

Annual Report

2016

LĀNA'I COMMUNITY HEALTH CENTER

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This report has been prepared as a review of our past year's overall performance, development and accomplishments.

The Community is our Patient -- men, women, children, uninsured, insured!

E Ola nō Lāna'i
LIFE, HEALTH, and WELL-BEING FOR LĀNA'Ī

Date: March 2017

Prepared By: LCHC Leadership Triad

A Message from the President of the Board of Directors

Lāna‘i Community Health Center (LCHC) officially opened its new facility in May 2016, rolling out needed services to our community. We continue to be recognized as a leader in patient-centered care, such as the CMS Million Hearts Model, a prestigious national program. Our staffs are recognized for their achievements locally and nationally. We have much to be grateful for, and proud of, as the New Year dawns.

Yet, as LCHC continues to add programs and increase staff, a major shift in the Federal government is taking place. Anticipated changes at all levels of society, including health care, are sending waves of anxiety across the globe and filtering into our community. Although the political crystal ball is still fuzzy, what is clear is that we need to remain alert and ready to spring into action. LCHC is committed to advocating for our patients – insured, under-insured, and un-insured – and to continue providing the highest quality health care.

Let’s take our cue from the Chinese ideogram for ‘*crisis*,’ whose mirror image is ‘*opportunity*.’ While acknowledging the potential bumps and potholes in the road ahead, I am grateful for what we have – and will work to preserve it.



Signature
Beverly R. Zigmund

Board of Directors

Incorporated in November 2004, governance rests entirely with its Board of Directors (BOD). LCHC's Board selects its own officers. Delineation of duties and responsibilities are detailed in our By-Laws, which are periodically reviewed to ensure compliance with the law. The BOD is comprised of users of our services (at least 51% is required by our Federally Qualified Health Center, FQHC, status), and is representative of our community in regards to ethnicity, sex, and age.

Our 2016 current Board is as follows:

- Beverly Zigmund, President
- Aaron Fernandez, Vice President
- Michele Holsomback, Secretary
- Deborah dela Cruz, Treasurer
- Grazel Caceres
- Andrew de la Cruz
- Ron McOmber
- Jennifer Montgomery
- Jackie Woolsey

Vision Statement

The Lānaʻi Community Health Center’s vision is to be a leader in innovative health care, with a focused culturally sensitive, holistic, patient-centered approach.

Mission Statement

The Lānaʻi Community Health Center’s mission is to take care of the community of Lānaʻi. A 501c3 nonprofit organization, LCHC takes care of the community with a focus on physical, mental, emotional, intellectual and spiritual welfare and by enriching and empowering lives to help build healthy families in a supportive environment.

LCHC carries out its mission:

1. By directly providing comprehensive health and wellness services
2. By working collaboratively with partners to provide needed services for Lānaʻi.

LCHC serves individuals of all ages, ethnicity, gender, and residency.

***Reviewed and Approved by the
LCHC Board of Directors on June 11, 2016***

Advisors

- Ms. Laura Anderson, Regulatory Compliance Consulting for the Health Care Industry
- Bank of Hawaii; Banker
- Lānaʻi Federal Credit Union; Banker
- First Hawaiian Bank; Banker
- Carbonaro DeMichele CPAs; Accountant and Auditor
- BKD Consultants; Cost Reports and Fee Schedule Reviews
- Integration Technology; Virtual IT Services
- Essential Learning (Relias); Employee Orientation System
- Altres; Virtual HR Services
- Pacific Growth Associates; NMTC Consultant

From the Executive Director

Aloha Kakou,

Growth – the key word for the past year! Both in terms of terms of new programs and patients!

Facts in brief for 2016:

- 26.5% growth in our Active¹ Patient Count
- Active Patient Count represents just under 60% of the island’s population (based upon the 2010 census of 3,100 for Lāna’i)
- 32% growth in Encounters
- 13% growth in HRSA Grant Revenues due to expansion opportunities, quality awards, and competitive awards – all of which are now rolled into our base
- 13% growth in Patient Service Revenues due to increase in patient encounters and Medicaid PPS (Prospective Payment System) rate
- Fully functioning Dental Program, with expanded scope to include Complex Dental Services
- Vision program 2-3 times a month with Maui Optix as LCHC providers
- Expansion of our Fitness Program, including several classes focused on youth and certification in the Silver Sneaker (Medicare –approved) fitness program
- Expansion of our home-based programs to include diabetes
- Expansion of chronic disease programs to include pre-Diabetes and pre-Hypertensive patients
- Continued success in grant funding, including success with a national highly competitive Direct Relief/BD Building Healthy Community grant and acceptance as a treatment site for the Federal Million Hearts Study
- Purchase of a house for our providers
- Expansion of our School-Based education program – 1st thru 5th Grade Classes
- Provision of 4 scholarships: 3 to high school students starting a health-related degree program and 1 to a college student in a health-related degree program



*“While 2016 is clearly a year of accomplishment and celebration for LCHC, the healthcare environment we are entering in 2017 is clearly filled with uncertainty. The new Republican administration is vowing to repeal Obamacare and change Medicaid and Medicare. While early attempts have failed, they vow to continue their fight. Many of the senior members of the new administration cabinet are inexperienced and lack any knowledge of the needs of the patients that we serve. While direction and details are missing from what we have seen so far, we know one thing for sure: As we move forward, it will be **our** responsibility to articulate the needs of our patients and be their **voice**. While we all strive to live in harmony, rest assured we will **fight for our patients’ rights and needs.**”*

**Signature
Executive Director**

¹Active Patient Count is defined by HRSA as a patient whom we have seen at least once within the 12-month year being reported – in this case 2016.

Projects, Programs & Events

LCHC's focus continues to be 'the patient' – this means that we develop and implement our programs and workflows to meet the needs of our patients. As such, in 2016 LCHC expanded its home-based programs and staffing to include Community Health Workers, and, also, expanded its outreach and screening programs to include Dental. In addition, LCHC continues to leverage technology to increase patient access to care and reduce cost. We are using remote monitoring for blood glucose and blood pressure, fetal monitoring, and routinely using telehealth for psychiatry and ultrasound exams, as well as continuing to maintain our former programs in dermatology and retinal imaging. We also now have the capability to provide tele-dentistry. We continue to provide and utilize sophisticated reports with the use of BridgeIT, a data warehouse that generates population based reports, interfaced with eClinicalWorks, our electronic health record (EHR), and CDMP, our chronic disease management software. Our team approach supported by information technology has provided LCHC with the ability to expand existing programs (such pre-diabetes and pre-hypertension) and also continue to identify new opportunities, such as Pediatrics, OB, and Lactation Specialist programs currently under investigation.

Clinical Programs: Chronic Disease

In 2016 we saw growth and positive changes in our chronic care program, which remain focused primarily on hypertension and diabetes, and screenings.

Hypertension

The home Blood Pressure (BP) program has seen significant growth in total number of patients with over 200 patients identified with hypertension by the end of the year. This growth represents an increase of 43% over last year. As part of our 1422 Grant funding from the Hawai'i Department of Health and the Hawai'i Primary Care Association, we have focused on identifying undiagnosed individuals with hypertension accounting for some of the change. In addition, we have seen an influx of new patients transferring from other organizations and providers. With this large influx of patients, though, the percent of patients under good control has decreased. New patients presenting with elevated blood pressure will take several visits to obtain desired blood pressure readings; we are looking towards the future to see these improved results and might have to adjust our reporting to separate new program entrants from those who have been in the program for 6 months or more in an effort to better reflect improved results.

With the universally accepted fact that office blood pressures are not consistently accurate, the option of home BP monitoring is well supported by large studies and a common understanding that the technology of automated blood pressure cuffs and appropriately trained patients are the future of blood pressure control. LCHC is clearly doing the right thing with our home BP program. In discussion with Dr.

Projects, Programs & Events (Continued)

David Lee, Western VP for the American Heart Association and a professor at Stanford, he very much agreed with the LCHC program, and was not aware of any other community-based program similar to LCHC's program. He was the invited speaker for the 1422 Grant Learning Session in November and stated that the lack of insurance reimbursement blocked many providers from adopting home monitoring.

Diabetes

LCHC was both honored and rewarded by receiving the Direct Relief Community Diabetes funding supported by the BD Foundation. Direct Relief highly publicized the 10 recipients of the \$100,000 reward. This funding is providing LCHC with the ability to have a more patient-focused, rather than disease-focused, diabetes program by expanding the use of remote monitoring to home glucose monitoring and adding community health workers to our team to expand home- and community-based management of patient diabetes. Over 50% of patients currently enrolled in the diabetes home-based program also have hypertension.

We continue to work informally with patients with prediabetes while waiting for formal CDC recognition of the Department of Native Hawaiian Health PILI program before we have a more organized program. This recognition is required by the terms of the 1422 Grant funding, which is supporting, in part, this program. The addition of our community health workers and the expansion of the exercise classes align well with preventing or delaying the onset of diabetes through life style changes (i.e., exercising 150 minutes a week and losing 7% of your weight if you are overweight or obese).

LCHC completed the initial filming for our diabetes educational videos in Ilocano in June. The videos require further content refinement before they can be released. The finalization of this project has been delayed due to other demands on staff time, a result of the increased patient load and the move to the new health center.

Screenings

We have continued to screen for chronic Hepatitis B, Hepatitis C and HIV. We have introduced an improved work flow by using a structured program (EPSS) to identify gaps in care for preventive services. We continue to find approximately 20% of the adult population with a history of Hep B (Positive antibodies), though we have not identified any active cases. Our rates for other preventive health screening has significantly improved also.

Clinical Programs: Integrated Behavioral Health

LCHC continues its recruitment for a second BH provider for our Integrated Behavioral Health (IBH) Program. It has been frustrating as each time we find suitable candidates, we lose them to Oahu! In the

Projects, Programs & Events (Continued)

meantime, our post-doc fellow, Dr. Cori Takesue, continues to manage current patient needs (with a wait-list), while also trying to find time to study for the licensing exam. In addition, the University Of Hawaii (UH) Department of Psychiatry has continued to provide brief interventions, most often related to medication management, consultation, and curbside consultations. We also have effectively integrated our medical providers as co-managers and provide our LCHC staff (i.e., medical, dental, administration, finance, facilities, and outreach staff) with education in effective brief interventions. Other areas our staff are trained in are motivational interviewing, health coaching, trauma-informed care, and basic tobacco intervention skills. We were able to implement an improved screening tool to identify patients with behavioral health problems including depression, anxiety, trauma, substance use and an expanded role for the team in managing behavioral health issues.

Clinical Programs: OB, Women's Health and Family Planning

Under the leadership of Ms. Aileen Duran, APRN-Rx, with support from the UH Department of OB, our prenatal program has continued to mature. Uninsured and insured pregnant women choose to come to LCHC to get their prenatal care, knowing they can trust our providers and can stay on island until 36 weeks gestation, before transferring care to Oahu or Maui. LCHC ultrasounds are performed by our certified ultra-sonographer employee Thalia Salazar, RMDS. Their scans are read by the certified UH Maternal and Fetal Medicine providers with whom we contract. This has allowed our patients to remain on island for their first and third trimester anatomy screening ultrasounds. In addition, Ms. Duran is trained to provide non-stress testing so women requiring this test do not have to travel in their third trimester to Oahu, twice a week to have these tests performed off-island. Previously, pregnant women had to travel off island for all OB ultrasound services. Our program grew from 17 OB patients in 2013 to 35 OB patients in 2014, and 42 OB patients in 2015. However, we saw a decrease in OB patients in 2016, providing service to only 22. We believe this is due to 1) the hotels closing and community members feeling this is not an ideal time for a planned pregnancy; and 2) in general, a decrease in overall birth rate with some women making a conscious decision to not seek pregnancy and are using reliable birth control, including Long Acting Reversible Contraceptives. However, we also hear that some individuals on island have been spreading false information, indicating that 'we do not have physicians' and that our APRNs do not provide comparable care to physicians. We are currently in the process of obtaining information from the State Department of Health to confirm the island's birth rate in 2016 and are also reviewing ways to educate our patients and community members as to the quality and care our staff provide, including their education and special training to ensure appropriateness of treatment.

The Women's Health Program continues to provide outreach at health fairs and at the school. With increased education and awareness, more women, including teens, are becoming proactive about seeking birth control to prevent unwanted pregnancy, including seeking LARCs (long acting reversible

Projects, Programs & Events (Continued)

contraceptives, highly recommended by our State Title X grant, as well as being a best practice). We have also noted increased usage of free condoms provided in our facilities, which we feel is also due to our increased education efforts. Lastly, of note, we have seen a decrease in PAP testing (45 in 2013, 78 in 2014, 94 in 2015, with a drop in 2016 to 57) and mammogram screening (32 in 2013, 23 in 2014, 58 in 2015, with a drop in 2016 to 42). Our initial investigation shows that this drop is actually due to changes in best practices, where these screenings are no longer recommended annually.

In October 2016, we established our very own monthly mammogram van group in which one of our employees accompany women scheduled for their mammogram on Maui. This program was established to better meet our patient needs and mitigate barriers to care, as well as to continue our relationship with Maui Diagnostic Institute. The mammogram screening continues to be supported, at least in part, by our Susan G. Komen Grant. In addition, we have established a relationship with Queen's BCCC program. This relationship will allow for provision of free mammogram screening and cervical cancer screening for our uninsured patients who meet the federal poverty guidelines. Lastly, we are working on a partnership with the Youth Center's new executive director, to hold a family planning Teen Night.

Clinical Programs: Dental

The Dental Service's first patient was treated by Dr. Scott Hiramoto on February 1, 2016. And we have had 1,935 patient visits since then and the active number of dental patients is 697 in 2016. Dental health indices for Lāna'i are the worst in the state, and the complexity of the dental problems seen by our providers reflects the result of life-long lack of access to quality dental care. All of our providers have post-doctoral training that allows them to perform a wider scope of procedures which is highly appropriate for the isolated, rural setting on Lāna'i. LCHC therefore applied for, and recently received, approval for an expanded scope of services from HRSA. The result of this scope change is that Lāna'i residents no longer are referred off island for most wisdom tooth extractions, root canal therapy, prosthodontics, and periodontal surgery.

Oral malfunction on Lāna'i in the adult population is the result of inadequate preventive care in childhood. Much of the focus on oral health for our practice is therefore directed towards the children on the island. Our joint venture with Lutheran Hospital/NYU's pediatric residency program gives post-doctoral residents experience in educating our community about the importance of early childhood dental care. Unfortunately, the residents also get experience in treating and managing some of the worst cases of early childhood dental disease that they will ever see. This service to our community will benefit these children for years to come, as they grow into adulthood without the malfunction brought on by missing teeth. Furthermore, cumulative programmatic knowledge gained in the process is changing how our post-doc residents communicate with and motivate the parents in the community.

Projects, Programs & Events (Continued)

Studies indicate that preventive care for children is most effective through in-school outreach, and our program with Lāna'i High and Elementary School (LHES) is under the direction of Melorie Yuen, RDH. This year 33% of the schoolchildren returned consent forms, and 90.3% of those who returned the forms received oral screening exams and fluoride varnish treatments. Fluoride varnish greatly reduces the incidence of dental caries, and in one study the caries experience was reduced to zero when all cavities were filled prior to regular application of fluoride varnish. Working towards 100% participation in the future, Ms. Yuen has found success through incentivizing the teachers with Amazon Gift Certificates. Future efforts will expand into reducing the sugar intake of Lāna'i youth.

The Women Infants and Children (WIC) program has been another community outreach opportunity that the Dental staff has taken advantage of, introducing Oral Health education and oral screening exams into the program. This is a work-in-progress, as LCHC increases its role in this federal program.

Quality Initiatives

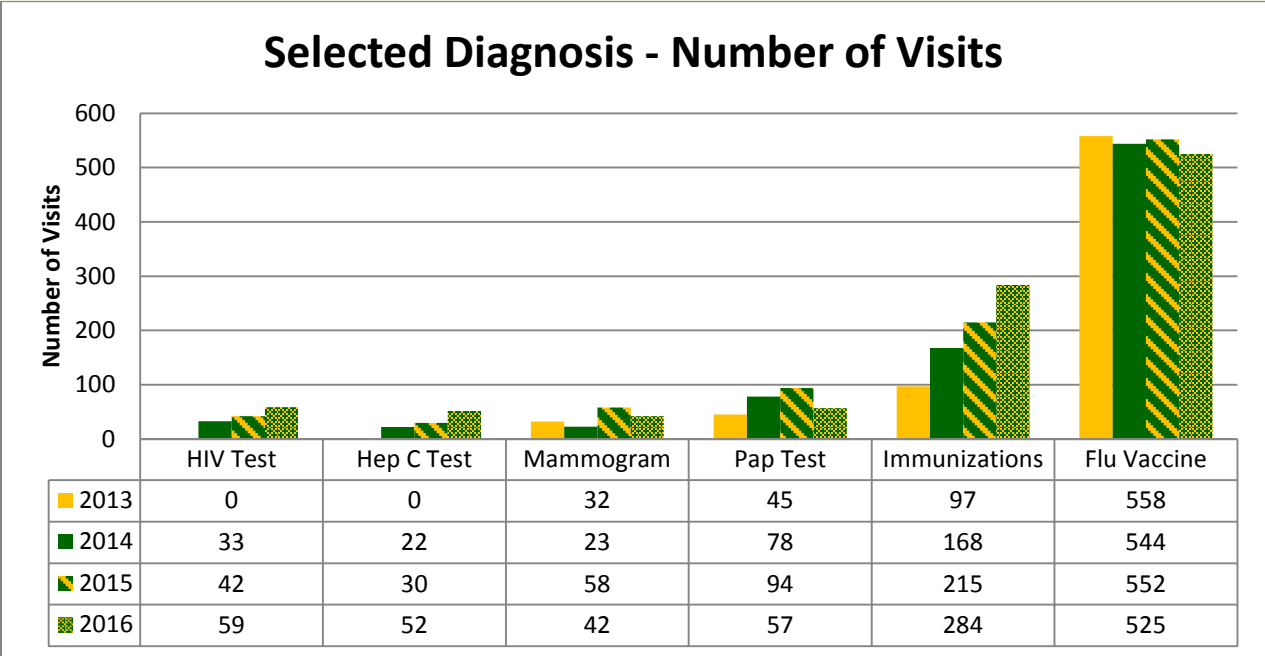
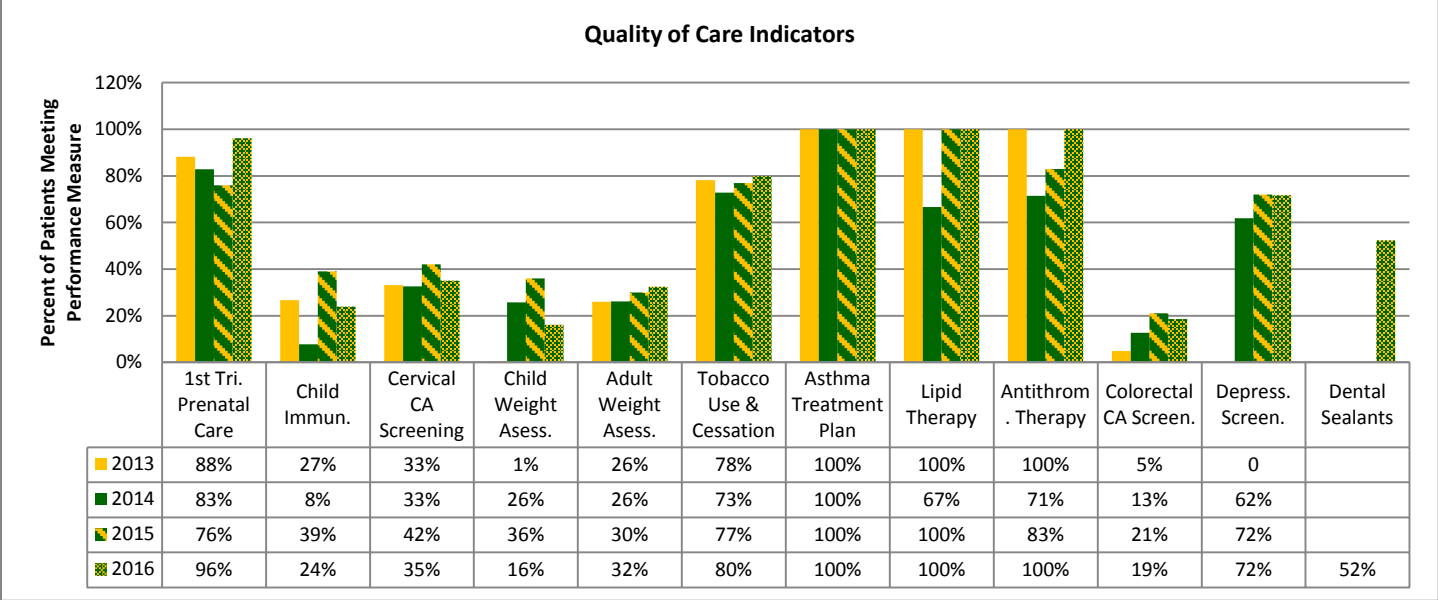
LCHC leadership annually identifies quality initiatives (based upon LCHC performance on UDS metrics) and meets monthly to review performance on selected Plan-Do-Study-Act (PDSA) projects. In addition, a review of ongoing performance of Uniform Data System (UDS) metrics is conducted quarterly. Lastly, monthly reports are made to the Board of Directors at routine monthly Board meetings, and two Board members are members of the Quality Improvement (QI) committee, and meet quarterly with the QI committee.

During the past year, as a result of this process, we were able to continue to improve or maintain our performance for eight of our quality of care indicators. Four indicators (childhood immunization, cervical cancer screening, child weight and colorectal cancer screening), though, slipped lower than in 2015. While this is not a desired result, our QI process has provided us with better understanding and insight into issues that appear to be affecting our performance, including (but not limited to): staff not following up with patients in a timely manner, best practice changes (for example, annual Cervical Screenings and Mammograms are no longer recommended for the majority of patients), and service as an urgent care center for a number of the Straub patients. While highly effective from a care perspective, LCHC does not manage these patients, and therefore either does not have complete data on them or is not able to provide some of the screening, preventive or education services that we provide to our own patients.

For those items that we can control, we have made a number of workflow changes to both the medical and dental staff, and the front desk reps. We have also hired and are training Community Health Workers who will provide additional 'hands' to ensure timely follow up and identification of patients who are in need of additional education, and, at times, one-on-one mentoring on how to become more healthy.

Projects, Programs & Events (Continued)

One other factor that has affected our UDS measures is our new location and larger facility. We are now seeing many more patients than when we were located at Lauhala Place. In particular, there has been an increase in participants in our chronic disease programs (Hypertension and Diabetes). It will take a year or more of working with these new patients, before we see improved metrics!



Projects, Programs & Events (Continued)

Compliance and Risk Management

LCHC continuously strives for quality improvement and minimizing risks for our patients as well as our staff members. Through Leadership's monthly Quality Improvement (QI) meetings and monthly QI BOD reports, incidents and "near miss" events are documented and discussed with the goal of preventing future similar occurrences from happening. In addition, we have placed a large degree of focus on education. With the assistance of Ms. Laura Anderson, Esq., Regulatory Compliance Consultant, LCHC staff receives quarterly HIPAA trainings focusing on the content of protecting patient privacy via question and answer format as well as providing case scenarios. This approach has proven to be quite effective and in fact, staff has requested one-on-one discussion with the consultant after HIPAA training has been completed. To assist our Board in understanding HIPAA and their role, the Board receives an annual HIPAA training from Laura.

In 2016, there were a total of 13 incidents reported which have been properly addressed and resolved. Three incidents involved a HIPAA violation; all were appropriately submitted to Office of Civil Rights (OCR). In addition, the staff involved in these violations underwent one-on-one training by Laura, and (as warranted) disciplinary action.

In our efforts to minimize unfortunate events from reoccurring, LCHC leadership ensures that staff members receive continuous training on protection of patient information and maintaining patient safety. LCHC continues to seek learning opportunities and discuss innovative ways to deliver quality care to our beloved community, with the intention of always obtaining optimal patient outcomes. For example, in 2017 we have initiated a 'Near Miss' log that is reviewed by the Leadership to identify changes in workflow and policies to prevent incidents from occurring. And, we are working with our IT vendor to develop a 'HIPAA Question of the Day' as part of the staff member's daily computer log in.

Telemedicine

Telehealth programs remain stable. We are entering the 3rd year of our integrated behavioral health program with the UH Department of Psychiatry and, routinely, use telehealth for Psychiatry consults, as well as surgical follow ups. The ultrasound program (OB and Abdominal) is stable and well used. LCHC has purchased the Echocardiogram probe for our ultrasound machine so that we can provide cardiology services. However, processing contracts and credentialing for Dr. Seto of Queens has been very slow. As this process continues, we are also working with Queens Cardiology Residency program to develop an arrangement with them for echo and cardiology services. The Tele-Dentistry program has not yet been implemented, though the camera has been used for on-site services by our dentists.

Projects, Programs & Events (Continued)

Outreach and Educational Programs

Our outreach and education programs continue to expand the support services that are being provided, as well as increasing our eligibility, translation and transportation services. Ms. Wilma Koep, our first and longest serving employee, continues to provide culturally sensitive translation services during appointments, as well as providing transportation services. As an important part of our clinical team, Ms. Koep adds value that is not found elsewhere on our island. She also continues to provide timely assistance to our patients and the community with regard to eligibility: In 2016, she had 1,096 Quest applications approved, a 22% increase over the 896 applications approved in 2015.

Ms. Koep also provided assistance to the families of several of our patients during the end-stage of their illness and subsequent death. The support, information, coordination, and advice she has provided is deeply appreciated by the families and certainly contributed to broaden the depth of our patient care services.

In addition to Ms. Koep's work, all our providers and staff participate in community events and educational efforts. Perhaps two of the largest impacts LCHC has made upon the community in 2016 has been the continued expansion of our School Health Education Program and our Wellness Program's expanded Fitness Class schedule.

The School Health Education Program brought our staff into the classroom – before the eyes of the keiki, teachers, and parents. In addition to increased visibility for LCHC, this type of program has been proven to be **more effective** than health education programs provided only in the doctor's office. While our providers currently teach the health curriculum in only grades 1 thru 5, our goal is to expand our program offering it to Preschool-12 and also involve more LCHC staff. For example, we have already expanded the program to include our behavioral health and dental providers, and are planning to expand the program to include our Wellness Coach and Community Health Workers in the future.

In addition, to reach the parents, teachers and community, our staff now attend the Kakou Group meetings (parent, teacher, student organization) with Lāna'i High & Elementary School. Having the Health Center's presence at the meetings has allowed for a deeper understanding of the challenges that parents, students, and teachers face with the education activities at the school. Our goal is to deepen and expand our connection with the school so that our services, such as case management, interpretation, primary care, and others, may be easily accessed and utilized to help the students stay healthy and become successful in school. A secondary goal of this program is to get the keiki interested in health service-related careers. We are working with Maui Economic Development Board's (MEDB) Science, Technology, Electronics, and Math (STEM) program to provide support for their afterschool program and to offer a medical component which began in the 2016-2017 school year. Towards that

Projects, Programs & Events (Continued)

end we implemented an intern/mentor program and a small scholarship program for students interested in pursuing a health career.

Our Wellness Program has also continued to develop. In particular, we were able to expand our Fitness Schedule. This free fitness program now includes Zumba, Yoga, Whole Body Stretching, Circuit Training, Youth and Adult Boxing, Pilates, Beginner and Advanced Tai Chi, Senior Tai Chi, and Youth and Adult Kung Fu. We also provide short term, special interest classes such as a 6-week Salsa class. We are in the process of developing two new classes aimed at the youth - Gymnastics and Soccer – which will be taught by one of our instructors on LHES grounds.

This program will continue to develop. Currently our patients who attend classes can elect to have their participation shared with their LCHC provider, who then, in turn, will provide suggestions for additional lifestyle changes. We hope to implement the ‘prescription’ process next year, whereby our providers prescribe classes for their patients, supported by our Community Health Workers. In addition, we are in the final stages of becoming Silver Sneaker certified – a certification that is endorsed by Medicare.

Community Development

LCHC continues to invest in the Community in a number of ways.

- **Scholarship Program**

- LCHC awarded four \$1,000 scholarships for the 2015-2016 school year. Three of the four were awarded to high school graduating seniors pursuing a college health degree and one adult currently enrolled in college degree a health-related program.
- Applications for the 2016-2017 will be accepted between March 16, 2017 and April 20, 2017. We anticipate awarding four \$1,000 scholarships again.

- **Internship Program**

- In 2016 we employed a college student intern, Ann Jillian Quioco. Ann is pursuing a Bachelor of Science Degree in Nursing at University of Hawaii at Manoa. She was a vital part of the LCHC effort to create an exercise and nutrition brochure, as well as a behavioral health (BH) brochure showcasing our BH services. She also played an integral part in identifying patients with pre-diabetes through the guidance of Dr. Joseph Humphry. This list of patients is being used to schedule an appointment to review their risk and actions that can be taken to minimize risk of acquiring diabetes.
- We participated in the STEMworks Internship Program, a six-week statewide high school internship program held in June through July. The flier is attached for your reference. Colleen Sakuma was the high school senior assigned to LCHC. She is interested in pursuing a degree in forensic science. In her six weeks with us, she oriented with the

Projects, Programs & Events (Continued)

medical staff on such things as telemedicine, medical assistant roles and responsibilities, observing blood draws, and medication preparation.

- **Health Education in the School**

- Nurse Practitioners Aileen Duran and Jared Medeiros, and our Clinical Operations Officer Olivia Pascual, RN, have continued providing our health education classes for grades 1 through 5 at the Lānaʻi High and Elementary School (LHES) – the only school on island.
- We continue to look for ways to increase our presence at the school and aim to provide health education for grades Preschool through 12th grade.
- Our Dental program is in full swing and our Pediatric Dental Residents, Dental Hygienist, and Dental Assistants have also participated in the health education rotations in the school providing oral health education, as well as screenings (see below).
- Our first round for free oral health screenings was performed at LHES in February 2016. We screened about 50% of the LHES students. Our 2017 oral health screenings will be performed at the end of February at the school again. This year it will include a free fluoride varnish along with the oral health screening. We have ordered a portable dental chair, stool and equipment cabinet to be used at the school (and other community screenings). We hope to have it delivered and installed before our next screening date.

- **Health Education in the Community**

- We have participated in a number of community events providing health education and free screenings. These events are: Pineapple Festival, Lānaʻi Community Health Fair, our own annual Ohana Wellness Day – walk and health fair, Lānaʻi Keiki Day, Holiday Food and Craft Fair, Turkey Day, and Christmas Tree Lighting
- In the summer of 2016, our Pediatric Dentists and Dental Assistants began providing oral health screenings at WIC appointments – initially, voluntary for all WIC patients. However, we continued to work with the Department of Health to emphasize the need for oral health screenings for mothers and children, with the result of our LCHC Dental Team now being established as required part of the WIC appointments. We will provide free oral screenings and fluoride varnishing, as well as fun and educational learning opportunities to engage mothers and children in being active participants in achieving optimal oral health. These free services are provided to children, pregnant women, and breast feeding mothers.
- Our general dentists provided adult oral health education and screenings to the elderly at the Lānaʻi Senior Center and at the Hale Kupuna Center.

Projects, Programs & Events (Continued)

- We held an open house at the Health Center for our community seniors. They toured through the facility and were educated about our Rx program, medical, behavioral health, dental and vision services. They were served a box lunch and given an opportunity to ask questions of our providers. Some seniors also received eyeglass adjustments.
- **LHES Foundation/Kakou (PTSA)**
 - LCHC participated in this year's Keiki Day event again
 - Kakou was awarded the 21st Century grant and collaborated with LCHC to create the Bio-Med Health Program called Lāna'i Community Health Initiative (LCHI). As part of the LCHI program we have created a network of partnerships between JABSOM, LHES and LHESF to create college and career pathways for our Lanai high school students. We are fortunate to work with 12 students from 8th-12th grades who are interested in getting a jump start in their pursuit of a health degree and working in the medical field. Students will have the opportunity to tour on and off-island health facilities, visit colleges and universities throughout the state of Hawaii, receive assistance with essays, research projects and personal resumes as well as network with industry professionals.
- **Health and Wellness – Free Fitness Program**
 - Our free fitness program has grown in the past year and now includes the following:
 - Zumba, Yoga, Whole Body Stretching, Circuit Training, Youth and Adult Boxing, Pilates, Beginner and Advanced Tai Chi, Senior Tai Chi, and Youth and Adult Kung Fu
 - Occasional, short-term classes are also held – most recently, Salsa.
 - All services are free to the community; donations are welcome but not mandatory
 - The new addition that we are currently in the process of adding is gymnastics. Gymnastics classes will be provided at the LHES Wrestling Room, again free of charge to participants
- **Miscellaneous Community Activities**
 - A hula halau utilizes our multipurpose room for their weekly hula practices, free of charge
 - The Children's Justice Center holds monthly training meetings in our multipurpose room
 - Other community groups also utilize our multipurpose room free of charge

Projects, Programs & Events (Continued)

Community Events and Awards:

LCHC continues to have a strong presence in the community with continuous free daily fitness classes offered to the community at large, chair yoga offered at the Senior Center, and wellness and flu clinics held at the various community locations throughout the island including the Senior Center, Four Seasons Hotel and Pulama worksites. These efforts are in addition to those of Ms. Wilma Koep, LCHC Outreach and Education Specialist, who accumulated 792 encounters during 2016, (according to our UDS report).

The list below is a sampling of the various community events/awards that we sponsored, participated in, held, or received:

- Ohana Fitness Day, January 23, 2016
- Lānaʻi High and Intermediate School College and Career Day, January 25, 2016
- UH Healthy Weight 101, February 18-19, 2016
- LHES Pre-K to 12 Oral Screening, February 22-24, 2016
- Featured in Hawaii Community Foundation's 100th year 1916-2016 Annual Report and Video.
- Featured in CEI Capital Management, LLC 2015 Annual Report
- Chelsea Tadena awarded State of Hawaii CDC Immunization Champion, April 2016
- Aileen Duran was an awardee of the University of Hawaii Sensational 60, February 2016, with a gala held on June 16, 2016
- GoodFellow Bros, Inc. Building Award
- CEI LCHC Story appeared in Triplepundit.com on May 4, 2016
- Dr. Joe Humphry was on the task force and a major contributor to the National Diabetes Education Program's website: Practice transformation for Physicians and Health Care Teams, May 2016
- Case Study – Midmark is the vendor from whom we purchased most of our medical equipment for the new facility. They are impressed with the care we are providing to our community and our approach to patient care, May, 2016
- New Facility Blessing, June 21, 2016
- Pineapple Festival, July 2, 2016
- WIC Oral Health Screening, July 21, 2016
- National Health Center Week, August 8-13, 2016
- HPCA Fiscal Team Meeting – Lanai Hosted on August 12, 2016
- Lanai Community Health Fair, August 20, 2016
- Keiki O Lana'i Oral Health Screening, September 8, 2016
- Ohana Wellness Day, October 22, 2016
- Lana'i Keiki Day, October 22, 2016
- Pulama Open Enrollment, October 25, 2016
- LHES College and Career Fair, November 2, 2016
- Holiday Craft Fair, November 12, 2016
- Turkey Day, November 19, 2016

Projects, Programs & Events (Continued)

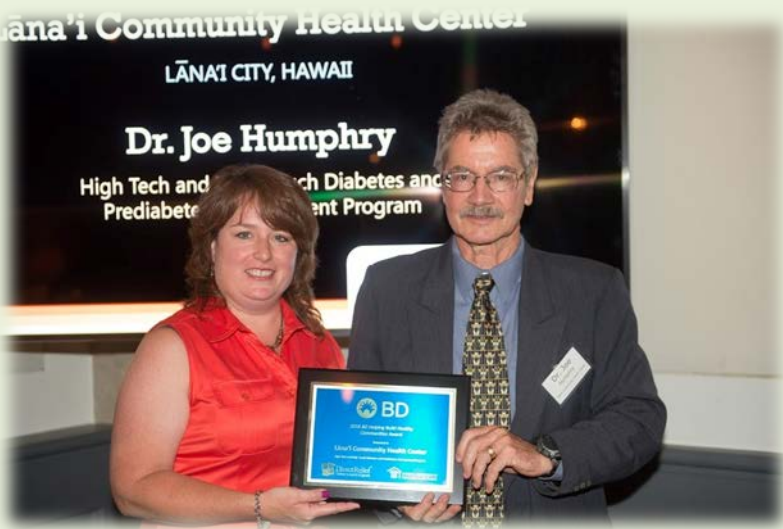
- WIC Oral Health Screenings, November 15, 22, and 29, 2016
- Christmas Tree Lighting, December 3, 2016



Scenes from our various
New Facility Blessing and
community events
during 2016...



Projects, Programs & Events (Continued)



#LanaiHealth

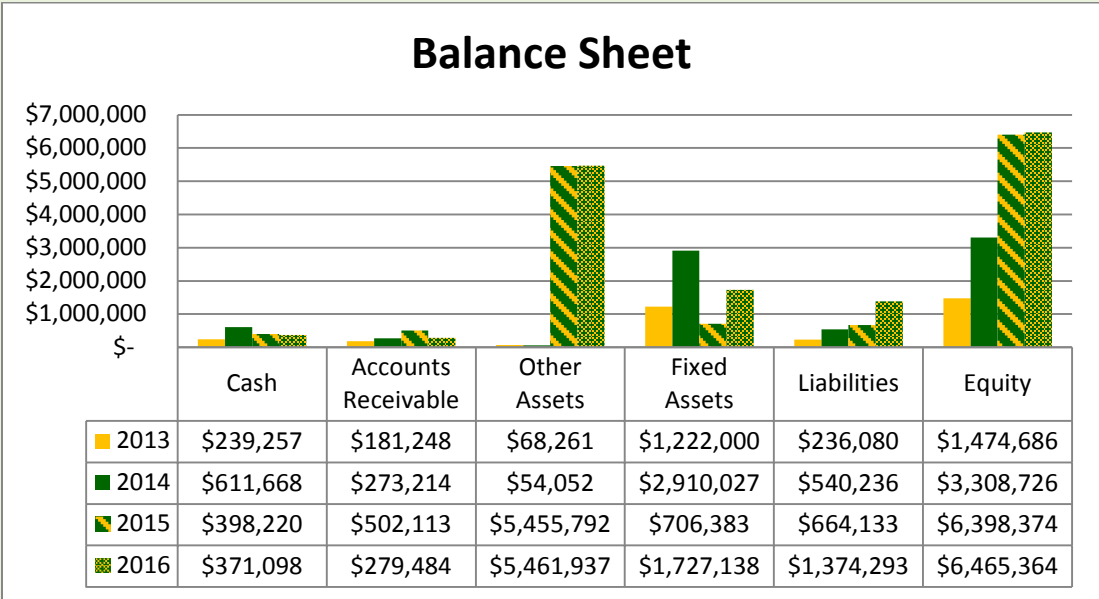
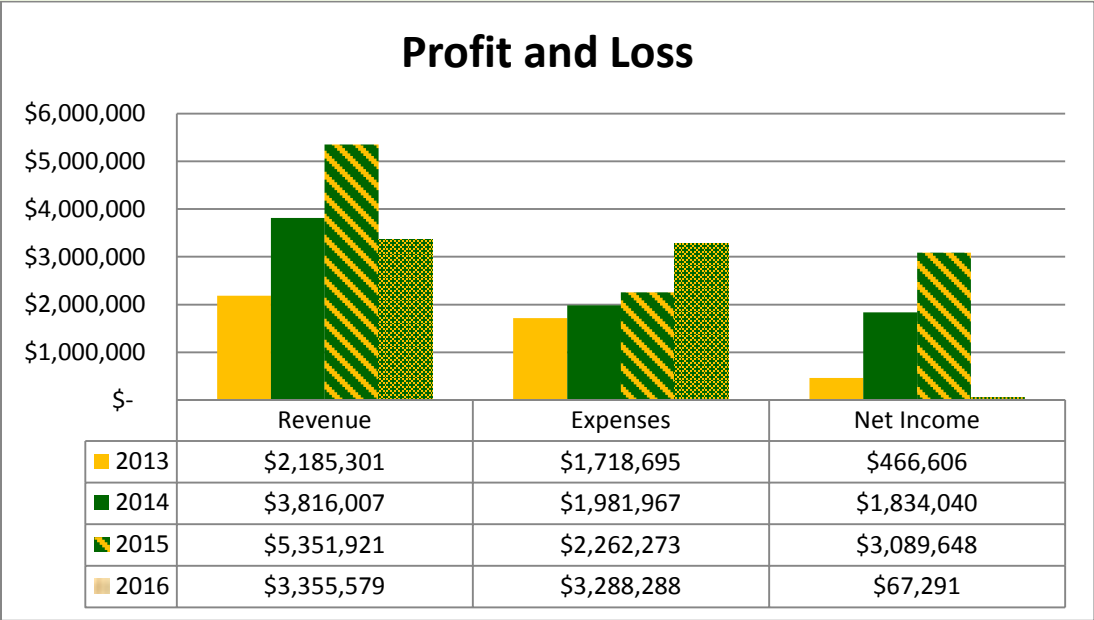
#HealthyLanai

Fun, Education, Screening...



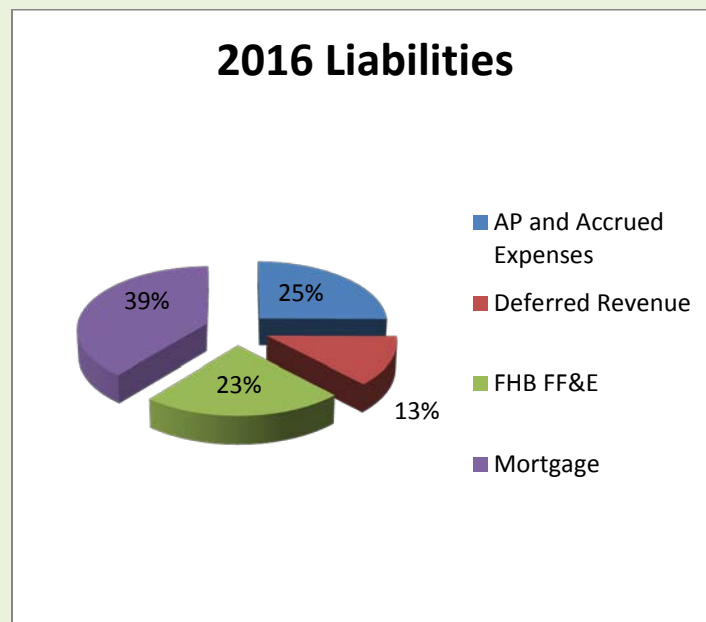
Financial Analysis & Reporting

Assets were \$7,839,657 in 2016 versus \$7,062,508 in 2015; liabilities rose to \$1,374,293 in 2016 versus \$664,133 in 2015; equity was \$6,465,364 in 2016 versus \$6,398,374 in 2015. The major factor contributing to the 2016 change in our Balance Sheet was the completion of our new facility, the purchase of furniture and equipment for the entire facility, as well as the purchase of the provider house. However, we have also seen a growth in program and operating funds, including patient revenue. Patient Services Revenue increased by 13% and Grant and Other Revenue increased 23%.



Financial Analysis & Reporting (Continued)

In 2016, our liabilities increased by 107%. Of note: this is the first time in our history that LCHC has incurred long term debt – a situation, unfortunately required to address a \$500,000 CDBG grant falling through. To complete the furnishing of our new facility, we had to obtain a loan with First Hawaiian Bank (FHB) for our furniture, fixtures and equipment. This loan enabled us to proceed with the purchase of all of our medical equipment, office and reception furnishings needed to start seeing patients at our new facility. In addition, we purchased a house to accommodate our providers who travel to Lānaʻi on a weekly basis. Our initial plan was to obtain a low interest USDA loan; however, as that process was taking much longer than expected, we obtained the loan from FHB and a mortgage from Native Capital Access. In December, we received notification from USDA that our loan in the amount of \$1,000,000 was awarded. This loan will be used to pay off the FHB FF&E Loan as well as the Native Capital Access mortgage on the provider house. While our long term debt will remain, we will save a significant amount of money on interest with the USDA's low interest rate.

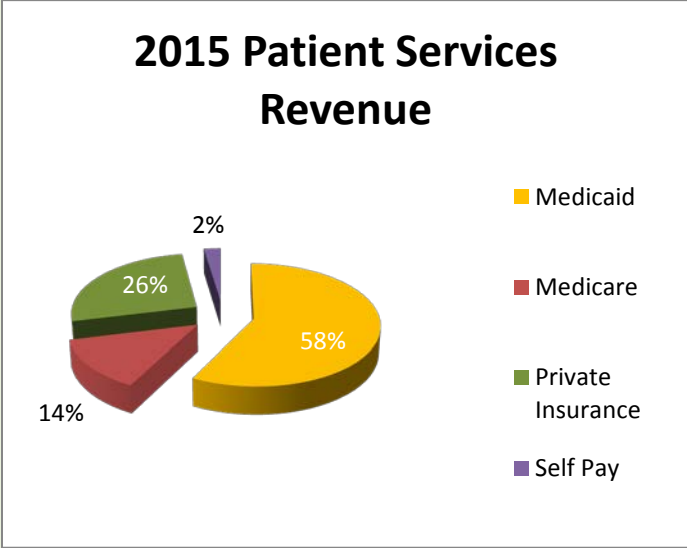
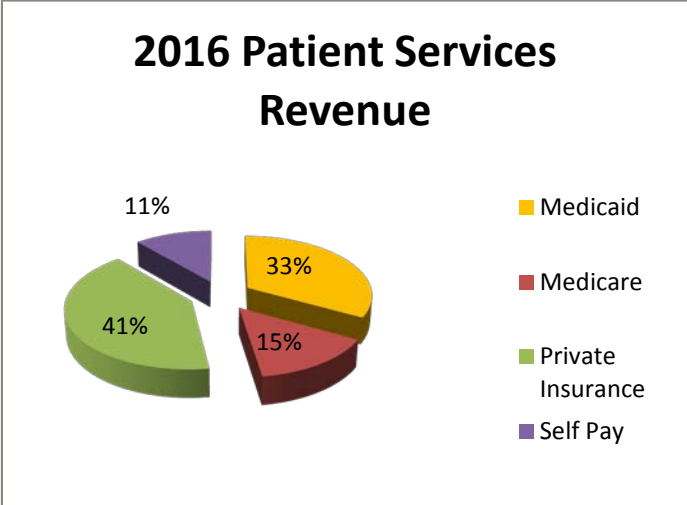


Patient Service Revenues have grown as a result of our increase in patients and encounters, as well as improved collections on the part of our billing department. See graphs below. In 2016, we solicited a contractor's expertise to improve collections on aged claims. Within the past six months, our insurance and patient collections have increased from an average of \$60k per month to \$80k per month – and we continue to see additional growth in early 2017.

We have initiated another Medicaid PPS rate review to account for our Vision Program (started in 2015) and our Dental Program (expanded in 2016). The construction of our new facility and purchase of new

Financial Analysis & Reporting (Continued)

furniture and equipment will also be a factor in the PPS rate review. We expect this review to result in an increase to our Dental PPS rate. We are uncertain at this time as to the effect it will have on our Medical/Behavioral Health rate; it is possible that our Medical/BH rate will decrease, but at this time estimates show a very minor decrease, more than compensated by the increase projected in the Dental PPS rate.

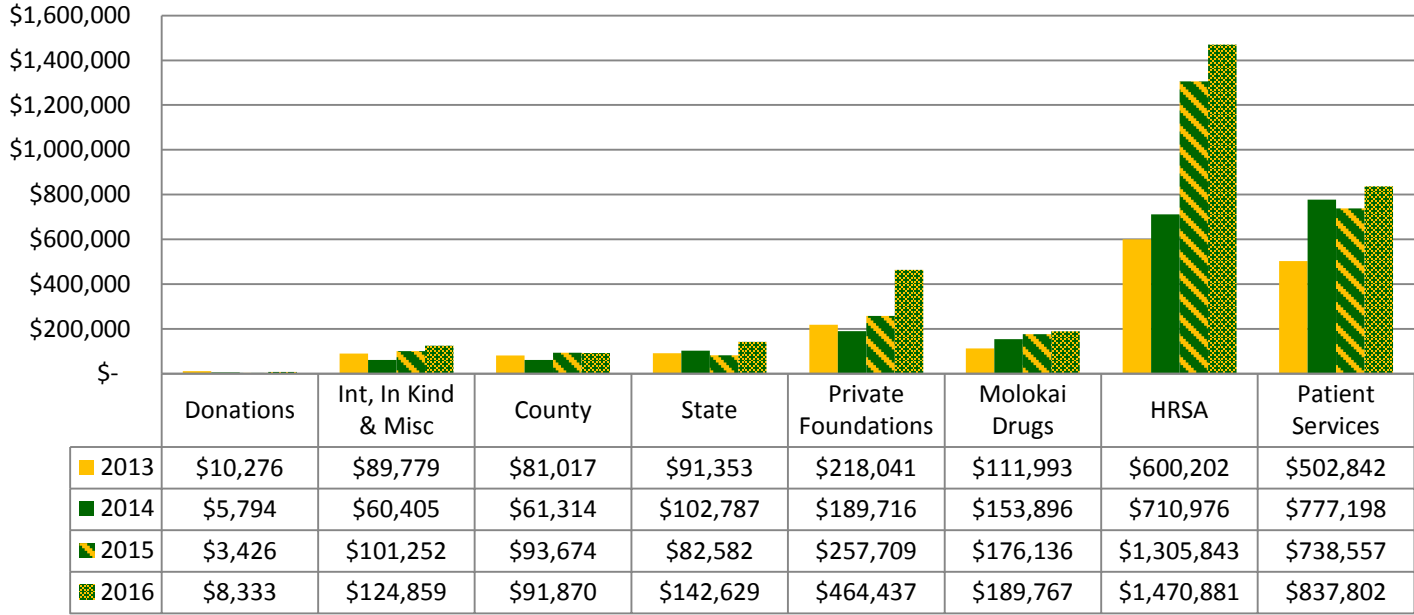


The chart below provides a glimpse of our revenues excluding CIP. The data shows that our largest increase came from Donations which increased by 143% and the next largest increase was seen in Private Foundations, which increased by 80%. Both HRSA and Patient Service increased by 13%. HRSA’s increase is primarily due to the receipt of the Dental Expansion grant, the Delivery System Health

Financial Analysis & Reporting (Continued)

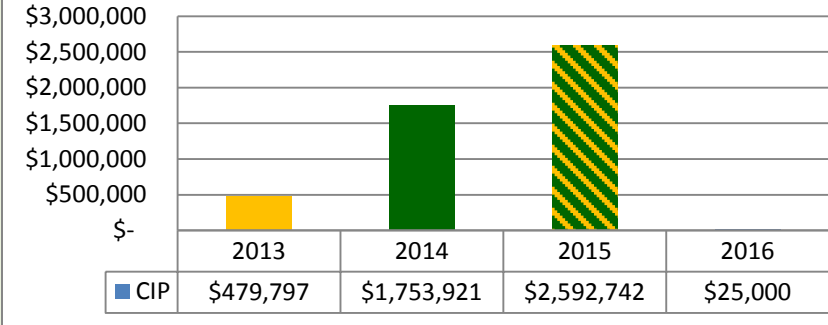
Information Investment Supplement grant, and a Quality Incentive Award for high quality performance (as demonstrated in our 2015 UDS report). These individual grants have now been rolled into our base, indicating that these funds will remain with us in the future (unless there is a significant change in policy at the Federal level). The increase in HRSA funding has also resulted in decreased dependence upon our Patient Service Revenue (which used to support much of our program expansion), and now is available for our Reserve, as well as providing seed money for programs and operations.

Revenue Breakdown excluding CIP



Our only CIP revenue in 2016 was from the Atherton Foundation in the amount of \$25,000.

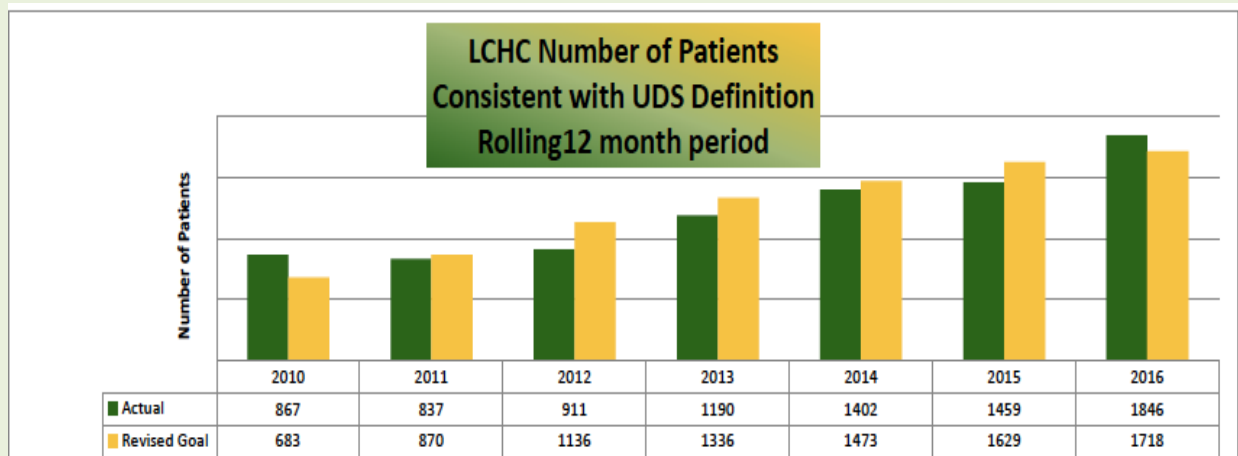
CIP Revenues



Statistics

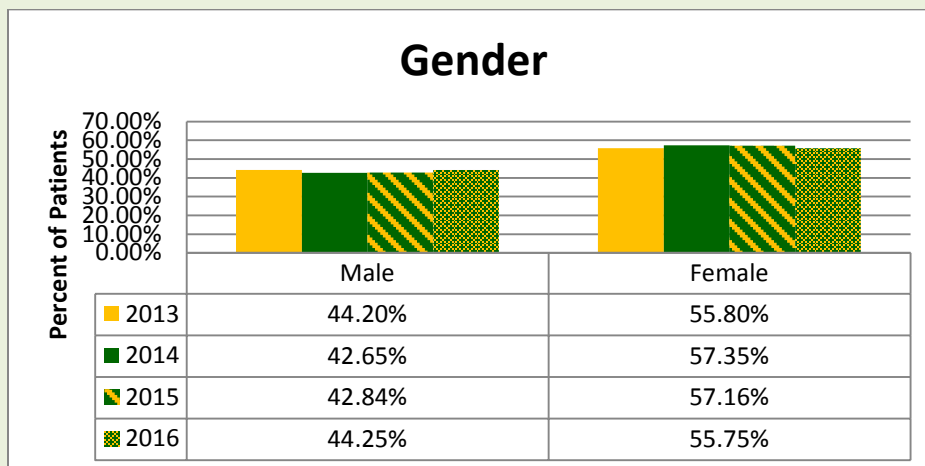
Active Patients

In 2016 we experienced a large increase in active patients – a 26.5% increase over 2015. In addition, for the first time in LCHC history, we exceeded our goal. This significant increase is due to our program expansions, our new facility, and our more prominent location.



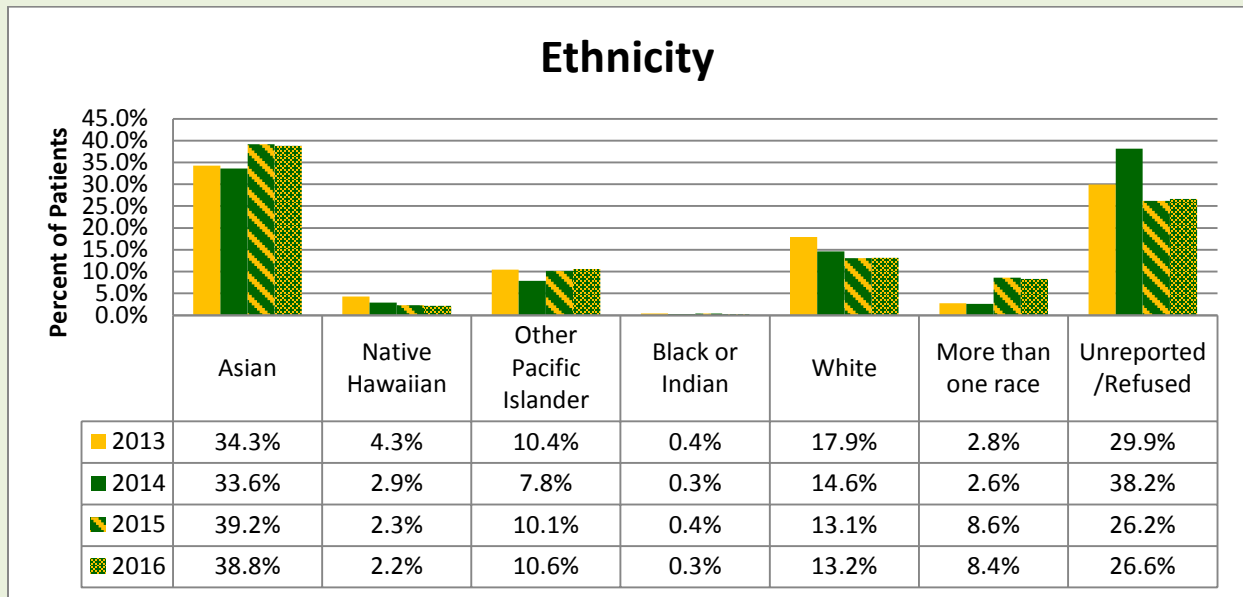
Who Are Our Patients?

Who do we serve? What do we know about these individuals? (See graphs on following page.) We continue to serve more women than men – this is common in health care as women are more likely than men to seek preventive and routine care. The slight increase we have seen in men, though, is most likely due to our full-time male provider and development of wellness-based programs that are attracting men to our facility. Our chronic disease programs are also attracting men. We plan to increase both our female and male focused activities in 2017, through outreach, education, and targeted screenings.

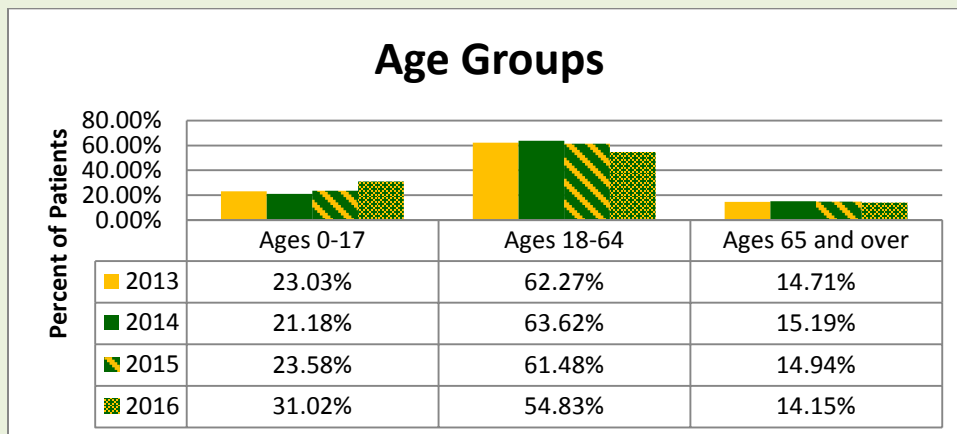


Statistics (Continued)

We also know that the majority of our patients are Asian, Native Hawaiian and Other Pacific Islander. We want to recognize the hard work of our staff in obtaining ethnicity data as our patients are often reluctant to share this information. Their efforts can be seen by the percent of ‘unreported/refused’ – while the percent appears to hold steady in comparing 2015 to 2016, in reality we are seeing an improvement in sheer numbers as the number of patients we saw in 2016 increased 26%! The staff received education on the need for this information producing results, and gave them the tools to be more effective in informing our patients of the data’s importance. Our education efforts will continue.



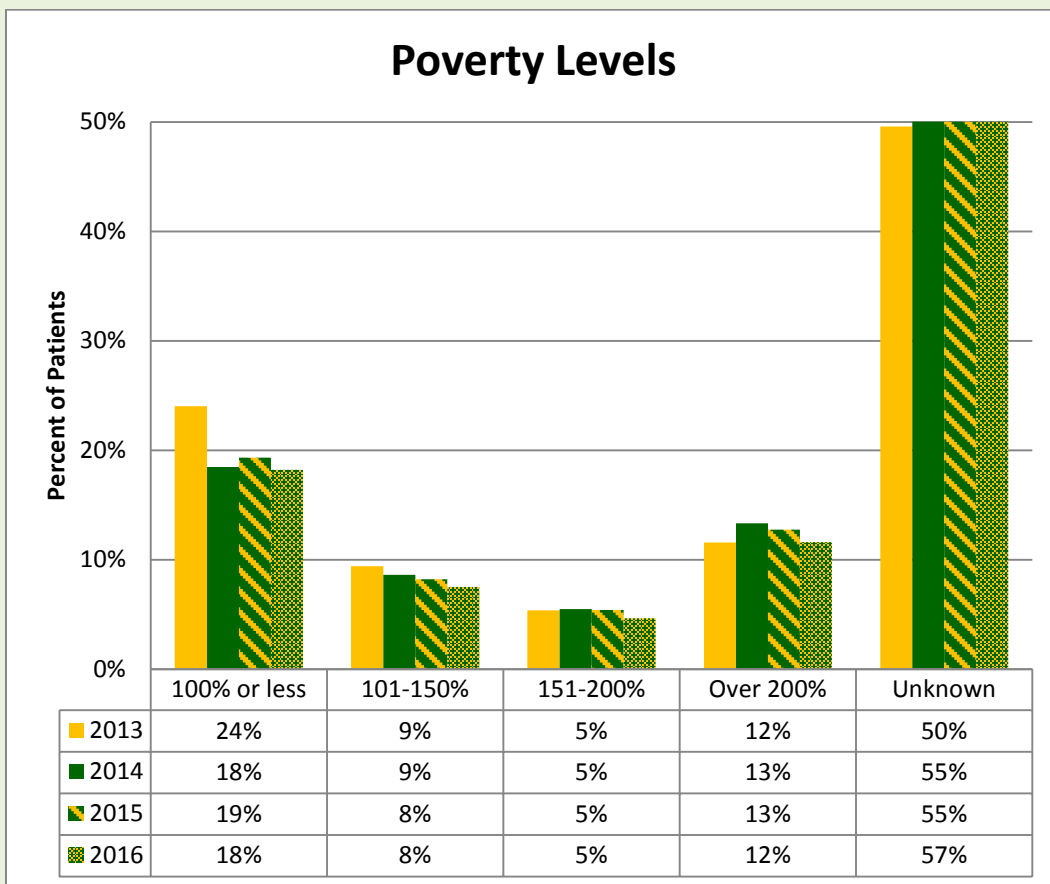
While we gained patients in the 0-17 age group (perhaps a result of our Title X FP, OB and school education programs), we have seen a decrease in the 18-64 age group. There was less than a 1% change in the aged 65 and older patients.



Statistics (Continued)

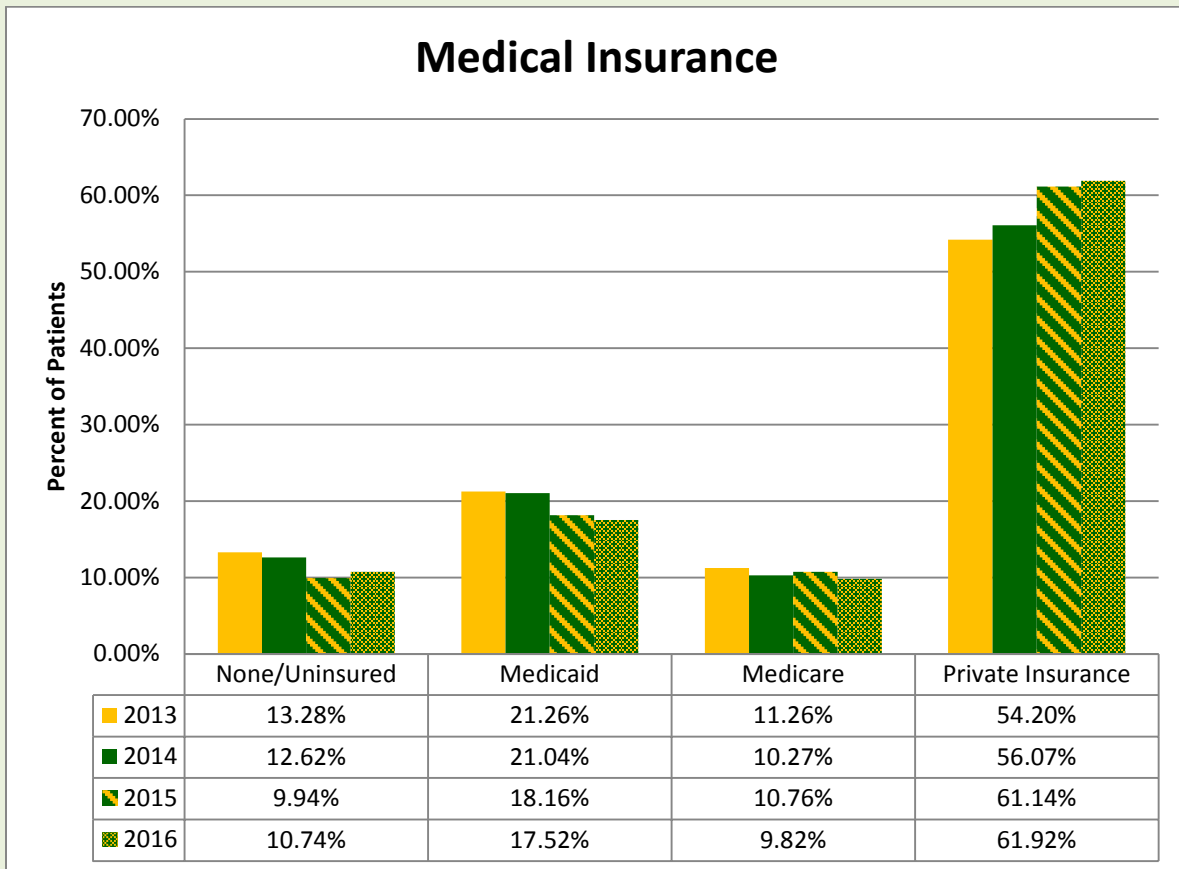
Federal Poverty Levels (FPL) are a measure of income issued every year by the Department of Health and Human Services (HHS). FPL is used to determine individual eligibility for certain programs and benefits, for example savings on Marketplace health insurance, and Medicaid. The FPL of our patients is also data that LCHC must report annually to the federal government.

The poverty level of our patients has changed a little – with 100% or less and over 200% categories decreasing by 1% while the unknown poverty levels increased by 2%. All other categories remained unchanged. This seems to be reflective of our community and its employment status, though we are watching carefully outmigration due to high cost of housing and desire or need to move to other islands or the mainland.



Fewer of our patients are uninsured on Medicaid in 2016 than in 2015, and there was a slight increase in both private insurance and uninsured. In looking at both our poverty levels and medical insurance we see an interesting phenomenon that reinforces our observation of low wages in the hospitality industry: Even though more patients appear to have gained employment (as seen from the increase in private insurance), there appears to be no change in wealth.

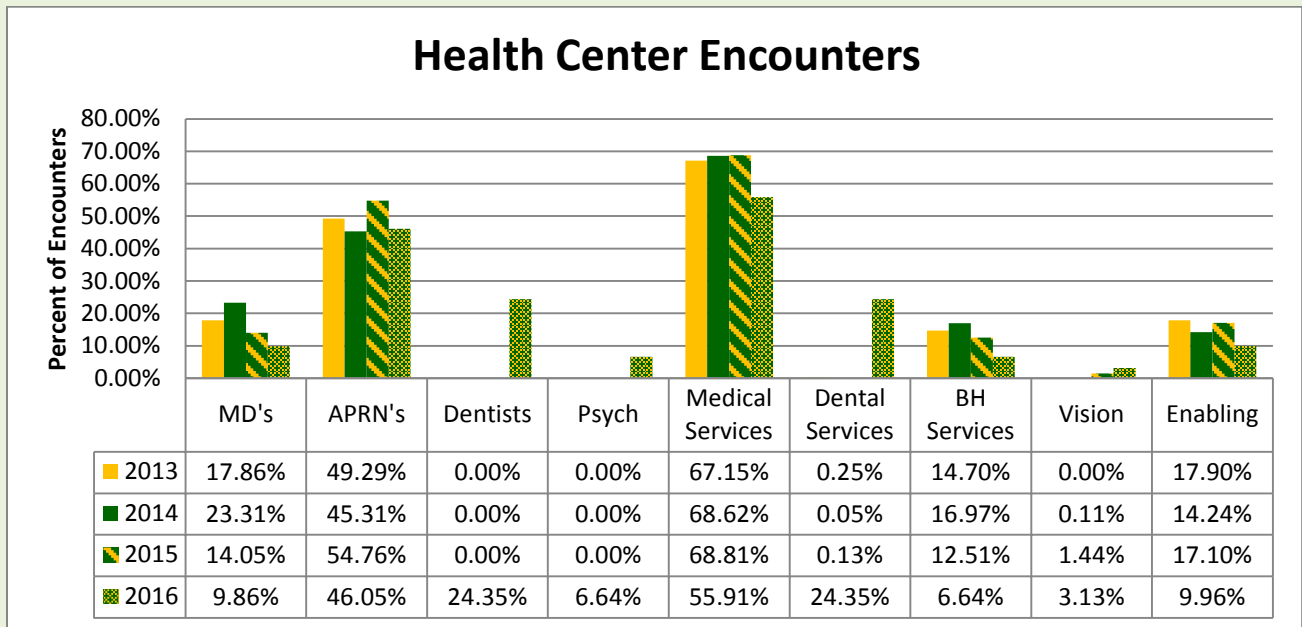
Statistics (Continued)



Encounters

Our encounters in general increased, with the exception of Behavioral Health (BH). This program has struggled with the loss of one of our two FTE BH providers. Further contributing to the volume is our need to provide Dr. Takesue with time to study for her licensing exam. Most recently we implemented an 'In-take' program with the UH Department of Psychiatry, which has given some relief to our provider while still providing timely service to our ever increasing demand for BH services. We continue to recruit for this position. At the end of 2016, we were finally successful in increasing our HPSA scores in Medical, Behavioral Health and Dental. These new scores will provide LCHC with the ability to successfully compete with National Health Service Corp loan repayment candidates – which, in turn, will increase our changes for successful candidate recruitment for the BH position, as well as our Dentist position.

Statistics (Continued)



Reserve

Our reserve balance at the end of 2016 was \$180,111, which was higher than the required New Market Tax Credit (NMTC) reserve of \$175,000. According to HRSA, an FQHC should have a reserve sufficient to cover 6 months of expenses; however, LCHC would prefer to have a reserve equal to one year's worth of expenses (approximately \$1.3 million in 2015 to \$1.6 million by 2021) – knowing that it would be difficult to recover quickly from a significant loss of funds due to the remote nature of our island and number of low-to-middle income patients.

Ratios

Each of our financial measures tells a story of our financial status. The Days Cash in Hand shows how many days we can continue business with the cash we have on hand. In 2014 and 2015, our cash on hand was much higher than in 2016 due to the capital funds we had for our construction project. That also inflated our current ratio. Now that we no longer have major capital funds, our ratios in 2016 are all based on cash derived from day-to-day operations, and our financial health remains in good condition based on our ratios when compared to industry standards and goals. We continue to strive to bring our Days Net Patient A/R down to our goal of less than 45 days.

Our Financial Operations measures are pretty consistent over the past three years. There is a direct correlation between our revenue and expenses and our patient count – as our patient and encounters increase, our revenues and expenses will increase as well. Hence, these factors will affect our Costs Per Visit measures. Note there is a large spike in 2015 dental and 2014 vision Cost Per Visit. This change is

Statistics (Continued)

due to the startup costs for these new services occurring prior to our seeing patients. As we continue to grow, we expect to see an increase in Days in Cash in Hand and Current Ratio, while working towards a decrease in Days in Receivable as well as Cost Per Visit.

Financial Measures ¹		Dec-16	Dec-15	Dec-14
Financial Health				
1	Days Cash in Hand	42.10	64.64	117.76
2	Days in All Receivables	30.40	17.23	23.82
3	Days Net Patient A/R	70.20	56.05	51.37
4	Current Ratio	1.40	2.40	3.50
Financial Operations				
5	Net Patient Rev per Patient	501	506	664
6	Operating Rev per Patient	1,818	1,786	1,471
7	Operating Exp per Patient	1,781	1,497	1,326
8	Net Patient Rev per Visit	116	123	168
9	Operating Rev per Visit	422	432	373
10	Operating Exp per Visit	414	171	336
Cost Per Visits				
11	Medical Cost per Visit	338.49	332.61	316.97
12	Dental Cost per Visit	480.39	9,112.75	89.88
13	BH Cost per Visit	497.47	421.70	239.02
14	Vision Cost per Visit	153.43	411.62	8,762.01
Patient & Encounters				
	Number of Patients	1,846	1,459	1,402
	Number of Visits	7,948	6,028	5,533

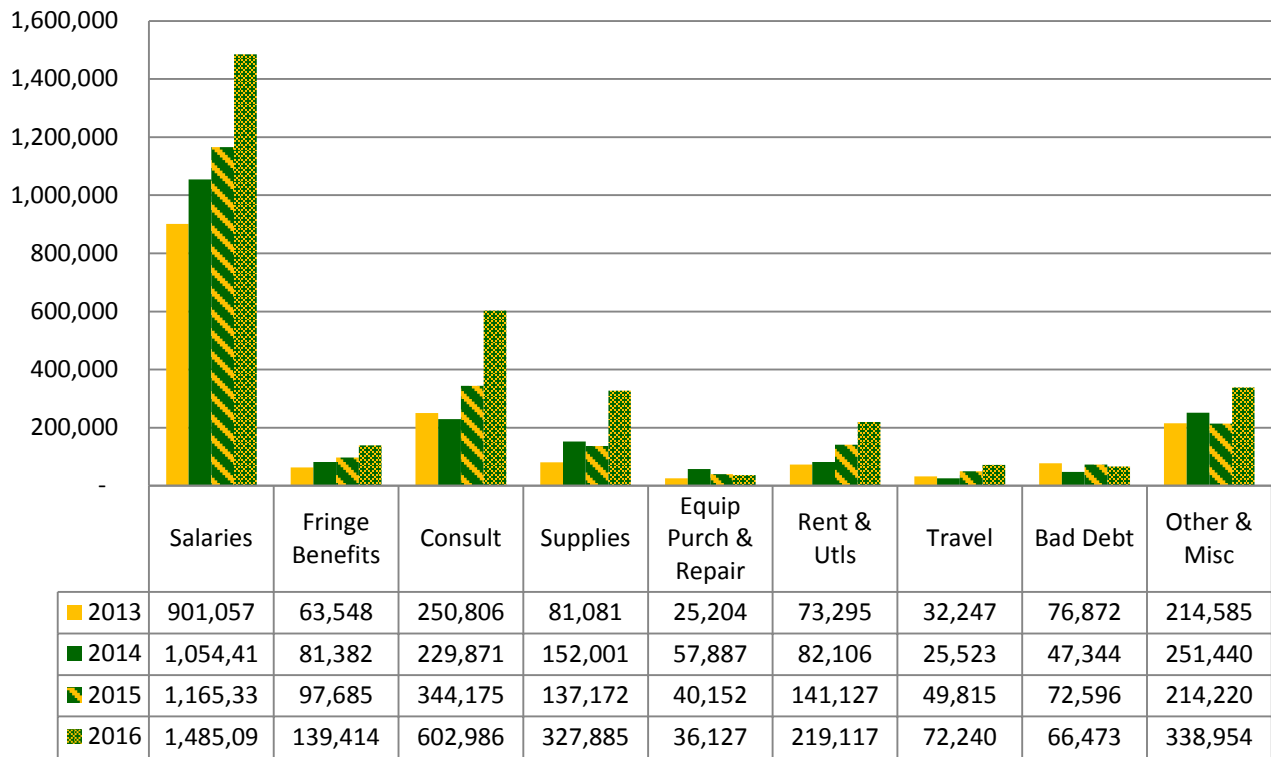
Operating and Capital Expenditures

The following two charts provide detail regarding operating and capital expenditures for the past four years. As true for most health centers, our primary operating expenditure is salary and benefits, with consultants (most of whom are providing direct services to our patients) the next largest single expenditure category. Consultants include contractors such as Maui Optix, contracted dentists, UCERA (contracted psychiatrists & OB ultrasound), Integration Technology, as well as Legal, Audit, and Revenue Cycle consultants. In 2016, we purchased our own provider house, which will add some additional expense while also providing certainty in being able to house our traveling providers. We continue to review our expenses, always looking for ways to increase cost effectiveness.

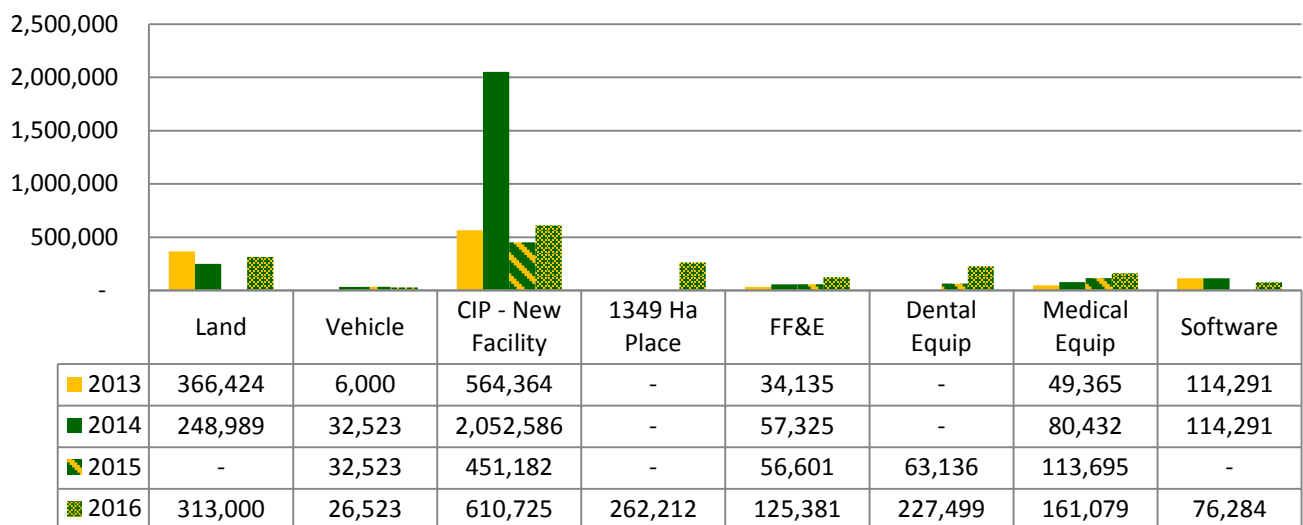
¹ Financial Measure Goals do not appear on this chart as they are in the process of being updated

Statistics (Continued)

Operating Expenses



Capital Expenditures



Conclusion

Once again, the past year was filled with many great accomplishments, and 2017 promises to be another eventful year. If one bases our prediction on what we currently see happening in Washington, D. C., all we can say is that it will be a wild ride and that challenges will abound. We have already seen 'out migration' from our island, with long-time residents moving to other islands or the mainland hoping to find a better life, with better, more affordable working and living conditions. We also are uncertain as to what effect we will see as a result of the Maui Memorial Health System - Kaiser management changes.

What is for certain, though, in spite of the storm that surrounds us, we will continue to forge forward, being a voice for our patients and the community, and continuing to increase the skills of our workforce, the education and wellness of our patients, and awareness of policymakers. We have our vision and mission, set forth so eloquently by Phyllis McOmber and Jackie Woolsey, and continuously reinforced by our Board and Staff. We will not fail them, our patients, or the community.

To paraphrase Scarlett in *Gone with the Wind*:

As you will witness, they're not going to beat us.

***We will live through this and when it's all over,
our community and patients will be healthier than ever before!***

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