TUBA CITY REGIONAL HEALTH CARE CORPORATION

ANNUAL REPORT 2008

The Tuba City Regional Health Care Corporation (TCRHCC) is a 73-bed, acute care facility organized as a private nonprofit health care organization operating under the Indian Self Determination Act PL 93-638 since September 30, 2002. TCRHCC serves a large geographic area primarily encompassing 4,400 square miles on the western Navajo Nation.

Tuba City is the largest community by zip code on the Navajo Nation. Tuba City Hospital is the primary campus, or hub, for TCRHCC's integrated health system. The hospital and outlying clinics (a limited clinic in Dinnebito, and a new dental clinic in Cameron) provide primary care services to 27,500 Navajo, Hopi and San Juan Southern Paiutes. Growing at approximately 10% per year, twice the overall U.S. growth rate, the population in the TCRHCC primary service area is expected to reach 30,400 by 2015.

TCRHCC also serves as a Referral Medical Center for 75,000 residents across the Navajo Nation and adjacent communities.

Building on the legacy of the Navajo Area Indian Health Service, previously as Tuba City Indian Medical Center (TCIMC), the formal incorporation process under PL 93-638 for Tuba City Regional Health Care Corporation (TCRHCC) began on January 19, 2001, followed by approval by the Navajo Nation Council as a startup 638 effective September 30, 2002. In June 2005, the Navajo Nation Council approved the removal of pilot program status and reauthorized the organization for the purpose of managing and operating contracts with the Indian Health Service for a 15 year period starting on October 1, 2005.

Today, TCRHCC is in its seventh year of 638 funding and operation, and it continues to grow as a regional, community-based health care system.

TCRHCC provides hundreds of clinical and patient care support services spanning the medical spectrum. We provide a full range of preventive health and wellness services. All areas of service incorporate cultural sensitivity and the Navajo philosophy of the four sacred directions.

Our Health Promotion and Diabetes Prevention program reaches out to communities across the service area with primary prevention focus programs including asthma, diabetes, nutrition, obesity, physical activity and exercise and tobacco cessation.

The following health disparities are examples of the issues that impact the residents of our service area. Mortality from preventable diseases are significantly higher among our population than that of non-Natives. The following are examples of critical health





care issues that affect our people*:

- Diabetes 291% greater
- Alcoholism 638% greater
- Accidents 215% greater
- Suicide 91% greater
- Average Lifespan in Arizona –
 General population 72.2 years
 Native Americans 54.7 years

The condition of TCRHCC is sound. The top priority of the Board of Directors, administration, medical staff and support staff is the quality of patient care. Patients, families and communities can be assured that TCRHCC adheres to the highest standards of patient care as evidenced by its accreditation by the national accrediting body – The Joint Commission. All areas of the facility meet or exceed national health care standards. All medical service providers are fully credentialed to practice medicine. TCRHCC has an experienced and stable medical staff. Many of the physicians, nurses and allied professional staff have been at TCRHCC for decades.

A recent audit conducted by an outside accounting firm ranked TCRHCC at the highest standard of financial practices, procedures and accountability. Fiscal Year 2007 ended with surplus revenues (see page 5), as Finance Department staff seek to increase and capture every dollar that is due to TCRHCC for the improved health care of the community.

TCRHCC is fully compliant with the Navajo Preference in Employment Act (NPEA). Ninety-five percent of all new hires for non-technical positions are Navajo, and the remaining five percent meet a category under the order for Navajo Preference (spouse of Navajo or other Native American). Every effort is being made to encourage, train, mentor and attract Navajo and Native American individuals to the health professions for the future, including leadership, technical and professional positions.

TCRHCC has set the goal of being the *Employer of Choice* in the Tuba City region to attract, retain and promote talented and qualified Navajos and Native Americans residing on the reservations, in Flagstaff, and other accessible areas; to attract and retain excellent healthcare professionals from across the nation; and to provide great job satisfaction for all employees.

* Sources: Henson, E., and J.B. Taylor. 2004. Native Americans at the New Millenium. Harvard University; Indian Health Service. 2001. Trends in Indian Health, 1998-1999. Washington, DC.

Community-Rased Zeadership

To the Members of Our Communities,

It is a pleasure to provide you with this *Annual Report 2008* for Tuba City Regional Health Care Corporation. In these few pages we will provide you, in brief, a look at the state of <u>your</u> community-based healthcare corporation – a listing of some of our accomplishments over the past year, and an overview of the financial status of the organiza-

tion. TCRHCC is operationally sound, medically accredited, and operating "in the black."

The operation of your health care corporation – TCRHCC – is governed and overseen by a Board of Directors from the grass roots level, representing your communities. The members are accessible and available to answer your questions and concerns and hear your input.

Self Determination has put healthcare into your hands, and those of your community. A positive future requires the stewardship of a responsible and respon-



Grey Farrell, Jr. Board President

sive Board as well as your attention and participation.

Open Board Meetings

Regular Board of Directors (BOD) meetings are held each month as open meetings to focus on all issues and components of the corporation's operations, planning and development. The BOD also holds occasional special meetings to address more critical issues as they come up, e.g. Annual Funding Agreement negotiations, Medical Staff credentialing, and other special items potentially impacting the corporation.

Annual Board Meeting

Each November the BOD holds the Annual Board Meeting where the TCRHCC bylaws, operating policies and procedures, and other documents are presented. The annual election of officers also takes place. The 2007 Annual Meeting was conducted in Page, Arizona, and included annual reports and presentations of accomplishments and challenges from the perspective of the Chief Operating Officer (CEO), the Senior Leadership Council, legal and financial consultants, and others.

Bylaws Review

In 2007, the BOD undertook a complete review and update of the TCRHCC Bylaws. Additionally, the TCRHCC Selection of Directors Procedure has been hailed by Navajo Area IHS officials as a recommended model for other health facilities considering the restructuring of their facilities.

Board Training

The BOD has worked hard through training and conferences to learn the new ways of a private, not-for-profit corporation, and keeping directly updated on healthcare issues. A consultant administered "Board boot camp" training twice in the past 12 months, on the roles and responsibilities of the BOD. The Board and TCRHCC Senior Leadership attended a Board Governance Conference in Scottsdale, Arizona, on March 30 - April 2, 2008, for a refresher course and new board member training.

Community Communications

Community input is vital in the BOD's stewardship role, and they regard it as a high priority. It is also the Board's role to communicate

TCRHCC information to the communities it represents. Here are many examples of the various communication tools used:

- The recently-developed Healthy Directions newsletter will be distributed widely and will be an important tool for educating the communities we serve.
- The Board regularly attends their respective chapter meetings and reports on TCRHCC activities and financial matters.
- Patient Benefits Coordinators from TCRHCC's Patient Financial Services are providing community outreach by visiting chapter houses to hand out information and are available for presentations at chapter meetings.
- TCRHCC hosts a quarterly Chapter Officials Update, which is an excellent time to discuss corporate and health care issues, and other items of interest to chapter officials.



Joseph Engelken, CEO

- Regularly-scheduled BOD meetings always allow a time for public input, and anyone is welcome to attend.
- The Board and Executive Staff have frequent meetings with Navajo Nation, Hopi, and other officials throughout the year, e.g. meetings with council delegates, Bodaway-Gap Health Center Steering Committee, etc.
- Board members are active in many groups and committees across the Navajo area, with the Navajo Nation Health and Social Services Committee, Division of Health activities, the Navajo Nation Council, Hopi Regional Healthcare Network, the NAIHS Area Health Board, the 638 Association, and with state and federal officials and legislators.

A Commitment to Excellence

While the Board is charged with oversight, outstanding healthcare at TCRHCC is delivered by a dedicated staff of professionals at all levels – credentialed and compassionate healthcare providers, support staff, and administrators. We wish to thank and recognize the staff of TCRHCC at all levels for their commitment to excellence.

With a staff of over 750, TCRHCC is continuously challenged to meet the needs of a growing population, to keep pace with perpetual advances in medical knowledge and technology, and to deal with limited space – very close quarters. We are bursting at the seams and looking toward the future with hopes and dreams of all new facilities, in order to always deliver the best healthcare – the healthcare you deserve! A legacy to hand down to your loved ones.

Cordially,

Grey Farrell, Jr., Board President

Joseph Engelken, CEO



BOARD OF DIRECTORS

Tuba City Regional Health Care Corporation's governing body is the 10-member Board of Directors – qualified representatives of the eight chapters within the Western Navajo Agency, one from the Hopi Village of Moencopi, and one from the San Juan Southern Paiutes. The eight Navajo chapters include Bodaway-Gap, Cameron, Coalmine, Coppermine, Kaibeto, LeChee, Tonalea and Tuba City.

Under the Indian Self Determination Act, the TCRHCC Board of Directors is no longer an advisory board to the Indian Health Service (IHS) but is a true equal with the United States government and the IHS. As stewards over the TCRHCC hospital and resources, the Board of Directors now has fiduciary oversight responsibility for the corporation and its mission. ■



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Accomplishments

I love the Dental Clinic! You guys make me smile.

- Dental Patient

TCRHCC Medical Initiatives

- "Balancing Motherhood" program targets high risk mothers, substance abuse and domestic violence.
- Coumadin Clinic program for better control and fewer complications with this blood-thinning medication.
- Cardiac Rehabilitation program grows, and improves patient survival and function.
- Podiatry podiatrist coming to TCRHCC for limb salvage and wound care.
- Geriatric Clinic initiated "one stop shopping" for screening exams, bone density testing, diabetes, cardiac and physical therapy/occupational therapy needs.
- Acquisition of a 32 slice CT scanner in radiology providing enhanced studies, improved diagnosis, less radiation, virtual colonoscopies.
- Diabetes Education/Clinical Services improved education, compliance, prevention.
- Research programs including Dental chlorhexidine and prevention of dental caries in adults, diabetes education and clinical services, and respiratory syncytial virus (RSV) in conjunction with Johns Hopkins University. Application for participation in severe combined immunodeficiency disorder test.

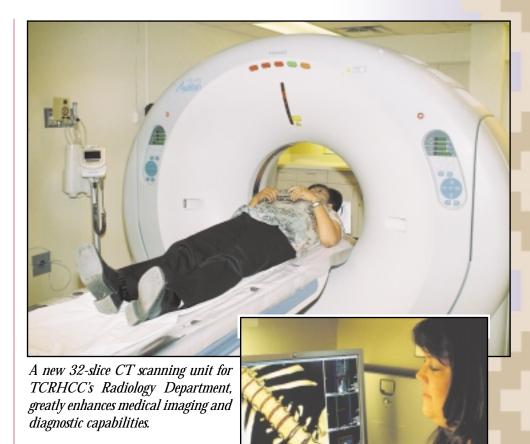
TCRHCC Team Accomplishments

- TCRHCC financial bottom line is "in the black" for 18 months and projections for fiscal year 2008 are positive.
- TCRHCC had a clean annual financial audit with an unqualified report, meaning the highest level of confidence in the financial practices.
- March 2007: A successful hospital accreditation by the Joint Commission, with a 35% improvement over 2004.
- Successful laboratory accreditation survey by the Joint Commission in 2007.



A new dental clinic at Cameron, Arizona, opened in Janaury 2008, providing dental care closer to home for residents of Cameron, Grey Mountain, Grand Canyon, Bodaway-Gap and even Flagstaff.

- A perfect report from United Blood Services on their 2007 annual inspection of TCRHCC's laboratory for compliance with the Code of Federal Regulations & AABB standards for the handling and storage of blood and blood products.
- Cardiac Rehabilitation Program is growing first in all of IHS to be Medicare certified.
- Medicare swing bed program certified.
- New dental clinic opened in Cameron, Arizona, increasing dental services capacity and making dental services more accessible for patients from Cameron, Gray Mountain, Flagstaff and Grand Canyon.



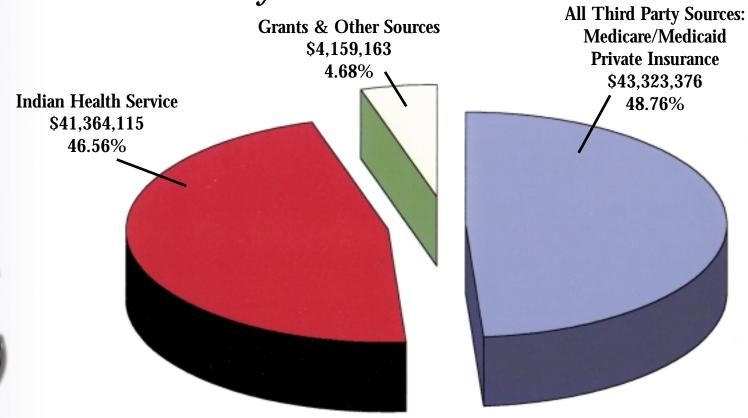
- Grant revenues grew to over \$2 million in fiscal year 2007.
- Improved communications *Healthy Directions* newsletter, quarterly chapter officials meetings, open board meetings, and Board of Director representation at chapter meetings.
- A broad range of personnel policies and practices are in place to attempt to educate, recruit, and promote qualified Navajo employees.
 A full Affirmative Action Plan has been completed and approved by the Board of Directors, providing clear guidelines on efforts to comply with the Navajo Preference in Employment Act.
- Sixteen new housing units are in place which will streamline starting dates for eligible positions.
 - Increased emphasis on cultural orientation for new hires.
 - TCRHCC's Health Promotion/Disease Prevention (HPDP) Program executed a national demonstration project evaluating the implementation and outcomes of a Diabetes Prevention Program in Indian communities. Sixteen lessons were delivered in a six month period, with a focus on education and behavior change. The project proved that there was a 58% reduction in pre-diabetes through behavior modification.
 - HPDP Health & Nutrition Education Programs:
 - Healthy Living 101 37 participants
 - Honoring the Gift of Heart Health 44 participants
 - HPDP Physical Activity & Exercise Programs:
 - 2007 WINGS Running Camp 181 participants
 - 2007 Co-Ed Adult Flag Football League 180 participants
 - 2007 Co-Ed Softball League 180 participants
 - 2007 Women's Softball League 70 participants
 - 2007 Just Move It Walk/Run Series 2,322 participants
 - HPDP After School Programs:
 - Kangaroo Boot Camp 358 participants
 - Youth Futsal (Indoor Soccer) 222 participants
- TCRHCC participation in Tuba City Mass Flu Vaccination Exercise in November 2007, in collaboration with Navajo Area IHS and Tuba City High School – event designed to assist local agencies, communities and groups to respond to an actual or real mass vaccination emergency event.
- Participated in a comprehensive community health forum *Joining Hands for a Healthier Future Community Partners in Action,* at the Community Center in Tuba City, in August 2007.
- Conducted a Patient Satisfaction Survey for inpatient, outpatient and ancillary service areas of TCRHCC in the first quarter of FY08.

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Operating Revenue & Expenditures

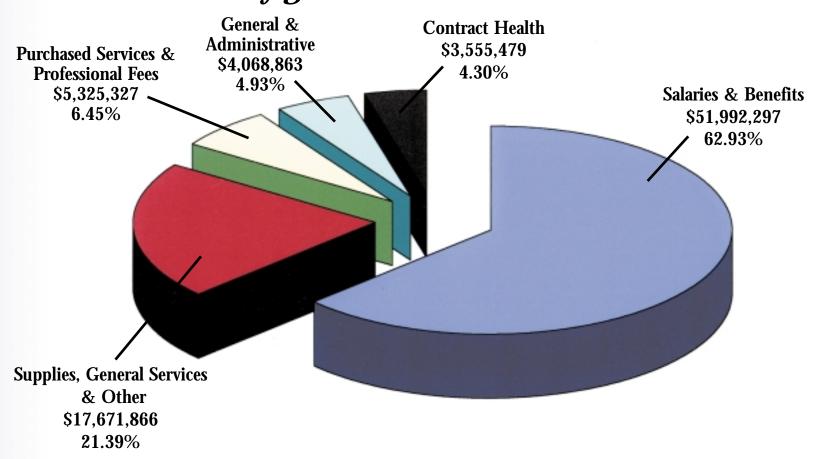
TCRHCC Revenues FY 2007: \$88,846,654

Where the money comes from . . .



TCRHCC Expenditures FY 2007: \$82,613,832

Where the money goes . . .



TCRHCC OPERATING REVENUE & EXPENDITURES

FY 2007 Net Operating Surplus: \$6,232,822

Through belt tightening, critical attention to every segment of the Revenue Cycle (page 4), and by capturing every dollar rightly due to TCRHCC, the corporation finished Fiscal Year 2007 with a net operating surplus of more than \$6 million, and a total cash balance on hand of over \$9.6 million.

The corporation's "wish list" for additional equipment, staff, housing, repairs and facilities far exceeds surplus cash. As with a prudent household, (or any similar healthcare facility) as opposed to spending all available cash, TCRHCC seeks to have several months' operating cash in the bank in reserve, in order to weather any unforeseen events or sudden changes in revenues.

As outlined earlier in this document, the healthcare demands of the TCRHCC service area will continue to grow, placing more and more demands on present facilities and staffing levels. The TCRHCC Board and Administration are looking to the future in an effort to best meet the demands of a growing population and ever-advancing technologies.

Financial Controls & Practices

Tuba City Regional Health Care Corporation

Schedule of Assets, Liabilities and Net Assets September 30, 2007

Current assets \$ 19,768,822 Property and equipment, net 8,124,088 \$ 27,892,910 Total assets Current liabilities 7,655,311 Net assets—unrestricted 20,327,599 \$ 27,892,910 Total liabilities and net assets

Schedule of Revenues, Expenses and Change in Net Assets For the Year Ended September 30, 2007

Total operating revenue Total operating expenses Operating income	$\frac{\$88,846,654}{82,613,832} \\ \hline 6,232,822$
Nonoperating income	520,465
Change in net assets Net assets, beginning of year Net assets, end of year	6,753,287 $13,484,312$ $20,237,599$





Independent Auditors' Report

Board of Directors Tuba City Regional Health Care Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Tuba City Regional Health Care Corporation (the "Hospital") as of and for the year ended September 30, 2007, and have issued our report thereon dated May 6, 2008. We have also audited the accompanying schedule of assets, liabilities and net assets, and schedule of revenues, expenses and change in net assets of the Hospital as of and for the year ended September 30, 2007. These schedules are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these schedules based on our audit.

We conducted our audit of the schedules 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 schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts in the schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the assets, liabilities, net assets, revenues, expenses, and change in net assets of the Hospital as of and for the year ended September 30, 2007, in conformity with accounting principles generally accepted in the United States of America.

REDWILL

May 6, 2008

ANNUAL FINANCIAL AUDIT

Every year an independent auditing firm performs a full audit of TCRHCC finances, accounting for every dollar. New auditing standards were added for Fiscal Year 2007 (FY07) to include more internal financial con-

trols. TCRHCC has been given an "unqualified audit" for FY07. This is a report of the highest standard. Upon completion by the accounting firm, the audit is approved by the TCRHCC Board of Directors then forwarded to the Navajo Nation Division of Health.



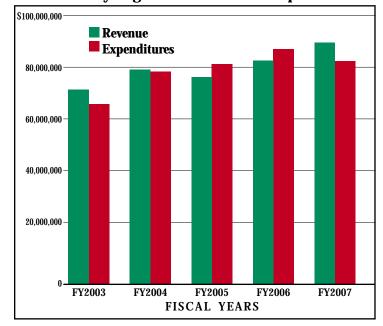
Cliff Olsson, Chief Financial Officer

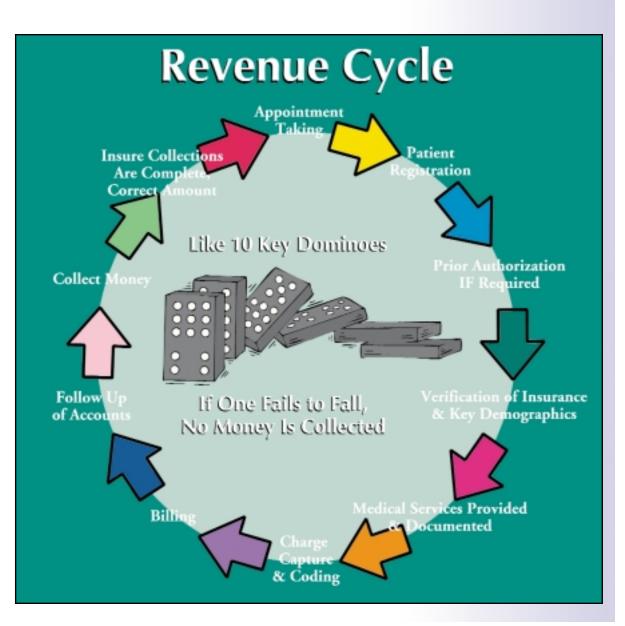
TCRHCC has established a solid fiscal foundation and can now move forward using estab-

lished sound business practices and enhanced strategic growth of clinical services. The Financial Sevices Department continues to seek ways to tighten business systems and financial controls.

hile the quality of care for every individual patient is of paramount importance, it is the role of the Finance Department to capture every dollar that is rightfully due to TCRHCC, for the good of the healthcare of the entire community. Every step of the "Revenue Cycle" is important and Finance is giving attention to detail at every step to assure revenues are properly collected. If one domino is left standing, no money is collected.

Tuba City Regional Health Care Corporation





Serving a Growing Topulation

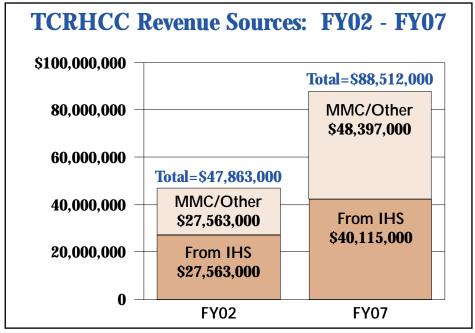
The chart of Inpatient and Outpatient Workload (right) describes the growth and changes in TCRHCC's patient care workload from 2002 to 2007, since the hospital became a self determined, 638 facility. This utilization data is vital to the hospital's ability to grow and provide new services because it helps determine reimbursements and funding levels.

Total combined hospital inpatient and outpatient utilization has grown by 25.8% during the five-year period, increasing from 149,679 visits in Fiscal Year 2002 to 188,244 visits in Fiscal Year 2007. During that time, outpatient services have also grown by 28.4% to 175,183 visits, consisting of both primary care provider visits and other special visits like Public Health Nursing visits.

The total number of days of inpatient care declined slightly from 13,195 in Fiscal Year 2002 to 13,126 in Fiscal Year 2007, while at the same time, the average length of stay (ALOS) in a hospital bed increased from 3.2 to 3.5 days. Inpatient days and average daily census remained essentially level. Meanwhile, total births grew to 534 in Fiscal Year 2007. Newborn hospital stays grew 10.5% to 1,061 days.

In summary, we can say that as more patients are able to be treated in the outpatient arena, those patients who need inpatient care tend to require higher levels of care.

TCRHCC Inpatient &	Outpatient	Workload	FY02 - FY07
<u>INPATIENT</u>	<u>FY02</u>	<u>FY07</u>	<u>CHANGE</u>
Hospital Discharges Inpatient Days Average Daily Census	3,599 12,235 33.5	3,221 12,065 33.1	- 10.5% - 1.4% - 1.0%
Newborns (NB) NB Days	512 960	534 1,061	+ 4.3% + 10.5%
Total Inpatient Days Discharges	13,195 4,111	13,126 3,751	- 0.5 % - 8.8 %
ALOS	3.2	3.5	+ 9.4%
<u>OUTPATIENT</u>	<u>FY02</u>	<u>FY07</u>	<u>CHANGE</u>
Total Outpatient Visits	136,484	175,185	+ 28.4%
- PCPVs - Other	98,850 37,634	115,453 59,732	+ 16.8 % + 58.7 %
Grand Total Utilization (Inpatient & Outpatien	•	188,244	+ 25.8





A survey was conducted over a 15 month period at TCRHCC to measure patient satisfaction with care and services. The survey questionnaire for the Patient Satisfaction/ Perceptions Survey was based on a questionnaire currently being used by IHS medical treatment facilities throughout the Navajo Nation. The survey sampling method that was used complies with the requirements of the Joint Commission – TCRHCC's accrediting body. The sample size across all reporting departments and services for the core survey statements resulted in statistics that are valid at a 95% confidence level or higher.

In survey results for the first quarter of Fiscal Year 2008, many clinics received 100 out of 100 possible points in the areas measured such as the staff's willingness to explain things, "the staff is nice," facility cleanliness, privacy, and overall satisfaction. The overall rating for all of TCRHCC was 98.33 points – a truly excellent result. Other areas that are included on surveys include waiting time, staff showing concern, treatment for pain, courtesy and respect, staff listened and answered questions, gave medication instructions, and satisfaction with secretaries, nurses, interpreters and providers.

Based on the survey results, there is strong evidence that TCRHCC patients are **very satisfied** with almost all aspects of care and services they receive at the hospital. Consider that average scores of 100 are common for many areas of the facility; average scores in the 90s are reported far more frequently than lower scores.

Over the five quarters for which the survey was administered, two key indicators were tracked that helped hospital staff determine how respondents felt they were treated as patients and human beings: "The staff treated me with courtesy and respect," and "Overall, I am pleased with the care I received."

The level of satisfaction regarding how patients feel about the way they were treated medically and administratively remained consistently high through the entire five-quarter survey period. The average percentage of positive responses for each of these two indicators was between 90% and 100% for five quarters surveyed in the Inpatient and Outpatient Clinics. There were just two quarters



where the score fell below 90% to the mid-to-high 80%s in Ancillary Services (Pharmacy, Radiology and Respiratory Therapy).

Some specific areas for improvement were identified, including waiting time, telephone staff satisfaction and interpreter satisfaction in some specific clinics.

**Everyone on staff was nice and ready to help, Thanks, I really felt safe. **I

PACU Patient



Excellent Care! Everyone was helpful and friendly.

- Family Medicine Patient

Where Does TCRHCC Stand in the Health Care Environment?

TCRHCC Present Services

Inpatient Services:

Family & Internal Medicine

Obstetrics/GYN

Pediatrics

Surgery & Anesthesiology

- Adult / Pediatric (less than 1 year old)

General Surgery

Ear / Nose / Throat - Basic

Ophthalmology - Basic

Orthopedics & Podiatry

Oral Surgery

Urology - Basic

Intensive Care

Hemodialysis

Outpatient Services:

Walk-In Clinic with Extended Hours (Non Scheduled)

Family Medicine

Internal Medicine

Diabetes

Eye Clinic

Dental Clinic

Emergency Department

Dinnebito Clinic

Mental Health Clinic

Alcohol and Substance Abuse Infusion Treatment

Audiology

Telemedicine Services

Specialized Services:

Level 4 Trauma Service

Limited Clinical Teaching

Limited Research

Swing Bed (Skilled Nursing)

Ancillary Services (Inpatient & Outpatient):

Physical Therapy

Respiratory Therapy

Pharmacy

Laboratory

Nutrition

Radiology

Speech and Language Pathology / Occupational Therapy

Community Health Nursing

Diabetes Education Program

Diabetes Prevention Program

Cardiac Rehabilitation

Support Services:

Administration

Facilities Management including Housing

General Services

Human Resources

Finance

Contract Health

Business Office

Healthcare Compliance Community Information (PIO)

Community Information (PIO)

Information Technology Resource Management

Infection Control

Safety

Quality Management

Case Management / Social Services / Utilization Review

Medical Records

Housekeeping

Nursing Education

Health Promotion

Environmental Health Services

TCRHCC – A Vision for the Future

(A More Advanced Regional Medical Center)

Additional Services:

Cardiovascular (Cardiology)

Cardiovascular Surgery

Dermatology

Infectious Disease

Endocrinology / Metabolic

Geriatric

Hematology

Oncology

Gynecological

Pediatric

Renal Disease

Neurology

Neurological Surgery

Allergy & Immunology

Rheumatology

Plastic Surgery

Hand Surgery

Pulmonary

Gastrointestinal

Inpatient Mental Health & Alcohol and Substance Abuse

Hospice & Palliative Medicine

Pain Management

Multiple Pediatric Specialties

Pediatric Emergency Medicine

Reproductive Medicine

Specialized Intensive Care Units:

Cardiac

Respiratory

Surgical/ Trauma

Medical

Pediatric

Neonatal Specialized Services

Transplant Services

Level 1 or 2 Trauma Service

Additional Services:

Radiology, Nuclear Medicine

Radiation Oncology

Pathology

Sports Medicine

Physical Medicine & Rehabilitation

Preventative Medicine

Pathology

Multi-Disciplinary:

Research

Teaching

Education for Multiple Health Care Disciplines





*Keep up the good job! */

- OB Patient

















Logo Design: Phil Coolie

Tuba City Regional Health Care Corporation

Our Vision: To heal, to respect, to console.

Our Mission: To provide accessible, quality, culturally sensitive health care.