Financial Statements, Required Supplementary Information, and Supplementary and Other Information

Guam Memorial Hospital Authority

(A Component Unit of the Government of Guam)

Years Ended September 30, 2022 and 2021
with Report of Independent Auditors

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and Supplementary and Other Information

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Contents

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Report of Independent Auditors

Board of Trustees
Guam Memorial Hospital Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Guam Memorial Hospital Authority (GMHA), a component unit of the Government of Guam, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the GMHA's basic financial statements as listed in the table of contents (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of GMHA as of September 30, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GMHA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

Dependency on the Government of Guam

As discussed in Note 15 to the financial statements, GMHA has incurred recurring losses and negative cash flows from operations which heightens GMHA's dependency on the Government of Guam to support its operations. Management's plans concerning these matters are described in Note 15. Our opinion is not modified with respect to this matter.

Report of Other Auditors on 2021 Financial Statements

The financial statements of GMHA as of and for the year ended September 30, 2021 were audited by another auditor who expressed an unqualified opinion on April 12, 2022. The other auditors included an emphasis of matter paragraph related to the impact of the COVID-19 pandemic on the business, results of operations and financial position. The other auditors also included a going concern section related to GMHA's recurring losses and negative cash flow from operations.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about GMHA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GMHA's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the GMHA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 23 as well as the Schedules of Proportional Share of the Net Pension Liability on pages 70 through 72, the Schedule of Pension Contributions on page 73, the Schedule of the Proportionate Share of the Total OPEB Liability on page 74 and the Schedule of OPEB Employer Contributions on page 75 be presented to supplement the basic financial statements. Such information, is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise GMHA's basic financial statements. The financial statements for the year ended September 30, 2021 were audited by other auditors whose reported dated April 12, 2022 expressed an unqualified opinion on such information. The schedules of expenses on pages 77 through 79, patient service revenues by patient classification on page 80, and billings and collections and reconciliation of billings to gross patient revenues on page 81 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Except for billings and collections and reconciliation of billings to gross patient revenues for the years ended September 30, 2020, 2019 and 2018, such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for billings and collections and reconciliation of billings to gross patient revenues for the years ended September 30, 2020, 2019 and 2018, the schedules of expenses, patient service revenues by patient classification, and billings and collections and reconciliation of billings to gross patient revenues are fairly stated, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the Schedule of Full Time Employee (FTE) Count on page 82 but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2023, on our consideration of GMHA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GMHA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GMHA's internal control over financial reporting and compliance.

Ernst & Young LLP

September 29, 2023

Management's Discussion and Analysis

Years Ended September 30, 2022 and 2021

The Management's Discussion & Analysis (MD&A) provides an overview of the Guam Memorial Hospital Authority's (GMHA) activities and financial performance for the fiscal years (FY) ended September 30, 2022 and 2021. The MD&A should be read in conjunction with the GMHA's audited financial statements and accompanying notes.

I. Organization

GMHA was created in 1977 pursuant to Public Law (P.L.) 14-29 as an autonomous agency of the Government of Guam. GMHA owns and operates the Guam Memorial Hospital (the "Hospital") which is Guam's only civilian, public acute care hospital with 161 licensed acute care beds, and 40 licensed beds at the Skilled Nursing Unit (SNU). GMHA is supported by six divisions – Administration, Operations, Fiscal Services, Medical Services, Nursing, and Professional Support – to provide healthcare services to all patients regardless of their ability to pay. These services include inpatient adult acute, skilled nursing, maternal child health, rehabilitative, laboratory, radiology, pharmacy, hemodialysis, and respiratory care. The Hospital's medical specialties include cardiac catheterization lab, intensive care/critical care unit, emergency room, interventional radiology, labor & delivery, obstetrics, nursery, neonatal ICU, pediatric ICU, medical telemetry/progressive care unit, and operating room/post-anesthesia care unit. In FY 2020, GMHA added "Care" Units and telemedicine services in the early stages of the 2019 novel coronavirus (COVID-19) public health emergency to treat COVID-19 patients at different levels of care.

GMHA also provides outpatient medical services to Department of Corrections (DOC) detainees and inmates pursuant to a September 2015 cooperative agreement. The agreement arose from the Government of Guam's efforts to comply with a court order related to a federal civil case. Inpatient services are not included in this agreement and are billed to DOC as detainees and inmates are hospitalized. DOC is required to remit payments for clinical services subject to legislative appropriations.

GMHA is governed by the Board of Trustees (BOT) representing backgrounds in healthcare, allied health, nursing, medicine, management, and finance. Trustees serve staggered six-year terms after their appointment by the Governor of Guam with the Guam Legislature's consent. On September 30, 2022, there were five members appointed to the GMHA BOT. A sixth member was duly appointed in October 2022, leaving three vacancies. As of September 30, 2021, there were nine members appointed to the GMHA BOT, representing a full complement. The GMHA Volunteers Association President is an ex-officio member.

I. Organization, continued

GMHA's Chief Executive Officer/Administrator is hired by and reports to the BOT to have full charge and control of the operations and maintenance of the Hospital. The CEO is responsible for ensuring GMHA meets its strategic goals. GMHA's 2018-2022 strategic plan identified five core values known as "ACES+Q" encompassing accountability, cost efficiency, excellence in service, safety, and quality. These core values are the foundation for GMHA's strategic goals to be financially stable, sustain a culture of safety and quality, develop staff and leadership to excel and meet standards, and plan and implement capital improvement. These goals guide GMHA to fulfill its mission to provide quality patient care in a safe environment.

II. Financial Highlights

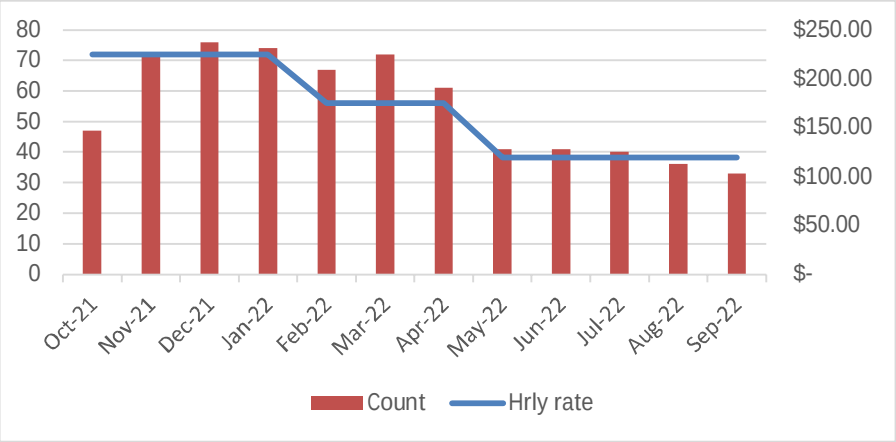
FY 2022 marked the third year of GMHA's tireless efforts to respond to and recover from the COVID-19 global pandemic as Guam's trusted public hospital. Hospitals and health systems across the nation faced the worst financial year in 2022 as half of U.S. hospitals experienced negative margins, mainly from the economic consequences of the COVID-19 pandemic - workforce shortages, supply chain disruptions, and rising costs. Similarly, GMHA faced tremendous pressure to recruit and retain critical staff to treat patients that are now sicker with longer stays and manage cash flow amidst rising expenses. While many U.S. hospitals are resorting to closing and limiting services to alleviate these financial pressures, GMHA continues to provide much needed care to all patients despite the tremendous growth of the costs of committing to and delivering this care.

Staffing Shortages and Labor Costs

Even before the pandemic, GMHA experienced staffing shortages, particularly in nursing and allied health. The pandemic caused significant shifts in labor markets due to burnout, retirement, and other reasons leaving no choice but to pay premiums for contract labor, such as travel nurses, to fill the gap in critical healthcare staffing. In FY 2022, GMHA employed up to 72 contract travel nurses in a month with hourly rates as high as $225. Total travel nurse costs for FY 2022 was $24.6M, and $19.6M for FY 2021. GMHA has diligently pursued federal grant reimbursements for these costs. GMHA received FEMA grant reimbursement of $10.3M in FY 2021 but did not receive grant reimbursements for travel nurses in FY 2022.

II. Financial Highlights, continued

FY 2022 Travel Nurse Count & Rates



In FY 2022, GMHA instituted a number of initiatives to address the perennial staffing shortages. Differential pays ranging from 15% to 25% were approved by the Board of Trustees for allied health professionals such as respiratory therapists, laboratory technologists, rehabilitation therapists, speech language pathologists, diagnostic medical sonographers, radiologic technologists, clinical dietitians, dietary supervisors and managers, pharmacists, social workers, and various technicians in professional support and nursing. These incentive pays along with the implementation of the Nurse Professional Pay Plan in August 2021 and the Law Enforcement Pay Plan in January 2022 have helped GMHA recruit and retain critical staff.

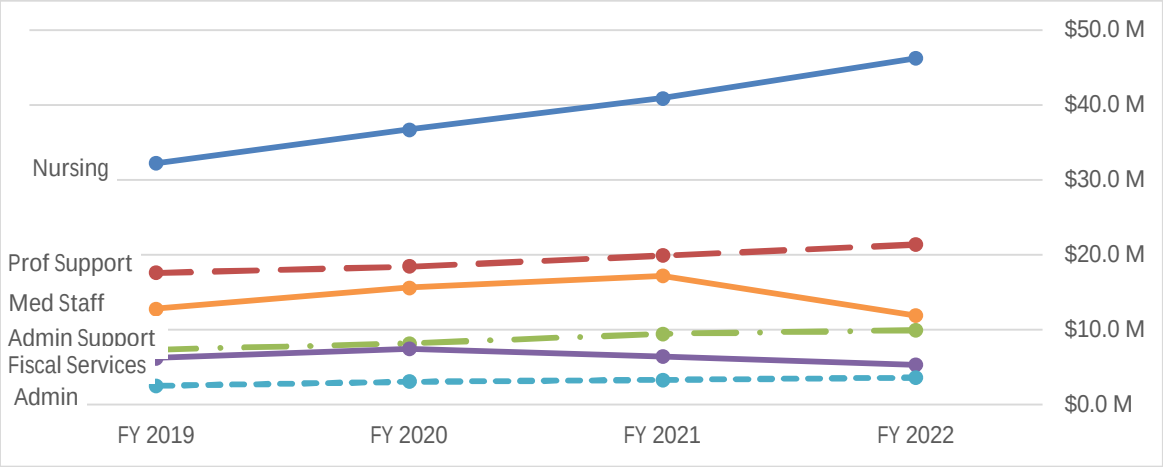
The result has been reduced reliance on travel nurses and less vacancies. But there are still other factors that drive nursing and allied health professionals to seek career opportunities elsewhere, such as the mainland United States.

	FY 2020	FY 2021	FY 2022	Change FY 2021 to FY 2022	% Change FY 2021 to FY 2022
Registered Nurses	279	283	333	50	17.7%
Licensed Practical Nurses	22	18	28	10	55.6%
Nurse Aide	90	112	110	-2	(1.8%)
Total	391	413	471	58	14.0%

Overall, GMHA's full time equivalent (FTE) count was 1,146 at September 30, 2022, increasing by 22 FTEs. FY 2022 budgeted FTEs is 1,244. Since FY 2019, GMHA increased staffing by 12% primarily to increase resources to support GMHA's response to COVID-19 with notable increases in the Nursing Division.

II. Financial Highlights, continued

FY 2019 – FY 2022 Personnel Costs



Compared to pre-pandemic FY 2019, overall personnel costs increased by 24.6%, or $19.4M, due to increases in salaries of $9.5M, other pay of $8.5M, and benefits of $1.8M. Other pay includes certification pay for GMHA's nurses and allied health professionals, and differential pay for nurses, certain professional support staff, and technicians. GMHA also implemented, from April 2020 to January 2023, COVID-19 response differential pay ranging from 10% to 25%, for essential GMHA employees supporting the public health emergency per the Governor's Executive Order No. 2020-08.

Increased Costs for Non-labor Expenses

Since FY 2020, the COVID-19 pandemic has had large impacts on costs. The historic rise in inflation has spurred a significant increase in GMHA's non-labor expenses such as pharmaceuticals, medical supplies, and power. The implementation of the new EHR has caused an increase in software costs.

	FY 2020	FY 2021	FY 2022	Change FY 2020 to FY 2022	% Change FY 2020 to FY 2022
Medical supplies	$6,705,764	$7,601,849	$9,462,754	$2,756,990	41.1%
IT software	$1,253,207	$1,558,065	$2,625,680	$1,372,473	109.5%
Pharmaceuticals	$4,969,186	$6,828,283	$6,460,955	$1,491,769	30.0%
Oxygen	$1,067,942	$2,318,430	$1,883,732	$ 815,790	76.4%
Power	$1,934,952	$1,903,155	$2,811,983	$ 877,032	45.3%
Food	$ 743,328	$ 681,574	$ 974,282	$ 230,955	31.1%

II. Financial Highlights, continued

High drug prices are a primary driver of rising pharmaceutical expenses in US hospitals and hospital drug expenses per patient have increased 19.7% between 2019 and 2022. Drug companies significantly raised prices of existing drugs and introduced new drugs at record prices. Medical supply prices have been affected by ongoing supply chain disruptions, higher manufacturing costs, packaging costs, and shipping costs.[1]

Hospital Repairs and Construction

In FY 2022, several projects were completed using GMHA operations funds for critical repairs to various areas of the Hospital's dated infrastructure.

- The Hospital's steam boilers required extensive repair due to its age. The boilers are critical to providing the Hospital's steam generating needs for its hot water, steam sterilization, and industrial autoclave. This project cost $231,499.
- The parking/drop-off canopies in the physician's parking and emergency room areas were repaired and upgraded after safety concerns about the structures was observed. These projects cost $227,802.
- The emergency room sally port project ensured safety and security to the triage and trauma areas at a cost of $196,367.
- The operating room lights were upgraded at a cost of $93,800.

GMHA Appropriations

Per P.L. 36-54, the General Appropriations Act of 2022, GMHA was appropriated a total of $19.5M. The law was amended by Public Law 36-106 and increased GMHA's Pharmaceutical Fund by $3.2M, to $18.0M from $14.8M and thereby increasing the year's appropriation to $21.5M.

GMHA's FY 2022 appropriations were reduced by $7.3M and $6.5M, respectively, compared to FY 2021 and FY 2020.

	FY 2022	FY 2021	FY 2020	Change FY 2021 to FY 2022
Pharmaceutical Fund	$ 17,982,304	$ 18,844,806	$ 19,491,692	$ (862,502)
General Fund	3,502,709	8,208,795	6,803,665	(4,706,086)
Healthy Futures Fund	---	1,729,597	1,729,597	(1,729,597)
Total Appropriations	$ 21,485,013	$ 28,783,198	$ 28,024,954	$ (7,298,185)
Appropriations Received	$ 21,485,013	$ 27,917,844	$ 26,968,021	
Appropriations Not Received	$ ---	$ 865,354	$ 1,056,933	

[1] American Hospital Association, The Financial Stability of America's Hospitals and Health Systems Is a Risk as the Costs of Caring Continue to Rise, April 2023

II. Financial Highlights, continued

COVID-19 Grants

As of September 30, 2022, GMHA realized $66.6M in COVID-19 related federal cash assistance and support. There is very little cash support expected in FY 2023 as the public health emergency will end.

Passed through from Government of Guam	$	28,544,104
U.S. Department of Health and Human Services		24,194,268
FEMA		11,971,653
Department of Interior		1,900,737
Total COVID-19 grants FY 2020 - FY 2022	$	66,610,762

The U.S. Department of Health and Human Services (HHS) CARES Act Provider Relief Fund to offset the rising costs of responding to the pandemic. The Provider Relief Fund payments were made to eligible providers who diagnose, test, or care for individuals with possible or actual cases of COVID-19 and have healthcare related expenses and lost revenues attributable to COVID-19. GMHA received automatic payments and/or applied for payments.

FY 2020 PRF Distributions:		
Phase 1 General Distribution	$	965,170
Phase 2 General Distribution		1,084,559
Rural Relief Fund		5,502,276
Skilled Nursing Facility Relief Fund		155,000
Skilled Nursing Facility Infection Control Relief Fund		70,900
Total FY 2020 PRF distributions		7,777,905
FY 2021 PRF Distributions:		
Phase 3 General Distribution		1,961,999
Total FY 2021 distributions		1,961,999
FY 2022 PRF Distributions:		
Phase 4 General Distribution		1,125,470
Phase 4 General Distribution		13,297,032
Total FY 2022 PRF distributions		14,422,502
Total PRF distributions FY 2020 - FY 2022:	$	24,162,406

II. Financial Highlights, continued

In addition, GMHA received $28.5M from the Coronavirus Relief Fund distribution to states, territories, local and tribal governments; and the Coronavirus State and Local Fiscal Recovery Funds, established under the American Rescue Plan Act; passed through from the government of Guam (GovGuam). The funds were marked to mitigate the negative economic impacts of COVID-19 on the Hospital's operations.

In June 2021, GMHA received $1.9M from the Department of Interior Technical Assistance Program through from GovGuam for contract medical staffing for physicians and nurses.

As of September 30, 2022, GMHA received $12.0M from the Office of Homeland Security for the FEMA Public Assistance Program for COVID-19 Surge Medical Staffing contract travel nurses assigned to COVID Care units in the Hospital, laundry expenses, and COVID-19 test kits.

In April 2020, GMHA received $4.5M through the Medicare Accelerated and Advance Payment Program to provide immediate funds for initial COVID response as authorized in the CARES Act. In April 2021, CMS began recouping the $4.5M by withholding 25% of GMHA remittances for Medicare claims. As of September 30, 2022, CMS recouped the entire amount.

Alternate Care Site

In December 2020, GMHA was awarded $15.3M in FEMA grant public assistance for an Alternate Care Site "Warm Site" to establish the Skilled Nursing Facility as a temporary expanded medical facility to maximize response capacity and capability. However, FEMA subsequently determined that the project plan as submitted is not feasible for immediate utilization. In February 2022, FEMA conditionally approved a revised scope of work for the Alternate Care Site to include isolation of the B-Wing for SNF residents. The project is still pending approval from FEMA.

Revenue Cycle Management

GMHA's revenue cycle management process includes charge description master, revenue integrity, patient registration, coding, medical records, billing, billing follow-up, denial management, and collections. Throughout FY 2022, consultants from MedHealth Solutions assisted GMHA with implementation of a bill scrubber and clearinghouse; establishing a revenue integrity department to ensure proper charges, revenue capture, and denial prevention; and proper organizational structure for the Fiscal Division. GMHA staff, under a new revenue cycle director, began managing the revenue cycle after the consulting contract ended in November 2022.

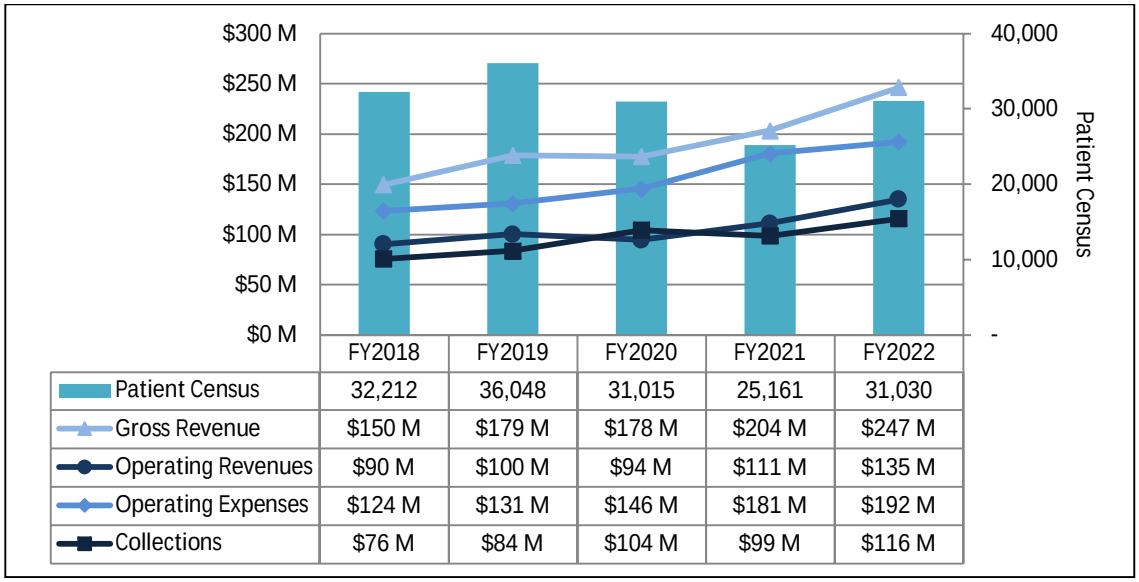
II. Financial Highlights, continued

In September 2020, GMHA and TakeCare signed a memorandum of agreement for a third party firm to perform an agreed-upon procedures engagement to reconcile disputed claims from January 1, 2012 to April 30,2017. The agreed-upon procedures report was completed in October 2021 and final settlement of the amounts is ongoing.

Growth in Patient Census Leads to Increase in Patient Gross Revenues

Overall gross patient revenues increased by $43.0M, or 21.1%, from $203.5M in FY 2021 to $246.5M in FY 2022. The increase was attributable to higher patient census, as well as increased inpatients' length of stay and acuity. The average daily census for FY 2022 was 167 versus 135 in FY 2021.

Revenues, Expenses, & Patient Census



	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

Gross inpatient revenues increased by 18.7%, or $30.8M. Gross inpatient revenue growth was most notable in Evaluation & Management-MD, Respiratory Therapy, Telemetry Ward, and Renal Dialysis. Overall gross outpatient revenue grew 20.9%, and was most notable in Emergency Services, Evaluation & Management-MD, and CT Scanner. GMHA's annual 5% rate increase, improved charge capture process, and implementation of new fees are also factors in the year-over-year growth in gross patient revenues.

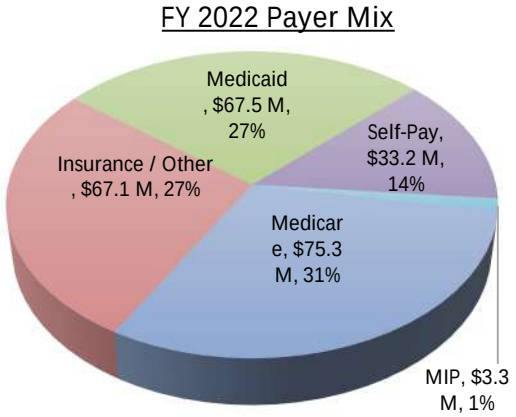
II. Financial Highlights, continued

	FY 2020	FY 2021	FY 2022	Change FY 2021 to FY 2022	% Change FY 2021 to FY 2022
Inpatient	139,186,608	164,883,727	195,726,505	30,842,778	18.7%
Skilled Nursing	5,039,855	5,074,168	8,345,375	3,271,207	64.5%
Outpatient	33,488,057	33,577,777	42,469,268	8,891,491	26.5%
	177,714,520	203,535,672	246,541,148	43,005,476	21.1%

In FY 2022, 59% of GMHA's $246.5M of gross patient revenues is comprised of the 3 M's:

- Medicare - $75.3M, 31%
- Medicaid - $67.5M, 27%
- MIP - $3.3M, 1%,

followed by third-party insurance payers and others at 27% or $67.1M, and self-pay at 14% or $33.2M.



GMHA's payer mix explains GMHA's challenges with collections of such revenues as a public hospital. Reimbursements from 3 M's are limited to a per diem rate for inpatient charges. In FY 2022, GMHA received $1,555 per day for an inpatient stay regardless of charges incurred. With increases in labor and non-labor costs, this has a significant financial impact on GMHA to provide care for patients.

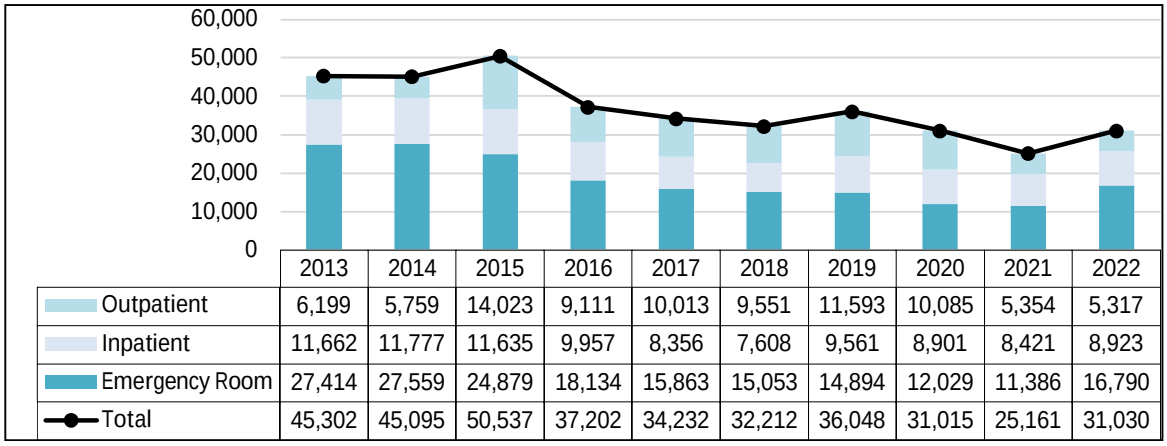
Since FY 2019, GMHA has assisted uninsured patients with applications for Medicaid or MIP coverage through a collaboration with the Department of Public Health and Social Services. As a result, Medicaid patients now account for 27% of GMHA's payer mix compared to 21% in FY 2019. Patients covered by Medicare also increased to 31% of the payer mix compared to 28% in FY 2019. On the other hand, Patients covered by insurance decreased to 27% from 30% in prior years and self-pay has not made significant decreases.

Outpatient Services Increase as Pandemic Subsides

There was a substantial increase of 47.5% in emergency room visits in FY 2022 compared to FY 2021 and FY 2020 as patients began presenting to the Hospital with higher acuity as many deferred care during the pandemic. The Hospital was also still dealing with the pandemic and another COVID surge at the beginning of the fiscal year.

II. Financial Highlights, continued

Patient Census



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Outpatient	6,199	5,759	14,023	9,111	10,013	9,551	11,593	10,085	5,354	5,317
Inpatient	11,662	11,777	11,635	9,957	8,356	7,608	9,561	8,901	8,421	8,923
Emergency Room	27,414	27,559	24,879	18,134	15,863	15,053	14,894	12,029	11,386	16,790
Total	45,302	45,095	50,537	37,202	34,232	32,212	36,048	31,015	25,161	31,030

*Emergency Room includes Urgent Care; Inpatient includes SNF

In FY 2022, GMHA experienced favorable inpatient and outpatient volume growth compared to FY 2021. Compared to FY 2021, patient days increased 19.0%, inpatient admissions increased 6.0%, and inpatient discharges increased 6.7% indicating patients were in the Hospital longer than the previous year. Outpatient visits increased 32.1% which includes emergency room visits (+47.5%). GMHA provides a proportionately high number of inpatient services to outpatient services. Particularly under the 3 M's (Medicare, Medicaid, and the Medically Indigent Program), GMHA is reimbursed at a higher rate for outpatient services than inpatient services.

In FY 2022, only 17.2% of gross revenues were attributed to outpatient services; in FY 2021, the share was only 16.5%. Outpatient specialty clinics were launched in FY 2022 to include Neurosurgery, Pulmonary, and Foot & Ankle. GMHA management is exploring opportunities to increase outpatient hospital services. However, this will require substantial investment in special medical equipment and capital improvements as well as securing professional staff to support expanded services.

	FY 2019	FY 2020	FY 2021	FY 2022	Change FY 2021 to FY 2022	% Change FY 2021 to FY 2022
Patient days	50,241	47,331	47,630	56,686	9,056	19.0%
Discharges	9,561	8,933	8,367	8,924	557	6.7%
Admissions	9,591	8,901	8,421	8,923	502	6.0%
Total outpatient visits*	26,222	22,114	16,740	22,107	5,367	32.1%
Emergency room visits	14,894	12,029	11,386	16,790	5,404	47.5%
Urgent care visits	5,282	3,614	973	---	-973	-100.0%

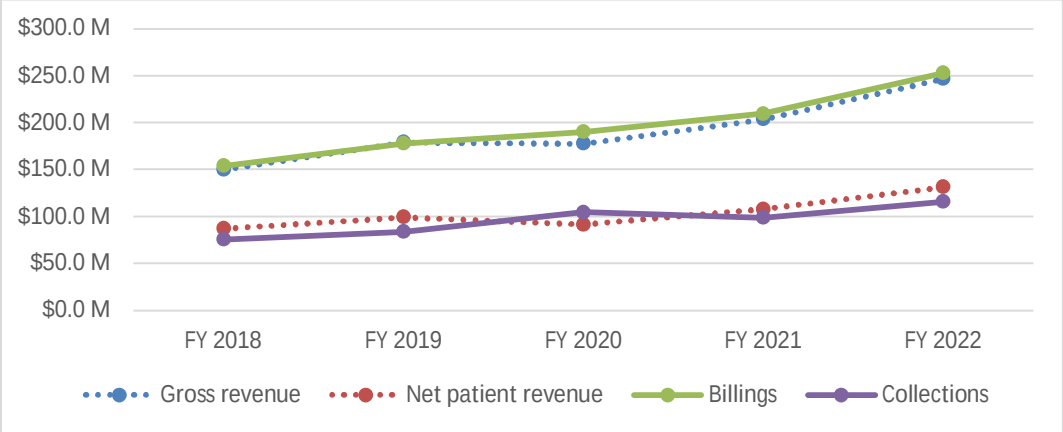
*Includes Emergency Room & Urgent Care

II. Financial Highlights, continued

Increased Net Patient Revenues

Net patient revenues increased $23.3M, or 21.6%, to $131.2M in FY 2022 compared to FY 2021. Similarly, gross revenues increased 21.1%. Net patient revenues are the estimated realizable collectible amounts of gross revenues, less an estimated allowance for uncollectable amounts based on historical collection patterns.

Gross Revenues, Net Revenues, Billings, & Collections



	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
% of billings to gross	102.6%	99.4%	106.8%	102.8%	102.6%
% of collections to net	87.0%	84.4%	114.4%	91.5%	88.5%
% of collections to gross	50.5%	46.8%	58.7%	48.5%	47.1%

FY 2022 collections increased by 17.7%, or $17.5M, from $98.6M in FY 2021 to $116.1M. Collections from the 3M's were $52.1M compared to $43.2M in FY 2021, an increase of 21.5%, or $9.2M. Collections from third-party payers increased 24.3%, or $10.4M, while self-pay collections decreased $2.1M, or 16.4%. Increased collections are attributed to the increase in patient billings and patient census. GMHA billed $253.0M in claims in FY 2022 compared to $209.2M in FY 2021. However, collections are 47.1% of gross revenues, a slight decrease from FY 2021.

II. Financial Highlights, continued

GMHA's mandate to provide healthcare to all patients regardless of one's insurance coverage or ability to pay has resulted in the continual growth of patient receivables. For the last five years, self-pay patients received an average of $25.6M of care per year and GMHA collects an average of 31 cents per dollar billed to self-pay patients. Although the likelihood of collecting self-pay accounts is low, GMHA has worked successfully with the Office of the Attorney General (OAG) for collection referrals and the Department of Revenue and Taxation (DRT) for garnishments of tax refunds. In addition to collaborations with OAG and DRT, GMHA continues to seek ways to improve collections, including offering patients an online payment system since FY 2017 and offering payment plans to suit all needs. GMHA also provides self-pay patients with public assistance applications to help cover the costs of their hospital bills.

Centers for Medicare and Medicaid Services

In September 2022, Centers for Medicare and Medicaid Services (CMS) conducted a recertification and complaint survey. CMS surveys are conducted to determine GMHA's compliance with applicable CMS Conditions of Participation for a provider of hospital services in the Medicare program. CMS also conducted surveys in May 2021. GMHA responded with its Plan of Corrective (POC) actions within 10 calendar days of the surveys, hence, GMHA continues to maintain its Medicare provider certification from CMS. GMHA must submit credible documentation evidencing correction of all cited deficiencies or risk termination of the Medicare provider agreement.

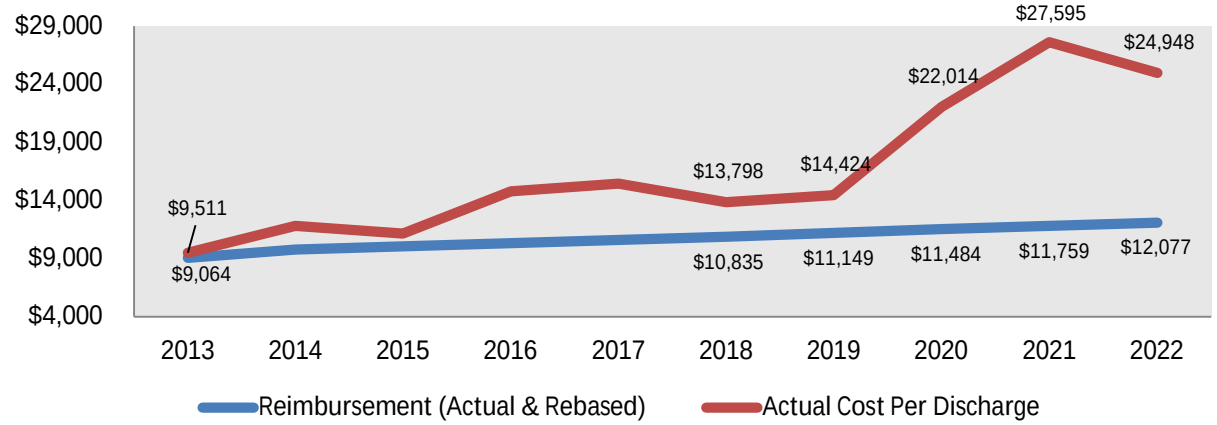
As a Medicare provider, GMHA is reimbursed for medical services as a TEFRA (Tax Equity and Fiscal Responsibility Act of 1982) hospital exempted from Medicare's prospective payment system (PPS). The PPS is common for almost all U.S. hospitals and pays a flat rate per type of discharge. On the other hand, TEFRA hospitals are reimbursed based on the cost of treating Medicare patients as determined by the annual Medicare Cost Report with an aggregate per discharge limit based on the facility's cost of care. In January 2019, CMS rebased GMHA's discharge rate retroactively to October 1, 2013 costs from 1992-1994 costs. At the time, this brought reimbursements closer to current costs. The discharge limit is increased each year by a hospital market basket index determined by Medicare to account for inflation. GMHA received $6.3M in April 2019 for retroactive rate adjustments for FY 2014 – FY 2016, and $2.4M in June 2022 for FY 2017 and FY 2018.

II. Financial Highlights, continued

	2015	2016	2017	2018	2019	2020	2021	2022
Original TEFRA discharge rate	8,159	8,355	8,580					
New TEFRA discharge rate	10,032	10,273	10,550	10,835	11,149	11,484	11,759	12,077
$ Change	1,873	1,918	1,970					
% Change	23%	23%	23%					

Almost ten years later, although rebasing has helped GMHA collect more on Medicare claims, GMHA is still reimbursed significantly less than the cost of discharge especially since the COVID-19 pandemic. As of the Medicare Cost Report for FY 2022[2], the cost of discharge was $24,948 while the reimbursement was $12,077. GMHA management is planning to undertake another rebasing request in the following year to bring Medicare reimbursements more in line with current costs. This will help with GMHA cover the high cost of providing medical care to patients and positively impact cash flows.

Target Rate per Patient Discharge by Fiscal Year



Medicare's reimbursement methodology is somewhat mirrored by Medicaid and MIP. Thus, the reimbursements for patients with coverage under those programs are similarly impacted.

[2] The Medicare Cost Report is subject to CMS audit and desk review.

II. Overview of the Financial Statements

A comparative analysis is provided for FY 2022 and FY 2021 Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows.

Summarized Statement of Net Position

	FY 2022	FY 2021	FY 2020	$ Change FY 2021 to FY 2022	% Change FY 2022 to FY 2022
ASSETS					
Current Assets	$ 58,385,459	$49,173,247	$52,694,890	$ 9,212,212	18.7%
Noncurrent Assets	31,110,669	31,007,333	27,939,968	103,336	0.3%
Total assets	89,496,128	80,180,580	80,634,858	9,315,548	11.6%
Deferred outflows of resources	76,900,811	88,710,148	64,357,589	(11,809,337)	-13.3%
Total assets and deferred outflows of resources	$166,396,939	$168,890,728	$144,992,447	$(2,493,789)	-1.5%
LIABILITIES AND NET POSITION					
Liabilities:					
Current liabilities	$ 34,124,247	$24,206,143	$23,350,315	$9,918,104	41.0%
Noncurrent liabilities	334,683,128	336,731,116	320,789,090	(2,047,988)	-0.6%
Total liabilities	368,807,375	360,937,259	344,139,405	7,870,116	2.2%
Deferred inflows of resources	55,055,074	63,602,191	48,043,389	(8,547,117)	-13.4%
Net position:					
Net investment in capital assets	31,110,669	31,007,333	27,939,968	103,336	0.3%
Unrestricted	(288,576,179)	(286,656,055)	(275,130,315)	(1,920,124)	0.7%
Total net position	(257,465,510)	(255,648,722)	(247,190,347)	(1,816,788)	0.7%
Total liabilities, deferred inflows of resources and net position	$166,396,939	$168,890,728	$144,992,447	$(2,493,789)	-1.5%

- GMHA's total net position decreased by 0.7%, or $1.8M, in FY 2022 compared to FY 2021 increasing GMHA's cumulative deficit in unrestricted net position

III. Overview of the Financial Statements, continued

- Total assets increased 11.6%, or $9.3M, due to increases in patient receivables of $9.8M, as a result of increased patient service revenues and decreased collections. Generally accepted accounting principles (GAAP) allow the recognition of an allowance for doubtful accounts and the periodic write-off of outstanding receivables meeting certain criteria. GMHA ended FY 2022 with patient receivables of $49.5M, net of estimated uncollectible accounts of $252.8M. Deferred outflows of resources decreased by $11.8M for pensions and other post-employment benefits, resulting in an overall decrease in total assets and deferred inflows of resources of $2.5M.

- Total liabilities increased 2.2%, or $7.9M. Current liabilities increased by 41.0%, or $9.9M, due to increases in trade accounts payable of $8.6M from increased expenses and decrease in cash flows. In FY 2020, GMHA received $4.5M in COVID-19 Accelerated and Advance Payments from the CMS. In FY 2021, CMS began recouping the payment from claim remittances at a rate of 25%. The balance was satisfied in FY 2022.

- As of September 30, 2022, GMHA's net investment in capital assets was $31.1M with no long term debt. Major FY 2022 capital improvement additions include $0.5M for removal and preplacement of air handling units, and movable equipment such as hospital beds ($0.8M), computer server ($0.4M), and x-ray imaging ($0.2M).

Summarized Statements of Revenues, Expenses, and Changes in Net Position

	FY 2022	FY 2021	FY 2020	$ Change FY 2021 to FY 2022	% Change FY 2022 to FY 2022
Total operating revenues	$134,844,368	$110,961,397	$94,362,706	$23,882,971	21.5%
Total operating expenses	195,995,189	180,682,147	145,572,873	15,313,042	8.5%
Operating Loss	(61,150,821)	(69,720,750)	(51,210,167)	8,569,929	12.3%
Total non-operating revenues	57,801,363	60,484,470	39,241,585	(2,683,107)	-4.4%
Total non-operating expenses	(278,742)	(83,983)	(336,817)	(194,759)	-231.9%
Total capital grants and contributions	1,811,412	861,888	2,087,517	949,524	110.2%
Change in net position	$(1,816,788)	$(8,458,375)	$(10,217,882)	$6,641,587	78.5%

III. Overview of the Financial Statements, continued

- GMHA's FY 2022 operating revenues increased by $23.9M, or 21.6%, due to increases in net patient revenues. Other revenue is comprised mainly of DOC clinic revenues and increased by $0.6M to $3.2M. All amounts billed to DOC in FY 2022, FY 2021, and FY 2020 was collected. In FY 2019, a $1.7M provision for uncollectible DOC billings was recorded for amounts owed prior to FY 2018 because DOC did not include a budget for these payments.

- Operating expenses increased 8.5%, or $15.3M due to increases in expenses to prevent, prepare for, and respond to COVID-19. Increased expenses for Nursing, Professional Support, and Medical Staff divisions were for contract travel nurses, physicians, medical supplies, pharmaceuticals, food supplies, electricity, and oxygen. Increased expenses for Administrative Support and Fiscal divisions were for EHR and other software, SNF chiller, roof repairs, Z-wing demolition, and Revenue Cycle Management consultant.

- Non-operating revenues decreased 4.4% or $2.7M due to increases in federal grants offset by decreases in GovGuam transfers. For FY 2022, GMHA was appropriated $21.5M, which is $7.3M less than FY 2021.

- Capital grants from the federal government increased by $1.1M due to installation of air handling units funded by the Department of Interior.

Summarized Statement of Cash Flows

	FY 2022	FY 2021	FY 2020	$ Change FY 2021 to FY 2022	% Change FY 2022 to FY 2022
Net cash used for operating activities	$(57,792,828)	$(57,724,361)	$(38,214,352)	$(68,467)	-0.1%
Net cash provided by noncapital financing activities	60,818,837	54,959,567	45,634,650	5,859,270	10.7%
Net cash (used for) provided by capital and related financing activities	(2,727,709)	(6,122,998)	31,595	3,395,289	-55.5%
Net change in cash	$ 298,300	$ (8,887,792)	$ 7,451,893	$ 9,186,092	103.4%

- Net change in cash increased $9.2M from FY 2021.
- Net cash used for operating activities decreased nominally due to a $20.9M increase in receipts from patients offset by an increase of $16.7M in payments to employees.

III. Overview of the Financial Statements, continued

- Net cash provided by noncapital financing activities increased $5.8M due to increases in federal grants of $15.8M offset by decreases in contributions from the Government of Guam of $4.0M.
- Net cash used for capital and related financing activities increased $3.4M due to a $2.4M decrease in acquisitions of capital assets and $1.0M increase in federal grants.

IV. Outlook

The aftermath of the COVID-19 pandemic has caused GMHA to face another challenge in FY 2023 – significant and sustained increases in GMHA costs required to care for patients that puts GMHA in a precarious financial position. The most immediate resolution is to raise the Hospital's outdated room and board rates and initiate cost cutting measures throughout the Hospital, particularly in process efficiencies. The GMHA FY 2024 budget request also asks for additional funds to cover increases in personnel costs, contractual costs for physicians, supplies and equipment, and electricity.

GMHA management looks forward to the following in FY 2023:

Implementing the 2023 – 2027 Strategic Plan

From September 2022 to January 2023, GMHA proudly engaged with HDR Architecture, Inc. to create GMHA's Strategic Plan 2023 – 2027. The Plan thoughtfully guides GMHA through its healthcare services, and promotes the health and well-being of the people of Guam for the next five years and describes Guam's current healthcare situation and the emerging trends that could impact Guam's healthcare. These trends include behavioral health as the next pandemic, continued shortage of healthcare workers, eroding hospital operating margins, acuity-adjusted beds for flexibility, technology playing an even bigger role in healthcare, and population health, among other trends.

The Plan notes how vital it is for GMHA to make the goal of achieving and maintaining financial viability a priority as GMHA's fiscal performance continues to be an ongoing challenge, with large operating deficits and how alternate fund sources are needed to make up these deficits. Failure to achieve this will significantly hinder achievement of other goals. The most pressing concern is how GMHA's seven days cash on hand is less than the recommended 60 – 90 days.

IV. Outlook, continued

Implementing the Medsphere CareVue Electronic Health Record System Project

Throughout FY 2022, GMHA worked on the transition from the current Cantata Health Optimum IMED Clinical System to Medsphere CareVue EHR system. The project hit several obstacles as a result of pandemic especially during unpredictable COVID-19 surges in FY 2022 and FY 2021. During these surges, the EHR project stalled as subject matter experts needed to build and decide workflows were called to the floor and prioritize patient care. The go-live was rescheduled to October 2022. The Medsphere patient accounting system implementation has been postponed until the CareVue implementation has stabilized.

Pursuing Accreditation

In June 2021, GMHA management engaged with The Center for Improvement in Healthcare Quality (CIHQ), a deemed-status provider that has been granted the maximum deeming authority length of 6 years, to begin the process of accreditation. Accrediting organizations that work with hospitals accepting Medicare and Medicaid must obtain deeming authority from HHS. In May 2022, CIHQ conducted a mock survey of GMHA's Life Safety – Physical Environment. A general mock survey is scheduled for FY 2023. GMHA is confident in CIHQ since its accreditation most closely resembles and aligns with CMS's standards and Conditions of Participation.

Ongoing Capital Improvements

The Hospital's roof and envelope upgrade project is approximately 85% complete and completion is expected in FY 2023. These upgrades will enhance the facility's structural integrity during heavy rainfall and mitigate against potential leaks. The project's design phase was completed in early 2022.

After the demolition of the Z-Wing in FY 2022, one-third of the wing was salvaged to preserve telecom lines and use as additional office space and the remaining vacant lot was converted into temporary parking spaces. The project's next phase is 1B to remove the 2nd floor of the Z-Wing of the remaining footprint. The next phase will be to retrofit the area for office space. The project's difficulties in obtaining a contractor for 1B has delayed the project's completion. GMHA will continue to seek a contractor in FY 2023.

The Alternate Care Site project will continue for the Skilled Nursing Facility (SNF) in Barrigada Heights and includes the isolation of the B-Wing, to ensure the safety of SNF residents, should there be a need to treat COVID-19 patients at the site. FEMA significantly reduced the scope of the project in FY 2022 and GMHA was not able to meet the July 1, 2022 deadline to complete the project due to supply chain issues and GMHA's cash flow issues to pay the contractors. GMHA has been working with FEMA for time extensions and final approvals on the reimbursement requests for the work done so far.

IV. Outlook, continued

HVAC upgrades will continue in FY 2023. In FY 2022 the first set of 7 Air Handling Units (AHUs) were installed and additional AHUs will be installed in FY 2023. Upgrades to the Intensive Care Unit, Operating Rooms, and Emergency Room HVAC systems are also planned. These projects are federally funded.

The procurement of a new Angiosuite and Hemodynamic machine is delayed and will be procured in FY 2023 funded by Compact Impact funds. The current Angiosuite is over 16 years old exceeding its useful life and frequently breaks down causing procedures to be postponed.

Working Towards the New Hospital Facility

GMHA is committed to prepare for the build of the new hospital facility and began an internal task force to begin important discussions for GMHA's vision of its new space. GMHA will continue collaborating and engaging with the Guam Healthcare Task Force to complete the conceptual design for the new hospital facility and medical campus as recommended in November 2019 by the Army Corps of Engineers (ACOE). Although new construction will be pursued, the ACOE recommended that GMHA immediately begin work to repair the Hospital's critical life safety items after an extensive onsite facilities condition assessment.

V. Contacting GMHA Executives

The Management's Discussion and Analysis is designed to provide citizens, taxpayers, patients, and stakeholders a general overview of GMHA's finances. It should also demonstrate GMHA's stewardship and accountability of funds received and spent.

If you have any questions about this report, please contact Lillian Perez-Posadas, GMHA CEO/Administrator, or Yukari Hechanova, Chief Financial Officer, at 647-2330, or visit our website at www.gmha.org.

Guam Memorial Hospital Authority
(A Component Unit of the Government of Guam)

Statements of Net Position

	September 30, 2022	2021
Current assets:		
Cash	$ 3,513,591	$ 3,215,291
Patient accounts receivable, net of estimated uncollectibles of $252,766,623 in 2022 and $216,167,416 in 2021	49,505,197	39,742,092
Due from Government of Guam, net of estimated uncollectibles of $1,719,042 in 2022 and 2021	532,493	2,642,317
Inventory, net	3,813,224	3,470,138
Prepaid expenses	454,403	---
Other receivables	566,551	103,409
Total current assets	58,385,459	49,173,247
Capital assets:		
Depreciable assets, net	28,257,355	29,516,643
Construction in progress	2,853,314	1,490,690
Total noncurrent assets	31,110,669	31,007,333
Total assets	89,496,128	80,180,580
Deferred outflows of resources:		
Pension	21,741,853	27,877,401
OPEB	55,158,958	60,832,747
Total deferred outflows of resources	76,900,811	88,710,148
Total assets and deferred outflows of resources	$166,396,939	$168,890,728

See accompanying notes.

Guam Memorial Hospital Authority
(A Component Unit of the Government of Guam)

Statements of Net Position, continued

	September 30, 2022	2021
Current liabilities:		
Accounts payable - trade	$ 19,818,377	$ 11,218,416
Due to Medicare	---	2,472,797
Accrued taxes and related liabilities	---	365,206
Accrued payroll and benefits	1,508,084	1,947,593
Current portion of accrued annual leave	2,783,586	1,723,239
Due to US Federal Government	1,640,527	2,825,818
Due to Government of Guam	7,813,673	3,000,000
Other current liabilities	560,000	653,074
Total current liabilities	34,124,247	24,206,143
Non-current liabilities:		
Accrued annual leave, net of current portion	2,254,402	3,607,442
Accrued sick leave	4,860,982	4,663,654
Net pension liability	115,602,456	137,817,893
OPEB liability	211,965,288	190,642,127
Total non-current liabilities	334,683,128	336,731,116
Total liabilities	368,807,375	360,937,259
Deferred inflows of resources:		
Pension	12,878,593	2,340,868
OPEB	42,176,481	61,261,323
Total deferred inflows of resources	55,055,074	63,602,191
Commitments and contingencies		
Net position:		
Net investment in capital assets	31,110,669	31,007,333
Unrestricted	(288,576,179)	(286,656,055)
Total net position	(257,465,510)	(255,648,722)
Total liabilities, deferred inflows of resources and net position	$166,396,939	$168,890,728

See accompanying notes.

Guam Memorial Hospital Authority
(A Component Unit of the Government of Guam)

Statements of Revenues, Expenses and Changes in Net Position

	Year ended September 30, 2022	2021
Operating revenues:		
Net patient service revenue (net of contractual adjustments and provision for bad debts of $115,362,335 and $95,697,842 in 2021)	$ 131,178,813	$ 107,837,830
Other operating revenues:		
Cafeteria food sales	474,073	569,639
Other revenue	3,191,482	2,553,928
Total operating revenues	134,844,368	110,961,397
Operating expenses:		
Nursing	70,811,979	67,481,123
Professional support	39,062,613	35,035,186
Medical staff	32,061,246	30,585,921
Administrative support	22,708,968	18,572,142
Retiree healthcare costs and other pension benefits	12,236,939	13,271,261
Fiscal services	10,259,937	7,359,200
Administration	4,448,529	4,391,516
Depreciation	4,404,978	3,985,798
Total operating expenses	195,995,189	180,682,147
Operating loss	(61,150,821)	(69,720,750)
Nonoperating revenues (expenses):		
Federal grants	31,312,102	27,603,792
Transfers from GovGuam	26,486,186	32,784,876
Other income, net	3,075	95,802
Loss from disposal of fixed asset	(30,807)	---
Federal program expenditures	(247,935)	(83,983)
Total nonoperating revenues	57,522,621	60,400,487
Loss before capital grants	(3,628,200)	(9,320,263)
Capital grants from the United States Government	1,811,412	861,888
Change in net position	(1,816,788)	(8,458,375)
Net position at the beginning of the year	(255,648,722)	(247,190,347)
Net position at the end of the year	$(257,465,510)	$(255,648,722)

See accompanying notes.

Guam Memorial Hospital Authority
(A Component Unit of the Government of Guam)

Statements of Cash Flows

	Year ended September 30, 2022	2021
Cash flows from operating activities:		
Receipts from and on behalf of patients	$121,415,708	$100,529,067
Receipts from sales and other services	3,202,413	3,158,110
Receipts to suppliers and contractors	(73,610,797)	(69,350,566)
Payments to employees	(108,800,152)	(92,060,972)
Net cash used in operating activities	(57,792,828)	(57,724,361)
Cash flows from noncapital financing activities:		
Federal grants received	34,940,484	24,418,775
Contributions from the Government of Guam	28,596,010	32,625,573
Contributions	---	27,525
Other receipts	3,075	---
Payments made under federal programs	(247,935)	(83,983)
Due to Medicare	(2,472,797)	(2,028,323)
Net cash provided by noncapital financing activities	60,818,837	54,959,567
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(4,539,121)	(6,984,886)
Federal grants received	1,811,412	861,888
Net cash used in capital and related financing activities	(2,727,709)	(6,122,998)
Net change in cash	298,300	(8,887,792)
Cash at beginning of year	3,215,291	12,103,083
Cash at end of year	$ 3,513,591	$ 3,215,291
Summary of noncash capital and related financing activities:		
Medical equipment donation from:		
GMH Volunteer Association	$ ---	$ 68,277

See accompanying notes.

Guam Memorial Hospital Authority
(A Component Unit of the Government of Guam)

Statements of Cash Flows, continued

	Year ended September 30, 2022	2021
Reconciliation of operating loss to net cash used in: operating activities:		
Operating loss	$(61,150,821)	$(69,720,750)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Contractual adjustments and provisions for uncollectible accounts	115,362,330	95,697,842
Depreciation	4,404,978	3,985,798
Retiree healthcare costs and other pension benefits	---	13,271,261
Noncash OPEB cost	11,672,009	---
Noncash pension cost	9,234,245	(2,609,187)
(Increase) decrease in assets:		
Patient accounts receivable, net	(125,125,435)	(103,006,605)
Other receivables	(463,142)	34,543
Inventory, net	(343,086)	358,271
Prepaid expenses	(454,403)	---
Increase (decrease) in liabilities:		
Accounts payable - trade	8,599,961	4,227,924
Accrued taxes related liabilities	(365,206)	41,833
Accrued payroll and benefits	(439,509)	(1,095,713)
Accrued annual leave and sick leave	(95,365)	1,081,970
Other current liabilities	(93,074)	8,452
Collective total OPEB liability	(14,776,409)	---
Net pension liability	(3,759,901)	---
Net cash used in operating activities	$(57,792,828)	$(57,724,361)

See accompanying notes.

1. Reporting Entity

The Guam Memorial Hospital Authority (GMHA), a component unit of the Government of Guam (GovGuam), was created in 1977 under Public Law No. 14-29 as an autonomous agency of the Government of Guam. GMHA owns and operates the Guam Memorial Hospital (the Hospital). The Hospital has 158 licensed acute care beds and 40 beds for long-term care at the Skilled Nursing Unit (SNU). The Hospital provides all customary acute care services and certain specialty services primarily to the residents of Guam. These include adult and pediatric, clinical and ancillary medical services; and 24-hour emergency services. The Hospital derives a significant portion of its revenues from third-party payors, including Medicare, GovGuam's Medically Indigent Program (MIP), Medicaid and commercial insurers.

GMHA operates under the authority of a nine-member Board of Trustees, all of whom were appointed by the Governor of Guam with the advice and consent of the Guam Legislature.

GMHA's financial statements are incorporated into the financial statements of GovGuam as a component unit.

2. Summary of Significant Accounting Policies

GMHA prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB).

Basis of Accounting

The financial statements of GMHA have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place. Operating revenues and expenses include exchange transactions. GMHA considers revenues and costs that are directly related to patient and other healthcare operations to be operating revenues and expenses. Revenues and expenses related to financing and other activities are reflected as nonoperating.

Net Position

Net position represents the residual interest in GMHA's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consists of the following sections:

- Net investment in capital assets - includes capital assets restricted and unrestricted, net of accumulated depreciation reduced by outstanding debt net of debt service reserve.

2. Summary of Significant Accounting Policies, continued

Net Position, continued

- Restricted nonexpendable - net position subject to externally imposed stipulations that require GMHA to maintain the position permanently.
- Restricted expendable - net position whose use is subject to externally imposed stipulations that can be fulfilled by actions of GMHA pursuant to those stipulations or that expire with the passage of time.
- Unrestricted - net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

Custodial credit risk is the risk that, in the event of a bank failure, GMHA's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name.

For purposes of the statements of net position and of cash flows, cash is defined as cash on hand, cash held in demand accounts, and time certificates of deposit maturing within ninety days. As of September 30, 2022 and 2021, cash is $3,513,591 and $3,215,291, respectively, and the corresponding bank balances are $5,477,005 and $5,107,054, respectively, which are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2022 and 2021, bank deposits in the amount of $250,000 are FDIC insured. In accordance with 5 GCA 21, *Investments and Deposits*, GMHA requires collateralization of deposits in excess of depository insurance limits at 100%. Such collateralization shall be in securities in U.S. treasury notes or bonds or in U.S. government agencies for which the faith and credit of the United States are pledged or such other securities as may be approved by GMHA. As of September 30, 2022 and 2021, all of GMHA's bank deposits in excess of depository insurance limits are collateralized with securities held by the pledging financial institution but not in GMHA's name.

2. Summary of Significant Accounting Policies, continued

Patient Accounts Receivable

Accounts receivable for services provided to patients covered under the Medicare, MIP and Medicaid programs, privately sponsored managed care programs for which payment is made based on terms defined under formal contracts, and other payors (including self-pay) are recorded at their estimated realizable values based on contractual billing rates or GMHA's standard fees for non-contract payors. A provision for uncollectible accounts is based on management's evaluation of the collectability of current accounts and historical trends. Finance charges or interest is not accrued for past due accounts. Uncollectible accounts are written-off against the provision for the specific insurance or payor program.

Management believes there are no significant credit risks associated with the net receivables from government programs. Receivables from managed care programs and others are from various payors who are subject to differing economic conditions. They do not represent any concentrated credit risk to the Hospital. Management continually monitors and adjusts the estimated allowances for contractual adjustments and uncollectible accounts.

Due from Government of Guam, net

Amounts due from GovGuam consists of receivables from local appropriations, reimbursable expenditures from Federal grant awards, and receivables from Department of Corrections (DOC) for outpatient clinic services to detainees and inmates. GMHA recorded an estimated allowance for uncollectible accounts of $1,719,042 for its receivable from DOC for the fiscal years ended September 30, 2022 and 2021.

Inventory

Inventory consists of pharmaceutical and other hospital supplies. GMHA reports inventory at the lower of cost, determined using an average historical cost, or market and is shown net of a provision for obsolescence commensurate with known or estimated exposures.

Capital Assets

Capital assets consist of building and land improvements, long-term care facilities and movable equipment. Building and land improvements acquired prior to June 30, 1978, are recorded at their appraised values at June 30, 1978 with subsequent additions recorded at cost. Prior to January 1, 2007, GMHA capitalized all expenditures of property and equipment at the time of acquisition that equaled or exceeded $500 with a minimum useful life of at least three years. Subsequent to January 1, 2007, the capitalization policy for acquisitions was increased to $5,000.

2. Summary of Significant Accounting Policies, continued

Capital Assets, continued

Major renewals and betterments are capitalized, while maintenance and repairs, which do not improve or extend the life of an asset, are charged to expense. Donated capital assets are recorded at their fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Useful lives for capital assets are based on the American Hospital Association Guide, *Estimated Useful Lives of Depreciable Hospital Assets*, as follows:

Building and land improvements	10 - 40 years
Long - term care facilities	10 - 40 years
Movable equipment	3 - 20 years

Deferred Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (deduction of net position) until then. GMHA has determined the differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability, changes in actuarial assumptions or other inputs, pension and OPEB contributions made subsequent to the measurement date and changes in proportion and differences between GMHA pension and OPEB contributions and proportionate share of contributions qualify for reporting in this category.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (additions to net position) until then. GMHA has determined the differences between projected and actual earnings on pension plan investments, changes in actuarial assumptions or other inputs, and changes in proportion and differences between GMHA pension and OPEB contributions and proportionate share of contributions qualify for reporting in this category.

Due to Government of Guam

Amounts due to GovGuam consists of payments made by GovGuam on behalf of GMHA to various vendors.

2. Summary of Significant Accounting Policies, continued

Compensated Absences

Vesting annual leave is accrued and reported as an expense and a liability in the period earned. Except as discussed below, no liability is accrued for non-vesting sick leave benefits. Annual leave expected to be paid out within the next fiscal year is accrued and is included in current liabilities. The maximum accumulation of annual leave convertible to pay upon termination of employment is limited to 320 hours. Pursuant to Public Law 27-106, employees who have accumulated annual leave in excess of three hundred twenty (320) hours as of February 28, 2003, may carry over their excess and shall use the excess amount of leave prior to retirement or termination from service. Any unused leave over 320 hours shall be lost upon retirement.

Public Law 26-86 allows members of the Defined Contribution Retirement System (DCRS) to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. A liability is accrued for estimated sick leave to be paid out to DCRS members upon retirement. At September 30, 2022 and 2021, GMHA has accrued an estimated sick leave liability of $4,860,982 and $4,663,654, respectively. However, this amount is an estimate and the actual payout may be materially different from the estimate.

Pensions and Other Postemployment Benefits (OPEB)

Pensions are required to be recognized and disclosed using the accrual basis of accounting. GMHA recognizes a net pension liability for the defined benefit pension plan it participates in, which represents GMHA's proportional share of excess total pension liability over the pension plan assets – actuarially calculated – of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. The total pension liability also includes GMHA's proportionate share of the liability for ad hoc cost-of-living adjustments (COLA) and supplemental annuity payments that are anticipated to be made to defined benefit plan members and for anticipated future COLA to DCRS members. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and are amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

2. Summary of Significant Accounting Policies, continued

Pensions and Other Postemployment Benefits (OPEB), continued

OPEB is required to be recognized and disclosed using the accrual basis of accounting. GMHA recognizes a net OPEB liability for the defined benefit OPEB plan it participates in, which represents GMHA's proportional share of total OPEB liability - actuarially calculated - of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. An OPEB trust has not been established thus the OPEB plan does not presently report OPEB plan fiduciary net position. Instead, the OPEB plan is financed on a substantially "pay-as-you-go" basis. Changes in the net OPEB liability during the period are recorded as OPEB expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net OPEB liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.

Net Patient Service Revenues

GMHA has a fee schedule applicable for all providers, however, third-party payors such as Medicare, Medicaid and MIP have payment arrangements at amounts different from GMHA's established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive revenue adjustments under reimbursement agreements and a provision for uncollectible accounts. Retroactive adjustments are accrued on an estimated basis in the period the related services were rendered and adjusted in future periods as final settlements are determined.

Contributions from the Government of Guam

GMHA receives financial support from GovGuam in the form of supplemental appropriations and subsidies, including on-behalf payments. As these supplemental appropriations and subsidies are for noncapital purposes, regardless of restrictions, they are classified as noncapital contributions and are included as nonoperating revenues in the statements of revenues, expenses and changes in net position. GovGuam contributions that are restricted for acquiring or improving capital assets are reported as capital grants and contributions in the statements of revenues, expenses and changes in net position.

2. Summary of Significant Accounting Policies, continued

Federal Grant Award Revenues and Contributions

From time-to-time, GMHA receives Federal grant awards and contributions from the Federal Emergency Management Administration, the U. S. Department of Health and Human Services (HHS), and the U.S. Department of the Interior (Compact Impact) passed-through GovGuam, contributions from individuals, non-profit organizations, and private organizations, and relief funds from the Coronavirus Aid, Relief & Economic Security ("CARES") Act. Revenues from federal awards and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Federal awards and contributions may be restricted either for specific operating purposes or for capital acquisitions. Amounts restricted to capital replacement and expansions are reported as capital grants and contributions in the statements of revenues, expenses and changes in net position.

Estimated Malpractice Costs

The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims, and claims incurred but not reported.

Risk Management

GMHA is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. GMHA is self-insured for medical malpractice claims and judgments.

Recently Adopted Accounting Pronouncement

In June 2017, GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. The implementation of this statement does not have a material effect on the accompanying financial statements

2. Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncement, continued

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The implementation of this statement does not have a material effect on the accompanying financial statements.

In January 2020, GASB Statement No. 92, *Omnibus* 2020, which enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of this statement does not have a material effect on the accompanying financial statements.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The adoption of this statement does not have a material effect on the financial statements.

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The adoption of this statement does not have a material effect on the financial statements.

2. Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncement, continued

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. This statement provides clarification guidance on several of its recent statements that addresses different accounting and financial reporting issues identified during implementation of the new standards and during the GASB's review of recent pronouncements. GASB Statement No. 99:

- Amends guidance in GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance,* requiring that the accounting and financial reporting of Supplemental Nutrition Assistance Program (SNAP) transactions should follow the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions, as amended*. These provisions were effective upon issuance and implementation does not have a material effect on the accompanying financial statements.

- Requires disclosures related to nonmonetary transactions, in the notes to financial statements, of the measurement attribute(s) applied to the assets transferred rather than the basis of accounting for those assets. These provisions were effective upon issuance and implementation does not have a material effect on the accompanying financial statements.

- Provides guidance on accounting for pledges of future revenues when resources are not received by the pledging government. The guidance addresses the process of blending a component unit created to issue debt on behalf of a primary government when that component unit is required to be presented as a blended component unit. This guidance was effective upon issuance and implementation does not have a material effect on the accompanying financial statements.

- Provides clarification of provisions in GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended,* related to the focus of the government-wide financial statements. This guidance was effective upon issuance and implementation does not have a material effect on the accompanying financial statements.

- Provides terminology updates related to certain provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* and terminology used in GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments.* These updates were effective upon issuance and implementation does not have a material effect on the accompanying financial statements.

2. Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncement, continued

- GASB Statement No. 93, *Replacement of Interbank Offered Rates,* which amended GASB Statement No. 53 to address transition away from the London Interbank Offered Rate (LIBOR). GASB Statement No. 99 extends the period during which the LIBOR is considered an appropriate benchmark interest rate to when LIBOR ceases to be determined using methodology in place as of December 31, 2021. This guidance was effective upon issuance and implementation does not have a material effect on the accompanying financial statements.

Upcoming Accounting Pronouncements

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations.* The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. In accordance with GASB Statement No. 95, GASB Statement No. 91 will be effective for fiscal year ending September 30, 2023.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. GASB Statement No. 94 will be effective for fiscal year ending September 30, 2023.

2. Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 96 will be effective for fiscal year ending September 30, 2023.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. This Statement contains guidance whose effective dates are in future periods. GASB Statement No. 99:

- Modifies guidance in GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, to bring all guarantees under the same financial reporting requirements and disclosures effective for fiscal year ending September 30, 2024.

- Provides guidance on classification and reporting of derivative instruments within the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective for fiscal year ending September 30, 2024.

- Provides clarification of provisions in GASB Statement No. 87 related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives effective for fiscal year ending September 30, 2023.

- Provides clarification of provisions in GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset. Effective for fiscal year ending September 30, 2023.

- Provides clarification of provisions in GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability. Effective for fiscal year ending September 30, 2023.

- Modifies accounting and reporting guidance in GASB Statement No. 53 related to termination of hedge. Guidance is effective for fiscal year ending September 30, 2023.

2. Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. GASB Statement No. 100 will be effective for fiscal year ending September 30, 2024.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. GASB Statement No. 101 will be effective for fiscal year ending September 30, 2025.

GMHA is currently evaluating the effects the above upcoming accounting pronouncements might have on its financial statements.

Reclassification

GMHA reclassified certain prior year amounts to conform to the current year presentation. This includes the 2021 fiscal services of $2,849,715 to administrative support in the accompanying 2021 statement of revenues, expenses, and changes in net position. GMHA also reclassified its 2021 unearned revenues of $5,825818 to Due to US Federal Government of $2,825,818 and Due to Government of Guam of $3,000,000 in the accompanying 2021 statement of net position. Such reclassifications have no effect on the previously reported net position.

3. Patient Accounts Receivable, net

GMHA grants credit without collateral to its patients, many of whom are Guam residents and are insured under third-party payor agreements. Patient accounts receivable at September 30, 2022 and 2021, consist of:

	2022	2021
Account Referrals – Department of Revenue and Taxation	$ 77,118,236	$ 73,627,691
Self-pay Patients	74,300,964	43,530,988
Medicare	52,581,971	64,807,096
Local Third-Party Payor and Other	51,278,938	49,749,439
Medicaid Assistance Program	24,703,204	12,924,289
Collection Agencies and Other	21,486,171	9,312,900
Medically Indigent Program	802,336	1,957,105
	302,271,820	255,909,508
Less allowance for uncollectible accounts	252,766,623	216,167,416
	$ 49,505,197	$ 39,742,092

Patient accounts receivable from "Local Third-Party Payor and Other" includes receivables from GovGuam of $4,562,906 and $4,031,146 as of September 30, 2022 and 2021, respectively, for healthcare services. During fiscal years 2022 and 2021, GMHA collected $6,291,294 and $8,573,291, respectively, from accounts referred to the Department of Revenue and Taxation.

4. Other Receivables

The Hospital grants credit without collateral to customers primarily located on Guam for catering services and supplies issuances. Other receivables at September 30, 2022 and 2021, consist of:

	2022	2021
Government of Guam:		
Department of Mental Health and Substance Abuse	$ 52,612	$ 59,658
Guam Fire Department	10,425	10,360
Receivable from Grantors	468,716	---
Others	34,798	33,391
	$ 566,551	$ 103,409

5. Inventory, net

Inventory at September 30, 2022 and 2021, consists of the following:

	2022	2021
Pharmaceuticals, drugs and medicine	$2,801,698	$ 2,387,774
Medical and pharmaceutical supplies	1,505,048	1,574,572
Dietary food supplies	---	1,314
	4,306,746	3,963,660
Less allowance for obsolescence	493,522	493,522
	$3,813,224	$ 3,470,138

6. Capital Assets, net

Capital assets activity for the years ended September 30, 2022 and 2021 was as follows:

	2022			
	Balance October 1, 2021	Additions	Transfers and Deletions	Balance September 30, 2022
Depreciable capital assets:				
Building and land improvements	$ 74,866,645	$ 499,236	$(499,237)	$ 74,866,644
Long-term care facility	11,224,746	---	499,237	11,723,983
Movable equipment	33,292,254	2,707,368	(781,334)	35,218,288
	119,383,645	3,206,604	(781,334)	121,808,915
Accumulated depreciation and amortization	(89,467,002)	(4,423,464)	738,906	(93,151,560)
Allowance for impairment	(400,000)	---	---	(400,000)
	29,516,643	(1,216,860)	(42,428)	28,257,355
Non-depreciable capital assets:				
Construction-in-progress	1,490,690	2,518,627	(1,156,003)	2,853,314
Total capital assets, net	$ 31,007,333	$ 1,301,767	$(1,198,431)	$ 31,110,669

6. Capital Assets, net, continued

	2021			
	October 1, 2020	Additions	Transfers and Deletions	September 30, 2021
Depreciable capital assets:				
Building and land improvements	$ 74,397,693	$ 468,952	$ ---	$ 74,866,645
Long-term care facility	11,224,746	---	---	11,224,746
Movable equipment	27,086,394	6,388,528	(182,668)	33,292,254
	112,708,833	6,857,480	(182,668)	119,383,645
Accumulated depreciation and amortization	(85,663,872)	(3,985,798)	182,668	(89,467,002)
Allowance for impairment	(400,000)	---	---	(400,000)
	26,644,961	2,871,682	---	29,516,643
Non-depreciable capital assets:				
Construction-in-progress	1,295,007	664,635	(468,952)	1,490,690
Total capital assets, net	$ 27,939,968	$3,536,317	$(468,952)	$ 31,007,333

As of September 30, 2022 and 2021, GMHA has recorded $400,000 allowance for impairment loss for the Z-Wing portion of the Hospital, which was specifically determined to be unsafe for use.

7. Long-Term Liabilities

The changes in long-term liabilities for the years ended September 30, 2022 and 2021, are as follows:

	Balance October 1, 2021	Additions	Reductions	Balance September 30, 2022	Due Within One Year
Annual leave	$ 5,330,681	$ 3,787,531	$(4,080,224)	$ 5,037,988	$2,783,586
Sick leave	4,663,654	815,073	(617,745)	4,860,982	---
Net Pension liability	137,817,893	---	(22,215,437)	115,602,456	---
OPEB liability	190,642,127	21,323,161	---	211,965,288	---
	$338,454,355	$25,925,765	$(26,913,406)	$337,466,714	$2,783,586

7. Long-Term Liabilities, continued

	Balance October 1, 2020	Additions	Reductions	Balance September 30, 2021	Due Within One Year
Annual leave	$ 4,865,419	$ 967,190	$(501,928)	$ 5,330,681	$1,723,239
Sick leave	4,046,946	694,683	(77,975)	4,663,654	---
Net Pension liability	130,697,535	7,120,358	---	137,817,893	---
OPEB liability	182,956,947	7,685,180	---	190,642,127	---
	$322,566,847	$16,467,411	$(579,903)	$ 338,454,355	$1,723,239

8. Medical Malpractice/Employment and Personnel Claims

GMHA is self-insured for malpractice. GMHA's exposure under malpractice claims is limited to $300,000 per claim by the Government Claims Act. GMHA is the defendant in claims, including claims for employment and personnel matters, which are pending review or are expected to go to litigation. While GMHA intends to pursue an aggressive defense of these cases and claims, the possibility exists that some may result in material monetary damages being awarded to claimants or plaintiffs. Hospital management is of the opinion that resolution of these claims will not have a material impact on the accompanying financial statements.

9. Pensions

GMHA is statutorily responsible for providing pension benefits for GMHA employees through the GovGuam Retirement Fund (GGRF).

A. General Information About the Pension Plans:

Plan Description: GGRF administers the GovGuam Defined Benefit (DB) Plan, a single-employer defined benefit pension plan, and the Defined Contribution Retirement System (DCRS). The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995. Article 1 of 4 GCA 8, Section 8105, requires that all employees of GovGuam, regardless of age or length of service, become members of the DB Plan prior to the operative date. Employees of a public corporation of GovGuam, which includes GMHA, have the option of becoming members of the DB Plan prior to the operative date. All employees of GovGuam, including employees of GovGuam public corporations, whose employment commences on or after October 1, 1995, and prior to January 1, 2018 are required to participate in the Defined Contribution Retirement System (DCRS) Plan. Hence, the DB Plan became a closed group.

9. Pensions, continued

A. General Information About the Pension Plans, continued:

Members of the DB Plan who retired prior to October 1, 1995, or their survivors, are eligible to receive annual supplemental annuity payments. In addition, retirees under the DB and DCRS Plans who retired prior to September 30, 2019 are eligible to receive an annual ad hoc cost of living allowance (COLA).

A single actuarial valuation is performed annually covering all plan members and the same contribution rate applies to each employer. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the DB Plan. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website – www.ggrf.com.

Benefits Provided: The DB Plan provides pension benefits to retired employees generally based on age and/or years of credited service and an average of the three highest annual salaries received by a member during years of credited service, or $6,000, whichever is greater. Members who joined the DB Plan prior to October 1, 1981 may retire with 10 years of service at age 60 (age 55 for uniformed personnel); or with 20 to 24 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 25 years of service at any age. Members who joined the DB Plan on or after October 1, 1981 and prior to August 22, 1984 may retire with 15 years of service at age 60 (age 55 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 30 years of service at any age.

Members who joined the DB Plan after August 22, 1984 and prior to October 1, 1995 may retire with 15 years of service at age 65 (age 60 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 65; or upon completion of 30 years of service at any age. Upon termination of employment before attaining at least 25 years of total service, a member is entitled to receive a refund of total contributions including interest. A member who terminates after completing at least 5 years of service has the option of leaving contributions in the GGRF and receiving a service retirement benefit upon attainment of the age of 60 years. In the event of disability during employment, members under the age of 65 with six or more years of credited service who are not entitled to receive disability payments from the United States Government are eligible to receive sixty-six and two-thirds of the average of their three highest annual salaries received during years of credited service. The DB Plan also provides death benefits.

9. Pensions, continued

A. General Information About the Pension Plans, continued:

Supplemental annuity benefit payments are provided to DB retirees in the amount of $4,238 per year, but not to exceed $40,000 per year when combined with their regular annual retirement annuity. Annual COLA payments are provided to DB and DCRS retirees in a lump sum amount of $2,000. Both supplemental annuity benefit payments and COLA payments are made at the discretion of the Guam Legislature, but are funded on a "pay-as-you-go" basis so there is no plan trust. It is anticipated that ad hoc COLA and supplemental annuity payments will continue to be made for future years at the same level currently being paid.

On September 20, 2016, the Guam Legislature enacted Public Law 33-186, which created two new government retirement plans: the DB 1.75 Plan and the Guam Retirement Security Plan (GRSP). On February 4, 2020, the Guam Legislature terminated the GRSP. Commencing April 1, 2017, eligible employees elected, during the "election window", to participate in the DB 1.75 Plan with an effective date of January 1, 2018.

The DB 1.75 Plan is open for participation by certain existing employees, new employees, and reemployed employees who would otherwise participate in the DC Plan and who make election on a voluntary basis to participate in the DB 1.75 Plan by December 31, 2017. Employee contributions are made by mandatory pre-tax payroll deduction at the rate of 9.5% of the employee's base salary while employer contributions are actuarially determined. Members of the DB 1.75 Plan automatically participate in the GovGuam deferred compensation plan, pursuant to which employees are required to contribute 1% of base salary as a pre-tax mandatory contribution. Benefits are fully vested upon attaining 5 years of credited service.

Members of the DB 1.75 Plan may retire at age 62 with 5 years of credited service, or at age 60 with 5 years of credited service without survivor benefits, or at age 55 with 25 years of credited service but the retirement annuity shall be reduced ½ of 1% for each month that the age of the member is less than 62 years (6% per year). Credited service is earned for each year of actual employment by the member as an employee. Upon retirement, a retired member is entitled to a basic retirement annuity equal to an annual payment of 1.75% of average annual salary multiplied by years of credited service. Average annual salary means the average of annual base salary for the three years of service that produce the highest average.

9. Pensions, continued

A. General Information About the Pension Plans, continued:

Contributions and Funding Policy: Contribution requirements of participating employers and active members to the DB Plan are determined in accordance with Guam law. Employer contributions are actuarially determined under the One-Year Lag Methodology. Under this methodology, the actuarial valuation date is used for calculating the employer contributions for the second following fiscal year. For example, the September 30, 2020 actuarial valuation was used for determining the year ended September 30, 2022 statutory contributions. Member contributions are required at 9.52% of base pay.

Contribution rates required to fully fund the Retirement Fund liability of DB Plan, as required by Guam law, for the years ended September 30, 2022, and 2021, respectively, have been determined as follows:

	2022	2021
Employer	28.32%	26.97%
Employee	9.52%	9.52%

GMHA's contributions to the DB Plan for the years ended September 30, 2022 and 2021, were $4,366,695 and $4,314,410, respectively, which were equal to the required contributions for the years ended.

GMHA's recognized supplemental annuity benefit payments and the COLA payments as transfers from GovGuam for the years ended September 30, 2022 and 2021 amounting to $1,670,689 and $1,679,892, respectively, which were equal to the statutorily required contributions for the respective years then ended.

Members of the DCRS plan, who have completed five years of government service, have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

Contributions into the DCRS plan by members are based on an automatic deduction of 6.2% of the member's regular base pay. The contribution is periodically deposited into an individual annuity account within the DCRS. Employees are afforded the opportunity to select from different annuity accounts available under the DCRS.

Statutory employer contributions for the DCRS plan for the years ended September 30, 2022 and 2021 are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only 6.2% of the member's regular pay is deposited into the DCRS. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

9. Pensions, continued

A. General Information About the Pension Plans, continued:

GMHA's contributions to the DCRS Plan for the years ended September 30, 2022 and 2021 were $11,144,423 and $9,543,839, respectively, which were equal to the required contributions for the years then ended. Of these amounts, $8,695,757 and $7,345,701 were contributed toward the unfunded liability of the DB Plan for the years ended September 30, 2022 and 2021, respectively.

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

Pension Liability: At September 30, 2022 and 2021, GMHA reported a net pension liability for its proportionate share of the net pension liabilities measured as of September 30, 2021 and 2020, respectively, which is comprised of the following:

	2022	2021
Defined benefit plan	$ 89,839,485	$111,975,847
Ad hoc COLA/supplemental annuity plan for DB retirees	19,756,393	20,465,583
Ad hoc COLA plan for DCRS retirees	6,006,578	5,376,463
	$115,602,456	$137,817,893

GMHA's proportion of the GovGuam net pension liabilities was based on GMHA's expected plan contributions relative to the total expected contributions received by the respective pension plans for GovGuam and GovGuam's component units.

Pension (benefit) expense: For the years ended September 30, 2022 and 2021, GMHA recognized pension (benefit) expense for its proportionate share of plan pension expense from the above pension plans as follows:

	2022	2021
Defined benefit plan	$6,994,259	$(3,090,865)
Ad hoc COLA/supplemental annuity plan for DB retirees	1,651,882	186,289
Ad hoc COLA plan for DCRS retirees	588,104	295,389
	$9,234,245	$(2,609,187)

9. Pensions, continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued:

Deferred Outflows and Inflows of Resources: At September 30, 2022 and 2021, GMHA reported total deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2022					
	Defined Benefit Plan		Ad Hoc COLA/SA Plan for DB		Ad Hoc COLA Plan for DCRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 144,198	$ 913,475	$ ---	$ 274,461	$ 660,560	$116,970
Net difference between projected and actual investment earnings on pension plan investments	---	10,852,556	---	---	---	---
Changes of assumptions	---	---	538,333	58,583	1,220,028	396,193
Contributions subsequent to the measurement date	13,062,452	---	1,438,689	---	232,000	---
Changes in proportion and difference between GMHA contributions and proportionate share of contributions	3,860,747	136,980	97,710	18,202	487,136	111,173
	$17,067,397	$11,903,011	$2,074,732	$351,246	$2,599,724	$624,336

	2021					
	Defined Benefit Plan		Ad Hoc COLA/SA Plan for DB		Ad Hoc COLA Plan for DCRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 279,512	$ 546,701	$ 12,985	$326,804	$ 518,521	$126,051
Net difference between projected and actual investment earnings on pension plan investments	8,022,936	---	---	---	---	---
Changes of assumptions	---	---	1,604,970	29,129	1,308,187	407,614
Contributions subsequent to the measurement date	11,660,111	---	1,471,892	---	208,000	---
Changes in proportion and difference between GMHA contributions and proportionate share of contributions	2,450,519	707,877	3,849	65,105	335,919	131,587
	$22,413,078	$1,254,578	$3,093,696	$421,038	$2,370,627	$665,252

9. Pensions, continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued:

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at September 30, 2022 will be recognized in pension expense as follows:

Year Ending September 30	
2023	$ 254,389
2024	(257,451)
2025	(1,796,489)
2026	(4,427,027)
2027	111,685
Thereafter	245,012
	$(5,869,881)

Actuarial Assumptions: Actuarially determined contribution rates for the DB Plan are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. The methods and assumptions used to determine contribution rates are as follows:

Valuation Date:	September 30, 2020
Actuarial Cost Method:	Entry age
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	May 1, 2033 (12.58 years remaining as of September 30, 2020)
Asset Valuation Method:	3-year smoothed market value (effective September 30, 2009)
Inflation:	2.50% per year

9. Pensions, continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued:

Total payroll growth:	2.75% per year
Salary Increases:	Graduated based on service with the GovGuam ranging from 4.0% for service in excess of 15 years to 7.5% for service from zero to five years
Retirement age:	50% probability of retirement upon first eligibility for unreduced retirement. Thereafter, the probability of retirement is 20% for each year until age 75, and increases to 100% at age 70.
Mortality:	RP-2000 healthy mortality table (males +3, females +2). Mortality for disabled lives is the RP 2000 disability mortality (males +6, females +4). Both tables are projected generationally from 2016 using 30% of Scale BB.

The actuarial assumptions used in the September 30, 2020 valuation were based on the results of an actuarial experience study for the period October 1, 2011 to September 30, 2015. The rationale for each significant assumption is provided in the experience study. To the extent that actual experience differs from the assumptions, future pension costs will differ.

The investment return rate assumption as of September 30, 2020 was 7%, net of investment expenses. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the expected nominal return for each major asset class are summarized in the following table:

9. Pensions, continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued:

Asset Class	Target Allocation	Nominal Return
U.S. Equities (large cap)	26.0%	7.44%
U.S. Equities (small cap)	4.0%	9.23%
Non-U.S. Equities	17.0%	9.28%
Non-U.S. Equities (emerging markets)	3.0%	11.32%
U.S. Fixed Income (aggregate)	22.0%	3.89%
Risk Parity	8.0%	5.92%
High Yield Bonds	8.0%	6.42%
Global Real Estate (REITs)	2.5%	8.55%
Global Equity	7.0%	8.20%
Global Infrastructure	2.5%	7.58%

Discount Rate: The discount rate used to measure the total pension liability for the DB Plan as of September 30, 2021 and 2020 was 7.0%, which is equal to the expected investment rate of return. The expected investment rate of return applies to benefit payments that are funded by plan assets (including future contributions), which includes all plan benefits except supplemental annuity payments to DB retirees and ad hoc COLA to both DB and DCRS retirees. The discount rate used to measure the total pension liability for the supplemental annuity and ad hoc COLA payments as of September 30, 2021 was 2.26% (2.21% as of September 30, 2020), which is equal to the rate of return of a high quality bond index.

Discount Rate Sensitivity Analysis: The following presents the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to GMHA's proportionate share of the net pension liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Defined Benefit Plan:

	1% Decrease in Discount Rate 6.0%	Current Discount Rate 7.0%	1% Increase in Discount Rate 8.0%
Net Pension Liability	$113,434,141	$89,839,485	$60,616,745

9. Pensions, continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued:

Ad Hoc COLA/Supplemental Annuity Plan for DB Reretirees:

	1% Decrease in Discount Rate 1.26%	Current Discount Rate 2.26%	1% Increase in Discount Rate 3.26%
Net Pension Liability	$21,665,936	$19,756,393	$18,089,368

Ad Hoc COLA Plan for DCRS Retirees:

	1% Decrease in Discount Rate 1.26%	Current Discount Rate 2.26%	1% Increase in Discount Rate 3.26%
Net Pension Liability	$6,818,674	$6,006,578	$5,313,732

C. Payables to the Pension Plans:

As of September 30, 2022 and 2021, GMHA recorded payables to GGRF of $835,477 and $884,749, respectively, representing statutorily required contributions unremitted as of the respective year-ends, included in the accounts payable - trade in the accompanying statements of net position.

10. Other Post Employment Benefits (OPEB)

GMHA participates in the retiree health care benefits program. GovGuam's Department of Administration is responsible for administering the GovGuam Group Health Insurance Program, which provides medical, dental, and life insurance benefits to retirees, spouses, children and survivors. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. The program covers retirees and is considered an OPEB plan.

10. Other Post Employment Benefits (OPEB), continued

A. General Information About the OPEB Plan:

Plan Description: The OPEB plan is a single-employer defined benefit plan that provides healthcare benefits to eligible employees and retirees who are members of the GovGuam Retirement Fund. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Governor's recommended budget and the annual General Appropriations Act enacted by the Guam Legislature provide for a premium level necessary for funding the program each year on a "pay-as-you-go" basis. Because the OPEB Plan consists solely of GovGuam's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

Benefits Provided: The OPEB Plan provides post employment medical, dental and life insurance benefits to GMHA retirees, spouses, children and survivors, which are the same benefits as provided to active employees. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. GMHA contributes a portion of the medical and dental premiums, based on a schedule of semi-monthly rates, and reimburses certain Medicare premiums to eligible retirees. Retirees are also required to pay a portion of the medical and dental insurance premiums. Three types of health plans are offered to eligible participants:

- Standard islandwide Preferred Provider Organization (PPO) Plan
- High Deductible (Health Savings Account - HSA) PPO Plan
- Retiree Supplement Plan (RSP)

The PPO and HSA Plans apply to both active employees and retirees and work with set deductible amounts whereas the RSP Plan is an added option for retirees only.

Contributions: No employer contributions are assumed to be made since an OPEB trust has not been established. Instead, the OPEB Plan is financed on a substantially "pay-as-you-go" basis whereby contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

During the years ended September 30, 2022 and 2021, GMHA recognized certain on-behalf payments as transfers from GovGuam, totaling $3,330,507 and $2,970,401, respectively, representing certain healthcare benefits that GovGuam's General Fund paid directly on behalf of GMHA retirees and were equivalent to the required contribution for those years.

10. Other Post Employment Benefits (OPEB), continued:

B. Total OPEB Liability:

As of September 30, 2022 and 2021, GMHA reported a total OPEB liability of $211,965,288 and $190,642,127, respectively, for its proportionate share of the GovGuam total OPEB liability measured as of September 30, 2021 and 2020. The following presents GMHA's proportion change in proportion since the prior measurement date:

Proportion at prior measurement date, September 30, 2020	7.57%
Proportion at measurement date, September 30, 2021	7.65%
Change in proportion	0.08%

The total OPEB liability for the OPEB Plan was determined by an actuarial valuation as of September 30, 2021 (the measurement date) using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.75% per year
Amortization method:	Level dollar amount over 30 years on an open amortization period for pay-as-you-go funding.
Salary increases:	7.5% per year for the first 5 years of service, 6% for 6-10 years, 5% for 11-15 years and 4% for service over 15 years.
Healthcare cost trend rates:	19% and 31% for FY2021 Non-Medicare and Medicare plans, respectively. 6 percent for FY2022 through FY2023, decreasing 0.25 percent per year to an ultimate rate of 4.25 percent for FY2030 and later years
Dental trend rates:	4.25% per year, based on a blend of historical retiree premium rate increases as well as observed U.S. national trends. Year 1 trend is assumed to be -3.11%.

10. Other Post Employment Benefits (OPEB), continued:

B. Total OPEB Liability, continued:

Participation rates:	Medical - 100% of active employees covered under a GovGuam medical plan will elect to participate at retirement. Dental - 100% of active employees under a GovGuam dental plan will elect to participate at retirement. Life - 100% of eligible retirees will elect to participate at retirement. Current retirees will continue in the GovGuam plan as provided in the data, and upon attainment of age 65, will remain in that plan or enroll in a Retiree Supplemental Plan per Medicare Enrollment assumption below.
Medicare enrollment:	Based on current over-65 retiree data, 55% (previously 15%) of current and future retirees are assumed to enroll in Medicare and will enroll in a Retiree Supplemental Plan upon attainment of age 65. All employees retired prior to September 28, 2008 are assumed ineligible for Medicare upon attainment of age 65 and therefore will not enroll in a Medicare Supplemental Plan.
Dependent status:	Male spouses are assumed to be three years older and female spouses are assumed to be three years younger than the retired employee.
Dependent status, continued:	Medical - 100% of spouses of active employees covered under a GovGuam medical plan will elect to participate at the active employee's retirement. Dental - 100% of spouses of active employees covered under a GovGuam dental plan will elect to participate at the active employee's retirement. Life - 100% of spouses of active employees will elect to participate at the active employee's retirement. For current retired employees, the actual census information is used.

10. Other Post Employment Benefits (OPEB), continued

B. Total OPEB Liability, continued:

Actuarial cost method:	Entry Age Normal. The costs of each employee's post- employment benefits are allocated as a level basis over the earnings of the employee between the employee's date of hire and the assumed exit ages.
Healthy Retiree mortality rates:	Head-count weighted PUB-2010 Table, set forward 4 years for males and 2 years for females, respectively, projected generationally using 50% of MP-2020.
Disabled Retiree mortality rates:	PUB-2010 Disabled Retiree Amount Weighted mortality table set forward 4 years for males and 2 years for females, respectively, using 130% of the rates before age 80 and projected generationally from 2010 using 50% of mortality improvement scale MP-2020.RP-2000 Disabled Mortality Table, set forward 6 years and 4 years for males and females, respectively, projected generationally using 30% of Scale BB.
Withdrawal rates:	15% for less than 1 year of service, decreasing 1% for each additional year of service up to 10 years, further decreasing 0.5% for each additional year of service up to 15 years, and 2% for service over 15 years.
Disability rates:	1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females as follows: 0.05% for males aged 20-39 years (0.03% for females); 0.10% - 0.18% for males aged 40-49 years (0.05% - 0.09% for females); 0.32% - 0.53% for males aged 50-59 years (0.16% - 0.27% for females); and 0.76% for males aged 60-64 years (0.38% for females).

10. Other Post Employment Benefits (OPEB), continued

B. Total OPEB Liability, continued:

Retirement rates:	50% of employees are assumed to retire at first eligibility for unreduced benefits under the GovGuam Retirement Fund, 20% per year thereafter until age 75, and 100% at age 75.

C. Changes in the Total OPEB Liability:

Discount rate: The discount rate used to measure the total OPEB liability was 2.26% as of September 30, 2021 (2.21% as of September 30, 2020). The projection of cash flows used to determine the discount rate assumed that contributions from GovGuam will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, the 2.26% tax exempt, high quality municipal bond rate as of September 30, 2021 (2.21% as of September 30, 2020) was applied to all periods to determine the total OPEB liability.

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the sensitivity of the total OPEB liability to changes in the discount rate. The sensitivity analysis shows the impact to GMHA's proportionate share of the total OPEB liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease in Discount Rate 1.26%	Current Discount Rate 2.26%	1% Increase in Discount Rate 3.26%
Total OPEB Liability	$243,734,418	$211,965,288	$175,651,669

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The sensitivity analysis shows the impact to GMHA's proportionate share of the total OPEB liability if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	$170,392,638	$211,965,288	$252,210,101

10. Other Post Employment Benefits (OPEB), continued:

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the years ended September 30, 2022 and 2021, GMHA reported total OPEB expense of $10,377,681 and $11,781,338, respectively, for its proportionate share of the GovGuam total OPEB expense measured for the years ended September 30, 2021 and 2020. At September 30, 2022 and 2021, GMHA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$24,748,138	$29,803,243	$31,015,268	$41,193,523
Differences between expected and actual experience	18,470,736	11,259,211	17,453,112	18,244,202
Contributions subsequent to the measurement date	3,330,507	---	2,970,401	---
Changes in proportion and difference between employer contributions and proportionate share of contributions	8,609,577	1,114,027	9,393,966	1,823,598
	$55,158,958	$42,176,481	$60,832,747	$61,261,323

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the total OPEB liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at September 30, 2022 will be recognized in OPEB expense as follows:

Year Ending September 30	
2023	$(3,576,741)
2024	3,611,136
2025	6,169,041
2026	1,914,426
2027	1,534,108
	$ 9,651,970

11. Net Patient Service Revenue

GMHA has a fee schedule applicable for all providers, however, third-party payors such as Medicare, Medicaid and MIP have payment arrangements at amounts different from GMHA's established rates. A summary of the payment arrangements with major third-party payors follows:

- Medicare - Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. Rates for the long-term care facility vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient nonacute services and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. GMHA is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by GMHA and audits thereof by the Medicare fiscal intermediary.

- Medicaid Assistance Program and MIP - GMHA is reimbursed for the cost of inpatient and outpatient services rendered under the programs administered by the GovGuam Department of Public Health and Social Services. During each fiscal year, GMHA is reimbursed on a per diem rate for in-patient and percentage charges for outpatient.

Gross patient revenue from the Medicare, Medicaid and MIP programs accounted for approximately 31percent, 27 percent and 1 percent, respectively, of GMHA's gross patient revenue for the year ended September 30, 2022, and 28 percent, 23 percent and 6 percent, respectively, of GMHA's gross patient revenue for the year ended September 30, 2021. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Patient service revenues for the years ended September 30, 2022 and 2021 are as follows:

	2022	2021
Services provided to Medicare patients	$ 75,320,209	$ 55,993,169
Services provided to Medicaid patients	67,531,140	47,292,383
Services provided to Self-pay patients	33,238,752	25,939,155
Services provided to MIP patients	3,338,929	13,194,298
Services provided to Other patients	67,112,118	61,116,667
	246,541,148	203,535,672
Less contractual adjustments and provisions for uncollectible accounts	115,362,335	95,697,842
Net patient service revenue	$131,178,813	$107,837,830

11. Net Patient Service Revenue, continued

TakeCare Insurance

On March 11, 2020, GMHA announced that insurance coverage under TakeCare Insurance Company, Inc. (TakeCare) was no longer accepted due to non-payment of past due accounts. TakeCare subscribers presenting themselves for treatment at the hospital were billed as self-paying patients.

On April 13, 2020, TakeCare filed a government claim against GMHA alleging TakeCare overpaid GMHA by approximately $6.3 million.

On September 9, 2020, GMHA and TakeCare entered into a Memorandum of Agreement (MOA) to have a third party reconcile claims with dates of service ending May 1, 2017. Upon signing the MOA, TakeCare made good faith payments of $3,228,639 in September 2020 for claims with dates of service from January 1, 2012 to April 30, 2017, subject to reconciliation. In addition, GMHA resumed accepting insurance coverage under TakeCare. The agreed upon procedures report by the third party was completed in October 2021. As of report date, the final settlement of the amounts is ongoing.

As of September 30, 2022 and 2021, GMHA has gross receivables from TakeCare of $18,462,175 and $18,064,331, respectively, with an allowance for doubtful accounts of $6,541,209 and $11,126,749, respectively. Additionally, as of September 30, 2022 and 2021, GMHA has receivables of $9,828 and $1,721,186, respectively, from self-pay patients serviced during the period of non-acceptance from March 11 through September 9, 2020.

12. Transfers from the Government of Guam (GovGuam)

During the years ended September 30, 2022 and 2021, GovGuam passed supplemental appropriations in public laws from the General Fund and various special revenue funds for certain specific programs and financial assistance, which are summarized as follows:

	2022	2021
GMHA Pharmaceuticals Fund	$17,982,304	$17,979,452
General Fund	2,250,529	8,208,795
General Fund – Nurse Professional Pay Structure	1,252,180	---
General Fund – On Behalf Payments	5,001,196	4,650,293
Healthy Futures Fund	---	1,729,597
Hotel Occupancy Tax Surplus Fund	---	216,739
	$26,486,209	$32,784,876

12. Transfers from the Government of Guam (GovGuam), continued

In accordance with Public Law 36-54, GovGuam appropriated $14,789,655 from the GMHA Pharmaceuticals Fund for the year ended September 30, 2022 and was amended to $17,982,304 on Public Law 36-106. Further, GMHA was also appropriated $3,502,709 from the General Fund and $1,252,180 from the Nurse Professional Pay Structure, of which $3,502,709 was received and recorded as non-operating revenues in accordance with Public Law 36-54 for the year ended September 30, 2022.

In accordance with Public Law 35-99, GovGuam appropriated $18,844,806 from the GMHA Pharmaceuticals Fund for the year ended September 30, 2021. Of the total appropriations, $17,979,452 was recorded as non-operating revenues, while $865,354 was not received or receivable at September 30, 2021. Further, GMHA was also appropriated $8,208,795 from the General Fund and $1,729,597 from the Healthy Futures Fund in accordance with Public Law 35-99 for the year ended September 30, 2021.

In accordance with Public Law 33-44, GovGuam appropriated $1,600,000 from the 2014 Hotel Occupancy Tax Surplus Fund for the purchase of equipment and supplies. Of the total appropriations, $0 and $216,739 were recorded as non-operating revenues for the years ended September 30, 2022 and 2021, respectively.

In 2020, in accordance with Public Law 35-73, GovGuam appropriated $10,000,000 from the Hospital Capital Improvement Fund for GMHA's capital improvement projects. No amount was received for the years ended September 30, 2022 and 2021.

During the years ended September 30, 2022 and 2021, GMHA recognized certain on-behalf payments as transfers from GovGuam, totaling $5,001,196 and $4,650,293, respectively, representing certain healthcare benefits and other pension benefits that GovGuam's General Fund paid directly on behalf of Hospital retirees.

13. Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of who are residents of Guam and are either insured under third-party payor agreements or uninsured. The mix of receivables from patients and third-party payors at September 30, 2022 and 2021 follows:

	2022	2021
Self-Pay Patients	57%	49%
Local Third-Party Payor and Other	17%	20%
Medicaid Assistance Program	8%	5%
Medicare	17%	25%
Medically Indigent Program	1%	1%
	100%	100%

14. Commitments and Contingencies

Medicare

The GovGuam and its component units, including GMHA, began withholding and remitting funds to the U.S. Social Security System for the health insurance component of its salaries and wages effective October 1998 for employees hired after March 31, 1986. Prior to October 1998, the GovGuam did not withhold or remit Medicare payments to the U.S. Social Security System. If the Government is found to be liable for such amounts, an indeterminate liability could result. It is the opinion of GMHA and all other component units of the GovGuam that this health insurance component is optional prior to October 1998. Therefore, no liability for any amount, which may ultimately arise from this matter, has been recorded in the accompanying financial statements.

Facility Condition Assessment

In November 2019, the US Army Corps of Engineers conducted a facility condition assessment of the hospital building. In its final report, the cost of immediate repairs was estimated at $21 million to support the reaccreditation of the facility and eliminate hazards to life, health, and safety. These repairs consist of roof replacement, exterior building repairs, HVAC repairs, life safety repairs, and fire sprinkler repairs. The report recommended GMHA to construct a new multi-story hospital of equivalent size on a suitable site on the island, with an estimated cost of $743 million, including $21 million to support reaccreditation. No decision is yet confirmed relating to construction of a new building.

Litigation

GMHA is involved in litigation arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the accompanying financial statements.

Retroactive Pay

On October 12, 2011, the Office of the Governor issued Executive Order No. 2011-14, which ordered the freezing of salary step increases for employees of line agencies and instrumentalities of the Executive Branch of the Government of Guam. On May 13, 2013, Executive Order No. 2013-004 was issued rescinding Executive Order No. 2011-14 and lifting the freeze on salary step increases. As of September 30, 2022 and 2021, GMHA recorded retroactive pay of $0.

14. Commitments and Contingencies, continued

Merit System

In 1991, Public Law 21-59 was enacted to establish a bonus system for employees of GovGuam, autonomous and semi-autonomous agencies, public corporations and other public instrumentalities of GovGuam who earn a superior performances grade. The bonus is calculated at 3.5% of the employee's base salary beginning 1991. GMHA did not pay any bonuses pursuant to the law from 1991 through 2002.

In 2003, GMHA adopted a merit system similar to the GovGuam merit system. GMHA has assessed the impact of the requirements of the law for fiscal years 1991 through 2013. No merit payables were recorded as of September 30, 2022 and 2021.

Federal Award Programs

GMHA has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Questioned costs for the prior year audits amounted to $0. Audits of federal program funds are also performed by various federal agencies. If the audits result in cost disallowances, GMHA may be liable. However, management does not believe that resolution of this matter will result in a material liability. Therefore, no liability for any amount, which may ultimately arise from these matters, has been recorded in the accompanying financial statements.

15. Dependency on the Government of Guam

GMHA management has taken the following actions and measures to address losses from operations and negative cash flows from operations:

- GMHA operational budget shortfalls have been included in fiscal year budget requests to the Guam Legislature as subsidies for GMHA primarily through the Pharmaceutical Fund and the General Fund. Due to GMHA's continuing service as a safety net hospital, GMHA's revenues are impacted by its mission to serve the population regardless of its ability to pay. A large number of self-pay, underinsured, and 3M patients rely on GMHA for their care and reimbursements from these types of patients is low. Therefore, GMHA will also aggressively pursue rebasing of the Medicare per discharge cost limit from FY 2014 costs to current costs.

- Initiate cost cutting measures to manage labor by optimizing schedules, increase transparency and accountability for department operating budgets, and optimize the supply chain process, among other activities.

- Obtain resources to pursue more grant funds from all sources for construction in progress, equipment, training, and others to reduce operational expenses.

15. Dependency on the Government of Guam, continued

- Complete transition to a new patient accounting system to improve processes for coding, billing, and collections. In October 2022, GMHA went live with a new EHR and implementation of a patient accounting system was to follow shortly thereafter.

- In August 2021, a Program Coordinator IV with extensive revenue cycle management (RCM) experience was hired to manage the revenue cycle. This hiring follows the RCM project with consultants from MedHealth Solutions from June 2021 to November 2022. MedHealth Solutions provided RCM consultation services and assisted GMHA with implementing new bill scrubbing and clearinghouse software; establishing a revenue integrity section in the Fiscal Services division to ensure proper charges, revenue capture, and denial prevention; and designing proper organizational structure for GMHA's revenue cycle management.

- Per Board of Trustees Resolution No.15-19, GMHA raised hospital fees by 5%. With inflationary pressures exceeding 5%, GMHA is pursuing the increase of room and board rates based on the 2019 Medicare Cost Report. The estimated gross revenues from the increase is $20M annually.

- GMHA employs two Eligibility Specialists to assist self-pay patients with public assistance applications for coverage under Medicaid or MIP. In addition, a team of several GMHA departments including Patient Registration, Social Services, Case Management, and AmeriCorps provide critical services to ensure these patients obtain the necessary documentation and complete the applications.

- Continue the established collaborative partnership with the Department of Revenue and Taxation for garnishments of tax refunds for self-pay accounts.

- Continue to pursue revenue cycle staff training and certification through GMHA's federal technical assistance grant for staff involved in revenue cycle management. Several staff are pursuing training and certification in clinical documentation improvement, medical reimbursement, coding, healthcare financial management, etc. Building and improving staff technical competency will contribute to better billing and collection process flows and accounts receivable reconciliation.

These activities are aligned with Goal 1 *Achieve Financial Viability* of the GMHA 2023-2027 Strategic Plan.

16. COVID-19

On March 11, 2020, the World Health Organization declared the disease resulting from a novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. In response to the national emergency declared by the U.S. President, on March 14, 2020, Governor Lourdes A. Leon Guerrero issued Executive Order 2020-03 declaring a state of emergency in response to COVID-19. Further, Executive Order 2020-04 ordered the closure of all non-essential Government of Guam offices, prohibited large gatherings, and restricted entry into Guam from countries with confirmed COVID-19 cases. As a result, schools and non-essential government agencies and businesses were closed. GMHA, being an essential component, has not closed but has implemented staggered staffing to address social distancing and has restricted visitation, elective and outpatient services.

While the disruption is currently expected to be temporary, there is uncertainty around the duration. Due to uncertainty, the accompanying financial statements do not reflect any adjustments, which may ultimately arise from these matters.

GMHA received and expended the following COVID-19 response and recovery related funds from the GovGuam and federal government either as a direct recipient or as a sub-recipient:

September 30, 2022:

	Receivable (Payable) Beginning	Funds Received	Federal Expenditures	Receivable (Payable) Ending
Government of Guam:				
Vendor Support	$ ---	$10,000,000	$10,000,000	$ ---
Payroll Support - Travel nurses	---	3,300,000	3,300,000	---
Recovery funds	(790,440)	---	790,440	---
	(790,440)	13,300,000	14,090,440	---
U.S. HHS:				
Provider Relief Fund - Part 1	(70,900)	---	70,900	---
Provider Relief Fund - Part 2	(1,961,999)	---	1,961,999	---
Provider Relief Fund - Part 3	---	1,125,470	984,944	(140,526)
Provider Relief Fund - Part 4	---	13,297,032	11,797,032	(1,500,000)
	(2,032,899)	14,422,502	14,814,875	(1,640,526)
U.S. Department of Homeland Security:				
Stafford Act/Alternate Care Site	---	276,827	276,827	---
COVID-19 Surge Medical Staffing	---	1,344,890	1,344,890	---
	---	1,621,717	1,621,717	---
Total	$(2,823,339)	$29,344,219	$30,527,032	$(1,640,526)

16. COVID-19, continued

September 30, 2021:

	Receivable (Payable) Beginning	Funds Received	Federal Expenditures	Receivable (Payable) Ending
Government of Guam:				
Medical expenses and critical equipment	$ 2,211,250	$ 2,604,115	$ 392,865	$ ---
Differential pay	685,411	685,411	---	---
Negative pressure rooms	15,750	1,956,776	1,941,026	---
Intensive Care Unit beds	---	319,410	319,410	---
Recovery funds	---	7,276,089	6,485,649	(790,440)
	2,912,411	12,841,801	9,138,950	(790,440)
U.S. HHS:				
Provider Relief Fund - Part 1	(6,069,645)	---	5,998,745	(70,900)
Provider Relief Fund - Part 2	---	1,961,999	---	(1,961,999)
	(6,069,645)	1,961,999	5,998,745	(2,032,899)
U.S. Department of Homeland Security:				
COVID-19 Surge Medical Staffing	---	10,349,936	10,349,936	---
Total	$(3,157,234)	$25,153,736	$25,487,631	$(2,823,339)

COVID-19 Funds through the Government of Guam

The Government of Guam was one of the recipients of the CARES Act fund for State, Territorial, Local, and Tribal Governments. GMHA, as a sub-recipient, had claimed necessary expenditures incurred due to the public health emergency, particularly, those expenditures relating to medical, payroll, and other expenses necessary to prevent, prepare for, and respond to COVID-19.

- On April 5, 2020, the Governor of Guam's Executive Order No. 2020-08 established a COVID-19 Response Differential Pay for employees working in support of the public health emergency. Accordingly, GMHA as an essential agency adopted differential pay categories of 10%, 15%, and 25%. The rates vary depending on staff contact or physical proximity to a population infected with or may be reasonably suspected to be infected with COVID-19, or employees whose positions do not allow them to telework and are mandated to perform their job duties at physical worksites predetermined by their agency heads. For the year ended September 30, 2021, GMHA fully collected the $685,411 differential pay.

16. COVID-19, continued

COVID-19 Funds through the Government of Guam, continued

- GMHA temporarily hired physicians in response to the pandemic. Total physicians costs claimed amounted to $770,009 for the year ended September 30, 2021. This was fully collected as of September 30, 2021.

- GMHA purchased patient monitoring systems and other critical equipment used to directly respond to COVID-19 totaling $2,260,436 for the year ended September 30, 2021. This was fully collected as of September 30, 2021.

- The GovGuam was also one of the recipients of the Coronavirus State and Local Fiscal Recovery Funds program through the American Rescue Plan (ARP) Act. For the year ended September 30, 2021, GMHA received $7,276,089 for recovery from economic losses due to COVID-19 from decreased patient revenues, increased payroll, contractual, and supplies. As of September 30, 2021, remaining balance amounted to $790,440 and was fully utilized as of September 30, 2022.

- For the year ended September 30, 2022, GMHA received vendor support and payroll support for travel nurses which amounted to $10,000,000 and $3,300,000, respectively that were fully incurred and collected as of September 30, 2022. In addition, $5,000,000 payment for health services from a vendor was directly paid by the GovGuam on behalf of GMHA for the year ended September 30, 2022 as part of the ARP Act.

COVID-19 Funds through U.S. Department of Health and Human Services

In 2020, GMHA directly received a total of $7,777,905 from the Provider Relief Fund through the U.S. Department of Health and Human Services. This fund was intended for healthcare-related expenses to prevent, prepare for, and respond to COVID-19 or lost revenue due to COVID-19. As of September 30, 2021, GMHA has expended a total of $7,707,005. The remaining $70,900 was fully utilized as of September 30, 2022.

On December 16, 2020, GMHA received $1,961,999 from Phase 3 - General Distribution of CARES Act's Provider Relief Fund. The Phase 2 distribution considered the actual revenue losses and expenses experienced by providers hardest hit by COVID-19. This was fully utilized as of September 30, 2022.

For the year ended September 30, 2022, GMHA received $14,422,502 from Phase 4 - General Distribution of CARES Act's Provider Relief Fund, Parts 3 and 4. As of September 30, 2022, GMHA reported the total amount of $12,781,976 as federal grants in the accompanying statements of revenues, expenses and changes in net position. The remaining $1,640,527 amount received is reported as Due to the US Federal Government in the accompanying statements of net position.

16. COVID-19, continued

COVID-19 Funds through U.S. Department of Homeland Security

For the years ended September 30, 2022 and 2021, GMHA received public assistance totaling $1,344,890 and $10,349,936, respectively, from Federal Emergency Management Agency (FEMA) for COVID-19 surge medical staffing for contract travel nurses. As of March 2022, there were ongoing additional claims for medical staffing for contract travel nurses by GMHA to FEMA. Due to the reimbursement nature of these expenses, GMHA recognizes revenues when claims are received.

GMHA Alternate Care Site

In December 2020, FEMA approved $15.3 million for GMHA's plan for an Alternate Care Site (ACS), or "warm site," to address immediate and projected needs from COVID-19 for temporary and expanded medical facilities that are minimally operational when COVID-19 cases diminish. GMHA identified the SNU in Barrigada Heights to retrofit and upgrade for acute care and Intensive Care Unit beds with a central monitoring system, and capabilities for hemodialysis and airborne infection isolation in each patient room. The plan entails SNU as a CMS-certified adult skilled nursing healthcare facility, to convert with facility upgrades, equipment, staffing, and supplies to a switch-ready ACS. The intent is to maximize response capabilities and capacities as a Medical Pandemic Isolation Facility when confronted with pandemic or other emerging infectious diseases. For the year ended September 30, 2022, GMHA received $276,827 for the alternate care size and was fully utilized as of September 30, 2022.

COVID-19 Uninsured Program

The Health Resources and Services Administration COVID-19 Claims Reimbursement Program provides claims reimbursement at Medicare rates to healthcare providers who are providing treatment for uninsured individuals when COVID-19 is the primary reason for treatment. Receipts from this program are applied against patient receivables. For the year ended September 30, 2021, GMHA received $43,219. Subsequently and as of March 2022, GMHA received $517,978.

Required Supplementary Information

Guam Memorial Hospital Authority
(A Component Unit of the Government of Guam)

Schedule 1
Required Supplemental Information (Unaudited)
Schedule of Proportionate Share of Net Pension Liability - Defined Benefit Plan
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
GMHA's proportionate share of the net pension liability	$ 89,839,485	$ 111,975,847	$ 105,391,734	$ 103,815,783	$ 103,946,075	$ 123,668,997	$ 133,213,450	$ 107,746,620	$ 116,454,796
GMHA's proportion of the net pension liability	9.32%	8.98%	8.68%	8.80%	9.10%	9.04%	9.27%	8.65%	8.65%
GMHA's covered-employee payroll**	$ 49,646,005	$ 48,500,356	$ 44,214,485	$ 45,240,661	$ 46,255,958	$ 45,750,624	$ 47,411,059	$ 43,653,700	$ 41,133,673
GMHA's proportionate share of the net pension liability as percentage of its covered employee payroll	180.96%	230.88%	238.36%	229.47%	224.72%	270.31%	280.98%	246.82%	283.11%
Plan fiduciary net position as a percentage of the total pension liability	70.14%	61.48%	62.25%	63.28%	60.63%	54.62%	52.32%	56.60%	53.94%

* This data is presented for those years for which information is available.
** Covered-employee payroll data from the actuarial valuation date with one-year lag.

Guam Memorial Hospital Authority
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Schedule 2
Required Supplemental Information (Unaudited)
Schedule of Proportionate Share on Net Pension Liability - Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016
GMHA's proportionate share of the net pension liability	19,756,393	$ 20,465,583	$ 20,629,361	$ 18,580,907	$ 18,350,836	$ 14,608,250	$ 14,882,725
GMHA's proportion of the net pension liability	6.41%	6.36%	6.36%	6.41%	6.37%	6.37%	6.31%

* This data is presented for those years for which information is available.

Guam Memorial Hospital Authority
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Schedule 3
Required Supplemental Information (Unaudited)
Schedule of Proportionate Share on Net Pension Liability - Ad Hoc COLA Plan for DCRS Retirees
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016
GMHA's proportionate share of the net pension liability	6,006,578	$ 5,376,463	$ 4,676,440	$ 3,738,860	$ 4,780,154	$ 4,908,140	$ 4,126,989
GMHA's proportion of the net pension liability	8.51%	8.10%	7.81%	7.58%	7.65%	7.96%	7.92%

* This data is presented for those years for which information is available.

Guam Memorial Hospital Authority
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Schedule 4
Required Supplemental Information (Unaudited)
Schedule of Pension Contributions
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily determined contribution	$ 11,764,172	$ 10,868,116	$ 10,893,064	$ 10,600,286	$ 11,773,474	$ 10,797,566	$ 12,606,829	$ 11,552,350	$ 11,059,816
Contribution in relation to the statutorily determined contribution	11,660,111	10,325,295	10,548,744	11,960,259	11,400,176	11,242,339	12,470,651	11,593,916	10,874,139
Contribution (excess) deficiency	$ 104,061	$ 542,821	$ 344,320	$ (1,359,973)	$ 373,298	$ (444,773)	$ 136,178	$ (41,566)	$ 185,677
GMHA's covered-employee payroll **	$ 49,646,005	$ 48,500,356	$ 44,214,485	$ 45,240,661	$ 46,255,958	$ 45,750,624	$ 47,411,059	$ 43,653,700	$ 41,133,673
Contribution as a percentage of covered-employee payroll	23.49%	21.29%	23.86%	26.44%	24.65%	24.57%	26.30%	26.56%	26.44%

* This data is presented for those years for which information is available.
** Covered-employee payroll data from the actuarial valuation date with one-year lag.

Guam Memorial Hospital Authority
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Schedule 5
Required Supplemental Information (Unaudited)
Schedule of the Proportionate Share of the Total OPEB Liability
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017
GMHA's proportionate share of the total OPEB Liability	211,965,288	190,642,127	$ 182,956,947	$ 134,276,729	$ 178,049,315	$ 183,586,849
GMHA's proportion of the total OPEB Liability	7.65%	7.57%	7.16%	7.16%	7.32%	7.25%

* This data is presented for those years for which information is available.

Guam Memorial Hospital Authority
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Schedule 6
Required Supplemental Information (Unaudited)
Schedule of OPEB Employer Contributions
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 18,555,578	$ 18,937,519	$ 14,505,782	$ 18,748,390	$ 19,422,648	$ 16,627,095
Contributions in relation to the actuarially determined contribution	3,399,797	2,945,286	3,292,943	3,269,248	2,937,721	2,937,721
Contribution deficiency	$ 15,155,781	$ 15,992,233	$ 11,212,839	$ 15,479,142	$ 16,484,927	$ 13,689,374

* This data is presented for those years for which information is available.

Guam Memorial Hospital Authority
(A Component Unit of the Government of Guam)

Note to Required Supplementary Information
(Unaudited)

Year Ended September 30, 2022

Changes of Assumptions – Pension Plans

Amounts reported in the 2021 actuarial valuation reflected an assumption related to administrative expenses to increase to $6,565,000 per year.

Amounts reported in the 2020 actuarial valuation reflected an assumption related to administrative expenses to decrease to $6,439,000 per year.

Amounts reported in the 2019 actuarial valuation reflected an assumption related to administrative expenses to decrease to $6,860,000 per year.

Amounts reported in the 2018 actuarial valuation reflected an assumption related to administrative expenses to increase to $7,082,000 per year.

Amounts reported in the 2017 actuarial valuation reflect a change of assumption for payroll growth to 2.75% rather than 3%. The mortality, retirement age and disability assumption were changed to more closely reflect actual experience. Assumption related to administrative expenses reflected an increase to $6,344,000 per year and a revised allocation to the various pension plans to reflect actual experience.

Amounts reported in the 2016 actuarial valuation reflect a change of assumption for administrative expenses to $6,078,000 per year rather than $5,806,000.

Amounts reported in the 2015 actuarial valuation reflect a change of assumption for payroll growth to 3% rather than 3.5% which was used to determine amounts reported prior to 2015. Amounts reported in 2014 reflect an adjustment of expectations for salary increases, disability and retirement age to more closely reflect actual experience. The amounts reported in the 2011 actuarial valuation reflect an expectation of retired life mortality based on the RP-2000 Mortality Table rather than the 1994 U.S. Uninsured Pensioners Table, which was used to determine amounts reported prior to 2011. Amounts reported in 2011 also reflect a change of assumption for valuation of assets to a 3-year phase in for gains/losses relative to interest rate assumption from market value, with fixed income investments at amortized costs which was used to determine amounts reported prior to 2011.

Supplementary and Other Information

Guam Memorial Hospital Authority
(A Component Unit of the Government of Guam)

Schedule 7
Schedule of Expenses
Years Ended September 30, 2022 and 2021

	2022	2021
NURSING:		
Salaries	$ 26,841,623	$ 23,068,694
Overtime	1,097,651	871,678
Other pay	10,763,486	9,262,318
Fringe benefits	7,547,631	7,676,388
Total personnel costs	46,250,391	40,879,078
Contractual services	175,462	---
Contractual services	5,170,075	4,913,518
Supplies and materials	5,893,210	6,709,259
Miscellaneous	13,322,841	14,979,268
	$ 70,811,979	$ 67,481,123

	2022	2021
PROFESSIONAL SUPPORT:		
Salaries	$ 13,222,312	$ 12,553,821
Overtime	319,952	256,349
Other pay	4,017,088	3,128,495
Fringe benefits	3,820,261	3,968,051
Total personnel costs	21,379,613	19,906,716
Supplies and materials	14,567,126	12,693,801
Contractual services	2,993,663	2,332,136
Utilities	17,193	16,430
Miscellaneous	105,018	86,103
	$ 39,062,613	$ 35,035,186

Guam Memorial Hospital Authority
(A Component Unit of the Government of Guam)

Schedule of Expenses, continued

	2022	2021
ADMINISTRATIVE SUPPORT:		
Salaries	$ 6,987,221	$ 6,396,496
Overtime	454,320	384,475
Other pay	402,930	394,506
Fringe benefits	2,098,237	2,253,191
Total personnel costs	9,942,708	9,428,668
Supplies and materials	3,194,006	3,457,927
Utilities	3,573,594	2,561,013
Contractual services	5,511,327	2,774,189
Miscellaneous	487,333	350,345
	$ 22,708,968	$ 18,572,142

	2022	2021
FISCAL SERVICES:		
Salaries	$ 3,835,552	$ 3,702,954
Overtime	61,062	57,008
Other pay	194,912	191,917
Fringe benefits	1,322,857	1,360,311
Annual leave lump sum pay	(361,793)	534,561
Sick leave (DC plan)	266,419	547,613
Total personnel costs	5,319,009	6,394,364
Contractual services	4,790,062	860,059
Supplies and materials	94,651	79,100
Miscellaneous	56,215	25,677
	$ 10,259,937	$ 7,359,200

Guam Memorial Hospital Authority
(A Component Unit of the Government of Guam)

Schedule of Expenses, continued

	2022	2021
ADMINISTRATION:		
Salaries	$ 2,787,315	$ 2,416,548
Overtime	4,896	1,939
Other pay	142,160	105,378
Fringe benefits	677,358	742,646
Total personnel costs	3,611,729	3,266,511
Insurance (Property)	541,104	540,456
Contractual services	10,863	168,898
Supplies and materials	72,036	89,377
Miscellaneous	212,797	326,274
	$ 4,448,529	$ 4,391,516

	2022	2021
MEDICAL STAFF:		
Salaries	$ 10,200,664	$ 14,557,175
Overtime	2,039	755
Other pay	358,862	760,607
Fringe benefits	1,333,269	1,872,264
Total personnel costs	11,894,834	17,190,801
Supplies and materials	179,774	132,707
Contractual services	19,919,334	13,228,460
Miscellaneous	67,304	33,953
	$ 32,061,246	$ 30,585,921
Total actual expenses, without depreciation, impairment, and retiree healthcare costs and other pension benefits	$ 179,353,272	$ 163,425,088

Guam Memorial Hospital Authority
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Schedule 8
Schedule of Net Patient Service Revenues by Patient Classification
Years Ended September 30, 2022 and 2021

	2022	2021
Gross Patient Service Revenue:		
Medicaid patients	$ 67,531,140	$ 47,292,383
Medicare patients	75,320,209	55,993,169
MIP patients	3,338,929	13,194,298
Other patients	67,112,118	61,116,667
Self-pay patients	33,238,752	25,939,155
	$ 246,541,148	$ 203,535,672
Contractual Adjustments and Provision for Bad Debts:		
Contractual adjustments:		
Medicaid patients	$ 40,414,912	$ 26,907,378
Medicare patients	26,815,379	36,289,933
MIP patients	2,025,772	6,326,971
Other patients	(6,071,783)	2,475,990
Provision for bad debts:		
Self-pay patients	52,178,055	23,697,570
	$ 115,362,335	$ 95,697,842
Net Patient Service Revenue:		
Medicaid patients	$ 27,116,228	$ 20,385,005
Medicare patients	48,504,830	19,703,236
MIP patients	1,313,157	6,867,327
Other patients	73,183,901	58,640,677
Self-pay patients	(18,939,303)	2,241,585
	$ 131,178,813	$ 107,837,830

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Schedule 9
Schedule of Billings and Collections and Reconciliation of Billings to Gross Patient Revenues
Years Ended September 30, 2022, 2021, 2020, 2019 and 2018

	Medicaid, Medicare and MIP				Self Pay and Government - DOC and Others			Third-Party Payors										
2022	Medicaid	Medicare	MIP	Subtotal	Self Pay	Government - DOC and Others	Subtotal	Subtotal	Payor A	Payor B	Payor C	Payor D	Payor E	Payor F	Subtotal	Grand Total	Timing Differences and Adjustments	Gross Patient Revenues
Billings	$ 71,577,950	$ 67,786,756	$ 3,948,834	$ 143,313,540	$ 43,467,545	$ 1,348,993	$ 44,816,537	$ 188,130,077	$ 2,550,257	$ 18,966,871	$ 23,804,791	$ 6,431,972	$ 4,571,216	$ 8,522,592	$ 64,847,700	$ 252,977,777	$ (6,436,629)	$ 246,541,148
Collections	$ 28,465,067	$ 19,218,456	$ 4,433,615	$ 52,117,138	$ 10,901,667	$ -	$ 10,901,667	$ 63,018,805	$ 2,509,251	$ 17,098,323	$ 19,680,011	$ 5,428,636	$ 5,789,708	$ 2,548,706	$ 53,054,634	$ 116,073,439		
Percentage of collections over billings	40%	28%	112%	36%	25%	0%	24%	33%	98%	90%	83%	84%	127%	30%	82%	46%		
2021																		
Billings	$ 49,691,289	$ 48,313,497	$ 14,884,049	$ 112,888,835	$ 33,428,665	$ 1,703,225	$ 35,131,890	$ 148,020,725	$ 2,382,355	$ 11,222,209	$ 9,458,851	$ 7,562,619	$ 20,293,656	$ 10,259,645	$ 61,179,335	$ 209,200,060	$ (5,664,388)	$ 203,535,672
Collections	$ 21,540,733	$ 13,774,552	$ 7,583,527	$ 42,898,812	$ 13,047,378	$ -	$ 13,047,378	$ 55,946,190	$ 2,063,489	$ 5,747,682	$ 8,637,789	$ 5,313,587	$ 17,993,305	$ 2,918,536	$ 42,674,388	$ 98,620,578		
Percentage of collections over billings	43%	29%	51%	38%	39%	0%	37%	38%	87%	51%	91%	70%	89%	28%	70%	47%		
2020																		
Billings	$ 44,660,535	$ 50,918,400	$ 14,995,284	$ 110,574,219	$ 30,313,848	$ 1,218,117	$ 31,531,965	$ 142,106,184	$ 2,223,210	$ 6,671,704	$ 12,496,654	$ 6,582,739	$ 16,068,921	$ 3,705,612	$ 47,748,840	$ 189,855,024	$ (12,140,508)	$ 177,714,516
Collections	$ 26,999,457	$ 23,488,555	$ 8,720,350	$ 59,208,362	$ 5,417,318	$ 650,129	$ 6,067,447	$ 65,275,809	$ 2,378,919	$ 9,046,069	$ 10,982,662	$ 4,670,610	$ 9,891,455	$ 2,125,077	$ 39,094,792	$ 104,370,601		
Percentage of collections over billings	60%	46%	58%	54%	18%	53%	19%	46%	107%	136%	88%	71%	62%	57%	82%	55%		
2019																		
Billings	$ 40,035,520	$ 42,650,825	$ 14,557,079	$ 97,243,424	$ 28,242,171	$ 981,341	$ 29,223,512	$ 126,466,936	$ 2,782,460	$ 15,509,994	$ 22,340,270	$ 6,690,476	$ -	$ 3,982,170	$ 51,305,370	$ 177,772,306	$ 1,073,742	$ 178,846,048
Collections	$ 17,579,613	$ 11,982,584	$ 3,875,780	$ 33,437,977	$ 14,578,388	$ 460,203	$ 15,038,591	$ 48,476,568	$ 2,895,617	$ 9,654,735	$ 15,532,290	$ 5,167,364	$ -	$ 1,935,211	$ 35,185,217	$ 83,661,785		
Percentage of collections over billings	44%	28%	27%	34%	52%	47%	51%	38%	104%	62%	70%	77%	0%	49%	69%	47%		
2018																		
Billings	$ 32,776,001	$ 36,182,305	$ 11,206,810	$ 80,165,116	$ 27,954,383	$ 798,506	$ 28,752,889	$ 108,918,005	$ 4,594,613	$ 11,553,818	$ 17,741,845	$ 7,535,750	$ -	$ 3,480,370	$ 44,906,396	$ 153,824,401	$ (3,933,242)	$ 149,891,159
Collections	$ 16,955,999	$ 12,093,559	$ 6,853,159	$ 35,902,717	$ 7,273,535	$ 266,493	$ 7,540,028	$ 43,442,745	$ 3,066,368	$ 8,860,062	$ 13,822,760	$ 4,801,154	$ -	$ 1,758,666	$ 32,309,010	$ 75,751,755		
Percentage of collections over billings	52%	33%	61%	45%	26%	33%	26%	40%	67%	77%	78%	64%	0%	51%	72%	49%		

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Schedule 10
Schedule of Full Time Employee (FTE) Count

Department	2022	2021
Actual FTE count		
Nursing	541	540
Professional Support	222	203
Administrative Support	194	198
Fiscal Services	97	99
Administration	38	26
Medical Staff	31	37
DOC	23	21
	1,146	1,124
Budgeted FTE count	1,244	1,265