

AUG 08 2007

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RESPONSE PROCEDURE TO GRAND JURY REPORTS

The governance of responses to Grand Jury Final Report is contained in Penal Code § 933 and § 933.05. Responses must be submitted within 60 or 90 days. Elected officials must respond within sixty (60) days. Governing bodies (for example: the Board of Supervisors) must respond within ninety (90) days. Please submit all responses in writing and digital format to the Presiding Judge, the Grand jury Foreperson and the CEO's office.

Report Title: CPR... A Breath of Life Report Date : 5-24-07

Response by : Mendocino Coast District Hospital Title : Board of Directors

Findings

- We agree with the findings numbered:

1-4, 6-16, 20-35

- We disagree wholly or partially with the Findings numbered:

5, 17, 18, 19

(attach a statement specifying any portions of the Findings that are disputed; include an explanation of the reasons therefore.)

Recommendations

- Recommendations numbered: 1 and 2 have been implemented. (attach a summary describing the implemented actions.)
- Recommendations numbered: _____ have not yet been implemented, but will be implemented in the future. (attach a time frame for implementation)
- Recommendations numbered: _____ require further **analysis**. (attach an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer and/or director of the agency or department being investigated or reviewed; including the governing body of the public agency when applicable. This time frame shall not exceed six (6) months from the date of publication of the Grand Jury Report)
- Recommendations numbered: _____ will not be implemented because they are not warranted and/or are not reasonable. (attach an explanation..)

Date: 7/27/07 Signed: [Signature]

Total number of pages attached: 1

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Report Title: CPR . . . A Breath of Life Report Date : 5-24-07

Response by : Mendocino Coast District Hospital Title : Board of Directors

Summary of disagreements with certain findings:

<u>Finding #</u>	<u>Reason for disagreement</u>
5	The historical average daily census had been running at approximately 23 patients per day.
17	Patient billings (accounts receivables) now take approximately <u>60</u> Days to receive payment. <u>The healthcare industry standard is less than 60 days.</u> Prior to the recent changes in management, the length of time to receive payment took as long as <u>90 to 120</u> days.
18	The hospital generally pays outstanding invoices and obligations (Accounts Payables) in approximately <u>75 to 90</u> days. Healthcare industry standard is 45 – 60.
19	MCDH currently owes <u>\$2.7</u> million, <u>not including bonded debt of \$8.4 million.</u> MCDH projects that it may take a number of years to bring its Accounts Payables in line with industry standards, <u>not including bonded debt, which is being paid according to schedule.</u>

Summary of recommendations:

<u>Rec. #</u>	<u>Implemented Actions</u>
1.	As stated in the recommendation, the MCDH BOD and the MCDH management team have established a pattern of complete transparency in the public eye. The new system has worked as many in the public have indicated that they feel that not only are they informed of the decisions of MCDH but in many cases, their input and public comments have been accepted and implemented as well.
2.	New financial controls have been very effective in turning the financial fortunes of MCDH. They were implemented by a new CFO, Wayne Allen, who arrived at MCDH in August of 2006 and new CEO, Raymond Hino, who arrived at MCDH in November of 2006. During the year, improved collections and improved cash flow has resulted in significant reductions in accounts payable. While MCDH continues to labor under substantial debt from the past years, the unaudited P & L statement, which was approved by the MCDH Board of Directors on July 26, 2006, includes a positive net income of \$1,007,174. We plan to continue this trend by preparing for next fiscal year with a realistic budget that is based upon actual activity levels and revenues not on optimistic projections. The new budget is planned to be adopted on August 23, 2007. Monthly reviews of compliance to budget will be implemented in September of 2007.