

*Financial Statements, Required Supplementary  
Information, and Supplementary and Other Information*

**Guam Memorial Hospital Authority**  
(A Component Unit of the Government of Guam)

*Year Ended September 30, 2023  
with Report of Independent Auditors*



Guam Memorial Hospital Authority  
(A Component Unit of the Government of Guam)

Financial Statements, Required Supplementary Information,  
and Supplementary and Other Information

Year Ended September 30, 2023

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## Report of Independent Auditors

Board of Trustees  
Guam Memorial Hospital Authority

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of the Guam Memorial Hospital Authority (GMHA), a component unit of the Government of Guam, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the GMHA’s basic financial statements as listed in the table of contents (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of GMHA as of September 30, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis of Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GMHA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about GMHA’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GMHA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the GMHA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as well as the Schedules of Proportional Share of the Net Pension Liability, the Schedule of Pension Contributions, the Schedule of the Proportionate Share of the Total OPEB Liability and the Schedule of OPEB Employer Contributions be presented to supplement the basic financial statements. Such information, is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise GMHA's basic financial statements. The schedules of expenses, patient service revenues by patient classification, and billings and collections and reconciliation of billings to gross patient revenues are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Except for billings and collections and reconciliation of billings to gross patient revenues for the years ended September 30, 2021, 2020 and 2019, 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, except for billings and collections and reconciliation of billings to gross patient revenues for the years ended September 30, 2021, 2020 and 2019, the schedules of expenses, patient service revenues by patient classification, and billings and collections and reconciliation of billings to gross patient revenues are fairly stated, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, the basic financial statements of the Authority as of and for the year ended September 30, 2022 (not presented herein), and have issued our report thereon dated September 23, 2023 which contained an unmodified opinion on the financial statements. The schedule of billings and collections and reconciliation of billings to gross patient revenues for the year ended September 30, 2022 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2022 financial statements. The information was subjected to the audit procedures applied in the audit of the 2022 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of billings and collections and reconciliation of billings to gross patient revenues is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended September 30, 2022.

#### *Other Information*

Management is responsible for the other information included in the financial statements. The other information comprises the Schedule of Full Time Employee (FTE) Count but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2024, on our consideration of GMHA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GMHA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GMHA's internal control over financial reporting and compliance.

*Ernst + Young LLP*

October 9, 2024

**Guam Memorial Hospital Authority**  
(A Component Unit of the Government of Guam)

**Management's Discussion and Analysis**

Years Ended September 30, 2023 and 2022

The Management's Discussion & Analysis (MD&A) provides an overview of the Guam Memorial Hospital Authority's (GMHA) activities and financial performance for the fiscal year (FY) ended September 30, 2023. The MD&A should be read in conjunction with the GMHA audited financial statements and accompanying notes.

**I. Organization**

GMHA was created in 1977 pursuant to Public Law (P.L.) 14-29 as an autonomous agency of the Government of Guam. GMHA owns and operates the Guam Memorial Hospital (the "Hospital") which is Guam's only civilian, public acute care hospital with 161 licensed acute care beds, and 40 licensed beds at the Skilled Nursing Unit (SNU). GMHA is supported by six divisions – Administration, Operations, Fiscal Services, Medical Services, Nursing, and Professional Support – to provide healthcare services to all patients regardless of their ability to pay. These services include inpatient adult acute, skilled nursing, maternal child health, laboratory, radiology, pharmacy, hemodialysis, rehabilitative and respiratory care. The Hospital's medical specialties include cardiac catheterization lab, pulmonology, gastroenterology, podiatry, intensive care/critical care unit, emergency room, interventional radiology, labor & delivery, obstetrics, nursery, neonatal ICU, pediatric ICU, medical telemetry/progressive care unit, and operating room/post-anesthesia care unit.

GMHA also provides outpatient medical services to Department of Corrections (DOC) detainees and inmates pursuant to a September 2015 cooperative agreement. The agreement arose from the Government of Guam's efforts to comply with a court order related to a federal civil case. Inpatient services are not included in this agreement and are billed to DOC as detainees and inmates are hospitalized and/or brought to the Emergency Room. DOC is required to remit payments for clinical services, however, subject to availability of funds.

GMHA is governed by the Board of Trustees (BOT) composed of 10 members representing backgrounds in healthcare, allied health, nursing, medicine, management, and finance. The GMHA Volunteers Association President is an ex-officio member. Trustees serve staggered six-year terms after their appointment by the Governor of Guam with the Guam Legislature's consent. As of September 30, 2023, there were eight BOT members and two vacancies.

GMHA's Chief Executive Officer/Administrator is hired by and reports to the BOT to have full charge and control of the operations and maintenance of the Hospital, which is guided by the 2023-2027 strategic plan and mission statement.

*Guam Memorial Hospital Authority is a public organization entrusted to improve the health and wellness of the people of Guam. We do this by providing an exceptional patient experience centered on quality-driven, safe, cost-effective healthcare services.*

Guam Memorial Hospital Authority  
(A Component Unit of the Government of Guam)

Management’s Discussion and Analysis, continued

**I. Organization, continued**

The CEO is responsible for ensuring GMHA meets its strategic goals:

- Achieve Financial Viability
- Enhance Infrastructure & Technology
- Transform Healthcare Services
- Engage the Healthcare Workforce
- Engage Physicians
- Engage & Partner with the Community

GMHA’s core values are the driving force behind GMHA’s actions and attitudes and espouse **Community, Compassion, Innovation, Resiliency, and Trust**. These values guide GMHA to fulfill its mission.

**II. Financial Highlights**

Technology issues, natural disaster, and residual economic effects of the COVID-19 pandemic significantly impacted GMHA’s FY 2023 financial performance. While the Biden Administration ended the national emergency and public health declarations on May 11, 2023, hospitals and health systems across the nation continue to face financial challenges in the aftermath of the COVID-19 pandemic such as workforce shortages, supply chain disruptions, and rising costs.

Electronic Health Records System Go-Live

In October 2022, GMHA went live with Medsphere CareVue, a new electronic health records system that replaced Cantata Health Optimum iMed. The Optimum iMed system was no longer supported by Cantata. During the implementation, there were issues with interfaces to the patient accounting system, which temporarily affected charges, billings, and revenues.

Network Shutdown & Restoration

From March to April 2023, GMHA’s network was brought down to ensure network security and reduce the risk of damage and theft of protected health information after an unauthorized third party accessed GMHA’s network. During this time, GMHA went into “manual mode” and continued patient care. A risk assessment found no evidence that patient or employee data was compromised. A major task of the restoration involved changing out all network internet protocol addresses.

As a result, charges, billings, revenues, and revenue cycle workflows were affected. Without access to systems, claims could not be timely generated to send for insurance reimbursements. By June 2023, systems had stabilized significantly enough that revenues had increased to normal levels. However, lack of cash flow resulting from the shutdown prompted GMHA to seek assistance to support operations, including payroll. Advances from Medicaid claims were received from April to October 2023 totaling \$22.3M. Recoupments for these advances began in May 2023 as offsets to current adjudicated Medicaid claims. As of September 30, 2023, Medicaid recoupments totaled \$5.7M.



Guam Memorial Hospital Authority  
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Management’s Discussion and Analysis, continued

**II. Financial Highlights, continued**

Typhoon Mawar

In May 2023, Typhoon Mawar made landfall on Guam with maximum sustained winds of 130-140 mph. The Hospital sustained structural damage from water intrusion and high winds. The Hospital’s chillers were also affected by the typhoon. Split air conditioners and portable air conditioners were installed in various areas of the Hospital to control humidity and mold. The typhoon caused a surge of emergency room patients (some acutely ill) due to closures of community dialysis centers and clinics that were unable to open without power and water. The Guam National Guard and the Department of Health and Human Services National Disaster Medical System provided temporary emergency medical staff to assist GMHA staff with the overflow of patients.

GMHA also received and sheltered pregnant mothers who were more than 38 weeks pregnant or more than six months pregnant if high risk. The Skilled Nursing Facility B Wing was activated to shelter those who were oxygen dependent without power at home or school shelters, and children under the care of the Department of Public Health and Social Services. Sheltered individuals are not GMHA patients although GMHA provided care and resources before, during, and after the typhoon.

A claim has been submitted to FEMA for costs eligible for typhoon related emergency protective measures for \$2.3M. GMHA is awaiting FEMA’s final decision on the award.

Staffing Shortages and Labor Costs

In FY 2023, GMHA continued to experience staffing shortages, particularly in nursing and allied health professions, but also in environmental services (housekeeping) and dietary. The nationwide shortage of nurses has impacted our island as the three acute care hospitals compete for the same nurses. In 2021, the Department of Administration completed the 2021 Nurse Professional Pay Structure and Differential, which updated the Nurse Pay Plan, providing pay increases to nurses to help recruit and retain nurses. Governor Lourdes A. Leon Guerrero approved the plan in June 2021 to be effective August 2021. The estimated annual cost of the 2021 NPP was \$6.6M.

	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>Change FY 2022 to FY 2023</u>
Registered Nurses	279	283	333	333	0
Licensed Practical Nurses	22	18	28	28	0
Certified Nurse Assistant	90	112	110	109	-1
Total	391	413	471	470	-1

Despite the pay increase, nurses are leaving for higher salaries, a desire to live off-island, a desire for different working conditions, attractive federal jobs, and burnout. Full-time nurses are also shifting to part-time status to deal with burnout and stress. As a result of recruitment difficulties, GMHA is unable to open more acute beds and patients are left holding in the emergency room waiting for a room. GMHA is also left to continue relying on costly contract travel nurses to fill the gap in critical healthcare staffing. From FY 2021 to FY 2023 travel nurse costs were \$51.4M, of which \$35.7M was reimbursed from federal grants.

Guam Memorial Hospital Authority  
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Management’s Discussion and Analysis, continued

**II. Financial Highlights, continued**

Initiatives to recruit and retain nurses in FY 2023 include:

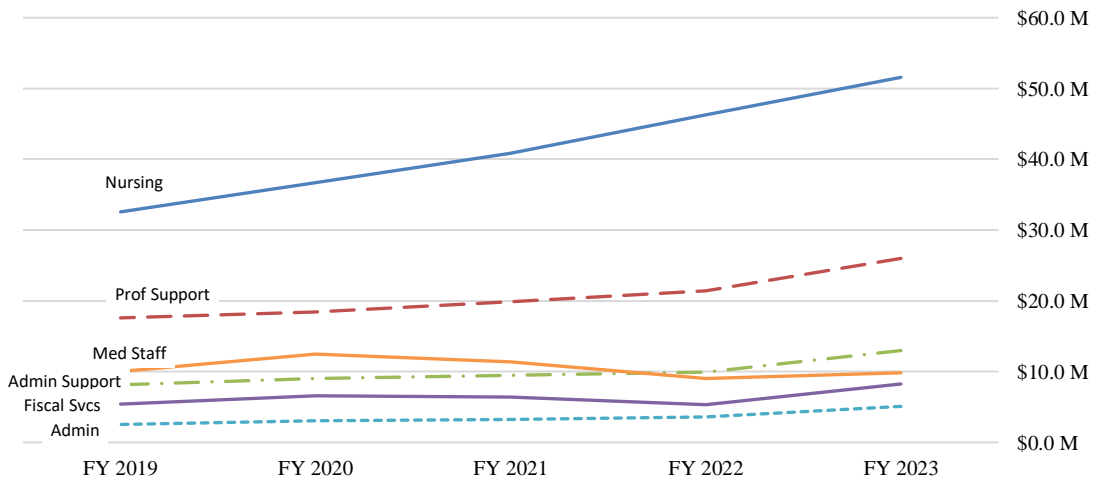
- Initiating the Intensive Care Nurse Residency Program in February 2023 to mentor and nurture our nurses, support their professional growth, and developing higher competency in caring for critical intensive care patients. Nurses completing the program may be eligible for incentive pay.
- Exploring foreign nurse recruitment and preparing the proper solicitation for such services.
- Developing marketing strategies promoting Guam to off-island candidates as a nursing destination in paradise.
- Discussing an adjustment to nurse’s base salaries with the Department of Administration.

In October 2022, the GMHA BOT approved to extend the Law Enforcement Officer Pay Plan to all GMHA Security Guards, Guard Supervisors, and Chief of Security. The estimated annual cost of the LEOPP was \$0.4M.

In April 2023, GMHA implemented the 2023 General Pay Plan (GPP) that adjusted relevant salaries by 22% as determined by the Department of Administration and approved by the Governor. The GPP replaced GMHA differential pays approved by the BOT, ranging from 15% to 25%, for allied health professionals such as respiratory therapists, laboratory technologists, rehabilitation therapists, speech language pathologists, diagnostic medical sonographers, radiologic technologists, clinical dietitians, dietary supervisors and managers, pharmacists, social workers, and various technicians in professional support and nursing. The estimated annual cost of the 2023 GPP was \$7.8M.

Overall, GMHA’s full time equivalent (FTE) count was 1,160 at September 30, 2023, increasing by 15 FTEs. FY 2023 budgeted FTEs is 1,272. Since FY 2019, GMHA increased staffing by 13% primarily to increase resources to support the Nursing Division.

**FY 2019 – FY 2023 Personnel Costs**



Guam Memorial Hospital Authority  
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Management’s Discussion and Analysis, continued

**II. Financial Highlights, continued**

Compared to pre-pandemic FY 2019, overall personnel costs increased by 47.8%, or \$36.3M, due to increases in salaries of \$22.4M and benefits of \$13.9M. Salaries include Other Pay such as certification pay for GMHA’s nurses and allied health professionals, and differential pay for nurses, certain professional support staff, and technicians. GMHA also implemented, from April 2020 to January 2023, COVID-19 response differential pay ranging from 10% to 25%, for essential GMHA employees supporting the public health emergency per the Governor’s Executive Order No. 2020-08.

GMHA Appropriations

Public Law 36-107, the General Appropriations Act of 2023, appropriated \$47.0M to GMHA, comprised of \$18.7M from the GMHA Pharmaceutical Fund, \$7.4M from the General Fund, and \$20.0M from the FY 2022 audited surplus fund balance to recruit and retain specialty doctors and for priority capital improvement projects, such as the GMHA maternal and child health renovation project. The law was amended by Public Law 37-3 and increased GMHA’s Pharmaceutical Fund by \$0.9M, to \$19.6M from \$18.7M.

	FY 2021	FY 2022	FY 2023	<u>Change</u> FY 2022 to FY 2023
Pharmaceutical Fund	\$18,844,806	\$17,982,304	\$19,631,513	\$ 1,649,209
General Fund	8,208,795	3,502,709	7,402,709	3,900,000
Healthy Futures Fund	1,729,597	-	-	-
FY 2022 audited surplus fund balance	-	-	20,000,000	20,000,000
Total Appropriations	<u>\$28,783,198</u>	<u>\$21,485,013</u>	<u>\$47,034,222</u>	<u>\$25,549,209</u>

Centers for Medicare and Medicaid Services

In September 2022, April 2023, and September 2023, the Centers for Medicare and Medicaid Services (CMS) conducted recertification and complaint surveys. CMS surveys are conducted to determine GMHA’s compliance with applicable CMS Conditions of Participation for a provider of hospital services in the Medicare program. GMHA responded with its Plan of Corrective (POC) actions within 10 calendar days of the surveys, hence, GMHA continues to maintain its Medicare provider certification from CMS. GMHA must submit credible documentation evidencing correction of all cited deficiencies or risk termination of the Medicare provider agreement.

As a Medicare provider, GMHA is reimbursed for medical services as a TEFRA (Tax Equity and Fiscal Responsibility Act of 1982) hospital exempted from Medicare’s prospective payment system (PPS). The PPS is common for almost all U.S. hospitals and pays a predetermined, fixed amount for a particular service based on its classification system, such as diagnostic-related groups for inpatient hospitals. On the other hand, TEFRA hospitals are reimbursed based on the cost of treating Medicare patients as determined by the annual Medicare Cost Report with an aggregate per discharge limit based on the facility’s cost of care. The discharge limit is increased each year by a hospital market basket index determined by Medicare to account for inflation, which averages 1% per year.

In January 2019, after many years, CMS approved GMHA’s request to rebase the discharge rate retroactively to October 1, 2013 costs from 1992-1994 costs. At the time, this brought reimbursements closer to current costs. GMHA received \$6.3M in April 2019 for retroactive rate adjustments for FY 2014 – FY 2016, and \$2.4M in June 2022 for FY 2017 and FY 2018.

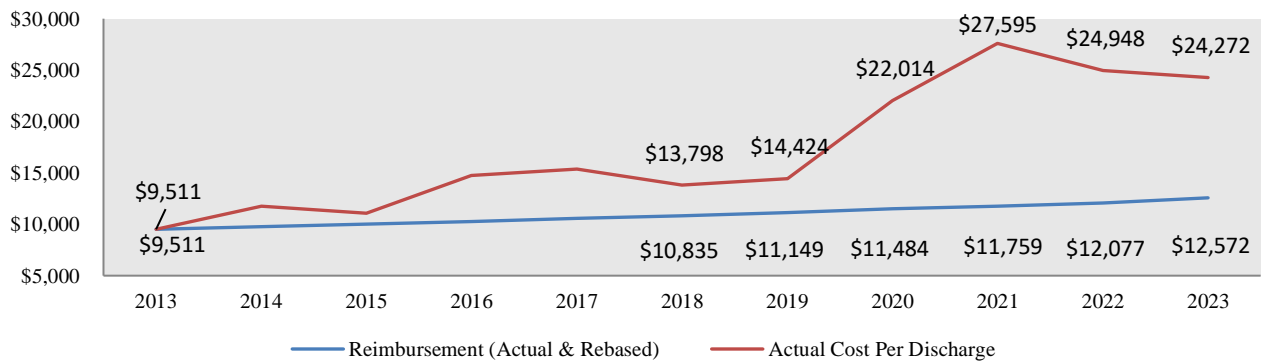
Guam Memorial Hospital Authority  
(A Component Unit of the Government of Guam)

Management’s Discussion and Analysis, continued

**II. Financial Highlights, continued**

Although rebasing has helped GMHA collect more on Medicare claims, GMHA is still reimbursed significantly less than the cost of discharge especially since FY 2020, the COVID-19 pandemic. As of the FY 2023 Medicare Cost Report<sup>1</sup>, the cost of discharge was \$24,272 while the reimbursement was \$12,572, a difference of \$11,700. GMHA management is planning to undertake another rebasing request to bring Medicare reimbursements more in line with current costs. This will help GMHA cover the high cost of providing medical care to patients and positively impact cash flows.

**Target Rate per Patient Discharge by Fiscal Year**



Medicare’s reimbursement methodology is somewhat mirrored by Medicaid and MIP. Thus, the reimbursements for patients with coverage under those programs are similarly impacted.

<sup>1</sup> The Medicare Cost Report is subject to CMS audit and desk review.

**Guam Memorial Hospital Authority**  
(A Component Unit of the Government of Guam)

**Management's Discussion and Analysis, continued**

**III. Overview of the Financial Statements**

A comparative analysis is provided for FY 2023 and FY 2022 Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows.

	<b><u>Summarized Statement of Net Position</u></b>			
	<b><u>FY 2023</u></b>	<b><u>FY 2022</u></b>	<b><u>\$ Change</u></b>	<b><u>% Change</u></b>
<b>ASSETS</b>				
Current Assets	\$ 57,947,736	\$ 58,385,459	\$ (437,723)	-0.7%
Noncurrent Assets	34,546,832	31,110,669	3,436,163	11.0%
Total assets	92,494,568	89,496,128	2,998,440	3.4%
Deferred outflows of resources	103,875,694	76,900,811	26,974,883	35.1%
Total assets and deferred outflows of resources	<u>\$ 196,370,262</u>	<u>\$ 166,396,939</u>	<u>\$ 29,973,323</u>	<u>18.0%</u>
<b>LIABILITIES AND NET POSITION</b>				
<b>Liabilities:</b>				
Current liabilities	\$ 61,672,018	\$ 34,124,247	\$ 27,547,771	80.7%
Noncurrent liabilities	360,060,998	334,683,128	25,377,870	7.6%
Total liabilities	421,733,016	368,807,375	52,925,641	14.4%
Deferred inflows of resources	73,036,186	55,055,074	17,981,112	32.7%
<b>Net position:</b>				
Net investment in capital assets	28,572,865	31,110,669	(2,537,804)	-8.2%
Unrestricted	(326,971,805)	(288,576,179)	(38,395,626)	13.3%
Total net position	(298,398,940)	(257,465,510)	(40,933,430)	15.9%
Total liabilities, deferred inflows of resources and net position	<u>\$ 196,370,262</u>	<u>\$ 166,396,939</u>	<u>\$ 29,973,323</u>	<u>18.0%</u>

- GMHA's total net position decreased by 15.9%, or \$40.9M, in FY 2023 compared to FY 2022 increasing GMHA's cumulative deficit in unrestricted net position.
- Total assets increased 3.4%, or \$3.0M, due to decreases in cash of \$2.2M, and increase of intangible assets of \$5.5M due to initial GASB 96 recording of subscription based IT assets. Generally accepted accounting principles (GAAP) allow the recognition of an allowance for doubtful accounts and the periodic write-off of outstanding receivables meeting certain criteria. GMHA ended FY 2023 with patient receivables of \$51.5M, net of estimated uncollectible accounts of \$306.5M. Deferred outflows of resources increased by \$27.0M for pensions and other post-employment benefits, resulting in an overall increase in total assets and deferred inflows of resources of \$30.0M.
- Total liabilities increased 14.4%, or \$52.9M. Due to increased expenses and decrease in cash flows, current liabilities increased by 80.7%, or \$27.5M, which mainly pertains to increases in trade accounts payable of \$9.2M, and amounts owed to the Government of Guam for Medicaid advances of \$22.3M.

**Guam Memorial Hospital Authority**  
(A Component Unit of the Government of Guam)

**Management’s Discussion and Analysis, continued**

**III. Overview of the Financial Statements, continued**

- As of September 30, 2023, GMHA’s net investment in capital assets was \$28.6M with no long-term debt. Major FY 2023 capital improvement additions include \$0.4M for SNF chiller, \$0.5M for removal and replacement of air handling units and \$2.7M for movable equipment such as colonoscopes, gastroscopes, and duodenoscopes (\$0.7M), hemodialysis machines (\$0.3M) ultrasound system (\$0.2M), and ventilators (\$0.1M).

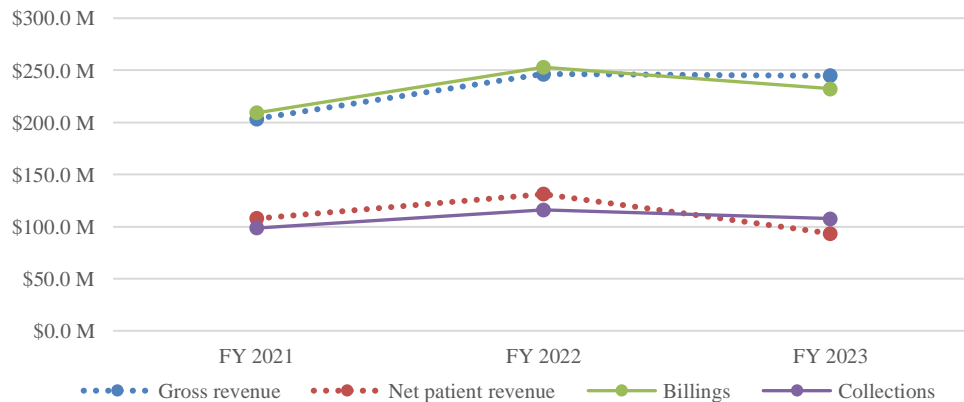
**Summarized Statements of Revenues, Expenses, and Changes in Net Position**

	<u>FY 2023</u>	<u>FY 2022</u>	<u>\$ Change</u>	<u>% Change</u>
Total operating revenues	\$ 97,791,124	\$134,844,368	\$(37,053,244)	-27.5%
Total operating expenses	195,650,888	195,995,189	(344,301)	-0.2%
Operating Loss	(97,859,764)	(61,150,821)	(36,708,943)	60.0%
Total non-operating revenues	54,731,687	57,801,363	(3,069,676)	-5.3%
Total non-operating expenses	(393,018)	(278,742)	(114,276)	41.0%
Total capital grants and contributions	2,587,665	1,811,412	776,253	42.9%
Change in net position	<u>\$(40,933,430)</u>	<u>\$ (1,816,788)</u>	<u>\$(39,116,642)</u>	<u>-2153.1%</u>

- GMHA’s FY 2023 operating revenues decreased by \$37.0M, or 27.5%, due to decreases in net patient revenues. DOC clinic revenues increased by \$0.5M to \$3.7M. All amounts billed to DOC in FY 2023 was collected. In FY 2019, a \$1.7M provision for uncollectible DOC billings was recorded for amounts owed prior to FY 2018 because DOC did not include a budget for these payments.

Net patient revenues decreased \$37.7M, or 28.7%, from \$131.2M in FY 2022 to \$93.5M, while gross revenues decreased 0.6%. Net patient revenues are the estimated realizable collectible amounts of gross revenues based on historical collection patterns. The provision for bad debts for self-pay patients was significant in FY 2022 and FY 2023 at \$52.2M and \$43.6M, respectively.

**Gross Revenues, Net Revenues, Billings, & Collections**



**Guam Memorial Hospital Authority**  
(A Component Unit of the Government of Guam)

**Management’s Discussion and Analysis, continued**

**III. Overview of the Financial Statements, continued**

	FY 2021	FY 2022	FY 2023
% of billings to gross	102.8%	102.6%	94.4%
% of collections to net	91.5%	88.5%	115.1%
% of collections to gross	48.5%	47.1%	43.9%

Decrease in billings was due to the technological issues experienced during the EHR go-live, network shutdown, and typhoon Mawar.

FY 2023 collections decreased by 7.3%, or \$8.5M, from \$116.1M in FY 2022 to \$107.6M mainly due to decreases in collections from third party payers of \$10.7M. Collections from the 3M’s were \$57.9M compared to \$52.1M in FY 2022, an increase of 11.1%, or \$5.8M. Self-pay collections decreased \$3.5M, or 32.5% compared to FY 2022. Decreased collections are attributed to the decrease in patient billings caused by system issues experienced during the year. GMHA billed \$232.4M in claims in FY 2023 compared to \$253.0M in FY 2022. However, collections are 115.1% of net revenues, an increase from FY 2022. GMHA received \$22.3M in Medicaid advances in FY 2023.

GMHA’s mandate to provide healthcare to all patients regardless of one’s insurance coverage or ability to pay has resulted in the continual growth of self-pay patient receivables. GMHA collects an average of 31 cents per dollar billed to self-pay patients. For the last five years, self-pay patients received an average of \$26.5M of care per year and the likelihood of collections remains low due to the high cost of healthcare. As of September 30, 2023, \$22.6M in receivables are attributed to long-stay patients. These patients are known as “social cases” and are uninsured and underinsured patients who can be discharged but do not have responsible parties willing to accept and support the patient.

A collaboration with the Department of Revenue and Taxation to garnish income tax refunds for unpaid hospital bills has helped with the collection rate of self-pay accounts. As of September 30, 2023, \$108.3M in patient accounts have been referred to DRT while \$3.5M was garnished from tax refunds. Guarantors do not all consistently file taxes. GMHA continues to seek ways to improve collections, including offering patients an online payment system since FY 2017, offering payment plans to suit all needs, and exploring opportunities to utilize collection agencies. GMHA also provides self-pay patients with public assistance applications to help cover the costs of their hospital bills.

Overall gross patient revenues decreased nominally by \$1.6M, or 0.6%, from \$246.5M in FY 2022 to \$245.0M in FY 2023. Inpatient revenues decreased 3.6% or \$7.1M. The decrease was attributable to lower patient census. The average end-of-month inpatient census for FY 2023 was 147 versus 167 in FY 2022. Gross revenues for Skilled Nursing increased 4.6%, or \$0.4M, and outpatient revenues increased 12.0%, or \$5.1M mainly in Emergency Services and Surgery & Recovery.

Guam Memorial Hospital Authority  
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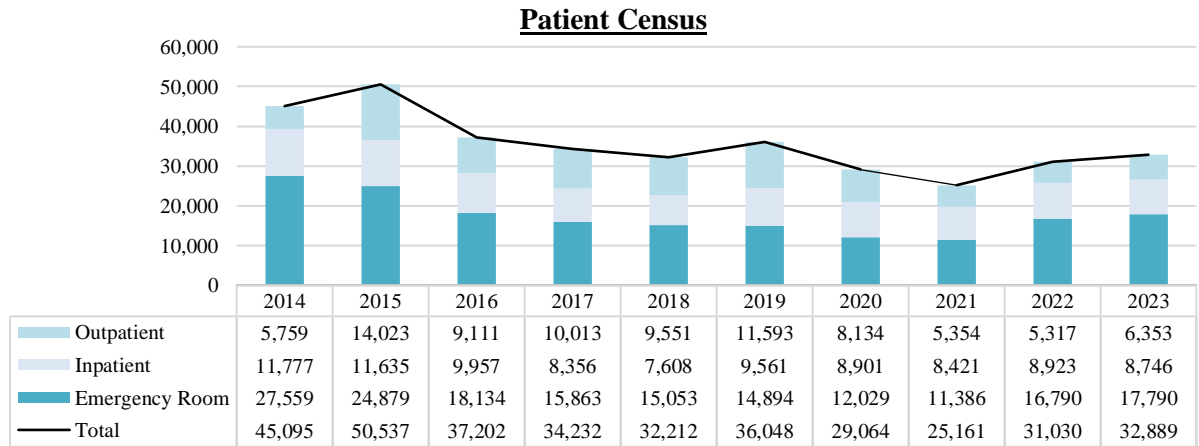
Management’s Discussion and Analysis, continued

**III. Overview of the Financial Statements, continued**

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>Change FY 2022 to FY 2023</u>	<u>% Change FY 2022 to FY 2023</u>
Inpatient	\$164,883,727	\$195,726,505	\$188,660,774	\$(7,065,731)	-3.6%
Skilled Nursing	5,074,168	8,345,375	8,732,811	387,436	4.6%
Outpatient	33,577,777	42,469,268	47,571,357	5,102,089	12.0%
	<u>\$203,535,672</u>	<u>\$246,541,148</u>	<u>\$244,964,942</u>	<u>\$(1,576,206)</u>	<u>-0.6%</u>

In FY 2023, GMHA experienced favorable outpatient volume growth compared to FY 2022 while FY 2023 inpatient admissions and patient days declined by 1.9% and 10.7%, respectively. The average length of stay also declined by 9.1% compared to FY 2022. GMHA provides a proportionately high number of inpatient services to outpatient services wherein 79.4% of gross revenues are attributed to inpatient services and 20.6% for outpatient services.

In late FY 2023, GMHA introduced a gastroenterology clinic adding to the pulmonology, cardiology, and podiatry clinics within the Special Services Department. In FY 2023, Public Law 36-107, appropriated \$5.0M for the recruitment and hiring of specialty care physicians which provided funding for the substantial investment in special medical equipment to support expanded services.



\*Inpatient includes SNF

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>Change FY 2022 to FY 2023</u>	<u>% Change FY 2022 to FY 2023</u>
Patient days	47,630	56,686	50,614	(6,072)	-10.7%
Admissions	8,421	8,923	8,757	(166)	-1.9%
Discharges	8,367	8,924	8,764	(160)	-1.8%
Outpatient visits	5,354	5,317	6,353	1,036	19.5%
Emergency room visits	11,386	16,790	17,790	1,000	6.0%
Urgent care visits	973	-	-	-	-



**Guam Memorial Hospital Authority**  
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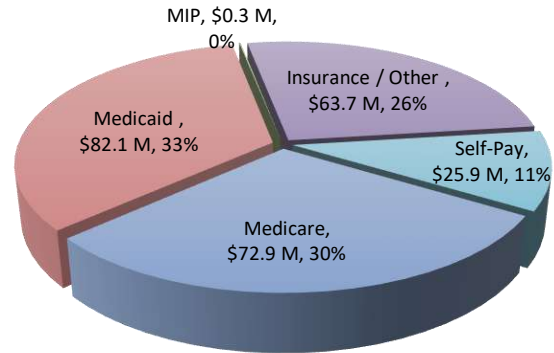
**Management’s Discussion and Analysis, continued**

**III. Overview of the Financial Statements, continued**

In FY 2023, 63.4% of GMHA’s \$245.0M of gross patient revenues is comprised of the 3 M’s:

- Medicare - \$72.9M, 29.8%
- Medicaid - \$82.1M, 33.5%
- MIP - \$0.3M, 0.1%,

followed by third-party insurance payers and others at 26.0% or \$63.7M, and self-pay at 10.6% or \$25.9M.



GMHA’s payer mix explains GMHA’s challenges with collections of such revenues as a public hospital. Reimbursements from 3 M’s are limited to a per diem rate for inpatient charges.

In FY 2023, GMHA received \$1,674 per day for an inpatient stay regardless of charges incurred. With increases in labor and non-labor costs, this has a significant financial impact on GMHA.

Since FY 2019, GMHA has assisted uninsured patients with applications for Medicaid or MIP coverage through a collaboration with the Department of Public Health and Social Services. As a result, Medicaid patients now account for 33.5% of GMHA’s payer mix compared to 21.3% in FY 2019. Self-pay patients decreased to 10.6% compared to 13.5% in FY 2022.

- Overall operating expenses decreased 0.2%, or \$0.3M. Year over year, salaries increased 5.7%, or \$4.5M, and benefits increased 72.3%, or \$12.1M. In April 2023, GMHA implemented the 2023 General Pay Plan, which raised certain salaries by 22%. As a result of GASB 68 and 73, benefits were impacted by the FY 2022 reduction in pension expense of \$5.3M and in FY 2023 pension expense increased by \$5.3M. Expenses increased in Utilities by 43.1%, or \$1.1M, Depreciation and Amortization by 22.0%, or \$0.9M, and Contractual Services by 2.0%, or \$0.7M. All other expense categories collectively decreased by \$20.5M. FY2023 contractual services for travel nurses decreased by \$17.5M, from \$24.6M in FY 2022 to \$7.2M in FY 2023, due to lower utilization and lower hourly rates. FY 2022 rates were as high as \$225 per hour while FY 2023 rates were \$100 - \$120 per hour.
- Non-operating revenues decreased 5.3%, or \$3.1M due to decreases in federal grants offset by increases in GovGuam transfers. For FY 2023, the Guam Legislature appropriated \$27M from the General Fund and Pharmaceutical Fund for GMHA operations. The Guam Legislature also appropriated \$15.0M from the FY 2022 audited surplus fund balance for priority CIPs and \$5.0M to recruit and retain specialty physicians. GMHA’s FY 2022 appropriations were \$21.5M.
- Capital grants from the federal government increased by \$0.8M for US Department of Interior funded CIP projects.

Guam Memorial Hospital Authority  
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Management’s Discussion and Analysis, continued

**III. Overview of the Financial Statements, continued**

	<u>Summarized Statement of Cash Flows</u>			
	<u>FY 2023</u>	<u>FY 2022</u>	<u>\$ Change</u>	<u>% Change</u>
Net cash used for operating activities	\$(71,570,454)	\$(57,792,828)	\$(13,777,626)	23.8%
Net cash provided by noncapital financing activities	69,942,766	60,818,837	9,123,929	15.0%
Net cash (used for) provided by capital and related financing activities	( 630,073)	( 2,727,709)	2,097,636	-76.9%
Net change in cash	<u>\$( 2,257,761)</u>	<u>\$ 298,300</u>	<u>\$ (2,556,061)</u>	<u>-856.9%</u>

- Net change in cash decreased \$2.6M from FY 2022.
- Net cash used for operating activities increased due to a \$28.6M decrease in receipts from patients, sales, and other services offset by a decrease of \$18.0M in payments to suppliers and contractors and a \$3.2M increase in payments to employees.
- Net cash provided by noncapital financing activities increased \$9.1M due to increases in contributions from the Government of Guam of \$17.7M offset by decreases in federal grants of \$11.4M .
- Net cash used for capital and related financing activities increased \$2.1M due to a \$1.3M decrease in acquisitions of capital assets and \$0.80M increase in federal grants.

**IV. Outlook**

GMHA management looks forward to the following in FY 2024:

Improve Cash Position

Although the public health emergency caused by COVID-19 was officially lifted in May 2023, GMHA continues to experience significant and sustained increases in costs to care for patients. As federal pandemic subsidies have stopped, this puts GMHA in a precarious financial position as a public hospital serving all patients. The 2023 – 2027 Strategic Plan emphasizes how vital it is for GMHA to Achieve Financial Viability as Goal 1 and a priority as GMHA’s financial performance continues to be a challenge. With large operating deficits, alternate funding sources are needed to make up these deficits. Failure to achieve this will significantly hinder achievement of other goals.

GMHA will continue to ask for additional subsidies through the annual budget request process to cover increases in personnel costs, contractual costs for physicians, supplies and equipment, and electricity. In addition, GMHA will pursue adjustments to the TEFRA Medicare reimbursement rate to recover costs of caring for Medicare patients.

Recruit and Retain Healthcare Professionals

Initiatives to actively recruit nurses and other healthcare professionals are underway such as job fairs and making an active presence on virtual recruitment sites. The Nurse Pay Plan will be adjusted after a thorough review by the Department of Administration and approval by the Governor.

Guam Memorial Hospital Authority  
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Management's Discussion and Analysis, continued

**IV. Outlook, continued**

Pursue Accreditation

Since 2021, GMHA has engaged with The Center for Improvement in Healthcare Quality (CIHQ), a deemed-status provider that has been granted the maximum deeming authority length of 6 years, to pursue accreditation. Accrediting organizations that work with hospitals accepting Medicare and Medicaid must obtain deeming authority from HHS. Mock surveys were conducted in 2022 and 2023, to prepare GMHA for accreditation as well as provide guidance on what resources are needed to successfully achieve accreditation. GMHA is confident in CIHQ since its accreditation most closely resembles and aligns with CMS's standards and Conditions of Participation.

Capital Improvements

In October 2023, the Governor committed \$20.0M to GMHA for capital improvements from the American Rescue Plan Act funds. GMHA plans to begin and/or complete projects for its HVAC, chillers, autoclave system, parking expansion, maternal child health areas (including NICU expansion), liquid oxygen tank expansion and renovation, various medical equipment purchases, access control systems, and various IT projects. This funding will greatly help GMHA address many issues from the Army Corps of Engineers 2019 Facilities Condition Assessment. The assessment deemed the Hospital's infrastructure in a state of failure due to age, environmental exposure, lack of financial resources, and lack of previous facilities design adherence to building codes and that extensive repair and replacement was necessary. The Hospital also lacked space to meet long term needs of the patient population. Although new construction will be pursued, the ACOE recommended that GMHA immediately begin work to repair the Hospital's critical life safety items after an extensive onsite facilities condition assessment.

The procurement of a new Angiosuite and Hemodynamic machine will be completed in FY 2024 and is funded by Compact Impact funds. The current Angiosuite is over 16 years old exceeding its useful life and frequently breaks down causing procedures to be postponed.

Improvements to address air conditioning in the labor and delivery and OB wards will be completed in FY 2024. The NICU expansion and renovation will also be started. GMHA is the only hospital providing care to these vulnerable and sick babies.

After the demolition of the Z-Wing in FY 2022, one-third of the wing was salvaged to preserve telecom lines and use as additional office space and the remaining vacant lot was converted into temporary parking spaces. The project's next phase is 1B to remove the 2<sup>nd</sup> floor of the Z-Wing of the remaining footprint. The next phase will be to retrofit the area for office space. The project's difficulties in obtaining a contractor for 1B has delayed the project's completion. GMHA will continue to seek a contractor in FY 2024.

HVAC upgrades will continue in FY 2024. In FY 2022 the first set of 7 Air Handling Units (AHUs) were installed and additional AHUs were installed in FY 2023. These projects are federally funded.

Guam Memorial Hospital Authority  
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Management's Discussion and Analysis, continued

**V. Contacting GMHA Executives**

The Management's Discussion and Analysis is designed to provide citizens, taxpayers, patients, and stakeholders a general overview of GMHA's finances. It should also demonstrate GMHA's stewardship and accountability of funds received and spent.

If you have any questions about this report, please contact Lillian Perez-Posadas, GMHA CEO/Administrator, or Yukari Hechanova, Chief Financial Officer, at 647-2330, or visit our website at [www.gmha.org](http://www.gmha.org).

Guam Memorial Hospital Authority  
(A Component Unit of the Government of Guam)

Statement of Net Position

September 30, 2023

**Assets and deferred outflow of resources**

Current assets:

Cash	\$ 1,255,830
Patient accounts receivable, net	51,540,334
Due from Government of Guam, net	1,264,170
Inventory, net	3,478,938
Prepaid expenses	151,809
Other receivables	<u>256,655</u>

Total current assets 57,947,736

Depreciable capital assets, net	25,716,131
Non-depreciable capital assets	2,856,734
Subscription-based IT asset, net	5,508,735
Other noncurrent assets	<u>465,232</u>

Total noncurrent assets 34,546,832

Total assets 92,494,568

Deferred outflows of resources:

Deferred outflows from pension	55,490,485
Deferred outflows from OPEB	<u>48,385,209</u>

Total deferred outflows of resources 103,875,694

Total assets and deferred outflows of resources \$196,370,262

Guam Memorial Hospital Authority  
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Statement of Net Position, continued

**Liabilities, Deferred Inflows of Resources and Net Position**

Current liabilities:	
Accounts payable	\$ 29,016,004
Accrued payroll and benefits	2,798,865
Current portion of accrued annual leave	2,303,917
Due to US Federal Government	3,500,000
Due to Government of Guam	22,289,972
Short-term subscription liability	1,111,782
Other current liabilities	<u>651,478</u>
Total current liabilities	<u>61,672,018</u>
Accrued annual leave, net of current portion	3,275,595
Accrued sick leave	5,804,408
Subscription liability, net of current portion	4,686,792
Net pension liability	163,291,078
Total collective OPEB liability	<u>183,003,125</u>
Total non-current liabilities	<u>360,060,998</u>
Total liabilities	<u>421,733,016</u>
Deferred inflows of resources:	
Deferred inflows from Pension	3,957,340
Deferred inflows from OPEB	<u>69,078,846</u>
Total deferred inflows of resources	<u>73,036,186</u>
Net position:	
Net investment in capital assets	28,572,865
Unrestricted	<u>(326,971,805)</u>
Total net position	<u>(298,398,940)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$196,370,262</u>

*See accompanying notes.*

Guam Memorial Hospital Authority  
(A Component Unit of the Government of Guam)

Statement of Revenues, Expenses and Changes in Net Position

Year ended September 30, 2023

Operating revenues:	
Net patient service revenue (net of contractual adjustments and provision for bad debts of \$151,486,166)	\$ 93,478,786
Other operating revenues:	
Cafeteria food sales	613,210
Other revenue	<u>3,699,128</u>
Total operating revenues	<u>97,791,124</u>
Operating expenses:	
Nursing	62,184,964
Professional support	41,314,001
Medical staff	35,343,904
Administrative support	25,607,666
Retiree healthcare costs and other pension benefits	10,881,315
Fiscal services	8,759,079
Administration	6,269,649
Depreciation and amortization	<u>5,290,310</u>
Total operating expenses	<u>195,650,888</u>
Operating loss	<u>( 97,859,764)</u>
Nonoperating revenues (expenses):	
Transfers from GovGuam	32,529,825
Federal Grants	21,728,288
Other income, net	473,574
Federal program expenditures	( 35,014)
Interest and penalties	<u>( 358,004)</u>
Total nonoperating revenues	<u>54,338,669</u>
Loss before capital grants and contributions	<u>( 43,521,095)</u>
Capital grants from the United States Government	<u>2,587,665</u>
Change in net position	( 40,933,430)
Net position at the beginning of the year	<u>(257,465,510)</u>
Net position at the end of the year	<u>\$ (298,398,940)</u>

*See accompanying notes.*

Guam Memorial Hospital Authority  
(A Component Unit of the Government of Guam)

Statement of Cash Flows

Year ended September 30, 2023

Cash flows from operating activities:	
Receipts from and on behalf of patients	\$ 95,142,777
Receipts from sales and other services	923,106
Payments to suppliers and contractors	( 55,623,381)
Payments to employees	<u>(112,012,956)</u>
Net cash used in operating activities	<u>( 71,570,454)</u>
Cash flows from noncapital financing activities:	
Federal grants received	23,587,762
Contributions from the Government of Guam	46,274,447
Other receipts	115,571
Payments made under federal programs	<u>( 35,014)</u>
Net cash provided by noncapital financing activities	<u>69,942,766</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	( 3,217,738)
Federal grants received	<u>2,587,665</u>
Net cash used in capital and related financing activities	<u>( 630,073)</u>
Net change in cash	( 2,257,761)
Cash at beginning of year	<u>3,513,591</u>
Cash at end of year	<u>\$ 1,255,830</u>
<b>Supplemental disclosure of non-cash operating activities:</b>	
Initial recognition of right-to-use asset, net	<u>\$ 6,510,327</u>
Initial recognition of subscription liability	<u>\$ 6,510,327</u>

*See accompanying notes.*



Guam Memorial Hospital Authority  
(A Component Unit of the Government of Guam)

Statement of Cash Flows, continued

Reconciliation of operating loss to net cash used in:	
operating activities:	
Operating loss	\$( 97,859,764)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Contractual adjustments and provisions for uncollectible accounts	151,486,166
Depreciation	5,290,310
Noncash OPEB cost	9,635,644
Noncash pension cost	20,425,373
(Increase) decrease in assets:	
Patient accounts receivable, net	(153,521,303)
Other receivables	309,896
Inventory, net	334,286
Prepaid expenses	302,594
Increase (decrease) in liabilities:	
Accounts payable - trade	9,197,627
Accrued payroll and benefits	1,290,781
Accrued annual leave and sick leave	1,484,950
Subscription liability	289,839
Other current liabilities	91,476
Collective total OPEB liability	( 4,921,693)
Net pension liability	<u>( 15,406,636)</u>
Net cash used in operating activities	\$( <u>71,570,454</u> )

*See accompanying notes.*

Guam Memorial Hospital Authority  
(A Component Unit of the Government of Guam)

Notes to Financial Statements

Year Ended September 30, 2023

**1. Reporting Entity**

The Guam Memorial Hospital Authority (GMHA), a component unit of the Government of Guam (GovGuam), was created in 1977 under Public Law No. 14-29 as an autonomous agency of the Government of Guam. GMHA owns and operates the Guam Memorial Hospital (the Hospital). The Hospital has 161 licensed acute care beds and 40 beds for long-term care at the Skilled Nursing Unit (SNU). The Hospital provides all customary acute care services and certain specialty services primarily to the residents of Guam. These include adult and pediatric, clinical and ancillary medical services; and 24-hour emergency services. The Hospital derives a significant portion of its revenues from third-party payors, including Medicare, GovGuam's Medically Indigent Program (MIP), Medicaid and commercial insurers.

GMHA operates under the authority of a nine-member Board of Trustees, all of whom were appointed by the Governor of Guam with the advice and consent of the Guam Legislature.

GMHA's financial statements are incorporated into the financial statements of GovGuam as a component unit.

**2. Summary of Significant Accounting Policies**

GMHA prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB).

**Basis of Accounting**

The financial statements of GMHA have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place. Operating revenues and expenses include exchange transactions. GMHA considers revenues and costs that are directly related to patient and other healthcare operations to be operating revenues and expenses. Revenues and expenses related to financing and other activities are reflected as nonoperating.

**Net Position**

Net position represents the residual interest in GMHA's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consists of the following sections:

- Net investment in capital assets - includes capital assets restricted and unrestricted, net of accumulated depreciation reduced by outstanding debt net of debt service reserve.

Guam Memorial Hospital Authority  
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Net Position, continued**

- Restricted nonexpendable - net position subject to externally imposed stipulations that require GMHA to maintain the position permanently.
- Restricted expendable - net position whose use is subject to externally imposed stipulations that can be fulfilled by actions of GMHA pursuant to those stipulations or that expire with the passage of time.
- Unrestricted - net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, 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.

**Cash**

Custodial credit risk is the risk that, in the event of a bank failure, GMHA's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name.

For purposes of the statement of net position and of cash flows, cash is defined as cash on hand, cash held in demand accounts, and time certificates of deposit maturing within ninety days. As of September 30, 2023 cash is \$1,255,830, and the corresponding bank balances amounted to \$1,249,130, which are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2023, bank deposits in the amount of \$250,000 are FDIC insured. In accordance with 5 GCA 21, *Investments and Deposits*, GMHA requires collateralization of deposits in excess of depository insurance limits at 100%. Such collateralization shall be in securities in U.S. treasury notes or bonds or in U.S. government agencies for which the faith and credit of the United States are pledged or such other securities as may be approved by GMHA. As of September 30, 2023, all of GMHA's bank deposits in excess of depository insurance limits are collateralized with securities held by the pledging financial institution but not in GMHA's name.

Guam Memorial Hospital Authority  
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Patient Accounts Receivable**

Accounts receivable for services provided to patients covered under the Medicare, MIP and Medicaid programs, privately sponsored managed care programs for which payment is made based on terms defined under formal contracts, and other payors (including self-pay) are recorded at their estimated realizable values based on contractual billing rates or GMHA's standard fees for non-contract payors. A provision for uncollectible accounts is based on management's evaluation of the collectability of current accounts and historical trends. Finance charges or interest is not accrued for past due accounts. Uncollectible accounts are written-off against the provision for the specific insurance or payor program.

Management believes there are no significant credit risks associated with the net receivables from government programs. Receivables from managed care programs and others are from various payors who are subject to differing economic conditions. They do not represent any concentrated credit risk to the Hospital. Management continually monitors and adjusts the estimated allowances for contractual adjustments and uncollectible accounts.

**Due from Government of Guam, net**

Amounts due from GovGuam consists of receivables from local appropriations, reimbursable expenditures from Federal grant awards, and receivables from Department of Corrections (DOC) for outpatient clinic services to detainees and inmates. GMHA recorded an estimated allowance for uncollectible accounts of \$1,719,042 for its receivable from DOC for the fiscal year ended September 30, 2023.

**Inventory**

Inventory consists of pharmaceutical and other hospital supplies. GMHA reports inventory at the lower of cost, determined using an average historical cost, or market and is shown net of a provision for obsolescence commensurate with known or estimated exposures.

**Capital Assets**

Capital assets consist of building and land improvements, long-term care facilities and movable equipment. Building and land improvements acquired prior to June 30, 1978, are recorded at their appraised values at June 30, 1978 with subsequent additions recorded at cost. GMHA capitalizes all expenditures of property and equipment at the time of acquisition that equal or exceeds \$5,000 with a minimum useful life of at least three years.

Guam Memorial Hospital Authority  
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Capital Assets, continued**

Major renewals and betterments are capitalized, while maintenance and repairs, which do not improve or extend the life of an asset, are charged to expense. Donated capital assets are recorded at their fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Useful lives for capital assets are based on the American Hospital Association Guide, *Estimated Useful Lives of Depreciable Hospital Assets*, as follows:

Building and land improvements	10 - 40 years
Long - term care facilities	10 - 40 years
Movable equipment	3 - 20 years

**Deferred Outflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (deduction of net position) until then. GMHA has determined the differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability, changes in actuarial assumptions or other inputs, pension and OPEB contributions made subsequent to the measurement date and changes in proportion and differences between GMHA pension and OPEB contributions and proportionate share of contributions qualify for reporting in this category.

**Deferred Inflows of Resources**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (additions to net position) until then. GMHA has determined the differences between projected and actual earnings on pension plan investments, changes in actuarial assumptions or other inputs, and changes in proportion and differences between GMHA pension and OPEB contributions and proportionate share of contributions qualify for reporting in this category.

**Due to Government of Guam**

Amounts due to GovGuam consists of payments made by GovGuam on behalf of GMHA to various vendors and cash advances.

Guam Memorial Hospital Authority  
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Compensated Absences**

Vesting annual leave is accrued and reported as an expense and a liability in the period earned. Except as discussed below, no liability is accrued for non-vesting sick leave benefits. Annual leave expected to be paid out within the next fiscal year is accrued and is included in current liabilities. The maximum accumulation of annual leave convertible to pay upon termination of employment is limited to 320 hours. Employees who have accumulated annual leave in excess of three hundred twenty (320) hours may carry over their excess and shall use the excess amount of leave prior to retirement or termination from service. Any unused leave over 320 hours shall be lost upon retirement.

Members of the Defined Contribution Retirement System (DCRS) receive a lump sum payment of one-half of their accumulated sick leave upon retirement. A liability is accrued for estimated sick leave to be paid out to DCRS members upon retirement. At September 30, 2023, GMHA has accrued an estimated sick leave liability of \$5,804,408. However, this amount is an estimate and the actual payout may be materially different from the estimate.

**Pensions and Other Postemployment Benefits (OPEB)**

Pensions are required to be recognized and disclosed using the accrual basis of accounting. GMHA recognizes a net pension liability for the defined benefit pension plan it participates in, which represents GMHA's proportional share of excess total pension liability over the pension plan assets – actuarially calculated – of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. The total pension liability also includes GMHA's proportionate share of the liability for ad hoc cost-of-living adjustments (COLA) and supplemental annuity payments that are anticipated to be made to defined benefit plan members and for anticipated future COLA to DCRS members. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and are amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

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Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Pensions and Other Postemployment Benefits (OPEB), continued**

OPEB is required to be recognized and disclosed using the accrual basis of accounting. GMHA recognizes a net OPEB liability for the defined benefit OPEB plan it participates in, which represents GMHA's proportional share of total OPEB liability - actuarially calculated - of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. An OPEB trust has not been established thus the OPEB plan does not presently report OPEB plan fiduciary net position. Instead, the OPEB plan is financed on a substantially "pay-as-you-go" basis. Changes in the net OPEB liability during the period are recorded as OPEB expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net OPEB liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.

**Net Patient Service Revenues**

GMHA has a fee schedule applicable for all providers, however, third-party payors such as Medicare, Medicaid and MIP have payment arrangements at amounts different from GMHA's established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive revenue adjustments under reimbursement agreements and a provision for uncollectible accounts. Retroactive adjustments are accrued on an estimated basis in the period the related services were rendered and adjusted in future periods as final settlements are determined.

**Contributions from the Government of Guam**

GMHA receives financial support from GovGuam in the form of supplemental appropriations and subsidies, including on-behalf payments. As these supplemental appropriations and subsidies are for noncapital purposes, regardless of restrictions, they are classified as noncapital contributions and are included as nonoperating revenues in the statement of revenues, expenses and changes in net position. GovGuam contributions that are restricted for acquiring or improving capital assets are reported as capital grants and contributions in the statement of revenues, expenses and changes in net position.

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Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Federal Grant Award Revenues and Contributions**

Revenues from federal awards and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Federal awards and contributions may be restricted either for specific operating purposes or for capital acquisitions. Amounts restricted to capital replacement and expansions are reported as capital grants and contributions in the statement of revenues, expenses and changes in net position.

**Estimated Malpractice Costs**

The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims, and claims incurred but not reported.

**Risk Management**

GMHA is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; 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. GMHA is self-insured for medical malpractice claims and judgments.

**Recently Adopted Accounting Pronouncement**

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.



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Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Recently Adopted Accounting Pronouncement, continued**

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This statement also provides guidance for accounting and financial reporting for availability payment arrangements.

In April 2022, GASB issued Statement No. 99, Omnibus 2022. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied more easily. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information.

The adoption of these GASB statements did not have a material effect on the financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Upon adoption of this Statement, GMHA recorded \$6,510,327 of intangible right-to-use asset and subscription liability at October 1, 2022.

**Upcoming Accounting Pronouncements**

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. GASB Statement No. 100 will be effective for fiscal year ending September 30, 2024.

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Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Upcoming Accounting Pronouncements, continued**

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. GASB Statement No. 101 will be effective for fiscal year ending September 30, 2025.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to ascertain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 102 will be effective for fiscal year ending September 30, 2025.

GMHA is currently evaluating the effects the above upcoming accounting pronouncements might have on its financial statements.

Guam Memorial Hospital Authority  
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Notes to Financial Statements, continued

**3. Patient Accounts Receivable, net**

GMHA grants credit without collateral to its patients, many of whom are Guam residents and are insured under third-party payor agreements. Patient accounts receivable at September 30, 2023 consist of:

Account referrals – Department of Revenue and Taxation	\$108,350,042
Medicare	66,234,393
Collection agencies and other	55,952,900
Local third-party payor and other	50,191,414
Self-pay patients	38,972,919
Medicaid assistance program	38,610,381
Medically indigent program	<u>( 231,451)</u>
	358,080,598
Less allowance for uncollectible accounts	<u>306,540,264</u>
	<u>\$ 51,540,334</u>

Patient accounts receivable from “Local third-party payor and other” includes receivables from GovGuam of \$8,561,083 as of September 30, 2023, for healthcare services. During fiscal year 2023, GMHA collected \$3,502,767 from accounts referred to the Department of Revenue and Taxation.

**4. Inventory, net**

Inventory at September 30, 2023 consists of the following:

Pharmaceuticals, drugs and medicine	\$2,449,572
Medical and pharmaceutical supplies	<u>1,522,888</u>
	3,972,460
Less allowance for obsolescence	<u>493,522</u>
	<u>\$3,478,938</u>

**Guam Memorial Hospital Authority**  
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Notes to Financial Statements, continued

**5. Capital Assets, net**

Capital assets activity for the year ended September 30, 2023 are as follows:

	Balance October 1, 2022	Additions	Transfers and Deletions	Balance September 30, 2023
<u>Depreciable capital assets:</u>				
Building and land improvements	\$ 74,866,644	\$ 87,658	\$ 891,470	\$ 75,845,772
Long-term care facility	11,723,983	---	( 499,237)	11,224,746
Movable equipment	<u>35,218,288</u>	<u>2,172,475</u>	<u>(2,253,636)</u>	<u>35,137,127</u>
	<u>121,808,915</u>	<u>2,260,133</u>	<u>(1,861,403)</u>	<u>122,207,645</u>
Accumulated depreciation and amortization	( 93,151,560)	(4,367,687)	1,427,733	( 96,091,514)
Allowance for impairment	( 400,000)	---	---	( 400,000)
	<u>( 93,551,560)</u>	<u>(4,367,687)</u>	<u>1,427,733</u>	<u>( 96,491,514)</u>
	<u>28,257,355</u>	<u>(2,107,554)</u>	<u>( 433,670)</u>	<u>25,716,131</u>
<u>Non-depreciable capital assets:</u>				
Construction-in-progress	<u>2,853,314</u>	---	<u>3,420</u>	<u>2,856,734</u>
<u>Subscription-based IT asset:</u>				
Subscription-based IT assets	---	6,510,327	---	6,510,327
Less accumulated amortization	---	<u>(1,001,592)</u>	---	<u>( 1,001,592)</u>
	---	<u>5,508,735</u>	---	<u>5,508,735</u>
Total capital assets, net	<u>\$ 31,110,669</u>	<u>\$ 3,401,181</u>	<u>\$( 430,250)</u>	<u>\$ 34,081,600</u>

**6. Long-Term Liabilities**

The changes in long-term liabilities for the year ended September 30, 2023, are as follows:

	Balance October 1, 2022	Additions	Reductions	Balance September 30, 2023	Due Within One Year
Annual leave	\$ 5,037,988	\$4,465,921	\$( 3,924,397)	\$ 5,579,512	\$2,303,917
Sick leave	4,860,982	1,407,026	( 463,600)	5,804,408	---
Net Pension liability	115,602,456	47,688,622	---	163,291,078	---
OPEB liability	<u>211,965,288</u>	---	<u>(28,962,163)</u>	<u>183,003,125</u>	---
	<u>\$337,466,714</u>	<u>\$53,561,569</u>	<u>\$(33,350,160)</u>	<u>\$357,678,123</u>	<u>\$2,303,917</u>

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Notes to Financial Statements, continued

**7. Medical Malpractice/Employment and Personnel Claims**

GMHA is self-insured for malpractice. GMHA's exposure under malpractice claims is limited to \$500,000 per claim by the Government Claims Act. GMHA is the defendant in claims, including claims for employment and personnel matters, which are pending review or are expected to go to litigation. While GMHA intends to pursue an aggressive defense of these cases and claims, the possibility exists that some may result in material monetary damages being awarded to claimants or plaintiffs. Hospital management is of the opinion that resolution of these claims will not have a material impact on the accompanying financial statements.

**8. Pensions**

GMHA is statutorily responsible for providing pension benefits for GMHA employees through the GovGuam Retirement Fund (GGRF).

A. General Information About the Pension Plans:

*Plan Description:* GGRF administers the GovGuam Defined Benefit (DB) Plan, a single-employer defined benefit pension plan, and the Defined Contribution Retirement System (DCRS). The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995. Article 1 of 4 GCA 8, Section 8105, requires that all employees of GovGuam, regardless of age or length of service, become members of the DB Plan prior to the operative date. Employees of a public corporation of GovGuam, which includes GMHA, have the option of becoming members of the DB Plan prior to the operative date. All employees of GovGuam, including employees of GovGuam public corporations, whose employment commences on or after October 1, 1995, and prior to January 1, 2018 are required to participate in the Defined Contribution Retirement System (DCRS) Plan. Hence, the DB Plan became a closed group.

Members of the DB Plan who retired prior to October 1, 1995, or their survivors, are eligible to receive annual supplemental annuity payments. In addition, retirees under the DB and DCRS Plans who retired prior to September 30, 2019 are eligible to receive an annual ad hoc cost of living allowance (COLA).

A single actuarial valuation is performed annually covering all plan members and the same contribution rate applies to each employer. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the DB Plan. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website – [www.ggrf.com](http://www.ggrf.com).

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Notes to Financial Statements, continued

**8. Pensions, continued**

A. General Information About the Pension Plans, continued:

*Benefits Provided:* The DB Plan provides pension benefits to retired employees generally based on age and/or years of credited service and an average of the three highest annual salaries received by a member during years of credited service, or \$6,000, whichever is greater. Members who joined the DB Plan prior to October 1, 1981 may retire with 10 years of service at age 60 (age 55 for uniformed personnel); or with 20 to 24 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 25 years of service at any age. Members who joined the DB Plan on or after October 1, 1981 and prior to August 22, 1984 may retire with 15 years of service at age 60 (age 55 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 30 years of service at any age.

Members who joined the DB Plan after August 22, 1984 and prior to October 1, 1995 may retire with 15 years of service at age 65 (age 60 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 65; or upon completion of 30 years of service at any age. Upon termination of employment before attaining at least 25 years of total service, a member is entitled to receive a refund of total contributions including interest. A member who terminates after completing at least 5 years of service has the option of leaving contributions in the GGRF and receiving a service retirement benefit upon attainment of the age of 60 years. In the event of disability during employment, members under the age of 65 with six or more years of credited service who are not entitled to receive disability payments from the United States Government are eligible to receive sixty-six and two-thirds of the average of their three highest annual salaries received during years of credited service. The DB Plan also provides death benefits.

Supplemental annuity benefit payments are provided to DB retirees in the amount of \$4,238 per year, but not to exceed \$40,000 per year when combined with their regular annual retirement annuity. Annual COLA payments are provided to DB and DCRS retirees in a lump sum amount of \$2,200. Both supplemental annuity benefit payments and COLA payments are made at the discretion of the Guam Legislature, but are funded on a “pay-as-you-go” basis so there is no plan trust. It is anticipated that ad hoc COLA and supplemental annuity payments will continue to be made for future years at the same level currently being paid.

On September 20, 2016, the Guam Legislature enacted Public Law 33-186, which created two new government retirement plans: the DB 1.75 Plan and the Guam Retirement Security Plan (GRSP). On February 4, 2020, the Guam Legislature terminated the GRSP. Commencing April 1, 2017, eligible employees elected, during the “election window”, to participate in the DB 1.75 Plan with an effective date of January 1, 2018.

Guam Memorial Hospital Authority  
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Notes to Financial Statements, continued

**8. Pensions, continued**

A. General Information About the Pension Plans, continued:

The DB 1.75 Plan is open for participation by certain existing employees, new employees, and reemployed employees who would otherwise participate in the DC Plan and who make election on a voluntary basis to participate in the DB 1.75 Plan by December 31, 2017. Employee contributions are made by mandatory pre-tax payroll deduction at the rate of 9.5% of the employee's base salary while employer contributions are actuarially determined. Members of the DB 1.75 Plan automatically participate in the GovGuam deferred compensation plan, pursuant to which employees are required to contribute 1% of base salary as a pre-tax mandatory contribution. Benefits are fully vested upon attaining 5 years of credited service.

Members of the DB 1.75 Plan may retire at age 62 with 5 years of credited service, or at age 60 with 5 years of credited service without survivor benefits, or at age 55 with 25 years of credited service but the retirement annuity shall be reduced ½ of 1% for each month that the age of the member is less than 62 years (6% per year). Credited service is earned for each year of actual employment by the member as an employee. Upon retirement, a retired member is entitled to a basic retirement annuity equal to an annual payment of 1.75% of average annual salary multiplied by years of credited service. Average annual salary means the average of annual base salary for the three years of service that produce the highest average.

*Contributions and Funding Policy:* Contribution requirements of participating employers and active members to the DB Plan are determined in accordance with Guam law. Employer contributions are actuarially determined under the One-Year Lag Methodology. Under this methodology, the actuarial valuation date is used for calculating the employer contributions for the second following fiscal year. For example, the September 30, 2021 actuarial valuation was used for determining the year ended September 30, 2023 statutory contributions. Member contributions are required at 9.52% of base pay.

Contribution rates required to fully fund the Retirement Fund liability of DB Plan, as required by Guam law, for the year ended September 30, 2023, have been determined as follows:

Employer	<u>28.43%</u>
Employee	<u>9.50%</u>

GMHA's contributions to the DB Plan for the year ended September 30, 2023, was \$4,105,865, which were equal to the required contributions for the year ended.

Guam Memorial Hospital Authority  
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Notes to Financial Statements, continued

**8. Pensions, continued**

A. General Information About the Pension Plans, continued:

GMHA's recognized supplemental annuity benefit payments and the COLA payments as transfers from GovGuam for the year ended September 30, 2023 amounting to \$1,824,741, which were equal to the statutorily required contributions for the year then ended.

Members of the DCRS plan, who have completed five years of government service, have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

Contributions into the DCRS plan by members are based on an automatic deduction of 6.2% of the member's regular base pay. The contribution is periodically deposited into an individual annuity account within the DCRS. Employees are afforded the opportunity to select from different annuity accounts available under the DCRS.

Statutory employer contributions for the DCRS plan for the year ended September 30, 2023 is determined using the same rates as the DB Plan. Of the amount contributed by the employer, only 6.2% of the member's regular pay is deposited into the DCRS. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

GMHA's contributions to the DCRS Plan for the year ended September 30, 2023 were \$12,310,753, which were equal to the required contributions for the year then ended. Of these amounts, \$9,625,269 was contributed toward the unfunded liability of the DB Plan for the year ended September 30, 2023.

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

*Pension Liability:* At September 30, 2023, GMHA reported a net pension liability for its proportionate share of the net pension liabilities measured as of September 30, 2022, respectively, which is comprised of the following:

Defined benefit plan	\$141,311,415
Ad hoc COLA/supplemental annuity plan for DB retirees	16,614,544
Ad hoc COLA plan for DCRS retirees	<u>5,365,119</u>
	<u>\$163,291,078</u>

GMHA's proportion of the GovGuam net pension liabilities was based on GMHA's expected plan contributions relative to the total expected contributions received by the respective pension plans for GovGuam and GovGuam's component units.



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Notes to Financial Statements, continued

**8. Pensions, continued**

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued:

Pension expense: For the year ended September 30, 2023, GMHA recognized pension expense for its proportionate share of plan pension expense from the above pension plans as follows:

Defined benefit plan	\$19,584,498
Ad hoc COLA/supplemental annuity plan for DB retirees	281,429
Ad hoc COLA plan for DCRS retirees	<u>559,446</u>
	<u>\$20,425,373</u>

Deferred Outflows and Inflows of Resources: At September 30, 2023, GMHA reported total deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Defined Benefit Plan</u>		<u>Ad Hoc COLA/SA Plan for DB</u>		<u>Ad Hoc COLA Plan for DCRS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,739,621	\$377,877	\$ ---	\$ 141,993	\$ 663,522	\$ 106,262
Net difference between projected and actual investment earnings on pension plan investments	31,846,739	---	---	---	---	---
Changes of assumptions	---	---	27,119	1,802,804	1,115,564	1,437,129
Contributions subsequent to the measurement date	13,731,134	---	1,532,141	---	292,600	---
Changes in proportion and difference between GMHA contributions and proportionate share of contributions	<u>2,725,709</u>	<u>---</u>	<u>188,788</u>	<u>516</u>	<u>627,548</u>	<u>90,759</u>
	<u>\$51,043,203</u>	<u>\$377,877</u>	<u>\$1,748,048</u>	<u>\$1,945,313</u>	<u>\$2,699,234</u>	<u>\$1,634,150</u>

Guam Memorial Hospital Authority  
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Notes to Financial Statements, continued

**8. Pensions, continued**

**B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued:**

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at September 30, 2023 will be recognized in pension expense as follows:

<u>Year Ending</u> <u>September 30</u>	
2024	\$ 9,767,424
2025	8,198,512
2026	7,132,909
2027	10,610,981
2028	103,079
Thereafter	<u>164,365</u>
	<u>\$35,977,270</u>

*Actuarial Assumptions:* Actuarially determined contribution rates for the DB Plan are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. The methods and assumptions used to determine contribution rates are as follows:

Valuation Date:	September 30, 2021
Actuarial Cost Method:	Entry age normal (EAN)
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	May 1, 2033 (11.58 years remaining as of September 30, 2021)
Asset Valuation Method:	3-year smoothed market value (effective September 30, 2009)
Inflation:	2.50% per year
Total payroll growth:	2.75% per year
Salary Increases:	7.5% per year for the first 5 years of service, 6% for 5-10 years, 5% for 11-15 years and 4.0% for service over 15 years.

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Notes to Financial Statements, continued

**8. Pensions, continued**

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued:

Retirement age:	50% probability of retirement upon first eligibility for unreduced retirement. Thereafter, the probability of retirement is 20% for each year until age 75, and increases to 100% at age 70.
Mortality:	RP-2000 healthy mortality table (males +3, females +2). Mortality for disabled lives is the RP 2000 disability mortality (males +6, females +4). Both tables are projected generationally from 2016 using 30% of Scale BB.

The actuarial assumptions used in the September 30, 2021 valuation were based on the results of an actuarial experience study for the period October 1, 2011 to September 30, 2015. The rationale for each significant assumption is provided in the experience study. To the extent that actual experience differs from the assumptions, future pension costs will differ.

The investment return rate assumption as of September 30, 2021 was 7%, net of investment expenses. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the expected nominal return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Nominal Return</u>	<u>Component Return</u>
U.S. Equities (large cap)	26.0%	8.14%	2.12%
U.S. Equities (small cap)	4.0%	9.75%	0.39%
Non-U.S. Equities	17.0%	10.15%	1.73%
Non-U.S. Equities (emerging markets)	3.0%	12.08%	0.36%
U.S. Fixed Income (aggregate)	22.0%	4.77%	1.05%
Risk Parity	8.0%	6.65%	0.53%
High Yield Bonds	8.0%	6.90%	0.55%
Global Real Estate (REITs)	2.5%	9.62%	0.24%
Global Equity	7.0%	8.93%	0.67%
Global Infrastructure	2.5%	8.08%	0.16%
Expected arithmetic mean (1 year)			7.80%
Expected geometric mean (30 years)			7.09%

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Notes to Financial Statements, continued

**8. Pensions, continued**

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued:

*Discount Rate:* The discount rate used to measure the total pension liability for the DB Plan as of September 30, 2022 was 7.0%, which is equal to the expected investment rate of return. The expected investment rate of return applies to benefit payments that are funded by plan assets (including future contributions), which includes all plan benefits except supplemental annuity payments to DB retirees and ad hoc COLA to both DB and DCRS retirees. The discount rate used to measure the total pension liability for the supplemental annuity and ad hoc COLA payments as of September 30, 2022 was 4.02%, which is equal to the rate of return of a high quality bond index.

*Discount Rate Sensitivity Analysis:* The following presents the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to GMHA's proportionate share of the net pension liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Defined Benefit Plan:

	1% Decrease in Discount Rate <u>6.0%</u>	Current Discount Rate <u>7.0%</u>	1% Increase in Discount Rate <u>8.0%</u>
Net Pension Liability	\$166,090,223	\$141,311,415	\$110,449,057

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees:

	1% Decrease in Discount Rate <u>3.02%</u>	Current Discount Rate <u>4.02%</u>	1% Increase in Discount Rate <u>5.02%</u>
Total collective pension liability	\$18,063,665	\$ 16,614,544	\$ 15,347,179

Ad Hoc COLA Plan for DCRS Retirees:

	1% Decrease in Discount Rate <u>3.02%</u>	Current Discount Rate <u>4.02%</u>	1% Increase in Discount Rate <u>5.02%</u>
Total collective pension liability	\$6,105,864	\$ 5,365,119	\$ 4,805,426

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Notes to Financial Statements, continued

**8. Pensions, continued**

C. Payables to the Pension Plans:

As of September 30, 2023, GMHA recorded payables to GGRF of \$949,799, representing statutorily required contributions unremitted as of year-end, and is included in the accounts payable - trade in the accompanying statement of net position.

**9. Other Post Employment Benefits (OPEB)**

GMHA participates in the retiree health care benefits program. GovGuam's Department of Administration is responsible for administering the GovGuam Group Health Insurance Program, which provides medical, dental, and life insurance benefits to retirees, spouses, children and survivors. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. The program covers retirees and is considered an OPEB plan.

A. General Information About the OPEB Plan

*Plan Description:* The OPEB plan is a single-employer defined benefit plan that provides healthcare benefits to eligible employees and retirees who are members of the GovGuam Retirement Fund. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Governor's recommended budget and the annual General Appropriations Act enacted by the Guam Legislature provide for a premium level necessary for funding the program each year on a "pay-as-you-go" basis. Because the OPEB Plan consists solely of GovGuam's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

*Benefits Provided:* The OPEB Plan provides post employment medical, dental and life insurance benefits to GMHA retirees, spouses, children and survivors, which are the same benefits as provided to active employees. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. GMHA contributes a portion of the medical and dental premiums, based on a schedule of semi-monthly rates, and reimburses certain Medicare premiums to eligible retirees. Retirees are also required to pay a portion of the medical and dental insurance premiums. Three types of health plans are offered to eligible participants:

- Standard islandwide Preferred Provider Organization (PPO) Plan
- High Deductible (Health Savings Account - HSA) PPO Plan
- Retiree Supplement Plan (RSP)

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Notes to Financial Statements, continued

**9. Other Post Employment Benefits (OPEB), continued**

A. General Information About the OPEB Plan, continued

The PPO and HSA Plans apply to both active employees and retirees and work with set deductible amounts whereas the RSP Plan is an added option for retirees only.

*Contributions:* No employer contributions are assumed to be made since an OPEB trust has not been established. Instead, the OPEB Plan is financed on a substantially “pay-as-you-go” basis whereby contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

For the year ended September 30, 2023, GMHA recognized certain on-behalf payments as transfers from GovGuam, totaling \$4,342,623, representing certain healthcare benefits that GovGuam’s General Fund paid directly on behalf of GMHA retirees and were equivalent to the required contribution for those years.

B. Total Collective OPEB Liability

As of September 30, 2023, GMHA reported a total OPEB liability of \$183,003,125, for its proportionate share of the GovGuam total OPEB liability measured as of September 30, 2022. The following presents GMHA’s proportion change in proportion since the prior measurement date:

Proportion at prior measurement date, September 30, 2021	<u>7.65%</u>
Proportion at measurement date, September 30, 2022	<u>7.97%</u>
Change in proportion	<u>0.32%</u>

The total OPEB liability for the OPEB Plan was determined by an actuarial valuation as of September 30, 2022 (the measurement date) using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.5% per year
Healthcare cost trend rates:	Non-Medicare and Medicare 8% for Year 1, then reducing 0.5% annually to an ultimate rate of 4.1%. Part B is at 4.25%. Medicare Part B and Part D reimbursements are assumed to be 4.25% per year.
Dental trend rates:	4.25% per year, based on a blend of historical retiree premium rate increases as well as observed U.S. national trends.

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Notes to Financial Statements, continued

**9. Other Post Employment Benefits (OPEB), continued**

B. Total Collective OPEB Liability, continued:

- Healthy Retiree mortality rates: General Healthy Retiree Head-count weighted PUB-2010 Table, set forward 4 years for males and 2 years for females, respectively, with 130% of rates prior to age 80, projected generationally using 50% of MP-2020.
- Disabled Retiree mortality rates: General Disabled Retiree Head-count weighted PUB-2010 Table, set forward 4 years for males and 2 years for females, respectively, with 130% of rates prior to age 80, projected generationally using 50% of MP-2020.

C. Changes in the Total OPEB Liability:

*Discount rate:* The discount rate used to measure the total OPEB liability was 4.02% as of September 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from GovGuam will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, the 4.02% tax exempt, high quality municipal bond rate as of September 30, 2022 was applied to all periods to determine the total OPEB liability.

*Sensitivity of the total OPEB liability to changes in the discount rate:* The following presents the sensitivity of the total OPEB liability to changes in the discount rate. The sensitivity analysis shows the impact to GMHA's proportionate share of the total OPEB liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease in Discount Rate <u>3.02%</u>	Current Discount Rate <u>4.02%</u>	1% Increase in Discount Rate <u>5.02%</u>
Total OPEB Liability	\$212,563,131	\$183,003,125	\$159,040,270

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Notes to Financial Statements, continued

**9. Other Post Employment Benefits (OPEB), continued**

C. Changes in the Total OPEB Liability, continued:

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates:* The following presents the sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The sensitivity analysis shows the impact to GMHA’s proportionate share of the total OPEB liability if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$156,868,954	\$183,003,125	\$216,337,387

For the year ended September 30, 2023, GMHA reported total OPEB expense of \$9,635,644 for its proportionate share of the GovGuam total OPEB expense measured for the year ended September 30, 2022. At September 30, 2023, GMHA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$16,402,813	\$60,259,026
Differences between expected and actual experience	14,271,606	8,415,364
Contributions subsequent to the measurement date	4,342,623	---
Changes in proportion and difference between employer contributions and proportionate share of contributions	<u>13,368,167</u>	<u>404,456</u>
	<u>\$48,385,209</u>	<u>\$69,078,846</u>



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Notes to Financial Statements, continued

**9. Other Post Employment Benefits (OPEB), continued**

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the total OPEB liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at September 30, 2023 will be recognized in OPEB expense as follows:

Year Ending <u>September 30</u>	
2024	\$( 103,603)
2025	( 4,510,319)
2026	( 4,832,834)
2027	( 6,386,256)
Thereafter	<u>( 6,450,119)</u>
	<u>\$(22,283,131)</u>

**10. Net Patient Service Revenue**

GMHA has a fee schedule applicable for all providers, however, third-party payors such as Medicare, Medicaid and MIP have payment arrangements at amounts different from GMHA's established rates. A summary of the payment arrangements with major third-party payors follows:

- Medicare - Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. Rates for the long-term care facility vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient nonacute services and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. GMHA is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by GMHA and audits thereof by the Medicare fiscal intermediary.
- Medicaid Assistance Program and MIP - GMHA is reimbursed for the cost of inpatient and outpatient services rendered under the programs administered by the GovGuam Department of Public Health and Social Services. During each fiscal year, GMHA is reimbursed on a per diem rate for in-patient and percentage charges for outpatient.

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Notes to Financial Statements, continued

**10. Net Patient Service Revenue, continued**

Gross patient revenue from the Medicare, Medicaid and MIP programs accounted for approximately 29.77 percent, 33.53 percent and 0.11 percent, respectively, of GMHA's gross patient revenue for the year ended September 30, 2023. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, actual results could differ from recorded estimates.

Patient service revenues for the year ended September 30, 2023 is as follows:

Services provided to Medicaid patients	\$ 82,133,396
Services provided to Medicare patients	72,917,013
Services provided to Self-pay patients	25,907,760
Services provided to MIP patients	268,198
Services provided to other patients	<u>63,738,585</u>
	244,964,952
Less contractual adjustments and provisions for uncollectible accounts	<u>151,486,166</u>
Net patient service revenue	\$ <u>93,478,786</u>

*TakeCare Insurance*

On March 11, 2020, GMHA announced that insurance coverage under TakeCare Insurance Company, Inc. (TakeCare) was no longer accepted due to non-payment of past due accounts. TakeCare subscribers presenting themselves for treatment at the hospital were billed as self-paying patients.

On April 13, 2020, TakeCare filed a government claim against GMHA alleging TakeCare overpaid GMHA by approximately \$6.3 million.

On September 9, 2020, GMHA and TakeCare entered into a Memorandum of Agreement (MOA) to have a third party reconcile claims with dates of service ending May 1, 2017. Upon signing the MOA, TakeCare made good faith payments of \$3,228,639 in September 2020 for claims with dates of service from January 1, 2012 to April 30, 2017, subject to reconciliation. In addition, GMHA resumed accepting insurance coverage under TakeCare. The agreed upon procedures report for the reconciliation by the third party was completed in October 2021 and final settlement made by TakeCare in November 2023.

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Notes to Financial Statements, continued

**11. Transfers from the Government of Guam**

During the year ended September 30, 2023, GovGuam passed supplemental appropriations in public laws from the General Fund and various special revenue funds for certain specific programs and financial assistance, which are summarized as follows:

	<u>2023</u>
GMHA Pharmaceuticals Fund	\$19,631,513
General Fund	3,502,709
General Fund – General Pay Plan	3,900,000
General Fund – On behalf payments	<u>5,495,603</u>
	<u>\$32,529,825</u>

In accordance with Public Law 36-107, GovGuam appropriated \$18,700,991 from the GMHA Pharmaceuticals Fund and \$3,502,709 from the General Fund for the year ended September 30, 2023. The GMHA Pharmaceutical Fund was then amended to \$19,631,513 in accordance with Public Law 37-3. In addition, in accordance with Public Law 37-3 GMHA was also appropriated \$3,900,000 from the General Pay Plan of which \$3,750,000 was received for the year ended September 30, 2023 and the remaining \$150,000 is included as a component of Due from Government of Guam, net in the accompanying statement of net position.

During the year ended September 30, 2023, GMHA recognized certain on-behalf payments as transfers from GovGuam, totaling \$5,495,603, representing certain healthcare benefits and other pension benefits that GovGuam’s General Fund paid directly on behalf of Hospital retirees.

In accordance with Public Law 36-107, GovGuam appropriated \$5,000,000 from the FY22 audited surplus fund balance for recruitment and hiring of specialty care physicians and \$15,000,000 from the Hospital Capital Improvement Fund for GMHA’s capital improvement projects or renovations of GMHA’s delivery ward. No amount was received for the year ended September 30, 2023.

**12. Concentrations of Credit Risk**

The Hospital grants credit without collateral to its patients, most of who are residents of Guam and are either insured under third-party payor agreements or uninsured. The mix of receivables from patients and third-party payors at September 30, 2023 follows:

Self-pay patients	57%
Local third-party payor and other	19%
Medicaid assistance program	14%
Medicare	11%
Medically indigent program	<u>( 1%)</u>
	<u>100%</u>

Guam Memorial Hospital Authority  
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Notes to Financial Statements, continued

**13. Commitments and Contingencies**

Medicare

The GovGuam and its component units, including GMHA, began withholding and remitting funds to the U.S. Social Security System for the health insurance component of its salaries and wages effective October 1998 for employees hired after March 31, 1986. Prior to October 1998, the GovGuam did not withhold or remit Medicare payments to the U.S. Social Security System. If the Government is found to be liable for such amounts, an indeterminate liability could result. It is the opinion of GMHA and all other component units of the GovGuam that this health insurance component is optional prior to October 1998. Therefore, no liability for any amount, which may ultimately arise from this matter, has been recorded in the accompanying financial statements.

Facility Condition Assessment

In November 2019, the US Army Corps of Engineers (ACOE) conducted a facility condition assessment of the hospital building. In its final report, the cost of immediate repairs was estimated at \$21 million to support the reaccreditation of the facility and eliminate hazards to life, health, and safety. These repairs consist of roof replacement, exterior building repairs, HVAC repairs, life safety repairs, and fire sprinkler repairs. The report recommended GMHA to construct a new multi-story hospital of equivalent size on a suitable site on the island, with an estimated cost of \$743 million, including \$21 million to support reaccreditation. Although new construction will be pursued, the ACOE recommended that GMHA immediately begin work to repair the Hospital's critical life safety items after an extensive onsite facilities condition assessment.

In October 2023, the Governor committed \$20.0M to GMHA for capital improvements from the American Rescue Plan Act funds. GMHA plans to begin and/or complete projects for its HVAC, chillers, autoclave system, parking expansion, maternal child health areas (including NICU expansion), liquid oxygen tank expansion and renovation, various medical equipment purchases, access control systems, and various IT projects. This funding will greatly help GMHA address many issues from the Army Corps of Engineers 2019 Facilities Condition Assessment.

Litigation

GMHA is involved in litigations arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the accompanying financial statements.

Guam Memorial Hospital Authority  
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Notes to Financial Statements, continued

**14. Dependency on the Government of Guam**

GMHA management has taken the following actions and measures to address losses from operations and negative cash flows from operations:

- GMHA operational budget shortfalls have been included in fiscal year budget requests to the Guam Legislature as subsidies for GMHA primarily through the Pharmaceutical Fund and the General Fund. Due to GMHA's continuing service as a safety net hospital, GMHA's revenues are impacted by its mission to serve the population regardless of its ability to pay. A large number of self-pay, underinsured, and 3M (Medicare, Medicaid and MIP) patients rely on GMHA for their care and reimbursements from these types of patients is low. Therefore, GMHA will also aggressively pursue rebasing of the Medicare per discharge cost limit from FY 2014 costs to current costs. GMHA will issue a solicitation for consultancy services to rebase the TEFRA rate applied to GMHA. GMHA hopes to get a reimbursement rate closer to the cost of discharge as of September 30, 2019 (the last audited Medicare Cost Report).
- GMHA seeks assistance from Medicaid to support their operations. Advances from Medicaid claims were received from April to October 2023 totaling \$22.3M. Recoupments for these advances began in May 2023 as offsets to current adjudicated Medicaid claims. As of September 30, 2023, Medicaid recoupments totaled \$5.7M.
- Initiate cost cutting measures to manage labor by optimizing schedules, increase transparency and accountability for department operating budgets, and optimize the supply chain process, among other activities.

Obtain resources to pursue more grant funds from all sources for construction in progress, equipment, training, and others to reduce operational expenses. Public Law 37-43 appropriated \$30.0M from the General Fund to pay GMHA vendors. Of the \$30.0M, the Department of Administration (DOA) made \$25.0M payments directly to GMHA's vendors as of May 31, 2024.

- The room and board fees have increased effective November 2023. As a result, average gross monthly revenues increased to \$24.0M in FY 2024 from \$20.4M in FY 2023. Improvements in the coding brought the Discharge Not Final Billed (DNFB) down from \$22.0M as of FY 2023 to \$3.1M as of June 20, 2024. These efforts increased the patient revenue collections by \$9.5M for the eight-month period ended May 31, 2024 compared to the same period in the prior year.

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Notes to Financial Statements, continued

**15. COVID-19**

On March 11, 2020, the World Health Organization declared the disease resulting from a novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide.

For the year ended September 30, 2023, GMHA received and expended the following COVID-19 response and recovery related funds from the GovGuam and federal government either as a direct recipient or as a sub-recipient:

	Receivable (Payable) <u>Beginning</u>	Funds <u>Received</u>	Federal <u>Expenditures</u>	Receivable (Payable) <u>Ending</u>
Government of Guam:				
Vendor Support	\$ ---	\$ <u>6,003,374</u>	\$ <u>6,003,374</u>	\$ ---
U.S. HHS:				
Provider Relief Fund - Part 3	( 140,526)	---	140,526	---
Provider Relief Fund - Part 4	<u>(1,500,000)</u>	<u>---</u>	<u>1,500,000</u>	<u>---</u>
	<u>(1,640,526)</u>	<u>---</u>	<u>1,640,526</u>	<u>---</u>
U.S. Department of Homeland Security:				
COVID-19 Surge Medical Staffing	---	13,283,848	10,666,588	(2,617,260)
Alternate Care Site	---	1,668,501	1,668,501	---
Personal Protective Equipment	<u>---</u>	<u>397,500</u>	<u>397,500</u>	<u>---</u>
	<u>---</u>	<u>15,349,849</u>	<u>12,732,589</u>	<u>(2,617,260)</u>
Total	\$( <u>1,640,526</u> )	\$ <u>21,353,223</u>	\$ <u>20,376,489</u>	\$( <u>2,617,260</u> )

*COVID-19 Funds through the Government of Guam*

The Government of Guam was one of the recipients of the CARES Act fund for State, Territorial, Local, and Tribal Governments. GMHA, as a sub-recipient, had claimed necessary expenditures incurred due to the public health emergency, particularly, those expenditures relating to medical, payroll, and other expenses necessary to prevent, prepare for, and respond to COVID-19.

For the year ended September 30, 2023, GMHA received vendor support which amounted to \$6,003,374 that were fully incurred and collected as of September 30, 2023.

Guam Memorial Hospital Authority  
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Notes to Financial Statements, continued

**15. COVID-19, continued**

*COVID-19 Funds through U.S. Department of Health and Human Services*

For the year ended September 30, 2022, GMHA received \$14,422,502 from Phase 4 - General Distribution of CARES Act’s Provider Relief Fund, Parts 3 and 4 and reported the total amount of \$12,781,976 as federal grants. The remaining \$1,640,526 amount received was fully utilized as of September 30, 2023 and is included as a component of federal grants in the accompanying statement of revenues, expenses and changes in net position.

*COVID-19 Funds through U.S. Department of Homeland Security*

For the year ended September 30, 2023, GMHA received public assistance totaling \$15,349,849, from Federal Emergency Management Agency (FEMA) for COVID-19 surge medical staffing, alternate care site and personal protective equipment. As at September 30, 2023, funds received of \$2,617,260 is included as Due to US Federal Government in the accompanying statement of net position. Due to the reimbursement nature of these expenses, GMHA recognizes revenues when claims are received.

**16. Subscription-based IT Arrangements**

On April 8, 2020, GMHA entered into a 5-year Master License and Subscription Agreement for Electronic Health Records (EHRs) system, and financial and revenue cycle management (RCM) solutions with Medsphere Systems Corporation (“Medsphere”). The agreement expires on April 8, 2025 and has an option to renew four (4) successive terms of one (1) year each with the same terms and conditions. The agreement requires the payment of subscription service fees to Medsphere.

GASB 96 requires the use of the interest rate the SBITA vendor charges the government, which may be the interest rate implicit in the SBITA. As the implicit rate is rarely determinable, GMHA used the Guam Business Privilege Tax Refunding Bonds interest rate with a similar term as the incremental borrowing rate upon initial adoption. The remaining subscription term and discount rate are as follows:

Remaining subscription term	5.58 years
Discount rate	5.00%

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Notes to Financial Statements, continued

**16. Subscription-based IT Arrangements, continued**

The following table provides the maturities of the subscription liability at September 30, 2023:

<u>Year ending September 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$1,111,782	\$289,929	\$1,401,711
2025	923,910	234,340	1,158,250
2026	970,106	188,144	1,158,250
2027	1,018,611	139,639	1,158,250
2028	1,069,542	88,708	1,158,250
2029	<u>704,623</u>	<u>17,616</u>	<u>722,239</u>
	<u>\$5,798,574</u>	<u>\$958,376</u>	<u>\$6,756,950</u>



## Required Supplementary Information

Guam Memorial Hospital Authority  
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Schedule 1  
Required Supplemental Information (Unaudited)  
Schedule of Proportionate Share of Net Pension Liability - Defined Benefit Plan  
Last 10 Fiscal Years\*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
GMHA's proportionate share of the net pension liability	\$ 141,311,415	\$ 89,839,485	\$ 111,975,847	\$ 105,391,734	\$ 103,815,783	\$ 103,946,075	\$ 123,668,997	\$ 133,213,450	\$ 107,746,620	\$ 116,454,796
GMHA's proportion of the net pension liability	9.50%	9.32%	8.98%	8.68%	8.80%	9.10%	9.04%	9.27%	8.65%	8.65%
GMHA's covered payroll**	\$ 52,770,724	\$ 49,646,005	\$ 48,500,356	\$ 44,214,485	\$ 45,240,661	\$ 46,255,958	\$ 45,750,624	\$ 47,411,059	\$ 43,653,700	\$ 41,133,673
GMHA's proportionate share of the net pension liability as percentage of its covered employee payroll	267.66%	180.96%	230.88%	238.36%	229.47%	224.72%	270.31%	280.98%	246.82%	283.11%
Plan fiduciary net position as a percentage of the total pension liability	54.45%	70.14%	61.48%	62.25%	63.28%	60.63%	54.62%	52.32%	56.60%	53.94%

\* This data is presented for those years for which information is available.

\*\* Covered payroll data from the actuarial valuation date with one-year lag.

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Schedule 2  
Required Supplemental Information (Unaudited)  
Schedule of Proportionate Share on Net Pension Liability - Ad Hoc COLA/Supplemental Annuity Plan  
for DB Retirees  
Last 10 Fiscal Years\*

	2023	2022	2021	2020	2019	2018	2017	2016
GMHA's proportionate share of the net pension liability	16,614,544	19,756,393	\$ 20,465,583	\$ 20,629,361	\$ 18,580,907	\$ 18,350,836	\$ 14,608,250	\$ 14,882,725
GMHA's proportion of the net pension liability	6.48%	6.41%	6.36%	6.36%	6.41%	6.37%	6.37%	6.31%

\* This data is presented for those years for which information is available.

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Schedule 3  
Required Supplemental Information (Unaudited)  
Schedule of Proportionate Share on Net Pension Liability - Ad Hoc COLA Plan for DCRS Retirees  
Last 10 Fiscal Years\*

	2023	2022	2021	2020	2019	2018	2017	2016
Total net pension liability***	\$ 60,135,991	\$ 70,547,850	\$ 66,393,472	\$ 59,884,407	\$ 49,342,424	\$ 62,445,490	\$ 61,688,067	\$ 52,115,736
GMHA's proportionate share of the net pension liability	5,365,119	6,006,578	5,376,463	4,676,440	3,738,860	4,780,154	4,908,140	4,126,989
GMHA's proportion of the net pension liability	8.92%	8.51%	8.10%	7.81%	7.58%	7.65%	7.96%	7.92%
GMHA's covered-employee payroll**	\$ 27,841,821	\$ 23,940,128	\$ 20,993,608	\$ 18,390,871	\$ 20,040,304	\$ 28,842,675	\$ 29,046,338	\$ 28,182,983
GMHA's proportionate share of the net pension liability as percentage of its covered employee payroll	19.27%	25.09%	25.61%	25.43%	18.66%	16.57%	16.90%	14.64%

\* This data is presented for those years for which information is available.

\*\* Covered-employee payroll data from the actuarial valuation date with one-year lag.

\*\*\* No assets accumulated in a trust to pay benefits.

See Accompanying Independent Auditors' Report.

Guam Memorial Hospital Authority  
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Schedule 4  
Required Supplemental Information (Unaudited)  
Schedule of Pension Contributions  
Last 10 Fiscal Years\*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily determined contribution	\$ 13,112,724	\$ 11,764,172	\$ 10,868,116	\$ 10,893,064	\$ 10,600,286	\$ 11,773,474	\$ 10,797,566	\$ 12,606,829	\$ 11,552,350	\$ 11,059,816
Contribution in relation to the statutorily determined contribution	<u>12,269,026</u>	<u>11,660,111</u>	<u>10,325,295</u>	<u>10,548,744</u>	<u>11,960,259</u>	<u>11,400,176</u>	<u>11,242,339</u>	<u>12,470,651</u>	<u>11,593,916</u>	<u>10,874,139</u>
Contribution (excess) deficiency	<u>\$ 843,698</u>	<u>\$ 104,061</u>	<u>\$ 542,821</u>	<u>\$ 344,320</u>	<u>\$ (1,359,973)</u>	<u>\$ 373,298</u>	<u>\$ (444,773)</u>	<u>\$ 136,178</u>	<u>\$ (41,566)</u>	<u>\$ 185,677</u>
GMHA's covered payroll **	<u>\$ 52,770,724</u>	<u>\$ 49,646,005</u>	<u>\$ 48,500,356</u>	<u>\$ 44,214,485</u>	<u>\$ 45,240,661</u>	<u>\$ 46,255,958</u>	<u>\$ 45,750,624</u>	<u>\$ 47,411,059</u>	<u>\$ 43,653,700</u>	<u>\$ 41,133,673</u>
Contribution as a percentage of covered payroll	23.25%	23.49%	21.29%	23.86%	26.44%	24.65%	24.57%	26.30%	26.56%	26.44%

\* This data is presented for those years for which information is available.

\*\* Covered payroll data from the actuarial valuation date with one-year lag.

Guam Memorial Hospital Authority  
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Schedule 5  
Required Supplemental Information (Unaudited)  
Schedule of the Proportionate Share of the Total OPEB Liability  
Last 10 Fiscal Years\*

	2023	2022	2021	2020	2019	2018	2017
GMHA's proportionate share of the total OPEB Liability	183,003,125	211,965,288	190,642,127	\$ 182,956,947	\$ 134,276,729	\$ 178,049,315	\$ 183,586,849
GMHA's proportion of the total OPEB Liability	7.97%	7.65%	7.57%	7.16%	7.16%	7.32%	7.25%

\* This data is presented for those years for which information is available.

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Schedule 6  
Required Supplemental Information (Unaudited)  
Schedule of OPEB Employer Contributions  
Last 10 Fiscal Years\*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 19,788,497	\$ 18,555,578	\$ 18,937,519	\$ 14,505,782	\$ 18,748,390	\$ 19,422,648	\$ 16,627,095
Contributions in relation to the actuarially determined contribution	<u>4,217,949</u>	<u>3,399,797</u>	<u>2,945,286</u>	<u>3,292,943</u>	<u>3,269,248</u>	<u>2,937,721</u>	<u>2,937,721</u>
Contribution deficiency	<u>\$ 15,570,548</u>	<u>\$ 15,155,781</u>	<u>\$ 15,992,233</u>	<u>\$ 11,212,839</u>	<u>\$ 15,479,142</u>	<u>\$ 16,484,927</u>	<u>\$ 13,689,374</u>

\* This data is presented for those years for which information is available.

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Note to Required Supplementary Information  
(Unaudited)

Year Ended September 30, 2023

*Changes of Assumptions – Pension Plans*

Amounts reported in the 2022 actuarial valuation reflected an assumption related to administrative expenses to increase to \$6,565,000 per year.

Amounts reported in the 2021 actuarial valuation reflected an assumption related to administrative expenses to increase to \$6,565,000 per year.

Amounts reported in the 2020 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,439,000 per year.

Amounts reported in the 2019 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,860,000 per year.

Amounts reported in the 2018 actuarial valuation reflected an assumption related to administrative expenses to increase to \$7,082,000 per year.

Amounts reported in the 2017 actuarial valuation reflect a change of assumption for payroll growth to 2.75% rather than 3%. The mortality, retirement age and disability assumption were changed to more closely reflect actual experience. Assumption related to administrative expenses reflected an increase to \$6,344,000 per year and a revised allocation to the various pension plans to reflect actual experience.

Amounts reported in the 2016 actuarial valuation reflect a change of assumption for administrative expenses to \$6,078,000 per year rather than \$5,806,000.

Amounts reported in the 2015 actuarial valuation reflect a change of assumption for payroll growth to 3% rather than 3.5% which was used to determine amounts reported prior to 2015. Amounts reported in 2014 reflect an adjustment of expectations for salary increases, disability and retirement age to more closely reflect actual experience. The amounts reported in the 2011 actuarial valuation reflect an expectation of retired life mortality based on the RP-2000 Mortality Table rather than the 1994 U.S. Uninsured Pensioners Table, which was used to determine amounts reported prior to 2011. Amounts reported in 2011 also reflect a change of assumption for valuation of assets to a 3-year phase in for gains/losses relative to interest rate assumption from market value, with fixed income investments at amortized costs which was used to determine amounts reported prior to 2011.



## Supplementary and Other Information

Guam Memorial Hospital Authority  
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Schedule 7  
Schedule of Expenses  
Year Ended September 30, 2023

	2023
<b>NURSING:</b>	
Salaries	\$ 27,040,911
Overtime	1,279,850
Other pay	11,009,771
Fringe benefits	12,241,234
Total personnel costs	51,571,766
Contractual services	6,679,353
Supplies and materials	3,832,105
Miscellaneous	101,740
	\$ 62,184,964
	2023
<b>PROFESSIONAL SUPPORT:</b>	
Salaries	\$ 14,793,435
Overtime	382,524
Other pay	3,973,961
Fringe benefits	6,840,677
Total personnel costs	25,990,597
Supplies and materials	12,098,221
Contractual services	3,126,800
Utilities	28,244
Miscellaneous	70,139
	\$ 41,314,001

Guam Memorial Hospital Authority  
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Schedule of Expenses, continued

	2023
<b>ADMINISTRATIVE SUPPORT:</b>	
Salaries	\$ 8,308,325
Overtime	492,846
Other pay	487,701
Fringe benefits	3,682,652
Total personnel costs	12,971,524
Supplies and materials	2,865,538
Utilities	4,673,450
Contractual services	5,002,136
Miscellaneous	95,018
	\$ 25,607,666
	2023
<b>FISCAL SERVICES:</b>	
Salaries	\$ 4,177,360
Overtime	68,286
Other pay	312,875
Fringe benefits	2,207,263
Annual leave lump sum pay	541,524
Sick leave (DC plan)	943,425
Total personnel costs	8,250,733
Contractual services	300,684
Supplies and materials	90,952
Miscellaneous	116,710
	\$ 8,759,079

Guam Memorial Hospital Authority  
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Schedule of Expenses, continued

	2023
<b>ADMINISTRATION:</b>	
Salaries	\$ 3,402,179
Overtime	25,663
Other pay	187,322
Fringe benefits	1,464,898
Total personnel costs	5,080,062
Contractual services	1,027,529
Supplies and materials	60,928
Miscellaneous	101,130
	\$ 6,269,649
	2023
<b>MEDICAL STAFF:</b>	
Salaries	\$ 7,078,599
Overtime	2,477
Other pay	284,053
Fringe benefits	2,501,726
Total personnel costs	9,866,855
Supplies and materials	145,679
Contractual services	25,298,686
Miscellaneous	32,684
	\$ 35,343,904
Total actual expenses, without depreciation, impairment, and retiree healthcare costs and other pension benefits	\$ 179,479,263

Guam Memorial Hospital Authority  
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Schedule 8  
Schedule of Net Patient Service Revenues by Patient Classification  
Years Ended September 30, 2023

		2023
Gross Patient Service Revenue:		
Medicaid patients	\$	82,133,396
Medicare patients		72,917,013
MIP patients		268,198
Other patients		63,738,585
Self-pay patients		25,907,760
	\$	244,964,952
 Contractual Adjustments and Provision for Bad Debts:		
Contractual adjustments:		
Medicaid patients	\$	48,548,151
Medicare patients		41,514,932
MIP patients		476,299
Other patients		17,341,328
Provision for bad debts:		
Self-pay patients		43,605,456
	\$	151,486,166
 Net Patient Service Revenue:		
Medicaid patients	\$	33,585,245
Medicare patients		31,402,081
MIP patients		(208,101)
Other patients		46,397,257
Self-pay patients		(17,697,696)
	\$	93,478,786

**Guam Memorial Hospital Authority**  
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**Schedule 9**  
**Schedule of Billings and Collections and Reconciliation of Billings to Gross Patient Revenues**  
**Years Ended September 30, 2023, 2022, 2021, 2020 and 2019**

	Medicaid, Medicare and MIP				Self Pay and Government - DOC and Others				Third-Party Payors							Grand Total	Timing Differences and Adjustments	Gross Patient Revenues	
	Medicaid	Medicare	MIP	Subtotal	Self Pay	Government - DOC and Others	Subtotal	Subtotal	Pavor A	Pavor B	Pavor C	Pavor D	Pavor E	Pavor F	Subtotal				
<b>2023</b>																			
Billings	\$ 78,858,709	\$ 57,940,940	\$ 412,017	\$ 137,211,666	\$ 28,687,997	\$ 2,067,555	\$ 30,755,552	\$ 167,967,218	\$ 4,463,169	\$ 24,549,664	\$ 22,651,751	\$ 5,971,529	\$ 300,915	\$ 6,535,844	\$ 64,472,872	\$ 232,440,090	\$ 12,524,852	\$ 244,964,942	
Collections	\$ 42,696,334	\$ 15,092,546	\$ 102,593	\$ 57,891,473	\$ 7,357,455	\$ -	\$ 7,357,455	\$ 65,248,928	\$ 3,019,419	\$ 13,488,132	\$ 16,588,460	\$ 3,929,860	\$ 213,222	\$ 5,125,135	\$ 42,364,228	\$ 107,613,156			
Percentage of collections over billings	<u>54%</u>	<u>26%</u>	<u>25%</u>	<u>42%</u>	<u>26%</u>	<u>0%</u>	<u>24%</u>	<u>39%</u>	<u>68%</u>	<u>55%</u>	<u>73%</u>	<u>66%</u>	<u>71%</u>	<u>78%</u>	<u>66%</u>	<u>46%</u>			
<b>2022</b>																			
Billings	\$ 71,577,950	\$ 67,786,756	\$ 3,948,834	\$ 143,313,540	\$ 43,467,545	\$ 1,348,993	\$ 44,816,538	\$ 188,130,078	\$ 2,550,257	\$ 18,966,871	\$ 23,804,791	\$ 6,431,972	\$ 4,571,216	\$ 8,522,592	\$ 64,847,699	\$ 252,977,777	\$ (6,436,629)	\$ 246,541,148	
Collections	\$ 28,465,067	\$ 19,218,456	\$ 4,433,615	\$ 52,117,138	\$ 10,901,667	\$ -	\$ 10,901,667	\$ 63,018,805	\$ 2,509,251	\$ 17,098,323	\$ 19,680,011	\$ 5,428,636	\$ 5,789,708	\$ 2,548,706	\$ 53,054,635	\$ 116,073,440			
Percentage of collections over billings	<u>40%</u>	<u>28%</u>	<u>112%</u>	<u>36%</u>	<u>25%</u>	<u>0%</u>	<u>24%</u>	<u>33%</u>	<u>98%</u>	<u>90%</u>	<u>83%</u>	<u>84%</u>	<u>127%</u>	<u>30%</u>	<u>82%</u>	<u>46%</u>			
<b>2021</b>																			
Billings	\$ 49,691,289	\$ 48,313,497	\$ 14,884,049	\$ 112,888,835	\$ 33,428,665	\$ 1,703,225	\$ 35,131,890	\$ 148,020,725	\$ 2,382,355	\$ 11,222,209	\$ 9,458,851	\$ 7,562,619	\$ 20,293,656	\$ 10,259,645	\$ 61,179,335	\$ 209,200,060	\$ (5,664,388)	\$ 203,535,672	
Collections	\$ 21,540,733	\$ 13,774,552	\$ 7,583,527	\$ 42,898,812	\$ 13,047,378	\$ -	\$ 13,047,378	\$ 55,946,190	\$ 2,063,489	\$ 5,747,682	\$ 8,637,789	\$ 5,313,587	\$ 17,993,305	\$ 2,918,536	\$ 42,674,388	\$ 98,620,578			
Percentage of collections over billings	<u>43%</u>	<u>29%</u>	<u>51%</u>	<u>38%</u>	<u>39%</u>	<u>0%</u>	<u>37%</u>	<u>38%</u>	<u>87%</u>	<u>51%</u>	<u>91%</u>	<u>70%</u>	<u>89%</u>	<u>28%</u>	<u>70%</u>	<u>47%</u>			
<b>2020</b>																			
Billings	\$ 44,660,535	\$ 50,918,400	\$ 14,995,284	\$ 110,574,219	\$ 30,313,848	\$ 1,218,117	\$ 31,531,965	\$ 142,106,184	\$ 2,223,210	\$ 6,671,704	\$ 12,496,654	\$ 6,582,739	\$ 16,068,921	\$ 3,705,612	\$ 47,748,840	\$ 189,855,024	\$ (12,140,508)	\$ 177,714,516	
Collections	\$ 26,999,457	\$ 23,488,555	\$ 8,720,350	\$ 59,208,362	\$ 5,417,318	\$ 650,129	\$ 6,067,447	\$ 65,275,809	\$ 2,378,919	\$ 9,046,069	\$ 10,982,662	\$ 4,670,610	\$ 9,891,455	\$ 2,125,077	\$ 39,094,792	\$ 104,370,601			
Percentage of collections over billings	<u>60%</u>	<u>46%</u>	<u>58%</u>	<u>54%</u>	<u>18%</u>	<u>53%</u>	<u>19%</u>	<u>46%</u>	<u>107%</u>	<u>136%</u>	<u>88%</u>	<u>71%</u>	<u>62%</u>	<u>57%</u>	<u>82%</u>	<u>55%</u>			
<b>2019</b>																			
Billings	\$ 40,035,520	\$ 42,650,825	\$ 14,557,079	\$ 97,243,424	\$ 28,242,171	\$ 981,341	\$ 29,223,512	\$ 126,466,936	\$ 2,782,460	\$ 15,509,994	\$ 22,340,270	\$ 6,690,476	\$ -	\$ 3,982,170	\$ 51,305,370	\$ 177,772,306	\$ 1,073,742	\$ 178,846,048	
Collections	\$ 17,579,613	\$ 11,982,584	\$ 3,875,780	\$ 33,437,977	\$ 14,578,388	\$ 460,203	\$ 15,038,591	\$ 48,476,568	\$ 2,895,617	\$ 9,654,735	\$ 15,532,290	\$ 5,167,364	\$ -	\$ 1,935,211	\$ 35,185,217	\$ 83,661,785			
Percentage of collections over billings	<u>44%</u>	<u>28%</u>	<u>27%</u>	<u>34%</u>	<u>52%</u>	<u>47%</u>	<u>51%</u>	<u>38%</u>	<u>104%</u>	<u>62%</u>	<u>70%</u>	<u>77%</u>	<u>0%</u>	<u>49%</u>	<u>69%</u>	<u>47%</u>			

Guam Memorial Hospital Authority  
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Schedule 10  
Schedule of Full Time Employee (FTE) Count

<u>Department</u>	<u>2023</u>
Actual FTE count	
Nursing	536
Professional Support	238
Administrative Support	176
Fiscal Services	103
Administration	71
Medical Staff	12
DOC	<u>24</u>
	<u>1,160</u>
Budgeted FTE count	<u>1,272</u>