320,000
13				Current Portion of LT Debt-2016	320,000	320,000
14	Accounts Receivable			Total Current Liabilities	16,810,929	11,977,365
15	Patient Revenue - Net	3,903,913	3,463,618			
16	Other Receivables	418,798	436,699			
17	Total Accounts Receivable	4,322,711	3,900,317	Long-Term Liabilities		
18				Leases Payable	174,518	183,087
19	Inventory	1,561,055	1,555,835	Equipment Lease (Wells Fargo)	209,560	217,989
20				Bond Premium (Net) - 2006	226,881	227,993
21	Total Current Assets	25,706,876	20,287,256	Bond Premium (Net) - 2016	132,118	132,543
22				Bonds Payable - 2006	8,705,000	8,705,000
23	Fixed Assets			Bonds Payable - 2016	9,920,000	9,920,000
24	Property Plant & Equip (Net)	7,480,625	7,554,909	Total Long-Term Liabilities	19,368,078	19,386,612
25	Electronic Health Record (Net)	-	-			
26	Clinic Expansion	13,377,405	13,377,405	Net Assets		
27	Work In Progress	199,229	199,229	Un-Restricted	10,582,520	10,582,520
28	Land	101,000	101,000	Current Year Net Income/Loss	398,695	(87,509)
29	Total Fixed Assets	21,158,259	21,232,543	Total Un-Restricted	10,981,215	10,495,011
30						
31	Other Assets			Restricted		
32	Prepays & Other Assets	295,087	339,189	Total Net Assets	10,981,215	10,495,011
33	Total Other Assets	295,087	339,189			
	Total Assets	\$ 47,160,222	\$ 41,858,988	Total Liabilities & Net Assets	\$ 47,160,222	\$ 41,858,988

Monthly Trends

	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20
Activity	31	30	31	31	30	31	30	31	31	29	31	30	31
2 In-Patient Admissions	27	39	38	31	25	22	38	18	38	28	31	17	17
3 In-Patient Days	79	89	118	85	75	47	91	48	93	71	67	48	39
4 Avg Stay Days (In-patients)	2.9	2.3	3.1	2.7	3.0	2.1	2.4	2.7	2.4	2.5	2.2	2.8	2.3
5 Swing Bed Admissions	0	0	0	1	0	2	0	0	0	0	0	0	0
6 Swing Bed Days	0	0	0	2	0	2	0	0	0	0	0	0	0
7 Avg Length of Stay (Swing)	0.0	0.0	0.0	2.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8 Average Daily Census	2.5	3.0	3.8	2.8	2.5	1.6	3.0	1.5	2.9	2.4	2.2	1.6	1.3
Statistics													
9 E/R visits	563	561	702	616	552	492	444	622	590	576	484	307	447
10 Observ Hours	40	25	36	47	40	35	24	41	962	885	721	477	438
11 Lab Tests	1,621	1,609	1,818	1,762	1,637	1,679	1,433	1,566	5,250	5,111	4,447	3,197	4,479
12 Radiology/CT/MRI Exams	925	872	1,057	1,021	902	1,029	780	862	1,425	1,371	1,223	632	711
14 OR Cases	86	80	80	104	54	85	59	82	82	86	65	51	82
15 Clinic Visits	1,990	1,881	1,997	2,087	1,940	2,087	1,778	1,838	2,100	1,987	1,488	1,126	1,340
16 Spec. Clinic Visits	210	177	219	213	158	136	183	175	242	149	176	188	152
17 Oncology Clinic Visits	53	54	80	71	116	81	69	65	117	96	156	55	94
18 Oncology/Infusion Patients	45	42	80	68	37	81	59	71	44	70	90	37	33
19 Infusion Patients	72	81	79	67	104	71	50	60	58	39	47	0	5
20 EMS Transports	82	85	106	105	96	100	94	86	114	136	116	73	105
21 Total Stats	5,687	5,467	6,254	6,161	5,636	5,876	4,973	5,468	10,984	10,506	9,013	6,143	7,886

Pagosa Springs Medical Center - - - Statistical Review

Statistical Review

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2020	May			May				May 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
In-Patient												
Admissions:												
Acute	17	30	(13)	131		163	(32)	131		164	(33)	-20%
Swing Bed	-	1	(1)	-		5	(5)	-		1	(1)	-100%
Total	17	31	(14)	131		168	(37)	131		165	(34)	-21%
Patient Days:												
Acute	39	85	(46)	311		464	(153)	311		481	(170)	-35%
Swing Bed	-	3	(3)	-		15	(15)	-		4	(4)	-100%
Total	39	88	(49)	311		479	(168)	311		485	(174)	-36%
Average Daily Census:												
# Of Days	31	31		152		152		152		151		
Acute	1.3	2.7	(1.5)	2.0		3.1	(1.0)	2.0		3.2	(1.2)	-36%
Swing Bed	-	0.1	(0.1)	-		0.1	(0.1)	-		-		
Total	1.3	2.8	(1.6)	2.0		3.2	(1.1)	2.0		3.2	(1.2)	-36%
Length of Stay:												
Acute	2.3	2.8	(0.5)	2.4		2.8	(0.5)	2.4		2.9	(0.5)	-18%
Swing Bed	-	-	-	-		-	-	-		4.0	(4.0)	0%
Total	2.3	2.8	(0.5)	2.4		2.9	(0.5)	2.4		2.9	(0.6)	-19%
Out-Patient												
Out-Patient Visits												
E/R Visits	447	528	(81)	2,404		2,503	(99)	2,404		2,500	(96)	-4%
Observ admissions	19	59	(40)	182		321	(139)	182		160	22	14%
Lab Tests	4,479	1,591	2,888	22,484		7,644	14,840	22,484		7,844	14,640	187%
Radiology/CT/MRI Exams	711	1,006	(295)	5,362		4,807	555	5,362		4,459	903	20%
OR Cases	82	83	(1)	366		406	(40)	366		389	(23)	-6%
Clinic Visits	1,340	1,976	(636)	8,041		9,343	(1,302)	8,041		9,881	(1,840)	-19%
Spec. Clinic Visits	152	210	(58)	907		995	(88)	907		1,097	(190)	-17%
Oncology Clinic Visits	94	71	23	518		339	179	518		361	157	43%
Oncology/Infusion Patients	33	63	(30)	274		300	(26)	274		312	(38)	-12%
Infusion Patients	5	67	(62)	149		321	(172)	149		380	(231)	-61%
EMS Transports	105	87	18	544		414	130	544		411	133	32%
Total	7,467	5,741	1,726	41,231		27,393	13,838	41,231		27,794	13,437	48%

Pagosa Springs Medical Center

Cerner/Healthland Accounts Receivable for Hospital by Payor and Days Outstanding -- As of May 31, 2020

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	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	\$ 1,734,108	\$ 96,186	\$ 31,509	\$ 45,261	\$ 58,012	\$ 26,264	\$ 63,585	\$ 2,054,925	23%	
3 Medicaid	443,340	77,017	90,720	55,521	51,991	24,552	166,634	909,775	10%	
4 Third Party	1,216,510	477,219	239,355	357,031	173,632	158,914	593,592	3,216,253	37%	
5 Self-Pay	195,651	175,717	256,113	289,149	238,463	233,469	1,241,549	2,630,111	30%	
Current Month Total	\$ 3,589,609	\$ 826,139	\$ 617,697	\$ 746,962	\$ 522,098	\$ 443,199	\$ 2,065,360	\$ 8,811,064	100%	0
Pct of Total	41%	9%	7%	8%	6%	5%	23%	100%		
Apr-20	\$ 2,681,917	\$ 1,013,374	\$ 1,015,473	\$ 595,245	\$ 587,885	\$ 346,437	\$ 2,642,011	\$ 8,882,342		0
Pct of Total	30%	11%	11%	7%	7%	4%	30%	100%		
Mar-20	\$ 3,612,859	\$ 1,586,402	\$ 855,343	\$ 748,561	\$ 448,372	\$ 368,712	\$ 2,691,802	\$ 10,312,051		0
Pct of Total	35%	15%	8%	7%	4%	4%	26%	100%		
Feb-20	\$ 4,881,391	\$ 1,386,440	\$ 901,832	\$ 571,967	\$ 516,414	\$ 460,405	\$ 2,555,288	\$ 11,273,737		0
Pct of Total	43%	12%	8%	5%	5%	4%	23%	100%		
Jan-20	\$ 4,542,726	\$ 1,392,786	\$ 710,103	\$ 568,045	\$ 531,469	\$ 448,834	\$ 2,322,276	\$ 10,516,239		0
Pct of Total	43%	13%	7%	5%	5%	4%	22%	100%		
Dec-19	\$ 4,481,747	\$ 1,312,708	\$ 908,066	\$ 625,876	\$ 627,407	\$ 607,716	\$ 2,044,961	\$ 10,608,481		0
Pct of Total	42%	12%	9%	6%	6%	6%	19%	100%		
Nov-19	\$ 4,408,737	\$ 1,436,158	\$ 627,989	\$ 723,524	\$ 684,765	\$ 336,215	\$ 1,930,790	\$ 10,148,178		0
Pct of Total	43%	14%	6%	7%	7%	3%	19%	100%		
Oct-19	\$ 4,568,920	\$ 1,130,990	\$ 870,361	\$ 794,889	\$ 437,887	\$ 381,541	\$ 1,754,112	\$ 9,938,700		0
Pct of Total	46%	11%	9%	8%	4%	4%	18%	100%		
Sep-19	\$ 4,305,953	\$ 1,369,222	\$ 1,074,183	\$ 534,873	\$ 502,450	\$ 239,643	\$ 1,946,854	\$ 9,973,178		193,237
Pct of Total	43%	14%	11%	5%	5%	2%	20%	100%		
Aug-19	\$ 4,489,953	\$ 1,643,643	\$ 763,753	\$ 692,390	\$ 407,669	\$ 450,136	\$ 2,188,090	\$ 10,635,634		572,029
Pct of Total	42%	15%	7%	7%	4%	4%	21%	100%		
Jul-19	\$ 5,080,360	\$ 1,280,941	\$ 915,491	\$ 549,247	\$ 607,257	\$ 419,655	\$ 2,387,501	\$ 11,240,452		1,106,517
Pct of Total	45%	11%	8%	5%	5%	4%	21%	100%		
Jun-19	\$ 4,199,727	\$ 1,555,291	\$ 715,848	\$ 712,192	\$ 504,973	\$ 621,808	\$ 3,398,661	\$ 11,648,500		0
Pct of Total	36%	13%	6%	6%	4%	5%	29%	100%		
May-19	\$ 3,938,706	\$ 1,192,758	\$ 857,202	\$ 558,303	\$ 705,693	\$ 728,901	\$ 3,078,535	\$ 11,060,098		0
Pct of Total	36%	11%	8%	5%	6%	7%	28%	100%		
Apr-19	\$ 4,446,750	\$ 1,328,789	\$ 769,877	\$ 796,122	\$ 801,322	\$ 354,704	\$ 3,166,854	\$ 11,664,418		8,002
Pct of Total	38%	11%	7%	7%	7%	3%	27%	100%		
Mar-19	\$ 4,313,656	\$ 1,360,981	\$ 995,434	\$ 985,732	\$ 562,545	\$ 619,342	\$ 3,353,760	\$ 12,191,450		122,172
Pct of Total	35%	11%	8%	8%	5%	5%	28%	100%		
Feb-19	\$ 3,846,150	\$ 1,550,896	\$ 1,137,950	\$ 652,196	\$ 726,272	\$ 667,524	\$ 3,164,610	\$ 11,745,598		355,801
Pct of Total	33%	13%	10%	6%	6%	6%	27%	100%		
Jan-19	\$ 4,374,575	\$ 1,664,567	\$ 771,356	\$ 866,764	\$ 765,154	\$ 559,863	\$ 3,411,981	\$ 12,414,260		310,436
Pct of Total	35%	13%	6%	7%	6%	5%	27%	100%		

Dec-18	\$	4,810,234	\$	1,205,387	\$	956,941	\$	872,250	\$	675,156	\$	652,620	\$	3,339,239	\$	12,511,827	310,436
Pct of Total		38%		10%		8%		7%		5%		5%		27%		100%	
Nov-18	\$	3,575,135	\$	1,298,788	\$	913,800	\$	740,723	\$	766,567	\$	666,776	\$	2,695,762	\$	10,657,551	112,443
Pct of Total		34%		12%		9%		7%		7%		6%		25%		100%	
Oct-18	\$	4,188,615	\$	1,292,841	\$	891,836	\$	836,368	\$	811,636	\$	594,372	\$	2,923,499	\$	11,539,167	217,192
Pct of Total		36%		11%		8%		7%		7%		5%		25%		100%	
Sep-18	\$	3,879,192	\$	1,290,689	\$	1,088,210	\$	1,042,678	\$	794,963	\$	582,678	\$	2,960,063	\$	11,638,473	302,125
Pct of Total		33%		11%		9%		9%		7%		5%		26%		100%	
Aug-18	\$	4,290,838	\$	1,576,042	\$	1,231,421	\$	977,015	\$	676,478	\$	606,305	\$	2,737,973	\$	12,096,072	48,619
Pct of Total		35%		13%		10%		8%		6%		5%		23%		100%	
Jul-18	\$	4,783,854	\$	1,759,771	\$	1,145,364	\$	727,948	\$	726,411	\$	537,560	\$	2,635,767	\$	12,316,675	24,966
Pct of Total		39%		14%		9%		6%		6%		4%		21%		100%	
Jun-18	\$	4,334,347	\$	1,685,871	\$	885,716	\$	689,267	\$	639,055	\$	576,480	\$	2,411,492	\$	11,222,228	195,130
Pct of Total		39%		15%		8%		6%		6%		5%		21%		100%	
May-18	\$	4,159,005	\$	1,795,159	\$	1,208,334	\$	721,961	\$	670,041	\$	495,647	\$	2,003,816	\$	11,053,963	47,472
Pct of Total		38%		16%		11%		7%		6%		4%		18%		100%	
Apr-18	\$	3,697,643	\$	1,605,576	\$	863,079	\$	713,382	\$	586,190	\$	391,762	\$	1,698,496	\$	9,556,128	256,717
Pct of Total		39%		17%		9%		7%		6%		4%		18%		100%	
Mar-18	\$	3,922,575	\$	1,408,723	\$	1,095,293	\$	660,255	\$	439,343	\$	299,008	\$	1,759,366	\$	9,584,563	139,778
Pct of Total		41%		15%		11%		7%		5%		3%		18%		100%	
Feb-18	\$	3,744,129	\$	1,569,800	\$	882,931	\$	495,048	\$	310,715	\$	273,375	\$	1,772,913	\$	9,048,312	40,116
Pct of Total		41%		17%		10%		5%		3%		3%		20%		100%	
Jan-18	\$	3,910,094	\$	1,418,969	\$	658,794	\$	398,631	\$	399,145	\$	263,261	\$	1,774,826	\$	8,823,719	33,378
Pct of Total		44%		16%		7%		5%		5%		3%		20%		100%	
Dec-17	\$	3,530,341	\$	998,668	\$	567,335	\$	594,879	\$	431,479	\$	322,934	\$	1,657,210	\$	8,102,848	825,723
Pct of Total		44%		12%		7%		7%		5%		4%		20%		100%	
Nov-17	\$	2,955,885	\$	1,037,274	\$	679,925	\$	592,310	\$	581,053	\$	435,072	\$	1,984,898	\$	8,266,421	26,231
Pct of Total		36%		13%		8%		7%		7%		5%		24%		100%	
Oct-17	\$	3,659,774	\$	1,357,490	\$	752,198	\$	717,416	\$	562,600	\$	312,224	\$	1,893,353	\$	9,255,056	218,112
Pct of Total		40%		15%		8%		8%		6%		3%		20%		100%	
Sep-17	\$	3,724,332	\$	1,319,138	\$	1,012,183	\$	671,452	\$	445,286	\$	377,867	\$	2,175,487	\$	9,725,747	407,406
Pct of Total		38%		14%		10%		7%		5%		4%		22%		100%	
Aug-17	\$	4,131,866	\$	1,552,324	\$	893,339	\$	624,164	\$	490,221	\$	431,099	\$	2,449,394	\$	10,572,407	341,071
Pct of Total		39%		15%		8%		6%		5%		4%		23%		100%	
Jul-17	\$	4,612,446	\$	1,520,180	\$	853,133	\$	632,738	\$	581,650	\$	552,521	\$	2,298,997	\$	11,051,665	103,289
Pct of Total		42%		14%		8%		6%		5%		5%		21%		100%	
Jun-17	\$	3,963,167	\$	1,339,294	\$	815,790	\$	672,144	\$	657,236	\$	453,649	\$	2,101,821	\$	10,003,101	129,723
Pct of Total		40%		13%		8%		7%		7%		5%		21%		100%	
May-17	\$	3,851,718	\$	1,136,727	\$	1,030,085	\$	770,865	\$	477,918	\$	354,848	\$	1,972,569	\$	9,594,730	115,443
Pct of Total		40%		12%		11%		8%		5%		4%		21%		100%	
Pct Settled (Current)				69.2%		39.0%		26.4%		12.3%		24.6%		-496.2%			

13	Pct Settled (Apr from Mar)	72.0%	35.0%	30.4%	21.5%	22.7%	-616.6%
14	Pct Settled (Mar from Feb)	67.5%	38.3%	17.0%	21.6%	28.6%	-484.7%
15	Pct Settled (Feb from Jan)	69.5%	35.2%	19.5%	9.1%	13.4%	-469.3%
16	Pct Settled (Jan from Dec)	68.9%	45.9%	37.4%	15.1%	28.5%	-282.1%

Pagosa Springs Medical Center

Pagosa Springs Medical Center - - - Net Days in A/R 2020

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	31	28	31	30	31	30
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-19
Net Accounts Receivable	\$ 4,660,868	\$ 4,774,997	\$ 4,238,297	\$ 3,463,618	\$ 3,903,913	\$ 4,645,356
Net Patient Revenue	\$ 2,693,581	\$ 2,774,828	\$ 2,209,846	\$ 1,809,102	\$ 1,892,329	\$ 2,703,510
Net Patient Rev/Day (2 month Avg)	\$ 86,399	\$ 91,287	\$ 83,485	\$ 65,794	\$ 60,673	\$ 85,762
Net Days in A/R	54	52	51	53	64	54

	31	31	30	31	30	31
	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Net Accounts Receivable	\$ 4,939,510	\$ 4,721,499	\$ 4,742,985	\$ 3,614,699	\$ 4,367,929	\$ 4,580,312
Net Patient Revenue	\$ 3,009,707	\$ 3,018,228	\$ 2,409,652	\$ 2,899,113	\$ 2,650,917	\$ 2,663,152
Net Patient Rev/Day (2 month Avg)	\$ 93,602	\$ 97,225	\$ 88,842	\$ 86,921	\$ 90,942	\$ 87,136
Net Days in A/R	53	49	53	42	48	53

Pagosa Springs Medical Center - - - Gross Days Target

Medicare	33%	21	\$ 60,679	\$ 420,507
Medicaid	7%	35	\$ 60,679	\$ 148,664
Blue Cross	15%	48	\$ 60,679	\$ 436,890
Commercial	26%	65	\$ 60,679	\$ 1,025,478
Self Pay	19%	150	\$ 60,679	\$ 1,729,357
Total:	100%			\$ 3,760,897
				\$ 60,679
Gross Days in A/R Target				62

Pagosa Springs Medical Center
Financial Forecast
Statement of Cash Flows

Cash Flows from operating activities	May 2020
Change in net assets	486,204
Adjustments to reconcile net assets to net cash	
Depreciation and amortization	147,272
Patient accounts receivable	(440,295)
Accounts payable and wages payable	51,291
Accrued liabilities	72,048
Pre-paid assets	44,102
Deferred revenues	(1,500)
Other receivables	17,901
Reserve for third party settlement	909,872
Inventory	(5,220)
Net Cash Provided by (used in) operating activities	1,281,675
Cash Flows from investing activities	
Purchase of property and equipment	(74,525)
Work in progress	-
Proceeds from sale of equipment/(Loss)	-
Net Cash Provided by (used in) investing activities	(74,525)
Cash Flows from financing activities	
Principal payments on long-term debt	-
Proceeds from debt	-
Proceeds from PPP Short Term Loan	-
Proceeds from Relief Fund	3,801,853
Proceeds from PPP Short Term Loan	-
Change in Prior Year Net Assets	-
Change in leases payable	(16,998)
Net Cash Provided by (used in) financing activities	3,784,856
Net Increase(Decrease) in Cash	4,992,006
Cash Beginning of Month	14,831,104
Cash End of Month	19,823,110

Pagosa Springs Medical Center
Revenue and Usage by Financial Class
May 31, 2020

Financial Class	Inpatient MTD	Outpatient MTD	Total MTD	% MTD
Auto/Liability Insurance	-	18,755.60	18,755.60	0.42%
Blue Cross	52,684.50	478,651.80	531,336.30	11.84%
Champus	-	24,625.40	24,625.40	0.55%
Commercial Insurance	(18.00)	461,874.30	461,856.30	10.29%
Medicaid	1,165.00	785,067.76	786,232.76	17.52%
Medicare	241,385.00	1,524,103.26	1,765,488.26	39.35%
Medicare HMO	73,341.02	392,275.76	465,616.78	10.38%
Self Pay	23,827.50	178,435.48	202,262.98	4.51%
Self Pay - Client Billing	-	4,561.80	4,561.80	0.10%
Veterans Administration	2,073.20	181,173.10	183,246.30	4.08%
Workers Compensation	-	42,667.76	42,667.76	0.95%
Total	394,458.22	4,092,192.02	4,486,650.24	100.00%

Financial Class	Inpatient YTD	Outpatient YTD	Total YTD	% YTD	12/31/19 % YTD	12/31/18 % YTD	12/31/17 % YTD	12/31/16 % YTD
Auto/Liability Insurance	11,222.70	190,514.30	201,737.00	0.86%	1.15%	1.05%	1.24%	1.11%
Blue Cross	225,575.80	2,536,947.00	2,762,522.80	11.84%	15.40%	15.42%	15.90%	15.83%
Champus	-	164,045.10	164,045.10	0.70%	0.31%	0.08%	0.07%	0.19%
Commercial Insurance	241,607.40	2,558,324.95	2,799,932.35	12.00%	11.34%	13.08%	11.79%	13.08%
Medicaid	259,649.00	4,177,932.09	4,437,581.09	19.02%	18.75%	18.22%	20.28%	21.56%
Medicare	1,107,848.21	8,068,852.61	9,176,700.82	39.34%	36.99%	36.75%	35.27%	35.90%
Medicare HMO	250,391.72	1,528,111.05	1,778,502.77	7.62%	7.20%	4.47%	3.55%	2.76%
Self Pay	74,056.40	700,676.38	774,732.78	3.32%	4.40%	5.40%	6.96%	5.26%
Self Pay - Client Billing	-	33,934.80	33,934.80	0.15%	0.18%	0.18%	0.19%	0.17%
Veterans Administration	177,041.00	756,829.40	933,870.40	4.00%	2.74%	4.13%	3.58%	2.74%
Workers Compensation	(509.00)	263,254.37	262,745.37	1.13%	1.52%	1.22%	1.17%	1.37%
Total	2,346,883.23	20,979,422.05	23,326,305.28	100.00%	100.00%	100.00%	100.00%	99.97%
Blank								0.00%
HMO (Health Maint Org)								0.03%
Total					100.00%	100.00%	100.00%	100.00%

Pagosa Springs Medical Center
Cash Forecast as of end of May 2020
Forecast Months Based on Budget and Actual

Prepared 5/14/2020
 Cash balance 5,772,169
 at 12/31/19

	(1) Patient Collections	(2) Tax Revenues	(3) Provider Fees	(4) Grants & Donations	(5) Other	(6) Clinic Expan. New Debt/ Leases	Total Collections	(7) Operating Expenses	(8) Capital	(9) Medicare/ Medicaid Repayment	(10) Bond & Lease Interest & Principal Payments	(11) Other	Total Cash Spending	Balance
January 2020 (Actual)	2,467,181	9,379	247,211	-	187,258	-	2,911,029	2,824,894	-	113,140	-	418,249	3,356,283	5,326,915
February 2020 (Actual)	2,257,097	83,099	246,117	2,059	123,620	-	2,711,992	2,615,769	75,934	95,439	-	(233,127)	2,554,014	5,484,893
March 2020 (Actual)	2,545,183	384,580	247,211	1,100	212,488	-	3,390,562	2,859,489	5,312	-	15,035	(136,751)	2,743,085	6,132,369
April 2020 (Actual)	2,320,442	127,085	247,211	139,541	784,766	-	3,619,045	2,794,499	200,000	-	-	769,620	3,764,119	5,987,295
May 2020 (Actual)	1,894,338	261,535	247,211	334,148	926,505	-	3,663,737	2,928,313	100,000	50,000	-	(604,810)	2,473,503	7,177,529
June 2020 (Budget)	2,337,826	126,008	264,684	200,000	250,404	-	3,178,922	2,992,212	400,000	50,000	1,140,000	(350,000)	4,232,212	6,124,239
July 2020 (Budget)	2,788,423	169,669	306,685	-	211,636	-	3,476,413	3,159,617	-	50,000	-	(350,000)	2,859,617	6,741,035
August 2020 (Budget)	2,613,099	46,375	306,685	125,000	215,227	-	3,306,386	3,172,938	125,000	50,000	-	(350,000)	2,997,938	7,049,483
September 2020 (Budget)	2,072,915	26,784	300,476	-	206,746	-	2,606,921	3,061,238	-	50,000	-	(350,000)	2,761,238	6,895,166
October 2020 (Budget)	2,393,061	113,615	265,182	-	191,345	-	2,963,203	3,163,677	-	50,000	-	(350,000)	2,863,677	6,994,692
November 2020 (Budget)	2,228,477	11,998	258,809	-	219,452	-	2,718,736	3,070,499	-	50,000	-	(350,000)	2,770,499	6,942,929
December 2020 (Budget)	2,996,028	29,663	254,789	-	95,033	-	3,375,513	3,194,522	-	50,000	475,000	(350,000)	3,369,522	6,948,920
Totals	28,914,070	1,389,790	3,192,271	801,848	3,624,480	-	37,922,459	35,837,667 981,635	906,246	608,579	1,630,035	(2,236,819)	36,745,708	6,948,920
														at 12/31/20
														6,364,560
														5,455,337

Bond Requirements (70 days cash)
 Bond Requirements (60 days cash)

Notes:

- (1) Forecast based on projected revenue.
- (2) Forecast is based on the actual percentages from prior year.
- (3) Based on current payment from Colorado Health and Hospitals.
- (4) Forecast is based on budget adjusted by YTD actual.
- (5) Forecast is based on budget adjusted by YTD actual.
- (6) Forecast new leases and equipment for capital purchases.
- (7) Forecast is based on budget excluding depreciation.
- (8) Assumes forecast capital expenditures of 1,036,000.
- (9) Medicare Cost Report Settlement for 2018 and 2019 and Medicaid for 2018 and 2019
- Most of the estimated settlement dates are placeholders only, Medicare and Medicaid operate on their own schedules.
- (10) Forecast based on bond principal and interest payments.
- (11) Other balance sheet changes i.e., changes in accounts payable, receivables etc.

Pagosa Springs Medical Center
Cash Forecast as of end of May 2020
Forecast Months Based on Budget and Actual

ORAL REPORTS 4.a.iii.(5.)

Prepared 5/14/2020
 Cash balance 5,772,169
 at 12/31/19

	(1) Patient Collections	(2) Tax Revenues	(3) Provider Fees	(4) Grants & Donations	(5) Other	(6) Clinic Expan, New Debt/ Leases	Total Collections	(7) Operating Expenses	(8) Capital	(9) Medicare/ Medicaid Repayment	(10) Bond & Lease Interest & Principal Payments	(11) Other	Total Cash Spending	Balance
January 2020 (Actual)	2,467,181	9,179	247,211	-	187,258	-	2,911,029	2,824,894	-	113,140	-	418,249	3,356,283	5,326,915
February 2020 (Actual)	2,257,097	83,099	246,117	2,059	123,620	-	2,711,992	2,615,769	75,934	95,439	-	(233,127)	2,554,014	5,484,893
March 2020 (Actual)	2,545,183	384,580	247,211	1,100	212,488	-	3,390,562	2,859,489	5,312	-	15,035	(136,751)	2,743,085	6,132,369
April 2020 (Actual)	2,320,442	127,085	247,211	139,541	784,766	-	3,619,045	2,794,499	200,000	-	-	769,620	3,764,119	5,987,295
May 2020 (Actual)	1,894,338	261,535	247,211	334,148	926,505	-	3,663,737	2,928,313	100,000	50,000	-	(604,810)	2,473,503	7,177,529
June 2020 (Budget)	2,337,826	126,008	264,684	200,000	250,404	-	3,178,922	2,992,212	400,000	50,000	1,140,000	(350,000)	4,232,212	6,124,239
July 2020 (Budget)	2,788,423	169,669	306,685	-	211,636	-	3,476,413	3,159,617	-	50,000	-	(350,000)	2,859,617	6,741,035
August 2020 (Budget)	2,613,099	46,375	306,685	125,000	215,227	-	3,306,386	3,172,938	125,000	50,000	-	(350,000)	2,997,938	7,049,483
September 2020 (Budget)	2,072,915	26,784	300,476	-	206,746	-	2,606,921	3,061,238	-	50,000	-	(350,000)	2,761,238	6,895,166
October 2020 (Budget)	2,393,061	113,615	265,182	-	191,345	-	2,963,203	3,163,677	-	50,000	-	(350,000)	2,863,677	6,994,692
November 2020 (Budget)	2,228,477	11,998	258,809	-	219,452	-	2,718,736	3,070,499	-	50,000	-	(350,000)	2,770,499	6,942,929
December 2020 (Budget)	2,996,028	29,663	254,789	-	95,033	-	3,375,513	3,194,522	-	50,000	475,000	(350,000)	3,369,522	6,948,920
Totals	28,914,070	1,389,790	3,192,271	801,848	3,624,480	-	37,922,459	35,837,667 981,635	906,246	608,579	1,630,035	(2,236,819)	36,745,708	6,948,920
														at 12/31/20
														Bond Requirements (70 days cash)
														6,364,560
														Bond Requirements (60 days cash)
														5,455,337

Notes:

- (1) Forecast based on projected revenue.
- (2) Forecast is based on the actual percentages from prior year.
- (3) Based on current payment from Colorado Health and Hospitals.
- (4) Forecast is based on budget adjusted by YTD actual.
- (5) Forecast is based on budget adjusted by YTD actual.
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- (7) Forecast is based on budget excluding depreciation.
- (8) Assumes forecast capital expenditures of 1,036,000.
- (9) Medicare Cost Report Settlement for 2018 and 2019 and Medicaid for 2018 and 2019
 Most of the estimated settlement dates are placeholders only, Medicare and Medicaid operate on their own schedules.
- (10) Forecast based on bond principal and interest payments.
- (11) Other balance sheet changes i.e., changes in accounts payable, receivables etc.

2020						
Month	Cash Goal	Actual Cash	Variance	% Collected	GL Non AR	Total
20-Jan	\$2,440,100.00	\$2,459,574.05	\$19,474.05	100.80%	\$ 49,821.48	\$2,509,395.53
20-Feb	\$2,349,634.00	\$2,255,399.34	(\$94,234.66)	95.99%	\$ 29,324.97	\$2,284,724.31
20-Mar	\$2,553,998.00	\$2,545,182.76	(\$8,815.24)	99.65%	\$ 188,540.78	\$2,733,723.54
20-Apr	\$2,158,897.00	\$2,320,442.00	\$161,545.00	107.48%	\$ 8,728,180.14	\$ 10,952,114.91
20-May	\$1,577,510.00	\$1,894,337.87	\$316,827.87	120.08%	\$ 5,133,676.55	\$ 7,024,238.93
20-Jun						
20-Jul						
20-Aug						
20-Sep						
20-Oct						
20-Nov						
20-Dec						
Totals YTD	\$11,080,139.00	\$11,474,936.02	\$394,797.02	103.56%	\$ 14,129,543.92	\$25,504,197.22

2020 MANAGEMENT ACTIONS TO INCREASE DAYS OF CASH						
ACTION	DEADLINE	JAN	FEB	MAR	APRIL	MAY
Expand services for enhanced pain management.	5/30/2020	Received quotes on equipment	Evaluating training.	CRNAs were scheduled for training in May; training delayed to summer due to COVID restrictions.	CRNAs were scheduled for training in May; training delayed to summer due to COVID restrictions.	CRNAs were scheduled for training in May; training delayed to September due to COVID restrictions.
If feasible <u>implemen</u> t extended hours for outpatient clinic.	6/30/2020	See 3/31 deadline -- still in evaluation stage	Evaluation as noted above will allow.	Implementation timing will depend on COVID.	Schedule prepared and evaluated but implementation timing still depends on how COVID-19 proceeds.	Schedule prepared and evaluated but implementation timing still depends on how COVID-19 proceeds.
Implement coding software to enable PSMC to compute payments on Medicaid EAPGs to assure accuracy of payment. (Note: this was a 2019 goal in which 50% was accomplished, but the remainder of the work is required of Cerner.)	6/30/2020	Still waiting on Cerner	Still waiting on Cerner.	Still waiting on Cerner. All implementations with Cerner are delayed due to COVID-19.	Still waiting on Cerner. All implementations with Cerner are delayed due to COVID-19.	Cerner scheduled implementation for June 8.
Improve information on billing statement to reduce questions and disputes (deadline reflects that this requires changes in Cerner).	9/30/2020	Initial meeting with Cerner scheduled for Feb. 18	Meeting on 2/18.	Underway but not completed by Cerner.	Underway but not completed by Cerner .	Goal accomplished .
Develop and implement operational goals/plan to end the year with gross days of A/R of 60 days.	12/31/2020	Business office needs full staffing. 2 positions filled in Jan. for orientation in Feb. All positions filled in the business office.	Final position in business office filled in Feb. and trained in March.	Plan will be dependent on how COVID-19 continues; lost revenue is significant and unclear the amount of grants or federal funding that will be available to PSMC.	Revenue Cycle is working A/R. A plan remains dependent on how COVID-19 continues.	Revenue Cycle is working A/R. A plan remains dependent on how COVID-19 continues.
MANAGEMENT AND PLANNING						

2020 MANAGEMENT ACTIONS TO INCREASE DAYS OF CASH						
ACTION	DEADLINE	JAN	FEB	MAR	APRIL	MAY
Implement plan to accomplish State Hospital Transformation Project obligations.	ongoing	Plan to be submitted to the State in April.	On track to submit plan in April.	State has delayed all HTP deadlines due to COVID-19.	State has delayed all HTP deadlines due to COVID-19 but staff still working key aspects of plan.	State has delayed all HTP deadlines due to COVID-19 but staff still working key aspects of plan.
Evaluate and develop/implement a plan to reduce ongoing expense for MRI. (Note: this was a 2019 goal in which 40% was accomplished.)	6/30/2020	Received quotes for MRI and evaluating.	We have a quote and are looking into financing options.	Not pursuing financing while dealing with COVID-19.	MRI options have been evaluated; have a proposal for Finance Committee in May.	In May, the Board approved PSMC to move forward with a lease/purchase of a MRI.
Conduct the advance work (data collection and meetings with stakeholders) in order to begin meetings the Board's Strategic Planning Committee regarding service lines and future direction.	6/30/2020	Finished 3 of 5 planned internal meetings.	5 of 5 internal meetings completed.	On hold due to COVID-19.	On hold due to COVID-19.	On hold due to COVID-19; aiming to resume in August unless COVID-19 circumstances change.



**Finance Committee & CFO Report for the
USJHSD Board Meeting on June 16, 2020**

This report provides a summary of the discussions of the Board's Finance Committee that met on June 16, 2020.

The auditor attended the Finance Committee meeting by Zoom and presented the audit. The auditor concluded the audit of 2019 financials was "unqualified" which is the best finding and report the auditor can make.

The Finance Committee reviewed May financials. In May, in-person outpatient visits and surgeries resumed, but resuming operations from the Stay At Home Order resulted in a slower May than budgeted; hence, gross revenues were almost 13% below budget. PSMC continued to do a very good job managing expenses with May expenses being about 3% below budget. PSMC managed to keep expenses under budget while, at the same time, continuing to incur unbudgeted supply expense to bring its reserve of most COVID-19 supplies to 90-days on hand. PSMC's days of cash on hand held steady at 65 days from its own operations, and with the application of stimulus funds to the shortfall, PSMC increased the overall days cash on hand to 78.9. The Business Office continues to focus its efforts on collection of older accounts and exceeded its cash collection goal. The entire staff at PSMC continues to work very hard to serve the community and mitigate the financial impacts of COVID-19.

During May, PSMC received CARES Act stimulus of \$3,807,968.19 that has been applied to PSMC's gross revenue shortfall at the Medicare reimbursement rate. The remainder of the unapplied funds are on the balance sheet as a payable. This process is consistent with the limited guidance available on the use of the funds. PSMC and the auditor continue to track guidance on this.

The Finance Committee discussed the advance PSMC received from Medicare in April – the advance is essentially a loan against the future sums Medicare expects to owe the hospital for delivery of care. In May, staff reported that the advance of \$4,225,031.95 must be paid back within the 60-day grace period of receipt or incur interest of 10.35%. Since that time, Medicare changed this payback and currently states that future Medicare payments owed to PSMC for services will be deducted from this advance rather than PSMC returning the funds. PSMC and our auditor continue to track the changing rules on this.

The Finance Committee discussed that the federal government changed the rules for the Payroll Protection Program ("PPP"). The rule changes present no issues for PSMC but will make it easier for many other businesses to use up to 40% of the PPP funds for

costs other than payroll. The change in rules, however, has resulted in a delay in PSMC applying for loan forgiveness as PSMC waits for the posting of the new application for forgiveness that is consistent with the rule changes. PSMC will apply for loan forgiveness as soon as the new application is available.

The Finance Committee was reminded of the future economic uncertainties for PSMC including an anticipated substantial increase in Medicaid patients (due to the overall economic climate in the country), an anticipated cut in reimbursement for Medicaid services (due to the State of Colorado's budget issues), a possible cut from Medicare, and overall decreased revenue due to some lingering patient discomfort in seeking in-person healthcare services.

Given the events thus far in 2020, PSMC's Finance Committee continues to be very satisfied with staff's efforts to minimize expense where possible, to pursue stimulus opportunities and to position PSMC to remain open to serve the community during the uncertain times ahead.

The Finance Committee discussed that the MRI lease/purchase was approved by the Board in May 2020. However, after the Board's approval, the vendor changed its MRI quote apologizing that it had made several errors. PSMC is obtaining follow-up quotes and bids and will report on the results of this in July.

Finally, the Finance Committee will review a service line quarterly; at this meeting it reviewed its first service line. The Finance Committee has nothing to report on this other than it will take several before it is comfortable that it follows the methodology, the nuances and the limitations of the analysis.

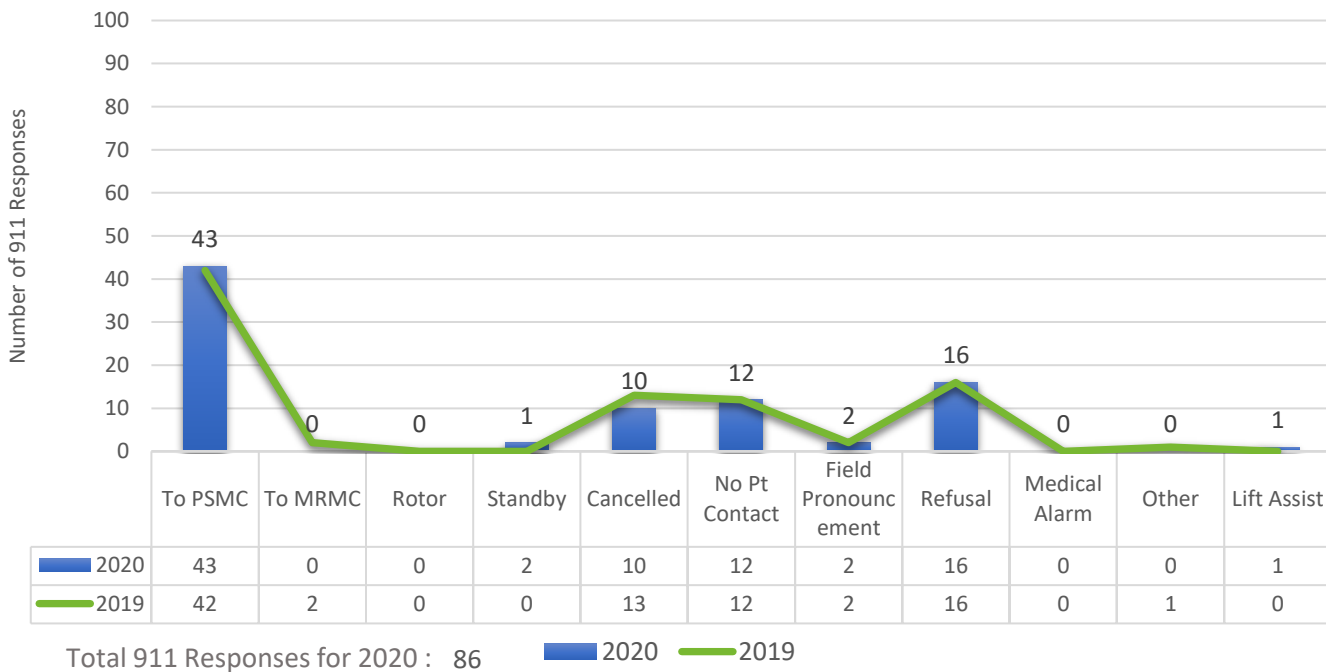
The Finance Committee made the following recommendations: (1) for the Board to accept the audit of 2019; and (2) for the Board to accept the May 2020 financials.



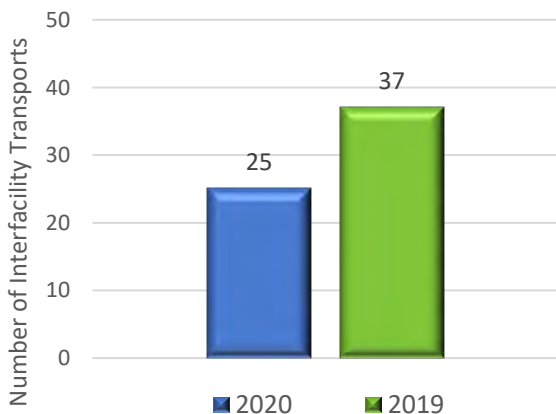
Operations Report for May 2020

EMS: May

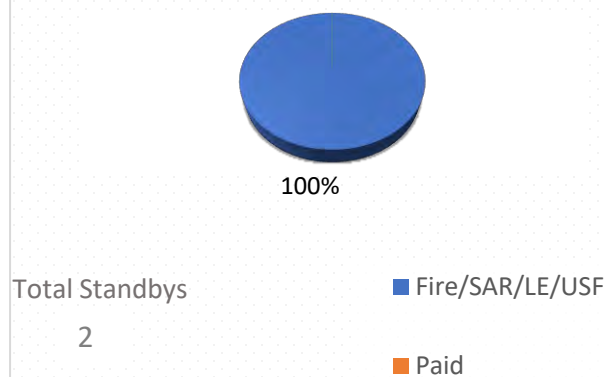
EMS 911 Response



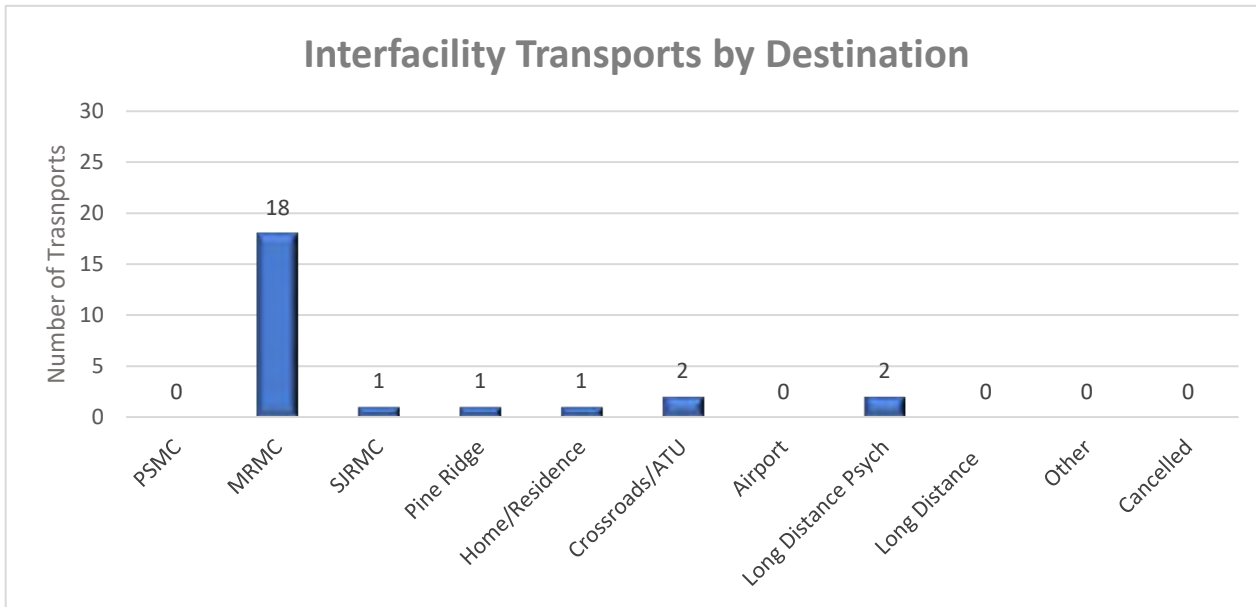
Total Interfacility Transports



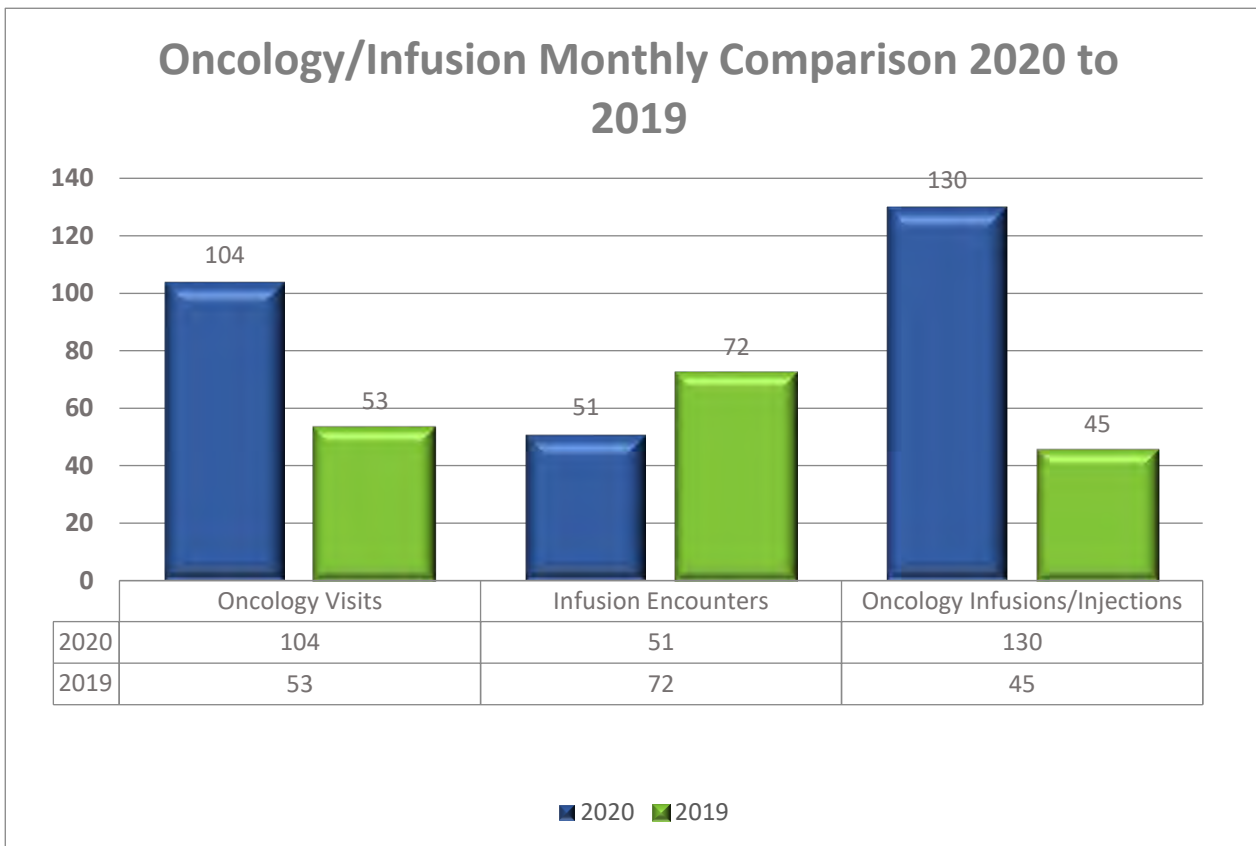
Breakdown of EMS Standbys



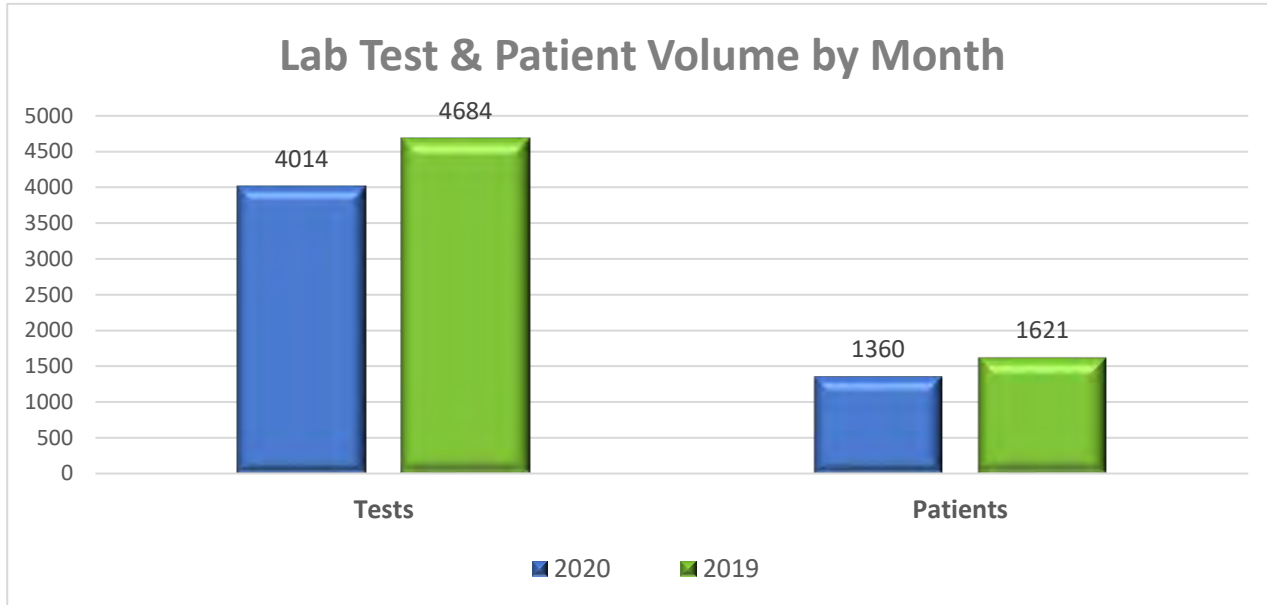
EMS: May



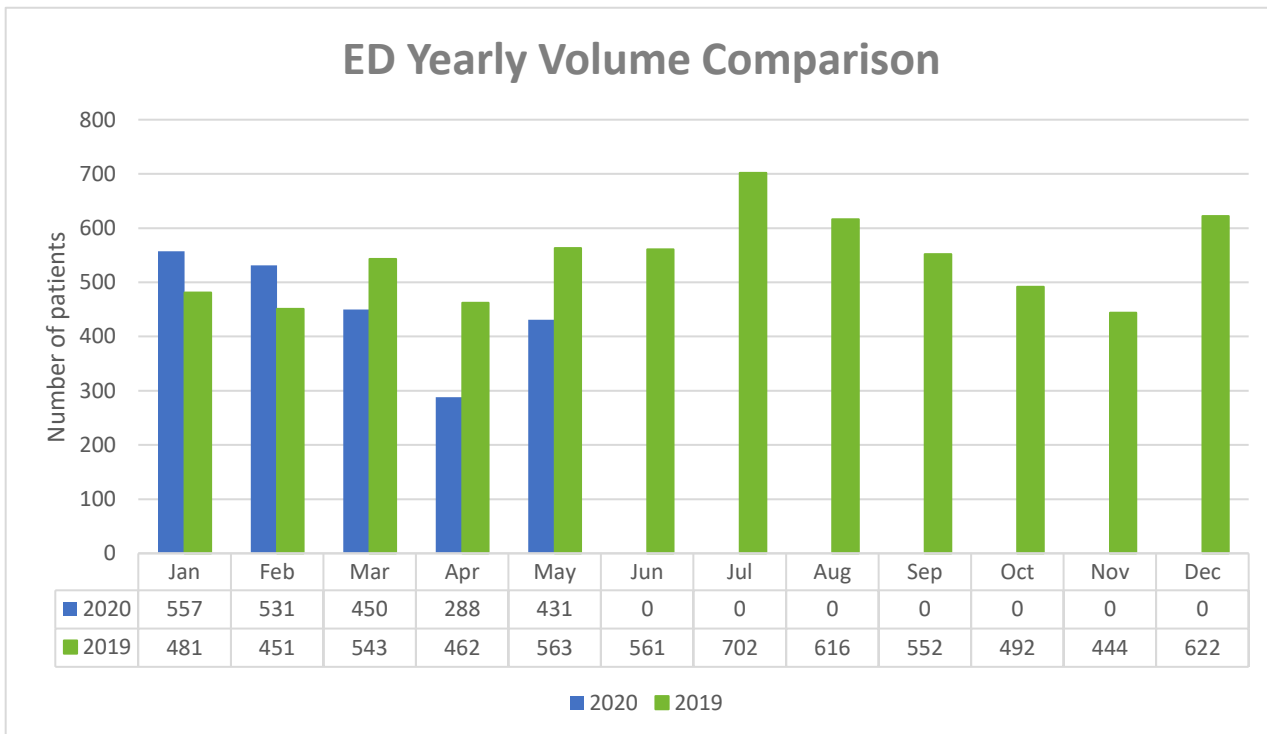
Oncology/Infusion: May



Lab: May

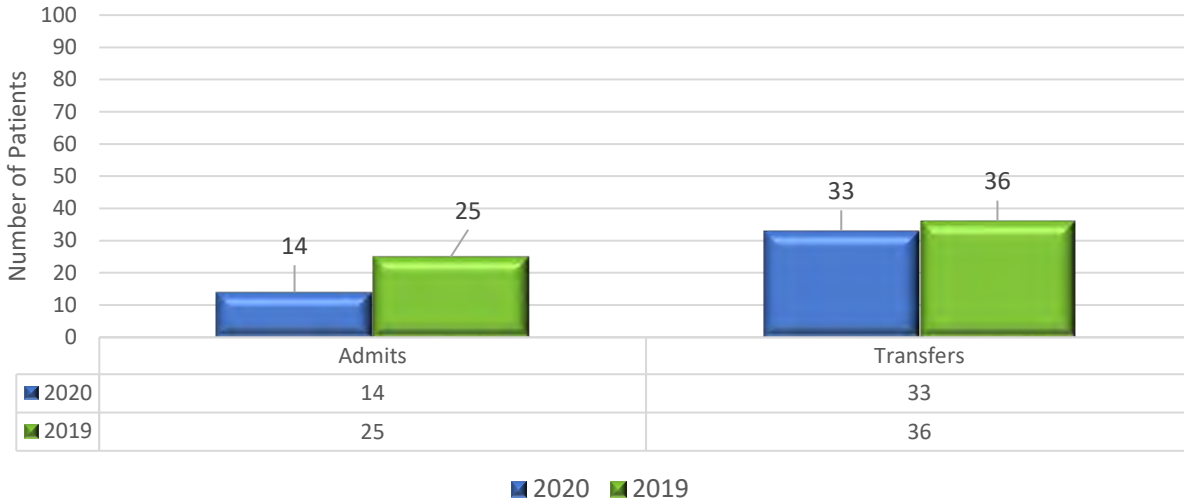


ED: May



ED: May

ED Inpatient Admissions and Transfers Monthly Comparison



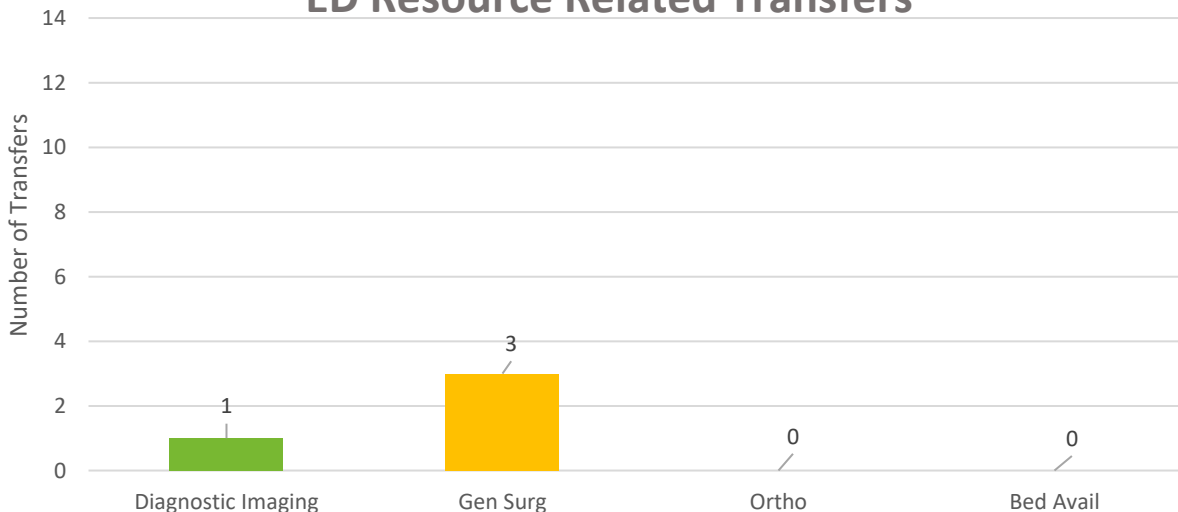
Average Daily Census

14

Average Length of Stay (in hours)

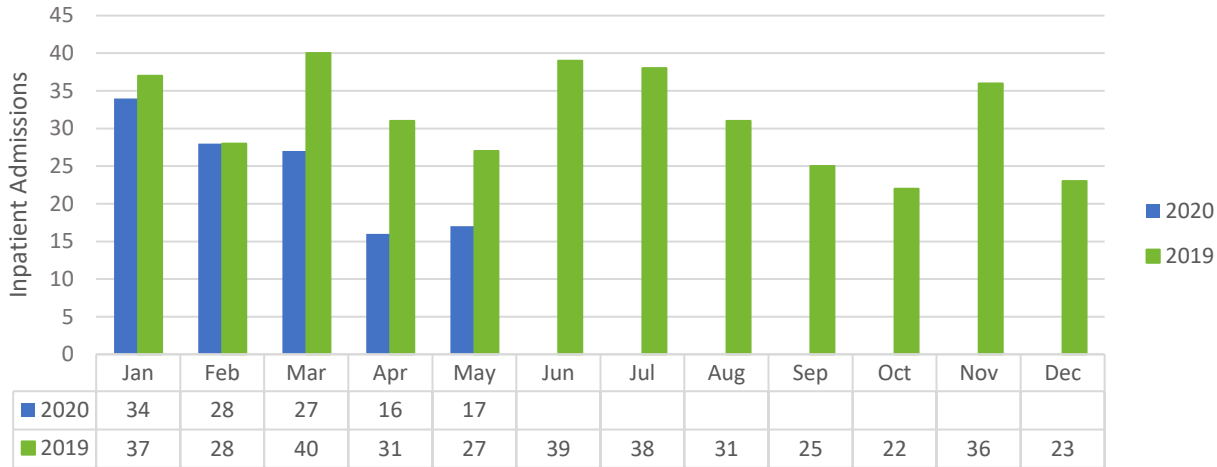
1.8

ED Resource Related Transfers



Inpatient : May

Inpatient Admission Comparison



Average Daily Census

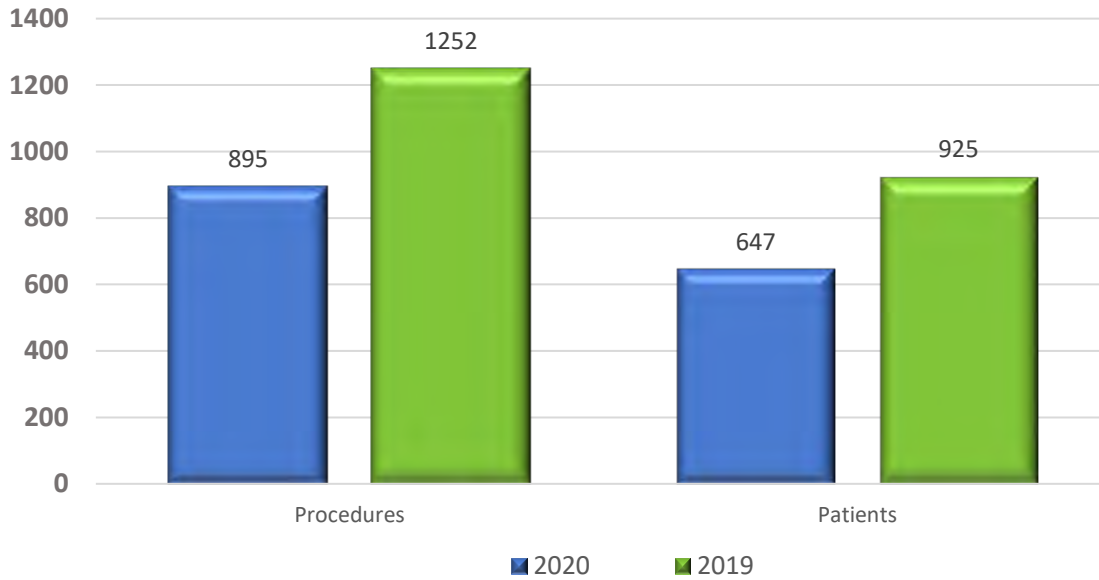
2

Average Length of Stay (in days)

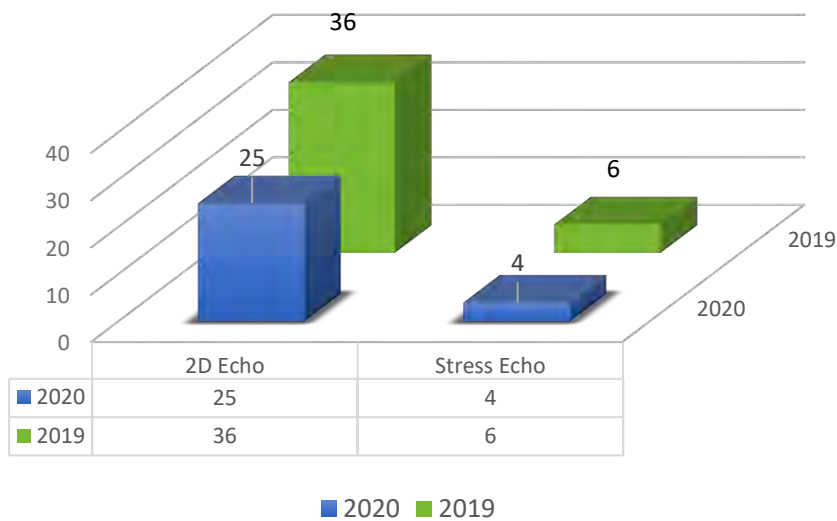
1.7

Diagnostic Imaging: May

Diagnostic Imaging Stats by Month

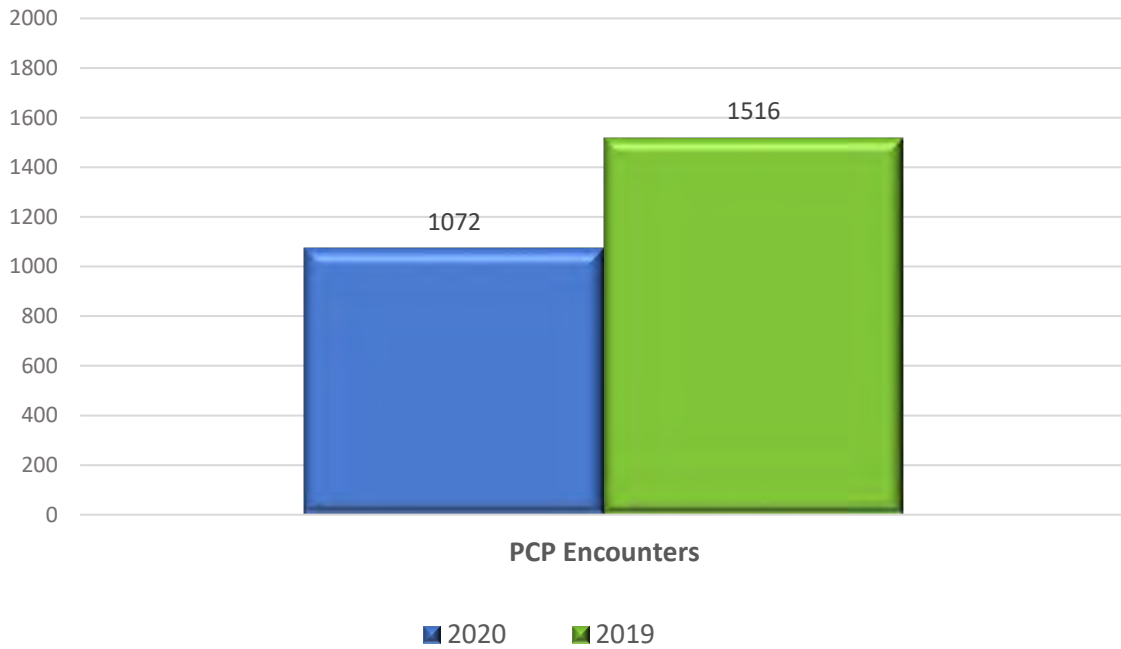


Cardiology 2D Echo & Stress by Month

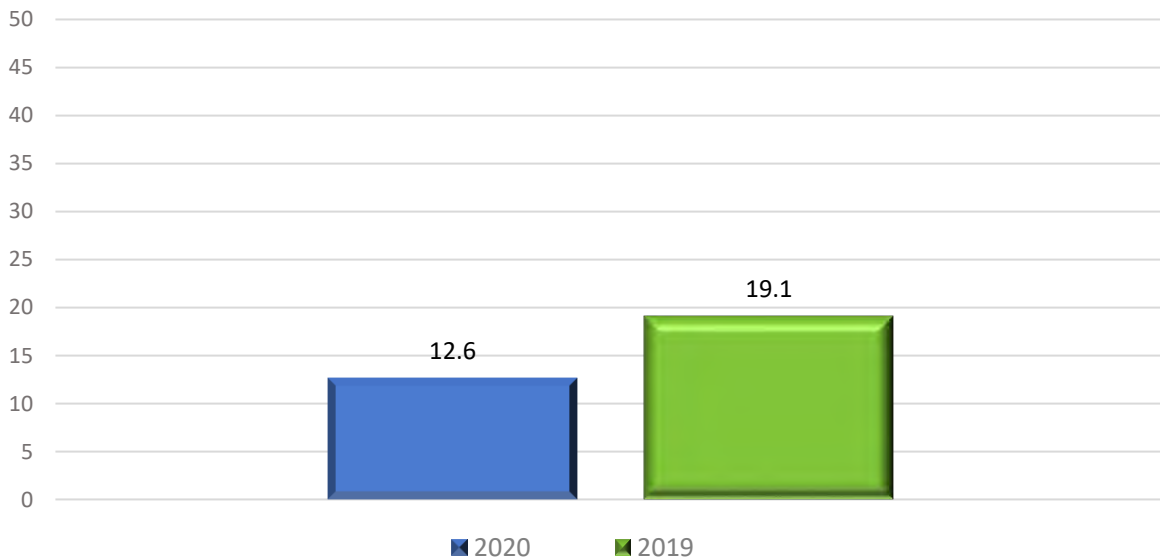


Clinic: May

Rural Health Clinic Encounters by Month

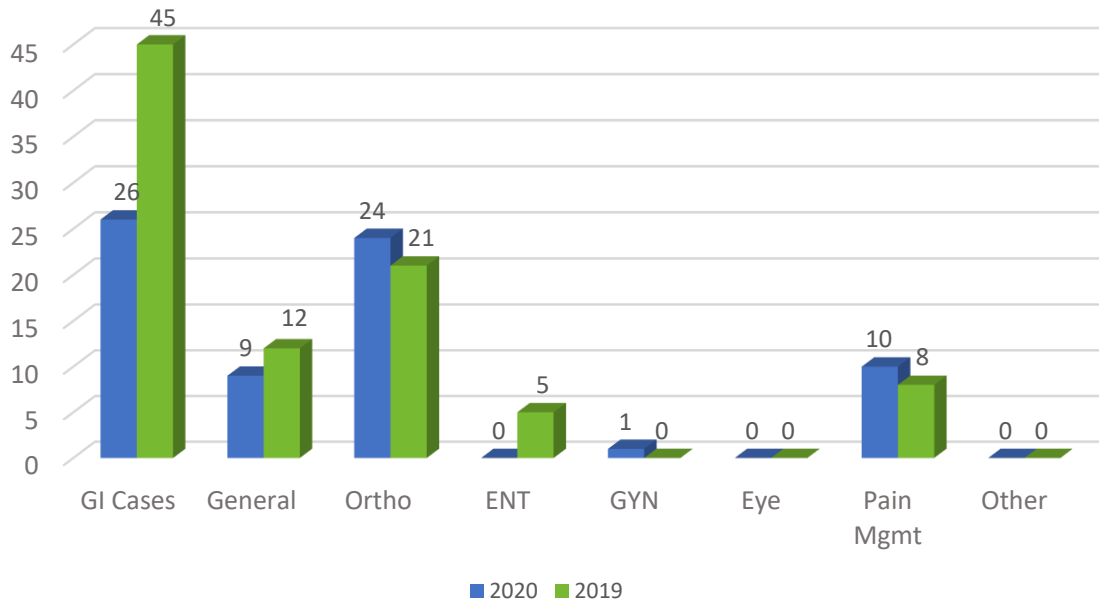


Average Daily Walk-Ins



Surgery

Surgery Cases by Month
2020 compared to 2019





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

**MEDICAL STAFF REPORT BY CHIEF OF STAFF, RALPH BATTELS
June 23, 2020**

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
General Surgery Privilege Form	Revised Medical Staff Privilege Form

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
Hope Beatte, MD	Initial Appointment	Telemedicine/Telepsychiatry	Psychiatry
John Gilbert, III, MD	Initial Appointment	Telemedicine/Teleradiology	Diagnostic Radiology
Kenna Williams, MD	Initial Appointment	Courtesy/General Surgery	Surgery

III. REPORT OF NUMBER OF PROVIDERS BY CATEGORY

Active: 20
 Courtesy: 20
 Telemedicine: 122
 Allied Health Professionals: 23
 Honorary: 1
 Total: 186

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

**Formal Written Resolution 2020-13
June 23, 2020**

WHEREAS, the Board of Directors of Upper San Juan Health Service District (“USJHSD”) has received from the auditor, Dingus, Zarecor & Associates, PLLC, a verbal and written report on the District’s financial statement for year ending December 31, 2019.

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, 2019 and 2018 and letters attached thereto.

Greg Schulte, as Chairman of the Board of Directors of USJHSD



MINUTES OF REGULAR BOARD MEETING
Tuesday, May 26, 2020
5:30 PM
The Board Room
95 South Pagosa Blvd., Pagosa Springs, CO 81147

The Board of Directors of the Upper San Juan Health Service District (the “Board”) held its regular board meeting on May 26, 2020, at Pagosa Springs Medical Center, The Board Room, 95 South Pagosa Blvd., Pagosa Springs, Colorado as well as via Zoom video communications.

Directors Present: Chair Greg Schulte, Vice-Chair Matt Mees, Treasurer-Secretary Dr. King Campbell, and Director Mark Zeigler.

Present via Zoom: Director Jason Cox, Director Karin Daniels, Dr. Jim Pruitt

Director(s) Absent: None

1) CALL TO ORDER

- a) Call for quorum: Chair Schulte called the meeting to order at 5:31 p.m. MST and Clerk to the Board, Heather Thomas, recorded the minutes. A quorum of directors was present and acknowledged by Treasurer-Secretary Dr. Campbell.
- b) Seat new Board Members:
 - i) Clerk to the Board, Ms. Thomas, confirmed execution of Oath of Office for term of three years starting May 2020 by Dr. Jim Pruitt, Matt Mees and Mark Zeigler.
 - ii) Clerk to the Board, Ms. Thomas, affirmed all Directors are covered by the District’s Directors and Officers insurance policy.
- c) Board member self-disclosure of actual, potential or perceived conflicts of interest: There were none.
- d) Approval of the Agenda: The Board noted approval of the agenda.

2) PUBLIC COMMENT

There was none.

3) PRESENTATION

COVID-19: CEO, Dr. Rhonda Webb, reminded the Board PSMC has been in emergency operations since February 6, 2020. CEO Dr. Webb further stated masking is still very important and

that PSMC has launched an outreach with the slogan “My mask protects you. Your mask protects me,” to help remind the public of the importance of continued masking.

COVID-19 testing has increased (PSMC tests anyone requesting or needing a tes) and antibody testing is anticipated to be available at PSMC sometime in June.

Questions were asked and answered.

4) **REPORTS**

a) **Oral Report**

i) Chair Report

Chair Schulte advised the Archuleta County Combined Dispatch IGA has not been approved by the Executive Management Board as there is language within one paragraph of the IGA that is questioned. Optimistically, the Executive Management Board will be able to arbitrate the questioned language at the next Executive Management Board meeting scheduled for the first week of June and then would be presented to the Board for approval at the next regular meeting June 23rd.

ii) CEO Report

CEO Dr. Webb stated that in 2018, when PSMC failed to meet the end-of-year required days of cash, a financial consultant suggested that PSMC review all contracts, including equipment lease contracts. CEO Dr. Webb advised it was discovered the 2013 MRI equipment lease contract does not offer option to buy, so there is no end to the lease payments. CEO Dr. Webb noted after researching options and submitting proposals to the Finance Committee, the Finance Committee supports the staff’s recommendation of a new MRI and modular building lease-to-own contract that will offer enhanced service to patients and greater imaging capabilities.

CEO Dr. Webb advised that, recently, Colorado Civil Air patrol delivered more donated PPE to PSMC in conjunction with “Heart 4 Heroes” initiative.

CEO Dr. Webb noted it is PSMC’s continued focus to promote to the public that PSMC is open and is safe. PSMC continues to screen everyone prior to entering the building.

CEO Dr. Webb advised construction plans are being developed to allow opening of the front lobby once again.

iii) Foundation Report

Vice-Chair Mees, also serving as Vice-Chair of the Pagosa Springs Medical Center Foundation Board, advised the Foundation Board met in May and received reports on fundraising, including that the Gala event scheduled for June has been cancelled due to COVID-19.

Vice-Chair Mess noted the Foundation has been busy, including that it applied for a number of grants and was awarded six grants amounting to a total of \$79,500.

Vice-Chair Mees then advised the Foundation Board amended the Bylaws within the scope permissible by the Foundation to remove the nonvoting directors. The voting directors continue to be two directors appointed by the PSMC Board and the CEO, which assures that fundraising goals are consistent with the goals of this Board. The nonvoting directors have never had a role

and were omitted. In addition, Vice-Chair Mees noted the Foundation Board refined obligations so that board members have responsibility to assure actions taken but can delegate such work rather than obligated to do it themselves.

Vice-Chair Mees advised the Foundation Board approved the budget for 2020. The Foundation Board also approved the transfer from the Foundation to PSMC in the total amount of \$334,148.17. Some of these funds will be used by PSMC to pay for PSMC's 1/2 of an ambulance (the other 1/2 is paid by a grant) and some will be applied for oncology/surgery women's health — including the HVAC project. Some grants are specifically designated for supplies. How PSMC applies the funds is consistent with the request of the generous donors or as designated in the awarded grant.

iv) HVAC Project, status report

COO-CNO, Kathee Douglas, advised the following updates:

- Continue to meet with GE Johnson every Wednesday.
- Project might meet timeline for June. Waiting for updated information from GE Johnson on specific items, but could delay project to later this summer.
- Construction ready to begin once sub-contractors are able.

Vice-Chair Mees asked a question regarding potentially looking at purchasing items that were originally removed from HVAC Project budget, due to constraints on funds. COO-CNO Douglas answered.

Vice-Chair Mees then asked a question regarding how negative airflow patient rooms will be affected by the construction. COO-CNO Douglas answered.

v) Finance Report

CFO, Chelle Keplinger-Kloep, presented and discussed the attached PowerPoint financial presentation. There were no questions.

Treasurer-Secretary Dr. Campbell noted praise of how well the organization has done to keep things afloat during these financially trying times.

Director Cox echoed the statement by Treasurer-Secretary Dr. Campbell adding, the Finance Committee deemed the efforts incredible.

Director Zeigler asked a question regarding the Income Statement comparison. CFO Keplinger-Kloep answered.

Chair Schulte then gave a brief background of the Management Plan to Increase Days of Cash as clarification for new Board Member, Director Zeigler.

b) Written Reports

i) Operations Report

Chair Schulte offered an observation that though other service lines have suffered due to COVID-19, oncology and infusion seem to have consistently treated patients. Kathee provided a probable explanation as to why.

ii) Medical Staff Report

There were no questions.

5) DECISION AGENDA

a) Resolution 2020-11

CAO Bruzzese gave an overview of the proposed resolution to ratify a Federal stimulus Payroll Protection Program. The resolution describes the loan terms. Questions were asked and answered.

Director Cox motioned to accept Resolution 2020-11 regarding ratification of federal stimulus Payment Protection Program loan. Upon motion seconded by Director Mees, the Board unanimously accepted said resolution.

b) Resolution 2020-12

COO/CNO Douglas gave a new MRI contract with purchase in six years. PSMC's current MRI was leased in 2013 when PSMC could not afford a buy-out option. Director Cox advised the Board of the Finance Committee's request for comparison information and, once reviewed, the Finance Committee's provided support. Questions were asked and answered.

Director Dr. Pruitt motioned to accept Resolution 2020-12 regarding lease/purchase of new MRI equipment and modular building. Upon motion seconded by Treasurer-Secretary Dr. Campbell, the Board unanimously accepted said resolution.

6) CONSENT AGENDA

Treasurer-Secretary Dr. Campbell motioned to approve the regular meeting minutes of 04/28/2020, and the Medical Staff report recommendations for new or renewal of provider privileges.

Upon motion seconded by Director Zeigler, with Director Zeigler noting abstention from approval of the Regular Meeting Minutes of 04/28/2020 due to his absence from the stated meeting, the Board unanimously approved said consent agenda items, with noted abstention by Director Zeigler.

7) OTHER BUSINESS

Election of Officers: Chair Schulte advised the Board that all three officers indicated their desire to remain in their current positions and offered to entertain separate motions to nominate Board members for each individual Board office or a single motion that encompasses all three self-nominated officers. The Board unanimously agreed to a single motion to elect officers.

Director Cox motioned to re-elect Greg Schulte as Chair of the Board, Matt Mees as Vice-Chair and Dr. King Campbell as Treasurer-Secretary. Upon motion seconded by Director Daniels, the Board unanimously approved re-election of said officers.

8) ADJOURN

There being no further business, Chair Schulte adjourned the regular meeting at 6:39 p.m. MST.

Respectfully submitted by:

Heather Thomas, serving as Clerk to the Board