

Kenai Peninsula Borough Finance Department

MEMORANDUM

TO: Kelly Cooper, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Charlie Pierce, Borough Mayor

FROM: Brandi Harbaugh, Finance Director *BH*

DATE: May 7, 2020 *CH*

RE: Ordinance 2020 - _____, Providing for an Exception to the Operating Agreement Between the Kenai Peninsula Borough and Central Peninsula General Hospital, Inc. to Allow Cash in Excess of 90 Days to be Retained by Central Peninsula General Hospital, Inc. as of June 30, 2020 Due to the Covid-19 Pandemic (Mayor)

The Operating Agreement between Central Peninsula General Hospital, Inc. (CPGH) and the borough requires CPGH to transfer to the borough operating cash on hand in excess of 90 days for deposit into the CPGH Plant Replacement and Expansion Fund.

In response to the COVID-19 Pandemic Governor Michael Dunleavy issued mandates to help stop the spread of COVID-19. Some of these have restricted personal travel and hospital operations, adversely impacting finances and cash flow of CPGH. These negative impacts are expected to continue for the next several months as the COVID-19 Pandemic continues.

CPGH received Medicare payments from the Advance and Accelerated Payment Program administered by the Centers for Medicare and Medicare Services (CMS) in the amount of \$17,958,796 on April 20, 2020. To ensure CPGH makes the required repayments of those funds CMS will withhold claims payments to repay those advanced funds beginning in mid-August 2020. This will reduce cash flow to CPGH and increase its cash outflow. To help prevent operating cash shortages, this ordinance would allow CPGH to retain 135 days' operating cash on hand at June 30, 2020 to fund the required repayment of advanced Medicare payments to CMS until CPGH has repaid all such funds to CMS. Additionally, it would authorize the Mayor to approve similar requests after thorough review while the Covid-19 pandemic remains in effect.

Your support would be appreciated.