

AMERICAN SAMOA MEDICAL CENTER AUTHORITY

1998

ANNUAL REPORT

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FORWARD
PLAN

In a search to find a solution to resolve this situation, it has been realized that there is an immediate need for the LBJ Tropical Medical Center to improve and expand its diagnostic, curative, in-patient and out-patient capabilities. Improvements in these areas would drastically reduce our off-island referrals, which have constantly increased over the years at an alarming rate.

In analyzing and determining a course of action to address and resolve the problems that the LBJ Tropical Medical Center is confronted with, it was decided that the organizational structure and management system under which the LBJ Tropical Medical Center was operating had to be revised. It was realized that modern hospital management systems had to be adopted and implemented. This could not be achieved under the management systems employed by the American Samoa Government. The LBJ tropical Medical Center had to be operated and managed as an autonomous entity to exercise and implement improvements in an expeditious and timely manner.

It was decided that this could be achieved if the L.B.J Tropical Medical Center was converted to an authority. On February 26, 1998, under Public Law 25-20 the L.B.J. Tropical Medical Center became an authority.

MANAGEMENT OBJECTIVES

With the establishment of the American Samoa Medical Center Authority, Governor Tauese Sunia appointed a five member Board of Directors, who were confirmed by the American Samoa Senate. The members of the board are, Mr. Tu'usolo Joseph Pereira, Chairman, Mr. Taulaupapa William Sword, Vice Chairman, Judge Mulipola Herbert Scanlan, Mr. Keniseli Lafaele and Mr. Lele Peau. The newly appointed Board of Directors was charged with:

- The review of all present aspects of the healthcare service needs of the L.B.J. Tropical Medical Center and to take appropriate action to correct and improve any deficiencies and discrepancies that are evident,
- To formulate realistic objectives and a plan of action to achieve those objectives,
- To review existing hospital policies and if necessary to amend policies to achieve objectives,
- To establish a professional management team to administer the operations of the hospital and to achieve the objectives and goals as mandated by the Board of Directors.

- To insure that hospital operations are at par with and maintained at accepted United States hospital standards as dictated by Federal Laws and Regulations.

In reviewing the operations of the L.B.J. Tropical Medical Center, the Board of Directors determined that there were seven (7) areas that required priority focus and immediate attention. These areas were:

1. The recruitment of four- (4) senior management positions. The Chief Executive Officer, Director of Medical Services, Chief Financial Officer and the Chief Engineer.
2. Address and correct the deficiencies discovered in April, 1997, by the Health Care Financing Administration (HCFA), of the U.S. Department of Health and Human Services.
3. Determine an accurate financial disposition of the L.B.J. Tropical Medical Center.
4. Institute hospital standards of facility housekeeping, maintenance, refurbishing, renovations and environmental safety systems.
5. Formulate a program to reduce off-island medical referrals.
6. Review and implement procurement, receiving and distribution systems and controls to insure a continuity of supplies.
7. Evaluate all personnel credentials and certifications to properly formulate and initiate a creditable continuing training and education program.

The Board of Directors, in 1998 addressed and fulfilled the first segment of the seven priority focus areas, by hiring of four senior executives. They, would become the nucleus upon which a professional management team would be established to address and resolve the remaining six priority areas of focus determined by the Board of Directors. The four senior executives retained are:

- Chief Executive Officer – Mr. Taufete'e John Faumuina
- Director, Medical Services – Dr, Iotamo Saleapaga, M.D.
- Chief Financial Officer – Mr. Robert Wolf
- Chief Engineer – Mr. Gordon Wilcox

With the newly appointed senior executives in position, the task of addressing the goals and objectives mandated by the Board of Directors was placed into motion.

ADMINISTRATION/OPERATIONS

The tasks of addressing the HCFA deficiencies, off-island medical referrals and procurement, receiving and distribution systems and controls were assigned to the Administration/Operations Division of the hospital by the Chief Executive Officer (CEO). In addition to these tasks, this division was charged with coordinating the activities of the appropriate divisions in addressing the financial disposition of the hospital, instituting hospital standards for housekeeping, maintenance, refurbishment, and renovation, and environmental safety systems and continuing training and education programs. Coordination of all tasks would be under the direction of the CEO.

HCFA Deficiencies

Why HCFA is in? What does HCFA have to do with our hospital?

The April 1993 HCFA certification review disclosed that the L.B.J. Tropical Medical Center had seven (7) critical deficiencies that needed immediate attention and corrections. The coordination and resolution of these deficiencies was assigned to the Administration/Operations Division under the direct direction of the CEO. A Task Force consisting of senior representatives of all divisions in the hospital was organized to address and correct these serious problems. A plan of action was formulated and the day-to-day monitoring of the progress of this plan was given to the L.B.J. Tropical Medical Center Quality Assurance Office and the Infection Control Office. In addition, weekly management inspections and progress reports were submitted to the CEO who in-turn reported to the Board of Directors. The results of the CEO's action plan were reflected in the outcome of a mock HCFA Survey that was conducted in November of 1998. It was determined that all seven (7) critical deficiencies had been addressed and were corrected or in the process of being corrected and to be completed in early 1999. (The only deficiency that would not be achieved in early 1999, is the fire sprinkler system, which would be installed during renovations of the hospital. However, appropriate fire safety measures have been taken in lieu of our sprinkler systems. All of this was achieved by a dedicated team effort by all hospital management, staff and personnel.)

Off-Island Medical Referral Program

One of the highest costs of operations at the L.B.J. Tropical Medical Center has been and still is our Off-Island Medical Referral Program. This program alone accounts for approximately \$4.8 million, or 23% of our local appropriations. This has been the primary cause for the continued over-runs of the L.B.J. Tropical Medical Center's approved budget.

In reviewing our Off-Island Medical Referral Program, the Board of Directors and the L.B.J. Tropical Management Team discovered that a great deal of our high costs

were attributed to the fact that we have unusually large unpaid balances owed to our four major healthcare providers in Honolulu. These providers are Tripler Army Hospital, Straub Clinic, Queens Hospital and St. Francis Hospital. Due to the large balances owed, L.B.J. Tropical Medical Center was placed on a cash basis and could not avail itself of trade discounts.

It was clear that L.B.J. Tropical Medical Center had to address and resolve its outstanding past due debts, expand its off-island healthcare provider services and facilities and reestablish its credit rating to become participants in medical industry trade discount programs.

The Board of Directors and management team, in reviewing various possible solutions to improve our off-island medical referral program, researched off-island third party administrator programs. The finding of the task force showed a strong indication that by working with a third party administrator, we would realize improved benefits and lower costs for our off-island medical referral program. These benefits would be:

1. A thorough and accurate review of all charges from healthcare providers to insure that charges are at established industry rates.
2. Expansion of healthcare services and facilities from four (4) to sixteen (16) in Hawaii and select facilities in the mainland.
3. Guaranteed preferred trade discounts for healthcare services from providers.
4. Realistic and affordable credit terms for current financial obligations.
5. A reasonable payment plan for debts incurred since the inception of the American Samoa Medical Center Authority.

In searching for a suitable third party administrator, the Board of Directors and the management team found that the largest and one of the most highly respected third party administrators for our needs is the Hawaii Management Alliance Associates (HMAA). The Board of Directors and the management team reviewed HMAA's proposal and after extensive meetings with HMAA management entered into a one (1) year trial contract to administer our Off-island Medical Referral Program in Hawaii. On November 1, 1998, HMAA officially began to act as our third party administrator for our off-island medical referrals. Also in November of 1998, a delegation, headed by Lt. Governor Tulafono comprised of the President of the Senate Lutu Fuimaono and Speaker of the House Sao Nua, Chairman of the Board Tu'usolo Joseph Pereira, the CEO, Medical Services Director, visited HMAA and

some of the new healthcare facilities that were made available to the L.B.J. Tropical Medical Center. All were satisfied with what they saw and experienced.

Today, we have witnessed a marked improvement of our off-island medical referral program. The improved service of our off-island medical referrals program is very evident. We have improved control of expenditures and meeting our creditor obligations in a timely manner. This has assisted us greatly in improving our cash management capabilities; thus affording us improved capability in financial planning.

Procurement, Receiving and Distribution Systems and Controls

Continuity of supplies and sufficient inventories for the L.B.J. Tropical Medical Center has been a continuing problem, which has greatly affected the quality of healthcare services. In searching for the cause of these problems, it was determined that there were four (4) primary factors that had a direct influence on the hospital's supplies and inventories problems. These factors were:

1. A serious lack of proper financial planning and support,
2. Intermingling of the storage of supplies,
3. Lack of a centralized storage facility and
4. A lack of alternative suppliers to fill back order needs.

With the establishment of the American Samoa Medical Center Authority, all procurement, receiving, storing and distribution functions and responsibilities were transferred from the American Samoa Government to the L.B.J. Tropical Medical Center.

(14) The immediate course of action taken by the management team was to determine our financial disposition with regards to our supplies and inventories needs. It was imperative that any past due accounts with suppliers that had been incurred since the establishment of the American Samoa Medical Center Authority be brought current. In addition, an initiative was taken to reestablish realistic credit terms with our suppliers, which would assist us with our cash management programs and allow us to bring our inventories to an acceptable level. We are pleased to report, that all past due accounts incurred by the American Samoa Medical Center Authority are now current and lines of credit have been reestablished with some of our major suppliers. This has been achieved without placing an unrealistic strain on our cash flow and disbursement schedules.

(15) The management team surveyed all our storage facilities and found that one of the major problems in maintaining proper supply levels was that all supplies were stored in seven (7) different locations under roof and in seven (7) twenty-foot containers.

All supplies were intermingled with the exception of pharmaceutical supplies, which were housed in three separate locations and bio-medical and maintenance spare parts, which were housed in two separated locations. To further compound this situation, it was discovered that surplus supplies received in 1995 were also intermingled with our ordered supplies due to the lack of storage space.

(5)

A thorough inspection was conducted of all surplus supplies. Approximately 10% of the surplus items could still be used by the hospital. The remaining 90% of the surplus items were surveyed and destroyed. With the destruction of all unusable surplus items space was made available to organize the storage of our supplies for easier accessibility and inventories control. Plans have been completed to renovate storage areas for specialized items. This project will be completed in the first quarter of 1999.

WALKER
NALLE
MACK

(10)

We are presently searching for additional suppliers that may be able to more cost effectively fill our needs. Unfortunately, a majority of major hospital suppliers are located in the eastern part of the United States and we suspect that cost efficiency is dependent on volume purchases.

1 & 2 LARSEN MCKESSON & BRUNSWICK
in HAWAII

(11)

Plans are being formulated to computerize via the MIS network. This system will provide a means of tighter inventory control and improved schedules for re-ordering and maintaining acceptable stock levels. In addition, department heads will have the ability to review the disposition of their inventories as they pertain to their respective operations.

Other Activities

As an authority, all Human Resource functions and responsibilities were transferred from the American Samoa Government to the L.B.J. Tropical Medical Center. As a result of this, a Human Resource Manual was authored and adopted to suit our hospital needs while still staying with the parameters of the American Samoa Administrative Code. Our manual has been forwarded to the Governor's Office for review and adoption as Administrative Law.

Given the gravity of the responsibilities of the Human Resource Division, it was realized that the hospital required a professional Human Resource Director. The position for Human Resource Director was advertised. Applications were received, interviews conducted and a Human Resource Director was selected and hired.

An L.B.J. Tropical Medical Center Drug Policy has been drafted and forwarded to the Governor's Office for review and approval. Once approved the policy is to be adopted as Administrative Law.

- HOUSING FOR CONTRACT
- MEDICAL MEDICARE

**LBJ TROPICAL MEDICAL CENTER
MEDICAL RECORDS DEPARTMENT**

OUT PATIENT CLINIC TOTALS 1993-1998							
	1993	1994	1995	1996	1997	1998	TOTAL
GENERAL CLINICS							
EMERGENCY-ROOM VISITS	57,035	57,857	65,253	62,799	63,886	64,178	371,008
PEDIATRIC CLINIC VISITS	15,529	16,244	17,524	17,680	17,102	17,276	101,355
MEDICAL CLINIC VISITS	11,273	10,809	11,977	13,816	15,333	18,286	81,494
SURGICAL CLINIC VISITS	6,698	7,167	7,662	6,965	6,873	8,347	43,712
EAR, NOSE, THROAT CLINIC VISITS	8,053	8,762	8,505	8,099	8,363	8,848	50,630
EYE CLINIC VISITS	3,425	2,953	3,572	2,959	2,750	1,522	17,181
PHYSICAL EXAMINATION CLINIC VISITS	4,226	4,337	3,297	2,797	2,866	2,589	20,112
DENTAL CLINIC VISITS	16,883	15,815	17,148	13,364	13,758	16,291	93,259
FAMILY PLANNING							
FAMILY PLANNING CLINIC VISITS	2,492	2,871	3,336	3,573	3,855	4,586	20,713
POST PARTUM CLINIC VISITS	651	630	733	397	421	496	3,328
OB-GYN CLINIC							
GYN CLINIC VISITS	3,081	3,002	2,814	2,530	2,169	2,727	16,323
PRENATAL REGISTRATION	1,088	1,185	964	807	972	799	5,815
FIRST VISITS	1,524	1,575	1,496	1,159	1,583	1,274	8,611
FOLLOW-UP CLINIC VISITS	7,064	7,099	7,496	6,895	7,199	7,488	43,204
INFERTILITY CLINIC VISITS	50	36	40	23	30	59	238
TOTAL ALL CLINIC CLINICS	139,072	140,342	151,780	143,863	147,160	154,766	876,983
IN PATIENT TOTALS 1993-1998							
ADMISSIONS	6,689	6,992	6,914	6,741	6,821	7,482	41,639
DISCHARGES	6,743	7,075	6,903	6,677	6,782	7,489	41,669
OFF-ISLAND MEDICAL REFERRALS 1993-1998							
MEDICAL REFERRALS	424	390	196	416	199	345	1970