

Introduced by: Mayor  
Date: 09/15/20  
Hearing: 10/13/20  
Action: Enacted as Amended  
Vote: 9 Yes, 0 No, 0 Absent

**KENAI PENINSULA BOROUGH  
ORDINANCE 2020-39**

**AN ORDINANCE PROVIDING FOR EXTENSION OF 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 SEPTEMBER 30, 2020 DUE  
TO THE COVID-19 PANDEMIC**

- WHEREAS,** the borough mayor issued a Disaster Emergency Declaration on March 16, 2020, due to the current and imminent impacts of the COVID-19 pandemic in the areas of the borough outside of the cities; and
- WHEREAS,** the assembly adopted Resolution 2020-060 on August 18, 2020 extending the disaster emergency to December 30, 2020; and
- WHEREAS,** the COVID-19 pandemic has resulted in 17 mandates issued by the State of Alaska, some of which have severely restricted hospital operations, adversely impacting finances and cash flow for Central Peninsula General Hospital, Inc. (CPGH, Inc.); and
- WHEREAS,** CPGH, Inc. estimates it will have cash exceeding 90 days' cash on hand as of September 30, 2020 due to the receipt of Medicare payments from the Accelerated and Advance Payment Program administered by the Centers for Medicare and Medicare Services (CMS) in the amount of \$17,958,796; and
- WHEREAS,** the advanced payment was received by CPGH, Inc. from CMS on April 20, 2020 and was originally slated for repayment 120 days following disbursement; and
- WHEREAS,** CPGH, Inc. has received notice that the CMS has postponed withholding claims payments until at least September 2020 to repay the advanced payment CPGH, Inc. received; and
- WHEREAS,** when CMS begins withholding claims payments to repay the advanced payment CPGH, Inc. received, it will reduce cash flow to CPGH, Inc. and increase cash out flow; and

**WHEREAS,** the current operating agreement between the borough and CPGH, Inc., requires cash in excess of 90 days operating cash on hand be transferred to the borough for deposit into the Plant Replacement and Expansion Fund; and

**WHEREAS,** given the current COVID-19 situation the CPGH, Inc. administration has requested assembly consideration that CPGH, Inc. be allowed to retain the cash in excess of 90 days operating cash on hand on September 30, 2020; and

**WHEREAS,** CPGH Inc. has also requested to maintain the extension with prior mayor approval beyond the September 30, 2020 quarter end, as the repayment date may be extended again; and

**WHEREAS,** extending the exception until the CMS loan is repaid in full or CMS converts the loan into a grant would allow CPGH, Inc. to utilize the loan funding to provide repayment without partially liquidating the 90 days operating cash on hand and retain adequate cash to operate the hospital until the loan is repaid or forgiven; and

**WHEREAS,** if an exception is not authorized, CPGH, Inc. will need to submit several ordinances to the Kenai Peninsula Borough Assembly for approval over time to appropriate funds needed to repay the loan to CMS, while potentially reducing operating cash to a level below 90 days during the time needed to consider each ordinance; and

**WHEREAS,** at its meeting held on September 24, 2020 the CPGH, Inc. board recommended approval by the passage of CPGH Resolution 2020-50;

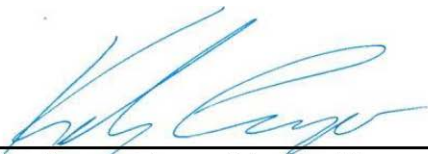
**NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:**

**SECTION 1.** That CPGH, Inc. is authorized to retain 135 days' operating cash on hand on September 30, 2020 to fund the required repayment of advanced Medicare payments to CMS until CPGH, Inc. has repaid those funds to CMS.

**SECTION 2.** The mayor may approve similar subsequent requests to allow CPGH, Inc. to retain cash in excess of 90 days operating cash, after thorough review until the Medicare loan is repaid in full or CMS converts the loan into a grant.

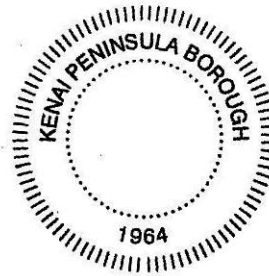
**SECTION 3.** That this ordinance takes effect immediately upon enactment.

**ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 13TH DAY OF OCTOBER, 2020.**

  
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Kelly Cooper, Assembly President

ATTEST:

  
\_\_\_\_\_  
John Blankenship, MMC, Borough Clerk



Yes: Bjorkman, Blakeley, Carpenter, Cox, Dunne, Hibbert, Johnson, Smalley, Cooper  
No: None  
Absent: None