SENATOR THERESE M. TERLAJE
*I Mina'trentai Ocho na Liheslaturan Guåhan* | 38th Guam Legislature

## Senator Terlaje Responds to FOIA, Awaiting Public Hearing on her Bill 13-38

**FOR IMMEDIATE RELEASE** (February 1, 2025 - Hagåtña, Guam) – Senator Terlaje responded immediately to the Governor's FOIA request, calling it another attempt by the Governor to distract and question motives of everyone else but the governor while GMH deteriorates. Senator Terlaje, the former Health Committee Chair, reminds the Governor that a public-private partnership was recommended to be pursued by the 2016 Guam Memorial Hospital Task Force, and that a Request for Information (RFI) 16-001 for a private partnership was issued by GEDA in 2016 pursuant to Public Law 33-143. It was also discussed by the governor during her 2024 state of the island address that she was "in active discussions with off-island experts" and there was a "need to partner with private healthcare experts" to address hospital operations. In 2020, Bill 305-35 was also introduced to mandate a public-private partnership for GMH but was objected to by GMH.

"Relative to the FOIA, I have no written communication and certainly no negotiations with any private company regarding any form of public-private partnership with the Guam Memorial Hospital. Bill 13-38 which I introduced cites the public reports preceding the bill and requires a P3 Committee to develop an RFP detailing the scope of the partnership, to submit said RFP to the Legislature for financing, and then to solicit responses."

"As Chair of the Committee on Health, I held a public hearing on Bill No. 305-35 and the two written testimonies received by my office were sent to the Governor along with the link to the public hearing: https://www.youtube.com/live/9AqCsgmBjGE. I also attached to my FOIA response, the UOG PMBA Cohort XIX Capstone Paper sent to me by one of the students, which discussed GMH and recommended a public-private partnership".

"I would guess that every elected official on Guam has listened to and discussed with individuals in our community whether privatizing GMH management would improve its current state, especially after this type of partnership was suggested by the Governor and Lt. Governor. I look forward to the input of GMH, GEDA, the medical community and other stakeholders, and await the public hearing on my bill."

As a longtime advocate for transparent and accountable government, Terlaje remains committed to ensuring that all discussions about GMH's future are conducted openly and in the best interest of the people of Guam. "I agree with the Governor that full transparency is needed when it comes to GMH and hospital issues, which is why I held the numerous oversights, info briefings and public hearings regarding GMH and the potential location of a new hospital. I look forward to full disclosure and less distractions by the Executive Branch moving forward" stated Senator Terlaje.

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**ATTACHED**: FOIA Response from Senator Terlaje
FOIA Letter from Senator Terlaje
Bill No. 13-38(COR)
Guam Daily Post Article: Public-private partnership may be needed for GMH operations

For more information, please contact Senator Therese M. Terlaje's office at (671) 472-3586 or via e-mail at senatorterlajeguam@gmail.com

SENATOR THERESE M. TERLAJE
*I Mina'trentai Ocho na Liheslaturan Guåhan* | 38th Guam Legislature

February 1, 2025

**Transmitted via Electronic Mail**

Jeffery A. Moots, Legal Counsel
Office of the Governor
Jeffrey.moots@guam.gov

**RE: Freedom of Information Act Request**

*Hafa Adai* Attorney Moots,

I am submitting this letter as a response to your Freedom of Information Act Request dated January 31, 2025.

I have not communicated with any private company regarding any form of public private partnership with the Guam Memorial Hospital. As Chair of the Committee on Health, I did hold a public hearing on Bill No. 305-35 and all written testimony received by my office is attached. The link to the public hearing is https://www.youtube.com/live/9AqCsgmBjGE. Also attached is the UOG PMBA Cohort XIX Capstone Paper sent to me on December 10, 2024 by one of the students, which discussed GMH and also recommended a public-private partnership.

*Si Yu'os Ma'åse'*

Senator Therese M. Terlaje

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# Guam Memorial Hospital Authority
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**Transmitted via Electronic Mail**:
Senator Therese M. Terlaje
Committee on Health, Tourism, Historic Preservation, Land and Justice
I Mina' Trentai Singko na Liheslaturan Guåhan
35th Guam Legislature
Guam Congress Building
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Hagåtña, Guam 96910

**RE: Virtual Public Hearing on Bill No. 305-35 authored by Sen. J. Moylan**

**"An Act to add Chapter 98 to Division 4 of Title 10, Guam Code Annotated relative to a public-private partnership for the management of the Guam Memorial Hospital."**

Buenas Senator Therese Terlaje, Chairwoman of the Committee on Health, Tourism, Historic Preservation Land and Justice and, Senators of the Committee.

Submitted herewith is our collective perspective and response to the proposed legislation authored by Senator James Moylan, Bill No. 305-35 (COR) to add a new Chapter 98, Division 4, Title 10, Guam Code Annotated, wherein the Guam Memorial Hospital Authority (GMHA) is authorized to "*...develop a Request for Proposal (RFP) which shall be forwarded to the Guam Legislature for actions. Along with the public input, the Guam Legislature would have to adopt the language for the final RFP, and after enactment by the Governor of Guam, GMHA (with the efforts of both the Guam Economic Development Authority and the General Services Agency would issue the RFP.*"

We thank you for the opportunity to submit our written comments and thoughts. While we are not entirely opposed to the concept of this Bill we are however, disputing the following key elements that, from our perspectives, makes this Bill impractical and unrealizable.

First and foremost, the RFP process as delineated in this Bill is not in accordance with the Guam procurement law and regulations. The process for an RFP begins with the GMHA executive leadership/management to design/develop the RFP with a clear description of the Scope of Work that is needed/being procured in addition to the specific criteria of how the requested proposals will be evaluated in order for the GMHA to determine which bidder/vendor best meets the GMHA's need for the requested services.

Secondly, per the procurement regulations, funds must first be certified by the GMHA in order for GMHA to publish and RFP.

Third, should the RFP exceed the $500K limit which in our view will definitely exceed especially with the expectation and intention that the contract "...***shall be awarded for periods of not less than ten (10) years***..." hence, this public private management procurement will exceed the $500K cap, the AGO must be engaged/involved before the RFP is published.

And lastly, GMHA has a history of engaging/procuring several professional management services yet none were long-lasting. The point is we need to invest in our own staff and, we need to empower the staff to own the concerns, issues and need for professional management development. When we empower the staff to take ownership and provide them the tools to conduct and be fully engaged in the leadership and management of the hospital's operations they will step up to the challenges thereby, attaining a higher level of accountability and long-lasting allegiance to GMHA. We have very intelligent and skillful employees. As leaders, we need to empower, nurture, and hold accountable these up and coming employees.

Senseramente,

**Theresa C. Obispo**
Chairperson

**Melissa Waibel**
Vice-Chairperson

**Sarah Thomas-Nededog**
Secretary

**Byron Evaristo**
Treasurer

**Evangeline Allen, MSN, RN**
Trustee

**Glynis Almonte, BSN, RN**
Trustee

**Sharon Davis**
Trustee

**Sonia Siliang**
Trustee

**Michael Um, MD**
Trustee

**Sarah M. Thomas-Nededog**

[redacted]

November 10, 2020

The Honorable Therese Terlaje
Chair, Committee on Health, Tourism, Historic Preservation, Land and Justice
35th Guam Legislature
Hagatna Guam

Dear Chair Terlaje and members of the Legislative Committee:

My name is Sarah M. Thomas-Nededog and I come to you today as a private citizen and a human service worker for over 40 years on our island. I come to you to testify on Bill 305-35, "An Act to add Chapter 98 to Division 4 of Title 10, Guam Code Annotated relative to a private-public partnership for the management of the Guam Memorial Hospital."

Today I present my testimony as a member of the Guam Memorial Hospital Board of Trustees. I have served in this position since May of 2019 and have been also elected as the board's Secretary. I have attended all meetings of this fine board consisting of health care professionals, private business representatives and community advocates passionate and concerned about our only public hospital. I have chaired the Sub Committee on Governance and Strategic Planning focusing on the crafting and review of plans to ensure that our hospital stays on track with best practices. In these various roles I have carried out for about 18 months, I have observed the work of the hospital management and staff and participated in decisions on policy with my fellow trustees.

When reviewing the bill I am appreciative of the intent that I believe is an effort to improve the operations and ultimately the care of the patients that go there for treatment. I commend Senator Moylan for this initiative but have the following queries:

- Given the CMS accreditation and other consultative reviews of the facilities and operations, is it necessary to seek an outside entity to manage the hospital at this time? It appears likely that there will be additional unbudgeted costs and a displacement of current local staff if this bill is passed.
- In years prior to this administration, the issues of the hospital that were identified included the lack of oversight and public comment regarding the operations of the hospital. This has not been the case since this new board was convened and new managers were brought in.
- The hospital staff and board have been highly visible and communicative of the status of its work to improve care which was not evident in the years prior to 2019. The nearly daily reports during the COVID crisis is truly indicative of the partnership between the hospital administration, other medical facilities and clinics, the Board of Trustees, the Governor, and the public.

With these thoughts in mind, I am reserved in my support for the bill at this time. I would like to suggest a closer relationship with the Guam Legislature to identify those issues that will help move the hospital forward in expanding its services, continuing the improvement of treatment to its patients, and sustaining its economic base and accreditation status. I do believe that the public private partnership that our hospital needed and deserves is now in place and is open to dialogue and reassessment to ensure transparency and continuous quality improvement. I am available should you have additional information. Thank you all for the good work you do for all of our people.

Sincerely,
/s/
**Sarah M. Thomas-Nededog**

# An Analysis of Guam's Public and Private Hospital and Healthcare Facilities: GMHA and GRMC

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University of Guam / School of Business and Public Administration

BA-711 Business Capstone Experience

Professor Charlie Hermosa

November 27, 2024



**NOTE:** We, the original authors of this paper, hereby give Professor Charlie Hermosa, Instructors, SBPA and UOG permission to make use of this Report (without any evaluative notations or marks) as appropriate for educational purposes, including (but not limited to):

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Author Note: This paper was created for *Business Capstone Experience, BA-711-01, Professor Charlie Hermosa*] in the [*Professional Master of Business Administration]* on [*November 27, 2024*].

Table of Contents

Abstract

The island's only public civilian hospital on Guam, the Guam Memorial Hospital Authority (GMHA), continues to suffer from financial and operational difficulties. The key issues identified by this paper will examine three critical areas: collections and receivables, revenue cycle management, and GMHA's status regarding the Tax Equity Fiscal Responsibility Act (TEFRA) of 1982. The paper will also address past occurrences, such as the potential loss of Medicare funds due to noncompliance, underscoring the continuous obstacles that GMHA faces. Additionally, this paper will conduct an analysis with another local, but private hospital, the Guam Regional Medical City (GRMC) to better understand if they face similar financial difficulties to GMHA. The analysis will further examine if there may be best practices that GMHA could learn from GRMC and vice versa. Furthermore, the analysis will also explore potential solutions that GMHA may be able to implement to improve their key performance indicators (KPI) in the collections and receivables, revenue cycle management, and TEFRA status. Alternative solutions in the form of a new electronic health records system, lobbying and advocacy, business continuity plans, and a cross-sector partnership were explored to assist GMHA manage more effectively. After analyzing the information found, the researchers concluded that a recommendation of a business continuity plan would be the most viable solution to present towards GMHA management and local elected leadership.

*Keywords: GMHA, Healthcare, Collections, Revenue, Annual Adjustments*

## Introduction

The Guam Memorial Hospital Authority (GMHA), the sole public hospital in Guam, is a vital institution providing healthcare services to the island's population (Ernst & Young, 2024). The hospital's mission reflects its commitment to deliver quality patient care in a safe environment while meeting national standards. However, GMHA faces significant financial and operational challenges, particularly related to its dependency on Medicare and Medicaid for revenue, compounded by outdated reimbursement rates that fail to cover current healthcare costs. This report aims to identify and analyze the critical issues affecting GMHA's Tax Equity and Fiscal Responsibility Act (TEFRA) status of 1982 with the Centers for Medicare and Medicaid Services (CMS). TEFRA determines the Medicare reimbursement status of hospitals in the United States' territories aside from Puerto Rico.

GMHA's collections and receivables processes, which has an effect on the GMHA's ability to file timely claims with insurance companies and is greatly hindered by self-pay patients' inability to pay after insurance covers a certain portion of their associated fees. This paper will also analyze GMHA's revenue cycle management (RCM) through an evaluation and recommendations for improvements with a single system, a better interface and advancements will be made. GMHA's revenue cycle management (RCM) process faces obstacles due to interfacing challenges and having multiple systems which results in patchwork information. The RCM also encounters challenges from manual processing that further exacerbates the hospital's ability to accurately capture charges.

A thorough analysis of GMHA's TEFRA status is essential, due to a lack of institutional knowledge in the region. Understanding these issues is key to assessing their impact on the hospital's financial stability, operational efficiency, and ability to meet the health needs of Guam's residents.

Additionally, GMHA's electronic health records (EHR) system encountered challenges when trying to go live after being purchased prior to the pandemic due to the inability for the contractor to provide in-person training. To better support the island's only public hospital, a significant investment by the government of Guam is needed to efficiently manage all of GMHA's electronic systems.

GMHA was first established as an autonomous agency, in which most have the ability to generate their own revenue. However, their mandate to provide services regardless of an individual's ability to pay inhibits them from fulfilling this provision. An analysis between the island's private hospital, the Guam Regional Medical City (GRMC) will be conducted to examine if there are best practices that can be made for GMHA to implement. It is vital to note that GRMC is a for profit healthcare facility. That allows them the flexibility to bring programs to a halt if they are not generating revenue for the business. Comparatively, with GMHA's status as a public hospital, they cannot forgo services as needed to benefit the business model. Currently, both hospitals on island utilize a consultant to handle the process of annual adjustment and rebasing as they are more familiar with the technical language and requirements of TEFRA based on CMS guidelines. Due to the institution's lack of knowledge of the TEFRA process, regionally consulting remains necessary. The researchers intend to provide alternative solutions that GMHA and local elected leaders can further examine to understand how to better assist the island's only public hospital. The recommendation chosen will be inclusive of a roadmap, for GMHA and the island's elected leaders to follow as a potential guide to gain educational awareness of the dire needs of one of the most vital agencies in Guam.



**Company Overview**

Pursuant to Chapter 80, Division 4, Title 10, Guam Code Annotated, the government of Guam has established a public corporation that shall be an autonomous agency, known as Guam

Memorial Hospital Authority (Guam Code Annotated, 2017). GMHA is the only civilian public acute care hospital located in the central village of Tamuning, Guam with 161 licensed acute care beds and 40 licensed skilled nursing unit (SNU) beds (Guam Memorial Hospital Authority, 2023). The hospital operates through six divisions: Administration, Operations, Fiscal Services, Medical Services, Nursing, and Professional Support. The services include inpatient adult acute care, skilled nursing, rehabilitative care, laboratory, radiography, pharmacy, hemodialysis, and mother-child health. The hospital also offers the following medical specialties: heart catheterization lab, emergency room, critical care unit, labor and delivery, obstetrics, nursery, neonatal ICU, pediatric ICU, medical telemetry/progressive care, and operating room/post-anesthesia care.

GMHA's commitment to serving the people of Guam is reflected in the hospital's mission and vision statements. GMHA's mission is "to provide quality patient care in a safe environment," and its vision is "to achieve a culture and environment of safety and quality patient care meeting national standards and addressing the needs of the community in a fiscally responsible, autonomous hospital" (GMHA, 2024). GMHA is also subject to following the Emergency Medical Treatment and Labor Act (EMTALA). Established under Public Law 31-146, codified in § 84114(a) and § 84114(b), Chapter 84, Title 10, Guam Code Annotated, GMHA operates under a mandate to offer emergency medical services irrespective of an individual's ability to pay (Guam Code Annotated, 2023). Due to GMHA following EMTALA regulations, Medicare-participating hospitals are required to provide stabilizing treatment for patients with Emergency Medical Conditions (EMCs). Under Federal statute 42 USCS §1395dd section e(1)(A), EMC is defined as "a medical condition manifesting itself by acute symptoms of sufficient severity (including severe pain) such that the absence of immediate medical attention

could reasonably be expected" (Cornell Law School, 2024). These requirements underscore GMHA's commitment to supporting the island community and its neighboring islands through its dedicated service and care.

GRMC is a private acute care hospital with 139 beds located in the northern village of Dededo, Guam (Guam Regional Medical City, 2023). It officially opened its doors in July 2015 with a then bed capacity of 130 beds was invested by The Medical City based in the Philippines (Sablan, 2015). GRMC operates through seven divisions: Emergency, Laboratory, Radiology, Pathology, Rehabilitation, Occupational Therapy, and Speech Language (Guam Regional Medical City, 2023). GMHA and GRMC, which are the island's only civilian public and private hospitals share several overlapping services, including emergency care, laboratory testing, and radiology. In January 2023, GRMC earned the Gold Seal of Approval for Hospital Accreditation from the Joint Commission, marking GRMC's third accreditation from the Commission (Guam Pacific Daily News, 2023).



**Purpose of the Study**

The significance of this study is to raise educational awareness about the critical challenges faced by the island's sole civilian public hospital and provide advocacy and support for GMHA. Despite receiving another clean opinion based on a release from the Office of Public Accountability (OPA), GMHA's net loss based on a comparison of FY 2022 and FY 2023 showed a net loss of $40.9 million. GMHA is dependent on supplemental appropriations from the Guam Legislature which significantly impacts GMHA's ability to provide quality healthcare that the island requires (Ernst & Young, 2024). GMHA plays a vital role in numerous health services to the island community, despite an individual's ability to pay. However, like many agencies on the island, GMHA has faced significant internal and external hurdles. Examples of internal factors that cause similar effects include employee burnout and a data security breach,

which resulted in the hacking of the system. A few external factors include a global pandemic, shortage of necessary labor, the increasing cost of pharmaceuticals and medical providers and natural disasters. These factors have a long-term impact on GMHA's daily operations, further straining their deteriorating infrastructure.

GMHA has implemented a five-year strategic plan for 2023 to 2027, outlining six key goals with the intent of achieving financial sustainability and improving its infrastructure and technology. The intent of this study, however, is to highlight the institutional challenges faced by GMHA which spans decades from the lack of investment. This has resulted in a 'patchwork' system that is currently impacting its operational efficiency. This study also provides several recommendations that GMHA can take to combat these institutional challenges and ultimately improve GMHA's financial state and operations in the long term to provide dedicated patient care for the island and future generations to come.



**Statement of the Problem**

Although they are an autonomous agency, GMHA struggles to generate a consistent source of revenue to support their needs. This is a result of its mandate to provide service to anyone regardless of their inability to pay. The problem looks at two major issues that plague GMHA: operational inefficiency and TEFRA status. GMHA's operational inefficiencies make it challenging for them to provide their patients with a smooth and transparent experience. One example hindering a more efficient operation is the current patchwork system in place at GMHA, where they have multiple interfaces. Through a patchwork system and time-consuming manual processes, they are not able to streamline data to make it more accessible to management and their financial team. Lastly, with operations, they are also having difficulties with the integration of their latest EHR system, Carevue, which was originally intended to be utilized by a behavioral

facility. These inefficiencies result in the operational delays that GMHA currently face, which ultimately impedes on the collection of receivables.

Additionally, a substantial portion of GMHA revenue comes from government-funded programs—Medicare, Medicaid, and the Medically Indigent Program (MIP)—commonly referred to as the "3 M's." Despite the rising costs in providing medical services, GMHA is unable to fully recoup the cost associated with Medicare and Medicaid patients. As previously noted, GMHA falls under TEFRA, making their reimbursement rate for these patients limited to a per diem. However, the rate they follow is outdated, which means GMHA is not able to receive the full amount needed to cover the cost of providing services to these patients. This greatly affects cash flow and operations. Being a TEFRA hospital has imposed various hurdles for GMHA to overcome in order to receive equivalent reimbursement needed to run their hospital efficiently. Through interviews and data collection, the researchers have found that rebasing is a rare occurrence and happens only with significant change to the facility such as providing new services, and even though annual increases are progressing steadily, being a TEFRA hospital still puts GMHA at a disadvantage.



## Literature Review

An analysis of how the RCM of hospitals will be explored and the impacts it has on its collections and receivables. By understanding how RCM and its coding processes provide insight into how critical it is for hospitals to capture the proper coding to ensure timely and efficient payment. In addition to RCM coding, an advanced Electronic Health Records system is also crucial for effective information to not just the physician, but also the patient being treated to know real time data. The island's TEFRA status and Centers for Medicare and Medicaid Services (CMS) guidelines also provide important insight into how GMHA and GRMC are reimbursed for the cost of providing services to individuals under Medicare and Medicaid.

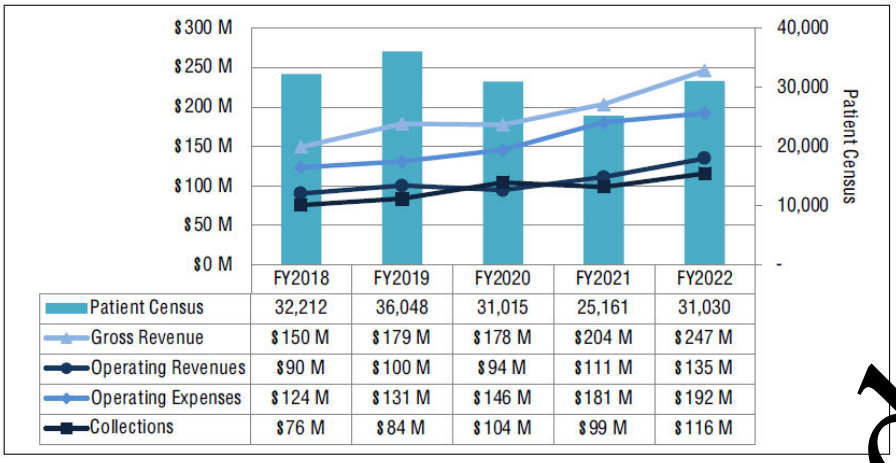
**Revenue Cycle Management**

GMHA faces significant challenges in its RCM process, impacting its financial health and operational efficiency. Accuracy in this process is crucial for the hospital because any errors in patient information, service and supply coding, or billing can prevent the hospital from successfully collecting payments from patients (Scalf, 2024). For GMHA, several issues complicate this vital process. These issues stem from ineffective RCM procedures to include a misalignment with requirements in the RCM system, challenges in capturing charges accurately, and a failed RCM contractual service in 2021 (Ernst & Young, 2024). For GMHA to improve RCM, a complete strategy is required. This entails making investments in reliable technological systems with continually established procedures and giving employees periodic training. To guarantee that claims are filed accurately and on time, GMHA should also place a high priority on data quality and accuracy.

Due to the rise of healthcare costs, health facilities are implementing cutting-edge technologies such as RCM systems to manage clinical and administrative activities. As per Wood (2023), the U.S. Centers for Medicare & Medicaid Services spent 4.6% more on healthcare in 2019, a total of $3.8 trillion, or $11,582 per person. Comparatively Europe spent about €3,562 ($3,711.07) per person on healthcare with a total expenditure of €1,592 billion ($1,658,592,484.40) related to healthcare in 2021 (European Union, 2024). Thus, revenue cycle-friendly third-party payer contracting is essential, and it entails settling on payment terms and schedules as well as patient volumes, costs, and contractual allowances (Berger, 2008). As seen in Figure 1 below, considering the expenses of labor, equipment, services, and staffing, the amount GMHA is collecting is relatively low.

**Figure 1**

*Revenues, Expenses, & Patient Census Information*




| | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
|---|---|---|---|---|---|
| Patient Census | 32,212 | 36,048 | 31,015 | 25,161 | 31,030 |
| Gross Revenue | $150 M | $179 M | $178 M | $204 M | $247 M |
| Operating Revenues | $90 M | $100 M | $94 M | $111 M | $135 M |
| Operating Expenses | $124 M | $131 M | $146 M | $181 M | $192 M |
| Collections | $76 M | $84 M | $104 M | $99 M | $116 M |

*Note*: The chart demonstrates the comparison of the amount being collected amongst revenue, expenses, and patient census conducted.



According to Optum (2022), a significant annual unpaid provider reimbursement of millions of dollars exists. Preventable leaks cost the average facility between 2% and 3% of its annual income. As Alradhi & Alanazi (2020) supported, hospitals must achieve process standardization and obtain precise revenue performance data to prevent unnecessary financial losses from the requirement to fix payment variances. MedHealth Solutions took proactive steps to address revenue management challenges at GMHA. Throughout FY 2022, they implemented a bill scrubber and clearinghouse, established a revenue integrity department, and restructured the Fiscal Division to ensure proper charges, revenue capture, and denial prevention (Ernst & Young, 2023). This approach mirrors the ongoing transitions in the healthcare system in Saudi Arabia, which is wrestling with growing demand, high service costs, uneven access, a broken eHealth system, ill-organized interdepartmental communications, and an excessively centralized administrative structure (Asmiri et al., 2020).

**Relevant Issues Amongst Other Public Hospitals**

According to Fitzpatrick & Goldstein (2023) despite reduced expenses, hospitals are still feeling financial strain from the loss of revenues and decrease in volume after COVID-19, ultimately allowing negative margins to continue. Consequently, financial sustainability and health system debt are major concerns for healthcare administrators. Li PhD et al. (2023) notes that since 2014 hospitals operating margins continue to decline and despite a temporary reprieve from federal funds as a result of COVID-19 it is not sustainable enough for financial viability. A little over half of hospitals in the United States had a deficit at the end of the year due to having higher costs than revenues (Fitzpatrick & Goldstein, 2023). In recent years, hospitals have seen sustained rises in labor costs, which confirmed that two factors contributing to the increases were a competitive labor market and hospitals' need to use more costly contract workers to meet staffing demands

**Electronic Health Records**

Rising costs and inconsistent outcomes are just two of the many issues facing the American healthcare system (Smith et al., 2006). Health information technology, such as Electronic Health Record systems (EHRs), could significantly enhance healthcare professionals' effectiveness and efficiency. To aid in the RCM processing, EHRs can assist hospitals in tracking, enhancing, and reporting information that aligns with the safety and quality of healthcare standards.

According to Silow-Carroll et al. (2012), EHRs enhance patient safety and quality of care by leveraging technology to streamline processes and improve decision-making. EHRs decrease medical errors while promoting commitment to evidence-based practices by utilizing checklists, alarms, and predictive analytics. EHRs reduce duplicate assessments, speed up patient care, and

promote effective communication, improving patient outcomes and operational efficiency. As supported by The Centers for Medicare and Medicaid Services (CMS) (2024), EHRs were deemed the next step in the continued progress of healthcare that can strengthen the relationship between patients and clinicians. Additionally, Adler-Milstein et al. (2017) stated that if a hospital had at least a core EHR system, it would capture fundamental and necessary information ranging from patient demographics to laboratory results and discharge summaries.

***EHR Features and Useful Applications***

Silow-Carroll et al. (2012) note the EHR systems of the hospitals had at least 24 features related to computerized physician order entry, clinical documentation, test and imaging data, and decision support. Although the study did not include public hospitals, the findings can still be valuable to GMHA in understanding the key features a robust EHR system should have. The table below illustrates the 24 features:

**Table 1**

*EHR Robust Features*

| **Clinical documentation** |
|---|
| Demographic characteristics of patients |
| Physicians' notes |
| Nursing assessments |
| Discharge summaries |
| Problem lists |
| Medication lists |
| Advanced directives |
| **Test and imaging results** |
| Laboratory reports |
| Radiologic reports |
| Diagnostic test images |
| Consultant reports |
| Radiologic images |
| Diagnostic test results |
| **Computerized provider order entry** |
| Laboratory tests |
| Radiologic tests |
| Medications |
| Consultation requests |
| Nursing orders |
| **Decision support** |
| Clinical guidelines |
| Clinical reminders |
| Drug allergy alerts |
| Drug–drug interaction alerts |
| Drug–laboratory interaction alerts (e.g., digoxin and low level of sodium potassium) |
| Drug dose support (e.g., renal dose guidance) |

*Note.* The table above exhibits features that an EHR system captures in the clinical side.

In addition, EHRs must be flexible in all capacities because this enables the integration of additional modules or features as required. Due to this adaptability, some hospitals have purchased or developed unique components suited to certain workflow needs (Stefan et al., 2024). Additionally, with EHRs' clinical decision-making feature, more efficient treatment plans will be facilitated. Overall, patient outcomes will improve, and expensive hospital readmissions will decrease as a result of this consistent care.



### *EHRs Regulations*

Although EHRs have transformed healthcare processes, their widespread use has resulted in rigorous regulations designed to protect patient security and privacy. EHR technology adoption and information sharing are at risk from human error, the increasing complexity of healthcare data breaches, and criminal activities (Alvarado & Triantis, 2024). One of the most important laws these types of systems must take into account is the Health Insurance Portability

and Accountability Act (HIPAA), which places strict obligations on healthcare organizations and providers that use electronic health records (HIPAA, 2022). The U.S. Health Insurance Portability and Accountability Act (HIPAA) and Health Insurance Technology for Economic and Clinical Health (HITECH) Act of 2009 are relevant to these compliance factors. HITECH was passed to encourage using interoperable electronic health records and new technologies that are revolutionizing healthcare (Adler-Milstein & Jha, 2017). Subsequently, the main regulatory framework for protecting patient privacy is HIPAA. Except in certain situations like treatment, payment, or healthcare operations, it is necessary for covered entities such as payers, clearinghouses, and healthcare providers to get patient agreement before sharing personally identifiable health information (PHI). This rule applies to health insurance companies, doctors, and other healthcare businesses. According to the HIPAA Journal, the number of data breaches in the healthcare industry has increased throughout the previous years, with more data breaches recorded in 2021 than in any prior year (Alder, 2024).

In 2018, GMHA received a denial for accreditation from The Joint Commission, which highlighted the importance of compliance to the established rules and guidelines (The Joint Commission, 2018). Information is provided back to facilities that seek accreditation from The Joint Commission in order to address deficiencies. The Joint Commission (2018) noted the following as noncompliant practices in which the hospital does not:

1. Compile and analyze data
2. Comply with laws and regulations
3. Effectively manages its programs, services, sites, or departments
4. Maintain complete and accurate medical records for each individual patient

5. Use data and information to guide decisions and to understand variation in the performance of processes supporting safety and quality (p. 3)

Whether the hospital is acute or outpatient, protected health information must always be secure (West, 2024). In accordance with Holmgren et al. (2023), the U.S. faces difficulties when attempting to use EHRs to perform data communication. Furthermore, making all medical data available to the appropriate patients, physicians, and public health organizations, amongst others, whenever needed, regardless of its source, is the fundamental goal of health information exchange. Achieving this goal will require overcoming a complicated network of social and technological obstacles (Holmgren et al., 2023).

**TEFRA Status**

Prior to October 1, 1982, all Medicare-certified hospitals and units were reimbursed based on reasonable costs incurred by the Medicare participant under a prospective payment system (PPS). Under this system, hospitals received a predetermined and fixed amount for specific inpatient services, typically based on diagnosis-related groups. However, the diagnosis-related groups (DRGs) classification system employed in the PPS was noted as an inadequate indicator of resource utilization for patients in specialty facilities (Medicare Payment Advisory Commission, 1999). Therefore, the statute was amended by section 101(a) of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA).

TEFRA introduced provisions for Medicare programs to control healthcare costs by imposing limits on the amount that hospitals can receive from Medicare for inpatient operating costs. The intention was to manage Medicare spending until a more comprehensive system could be put in place (Medicare Payment Advisory Commission, 1999). According to Schneider et al. (1993) under TEFRA, hospitals and hospital units are reimbursed on reasonable costs for

services provided subject to a rate of increase ceiling, or a per-discharge target amount, which places a cap on the amount reimbursed. Therefore, if the hospital's actual costs incurred are less than the per-discharge amount, it would receive the full reimbursement of incurred costs. However, if a hospital's costs are more, it would only receive up to the target amount.

The PPS is still employed by most inpatient hospitals in the United States today. However, in Section 1886*(b) of the Social Security Act (as amended by §101 of the TEFRA of 1982), all hospitals outside of the 50 states, the District of Columbia, and Puerto Rico are excluded from the PPS and subject to the rate of increased ceilings. There are some exceptions to Section 1886*(b) in which hospitals and their units may be subject to PPS for inpatient care, however, they must meet the exclusion criteria of §3001 to §3001.10. However, hospitals in Guam, such as GMHA and GRMC, as well as American Samoa and the Commonwealth of the Northern Marianas, do not meet these exemptions and therefore fall within the provisions of TEFRA. Thus, GMHA is reimbursed at the reasonable cost of services subject to a per-discharge target amount. As of FY 2023, GMHA base period is based on 2013 costs.



**Centers for Medicare & Medicaid Services (CMS) Guidelines**

The Centers for Medicare & Medicaid Services (CMS) is a government agency that oversees the Medicare and Medicaid programs, with support from the Social Security Administration, which handles Medicare applications. Hospitals participating in Medicare and Medicaid programs are legally obligated to adhere to CMS guidelines. Compliance with these regulations is essential for receiving reimbursement for services rendered (DeWalt et al., 2007). Specifically, CMS requires that the provider creates detailed records of the service, including the diagnosis, treatment, and any medications prescribed and assign specific codes to the diagnosis and services provided using the standardized coding systems (Centers for Medicare & Medicaid

Services, 2024). The provider must submit a claim to CMS, which is a request for payment for the services rendered. The claim should include the patient's information, the codes for diagnosis and services, and the charges for each service. Essentially, in order for a hospital to get a reimbursement from CMS, the information in the claims must be complete and accurate. CMS guidelines play a crucial role in ensuring quality, safety, and efficiency of patient care, which in turn improves patient outcomes and financial stability (Akinleye et al., 2019).

**Current News Articles**

In a study conducted by Gaffney & Michelson (2023), it was concluded that there was a link between acute care hospitals that provide uncompensated or undercompensated care in disadvantaged communities and lower operating margins and financial instability. Operating margin, which is the net income from patient care, was the chosen metric due to the volatility of the figures if total margin was studied instead. GMHA has identified a similar problem and has initiated an amnesty program beginning October 1st, 2024, which targets increasing collectability and improving hospital operating margins. This amnesty program specifically provides a 50% discount for individuals who are uninsured or self-pay patients who have failed to make payments for their outstanding bills (Taitano II, 2024). Similarly, Schneider Regional Medical Center (SRMC), a hospital located in the U.S. Virgin Islands, has offered a program in which patients are given a 50% discount if payment is made by their established date of November 30, 2024, which is an extension of the previous date, or an opportunity to be on a payment plan with a 20% discount on their balance (Source Staff, 2024). As stated by SRMC's Chief Executive Officer, Tina Comissiong, the intent of this program provides resources so they could offer continued care, an attempt GMHA is also making. For continued services, hospitals are obliged to make payments to vendors for needed supplies, medications, and utilities.

An additional initiative, the Sliding Fee Discount Program, was passed by the board and will be launched in January 2025. This program assists new self-pay patients who can provide specific information supporting their inability to pay. These patients can receive a reduction in charges and, if needed, a payment plan depending on each situation. Eligible patients who can avail of this discount program are those that are at or below the 200% Federal Poverty Level. With initiatives, such as those mentioned, it shows GMHA's push for improved collections and receivables and decrease aged accounts.

In an effort to improve GMHA's financial and operational state, the Guam Economic Development Authority (GEDA) has initiated the process to seek out a consultant to further review the hospital's operations (Licanto, 2024). The efforts of a consultant can be significant if the organization accepts and implements changes, as seen fit. In a study conducted by Van Engen et al. (2024), the implementation of value-based health care was observed.

Senators on the island's health committee questioned why a consultant was needed for GMHA (Licanto, 2024). The hospital is in a situation in which further investment is needed. There is also much anticipation regarding plans to build a new facility within the next decade. Under these conditions, coupled with its financial state, GMHA is in a position that could greatly benefit from an outside perspective. Consultants have a dependency on the organization they are hired to observe and produce an avenue to facilitate potential change (Galwa & Vogel, 2023). This would produce an objective viewpoint and potential recommendations or action plans that have worked for similarly situated organizations.

GMHA's struggles continue to be highlighted to the public on the local news. For example, an article showed that at one point of time, the hospital had only 12 adult anesthesia breathing circuits, devices needed to perform surgeries, available (Toves, 2024). A doctor of

GMHA went above and beyond, acquiring units from a neighboring island, Saipan, and borrowing from GRMC. The hospital also came close to making the decision to suspend elective services due to the lack of cash liquidity (Taitano II, 2024). The thought process also included the hospital's struggle in working with a limited number of resources, including basic supplies such as sponges and linens.

## Interview Findings

### Operations

The researchers conducted focus group interviews over a three-week period with subject matter experts (SMEs). These experts were selected by criteria threshold based on their length of employment (at least two years) and position (executive, middle management, and staff member), as well as board members within each healthcare facility. To protect the identity and confidentiality of participants, coding was utilized to ensure all reasonable steps were undertaken for participants' identities to be protected. The total participants were four executives (identified by code X), four middle management personnel (identified by code M), one staff member (identified by code E), two board members (identified by code B). The initial interview for GMHA was nearly two and a half hours long, while the follow up was nearly two hours long. The interview with GRMC was also nearly two hours long. With all three interviews, there were several opportunities to allow for breaks by the researchers. To ensure confidentiality and ethical assurances, the researchers complied with the Institutional Review Board (IRB) at the University of Guam and other relevant federal and local statutes when conducting the interviews. Participants were reminded prior to, during, and after the interview process that should they wish to withdraw from participating, there would be no additional harm or injury as it was a completely voluntary basis.

X1 (executive) and X2 mentioned that one of the hospital's current goals is to improve

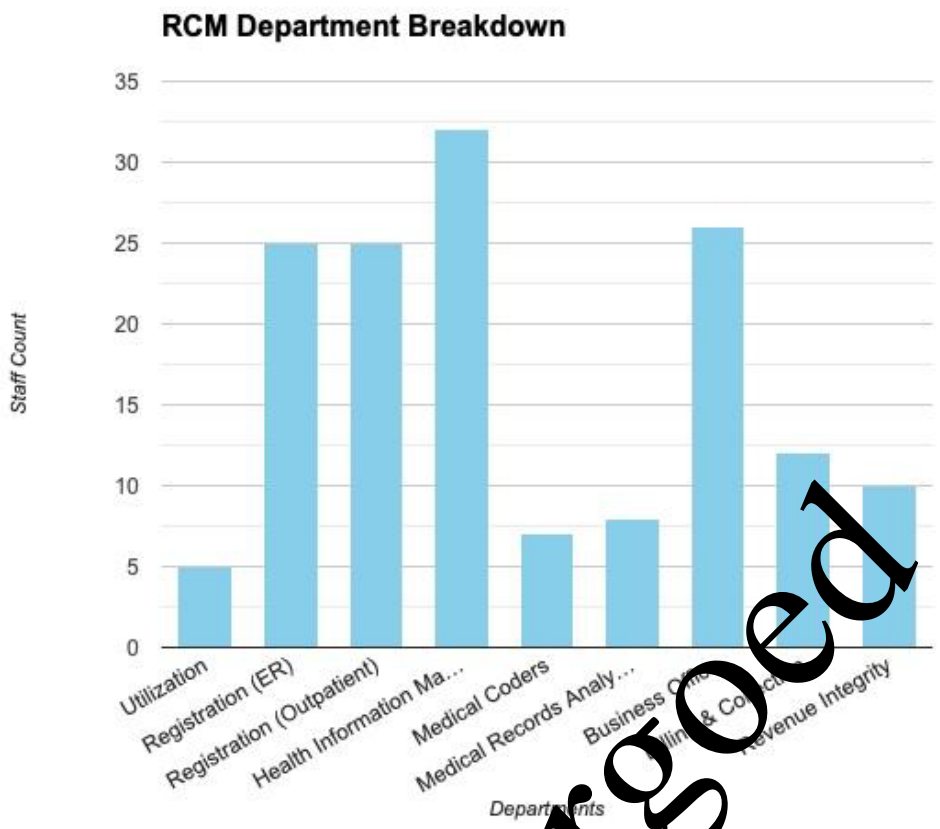
their operational efficiency through the adaptation of improved software systems and the creation of their revenue integrity department. X2 expressed the need for a dashboard feature that highlights the hospital's patient and financial data, showcasing real-time numbers, to ensure goals are being met or areas of improvement can be realized. GRMC interviewees mentioned that this past year, they have created their digital dashboard feature from scratch, and it has significantly added benefits to their operations due to the data readily available to them. Another executive noted that the key was inquiring with the end users for what type of data they would like to see and the ongoing efforts to keep the dashboard updated.

McDermott and Stock (2007) further notes that how a hospital's operations are set up must be interconnected with how it is performing based on a strategic area. GMHA faces financial difficulty when it comes to its RCM process due to the manual work, a result of the lack of automation. M1 expressed the number of staff their RCM Department was due to their manual process, depicted in Figure 2. If GMHA were to adopt more automated processes, it could improve their efficiency and allow for cost savings since additional costs such as overtime, overhead, and additional subscriptions would not be needed. In addition, all interviewees from GMHA have mentioned how the manual processes hinder their efficiency to provide care to the hospital's patients due to the delays in the system.



**Figure 2**

*Guam Memorial Hospital Authority RCM Department Breakdown*




*Note*. Data provided by M1 during the interview.



Decision making and problem solving for the healthcare industry must not only be accomplished quickly but also efficiently and effectively. A structured approach and the use of techniques and tools allows for a basic understanding of the problem or issue and the framework to solve them. The Decision-Making Framework is a structured and rational approach to problem solving and decision making which include framing, gathering intelligence, concluding, and learning from feedback. Table 2 below discusses each step in depth.

**Table 2**

*Decision Elements and Activities*

**TABLE 6.1**
Decision Elements and Activities

| | |
|---|---|
| Framing<br><br>Typical amount of time: 5%<br><br>Recommended amount of time: 20% | Structuring the question. This means defining what must be decided and determining in a preliminary way what criteria would cause you to prefer one option over another. In framing, good decision makers think about the viewpoint from which they and others will look at the issue and decide which aspects they consider important and which they do not. Thus, they inevitably simplify the world. |
| Gathering intelligence<br><br>Typical amount of time: 45%<br><br>Recommended amount of time: 35% | Seeking both the knowable facts and the reasonable estimates of "unknowables" that you will need to make the decision. Good decision makers manage intelligence gathering with deliberate effort to avoid such failings as overconfidence in what they currently believe and the tendency to seek information that confirms their biases. |
| Coming to conclusions<br><br>Typical amount of time: 40%<br><br>Recommended amount of time: 25% | Sound framing and good intelligence don't guarantee a wise decision. People cannot consistently make good decisions using seat-of-the-pants judgment alone, even with excellent data in front of them. A systematic approach forces you to examine many aspects and often leads to better decisions than hours of unorganized thinking would. |
| Learning from feedback<br><br>Typical amount of time: 10%<br><br>Recommended amount of time: 2[illegible] | Everyone needs to establish a system for learning from the results of past decisions. This usually means keeping track of what you expected would happen, systematically guarding against self-serving explanations, and then making sure you review the lessons your feedback has produced the next time a similar decision comes along. |

SOURCE: *Decision Traps* by J. Edward Russo and Paul J. H. Schoemaker, copyright © 1989 by J. Edward Russo and Paul J. H. Schoemaker. Used by permission of Doubleday, a division of Random House, Inc.



*Note.* The table above describes a framework for decision making.

The pandemic highlighted the need to focus on operational efficiencies and be better equipped to handle the increased demand that accompany a public health crisis. According to Cavallo et al. (2020) understanding the demand of a sudden surge in patient volume could assist a hospital to handle the increase more efficiently than what was experienced during the COVID-19 pandemic. A focus on efficiency throughout daily operations would ultimately lead to an overall increase in operational efficiency.

Lean management could take the previously mentioned operational efficiency a step further. According to Alkhaldi and Abdallah (2019), lean management has been proven to increase operational efficiency while reducing operating costs, increasing productivity, and streamlining operations. This concept can be adapted by both public and private hospitals. The application of lean management is beneficial to both the level of care that a patient receives and the operational efficiency of a public or private hospital.

GMHA lacks the ability to access a view of their current processes in real time which further strains their ability to accurately capture coding during hospital care which is crucial to capturing charges. A revenue cycle management (RCM) dashboard is a tool which provides real-time visibility into a medical practice's financial performance. It can be customized to highlight the key performance indicators (KPIs) that are most important to healthcare. Some benefits that GMHA administrators can avail from a dashboard include improved cash flow, reduced bad debt, and improved financial performance. The dashboard would also aid in spotting operational inefficiencies, forecasting, and increased patient satisfaction. One executive explained the difficulty of GMHAs current practice of having to extract data from reports and manipulate them, noting that a dashboard tool would alleviate a great deal of time and effort that goes into this daily process. X3 and M3 shared that they collaboratively make data available by creating dashboards. Hospital employees find joy in the challenge to build meaningful dashboards for each executive or shareholder.



**Collections and Receivables**

The efficiency of the collections and receivables process is a vital component of GMHA's financial stability. Collections and receivables refer to the billing of payments and

reimbursements from patients, insurers, and government programs. This becomes a critical component in maintaining positive cash flows and obtaining the sources of funding necessary to deliver quality services with the needed infrastructure and technological improvements. Given the accompanying challenges brought by the RCM, GMHA continues to face issues with their collections and receivables, leading to longer periods of collections further straining their precarious financial condition.

***Collection Delays***

The 2018 GMHA Financial Report revealed that it took 119 days to collect accounts receivable, which is significantly beyond the industry standard of approximately 50 days (Deloitte & Touche LLP, 2019). As a result, these delays in collections halt the hospital's cash flow and ability to pay its vendors promptly, potentially delaying essential services. GMHA's inability to promptly pay is a result of a lack of proper cash flow and reliance on supplemental appropriations from the Guam Legislature for it to catch up with vendor payments.

A 2023 report released by the OPA stated that GMHA had total liabilities of $421.7M, a $52.9 M increase from FY 2022. Of the recorded Accounts Payable-trade, it was reported that the hospital owed over $1M to seven vendors, each ranging from $1M to $2.7M (Ernst & Young, 2024). The elevated number of days in accounts receivable suggest that GMHA's billing and collections procedures are not operating efficiently, resulting in delays in the collection of payments. These ongoing inefficiencies in the collection of receivables suggest deeper systematic issues.

In an effort to combat the collection issues, a new 90-day amnesty program was launched. With this program, GMHA hopes to see an improvement in collections while also providing financial relief to patients from incurred medical expenses. Patients with claims before

September 30, 2023, may receive a 50% discount on self-pay accounts. In just one month out from launching the program, according to M1 they were anticipating collecting $130,000 as of October 17, 2024.

***Root Causes and Technological Impacts***

An analysis conducted by the Department of Interior in 2019 found that the main causes of the high amount of money owed were poor management of revenue cycles, absence of standardized procedures, and inadequate staff training (Office of Inspector General, 2014). Alongside these ongoing issues came technological difficulties and typhoon Mawar in 2023, which increased GMHA's unbilled receivables to $20.9M compared to $15.1M in FY 2022 (Ernst & Young, 2023). The Department of Interior analysis, in addition to the Office of Inspector General Report, discovered that GMHA does not have the financial resources or cash flow to offer Guam's residents the required medical care (Office of Inspector General U.S. Department of Interior, 2014). By lacking the necessary financial resources GMHA cannot provide the necessary medical care that the people of Guam rightfully deserve. Several factors including fees not keeping up with growing costs, the federal government not fully compensating it for costs associated with providing Medicare and Medicaid services, increasing vendor costs due as a result of GMHA's unpaid invoices, and inefficient accounts receivable collection, have prevented the hospital from obtaining the necessary funds or managing its cash flow (Office of Inspector General U.S. Department of Interior, 2014).

The problem of collectability is especially severe for self-pay accounts, as many patients either do not have insurance coverage or high deductibles. According to the Commonwealth Fund (2019), 31% of the population in Guam lacks health insurance, which is significantly higher than the national average of 9% in the United States. More importantly, a report released

by the Deloitte & Touche LLP (2019) highlights critical areas that contribute to GMHA's collections issues of true self-pay accounts including differences in actual charges and published fee schedules, payment agreements at discharge not being prioritized, collections staff performing non-collection tasks, unreferred delinquent accounts, and partial and interim bills not being issued to patients. The combination of Guam's high uninsured rate and relatively low median household income of $48,274 (Guam State Data Center Bureau of Statistics and Plans, 2012), along with the critical areas in collecting true self-pay accounts present a difficulty for GMHA in obtaining payments from self-pay patients.

***Financial Implications of Documentation and Receivables***

The collectability of receivables presents the current impact of cash flow constraints. GMHA faces capital market constraints for several reasons including the lack of cash flow, having too much debt, the debt market conditions, and the certificate-of-need regulations (Smith & Wyne, 2006). Cash flow shortages could lead to delays in the hospital's ability to make payments to suppliers, contractors, and potentially staff. This, in turn, would greatly affect day-to-day operations. Receivables not collected on a timely basis are a risk as they can easily turn into bad debt.



The difficulty GMHA faces in collecting receivables threatens the hospital's long-term financial sustainability. Decisions are made on a day-to-day basis for continued operations. In a study conducted at Aga Khan University Hospital, the frequency of documentation errors during the transfusion process and the effectiveness of the error-management interventions were evaluated (Moiz et al., 2020). Methods such as enhanced training or counseling showed a slight improvement in terms of the number of errors made, however, the most effective interventions found were robust electronic interventions and the utilization of advanced technology in a correct

and timely manner (Moiz et al., 2020). Errors found in documentation in a hospital facility could not only result in potential financial losses but may also be identified as a significant risk to the quality of care received by patients. Nurses with poor documentation support from the information system and low documentation competence had the highest frequency of documentation-related errors (Kaihlanen et al., 2021). Although a system with enhanced capabilities and desirable features proves to be most beneficial to GMHA during this time, the cost required for its procurement and implementation is not readily available. This would require appropriate planning, funding, and commitment toward the efforts at all levels of the organization.

The healthcare system's capacity to continue operating rests on its financial stability (Curtis & Roupas, 2009). Healthcare organizations that have the resources to invest in technology, which presents significant impacts. While the initial investment in this technology is significant, the long-term benefits of automation, data innovation, and increased accuracy far outweigh the costs (De Bond, 2020).

Additional investment in GMHA toward capital improvements or facility upgrades, newer and more efficient equipment, and technology or data systems needed to replace current ones would greatly benefit the hospital. Capital investment decisions are crucial to the success of healthcare organizations (Reiter et al., 2000). Despite the large initial costs, in the long term, the hospital will be able to sustain services. In healthcare, medical professionals stress the importance of maintenance and preventative care, a concept that can also be applied to the facilities and equipment of the hospital.

***Role(s) of the Board of Trustees***

GMHA's Board of Trustees (BOT) and Executive Team join forces when making decisions and solving problems. The Decision-Making Framework can be recognized in their operation process when making decisions and enacting policies. The GHMA BOT consists of ten members, with six members from the allied health industry and three non-health related professionals from the private sector. These members are joined with members of the GMHA's Executive Team to form six subcommittees, which include Joint Conference and Professional Affairs, Human Resources, Facilities, Capital Improvement Projects and Information Technology, Quality and Safety, Finance and Audit, and Governance, Bylaws, and Strategic Planning. BOT meet at a minimum of twice a month, once with their prospective subcommittee, and once as a full board. The committees work together on their respective areas and together to propose and enact policies. They also investigate ways to increase operational efficiencies and the revenue collections management.

The Finance and Audit committee can create and implement initiatives to assist in the collections of claims, including those overdue. GMHA has the authority to garnish from a patient's Guam Income Tax refund if they have an outstanding balance with the hospital. They have tasked employees to assist the uninsured patients to apply for Medicaid before leaving the hospital.



**Productivity / Automation**

The lack of automation at GMHA and the reliance on staff to fill the gaps plays a critical role in conducting manual processes. To help mitigate, an aggressive revenue cycle management system may increase the chances of decreasing a hospital's bad debt through financial counseling which should lead to a decrease of uninsured and self-pay patients (Singh & Wheeler, 2012). M1 described an aggressive push to move self-pay patients to apply for Medicaid and require

assistance from social workers and a dedicated team through a manual process to handle the application of Medicaid for individuals who come to the public hospital as a means to reduce the cost of covering self-pay patients. On the other hand, M3 described a similar mechanism in place, but noted there is a difference between true self-pay and self-pay after insurance. By automating this manual process, it should allow a better capture of charges and a more efficient model for those applying for self-pay or government assistance programs.

Initially, the concept when GRMC first started for RCM was to have it fully outsourced; however, the requirements of local insurance companies meant that the island's private hospital relied on hiring staff to fill its RCM department as described by M3. Meanwhile, M1 also noted the public hospital's desire to also obtain automation to reduce the number of staff in the RCM department.

Yakhshiboyev et al. (2023) concluded that there are high costs associated with the initial investments in the acquisition and use of new medical technology. However, it was found that savings on long-term medical treatment and care expenditure outweigh these costs. Modern medical technology makes it possible to diagnose and treat diseases with greater accuracy, which lessens the need for lengthy hospital stays and frequent medical visits (Yakhshiboyev et al., 2023). Besides significantly enhancing treatment and diagnosis, investment in modern medical technology has also shown to increase healthcare productivity. According to Yakhshiboyev et al. (2023), as a result of investment, diagnoses are made more rapidly and precisely by doctors, which reduces hospital stays for patients and improves treatment results.

As described previously, revenue cycle management focuses on a financial aspect of the patient experience. Figure 3 describes a typical roadmap of the RCM process, clearly depicting that the patient journey commonly includes the steps of patient arrival and eligibility, care

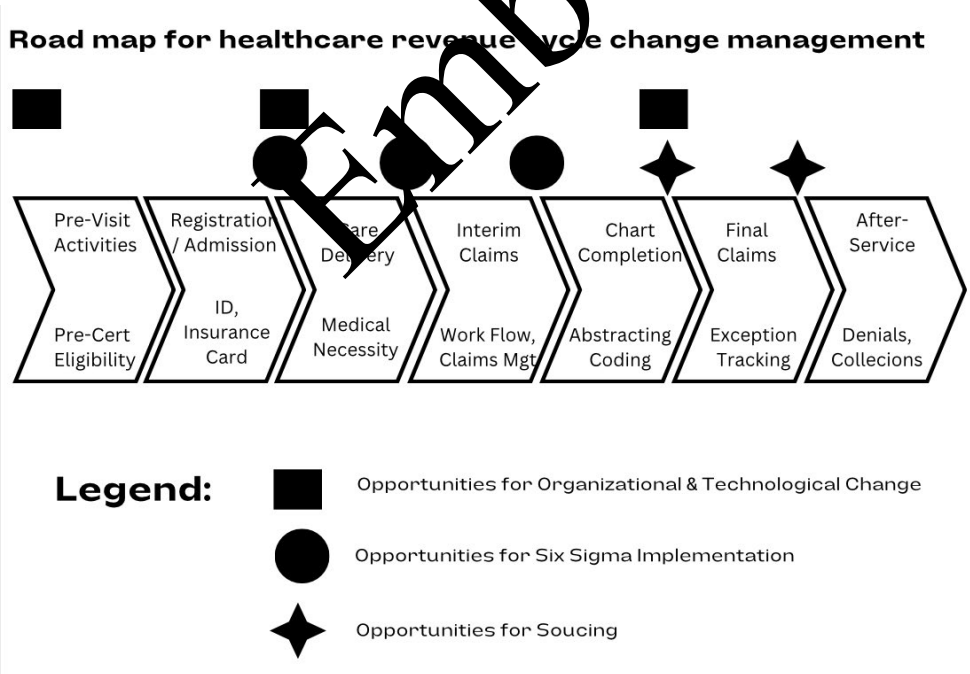
delivery, claims, coding, denials and collections. M1 described RCM as a process that is interfaced by departments such as registration, medical records, and revenue and credit utilization teams. X3 has also stated that the RCM is not necessarily one team overseeing a process but rather the collaboration of cross-functional teams, from both the clinical operations and finance, interfacing the software and hardware throughout the RCM process.

In an interview with X2, M1, and M3**,** they voiced their challenges with acquiring enough employees with the ongoing demands of the hospital. Despite having a 70 to 72 total headcount in their RCM department, to include 30-32 Health Information Management personnel, 7 for medical records and 23-25 designated to coding, they still feel understaffed. It appears that despite the number of employees in the department, there is a lag in the process due to the influx of patients and data.



**Figure 3**

*Road Map for Healthcare Revenue Cycle Change Management*




*Note*. Adapted from Mugdh and Pilla (2012), this road map for a typical RCM process.

M3 argues automation is a crucial next step within GRMC's RCM process, explaining that two projects currently in the works are the automation of identifying patients' insurance eligibility and the capturing of manual charges. Automation will streamline many of the hospital's functions, leading to growth and improved service delivery (Wambugu, 2023). The application of a billing and coding software can help healthcare facilities automate processes, improve accuracy, and reduce claim denial rates. An executive expressed that the automation of medical and billing software will significantly increase productivity and eliminate mundane tasks. When a billing and coding software is implemented, it is important to ensure that the software is able to integrate with the hospital's current EHR system. Studies done by Bronsoler et. al. (2021) show that the adoption of health information and communication technologies (HICT) improves clinical outcomes and productivity, lowers healthcare costs, and suggests that there are no substantial negative effects on employment. The key performance indicators within the RCM process, such as code and charge productivity, set the standards in areas such as "Discharged, Not Final Billed" and "Coding Productivity" shedding light on charge capture bottlenecks (Chandawarkar et al., 2014). The latter is further elaborated as a key example of how automation results in the efficiency of managing costs as a healthcare institution.



Adopting a new EHR or billing/coding system successfully requires the engagement and support of all stakeholders, including healthcare providers and management. M1 strongly believes that automation will deeply impact employee morale, productivity, and retention. Many employees are set in their existing mundane practices but will begin to reap the benefits of more automated tasks. Additionally, automation and organizational performance are interconnected and can be customized to meet specific needs and requirements.

The incorporation of automated systems can lead to increased hospital and employee

performance. X2 believes that employees will feel the benefits of automated processes and would want to stay employed with the hospital. By streamlining workflows and data collections, M1 stated that GMHA's RCM department will be able to code more efficiently and accurately, lowering administrative costs and the number of denied claims.

**Cost Efficiency / Financial Outcomes**

The primary focus of a public healthcare institution is to provide services to each patient that visits the facility. While providing healthcare to the patients is the main focus, the need to capture costs remains a vital aspect to being able to continue to provide services to its patients. Nwosu (2024) underscores the burden of high operational costs within a hospital that can steer staff and resources away from patient care as attention is focused to budget deficits and keeping cash flow positive. As previously mentioned, X2 described the need for a consolidated dashboard and EHR system that allows GMHA's administrative team to efficiently identify areas of the organization that need attention. M3 has inferred that the creation of dashboards in GRMC has allowed executives to understand metrics of how many patients have been served by the hospital, resulting in the proper allocation, tracking, and treatment costs for each type of patient.

The power of accurate data is critical as healthcare employees from both the clinical and operational facets of the institution strive to make decisions that better serve patients in addition to factoring costs accurately. Accurate data coupled with an automated system would allow healthcare institutions within the region to quickly analyze and apply the results in daily operations. The history of medical records, medical care, and impacts of healthcare which is primarily derived from EHRs is crucial to understanding health analytics from a patient's health status (Nwosu et al., 2024). To better capture this data, GRMC recently implemented its PerfectServe system which will provide real-time interactions and improve patient care allowing

access to GRMC's EHR system which further enables its clinicians to obtain crucial information and communicate across various systems (Guam Regional Medical City, 2024).

Despite the worldwide reduction in the amount of public spending in healthcare, providers are mandated to provide quality care (Bialas et al., 2023). This mandate is often exacerbated by both GMHA and GRMC due to their remote location in the middle of the Pacific. The island's two hospitals are tasked to factor in supply chain issues that require procuring, assembling, and distributing goods which include pharmaceuticals, medical equipment, food, disinfectants and other cleaning equipment while also providing quality care services (Bialas et al., 2023). According to one executive, supplies account for 10% of operating costs and that the original hospital building did not factor in the IT aspect, which is necessary with the advancements in technology. Both GMHA and GRMC have to factor in the costs associated with billing, coding, adherence to statutory requirements as well as infrastructure and IT improvements.



## Discussion

### Operational Inefficiency

There are structural and operational inefficiencies plaguing GMHA that have occurred over a sustained period of time. These inefficiencies present themselves in the manual processing of coding and the lack of state-of-the-art RCM and EHR software systems. There are also the consultant issues that OPA highlighted when the RCM contractor was hired which did not result in improving the RCM process. GMHA's operational inefficiencies are significantly hindered by its TEFRA status and the widening gap between its current rebasing rate and the costs of providing services to CMS patients.

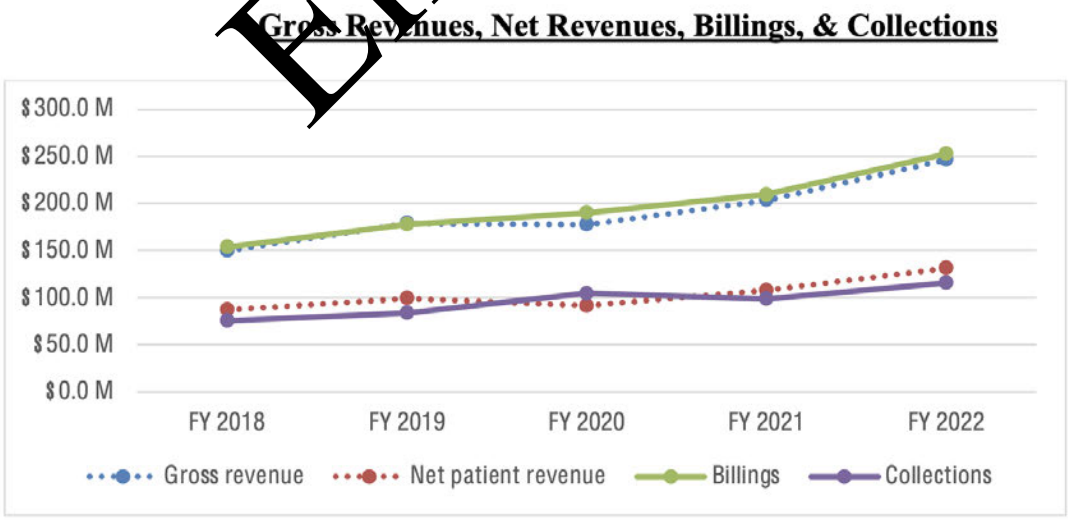
#### *Capturing Charges*

Human error is a significant risk in the RCM process, especially when software systems are not integrated. Errors in patient registration, coding, billing, or data entry can lead to delayed or incorrect billing, impacting the hospital's ability to collect payments. These mistakes can result in denied claims, increased accounts receivable, and ultimately, financial losses. Net patient revenue increased by 21.6% to $23.3 million in 2022, as shown in Figure 4 below (Ernst & Young, 2023). This growth is largely attributed to the implementation of a critical department within the RCM section, the Revenue Integrity Unit (RIU). The RIU was established to investigate incomplete charges on patient bills, ensuring that all charges for supplies used and physician fees are accurately captured, thereby preventing revenue loss (Office of Public Accountability, 2024). This unit was introduced following the failure of a previous RCM contract that aimed to manage the entire revenue cycle process (Office of Public Accountability, 2024). While the long-term success of this department is uncertain, it has been effective in improving coding efficiency, ensuring accurate and timely billing.



**Figure 4**

*Gross Revenues, Net Revenues, Billings, & Collections FY18 - FY22*



*Note.* The figure above depicts fiscal years 2018 through 2022 gross revenues, net revenues, billings and collections as presented in the Audited Financial Statements FY 2023 of the Guam Memorial Hospital Authority.

***Issues with RCM Contractor***

The OPA recognized the ineffective performance of the RCM contractor GMHA hired (O' Connor, 2024). According to the Guam Memorial Hospital Authority's financial audit, GMHA collected only 47% to 48% of gross patient revenues during its contract period (Office of Public Accountability, 2024). The audit further showed an increase of 38% between FY 2022 and FY 2023 in uncollectible receivables (Toves, 2024). This is a significant loss compared to the 58% to 59% collected in the years prior to the contractor's term (Office of Public Accountability, 2024).

According to GMHA's request for proposal (RFP) No. 003-2020, the contract scope of services includes accurate charge capture, coding, patient collections, and accurate patient registration. The FY 2023 financial audit disclosed several recurring issues for GMHA, including continued losses from operations, negative cash flows, and increases in unbilled patient receivables (Office of Public Accountability, 2024). As a result, the audit found unbilled receivables to be "a repeat finding" (Toves, 2024, para. 15). These problems indicate that despite the consultancy, GMHA's RCM processes did not improve significantly. The long-term impact of the RCM consultancy remains uncertain, particularly following the contract's termination in November 2022 (Office of Public Accountability, 2024). The hospital now relies on in-house management of the revenue cycle process, and it remains to be seen if this will lead to better outcomes.

***TEFRA Limitations***

GMHA's revenue is significantly impacted by its service as a safety net hospital, which provides care to all patients, regardless of their ability to pay. As reported on GMHA fiscal year 2023 audited financial statements, GMHA's gross patient revenues totaled to $245.0 million (Ernst & Young, 2024). However, comparing the percentage of revenue actually collected to the gross value, only 43.9% was collected, leaving a gap of 56.1% uncollected for that year. GMHA's difficulties collecting these revenues can be explained by their payer mix, which is depicted in Figure 5. GMHA's mandate to provide services and bear the costs of providing to the uninsured remains a significant challenge especially when the reimbursement rate for Medicare, Medicaid, and the Medically Indigent Program (MIP) remains considerably lower than the costs incurred (Office of Inspector General, U.S. Department of Interior, 2014).

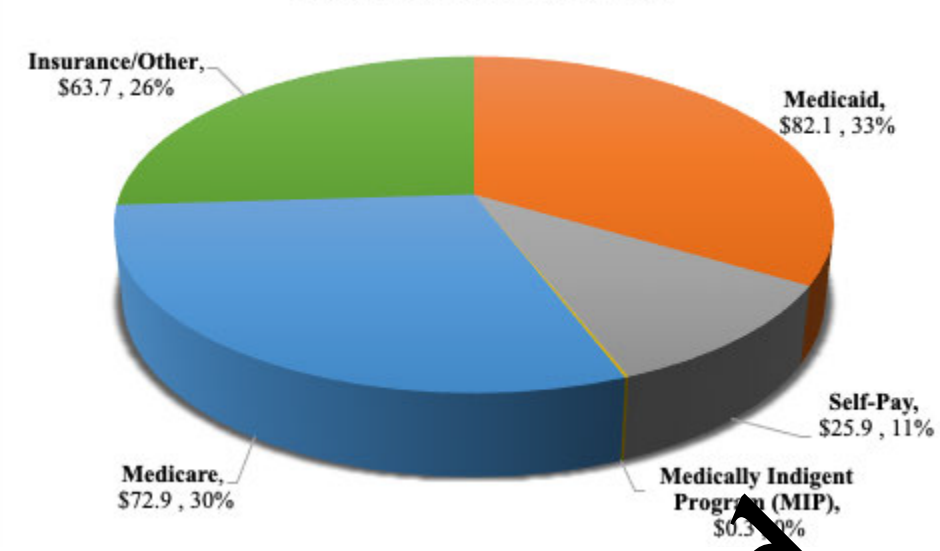
A substantial portion of GMHA's gross patient revenue comes from government-funded programs —Medicare, Medicaid, and MIP—commonly referred to as the "3 M's". Of these, Medicaid is the largest contributor, accounting for $82.1 million, or 33.0% of the total. This is followed by Medicare at $72.9 million, or 30.0% and MIP at $0.3 million. Third-party insurance payers are also found in the mix accounting for 26.0% while self-pay patients contributed to 11% of the total revenue (Ernst & Young, 2024).

Due to this discrepancy, GMHA can anticipate that much of the cost for patients would not be reimbursed and may eventually become uncollectible amounts, resulting in a financial loss to the hospital. This is a longstanding issue and if the reimbursement rate continues to widen, GMHA will continue to incur costs greater than the payments received for treating Medicare and Medicaid patients (Office of Inspector General, U.S. Department of Interior, 2014).



**Figure 5**

*GMHA Fiscal Year 2023 Payer Mix*




*Note.* The figure above depicts the fiscal year 2023 payer mix as presented in the Audited Financial Statements FY 2023 of the Guam Memorial Hospital Authority.

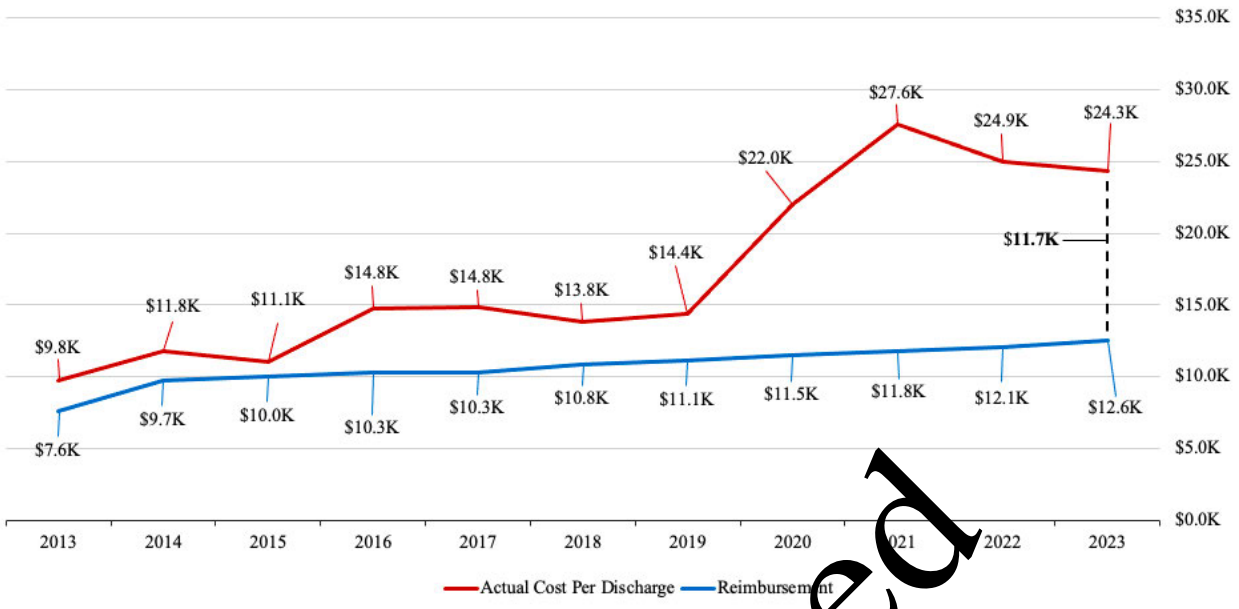
The 3 M's collectively contribute 63.4 percent of GMHA's total patient revenue. However, reimbursements from these sources are low. As outlined earlier, GMHA falls under the TEFRA; therefore, Medicare and Medicaid reimbursements from these programs are based on the inpatient operating costs subject to per-discharge target amount. In fiscal year 2023, the per diem rate was $1,674 per day, which failed to cover the actual costs of providing care which is significantly higher (Ernst and Young, 2024). This reimbursement gap is a major driver behind the hospital's financial instability, impacting its operational capacity and overall efficiency.

Figure 6 presents a comparison between GMHA's actual cost per discharge and the Medicare reimbursement from 2013 to 2023, which has increased significantly through the years. The financial gap became particularly significant after 2019. As reported on GMHA's 2023 audited financial statements, CMS approved GMHA's request to rebase their per diem rate retroactively to 2013 costs, replacing the outdated 1992 to 1994 Medicare cost reports. This adjustment increased the per diem rate to better align with costs at the time, consequently narrowing the gap between actual costs per discharge to the amount reimbursed (Guam Daily

Post, 2019). However, since fiscal year 2020, GMHA is reimbursed significantly less than the actual cost of discharge. The COVID-19 pandemic increased drug expenses by 36.9% and medical supply expenses by 20.6% as reported by the American Hospital Association in 2022 (Li et al., 2023). This further challenged GMHA financially, and although there was a slight decrease in costs in the subsequent years, the gap is still wide. The fiscal year 2023 Medicare Cost Report revealed that the cost per discharge was $24,272, however, the amount received through Medicare reimbursement was $12,572. This calculates to a total reimbursement loss of $11,700 per discharge. GMHA is seeing challenges in receiving prompt refunds for 3M accounts due to intricate billing criteria and delayed processing by government payers. According to the 2019 OPA audit, GMHA failed to invoice $11.4 million in Medicaid claims because of poor documentation and an insufficient number of personnel handling the claims (Deloitte & Touche LLP, 2020).

**Figure 6**

*Comparison of the Actual Cost Per Patient Discharge vs. Reimbursement from Medicare Claims from Fiscal Year 2013 to 2023*




*Note.* The figure above depicts the Target Rate per Patient Discharge from 2013 to 2023 adapted from the Audited Financial Statements FY 2023 of the Guam Memorial Hospital Authority.



***Rebasing as a Rare Occurrence***

It is evident that GMHA's financial instability is largely due to the reimbursement gaps from Medicare and Medicaid. This is due to GMHA's base period being determined by the cost of care reported in their 2013 Medicare Cost Report. As detailed in GMHA's 2023 audited financial statement, the per discharge target amount is adjusted annually based on a market basket index. This adjustment is solely to account for inflation, which averages 1% per year. Despite the annual increase from inflation, the rates at which it is reimbursed by Medicare and Medicaid have not increased to keep up with the rising costs of providing healthcare services.

As such, GMHA is seeking a retroactive rebase to 2014 costs to improve cash flow and manage the increasing costs of patient care (Ernst & Young, 2024). GMHA's executive management has issued a solicitation for a consultant to assist in the rebasing process as stated in the 2023 audited financial statement. However, one executive has also recognized that rebasing

is a rare occurrence. As outlined in previous sections, in order for GMHA to be granted a rebase, they must prove to CMS that the hospital's high costs are due to significant and lasting changes in providing patient care services since the base period. CMS will consider changes in services, technologies, medical practices, patient severity, and patient demographics when adjusting reimbursement rates.

An executive has also expressed that a significant challenge in rebasing is the lack of understanding of the process. Therefore, there is a need for GMHA to be more actively engaged with its consultant to better understand what they can factor into their cost reports to assist in receiving an adjustment to the rate of ceiling increase. Two executive participants confirmed that GRMC currently has a staff dedicated to engaging with its consultants. The two executive participants stated that through the active engagement with their consultants, GRMC is able to maximize its cost reports which are due every MAY. This includes understanding cost trends, identifying overspending or underspending, and correlating costs to specific units. However, X2 and X4 noted how difficult it is to capture a true cost report, which plays a crucial role in rebasing efforts due to the fact that they provide detailed financial data about the actual costs incurred by healthcare providers. As such, an accurate cost report is essential as they directly influence how the adjustment to the ceiling is recalculated.



**Alternative Solutions**

The presented recommendations are categorized as short- and long-term solutions. Based on the feasibility and what will lead to the eventual recommendation, the researchers felt it necessary to make the two distinct and allow for future research to consider other options that may not be adopted by the government or GMHA. This is in line with GMHA's operational

shortfalls and moving towards a vision that achieves financial stability that withstands the test of time.

**Short Term**

The researcher's short-term solutions were written with the belief that these are tangible items for GMHA to consider implementing in the immediate future. In contrast, long term solutions would require more than 5 years to follow. By implementing an effective Business Continuity Plan, GMHA can develop into a more sustainable operation through proper planning and roadmaps for IT implementation to operate more efficiently than through a manual process. An additional short-term is for legislation to consider a public-private partnership to provide for GMHA to avail of the necessary staff and tools to maintain the current hospital facility until it transitions to a new facility, which is at least five to ten years from being completed.

***Business Continuity Plan***

A business continuity plan can serve as a catalyst towards operational sustainability, ensuring the hospital is granted the resources and opportunities to grow in order to provide the current community and future generations access to quality healthcare. Due to continuous underfunding, an outdated infrastructure, and the patchwork systems that are currently in place, GHMA's ability to meet basic healthcare standards is severely constrained.

**Strategic Planning.** Strategic planning offers a framework of processes, procedures, and concepts that guide organizations in charting their strategic course and allocating the necessary resources to achieve their goals (Elbanna et al., 2015). While the fundamental principles of strategic planning apply across all types of organizations, its implementation within the public sector requires a tailored approach that considers all the aspects of that specific organization (Bryson, 2011). Strategic planning is popular in the public sector as it assumes that if

organizations want to navigate and survive in unprecedented times, they must think, act, and learn strategically, now more than ever before (Bryson, 2018). Ultimately, this framework demonstrates management's commitment to developing and executing integrated strategies that align with overall objectives.

In healthcare facilities, strategic planning is a tool that is used to improve organizational standing and, consequently, performance of where a healthcare facility currently is and where it wants to go (Shanafelt et al., 2020). The healthcare sector is characterized by its intricate nature, complexity, unpredictability, and perpetual change. Given this dynamic environment, strategic planning emerges as a crucial instrument for healthcare facilities to address challenges and capitalize on opportunities (Dennis, 2019).

Research surrounding the strategic planning in the healthcare industry has shown that digital transformation is integral to the continuity and success of healthcare facilities. In places, such as the United States where 75% of hospitals have implemented EHR systems to the European Union (EU) focusing on it as a critical aspect of the EU's strategic plan, digitization is rapidly evolving the healthcare industry (Stoumpos et al., 2023). The concept of e-health is quickly changing the game, especially as the demand emerges and increases from those who have specific medical needs requiring advanced technology to assist. According to Ferreira (2022) the use of e-health would benefit both patients' health as well as improve the efficiency of healthcare systems. While the acceptance of e-health has yet to be evaluated from a patient perspective, the use of information technology within the healthcare institution, exploring concepts as far as smart hospitals that implement patient-centric medical solutions, prioritizing the security of data stored and exchanged between systems and between internal and external users (Stoumpos et al., 2023).

Wainwright et al. (2021) state that strategic succession planning within healthcare facilities has its barriers. Their survey showcased that employees feel that the organizations they work do not prioritize and include succession planning as part of strategic planning. Investing in succession planning is crucial for healthcare administrations. Human resource shortages, often caused by inadequate educational programs, can jeopardize the continuity of healthcare facilities. According to Martin and O'Shea (2021) strategic planning and succession planning work together by identifying and adequately preparing emerging leaders and there is continuity of the work and mission of healthcare organizations, which will require significant investment both financially as well as training programs. Strategic succession planning, when implemented with employee engagement and incentives, can ensure long term organizational success.

**Succession Planning**. In today's dynamic environment, traditional succession planning, which focuses on designating specific individuals for roles, is becoming obsolete. Whereas, modern succession planning practices today focus on upskilling current employees (Mehrabani & Mohamad, 2011). The significance of succession planning in healthcare organizations is necessary prior to the loss of institutional knowledge and proficiency (Carriere et al., 2009). Organizations need to cultivate a pool of high-potential employees at all levels. This involves identifying skills and abilities, developing general competencies, fostering flexibility, and nurturing leadership potential throughout the organization (Hashimy et al., 2023). When done well, succession planning can establish a fundamental structure that can help organizations enlist the right people when talent needs arise.

In healthcare facilities, succession planning is a fundamental component of strategic planning and overall long-term success (Ndinjiakat, 2019). A formal succession plan in healthcare facilities requires strategic implementation of mentoring and training of healthcare

employees or leaders within the organization (Kim, 2012). This proactive approach facilitates a seamless transition of leadership, while also maintaining the organization's daily operations and quality of care. The execution of a formal succession plan will require a significant amount of time and effort from senior management and individuals through conversation and implemented to become a daily routine (Schlichting, 2020).

Currently, GMHA and GRMC lack a formal succession plan, which poses potential risks to the organizations' business continuity and seamless delivery of healthcare services on Guam. The implementation of a comprehensive and formalized succession plan would ensure a smooth transition of leadership roles, thereby mitigating disruptions and maintaining operational stability. Two executives highlighted the significant challenges with workforce hiring and capacity building within their respective hospitals. These issues hinder their ability to identify and develop internal successors, which can be attributed to the absence of formal succession plans. Two executive participants noted that GMHA focuses on developing and building up employees who are currently working within the hospital (i.e. training and mentoring). While the other two executives acknowledged that GRMC does have its eye on succession planning, they are still aware of turnover issues and problems with knowledge transfer, especially regarding TEFRA. Furthermore, as a private institution, GRMC's succession planning is crucial. It is essential for securing human capital and ensuring leadership continuity to safeguard the future of the hospital.



The loss of institutional knowledge is a pressing concern for GMHA and GRMC, as high frequent turnover among staff, especially in administrative and clinical roles, leads to a loss of institutional knowledge and disrupts hospital operations (Vnoučková & Urbancová, 2015). When experienced staff leave, they take valuable institutional knowledge with them. To further solidify

formal succession planning, effective knowledge transfer is needed within GMHA and GRMC to ensure concrete institutional information is secured, specifically regarding TEFRA knowledge, rebasing processes, and annual adjustments. An executive emphasized the need for developing a TEFRA knowledge base within the region, as it is not only rare but also vanishing. As stated by Rothwell (2010), knowledge transfer is integral to the succession planning process, it serves as the mechanism through which employees acquire the information and skills necessary to move into key positions. Knowledge transfer involves sharing both explicit and tacit knowledge, including experience, best practices, and learning—bridging the gap between knowledge and practice (Oranga, 2023). Having this within GMHA and GRMC will make certain that knowledge is permeated across both organizations, making it available for current and future employees. This process not only supports succession planning but also helps GMHA maintain high-quality healthcare services and adapt to changing healthcare environments.

***Cross-Training.*** Healthcare operations can benefit from cross-training programs. Organizations can guarantee a smooth transition during personnel changes and preserve continuity of care and operational efficiency by training employees to take on numerous responsibilities (Cheret al., 2022). According to one executive, GMHA's internal maintenance team, particularly of superintendent and biomedical engineer, is currently understaffed due to recent retirements.

To remain competitive in the future labor market, maintaining current knowledge and learning new skills is essential for both the organization and working employees. Therefore, upskilling, or continuous education, is becoming more and more important in the job market (Beichter & Kaiser, 2023). According to Hedges et al. (2019) that as a result of cross-training staff were more compelled to work together and became reliant to achieve their outcomes in a

healthcare setting. With the rapid advances in the economy such as technology, social and value shifts, climate change, and sustainability, employees need to expand their growth, especially traditional skills that are slowly depreciating in their working operations (Beichter & Kaiser, 2023). It would be beneficial for GMHA to upgrade their employees' skills to effectively allocate people to their areas of competence rather than being overly dispersed throughout several departments.

Being one of Guam's only healthcare facilities that offers affordable services to its people, the demand for workers and managers has increased greatly. According to an executive participant, when employees are out sick in certain departments, operations such as billing and coding are paused, which hampers GMHA's effectiveness. Upskilling can be a useful tactic to assign everyone to their strongest area rather than causing an abrupt change in duties for the staff of GMHA. It is also beneficial for short term coverage and continued operations.

***Staffing.*** GMHA needs to be financially competitive to retain and attract essential medical personnel. According to the GMHA Public Information Officer, Cindy Hanson, GMHA must be able to ensure the ability to meet the financial obligations associated with hiring new specialists to permanently fill these positions (Toves, 2022). Hanson emphasized the necessity of expanding recruiting efforts on a broader scale once sufficient funds are obtained. With the rise of demand combined with the shortage of certain physician specialists, as well as specialty care nurses, GMHA's current staff can result in burnout, as observed during the outbreak of COVID-19.

Enhancing patient registrations and insurance verification processes to ensure accurate patient data and insurance eligibility, implementing uniform billing and coding procedures to minimize errors and shorten claims submission delays, investing in staff training to increase the

accuracy and efficiency of billing and collections, improving the methods for tracking and managing delinquent accounts through payment plans and financial assistance options, and working with government agencies to streamline 3M billing procedures and expedite reimbursements are all ways that GMHA should concentrate on improving its revenue cycle management practices in order to address these financial difficulties.

X3 and X4 confirmed that accurately projecting liabilities based on costs is crucial to avoid high fluctuations of reimbursements and paybacks. They further noted that as costs are tied to cost centers, it is important that any changes within the facility, such as movement in a unit, are communicated to accounting to ensure costs are accurately allocated. To ensure the accuracy and reliability of data used, as the executive participants stated that determining the process of its revenue cycle and how to properly allocate revenue is critical. Moreover, the executive participants noted that understanding which costs are allowable in the cost report is important. Marketing costs, for example, are excluded from the TEFRA formula. However, GRMC has learned to account these costs under other categories for reimbursement. Additionally, an executive participant has noted educating their employees, such as their physicians, on how their activities influence the TEFRA calculation and including this in their onboarding has helped the hospital ensure the accuracy and reliability of their data.



By focusing on these crucial areas, GMHA can strive to decrease its accounts receivable turnover, enhance its ability to recover payments, and fortify its financial standing. This will ultimately strengthen the hospital's ability to effectively meet the Guam community's healthcare needs.

**IT Roadmap.** Based on research on GMHA and the healthcare industry, a successful health IT implementation is essential to streamline the revenue cycle management process. A

lack of engagement and communication around technology updates can create obstacles in staff workflows, making it more challenging for them to perform their jobs. A significant challenge that might arise is the need to build a highly trained team to manage changes associated with implementing new IT solutions, such as AI, which require collaboration with the current medical staff (Lee & Yoon, 2021).

Garvin (2018) identifies five fundamental strategies for implementing a successful system: building the right team for the job, engaging all staff from the outset, providing the team with necessary resources, leveraging data to track success, and maintaining ongoing communication. Among these strategies, providing the team with the necessary resources and leveraging data to track success are crucial in this situation. Support from senior leadership plays a pivotal role in driving performance improvement. At McLeod Health Clarendon Hospital, for example, the use of an analytics dashboard helped track KPIs and implement process changes, reducing the left-without-being-seen rate by 65%. This improvement resulted in $567,000 in collectible revenue for their ER department.

Although GMHA could implement similar health IT strategies, budget constraints hinder their ability to do so. Successful implementation also requires a thorough assessment of the system's internal and external communication, integration of components, and alignment with technology, processes, people, and organizational culture (U.S. Department of Health and Human Services, 2024).

***Enhance Coding Accuracy.*** Based on the issues that were identified, one of the main recommendations to improve the Revenue Cycle Management of GMHA is to enhance their coding accuracy. It is evident that their process is very manual when it comes to their coding "system" which can lead to human error and possibly misleading results. Through more

advanced technology, it can help alleviate the flaws ongoing with the current process and bring in the gap that deters GMHA's operational efficiency. This advanced technology can include Computer-Assisted Coding (CAC), Automated Workflows, and Robotic Process Automation (RPA) which can help with accurate, efficient, and compliant innovation.

Natural language processing (NLP) and machine learning are used by CAC to evaluate clinical data and provide suitable medical codes for patient records (Ahmed, 2023). Hospitals in the Asia-Pacific region are looking for CAC solutions that make use of their current platforms in order to increase efficiency, as the use of Electronic Medical Records (EMRs) grows (Solventum, 2021). Although GMHA already has a coding procedure, implementing a more technologically advanced barcode-based scanning system can increase the efficiency on an operational level, as well as improve the RCM. According to Campbell and Giadresco (2019), the workflow will be expedited through identifying critical medical terms and its recommended code. According to Solventum (2021) a survey reported 68% of respondents showed that the longer an organization uses and becomes familiar with the technology, the more impact it has on an organization. 88% of those who had been using CAC for five years or longer stated that productivity has increased. Lopez (2024) notes that a better Clinical Documentation Improvement (CDI) and coding skills will allow for efficient work and the ability for artificial intelligence (AI) to assess clinical notes, recognize errors and provide immediate feedback therefore lessening the burden on the administrative nature of this task. An improved CDI will result in cleaner codes the first time, enabling organizations to increase the accuracy and dependability of quality measures (Solventum, 2021).

GMHA can also look into full RCM automation. This involves substituting the repetitive, rule-based manual tasks performed by healthcare staff with software that utilizes robotic process

automation, AI, and machine learning (ML). By late 2023, 74% of revenue cycle leaders in US hospitals and health systems had automated some part of their revenue cycle, a decision that reduced their cost to collect, boosted productivity, and reduced errors and denials of claims (Delzio, 2022). Benefits of RCM automation software could include reducing A/R days, improving patient experience, increasing staff productivity, scaling financial operations, and recovering more revenue from insurance companies. Revenue cycle managers, vice presidents, and physician group CEOs have been integrating AI-powered automation into their workflows and organizations. Singhal and Carlton (2019) project that technology could generate between $350 billion and $410 billion in annual value by 2025.

In comparison to GMHA's coding issue, a similar case from Hawaii Health Systems Corporation (HHSC) of the Kauai region shows evidence in how they have improved their RCM through automation. With the help of Oracle Cerner (formerly Cerner), a leading provider of health information technology solutions, the HHSC implemented a clinically driven RCM solution, leading to significant improvements in their revenue. Hagland (2023) highlights the positive impacts of a new system integration at HHSC. Key improvements include a 7% rise in daily revenue, a 61.7% increase in payments, and better financial metrics to include a 12.6% reduction in accounts receivable over 90 days and an 8.8% drop in gross A/R days. The new system integration at HHSC has improved patient care and efficiency. The hospital has streamlined operations by employing barcode scanning and automating procedures like charge capture. As a result, swing beds are being used more frequently, enabling more patients to get care locally without the need for transfers. They have also moved their manual tasks to an automated, clinically driven revenue cycle, which in turn provides better documentation

particularly in the Emergency Department and Operating Room, capturing more accurate charges (Hagland, 2023).

Enhancing coding accuracy can significantly improve RCM, which can lead to an increased revenue and cash flow, an improved financial performance and an enhanced operational efficiency. Focusing on the financial analysis within healthcare organizations, one factor it relates to is cost management and control. Accurate coding is critical for proper billing and reimbursement. It tracks the costs associated with coding errors, such as claim denials and rework costs. By analyzing these costs, organizations can identify areas where coding accuracy needs improvement and implement corrective measures (Rangachari, 2007). Resource allocation also plays a big role by identifying the financial implications of coding accuracy. Investing in coders or better coding software can be justified if the cost analysis shows a positive return on investment. Another factor to focus on is the performance measurement and KPIs. Atluri and Prakash Thummisetti (2023) discussed how crucial it is for an implementation of a new EHR system that requires robust training programs considering user concerns following KPIs closely. It is important to track KPIs such as Days in Accounts Receivable, claim denial rates and reimbursement rates. Accurate coding is crucial for maintaining these KPIs at optimal levels, as incorrect coding can lead to delays and reduced revenue. Lastly, budgeting and forecasting play a role as accurate coding ensures that revenue projects are realistic and achievable. Incorrect coding can lead to overestimation or underestimation of revenue, impacting budget accuracy (Rangachari, 2007).



***Public-Private Partnership***

Koppenjan (2005) defines a public-private partnership (PPP) as a structured collaboration between public and private partners that involves planning, building, and/or operating

infrastructure, while also sharing or redistributing risks, costs, benefits, resources, and responsibilities. Essentially, a PPP is a long-term agreement wherein a public sector agency and a private for-profit entity share mutual responsibilities to achieve a common goal (Rodrigues, 2023). In the healthcare industry, government policymakers are becoming more involved in PPP projects, in which private companies finance new hospitals and associated healthcare services (Hellowell, 2016). Furthermore, PPP models offer an approach for governments to reorganize and restructure their health systems.

Jütting (1999) discusses a three-dimensional objective of PPPs as follows: 1) to allow public sector entities access to private capital and management expertise to improve healthcare delivery, 2) to allow public sector entities to share risks, enhance healthcare services, and expand the healthcare infrastructure, and 3) to allow public sector entities to adopt new technologies and streamline processes, leading to more efficient and effective healthcare systems. By combining the strengths of both public and private sectors, PPP models can accelerate healthcare innovation and better align resources to better accommodate patient needs. Research has shown that when PPP models are implemented in hospitals, the results have generally improved performance in healthcare units and reduced costs overall (Rodrigues, 2023). Ultimately, it is evident that the PPP model aims to improve healthcare services, while also strengthening finances and operations, and the capacity of infrastructure to meet current and future needs.

In the health sector, some public hospitals have had to collaborate with private sector organizations to remain open as the rising costs in running such a hospital is not sustainable (Goodair & Reeves, 2024). As a result, PPPs have become increasingly prevalent as many public hospitals have engaged in this model. One such example is Maui Memorial Medical Center (MMMC) in Kahului, Hawai'i. MMMC is the only acute care hospital in Maui County; this

community hospital offers healthcare services to all patients, regardless of their ability to pay. In 2015, a bill known as the Act 103 was approved to pave the way for a PPP to assume control over MMMC along with Kula Hospital, and Lanai Community Hospital (Lincoln, 2015). MMMC's financial situation was not sustainable in the short-term or long-term and utilizing a PPP was the best solution to help keep the doors open and, most importantly, to provide quality healthcare services to the people of Maui County (Lincoln, 2015).

Act 103 aimed for a seamless transition for Maui residents, prioritizing consistent healthcare services and potential expansion; the goal was for MMMC to obtain a strong partner to sustain their healthcare system, while also protecting jobs and benefits. Eventually, Kaiser Permanente, an American integrated managed care consortium, took control over MMMC, Kula Hospital, and Lanai Community Hospital on July 1, 2015 (Kaiser Permanente, 2017). The state transferred operations from the state provider Hawai'i Health System Corporation over to Maui Health System, a subsidiary that is affiliated with Kaiser Permanente (Devera, 2017). Former Governor of Hawaii, David Ige, approved $70 million to support Maui Health System's transition, which included employee benefits, facility renovations, and subsidizing operations (Kubota, 2017). Kaiser Permanente committed over $50 million to expand services, enhance patient care, and upgrade technology (Becker's Hospital Review, 2017). To further facilitate the transition, the hospital staff underwent training, specifically for a new electronic medical records system (Devera, 2017). The new era of PPP-based healthcare on Maui ensured uninterrupted delivery of patient care, with the ultimate vision of providing world-class healthcare on the island.

Contracting a private entity to take care of their maintenance, repairs, and infrastructure, would allow the GMHA Administration to fully focus on their goal of providing exceptional

patient care. Rather than having their current facilities team prioritize repairs by funding sources, a private contractor will be able to immediately make repairs without the hurdles that the current administration faces as a government agency who has to abide by the mandated procurement process–an approach being taken by other entities. The Port Authority of Guam's Board of Directors recently passed board Resolution 2024-13 to explore a public private-partnership for the management, operation and maintenance of Golf Fuel Pier, Foxtrot Fuel Pier 1, and Area A Fuel Tank Farm (Guam Pacific Daily News, 2024). Port General Manager, Rory Respicio, in a statement (Port Authority of Guam), noted that, "a public-private collaboration is not just a practical solution—it is an essential investment in our island's future resilience and security (para. 3). Both agencies are autonomous and have certain authority to conduct what their respective Boards deem necessary. A public-private partnership might truly be a better alternative and a practical solution.

The Guam Economic Development Authority (GEDA) was mandated by Public Law 33-143 was codified as § 50119(a)(3) and (4) of Chapter 50, Title 12 Guam Code Annotated to obtain information surrounding PPP at GMHA. This included a Request for Information (RFI), specifically for the purpose of the hospital's operations, for renovations to the existing hospital, or for rebuilding of a new facility. Based on the RFI, three companies had expressed interest in participating in a PPP program for GMHA. The three companies were Eiikon, LLC, from Miami, Florida, Strategic Global Management, Inc. from Riverside, California, and Cormin Global Consulting Group from Charlotte, North Carolina. The three companies would have explored numerous initiatives from technology and infrastructure upgrades to evaluating Guam's healthcare landscape including services provided and insurance requirements.

In February 2020, Bill No. 305-35 (COR), which would have instructed the GMHA BOT to prepare the RFP for a public-private partnership for GMHA, was introduced by the Guam Legislature. However, the bill was not referred to by the Legislature until six months later, on September 30, 2020. No committee report was posted by the end of 2020 on the Guam Legislature Archives website, which effectively killed the bill.

Thus, it is a recommendation of this study that PPP is an essential need that must be considered by the Guam Legislature as a solution to the hurdles and challenges that GMHA faces in terms of its operations and infrastructure. The primary role of a healthcare facility should be providing quality care to those who enter its facility. Although, GMHA's management and staff should be commended with the limited resources and support, PPP would alleviate the burden placed on them to address infrastructural and operational needs. The expertise through a PPP would ensure that the existing facility is managed and serves as a proper transition before the opening of a new facility. It is a government of Guam issue that preventative maintenance is not included when new facilities are constructed. This lack of maintenance requirement has led to the dilapidated state of many of the island's public schools which have failed health inspections or are simply passing with a minimum 'C' rating (Taitano II, 2024).

A PPP should also be considered given the political stalemate that ensued with where to build a new hospital. There were two competing measures regarding where to build a new hospital facility, one by Governor Lourdes 'Lou' Leon Guerrero's Bill No. 184-37 (COR) and the second by the Guam Legislature through Senator Chris Barnett's Bill No. 185-37 (LS). Both measures initially failed during the January 2024 Session (Taitano II, 2024). However, motions to reconsider the two failed measures occurred in the February 2024 Session. Barnett's bill passed 8-7, while Governor Leon Guerrero's bill failed 7-8 (Sablan, 2024) Barnett's bill was

vetoed by Governor Leon Guerrero on March 6, 2024 (O'Connor, 2024). Senators attempted an override during the March 2024 Session, which ultimately failed 7-8, upholding the Governor's veto.

Recently, Governor Leon Guerrero announced that the local Guam court approved the sale of privately owned land to the government of Guam through the Guam Housing and Urban Renewal Authority for a new hospital to be built in Mangilao for $3.5 million which those opposed to the building of a new hospital in Mangilao spoke out against (Taitano II, 2024). Despite the news of the land being secured for a new facility, this facility will take at least five years, if not longer, to be built. Meanwhile, the island's only public hospital needs maintenance repairs immediately. A viral video in April 2024 was circulated of water falling from the ceiling of GMHA (Tenorio Healy, 2024). To overcome the political stalemate, a PPP would eliminate the politics out of running the maintenance of the island's only public hospital to take on a more privatized approach. The researchers propose the introduction of a measure either for the current 37th or 38th Guam Legislature (see Appendix F).



**Long Term**

The long-term alternative solutions require more time, mainly due to funding limitations. GMHA should be able to not only implement but require a state-of-the-art software system that will reduce redundancies and improve overall capturing of charges. In order to obtain this expansive new system GMHA is going to need to find individuals or companies to lobby on their behalf as to why it is crucial to make the purchase. If not lobbyists, then advocates such as the researchers of this paper who understand that GMHA needs help in multiple ways, not just financially, but infrastructurally. The long-term solutions can be examined in a future research study.

***New EHR***

The integration of EHRs holds great potential for enhancing efficiency, quality, and safety, despite a number of challenges that have mostly stemmed from technology failing to satisfy the demands of clinical-end users (Ratwani, 2017). Clerical tasks conducted in the hospital such as tracking patient costs with yellow sticky notes and other manual methods can significantly undermine both the accuracy and timeliness of its overall operations. Enhancing its existing EHRs could reduce errors, minimize lost or redundant paperwork, provide support for reimbursement relative to patient care, and transition many clinical tasks, including collecting payments from patients, from traditional paper-based processes to an electronic medium (Ambinder, 2005; Ratwani, 2017). Moreover, not only can it make health records portable, but it can also enhance clinical documentation, quality, healthcare utilization tracking, and most importantly, billing and coding (Seymour et al., 2012).

Additionally, a new EHR system can also mitigate GMHA's existing challenge with filing claims. According to an executive, the hospital's current system has limited capabilities to display real-time data visualization and tracking through a dashboard view, which ultimately leads to denial or delay of processing of claims. A study conducted on the effective use of EHRs suggests that the system assists in faster processing of claims, reduced errors and effective data flow, turnaround time (TAT), improved time saving, medical audit, and decision making (Chandak et al., 2012). This emphasizes the critical need for GMHA to look into system enhancements of their existing EHR to support these identified benefits and to prevent the increasing cases of denied claims. While denial of claims may vary from missing or incorrect patient information or exceeding timely filing which may be out of the hospital's control, it is vital to prepare other related actions to lessen such an issue from recurring.

**Streamlining RCM Process.** The goal is to remove the complexity from collecting payments from insurance companies, government programs, patients (including co-pays), and other sources. By streamlining this process, GMHA can significantly improve cash flow for the company. This translates to faster access to funds, reduced administrative burden, and improved patient experience (MD Clarity, 2023). Reduced waiting times for payments means GMHA receives their money sooner, improving their financial stability. A streamlined system minimizes the effort required to manage and collect payments, freeing up their staff's time to focus on patients. According to Devapatla and Katti (2023) through the adoption of streamlining the RCM it will expedite the billing cycle, increase precision and result in an improved RCM. Moreover, with advanced analytics for tracking key performance indicators (KPIs). Data analytics tools facilitate in-depth analysis of the RCM process, allowing timely identification of improvement areas and better decision-making. In addition, monitoring and analyzing RCM performance can be benchmarked against industry standards and/or organizational goals to optimize the process.

**Comparing Top Industry EHR Systems.** Epic is an EHR system that serves large healthcare organizations in the U.S. Its comprehensive functionality offers clinical documentation, order entry, result reporting, scheduling, billing and RCM, as well as population health management. Known for its focus on clinical workflows and data-driven decision making, it allows healthcare facilities to optimize their processes and lessen administrative workflows (Pashkovskaya, 2024). Because Epic has a strong interoperability with other healthcare systems and devices, it offers highly customizable packages to fit the specific needs of large healthcare organizations (Chishtie et al., 2023). However, reviews have mentioned significant licensing fees, steep learning curve for users, and a complex and time-consuming implementation process.

Cerner EHR has a much more global presence being a leader in healthcare IT. Similar to Epic, it provides a range of solutions beyond EHR, including RCM, population health management, and clinical decision support. It also has a strong focus on data exchange that offers customization options to meet the specific needs of healthcare organizations, but reviews noted it can be complex due to its modular design, extensive features, and limited customization options (Pashkovskaya, 2024).

Altera Digital Health, on the other hand, is a cloud-based EHR system that offers flexibility and scalability and is designed with a focus on user experience and ease of use. Its core functionality includes clinical documentation, order entry, results reporting, scheduling, billing and RCM. Just like Epic and Cerner, it also offers integration with other healthcare systems and devices to provide adaptability. Table 3 illustrates a high-level overview of the features, systems, and components of the top industry EHR systems–Epic (2024) and EHR in Practice (2024).



**Table 3**

*Comparison of the Top Industry EHR Systems*

| EHR System | Epic | Cerner |
|---|---|---|
| Features | Appointment Management<br>Billing Management<br>Clinical Workflow<br>Document Management<br>Insurance and Claims<br>Lab Integration<br>Medical Templates<br>Patient Demographics<br>Patient History<br>Patient Portal<br>Referrals<br>Reporting and Analytics<br>Scheduling<br>Voice Recognition | Appointment Management<br>Billing Management<br>Clinical Workflow<br>Document Management<br>EM Coding<br>Insurance and Claims<br>Lab Integration<br>Medical Templates<br>Patient Demographics<br>Patient History<br>Referrals<br>Reporting and Analytics<br>Scheduling<br>Voice Recognition |

| | | |
|---|---|---|
| | e-Prescription | e-Prescription |
| Size of Institution | 11-50 Physicians<br>Over 50 Physicians<br><br>(Large) | Solo Practice<br>1-10 Physicians<br>11-50 Physicians<br>Over 50 Physicians<br><br>(Medium to Large) |
| Ease of Use & Implementation | High Learning Curve | User-friendly |

Note. The table above compares the top two industry EHR systems of Epic and Cerner.



Inefficiencies in the healthcare revenue cycle, particularly claim processing and reimbursement times, can significantly impact a healthcare provider's financial health (Davenport, 2021). Studies have shown that AI-powered clearinghouse solutions can significantly reduce claim denials, leading to faster reimbursements and improved cash flow for healthcare institutions (The Academy, 2021). Integrating with a clearinghouse service presents a promising avenue for GMHA to optimize their revenue cycle, improve financial stability, and potentially enhance patient experience.

A large healthcare facility adopting an EHR can spend hundreds of millions of dollars to purchase, implement, maintain, and train staff to get familiarized with the system (Koppel & Lehmann, 2015). Whether GMHA is looking into enhancing their existing EHR system or integrating improved software, this signifies large expenditures for the hospital. Nonetheless, the importance of the EHR system should be considered into the healthcare workflow as it could lead to better chances of enhancing the accuracy of billing processes within the RCM, ultimately leading to cost savings (Stephen et al., 2024).

***Lobbying***

An executive stated that in 2019, GMHA hired an external consultant to perform lobbying efforts on its behalf, aimed to seek TEFRA rebasing. The outside consultant was able to understand the TEFRA language and advocate for an adjustment to GMHA's reimbursement rates. This highlights the potential value of encouraging lobbying efforts as a short-term, alternative solution, to influence policymakers and regulatory boards overseeing TEFRA rebasing. According to the National Conference of State Legislatures (2021), a lobbyist may not be an individual within the organization for which an attempt to influence the passage or content of any policy. Noting this, GMHA must again hire an external consultant to influence the approval of a rebasing attempt. One potential benefit of such activities is educating policymakers about the unique challenges that face small public hospitals such as GMHA. Educating policymakers on the gap between the actual cost of services provided and the funds received for each patient is one way that policymakers could be swayed in favor of assisting in a rebasing effort.

According to McCoy (2023), an effective way to educate policymakers is to build relationships with them early on in their term of office. GMHA can do this by meeting with Guam's congressional delegate to express the gaps in funding and to discuss the specific needs and challenges the hospital faces. Through lobbying, GMHA can also influence the policies on their TEFRA status and can better influence policymakers to implement policies that are favorable to the desired outcome through coordinated efforts.

As stated by Willson (2020), it is noteworthy that lobbying is often perceived negatively as a backroom dealing or insider influence; however, it is a constitutionally protected right to seek the influence of the government to address any grievances. Individual institutions, such as

GMHA, may lack the influence to persuade policymakers' opinions on the needs of an individual hospital. Therefore, it is imperative to join forces with a team that has the knowledge and influence necessary to achieve the desired results. GMHA can utilize this approach by collaborating with advocacy coalitions that may have significant power and influence in the legislature or by utilizing a consultant that is well-connected within the legislature.

***Advocacy***

Lobbying may be a strategic approach for GMHA, however, ensuring its proper advocacy and securing support from the Guam Legislature can provide better outcomes. Lacy-Nicols et al. (2022) developed eight strategies for a public health playbook, two of which could be vital in advocating on behalf of GMHA. The first strategy focuses on expanding public health training and coalitions, which would require training the next generation of healthcare leaders to take initiative to understand the healthcare system on Guam. The second strategy is to increase public sector resources with the local government, which guarantees the need for public healthcare options and the financial means of sustaining them are readily available.

Given the current relationship between the Guam Legislature and GMHA, advocacy can be further strengthened by finding advocates for the hospital. By finding advocates for GMHA there should be an understanding on how to build the relationship between GMHA and the Guam Legislature to better address GMHA's needs. The relationship between these two entities face significant challenges as the latter's management team is often met with criticism from lawmakers, ultimately creating a tense and unproductive atmosphere. An example of such castigation was on September 28, 2023, when GMHA's Hospital Administrator and CEO Lillian Perez Posadas walked out of an oversight hearing before the Committee on Health prior to it being adjourned and offered to resign (Benavente, 2023). As a result, Posadas faced increased

scrutiny, with implications that GMHA has gotten worse under management. A more recent example was when GMHA officials were again brought before the Committee on Health for another oversight hearing where GMHA was again questioned about their shortfall and blaming the current Leon Guerrero administration. In light of these events, having an advocate could be beneficial in bridging the communication gap between the Legislature and GMHA management, fostering a better understanding of the difficulties the agency faces and how they can find tangible and realistic solutions.

An advocate can also highlight that despite GMHA's autonomous status, it will never become solvent due to it being a public hospital. The government of Guam should prioritize supporting GMHA to ensure continued operations. GMHA requires advocates on their behalf to stress to lawmakers and other elected officials that adequate investments must be made to the hospital. Without these investments, GMHA could see the dissolution of various services and a decrease in its ability to serve, compromising their healthcare mission. This option would only be explored as a means to close some of the revenue leakages that occur at GMHA by privatizing certain services.

Advocacy efforts should also involve raising awareness on the average length of hospital stays on Guam, which is much longer than in the United States. X1 highlighted that despite a patient being admitted for an initial reason, they can develop additional sickness, such as pneumonia, during their stay that could potentially be caused by conditions at the hospital or underlying health issues. This then leads the patient's condition to worsen resulting in a prolonged stay. By contracting illnesses like pneumonia, E1 noted that they will have to justify to insurance companies if a prolonged stay meets the criteria set forth by the insurance company. Highlighting these issues emphasizes the need for an advocate to better assist GMHA obtain the

necessary support through supplemental appropriations, funding for a new EHR and RCM software, and resources for infrastructure improvements.

Advocacy for GMHA is not just about supporting an institution but also underscoring systemic issues in healthcare delivery, equity, and public health infrastructure on the island. A significant factor in its advocacy is the stigma surrounding the current state of the institution, raising questions as to how hospitals can be expected to provide life-saving care effectively without adequate resources and proper management of such. To change the foundational mindset of health on Guam, the researchers have found that raising awareness of the importance of preventive care, equitable access, and a modernized public health system is imperative to fostering this type of healthcare environment for residents.



**Limitations**

Limitations illustrate abstract boundaries that are beyond the control of the researcher (Malakar, 2022). During the course of this research process, the researchers were faced with multiple challenges that limited the extent of the scope of what they were trying to achieve. One limitation is the case study approach, in which the results are specific based on the sole local public hospital and its financial and operational circumstances, making it challenging to generalize the findings to other hospitals. The choice of the institution and subject was made due to its geographical proximity. Through this study, the goal was not to further validate findings, but rather to present the case study and allow for comparative analysis with differing contexts to provide applicable recommendations. To mitigate this limitation, the researchers conducted a comparative evaluation on a private hospital within the same geographic region.

Limitations are often found during the data collection process; however, it is also possible for researchers to determine these factors during the conceptualization of the topic (Akanle et al.,

2020). Upon selection of the research topic, it became apparent that a second limitation would be the accessibility to accurate and up to date data. The findings are consistent with the challenges identified by Pandey and Pandey (2021), as verifying the accuracy of the data collected posed significant limitations and difficulties in this study. For financial statements, public hospitals are given a timeframe to provide annual financial statements, which are then audited. The evaluated financial data captures the hospital's standing in the past rather than its present financial position. The most recent financial audit available for this study was for fiscal year 2023, in which the audit was completed in September 2024.

In one study, inefficiencies of hospitals were pinpointed in relation to the organization's size, utilization and scale (Orsini et al., 2021). In this study, another limitation includes the lack of access to direct patient data. The Health Insurance Portability and Accountability Act (HIPAA) requires that healthcare organizations apply administrative and physical safeguards to protect clinical data (Bani Issa et al., 2020). Although researchers did not have access to this data, applicable financial and operational data did suffice.

A third limitation of the study was time. The researchers endeavored over a period of eight weeks the need to adapt with the participants that would be partaking in the study. Ross and Zaidi (2019) note that due to time there may be adjustments based on who the participants are. The researchers were limited by time and focused on interviewing senior management, and middle management. But a wider array of participants might have allowed for a more comprehensive understanding of issues facing healthcare facilities on Guam.

Braun and Clarke (2021) argue that for acceptable qualitative research requires time through proper conceptualization, recognition and valuing the need for more time. Since more time is required, efficiency is often sacrificed. Brinkmann (2012) noted, "the problem with

efficiency is that imaginative and penetrating research demands time and patience. We cannot demand, when we do research, that everything should be geared toward minimising time" (p. 63). Braun and Clarke (2021) discussed the McDonaldization of qualitative research in that data is obtainable, but it is much more demanding to make or find the time necessary to examine data other than surface level understanding.

The researchers acknowledge had there been more time a comprehensive data analysis might have produced much more meaningful discussions. A true comparative analysis might have been possible over a sustained period of time beyond the confines of an eight week course.

**Delimitations**

While limitations address ungovernable issues that are often out of the researcher's control, delimitations cover intentional inclusions and exclusions set by the researcher to foster a more effective approach and narrow the scope of the study (Theofanidis & Fountouki, 2018; Coker, 2022). By identifying the differences between limitations and delimitations, reviewers will be able to identify any methodological issues present in the research (Ross & Zaidi, 2019). The delimitations in this research include the focus on the three (3) main operational constraints currently existing in the public hospital: (1) collectability of receivables, (2) rebasing, and (3) revenue cycle management. Resnik and Elliot (2013) state that while it is important to incorporate relative factors when evaluating financials in research, it often becomes a challenge to decipher their influences on research credibility. With this, the decision to exclude relative operational constraints pertaining to staffing or patient care was taken to remain consistent on the scope of the study focusing on the public healthcare facility's financial solvency.

The researchers also delimited its sample of stakeholders to executives, middle management, and employees. Stakeholders often have a crucial role in the research process as

they are equipped with knowledge relevant to the study (Elwy et al., 2022). The careful deliberation and intentional exclusion of various stakeholders was executed to cultivate efficiency and accuracy in research outcome. The research focused on the critically involved personnel of the public hospital and individuals who provide their services in the island of Guam, which suggested that the outcome might not be reflective of external insights or will not be applicable in related industries with similar approaches. With the decision to geographically delimit its stakeholders to the island of Guam, meant that the data gathered was localized and might not extend to the same industry from other locations. This included locally gathered data, which will remain imperative and helpful in reaching a positive outcome. By prioritizing mentioned stakeholders, the researchers demonstrated an instrumental imperative that could make the findings more relevant and useful, while excluding potential stakeholders who are not central to the research objective (Concannon et al., 2019).

While the public hospital consisted of various facets involving financials, the researchers will also narrow down the research mainly to its revenue cycle – focused on receivables. Similar to the previous delimitation made on the three (3) main financial constraints, the researchers focused on the planning initiatives mainly for collectability of receivables and the process that partakes in the beginning, in between and afterwards the collection phase. Surikova et al. (2022) deem that the management of accounts receivable include a series of measures aimed to improve its structure quality. The decision to exclude efforts on other financial facets of the public healthcare facility (e.g. looking at external budgeting for departments) was taken to maintain the focus on receivables and TEFRA status, which the researchers found are the most prominent financial issues currently present. Vest et al. (2022) state that payer mix is a significant component of determining financial health. To provide extensive context on the issues

surrounding the collectability of receivables in the public hospital, the researchers delimited its patient payer mix to 3Ms (Medicare, Medicaid, and Medically Indigent Program), self-pay, and third-party insurance. The decision to include broad coverage on other payment methods was taken to maintain a clear focus on the areas that make up the majority of the payer mix. More importantly, prioritizing the research to this payer mix will put an emphasis on the most pressing operational challenges present in the public hospital.

The researchers delimited the research to current technological initiatives implemented by the public hospital. Many companies confront the ongoing struggle of improving operational efficiency and oftentimes, the use of technology plays a crucial role in not only increasing efficiency, but also innovation and competitiveness (Trivedi et al., 2023). While the researchers made it a point that the current technological efforts made by the public healthcare facility could be improved, these will not be explored in great detail. This decision was taken to put an emphasis on the challenges that surround the current technological initiatives taken by the organization.

Because of the limitations the researchers have encountered, identifying delimitations was crucial in maintaining the scope of the study. The various delimitations made by the researchers were conducted to provide an accurate and relevant research outcome and will consequently put an emphasis on the most pressing issues present in the public healthcare facility. Although the researchers delimited its coverage to specific points, the data gathered in this research will remain imperative and helpful in reaching a positive outcome.



## Feasibility of the Recommendation

### Feasibility of Implementing a Succession Plan at GMHA

As discussed in the findings, high turnover and the inability to build capacity has contributed to significant operational challenges. Although GMHA stated that many of its challenges stem from budgetary constraints, it is still feasible to implement a formal succession plan. Research suggests that leaders who were trained and promoted through a succession plan demonstrated higher levels of organizational performance compared to those who were hired externally (Kim, 2012). For GMHA, creating a formal succession plan could include identifying employees who have critical leadership qualities and skills essential to the hospital's operations. Once future leaders are identified, they can be mentored and trained with the tacit knowledge necessary for their development. Additionally, GMHA should identify employees who are approaching retirement to ensure a smooth transition and adequate staffing for open positions.

GMHA lacks formal succession planning, per an executive participant. This could lead to inconsistencies in patient care and administrative challenges. To address this, it is essential for the hospital to implement a cost-effective succession plan aligned with its budget. Mentoring programs, which require minimal financial investment but significant time and commitment from hospital leadership, can facilitate successful knowledge transfer. Prioritizing a succession plan that focuses on current employees should be a key strategy.



***Financial Viability of Succession Planning***

GMHA confirmed that budgetary constraints have restricted the hospital's ability to implement a formal succession plan per X1 and X2. However, as recruitment and training is a costly process, the lack of a formal succession plan could result in higher expenses as organizations resort to hiring externally to fill vacant roles. Studies show that externally-hired CEOs tend to have higher turnover rates and earn 15% more than those who were hired internally within the organization (Fernandez-Araoz et al., 2021). This highlights that if GMHA

does not prioritize a succession plan to prevent service disruptions, it may incur even greater costs in other areas. GMHA could benefit from identifying those who have the qualities necessary for leadership roles and begin to train on a frequent basis.

**Cross-Training to Mitigate Burnout**

GMHA's (2024) vision is "to achieve a culture and environment of safety and quality patient care meeting national standards and addressing the needs of the community in a fiscally responsible, autonomous hospital" (para. 5). In accordance with Katiyar (2024), to provide high-quality healthcare services in hospital settings, a variety of human components interact in an intricate manner, including effective communication, teamwork, leadership, and staff well-being. In order to fulfill its vision, GMHA must place a high priority on human elements such as good communication, teamwork, and employee well-being. Hospitals may enhance service delivery, improve patient outcomes, and create a great culture that prioritizes patient needs by recognizing the significance of these factors and implementing specific strategies. Because of the combined pressure of under-resourced departments, as shared by GMHA representatives, and frequent turnover, cross-training and upskilling are crucial for operational sustainability (Kang et al., 2022). Cross-training empowers healthcare professionals to adapt during peak times and emergencies, optimizing resources and improving patient care (Katiyar, 2024).

***Cross-Training Initiatives***

Cross-training programs in the healthcare industry are becoming more widely acknowledged for their potential to improve operational effectiveness and disaster readiness, especially when they involve administrative workers and clinical personnel. The participation of administrative staff in cross-training initiatives can have a major impact on hospital efficiency. As supported by Tien (2011), administrative, surveillance, preventative, clinical, training, and

research components must work in unison to create a comprehensive and all-inclusive system. Cross-training is a plan where each team member receives training on the roles, responsibilities, and tasks of the others in the team. This kind of training aims to provide team members a comprehensive grasp of how the entire team operates and how their own duties and responsibilities relate to those of the other team members (Heinemann et al., 1999).

The outbreak of COVID-19 had major and long-lasting effects on GMHA. To mitigate the impact of future crises like COVID-19, GMHA can promote improved coordination and guarantee that all staff members are suitably equipped to carry out their duties in emergency situations by including administrative workers in training exercises. Prioritizing succession planning and putting in place a cross-training program can help GMHA avoid future workforce problems. This would enable workers to be ready to take on more responsibility, such as their electrical superintendents or electricians mentioned.

**Integration with IT and Data Systems**

To facilitate effective succession planning, GMHA can utilize digital tools for tracking employee performance, training completion, and knowledge transfer. This can be integrated with the hospital's ongoing IT upgrades to maximize the benefits of an advanced digital ecosystem. As mentioned by M2, GMHA is actively seeking a cloud-based data system that will enable seamless communication and data sharing between different systems within the hospital.

***Feasibility of Digital Implementation***

GMHA's goal of adopting a comprehensive data system may be hindered by various factors such as funding limitations. A more pragmatic solution would be to begin with a data system dedicated to succession planning. With cross-training in mind, digital tools are essential for monitoring staff training and performance. For example, succession monitoring can be

streamlined without requiring significant additional investments by using low-cost automation software platforms (Moretti, 2023). As stated by M3, automation is the crucial next step, with M1 noting that automation will have a significant effect on staff retention, productivity, and morale. Although the automation platform is not catered within a new EHR system, it can help healthcare organizations find future leaders and guarantee the security of important information by making it easier to track training completion and performance indicators (Mahmood, 2023). In addition to helping with succession planning, being able to carefully gather and evaluate employee performance data supports an environment of accountability and ongoing development in healthcare settings (Georgiou et al., 2021). Therefore, effective succession planning requires the integration of data and IT systems. With digital tools, future leaders' development can be supported, information transfer is facilitated, and performance is tracked. These solutions are accessible through low-cost platforms, which improve organizational resilience and efficiency.



## Recommendation

### Business Continuity Plan

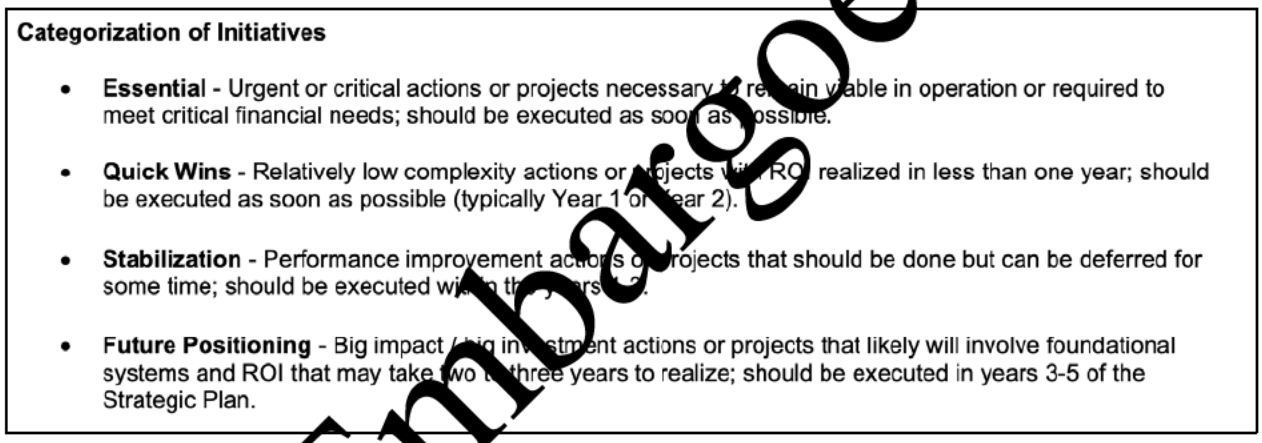
Upon reviewing the alternative solutions, the recommendation of a business continuity plan focused on themes of formal succession planning and an IT roadmap proved the most feasible and sustainable solution. This solution urgently addresses GMHA's operational gaps, aligning with the overall goals of advocating for the institution's need for resources and funding. GMHA requires a strategic, future-proof path forward, but it cannot get there without the necessary funding and resources to effectively deliver on its mandate to provide services despite an individual's ability to pay.

On June 1, 2023, the GMHA Board of Trustees published the hospital's 2023-2027 strategic plan (GMHA, 2023). By reviewing the hospital's initiatives with its 5-year strategic

plan, the goal is to advocate for the prioritization of developing an effective succession plan for key roles within the hospital and the integration of the Epic EHR as an upgrade to the hospital's revenue cycle management process. These initiatives are deemed a level of urgency based on a categorization of initiatives set by GMHA as shown in Figure 7 below. The hospital's objective for delineated career paths and succession plans are listed as "quick wins" while the need for improved IT infrastructure is listed as either "essential" and "stabilization" (GMHA, 2023, p. 37 & 41).

**Figure 7**

*GMHA's Categorization of Initiatives*




*Note:* These categories serve as identifiers to describe the level of priority for each initiative.

A scalable, agile, and future-proof business continuity plan in place will allow GMHA to shift a "patchwork" system towards a sustainable plan, establishing a solid foundation and a formalized process. Through a structured path which considers all the goals of the hospital's stakeholders, this comprehensive business continuity plan addressing strategic succession planning and a long-term IT infrastructure vision will ensure the longevity of the organization and prioritize the care provided for the people of Guam.

## Action Plan

### Establishing Objectives & Focused Initiatives

The National Library of Medicine (2009) recommends that as healthcare institutions initiate an action plan, management should communicate the vision of where the hospital is heading and identify the short- and long-term goals that will fulfill that direction. Strategic planning with these clearly defined elements will allow the hospital to work towards long-term business continuity. GMHA's current strategic plan successfully states the vision in becoming a healthcare provider that delivers improved medical care while achieving and maintaining financial viability (GMHA, 2023).

GMHA has also identified objectives, with several strategic goals specifically pertaining to the two main themes of this paper addressing the hospital's current challenges in achieving financial viability, improving its IT infrastructure, and engaging the healthcare workforce. Figure 8 illustrates detailed objectives required to fulfill these strategic goals. By narrowing down the focus to these three strategic goals, the business continuity plan proposed addresses the areas of succession planning and ICT upgrades as low hanging fruit.

**Figure 8**

*GMHA Strategic Goals & Objectives*

| Strategic Goals | Objectives |
|---|---|
| **Achieve Financial Viability** | • Improve cash position |
| | • Maximize net operating revenue |
| | • Contain operating expenses |
| | • Identify reliable funding sources |
| **Enhance Infrastructure & Technology** | • Sustain existing hospital building |
| | • Adopt enhanced information technology |
| | • Invest in up-to-date medical technology and equipment |
| **Transform Healthcare Services** | • Espouse pre-acute prevention and primary care |
| | • Transform acute care |
| | • Explore post-acute care options |
| **Engage the Healthcare Workforce** | • Align all colleagues to the GMHA Just Culture |
| | • Develop career pathways for all colleagues |
| | • Attract new colleagues to GMHA |
| | • Integrate all human capital management departments |
| **Engage Physicians** | • Increase physician satisfaction of the existing medical staff |
| | • Develop physician champions ("Guam Physician Ambassadors") to engage and educate |
| | • Recruit new physicians to practice on the Island of Guam |
| **Engage & Partner with the Community** | • Strengthen the partnership with the Dept of Public Health & Social Services |
| | • Partner with the Dept of Education and other educational institutions |
| | • Enhance relationship with the Behavior Health & Wellness Center |
| | • Enhance relations with other Guam healthcare providers |
| | • Enhance government and community relations |

*Note:* This figure focuses on specific GMHA's strategic goals and objectives that this research aims to assist with the hospital's vision of financial viability.

Additional information extracted from the interviews and literature review provide a more current situational analysis of these goals. The lack of formal succession planning and a cross-roads decision to renew an EHR contract establishes the following initiatives as core areas that GMHA should prioritize to ensuring business continuity:

1. Objective 4.2: Define career pathways for all colleagues, recategorizing "developing succession plan" from a quick win into "essential". See Appendix D for more details.
2. Objective 2.2: Adopt enhanced information technology, narrowing the focus to implementing a new EHR system encouraging automation and cost-efficiency. See Appendix E for more details.

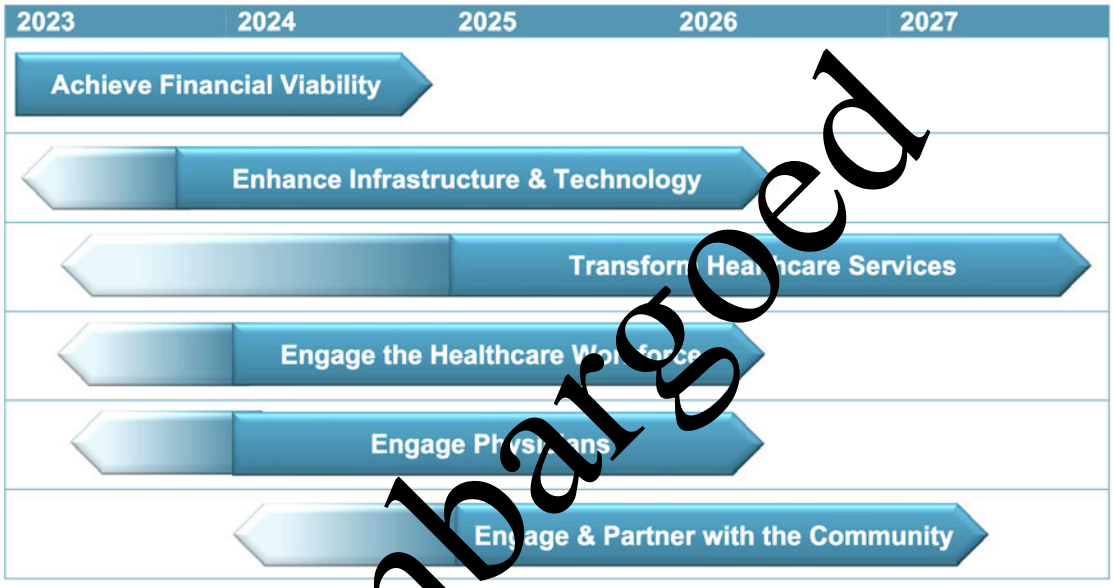
**Executing Formal Succession Planning & ICT Upgrades**

Consequently, after identifying objectives follows the execution of the two specific initiatives that should be structured based on given timeframes, key stakeholders involved, and

the tasks comprising the actual process. Figure 9 below depicts the timelines GMHA in 2023 had estimated to implement each of the initiatives. It is clear that the areas pertaining to IT infrastructure enhancements and engaging the workforce take two years to execute. Both were expected to have started in 2024 with plans to execute initiatives until 2026.

**Figure 9**

*Timeline of GMHA Strategic Goals*






*Note:* This figure focuses on specific GMHA's strategic goals and objectives that this research paper aims to fulfill towards the hospital's mission and vision of financial viability.

These initiatives have yet to be disclosed within GMHA's strategic plan, as the document only covers a high-level overview of its goals and initiatives. However, with the exception of already identified goals and GMHA's current timeline, the following section outlines a suggested action plan respectively for succession planning and implementing a new EHR system.

***Succession Planning***

GMHA must implement an effective succession plan that is not only reflective of the solutions to its lack of robust succession planning today but is also adaptable moving forward. A

strong succession plan involves the process of identifying vital steps and creating a framework that ensures sustainability and alignment with organizational goals.

**Figure 10**

*Sample Succession Planning Action Plan for GMHA*




*Note:* This phased approach suggests a two-year timeline in ensuring the urgency and prioritization of succession planning as an "essential" initiative.

**Process and Timeline.** As presented in Figure 10 above, there are generally three phases to the succession planning process– identification, training, and continuous adjustments. According to the National Institute of Health (2021), an effective succession plan begins with identifying positions that are most *vulnerable* to knowledge loss, and *critical* members who contribute significant influence in accomplishing goals. Reviewing organizational charts and staffing patterns is one way to begin identifying key personnel (Ellinger et al., 2014). The initial step generally takes one to three months to execute (Valentine, 2024)**.** Once the roles have been identified, GMHA's next step should be to develop a talent pipeline that analyzes two important aspects– one facet where the current employees' roles and current job duties, also known as

knowledge, skills, and abilities (KSAs), are reassessed to align with the new strategic goal while the second facet involves implementing the necessary professional development programs that upskill and train employees to perform various job functions.

While identifying roles and having potential successors is beneficial, developing existing employees is still ideal. Within the next six to twelve months, GMHA should continue to develop its employees and implement initiatives that enhance skills and maintain knowledge transfer for all. Developing and implementing professional development initiatives can increase the number, quality, and diversity of potential successors in the talent pipeline (Office of Human Capital Strategy, 2022). While GMHA had already established informal training and mentoring initiatives for its employees, the hospital would see better outcomes by establishing a more structured framework to combat knowledge loss, reduce the impact of turnover, and consequently retain its current employees.

GHMA should thoroughly document the plan after it has been created. Maintaining thorough documentation of the succession plan is critical, as it ensures efficient operational transitions while also ensuring confidentiality in areas where data protection is required. Important records such as performance evaluations, summary skill sets, interest resumes of incumbents, and key role descriptions utilized in the earlier steps may be beneficial to store as these can help generate sensible succession planning avenues for all key personnel (Society for Human Resource Management, 2024). Documenting protocols, milestones, key performance indicators, and intermediary steps can provide future key personnel of the institution a guide to assess any impending challenges that could hinder effective succession planning.

Implementing an effective succession plan is an ongoing process that requires constant monitoring and review beyond 2026. Given the evolving trends in clinical operations, workforce

dynamics, financial management, and other regulatory requirements that surround GMHA, the succession planning team should monitor its plan daily and make necessary adjustments as needed. Although an effective succession plan may involve reviewing multiple dynamics, there are key factors to consider assessing its success within the organization.

**Key Stakeholders.** The succession planning process should be monitored by a team consisting of departmental heads, human resources professionals, and senior management who possess the institutional knowledge and expertise in identifying the organization's needs. It should be noted that each GMHA employee serves a vital role within their respective fields and departments. While identifying critical roles would be a strenuous and time-intensive process, this initial step is crucial in establishing the beginning levels of creating a well-built framework. The hospital's human resources department, alongside the other members of its succession planning team, could create avenues of educational programs ranging from technical skills training to a mentorship format. Most importantly, a succession planning team should actively update its records to ensure security protocols regarding documentation as such information is essential in capturing subject matter expertise, institutional knowledge, and other pertinent information needed for business continuity.

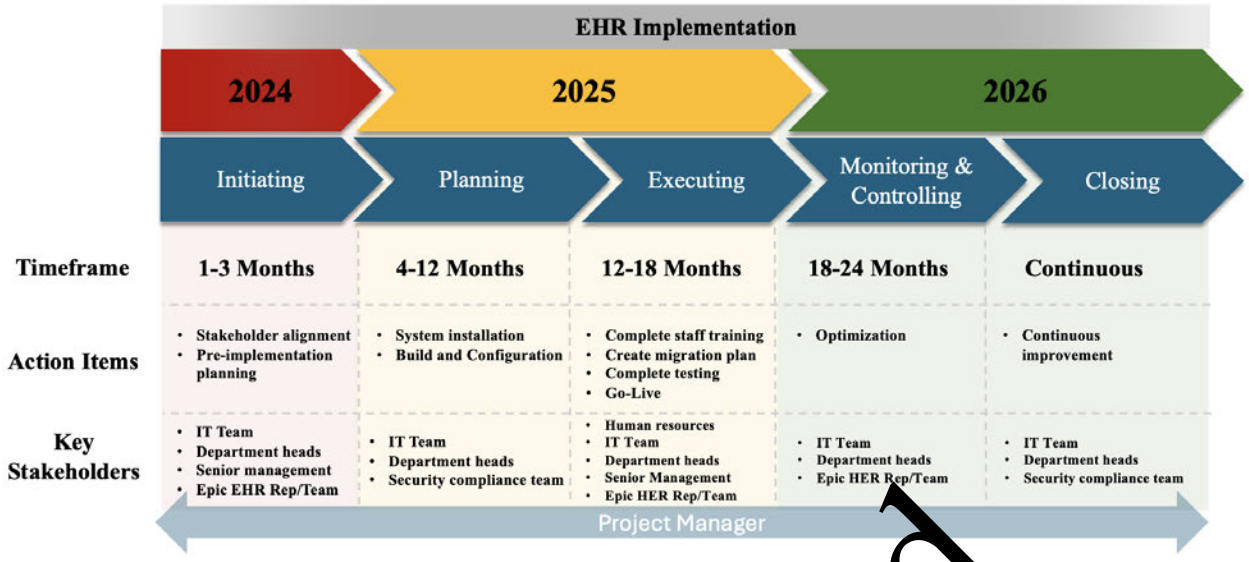


***Information and Communications Technology (ICT) Upgrade for RCM***

Operationalizing an Information and Communications Technology (ICT) upgrade requires the establishment of a strategic foundation, especially in effectively implementing the Epic EHR system. It should be noted that this must align with the needs of the hospital and the strategic direction of its stakeholders.

**Figure 11**

*Sample EHR Implementation Action Plan for GMHA*




*Note:* This phased approach suggests a two-year timeline in ensuring the urgency and prioritization of EHR implementation.

**Process and Timeline.** Proper planning defines a course of action for a successful implementation of the Epic EHR system, also known as a project management plan (PMI, 2017). Figure 11 above illustrates the use of the project management process from initiation to closing as a recommended flow for implementing the Epic EHR system. With the two-year turnaround, the following sections identify the necessary action items and timeline required to deploy and maintain a new, consolidated EHR system.

***Initiating.*** Prior to beginning the deployment of an EHR system, the approval would be by the GMHA Board of Trustees. Pre-implementation planning for the Epic EHR system is generally estimated to take around 3-6 months (Revigate, 2024). To facilitate this step, the initiative begins with the designation of a project manager or Project Management Office (PMO) that is approved by organizational leadership (PMI, 2017). This approval process is discussed in the subsequent sections

***Planning.*** Proper planning defines a course of action for a successful implementation of the Epic EHR system, also known as a project management plan (PMI, 2017). The building and configuration portion of this process planning is estimated to be the bulk of the implementation process and would be around 6-12 months (Revigate, 2024). Due to the overhaul in operational processes, compliance officers would also be required to ensure that regulatory practices are being solidified within the new Epic EHR system implementation (Elbasheir et al., 2023). Additionally, this step would include a discussion on the management of the project schedule and cost also known as schedule management (PMI, 2017, p. 575). Within this deliverable, a timeline is ideally created with specific milestones to benchmark certain parts of the integration process. Within cost management, leadership will need to conduct a cost analysis to determine the budget required to facilitate the EHR implementation.

***Executing.*** For a seamless execution, key stakeholders within the Epic EHR implementation project must have a reliable way to communicate the further steps, hurdles within the schedule, and other communication-based requirements of the project. The objective of this step is to effectively perform the project plan to fully transition the hospital into the Epic EHR system. It is estimated to take 12-24 months to complete the entire implementation project with continuous capacity toward the optimization and continuous improvement of the Epic EHR system, with testing, training, and launching of the system to take about half of estimated implementation time (Revigate, 2024).

Immediate challenges GMHA could face within this phase would include strain on resources and human capital required to support the full integration of the Epic EHR system. Most importantly, the process of data migration is the adoption of a new data formation that would allow a smooth transition for the historical data into the hospital's new Epic EHR system

(Liu et al., 2019). This process is not only the transfer of data but also ensures the correctness of data, without compromising the data's integrity and data structures within the hospital (Ji & Azmi, 2022). During data migration, it is also key to note that the retiring system would still be active for the day-to-day operations of the organization while preparing the new EHR system to be fully operational (Elamparithi, 2022).

***Monitoring and Controlling.*** The objective of this step is to ensure the project does not deviate from the critical path of the implementation and stays on track with schedule. Although monitoring the implementation process is estimated to be one month, it would be a continuous process, even past the launch of the Epic EHR program (Revigate, 2024). The key benefits of this stage are regulating and analyzing incoming data from different phases and correcting variances through the project management plan (PMI, 2017). Performance tracking plays a vital role in the implementation process, which can be done by ensuring major functional performance, workflows of sending and receiving data work properly, interfaced work between systems and departments, and testing response time of the platform especially during high traffic hours (Aguirre et al., 2019).

***Closing.*** The objective of this step is to fully adopt and test the transition of the operational use of the Epic EHR system. However, the "closing" of the Epic EHR implementation is not the end of the process. As mentioned above, to ensure patient safety and the overall quality of healthcare they provide, the hospital must prioritize not only the implementation of the EHR, but also the optimization of the hospital's workflow, update of processes, and ensuring continuous quality performance checks during the lifespan of adapting to this new technology (Patterson et al., 2017). This phase should also include comprehensive final testing, stakeholder sign-offs, post implementation evaluations, and the establishment of a robust

support plan. Such a plan must cover system maintenance, user training and support, and future upgrades to sustain long-term success (Revigate, 2024).

**Key Stakeholders.** From initiating to closing, the stakeholders within the Hospital's RCM generally include the hospital's CFO, department heads, IT team, medical staff, and a representative of the Epic EHR platform. Stakeholder discussions focus on resource allocation, balancing competing demands, looking into alternative approaches, tailoring the processes to meet the overall hospital's objectives, and managing the interdependencies among the project (PMI, 2017). These discussions are vital to understanding the vision, the requirements of the project, timelines, risks, and resources needed for deployment and continuous improvements. Another crucial stakeholder within this phase is personnel specializing in change management strategies to assist with the incorporation of new technology within the organization, as well as providing empowerment and attachment to the implementation of the new system (Cybulski et al., 2006).

In the planning phase, the scope of this project would be validated to define which departments will adopt Epic and their expected functionalities. One executive explains that both the financial and clinical departments interface the hospital's RCM process, noting that the following personnel include patient registration staff (insurance validation team), doctors, nurses, triage care, revenue utilization team, revenue integrity team, billing team, and the denials and appeals team. The execution phase requires the project team to implement and monitor a strict work plan to include key stakeholders such as trainers, department managers, and staff and nurses to ensure the project meets timelines and hyper-focused attention throughout this phase (Aguirre et al., 2019). This is crucial as executing the EHR system would include the deployment

of the system, training and change management, data migration, and testing phases throughout the implementation process.

Key stakeholders within the monitoring and controlling phase would include members of the IT team, department representatives, and data analysts. This can be achieved by regularly evaluating communication processes throughout the project's lifecycle (PMI, 2017). Given the significant cost of the deployment process, controlling expenses and managing risks must be prioritized. Lastly, those close to the implementation process typically include department heads to sign-off in the transition, organizational leadership, and continued support with the hospital's IT team (Aguirre et al., 2019). The significance of key stakeholders properly assessing the deployment and looking towards monitoring and improving the system ensures all action plan components are appropriately closed out and have aligned with the organization's strategic plan.

**Key Success Factors & Continuous Improvement**

Measuring the success of the recommended solution allows GMHA to audit how the implementation process could be improved but more importantly, what improved results can be seen from deploying the solution. With the goal of being financially viable, the hospital will need clear benchmarks to adhere to from a high-level and on-the-ground perspective. High-level benchmarks could look like a certain percentage of investments made as an operating expense whereas granular benchmarks include how much labor hours were reduced as a result of automation.

***Succession Planning***

Currently, GMHA's staffing pattern in FY 2024 consists of the various existing positions in the hospital including clinical, administrative, and support, and various leadership positions in specialized departments. The hospital's current strategic plan includes an operational metric of

"delineated career paths and succession plans" as the target deliverable (GMHA, 2023, p. 41). According to the National Institute of Health (2021), organizations should assess the effectiveness of their succession planning by reviewing the progress in employee development, comparing their ability to find skilled talent and the number of qualified candidates before and after the implementation of the succession plan, and monitoring the overall organizational performance. GMHA should adopt similar efforts by utilizing metrics that identify the number of potential successors ready to take over leadership positions and the average time to fill vacancies. By reviewing these areas, GMHA would be able to pinpoint areas of improvement and sustain operational stability.

***ICT Upgrade***

Achieving the metric of investment at par or below budget can indicate a successful management of funds. The hospital plans to invest 2.5% of the GMHA's operating revenue into information technology (GMHA, 2023), which accounts for an estimated amount of $3,372,500 of their $134.9 million operating revenue for FY 2022 (GMHA, 2023). This amount is drastically less than the $5 million an executive estimated as the cost of the current EHR system and possible renewal. Initiatives aimed at controlling growth in healthcare spending areas, especially in non-critical areas, while improving the patient care experience should be taken to justify an increase in the budget for information technology. (Palmer et al., 2018). In terms of post-deployment effects, success can be measured through the efficiency and reduced labor hours resulting from the automation the new EHR system encourages. This can be measured by the time it takes for bills to be transmitted internally or externally and the accuracy of scrubbing and data that does not require additional labor hours to cross audit. Revisiting the KPIs set by

GMHA's RCM team can pose as the benchmarks crucial in determining the success of the ICT upgrade.

***Continuity and the Board of Trustees***

To ensure the formalization and continuity of the above action plans and partnership with the stakeholders within this analysis, these priorities must be adopted into the strategic plan for the hospital. This will serve as a vessel for the strategies discussed, in the event of a leadership shift or crises within the hospital. With this in mind, B1 noted that within the board's range of powers lies the ability to determine the strategic plan for the hospital (GMHA, 2020).

Within the bylaws of the BOT, regular meetings are held at least quarterly to discuss regular matters. However, they also hold special meetings for critical issues brought about by resolution as often as necessary (GMHA, 2020). B1 noted the usual route they take to understand what matters are for the board to decide and discuss is through meeting with GMHA's six internal committees comprising: Finance and Audit, Human Resources, Joint Conference and professional Affairs, Quality and Safety, Facilities, Capital Improvement and Information Technology and Governance, Bylaws, and Strategic Planning. Any suggested revisions to the strategic plan proposed requires vetting within one of these committees before it is brought to the BOT attention for further discussion. Alternatively, an individual can draft a resolution and present it to the BOT as a matter of vital concern to hold a special meeting. After the strategic plan reaches the BOT through one of these two routes, a formal meeting should be held to decide the incorporation of these amendments within the strategic plan.



## Future Research

GMHA faces challenges that pose opportunities to improve patient care, service delivery processes, and its financial stability. A number of areas for additional research become evident as

GMHA progresses toward implementing advanced technology, enhancing revenue cycle management, and overcoming an uncertain political and financial structure. These areas can help GMHA in making well-informed decisions to ensure its continued growth while also improving patient care**.**

**Learning from Other Healthcare Facilities: Implementing Epic**

GMHA could benefit from establishing a direct line of communication with hospitals comparable in size and service offerings that have implemented advanced EHR systems. Research could explore these hospitals' experiences in terms of challenges, successes, and setbacks. GMHA could inquire about unanticipated costs, integration issues, or barriers for training staff during their implementation. By connecting with hospitals that transitioned to EHR/RCM systems like Epic, GMHA could understand the timeline required for full implementation and the delays they encountered. Questions could include: What was the actual duration compared to initial projections, and what factors contributed to these delays? Was there a phased rollout, or did they go live with all the modules at once? Did they face any specific disruptions to daily operations, and how did they manage these disruptions?

Another area worth exploring is the return on investment (ROI) experienced by similar hospitals post-implementation and whether the benefits of Epic's charge capture, accurate billing, and reduced billing errors justify the capital needed for upfront investment. GMHA could explore how Epic improved the hospitals' RCM, including billing processes and improvements to their KPIs, and whether there were any unexpected financial benefits or costs that GMHA should anticipate. Researching hospitals that implemented Epic could offer guidance on integration and data migration, better preparing GMHA's IT department.

These findings can serve as a starting point for researchers developing strategies to overcome the integration challenges with GMHA's EHR and RCM software. The first step in addressing these challenges would be to assess GMHA's existing IT systems to determine whether it can support the integration of a large-scale EHR and RCM system like Epic. Research should focus on evaluating compatibility with hardware, software, and the hospital's IT support for potential challenges in the technological foundation that may delay implementation. Further studies could explore how GMHA will be able to reduce operational disruptions in the implementation of their new system. Research could examine whether the challenges GMHA faces in integrating new systems are a result of incompatible software, outdated hardware, or the lack of technical ability. Identifying these issues will help GMHA refine strategies regarding software selection and integration.

**New Construction Opportunity**

Another area for future research involves GMHA's current attempts to improve its financial stability, through its planned construction of a hospital. While this construction project is not considered the creation of a new hospital in the legal sense, it may present an opportunity for GMHA to review the financial metrics, specifically the base period and rate of increase ceiling, that determine its Medicare reimbursement rates. Under Title 42 CFR 2023 § 413.40 (Centers for Medicare & Medicaid Services, HHS, 2023, § 413.40), hospitals undergoing significant operational changes can request a reevaluation of their base period and rate ceiling to reflect those changes.

Whether the construction and related operational changes require an updated Medicare certification and whether they represent a "change in operational structure" under Title 42 CFR 2023 § 413.40 are the primary questions for GMHA. This could possibly be considered a shift in

operational structure if the new hospital building leads to considerable increases in bed capacity, services provided, or the patient population served. GMHA may be able to take advantage of this project to apply for a new Medicare certification that would reflect the facility's expanding capabilities and capacity in accordance with Public Law No. 36-56 Bill No. 121-36 (COR), 2021, which specifies the conditions for new hospital construction. Future research could investigate how this new certification influences the base period for GMHA, with the new base period beginning the first full 12-month period following the effective date of the new certification. This would be a necessary step in updating GMHA's financial metrics and ensuring that the hospital's reimbursement structure accurately reflects its modernized operational structure.

GMHA's current construction project presents a unique opportunity to evaluate the possibility of modifications to its base period and rate of increase ceiling under TEFRA. Future research should look at the factors guiding the base period reevaluation, whether these changes require a revised Medicare certification, and the results of expanded services or technological improvements on the hospital's ability to remain financially stable under Medicare reimbursement regulations.



**Government Appropriations and Legislative Support**

Government appropriations have a significant role on GMHA's financial stability, however, they can occasionally be unpredictable or reduced. Future studies might concentrate on methods GMHA may utilize to gain more reliable and consistent legislative support for healthcare. This means learning how the legislative process works and figuring out how GMHA may successfully advocate for funding, especially during times of budget cuts on appropriations. Research could explore the criteria used by legislators to determine funding for GMHA and how

these decisions are influenced by factors such as public perception and legislation's priorities (Dowler et al., 2006). Understanding these factors could help develop strategies for making a stronger case for funding and secure more consistent financial support.

Placing this project within the Center for Entrepreneurship and Innovation (C4EI) at the University of Guam, may provide a solid foundation for promoting long-term growth and support, building upon the research findings and plans provided for GMHA. GMHA may draw in important stakeholders including partners, investors, and sponsors by using C4EI as an incubator for developments within medical facilities. The research and mentoring approaches observed in successful centers such as Writing, Information, and Digital Experience (WIDE), where projects are supported through visible, participatory engagement, are consistent with this collaborative, interdisciplinary approach (Turner et al., 2017). The research conducted by the cohort can be used as a starting point for ongoing development with C4EI functioning as an incubator. Similar to how WIDE, C4EI may develop into a hub where upcoming scholars and students investigate current issues. This strategy not only increases the value of this study but also draws in possible partners, investors, and recruits, making sure that the project continues and develops into a resource for future ideas and discoveries.



## Conclusion

The long-term viability of the hospital is threatened by growing unbilled and uncollected receivables, reliance on Medicaid and other low-reimbursement programs, and rising operating expenses. GMHA struggles to generate a consistent source of revenue to support their needs but is simultaneously required to provide quality care. However, there are promising potential recommendations that could be made for continued operations. With educational awareness, stakeholders can better evaluate and understand the hospital's financial difficulties and

operational inefficiencies, and provide recommendations based on the research conducted.

There are feasible opportunities to improve inefficiencies in the hospital's current RCM system, which captures all aspects of the patient's journey, from registration to payment collection. The issues from this system coupled with a high dependence on manual processes make it difficult to accurately capture charges, affecting the hospital's receivables for services rendered. The introduction of a new EHR system can enhance accuracy, create more efficient RCM processes, and ultimately improve the hospital's financial state. This software and the further automation could also encompass the hospital's EHR system to streamline processes, improve decision-making and further accuracy of records.

GMHA has made significant strides with initiatives addressing cash flow management issues. These include an Amnesty Program, ensuring self-pay patients are given the information and forms needed to apply for government programs such as Medicaid, and the creation of a Sliding Fee Scale Discount Program. Although these programs could help in the short term, the migration towards automation and undergoing the process of increasing the reimbursement ceiling under TEFRA would be significant in the long term. Although rebasing is a rare occurrence, the hospital has expressed the need to increase the established reimbursement ceiling amount to be up to par with its private counterpart.



One finding from the research conducted was the substantial need to transfer knowledge and further educate not only the internal stakeholders, but external stakeholders as well. This captures the concepts of succession planning and also having a designated advocate to bridge the communication gap between GMHA and the Legislature. This would greatly benefit GMHA, ensuring continuity and adaptability. For example, for rebasing specifically, there is a lack of subject matter expertise amongst healthcare employees. As a result, the researchers concluded

the need for GMHA to produce a business continuity plan that encourages core elements of what comprises a successful healthcare institution to continue to run regardless of changes in administration intrinsically and governmentally. This plan delves into overall enhanced strategic planning focused on succession planning and a comprehensive IT roadmap. Additionally, a recommendation for a public-private partnership acknowledges the benefit of both parties sharing mutual responsibilities with the intent to achieve the common goal of serving the population of the community.

However, it is important to point out the limitations that could influence how the results are interpreted. The findings are unique to GMHA and might not be readily applicable to other medical facilities, especially those with distinct operational conditions. The resources required for technological upgrades and process improvements are significant. In its current state, there is a patchwork system and time-consuming manual processes that with technological upgrades, could address those issues.

A comparative study including various healthcare organizations may be helpful to improve future studies. This broader perspective could provide insights into strategies for addressing similar challenges, ultimately leading to tangible recommendations for the healthcare sector. Through interviews, it was determined that GMRC clearly distinguished true self-pay and self-pay after insurance patients. GRMC also focused on automating processes and investing in outsourcing parts of the process due to its impact on the hospital's financial performance. By acknowledging these constraints and the healthcare industry holistically, GMHA can effectively plan its efforts and make sure that any adjustments implemented are persistent and successful while addressing inherent financial issues and operational inefficiencies. To increase GMHA's capacity to offer the community high-quality healthcare, stakeholders must promote a culture

that encourages collaboration and ongoing development.

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## Appendix A: Focus Group Protocol

Focus Group Protocol
**Date of Interview:** _____

**Time of Interview:** _____

**Company/Organizational Affiliation:** _____-_

**Position/Title:** _____-_____

**Research Title:** Transforming the Revenue Cycle: Addressing Rebasing, Collections, and Financial Gaps at GMHA



**Focus Group Guideline**

*Håfa Adai, we are Members of the University of Guam's Professional Masters in Business Administration (PMBA) Cohort XIX. We are completing research for Capstone Experience for our PMBA Program. This interview will take at most 90 minutes to complete and will involve you answering approximately sixteen questions about the Hospital's financial challenges and efforts to mitigate them.*

*We will be recording our discussion and taking notes to make sure we have complete information. Your responses will be held in confidence. The researcher will record this focus group to assist with transcription and ensure he has captured every interview detail. Please know that at any point and time, if you are triggered or would not like to continue with the interview, we can stop at your will, and the recording will also stop at that point.*

*The responses that you provide will be deemed private and will remain confidential. There will be no usage of your name in the research paper, only the information regarding the answered questions. The information obtained during this interview will assist in improving the understanding of effective ICT leadership factors to address the current shortage the island's ICT sector experiences. This study aims to understand better how the collaborative efforts of stakeholders can develop effective ICT leaders and why there has been a current shortage of leaders in the industry. Since this is a focus group, please understand that the interview structure will mean confidentiality and anonymity cannot be guaranteed. However, the moderator will periodically remind participants not to share information discussed in the interview.*

*I would like to review the consent letter with you before we begin the interview. Answers to the following questions must be responded with a "yes" response:*

*Did you receive the consent letter I emailed?*

*Participant: Yes _____ or No_____*

*Did you have time to review the consent letter?*

*Participant: Yes _____ or No_____*

*Do you consent to participate in this research?*

*Participant: Yes _____ or No_____*

*Do you understand that this is voluntary, and you can stop the interview anytime?*

*Participant: Yes _____ or No_____*

*You are not obligated to complete this interview and can choose to discontinue at any time without any consequences. Do you have questions about this study or your participation before we begin?*



**Background Questions:**

1. What is your position within your current organization?
2. How long have you been employed with your current company?

**RQ1.**

1. We understand that GMH will not recover everything that is incurred due to third party or self-pay individuals.

(a) Are they trying to get them a case worker at the beginning or later in the admissions process?

(b) What is the percentage of denials?

(c) For the remaining collectibles, why is it not collectible (Is it due to denial? Is it due to coding? Is it late? Is there a dispute?)

(d) What can you share about contractual agreements between self-pay or third parties?

**RQ2.** What can you share about your current revenue cycle management process?

(a) Can you go over the history (RCM process software)?

(b) How many phases have you gone through?

(c) What is a possible solution to aid in your RCM process?

**RQ3.** We understand those under TEFRA such as the Guam Memorial Hospital Authority, Guam Regional Medical City, and Commonwealth Healthcare Corporation operate through a rebasing model.

(a) How often does it happen (annually, yearly)?

(b) Is there a statute of limitations?

(c) Is there a standard timeline or frequency for submitting these requests?

(d) What factors influence the approval or denial of rebasing requests?

(e) Are there any references or guidance on your website you can point us to understand the rebasing process?

(f) We know that Hospitals have been struggling since the COVID-19 pandemic and maybe even prior due to logistical issues, structural issues, and ERP failing to align with the Hospital's software. What is the best advice to give the Hospital to recover?

*Closing: Thank you for taking the time to meet with us today and to share your perspectives/experiences on the Hospital's financial challenges and efforts to mitigate them.*

**Appendix B: Recruitment Email to Individuals about Participation in the Study**

*Håfa Adai*,

My name is Joaquin 'Quin' P. Taitague from PMBA Cohort XIX at UOG.

We are excited to announce that the PMBA Program has decided to move forward with GMH as our Capstone Project.

As you may be aware, we were separated into three (3) subgroups: Collections and Receivables, Revenue Cycle Management, and Rebasing.

Upon approval from the Institutional Review Board, we are hoping to conduct a follow up meeting to obtain additional insight that might not have been broached during the initial writing of the three (3) groups paper.

As soon as approval is received, we will be sure to send a follow up email to schedule this follow up meeting.

Thank you for your time and we look forward to hearing from you!

Best regards,
Quin

*Håfa Adai*,

I am happy to announce that PMBA Cohort XIX has just received approval from the IRB Board allowing us to proceed with conducting the follow up interview.

Are we able to inquire about the availability of an in-person interview at GMHA during the week of October 14-18, 2024? Or the week of October 21-25, 2024? Or the week of October 28-31, 2024?

If you could please advise at your earliest convenience.

Best regards,
Quin

*Håfa Adai*,

Thank you so much for your assistance in this matter.

My name is Joaquin 'Quin' P. Taitague from PMBA Cohort XIX at UOG.

We are excited to announce that the PMBA Program has decided to move forward with GMH as our Capstone Project.

We were separated into three (3) subgroups: Collections and Receivables, Revenue Cycle Management, and Rebasing.

Upon approval from the Institutional Review Board, we were hoping to schedule an interview/meeting with GRMC.

This will provide an opportunity to explore the difference processes between the island's only public hospital and the island's private hospital.

The topics that will be discussed center around the three subgroups and what GRMC might be willing or able to share with our Cohort.

As soon as approval is received, we will be sure to send a follow up email to schedule this follow up meeting.

Thank you for your time and we look forward to hearing from you!

Best regards,
Quin



*Håfa Adai*,

I am happy to announce that PMBA Cohort XIX has just received approval from the IRB Board allowing us to proceed with conducting the follow up interview with GRMC.

Are we able to inquire about the availability of an in-person interview at GRMC during the week of October 14-18, 2024? Or the week of October 21-25, 2024? Or the week of October 28-31, 2024?

If you could please advise at your earliest convenience.

Best regards,
Quin

*Håfa Adai* from Guam,

My name is Joaquin 'Quin' P. Taitague from PMBA Cohort XIX at UOG.

We are excited to announce that the PMBA Program has decided to move forward with GMH as our Capstone Project.

We were separated into three (3) subgroups: Collections and Receivables, Revenue Cycle Management, and Rebasing.

Upon approval from the Institutional Review Board, we were hoping to schedule an interview/meeting with CHCC'.

This will provide an opportunity to explore the difference processes between Guam's only public hospital and the CNMI's hospital for a regional perspective as well as key benchmarking for CHCC.

The topics that will be discussed center around the three subgroups and what CHCC might be willing or able to share with our Cohort.

As soon as approval is received, we will be sure to send a follow up email to schedule this follow up meeting.

We are also in the planning stages of a possible exploratory and benchmarking opportunity that could potentially bring the Cohort to Saipan to have these meetings in person to better understand your operations.

Thank you for your time and we look forward to hearing from you!

Best regards,

Quin

## Appendix C: Consent Forms

### CONSENT TO AUDIO-RECORDING & TRANSCRIPTION

Transforming the Revenue Cycle: Addressing Rebasing, Collections, and Financial Gaps at GMHA

Marc Allen Bituin, Rikka De Leon, Joseph Donato, Jamie Freitas, Kiana Gwekoh, Annisa Lujan, Mia Nanpei, Aria Palaganas, Christopher Reyes, James Robinson, Darby Samala, Chelsey San Nicolas, Christian San Nicolas, Clea San Nicolas, Jiseth Sarmiento, Joaquin Taitague, Andrea Velasquez, Audre Xiong
University of Guam
PMBA Cohort XIX



This study involves the audio recording of your interview with the researcher. Neither your name nor any other identifying information will be associated with the audio or the transcript. Only the researcher will be able to listen to the recordings. The tapes will be handled by the researcher and stored in a secure, password-protected computer.Transcripts of your interview may be reproduced in whole or in part for use in presentations or written products that result from this study. Neither your name nor any other identifying information (such as your voice) will be used in presentations or in written products resulting from the study.

By signing this form, I am allowing the researcher to audio record me as part of this research. I also understand that this consent for recording is effective until the following date, December 31, 2024 and recording will be destroyed on or before this date.

_____

Participant's Signature

_____

Date

CONSENT FORM TO PARTICIPATE IN RESEARCH

This form states that I agree to participate in a research project being conducted Marc Allen Bituin, Rikka De Leon, Joseph Donato, Jamie Freitas, Kiana Gwekoh, Annisa Lujan, Mia Nanpei, Aria Palaganas, Christopher Reyes, James Robinson, Darby Samala, Chelsey San Nicolas, Christian San Nicolas, Clea San Nicolas, Jiseth Sarmiento, Joaquin Taitague, Andrea Velasquez, Audre Xiong. This research is being conducted for UOG PMBA Cohort XIX.

**PROJECT TITLE:** Transforming the Revenue Cycle: Addressing Rebasing, Collections, and Financial Gaps at GMHA

I. **INFORMED CONSENT**. As the investigator of this project and a University of Guam respecting the privacy and protection of all research participants is ensured, this form presents general but obligatory information about your participation in this project.

II. **OBJECTIVE.** The purpose of the study is to better understand the difficulties the Guam Memorial Hospital Authority currently faces. The issues are not only financial, but also include physical issues and administrative issues. The goal is to present to members of the public in a manner that will ensure that the Guam Memorial Hospital Authority is in direct need of attention from not only the island's government, but also the general public who utilize the island's only civilian public hospital.

III. **PROCEDURE(S).** The procedures for this research study will be to walk the participant(s) through each individual consent form to ensure that the participant(s) understands each consent form prior to the start of the interview. The participant(s) will be reminded before, during, and after that their participation is completely voluntary and are free to withdraw at any point during the research study.

IV. **RISKS, SAFEGUARDS, AND CONFIDENTIALITY**: Other than demographics, your name and personal information will not be asked and will not be part of the research. All in- formation collected will remain confidential and will not be associated with your name in our reports. The data collected will be stored in a locked file cabinet. No person will have access to data other than the researcher. Data will be destroyed after one year or as soon as the research project is complete. No component of this study is expected to cause any emotional or physical harm to participants. Should a physical injury occur, appropriate actions will be taken to aid the situation, but no financial compensation will be given.

V. **GBHWC Services:** Guam Behavioral Health and Wellness Center (GBHWC) provides free counseling to all members of the Guam community (for all age ranges-children to adults). The services include Individual psychotherapy for adults, adolescents, and children, Family and couples therapy, Group therapy,

Clinical assessment, Crisis intervention, GBHWC Hours: Monday to Friday: 8:00 am – 5:00 pm Phone: (671) 7647-5440. However, in the event of a mental health crisis/emergency—GBHWC is open 24 hours. In addition, participants can also call 988.

**VI. VOLUNTARY NATURE OF THE STUDY:** Participation in this research project is entirely voluntary.You are not obligated to answer any questions. You may stop or withdraw from the interview at any time.

**VII. QUESTIONS AND CONTACT INFORMATION:** If you have any questions or would like additional information about this research, I can be contacted at pmbacohort19@gmail.com .

By agreeing to participate, you are giving your consent for me to utilize the data collected in academic research. Thank you for your time and contribution to my study.

Updated: 4/2019 BSN

## Appendix D: GMHA Strategic Plan - Engage the Healthcare Workforce

GUAM MEMORIAL HOSPITAL AUTHORITY

### Goal 4: Engage the Healthcare Workforce

| Objectives | Metrics Measures Targets | Initiatives | Essential | Quick Win | Stabilize | Positioning |
|---|---|---|---|---|---|---|
| **Objective 4.1 - Align all colleagues to the GMHA Just Culture** | Employee surveys with 50% response rate | I-4.1.1 Define the GMHA Just Culture | X | X | | |
| | | I-4.1.2 Continually communicate and promote the GMHA Just Culture | X | X | | |
| | | I-4.1.3 Incorporate the GMHA Just Culture into daily work | X | X | | |
| | | I-4.1.4 Revise performance evaluation to align with Just Culture | | X | | |
| | | I-4.1.5 Explore possibility of creating a Just Culture Director | | | X | X |
| | | I-4.1.6 Recognize notable examples of manifesting the GMHA Just Culture | X | | X | |
| **Objective 4.2 - Define career pathways for all colleagues** | Delineated career paths and succession plans | I-4.2.1 Add career pathways into departmental, organizational and functional charts | | X | | |
| | | I-4.2.2 Incorporate pathways in the colleague onboarding process | | X | | |
| | | I-4.2.3 Enhance and increase visibility of career pathways organization-wide | | X | | |
| | | I-4.2.4 Develop successions plans for each department | | | X | |
| **Objective 4.3 - Attract new colleagues to GMHA** | Position vacancy rate of 10% or less | I-4.3.1 Proactively reach out and respond to community (high schools, post-secondary) to promote and increase visibility of GMHA as a preferred employer. (Career Days, Boot Camp, etc.) | | X | | |
| | | I-4.3.2 Become more professionally connected to academic institutions | | | X | |
| | | I-4.3.3 Partner with Guam Visitors Bureau to promote Guam as place to work | | | X | |
| **Objective 4.4 - Integrate all human capital management departments (HR, Medical Staff, EEO)** | Percentage paperless<br><br>90% digitized within 5 years | I-4.4.1 Provide improved technologies and tools to automate processes and make human capital management more seamless and digital | X | | | |
| | | I-4.4.2 Explore cross-departmental committee or other structures to create alignment | | | X | |
| | | I-4.4.3 Explore opportunities for colleagues to work remotely | | | X | |

**Appendix E: GMHA Strategic Plan - Enhance Infrastructure and Technology**

GUAM MEMORIAL HOSPITAL AUTHORITY
ATURIDÅT ESPETÅT MINURIÅT GUÅHÅN

## Goal 2: Enhance Infrastructure & Technology

| Objectives | Metrics Measures Targets | Initiatives | Essential | Quick Win | Stabilize | Positioning |
|---|---|---|---|---|---|---|
| **Objective 2.1 - Sustain existing hospital building** | Annual facility expense as baseline | I-2.1.1 Complete upgrade of the ventilation systems | X | | | |
| | | I-2.1.2 Complete the repair of the hospital roof and envelope | X | | | |
| | | I-2.1.3 Expand parking on/near hospital campus | X | | | |
| | | I-2.1.4 Update patient rooms | | | X | |
| **Objective 2.2 - Adopt enhanced information technology** | Invest 2.5%[11] of operating revenue into IT | I-2.2.1 Upgrade network infrastructure | X | | | |
| | | I-2.2.2 Upgrade data center infrastructure | X | | | |
| | | I-2.2.3 Upgrade software and applications | X | | | |
| | | I-2.2.4 Upgrade information security | X | | X | |
| | | I-2.2.5 Review and eliminate unnecessary software and contracts | | | X | |
| **Objective 2.3 - Invest in up-to-date medical technology and equipment** | Capital dollars allocated for medical technology | I-2.3.1 Update cardiac catheterization suite | | | X | |
| | | I-2.3.2 Replace and update medical equipment | | | X | |
| | | I-2.3.3 Assess and purchase new beds | X | | | |

**Appendix E: Proposed Public-Private Partnership for GMHA**

***I MINA'TRENTAI SIETTE NA LIHESLATURAN GUÅHAN***
**2024 (SECOND) Regular Session**
***I MINA'TRENTAI OCHO NA LIHESLATURAN GUÅHAN***
**2025/2026 (FIRST/SECOND) Regular Session**

**Bill No.**

Introduced by: Primary Sponsor

**AN ACT TO *ADD* A NEW CHAPTER 98 TO DIVISION 4 OF TITLE 10 GUAM CODE ANNOTATED RELATIVE TO ESTABLISHING A PUBLIC-PRIVATE PARTNERSHIP FOR THE GUAM MEMORIAL HOSPITAL AUTHORITY (GMHA) AND TO APPROPRIATE TWENTY MILLION DOLLARS ($20,000,000) IN EXCESS OF THE ADOPTED REVENUES IN PUBLIC LAW 37-135 TOWARD A PREVENTATIVE MAINTENANCE CONTRACT FOR GMHA.**



**BE IT ENACTED BY THE PEOPLE OF GUAM:**

**Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds that the Guam Memorial Hospital Authority (GMHA) is in dire need of structural repairs as indicated in the Office of the Inspector General, U.S. Department of Interior Final Evaluation Report – Guam Memorial Hospital Authority Report No. HI-EV-OIA-0001-2014 which was submitted to then Assistant Secretary for Insular Affairs Esther P. Kia'aina and Final Evaluation Report – Guam Memorial Hospital Authority Report No. HI-EV-GUA-0002-2012 on December 3, 2014. The Final Evaluation Report noted that many of the weaknesses that GMHA faces is a result

of the GMHA's inability to generate revenues, collect fees, and secure revenue sources that compensate for the care of uninsured patients and that GMHA and the government of Guam need to address these challenges to meet the medical care needs of Guam's citizens. The report further underscored that unless additional actions are taken to collect needed revenue and secure funding sources for GMHA, the quality of health care services for the people of Guam will be at risk.

*I Liheslaturan Guåhan* finds that the Guam Economic Development Authority was tasked with obtaining a Request for Information (RFI) pursuant to Public Law 33-143 and submitted details of the RFI to *I Liheslaturan Guåhan* on September 23, 2016. However, no actions were taken by *I Mina'trentai Tres Na Liheslaturan Guåhan* (the 33rd Guam Legislature) and *I Mina'trentai Kuåttro Na Liheslaturan Guåhan* (the 34th Guam Legislature). During *I Mina'trentai Singko Na Liheslaturan Guåhan* (the 35th Guam Legislature). Bill No. 305-35 (COR) was introduced on February 24, 2020, with a Fiscal Note indicating the financial impact being received of the proposed measure. However, the bill was not referred on September 30, 2020.

*I Liheslaturan Guåhan* further finds that the construction of a new hospital facility is at least five to ten years from completion. Despite recent news reports that the government of Guam has purchased private land for the construction of a new hospital, these efforts have not progressed. *I Liheslaturan Guåhan* and *Ufisinan I Maga'hågan Guåhan* (the Office of the Governor of Guam) proffered two competing measures during *I Mina'trentai Siette Na Liheslaturan Guåhan* (the 37th Guam Legislature).

Therefore, it is the intent of *I Liheslaturan Guåhan* to provide GMHA with as much as assistance as possible without political interference from the Executive and Legislative branches of the government of Guam by providing a PPP mechanism solely for the purpose of the maintenance and rehabilitation of GMHA's aging hospital facility. The PPP is necessary to ensure that the people of Guam and the

Micronesian region are provided with the quality of healthcare in a safe facility that they deserve.

**Section 2.** A new Chapter 98 is hereby *added* to Division 4, of Title 10 Guam Code Annotated to read as follows:

**"CHAPTER 98 PUBLIC-PRIVATE PARTNERSHIP FOR THE MAINTENANCE OF THE GUAM MEMORIAL HOSPITAL AUTHORITY THROUGH A PERFORMANCE MANAGEMENT CONTRACT**



**§ 98101. Definitions.**

(a) *Nonprofit management entity* means a nonprofit organization duly authorized to transact business on Guam, the sole shareholder or member of which is the private entity, whose principal purpose is to manage and operate a medical care facility.

(b) *Performance Maintenance Contract* means a contract entered by the Guam Memorial Hospital Authority Board of Trustees (BOT) with a private entity or its nonprofit management entity for the purpose of maintaining the facilities of GMHA.

(c) *Pre-transfer facility* means the Guam Memorial Hospital Authority system prior to its transformation into a transferred facility.

(d) *Private entity* means a business organization duly authorized to transact business on Guam.

(e) *Transfer completion date* means the date specified as the transfer completion date in an agreement entered into pursuant to § 98102, including any extensions allowed under the terms of such agreement.

(f) *Transferred facility* means the GMHA for which the right and responsibility to manage, operate, and otherwise maintain the facility is transferred to a private entity or its nonprofit management entity pursuant to this Section.

**§ 98102. Transfer of right and responsibility for the maintenance of GMHA to a private entity or its nonprofit management entity.**

(a) Notwithstanding any other provision of law to the contrary, the BOT, with the assistance of the GMHA Hospital Administrator and CEO, or their designees, shall negotiate with a private entity to transfer the right and responsibility for the maintenance of GMHA's facilities, to a private entity or its nonprofit management entity; provided that the private entity submitted a statement of interest to the BOT, inviting private entities to submit statements of interest in acquiring the right and responsibility for the maintenance of GMHA's facilities.

(b) Any agreement negotiated by the BOT and entered into by the private entity, shall, at minimum, include a transfer completion date and a plan and schedule for completing the transfer that includes:

(1) Provisions and deadlines for conducting and completing due diligence;

(2) Provisions and a deadline to terminate the agreement before a transfer is completed, at the parties; respective option;

(3) Provisions for winding-down operations at the transferred facility or facilities and for terminating the agreement in the event that the lease entered into pursuant to § 98103 is terminated before the lease expires or the private entity or its nonprofit management entity abandons or otherwise discontinues its provision of the maintenance in a transferred facility; and

(4) Provisions to transfer or assign interests in equipment and furnishings, including any leases for the same; business and commercial licenses and registrations; intellectual property and goodwill; and information; or any other interests or property of the GMHA facility or facilities to be transferred under this Section, that the parties agree to transfer or assign.

(c) On and after the transfer completion date for the transfer of one or more facilities of the GMHA to a private entity or its nonprofit management entity pursuant to this Section, the government of Guam, the organization, and the GMHA BOT shall cease to have any responsibility for or control over the maintenance of the facility or facilities transferred by the agreement pursuant to this Section.

**§ 98103. Approvals required.** Any documents associated with the transfer of the GMHA facility or facilities under this part shall be subject to review by the attorney general and the *I Maga'hågan Guåhan* (the Governor of Guam).

**§ 98104. Real property; terms and conditions.**

(a) The corporation shall enter into a fixed-term lease with the private entity or its nonprofit management entity to rent the real property, including all improvements and fixtures on the property, of the GMHA

facility or facilities that is to be transferred to the private entity or its nonprofit management entity under this part.

(b) At minimum, the lease shall include the following terms and conditions:

(1) The lease shall not be terminated other than for good cause and upon a minimum of three hundred sixty-five days prior written notice to ensure that the delivery of the maintenance of the GMHA facility or facilities to the community served will not be disrupted;

(2) During the term of the lease, the private entity or its nonprofit management entity shall have exclusive control of all matters related to the maintenance of the GMHA facility or facilities, except as otherwise set forth in the lease;

(3) The responsibility to oversee the performance of the terms and conditions of the lease by the private entity or its nonprofit management entity shall rest with the GMHA BOT as the custodial caretaker of the real property under § 98106; and

(4) The corporation or the government of Guam shall retain ownership of the leased property throughout the term of the lease.

**§ 98105. Transfer or assignment of other business assets.** Provisions to transfer ownership or assign the interest of the corporation or GMHA in some or all of the equipment and furnishings of the facility or facilities transferred to the private entity or its nonprofit management entity under this part shall be included in the lease entered into under § 98105.

**§ 98106. Liabilities.**

(a) The government of Guam, the GMHA BOT, or the corporation, separately or collectively, shall be responsible for any and all obligations incurred by the facility or facilities to be transferred, GMHA, or the

corporation prior to the transfer completion date including any accounts payable, accrued paid time off, debt, capital leases, malpractice liabilities, and other obligations incurred before the transfer completion date. Any and all liabilities of the pre-transfer facility that were transferred to the corporation, all liabilities of the pre-transfer facility related to collective bargaining contracts negotiated by the government of Guam, and the liability for all current outstanding post-employment benefits of the GMHA or the corporation shall remain the responsibility of the government of Guam.

(b) All liabilities arising out of a transferred facility's maintenance in a transferred facility, on or after the transfer completion date, shall be the responsibility of the private entity or its nonprofit management entity.

**§ 98107. Employment, wages, and benefits.**

(a) The corporation and the unions representing employees of the facility or facilities shall meet to discuss the impact of a transfer on the employees and the feasibility of tempering the adverse effect of layoffs by amending the employees' collective bargaining agreements.

(b) The employees working at a transferred facility shall be subject to laws and regulations that apply to private sector employees. The employees of a private entity or its nonprofit management entity shall not be governed by local laws that apply to public officers and employees of the State, and any other laws and regulations that govern public or government employment in the government of Guam.

(c) The private entity or its nonprofit management entity shall offer all employees of the pre-transfer facility, employment for a period of no less than six months after the transfer completion date.

(d) No employee of the corporation who is separated from service as a result of implementation of an agreement and transfer under this part shall suffer any loss of any previously earned rights, benefits or privileges.

(e) Subject to subsection (c), the private entity or its nonprofit management entity shall take all reasonable steps necessary to provide for a smooth transition of employees from state employment to private employment by the private entity or its nonprofit management entity at a transferred facility.

**§ 98108. Operating support.**

(a) The private entity or its nonprofit management entity to which one or more of the facilities of the GMHA has been transferred pursuant to this Section may seek funds from the government of Guam for its operating costs, of a transferred facility by preparing a budgetary request in accordance with procedures and criteria established by the Director of Bureau of Budget and Management Research and the Director of Administration. In no event shall the amount requested exceed the amount appropriated for the operating costs of the GMHA for Fiscal Year 2024. The Director of BBMR and DOA shall review the request and may include some or all of the amount requested in the executive budget of the GMHA. Any appropriation made in response to the request shall be subject to the allotment system generally applicable to all appropriations made by the legislature. The DOA shall be responsible for transferring the funds allotted to the private entity or its nonprofit management entity for expenditure.

(b) To qualify to request funds from the government of Guam under this section, the private entity or its nonprofit management entity to which one or more of the facilities of the GMHA has been transferred pursuant to this part shall satisfy the following standards and conditions:

(1) Be duly authorized to transact business in Guam, and determined and designated to be a nonprofit organization by the Internal Revenue Service;

(2) Be licensed and accredited, in accordance with federal, state, or local statutes, rules, or ordinances, to conduct the activities for which funding is sought;

(3) Have a governing board whose members have no material conflict of interest and serve without compensation;

(4) Have bylaws or policies that describe the manner in which business is conducted, prohibit nepotism, and provide for the management of potential conflict of interest situations;

(5) Be in compliance with respect to the transferred facility and any other health care facility it operates;

(6) Submit tax clearances from the Director of Revenue and Taxation and the Internal Revenue Service to the effect that all tax returns due have been filed and all taxes, interest, and penalties levied or accrued against have been paid;

(7) Submit to an annual audit, disclose revenue projections, and prepare an annual internal performance audit and itemized financial statements, including reimbursement rates, with respect to the transferred facility, to the extent practicable; and

(8) Submit its annual budget with respect to a transferred facility to the legislature for review at least ninety (90) days prior to the convening of a regular legislative session.

**§ 98108. Capital project support.**

(a) The private entity or its nonprofit management entity to which one or more of the facilities of GHMA has been transferred pursuant to this

part may seek funds from the government of Guam for capital expenditures, , for a transferred facility for each or all of the first ten years of the lease entered. Each year's request for funds shall be submitted to the Director of BBMR and DOA in accordance with procedures and criteria established by the directors and shall be reviewed by the Director of BBMR and DOA and CFO of GMHA with pertinent capital planning and expenditure documents and the capital planning procedures supplied by the private entity or its nonprofit management entity. The Director of BBMR and DOA may include some or all of the funds requested in the executive budget of the GMHA. Any appropriation made in response to a request shall be subject to the allotment system generally applicable to all appropriations made by the legislature. The DOA shall be responsible for transferring the funds allotted to the private entity or its nonprofit management entity for expenditure.

(b) After the first ten years of the lease entered into under § 98104, the nonprofit management entity and the private entity shall be responsible for funding all capital expenditures of the transferred facility.

(c) To qualify to request funds from the government of Guam under this section, the private entity or its nonprofit management entity shall satisfy all of the standards and conditions set out in section § 98107(b). In addition, the transferred facility shall demonstrate that the capital projects constructed, operated, and maintained with the requested funds will be in compliance with all federal, state, and county health care planning laws and rules, land use and zoning laws and rules, environmental laws and rules, and building and health codes, rules, and regulations.

**§ 98109. Strategic commitment during term of lease.**

(a) The private entity shall be committed to supporting the nonprofit management entity and any transferred facility to achieve excellence and improve access to services on Guam.

(b) The private entity and the nonprofit management entity shall establish a governance and management structure for a transferred facility that seeks to improve its performance. The private entity and the nonprofit management entity shall apply efficiencies of scale, consolidation of shared services, and administrative and technological expertise to improve the health care performance of a transferred facility.

(c) The private entity and the nonprofit management entity shall support a transferred facility in:

(1) Upgrading facilities and equipment as needed to provide high quality care and to enhance patient experience; and

(2) Incorporating the Guam region into the private entity or its nonprofit management entity's value-based contracting initiatives to better align quality and cost initiatives."

**Section 3. Appropriation of Fiscal Year 2025 Excess.** Notwithstanding any other provision of law, the sum of Twenty Million Dollars ($20,000,000) from the revenues collected in excess of the adopted revenues in Public Law 37-125, as amended, the Fiscal Year 2025 Budget Act, is hereby appropriated to the Guam Memorial Hospital Authority for the purposes of providing funding necessary to obtain a Public-Private Partnership for the maintenance of the facility or facilities of GMHA.

**Section 4. Continuing Appropriation Authorization.** The appropriations contained in this Act *shall* not lapse and shall continue to be available until fully expended and are not subject to *I Maga'hågan Guåhan's* transfer authority.

**Section 5. Severability.** If any provision of this Act or its application to any person or circumstance is found to be invalid or contrary to law, such invalidity *shall not* affect other provisions or applications of this Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

**Section 6. Effective Date.** The act *shall* become effective immediately upon enactment.

# *I Mina'trentai Ocho Na Liheslaturan Guåhan*
## BILL STATUS

| BILL NO. | SPONSOR | TITLE | DATE INTRODUCED | DATE REFERRED | CMTE REFERRED | FISCAL NOTES | PUBLIC HEARING DATE | DATE COMMITTEE REPORT FILED | NOTES |
|---|---|---|---|---|---|---|---|---|---|
| **13-38 (COR)** | Therese M. Terlaje | AN ACT TO ADD A NEW CHAPTER 98 TO DIVISION 4 TITLE 10 GUAM CODE ANNOTATED RELATIVE TO ESTABLISHING A PUBLIC-PRIVATE PARTNERSHIP FOR GUAM'S PUBLIC HOSPITAL. | 1/13/25 9:23 a.m. | | | | | | |

*I MINA'TRENTAI OCHO NA LIHESLATURAN GUÅHAN*
**2025 (FIRST) Regular Session**

**Bill No. 13-38 (COR)**

Introduced by: Therese M. Terlaje TMT

**AN ACT TO ADD A NEW CHAPTER 98 TO DIVISION 4 TITLE 10 GUAM CODE ANNOTATED RELATIVE TO ESTABLISHING A PUBLIC-PRIVATE PARTNERSHIP FOR GUAM'S PUBLIC HOSPITAL.**

**BE IT ENACTED BY THE PEOPLE OF GUAM:**

**Section 1. Legislative Findings and Intent.**

*I Liheslaturan Guåhan* finds that there has been ongoing discourse regarding the implementation of a Public-Private Partnership (P3) for the Guam Memorial Hospital (GMHA). The 2016 Guam Memorial Hospital Task Force Report recommended "to pursue a public-private partnership as a model to ensure a sustainable and quality facility for the people of Guam".

*I Liheslaturan Guåhan* finds that pursuant to P.L. 33-143 the Guam Economic Development Authority (GEDA) was mandated to develop and public a Request For Information (RFI) for the purpose of soliciting and determining public interest and the desired direction public policymakers may take relative to the management and operation(s) of the GMHA. RFI 16-001 was published to comply with this mandate and received three responses from Eiikon LLC, Strategic Global Management Inc. and Cormin Global Consulting Group. GEDA therefore determined that there are at least three (3) companies that may respond to a Request For Proposal (RFP) for a Public-Private Partnership (P3). GEDA concluded in RFI 16-001, "that the direct

stakeholders come together in the development of this RFP and request for Legislative support through legislation detailing the basis of this PPP prior to the issuance of the final RFP".

*I Liheslaturan Guåhan* finds that Bill 305-35 was subsequently introduced in the 35th Guam Legislature to require the GMHA to prepare a Request For Proposal (RFP) for a Public-Private Partnership for the management, operation, and maintenance of GMHA. The bill did not pass into law due to concerns from GMHA including that the bill did not adhere to the Guam Procurement Code and additional assertations of GMHA's capability to manage the hospital independently.

*I Liheslaturan Guåhan* finds that the Guam Memorial Hospital Authority (GMHA) reported a concerning $30 million cash shortfall in an Oversight Hearing on Fiscal matters of the hospital conducted on February 26, 2024. The Guam Memorial Hospital Authority (GMHA) also submitted their 2025 Fiscal Year Budget request to *I Liheslaturan Guåhan,* requesting $74.3 million for FY25 but received only $37.7 million. GMH officials testified in an oversight hearing on October 7, 2024, that that without an additional $20 million, the hospital's operations are at risk. warned that secondary units, including ICU, telemetry, and interventional cardiology, face suspension without adequate funding. These financial challenges underscore the precarious fiscal health of the hospital and the urgency of engaging private sector expertise to ensure GMHA's fiscal sustainability.

*I Liheslaturan Guåhan* finds that the Guam Memorial Hospital Authority (GMHA) is facing additional challenges including outdated compensation requiring immediate Medicaid rebasing, utilizing a behavioral health Electronic Health Records (EHR) System which they testified was not appropriate for an acute care hospital thereby costing the Government of Guam millions of dollars and further hindering their operations, and the shortage of healthcare personnel which further exacerbate operational challenges.

*I Liheslaturan Guåhan* finds that the Executive branch has expressed their opinion regarding GMHA's current management and operational challenges and recognized "the need to partner with private healthcare experts to address our healthcare personnel shortages and the financial stability of the hospital".

*I Liheslaturan Guåhan* finds that the Guam Memorial Hospital Authority pursuant to 10 GCA Chapter 80 §80109 (j), retains the power to "employ, retain or contract for the services of qualified managers, specialists or as individuals or as organizations pursuant to §80109 (p), also retains the power to "contract with a corporation to exercise any or all the powers of the Administrator, and of those officers authorized by §80108".

*I Liheslaturan Guåhan* finds that pursuant to 12 GCA Chapter 83 § 83105, the "Guam Economic Development Authority, in consultation with the administrators and directors of healthcare agencies on Guam, shall utilize the program study generated by each of the healthcare agencies and the report generated by the U.S. Department of the Interior funded assessment report by the U.S. Army Corps of Engineers and the Guam Fire Department to identify and prioritize potential projects from such program studies and assessment reports to be completed". GEDA further issued RFP No. 24-006 for Professional Hospital Consulting Services on August 2, 2024. The RFP is intended to "provide a report that documents future health care needs of the local and regional population and assess organizational structures that would enhance the operation, fiscal health and medical services offering of GMH following trends in the health care industry and local and federal laws and regulations governing the provision of health care services".

*I Liheslaturan Guåhan* finds that the National Institute of Health (NIH) conducted a study to identify the effects of public-private partnerships on hospital performance indicators. The NIH reported that improvements to "hospital performance indicators, including service quality indicators, is one of the most

significant achievements of PPP implementation". They further stated that "hospitals with PPP were considered able to reduce corruption with the existence of anti-corruption mechanism through discretionary control, increased accountability and transparency, and detection and enforcement of regulations described in human resource management, facility and equipment management, drug supply, and security. These changes to new norms adapted from private management promote personal responsibility and minimize opportunities, incentives and pressures to engage in corrupt practices".

Therefore, it is the intent of *I Liheslaturan Guåhan* to solicit assistance for the management of the Guam Memorial Hospital Authority by mandating that an RFP be developed and published by the GMHA P3 Committee for purposes of creating a Public-Private Partnership for the Guam Memorial Hospital Authority

**Section 2.** A new Chapter 98 is hereby *added* to Division 4, Title 10 Guam Code Annotated to read:

"Chapter 98 Public-Private Partnership for the Management of Guam's Public Hospital

§98101. Short Title

§98102. Establishment of the GMHA P3 Committee

§98103. Contract Type

§98104. Contract Limit

§98105. Conflict of Interest

**§98101. Short Title**

This act may be cited as the GMHA's Public-Private Partnership Act of 2025".

**§98102. Establishment of the GMHA P3 Committee**

There is hereby established a GMHA P3 Committee who shall be tasked with developing and publishing a Request for Proposal (RFP) for a Public-Private Partnership for the management, operation, and maintenance of the GMHA.

a) Composition of the GMHA P3 Committee. The committee shall be composed of the following members:
   (1) The Director of Guam Economic Development Authority, who shall serve as Chairperson
   (2) The Director of Department of Administration or his/her designee
   (3) The Director of the Bureau of Budget and Management Research or his/her designee
   (4) The CEO/ Administrator of the Guam Memorial Hospital Authority
   (5) The Chairperson on the Committee on Health of *I Liheslaturan Guåhan* or his or her designee; and
   (6) The Guam Memorial Hospital Board of Trustees
   (7) President of the Guam Medical Association or his/her designee
   (8) President of the Guam Medical Society or his/her designee
   (9) Representative from the Guam Nursing Association
   (10) The Director of the Department of Public Health and Social Services or his/her designee
b) Responsibilities of the GMHA P3 Committee. The P3 Committee shall:
   (1) Develop and publish a Request for Proposal (RFP) that outlines the potential structure for a Public Private Partnership arrangement and identifies the scope of services to be provided by the private partner. The RFP may address at least one of the following models:
      i. A Public-Private Collaboration in the operation of the hospital

ii. The transfer of the management and operation of GMHA in its entirety to either a for-profit or non-profit entity or the transfer of limited management and operation on only specific GMHA operations and assets

(2) The P3 Committee may provide supplementary information to facilitate the development of the Public-Private Partnership, including but not limited to:

i. Determining critical areas where private partnerships can introduce enhanced efficiencies, advanced technologies, and best practices to improve the standard of care and operational effectiveness of the hospital

ii. Researching and analyze information related to the level of available federal and non-governmental funding mandated by law and how any change in GMHA's operational structure would impact the availability of federal and non-governmental funding

c) Inclusion of Legal and Procurement Advisors. The P3 Committee shall invite the Attorney General of Guam and the General Service Agency (GSA) Officer to any meetings convened for the purposes outlined in the chapter and shall receive copies of all documents involved in this process.

(1) The Attorney General of Guam shall act as legal advisor during all phases of the solicitation or procurement process and shall have the authority to extend the timelines outlined in this Chapter as deemed necessary.

(2) The GSA Procurement Officer shall be an advisor throughout the entirety of the RFP process and advise the P3 Committee in regard to procurement compliance.

d) Notwithstanding Guam procurement rules and regulations, the P3 Committee shall prepare and submit a copy of the RFP to the Speaker of *I Liheslaturan Guåhan* and for purposes of obtaining finances, public dissemination and to engage relevant stakeholders before finalizing and publishing the RFP.

(1) The Committee on Health shall conduct at least two (2) public hearings on the RFP and transmit appropriate recommendations on the RFP to the P3 Committee for consideration.

**§98103. Contract Type.**

The Guam Memorial Hospital Authority (GMHA) shall enter into a contract-based Public-Private Partnership with a private entity for purposes of improving the operational efficiency and healthcare provisions of the hospital.

a) The contract for management services of the GMHA shall be defined by the P3 Committee

b) The RFP developed by the P3 Committee shall delineate a comprehensive scope of services expected from the private partner and, at a minimum, the following services shall be included:

(1) Enhanced billings and collections process to maximize revenue;

(2) Critical updates to Medicaid rebasing in accordance with federal and local regulations;

(3) Streamlining of daily operations to improve efficiency and reduce costs;

(4) Maintenance and potential upgrades to the GMHA facility to meet current healthcare demands;

(5) Upgrades to Information Technology Infrastructure to support patient care and administrative functions;

(6) Any other services the P3 Committee identifies is needed to ensure operational efficiency of the hospital and improved patient care

c) The contract shall include a provision safeguarding the employment of all current non-management staff members at GMHA. This provision will guarantee that these staff members retain their status as Government of Guam employees and the associated retirement and other benefits conferred upon them by the Government, without disruption due to the transition to a new management model.

**§98104. Contract Limits.**

The validity of the contract shall be valid for a maximum of five (5) years, with the option to renew contract terms for an additional five (5) years, but not to exceed a total of twenty (20) years of four (4) consecutive contract renewals. The renewal of any contract shall be contingent upon the private-partner meeting performance metrics and further agreed upon by both the p3 Committee and the private partner. If any amendments are proffered, the revised contract shall be submitted and reviewed by the GSA, Attorney General, and submitted to *I Liheslaturan Guåhan* for approval. The awarded contract must contain performance reviews at least annually by GEDA, and provisions for contract termination and penalty based upon such review.

**§98105. Conflict of Interest.**

No contract awarded subject to the provisions of this Act shall be awarded to any party who has a blood or martial relationship to the third (3rd) degree on consanguinity with the Administrator or management team of GMHA, the P3 Committee, a BOT member of GMHA, the Governor of Guam, the Lieutenant Governor of Guam, or a Member of *I Liheslaturan Guåhan*."

**Section 3. Applicability to New Hospital.** This Act shall apply to any new public hospital constructed by or for the Government of Guam.

**Section 4. Severability.** If any provision of this Act or its application to any person or circumstance is found to be invalid or contrary to law, such invalidity shall not affect other provisions or applications of this Act that can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

**Section 5. Effective Date.** This Act shall become immediately effective upon enactment.

SENATOR THERESE M. TERLAJE
*I Mina'trentai Ocho na Liheslaturan Guåhan* | 38th Guam Legislature

January 31, 2025

**Transmitted via Electronic Mail**

Lilian Perez-Posadas, Chief Executive Officer/Administrator
Guam Memorial Hospital Authority
lillian.perez-posadas@gmha.org

**RE: Freedom of Information Act Request**

*Hafa Adai* Administrator Perez-Posadas,

I am making this request to you for records in the custody of your office of any documents or recordings containing the following information to be provided to me:

All meeting minutes, emails, letters or communications involving you or any member of your staff and any representatives of private companies or private individuals regarding any form of public private partnership with the Guam Memorial Hospital.

Please provide your response electronically in a PDF format to senatorterlajeguam@gmail.com.

*Si Yu'os Ma'åse'*

Senator Therese M. Terlaje

Guam Congress Building, 163 Chalan Santo Papa, Hagåtña, Guam 96910
Tel: (671) 472-3586 | Email: senatorterlajeguam@gmail.com | www.senatorterlaje.com

SENATOR THERESE M. TERLAJE
*I Mina'trentai Ocho na Liheslaturan Guåhan* | 38th Guam Legislature

January 31, 2025

**Transmitted via Electronic Mail**
Melanie Mendiola, Chief Executive Officer/Administrator
Guam Economic Development Authority
mel.mendiola@investguam.com

**RE: Freedom of Information Act Request**

*Hafa Adai* Administrator Mendiola,

I am making this request to you for records in the custody of your office of any documents or recordings containing the following information to be provided to me:

All meeting minutes, emails, letters or communications involving you or any member of your staff and any representatives of private companies or private individuals regarding any form of public private partnership with the Guam Memorial Hospital.

Please provide your response electronically in a PDF format to senatorterlajeguam@gmail.com.

*Si Yu'os Ma'åse'*

Senator Therese M. Terlaje

Guam Congress Building, 163 Chalan Santo Papa, Hagåtña, Guam 96910
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SENATOR THERESE M. TERLAJE
*I Mina'trentai Ocho na Liheslaturan Guåhan* | 38th Guam Legislature

January 31, 2025

**Transmitted via Electronic Mail**
Honorable Lourdes Leon Guerrero
Governor of Guam
governor@guam.gov

**RE: Freedom of Information Act Request**

*Hafa Adai* Honorable Governor Leon Guerrero,

I am making this request to you for records in the custody of your office of any documents or recordings containing the following information to be provided to me:

All meeting minutes, emails, letters or communications involving you or any member of your staff and any representatives of private companies or private individuals regarding any form of public private partnership with the Guam Memorial Hospital.

Please provide your response electronically in a PDF format to senatorterlajeguam@gmail.com.

*Si Yu'os Ma'åse'*

Senator Therese M. Terlaje

Guam Congress Building, 163 Chalan Santo Papa, Hagåtña, Guam 96910
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SENATOR THERESE M. TERLAJE
*I Mina'trentai Ocho na Liheslaturan Guåhan* | 38th Guam Legislature

January 31, 2025

**Transmitted via Electronic Mail**

Edward Birn, Director
Department of Adminstration
edward.birn@doa.guam.gov

**RE: Freedom of Information Act Request**

*Hafa Adai* Director Birn,

I am making this request to you for records in the custody of your office of any documents or recordings containing the following information to be provided to me:

All meeting minutes, emails, letters or communications involving you or any member of your staff and any representatives of private companies or private individuals regarding any form of public private partnership with the Guam Memorial Hospital.

Please provide your response electronically in a PDF format to senatorterlajeguam@gmail.com.

*Si Yu'os Ma'åse'*

Senator Therese M. Terlaje

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https://www.postguam.com/news/local/public-private-partnership-may-be-needed-for-gmh-operations/article_3a4f85ea-d5fe-11ee-bbd0-b3025e3102ab.html

# Public-private partnership may be needed for GMH operations

JOHN O'CONNOR | THE GUAM DAILY POST

FEB 28, 2024

**HOSPITAL:** The Guam Memorial Hospital is seen in Tamuning on Tuesday, Jan. 2, 2024. Frank San Nicolas/The Guam Daily Post

With the Guam Memorial Hospital Authority anticipating a $30 million shortfall in operations by the end of the fiscal year, Lt. Gov. Josh Tenorio said Wednesday that outside or additional help may be needed for the hospital authority's accounting operations and that he is very frustrated by the situation.

Operating revenues for GMHA are tracking to be about $132 million for the fiscal year, while expenses are tracking to be about $192 million. About $30 million in government appropriations will offset the difference, but that means GMHA is still expecting a $30 million shortfall for fiscal 2024.

“The big picture for me is the hospital. If it's going to be on good footing and be able to provide services, it's quite clear that we need to get some private sector help – experienced companies in management. But also (being a) part of networks so that we can bring in personnel and be able to be part of a network of hospitals that can help focus on the patient care,” Tenorio said.

Gov. Lou Leon Guerrero has already created a fiscal review committee tasked with reviewing and making recommendations regarding various financial and contractual issues at the island's only public hospital. The committee is composed of the governor's chief fiscal adviser, the director of the Department of Administration and the director of the Bureau of Budget and Management Research.

Tenorio said he will be speaking with their fiscal team about what they're seeing regarding the hospital.

“I'm not in the meetings with (DOA Director) Ed Birn and (BBMR Director) Lester (Carlson), and they're all returning from a mission they had with bondholders in New York. But I'll just say that I'm not satisfied with the situation. … I need to hear a little bit more about the specifics,” Tenorio said.

The lieutenant governor said he envisions “private sector help” as a public-private partnership that “has to be on all areas of hospital operations.”

“We have excellent staff, … all the people that are producing health care. But it's on the business side of the house I think that there needs to be some assistance. I think we'll be caucusing and talking and figuring out what more we can do to help,” Tenorio said.

When asked about a change in leadership at GMHA, Tenorio said that would need consultation with the GMHA board but added that he was "not sure" about the concept.

"I really respect and admire and have confidence in (GMHA CEO/Administrator) Lillian Perez-Posadas. She is an excellent health care official, and I've seen her in different areas of the hospital do well. In this case, it seems to be on the financial side. So I just need to get more information and understand," Tenorio said, adding that he was not yet in a position to talk about what could be done regarding GMHA's $30 million projected shortfall and would need to wait for his team to brief him on the matter.

Yuka Hechanova is GMHA's chief financial officer. She stated during an oversight hearing this week that the hospital authority is showing improvement in operating revenue compared to last fiscal year but added that expenses continue to grow, and the hospital always sees losses in operations.

Losses rose significantly following the onset of the COVID-19 pandemic, according to Hechanova.

Moreover, GMHA doesn't get full reimbursement for charges submitted to Medicare and Medicaid and is looking to rebase its Medicare discharge rate. GMHA also has to contend with a large self-pay population and costs for serving "social cases," those individuals who have been in hospital and have nowhere to go because they lack housing or family support.

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**JOHN O'CONNOR**