THE NAVAJO NATION

JONATHAN NEZ | PRESIDENT MYRON LIZER | VICE PRESIDENT

September 30, 2020

Hon. Seth Damon
Office of the Speaker
Post Office Box 3390
Window Rock, AZ 86515

RE: CS-79-20, *An Action Relating to an Emergency; Approving the Reauthorization of the 2005 Tribal Designation for the Navajo Health Foundation – Sage Memorial Hospital, Inc., as a Tribal Organization for purposes of contracting under Public Law 93-638 for a period of twenty years, beginning October 1, 2020 and ending September 30, 2040*

Dear Speaker Damon,

Diyin Bits'áádéé' Beehaz'áanii, Diné Traditional Law, tells us that all leaders chosen by the Diné are to carry out their duties and responsibilities in a moral and legal manner in representing the People and the government. Part of the responsibility is to plan appropriately for the future of our Nation, this includes the planning for the health care of our People. This is more important than ever during this COVID-19 pandemic. A rush to approve legislation does not allow for time to gather all the facts and hear from all sides of a matter, this is what we have with CS-79-20.

In the dash to get to a final vote on CS-79-20 many important facts were overlooked. There was no time to talk to Indian Health Service representatives, who are a vital part of this issue, and critical recommendations from the Navajo Department of Health to address quality care were disregarded. Had the sponsor taken the time to involve everyone, the Council members may have learned the situation is not as dire as presented. Sage Memorial Hospital would not "go out of business" tomorrow or would not disappear forever. Council members would have heard that the Indian Health Service would not begin contract negotiations immediately and Sage Memorial would still have access to federal funds when a contract is completed. The Navajo Department of Health issues should be addressed concerning the contract with Sage Memorial Hospital and to discuss the conditions of appropriations related to partnership and collaboration. These issues include hospital accreditation, audit issues, updated healthcare manuals, a proper discussion on the term of the contract, quality of health care performance, and most critical, any potential connection with Ahmed Razaghi, similar to the decision in NABID-72-19.

The dire picture painted by Sage Memorial is not so dire once all the facts are in. The hospital has sufficient funds to continue providing health care services; these funds include continued third-party billing, carryover funds, and the recent lawsuit settlement of over $200 million. Additionally, Indian Health Service funding would remain available once a contract is signed between the parties. It would only be fitting to have the Navajo Nation participate in the contract negotiations to protect the interest of the Navajo Nation and ensure proper health care services for Navajo citizens. Such health care services should include active participation in the fight against COVID-

19, complete care for Navajos who contracted the virus, and coordination with the Navajo Nation and Indian Health Service in tracking positive cases and other preventative measures.

As cited in this resolution, the Council, in 2005, delegated the reauthorization authority to the Intergovernmental Relations Committee with a recommendation from the Health and Social Services Committee; that delegated responsibility now falls to the Naabiki'yati Committee and the Health, Education, and Human Services Committee. With the claimed emergency situation in CS-79-20, the sponsor is bypassing the proper process and pulling the authority from the proper Council Standing Committees. Additionally, the sponsor, by this claimed emergency, now delegates this reauthorization authority to the Navajo Nation President. The Navajo Department of Health is always available to help the Committees with proper vetting of health care matters, as is the Office of the President and Vice President. We are delighted to contribute to the process or if the Council would reconsider CJN-35-05 we will be pleased to be included in the reauthorization responsibility.

As we mentioned in previous letters, we appreciate the sponsor and agent's attempt at describing the emergency nature of this resolution and this short justification is now part of the legislative record. Thank you. At this late date and time, we prefer to have given this resolution a proper review because we believe we owe this to the Navajo People who benefit from the health care facilities on the Nation. We raised several issues, provided some solutions, and expressed our cooperation to work together in these 638 health care issues, but for the benefit of our Nation and our People we cannot approve CS-79-20.

Sincerely,

Jonathan Nez, President
THE NAVAJO NATION

Myron Lizer, Vice President
THE NAVAJO NATION

RESOLUTION OF THE
NAVAJO NATION COUNCIL
24th NAVAJO NATION COUNCIL - SECOND YEAR, 2020

AN ACTION
RELATING TO AN EMERGENCY; APPROVING THE REAUTHORIZATION OF THE 2005 TRIBAL DESIGNATION FOR THE NAVAJO HEALTH FOUNDATION - SAGE MEMORIAL HOSPITAL, INC., AS A TRIBAL ORGANIZATION FOR PURPOSES OF CONTRACTING UNDER PUBLIC LAW 93-638 FOR A PERIOD OF TWENTY YEARS, BEGINNING OCTOBER 1, 2020 AND ENDING SEPTEMBER 30, 2040

BE IT ENACTED:

SECTION ONE. AUTHORITY

A. The Navajo Nation Council is the governing body of the Navajo Nation. 2 N.N.C. § 102 (A).

B. Pursuant to 2 N.N.C. § 164 (A)(16) "[m]atters constituting an emergency shall be limited to the cessation of law enforcement services, and disaster relief services, fire protection services or other direct services required as an entitlement under Navajo Nation or Federal law, or which directly threaten the sovereignty of the Navajo Nation. Such an emergency matter must arise due to the pressing public need for such resolution(s) and must be a matter requiring final action by the Council."

C. The possible cessation of any medical services to members of the Navajo Nation constitutes an emergency, and threatens the sovereignty of the Navajo Nation.

D. The Navajo Nation has a government-to-government relationship with the federal government. *Treaty of 1868*.

SECTION TWO. FINDINGS

A. On June 3, 2005, the Navajo Health Foundation - Sage Memorial Hospital, Inc., located in Ganado, Arizona (Navajo Nation) was authorized by the Navajo Nation Council as a tribal organization for purposes of "managing and operating contracts with the Indian Health Service under Public Law 93-638 for a fifteen-year period beginning October 1, 2005 and ending September 30, 2020, for all programs, functions, services and activities … which … tribal organizations currently contract[] under Public Law 93-638." CJN-35-05. The Navajo Nation Council authorized, by delegation, the Intergovernmental Relations Committee, now the Naabik'íyáti' Committee, to permit the

"expansion" of the authority in "managing and operating contracts" upon recommendation of the oversight authority [now the Health, Education and Human Services Committee]. Section 3, *Id.*

B. The Navajo Health Foundation - Sage Memorial Hospital, Inc. has submitted to the Navajo Nation the attached "Proposal for the Reauthorization to Obtain Navajo Nation Tribal Designation for the Purposes of Contracting Under the Indian Self-Determination and Education Assistance Act, P.L. 93-638." The proposal is dated September 1, 2020 and is attached as **Exhibit A**. Generally, it states as its mission, providing "quality healthcare in a fiscally responsible manner, focusing on the patient's health, social and spiritual well-being." **Exhibit A** (containing credentials and qualifications).

C. The Ganado, Kindahlichii, Wide Ruins Community and Steamboat chapters support the request of Navajo Health Foundation - Sage Memorial Hospital, Inc., for reauthorization. See resolutions GAN-229-2020, KDLC 07-039-2020 and WDR-08-023-20 attached respectively within **Exhibit A** (Steamboat Chapter resolution is marked as and dated August 17, 2020).

D. Health and medical services provided by Navajo Health Foundation - Sage Memorial Hospital will end September 30, 2020. Should this occur, 25,000 patients within the service area will be impacted, especially during these unprecedented times with the Covid-19 virus pandemic. It is in the best interest of the Navajo Nation to immediately approve the reauthorization of such crucial services provided by the hospital.

SECTION THREE. APPROVING REAUTHORIZATION

A. The Navajo Nation hereby approves and reauthorizes the Navajo Health Foundation - Sage Memorial Hospital, Inc., as a tribal organization for purposes of contracting under the Indian Self Determination Act, Public Law 93-638 for a twenty-year period beginning October 1, 2020 and ending September 30, 2040. All pertinent documents relative to this action of the Navajo Nation are included herewith and marked as **Exhibit A**.

B. The reauthorization granted here shall be deemed revocable and shall be limited to Title 1, Public Law 93-638 contracting. Further, terms and conditions originally set forth in CJY-35-05, including amendments thereto, shall continue to apply.

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the 24th Navajo Nation Council at a duly called meeting in Window Rock, Navajo Nation (Arizona), at which a quorum was present and that the same was passed by a vote of 16 in Favor, and 02 Opposed, on this 30th day of September 2020.

Honorable Seth Damon, Speaker
24th Navajo Nation Council

Sept 30, 2020
DATE

Motion: Honorable Vince James
Second: Honorable Rickie Nez

Speaker Seth Damon not voting

ACTION BY THE NAVAJO NATION PRESIDENT:

1. I, hereby, sign into law the foregoing legislation, pursuant to 2 N.N.C. § 1005 (C)(10), on this _____ day of _____, 2020.

   _____
   Jonathan Nez, President
   Navajo Nation

2. I, hereby, veto the foregoing legislation, pursuant to 2 N.N.C. § 1005 (C)(11), on this 30th day of September, 2020 for the reason(s) expressed in the attached letter to the Speaker.

   _____
   Jonathan Nez, President
   Navajo Nation

NAVAJO HEALTH FOUNDATION

SAGE MEMORIAL HOSPITAL

Proposal for the Reauthorization to Obtain Navajo Nation Tribal Designation for the Purposes of Contracting Under the Indian Self-Determination and Education Assistance Act, P.L. 93-638

September 1, 2020

NAVAJO HEALTH FOUNDATION
SAGE MEMORIAL HOSPITAL
POST OFFICE BOX 457 | GANADO, ARIZONA 86505 | PH (928) 755-4500 | FAX (928) 755-4659

Table of Contents

Proposal for the Reauthorization of the 2005 CJN-35-05 Tribal Designation
2020 Presentation to Health, Education and Human Services Committee 1

Licensing and Accreditation ***(Attached as Exhibit 1)***
The Joint Commission 30
Arizona Department of Health 31
Arizona Corporation Commission 35

Healthcare Quality Management Program
Healthcare Quality Management Plan ***(Attached as Exhibit 2)*** 37
Community Relations and Outreach Program
Community Health Needs Assessment ***(Attached as Exhibit 3)*** 113

Financial Information
FY 2019 Audited Financial Statement ***(Attached as Exhibit 4)*** 182
2018 Internal Revenue Service Form 990 ***(Attached as Exhibit 5)*** 239

Healthcare Campus Development
Renderings ***(Attached as Exhibit 6)*** 290

Navajo Nation Government
20th Navajo Nation Council – Third Year, 2005 Resolution ***(Attached as Exhibit 7)*** 294
Supporting Resolutions for Tribal Designation ***(Attached as Exhibit 8)*** 297
Cornfields Chapter
Nazlini Chapter
Ganado Chapter
Kinlichee Chapter
Klagetoh Chapter
Wide Ruins Chapter
Steamboat Chapter
District 17 Council

Navajo Health Foundation - Sage Memorial Hospital

PROPOSAL FOR THE REAUTHORIZATION OF THE 2005 CJN-35-05 TRIBAL DESIGNATION

September 1, 2020

Outline

- Corporate Governance
- Licensing and Accreditation
- Healthcare Quality Management Program
- Community Relations & Outreach Programs
- Patient Census
- Financial Information
- Healthcare Services Expansion
- Healthcare Campus Development

Corporate Governance

Sage Memorial Hospital
Governing Board

ANDREW SIMPSON
Chairperson

MAYBELLE KELEWOOD
Treasurer

RAYANN TERRY
Secretary

VERONICA CLARK
Board Member

DELORES NOBLE
Board Member

Mission & Core Values

- **Mission:** Navajo Health Foundation - Sage Memorial Hospital Inc., provides quality healthcare services in a fiscally responsible manner, focusing on the patient's health, social and spiritual well-being.

- **Values: Trust, Respect, Honesty, Friendly, Loyalty**

Licensing and Accreditation

Licensing and Accreditation

- **The Governing Board bears the responsibility of ensuring Sage Memorial Hospital is managed in accordance with Arizona Administrative Code Title 9 – Health Services and Title 10.**
- **Sage is uniquely located on private land surrounded by the Navajo Nation which it leases from the Presbytery of the Grand Canyon.**
- **Sage's business license and hospital license is under the authority of the State of Arizona. Therefore, the facility is required to follow the regulations of the Arizona Revised Statutes and Arizona Department of Health.**
- **Due to its Arizona licensure, Sage is allowed to provide healthcare for all members of the Navajo Nation AND those who reside outside of the Navajo Nation and other states.**

- **Arizona Corporation Commission**
  - Navajo Health Foundation dba Sage Memorial Hospital business license
    - Active and In Good Standing

- **Arizona Department of Health**
  - Division of Healthcare Licensing Services

  Unconditional hospital license January 1, 2019 to September 30, 2022

Licensing and Accreditation

- **Sage Memorial Hospital Governing Board, Administration, Medical Staff and employees are committed to providing the highest quality of healthcare**
- **The Governing Board and its Administration choose Joint Commission accreditation for the facility.**
- **Sage maintains its CMS certification which provides a third layer of healthcare quality**

Arizona Department of Health Rural General Hospital License

Unconditional hospital license January 1, 2019 to September 30, 2022 *(Attached as Exhibit 1)*

Joint Commission Accreditation

"Gold Seal of Approval" patient quality June 22, 2019 to June 22, 2022 *(Attached as Exhibit 1)*

Medicare Certification

Through June 22, 2022 as "deemed" through Joint Commission

Healthcare Quality Management Plan

Healthcare Quality Management Program

NHF-SMH Healthcare Quality Management Program *(Attached as Exhibit 2)*

- **Policy and Procedure Committee**
- **Emergency Management**
  - Incident Command
- **Safety Management**
  - Statement of Concern
  - Occurrence/Incident Reporting Process
  - Security Management
- **Infection Control and Prevention**
  - Employee Health
- **Continuous Quality and Performance Improvement**
  - Quality Council Committee
  - Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) Reporting
  - Medicare Beneficiary Quality Improvement Project (MBQIP) Reporting
- **Patient Relations and Satisfaction**
  - Patient Complaint/Grievance Process
  - Records Retention and Patient Information Confidentiality
    - Health Insurance Portability and Accountability Act (HIPAA) Compliance

Community Relations and Outreach Programs

Community Relations and Outreach Programs

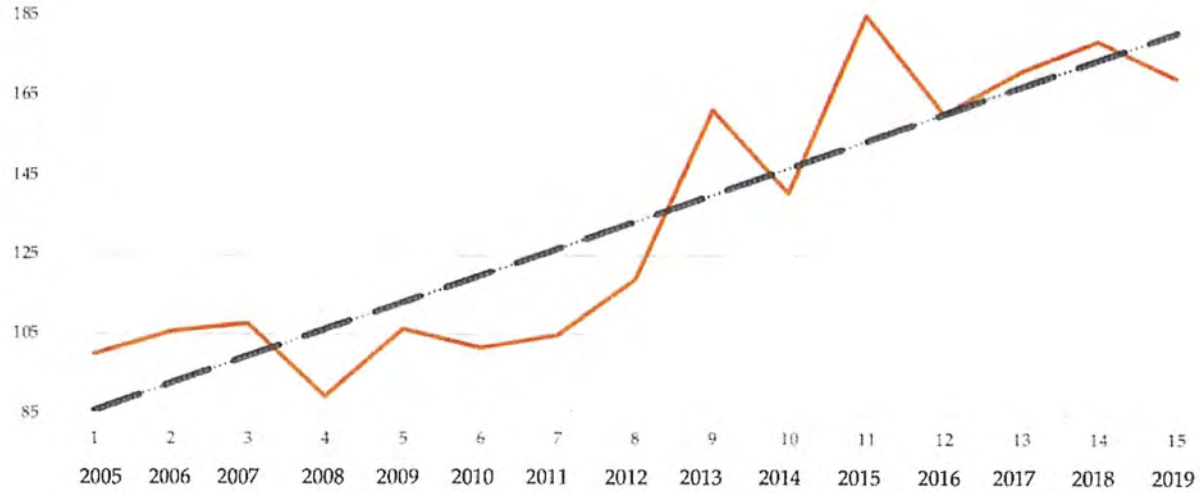
- Community Relations & Outreach Programs
  - 2019 Community Health Needs Assessment (*Attached as Exhibit 3*)
  - Navajo Area Agency on Aging
    - Dentures for Navajo Nation Elders
  - Indian Health Services Special Diabetes Program for Indians
    - Ongoing Fun Runs/Walks
    - Collaboration with Chapter Houses
    - Ongoing Healthy Lifestyles Education
    - Diabetes Education
    - Continuous Wellness Center Patient Referrals
  - Annual Mass Flu
  - Drive Through Community COVID-19 Testing
  - Continuous Community Support and Sponsorships
  - Community Health Nursing Program

Patient Census

Patient Census

NAVAJO HEALTH FOUNDATION - SAGE MEMORIAL HOSPITAL, INC.
Net Patient Service Revenues
Fiscal Years 2005 to 2019

15 Year Patient Service Percent Growth & Trend
(2005 is Base Year 1 at 100%)



Patient Census

Emergency Dept	Total Visits	Visits per Day
FY2006	6,819	18.7
FY2007	6,850	18.8
FY2008	6,890	18.9
FY2009	8,242	22.6
FY2010	9,250	25.3
FY2011	11,560	31.7
FY2012	12,737	34.8
FY2013	12,477	51.6
FY2014	12,458	51.5
FY2015	12,432	34.1
FY2016	11,925	32.7
FY2017	11,853	32.5
FY2018	12,078	33.1
FY2019	11,860	32.5
FY2020	14,842	72.0
Total	74,990	42 average

Inpatient Admissions	Total
FY2006	643
FY2007	783
FY2008	575
FY2009	431
FY2010	497
FY2011	460
FY2012	421
FY2013	355
FY2014	403
FY2015	276
FY2016	296
FY2017	339
FY2018	274
FY2019	221
FY2020	327
Total	**6301**

Patient Census

Swing bed long term	Total Admissions
FY2006	36
FY2007	16
FY2008	8
FY2009	5
FY2010	28
FY2011	41
FY2012	26
FY2013	14
FY2014	23
FY2015	31
FY2016	29
FY2017	32
FY2018	39
FY2019	29
FY2020	28
Total	**385**

Outpatient Clinics	Total Visits
FY2006	22,950
FY2007	21,232
FY2008	19,105
FY2009	16,738
FY2010	22,090
FY2011	18,276
FY2012	14,797
FY2013	14,521
FY2014	13,719
FY2015	14,328
FY2016	14,674
FY2017	14,474
FY2018	14,695
FY2019	14,941
FY2020	8,553
Total	**245,093**

Patient Census

Dental Clinic	Total Visits
FY2006	5,822
FY2007	6,106
FY2008	7,014
FY2009	8,096
FY2010	7,983
FY2011	8,773
FY2012	13,370
FY2013	12,321
FY2014	11,347
FY2015	8,920
FY2016	10,104
FY2017	8,970
FY2018	17,952
FY2019	17,860
FY2020	5,073
Total	**149,711**

Eye Clinic	Total Visits
FY2006	-
FY2007	-
FY2008	-
FY2009	796
FY2010	903
FY2011	1,234
FY2012	1,036
FY2013	1,986
FY2014	2,456
FY2015	2,450
FY2016	2,394
FY2017	2,493
FY2018	2,665
FY2019	2,625
FY2020	1,716
Total	**22,754**

Patient Census

Physical Therapy	Total Visits
FY2006	1,191
FY2007	1,196
FY2008	1,137
FY2009	2,189
FY2010	1,835
FY2011	1,801
FY2012	1,231
FY2013	1,084
FY2014	1,657
FY2015	1,991
FY2016	1839
FY2017	1,713
FY2018	1,253
FY2019	1,298
FY2020	671
Total	**21,086**

Behavioral Health	Total Visits
FY2006	1,173
FY2007	1,167
FY2008	1,451
FY2009	1,668
FY2010	1,738
FY2011	1,679
FY2012	1,890
FY2013	1,972
FY2014	1,790
FY2015	1,991
FY2016	1,713
FY2017	1,675
FY2018	1,873
FY2019	1,649
FY2020	1,965
Total	**25,394**

Patient Census

Physical Therapy	Total Visits
FY2006	1,191
FY2007	1,196
FY2008	1,137
FY2009	2,189
FY2010	1,835
FY2011	1,801
FY2012	1,231
FY2013	1,084
FY2014	1,657
FY2015	1,991
FY2016	1839
FY2017	1,713
FY2018	1,253
FY2019	1,298
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Total	**21,086**

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FY2013	1,972
FY2014	1,790
FY2015	1,991
FY2016	1,713
FY2017	1,675
FY2018	1,873
FY2019	1,649
FY2020	1,965
Total	**25,394**

Patient Census

Medical Imaging	Total	Average per Day
FY2006	11,602	31.79
FY2007	11,695	32.04
FY2008	11,853	32.47
FY2009	11,897	32.59
FY2010	13,671	37.45
FY2011	14,308	39.20
FY2012	14,632	39.98
FY2013	11,676	48.25
FY2014	13,014	53.78
FY2015	12,638	34.62
FY2016	19,634	53.79
FY2017	20,813	57.02
FY2018	15,574	42.55
FY2019	9,939	41.07
FY2020	5,384	22.25
Total	**198,330**	

Laboratory	Total Tests	Avg. Orders per Day
FY2006	36,707	100.6
FY2007	35,737	97.9
FY2008	39,285	107.6
FY2009	44,555	122.1
FY2010	59,716	163.6
FY2011	61,636	168.9
FY2012	54,995	150.3
FY2013	48,860	201.9
FY2014	62,488	258.2
FY2015	55,354	151.7
FY2016	76,430	209.4
FY2017	83,253	228.1
FY2018	84,964	232.1
FY2019	83,169	343.7
FY2020	54,636	225.8
Total	**881,785**	

Patient Census

Inpatient Pharmacy	Total Prescriptions	Average per Day
FY2006	24,159	66.19
FY2007	23,653	64.80
FY2008	26,386	72.29
FY2009	32,072	87.87
FY2010	44,577	122.13
FY2011	39,089	107.09
FY2012	38,214	104.41
FY2013	31,586	130.52
FY2014	36,258	149.83
FY2015	38,439	162.20
FY2016	43,447	210.40
FY2017	42,208	207.20
FY2018	41,485	200.10
FY2019	44,327	220.30
FY2020	30,637	186.78
Total	**536,537**	

Outpatient Pharmacy	Total Prescriptions	Average Per Day
FY06	68,386	187.35
FY07	68,065	186.48
FY08	62,296	170.67
FY09	62,113	170.17
FY10	76,417	209.36
FY11	94,100	257.8
FY12	91,248	250
FY13	90,143	246.97
FY14	82,729	226.65
FY15	78,878	216.1
FY16	74,357	203.17
FY17	82,672	226.5
FY18	89,134	255.2
FY19	92,616	253.74
FY20	70,278	192.54
Total	**1,183,432**	

Financial Information

Financial Information

- Financial Information
  - ➢Fiscal Year 2019 Audited Financial Statement
    (*Attached as Exhibit 4*)
  - ➢2018 Internal Revenue Service Form 990
    (*Attached as Exhibit 5*)

Healthcare Services Expansion

Healthcare Services Expansion

- Hitachi Open MRI Services (*December 2020*)
- Mobile Community Health Clinics (*December 2020*)
- Telehealth Expansion (*January 2021*)

Healthcare Campus Development

SAGE MEMORIAL HOSPITAL

- 40 Bed Replacement Hospital
  - Surgery
  - ICU
  - Labor & Delivery
  - Cath Lab
- Medical Office Building
  - Outpatient Clinics
  - Renal Dialysis
  - Specialty Clinics
  - Allied Health
- Employee Housing Expansion
  - 87 multi family
  - 29 single family

NAVAJO HEALTH FOUNDATION

HOEFER WYSOCKI

Layton
CONSTRUCTING WITH INTEGRITY

Healthcare Campus Development

- Healthcare Campus Development
  - 40 Bed Replacement Hospital (*December 2021*)
  - Medical Office Building (Outpatient Services) (*December 2021*)
  - Employee Housing Expansion (*September 2021*)
  - 1996 Presbytery of Grand Canyon Land Lease Extension (*September 2020*)
  - 30 Year long term financing (*September 2020*)
  - Reauthorization of the Sage Memorial Hospital Tribal Designation by the Navajo Nation Council Resolution (*September 2020*)

Ahe'hee'

Thank You

Navajo Health Foundation

Ganado, AZ

has been Accredited by

The Joint Commission

Which has surveyed this organization and found it to meet the requirements for the

Critical Access Hospital Accreditation Program

June 22, 2019

Accreditation is customarily valid for up to 36 months.

David Perrot, MD, DDS, MBA, FACS
Chair, Board of Commissioners

ID #9466
Print/Reprint Date: 10/24/2019

Mark R. Chassin, MD, FACP, MPP, MPH
President

The Joint Commission is an independent, not-for-profit national body that oversees the safety and quality of health care and other services provided in accredited organizations. Information about accredited organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information regarding accreditation and the accreditation performance of individual organizations can be obtained through The Joint Commission's web site at www.jointcommission.org.

ARIZONA DEPARTMENT OF HEALTH SERVICES
LICENSING

Division of Licensing Services
Bureau of Medical Facilities Licensing

150 North 18th Avenue, Suite 450
Phoenix, Arizona 85007-3242
(602) 364-3030
(602) 792-0466 Fax

DOUGLAS A. DUCEY, GOVERNOR
CARA M. CHRIST, MD, DIRECTOR

RECEIVED
JUL 30 2019
BY: RNG

July 22, 2019

Christi El-Meligi, Administrator
Sage Memorial Hospital
P.O. Box 457
Ganado, AZ 86505

RE: RGH3899
Sage Memorial Hospital
State Route 264 South 191
Ganado, AZ 86505

Dear Ms. El-Meligi:

Enclosed is the license to operate a(n) Rural General Hospital. The license:

- Is the property of the Department of Health Services;
- Is not transferable to another party; and
- Is valid only at the location indicated on the license.

The licensed capacity and classification of services which you are authorized to provide are specified on the license and cannot be changed without prior approval by the Arizona Department of Health Services. A change in location or ownership of the facility requires an application and licensure prior to the change.

Arizona laws and rules require that a license be conspicuously posted in the reception area of the facility. The law additionally requires that you notify the Department in writing at least thirty (30) days prior to termination of operation.

Should you have any questions, or need more information, please contact our office at (602) 364-3030.

REMINDER: Renewal Applications are processed via the online portal system **only**. It is your responsibility to register and access the online portal system to renew your license, refer to rules 9 A.A.C. 10, Article 1 regarding "renewal license application". Pursuant to Arizona Revised Statutes (A.R.S.) 36-425 (C)(2), a health care institution's license becomes invalid if the fees are not paid before the licensing fee due date. It is a violation of A.R.S. 36-407(a) to operate a health care institution without a current and valid license. Once your license is no longer valid, an initial application is required to recommence operations.

Sincerely,

William Alcock, R.N., J.D.
Bureau Chief
Bureau of Medical Facilities Licensing

WA:das

PROPERTY OF THE

ARIZONA DEPARTMENT OF HEALTH SERVICES

Navajo Nation Health Foundation, dba
Sage Memorial Hospital
State Route 264 South 191
Ganado, AZ 86505

This facility is licensed to operate as a(n) Rural General Hospital

Licensed Beds

Medical/Surgical = 25

Total Capacity: 25

From: January 1, 2019

To: September 30, 2022

Issued: July 22, 2019

Recommended By: William Alcock, Bureau Chief

License: RGH3899

Issued By: Colby Bower, Assistant Director

HEALTH AND WELLNESS FOR ALL ARIZONANS

PURSUANT TO A.R.S. §41-1092.11 (A), UPON SUBMITTAL OF A TIMELY AND SUFFICIENT APPLICATION
THIS LICENSE WILL REMAIN IN EFFECT UNTIL REISSUED OR REVOKED
TO BE FRAMED AND DISPLAYED IN A CONSPICUOUS PLACE

ADHS (Rev. 8/02)

The Joint Commission

October 23, 2019

Re: # 9466
CCN: #031309
Program: Critical Access Hospital
Accreditation Expiration Date: June 22, 2022

Christi Elmeligi
CEO
Navajo Health Foundation
PO Box 457
Ganado, Arizona 86505

Dear Ms. Elmeligi:

This letter confirms that your June 18, 2019 - June 21, 2019 unannounced full resurvey was conducted for the purposes of assessing compliance with the Medicare conditions for critical access hospitals, including your swing bed service, through The Joint Commission's deemed status survey process.

Based upon the submission of your evidence of standards compliance on September 13, 2019, September 23, 2019 and October 04, 2019 and the successful on-site unannounced Medicare Deficiency Follow-up event conducted on August 01, 2019 and August 30, 2019, the areas of deficiency listed below have been removed. The Joint Commission is granting your organization an accreditation decision of Accredited with an effective date of June 22, 2019. We congratulate you on your effective resolution of these deficiencies.

§485.623 Physical Plant and Environment
§485.627 Organizational Structure

The Joint Commission is also recommending your organization for continued Medicare certification effective June 22, 2019. Please note that the Centers for Medicare and Medicaid Services (CMS) Regional Office (RO) makes the final determination regarding your Medicare participation and the effective date of participation in accordance with the regulations at 42 CFR 489.13. Your organization is encouraged to share a copy of this Medicare recommendation letter with your State Survey Agency.

This recommendation applies to the following location(s):

Greasewood Clinic
Highway 15, Ganado, AZ, 86505

Navajo Health Foundation/Sage Memorial Hospital
Highway 264 West and 191 South, Ganado, AZ, 86505

Please be assured that The Joint Commission will keep the report confidential, except as required by law or court order. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

The Joint Commission

Sincerely,

Mark Pelletier

Mark G. Pelletier, RN, MS
Chief Operating Officer and Chief Nurse Executive
Division of Accreditation and Certification Operations

cc: CMS/Central Office/Survey & Certification Group/Division of Acute Care Services
CMS/Regional Office 9 /Survey and Certification Staff

ENTITY INFORMATION

Search Date and Time: 8/31/2020 8:47:34 AM

Entity Details

Entity Name:	NAVAJO HEALTH FOUNDATION - SAGE MEMORIAL HOSPITAL, INC.	**Entity ID:**	01186990
Entity Type:	Domestic Nonprofit Corporation	**Entity Status:**	Active
Formation Date:	10/24/1978	**Reason for Status:**	In Good Standing
Approval Date:	10/24/1978	**Status Date:**	
Original Incorporation Date:	10/24/1978	**Life Period:**	Perpetual
Business Type:	HOSPITAL/HEALTH CARE	**Last Annual Report Filed:**	2020
Domicile State:	Arizona	**Annual Report Due Date:**	1/24/2021
		Years Due:	
Original Publish Date:	1/10/1979		

Statutory Agent Information

Name:	CT CORPORATION SYSTEM	**Appointed Status:**	Active
Attention:			
Address:	3800 N CENTRAL AVE SUITE 460 , PHOENIX, AZ 85012, USA		
Agent Last Updated:	11/25/2019	**E-mail:**	
Attention:		**Mailing Address:**	3800 N CENTRAL AVE SUITE 460 , PHOENIX, AZ 85012, USA
County:	Maricopa		

Principal Information

Title	Name	Attention	Address	Date of Taking Office	Last Updated
CEO (Chief Executive Officer)	Christi El-Meligi	Christi El-Meligi	SRS 191 & HWY 264, GANADO, AZ, 86505, Apache County, USA	9/26/2013	11/25/2019
Chairman of the Board of Directors	Andrew Simpson		SRS 191 & HWY 264, GANADO, AZ, 86505, Apache County, USA	9/1/2018	11/25/2019
CFO (Chief Financial Officer)	Michael Katigbak		SRS 191 & HWY 264, GANADO, AZ, 86505, Apache County, USA	1/1/2019	11/25/2019

Page 1 of 1, records 1 to 3 of 3

Address

Attention: Christi El-Meligi **Address:** SRS 191 & HWY 264, GANADO, AZ, 86505, USA **County:** Apache **Last Updated:** 11/25/2019

Entity Principal Office Address

Attention: **Address:** **County:** **Last Updated:**

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NAVAJO HEALTH FOUNDATION

SAGE MEMORIAL HOSPITAL

HEALTHCARE QUALITY PROGRAM MANUAL

TABLE OF CONTENTS

NHF-SMH HEALTHCARE QUALITY MANUAL 3

WHAT IS HEALTH CARE QUALITY? 4

PURPOSE 4

GUIDING PRINCIPLES 5

QUALITY POLICY: OUR MISSION 6

BOARD MEMBER COMMITMENT TO QUALITY STATEMENT 7

STRATEGIC PRIORITIES AND QUALITY OBJECTIVES 8

CULTURE 9
PEOPLE 10
PROCESSES 10
TOOLS 10

HEALTHCARE QUALITY MANAGEMENT 11

STRUCTURE AND GOVERNANCE 11

GOVERNANCE 11

MEASUREMENT, ANALYSIS, AND IMPROVEMENT 12

SAMPLE CORE MEASURES SCORE CARD 13

VALUE-BASED PURCHASING 14

HOW DOES VBP WORK? 14
WHAT ARE THE VBP DOMAINS AND HOW ARE THEY WEIGHTED? 15
HOSPITAL VBP PROGRAM MEASURES 16

ENSURING PATIENT SATISFACTION 17

QUALITY MANAGEMENT SCOPE 18
ROLES AND RESPONSIBILITIES

HEALTHCARE QUALITY COUNCIL 18

DETERMINANTS OF HEALTH CARE QUALITY 19

QUALITY IMPROVEMENT/QUALITY ASSURANCE 20

PERFORMANCE IMPROVEMENT (PI) 21

S.M.A.R.T. GOALS 22

P.A.C.E. MODEL 23

APPROACHES AND METHODOLOGIES 24

COMMUNICATION 25

PROGRAM EVALUATION 25

CONFIDENTIALITY OF DATA: HIPAA, HITECH, PHIPA, FIPPA 26

General Rules 27

SAFETY 28

Patient Safety Event (PSE) 28
Serious Safety Events (SSE) 28
Sentinel Events (SE) 29
Types of Sentinel Events 29
Society for Healthcare Risk Management Classification of PSE: Hoppes and Mitchell, 2015 31
The Four Goals of a Hospital Sentinel Event Policy 32
Sentinel Events 32
Errors-Definitions 33
Reporting a Safety Event 34
Employee Responsibility 34
Supervisor Responsibility 34
What to Report 35
OSHA Recordkeeping Requirements 36
The Joint Commission Standards Regarding Sentinel Events 37
Expectations Under the Standards for a Hospital's Response to a Sentinel Event 37
Root Cause Analysis 38
Action Plan 38

UTILIZATION MANAGEMENT 39

Administration 40

CASE MANAGEMENT 40

Review Process 41

MEDICAL RECORDS (HIM) 43

INFECTION PREVENTION 45

EMPLOYEE HEALTH 47

RISK MANAGEMENT 48

Risk Management 48

COMPLIANCE 60

EXTERNAL REPORTING (MEDICAL DEVICE) 63

Medical Device Reporting (MDR) 63

PATIENT GRIEVANCES 64

DISCLOSURE OF MEDICAL ERRORS 66

CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS) 66

THE JOINT COMMISSION (TJC) 70

QUALITY CHECKLIST 71

REFERENCES 72

SAGE MEMORIAL HOSPITAL HEALTHCARE QUALITY MANUAL

This quality manual describes Sage Memorial Hospital's quality management system, the processes involved in the operation of our quality management system, and the interaction of these processes within the system. The interaction of processes have been defined to demonstrate how a change in one process may have an impact on other processes that in the long term could result in sub-optimal patient outcomes within our organization. Our quality management system is focused on improving processes within our facilities. Through the development of this manual, we have identified critical core processes/procedures and have determined how to monitor and measure these processes to ensure optimal outcomes. Review of data from these measurements in the **Quality Council (QC)** enables us to make informed decisions on correcting and preventing defects and provides opportunities for continual improvement of the quality management system.

"Quality is never an accident; it is always the result of high intention, sincere effort, intelligent direction and skillful execution; it represents the wide choice of many alternatives"

William A. Foster

What is Health Care Quality?

The Institute of Medicine (IOM) defines health care quality as the "the degree to which health care services for individuals and populations increase the likelihood of desired health outcomes and are consistent with current professional knowledge" (NICHSR).

Purpose

This Quality Manual outlines Sage's organizational approach to monitoring and improving quality, patient safety, and performance. This manual supports our commitment to quality, safety, and efficiency for the organization. This manual also establishes a systematic, organization-wide approach to quality, both clinical and operational, that cultivates a culture of patient safety and continuous quality improvement.

Figure-S.T.E.E.E.P. Principles

GUIDING PRINCIPLES

According to the Agency for Healthcare Research and Quality (AHRQ), "a handful of analytic frameworks for quality assessment have guided measure development initiatives in the public and private sectors. One of the most influential is the framework put forth by the Institute of Medicine (IOM), which includes the following six aims for the health care system." These principles are referred to as the "**S.T.E.E.E.P.**" principles.

Safety: Avoiding harm to patients from the care that is intended to help them, not hurt them.

Timely: Obtaining care when needed and minimizing delays.

Effectiveness: Providing care processes and achieving outcomes as supported by scientific evidence. Using evidence-based treatment in the process of care.

Efficiency: Maximizing the quality of a comparable unit of health care delivered or unit of health benefit achieved for a given unit of health care resources used. To be efficient, health benefit must match the expenditure in resources.

Equity: Providing health care of equal quality to those who may differ in personal characteristics other than their clinical condition or preferences for care. Illness doesn't discriminate, and neither can the provision of care.

Patient Centeredness: Meeting patients' needs and preferences and providing

education and support. Listening to patients and providing care that allows for their participation.

High quality health care is safe, timely, effective, efficient, equitable, and patient centered. High quality health care also takes a committed leadership team.

Our Mission

Sage Memorial Hospital, Inc. provides quality healthcare service in a fiscally responsible manner focusing on the patient's physical, social and spiritual well- being

Board Member Commitment to Quality Statement

The Governing Board of Sage Memorial Hospital is committed to supporting the ongoing efforts to improve the quality of care in the organization. To that end, the leadership team at the hospital has developed an ongoing Performance Improvement Plan to ensure the provision of an optimal quality, cost effective continuum of healthcare services to all patients and visitors of the hospital, as well as an environment of respect, compassion, and dignity.

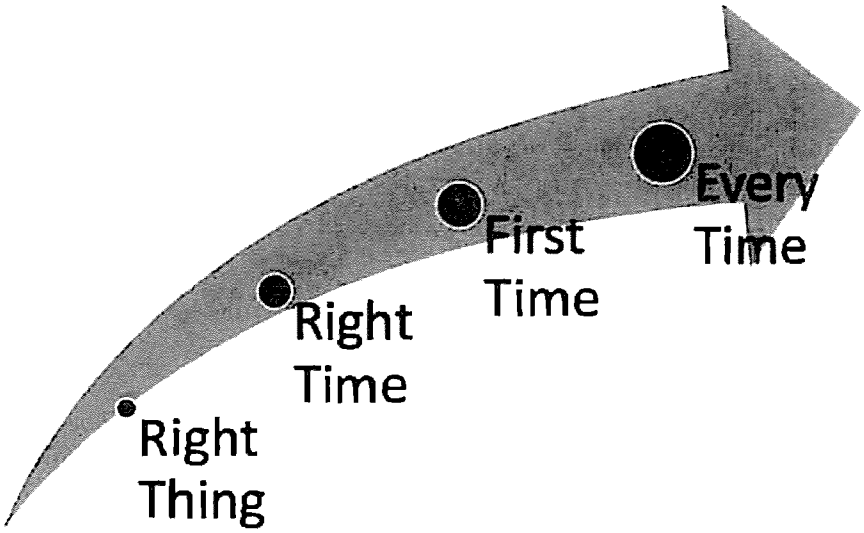
The Governing Board commits to the following statements:

1. We strive to provide our customers with services which meet and even exceed their expectations.
2. We are committed to continuous improvement and have established a Quality Management System which provides a framework for measuring and improving our performance.
3. We have the following systems and procedures in place to support our leaders/staff in our aim of total customer satisfaction and continuous improvement throughout our organization:
    - regular gathering and monitoring of customer feedback
    - a customer complaints procedure
    - selection and performance monitoring of vendors against set criteria
    - training and development for our employees
    - regular audit of our internal processes
    - measurable quality objectives which reflect our business aims
    - management reviews of audit results, customer feedback, and complaints
4. Our internal procedures are reviewed regularly and are documented in a Quality Manual.

Strategic Priorities and Quality Objectives

Hospitals in America continue to search for ways to improve the quality of care provided to patients, as well as implement effective quality improvement strategies. The advent of Value-Based Purchasing has forced the healthcare industry to shift their paradigm from one of volume to one of value. From this paradigm shift has come an effort to develop goals and objectives that support the focus on Safety, Quality, and Performance Improvement. While there are many different approaches to achieving success with quality management, the vital elements that high performing organizations utilize are articulated below:

- Developing the **RIGHT CULTURE**
- Attracting and retaining the **RIGHT PEOPLE**
- Developing the **RIGHT** facility **PROCESSES**
- Providing staff with the **RIGHT TOOLS**



CULTURE

If you have ever been in a top performing hospital, one thing that you go away with is a sense of teamwork and engagement. The Sage Memorial Hospital's Governing Board and its Leadership believes in providing the best possible care. At all levels of the organization, the people believe that they impact patient care.

Our Strategic Priorities are culture, people, processes, and tools. *Doing the RIGHT thing, at the RIGHT time, the FIRST time, EVERY time is of utmost importance to ensure that the patient receives the highest level of care possible.*

PEOPLE

High quality staff produce high quality results and effective quality management programs. Staff at all levels are important, including physicians, nurses, ancillary staff, support staff, and administrators. Selective hiring and programs that promote staff stability are key. Respect for all staff throughout the organization is a vital element of the culture in high performing organizations.

PROCESSES

The best organizations collect data on outcomes and cost. They also proactively collect data to identify deficiencies in their processes before problems develop. The mindset is a proactive one with Continuous Quality Improvement (CQI) embedded in the culture of the organization. Errors and deficiencies are not hidden or ignored in high performing organizations, nor is blame assigned, they are looked at as an opportunity to improve. Mistakes are analyzed through processes like Root Cause Analysis (RCA) and corrective action plans are implemented based on the results of the investigations, and there is accountability for implementing the new process. One process that has been shown to be very useful in improving quality and culture is a "daily huddle." This process is then utilized at the unit level so that safety concerns can be raised, and issues quickly resolved.

TOOLS

High performing organizations give their team members the tools and support that they need to provide safe, high quality care. And as such, a robust IT system is a necessary component from which to draw data that is utilized for CQI. Other tools include: training, networking with peers in the industry, and attending professional development conferences.

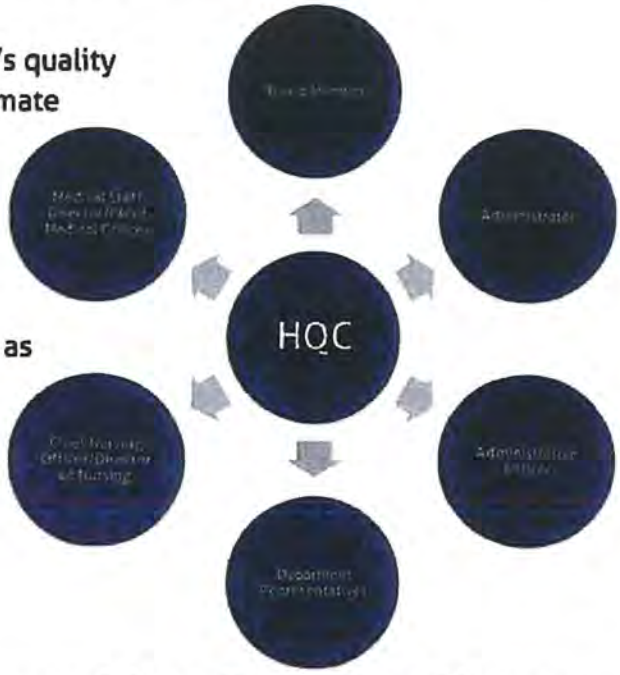
"Systems that focus on identifying bad outputs AFTER they have occurred, and that fail to specifically associate output failures with variation in the process (usually because they fail to monitor the process for every case) do not improve quality as effectively as systems that prevent quality failures BEFORE they happen. Quality is built in during the process, not added on at the end" (James, 1989). Therefore, a proactive approach emphasizes that quality should be built into processes, not added on after failure is detected.

Structure and Governance

"Right now, our focus is on hospital operations and taking care of patients."

Sage Memorial Hospital designed its quality structure and processes to enhance engagement and collaboration among leaders, staff, and departments to improve accountability and outcomes. Quality Council (QC) is illustrated below:

The QC provides oversight for the facility's quality management program. It also has the ultimate authority and responsibility for the review, approval, and monitoring of the Quality Manual. The QC has the responsibility of ensuring compliance with the Performance Improvement (PI) activities of the facility, as well as ensuring that the regulatory requirements from CMS (Centers for Medicare and Medicaid Services), The Joint Commission (TJC), and the state Department of Health are met.



Governance

Facility level committees are a vital component of the quality governance. There are a wide variety of committees, and facility size often dictates the complexity and number. Sage Memorial Hospital committees includes the following:

- **Quality Council Committee**
- **Policy & Procedure Committee**
- **Peer Review**
- **Medical Executive Committee**
- **Environment of Care Committee**
- **Pharmacy and Therapeutics Committee**
- **Safety Committee**
- **Emergency Management Committee**
- **And Others as appropriate**

Measurement, Analysis, and Improvement

The only way to know for sure if the quality improvement plans that are put into place are working as designed is to include metrics in each plan. Without a system to measure progress, all we can do is *hope* that care is improving. Measurement of processes and outcomes is an essential component of Continuous Quality Improvement (CQI). CQI is a management philosophy that organizations use to reduce waste, increase efficiency, improve quality, and satisfaction. It is an ongoing process that evaluates how well an organization works (or not!) and ways to improve the processes that are not producing the desired outcomes.

"The goal in assessing performance is to develop a system that promotes the best clinical standards and ensures the highest quality of patient care through transparency, accountability, and credibility" (Tooker, 2005).

To that end, all departments within the facility will engage in performance improvement activities on key indicators and/or deficiencies related to regulatory requirements or deficits in care. Some of the measures that will be the focus are referred to as **Core Measures.** Areas of special focus within this category include: HCAHPS; Mortality; Readmissions; Falls; and, Medication Reconciliation. Departmental Performance Improvement activities are another category and includes the individual departmental focused activities that improve quality, efficiency, and satisfaction. Effective communication is a fundamental component of Performance Improvement (PI). To that end, all departments will report no less frequently than quarterly to the Quality Council Committee (QC). The reporting document for core measures on the following page is known as the **Hospital Quality Score**. The **Facility Dashboard** will be utilized to track and trend departmental specific PI plans.

"If you can't measure it, you can't manage or improve it.

Peter Drucker

Sample Core Measures Score Card[1]

Quality Indicators	Benchmark/Goal	Current stats YTD
Mortality		
Mortality Rate (Acute MI, Heart Failure, Pneumonia)		
Core Measures		
OP-1 Median Time to Fribrinolysis		
OP-2 Fribrinolytic Therapy Received within 30 minutes of ED Arrival		
OP-3 Median Time to Transfer to Another Facility for Acute Coronary Intervention		
OP-4 Aspirin at Arrival		
OP-5 Median Time to ECG		
OP-18 Median Time ED Arrival to ED Departure for Discharged ED Patients		
OP-20 Door to Diagnostic Evaluation by Qualified Medical Provider		
OP-21 Median Time to Pain Management for Long Bone Fractures		
OP-23 Head CT or MRI Scan Results of Acute or Hemorrhagic Stroke Patients within 45 Minutes of ED Arrival		
Emergency Department Transfer Communication		
IMM-2 Influenze Immunization		
Readmission Rate		
Acute MI		
Heart Failure		
Pneumonia		
Falls		
Inpatient per 1,000 patient days		
HCAHPS		
Communication with Physicians		
Communication with Nurses		
Responsiveness of Hospital Staff		
Pain Management		
Communication about Medication		
Cleanliness of Hospital		
Quietness of Hospital		
Discharge Information		
Care Transition		
Overall Rating of Hospital (9 or 10)		
Medication Reconciliation		
Medication Reconciliation		

[1] This is an example only, and the regulatory requirements may change periodically, according to the regulatory agency. Check the actual regulations for current information.

VALUE-BASED PURCHASING

The Hospital Value-Based Purchasing (VBP) Program is a Centers for Medicare & Medicaid Services (CMS) initiative that rewards acute-care hospitals with incentive payments for the quality care provided to Medicare beneficiaries.

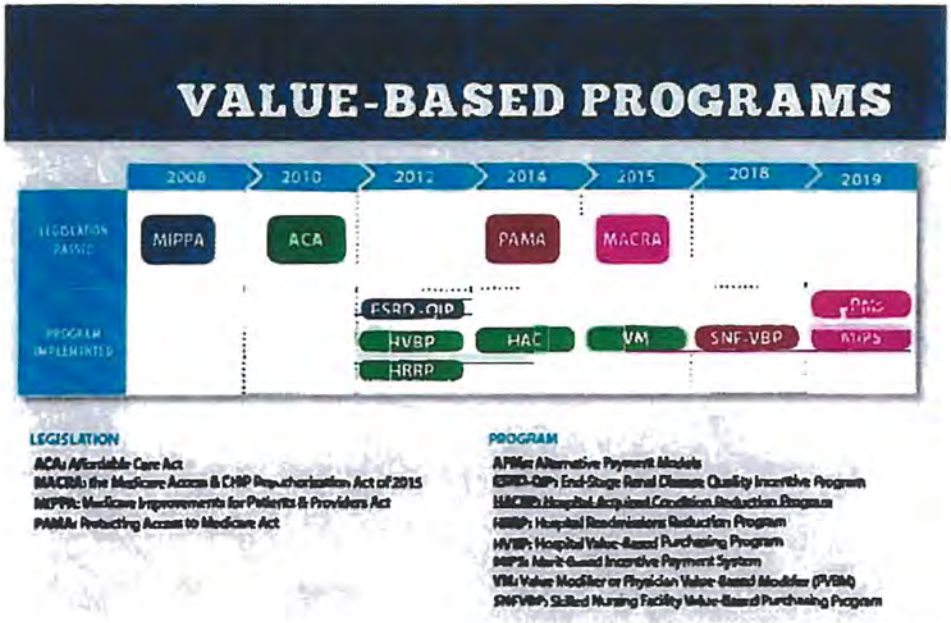


Figure: Value-Based Programs, CMS.gov: 2017

How does VBP work?

CMS rewards hospitals based on:

- The quality of care provided to Medicare patients
- How closely best clinical practices are followed
- How well hospitals enhance patients' experiences of care during hospital stays.

Hospitals are no longer paid solely on the quantity of services provided. Under the Hospital VBP Program, Medicare makes incentive payments to hospitals based on either:

- How well they **perform** on each measure compared to other hospitals' performance during a baseline period
- How much they **improve** their performance on each measure compared to their performance during a baseline period. The performance information is reported through **QualityNet**, the secure extranet portal supporting Center for Clinical Standards and Quality (CCSQ) quality reporting programs for health care providers and vendors supporting providers (CMS.gov).

What are the VBP Domains and how are they weighted?

Hospital VBP Domains and Relative Weights for Fiscal Year (FY) 2018 and Subsequent Years

Domain	Weight
Safety	**25%**
Clinical Care	**25%**
Efficiency and Cost Reduction	**25%**
Patient and Caregiver-Centered Experience of Care/Care Coordination*	**25%**

**Beginning with FY 2019, CMS will rename the "Patient and Caregiver-Centered Experience of Care/ Care Coordination" domain to "Person and Community Engagement."*

Hospital VBP Program Measures[2]

Measure ID	Measure Description	Domain
CAUTI	Catheter-Associated Urinary Tract Infection	Safety
CLABSI	Central Line-Associated Blood Stream Infection	Safety
CDI	Clostridium difficile Infection (C. difficile)	Safety
MRSA	Methicillin-Resistant Staphylococcus Aureus Bacteremia	Safety
PSI-90	Patient Safety for Selected Indicators (composite)	Safety
PC-01	Elective Delivery Prior to 39 Completed Weeks Gestation	Safety
SSI	Surgical Site Infection: Colon; Abdominal Hysterectomy	Safety
MORT-30-AMI	Acute Myocardial Infarction (AMI) 30-Day Mortality Rate	Clinical Care
MORT-30-HF	Heart Failure (HF) 30-Day Mortality Rate	Clinical Care
MORT-30-PN	Pneumonia (PN) 30-Day Mortality Rate	Clinical Care
MSPB-1	Medicare Spending per Beneficiary (MSPB)	Efficiency and Cost Reduction
Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) Survey	Communication with Nurses Communication with Doctors Responsiveness of Hospital Staff Communication about Medicines Hospital Cleanliness and Quietness Discharge Information 3-Item Care Transition* Overall Rating of Hospital	Patient and Caregiver-Centered Experience of Care/Care Coordination

Beginning with FY 2018, the Care Transition measure will add three questions to the HCAHPS Survey. The HCAHPS Pain Management dimension will also be removed from the Hospital VBP Program, beginning with the FY 2018 program year.

[2] This table is effective as of FY2018, but the information may be changed periodically by regulatory agencies—check the Hospital VBP Program website for the most current information.

Ensuring Patient Satisfaction

Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) is a standardized survey used to collect and measure patient experience in hospitals. HCAHPS scores were the first national standard for measuring patients' perspective of care across all hospitals. When the Centers for Medicare and Medicaid (CMS) implemented HCAHPS, their goal was to introduce a system of measurement to help consumers make well-informed healthcare decisions.

CMS defined three goals when developing the HCAHPS survey:

1. To create a standardized survey and implementation protocol to allow objective and meaningful comparisons of hospitals on topics that are important to patients;
2. To add new incentives for hospitals to improve quality of care;
3. To enhance accountability in healthcare by increasing transparency of the quality of care provided in return for the public investment.

There are 21 HCAHPS survey questions that cover nine question areas:

1. **Communication with doctors**
2. **Communication with nurses**
3. **Responsiveness of hospital staff**
4. **Pain management**
5. **Communication about medicines**
6. **Discharge information**
7. **Cleanliness of the hospital environment**
8. **Quietness of the hospital environment**
9. **Transition of care**

The patients are also asked to answer four screening questions and seven questions about demographics. Including these questions, the survey is 32 questions long.

Roles and Responsibilities

As stated previously, the body that is ultimately responsible for quality in the organization is the Governing Board. The Board ensures the quality of all care provided within the healthcare facilities. The responsibility for the development and implementation of the Quality Management Program is delegated to the organization's leadership by the Governing Board. Strong, accountable leadership is vital to the success of the quality program. The CEO approves the Quality Management Program and appoints a designee to oversee the program. However, the Healthcare Quality Management Program requires the participation, support, and cooperation of the entire leadership team. All members of the staff and physicians share the responsibility for the safety and well-being of the patients that utilize our services.

"The key to successful leadership today is influence, not authority."
Kenneth Blanchard

QUALITY COUNCIL

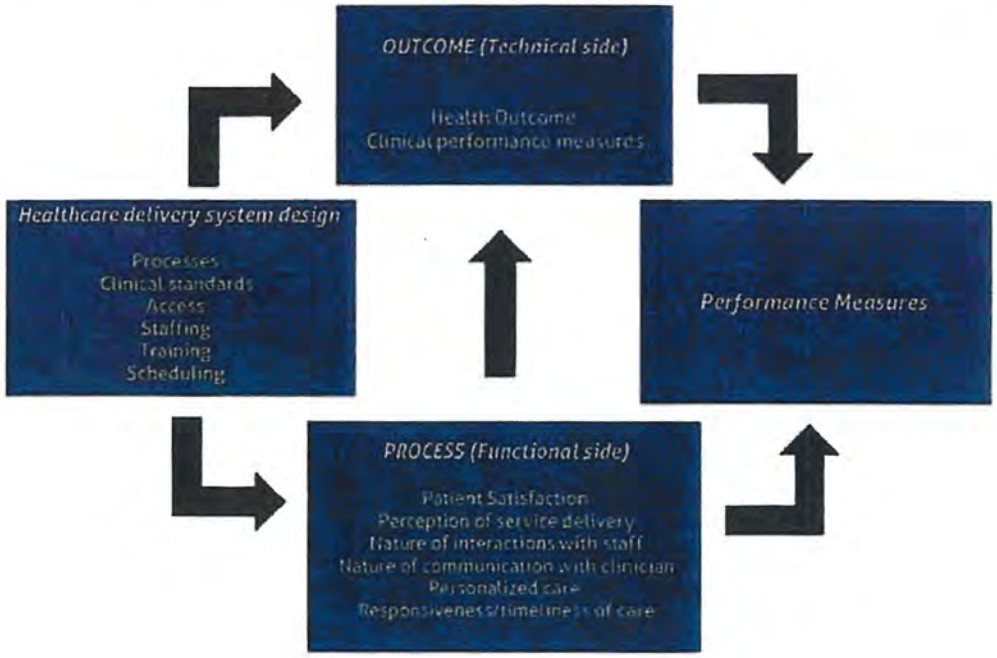
The QC is made up of a member of the Board and a designated Administrative Officer, Administrator, CNO, CMO, and a manager (or designee) from each department as appropriate and at the discretion of the CEO *(see figure 9)*. The QC will:

- Coordinate and oversee the hospital wide quality program;
- Provide a framework for a planned, continuous, systematic and organization wide approach to designing, measuring, assessing and improving performance;
- Ensure education and training of staff for the PI process and for QAPI activities;
- Assure adequate resources for PI;
- Prioritize PI activities;
- Identify organization trends and opportunities for improvement identified from reports generated throughout the organization;
- Request additional PI projects;
- Ensure the integration of the PI process with the daily work of the facility.

It is important to remember that the entire team is responsible for quality improvement/performance (QI/PI) improvement. Each department is responsible for ongoing assessment and PI in their respective departments. A facility dashboard is used to communicate and track and trend department initiatives. Results are communicated on a quarterly basis at the QC meeting.

Determinants of Health Care Quality

Healthcare in the United States has become increasingly competitive. "As competition intensifies, patient satisfaction, service quality, and efficient resources management are providing the evidentiary basis for measuring patient, clinician, and organizational outcomes. With emphasis on quality outcomes, it is becoming increasingly critical for health care organizations to develop and implement sound strategies for providing effective (high quality) care that is appealing to patients and focuses on controlling costs." (Cowing, Davino-Ramaya, Ramaya and Szmerekovsky, 2009).



Quality Improvement/Quality Assurance

At times, there is confusion related to the difference between Hospital Quality Management (HQMP) and Performance Improvement/Quality Assurance (PI/QA). At the most basic level, the HQMP is the overarching program or enterprise-wide effort to improve the quality of care, safety, and financial performance of an organization. PI/QA consists of the numerous smaller efforts within each department that are focused on improving SPECIFIC processes or problems.

"There's always room for improvement. You know, it's the biggest room in the house!"

Louise Heath Leber

***Figure:** The Umbrella Program is the Hospital Quality Management Program with Performance Improvement, Utilization Review, Compliance, Safety, etc., comprising individual components of the overall HQMP.*

Performance Improvement (PI)

A general guide for focus on the PI projects is as follows:

- High-risk areas
- Low volume areas
- Problem-prone areas
- Regulatory requirements

The HQMP consists of the following elements:

A. Performance Improvement (PI)
B. Confidentiality of Data
C. Program Evaluation
D. Safety
E. Utilization Management
F. Medical Records
G. Infection Control
H. Employee Health
I. Risk
J. Compliance
K. Occurrence/Incident Reporting
L. External Reporting (medical device)
M. Patient Grievances
N. Disclosure of Medical Errors
O. Case Management
P. Serious Safety Events (SSE)
Q. Centers for Medicare and Medicaid Services (CMS)
R. Medicare Beneficiary Quality Improvement Project (MBQIP)

The process for goal setting will follow the **S.M.A.R.T.** process. **S.M.A.R.T GOALS** are specific, measurable, attainable, relevant, and timely. It cannot be emphasized enough how important the "measurable" dimension of this process is when developing goals. Without measurement, there is no objective way to determine progress on a goal or to even determine if a plan is working. An example of a **measurable goal** is: decreasing the room turnaround time for major Operating Room cases by 5 minutes within three months. An example of a goal that is **not measurable** is: improving communication. While communication is very important, there is no real way to objectively measure improved communication. To demonstrate progress on a goal, an objective measurement is needed. A S.M.A.R.T. Goal illustration is depicted on the following page:

S.M.A.R.T. Goals

S

- **SPECIFIC**
- Define the goal as much as possible with no unclear language
- **WHO** is involved, **WHAT** do I want to accomplish, **WHERE** will it be done, **WHY** am I doing this-- reasons, urpose, **WHICH** constraints and/or requirements do I have

M

- **MEASURABLE**
- Can you track the progress and measure the outcome?
- How much, how many, how will I know when my goal is accomplished?

A

- **ATTAINABLE/ACHIEVABLE**
- Is the goal reasonable enough to be accomplished? How so?
- Make sure the goal is not out of reach or below standard performance.

R

- **RELEVANT**
- Is the goal worthwhile and will it meet your needs?
- Is each goal consistent with the other goals you have established and fits with your immediate and long term plans?

T

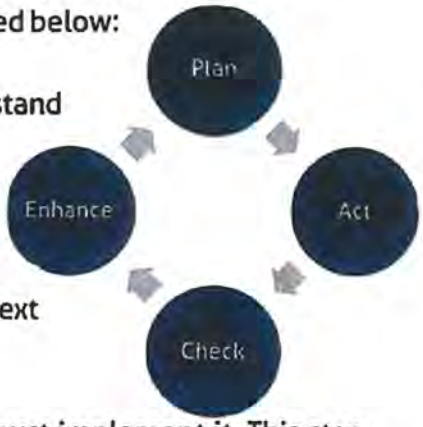
- **TIMELY**
- Your objective should include a time limit. Ex: I will compelte this stp by month/day/year.
- It will establish a sense of urgency and prompt you to have better time management.

"To measure is to know-if you cannot measure it, you cannot improve it"

Lord Kelvin

P.A.C.E. Model

The PACE model is the standardized organization change model that will be utilized in all departments for quality (performance) improvement. PACE is a repetitive four-stage process for carrying out change. It is a method used for management control and continual quality improvement of processes and products. The "product" in healthcare is quality patient care. Just as a circle has no end, the PACE cycle must be repeated over and over for continuous improvement. This method promotes a trial and learning approach to PI as well a standardized, uniform approach for all departments. A graphic illustration of the model is depicted below:



Plan: The first step in the process is to identify and understand your problem or the opportunity for improvement. At the end of this stage, you will state quantitatively what the expectations are for the issue or PI that is the focus. For example, if your goal was to reduce CAUTI's, you might state that the plan is to reduce CAUTI's by 25% over the next 60 days.

Act: Once the plan (potential solution) is developed, you must implement it. This step involves operationalizing the plan or putting the plan in motion.

Check: At this stage, an early analysis of the results is measured against the expectations (desired results) that were set. If the implemented plan or process did not work, then it's **back** to the first stage of the process (Plan). If your plan did indeed produce the desired results, then it's on to the last stage in the first rotation of the cycle.

Enhance: At this stage, look at what can be further improved upon with the original problem. Can more work be done to make things even better? Remember, PACE is a loop, not a linear process with a beginning and an end. When this process is followed, it is called **Continuous Quality Improvement.**

Approaches and Methodologies

The PI program is a framework for organizing a planned, systematic approach to the measurement, assessment, and performance improvement activities related to the functions of the organization. The components of the program include:

- **Quick fix solutions** – sometimes we encounter minor issues or problems which do not require a complex and comprehensive approach to problem solving. These types of issues can often be rectified on the spot by an individual department leader.

- **Facility Dashboards** – reports that are tracked monthly regarding issues or problems or needed improvement that was identified at the departmental level. A standardized approach to a data collection process will be utilized and reports generated that will be reported out quarterly at the QC meeting. All departmental reports will be included in this dashboard and it will be used by the HQM department to monitor departmental PI.

- **Facility Score Card** – a **core measures score card** has been developed which will include Centers for Medicare and Medicaid Services (CMS) and Medicare Beneficiary Quality Improvement Project (MBQIP) required reporting measures.

Data will be collected on the following types of measures/indicators:

COMMUNICATION

The HQM department provides oversight and responsibility for the quality data collected throughout the organization. Data from the departmental reports will be tracked, trended, and aggregated for the distribution to the Governing Board. Minutes will be taken in the QC with the purpose of tracking team progress on PI activities and core measures, utilizing the CRAF method. CRAF is an acronym that stands for **Conclusions**, **Recommendations**, **Actions**, and **Follow-up**.

- **Conclusions** of the group's discussion;
- **Recommendations** made by the committee or team;
- **Actions** that the committee, team, or individual members decide to take;
- **Follow-up** actions required.

Extraneous information and comments not relevant to the discussion should be avoided. This system will help the individual taking notes focus on the important aspects of the conversation. As stated previously, regular reports from the departments to the QC will be completed on at least a quarterly basis, however, data on the PI plans from all departments will be collected monthly . A reporting calendar has been developed for this process.

Program Evaluation

A yearly evaluation of the PI program will occur and will be completed by the HQM department. The goals and objectives of the individual departments and the organization will be evaluated. A report will be generated outlining the activities of the year and the effectiveness of the program. This assessment of program effectiveness will be developed by the QC and presented to the Governing Board and will include the results of the PI program improvement efforts as well as recommendations for improvement to the program.

Confidentiality of Data: HIPAA, HITECH, PHIPA, FIPPA

At times, highly sensitive and/or confidential data may be examined by the QC. The appropriate safe guards have been put into place to restrict access to this data, including a policy covering privacy as well as yearly privacy training for all staff in the organization.

Individuals have an ethical and legal right to privacy. This right to privacy is based on respect for person and the principle of autonomy. **Autonomy** is defined as "freedom from external control or influence." Individuals have a right to know who has information about them and why and to whom the information is disclosed. To that end, the health care organization recognizes the following obligations:

- The organization recognizes its obligation to protect the privacy of individuals with respect to personal health information and personal information about themselves that resides in the custody or the control of the organization;
- The organization is committed to maintaining the confidentiality of patient, person, worker, and hospital information, whether written, verbal, electronic, photographic, or stored in any other medium;
- The organization also has an obligation to ensure access to information by authorized individuals. Individuals have the right to access their own personal health information as outlined in the Health Information Management (HIM) department policy and procedure manual, and to personal information about themselves in the custody or the control of the organization.
- The organization has a responsibility to ensure confidentiality is maintained by its staff and affiliates.

One of the key principles in both the Freedom of Information Privacy Protection Act (FIPPA) and the Personal Health Information Privacy Act (PHIPA) is to protect the privacy of individuals with respect to personal information about themselves held by institutions and health information custodians. As a member of a healthcare organization, all staff are custodians of Protected Health Information (PHI).

General Rules (adapted from HHS.gov, 2013 and Federal Register /Vol. 74, No. 209)

The Security Rule requires covered entities to maintain reasonable and appropriate administrative, technical, and physical safeguards for protecting electronic Protected Health Information (e-PHI).

Specifically, covered entities must:

1. Ensure the confidentiality, integrity, and availability of all e-PHI they create, receive, maintain or transmit;
2. Identify and protect against reasonably anticipated threats to the security or integrity of the information;
3. Protect against reasonably anticipated, impermissible uses or disclosures; and,
4. Ensure compliance by their workforce.

The Security Rule defines "confidentiality" to mean that e-PHI is not available or disclosed to unauthorized persons. The Security Rule's confidentiality requirements support the Privacy Rule's prohibitions against improper uses and disclosures of PHI. The Security rule also promotes the two additional goals of maintaining the integrity and availability of e-PHI. Under the Security Rule, "integrity" means that e-PHI is not altered or destroyed in an unauthorized manner. "Availability" means that e-PHI is accessible and usable on demand by an authorized person."

Lastly, the Health Information Technology for Economic and Clinical Health Act (HITECH Act) , part of the American Recovery and Reinvestment Act of 2009 (ARRA), strengthened privacy protection for healthcare consumers because this act anticipated a massive expansion in the exchange of electronic protected health information (ePHI). **The HITECH ACT also widens the scope of privacy and security protections available under HIPAA: it increases the potential legal liability for non-compliance, and it provides for more enforcement** (HHS.gov). ARRA contains incentives related to health care information technology in general (e.g. creation of a national health care infrastructure) and contains specific incentives designed to accelerate the adoption of electronic health record (EHR) systems among healthcare providers (HHS.gov).

If a breach of information occurs, staff must report to their manager as soon as possible if they become aware of:

- public complaints regarding alleged breaches of personal privacy;
- incidents regarding unauthorized disclosure of personal information; or,
- compromises to the confidentiality and security of information systems containing personal information.

SAFETY

Patient Safety Event (PSE)

An event, incident, or condition that could have resulted or did result in harm to a patient.

Serious Safety Events (SSE)

A Safety Event is a situation where best or expected practice fails to occur. If this is followed by serious harm to a patient, then it is called a "Serious Safety Event (SSE)."

"Since 2001, each hospital has been required by the Joint Commission to have someone designated to carry safety responsibilities. Someone in every facility must have the designation of "Safety Officer (SO)." The tools and training necessary for the SO include failure mode and effects analysis (FMEA) and root cause analysis (RCA), at a minimum. The ability to trend and analyze data is also required. This individual also needs a clear understanding of how poor quality and safety impact an organization." (AHRQ, 2006)

The quality, safety, and risk departments must work well together, and the risk department must share data with the safety officer. **The best form of risk protection is prevention of errors.** Because patient safety is related to the products owned and purchased by the hospital, coordination between Materials Management, Biomedical Equipment, and Patient Safety is needed to facilitate reporting of problems with

equipment, recalls, and the purchase of new equipment. As we move towards enhancing our IT systems, the SO must be involved with the tailoring of these tools and the deployment of the system. Lastly, the SO must have a sound working relationship with the Patient Advocate, which provides a view into what is really going on in the facility (AHRQ, 2006).

Sentinel Events (SE)

"In support of its mission to continuously improve the safety and quality of health care provided to the public, The Joint Commission (TJC) in its accreditation process reviews hospitals' activities in response to Sentinel Events (SE). The accreditation process includes all full accreditation surveys and, as appropriate, for-cause surveys, and random validation surveys specific to Evidence of Standards Compliance (ESC)" (TJC, 2012).

"A sentinel event is an unexpected occurrence involving death or serious physical or psychological injury, or the risk thereof. Serious injury specifically includes loss of limb or function. The phrase "or the risk thereof" includes any process variation for which a recurrence would carry a significant chance of a serious adverse outcome. Such events are called "sentinel" because they signal the need for immediate investigation and response. The terms "sentinel event" and "error" are not synonymous; not all sentinel events occur because of an error, and not all errors result in sentinel events" (TJC, 2012).

Types of Sentinel Events (adapted from TJC, 2012)

- Suicide of any patient receiving care, treatment, and services in a staffed around-the clock care setting or within 72 hours of discharge, including from the hospital's emergency department (ED);
- Unanticipated death of a full-term infant;
- Discharge of an infant to the wrong family;
- Abduction of any patient receiving care, treatment, and services;
- Any elopement (that is, unauthorized departure) of a patient from a staffed around- the-clock care setting (including the ED), leading to death, permanent harm, or severe temporary harm to the patient;

- Hemolytic transfusion reaction involving administration of blood or blood products having major blood group incompatibilities (ABO, Rh, other blood groups);
- Rape, assault (leading to death, permanent harm, or severe temporary harm), or homicide of any patient receiving care, treatment, and services while on site at the hospital;
- Fire, flame, or unanticipated smoke, heat, or flashes occurring during an episode of patient care;
- Any intrapartum (related to the birth process) maternal death;
- Severe maternal morbidity.

50% to 80% of reports are made by nurses, who consider reporting to be one of their duties. Consequently, many reports address issues pertinent to nursing care, such as medication administration errors, falls, IV infiltrations, and pressure sores. Pharmacists, clerks, respiratory technicians, and other non-physician providers are also involved in reporting to some degree. Physicians file only 1%–3% of incident reports. Thus, incident reporting is most useful for improving hospital systems and care by hospital employees. The problem is that, in a landmark

Incident and sentinel event reporting is an important part of error prevention. Sage Memorial Hospital's platform utilizes the "Lesson's Learned" approach to patient safety events to promote education, process improvement, and prevent and mitigate further error.

The purpose of the Incident Reporting Policy is to outline the requirements for reporting and sentinel event management.

Society for Healthcare Risk Management Classification of PSE: Hoppes and Mitchell, 2015

Safety Event Class	Level of Harm	Code	Patient Outcome	Suggested Follow-up Analysis
Serious Safety Event (Reaches the patient)	Death	SSE-1	Unexpected death not related to the natural or expected course of the patient's illness or underlying condition. On balance of probabilities, was caused by or brought forward in the short term by the incident.	RCA, including culpability / accountability review. (CCA)
	Severe	SSE-2	Patient outcome is symptomatic, requiring life-saving intervention or major medical-surgical intervention, shortening life expectancy or causing major, permanent or temporary harm or loss of function.	RCA, including culpability / accountability review. (CCA)
	Permanent or Temporary Harm			
Safety Event (Reaches the patient)	Moderate	SE-3	Patient outcome is symptomatic, requiring intervention (e.g. additional operative procedure, additional therapeutic treatment), an increased length of stay, or causing permanent or temporary harm, or loss of function.	Options: RCA, ACA, barrier analysis, including culpability / accountability review.
	Permanent or Temporary Harm			
	Mild	SE-4	Patient outcome is symptomatic, symptoms are mild, loss of function or harm is minimal or intermediate, but short short-term, and minimal or no intervention (e.g., extra observation, investigation, review, or minor treatment) is required	Options: ACA, barrier analysis, trending analysis, including culpability / accountability review.
	Temporary Harm or None			
	No Detectable Harm/No Harm	SE-5	Patient outcome is asymptomatic. No symptoms are detected and no treatment is required. Not able to discover or ascertain the existence, presence, or fact of harm, but harm may exist; insufficient information is available, or unable to determine any harm. harm may appear later.	Options: ACA, barrier analysis, trending analysis, including culpability / accountability review.
Pre-Patient Event (Does not reach the patient)	Almost Happened	PPE-6	Error or capacity to cause harm was caught by an error detection barrier prior to reaching the patient. The system worked.	Review barrier detection, celebrate success.

The Four Goals of a Hospital Sentinel Event Policy

1. To have a positive impact in improving patient care, treatment, and services and preventing sentinel events;
2. To focus the attention of a hospital that has experienced a sentinel event on understanding the factors that contributed to the event (such as underlying causes, latent conditions and active failures in defense systems, or organizational culture), and on changing the hospital's culture, systems, and processes to reduce the probability of such an event in the future;
3. To increase the general knowledge about sentinel events, their contributing factors, and strategies for prevention;
4. To maintain the confidence of the public and accredited hospitals in the accreditation process (CAMH, 2013).

Sentinel Events

"The Joint Commission adopted a formal Sentinel Event Policy in 1996 to help healthcare organizations that experience serious adverse events improve safety and learn from those sentinel events." Investigation and analysis of patient safety events, as well as well-developed corrective actions that provide effective and sustained system improvement, is vital to reduce risk and harm to patients. "The Sentinel Event Policy explains how The Joint Commission partners with healthcare organizations that have experienced a serious patient safety event to protect the patient, improve systems, and prevent further harm" (TJC, 2017).

As stated earlier in this section, a sentinel event is a patient safety event (not primarily related to the natural course of the patient's illness or underlying condition) that reaches a patient and results in any of the following:

- Death;
- Permanent harm;
- Severe temporary harm— Severe temporary harm is critical, potentially life-threatening harm lasting for a limited time with no permanent residual effect but requires transfer to a higher level of care/monitoring for a prolonged period, transfer to a higher level of care for a life-threatening condition, or

additional major surgery, procedure, or treatment to resolve the condition (Throop and Stockmeier, 2014).

Errors-Definitions (adapted from TJC, 2017)

- **No-harm Event:** A Patient Safety Event that reaches the patient but does not cause harm;
- **Near Miss (Close Call or Good Catch):** A patient safety event that did not reach the patient;
- **Medication Event:** Any Patient Safety Event in which use of a medication resulted in or could have resulted in an adverse outcome in a patient; includes drug administration errors, drug incompatibility and adverse drug reactions;
- **Drug Administration Error:** Any preventable event that may cause or lead to inappropriate medication use or patient harm while the medication is in the control of the health care professional, patient, or consumer. Such events may be related to professional practice, health care products, procedures, and systems, including: prescribing; order communication; product labeling, packaging, and nomenclature; compounding; dispensing; distribution; administration; education; monitoring; and use;
- **Drug Incompatibility:** Occurs when drugs interfere with one another chemically or physiologically. A drug incompatibility error occurs when two drugs known to be incompatible with one another are mixed, administered together, or administered in a timeframe known to interfere with one another;
- **Adverse Drug Reaction (ADR):** A non-preventable event that includes any unexpected, unintended, undesired, or excessive response to a drug that:
  - Requires discontinuing drug (therapeutic or diagnostic);
  - Requires changing therapy;
  - Requires modifying the dose (except for minor dosage adjustments);
  - Necessitates admission to the hospital;
  - Prolongs stay in a health care facility;
  - Necessitates supportive treatment;
  - Significantly complicates diagnosis;
  - Negatively affects prognosis;
  - Results in temporary or permanent harm, disability, or death consistent with the definition, an allergic reaction (an immunologic hypersensitivity occurring as the result of unusual sensitivity to a drug) and an idiosyncratic

reaction (an abnormal susceptibility to a drug that is peculiar to the individual) are also considered ADRs.

Reporting a Safety Event

Only people who witness the incident should fill out and sign the incident report. Each witness should file a separate report. Once the report is filed, the nursing supervisor, department heads, administration, the facility's attorney (as appropriate and initiated by administration), and the insurance company may review it. Because incident reports will be read by many people and could even turn up in court, you must follow strict guidelines when completing them. If an incident report form does not leave enough space to fully describe an incident, attach an additional page of comments. Document the incident as it occurred in the patient's medical record, "Incident Report Completed" should never appear in the patient's record. The incident report should never be referred to in any way in the medical record (adapted from Kentucky Public Health Practice Reference, 2008).

Employee Responsibility

All employees are responsible for preparing an incident report as soon as possible and reporting immediately to their supervisor, or in the supervisor's absence, reporting to the administration any incident or injury, including "near misses." Recommendations and appropriate changes shall be discussed with the supervisor and necessary corrections implemented to prevent further accidents (adapted from Kentucky Public Health Practice Reference, 2008).

Supervisor Responsibility

Upon receiving a report of an incident, written or oral, the supervisor shall investigate. Following the investigation, supervisors are to review and complete the Incident Report and initiate the Worker's Compensation Report, if indicated, for the hospital's insurance carrier. The supervisor shall act to implement corrective measures immediately when the investigation reveals such actions are necessary (adapted from Kentucky Public Health Practice Reference, 2008).

The supervisor shall provide a copy of the Incident Report and the Worker's Compensation Report (if necessary) to the Safety Officer within *five* (5) working days of the accident.

Reports of all incidents and near misses should be discussed during meetings with employees of the work unit to prevent problems of the same nature in the future. "Patient safety event reporting systems are ubiquitous in hospitals and are a mainstay of efforts to detect patient safety events and quality problems. Incident reporting is frequently used as a general term for all voluntary patient safety event reporting systems, and rely on those involved in events to provide detailed information. Initial reports often come from the frontline personnel directly involved in an event or the actions leading up to it (e.g., the nurse, pharmacist, or physician caring for a patient when a medication error occurred), rather than management or patient safety professionals" (AHRQ, 2017).

An incident report is not part of the patient's chart, but it may be used later in litigation. A report has two functions:

- It informs the administration of the incident, so management can prevent similar incidents in the future;
- It alerts administration and the facility's insurance company to a potential claim and the need for investigation (Risk Management in Healthcare, 2017).

What to Report

Incidents that must be reported and documented include:

- **Exposure Incidents:** skin, eye, mucous membrane or parental contact with blood or other potentially infectious materials that may result from the performance of an employee's duties.
- **Accident, Injury:** patient, visitor, employee slips or falls, or other incident, which results or may result in injury.
- **Event, Behaviors, or Actions:** incidents that are unusual, contrary to agency policy or procedure or which may result in injury.
- **Vaccine Adverse Event Reporting System:** reaction to vaccine administered at the organization.
- **Medication Reaction:** reaction to any drug administered at or provided by the organization.
- Property damage or missing articles.
- Administration of wrong medication or vaccine.
- Improper administration of medication or vaccine (Risk Management in Healthcare, 2017).

OSHA Recordkeeping Requirements

Note: *Regulations issued under OSHA require all employers with more than ten employees at any time during the previous calendar year to maintain records of recordable occupational injuries and illnesses.*

OSHA 300 Log-recordable and non-recordable injuries are distinguished by the treatment provided; i.e., if the injury required medical treatment, it is recordable; if only first aid was required, it is not required, it is not recordable. However, medical treatment is only one of several criteria for determining record ability. Regardless of treatment, if the injury involved loss of consciousness, restriction of work or motion, transfer to another job or termination of employment, the injury is recordable. An explanation, with examples, is included on the backside of the OSHA 300 Form (OSHA-Business Case for Safety and Health).

Tips for Incident Reporting

- Include only essential information, such as identity of the person involved in the incident, the exact time and place of the incident and the name of the doctor you notified. Do not include extraneous information or opinions.
- Document anything unusual that you witnessed with this incident.
- Record the events and the consequences for the patient in enough detail that administrators can decide whether to investigate further.
- Write objectively, avoiding opinions, judgments, conclusions, or assumptions about who or what caused the incident. Provide suggestions to your supervisor at a later date.
- Describe only what you saw and heard and the actions you took to provide care at the scene and prevent the incident from occurring again. Unless you saw a patient fall, write "found patient lying on the floor" or "heard a loud noise."
- The Incident Report **is not** part of the medical record. It should be sent to the person designated to review it according to your facility's policy.
- Do not admit fault or blame someone else. Do not make statements like "better staffing would have prevented this incident" or "the right equipment would have prevented this."
- Do not offer suggestions about how to prevent the incident from happening again.
- Statements from witnesses and descriptions of remedial action should not be included; as these are normally part of an investigative follow-up (Incident Reports) (adapted from Kentucky Public Health Practice Reference, 2008).

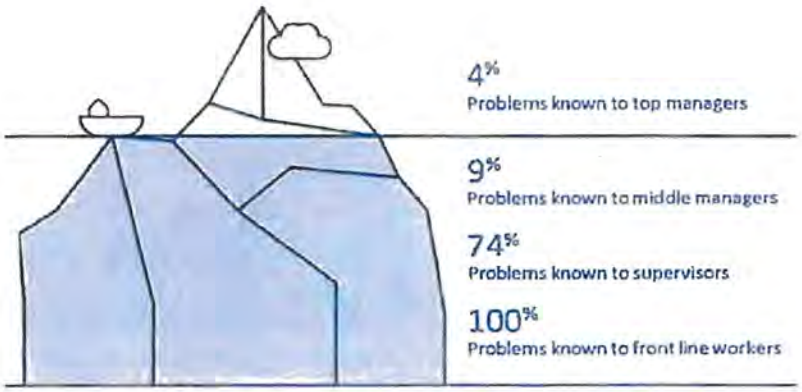
The Joint Commission Standards Regarding Sentinel Events
Each Joint Commission accreditation manual contains standards in the "Leadership" (LD) chapter that relate specifically to the management of sentinel events.

Hospital-Specific Definition of Sentinel Event

- LD.04.04.05, EP 7, requires each accredited hospital to define sentinel event for its own purposes and to communicate this definition throughout the organization. While this definition must be consistent with the general definition of sentinel event as published by The Joint Commission, accredited hospitals have some latitude in setting more specific parameters to define unexpected, serious, and the risk thereof. At a minimum, a hospital's definition must include those applicable events that are subject to review under the organization's Sentinel Event Policy (TJC, 2017).

Expectations Under the Standards for a Hospital's Response to a Sentinel Event
Accredited hospitals are expected to identify and respond appropriately to all sentinel events (as defined by the hospital in accordance with the preceding paragraph) occurring in the hospital or associated with services that the hospital provides or provides for. Appropriate response includes: conducting a timely, thorough, and credible root cause analysis; developing an action plan designed to implement improvements to reduce risk; implementing the improvements; and monitoring the effectiveness of those improvements (TJC, 2017).

The Iceberg of Ignorance



This internationally acclaimed study conducted by Jidney Tedhile was initially presented at the International Quality Symposium, Kansas City, 1988. It indicated how management's failure to understand its processes and practices from the perspective of its customers, suppressed the company's profits by as much as 40%.

Root Cause Analysis

Root cause analysis is a process for identifying the factors that underlie variation in performance, including the occurrence or possible occurrence of a sentinel event. A root cause analysis focuses primarily on systems and processes, not on individual performance (TJC, 2012).

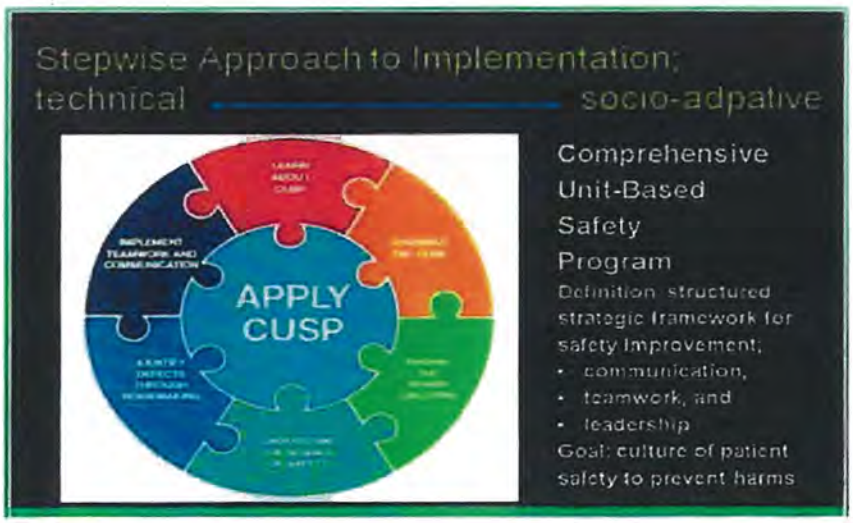
Action Plan

The product of the root cause analysis is an action plan that identifies the strategies that the hospital intends to implement to reduce the risk of similar events occurring in the future. The plan should address responsibility for implementation, oversight, pilot testing as appropriate, timelines, and strategies for measuring the effectiveness of the actions (TJC,2012).

A Safety Committee report will be provided to the QC on a quarterly basis. This committee will have representation from administration as well as the clinical side of the organization *(TJC, 2012)*.

"A successful root cause analysis identifies all root causes—there are often more than one."

***Safety TIP: Comprehensive Unit-Based Safety Program-CUSP**



One of the best ways to improve the safety of care is through the Comprehensive Unit-based Safety Program (CUSP). CUSP training improves the safety of care provided by clinicians by improving the foundation of how physicians, nurses, and ancillary staff work together. The link for the CUSP program can be found at: https://www.ahrq.gov/professionals/education/curriculum-tools/cusptoolkit/modules/appfa/slapsilycusp.html

Utilization Management

Utilization Review (UR) is the process by which health insurance companies, providers, and hospitals determine whether diagnosis and treatment are medically necessary for a patient. **Simply put, UR is the process of making sure that health care services are being used appropriately.** UR can be completed during the hospital stay or after discharge and may be completed on a sample basis with a focus on outlier cases. However, many facilities conduct utilization reviews during the hospital stay to reduce denials; this is called **concurrent review**. UR completed after the hospital stay is called **retrospective review**. UR is frequently completed by nurses. Usually, nurses have processes and protocols that define what high quality care is and by whom and in what setting it should be administered. For example, UR nurses assist the physician in determining the appropriate level of care for a patient. UR nurses work closely with their UR nurse counterparts at health insurance companies, as well as with the quality improvement team, the social work team, the discharge planning team, and the clinical staff caring for the patient (Davis, 2018). Sometimes, in smaller facilities, the hospital UR nurse is also the discharge planner. **When UR and discharge planning are combined into one job, it's known as "case management."** One of the Conditions of Participation (CoP) (42 CFR 482.30) from the Centers for Medicare and Medicaid Services (CMS) is that "the hospital must have in effect a utilization review (UR) plan that provides for review of services furnished by the institution and by members of the medical staff to patients entitled to benefits under the Medicare and Medicaid programs" (Legal Information Institute). The plan must provide for review of Medicare and Medicaid patients with respect to the medical necessity of:

- Admissions
- Length of Stay
- Professional services furnished, including drugs and biologicals.

In many organizations, Interqual is utilized. Interqual is a set of criteria used to determine if a patient's hospital length of stay is appropriate. The criteria are based

on diagnoses and any treatments involved in the patient's care. The Interqual website is as follows: https://www.changehealthcare.com/solutions/interqual
If Interqual is not utilized, facility protocols for UR must be followed. Facility policy will determine the number of charts eviewed (the recommendation is 100% of inpatient charts).

Administration

The Hospital shall provide staff to perform the utilization function(s) and will provide other resources as necessary to implement the plan.

Case Management

According to Rossi (2014), "Hospital Case Managers are professionals in the hospital setting who coordinate care between admission and discharge, ensure that patients are admitted and transitioned to the appropriate level of care, have an effective plan of care, are receiving prescribed treatment, and have an advocate for services and plans needed during and after their stay. They facilitate key decisions along the continuum of care and help patients navigate their way through the complicated acute care environment." Case Managers:

- ensure that the patient remains at the center of the care they receive;
- help ensure high-quality and cost-effective clinical outcomes of care by using efficient and timely utilization of resources;
- help to contain or reduce costs of care by balancing the utilization of resources and reducing readmissions;
- ensure that patients are at the right levels of care at all times and help to ensure the appropriate length of stay.

Admission and concurrent review on all patients will be conducted by the Case Management Department. The Case Management Department is responsible for the daily activity necessary to meet the regulations for review and responsibilities of the plan. The Case Manager or designee is responsible for efficient and effective functioning of the utilization review aspect of the department. The Case Management Department reports to the Chief Operating Officer, the Chief Financial Officer or the Chief Nursing Officer (Rossi, 2014).

Review Process (adapted from Van Wert Hospital Utilization Review Plan, 2014)

Admission review shall be conducted on predetermined patients within one working day (24 hours) of admission (Monday-Friday). The determination of the need for admission is based on written criteria and standards. The following criteria sets will be used:

- Severity of Illness; Intensity of Service
- Surgical Necessity Criteria
- Outpatient Procedures
- Levels of Care
- EHR

Information used to certify admission shall include, but not limited to:

- Identification of the patient
- Admission date
- Surgery date (if applicable)
- Admitting physician
- Reason for admission (diagnosis/symptoms)
- Physicians' plan of care
- Documentation of emergency admission
- Payer
- Anticipated Length of Stay

***Extended stay review will be performed at least every 2-3 days until discharge, unless authorized for longer periods of time by payer.**

The Case Manager or designee will screen all admissions and extended stay reviews for medical necessity and appropriateness and will document same on the Utilization Review Form. All decisions by the Case Manager or designee will be based on approved Medical Staff criteria and nursing judgment.

Whenever the Case Manager or designee is unable to determine the medical necessity for admission certification or extended stay, a note may be placed in the medical record or a discussion with the attending physician should occur stating there is insufficient documentation of medical necessity for the admission and/or continued stay.

In addition, the Case Manager or designee will refer the review to an outside reviewer as appropriate.

If the admission certification or extended stay is disapproved by the outside reviewer, the outside reviewer will contact the attending physician for clarification of his/her treatment plan to continue the acute care hospitalization and/or to assist with the recommendation of the appropriate level of care.

If the determination that an admission or continued stay is not medically necessary, the determination may be made by:

- One member of the UR committee if the practitioner or practitioners responsible for the care of the patient concur with the determination or fail to present their views when afforded the opportunity; and,
- Must be made by at least two members of the UR committee in all other cases.

Before deciding that an admission or continued stay is not medically necessary, the UR committee must consult the practitioner(s) responsible for the care of the patient and afford the practitioner(s) the opportunity to present their views. If the committee decides that admission to or continued stay in the hospital is not medically necessary, written notification must be given, no later than 2 days after the determination, to the hospital, the patient, (the single state agency in the case of Medicaid) and the practitioner(s) responsible for the care of the patient. In no case may a non-physician make a final determination that a patient's stay is not medically necessary or appropriated.

If the outside reviewer has conferred with the attending physician and still wishes to deny the case, and if the disapproved case is a Medicare, Medicaid, Indian Health Services or other contracted third-party payer patient, a letter of denial will be issued per the payer's rules and regulations. The Case Manager will deliver the denial notice to the patient. If the patient is incompetent, the denial notice will be sent by certified mail to the legal representative and the Case Manager will attempt to contact the legal representative by phone. Copies of the written denial will be sent to the attending physician and the appropriate review agency. If at any time thereafter the patient meets the criteria for medical necessity, the patient's insurance coverage will be reinstated per payer's rules and regulations.

All utilization review forms and reports are considered confidential material.

Through the analysis of data profiles generated by any peer review agency and other external review groups, documented utilization review experience and review of PI studies, the UR or Peer Review Committee shall identify problems for focus review. These problems may be associated with over and underutilization of services by questionable patterns of care.

Identified utilization-related issues will be referred to the Medical Staff Peer Review Committee. The Committee may assign a study of those utilization-related issues identified through concurrent and retrospective studying by the Medical Staff Committees and/or hospital departments. This will be carried out by using in-depth criteria and standards during concurrent review and/or retrospective study. Conversely, analysis of data profiles, documented utilization review experience, and PI studies should result in identification of appropriate diagnosis problems, physicians, and/or classes of patients for which it can be documented that routine review is not required. The identification of the area of excellent utilization for services and facilities will result in focusing out those areas from continuous review.

MEDICAL RECORDS (HIM)

Health Information Management (HIM) is defined as **information management applied to healthcare.** It is the practice of acquiring, analyzing, and protecting medical information vital to providing quality patient care, and is a combination of business, science, and information technology. Health information is the information related to a person's medical history, including symptoms, diagnoses, procedures, and outcomes. Health information records includes many things such as patient histories, lab results, x-rays, clinical information, and provider notes. Medical records (HIM) is responsible for the quality, integrity, and protection of patient's health information (adapted from AHIMA-What Is Health Information).

Medical Records Policy elements Include:

- General Principles for Medical Records
- Responsibility for the Medical Record
- Confidentiality of the Medical Record

- Information Regarding Health Information Management Policies
- Designation of the Attending Physician
- Referring Physician Admitting H&P (adapted from AHIMA)

Other elements of the medical record policy should include the following information regarding completion of the medical record:

- Timely Completion of the Medical Record
- Dealing with Incomplete Medical Records
- Action for Non-Timely Completion of Medical Record
- Entries in the Medical Record
- Who Can Record Entries
- Verbal Orders-When are they appropriate and how to document
- Signatures - Authentication
- Recording Entries in the Medical Records
- Abbreviations and Symbols
- Errors and Corrections

Medical Record Contents to include in policy regarding the patient:

- The Inpatient Record
- Identification sheets
- Initial diagnostic impression
- History and physical (H&P) examination
- Organ Donor
- Consultation Requests and Reports
- Other sheets as required by facility policy
- Progress notes
- Physician's Pre-Op Invasive Procedure Checklist & Post-Op Invasive Procedure Note
- Operative reports
- Anesthesia record
- Notes and reports
- Vital Sign Sheet
- Restraint record
- Tests and reports
- Discharge Summary
- Face-Sheet
- Consent Forms
- Outpatient Records
- Emergency Department Records

Note: *The Patient's medical record must contain sufficient information to identify the patient, support the diagnosis, justify the treatment and length of stay, document the course of treatment as well as the results of treatment, and promote continuity of care.*

Availability of Records information that may be included in the Medical Record Policy:

- Patients requesting access;
- Health Information may not be disclosed;
- Release of Information from the Health Information Management Department to parties outside the hospital;
- Information Pertaining to Mental Health or Alcohol or Drug Abuse Treatment;
- Removal of medical records from the Health Information Management Department.

INFECTION PREVENTION

Infection prevention (IP) (previously referred to as infection control) is the discipline concerned with preventing nosocomial (healthcare associated infections-HAI) infections. When people go to the hospital, they should not contract a preventable healthcare-associated infection (HAI). Unfortunately, HAIs affect 5 to 10 percent of hospitalized patients in the U.S. **per year**. Approximately **1.7 million** HAIs occur in U.S. hospitals each year, resulting in 99,000 deaths and an estimated **$20 billion** in healthcare costs (CDC). The most common HAIs are:

- Central line-associated blood stream infections (CLABIs)
- Catheter-associated urinary tract infections (CAUTIs)
- Surgical Site Infections (SSIs)
- Clostridium difficile infections (C-diff) (CDC-Preventing Healthcare Associated Infections)

The facility infection prevention programs must be geared towards addressing facility specific areas of concern and a mechanism needs to be in place (surveillance and best practice) to determine areas of strengths and weakness in the existing program. For example, if SSIs are determined to be a problem through the local surveillance program, a plan should be developed to address this issue.

There are ten (10) components that are necessary for a strong and effective infection prevention program and includes the following:

1. **Leadership support** - support from the top levels of leadership is vital to the success of a high - quality infection prevention program
2. **Multi-disciplinary team involvement** - involvement from all levels and disciplines of the organization are required. Clear lines of accountability and responsibility must be established for all team members. Infection prevention is a facility effort, not an individual or committee effort.
3. **A trained infection preventionist** - resources need be dedicated to the IP program and the leader of the program must have formal training to perform the duties of the position and improve the performance of the facility. Depending on facility size, this position can vary from a part-time one to a department with two or more full time equivalents (FTEs).
4. **Staff and patient education** - annual IP education should be a requirement in each facility. Patients should be educated, as well, on the expected practice of the hospital staff. Patients with communicable diseases, such as C-diff, should receive disease specific education on their role in preventing disease transmission.
5. **Evidence** - based policies and practices-written policies and procedures based on evidence and best practice must be utilized. Special areas of focus should include hand hygiene, care of invasive devices (catheters), protocols for sterilization and disinfection as well as environmental cleaning. Isolation policies should be written, and yearly competencies required of clinical staff in the purpose, benefit, and use of isolation equipment.
6. **Surveillance** - the outcomes from surveillance programs and processes within the facility must be communicated to staff, physicians, leadership, and the Governing Board. A system must be established that identifies high risk patients and those that require isolation. Monitoring must be continuous and ongoing.
7. **Outbreak management** - rapid identification of organisms such as C-diff is vital for prevention.
8. **Employee health policies** must articulate the evidence-based recommendations for staff with communicable diseases. The goal of these policies is the protection of patients, staff, and visitors. A screening program must be in place for new hires so that immunity for mumps, measles, rubella, and hepatitis B can be assessed. The guidelines from the CDC must be

followed with regards to these items. Lastly, a program that provides facility-sponsored flu vaccinations to staff must be put into place and staff must understand and adhere to the policies set by the organization.

9. **Antibiotic stewardship** - monitoring of antibiotic selection and administration across the organization must occur with the purpose of ensuring that the correct pharmacological plan is followed, and patterns of over-use are identified.
10. **Public health reporting** - the IP department must understand public health reporting requirements at the local, state, and federal levels. (adapted from WHO, 2009)

Employee Health

Statistics show that work-related illnesses and injuries cost employers approximately $1 billion per week in worker's compensation costs (OSHA, Business Case for Safety and Health). The purpose of the Employee Health department's policies and procedures is to assist employees in preventing work related injuries and accidents as well as promoting health and wellness. The goals of an Employee Health program should be to encourage awareness of health issues, improve morale, and reduce the cost of health care throughout the organization. A healthy workforce is a more productive workforce. The individual responsible for the employee health program must maintain a close relationship with the infection control department. In smaller facilities, one person may have responsibility for both programs. A good working relationship between these two departments results in a cohesive employee health and IP program that avoids duplication of policies and processes and provides the safest possible workplace for the staff and physicians.

The Employee Health department has primary responsibility for the following areas:

1. Pre-employment screening - the screening includes limited pre-employment physicals to ensure the physical fitness for the desired position. They also conduct pre-employment drug screenings to ensure a workplace free of dangerous substances.
2. Immunization and testing - employers in the healthcare industry are very concerned with protecting their employees from communicable diseases such as hepatitis, flu, tuberculosis, and many other diseases.
3. Assessment of work-related injuries.

4. Return to work exams.
5. Training related to work injuries, communicable diseases, blood pathogen exposure, exposure to hazardous chemicals, and use of protective equipment.

The policies of a high-quality Employee Health program cover the following dimensions:

- Employee incident and illness reporting. Specificity regarding parameters must be included in the facility policies including such symptoms as: fever, open/draining wounds, rash, productive cough, conjunctivitis (red, watering eyes-may indicate highly contagious pink eye), lice, fleas, flu, and strep throat.
- Immunizations including Hepatitis B, Influenza, Measles, Rubella, Tetanus-Diphtheria Toxoid, and Varicella. All are required by federal and state agencies.
- Management of employees with known communicable diseases.
- Blood borne pathogen post exposure follow up, hours of departmental operation, process for actions when the department is closed, and the CDC post exposure hotline number. The policies must address the specific actions for Hepatitis B, Hepatitis C, Tuberculosis, and HIV exposure and give a precise definition of the types of exposure and the actions to take in the event of exposure. The policy must contain consent forms for the testing from both the exposed staff member and the source patient. A log is kept in employee health of all patients that report symptoms that could indicate a communicable disease.

Overall, the employee health program should promote wellness and the maintenance of sound health habits and the importance of good personal hygiene.

Risk Management

Because risks to patients, staff, visitors, and the organization are prevalent in healthcare, it is necessary for our organization to have Risk Management (RM) programs in place to assess, develop, implement, mitigate, and monitor risk. While there are many priorities in risk management, the highest level is patient care. The purpose of a RM program is to provide a systematic process of identifying, evaluating, and reducing losses associated with patient, employee or visitor injuries, property loss damages and other sources of legal liability. Ultimately, the CEO is entrusted by the

Governing Board with the overall oversight of the RM program. The CEO delegates this responsibility to an appropriate staff member (risk manager).
Successful RM plans contain certain, vital elements that serve to reduce risk to the organization and one of these is a Commercial Insurance Plan. This may include, but is not limited to:

- Property and Casualty
- Auto
- Business Interruption
- General Liability
- Coverage for Directors and Officers of the corporation
- Medical Errors and Omissions
- Inland Marine (for things like valuable electronic data and accounts receivable)
- Crime (employee theft related incidents including embezzlement)
- Worker's Compensation
- Benefits (health, disability, and life)

Training programs also mitigate risk to the organization. Facility training in the following areas is integral to the mitigation of risk:

- Safety Training (Safety Committee: fire drills, disaster planning (FEMA training for leadership), work force safety, building safety inspections, workplace violence;
- OSHA Training Compliance (blood borne pathogens, needle sticks, hazardous waste disposal, employee injuries, ergonomics);
- Security Programs (employee/patient safety issues);
- IT Security (pass word management, access management, firewalls, security rules for the domain, physical security-locked doors).

Risk Management Strategies must be developed so that a systematic approach to Risk Management is utilized. Just like Performance Improvement, systematic and standardized approaches to problems results in fewer defects and sustainable processes. A basic 5-step process is followed:

Risk identification is the process through which staff become aware of risks that are present in the healthcare environment that represent potential loss exposure.

Information available to the staff comes from many sources such as incident reporting, patient complaints, input from staff, peer review, and informally through meetings with the leadership team.

Risk analysis is the process of determining the severity of the loss from the risk that was identified. It is important to access for the probability of loss as well. To that end, every action carries risk. Attempts to mitigate all risk is not the intent of a risk management program and it is an unsustainable endeavor. Once this risk is identified, the organization will need to decide how to handle it. There are three possibilities:

1. **Accept the risk** - some risks are unavoidable and a plan to manage the loss must be completed.
2. **Avoid the risk** - a strategy for acting to completely remove the risk due to the seriousness and ramification of acceptance or minimizing the risk.
3. **Reduce or minimize the risk** - employing various loss control strategies limiting the severity of the risk or, perhaps, the frequency of the risk.

Action Planning occurs after the analysis of the risk is completed. The outcome of the planning is dependent upon the organization's analysis. The risk may be serious enough, as determined by the RM team, to warrant treatment. Or the team may decide, as discussed above, to accept the risk. If a plan is needed and developed, the next step is implementation of the plan.

Implementation of the plan is putting the plan into place.

Measure, control, and monitor - the plan should be monitored to ensure that it is having the desired effect. If not, the appropriate adjustments will need to be made.

Patient-Related Risks

- Confidentiality and Release of Protected Health Information
- Informed Consent for Medical Treatment
- Protections of patient valuables from loss or damage (things like dentures, hearing aids, glasses)

Medical Staff-Related Loss

- Medical staff peer review and quality improvement/performance improvement activities
- Confidentiality and protection of patient information
- Medical staff credentialing, appointment, and privileging

Employee-Related Risks

- Maintaining a safe work environment
- Reduction of the risk of occupational illnesses and injury
- Treatment and compensation of workers who suffer work related injuries
- Ensuring non-discrimination in the work-place (recruitment, hiring, and promotion)

*Annual Appraisal of the Risk Management Program: As part of the Risk Management Program, the scope, organization, and effectiveness of the Risk Management activities will be evaluated annually. Revisions, if any, will be recommended, approved, and implemented as needed.

Risk Management

Authority

The Risk Management is designated by the CEO to the Healthcare Quality Manager.

Purpose
To provide a timely review of significant incidents that occur within the organization (trend and analyze), recommend the most appropriate corrective action plan for problems without simple solutions.

Organization
The Risk Management will be chaired by the Healthcare Quality Manager or designee as appointed by the CEO. The Risk Management shall be comprised of the following representatives:

- Executive Staff Member
- Medical Staff Member
- Healthcare Quality Management Member (Leader of the department)
- Utilization Review Department Member (Leader of the department)
- Safety
- Risk Management
- Nursing

*If an appointed member is not available to attend, a proxy member must attend in his/her place.

Functions (adapted from HRSA, Risk Management Policies and Procedures)
The Risk Management shall meet on a semi-annually basis and maintain minutes. It is vital to reflect in the minutes the actions taken to correct and prevent repeated occurrences of an issue/error. Hospital Acquired Infections and Injuries are to be included in the Risk Management Committee report.

The Risk Management Committee shall meet on a **semi-annual** basis to review all of the committee's Policies and Procedures, as well as applicable federal and state regulations, to ensure continued compliance within the organization.

The Risk Management will:

- Establish and implement the risk identification, evaluation, treatment and monitoring subsystems;
- Identify data resources;
- Evaluate problems to determine corrective action;
- Implement corrective actions;
- Monitor effectiveness of actions implemented;
- Advise CEO on matters of policies and procedures;

- Review claim activity;
- Recommend to the CEO the advisability of waiving patient bills;
- Develop educational programs aimed at the reduction of liability claims;
- Participate in the investigation of potentially compensable events;
- Conduct periodic audits of departments and services for risk exposure;
- Review and investigate patient incident reports and recommend new or additional programs and procedures to prevent future occurrences of the same or related types of patient incidents;
- Call upon employees and other personnel who have specific knowledge of incidents under review;
- Request medical records and other documents specific to incidents under review;
- Make recommendations to the pertinent clinical departments and/or the Center administration to improve customer care, organization, procedure or policy;
- Take all steps necessary to maintain the confidentiality of its review, investigations and other activities.

Risk Reporting: General Information

In an effort to minimize losses, Sage Memorial Hospital has developed this manual to provide a systematic program designed to reduce or eliminate preventable injuries and accidents to employees, patients and visitors. The goal of these control measures is to minimize the financial severity of claims arising out of such injuries.

The objectives of the Risk Management Program are to:

- Identify the causes of injuries or losses to patients, visitors and employees;
- Seek out situations that could produce occurrences resulting in financial loss;
- Use the Incident Report as a source of data to be reviewed by the Chief Executive Officer and the Chief Medical Officer or Medical Director;
- Contact the person involved in the incident as soon as possible. If the person involved is a patient or visitor, contact should be made prior to the person leaving the premises. If the person has a grievance, attempts should be made to deal with the complaint immediately with notification to the CMO (Medical Director) and/or CEO;
- Eliminate dangerous procedures that provide an element of risk in the practice of medicine;

- Produce a mechanism, other than the courts, to handle claims;
- Promote good visitor and patient relations.
  (HRSA, Risk Management Policies and Procedures)

Each department manager or his/her designee has the overall responsibility to do the following:

- Provide training programs for all members of the health care team. "Staff training is crucial to the successful management of risk exposures resulting from the interaction of humans and biomedical technology. The need for staff training in general and cross training to meet specific needs is not limited to permanent personnel of the facility. The increased use of clinical staff from per diem pools and commercial companies that provide individuals for short or long-term assignments raises significant orientation and training challenges for health care facilities" (Singh and Ghatala, 2012)

WORKER'S COMPENSATION has established procedures to review injuries to employees while they are on the job. If an employee is injured in the course of their duties, the organization may be responsible for the employee's medical expenses, and must, through the state worker's compensation system, provide weekly compensation until the employee returns to work. Benefits are paid in accordance with the compensation laws specific to the State of Arizona.

1. **Required Action**

- If an injury to an employee occurs, it is the department manager's responsibility to take charge of the situation. Employees should be instructed on their responsibilities in handling situations that arise.
- Provide immediate medical assistance to the injured staff member as soon as possible. Visit the injured employee to determine the circumstances and cause of the accident. If the employee is unable to provide this information at the time of the accident, obtain it as soon as practical thereafter, but continue to obtain statements from eyewitness to the accident.

2. **How to Report**

- The "First Report of Injury" must be completed immediately after the accident. All Worker's Compensation losses require completion of this form.

- If the injury is severe or assistance is needed in the completion of the form, contact the Quality/Risk Manager.
- Within TEN (10) DAYS after receiving notice of the accident, an employer must complete an Employer's Report of Injury and forward copies to the Commission and its insurance carrier or third-party administrator. It is strongly encouraged that this form be used to report the accident to the Commission online. It must be completed in its entirety (Industrial Commission of Arizona).

IMPORTANT: The employer must notify the Commission of a work-related fatality by telephone, telegram or electronic filing no later than the next business day following a fatality (Industrial Commission of Arizona).

- It is vital that the report be completed properly and filed as no benefits can be paid to the injured employee until the insurance carrier is in receipt of this report.
- There will be times when the injury to an employee is not immediately known. However, when you have first been made aware of the situation, follow the appropriate procedures for filing a Worker's Compensation Claim.
- Telephone notification of a loss is not adequate for the reporting of a Worker's Compensation Claim since the State of Arizona requires the completion of the "First Report Injury" Form on all Worker's Compensation Claims (Industrial Commission of Arizona).

Definition of Incident, Variance, or Occurrence:
An incident, variance or occurrence (hereinafter "incident") is any event which is not consistent with the desired operation of the facility or care of the patient or any event causing patient, visitor and other non-employee dissatisfaction.

Examples of Incidents include, but are not limited to:

- Physical harm to patient, staff or third parties (visitors, students, etc.);
- Unauthorized leaves by patients;
- Accidents in which patients, staff or third parties are injured or die;
- Drug or alcohol use or traffic of these substances from the outside;
- Damage to or loss of property;
- Medication errors;

- Poor results from treatment of procedures;
- Injuries;
- Patient dissatisfaction;
- Retained foreign bodies;
- Accidental burns;
- Neurological deficits;
- Mistaken identity;
- Patient and visitor falls;
- Unexpected transfers to any hospital;
- Complaints or serious threats of lawsuits by the patient or the family;
- Patient leaving the center against medical advice;
- Severe drug reactions;
- Unexpected deaths;
- Incidents from the use of equipment and medical devices.
  (adapted from HRSA, Risk Management Policies and Procedures)

Procedure

- Provide immediate, appropriate care and follow-up for the patient, visitor or other non-employee if he/she is injured. Ensure that the appropriate immediate actions are taken so that the incident is not repeated.
- When there is a serious injury or the subject of an incident (or the family) is angry or upset about the incident, Risk Management should be notified immediately, along with taking other requisite actions to resolve the issue/matter.
- Complete an Incident Report Form to:
  - Provide a record of the event, document the facts of the incident, identify witnesses and preserve any other evidence at the scene;
  - Provide a base from which the corporation can further determine, investigate, and evaluate deviations from the standard of care, policies, procedures, protocol, etc.;
  - Provide a means of refreshing the memory of those having direct knowledge of the event;
  - Alert Risk Management of the possibility of a claim or lawsuit to allow for complete investigation and documentation; and,
  - Comply with state and federal regulatory requirements.

The Incident Report Form should be completed by the person having the best knowledge of when the incident occurred or is discovered. The need for immediate reporting cannot be overemphasized.

(adapted from HRSA, Risk Management Policies and Procedures)

The following information must be included:

- the name of the patient(s), visitor or other non-employee;
- the address of the person;
- a patient's medical record number;
- the facts surrounding the incident or occurrence;
- any follow-up action taken;
- any injury (physical, emotional or otherwise) to the person;
- the reaction of the person the family to the incident;
- the identity and location of any medical device or equipment that caused and/or contributed to the incident.

✓ The person completing the Incident Report Form shall sign it, print his or her name underneath the signature and indicate the extension where he or she can be reached for additional information.

✓ The examining physician should not sign the Incident Report Form, however, his or her name should be printed on the form.

✓ Should additional space be necessary, attachments to the form are appropriate.

✓ The manager or supervisor of the area should review the IRF and take any appropriate follow-up action necessary (counsel employee, documentation, report to superiors, etc.).

✓ All copies of the IRF must be forwarded to the Risk Manager within 48 hours following the occurrence or discovery of the incident.

✓ The Nurse Management Coordinator or Supervisor of the area should complete the Risk Management follow-up and forward it to Risk Management when follow-up has been completed. If follow-up is completed immediately after review of the Incident Report Form, staple it to the Incident Report Form (adapted from HRSA, Risk Management Policies and Procedures).

Medical Records

- The facts of the events should be documented in the medical record when the incident involves a patient, however, no reference should be made to the

Incident Report Form in the medical record or the fact than an Incident Report was completed.

- The Incident Report Form is never placed in the medical record.
- The following guidelines should be used in the medical record documentation of the event:
  - be objective and accurate;
  - write a brief narrative of the events surrounding the incident/occurrence, the follow-up action taken, and the status of the patient (adapted from HRSA, Risk Management Policies and Procedures).

Do not use any of the following terms:

- "incident report" or "accident"
- "negligent" or "negligently"
- "inadvertent" or "inadvertently"
- "in error"
- "by mistake" or "mistakenly" (adapted from HRSA, Risk Management Policies and Procedures).

Equipment Related Incidents

- If a piece of medical equipment (e.g. x-ray machine) or a medical device (e.g. syringe, catheter, g-tube) is involved in an incident, the name of the equipment or device, the manufacturer, the manufacturer's "lot" number, if available, and other related identification should be documented on the incident report. If there is a malfunction, the incident report should relate the facts that indicated malfunction.
- It is of primary importance in cases of suspected malfunctions that the equipment be removed from service for later testing. The suspected malfunctioning equipment should be labeled as such and sent to the quality manager and noted on the Incident Report Form.
- Under no circumstance should the medical device or equipment be discarded. It must be preserved for further investigation. If the device or equipment is contaminated, contact the quality manager for instructions regarding its proper preservation (adapted from HRSA, Risk Management Policies and Procedures).

Multi-Department Incidents

- When two or more departments or areas are involved in an incident, one of the following should be done:
  - Each department or area should complete separate forms;
  - The supervisors of the involved departments should collaborate to complete one set of forms.
- However, each department/area will be responsible for following through on all steps of reporting, regardless of the method of reporting chosen (adapted from HRSA, Risk Management Policies and Procedures).

Risk Management Investigation

- Risk Management will review the Incident Report Form.
- Risk Management may investigate all incidents and perform any or all the following during that investigation:
  - review the medical record;
  - interview knowledgeable personnel identified in the report;
  - review any pertinent policies and/or procedures which may be applicable to the incident;
  - request the assistance of other in-house personnel in the review of the incident;
  - refer the incident to the appropriate department head for action;
  - take or request any additional follow-up action that is indicated;
  - take any other action deemed necessary by the Risk Manager to respond to the incident (adapted from HRSA, Risk Management Policies and Procedures).

Availability of Risk Management Data

- Risk Management logs document certain information into an information system and some statistical analysis is performed on this data. Non-specific information from this database and non-specific information from investigations is available to nursing and other staff who can justify a need for this information (quarterly and annual reports, etc.) However, specific information will not be released unless authorized by the CEO (adapted from HRSA, Risk Management Policies and Procedures).

COMPLIANCE

The purpose of the compliance program is to provide standards of conduct to prevent fraud and abuse and to comply with the local, state and federal laws applicable to the hospital.

According to the Healthcare Fraud and Enforcement Action Team (HEAT), a comprehensive compliance program should include the following seven elements:

1. Written policies, procedures and standards of conduct as well as written policies and procedures that promote the hospital's commitment to compliance (e.g., by including adherence to compliance as an element in evaluating managers and employees) and that address specific areas of potential fraud, such as claims development and submission processes, code gaming, and financial relationships with physicians and other health care professionals.

2. A designated compliance officer and compliance committee. The designation of a chief compliance officer charged with the responsibility of operating and monitoring the compliance program. The compliance officer must report directly to the CEO.

3. The development of effective training and education for all affected employees.

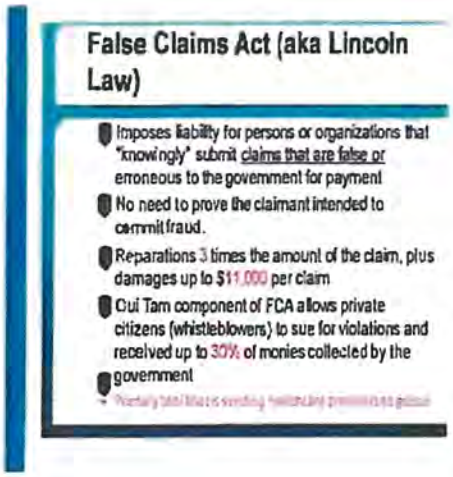
4. The development of effective lines of communication, clear policy directives and a hotline for reporting as well as the use of audits and/or other evaluation techniques to monitor compliance and assist in the reduction of identified problem areas.

5. An effective compliance program conducts internal monitoring and auditing to include the development of a system to respond to allegations of improper/ illegal activities and the enforcement of appropriate disciplinary action against employees who have violated internal compliance policies, applicable statutes, regulations or Federal health care program requirements.

6. Standards enforcement through well-publicized disciplinary guidelines. This should include the development and distribution of written standards of conduct. These written policies should compose details regarding the elements of the Corporate Compliance Program, the details of the Code of Conduct Policy, training for all staff, as well as on-going, yearly mandatory compliance training, and a disaster recovery plan in the event of a system failure or breach. These policies and procedures should apply to all employees, volunteers, staff members, hospital management and departments.

7. Responding promptly to detected offenses and undertaking corrective actions as well as the maintenance of a process, such as a hotline, to receive complaints, and the adoption of procedures to protect the anonymity of complainants and to protect whistleblowers from retaliation **(adapted from the OIG (HEAT), Coverage Point, and the Federal Register / Vol. 63, No. 35 / Monday, February 23, 1998 / Notices).**

Internal Controls



Internal controls are designed to provide healthcare organization leadership with reasonable assurance that operational objectives are achieved, including effective and efficient operations, accurate and reliable financial reports, and compliance with laws and regulations. If these internal controls aren't effective, an organization may lose valuable resources in the form of both dollars and time.

Why Internal Controls?

Every healthcare organization needs to establish strong internal controls so that business processes run smoothly, are consistent, and assist in accomplishing strategic objectives. Internal controls represent specific activities or measures, such as reviews (audits), reconciliations, and checks and balances. Controls that organizations implement should be consistent and repeatable (Sparacino and Welker, 2016).

Suggested internal controls include but are not limited to: review of accounting systems reports; review of supporting documents for selected transactions; overseeing regularly scheduled inventory counts; and, reviewing bank statements reconciliations and month end/year end budget reconciliations.

False Claims Act

"The False Claims Act, also known as the **Lincoln Law**, imposes liability on any person who submits a claim to the federal government that he or she knows (or should know) is false. An example may be a physician who submits a bill to Medicare for medical services she knows she has not provided. The False Claims Act also imposes liability on an individual who may knowingly submit a false record in order to obtain payment from the government. An example of this may include a government contractor who submits records that he knows (or should know) is false and that indicate compliance with certain contractual or regulatory requirements. The third area of liability includes those instances in which someone may obtain money from

the federal government to which he may not be entitled, and then uses false statements or records to retain the money. An example of this so-called "reverse false claim" may include a hospital who obtains interim payments from Medicare throughout the year, and then knowingly files a false cost report at the end of the year to avoid making a refund to the Medicare program (31 U.S.C. § 3729)." (adapted from justice.gov)

It is the policy of Sage Memorial Hospital to comply with the law in the pursuit of all business endeavors. Further, Sage Memorial Hospital provides information and education to all staff and physicians on the rules and regulations regarding compliance with all applicable federal, state, and local requirements. To facilitate reporting, a compliance HOTLINE has been set up so that staff can report suspected violations. Reporting directly to the Office of the Attorney General (OIG) can also be accomplished by links accessible at the respective facility's website.

External Reporting (medical device)

Medical Device Reporting (MDR)

"Each year, the FDA receives several hundred thousand medical device reports of suspected device-associated deaths, serious injuries and malfunctions. Medical Device Reporting (MDR) is one of the post-market surveillance tools the FDA uses to monitor device performance, detect potential device-related safety issues, and contribute to benefit-risk assessments of these products" (adapted from USFDA, 2018). "Mandatory reporters (i.e., manufacturers, device user facilities, and importers) are required to submit certain types of reports for adverse events and product problems to the FDA about medical devices. In addition, the FDA also encourages health care professionals, patients, caregivers and consumers to submit voluntary reports about serious adverse events that may be associated with a medical device, as well as use errors, product quality issues, and therapeutic failures. These reports, along with data from other sources, can provide critical information that helps improve patient safety" (adapted from USFDA, 2018)

Device User Facilities: A "device user facility" is a hospital, ambulatory surgical facility, nursing home, outpatient diagnostic facility, or outpatient treatment facility, which is not a physician's office. User facilities must report a suspected medical device-related death to both the FDA and the manufacturer. User facilities must

report a medical device-related serious injury to the manufacturer, or to the FDA if the medical device manufacturer is unknown" (adapted from USFDA, 2018).

"A user facility is not required to report a device malfunction, but can voluntarily advise the FDA of such product problems using the voluntary MedWatch Form FDA 3500 under FDA's Safety Information and Adverse Event Reporting Program. Healthcare professionals within a user facility should familiarize themselves with their institution's procedures for reporting adverse events to the FDA. The "Medical Device Reporting for User Facilities" is an online user's guide for filling out the MDR form FDA3500" (USFDA, 2018).

PATIENT GRIEVANCES

Is it a complaint or a grievance? What's the difference?

The Center for Medicare and Medicaid Services (CMS) distinguishes between complaints and grievances. According to CMS a **complaint is a minor patient issue that can be resolved promptly, within 24 hours, or before the patient is discharged,** such as a meal preference or environmental concerns. Complaints that are usually addressed by staff who are present at the time of the complaint and can resolve the concern at that time, such as a nurse, housekeeper, or physician. Complaints that can be resolved by the involved staff members at the time of the complaint generally do not require a written response. However, even if a patient's complaint is addressed quickly and informally, the facility should document the complaint and the actions taken to resolve it. Maintaining these records is ***useful*** for quality improvement activities. When complaints are more complex and/or cannot be resolved during the patient stay, prior to discharge, then the patient can file a formal grievance.
"A patient grievance" is a written or verbal complaint (when the verbal complaint about patient care is not resolved at the time of the complaint by staff present) by a patient, or the patient's representative, regarding the patient's care, abuse or neglect, issues related to the hospital's compliance with the CMS Hospital Conditions of Participation (CoP), or a Medicare beneficiary billing complaint related to rights and limitations provided by 42 CFR §489"(CMS.gov-Center for Medicaid and State Operations/Survey and Certification Group. Ref-S&C-5-42).

Grievance Procedure

The facility policy will articulate the detailed process for handling grievances. However, the CMS survey elements are listed below. The organization must review their policies and procedures to assure that the grievance process encourages all personnel to alert appropriate staff concerning any patient grievance.

Review the hospital's policies and procedures to assure that its grievance process encourages all personnel to alert appropriate staff concerning any patient grievance.

- Does the hospital adhere to its policy/procedure established for referrals?
- Is the hospital following its grievance policies and procedures?
- The agency will review the grievance file and determine if the facility followed the established guidelines.
- The agency may interview a patient in the facility to determine if they know how to file a complaint or grievance.
- Does the hospital's process assure that grievances involving situations or practices that place the patient in immediate danger, are resolved in a timely manner?
- Does the patient or the patient's representative know that he/she has the right to file a complaint with the State agency as well as instead of utilizing the hospital's grievance process?
- Has the hospital provided the telephone number for the State agency to all patients/patient representatives?
- Are the patients aware of their right to seek review by the Healthcare Quality Council for quality of care issues, coverage decisions, and to appeal a premature discharge?

  (CMS.gov-Center for Medicaid and State Operations/Survey and Certification Group. Ref-S&C-5-42).

A well-developed policy and procedural plan must be utilized in the facility that follows the guidelines established by CMS.

Disclosure of Medical Errors

A medical error is a human error in healthcare that causes harm to a patient. These types of errors occur frequently in hospitals across the country. In the past, healthcare institutions and providers have been reluctant to disclose errors to patients. Fearing lawsuits and embarrassment, many institutions' policies center on **deny and defend** with regards to errors. However, this practice seems counter to the patient centered philosophy based in high quality care that is transforming healthcare. To assist organizations with disclosure without fear of lawsuits, many states have adopted **Apology Laws.** "Apology laws are gaining traction in the United States, prompting health care professionals to offer words of condolence for adverse medical outcomes without the fear of being sued for malpractice. Although these laws vary by jurisdiction, they have been shown to reduce the financial consequences of a medical malpractice lawsuit" (Saitta and Hodge, 2012).

The Third Leading Cause of Death in the US

Sage Memorial Hospital practices **"full-disclosure"** related to medical errors in an ongoing effort to improve the quality of care and the transparency of healthcare.

Centers for Medicare and Medicaid Services (CMS)

CMS is the federal agency within the Department of Health and Human Services (HHS) that administers the Medicare and Medicaid programs and other programs such as standards for long-term care programs, Children's Health Insurance Program, Healthcare.gov and other health related programs.

The Hospital Outpatient Quality Reporting Program (Hospital OQR) is a "pay for quality" data reporting program implemented by the Centers for Medicare & Medicaid Services (CMS) for outpatient hospital services. Outpatient care can refer to numerous types of health services, such as emergency department services, observation services, outpatient surgical services, lab tests, and X-rays, provided to those who visit a hospital or other healthcare facility. Outpatient often refers to a patient who leaves the facility after treatment on the same day but may include a patient who spends the night at the hospital for whom a doctor has not written an order for inpatient admission (CMS.gov: Hospital Outpatient Quality Reporting Program).

The list below outlines the outpatient reporting requires:

Outpatient Reporting: CY 2019 Payment Determination

- OP-1: Median Time to Fibrinolysis
- OP-2: Fibrinolytic Therapy Received Within 30 Minutes of ED Arrival
- OP-3: Median Time to Transfer to Another Facility for Acute Coronary Intervention
- OP-4: Aspirin at Arrival
- OP-5: Median Time to ECG
- OP-18: Median Time from ED Arrival to ED Departure for Discharged ED Patients
- OP-20: Door to Diagnostic Evaluation by a Qualified Medical Provider
- OP-21: Median Time to Pain Management for Long Bone Fracture
- OP-22: Left Without Being Seen
- Emergency Department Transfer Communication: this measure is particularly relevant for Critical Access Hospitals (CAH) and is included in the Medicare Beneficiary Quality Improvement Project (MBQIP)

Inpatient Reporting: CY 2019 Payment Determination

The inpatient measures are part of CMS's Value-Based Purchasing program as described above. The measures below are required for hospitals:

- ED-1: Median Time from ED Arrival to ED Departure for Admitted ED Patients
- ED-2: Admit Decision Time to ED Departure Time for Admitted Patients
- IMM-2: Influenza Immunization
- PC-01: Elective Delivery
- SEP-1: Early Management Bundle, Severe Sepsis/Septic Shock
- VTE-6: Incidence of Potentially Preventable Venous Thromboembolism

Hospital Consumer Assessment of Healthcare Providers and Services (HCAHPS): a standardized survey instrument and data collection methodology has been in use since 2006 to measure a patient's perception of hospital care. (adapted from Medicare Beneficiary Quality Improvement Project (MBQIP) Quality Reporting Guide, December 2017)

Medicare Beneficiary Quality Improvement Program (MBQIP) (adapted from Medicare Beneficiary Quality Improvement Project (MBQIP) Quality Reporting Guide, December 2017)

The Medicare Beneficiary Quality Improvement Project (MBQIP) is a quality improvement activity under the Medicare Rural Hospital Flexibility (Flex) grant program of the Health Resources and Services Administration's Federal Office of Rural Health Policy (FORHP). The goal of MBQIP is to improve the quality of care provided in critical access hospitals (CAHs), by increasing quality data reporting by CAHs and then driving quality improvement activities based on the data. This project provides an opportunity for individual hospitals to look at their own data, measure their outcomes against other CAHs and partner with other hospitals in the state around quality improvement initiatives to improve outcomes and provide the highest quality care to every one of their patients.

Care Transitions: These resources focus on quality improvement for care transitions. The current required and additional Medicare Beneficiary Quality Improvement Project (MBQIP) measures that fall under this domain are:

- Emergency Department Transfer Communication
- Discharge Planning
- Medication Reconciliation

These resources focus on quality improvement for outpatient hospital services, primarily those provided in the emergency department (ED). The current required and additional Medicare Beneficiary Quality Improvement Project (MBQIP) measures that fall under this domain include:

Required:

- OP-1: Median Time to Fibrinolysis
- OP-2: Fibrinolytic Therapy Received Within 30 Minutes
- OP-3: Median Time to Transfer to Another Facility for Acute Coronary Intervention
- OP-4: Aspirin at Arrival

- OP-5: Median Time to ECG (electrocardiogram)
- OP-18: Median Time from ED Arrival to ED Departure for Discharged ED Patients
- OP-20: Door to Diagnostic Evaluation by a Qualified Medical Professional
- OP-21: Median Time to Pain Management for Long Bone Fracture
- OP-22: Left Without Being Seen (Emergency Department)

Additional:

- ED-1:Median Time from ED Arrival to ED Departure for Admitted ED Patients (Required measurebeginningFiscal Year (FY) 2018, moving to the Patient Safety/Inpatient domain)
- ED-2:Admit Decision Time to ED Departure Time for Admitted Patients(Required measurebeginningFY 2018, moving to the Patient Safety/Inpatient domain)
- OP-23: ED– Head CT or MRI Scan Results for Acute Ischemic Stroke or Hemorrhagic Stroke
- Patients who received Head CT or MRI Scan Interpretation Within 45 Minutes of ED Arrival
- OP-25: Safe Surgery Checklist Use

External Quality Reporting: 30-day risk-standardized mortality measures

- Acute Myocardial Infarction
- Heart Failure
- Pneumonia

External Quality Reporting: 30-day risk-standardized readmission measures

- Acute Myocardial Infarction
- Heart Failure
- Pneumonia
- Hip/Knee *non-CAHs

THE JOINT COMMISSION (TJC)

An independent, not-for-profit organization, The Joint Commission accredits and certifies nearly 21,000 health care organizations and programs in the United States. The Joint Commission accreditation and certification is recognized nationwide as a symbol of quality that reflects an organization's commitment to meeting certain performance standards (TJC, 2018). It is important to understand that facilities PAY to become accredited through TJC. The following is an overview of the accreditation domains for TJC:

- Accreditation Participation Requirements (APR)
- Environment of Care (EC)
- Emergency Management (EM)
- Human Resources (HR)
- Infection Prevention and Control (IC)
- Information Management (IM)
- Leadership (LD)
- Life Safety (LS)
- Medication Management (MM)
- Medical Staff (MS)
- National Patient Safety Goals (NPSG)
- Nursing (NR)
- Provision of Care, Treatment, and Services (PC)
- Performance Improvement (PI)
- Record of Care, Treatment, and Services (RC)
- Rights and Responsibilities of the Individual (RI)
- Transplant Safety (TS)
- Waived Testing (WT)

QUALITY CHECKLIST

The following items are recommended to be in place to have a successful facility Quality Improvement Program:

- ❑ Review Healthcare Quality Management Manual; distribute to leaders as appropriate
- ❑ Develop hospital and department dashboards
- ❑ Determine hospital wide quality targets, document the 'why' for each
- ❑ Determine department quality targets; document the 'why' for each
- ❑ Determine how each item will be measured
- ❑ Determine accountability measures
- ❑ Educate staff on targets and 'why' each was chosen
- ❑ Communicate to organization the results of measures
- ❑ Develop program plan/policies for:
    - Safety
    - OSHA Log
    - Employee Health
    - Risk Management
    - Compliance
    - Patient Grievance
    - Disclosure of Medical Errors

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NAVAJO HEALTH FOUNDATION
SAGE MEMORIAL HOSPITAL

2019 Community Health Needs Assessment and Implementation Plan

ADOPTED BY THE BOARD OF DIRECTORS ON MARCH 7, 2020

- MISSION STATEMENT -

Navajo Health Foundation – Sage Memorial Hospital, Inc. provides quality healthcare services in a fiscally responsible manner, focusing on the patient's physical, social, and spiritual well-being

Dear Community Members,

Navajo Health Foundation/Sage Memorial Hospital is pleased to present this Community Health Needs Assessment and Implementation Plan to the residents of the communities served by the hospital and its clinics. With the help of your direct input, along with demographic research and data analysis, Sage has identified unique public Health needs.

As part of this effort, Sage has developed and implemented a continuous improvement plan for quality health care. This document supports the long-term strategic plan developed by the Board of Directors following the 2019 Community Health Needs Assessment currently implemented.

The Sage Memorial Hospital Board of Directors would like to thank you for your candid and valuable input that has allowed us to create this document. We look forward to further collaboration with you as we strive to continually improve and better meet your health care needs.

Our Hope is that this document will allow you a better understanding of the unique health care needs faced by you in your communities and will enable us to move forward together to improve our way of life.

Thank you,

Board of Directors

Andrew Simpson

Maybelle Kelewood

RayAnn Terry

Veronica Clark

Delores Noble

Table of Contents

EXECUTIVE SUMMARY *5*

Approach 5

Summary of Findings 5

Demographics 5

Health Care Needs 5

Addressing the Health Care Needs of the Community 6

BACKGROUND INFORMATION *7*

History of Navajo Health Foundation-Sage Memorial Hospital 7

Services Provided by Sage Memorial Hospital 7

Definition of the Community Served by Sage Memorial Hospital 8

Other Regional Healthcare Facilities 10

COMMUNITY HEALTH NEEDS ASSESSMENT APPROACH *10*

Overview 10

Methodology 11

The Process for Consulting with Persons Representing the Community's Interests 11

Data Collection 11

Community Survey 11

Focus Group with Community Representatives 11

Sage Employee Survey 12

Health Information Systems Data 12

Secondary Data 12

Data Analysis 12

The Process for Identifying and Prioritizing Community Health Needs and Services 12

KEY FINDINGS *12*

Community Demographics 12

Population 12

Figure 4: Total population of service area compared to county, state, national census ***13***

Race/Ethnicity 13

Population by Age and Sex 14

Population by Educational Attainment 15

Figure 7: Educational Attainment of the Population ***15***

Language 15

Poverty Rate 16

Household Income 16

Figure 8: Household income compared to American Community Survey National Averages ***17***

Unemployment Rate 17

Community Needs Index 17

Service Area Community Needs Index 18

Primary and Chronic Disease Care Access, Quality of Care, and other Health Needs of Uninsured Persons, Low-Income Persons, and Minority groups 19
Uninsured persons 19
Low-income and ethnic minority groups' care access and quality disparities 20
Disparity improvement/worsening by unique ethnic/minority group 20
Causes of Death among American Indians/Alaskan Natives compared to all other races 21

The Health Needs of the Community 22
Behavioral Health Treatment 22
How Sage is Addressing Behavioral Health Needs 23
Pediatric Care 23
How Sage is Addressing Pediatric Care 24
Obesity Prevention 25
How Sage is Addressing Obesity Prevention 25
Accessible Health Care Services 25
How Sage is Addressing Accessible Health Care Services 25
Diabetes Care and Prevention 26
How Sage is Addressing Diabetes Care and Prevention 26

ADDRESSING THE HEALTH NEEDS OF THE COMMUNITY 27

Implementation Strategy 27

Challenges in Meeting the Long-Term Needs of the Community 29
Medical and Clinical Staff Recruitment 29
Employee Housing 29
Outpatient Medical Center 29
New Hospital 29
Financial Challenges of Meeting Long-Term Needs of the Community 30

APPENDICES 31

APPENDIX A – INDIVIDUALS PARTICIPATING AS LOCAL ADVISORS 31

APPENDIX B – SECONDARY DATA SOURCES RELIED UPON 32

APPENDIX C – BOARD MEMBER INTERVIEW PRIMARY QUALITATIVE DATA 34

APPENDIX D – COMMENTS FROM SELECTED COMMUNITY SURVEY QUESTIONS 40

APPENDIX E – COPY OF 2019 COMMUNITY AND STAFF SURVEY QUESTIONS 45

EXECUTIVE SUMMARY

Established in 1978, Navajo Health Foundation – Sage Memorial Hospital, Inc. ("Sage") is an Arizona private 501(c)(3) not-for-profit healthcare corporation. The organization includes a 25-bed Critical Access Hospital and outpatient clinics located in Ganado, and Greasewood Springs, Arizona.

Sage is a Native-managed comprehensive healthcare system and is the only Native-governed hospital to hold a license from the Arizona Department of Health. Today, Sage serves approximately 20,000 people as the sole provider of health care services across the Navajo Nation chapters and communities of Cornfields, Ganado, Kinlichee, Klagetoh, Greasewood Springs, Steamboat, Wide Ruins, and a portion of Nazlini encompassing the communities south of Route 26. Many patients from outside of our community service area choose to travel to Sage to receive health care services.

Sage facilitated a comprehensive Community Health Needs Assessment ("CHNA") for both the main campus and Greasewood Springs satellite clinic. The purpose was to understand the public health needs facing those communities for which it provides health care services. This CHNA was conducted between August 1st and September 30th, 2019 as an update to the CHNA performed by Sage in 2016.

This report fulfills federal regulations requiring non-profit hospitals to conduct a community health needs assessment every three years.[1] Performing this assessment at regular intervals enables the hospital to monitor and respond to the community's changing public health needs.

Approach

Sage performed the CHNA with the collaboration of the hospital administration, executive leadership, public health professionals, and clinical staff ("Assessment Team" or "Team"). The Assessment Team conducted surveys with the community members and focus groups and researched secondary data sources for relevant community health information. The Assessment Team analyzed the collected data and cross-referenced it with relevant public databases. The Team then developed this report that summaries key findings and outlines the implementation plan developed by the Board of Directors and its Administrative Executive staff to meet the most immediate and vital community health heeds.

Summary of Findings

Demographics

Approximately 95% of the residents served by Sage are of American Indian or Alaska Native ("AI/AN") descent. The age distribution of the populations weighed toward younger age groups, with approximately 52% of the population under the age of 44. Compared to national averages, the community has a lower level of education, a higher poverty rate, a higher unemployment rate, and a lower average household income. The Navajo language (or another language other than English) is spoken in 45% of the households served by Sage, and 82% of the population speaks English.

Health Care Needs

The Assessment Team identified the following high priority health care needs from the greatest to the lowest priority within the service area of the hospital:

- Behavioral Health and Substance Abuse Treatment
- Pediatric Care

[1] Internal Revenue Service. (2018, 11 07). *Community Health Needs Assessment for Charitable Hospital Organizations-Section 501(c)(3). Retrieved 06 27, 2019 from IRS.gov: https://www.irs.gov/charities-non-profits/community-health-needs-assessment-for-charitable-hospital-organizations-section-501r3*

- Obesity Prevention
- Geographic Accessibility of Health Care Services
- Diabetic Care and Prevention

Several of these needs were also identified as high priority during the 2016 CHNA and are expected to be major health care concerns in the future due the low socioeconomic conditions coupled with the remote frontier location.

Addressing the Health Care Needs of the Community

Based on the findings for the 2016 CHNA, Sage's leadership adopted and began executing an implementation strategy to meet the high priority health care needs of the community. Sage continues to expand upon the 2016 strategy through the following actions that address the community's health care needs.[2]

Behavioral Health	• Expansion of Behavioral Health Services; recruit/retain additional clinicians and staff; • Expand capacity for increased psychotherapy and counseling utilizing professionals with a working understanding of the Navajo culture; • Implement an outreach program that identifies individuals at risk for Behavioral Health issues; • Collaborate with local schools to identify at risk children; • Expansion of the substance abuse rehabilitation programs; • Implementation of Telemedicine for Behavioral Health Services
Pediatric Care	• Expand public health immunization programs for children ages 6 months and older; • Increase nutritional education outreach programs; • Increase child and teen health information and education; • Recruit/retain Board Certified Pediatricians; • Expand the capacity for pediatric services at the Sage main campus clinic and Greasewood Springs clinic
Obesity Prevention	• Continue to educate community members about the importance of exercise and healthy lifestyles through the community outreach programs; • Increase the number of community activities that encourage exercise and healthy lifestyle habits; • Encourage the use of the Wellness Center for employees and patients referred through the Indian Health Service Special Diabetes Program for Indians grant program; • Continue to conduct health fairs throughout the community; • Recruit/retain a dietician; • Recruit/retain certified personal trainers
Accessibility to Health Care Services	• Expansion of Services within the Chapter communities; • Review the viability of Telemedicine programs that would allow patients to access providers through a "virtual" environment; • Coordinate patient home visits by Community Health Nurse(s) and collaboration with the Community Health Representatives to increase patient compliance with physicians' plan of care for the patients who do not have reliable transportation
Diabetes Care and Prevention	• Continue the community outreach program to educate community members about diabetes and prevention, and continue to refer individuals to the program;

[2] Full implementation and timing of this strategy may be impacted by the state and federal budget allocations, physician recruitment, and unforeseen impacts of the PPACA.

	• Increase community activities that encourage exercise and healthy lifestyles; • Recruit/retain a Clinical Nurse Case Manager to facilitate the management and care of the diabetes program patients; • Develop and support the Native Diabetes Wellness Program initiative to coincide with emerging Medicare trends shifting toward preventative care versus tertiary care; • Continue to expand the Sage community garden to increase community involvement in wellness activities and supplement nutritional resources with healthy food alternatives; • Expand health screenings at the community chapter level to identify at risk individuals

BACKGROUND INFORMATION

History of Navajo Health Foundation-Sage Memorial Hospital

Navajo Health Foundation-Sage Memorial Hospital, Inc. ("Sage") is a private Arizona 501(c)(3) not for profit Health as a Rural General Hospital, is Joint Commission Accredited and is also Certified by the Centers of Medicare and Medicaid Services.

healthcare organization governed by a five (5) member all Navajo Governing Board. Sage Memorial Hospital is in Ganado, Arizona on private land surrounded by the Navajo Nation and owned by the Presbytery of Grand Canyon. The main Sage campus consists of 82 buildings on approximately 110 acres which include the main hospital, an outpatient clinic, administrative offices, allied health clinics, employee childcare center employee wellness center and subsidized employee housing. Sage is licensed by the Arizona department of
The Sage healthcare system includes the following facilities:

- 25 bed Critical Access Hospital, Ganado, Arizona
- Outpatient Rural Health Clinic, Ganado, Arizona
- Outpatient Rural Health Clinic, Greasewood Springs, Arizona

Sage has been recognized by the United States Department of Health and Human Services-Indian Health Services for providing high quality healthcare; Best in Class in the area of Diversity in Leadership and Governance Award from the American Hospital Association;[3] and Performance Leadership in Patient Outcomes Award from the National Organization of State Offices of Rural Health (NOSORH) and iVantage Health.[4]

Services Provided by Sage Memorial Hospital

Sage provides the following health care services to the community:

- Emergency Medical Services
- Emergency Medical Transportation (Ground and Air)
- Hospital inpatient services, including:
  - Medical/Telemetry
  - Swing bed Services

[3] Watteau, M. (2012, 06 06). *Diversity and Disparities Survey Providers a Snapshot of Current Practices. Hospitals honored for performance in key categories:* Retrieved from Institute for Diversity in Health Management, an affiliate of the American Hospital Association; http://www.divesityconnection.org
[4] Strycker, M. (2015, 11 10). iVantage Celebrates National Rural Health Day. Retrieved from National Organization of State Offices of Rural Health; https://nosorh.org/ivantage-celebrates-national-rural-health-day/

    - Pharmacy
    - Medical Imaging
    - Radiology
    - Respiratory Therapy
    - Rehabilitative Services
      - Physical Therapy
      - Speech Therapy
- Outpatient Services
    - Primary Care
    - Pediatrics
    - Dental
    - Optometry
    - Ophthalmology
    - Optical
    - Rehabilitative Services
      - Physical Therapy
      - Speech Therapy
    - Community Health Nursing
    - Pharmacy
    - Medical Imaging
    - Radiology
    - Laboratory
    - Respiratory Therapy
    - Behavioral Health and Social Services
- Community based health promotion and disease prevention activities
    - Diabetes Prevention and Treatment Program
    - Community Mass Vaccination Events
    - Diabetes Wellness Center Referrals

    All other health care services in the region are referred to health care facilities in the surrounding areas.

Definition of the Community Served by Sage Memorial Hospital

Sage primarily serves the Navajo Nation communities and Chapters of Cornfields, Ganado, Kinlichee, Klagetoh, Greasewood Springs, Steamboat, Wide Ruins, and the portion of Nazlini that includes communities south of Route 26. The region is predominantly part of the Apache County of Arizona, with some overlap into Navajo County.

Figure 1: Map of the Navajo Nation indicating Sage's location and service area Chapters

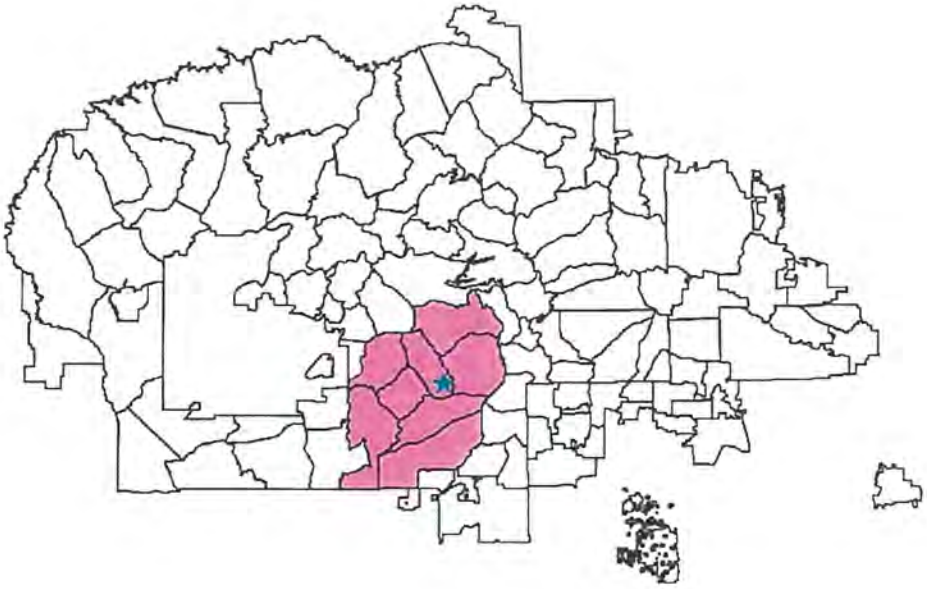
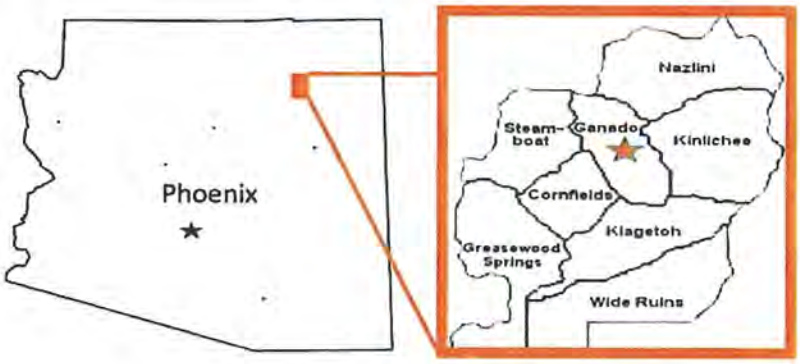


Figure 2: Map of Arizona highlighting Sage service area and Chapters

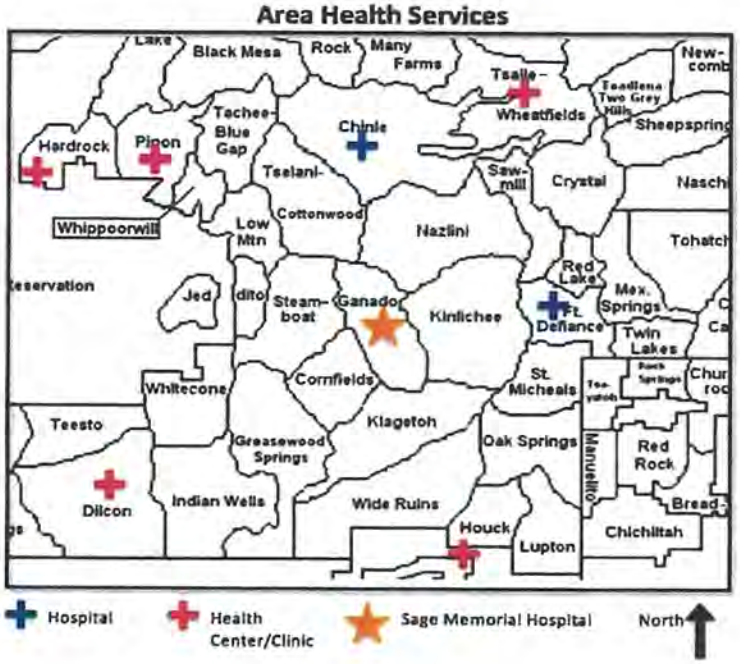


[5] Argueso, L., *Navajo Health Foundation-Sage Memorial Hospital, Inc. Expert Report of Luis A. Argueso on Management Services, Board of Directors Compensation, and Economic Impact. Litigation Report, HealthCare Appraisers, Inc.*

Other Regional Healthcare Facilities

Sage is the sole provider of health care service within its service area. There are two (2) hospitals located approximately 50 miles outside of Sage's primary service area: Chinle Comprehensive Health care Facility which is a federally owned hospital operated by the Indian Health Services., and Tsehootsooi Medical Center. Many patients from outside of the sage service area choose to travel to Sage to receive health care services.

Area Health Services



COMMUNITY HEALTH NEEDS ASSESSMENT APPROACH

Overview

Sage's Assessment Team comprised of hospital administration and executive leadership, public health professionals and clinical staff, implemented a comprehensive approach in assessing the health care needs of Sage's service area. The team first engaged with the community through surveys and interviews to capture firsthand input about health needs and factors affecting the access and delivery of health care services to the region. The Team then researched secondary data sources to better understand the community and its associated health issues. Finally, the Team analyzed the community input and secondary data. Sage's executive leadership together with medical and clinical staff and public health experts with institutional knowledge of the overall health needs of the region reviewed and presented the data to the Board of Directors who then directed its administrative executive staff to prepare an implementation plan addressing the needs identified in the CHNA.

Methodology

The Process for Consulting with Persons Representing the Community's Interests
The Assessment Team identified two (2) groups to represent the community's health interests:

- Individual members of the community
- Members of Sage's Governing Board who also reside within the communities on the Navajo Nation.

These groups participated in surveys and focus groups coordinated by those Assessment Team members with public health expertise. Results supported identification and prioritization of the community's health needs.

Data Collection
The team obtained information using the following sources:
- Surveys completed by the Sage Governing Board
- Surveys completed by the community within Sage's service area
- Surveys completed by the Sage hospital staff
- Sage health information systems data; and,
- Relevant secondary data from publicly available resources such as the United States Census Bureau and its American Community Survey.

Community Survey
The Assessment Team developed a community health needs assessment survey and worked to gather data from a representative group of community members. Paper surveys consisting of 46 questions were distributed to members of the community and non-clinical Sage staff during a community survey event. Of the surveys distributed a total of 626 were completed and returned. Additional copies of the surveys were distributed to community members via email and 97 were completed utilizing online survey software. A combined total of 529 paper and online surveys were used to identify the health needs of the community.

The survey contained questions tailored specifically to the communities represented.[6] Participant were asked what social and health issues they believe are affecting their community. The survey included questions about family and lifestyle backgrounds, demographics, health behaviors, community needs, and concerns, environmental concerns and access to and availability of health care resources. The survey also includes questions about the quality and level of health care received specifically from Sage.

Focus Group with Community Representatives
The Assessment Team conducted surveys with members of the hospital's Governing Board who also have extensive expertise in areas such as Education, Healthcare and Navajo Nation Government, to obtain in-depth input about the needs of the community. The focus group had four (4) objectives:

1. Identify the top health care concerns affecting their individual communities
2. Determine underlying factors that impact the health care of community members
3. Identify perceived strengths and weaknesses of Sage; and,
4. Identify barriers that inhibit community members from obtaining maintaining overall good health.

[6] See Appendix E for a copy of the Survey and questions that was distributed to the community members and providers.

Sage Employee Survey
The employee survey consisted of twenty-one (21) questions and asked participants what they considered to be top community and health issues affecting the hospital and its communities. Anonymously, Sage healthcare providers completed and returned the survey.

Health Information Systems Data
Sage's Health Information System contains historical patient healthcare encounters data with ICD-10 CM medical diagnosis codes. The Health Information Systems Department provided the Assessment Team with standard reports consistent with the Health Insurance Portability and Accountability Act ("HIPAA") rules and standards, which were used to quantify patient volumes and compare with qualitative data from the surveys and focus group.

Secondary Data
The Assessment Team gathered and reviewed data from various authoritative sources such as the United States Census Bureau and the U.S. Department of Health and Human Services to complete the initial assessment and help determine the priorities of the CHNA, these secondary data sources appear as footnoted citations throughout this document.[7]

Data Analysis
The Assessment Team reviewed and analyzed the qualitative primary data gathered from the community and focus group surveys with the objective of mining useful information that suggest the top health care trends and concerns in the community. The trends were then cross-referenced with national healthcare databases to either validate or negate the outcomes. The validated outcomes were then correlated with the health care provider surveys to further confirm Sage community's top public health needs.

The Process for Identifying and Prioritizing Community Health Needs and Services
The Assessment Team presented the conclusions of the primary and secondary Data Analyses process to Sage's executive leadership team for additional input, cost-benefit analysis, and as implementation feasibility analysis. Based on this information, the Assessment Team then prioritized and recommended the top-five (5) health care needs of the community, as listed above.

KEY FINDINGS

Community Demographics

Population
The eight Chapter service area total population was estimated at 10,972[8] individuals at the end of 2014.The figure below illustrates the total population compared with the local county, state, and national historical census data and current 5-year estimates.

[7] For a comprehensive list of all secondary data sources relied upon, refer to Appendix B.
[8] Although this is the estimate total population of Sage's "service area," many patients travel from outside the eight designated service area Chapters to receive care at the hospital, so it is not possible to know the total population served.

Figure 4: Total population of service area compared to county, state, national census

Total Population	Service Area	Apache County	Arizona	United States
2000 Census	11,753	69,423	5,130,632	281,421,906
2010 Census	10,835	71,518	6,392,017	308,745,538
2010-2017 Estimates	11,332	71,602	6,809,946	321,004,407
% change 2000-present	-6.65	+3.92	+31.20	+13.30

As illustrated by the above figure, the population of Sage's service area declined between the years of 2000 and 2010, however since the latest decennial census completed in 2010, the population of the service area is estimated to be rising. This increase in the population of Sage's service area is also reflected in Sage's patient census.

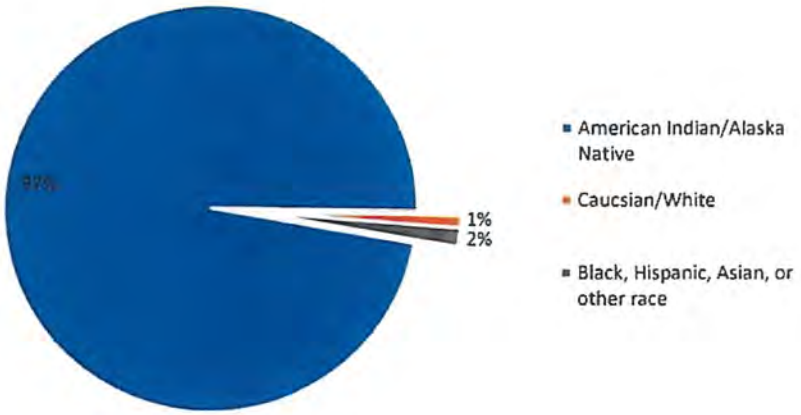
Race/Ethnicity

Utilizing the data provided by the American Community Survey 5-year estimates ("ACS"), the population of Sage's service area is predominantly American Indian/Alaska Native (96.5%), along with a small Caucasian (3.4%) population. 0.7% of the population is two or more races, while exactly one percent (1%) combined is Black, Asian, Native Hawaiian, or some other race.[9] These ACS estimates follow closely with the latest decennial census values according to the Navajo Nation Division of Economic Development.[10] Data collected through the CHNA survey confirms these race/ethnicity trends, with nearly 98.0% of the survey respondents indicating AI/AN decent less than 1% indicating Caucasian/White, with the remainder less than 3% between Black/African American, Asian/Pacific Islander, Hispanic/Latino, multi-racial, or some other race.

[9] US Census Bureau (2014). American Community Survey 2013-2017 ACS 5-Year Narrative Profile Navajo Nation Reservation and Off Reservation Trust Land, AZ-NM-UT. Retrieved 09 18 2017 from American Fact Finder

[10] Navajo Nation Division of Economic Development. (2013) Navajo Population Profile 2010 US Census from http://nec.navajo-nsn.gov/portals/0/reports/NN2010PopulationProfile.pdf

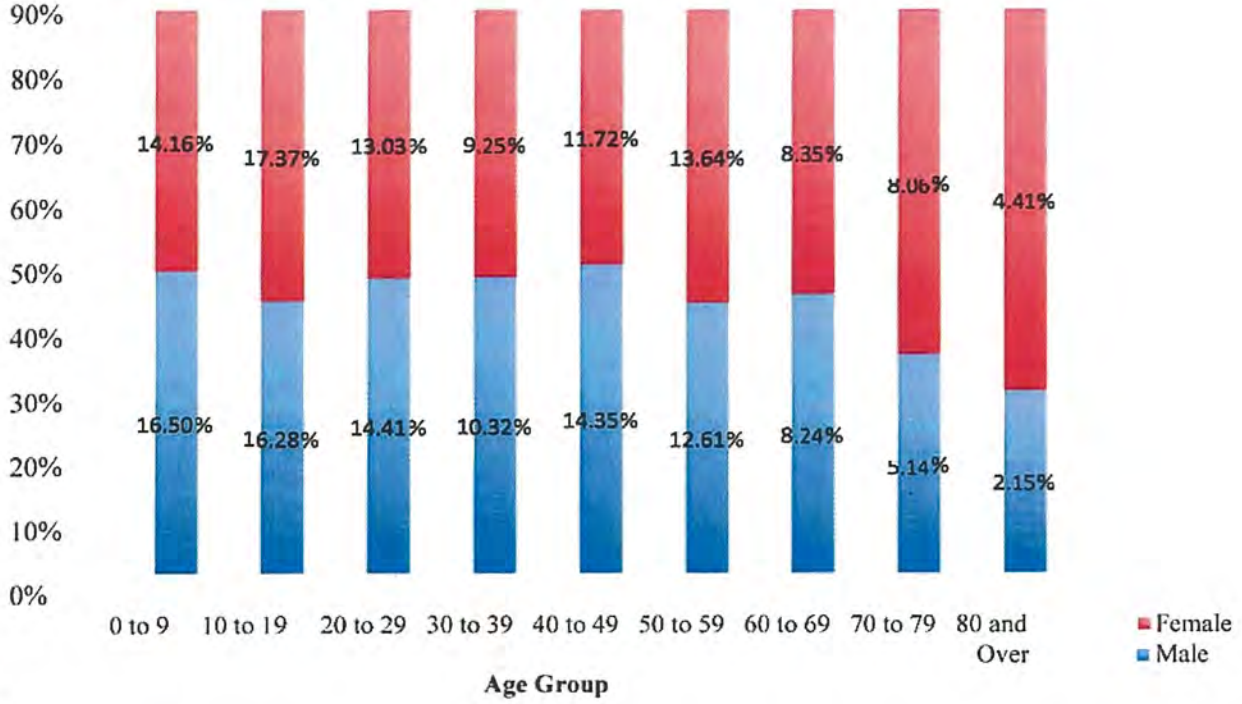
Figure 5: Race/Ethnicity of Total Service Area Population



Population by Age and Sex

The population of Sage's service area, according to the latest ACS estimates, is skewed toward younger individuals, with roughly 32% of the total population under the age of 20, and nearly 14% over the age of 65. According to a report by Healthcare Appraisers, "…the healthcare needs of residents in the Navajo Nation differ from the needs of the general American population; for example, there is less of a need to focus on specialized care for the elderly than there is to ensure the primary care needs of children."

Figure 6: Total Population by Age and Sex (2014)[11]



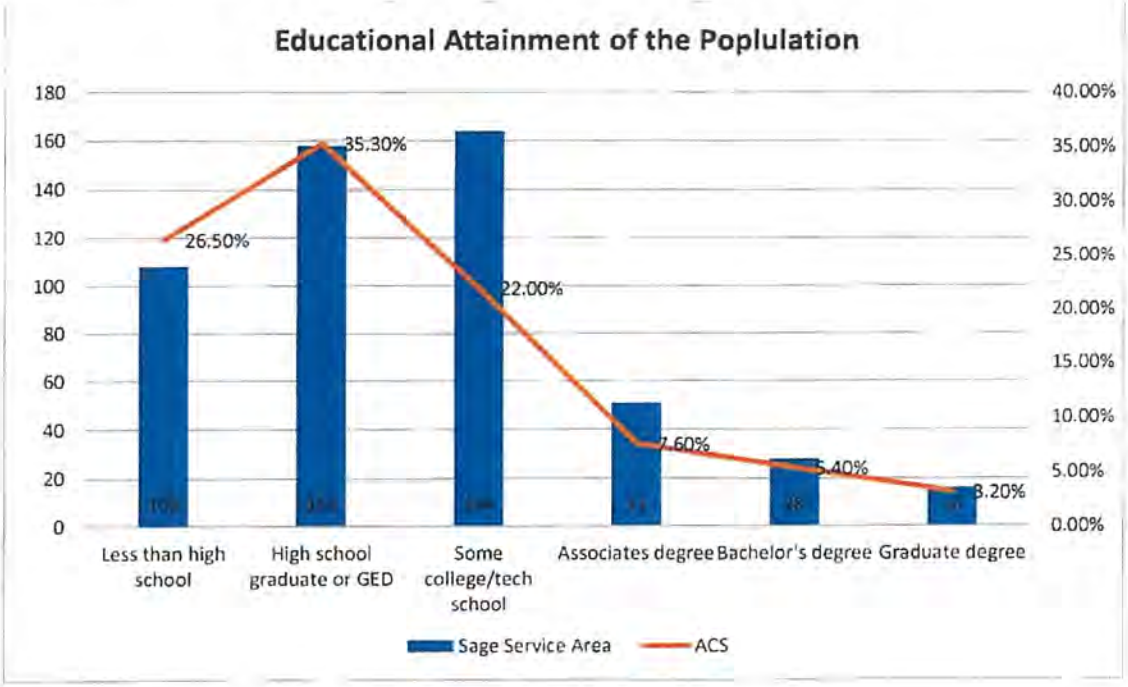
[11] US Census Bureau (2014) American Community Survey 2013-2017 *ACS 5-year Narrative Profile Navajo Nation Reservation and Off-Reservation Trust Land*, AZ-NM-UT Retrieved 09 18, 2017 from American Fact Finder.

Males generally outnumber females from the ages of zero to 49, however, ages 50 and over show equal or higher numbers of women in the population as compared to males; this is a normal trend in most populations as women generally have longer lifespans than that of men. Overall, females outnumber males in Sage's area, 64.5% female and 35.5% male.[12]

Population by Educational Attainment

A result comparison was conducted between the ACS 5-year estimates and Sage's service area as seen illustrated below in figure 7, the educational attainment is similar in areas of high school graduate/GED, bachelor and graduate degree. According to the ACS 5-year estimates, 73.5% of individuals 25 years and older have graduated with a high school degree and 26.5% did not graduate, 8.6% have a higher degree (bachelor or graduate).

Figure 7: Educational Attainment of the Population



Language

Navajo, a form of the Athabaskan language, is the second language spoken in Sage's service area; nearly 75% of the population within the service area over the age of five (5) years speaks a language other than English in their household, which is generally Navajo. Close to 15% of those within the service area speak English less than very well, according to the last ACS estimates.[13] The prevalence of individuals speaking a language other than English as their primary form of communication can cause language barriers and is therefore an important factor in the public health needs of the community, especially among those patients more advanced in age. Patients with limited English proficiency are less likely to seek preventative care;

[12] US Census Bureau (2014) American Community Survey 2013-2017 *ACS 5-year Narrative Profile Navajo Nation Reservation and Off-Reservation Trust Land.* AZ-NM-UT Retrieved 09 18, 2017 from American Fact Finder.

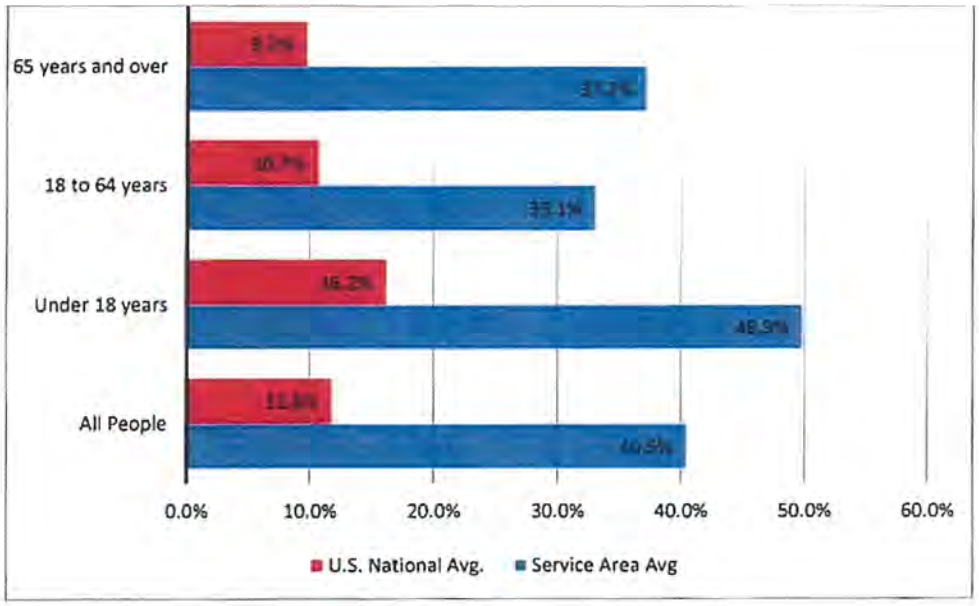
[13] US Census Bureau (2014) American Community Survey 2013-2017 ACS *5-year Narrative Profile Navajo Nation Reservation and Off-Reservation Trust Land.* AZ-NM-UT Retrieved 09 18 2017. From American Fact Finder.

they also tend to be less satisfied with the care they do receive and are more likely to report overall problems with care and may be at an increased risk of experiencing medical errors.[14]

Poverty Rate

The 40.5% rate of poverty for all people found in Sage's service area[15] is significantly higher than the U.S. national average of 11.8%,[16] according to the latest ACS 5-year estimates. The figure below further compares poverty rate statistics by age group for the service area against national averages. As is illustrated, across all age groups the poverty rate in Sage's service area remains more than double of that of the national rate.

Figure 8: Percent of people below the poverty rate by age group compared with the US national rates



Household Income

Most households in the service area have incomes of less than $10,000 annually, while the percentage of households with a six-figure income is negligible.[17] The next largest household income group is in the $10,000 to $24,999 range. It is important to note the lack of income disparity within the community; in many areas of the country there are numerous households on both ends of the income spectrum within a given community. However, in this region, it is apparent the community is predominantly of low socio-economic status. Below is a figure comparing the household income for Sage's service area with national averages according to the last 5-year ACS estimates.[18] Over 33.4% of the community survey respondents

[14] Jacobs, E.A. (2004) Overcoming Language Barriers in Health Care: Costs and Benefits of Interpreter Services. *American Journal of Public Health* 94(5), 866-869.

[15] US Census Bureau (2014) American Community Survey 2013 2017 ACS *5-year Narrative Profile Navajo Nation Reservation and Off Reservation Trust Land AZ -NM-UT* Retrieved 09 18 2019 from American Fact Finder.

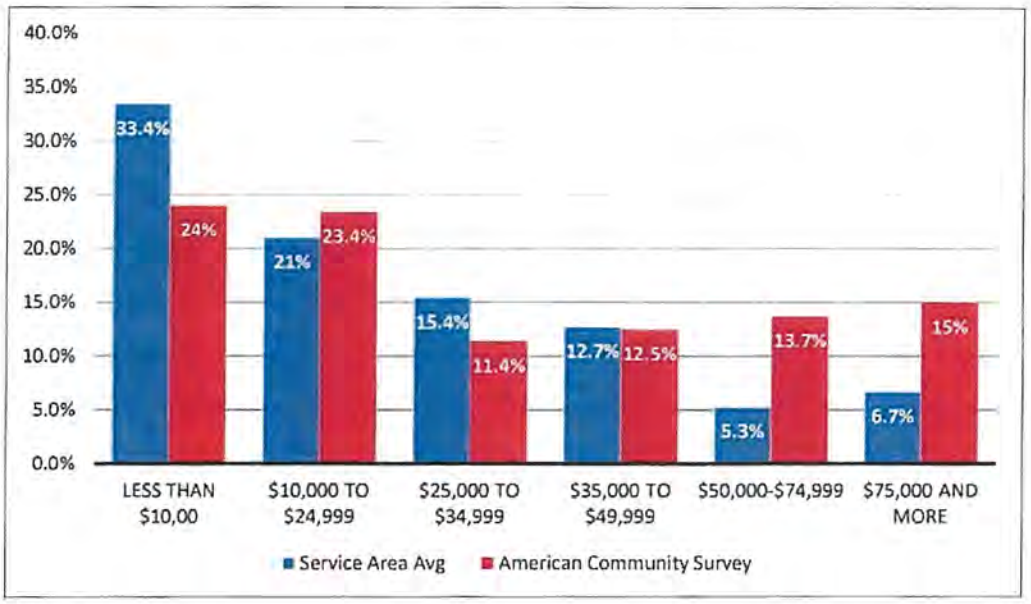
[16] Semega Kollar Creamer and Mohanty (2019) *Income and Poverty in the United States 2018.* Retrieved from http://census.gov/library/publications/2019/demo/p60-266.html.

[17] US Census Bureau (2014) American Community Survey 2013-2017 *ACS 5-Year Narrative Profile Navajo Nation Reservation and Off Reservation Trust Land AZ-NM-UT* Retrieved 09 18 2019 from America Fact Finder.

[18] US Census Bureau (2014) American Community Survey 2013-2017 *ACS 5-year Narrative Profile Navajo Nation Reservation and Off Reservation Trust Land AZ-NM-UT* Retrieved 09 18 2019 from America Fact Finder

indicated a household income of less than $10,000, with another 21% indicating a household income between $10,000 and $24,999 annually.

Figure 8: Household income compared to American Community Survey National Averages



Unemployment Rate

Although employment statistics are constantly fluctuating over time, the unemployment rate in the service area and overall region consistently remains much higher than the national rate. The. U.S. National unemployment rate is 3.7%, whereas the unemployment rate in Sage's service area is much higher at 33.9%.[19] Qualitative primary data collected through community surveys indicates the unemployment rate currently remains high in the service area.

Community Needs Index

The Community Needs Index ("CNI")[20] is a tool that was developed by Catholic Healthcare West, Thompson Reuters, and the information products company, Solucient, to help health care organizations address barriers to health care access in their communities. According to the CNI, the top five (5) socioeconomic indications that contribute to health disparity are:

1. Income - the percentage of elderly, children, and adults living in poverty
2. Culture/language – the percentage of elderly, children, and adults over the age of 25 with limited English proficiency
3. Education – the percentage of individuals over the age of 25 without a high school diploma
4. Housing status – the percentage of individuals who are renting or do not own their homes
5. Insurance coverage – the percentage of individuals without health insurance and who are unemployed

[19] These estimates include the entire populations ages 16 and older and may differ from the U.S. Bureau of Labor Statistics figures, which only include unemployment rates for those individuals actively seeking employment.

[20] Barsi, E., & Roth, R. (2005, July) The "Community Needs Index" *Health Progress:* https://www.chausa.org/publications/health-progress/article/july-august-2005/the -community-need-index

By aggregating these factors and applying them to the Chapters within the service area, we are able to score each area between 1.0 (low need) and 5.0 (high need).[21] According to the CNI methodology, "...residents of communities with the highest CNI scores [are] twice as likely to experience preventable hospitalization for manageable conditions such as ear infections, pneumonia or congestive heart failure, as communities with the lowest CNI scores."

Service Area Community Needs Index

Using the accepted methodology to calculate the CNI for Sage's service area Chapters, the following nine (9) questions were used to determine the score for the socioeconomic indicators mentioned above:

Income Barriers

- What percentage of the population is elderly and in poverty?
- What percentage of the population is composed of children in poverty?
- What percentage of the population is composed of single-parent households in poverty?

Cultural/Language Barriers

- What percentage of the population is of minority status?
- What percentage of the population is monolingual (not including English) or has limited English-speaking proficiency?

Educational Barriers

- What percentage of the population lacks a high school diploma?

Insurance Barriers

- What percentage of the population lacks health insurance?
- What percentage of the population is unemployed?

Housing Barriers

- What percentage of the populations rents its shelter (house or apartment)?

The figure below illustrates the CNI score for each of the eight Chapters within Sage's service area utilizing the 2010-2014 ACA estimates data. These figures were calculated by assigning a score of 1 to 5 for each of the question categories stated above, then averaging the combined score for each category to assign a unique CNI value.

Figure 10: Socio-Economic Factors Affecting Health Care

Chapter	Tot Pop	Rent	Un-emp	Un-insured	No HS dip	Min-ority	Ltd Eng	Married w/Ch Poverty	Single w/Ch Poverty	65+ poverty	Income Rank	Insur Rank	Educ Rank	Cult Rank	Hous Rank	CNI Score
Ganado	2608	33.6%	18.6%	29.9%	12.3%	94.9%	12.9%	29.9%	32.0%	39.0%	5	5	2	5	5	4.4
Cornfields	1111	10.7%	37.0%	35.5%	20.6%	100%	20.6%	40.0%	55.8%	32.5%	5	5	4	5	2	4.2
Greasewood	1230	30.1%	31.9%	23.9%	24.2%	98.7%	25.0%	35.2%	59.1%	40.2%	5	5	4	5	5	4.8
Nazlini	1067	21.5%	33.9%	26.4%	18.2%	99.5%	18.2%	28.1%	56.8%	36.4%	5	5	3	5	4	4.4
Klagetoh	863	18.9%	28.9%	32.7%	18.4%	98.6%	18.4%	59.4%	45.8%	44.7%	5	5	3	5	3	4.2
Kinlichee	1557	17.4%	29.5%	22.8%	15.2%	100%	15.2%	36.0%	41.8%	45.7%	5	5	2	5	3	4.0
Steamboat	1484	17.1%	41.1%	21.6%	18.9%	99.7%	19.1%	36.9%	58.9%	37.0%	5	5	3	5	3	4.2
Wide Ruins	1052	10.1%	38.6%	26.2%	12.8%	89.4%	18.7%	37.0%	80.8%	49.6%	5	5	2	5	2	3.8

[21] The CNI generally defines each area by zip code, however, some of the Chapters within Sage's service area share zip codes, therefore, for the sake of this analysis and report, we have chosen to distinguish area by Chapter rather than zip code.

According to the CNI methodology, a score greater than 3.0 generally indicates the area has a higher level of socio-economic factors that impact the community's access to health care. As can be seen from the figure above, all of the Chapters in Sage's service area have a score above 3.0, and all but one Chapter have a score above 4.0, indicating all of these communities have a high need for community health services.

A closer examination of these scores reveals the following observations:

- The Wide Ruins community has the highest percentage of households with a single parent and children living in poverty (80.8%);
- The Greasewood Springs and Ganado communities have the highest housing barriers, with 30.1% and 33.6% of the population currently renting, respectively;
- The Steamboat community has the highest rate of unemployment (41/1%);
- The Cornfield and Kinlichee communities both have 100% minority populations;
- The Klagetoh community has the highest rate of married couples with children living in poverty (59.4%);
- The Greasewood Springs Chapter has the highest rate of individuals who speak English less than well (25.0%), and also has the highest rate of individuals over the age of 25 with no high school diploma or equivalent (24.2%).

Primary and Chronic Disease Care Access, Quality of Care, and other Health Needs of Uninsured Persons, Low-Income Persons, and Minority groups

According to the Assessment Team's secondary research, studies identifying specific group needs distinct from the general population at the Navajo Nation Chapter unit level of analysis are not available from secondary sources.

In 1999, Congress passed the Healthcare Research and Quality Act (P.L. 106-129), mandating that the Agency for Healthcare Research and Quality ("AHRQ") produce an annual report on "national trends in the quality of health care provided to the American people," titled the National Healthcare Disparities Report ("NHDR"). As of 2014, the NDHR has been combined with the National Healthcare Quality Report ("NHQR") to replace both reports and form a new report entitled the National Healthcare Quality & Disparities Report ("QDR"). This annual report "provides a comprehensive overview of the quality of health care received by the general U.S. Population and disparities in care experienced by different racial, ethnic, and socioeconomic groups." This report examines the quality and disparities in health care received by designated care differences in each priority population, however, it does not provide a complete assessment of health care differences in each priority population. The measures tracked were selected as applicable across many population groups with the purpose of tracking quality and disparities data at the national level.[22]

According to the latest QDR report, national trends observed were:

Uninsured persons

The QDR indicated that the lack of health insurance coverage was one of the most significant contributing factors to poor quality of care, but that since the Patient Protection and Affordable Care Act (PPACA) was passed in 2010 and coverage began in 2014, a marked decrease in the rate of insurance has been observed. The QDR identified the following statistics as most significant in relation to uninsured persons:

[22] 2017 National Healthcare Quality and Disparities Report Rockville, MD: Agency for Healthcare Research and Quality: September 2018. AHRQ Pub No 18-0033-EF

- After years without improvement, the percentage of uninsured adults (ages 18-64) increased substantially during the first half of 2014;
- From 2008 to 2015, the percentage of adults ages 18-64 disparities range decreased between the insured and uninsured;
- From 2008-2015, the percentage without health insurance decreased from 29.7% to 18.5%;
- In 2017, the percentage without health insurance decreased to 12.8%;
- During 2013 to 2017, the percentage of adults ages 18-64 without health insurance decreased significantly among Whites, Blacks, Asians, and Hispanics.

Low-income and ethnic minority groups' care access and quality disparities

The QDR states that care access and quality disparities are observed in the largest number in poor households, followed by Hispanics[23] and Blacks. "Poor" indicates a "...family income less than the federal poverty level..." which would include the majority of the households in Sage's service area, as illustrated in Figures 8 & 9 above.[24] The following care access and quality disparities were identified in the 2017 QDR regarding the issues low-income groups face on a national level:

Care Access

- Between 2015-2016, people in poor households had worse access to care than people in high-income households;
- From 2015-2016, most disparities in access to care related to race, ethnicity, or income showed no significant change, neither getting smaller nor larger;
- Uninsured American Indians and Alaska Natives had worse access to care than Whites with comparison rate of 20.1% to 9.6%;
- American Indians and Alaska Natives with health insurance is lower than Whites with a comparison rate of 74.6% to 89.8% respectively.

Quality of Care

- Hispanics, American Indians and Alaska Natives, and Asians received worse care than Whites for some quality measures and better care for some measures;
- People in poor households received worse care than people in high-income households on more than half of quality measures;
- When changes in disparities occurred, measures of disparities were more likely to show improvement than decline. However, for people in poor households, more measures showed worsening disparities than improvement.

Disparity improvement/worsening by unique ethnic/minority group

- Measures for which the gap between AI/AN and Whites grew smaller, indicating improvement:
  - Influenza and meningococcal conjugate vaccination have been the major improvements for adolescents AI/AN from an estimate of 43% in 2008 to 90% in 2014;
  - End stage renal disease related to diabetes has decreased in AI/AN from 526 per million to 275.8 per million; Whites 133.3 per million to 139.8 per million from 2008 to 2015.
- Measures for which the gap between AI/AN and Whites grew larger indicating worsening disparities:
  - Infant mortality rate per 1,000 has increased to 3.9% for AI/AN infants and to 1.8% for White infants;

[23] "Hispanics" includes all races other than Blacks and Whites

[24] 2017 National Healthcare Quality and Disparities Report Rockville, MD: Agency for Healthcare Research and Quality; September 2018 AHRQ Pub No 18-0033-EF

- Indication of poor healthcare received in the clinic setting was 26% for AI/AN compared to 10.3% for Whites.

Black or African American

- Measures for which the gap between Blacks and Whites grew smaller indicating improvement:
  - Influenza vaccination has improved among Black adults from 84.9% to 93.5% between 2012 and 2015;
  - Tdap vaccination improved among teens, ages 16-17 to 84.1% from 26.5% between 2008-2015;
- Measures for which the gap between Blacks and Whites grew larger indicating worsening disparities:
  - New HIV cases per 100,000 are worse in Blacks than Whites at a rate of 52.9% and 6.0% respectively;
  - Hypertension hospital admission increased in Blacks at the rate of 170.3 per 100,000 to 33.9 per 100,000 in Whites in 2015.

Asian

- Measures for which the gap between Asians and Whites grew smaller, indicating improvement:
  - Influenza vaccination has improved among Asians from 83.3% to 95.1% between 2012 and 2015;
  - Tdap vaccination improved among teens, ages 17-21 to 87.5% from 38.4% between 2008 and 2015;
- Measures for which the gap between Asians and Whites grew larger indicating worsening disparities:
  - Anticoagulant related adverse drug event was higher in Asians than Whites at the rate of 11.4% to 2.7% respectively in 2015;
  - Deaths per 1,000 elective surgery was higher in Asians than Whites at the rate of 122.4 and 108.1 respectively in 2015.

Hispanic or Latino

- Measures for which the gap between Hispanics and whites grew smaller, indicating improvement:
  - Tdap vaccinations improved among Hispanic adolescents ages 13-17 in 2008 to 2015;
- Measures for which the gap between Hispanics and Whites grew larger indicating worsening disparities:
  - New HIV cases per 100,000 are worse in Hispanics than Whites at the rate of 23.1 and 6.2 respectively.

Causes of Death among American Indians/Alaskan Natives compared to all other races[25]

Studies identifying specific group needs distinct from the general population at the Navajo Nation Chapter unit level of analysis are not available from secondary sources according to secondary data research conducted by the Assessment Team, however there is data available that specifically studies the health trends of the minority group of American Indians/Alaska Natives ("AI/AN") residing in the Indian Health Service's ("IHS") service area. Since over 95% of Sage's service area falls into the AI/AN category and also resides in the Indian Health Service area, this data is valuable to consider apart from the QDR data on the health needs of minority groups nationally.

[25] U.S. Department of Health and Human Services – Indian Health Service (2015). *Trends in Indian Health 2014 Edition.* Retrieved from https://www.ihs.gov/sites/dps/themes/responsive2017/display/objects/documents/Trends2014Book508.pdf.

In 2014, the department of Health & Human Service – Indian Health Service, in conjunction with the Office of Public Health Support and the Division of Program Statistics, published a report titled *Trends in Indian Health* ("TIHR"), which presented statistics related to the health trends of the AI/AN population of the IHS service area. One of the most alarming statistics presented was the cause of death among AI/AN populations as compared to all races in the United states.

According the TIHR, AI/AN (2007-2009 data) have higher death rates than all U.S. races (2008 data) from the following causes:

- Alcohol related – 520% greater;
- Tuberculosis – 450% greater;
- Chronic liver disease and cirrhosis – 368% greater;
- Motor vehicle crashes – 207% greater;
- Diabetes mellitus – 177% greater;
- Unintentional injuries – 141% greater;
- Poisoning – 118% greater;
- Suicide – 60% greater;
- Pneumonia and influenza – 37% greater; and,
- Firearm injury – 16% greater.

Many of these causes of death are chronic illnesses or behavioral health issues that are often preventable with appropriate care. The fact that AI/AN populations see much higher percentages of deaths attributed to these causes indicates a higher need for care and prevention services related to these health issues. Considering the high prevalence of AI/AN individuals within Sage's service area as a subset of the large AI/AN population residing within the IHS services area, one can conclude the need for care related to these health issues also translates as a public health need specifically among Sage's service area.

The Health Needs of the Community

Using the process outlined above, the Assessment Team identified the following high priority health needs of the community from the greatest to the least:

- Behavioral Health and Substance Abuse Treatment
- Pediatric Care
- Obesity Prevention
- Geographic Accessibility of Health Care Services
- Diabetic Care and Prevention

Behavioral Health Treatment

Behavioral health issues are more prevalent among the AI/AN population than the overall population for the United States. AI/AN individuals are 1.7 times more likely to experience serious psychological distress than are non-Hispanic whites. In 2014, suicide was the second leading cause of death for AI/AN populations between the ages of 10-34. Women aged 15-24 years of age; AI/AN women are 1.8 times more likely to die from suicide than non-Hispanic white women of the same age group.[26]

Alcohol and drug addiction remain a tremendous problem in AI/AN populations nationwide and its impact is felt throughout Sage's service community. Alcohol and drug abuse have a detrimental effect on the physical and mental wellbeing of the addicted individuals, in addition to negatively affecting the people

[26] CDC, 2016 Health United States, 2015 Table 30 http://www.dcd.gov/hchs/data/hus/hus15.pdf.

involved in the addict's life, such as friends and family members. Substance abuse was identified in both the community surveys and the focus group as a major health concern in the region.

As is illustrated in Figure 16 below, the leading causes of death among AI/AN populations are often linked to behavioral health issues such as excessive alcohol consumption (chronic liver disease and cirrhosis, unintentional injuries), or mental health (intentional self-harm):

Figure 16: Mortality disparity rages: causes of death among AI/AN populations vs. US all races per 100,000 deaths:[27]

Category	AI/AN rate.	U.S. All Races.	Ratio
Chronic liver disease and cirrhosis	42.9	9.4	4.6
Unintentional injuries (incl. motor vehicle injuries)	93.7	38.0	2.5
Intentional self-harm (suicide)	20.4	12.1	1.7
Diabetes	66.0	20.8	3.2
All causes	999.1	747.0	1.3

Sage has a shortage of mental health professionals providing behavioral health services in the outpatient clinic due to the remote location of the service area and National shortage of Behavioral Health Providers. Since many members of the community embrace traditional Navajo cultural values, there is a great need to attract mental health professionals who are culturally sensitive or who are originally from the area. In order to connect with the community, it is important to recruit and retain providers who can be responsive to the language, histories, traditions, beliefs, and values of the Navajo culture.

How Sage is Addressing Behavioral Health Needs

Sage has identified the following steps to begin addressing the community's behavioral health needs:

- Expansion of Behavioral Health services;
- Expand capacity for increased psychotherapy and counseling utilizing professionals with a working understanding of Navajo culture;
- Implement an outreach program that identifies individuals at risk for Behavioral Health issues;
- Collaborate with the local schools to identify at risk children;
- Continue viable expansion of the substance abuse rehabilitation programs;
- Implementation of telemedicine.

Pediatric Care

Sage's service area population skews toward younger age groups compared to the general U.S. populations, as is illustrated in Figure 6 above, creating a larger need for pediatric services. Further, the infant mortality rate, particularly the post neonatal infant mortality rate in the region is significantly higher than the U.S. rate, as Figure 13 illustrates below.

[27] U.S. Department of Health & Human Services-Indian Health Services (2018) *Indian Health Disparities Fact Sheets.* Retrieved 09 23 2019 from https://www.ihs.gov/newsroom/factsheets/disparities/

Figure 13: 2013 Infant Mortality and post neonatal infant mortality rates per 1,000 live births

Category	Apache County[28]	Arizona[29]	United States[30]
Overall infant mortality	10.0	5.7	5.87
Post-neonatal infant mortality	6.0	1.9	2.00

Specific infant mortality and post-neonatal infant mortality rates were not available at the Chapter level in Sage's service area; however, the latest data suggests that nationwide, the AI/AN overall infant mortality rate is 831.4 per 100,000 live births, and the post-neonatal infant mortality rate is 351.4.[31] Additionally, AI/AN children are at risk for disparate health outcomes due to low income (poverty) and the lack of access to health services. Studies have shown that the younger the child, the more harmful these types of risks will be to the long-term health and developmental outcomes of these children. [32]

Pediatric Care was identified as a high-priority health care need in Sage's service area by the 2016 CHNA, and since that time Sage was able to implement measures to improve the community's access to Pediatric Care by recruiting a Board-certified pediatrician to provide services in its outpatient clinics; additionally, Sage now provides Pediatric Care at its Greasewood Springs clinic. Despite these efforts, Pediatric Care continues to be identified as a major health care concern through analysis of primary and secondary data sources during this 2019 CHNA, and Sage has identified further steps to address these needs.

How Sage is Addressing Pediatric Care

Sage plans to improve its ability to deliver pediatric services by taking the following steps:

- Expand public health immunization programs for children ages 6-months and older;
- Increase nutritional education outreach programs;
- Continue to recruit and retain Board-certified Pediatricians;
- Expand the capacity for pediatric services at the Sage Ganado and Greasewood Springs clinics.

By recruiting Board-certified Pediatricians, Sage will be able to improve health outcomes for children living within its service area. Certified Pediatricians are specifically trained to treat patients from infancy through adolescence; this is crucial for both emergency care and for ongoing diagnostic and preventative care. Pediatricians are experts in child health and are trained to detect developmental, physiological and psychological delays that are specific to infants and children. With continuing focus on expanding pediatric services to the area, Sage will help reduce the impact that adverse risks and conditions play in the health and development of children. These efforts will improve the health of children in the community and increase the likelihood they will become healthy adults.

[28] Arizona Department of Health Services (2013) *Vital Statistics Trends in Arizona Infant Deaths.* Retrieved 04 01, 2016, from Population Health and Vital Statistics: http://www.azdhs.gov/plan/menu/info/trend/index.php?pg=infant-deaths.

[29] Arizona Department of Health Services (2013) *Vital Statistics Trends in Arizona-Infant Deaths.* Retrieved 04 01, 2016, From Population Health and Vital Statistics: http://www.azdhs.gov/plan/menu/info/trend/index.php?pg=infant-deaths.

[30] Xu, Jiaquan, M.D., et al. (2018) *National Vital Statistics Reports. Deaths: Final Data for 2016.* US Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Health Statistics.

[31] U.S. Department of Health and Human Services-Indian Health Services (2014), *Trends in Indian Health 2014 Edition.* Retrieved from Indian Health Service: http://www.ihs.gov/dps/index.cfm/publications/trends2014/

[32] Jack P. Shonkoff, P.L., (2012) The Foundations of Lifelong Health Are Built in Early Childhood. *National Scientific Council on the Developing Child, 1-32.*

Obesity Prevention

Obesity has become a risk factor among American Indians/Alaska Natives ("AI/AN") contributing to diabetes, heart disease, and stroke. According to the office of Minority Health (2017), AI/AN adolescents are 30% more likely to be overweight than Whites.[33] The 2019 Community Health Needs Assessment survey revealed that 16% of the individuals were diagnosed with obesity, 24.7% were diagnosed with diabetes, and less than 4% were diagnosed with heart disease and stroke. Individual of Sage's service area indicated their overall health to be "good" at 36.7% and only 11.4% indicated their health to be "excellent."

How Sage is Addressing Obesity Prevention

According to the results of the 2019 Community Health Needs Assessment, community members suggested the desire for additional community outreach activities such as exercise and physical fitness group activities, education about healthy lifestyles, and the development of a recreational facility. The Sage wellness center conducts community events such as Zumba, fun run/walks, and summer youth camps to increase the opportunity for the community members to participate in exercise related activities. The use of the wellness center by its employees encourages a healthy work environment. Sage has also opened an employee cafeteria which offers healthy food choices for Sage employees.

Accessible Health Care Services

Convenient access to quality health care services is a vital public health issue, especially for AI/AN communities. Care Access was identified as a disparity among AI/AN populations by the latest National Healthcare Disparities Report as discussed in sections above, and it is a recognized fact that AI/AN populations frequently contend with issues that prevent them from receiving quality medical care, including geographic location.[34] For over 50 years, telemedicine has been widely accepted by the healthcare industry as a solution to care access disparities. The World Health Organization defines telemedicine as "The delivery of health care services, where distance is a critical factor, by all health care professionals using information and communication technologies for the exchange of valid information for diagnosis, treatment and prevention of disease and injuries, research and evaluation, and for the continuing education of health care providers, all in the interests of advancing the health of individuals and their communities."[35] However, the implementation of telemedicine health care services within AI/AN populations has been historically difficult due to many barriers and a lack of technological infrastructure present within reservations (broadband internet access, reliable cell phone coverage, etc.), and geographical isolation.

An additional barrier to care access among AI/AN populations is a resistance to change and reluctance to adopt mainstream healthcare models; this is most prevalent among older generations, who prefer to rely upon more traditional healing methods, and who may also have greater language obstacles.[36]

How Sage is Addressing Accessible Health Care Services

The Assessment Team identified Geographic Accessibility to Health Care Services as a major concern of the community through the focus groups and analysis of the survey data; over 20% of the survey respondents indicated that the nearest clinic or hospital was at least 20 miles or more from their home, with almost 8% of that number indicating a distance of greater than 46 miles to the nearest health facility. Additionally, over 30% of respondents indicated they do not have access to transportation and must rely on

[33] U.S. Department of Health and Human Services, Office of Minority Health (2017), August 25). *Obesity and American Indians/Alaska Natives.* Retrieved from https://minorityhealth.hhs.gov/omh/content.aspx?LvL=3&lvlID=62&ID=6457.

[34] Office of Minority Health (n.d.). Retrieved from U.S. Department of Health & Human Services-Office of Minority Health: http://minorityhealth.hhs.gov/omh/browse.aspx?lvl=e&lvlid=62.

[35] World Health Organization (2010) *Report on the second global survey on eHealth.*

[36] Kruse, C.S., Bourffard, S., Dougherty, M., & Parro, J.S. (2016, 06) Telemedicine Use in Rural Native American Communities in the Era of the ACA: A Systematic Literature Review *Journal of Medical Systems.* Retrieved from http://link.springer.com/article/10.1007/s10916-016-0503-8.

other modes of transportation, which undoubtably makes accessing health care services difficult. Over 50% of the community survey respondents rated the three categories: "Affordable and accessible wellness programs (diabetes, etc.);" "Access to health care for seniors/elderly;" and, "Access to health care for women (women's clinic)" as a "Greatest Community Need" using a Likert scale rating.

Sage has developed the following strategies to improve the community's access to care:

- Expansion of services within the Chapter communities with the purchase of a mobile health RV;
- Review the viability of telemedicine programs that will allow patients to access providers through a "virtual" environment;
- Coordinate patient home visits by Community Health Nurses and collaborate with the Community Health Representatives to increase patient compliance with the physicians' plan of care for patients without access to reliable transportation.

Diabetes Care and Prevention

Due to the prevalence of diabetes (type II) among AI/AN, the Sage service area demographic implies a large community need for diabetes care and prevention. AI/AN populations are 2.4 times more likely to have diabetes than non-Hispanic whites.[37] Through the surveys and focus groups conducted by the Assessment Team, community members and representatives confirmed the enormous need for diabetes care and prevention in the area. The Diabetes Care and prevention was identified as a major concern during the 2016 CHNA and continues to be a prevalent concern not only nationwide, but also within Sage's service area. Diabetes was indicated as an important health concern for 57.9% of the 2016 community health needs survey respondents.

As illustrated in Figure 14, during the years 2016-2018 Sage treated an average of 2,689 diabetes patients annually, representing approximately 12% of the population in the service area. This number is lower than the nationwide AI/AN diabetes rate of 15.1%.

Figure 14: Number of Diabetes Patients Treated by Year

Year	Diabetes Patients Treated
2016	2735
2017	2935
2018	2398
Average	2689

How Sage is Addressing Diabetes Care and Prevention

The development of diabetes (type II) often does not present itself with apparent symptoms and therefore many people do not realize they have the disease for many years. In fact, according to the Centers for Disease Control and Prevention, 27.8% of individuals with diabetes were undiagnosed as of 2012.[38] Community outreach and case management are vital elements of the early detection and management for those who are at risk for developing or who have been diagnosed with diabetes. In response to this need, Sage has developed a comprehensive community diabetes program and intends to further develop that program through the following initiatives:

[37] U.S. Department of Health and Human Services Indian Health Service Division of Diabetes Treatment and Prevention *Diabetes in American Indians and Alaska Natives* June 2012.

[38] Centers for Disease Control and Prevention (2017). *2017 National Diabetes Statistics Report.* Retrieved from https://www.cdc.gov/diabetes/pdfs/data/statistics/national-diabetes-statistics-report.pdf.

- Continue the community outreach program to educate community members about diabetes and refer them to the program;
- Increase the number of community activities that encourage exercise and healthy lifestyle habits;
- Recruit and retain a clinical nurse case manager to manage the care of the diabetes program patients;
- Develop and support the Native Diabetes Wellness Program initiative to coincide with emerging Medicare trends shifting toward preventive care versus tertiary care;
- Continue to expand the Sage community garden to increase community involvement in wellness activities and supplement nutritional resources with healthy food alternatives;
- Expand health screenings at the community chapter level to identify at risk individuals.

Community outreach is a crucial part of the early detection of Type II Diabetes. As part of the diabetes program, Sage personnel work closely with the eight Chapters in the service area. Community Health Nurses ("CHNs") make home visits and attend local schools to educate students and community members about the disease, its symptoms, and methods to prevent the onset of more serious complications. The program includes outreach efforts offering community members diabetes screening through participation in a short questionnaire, weight measurement, and a simple blood test to check for elevated levels of blood glucose. High-risk individuals are then referred to a physician for additional testing and treatment as appropriate.

Once diagnosed, it is important to begin early management of the disease in order to reduce the risk of damage to the organs of the body that are affected by diabetes. If left unmanaged, diabetes will progress and can cause such symptoms such as hypertension, diabetic retinopathy, heart disease, stroke, diabetic neuropathy, and kidney failure.

Overall, the number of diabetes patients referred to receive treatment at Sage has increased by 30.18% from 2013 to 2015 which is a testament to the successful outreach efforts of the Diabetes Outreach and Prevention Program at Sage. The program has encouraged community members to visit the clinics to receive regular diabetes care and education on prevention.

ADDRESSING THE HEALTH NEEDS OF THE COMMUNITY

Implementation Strategy

After identifying and prioritizing the key health needs of the community, Sage's Board of Directors, Administrative Executive staff and clinical staff developed, adopted, and began executing an implementation strategy to address these needs. The implementation strategy includes both immediate plans and a long-term initiative that will require further planning and investment.

Immediate plans identified by Sage and its implementation strategy include:

Behavioral Health

- ☐ Expansion of Behavioral Health services;
- ☐ Expand capacity for increased psychotherapy and counseling utilizing professionals with a working understanding of Navajo culture;
- ☐ Implementation of an outreach program to identify individuals at risk for behavioral health issues;
- ☐ Collaborate with local schools to identify at-risk children;
- ☐ Expansion of substance abuse rehabilitation programs.

Pediatric Care	☐ Expand public health immunization programs for children ages 6 - months and older; ☐ Increase nutritional education outreach programs; ☐ Continue to recruit and retain additional Board-certified Pediatricians; ☐ Expand the capacity for pediatric services at the Sage Ganado and Greasewood Springs clinics.
Obesity Prevention	☐ Continue the community outreach program to educate community members about exercise and physical fitness, and refer them to the program; ☐ Increase the number of community activities that encourage exercise and healthy lifestyle habits; ☐ Encourage the use of the Sage Wellness Center for employees and patients; ☐ Conduct health fairs throughout the community; ☐ Recruit/retain dietician and certified trainers.
Accessibility to Health Care Services	☐ Expansion of services within the Chapter communities; ☐ Purchase of a mobile health RV; ☐ Research/implementation of telemedicine programs that would allow patients to access providers through a "virtual" environment; ☐ Coordinate patient home visits by Community Health Nurses and collaborate with the Community Health Representatives to increase patient compliance with physicians' plan of care for patients who do not have reliable transportation.
Diabetes Care and Prevention	☐ Continue the community outreach program to educate community members about diabetes, and refer them to the program; ☐ Increase the number of community activities that encourage exercise and healthy lifestyle habits; ☐ Recruit/retain a clinical nurse case manager to manage the care of the diabetes program patients; ☐ Develop and support the Native Diabetes Wellness Program initiative to coincide with emerging Medicare trends shifting towards preventative care versus tertiary care; ☐ Continue to expand the Sage community garden to increase community involvement in wellness activities and supplement nutritional resources with healthy food alternatives; Expand health screenings at the community chapter level to identify at-risk individuals.

Sage has begun the implantation of these initiatives; however, full implementation of this strategy may be impacted by any number of external factors, including professional medical provider and staff recruitment and retention, state and federal budget allocations, legal and regulatory matters.

Challenges in Meeting the Long-Term Needs of the Community

Medical and Clinical Staff Recruitment

Medical and Clinical staff ("Providers") recruitment and retention continues to be a major challenge for Sage due to many factors. Nationally, even in urban areas, there are shortages of physicians and nurses; this issue is exaggerated by Sage's remote frontier location and the fact that all Providers rely exclusively on the limited number of housing units available on the hospital campus. Non-Navajo Providers are not able to purchase or rent homes on the Navajo Nation in the vicinity of the hospital, resulting in many Providers being unable to make long-term commitments to live in the area and provide services at the facility.

Additionally, Sage is located in a designated Health Care Provider Shortage Area ("HPSA"). Due to this HPSA designation, there are federal programs that assist in providing student loan repayments for recently graduated medical and nursing staff deciding to provide services at Sage. Although this program assists in the recruitment of some Providers, it has not proven to be a long-term solution for Sage's needs since the process is long and Providers tend to leave Sage once their obligation expires. Sage's CEO has since collaborated with its Chief Medical Director and its Human Resources department to implement aggressive recruitment efforts.

Employee Housing

Sage provides housing for its staff due to the inability of non-natives to own a home on the Navajo Nation. In addition, also related to these restrictions, there are no housing units on the Navajo Nation available for rent. Sage's remote location also places the burden of providing housing for many members of its staff. Sage currently has less than 100 housing units and over 250 employees. For these reasons, the Board and its Administrative Executive Staff are including the design and construction of approximately 200 multi-housing and single housing units to assist in resolving the housing shortage for crucial staff.

Outpatient Medical Center

The existing outpatient services are currently provided in several historic buildings located throughout the 100-acre medical campus. Poncel Hall was built in 1938 and currently provides services for the following departments: Outpatient Primary Care Clinic, Dental Clinic, Outpatient Pharmacy and the Optometry/Optical Clinic. The building also houses the administrative and business offices. Salsbury Hall and Elerton Hall were also built in the 1930's and house Behavioral Health and Rehabilitative Services respectively. These buildings pose ongoing maintenance issues due to the extensive age of the buildings. The services provided in these historical buildings will be provided soon in a new medical office building which is currently being planned and designed by the Board of Directors and its Administrative Executive Staff. The construction of the new medical offices building is scheduled to be completed in December 2021

New Hospital

The existing hospital was built in 1964. The hospital poses multiple maintenance issues which interfere with regulatory compliance, specifically life safety and environment of care requirements imposed by the State of Arizona Department of Health, The Centers for Medicare and Medicaid and also the hospitals accreditation agency The Joint Commission. The plan and design are in process for the construction of a new hospital which will also provide expanded services including surgical services, renal dialysis and Labor and Delivery. The construction of the hospital is scheduled to be completed in December 2021.

Financial Challenges of Meeting Long-Term Needs of the Community

In September 2014, the Indian Health Service ("IHS") declined to approve Sage's P.L. 93-638 Indian Self-Determination and Education Assistance Act ("ISDEAA") funding contract to provide health care services to AI/AN individuals on behalf of the United States Department of Health and Human Services. This action abruptly reduced Sage's revenues by roughly 50%. In October 2017, IHS entered into a settlement agreement with Sage to end the contract dispute however, since the agreement, Sage continues to receive 2013 contract funding amounts which is significantly less than what is required to operate the hospital's total program. The Sage Hospital Board of Directors has directed its executive staff to design and develop a new medical campus which will include a new hospital building, medical office building which will house all outpatient services and the organizations administrative offices, and the construction of approximately 200 new staff housing units. Although Sage will be expanding its services to include surgery, dialysis, labor and delivery, and other services, Sage will continue to receive funding levels from IHS that are equal to the amounts awarded during its first negotiations when these expanded services were not offered. This funding is below the level that Sage needs to operate and effectively support the activities to be proposed under future IHS ISDEAA contracts. To make up for the lack of total funding, Sage will continue to maintain the ability to receive reimbursement from third party payors including Medicare and Medicaid. In addition, Sage will continue to participate in options offered by the federal government regarding contract support cost reimbursements for the underfunding of the IHS ISDEAA contracts and, also federal programs currently in place such as the IHS Section 105(1) lease funding.

Further, any continued sequestration of funding will continue to decrease reimbursements from Medicare and Arizona Health Care Cost Containment System ("AHCCCS") which is Arizona's Medicaid program.

APPENDICES

APPENDIX A – INDIVIDUALS PARTICIPATING AS LOCAL ADVISORS

Name: Mr. Andrew Simpson
Position or Title: Navajo Health Foundation/Sage Memorial Hospital Board Chairperson, Former Navajo Nation Council Delegate
Reside: Steamboat Chapter Community
Expertise: Navajo Nation Government

Name: Ms. Maybelle Kelewood
Position or Title: Navajo Health Foundation/Sage Memorial Hospital Board Treasurer, Former Assistant to the Navajo Nation First Lady
Reside: Kinlichee Chapter Community
Expertise: Navajo Nation Government

Name: Ms. Ray Ann Terry
Position or Title: Navajo Health Foundation/Sage Memorial Hospital Board Secretary, Ganado Unified School District, Ganado Primary School Counselor
Reside: Wide Ruins Chapter Community
Expertise: Education

Name: Ms. Delores Noble
Position or Title: Navajo Health Foundation/Sage Memorial Hospital Board Member, Cedar Unified School District Teacher
Reside: Steamboat Chapter Community
Expertise: Education

Name: Ms. Veronica Clark
Position or Title: Navajo Health Foundation/Sage Memorial Hospital Board Member, Navajo Nation Head Start Director of Administrative Services
Reside: Steamboat Chapter Community
Expertise: Education

APPENDIX B – SECONDARY DATA SOURCES RELIED UPON

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APPENDIX C – BOARD MEMBER INTERVIEW PRIMARY QUALITATIVE DATA

Data Collection

The purpose of these surveys was to identify community health needs and concerns affecting the residents of the Chapters within Sage's service area. Participants reside within the Navajo Nation Chapters and are also members of the Navajo Health Foundation - Sage Memorial Hospital Board of Directors, therefore, highly qualified to understand the needs of the community in the hospital's service area. The surveys were conducted on an individual basis via online access to the survey between the dates of August 1, 2019 and September 30, 2019. Below is a summary of the survey participants answers to the survey questions.

Question #1: In what areas do you see weakness at Sage Memorial Hospital?

Participant 1: Specialized services, surgery, trauma, complete dental program.

Participant 2: Use of contracted health care providers; need long term providers so patients begin to know their physicians and a track record is established for patient care; patients are now seeing various physicians who must constantly review patient's health records to familiarize health conditions. Departments need to begin a track record, if not already in place of audit findings. Findings may be minor but play a huge part in safety of patient care. Improve ER services, decrease wait time, need better radiology department.

Participant 3: Unqualified Staff

Participant 4: Communication

Question #2: In what areas do you see strengths at Sage Memorial Hospital?

Participant 1: Ideal Location for communities within the area; Steamboat, Ganado, Wide Ruins Klagetoh, Kinlichee, Cornfields, Jeddito, etc. Navajo Staff.

Participant 2: Monthly Meetings; quarterly meetings; pharmacy readily available; less wait time for patients to be seen.

Participant 3: None

Participant 4: Structure

Question #3: What goals do you have for Sage Memorial Hospital?

Participant 1: Build a new hospital and provide with quality professional health services for our people; not to be flown out but to be cared for near their home. Create an adult care center (for families who have elders; physical handicap needs home health care) drop off service like day care centers for children. Create a healthy and cohesive working environment for all employed at Sage Memorial Hospital.

Participant 2: New Hospital; healthcare providers that can stay and provide services on a long-term basis; continue contract services with IHS.

Participant 3: Recruitment

Participant 4: New Hospital

Question #4: What do you think are the top 3 behavioral risk factors the community faces?

Participant 1: 1. Sexual immorality (sexual abuse, rape, child molestation, STD) 2. Domestic Violence/elder abuse 3. Suicide.

Participant 2: Methamphetamine use; alcoholism; diabetes

Participant 3: Domestic violence and alcohol

Participant 4: Transportation and services for veterans

Question #5: What do you think are the top 3 environmental risk factors the community faces?

Participant 1: 1. Trash dumping; recycling 2. Bad roads due to inclement weather 3. Unhealthy environment (homes/community)

Participant 2: Cancer, diabetes, tobacco use, alcohol use

Participant 3: Water Shortage and trash

Participant 4: Safe water

Question #6: What resources do you use to identify the community's needs?

Participant 1: Community members feedback; personal visit to the clinic, emergency room, number of people using medical transport or number of elders in facilities off the reservation; number of nursing homes located on the reservation.

Participant 2: Observation of community, data, and family visits to hospital

Participant 3: Chapter profiles

Participant 4: Chapter leaders

Question #7: How do you keep residents informed about new programs and services in the community?

Participant 1: Through word of mouth and community functions.

Participant 2: Outreach is part of Sage's community outreach plans.

Participant 3: None

Participant 4: Chapter leadership and public schools lack of data.

Question #8: Do you think the school system is comparable to schools off the reservation?

Participant 1: No, not by a long shot. We are in a remote area with limited internet capabilities, some homes are still without electricity and/or plumbing. Communities are structured in remote areas other than mutual help housings which has become more of social issue than an answer to available housing for needy families.

Participant 2: I believe some of our reservation schools provide outstanding education to our students. It depends on public school versus tribal grant school versus bureau schools. Most of our reservation schools need improvement in the area of standardized test scores. The lack of teachers and accountability of ensuring teaching is happening hinders the improvement.

Participant 3: No

Participant 4: No data shows no progress on learning.

Question #9? Do you feel your public safety needs are being met?

Participant 1: As long as we are mortal beings, we are subject to negative influences; drugs, alcohol, domestic violence, sexual immorality and human trafficking. Each member of society is responsible for his/her home and the structures within their homes; continued character development needs to be implemented in the homes. Teachings such as Dine Core Values need to be taught by parents, grandparents; however, when these practices or teachings are in place then the public is safe. But if there is a lack of teaching then negative influences infiltrate the homes and break down the home, creating havoc.

Participant 2: Public safety needs depend on each community. Although, the Navajo Nation does lack adequate numbers of police officers or safety personnel to protect each area. Safety would be an area to increase if needed for Sage.

Participant 3: Yes

Participant 4: Yes

Question #10: Do you think the healthcare resources available to the community are adequate?

Participant 1: There are primary healthcare resources available, but the community needs to take advantage of these services. Some community members are not familiar with resources and may not know how to request information.

Participant 2: It seems to be adequate at this time. Perhaps another off-site clinic can be planned for future.

Participant 3: No rural area with limited resources

Participant 4: No

Question #11: For each community issue, please state whether you think it is a large, medium, small concern, or not a problem:

	Participant #1	Participant #2	Participant#3	Participant #4
Alcohol Abuse	LARGE	LARGE	LARGE	LARGE
Tobacco Use	LARGE	LARGE	LARGE	LARGE
Drug Abuse	LARGE	LARGE	LARGE	LARGE
Underage alcohol consumption	LARGE	LARGE	MEDIUM	LARGE
Adolescent pregnancy	LARGE	MEDIUM	MEDIUM	LARGE
Inadequate youth programs	LARGE	LARGE	LARGE	LARGE
Funding for education	LARGE	LARGE	LARGE	LARGE
Graduation rates	LARGE	MEDIUM	LARGE	LARGE
Unemployment	LARGE	LARGE	LARGE	LARGE
Remote location	LARGE	LARGE	LARGE	LARGE
Access to grocery stores	MEDIUM	MEDIUM	MEDIUM	LARGE
Access to electricity	LARGE	MEDIUM	MEDIUM	LARGE
Access to sanitation services	LARGE	MEDIUM	LARGE	LARGE
Access to clean water	LARGE	MEDIUM	LARGE	LARGE
Access to NHA housing	LARGE	MEDIUM	LARGE	LARGE
Inadequate mental health services	LARGE	LARGE	LARGE	LARGE
Domestic Violence	LARGE	LARGE	LARGE	LARGE
Gang Violence	LARGE	MEDIUM	LARGE	LARGE
Juvenile delinquency	LARGE	MEDIUM	MEDIUM	LARGE
Vandalism	LARGE	MEDIUM	LARGE	LARGE
Elderly Abuse	LARGE	LARGE	SMALL	LARGE

Question #12: For each community service, please rank by importance the top 5 services that should be available:

All four Board Members answers were similar regarding community services:

1. Alcohol/Drug abuse programs
2. Childcare services
3. Elder care
4. Public safety services
5. Affordable health care
6. Youth programs

Question #13: What are the barriers to offering these services?

Participant 1: Money and personnel to operate these programs; location (land) for the programs and process to begin the programs (red tape).

Participant 2: Lack of funding and personnel

Participant 3: Rural area and funds

Participant 4: Funding advocates

Question #14: What are some possible solutions to overcome those barriers?

Participant 1: Look for grants that may support these programs; network with community members to find location for programs; and advocate or solicit support from government leaders (local and Navajo Nation, federal level).

Participant 2: Seek alternative funding sources; seek volunteers.

Participant 3: Seek funds through grant writing.

Participant 4: Advocates.

Question #15: What impact does culture have on the delivery of patient care?

Participant 1: To understand and educate culture sensitivity is of great importance. Each society across the globe have etiquette or protocols to follow and to educate oneself is to respect the style and indigenous lives. Respect promotes understanding and acceptance which fosters trust and reliability.

Participant 2: Health care providers need to become familiar with patients; use of natural herbs; language barriers may be a hinderance.

Participant 3: a lot of impact, yes.

Participant 4: Land for development

Question #16: Are there communication barriers that affect the delivery of patient care?

Participant 1: For the elders; they speak and understand Dine' (Navajo); they be able to speak English but may not. Be able to comprehend medical terminology which can be complicated. Besides the Dine', there are Navajo people (or children) who may not comprehend the prognosis, diagnosis or treatment so communication can affect patient care.

Participant 2: Yes. Unsure if there are interpreters for patients that are non-English speakers.

Participant 3: Yes. No communication to stakeholders.

Participant 4: Yes.

Question #17: Do you think patients with a language barrier leave the hospital fully understanding their care plan?

Participant 1: No, I do not think they understand their care plan. Out of frustration they will nod and say they understand but some patients may not like the outcome and complain later they were dissatisfied with their visit. Patients may not fully report their symptoms or minimize their pain because they are afraid of the outcome. Providing options to their care can lessen the fear patients may encounter.

Participant 2: Not too sure; it depends if the patient has a home care provider that interprets or if the care plan was interpreted. They may not fully understand if no interpreter was available or if the interpretation is correct.

Participant 3: Yes.

Participant 4: No.

APPENDIX D – COMMENTS FROM SELECTED COMMUNITY SURVEY QUESTIONS

Question #49 – Please provide additional comments regarding your community's needs:

1. Everything is a need on the Reservation (Rez)
2. More activities for kids, adults, etc.
3. Recreation Center for youth
4. Boys/Girls club after school programs to keep children active. There could also be a program to suicide prevention
5. Thank you
6. We need more running trails
7. Alcohol PREVENTION
8. More walking events
9. People need to park at regular parking area. More people that are handicapped/disabled need to park where the handicapped area available. Most of the time there aren't any due to other people that aren't disabled. I see this a lot at Sage parking. They should have disabled tags or license plate
10. Hourly transportation systems to nearby towns
11. I circled how our community needs alcohol/drug abuse intervention, when in fact it's all up to the one who uses/abuses both substances. So, prayers are needed for them. It's all up to them
12. I think there are plenty of services provided by SMH, but these services are not well known to the public. Sage is automatically bypassed, and people go to FDIH. There needs to be more awareness of services provided at Community events outside of Sage events (booths at school events, chapter events, etc.) Also, the wellness center needs to be opened to the public and needs expansion so the gym floor can be used fully for basketball, volleyball, etc. Expansion could potentially open the wellness center to paid membership to keep it running at its full potential I think Sage has the space just needs management and experience.
13. More focus on youth future/career and health
14. We need a miracle
15. I don't see a lot of native people smoking cigarettes, but smoking cessation programs should be available
16. Thank you! Need recycling services
17. Career awareness, Nutrition education, Suicide prevention, etc. Community needs to be educated in all health issues at hospital conference rooms, at local chapter houses and at any available locations
18. Doctors that know more about health. They just send people farther to other hospitals
19. More first responders, better internet
20. More law enforcement, better health care providers and first responders
21. Our community of Steamboat is in need of a wellness center, senior center and kids park
22. Need employment opportunities
23. More assistance for veterans
24. Bridges, passing lanes, roads, etc. Direction signs for safety and animal control
25. Fitness, after school substance prevention programs, parenting, early childhood classes, senior citizen centers
26. Need to eat health food, walk/run events, transportation to clinic
27. We need community health nurse to do home visits
28. Prevention child abuse like social services take children away from parent
29. More programs need to be provided throughout every community near Sage Memorial Hospital for a better and suitable health choice for everyone
30. A recreation center for everyone
31. We need more community adult and children activities
32. Keep up the good job Sage Behavioral Health Services

33. We have very good service. Thank you
34. We need more jobs and a college
35. We need dog catchers
36. They need a new hospital ASAP
37. They need a whole new administration and hospital. Do not hire your own relatives. Get a mobile unit to come like Fort Defiance
38. Navajo reading and writing education, public library
39. Ganado is an amazing town that could use a lot of resources. Thank you for the survey.
40. I haven't been in this community long enough to form an opinion or notice these issues
41. Big Brother/Big Sister program here in Ganado
42. None, they are all pretty good and work hard.
43. Need a swimming pool (recreation center)
44. Roads
45. Playground for kids, more jobs, gravel road n back roads, clean community security guards
46. I think we all need what is listed for our communities our kids are getting out of hand with drugs, violence and so on. A recreation center would be nice for our kids to have fun instead of getting into trouble
47. More services for the elderly and disabled people
48. A place where the community could also have access to a gym
49. The community needs people who truly care about the needs of the people in the community. More involvement with the community would help. More places the adults/teens/children can go to get educated on issues) suicide, alcohol abuse drug abuse, etc.) More housing and jobs for sure
50. Majority of these services/prevention the public are aware of or have knowledge about. Yet, they choose to ignore it until it's a problem. Most of this information is passed through television and social media
51. Work on what is needed in the community at all clinics that's needed. Good job in doing everything. Thank you
52. Tselani community we live within the Black Mountain area and the roads are not maintained. It gets very muddy for emergency vehicles to get to the families out there and the school buses
53. Need an open recreational center, weightlifting, etc.
54. A place for children to go; sports, gym or playground
55. Better healthcare providers. Better facilities
56. To have more privacy, ER and outpatient services
57. Missing and murdered people, counseling for misbehaving children
58. Thank you!
59. More doctors/physicians available
60. Need activity center for children and young teens to attend for free, i.e., swimming pool, sport leagues, etc.
61. No comments
62. Restaurant, playground parking lot
63. Everything is ok and good
64. Repair our roads (potholes)
65. Need our roads repaired (potholes) also trash services
66. More beds for the emergency room
67. Needs more of leadership; no ideas that would lead to violence
68. Recreation center for the community of Houck
69. Road conditions for better use to and from main roads
70. Road condition to house and to main road needs improvement
71. Farming, irrigation and housing
72. More jobs! Recycling services; more Native American providers; and farming
73. Illegal trash dumping and horse round-up
74. No answer
75. Wellness programs and mental health programs

76. The questionnaire covered everything
77. Store on-site clinic, trash collection for all housing units, police protections services
78. Rehabilitation center on Navajo Nation; more group homes and nursing homes
79. Counselors for mental health because my community seems really isolated from all that; it leads to alcohol and meth, etc. suicide is a big problem
80. None
81. Road improvements and increase law enforcement to decrease bootleg and drugs
82. Need a restaurant
83. Clinic that is open every day
84. My community needs a lot, pertaining education about violence, drug & alcohol programs, programs to encourage health security/police watches, to ensure our children are safe while playing in the campus/NHA
85. More doctors and nurses, bigger hospital
86. Community needs hospice care
87. Need hospice care facility
88. We need more open mindedness regarding current issues and accessibility for the elderly to get to the IHS closest to them.

Question #19 – Please provide additional comments regarding your community's public health needs:

1. Customer service and a cafeteria that provides healthy foods is greatly needed at this facility
2. Medical transport will not transport patient that lives like 5-15 miles from hospital because they won't get a lot of miles. So, what's the point of using them
3. The very private concerns are NOT addressed
4. No comment
5. In order to provide greater care to the community there needs to be collaboration with the schools and police department, as well as with TMC
6. n/a
7. New Hospital food services, communication
8. The community needs understanding on eating habits creates our health problems, not everything can be fixed with pharmaceutical products. The wellness center needs to be open to the community, if warranted charge a nominal fee for non-employees. Promote positive information in newspapers on SMH, community is used to only negative Navajo times reports
9. More interactions and community involvement with regards to health awareness and issues on the community to help improve the quality of health
10. None
11. Provide transportation for patients if possible. Sage Memorial Hospital Board meetings need to be open to the community members for their input. Provide housing for local employees not only for local administration employees
12. Need to focus on programs for community children as they are the generation to make change
13. Open wellness center apply a small nominal fee for community members to use a safe establishment alternative medicine, acupuncture (used at other IHS), massage, promoting the video "forks over knives" eating less processed foods, holistic approach, trash recycling, speaking out of events at home, nursing home, create or collaborate a school for nursing, x-ray, respiratory, medical health techs, CNA. Office specifically for increasing or gaining health insurance. Encourage employees to obtain higher degrees, reduce resistance of scholarships
14. I believe sometimes providers don't take the time to listen to patients and their concerns. We are required to provide the best customer service and but yet do not help the patients, especially if they are complaining or have pain. They are sent away by providers ad patients return same day or next day
15. For patients having no AHCCCS insurance means no medical transport is willing to take them to their appointments, hopefully Sage can remedy this problem of transportation. Follow up appointments are very

important. If Sage can allot a vehicle and a driver for this need even if only during clinic hours, the patients for sure will thank them for providing this extra mile of quality patient care to them.

16. Community have a lot of things that they need but too bad that we can't help all. Because Navajo are always in need and building on Navajo Nation are just so old. There is nothing new for the community where they are more welcome and home to them
17. Our community uses Sage as a large walk in clinic instead of their medical home. They will be sent to a specialist 100 miles away because of the lack of collaboration between area facilities. Because of the lack of collaboration, patient care is confusing for the patient and providers
18. I didn't see any questions related to veterans and teens specifically
19. IMPROVE THE MEDICAL SYSTEM
20. Community health plays a big role within the patient's care. I think patients are more comfortable being taught in the comfort of their own home and seeing public health at your home shows the patient how much one cares.
21. Educate the community on eating habits and to be proud of their Indian heritage
22. Provide quality care with pride, great communication skills
23. No comment
24. Nothing
25. None
26. Our facility has the potential to do so much for the community, but we have to go out and reach the people. The efforts in place now are non-existent, when we compare our facility to Fort Defiance Indian Hospital, we lack in a lot of areas in terms of community outreach
27. The survey was good but very limited in choices that could have been offered. When nothing in the category seemed to fit you had a choice on submitting your own thoughts on that question but some of the choices given were too closely related or similar which direct your path unfairly towards that thought process. The HR department needs help
28. I believe that the providers and nurses need to pay more attention to the patients rather than over talking a patient or making the patient feel like they have no right to speak. This is coming from personal experience in care of a provider with our facility. Also, the waiting area in the emergency room is uncomfortable and cold during the winter months. My suggestion is to provide more comfortable seating areas and more heat to the waiting area. Lastly, staff need to be nicer when dealing with patients. I know at times we ourselves do not feel good, but we have to think of our patients, and we have to encourage them that we are going to provide them with the best healthcare we can
29. My parents are up in age and are very sensitive to tone of voices and body language. I think that individuals who are sick and not feeling well are like that too. So being patient and watch your body language will make a big difference
30. THERE IS NOT A CREDIBLE ALCOHOL ABUSE PROGRAM IT SEEMS WE JUST TREAT THE SYMPTOMS AND NOT THE PROBLEM WE SEE THE SAME PEOPLE OVER AND OVER AGAIN
31. Diabetes needs to be addressed from early on. Programs in the schools and community are desperately needed
32. More Navajo speaking employees
33. We need a bigger facility to be able to provide more services to our community and patients, to avoid sending patients elsewhere for services we no longer offer
34. Don't have additional comments
35. New hospital ever going to happen?
36. There is a need for health care professionals who need to have a holistic approach besides treating the symptom of disease
37. No comments
38. NEED A DETOX REHAB
39. I believed all community issues are addressed on this survey

40. 1. Providing an in-house hospital medical transportation 2. Addition place where alcohol abuse patients can stay 3. Collaboration with community health personnel with following up care for patients
41. Proper health education
42. Safety issues for all staff especially the ones who walk back and forth to Poncel Hall and ER at night. Also, for medical record clerks going to basement at night
43. I think the Board members need improvement and the CEO need talk to the community the real deal about new hospital. Maybe bring Navajo Nation President to see the campus
44. The socioeconomic status of the entire Navajo Nation is poor. Not until the Tribal authorities arrest bootleggers and drug dealers, we are facing an uphill battle. With no jobs, young Navajo men resort to drinking and crime.
45. Need for hospice. Not just observation services. A lot of elderly or older generation don't like to go elsewhere or faraway places to be cared for. Local facilities do not offer services to patients that cannot care for themselves, disabled, etc.
46. SHOULD SET LIMITS FOR THOSE WHO ARE OBVIOUSLY ABUSING THE HEALTH CARE SYSTEM
47. I know that our CEO and COO are both doing their best to having us to be employed here. Communication and customer service are very important. I wish the wellness center would do more for kids and youth events to keep them away from alcohol and drugs. I am thankful for having this job
48. I have noticed that there are a lot of staff that really talk down on some of the patients who come into the hospital. I feel that if they have a personal opinion on a patient or their "illness" for example, alcoholism or becoming suicidal, those issues should not be voiced to the patient. They come here for help, not to be talked down on
49. None
50. None
51. Overall improvements, better professional attitudes from the administration personnel, more interaction with staff, meetings to update employees regarding any improvements, plans, funding, etc.
52. Community outreach, awareness preventions, visiting all local school more often would be great

APPENDIX E – COPY OF 2019 COMMUNITY AND STAFF SURVEY QUESTIONS

Navajo health Foundation

Sage Memorial Hospital

COMMUNITY HEALTH NEEDS ASSESSMENT 2019 SURVEY

- MISSION STATEMENT -

Navajo Health Foundation – Sage Memorial Hospital, Inc. provides quality healthcare services in a fiscally responsible manner, focusing on the patient's physical, social, and spiritual well-being.

COMMUNITY HEALTH NEEDS ASSESSMENT
2019 SURVEY

Your answers to the following questions will be an important part of identifying factors that affect the health of a population and determine the availability of resources to adequately address those factors.

Please remember that your identity and answers are completely anonymous.

There are 4 sections and 49 questions in total. Please mark the bubble next to or circle your answer.

Note: Questions are on the front AND back of the page.

SECTION 1 – DEMOGRAPHICS

THIS SECTION ASKS QUESTIONS ABOUT YOU AND YOUR FAMILY.

1. Which Chapter are you registered with?

- o Cornfields
- o Ganado
- o Greasewood Springs
- o Klagetoh
- o Kinlichee
- o Nazlini
- o Steamboat
- o Wide Ruins
- o Other Chapter:_____
- o N/A

2. What is your zip code? _____

3. What is your gender?

- o Female
- o Male

4. What is your age range?

- o 18-24
- o 25-34
- o 35-44
- o 45-54
- o 55-64
- o 65 and older

5. What year were you born? _____

6. Which of the following best describes your marital status?

- o Cohabitating (living with someone)
- o Divorced
- o Married
- o Separated
- o Single (never married)
- o Widowed

7. What is the highest level of education you have completed?

- o Less than high school
- o Some high school, but did not graduate
- o High school graduate or GED
- o Some college/tech school
- o Associate degree (2-year degree)
- o Bachelor's degree (4-year degree)
- o Graduate degree (more than 4-year college degree)

8. What is your ethnicity or racial background?

- o Asian/Pacific islander
- o Black/African American
- o Caucasian/White
- o Hispanic/Latino
- o Middle Eastern
- o Multi-racial
- o Native American/Alaska Native
- o Other:_____

9. What is the PRIMARY language spoken in your home?

- o English
- o Navajo
- o Spanish
- o Other:_____

10. Which best describes your housing status?

- o Own my home/apartment
- o Rent a home or apartment
- o Living with family
- o Living with friends
- o I do not have a permanent home/homeless

11. How many bedrooms are in your home?

- o 0
- o 1
- o 2
- o 3
- o 4 or more
- o Other:_____

12. Do you have electricity in your home?

- o Yes
- o No

13. Do you have running water in your home?

- o Yes
- o No

14. What is your primary mode of transportation?

- o Automobile (that you own or lease)
- o Borrowed automobile
- o City bus (public transportation)
- o Friends/family
- o Walk
- o Bicycle
- o Motorcycle
- o Other:_____

15. How MANY individuals aged *0-12 years* live in your household?

- o 1
- o 2
- o 3
- o 4
- o 5 or more
- o None

16. How MANY individuals aged *13-17 years* live in your household?

- o 1
- o 2
- o 3
- o 4
- o 5 or more
- o None

17. How many individuals between aged *18-64 years*, including yourself, live in your household?

- o 1
- o 2
- o 3
- o 4
- o 5
- o 6 or more

18. How many individuals aged *65 or older* live in your household?

- o 1
- o 2
- o 3
- o 4 or more
- o None

19. Which of the following best describes your employment status?

- o Employed, working 1 – 39 hours per week
- o Employed, working 40 or more hours per week
- o Not employed, looking for work

Not employed, NOT looking for work

- o Homemaker
- o Student
- o Retired
- o Disabled, not able to work

20. What is your approximate average total household income per year? (including spouse's income)

- o Less than $10,000
- o $10,000–$24,999
- o $25,000–$34,999
- o $35,000–$49,999
- o $50,000–$74,999
- o $75,000 or more

21. Indicate the current health insurance status for yourself and those in your household:

	Yourself	Spouse	Children	Others in household
No health insurance	O	O	O	O
Private insurance through employer	O	O	O	O
AHCCCS (Arizona Medicaid)	O	O	O	O
Medicare	O	O	O	O
Military/Veteran's coverage (Tricare, etc.)	O	O	O	O
Other:_____	O	O	O	O

22. If you do not currently have health insurance, please indicate the reason for not having insurance. (Skip this question if you have health insurance)

- o I obtain my health care services from an Indian Health Services facility
- o Cannot afford insurance
- o I do not need insurance
- o Employer does not provide insurance
- o Do not know where/how to obtain health insurance
- o Not eligible for government assisted insurance

23. Do you or anyone in your household currently receive any of the following assistance? Choose all that apply:

- o Food Stamps
- o General Assistance
- o Public Housing Assistance
- o TANF (Temporary Assistance for Needy Families)
- o Social Security Disability Benefits
- o None

SECTION 2 – BEHAVIOR

THIS SECTION CONTAINS QUESTIONS ABOUT YOUR REGULAR BEHAVIORS.

24. Indicate your ratings in terms of how often each of the following statements applies to you:

	Never	Rarely	Usually	Most of the time	Always
I eat a well-balanced diet	O	O	O	O	O
I eat recommended amounts of fruits and vegetables	O	O	O	O	O
I get 30 minutes or more of exercise daily	O	O	O	O	O
I avoid high-risk sexual behavior	O	O	O	O	O
I have adequate resources to purchase healthy foods	O	O	O	O	O
I feel my neighborhood is a safe place for my children to play and for me to exercise	O	O	O	O	O
I am exposed to secondhand smoke	O	O	O	O	O

25. How often do you get 30 minutes or more of exercise?

- o 4-6 times a week
- o 2-3 times per week
- o Never
- o Once a month
- o Less than once a month

26. How many 12 oz. cans/bottles of soda, if any, do you drink on an average day?

- o 4 or more
- o 3
- o 2
- o 1
- o None

27. Do you use tobacco products?

- o No
- o Yes – smoke less than one pack per day
- o Yes – smoke more than one pack per day
- o Yes – smoke a pipe or cigars
- o Yes – use smokeless tobacco (chewing tobacco, etc.)

28. How often do you drink alcoholic beverages?

- o Every day
- o 3-5 times per week
- o Once a week
- o Only on weekends
- o On special occasions
- o I do not drink

29. Do you engage in binge drinking? (5 or more drinks in a sitting)

- o Yes
- o No

SECTION 3 – HEALTH

THIS SECTION ASKS QUESTIONS ABOUT YOUR HEALTH.

30. Where do you look for information about health? Choose all that apply.

- o Friends/family
- o Doctor/nurse/medical professional
- o Newspaper/magazine/TV
- o Health Department
- o Internet
- o Church
- o Chapter House Meetings
- o Community Health Representative
- o School
- o Library
- o Other:_____

31. In what language do you prefer to receive your healthcare services?

- o English
- o Navajo
- o Spanish
- o Other:_____

32. How would you describe your overall health?

- o Excellent (physically active, rarely see a doctor, don't drink, don't use tobacco)
- o Very good
- o Good
- o Fair
- o Poor (not physically active, sick often, drink, use tobacco, unhealthy lifestyle)

33. Has a doctor/healthcare professional ever told you that you have/had any of the following health challenges? Choose all that apply. (continues on following page)

- o ADD/ADHD
- o Allergy
- o Alcohol overuse
- o Arthritis
- o Asthma
- o Cancer
- o Chronic lung disease (COPD, chronic bronchitis, emphysema)
- o Dental problems
- o Depression
- o Diabetes
- o Difficulty hearing
- o Drug addiction
- o Heart problems (heart attack, angina, or heart disease)
- o High blood pressure
- o High cholesterol

- o Mental health issues (not including depression)
- o Overweight/obesity
- o Seizure disorder/epilepsy
- o Sexually transmitted diseases
- o Stroke
- o I do not have any health challenges
- o Other:_____

34. What health topics are important to you and/or your family members? Choose all that apply. (continues on next page)

- o Asthma
- o Blood pressure
- o Cancer
- o Cholesterol
- o CPR/First Aid
- o Diabetes
- o Depression
- o Exercise
- o Flu
- o Healthy pregnancy
- o Heart Disease
- o HIV/AIDS
- o Immunizations
- o Injury prevention
- o Lead poisoning
- o Men's health
- o Nutrition
- o Oral health
- o Quitting smoking
- o Sexually Transmitted Diseases (STDs)
- o Stress management
- o Substance abuse
- o Violence prevention
- o Women's health
- o Other:

35. Where do you and your family go for routine health care?

- o Doctor's office in the hospital
- o Doctor's office outside the hospital
- o Health clinic
- o Hospital emergency room
- o Medicine Man/Woman
- o I do not receive routine health care
- o Other

36. Are you able to visit a doctor when needed?

- o Yes, always
- o Sometimes
- o No, never

37. What are your greatest barriers to accessing health care when needed? Choose all that apply.

- o No appointment available when I need it
- o Cannot take time off from work
- o No transportation
- o Location of clinic or hospital is too far away
- o Do not have health insurance
- o Language barriers; I cannot understand the doctor or they cannot understand me
- o Cultural or traditional barriers
- o Costs too much
- o None, I am always able to visit the doctor when needed
- o Other:_____

38. Which of the following preventative care procedures have you had in the past 12 months?

- o Bone density test (detects osteoporosis)
- o Blood pressure check
- o Blood sugar check
- o Cardiovascular screening (heart)
- o Cholesterol screening
- o Colon/rectal exam
- o Dental cleaning/x-rays
- o Flu shot
- o Hearing screening
- o Mammogram (if female)
- o Pap smear (if female)
- o Physical exam
- o Prostate cancer screening (if male)
- o Skin cancer screening
- o Vision screening
- o Other:_____
- o None of the above

39. How long has it been since your last routine check-up/physical exam?

- o Never had a routine check-up/physical exam
- o Within the last year
  2 years
- o 3-5 years
- o More than 6 years

40. How satisfied are you with the health care you currently receive from your area hospital?

- o Completely satisfied
- o Somewhat satisfied
- o Undecided
- o Somewhat unsatisfied
- o Completely unsatisfied

41. How satisfied are you with the health care you currently receive from your primary care provider?

- o Completely satisfied
- o Somewhat satisfied
- o Undecided
- o Somewhat unsatisfied
- o Completely unsatisfied

42. When you leave the doctor, do you fully understand your care plan? (When to take medication, how to take medication, when to return, etc.)

- o Yes
- o No
- o Not sure

43. Do you trust your doctor to take care of your health care needs?

- o Yes
- o No
- o Not sure

44. Please provide additional comments about the health care you receive:

_____

_____

_____

_____

SECTION 4 – COMMUNITY HEALTH NEEDS ASSESSMENT

THIS SECTION WILL ASK YOU ABOUT THE COMMUNITY IN WHICH YOU RESIDE. THIS INFORMATION IS COLLECTED TO LEARN WHAT YOU THINK ARE THE GREATEST NEEDS IN YOUR COMMUNITY.

45. What is the distance (in miles) to the nearest grocery store from your home?

- o 1-5 miles
- o 6-10 miles
- o 11-20 miles
- o 20-45 miles
- o 46-60 miles
- o 61 or more miles away

46. What is the distance (in miles) to the nearest clinic or hospital from your home?

- o 1-5 miles
- o 6-10 miles
- o 11-20 miles
- o 20-45 miles
- o 46-60 miles
- o 61 or more miles away

THE NEXT 2 QUESTIONS ADDRESS YOUR PERCEPTION OF SOCIAL AND HEALTH ISSUES IN YOUR COMMUNITY. YOU WILL BE ASKED TO RATE A LIST OF SOCIAL AND HEALTH ISSUES ON A SCALE OF 1 TO 5 IN AN EFFORT TO LEARN WHAT YOU THINK ARE THE GREATEST COMMUNITY NEEDS.

47. What do you feel are the greatest SOCIAL NEEDS currently NOT BEING MET in your community? (Rating 1 represents "no need" and 5 represents "great need") (continues on following page)

	5 = Greatest Need	4 = Significant Need	3 = Average or Moderate	2 = Some Need	1 = No Significant	Unknown or N/A
Alcohol or drug intervention	5	4	3	2	1	N/A
Ambulance/EMT services	5	4	3	2	1	N/A
Child abuse prevention services	5	4	3	2	1	N/A
Affordable childcare	5	4	3	2	1	N/A
Elderly care	5	4	3	2	1	N/A

Environmental waste services (trash collection)	5	4	3	2	1	N/A
Fire protection services	5	4	3	2	1	N/A
Food assistance	5	4	3	2	1	N/A
Higher education graduation rates	5	4	3	2	1	N/A
	5	4	3	2	1	N/A
Housing availability	5	4	3	2	1	N/A
Jobs and/or employment services	5	4	3	2	1	N/A
Juvenile delinquency prevention (gangs, etc.)	5	4	3	2	1	N/A
Parks and recreation (walking paths, bicycle trails)	5	4	3	2	1	N/A
Police protection services	5	4	3	2	1	N/A
Service for people with disabilities	5	4	3	2	1	N/A
Suicide hotline/prevention services	5	4	3	2	1	N/A
Transportation services	5	4	3	2	1	N/A
Violence/fighting (domestic, family, friends, etc.) prevention	5	4	3	2	1	N/A

Other:_____

48. What do you think are the greatest HEALTH NEEDS or issues NOT BEING MET in your community? (Rating 1 represents "no need" and 5 represents "great need") (continues on following page)

	5= Greatest. Need	4= Significant Need	3= Average Need	2 = Some Need	1= No Need	N/A
Access to appropriate quality health care services	5	4	3	2	1	N/A
Access to durable medical equipment or supplies (wheelchairs, oxygen tanks, etc.)	5	4	3	2	1	N/A
Access to health education programs to promote prevention (nutritional programs, etc.)	5	4	3	2	1	N/A
Access to health care for children	5	4	3	2	1	N/A
Access to health care for seniors/elderly	5	4	3	2	1	N/A
Access to health care for women (Women's clinic)	5	4	3	2	1	N/A
Access to healthy foods	5	4	3	2	1	N/A
Access to over-the-counter medication	5	4	3	2	1	N/A
Affordability of health care services	5	4	3	2	1	N/A
Affordability of prescription or over-the-counter medication	5	4	3	2	1	N/A
Affordable and accessible wellness programs (diabetes, etc.)						

Availability of preventive health screenings	5	4	3	2	1	N/A
Availability and access to immunizations	5	4	3	2	1	N/A
Availability of chronic disease care (cancer, diabetes, heart disease, etc.)	5	4	3	2	1	N/A
Availability of qualified interpreters	5	4	3	2	1	N/A
Exercise programs	5	4	3	2	1	N/A
Family planning education	5	4	3	2	1	N/A
Mental health programs/services	5	4	3	2	1	N/A
Nutrition education programs	5	4	3	2	1	N/A
Sexual health or sex education	5	4	3	2	1	N/A
Substance abuse (drug/alcohol) prevention/education	5	4	3	2	1	N/A
Suicide prevention	5	4	3	2	1	N/A
Teen pregnancy prevention	5	4	3	2	1	N/A
Tobacco use prevention	5	4	3	2	1	N/A
Weight control services/obesity prevention	5	4	3	2	1	N/A

Other:_____

49. Please provide additional comments regarding your community's needs:

_____

_____

_____

_____

_____

_____

_____

Thank you for taking the time to complete this survey. Your input will help us to better understand and further address the health needs in your community.

Ahéheé

Navajo health Foundation

Sage Memorial Hospital

COMMUNITY HEALTH NEEDS ASSESSMENT 2019 EMPLOYEE SURVEY

- MISSION STATEMENT -

Navajo Health Foundation – Sage Memorial Hospital, Inc. provides quality healthcare services in a fiscally responsible manner, focusing on the patient's physical, social, and spiritual well-being.

COMMUNITY HEALTH NEEDS ASSESSMENT
2019 EMPLOYEE SURVEY

Your answers to the following questions will be an important part of identifying factors that affect the health of a population and determine the availability of resources to adequately address those factors.

Please remember your identity and answers will remain anonymous.

This survey contains 3 sections and 19 questions in total; your time providing this feedback is greatly appreciated.

SECTION 1 – SAGE MEMORIAL HOSPITAL

THIS SECTION WILL ASK QUESTIONS ABOUT THE HOSPITAL'S SERVICES AND THE CAMPUS.

1. **Identify three (3) areas you see as *strengths* at Sage Memorial Hospital.**

_____

_____

_____

2. **Identify three (3) areas in which *improvements could be made* at Sage Memorial Hospital.**

_____

_____

_____

3. **Do you receive your medical care at Sage Memorial Hospital?**

   - o Yes
   - o No

4. **If you answered "NO" to question #3, please tell us where is your primary choice for medical care? If you answered "YES" to #3, skip this question.**

   - o Chinle
   - o Winslow
   - o Kayenta
   - o Fort Defiance
   - o Sanders
   - o Gallup
   - o Tuba City
   - o Other: _____

5. **Please rank the following items by what you feel are the *greatest needs* for Sage Memorial Hospital/Campus. (rating of 5 indicates "greatest need," while a rating of 1 indicates "no significant need")**

	Greatest Need	Significant Need	Average Need	Some Need	No Significant Need
Adequate Parking	5	4	3	2	1
Build/Improve Community to Attract Providers	5	4	3	2	1
Continue Bringing in Good Executives/Providers	5	4	3	2	1
Decreased Health Disparities	5	4	3	2	1
Emergency Preparedness Plans for Community	5	4	3	2	1
Helipads	5	4	3	2	1
Hospital Transportation System	5	4	3	2	1
Improved Cellular Service	5	4	3	2	1
Improved Continuity of Care	5	4	3	2	1
Improved Customer Service	5	4	3	2	1
Improved EHR System	5	4	3	2	1
Improved ER wait times	5	4	3	2	1
Improved Internet Service	5	4	3	2	1
Improved Patient Education	5	4	3	2	1
Improved Technology	5	4	3	2	1
Mobile Clinics	5	4	3	2	1
More Teamwork Among Area Clinics/Hospitals	5	4	3	2	1
New Hospital/Facilities	5	4	3	2	1
Personalized Care Plans	5	4	3	2	1
Quality Care Improvement	5	4	3	2	1
Signage and Directions	5	4	3	2	1
Surgery Center	5	4	3	2	1
Telemedicine Services	5	4	3	2	1
Trauma Center	5	4	3	2	1
Walking/Bike Trails	5	4	3	2	1
Wellness Centers	5	4	3	2	1

6. **What do you think are the *top five (5) barriers* to offering these services? Please choose five (5) answers:**

- o Difficulty maintaining new services (e.g. OB/GYN)
- o Distance to shopping centers
- o Funding
- o Inadequate public services (Fire/Police)
- o Inadequate/old infrastructure
- o Lack of fresh foods
- o Lack of qualified personnel
- o Lack of space
- o Lack of transportation
- o Limited access to resources (e.g. clean water, electricity, plumbing)
- o Rural location
- o Resistance to change
- o Socioeconomic status
- o Other:_____

7. **What do you think are the *top five (5) solutions* to overcome these barriers? Please choose five (5) answers:**

- o Community collaboration
- o Create cultural programs (e.g. community gardens)
- o Designate one area for economic growth
- o Grants
- o Offering healthy alternatives
- o Patient/community education
- o Philanthropy/fundrai sing
- o Provide transportation/infrastructure
- o Use land more efficiently
- o Utilize Federal funding more efficiently
- o Utilize grocery store surpluses
- o Volunteers
- o Youth education/youth programs
- o Other:_____

THIS SECTION WILL ASK YOU ABOUT THE COMMUNITY IN WHICH YOU PROVIDE HEALTH CARE SERVICES. THIS INFORMATION IS COLLECTED TO LEARN WHAT YOU THINK ARE THE GREATEST PUBLIC HEALTH NEEDS IN THE COMMUNITY.

8. **What *top five (5) issues* affect the community's health? Please choose five (5) answers.**
   - o Alcohol abuse
   - o Asthma
   - o Cancer
   - o Child/Teen Health (e.g. Newborn screening, well child checks, bullying)
   - o Dental health
   - o Diabetes
   - o Drug abuse
   - o Heart Disease
   - o HIV/AIDS
   - o Homelessness
   - o Lack of health insurance
   - o Men's Health (e.g. Prostate cancer)
   - o Obesity
   - o Parenting Issues (e.g. one parent households, guardianship designee)
   - o Poor nutrition
   - o STI's
   - o Stress
   - o Suicide
   - o Teen pregnancy
   - o Trauma
   - o Unemployment
   - o Unsafe housing (e.g. asbestos, lead paint, unsteady foundation, etc.)
   - o Violence (e.g. Domestic violence, Bullying, Child/Elder Abuse)
   - o Women's health (e.g. OB/GYN, Breastfeeding consultant, Mammogram/Breast US)
   - o Other:_____

   _____

9. **What do you think are the *top five (5) behavioral risk* factors the community faces? Please choose five (5) answers.**
   - o Absence of role models for youth
   - o Alcohol abuse
   - o Domestic abuse
   - o Drug abuse/dependency (e.g. marijuana, prescription medication)
   - o Family Planning (e.g. Contraceptives, Breastfeeding)
   - o Homelessness
   - o Insufficient vaccination
   - o Language barriers
   - o Obesity
   - o Physical inactivity
   - o Poor diet and nutrition
   - o Poverty
   - o Teen pregnancy
   - o Tobacco use
   - o Unemployment
   - o Unprotected sexual activity
   - o Untreated mental health
   - o Other:_____

   _____

10. **What are the *top three (3) environmental risk factors* you believe the community faces? Please choose three (3) answers.**

- o Commuting between work/home
- o Exposure to hazardous chemicals/substances (e.g. pesticides, asbestos, etc.)
- o Hazardous road conditions (e.g. weather, wild animals/livestock on roadways, etc.)
- o Human Trafficking
- Inadequate emergency preparedness
- o Lack of electricity and plumbing
- o Lack of recycling services
- o Overgrazing/erosion
- o Poor water quality
- o Trash/illegal dumping
- o Other:_____

11. **How knowledgeable are you regarding the culture, values, and beliefs of the patient population?**

- o Very knowledgeable
- o Somewhat knowledgeable
- o Minimally knowledgeable
- o Not knowledgeable at all

12. **Have you ever received any information/educational materials on the culture of the community?**

- o Yes
- o No

SECTION 3 – PATIENT CARE

THIS SECTION ASKS QUESTIONS ABOUT THE CARE PATIENTS RECEIVE AT SAGE MEMORIAL HOSPITAL.

13. **What do you think are the *top three (3) cultural factors* that affect the delivery of patient care? Please choose three (3) answers.**

- o Confusion/Conflict of traditional vs. innovative practices.
- o Cultural beliefs/taboos
- o Lack of collaboration of Medicine Men/providers
- o Language barriers
- o Patients preferring traditional practice
- o Other:_____
- o _____

14. **Do you think patients with a language barrier leave the hospital fully understanding their care plan?**

o Yes o No

15. **If you answered "No" to question #14, briefly describe how you currently overcome the communication barriers?**

_____

_____

_____

16. **If you answered "No" to question #14, what are at least three (3) possible solutions to overcome these communications barriers in the future?**

_____

_____

_____

17. **Do you feel your input is taken into consideration when addressing quality issues?**

o Yes o No

18. **Has a patient ever asked to see another provider because they weren't comfortable with your gender?**

o Yes o No
o Not Applicable; non-clinical staff

19. **Please provide additional comments related to the community's public health needs that you feel are important and were not addressed in this survey.**

_____

_____

Thank you for taking the time to complete this survey. Your input will help us to better understand and further address the health needs in the community.

Ahéheé

NAVAJO HEALTH FOUNDATION/ SAGE MEMORIAL HOSPITAL, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

Contents

Page

Independent Auditors' Report ..... 1 - 3

Financial Statements

Balance Sheet 4
Statement Of Operations 5
Statement Of Changes In Net Assets 6
Statement Of Cash Flows ..... 7 - 8
Notes To Financial Statements ..... 9 - 33

Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance with *Government Auditing Standards* ..... 34 - 35

Supplemental Information

Schedule Of Expenditures Of Federal Awards 36
Notes To Schedule Of Expenditures Of Federal Awards 37
Independent Auditors' Report On Compliance For Each Major Federal Program And Report On Internal Control Over Compliance In Accordance With The Uniform Guidance ..... 38 - 40
Schedule Of Findings And Questioned Costs ..... 41 - 47
Corrective Action Plan ..... 48 - 51
Summary Schedule Of Prior Findings ..... 52 - 55

RubinBrown

5851 W Charleston Blvd
Las Vegas, NV 89146

T: 702.878.9788
E: info@rubinbrown.com
www.RubinBrown.com

CERTIFIED PUBLIC ACCOUNTANTS & FINANCIAL CONSULTANTS

Independent Auditors' Report

Board of Directors
Navajo Health Foundation/Sage Memorial Hospital, Inc.
Ganado, Arizona

Report On The Financial Statements

We have audited the accompanying financial statements of Navajo Health Foundation/Sage Memorial Hospital, Inc. (a nonprofit organization), which comprise the balance sheet as of September 30, 2019, and the related statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

RubinBrown LLP is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Navajo Health Foundation/Sage Memorial Hospital, Inc. as of September 30, 2019, and the results of its operations, its changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis Of Matters

As discussed in Note 1 to the financial statements, in 2019, Sage Memorial Hospital, Inc. adopted Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* and ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to these matters.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule Of Expenditures Of Federal Awards is presented for purposes of additional analysis, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule Of Expenditures Of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Prior Period Financial Statements

The financial statements as of September 30, 2018, were audited by Bradshaw, Smith & Company, LLP, whose partners and professional staff joined RubinBrown LLP as of June 1, 2019. Bradshaw, Smith & Company, LLP's report dated June 27, 2019 expressed an unmodified opinion on those financial statements.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2020, on our consideration of Navajo Health Foundation/Sage Memorial Hospital, Inc.'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 the Navajo Health Foundation/Sage Memorial Hospital, Inc.'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 Navajo Health Foundation/Sage Memorial Hospital, Inc.'s internal control over financial reporting and compliance.

RubinBrown LLP

June 25, 2020

NAVAJO HEALTH FOUNDATION/ SAGE MEMORIAL HOSPITAL, INC.

BALANCE SHEET

Assets

	September 30, 2019	September 30, 2018
Current Assets		
Cash and cash equivalents	$ 88,829,613	$ 87,789,338
Short term investments	127,172	120,480
Patient accounts receivable, net of allowance for bad debts and contractual adjustments of $5,792,866 and $4,490,590	1,259,267	1,713,108
Receivable from third-party reimbursement programs	881,294	83,093
Grant receivable	804,985	—
Indian Self-Determination receivable	188,316	321,117
Other receivable	106,211	—
Supplies	421,161	409,338
Prepaid expenses and other current assets	610,591	519,653
Total Current Assets	93,228,610	90,956,127
Assets Limited As To Use		
Internally designated by Board of Directors	5,694,839	5,694,839
Externally restricted by donors	836,673	809,176
Restricted Cash	4,399,366	4,363,188
Investments	31,403,156	29,889,517
Property And Equipment, Net	7,493,782	6,059,784
Construction In Progress	1,777,174	2,558,190
Other Assets	60,000	—
	$ 144,893,600	$ 140,330,821

Liabilities And Net Assets

Current Liabilities		
Accounts payable	$ 4,394,575	$ 4,379,503
Accrued payroll expenses	708,408	625,211
Payable to third-party reimbursement programs	72,138	—
Estimated self insurance liability	81,529	77,804
Housing deposits	21,697	14,132
Capital lease obligations, current portion	94,497	89,100
Total Current Liabilities	5,372,844	5,185,750
Capital Lease Obligations, Net Of Current Portion	127,444	211,783
	5,500,288	5,397,533
Net Assets		
Without donor restrictions	137,629,755	133,219,848
With donor restrictions	1,763,557	1,713,440
Total Net Assets	139,393,312	134,933,288
	$ 144,893,600	$ 140,330,821

See the notes to financial statements.

NAVAJO HEALTH FOUNDATION/
SAGE MEMORIAL HOSPITAL, INC.

STATEMENT OF OPERATIONS

	For The Years Ended September 30,	
	2019	2018
Unrestricted Revenue, Gains And Other Support		
Patient service revenue:		
Gross inpatient service revenue	$ 5,701,527	$ 8,344,957
Gross outpatient service revenue	45,015,547	44,215,295
Contractual discounts	(32,657,764)	(33,909,347)
Net patient service revenue	18,059,310	18,650,905
Provision for bad debts	(485,802)	(122,817)
Net patient service revenue, less provision for bad debts	17,573,508	18,528,088
Net Indian Self-Determination revenue	21,471,588	29,761,640
Grant revenue	805,661	—
Other revenue	417,870	624,347
Contributions received for operations	56,287	72,017
Total Unrestricted Revenue, Gains And Other Support	40,324,914	48,986,092
Expenses		
Salaries	11,636,560	9,148,630
Employee benefits	1,698,084	1,301,408
Supplies and other expenses	9,815,516	9,220,768
Purchased services and professional fees	13,107,418	18,202,201
Depreciation and amortization	931,348	838,124
Interest	16,453	26,154
Total Expenses	37,205,379	38,737,285
Income From Operations	3,119,535	10,248,807
Other Income (Expense)		
Theft / diversion of Hospital assets (Note 2)	—	(10,855,134)
Other expense	(236,267)	(853,829)
Investment income, net	1,526,059	320,967
Total Other Income (Expense)	1,289,792	(11,387,996)
Revenue In Excess Of (Less Than) Expenses	$ 4,409,327	$ (1,139,189)

See the notes to financial statements.

NAVAJO HEALTH FOUNDATION/
SAGE MEMORIAL HOSPITAL, INC.

STATEMENT OF CHANGES IN NET ASSETS

	For The Years Ended September 30, 2019	2018
Net Assets Without Donor Restrictions		
Revenue In Excess Of (Less Than) Expenses	$ 4,409,327	$ (1,139,189)
Releases of net assets with donor restrictions	580	—
Increase (Decrease) In Net Assets Without Donor Restrictions	4,409,907	(1,139,189)
Net Assets With Donor Restrictions		
Contributions	23,200	—
Releases of net assets with donor restrictions	(580)	—
Investment income	27,497	6,112
Increase In Net Assets With Donor Restrictions	50,117	6,112
Increase (Decrease) In Net Assets	4,460,024	(1,133,077)
Net Assets - Beginning Of Year	134,933,288	136,066,365
Net Assets - End Of Year	$ 139,393,312	$ 134,933,288

See the notes to financial statements.

NAVAJO HEALTH FOUNDATION/
SAGE MEMORIAL HOSPITAL, INC.

STATEMENT OF CASH FLOWS
Page 1 Of 2

	For The Years Ended September 30, 2019	2018
Cash Flows From Operating Activities		
Increase (decrease) in net assets	$ 4,460,024	$ (1,133,077)
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Depreciation and amortization	931,348	838,124
Provision for bad debts	485,802	122,817
Investment (gain) loss	(1,547,828)	96,965
Contributions restricted to long-term purposes	(23,200)	—
Changes in assets and liabilities:		
Indian Self-Determination receivable	132,801	122,178,883
Patient accounts receivable	(31,961)	118,191
Other receivables	(911,196)	—
Supplies	(11,823)	(92,108)
Prepaid expenses and other assets	(150,938)	(166,278)
Accounts payable	15,072	(2,980,002)
Housing deposits	7,565	1,207
Estimated self insurance liability	3,725	28,519
Accrued payroll expenses	83,197	(99,247)
Receivables/payables of third party reimbursement programs	(726,063)	264,061
Net Cash Provided By Operating Activities	2,716,525	119,178,055
Cash Flows From Investing Activities		
Property and equipment additions	(326,063)	(187,042)
Construction in progress additions	(1,258,267)	(1,565,329)
Purchase of investments	—	(30,000,000)
Net Cash Used In Investing Activities	(1,584,330)	(31,752,371)
Cash Flows From Financing Activities		
Principal payments on capital lease obligations	(78,942)	(96,340)
Contributions restricted to long-term purposes	23,200	—
Net Cash Used In Financing Activities	(55,742)	(96,340)
Net Increase In Cash, Cash Equivalents And Restricted Cash	1,076,453	87,329,344
Cash, Cash Equivalents And Restricted Cash - Beginning Of Year	92,152,526	4,823,182
Cash, Cash Equivalents And Restricted Cash - End Of Year	$ 93,228,979	$ 92,152,526

See the notes to financial statements.

NAVAJO HEALTH FOUNDATION/
SAGE MEMORIAL HOSPITAL, INC.

STATEMENT OF CASH FLOWS
Page 2 Of 2

	For The Years Ended September 30,	
	2019	2018
Supplemental Schedule Of Cash Flows Disclosure		
Cash paid for interest	$ 16,453	$ 26,154
Supplemental Schedule Of Noncash Investing And Financing Activities		
Construction in progress transferred to property and equipment	2,039,283	—
Equipment addition through capital lease	—	331,465

See the notes to financial statements.

1. Organization And Significant Accounting Policies

Nature Of Operations

Navajo Health Foundation/Sage Memorial Hospital, Inc. (the Hospital) is a not-for-profit corporation and operates a 25-bed acute care facility, two outpatient clinics, two dental clinics and a community health nursing service. The Hospital primarily earns revenues by providing inpatient, outpatient and emergency care services to members of the Navajo Nation and other residents of Grazing District 17 and the Nazlini Chapter located within the state of Arizona.

Use Of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis Of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting. Net assets of the Hospital and changes therein have been classified and are reported as follows:

Net Assets Without Donor Restrictions - Net assets without donor restrictions represent those resources of the Hospital that are not subject to donor-imposed stipulations. The only limits on net assets without donor restrictions are board limits resulting from the nature of the Hospital and limits resulting from contractual agreements.

Net Assets With Donor Restrictions - Net assets with donor restrictions represent contributions, which are subject to donor-imposed restrictions that can be fulfilled by actions of the Hospital pursuant to those stipulations or by the passage of time or are subject to donor-imposed restrictions that they be maintained permanently by the Hospital. Generally, the donors of these assets permit the Hospital to use all or part of the investment return on these assets.

Expenses are generally reported as decreases in net assets without donor restrictions. A restriction expires when the stipulated time period has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Net assets with donor restricted contributions are recorded as restricted revenue when received and when the restriction expires, the net assets are shown as released from restriction on the statement of changes in net assets. Investment income on net assets with donor restrictions that is restricted by donor or law is recorded in the category of net assets with donor restrictions and when the restriction expires, the net assets are shown as released from restriction.

Cash And Cash Equivalents

The Hospital invests its cash in a financial institution with a strong credit rating. At times, such balances may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit of $250,000. At September 30, 2019, funds held in excess of the FDIC limit amounted to $94,181,153. Total cash held at the bank represents the amount of cash actually deposited in the bank at September 30, 2019 without regard to deposits in transit or outstanding checks. Cash and cash equivalents include highly liquid investments with an original maturity of three months or less.

The following is a reconciliation between cash, cash equivalents and restricted cash reported within the balance sheet and total cash, cash equivalents and restricted cash as shown in the statement of cash flows as of September 30:

	2019	2018
Cash and cash equivalents	$ 88,829,613	$ 87,789,338
Restricted cash	4,399,366	4,363,188
	$ 93,228,979	$ 92,152,526

Restricted Cash

Restricted cash is money market funds held through a July 6, 2016 escrow agreement with a national banking association. The restricted cash relates to an agreement between the Hospital and the previous management company. As disclosed in Note 2, the management agreement was terminated in August 2018. However, under the escrow agreement, the restricted cash cannot be released without the written instructions of both parties and is therefore still being reported as restricted cash at September 30, 2019 and 2018. Restricted cash totaled $4,399,366 and $4,363,188 at September 30, 2019 and 2018, respectively.

Investments And Investment Return

Investments held by the Hospital consist of equities, fixed income securities, and government securities and are carried at fair value. Investment earnings (including dividend, interest and realized and unrealized gains and losses) net of investment expenses are included in investment income unless the income or loss is restricted by donor. Income on investments of donor restricted funds is added to or deducted from the appropriate net asset category based on the donor's restriction.

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying balance sheets.

Patient Accounts Receivable

Patient accounts receivables are uncollateralized patient and third-party payor obligations and are stated at the amount management expects to collect. Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

The carrying amount of patient receivables is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient receivables by major payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management regularly reviews data about these major payor classes of revenue in evaluating the sufficiency of the allowance. Management considers historical write-off and recovery information in determining the estimated bad debt provision. The difference between the amounts billed and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the valuation allowance.

The Hospital's valuation allowance increased from 72% of patient receivables at September 30, 2018 to 82% at September 30, 2019. The increase is a result of the Hospital's receivables including more accounts that are over 120 days. The amounts of contractual write-offs and bad debts as a percentage of the amount of revenue recorded remained materially consistent with the prior year with only a 0.1% decrease.

Supplies

Supplies consist primarily of pharmaceuticals and other medical supplies and are stated at lower of cost on the first-in, first-out method or net realizable value.

Assets Limited As To Use

Assets limited as to use include: (1) assets restricted by donors and (2) assets set aside by the Board of Directors (the Board) for future capital improvements and debt redemption, over which the Board retains control and may, at its discretion, subsequently use for other purposes. Assets limited as to use that are available to meet the objectives of the board and external donors are classified as noncurrent assets.

Property And Equipment

Property and equipment acquisitions in excess of $5,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Amortization is included in depreciation and amortization in the financial statements. The estimated useful lives of property and equipment are 8 to 20 years for land improvements, 7 to 40 years for buildings and improvements, and 3 to 20 years for major moveable equipment.

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net assets at their fair market value and are excluded from revenues in excess of expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when donated or when acquired long-lived assets are placed in service.

The Hospital considers whether indicators of impairment are present and performs the necessary tests to determine if the carrying value of an asset is appropriate. Impairment write-downs are recognized in operating income at the time the impairment is identified. There was no impairment of long-lived assets in fiscal years 2019 or 2018.

Construction In Progress

The Hospital capitalizes costs of various remodel projects into construction in progress. When the project is completed, the costs are transferred to property and equipment and depreciation begins.

Compensated Absences

The Hospital's employees earn paid time off at varying rates depending on years of service. Employees may accumulate paid time off up to a specified maximum. Prior to February 1, 2019, employees who retired from the Hospital were able to convert accumulated paid time off to termination payments at varying rates, depending on the employees' service agreement. Effective February 1, 2019, the policy was changed and unused accumulated paid time off is forfeited upon termination and not paid out. The policy for extended illness leave remains unchanged and is not paid out at termination.

Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include pre-determined rates, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net amount due from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The Hospital is accredited as a Critical Access Hospital through The Centers for Medicare and Medicaid Services (CMS) and as such, has a cost reimbursement methodology for Medicare payment rates.

Indian Self-Determination And Education Assistance Act (ISDEAA)

The Hospital has an agreement with the Department of Health and Human Services, Indian Health Service (IHS), to provide medical services to Native Americans in the defined catchment area of Ganado, Arizona. Under this agreement, the Hospital receives capitation payments, regardless of the services actually performed by the Hospital. The agreement is for the fiscal years 2018 through 2020. Thereafter, continued funding is dependent on a newly negotiated three-year contract.

Self-Determination Contract Revenue

As noted above, the Hospital has a self-determination contract with IHS to assume the management and operation of programs, functions, services and activities (PFSA) for the delivery of health care services to Native Americans. Under this agreement, the Hospital receives lump-sum payments based on negotiations between IHS and the Hospital, as provided in the Annual Funding Agreement for services provided during the annual contract period. The Hospital is required to provide inpatient and outpatient services including ancillary and support services which include primary care clinic, emergency medical services, dental clinic, inpatient and outpatient pharmacy, clinical laboratory improvement amendments, laboratory, physical therapy, podiatry clinic, optometry clinic, radiology services, public health nursing, behavioral health and social services, community based health promotion/disease prevention activities, traditional medicine, contract health services and other health services to Native Americans residing within the defined boundaries to the extent that self-determination funds are available. Revenues earned under the contract for the years ended September 30, 2019 and 2018 represented 53% and 61% of total revenues, respectively. Net Indian Self-Determination revenue for the year ended September 30, 2018 included settlement funds of $8,000,000. The settlement funds related to claims the Hospital filed against the Secretary of the United States Department of Health and Human Services, Indian Health Service, and Navajo Area Indian Health Service regarding the termination of the self-determination funding and contract support shortfalls.

Grants And Contributions

Unconditional promises to give cash and other assets are recorded at estimated fair value at the date each promise is received. Gifts received with donor stipulations are reported as net assets with donor restrictions. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified and reported as net assets without donor restrictions.

The Hospital receives support from a federal governmental entity under a grant to support its diabetes program, which is considered an exchange arrangement. Revenue under this agreement is recognized based on the Hospital's fulfillment of the contract, which is based on costs incurred for the diabetes program.

Donor-restricted contributions whose restrictions are met within the same year as received are reported as grant revenue or contributions received for operations in the accompanying financial statements.

Charity Care

To fulfill its mission of community service, the Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as patient service revenue. The Hospital did not have any charity care write-off amounts for the years ended September 30, 2019 and 2018.

Other Income (Expense)

Other income (expense) consists of non-operating investment returns (including interest and dividends, and realized and unrealized gains/losses) on investments and other expenses that are not deemed to be operating in nature, such as legal settlements.

Revenue In Excess Of (Less Than) Expenses

The statement of operations reports revenue in excess of (less than) expenses, which is considered the operating indicator. Revenue in excess of (less than) expenses reported on the statements of operations excludes contributions that are restricted by donors and investment income restricted by donors. These items are reported as changes in net assets with donor restrictions.

Income Taxes

The Hospital has been recognized as exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of the state law. However, the Hospital is subject to federal income tax on any unrelated business taxable income.

The Hospital undergoes an annual analysis of its various tax positions, assessing the likelihood of those positions being upheld upon examination with relevant tax authorities, as defined by accounting principles generally accepted in the United States of America (GAAP). The Hospital believes that they are in substantial compliance with all IRS tax regulations as of September 30, 2019, and therefore have not recorded any unrecognized tax benefit or liabilities for income taxes.

The Hospital's tax returns are typically subject to examinations by tax authorities for a period of 3 years from the date they are filed.

Self-Insurance

The Hospital has elected to self-insure certain losses related to employee health and accident benefit programs. Costs resulting from noninsured losses are charged to income when incurred. Management accrues its best estimate of outstanding claims as they occur based on past experience and current trends to provide an adequate reserve for loss contingencies.

Fair Value Measurements

The Hospital measures fair value of its investments as required by generally accepted accounting principles. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The valuation techniques are required to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments measured and reported at fair value are classified as disclosed in one of the three following categories:

Level 1 Quoted prices that are readily available in active markets/exchanges for identical investments

Level 2 Pricing inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly

Level 3 Significant pricing inputs that are unobservable for the investments and includes investments for which there is little, if any, market activity for the investment

Reclassifications

Certain 2018 amounts have been reclassified, where appropriate, to conform to the presentation used in the 2019 financial statements.

New Accounting Standards Implementation

During 2019, the Hospital implemented Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* In accordance with the ASU, the statement of financial position presents two classes of net assets, rather than the previously required three classes. The two classes are "Net assets without donor restriction" (previously "Unrestricted" net assets) and "Net assets with donor restrictions" (previously "Temporarily and Permanently" restricted net assets). The ASU also requires disclosure concerning the Hospital's liquidity and presentation of expense by both function and natural classification. The Hospital adopted the ASU on a retrospective basis and the adoption did not have a material impact on the financial statements.

During 2019, the Hospital implemented ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash.* The objective of this change is to reduce diversity that exists in the classification and presentation of changes in restricted cash on the statement of cash flows. This amendment requires that amounts generally described as restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Hospital's implementation of this new accounting guidance resulted in certain presentation changes on the statement of cash flows. The effect of these changes has been applied retrospectively. For the year ended September 30, 2019, cash flows from operating activities increased $36,178. For the year ended September 30, 2018, cash flows from operating activities increased $18,752.

2. Management Agreement

The Hospital was under a management agreement with Razaghi Development Company dba Razaghi Healthcare ("RH") during the year ended September 30, 2018. The second amended management agreement became effective June 16, 2017 and included an expiration date of September 30, 2025. However, the agreement ended in August 2018, and the Hospital filed a civil Racketeer Influenced and Corrupt Organizations (RICO) Act complaint in the United States District Court, District of Nevada alleging that RH and its owner, Ahmad Razaghi, committed federal and state racketeering and conspiracy violations and completed an unlawful and fraudulent taking of over $10.8 million under the guise of a management agreement dispute. The federal complaint requests compensatory and punitive damages and emergency injunctive relief.

Under the management agreement, all matters requiring professional medical judgment remained the responsibility of the Hospital's medical staff and professionals. RH had the authority and responsibility to oversee the supervision and effective management of the day-to-day business operations of the Hospital. Additionally, RH was required to perform the duties and responsibilities of the chief executive officer.

During the year ended September 30, 2018, the Hospital incurred the following fees and costs relating to the management agreement and its amendments:

Management fees	$ 2,480,231
Salaries of employees at contract rates	3,595,014
Legal, professional, and insurance cost reimbursements	1,250,023
Other	335,195
	$ 7,660,463
Theft / diversion of Hospital assets (see Note 13)	$ 10,855,134

3. Related Party Transactions

Employee Housing

The Hospital leases housing to its employees. The leases are for the duration of employment with the Hospital and cease 7 days after termination of employment. Total rent received for the years ended September 30, 2019 and 2018, was $217,398 and $224,159, respectively.

Board Member Stipends

The Hospital paid stipends to board members totaling $74,150 and $138,980 for the years ended September 30, 2019 and 2018, respectively. The Hospital also reimbursed the board members for travel and other costs totaling $14,335 and $27,051 for the years ended September 30, 2019 and 2018, respectively.

4. Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows.

Medicare

The Hospital, licensed as a Critical Access Hospital (CAH), is reimbursed for most inpatient and outpatient services under a cost reimbursement methodology with final settlement determined after submission of annual cost reports, which are subject to audits, by the Medicare intermediary. Estimated provisions to approximate the final expected settlements after review by the intermediaries are included in the accompanying financial statements. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. In April 2018, there was a final settlement adjustment for fiscal year 2016 that resulted in additional payments to the Hospital totaling $347,154. An audit is currently being performed on the fiscal year 2017 Medicare cost report. At September 30, 2019, receivable from third-party reimbursement programs consists of estimated reimbursements relating to the 2019 Medicare cost report and the 2018 amended Medicare cost report.

Medicaid/AHCCCS

Inpatient and outpatient services rendered to Arizona Health Care Cost Containment System (AHCCCS) program beneficiaries are reimbursed at prospectively determined rates. As a CAH, the Hospital shares in a pool of additional reimbursement that is allocated to all critical access hospitals in the state of Arizona. At September 30, 2019, payable to third-party reimbursement programs consists of a liability relating to AHCCCS withholdings.

Commercial Insurance Carriers

The Hospital has agreements with certain commercial insurance carriers and other organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations governing the Medicare, AHCCCS, and other 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.

5. Investments And Other Financial Instruments

The composition of investments, including assets limited as to use, and cash, cash equivalents, and restricted cash at September 30 is as follows:

	2019	2018
Investments measured at fair value		
Cash and cash equivalents	$ 98,662,733	$ 97,527,738
Fixed income securities	157,067	146,363
Equities	21,723,296	486,569
Government securities	10,747,723	30,505,878
	$ 131,290,819	$ 128,666,538

Investments, including assets limited as to use, and cash, cash equivalents, and restricted cash at September 30 is as follows:

	2019	2018
Assets limited as to use:		
Internally designated by Board of Directors	$ 5,694,839	$ 5,694,839
Externally restricted by donors	836,673	809,176
Restricted cash	4,399,366	4,363,188
Other financial instruments:		
Cash and cash equivalents and short-term investments	88,956,785	87,909,818
Investments, long-term	31,403,156	29,889,517
	$ 131,290,819	$ 128,666,538

Investment Return

Investment return on assets that are board-designated for property and equipment replacement is considered a non-operating gain or loss. Investment return for the external endowment is considered a change in net assets with donor restrictions, as stipulated in the endowment.

Investment income and gains and losses on assets limited as to use, cash equivalents, and other investments consisted of the following for the years ended September 30:

	2019	2018
Dividends and interest	$ 1,160,863	$ 169,187
Net realized and unrealized gains	392,693	157,892
	$ 1,553,556	$ 327,079

Investment return is reported as follows:

	2019	2018
Nonoperating investment income	$ 1,526,059	$ 320,967
Investment income included in increse in net assets with donor restrictions	27,497	6,112
	$ 1,553,556	$ 327,079

6. Fair Value Of Financial Instruments

Following is a description of the valuation methodologies used for assets measured at fair value.

Money market funds are valued using a net asset value (NAV) of $1.00 and are generally included in cash and cash equivalents. Equities are valued at quoted market prices. Fixed income and government securities are primarily valued using quotes from pricing vendors based on recent trading activity and other observable market data.

The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, while the Hospital believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Hospital's assets measured at fair value on a recurring basis as of September 30:

	Fair Value Measurements Using			Total Assets
	Level 1	Level 2	Level 3	At Fair Value
September 30, 2019				
Cash and cash equivalents	$ 98,662,733	$ —	$ —	$ 98,662,733
Fixed income securities	12,633	144,434	—	157,067
Equities	21,723,296	—	—	21,723,296
Government securities	—	10,747,723	—	10,747,723
	$ 120,398,662	$ 10,892,157	$ —	$ 131,290,819

	Fair Value Measurements Using			Total Assets
	Level 1	Level 2	Level 3	At Fair Value
September 30, 2018				
Cash and cash equivalents	$ 97,527,738	$ —	$ —	$ 97,527,738
Fixed income securities	—	146,363	—	146,363
Equities	486,559	—	—	486,559
Government securities	—	30,505,878	—	30,505,878
	$ 98,014,297	$ 30,652,241	$ —	$ 128,666,538

The carrying values of patient accounts receivable, all other receivables, accounts payable, accrued payroll expenses, capital lease obligations, housing deposits, and estimated self-insurance liability approximate their fair values due to the short-term nature. The fair value of the amounts payable and receivable under third-party reimbursement contracts is not readily determinable.

7. Property And Equipment

A summary of property and equipment at September 30 follows:

	2019	2018
Cost:		
Land	$ 26,000	$ 26,000
Land improvements	33,145	33,145
Buildings and improvements	14,853,997	12,798,638
Major moveable equipment	11,829,305	11,669,775
	26,742,447	24,527,558
Less: Accumulated depreciation and amortization	(19,248,665)	(18,467,774)
	$ 7,493,782	$ 6,059,784

Most of the land improvements and buildings and improvements are leasehold improvements located on the land leased from the Presbytery of Grand Canyon (the Church). The Hospital signed a lease agreement with the Church in 1989 to lease the land and buildings in Ganado, Arizona in which the Hospital operates. Annual payments under the lease are $1 plus payment of taxes, security and fire protection. The lease expires in 2034. Under the lease agreement, the land and buildings must be used for providing educational, religious, and healthcare to the Navajo people. Depreciation and amortization expense for the years ended September 30, 2019 and 2018, amounted to $931,348 and $838,124, respectively.

8. Capital Leases

The Hospital leases equipment under capital leases expiring through fiscal year 2022. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. The assets are amortized over the shorter of the lease terms or their estimated productive lives. Amortization of assets under capital leases is included in depreciation expense and totaled $82,261 for each of the years ended September 30, 2019 and 2018.

Following is a summary of equipment held under capital leases at September 30, 2019 and 2018:

	2019	2018
Major moveable equipment	$ 443,240	$ 443,240
Less: Accumulated amortization	(200,449)	(118,189)
	$ 242,791	$ 325,051

Minimum future lease payments under capital leases as of September 30, 2019 are as follows:

Year	Amount
2020	$ 105,325
2021	76,898
2022	57,674
	239,897
Less: Interest	(17,956)
	221,941
Less: Current portion	(94,497)
	$ 127,444

9. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following at September 30:

	2019	2018
Subject to expenditure for specified purpose:		
Scholarships	$ 265,584	$ 265,584
Other	637,100	637,680
Endowment restricted earnings for scholarships	285,764	208,267
Flu vaccination	23,200	—
	1,161,648	1,111,531
Subject to restriction in perpetuity:		
Endowment	600,909	600,909
Other	1,000	1,000
	601,909	601,909
	$ 1,763,557	$ 1,713,440

10. Endowment

The Hospital's endowment consists of Scandling Memorial Scholarship funds established to provide financial scholarship opportunities for full-time Navajo college students in the field of nursing. Its endowment consists of donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. There are no funds designated by the Board to function as endowments.

Interpretation Of Relevant Law

The Board of the Hospital has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Hospital classifies net assets with donor restrictions as (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Investment earnings that are not classified in net assets with donor restrictions in perpetuity are classified as unappropriated endowment earnings until those amounts are appropriated for expenditure by the Hospital in a manner consistent with the standards of prudency prescribed by SPMIFA.

In accordance with SPMIFA, the Hospital considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Hospital
(7) The investment policies of the Hospital

Endowment net asset composition by type of fund as of September 30, 2019 and 2018 and changes in endowment net assets for the years then ended are as follows:

	With Donor Restrictions		
	Unappropriated Endowment Earnings	In Perpetuity	Total
2019			
Endowment net assets at beginning	$ 208,267	$ 600,909	$ 809,176
Investment return	27,497	—	27,497
Endowment net assets at end	$ 235,764	$ 600,909	$ 836,673
2018			
Endowment net assets at beginning	$ 202,155	$ 600,909	$ 803,064
Investment return	6,112	—	6,112
Endowment net assets at end	$ 208,267	$ 600,909	$ 809,176

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Hospital to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature related to market fluctuations are reported in net assets with donor restrictions. If such deficiencies exist, the Hospital would continue appropriation for certain purposes in which are deemed prudent by the Board. There were no such deficiencies as of September 30, 2019 and 2018.

Return Objectives And Risk Parameters

The Hospital has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Hospital must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Hospital expects its endowment funds, over time, to provide an average rate of return of approximately 10% annually. Actual returns in any given year may vary from this amount.

Strategies Employed For Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Hospital relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Hospital targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy And How The Investment Objectives Relate To Spending Policy

The Hospital has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior 4 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Hospital considered the long-term expected return on its endowment. Accordingly, over the long term, the Hospital expects the current spending policy to allow its endowment to grow at an average of 10% annually. This is consistent with the Hospital's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

11. Liquidity And Availability Of Resources

The Hospital has the following financial assets available to meet general expenditures over the next twelve months:

	2019	2018
Cash and cash equivalents	$ 88,829,613	$ 87,789,338
Investments	31,530,328	30,009,997
Patient accounts receivables	1,259,267	1,713,108
Other receivables	1,980,806	404,210
Assets limited as to use	6,531,512	6,504,015
Restricted cash	4,399,366	4,363,188
Total liquid assets	134,530,892	130,788,856
Less: Amounts restricted by donors	(1,763,557)	(1,713,440)
Less: Amounts restricted by contracts	(4,399,366)	(4,363,188)
Less: Amounts designated by the Board	(5,694,839)	(5,694,839)
	$ 122,673,130	$ 119,012,389

The Hospital manages its cash available to meet general expenditure following these guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long-term commitments to medical support for the Native Americans in and around Ganado, Arizona.

The Board had designated a portion of net assets without donor restrictions to support the upkeep and purchase of additional property and equipment.

12. Pension Plans

The Hospital has two defined contribution pension plans covering substantially all employees. The Sage Memorial Hospital Money Purchase Pension Plan provides for matching contributions equal to 300% of the first 1% of each eligible participant's contributions to the Sage Memorial Hospital Tax Sheltered Annuity Plan. Pension expense was $158,817 and $106,234 for the years ended September 30, 2019 and 2018, respectively.

13. Commitments And Contingencies

Electronic Health Records (EHR)

In 2019, all CAHs are required to use 2015 edition certified electronic health record technology and meet the new requirements outlined in the 2019 IPPS final rule. The Hospital obtained a hardship exception to avoid a payment reduction for the 2018 payment year. The Hospital will be applying for a hardship exception for the 2019 payment year when CMS begins to accept applications in August 2020 for CAHs. The Hospital intends to migrate to Meditech Expanse, a cloud-based EHR solution, by November 1, 2020.

Gas Line

Management was notified that the gas lines on the Hospital campus were in need of immediate replacement. Phase 1 of the project was completed during fiscal year 2019. The Hospital has a signed construction contract in place for Phase 2 of the project. Phase 2 totals $810,000 of which $405,000 had been incurred through September 30, 2019.

Tribal Designation

The Navajo Nation Council has authorized the Hospital as a tribal organization for the purpose of managing and operating contracts with IHS under Public Law 93-638 for a fifteen-year period ending September 30, 2020. The Hospital intends to provide an extended authorizing resolution for the proposed fifteen-year contract term. Due to the COVID-19 pandemic, submission of this resolution has been delayed; however, the Hospital plans to have the resolution in place before the start of the proposed contract term on October 1, 2020. Without the tribal organization designation, the Hospital is not authorized to enter into ISDEAA funding contracts with IHS.

Litigation

In February 2019, the Hospital filed a complaint for compensatory and punitive damages and emergency injunctive relief against Razaghi Healthcare, its owner Ahmad Razaghi individually, and the former CFO Tausif Hasan contracted through Razaghi Healthcare. The complaint has been filed in the United States District Court, District of Nevada and alleges that RH, Razaghi and Hasan committed federal and state racketeering and conspiracy violations, and a fraudulent and unlawful theft of over $10.8 million dollars. It is the hospital's position that the $10.8 million-dollar wire transfer was fraudulent and was part of a civil conspiracy, that Razaghi and Hasan breached their fiduciary duties. The Hospital is seeking declaratory and injunctive relief, compensatory, punitive and treble damages in an amount exceeding $30,000,000, and interest on all sums as permitted by law.

Litigation is ongoing and the parties are currently briefing various legal issues with the court. A trial date has not been set by the courts.

14. Estimated Self-Insurance Claims

The Hospital is self-insured for employee health care claims. The accrual for incurred but unpaid health claims is reflected as a component of accrued expenses in the balance sheets. A provision is accrued for self-insured claims including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors. Self-funded health care expense for the years ended September 30, 2019 and 2018 totaled $665,673 and $553,854, respectively. A liability of $81,529 and $77,804 for claims outstanding at September 30, 2019 and 2018, respectively, has been recorded in the accompanying balance sheet. Management believes this liability is sufficient to cover estimated claims including claims incurred but not yet reported. It is reasonably possible that the Hospital's estimate may change in the near term.

15. Medical Malpractice Claims

The Hospital has malpractice coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of $1 million per claim and an annual aggregate limit of $3 million. Liability protection was also provided under the Federal Tort Claims Act (FTCA) for the Hospital and its employees when they are providing services within the scope of employment included under FQHC activities.

16. Functional Expenses

Expenses are reported in their natural classification in the functional expense categories. All expenses that are not determined to be management and general are classified as patient services. Certain cost centers are purely administrative and not directly related to patient care; therefore, the expenses from these cost centers are categorized as management and general.

Expenses are categorized on a functional basis for the years ended September 30 as follows:

	2019			
	Patient Services	Management And General	Fundraising	Total
Salaries	$ 9,984,167	$ 1,652,393	$ —	$ 11,636,560
Employee benefits	1,465,428	232,656	—	1,698,084
Supplies and other expenses	6,733,372	3,075,917	6,227	9,815,516
Purchased services and professional fees	11,659,133	1,448,285	—	13,107,418
Depreciation and amortization	838,213	93,135	—	931,348
Interest	—	16,453	—	16,453
	$ 30,680,313	$ 6,518,839	$ 6,227	$ 37,205,379

	2018			
	Patient Services	Management And General	Fundraising	Total
Salaries	$ 7,469,834	$ 1,678,796	$ —	$ 9,148,630
Employee benefits	1,066,157	235,251	—	1,301,408
Supplies and other expenses	6,162,986	2,912,533	145,249	9,220,768
Purchased services and professional fees	13,822,369	4,379,832	—	18,202,201
Depreciation and amortization	754,312	83,812	—	838,124
Interest	—	26,154	—	26,154
	$ 29,275,658	$ 9,316,378	$ 145,249	$ 38,737,285

17. Concentration Of Credit Risk

Financial instruments that potentially subject the Hospital to possible credit risk consist principally of patient receivables, cash deposits in financial institutions in excess of insured limits, and investment of surplus operating funds.

Patient Receivables

Patient receivables consist of amounts due from patients, their insurers, or government agencies (primarily Medicare and AHCCCS) for health care provided to the patients. The majority of the Hospital's patients are from Ganado, Arizona, and the surrounding area.

The mix of receivables from patients and third-party payors at September 30, 2019 and 2018 was as follows:

	2019	2018
Government related programs	81%	72%
Commercial and other third-party payors	18%	22%
Self-pay	1%	6%
	100%	100%

18. Laws And Regulations

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and billing regulations. Government activity with respect to investigations and allegations concerning possible violations of such regulations by health care providers has increased. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayment for patient services previously billed. Management believes that the Hospital is in compliance with applicable government laws and regulations.

The Center for Medicare and Medicaid Services (CMS) uses recovery audit contractors (RACs) as part of its efforts to ensure accurate payments under the Medicare program. RACs search for potentially inaccurate Medicare payments that might have been made to health care providers and were not detected through existing CMS program-integrity efforts. Once a RAC identifies a claim it believes is inaccurate, the RAC makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. The Hospital may either accept or appeal the RACs findings. The outcome of any potential reviews is unknown, and any financial impact cannot be reasonably estimated at September 30, 2019.

The Hospital serves as a Plan Administrator for two separate retirement plans registered with the Department of Labor (DOL) and Internal Revenue Service (IRS). Plan one is a Tax Sheltered Annuity retirement plan and Plan two is a Money Purchase Pension Plan that is made up of employer contributions made by the Hospital. Both plans were created under Section 403(b) of the Internal Revenue Code. Each year the plan administrator is responsible for filing separate tax form 5500's accompanied by a set of audited financial statements of each plan. Filings for each plan are due by July 31, with extensions available through October 15, of the subsequent year being reported.

19. Subsequent Events

The Hospital purchased medical equipment including an MRI system, a mobile radiography and a digital radiography with purchase prices totaling $1,550,200. The Hospital entered into maintenance agreement for the equipment that have five year terms at a cost of $109,500 for the first year and $138,800 for years two through five.

The Hospital entered into an architectural master agreement for the replacement of the existing hospital, a medical office building, additional multi-family housing units, and additional projects. The Hospital has not entered into any construction or development agreements related to the projects as of the report date. The Board approved a resolution regarding implementation of a plan to finance the projects by issuance of a maximum of $125,000,000 bonds, with the proceeds of the bonds being loaned to the Hospital.

The Hospital leased medical equipment for five years with monthly rental payments of $5,278 and monthly maintenance payments of $1,690.

The Hospital signed a contract for various software including electronic health records and an upgrade of the financial accounting software under a month-to-month contract which requires monthly payments of $39,000 and a 60 day termination notice. In addition, $75,000 was due ninety days following execution of the agreement.

The recent outbreak in China of COVID-19, which has been declared by the World Health Organization to be a public health emergency of international concern, has spread across the globe and is impacting worldwide economic activity. To date, COVID-19 has caused the Hospital to temporarily suspend its outpatient services. The U.S. government has enacted certain fiscal stimulus measures to counteract the economic disruption caused by COVID-19. The Hospital has received funding totaling $5,669,200 through The Families First Coronavirus Response Act, the Coronavirus Aid, Relief, and Economic Security Act, and the Paycheck Protection Program and Healthcare Enhancement Act. The funding has been administrated through IHS and the U.S. Department of Health & Human Services. If the funds are not used for the purposes during the period of availability as outlined in the legislation, then they must be returned. The virus is likely to have a further negative impact in 2020 on the global economy, and might impact the Hospital's future financial results. COVID-19 could also cause increased demand for the Hospital's services if people in the area are exposed to the virus. The extent to which the COVID-19 virus impacts the Hospital's results will depend on future developments, which remain highly uncertain and cannot be predicted at this time.

Management has evaluated subsequent events through the date of the independent auditors' report, which is the date on which the financial statements were available to be issued.

RubinBrown

5851 W Charleston Blvd
Las Vegas, NV 89146

T: 702.878.9788
E: info@rubinbrown.com
www.RubinBrown.com

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

Board of Directors of
Navajo Health Foundation/Sage Memorial Hospital, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Navajo Health Foundation/Sage Memorial Hospital, Inc. (a nonprofit organization), which comprise the balance sheet as of September 30, 2019, and the related statements of operations, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Navajo Health Foundation/Sage Memorial Hospital, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Navajo Health Foundation/Sage Memorial Hospital, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Navajo Health Foundation/Sage Memorial Hospital, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001 through 2019-007 that we consider to be material weaknesses.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Navajo Health Foundation/Sage Memorial Hospital, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Navajo Health Foundation/Sage Memorial Hospital, Inc.'s Response To Findings

Navajo Health Foundation/Sage Memorial Hospital, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Navajo Health Foundation/Sage Memorial Hospital, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose Of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RubinBrown LLP

June 25, 2020

NAVAJO HEALTH FOUNDATION/
SAGE MEMORIAL HOSPITAL, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended September 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant Period	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services (Pass-through programs from Indian Health Service):				
Indian Self-Determination	93.441	10/01/18 - 09/30/19	HHSI245201800001C	$ 21,471,588
Special Diabetes Program for Indians:				
Diabetes Prevention and Treatment Projects	93.237	01/15/16 - 12/31/19	H1D1IHS0506	804,985
				22,276,573
				$ 22,276,573

See the notes to schedule of expenditures of federal awards.

1. Basis Of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Navajo Health Foundation/Sage Memorial Hospital, Inc., under programs of the federal government for the year ended September 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Navajo Health Foundation/Sage Memorial Hospital, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Navajo Health Foundation/Sage Memorial Hospital, Inc.

2. Summary Of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Navajo Health Foundation/Sage Memorial Hospital, Inc. did not pass-through any awards to subrecipients during the year ended September 30, 2019. Navajo Health Foundation/Sage Memorial Hospital, Inc. has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

RubinBrown

5851 W Charleston Blvd
Las Vegas, NV 89146

T: 702.878.9788
E: info@rubinbrown.com
www.RubinBrown.com

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report On Compliance For Each Major Federal Program And Report On Internal Control Over Compliance In Accordance With The Uniform Guidance

Board of Directors
Navajo Health Foundation/Sage Memorial Hospital, Inc.

Report On Compliance For Each Major Federal Program

We have audited Navajo Health Foundation/Sage Memorial Hospital, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Navajo Health Foundation/Sage Memorial Hospital, Inc.'s major federal programs for the year ended September 30, 2019. Navajo Health Foundation/Sage Memorial Hospital, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Navajo Health Foundation/Sage Memorial Hospital, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Navajo Health Foundation/Sage Memorial Hospital, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Navajo Health Foundation/Sage Memorial Hospital, Inc.'s compliance.

Opinion On Each Major Federal Program

In our opinion, Navajo Health Foundation/Sage Memorial Hospital, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

Report On Internal Control Over Compliance

Management of Navajo Health Foundation/Sage Memorial Hospital, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Navajo Health Foundation/Sage Memorial Hospital, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Navajo Health Foundation/Sage Memorial Hospital, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RubinBrown LLP

June 25, 2020

Summary Of Auditors' Results

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Navajo Health Foundation/Sage Memorial Hospital, Inc. were prepared in accordance with GAAP.

2. Seven material weaknesses disclosed during the audit of the financial statements are reported in this Schedule. No significant deficiencies are reported.

3. No instances of noncompliance material to the financial statements of Navajo Health Foundation/Sage Memorial Hospital, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. No material weaknesses or significant deficiencies in internal control over the major federal award programs were disclosed during the audit.

5. The auditors' report on compliance for the major federal award programs for Navajo Health Foundation/Sage Memorial Hospital, Inc. expresses an unmodified opinion on the major federal programs.

6. There were no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a).

7. The programs tested as major were CFDA Number 93.441 - Indian Self Determination and CFDA Number 93.237 - Special Diabetes Program for Indians: Diabetes Prevention and Treatment Projects.

8. The threshold used for distinguishing between Type A and B programs was $750,000.

9. Navajo Health Foundation/Sage Memorial Hospital, Inc. was determined to be a high-risk auditee.

Findings - Financial Statements

Material Weaknesses

2019-001 Deposit Reconciliations

Condition: The Hospital's control procedures did not include appropriately researching and adjusting variances between cash receipts posted through patient accounting and deposits per the bank statement.

Criteria: Deposit reconciliation procedures are a fundamental part of maintaining accurate cash and accounts receivable balances. A reconciliation of all cash receipts serves as a control procedure to help ensure that transactions posted in the general ledger are accurate and complete.

Cause: Due to the difficulty in extracting individual deposit information from the accounting software as posted by the patient accounting department, detail deposits were not reconciled between the bank statement and the general ledger. Instead, differences were posted to one expense account to adjust the ending cash balances to match the bank.

Effect: Any errors in posting cash receipts by the patient accounting department will not be properly identified and corrected with the current procedures in place. Additionally, withholdings from third party payors will not be timely identified and, if necessary, appealed with the payor or accruals posted for the withholdings.

Auditors' Recommendation: We recommend that management establish procedures to extract the individual deposit totals posted by the patient accounting department and that each deposit be reconciled to the bank statement on a monthly basis. We recommend that variances be properly researched and adjusted through the patient accounting department. The reconciliations should be reviewed and approved by an individual independent of the reconciliation process.

Views of responsible officials and planned corrective actions: Management agrees with the auditor's recommendation. The finance department has met with the appropriate individuals from the affected departments and has identified the areas of weakness to be addressed. The deposits will be reconciled between the general ledger postings and the patient accounting department on a monthly basis.

2019-002 Accounts Payable

Condition: The Hospital's internal controls did not allow for accounts payable and accrued liability accounts to be accurate at year end.

Criteria: Accounts payable and accrued liabilities at year end should include all liabilities that existed at year end.

Cause: The accounts payable module was closed shortly after year end. Therefore, an accounting employee manually prepared a listing of invoices requiring accrual at year end and an accrual was posted to accrued liabilities based on the listing. The manually prepared listing was not complete and also included duplicates of invoices that were already accrued in accounts payable.

Effect: Various audit adjustments were required to correct accounts payable and accrual balances.

Auditors' Recommendation: We recommend that accounts payable be held open at least 30 days after year end to help ensure invoices are accrued at year end. Approved invoices should be posted to the general ledger in the accounts payable module based on the date the liability occurred. Invoices that cover a range of service dates should be prorated and accrued at year end. The detailed schedules of accounts payable should be reviewed for accuracy during the year end closing process. All accrued liability accounts should be reviewed and reconciled to the supporting schedules on a monthly basis.

Views of responsible officials and planned corrective actions: Management agrees with the auditor's recommendation. The auditor's recommendation will be addressed during the software upgrade to determine whether the recommendation will properly reflect the accrued accounts payable. If it does then the recommendation will be implemented by the finance department. If not, then the finance department will work with the auditors to determine a best practices solution.

2019-003 Net Assets

Condition: The Hospital's internal controls did not properly identify all donor restricted revenues and report them as net assets with donor restrictions in the general ledger.

Criteria: Net assets should be properly classified between net assets with donor restrictions and net assets without donor restrictions. The details of any restrictions that are temporary in nature should be maintained in order to properly track when the restrictions are met.
Cause: There was an oversight when recording revenues that were restricted to support flu vaccinations and the restriction was not properly identified, recorded, and tracked. Additionally, the journal entry to account for restricted investment earnings was posted incorrectly.

Effect: Audit adjustments were required to reclassify net asset amounts.

Auditors' recommendation: We recommend that all grant and donation revenues be assessed for donor restrictions at the time they are posted and that a detail net asset rollforward schedule be maintained on a monthly basis and reconciled to the general ledger.

Views of responsible officials and planned corrective actions: Management agrees with the auditor's recommendation. The finance department will take the appropriate steps to identify and classify restricted and non-restricted assets. In addition, a roll-forward schedule will be maintained that is reconciled to the general ledger.

2019-004 Revenue And Accounts Receivable

Condition: We noted a lack of internal controls which led to inconsistencies in postings from the patient accounting system into the general ledger as follows: 1) some transactions with service dates prior to year end were not posted until after year end, 2) the year end unbilled receivables general ledger account balance was adjusted to match the October 31, 2019 report rather than the September 30, 2019 report, and 3) there were over $400,000 of accounts with credit balances in patient accounts receivable.

Criteria: Revenues should be posted in the period earned at the proper amount. Accounts receivable should represent revenues earned but unpaid and should be reduced by an allowance for estimated contractual adjustments and uncollectible amounts.

Cause: 1) Frequently revenues are not posted in the proper period due to required billing adjustments posted in subsequent months. 2) There was oversight by finance personnel and the incorrect unbilled report was utilized for year end reporting. 3) Credit balances were largely due to duplicate postings of contractual allowances, and in some instances, cash receipts. Credit balances were not appropriately researched and bank reconciliation processes did not identify duplicate cash postings (see finding 2019-001).

Effect: Audit adjustments were required, with the help from finance personnel in determining the proper adjustments, to correct the large posting errors by the patient accounting department.

Auditors' recommendation: We recommend that the finance department review the detail revenue reports, the detail accounts receivable reports, and the unbilled receivable reports monthly to properly assess whether all revenues are being reported in the proper period and that the general ledger balances are accurate. We recommended that all patient accounts with credit balances be routinely reviewed, and either corrected or refunded. Additionally, as recommended in finding 2019-001, each individual deposit should be reconciled to the bank statement during the bank reconciliation process.

Views of responsible officials and planned corrective actions: Management agrees with the auditor's recommendation. The auditor's recommendations will be implemented by the Hospital. The Revenue Cycle Manager position is still vacant but is still advertised.

2019-005 Property And Equipment

Condition: The Hospital's internal controls include the maintenance of a capitalized asset tagging log; however, the internal controls do not include reconciling the log to the fixed asset detail schedules and the tag number is not included on the fixed asset detail schedules.

Criteria: Property and equipment acquisitions should be capitalized at cost and depreciation should be calculated on that cost over the estimated useful life of the assets. Disposals should be recorded for assets that the Hospital sells or abandons.

Cause: The tagging log is maintained by the purchasing department and the fixed asset detail schedules are maintained by the finance department and the information is not shared between the two departments.

Effect: Additions or disposals may not be properly reflected on the fixed asset detail schedules, which reconcile to the general ledger. This could cause fixed assets to be either overstated or understated.

Auditors' recommendation: We recommend that, on a monthly basis, the finance department reconciles additions and disposals with the purchasing department and records the asset tag numbers on the fixed asset detailed listing to ensure that all additions and disposals are properly recorded in the general ledger.

Views of responsible officials and planned corrective actions: The finance department has assessed the accuracy of the purchasing department's schedule and will address the additions and disposals on a quarterly basis. The fixed asset schedule will be updated to include the asset tag numbers on a go forward basis.

2019-006 Inventory

Condition: The Hospital's internal controls do not ensure that the prices are accurate on the inventory listings.

Criteria: Inventory prices utilized on inventory listings should be based on the Hospital's accounting policy, which is the lower of cost on the first in first out method or market value.

Cause: The price utilized for the inventory listing at year end was not reviewed and there were several errors noted, including some prices being based on lots or packages while the counts were based on the individual level.

Effect: The year end inventory was overstated and an audit adjustment was required.

Auditors' recommendation: We recommend that management establish procedures to ensure that accurate prices are utilized on the inventory listings.

Views of responsible officials and planned corrective actions: Management agrees with the auditor's recommendation. The finance department has addressed the issue with the appropriate parties and a review of the input will be performed to ensure the accuracy of the data.

2019-007 Journal Entries

Condition: There was no review and approval process for posting journal entries.

Criteria: Transactions posted in the general ledger should be accurate.

Cause: There was a limited number of finance personnel during the year and the personnel in the department did not have additional time in their schedules to implement controls to review and approve journal entries.

Effect: No review and approval of journal entries could lead to posting errors not being timely identified and corrected.

Auditors' recommendation: We recommend that an employee with knowledge of generally accepted accounting principles review all journal entries and the supporting documentation prior to them being posted in the general ledger and that the approval be documented.

Views of responsible officials and planned corrective actions: The accounting department has taken steps to address the weakness through segregation of duties of office personnel. A staff accountant will now be involved in the preparation of the journal entries with review being performed by the financial consultant.

Navajo Health Foundation

Sage Memorial Hospital
POST OFFICE BOX 457 | GANADO, ARIZONA 86505 | PH (928) 755-4559 | FAX (928) 755-4659

CORRECTIVE ACTION PLAN
June 25, 2020

U.S. Department of Health and Human Services Indian Health Service

Navajo Health Foundation/Sage Memorial Hospital, Inc. respectively submits the following corrective action plan for the year ended September 30, 2019.

Name and address of independent public accounting firm:
RubinBrown LLP
5851 W Charleston Blvd.
Las Vegas, NV 89146

Audit Period:
For the year ended September 30, 2019

The findings from the September 30, 2019 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings - Financial Statement Audit

Material Weaknesses

2019-001 Deposit Reconciliations

Auditors' Recommendation: We recommend that management establish procedures to extract the individual deposit totals posted by the patient accounting department and that each deposit be reconciled to the bank statement on a monthly basis. We recommend that variances be properly researched and adjusted through the patient accounting department. The reconciliations should be reviewed and approved by an individual independent of the reconciliation process.

POST OFFICE BOX 457 | GANADO, ARIZONA 86505 | PH (928) 755-4559 | FAX (928) 755-4659

CORRECTIVE ACTION PLAN *(Continued)*
June 25, 2020

Action taken: The finance department has met with the appropriate individuals from the affected departments and has identified the areas of weakness to be addressed. The deposits will be reconciled between the general ledger postings and the patient accounting department on a monthly basis.

2019-002 Accounts Payable

Auditors' Recommendation: We recommend that accounts payable be held open at least 30 days after year end to help ensure invoices are accrued at year end. Approved invoices should be posted to the general ledger in the accounts payable module based on the date the liability occurred. Invoices that cover a range of service dates should be prorated and accrued at year end. The detailed schedules of accounts payable should be reviewed for accuracy during the year end closing process. All accrued liability accounts should be reviewed and reconciled to the supporting schedules on a monthly basis.

Action taken: The auditor's recommendation will be addressed during the software upgrade to determine whether the recommendation will properly reflect the accrued accounts payable. If it does then the recommendation will be implemented by the finance department if not, then the finance department will work with the auditors to determine a best practices solution.

2019-003 Net Assets

Auditors' recommendation: We recommend that all grant and donation revenues be assessed for donor restrictions at the time they are posted and that a detail net asset rollforward schedule be maintained on a monthly basis and reconciled to the general ledger.

Action taken: The finance department will take the appropriate steps to identify and classify restricted and non-restricted assets. In addition, a roll-forward schedule will be maintained that's reconciled to the general ledger.

Navajo Health Foundation

Sage Memorial Hospital
POST OFFICE BOX 457 | GANADO, ARIZONA 86505 | PH (928) 755-4559 | FAX (928) 755-4659

CORRECTIVE ACTION PLAN *(Continued)*
June 25, 2020

2019-004 Revenue And Accounts Receivable

Auditors' recommendation: We recommend that the finance department review the detail revenue reports, the detail accounts receivable reports, and the unbilled receivable reports monthly to properly assess whether all revenues are being reported in the proper period and that the general ledger balances are accurate. We recommended that all patient accounts with credit balances be routinely reviewed, and either corrected or refunded. Additionally, as recommended in finding 2019-001, each individual deposit should be reconciled to the bank statement during the bank reconciliation process.

Action taken: The auditor's recommendations will be implemented by the Hospital. The Revenue Cycle Manager position is still vacant but is still advertised.

2019-005 Property And Equipment

Auditors' recommendation: We recommend that, on a monthly basis, the finance department reconciles additions and disposals with the purchasing department and records the asset tag numbers on the fixed asset detailed listing to ensure that all additions and disposals are properly recorded in the general ledger.

Action taken: The finance department has assessed the accuracy of the purchasing department's schedule and will address the additions and disposals on a quarterly basis. The fixed asset schedule will be updated to include the asset tag numbers on a go forward basis.

2019-006 Inventory

Auditors' recommendation: We recommend that management establish procedures to ensure that accurate prices are utilized on the inventory listings.

Action taken: The finance department has addressed the issue with the appropriate parties and a review of the input will be performed to ensure the accuracy of the data.

Navajo Health Foundation

Sage Memorial Hospital
POST OFFICE BOX 457 | GANADO, ARIZONA 86505 | PH (928) 755-4559 | FAX (928) 755-4659

CORRECTIVE ACTION PLAN *(Continued)*
June 25, 2020

2019-007 Journal Entries

Auditors' recommendation: We recommend that an employee with knowledge of generally accepted accounting principles review all journal entries and the supporting documentation prior to them being posted in the general ledger and that the approval be documented.

Action taken: The accounting department has taken steps to address the weakness through segregation of duties of office personnel. A staff accountant will now be involved in the preparation of the journal entries with review being performed by the financial consultant.

If the U.S. Department of Health and Human Services Indian Health Service has questions regarding this plan, please call Michael Katigbak at (928) 755-4615 or (702) 985-5317.

Sincerely yours,

Michael Katigbak

Michael Katigbak
Chief Financial Officer (Interim)
Navajo Health Foundation/Sage Memorial Hospital

Navajo Health Foundation

Sage Memorial Hospital
POST OFFICE BOX 457 | GANADO, ARIZONA 86505 | PH (928) 755-4559 | FAX (928) 755-4659

SUMMARY SCHEDULE OF PRIOR FINDINGS
For The Year Ended September 30, 2019

2018-001 Bank Reconciliations

Condition: The Hospital did not perform timely, accurate reconciliations of their bank accounts during fiscal 2018.

Status: Similar findings have been reported since fiscal year 2017. Although the Hospital did implement procedures to perform timely bank reconciliations during fiscal 2019, a finding regarding reconciling variances between cash receipts posted by patient accounting and bank deposits was noted as finding 2019-001 in the current year.

2018-002 Accounts Payable

Condition: The accounts payable and accrued liability accounts were not accurate at year end.

Status: Similar findings have been reported since fiscal year 2016. A similar finding 2019-002 was noted in the current year.

2018-003 Net Assets

Condition: The Hospital did not accurately report net assets in the general ledger.

Status: Similar findings have been reported since fiscal year 2012. A similar finding 2019-003 was noted in the current year regarding properly identifying and classifying donor restricted contributions.

POST OFFICE BOX 457 | GANADO, ARIZONA 86505 | PH (928) 755-4559 | FAX (928) 755-4659

SUMMARY SCHEDULE OF PRIOR FINDINGS *(Continued)*
For The Year Ended September 30, 2019

2018-004 Revenue And Accounts Receivable

Condition: We noted inconsistencies in postings from the patient accounting system into the general ledger as follows: 1) some transactions with service dates prior to year end were not posted until after year end, 2) a detailed listing of the unbilled receivables at year end could not be provided, 3) there were over $800,000 accounts with credit balances in patient accounts receivable, and 4) the impact of the credit balance accounts included in patient accounts receivable was not factored into the analysis of the allowance for contractual discounts and bad debt at year end.

Status: Similar findings have been reported since fiscal year 2010. A similar finding 2019-004 was noted in the current year.

2018-005 Property And Equipment And Construction In Progress

Condition: Certain property and equipment purchases were not properly capitalized, including equipment purchased through a capital lease. Certain construction in progress purchases were not properly capitalized and once construction was complete the project costs were not transferred to property and equipment. The capitalized asset tagging log is not reconciled to the fixed asset detail and the tag number is not included on the fixed asset detail. An accurate fixed asset and depreciation detail schedule that is reconciled to the general ledger was not maintained throughout the year.

Status: Similar findings have been reported since fiscal year 2016. During fiscal 2019, the Hospital implemented controls over maintaining fixed asset and depreciation schedules which are reconciled to the general ledger and for assessing the status of construction in progress and transferring completed projects to property and equipment. However, a similar finding 2019-005 was noted in the current year regarding reconciliation between the fixed asset detail maintained by the finance department and the log of tagged assets maintained by the purchasing department.

Sage Memorial Hospital
POST OFFICE BOX 457 | GANADO, ARIZONA 86505 | PH (928) 755-4559 | FAX (928) 755-4659

SUMMARY SCHEDULE OF PRIOR FINDINGS *(Continued)*
For The Year Ended September 30, 2019

2018-006 Inventory

Condition: A perpetual inventory system is not maintained for the pharmacy department and the pricing of inventory items is based on last purchase price rather than purchase price.

Status: Similar findings have been reported since fiscal year 2016. In fiscal year 2019 the Hospital implemented a perpetual inventory system for most of its pharmaceuticals. A similar finding 2019-006 was noted in the current year regarding inventory pricing inaccuracies.

2018-007 Federal Grants

Condition: The Hospital did not follow grant conditions in submitting monthly reports and requests for reimbursements.

Status: Similar findings have been reported since fiscal year 2017. The Hospital established control procedures during fiscal year 2019 to submit grant reports and worked with the granting agency to submit for past grant funds. No similar finding was noted in the current year.

2018-008 Vendor Payments

Condition: During the year, the Hospital made duplicate payments to vendors and paid vendors without having the proper invoice approvals. Additionally, we noted several electronic fund transfer (EFT payment) errors including 1) payments for amounts that didn't match the supporting invoices, 2) no supporting invoices accompanying the payments, 3) EFT payments posted in the wrong accounting period, and 4) some EFT payments not being posted in the payables module at all.

Status: Similar findings have been reported since fiscal year 2015. No similar finding was noted in the current year.

Navajo Health Foundation

Sage Memorial Hospital
POST OFFICE BOX 457 | GANADO, ARIZONA 86505 | PH (928) 755-4559 | FAX (928) 755-4659

SUMMARY SCHEDULE OF PRIOR FINDINGS *(Continued)*
For The Year Ended September 30, 2019

2018-009 Journal Entries

Condition: Supporting documentation for journal entries was not maintained during the year and there was no review and approval process for posting journal entries.

Status: Similar findings have been reported since fiscal year 2017. During fiscal year 2019, the Hospital implemented controls over maintaining documentation for journal entries. However, a similar finding 2019-007, was noted in the current year with regards to approval of journal entries.

2018-010 Management Contract Invoice Approvals

Condition: Razaghi Healthcare invoices were approved by Razaghi Healthcare employees.

Status: Similar findings have been reported since fiscal year 2017. The Razaghi Healthcare contract was terminated at the end of fiscal year 2018 and no similar finding was noted in the current year.

2018-011 Accrued Interest

Condition: Accrued interest was not recorded for one large investment portfolio.

Status: During fiscal year 2019 the Hospital implemented controls to post accrued interest on investments and no similar finding was noted in the current year.

Form **8879-EO**

Department of the Treasury
Internal Revenue Service

IRS e-file Signature Authorization for an Exempt Organization

For calendar year 2018, or fiscal year beginning OCT 1, 2018, and ending SEP 30, 2019

▶ Do not send to the IRS. Keep for your records.

▶ Go to www.irs.gov/Form8879EO for the latest information.

OMB No. 1545-1878

2018

Name of exempt organization: NAVAJO HEALTH FOUNDATION - SAGE MEMORIAL

Employer identification number: 23-7314364

Name and title of officer
MICHAEL KATIGBAK
INTERIM CFO

Part I Type of Return and Return Information (Whole Dollars Only)

Check the box for the return for which you are using this Form 8879-EO and enter the applicable amount, if any, from the return. If you check the box on line **1a, 2a, 3a, 4a,** or **5a,** below, and the amount on that line for the return being filed with this form was blank, then leave line **1b, 2b, 3b, 4b,** or **5b,** whichever is applicable, blank (do not enter -0-). But, if you entered -0- on the return, then enter -0- on the applicable line below. **Do not** complete more than one line in Part I.

1a Form 990 check here ▶ [X]	b **Total revenue,** if any (Form 990, Part VIII, column (A), line 12)	1b	42,316,257.
2a Form 990-EZ check here ▶ [ ]	b **Total revenue,** if any (Form 990-EZ, line 9)	2b	
3a Form 1120-POL check here ▶ [ ]	b **Total tax** (Form 1120-POL, line 22)	3b	
4a Form 990-PF check here ▶ [ ]	b **Tax based on investment income** (Form 990-PF, Part VI, line 5)	4b	
5a Form 8868 check here ▶ [ ]	b **Balance Due** (Form 8868, line 3c)	5b	

Part II Declaration and Signature Authorization of Officer

Under penalties of perjury, I declare that I am an officer of the above organization and that I have examined a copy of the organization's 2018 electronic return and accompanying schedules and statements and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS **(a)** an acknowledgement of receipt or reason for rejection of the transmission, **(b)** the reason for any delay in processing the return or refund, and **(c)** the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the organization's electronic return and, if applicable, the organization's consent to electronic funds withdrawal.

Officer's PIN: check one box only

[X] I authorize RUBINBROWN LLP (ERO firm name) to enter my PIN 14364 (Enter five numbers, but do not enter all zeros)

as my signature on the organization's tax year 2018 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I also authorize the aforementioned ERO to enter my PIN on the return's disclosure consent screen.

[ ] As an officer of the organization, I will enter my PIN as my signature on the organization's tax year 2018 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I will enter my PIN on the return's disclosure consent screen.

Officer's signature ▶ Michael Katigbak Date ▶ August 13, 2020

Part III Certification and Authentication

ERO's EFIN/PIN. Enter your six-digit electronic filing identification number (EFIN) followed by your five-digit self-selected PIN. 43380463105 (Do not enter all zeros)

I certify that the above numeric entry is my PIN, which is my signature on the 2018 electronically filed return for the organization indicated above. I confirm that I am submitting this return in accordance with the requirements of Pub. 4163, Modernized e-File (MeF) Information for Authorized IRS *e-file* Providers for Business Returns.

ERO's signature ▶ RUBINBROWN LLP Date ▶

ERO Must Retain This Form - See Instructions
Do Not Submit This Form to the IRS Unless Requested To Do So

LHA **For Paperwork Reduction Act Notice, see instructions.**

Form **8879-EO** (2018)

823051 10-26-18

239

18210811 132842 54144.0002 2018.06010 NAVAJO HEALTH FOUNDATION 54144.01

Product: **Exempt**
Name: **Navajo Health Foundation - Sage Memorial**
FEIN: *******4364**

Category:

IRS Center: **Ogden**
e-Postmark: **8/13/2020 3:30 PM**

Notification:

Fiscal Year Begin Date: **10/1/2018**

Fiscal Year End Date: **9/30/2019**

eSigned:

Return Information

Date	Return ID	Type of Activity	Submission ID	Refund/ (Due)	Updated By	eSign Date
08/01/2020	18X:54144.0002:V1	Upload Started			Grech,Heather	
08/01/2020	18X:54144.0002:V1	Ready to Release by Customer				
08/11/2020	18X:54144.0002:V1	Upload Started			Grech,Heather	
08/11/2020	18X:54144.0002:V1	Ready to Release by Customer				
08/13/2020	18X:54144.0002:V1	Upload Started			Grech,Heather	
08/13/2020	18X:54144.0002:V1	Ready to Release by Customer				
08/13/2020	18X:54144.0002:V1	Released for Transmission - Validation in Progress			Oliver, Angie	
08/13/2020	18X:54144.0002:V1	Ready to transmit - Validation Complete				
08/13/2020	18X:54144.0002:V1	Transmitted to FD	43380420202260353e24			
08/13/2020	18X:54144.0002:V1	Accepted by FD on 8/13/2020				

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter social security numbers on this form as it may be made public.

▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2018

Open to Public Inspection

A For the 2018 calendar year, or tax year beginning OCT 1, 2018 and ending SEP 30, 2019

B Check if applicable: [ ] Address change [ ] Name change [ ] Initial return [ ] Final return/terminated [ ] Amended return [ ] Application pending

C Name of organization: NAVAJO HEALTH FOUNDATION - SAGE MEMORIAL

Doing business as

Number and street (or P.O. box if mail is not delivered to street address): P.O. BOX 457 | Room/suite

City or town, state or province, country, and ZIP or foreign postal code: GANADO, AZ 86505

F Name and address of principal officer: MICHAEL KATIGBAK
P.O. BOX 457, GANADO, AZ 86505

D Employer identification number: 23-7314364

E Telephone number: (928)755-4500

G Gross receipts $ 42,387,473.

H(a) Is this a group return for subordinates? [ ] Yes [X] No

H(b) Are all subordinates included? [ ] Yes [ ] No
If "No," attach a list. (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status: [X] 501(c)(3) [ ] 501(c) ( ) ◀ (insert no.) [ ] 4947(a)(1) or [ ] 527

J Website: ▶ WWW.SAGEMEMORIAL.COM

K Form of organization: [X] Corporation [ ] Trust [ ] Association [ ] Other ▶

L Year of formation: 1974 M State of legal domicile: AZ

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities: TO PROVIDE QUALITY HEALTHCARE SERVICES IN A FISCALLY RESPONSIBLE MANNER.

2 Check this box ▶ [ ] if the organization discontinued its operations or disposed of more than 25% of its net assets.

3	Number of voting members of the governing body (Part VI, line 1a)	3	6
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	6
5	Total number of individuals employed in calendar year 2018 (Part V, line 2a)	5	260
6	Total number of volunteers (estimate if necessary)	6	30
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
b	Net unrelated business taxable income from Form 990-T, line 38	7b	0.

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	72,017.	885,149.
	9	Program service revenue (Part VIII, line 2g)	48,816,220.	39,731,370.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	327,079.	1,553,556.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	206,413.	146,182.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	49,421,729.	42,316,257.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0.	0.
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	10,450,050.	13,304,496.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 0.		
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	40,104,758.	24,551,736.
	18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	50,554,808.	37,856,232.
	19	Revenue less expenses. Subtract line 18 from line 12	-1,133,079.	4,460,025.
			Beginning of Current Year	**End of Year**
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	140,195,449.	144,787,791.
	21	Total liabilities (Part X, line 26)	5,262,162.	5,394,479.
	22	Net assets or fund balances. Subtract line 21 from line 20	134,933,287.	139,393,312.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

▶ Signature of officer | Date

▶ MICHAEL KATIGBAK, INTERIM CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check [ ] if self-employed	PTIN
HEATHER GRECH				P00165182

Firm's name ▶ RUBINBROWN LLP | Firm's EIN ▶ 43-0765316

Firm's address ▶ 5851 W CHARLESTON BLVD
LAS VEGAS, NV 89146 | Phone no. (702) 878-9788

May the IRS discuss this return with the preparer shown above? (see instructions) [X] Yes [ ] No

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III ☐

1 Briefly describe the organization's mission:
OUR MISSION IS TO PROVIDE QUALITY PATIENT CARE IN A FISCALLY RESPONSIBLE MANNER FOCUSING ON THE PATIENTS PHYSICAL, SOCIAL AND SPIRITUAL WELL-BEING.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No
If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No
If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code: _____) (Expenses $ 35,033,545. including grants of $ _____) (Revenue $ 39,731,370.)
NAVAJO HEALTH FOUNDATION-SAGE MEMORIAL HOSPITAL CONTRACTED WITH INDIAN HEALTH SERVICES WITH A SELF-DETERMINATION CONTRACT WHICH PROVIDED CARE TO INPATIENTS, OUTPATIENTS, ER PATIENTS, DENTAL, PHYSIOTHERAPY, BEHAVIORIAL HEALTH, OPTOMETRY AND RADIOLOGY. SAGE MEMORIAL HOSPITAL SERVES PRIMARILY MEMBERS OF THE NAVAJO NATION. SAGE MEMORIAL HOSPITAL ALSO ADMINISTERED SPECIAL DIABETES PREVENTION AND TREATMENT FOR NAVAJOS. THE ORGANIZATION HAS DEVELOPED A PUBLIC HEALTH AND SOCIAL SERVICES EMERGENCY RESPONSE PLAN.

4b (Code: _____) (Expenses $ _____ including grants of $ _____) (Revenue $ _____)

4c (Code: _____) (Expenses $ _____ including grants of $ _____) (Revenue $ _____)

4d Other program services (Describe in Schedule O.)
(Expenses $ including grants of $) (Revenue $)

4e Total program service expenses ▶ 35,033,545.

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	X	
2	Is the organization required to complete *Schedule B, Schedule of Contributors*?	2	X	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		X
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		X
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		X
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		X
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		X
9	Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		X
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	X	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI*	11a	X	
b	Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		X
c	Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		X
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		X
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	X	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	X	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a	X	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b		X
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		X
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		X
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		X
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV*	15		X
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		X
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		X
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		X
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		X
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	X	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	X	
21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	21		X

Part IV Checklist of Required Schedules *(continued)*

			Yes	No
22	Did the organization report more than $5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	22		X
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	23	X	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	24a		X
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	**Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		X
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	25b		X
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If "Yes," complete Schedule L, Part II*	26		X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	27		X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28a		X
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28b		X
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	28c		X
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	29		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	32		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? *If "Yes," complete Schedule R, Part I*	33		X
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	34		X
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		X
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	35b		
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	36		X
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	37		X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	38	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	295		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c X	

Part V Statements Regarding Other IRS Filings and Tax Compliance *(continued)*

			Yes	No
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return 2a 260			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b	X	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to *e-file* (see instructions)			
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?	3a		X
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O*	3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a		X
b	If "Yes," enter the name of the foreign country: ▶			
	See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).			
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		X
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b		
7	**Organizations that may receive deductible contributions under section 170(c).**			
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a		X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c		X
d	If "Yes," indicate the number of Forms 8282 filed during the year 7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h		
8	**Sponsoring organizations maintaining donor advised funds.** Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?	8		
9	**Sponsoring organizations maintaining donor advised funds.**			
a	Did the sponsoring organization make any taxable distributions under section 4966?	9a		
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?	9b		
10	**Section 501(c)(7) organizations.** Enter:			
a	Initiation fees and capital contributions included on Part VIII, line 12 10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities 10b			
11	**Section 501(c)(12) organizations.** Enter:			
a	Gross income from members or shareholders 11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.) 11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year 12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**			
a	Is the organization licensed to issue qualified health plans in more than one state?	13a		
	Note. See the instructions for additional information the organization must report on Schedule O.			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans 13b			
c	Enter the amount of reserves on hand 13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a		X
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*	14b		
15	Is the organization subject to the section 4960 tax on payment(s) of more than $1,000,000 in remuneration or excess parachute payment(s) during the year?	15		X
	If "Yes," see instructions and file Form 4720, Schedule N.			
16	Is the organization an educational institution subject to the section 4968 excise tax on net investment income?	16		X
	If "Yes," complete Form 4720, Schedule O.			

Part VI Governance, Management, and Disclosure *For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.*

Check if Schedule O contains a response or note to any line in this Part VI [X]

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	6		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.				
b	Enter the number of voting members included in line 1a, above, who are independent	1b	6		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2			X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?	3			X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4			X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5			X
6	Did the organization have members or stockholders?	6			X
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a			X
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b			X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:				
a	The governing body?	8a		X	
b	Each committee with authority to act on behalf of the governing body?	8b			X
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	9			X

Section B. Policies *(This Section B requests information about policies not required by the Internal Revenue Code.)*

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		X
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	X	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	X	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b		X
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done*	12c		X
13	Did the organization have a written whistleblower policy?	13	X	
14	Did the organization have a written document retention and destruction policy?	14	X	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	X	
b	Other officers or key employees of the organization	15b	X	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		X
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ▶ NONE

18 Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.

[ ] Own website [ ] Another's website [X] Upon request [ ] Other *(explain in Schedule O)*

19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, address, and telephone number of the person who possesses the organization's books and records ▶

MICHAEL KATIGBAK, INTERIM CFO - (928)755-4500
P.O. BOX 457, GANADO, AZ 86505

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response or note to any line in this Part VII ☐

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(1) MAYBELLE KELEWOOD BOARD TREASURER	2.00	X		X				34,000.	0.	0.
(2) ANDREW SIMPSON BOARD CHAIRPERSON	2.00	X		X				25,750.	0.	0.
(3) LINDA S YAZZIE BOARD (PRIOR)	2.00	X						2,250.	0.	0.
(4) STENSON WAUNEKA PRIOR BOARD CHAIRPERSON	2.00	X		X				28,335.	0.	0.
(5) JOYCE MOORE BOARD MEMBER	2.00	X						5,000.	0.	0.
(6) RAY ANN TERRY BOARD SECRETARY	2.00	X		X				32,500.	0.	0.
(7) VERONICA CLARKE BOARD MEMBER	2.00	X						0.	0.	0.
(8) DELORES NOBLE BOARD MEMBER	2.00	X						0.	0.	0.
(9) GLENDA HILDRETH BOARD MEMBER	2.00	X						3,250.	0.	0.
(10) PATRICIA BITSUIE BOARD MEMBER	2.00	X						3,750.	0.	0.
(11) CHRISTI EL-MELIGI CEO	40.00			X				67,300.	0.	1,728.
(12) NETRISHA DALGAI COO	40.00			X				67,300.	0.	1,728.
(13) CHANNARONG JARUVANGSANTI PHARMACIST	40.00					X		177,963.	0.	499.
(14) MELANIE NEZTSOSIE NURSE PRACTIONER	40.00					X		142,993.	0.	4,287.
(15) MICHAEL NGUYEN PHARMACIST	40.00					X		141,892.	0.	1,523.
(16) PIO M SIAN PHYSICIAN	40.00					X		143,374.	0.	0.
(17) ERNASHA MCINTOSH NURSE PRACTIONER	40.00					X		143,470.	0.	4,301.

Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** *(continued)*

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
1b Sub-total ▶								1,019,127.	0.	14,066.
c Total from continuation sheets to Part VII, Section A ▶								0.	0.	0.
d Total (add lines 1b and 1c) ▶								1,019,127.	0.	14,066.

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 10

		Yes	No
3 Did the organization list any **former** officer, director, or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	3		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	4	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	5		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
RAZAGHI HEALTHCARE, 7150 E. CAMELBACK RD, SUITE 444, SCOTTSDALE, AZ 85251	PRIOR MGMT CO	15,996,804.
AB STAFFING SOLUTIONS 2680 S VAL VISTA #152, GILBERT, AZ 85297	STAFFING	1,780,661.
TITAN MEDICAL GROUP LLC, 2110 S 169TH PLAZA, SUITE 100, OMAHA, NE 68130	STAFFING	1,092,376.
INTEGRITY HEALTHCARE LOCUMUS, LLC PO BOX 823424, PHILADELPHIA, PA 19182-3424	STAFFING	861,876.
KAUTAQ CONSTRUCTION SERVICES, LLC 2120 E 6TH STREET, SUITE 2, TEMPE, AZ 85281	CONSTRUCTION	825,155.

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 27

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512 - 514
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d					
	e Government grants (contributions)	1e	805,661.				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	79,488.				
	g Noncash contributions included in lines 1a-1f: $						
	h Total. Add lines 1a-1f ▶			885,149.			
Program Service Revenue			Business Code				
	2 a ISDEAA REVENUE		900099	21,471,588.	21,471,588.		
	b NET PATIENT REVENUE		900099	18,059,310.	18,059,310.		
	c OTHER REVENUES		900099	200,472.	200,472.		
	d						
	e						
	f All other program service revenue						
	g Total. Add lines 2a-2f ▶			39,731,370.			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts) ▶			1,553,556.			1,553,556.
	4 Income from investment of tax-exempt bond proceeds ▶						
	5 Royalties ▶						
		(i) Real	(ii) Personal				
	6 a Gross rents	217,398.					
	b Less: rental expenses	71,216.					
	c Rental income or (loss)	146,182.					
	d Net rental income or (loss) ▶			146,182.			146,182.
		(i) Securities	(ii) Other				
	7 a Gross amount from sales of assets other than inventory						
	b Less: cost or other basis and sales expenses						
	c Gain or (loss)						
	d Net gain or (loss) ▶						
	8 a Gross income from fundraising events (not including $ ____ of contributions reported on line 1c). See Part IV, line 18	a					
	b Less: direct expenses	b					
	c Net income or (loss) from fundraising events ▶						
	9 a Gross income from gaming activities. See Part IV, line 19	a					
	b Less: direct expenses	b					
	c Net income or (loss) from gaming activities ▶						
	10 a Gross sales of inventory, less returns and allowances	a					
	b Less: cost of goods sold	b					
	c Net income or (loss) from sales of inventory ▶						
	Miscellaneous Revenue		Business Code				
	11 a						
	b						
	c						
	d All other revenue						
	e Total. Add lines 11a-11d ▶						
	12 Total revenue. See instructions ▶			42,316,257.	39,731,370.	0.	1,699,738.

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX [X]

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	959,047.	485,844.	473,203.	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	10,677,513.	10,371,716.	305,797.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	158,817.	148,176.	10,641.	
9 Other employee benefits	696,723.	650,043.	46,680.	
10 Payroll taxes	812,396.	758,011.	54,385.	
11 Fees for services (non-employees):				
a Management	94,871.	66,410.	28,461.	
b Legal	707,426.	495,198.	212,228.	
c Accounting	643,016.	450,111.	192,905.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	9,652,881.	9,637,769.	15,112.	
12 Advertising and promotion	34,313.	32,904.	1,409.	
13 Office expenses	674,332.	524,158.	150,174.	
14 Information technology	168,691.	118,084.	50,607.	
15 Royalties				
16 Occupancy	517,896.	362,527.	155,369.	
17 Travel	273,774.	236,477.	37,297.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	183,511.	129,795.	53,716.	
20 Interest	20,360.		20,360.	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	931,348.	791,646.	139,702.	
23 Insurance	481,772.	407,935.	73,837.	
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a SUPPLIES AND PHARMACEUT	3,569,621.	3,485,475.	84,146.	
b CONTRACT HEALTH SERVICE	3,185,392.	3,185,392.		
c PURCHASED SERVICES	1,705,786.	1,465,195.	240,591.	
d BAD DEBT EXPENSE	485,802.	485,802.		
e All other expenses	1,220,944.	744,877.	476,067.	
25 **Total functional expenses.** Add lines 1 through 24e	37,856,232.	35,033,545.	2,822,687.	0.
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ▶ [ ] if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X ☐

				(A) Beginning of year		(B) End of year
Assets	1	Cash - non-interest-bearing		1,704,428.	1	2,635,977.
	2	Savings and temporary cash investments		95,594,578.	2	95,772,548.
	3	Pledges and grants receivable, net		321,117.	3	1,099,512.
	4	Accounts receivable, net		1,577,737.	4	1,153,458.
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		409,338.	8	421,161.
	9	Prepaid expenses and deferred charges		519,653.	9	550,591.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 26,742,447.			
	b	Less: accumulated depreciation	10b 19,248,665.	6,059,784.	10c	7,493,782.
	11	Investments - publicly traded securities		31,367,531.	11	32,882,294.
	12	Investments - other securities. See Part IV, line 11			12	
	13	Investments - program-related. See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets. See Part IV, line 11		2,641,283.	15	2,778,468.
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		140,195,449.	16	144,787,791.
Liabilities	17	Accounts payable and accrued expenses		4,917,645.	17	5,055,041.
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		300,883.	23	221,941.
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D		43,634.	25	117,497.
	26	**Total liabilities.** Add lines 17 through 25		5,262,162.	26	5,394,479.
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ [X] and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		133,219,848.	27	137,629,755.
	28	Temporarily restricted net assets		1,111,532.	28	1,161,648.
	29	Permanently restricted net assets		601,907.	29	601,909.
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building, or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		134,933,287.	33	139,393,312.
	34	Total liabilities and net assets/fund balances		140,195,449.	34	144,787,791.

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI ☐

1	Total revenue (must equal Part VIII, column (A), line 12)	1	42,316,257.
2	Total expenses (must equal Part IX, column (A), line 25)	2	37,856,232.
3	Revenue less expenses. Subtract line 2 from line 1	3	4,460,025.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	134,933,287.
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	139,393,312.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII ☒

			Yes	No
1	Accounting method used to prepare the Form 990: ☐ Cash ☒ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		X
	If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	2b	X	
	If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: ☒ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	X	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a	X	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b	X	

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.
▶ Attach to Form 990 or Form 990-EZ.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2018

Open to Public Inspection

Name of the organization: NAVAJO HEALTH FOUNDATION - SAGE MEMORIAL

Employer identification number: 23-7314364

Part I **Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)

1 [ ] A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
2 [ ] A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E (Form 990 or 990-EZ).)
3 [X] A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
4 [ ] A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: _____
5 [ ] An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)
6 [ ] A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
7 [ ] An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
8 [ ] A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
9 [ ] An agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: _____
10 [ ] An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)
11 [ ] An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
12 [ ] An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2).** See **section 509(a)(3).** Check the box in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.

a [ ] **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
b [ ] **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
c [ ] **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
d [ ] **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
e [ ] Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
f Enter the number of supported organizations .....
g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-10 above (see instructions))	(iv) Is the organization listed in your governing document? Yes	No	(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
Total						

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ. 832021 10-11-18 Schedule A (Form 990 or 990-EZ) 2018

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
11 **Total support.** Add lines 7 through 10						

12 Gross receipts from related activities, etc. (see instructions) 12

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ▶ ☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2018 (line 6, column (f) divided by line 11, column (f)) 14 %

15 Public support percentage from 2017 Schedule A, Part II, line 14 15 %

16a **33 1/3% support test - 2018.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

b **33 1/3% support test - 2017.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

17a **10% -facts-and-circumstances test - 2018.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ ☐

b **10% -facts-and-circumstances test - 2017.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ ☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶ ☐

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support.** (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
13 **Total support.** (Add lines 9, 10c, 11, and 12.)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ▶ ☐

Section C. Computation of Public Support Percentage

15 Public support percentage for 2018 (line 8, column (f), divided by line 13, column (f))	15	%
16 Public support percentage from 2017 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2018** (line 10c, column (f), divided by line 13, column (f))	17	%
18 Investment income percentage from **2017** Schedule A, Part III, line 17	18	%

19a **33 1/3% support tests - 2018.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

b **33 1/3% support tests - 2017.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶ ☐

Part IV Supporting Organizations

(Complete only if you checked a box in line 12 on Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

			Yes	No
1	Are all of the organization's supported organizations listed by name in the organization's governing documents? *If "No," describe in* **Part VI** *how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.*	1		
2	Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? *If "Yes," explain in* **Part VI** *how the organization determined that the supported organization was described in section 509(a)(1) or (2).*	2		
3a	Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? *If "Yes," answer (b) and (c) below.*	3a		
b	Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? *If "Yes," describe in* **Part VI** *when and how the organization made the determination.*	3b		
c	Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? *If "Yes," explain in* **Part VI** *what controls the organization put in place to ensure such use.*	3c		
4a	Was any supported organization not organized in the United States ("foreign supported organization")? *If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.*	4a		
b	Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? *If "Yes," describe in* **Part VI** *how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.*	4b		
c	Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? *If "Yes," explain in* **Part VI** *what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.*	4c		
5a	Did the organization add, substitute, or remove any supported organizations during the tax year? *If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in* **Part VI,** *including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).*	5a		
b	**Type I or Type II only.** Was any added or substituted supported organization part of a class already designated in the organization's organizing document?	5b		
c	**Substitutions only.** Was the substitution the result of an event beyond the organization's control?	5c		
6	Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? *If "Yes," provide detail in* **Part VI.**	6		
7	Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (as defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? *If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).*	7		
8	Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? *If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).*	8		
9a	Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? *If "Yes," provide detail in* **Part VI.**	9a		
b	Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? *If "Yes," provide detail in* **Part VI.**	9b		
c	Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? *If "Yes," provide detail in* **Part VI.**	9c		
10a	Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? *If "Yes," answer 10b below.*	10a		
b	Did the organization have any excess business holdings in the tax year? *(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)*	10b		

Part IV Supporting Organizations *(continued)*

			Yes	No
11	Has the organization accepted a gift or contribution from any of the following persons?			
a	A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?	11a		
b	A family member of a person described in (a) above?	11b		
c	A 35% controlled entity of a person described in (a) or (b) above? *If "Yes" to a, b, or c, provide detail in* **Part VI.**	11c		

Section B. Type I Supporting Organizations

			Yes	No
1	Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? *If "No," describe in* **Part VI** *how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.*	1		
2	Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? *If "Yes," explain in* **Part VI** *how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.*	2		

Section C. Type II Supporting Organizations

			Yes	No
1	Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? *If "No," describe in* **Part VI** *how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).*	1		

Section D. All Type III Supporting Organizations

			Yes	No
1	Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?	1		
2	Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? *If "No," explain in* **Part VI** *how the organization maintained a close and continuous working relationship with the supported organization(s).*	2		
3	By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? *If "Yes," describe in* **Part VI** *the role the organization's supported organizations played in this regard.*	3		

Section E. Type III Functionally Integrated Supporting Organizations

1 *Check the box next to the method that the organization used to satisfy the Integral Part Test during the year* **(see instructions).**

a ☐ The organization satisfied the Activities Test. *Complete* **line 2** *below.*

b ☐ The organization is the parent of each of its supported organizations. *Complete* **line 3** *below.*

c ☐ The organization supported a governmental entity. *Describe in* **Part VI** *how you supported a government entity (see instructions).*

			Yes	No
2	Activities Test. **Answer (a) and (b) below.**			
a	Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? *If "Yes," then in* **Part VI identify those supported organizations and explain** *how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.*	2a		
b	Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? *If "Yes," explain in* **Part VI** *the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.*	2b		
3	Parent of Supported Organizations. **Answer (a) and (b) below.**			
a	Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? *Provide details in* **Part VI.**	3a		
b	Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? *If "Yes," describe in* **Part VI** *the role played by the organization in this regard.*	3b		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

1 ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (explain in Part VI.) **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1 Net short-term capital gain	1		
2 Recoveries of prior-year distributions	2		
3 Other gross income (see instructions)	3		
4 Add lines 1 through 3	4		
5 Depreciation and depletion	5		
6 Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6		
7 Other expenses (see instructions)	7		
8 **Adjusted Net Income** (subtract lines 5, 6, and 7 from line 4)	8		

Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1 Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):			
a Average monthly value of securities	1a		
b Average monthly cash balances	1b		
c Fair market value of other non-exempt-use assets	1c		
d **Total** (add lines 1a, 1b, and 1c)	1d		
e **Discount** claimed for blockage or other factors (explain in detail in **Part VI**):			
2 Acquisition indebtedness applicable to non-exempt-use assets	2		
3 Subtract line 2 from line 1d	3		
4 Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4		
5 Net value of non-exempt-use assets (subtract line 4 from line 3)	5		
6 Multiply line 5 by .035	6		
7 Recoveries of prior-year distributions	7		
8 **Minimum Asset Amount** (add line 7 to line 6)	8		

Section C - Distributable Amount			Current Year
1 Adjusted net income for prior year (from Section A, line 8, Column A)	1		
2 Enter 85% of line 1	2		
3 Minimum asset amount for prior year (from Section B, line 8, Column A)	3		
4 Enter greater of line 2 or line 3	4		
5 Income tax imposed in prior year	5		
6 **Distributable Amount.** Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6		

7 ☐ Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).

Part V **Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations** *(continued)*

Section D - Distributions		Current Year
1	Amounts paid to supported organizations to accomplish exempt purposes	
2	Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3	Administrative expenses paid to accomplish exempt purposes of supported organizations	
4	Amounts paid to acquire exempt-use assets	
5	Qualified set-aside amounts (prior IRS approval required)	
6	Other distributions (describe in **Part VI**). See instructions.	
7	**Total annual distributions.** Add lines 1 through 6.	
8	Distributions to attentive supported organizations to which the organization is responsive (provide details in **Part VI**). See instructions.	
9	Distributable amount for 2018 from Section C, line 6	
10	Line 8 amount divided by line 9 amount	

Section E - Distribution Allocations (see instructions)		(i) Excess Distributions	(ii) Underdistributions Pre-2018	(iii) Distributable Amount for 2018
1	Distributable amount for 2018 from Section C, line 6			
2	Underdistributions, if any, for years prior to 2018 (reasonable cause required- explain in **Part VI**). See instructions.			
3	Excess distributions carryover, if any, to 2018			
a	From 2013			
b	From 2014			
c	From 2015			
d	From 2016			
e	From 2017			
f	**Total** of lines 3a through e			
g	Applied to underdistributions of prior years			
h	Applied to 2018 distributable amount			
i	Carryover from 2013 not applied (see instructions)			
j	Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4	Distributions for 2018 from Section D, line 7: $			
a	Applied to underdistributions of prior years			
b	Applied to 2018 distributable amount			
c	Remainder. Subtract lines 4a and 4b from 4.			
5	Remaining underdistributions for years prior to 2018, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in **Part VI.** See instructions.			
6	Remaining underdistributions for 2018. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in **Part VI.** See instructions.			
7	**Excess distributions carryover to 2019.** Add lines 3j and 4c.			
8	Breakdown of line 7:			
a	Excess from 2014			
b	Excess from 2015			
c	Excess from 2016			
d	Excess from 2017			
e	Excess from 2018			

Part VI **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a, and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions.)

Schedule B
(Form 990, 990-EZ, or 990-PF)
Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.
▶ Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2018

Name of the organization	Employer identification number
NAVAJO HEALTH FOUNDATION - SAGE MEMORIAL	23-7314364

Organization type (check one):

Filers of:	**Section:**
Form 990 or 990-EZ	[X] 501(c)(3) (enter number) organization
	[ ] 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
	[ ] 527 political organization
Form 990-PF	[ ] 501(c)(3) exempt private foundation
	[ ] 4947(a)(1) nonexempt charitable trust treated as a private foundation
	[ ] 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule.**
Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

[X] For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling $5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

[ ] For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of **(1)** $5,000; or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h; or (ii) Form 990-EZ, line 1. Complete Parts I and II.

[ ] For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than $1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I (entering "N/A" in column (b) instead of the contributor name and address), II, and III.

[ ] For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than $1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling $5,000 or more during the year ..... ▶ $ _____

Caution: An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization: NAVAJO HEALTH FOUNDATION - SAGE MEMORIAL

Employer identification number: 23-7314364

Part I **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	EQUIVALENT TRUST 7700 FORSYTH BLVD SUITE 1100 STREET ST. LOUIS, MO 63105	$ 15,288.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)

Name of organization: NAVAJO HEALTH FOUNDATION - SAGE MEMORIAL

Employer identification number: 23-7314364

Part II **Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
		$	

Name of organization: NAVAJO HEALTH FOUNDATION - SAGE MEMORIAL

Employer identification number: 23-7314364

Part III Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than $1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of $1,000 or less for the year. (Enter this info. once) ▶ $

Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
▶ Attach to Form 990.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047
2018
Open to Public Inspection

Name of the organization: NAVAJO HEALTH FOUNDATION - SAGE MEMORIAL

Employer identification number: 23-7314364

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.

Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate value of contributions to (during year)		
3	Aggregate value of grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

Part II Conservation Easements.

Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).

☐ Preservation of land for public use (e.g., recreation or education)
☐ Preservation of a historically important land area
☐ Protection of natural habitat
☐ Preservation of a certified historic structure
☐ Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

			Held at the End of the Tax Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 7/25/06, and not on a historic structure listed in the National Register	2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ _____

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ $ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenue included on Form 990, Part VIII, line 1 ▶ $ _____

(ii) Assets included in Form 990, Part X ▶ $ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenue included on Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets *(continued)*

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

a [ ] Public exhibition
b [ ] Scholarly research
c [X] Preservation for future generations
d [ ] Loan or exchange programs
e [ ] Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? [ ] Yes [ ] No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? [ ] Yes [ ] No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? [ ] Yes [ ] No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII [ ]

Part V Endowment Funds. Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	809,175.	803,062.	792,938.	769,772.	767,958.
b Contributions					
c Net investment earnings, gains, and losses	27,497.	6,113.	10,124.	23,166.	1,814.
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	836,672.	809,175.	803,062.	792,938.	769,772.

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

a Board designated or quasi-endowment ▶ _____ %
b Permanent endowment ▶ 72.00 %
c Temporarily restricted endowment ▶ 28.00 %

The percentages on lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

		Yes	No
(i) unrelated organizations	3a(i)		X
(ii) related organizations	3a(ii)		X
b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R?	3b		

4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		26,000.		26,000.
b Buildings		14,887,142.	9,590,872.	5,296,270.
c Leasehold improvements				
d Equipment		11,829,305.	9,657,793.	2,171,512.
e Other				
Total. Add lines 1a through 1e. *(Column (d) must equal Form 990, Part X, column (B), line 10c.)* ▶				7,493,782.

Part VII Investments - Other Securities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

Part VIII Investments - Program Related.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

Part IX Other Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 15.)* ▶	

Part X Other Liabilities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) HOUSING DEPOSITS	21,697.
(3) OTHER LIABILITIES	95,800.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 25.)* ▶	117,497.

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII [X]

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements			1	40,324,914.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:				
a	Net unrealized gains (losses) on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII.)	2d	-414,587.		
e	Add lines 2a through 2d			2e	-414,587.
3	Subtract line 2e from line 1			3	40,739,501.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII.)	4b	1,576,756.		
c	Add lines 4a and 4b			4c	1,576,756.
5	Total revenue. Add lines 3 and 4c. *(This must equal Form 990, Part I, line 12.)*			5	42,316,257.

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements			1	37,441,646.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII.)	2d			
e	Add lines 2a through 2d			2e	0.
3	Subtract line 2e from line 1			3	37,441,646.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII.)	4b	414,586.		
c	Add lines 4a and 4b			4c	414,586.
5	Total expenses. Add lines 3 and 4c. *(This must equal Form 990, Part I, line 18.)*			5	37,856,232.

Part XIII Supplemental Information.

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

PART III, LINE 4:

HUBBELL'S TRADING POST MANAGES ALL COLLECTIONS, OBJECTS AND ARTIFACTS IN ACCORDANCE WITH PROPER MUSEUM STANDARDS AND CONDITIONS.

PART V, LINE 4:

THE ENDOWMENT CONSISTS OF SCANDLING MEMORIAL SCHOLARSHIP FUNDS ESTABLISHED TO PROVIDE FINANCIAL SCHOLARSHIP OPPORTUNITIES FOR FULL-TIME NAVAJO COLLEGE STUDENTS IN THE FIELD OF NURSING.

PART X, LINE 2:

FINANCIAL STATEMENT FOOTNOTE 1 PAGE 15 - THE HOSPITAL BELIEVES THAT IT IS IN SUBSTANTIAL COMPLIANCE WITH ALL IRS TAX REGULATIONS AS OF SEPTEMBER 30,

Part XIII Supplemental Information *(continued)*

2019, AND THEREFORE HAS NOT RECORDED ANY UNRECOGNIZED TAX BENEFIT OR LIABILITIES FOR INCOME TAXES. IN THE 2017 FORM 990 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018, THE HOSPITAL DISCLOSED AN EXCESS BENEFIT TRANSACTION THAT IS ALSO THE SUBJECT OF ONGOING LITIGATION ALLEGING FRAUD, RACKETEERING, CONSPIRACY AND UNLAWFUL TAKING OF $10.8 MILLION AS DESCRIBED MORE THOROUGHLY IN SCHEDULE O TO THE 2017 FORM 990. THE $10.8M IS INCLUDED IN THE $15,996,804 LISTED ON 2018 FORM 990 PART VII PAGE 8 SECTION B AS THIS AMOUNT IS BASED ON THE CALENDAR YEAR FORMS 1099 FOR 2018 AND NOT THE FISCAL YEAR. THE AMOUNTS WERE ALL PAID IN THE PRIOR FISCAL YEAR ENDED SEPTEMBER 30, 2018.

PART XI, LINE 2D - OTHER ADJUSTMENTS:

BAD DEBT EXPENSE CLASSIFIED AS REDUCTION OF INCOME ON FINANCIAL STATEMENT	-485,802.
RENTAL EXPENSE REPORTED AS EXPENSE ON FINANCIAL STATEMENT	71,216.
ROUNDING DIFFERENCES	-1.
TOTAL TO SCHEDULE D, PART XI, LINE 2D	-414,587.

PART XI, LINE 4B - OTHER ADJUSTMENTS:

INVESTMENT INCOME INCLUDED AS OTHER INCOME ON FINANCIAL STATEMENT	1,526,059.
TEMPORARILY RESTRICTED INCOME	50,697.
TOTAL TO SCHEDULE D, PART XI, LINE 4B	1,576,756.

PART XII, LINE 4B - OTHER ADJUSTMENTS:

BAD DEBT EXPENSE CLASSIFIED AS REDUCTION OF INCOME ON FINANCIAL STATEMENTS	485,802.
RENTAL EXPENSE REPORTED AS EXPENSE ON FINANCIAL STATEMENT	-71,216.

Part XIII Supplemental Information *(continued)*

TOTAL TO SCHEDULE D, PART XII, LINE 4B	414,586.

SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" on Form 990, Part IV, question 20.
▶ Attach to Form 990.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2018

Open to Public Inspection

Name of the organization: NAVAJO HEALTH FOUNDATION - SAGE MEMORIAL

Employer identification number: 23-7314364

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	X	
b	If "Yes," was it a written policy?	1b	X	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. ☐ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: ☐ 100% ☐ 150% ☐ 200% ☐ Other _____ %	3a		X
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b		X
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the criteria used for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care.			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4		X
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a		X
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a		X
b	If "Yes," did the organization make it available to the public?	6b		

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)						
b Medicaid (from Worksheet 3, column a)						
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total.** Financial Assistance and Means-Tested Government Programs						
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j **Total.** Other Benefits						
k **Total.** Add lines 7d and 7j						

Part II Community Building Activities Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 Total						

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

			Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1		X	
2 Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount	2	485,802.		
3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3	0.		
4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.				

Section B. Medicare

5 Enter total revenue received from Medicare (including DSH and IME)	5	4,062,781.
6 Enter Medicare allowable costs of care relating to payments on line 5	6	4,113,352.
7 Subtract line 6 from line 5. This is the surplus (or shortfall)	7	-50,571.

8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used:

[X] Cost accounting system [ ] Cost to charge ratio [ ] Other

Section C. Collection Practices

		Yes	No
9a Did the organization have a written debt collection policy during the tax year?	9a		X
b If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b		

Part IV Management Companies and Joint Ventures (owned 10% or more by officers, directors, trustees, key employees, and physicians - see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, from largest to smallest)

How many hospital facilities did the organization operate during the tax year? 1

Name, address, primary website address, and state license number (and if a group return, the name and EIN of the subordinate hospital organization that operates the hospital facility)	Licensed hospital	Gen. medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)	Facility reporting group
1 NAVAJO HEALTH FOUNDATION/SAGE MEMORIAL P.O. BOX 457 GANADO, AZ 86505 WWW.SAGEMEMORIAL.ORG	X	X			X		X		DENTAL AND OPTOMOLOGY	

Part V Facility Information *(continued)*

Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year? 4

Name and address	Type of Facility (describe)
1 OUTPATIENT CLINIC P.O. BOX 457 GANADO, AZ 86505	OUTPATIENT SERVICES
2 SPECIALITY CLINIC P.O. BOX 457 GANADO, AZ 86505	CARDIOLOGY AND ECHO
3 DENTAL CLINIC P.O. BOX 457 GANADO, AZ 86505	DENTAL SERVICES
4 GREASEWOOD CLINIC P.O. BOX 457 GANADO, AZ 86505	DENTAL AND OUTPATIENT SERVICES

Part VI Supplemental Information

Provide the following information.

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

PART I, LINE 3C:

THE ORGANIZATION PRIMARILY SERVICES MEMBERS OF THE NAVAJO NATION. UNDER AGREEMENTS WITH INDIAN HEALTH SERVICES, IF TRIBAL MEMBERS DO NOT HAVE INSURANCE AND/OR ARE NOT ELIGIBLE FOR MEDICARE OR MEDICAID, THE HOSPITAL BEARS THE COST OF PROVIDING MEDICAL SERVICES. PRIOR TO COVERING THE COSTS, THE HOSPITAL VERIFIES ALL ALTERNATIVE INSURANCE OPTIONS HAVE BEEN APPLIED FOR AND OBTAINS PROOF OF INDIAN HERITAGE.

PART III, LINE 4:

FINANCIAL STATEMENT FOOTNOTE 1 PAGE 11 - THE CARRYING AMOUNT OF PATIENT RECEIVABLES IS REDUCED BY A VALUATION ALLOWANCE THAT REFLECTS MANAGEMENT'S BEST ESTIMATE OF AMOUNTS THAT WILL NOT BE COLLECTED FROM PATIENTS AND THIRD-PARTY PAYORS. MANAGEMENT REVIEWS PATIENT RECEIVABLES BY PAYOR CLASS AND APPLIES PERCENTAGES TO DETERMINE ESTIMATED AMOUNTS THAT WILL NOT BE COLLECTED FROM THIRD PARTIES UNDER CONTRACTUAL AGREEMENTS AND AMOUNTS THAT WILL NOT BE COLLECTED FROM PATIENTS DUE TO BAD DEBTS. MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYOR CLASSES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE. MANAGEMENT CONSIDERS

Part VI Supplemental Information *(Continuation)*

HISTORICAL WRITE OFF AND RECOVERY INFORMATION IN DETERMINING THE ESTIMATED BAD DEBT PROVISION. THE DIFFERENCE BETWEEN THE AMOUNTS BILLED AND THE AMOUNTS ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF AGAINST THE VALUATION ALLOWANCE.

PART III, LINE 8:

IT IS A COMMUNITY BENEFIT FOR THE HOSPITAL TO PROVIDE SERVICES REGARDLESS OF MEDICARE SURPLUS OR SHORTFALL. THE SOURCE USED IS MEDICARE'S COST REPORT COMPLETED BY THE HOSPITAL FOR FISCAL YEAR END 2019.

PART VI, LINE 2:

THE HOSPITAL CONDUCTED ITS MOST RECENT COMMUNITY HEALTH NEEDS ASSESSMENT DURING THE FISCAL YEAR ENDED SEPTEMBER 30, 2019 (TAX YEAR 2018).

PART VI, LINE 3:

UPON ADMITTANCE, PATIENTS ARE INFORMED OF THE POLICIES, EDUCATED ON THE VARIOUS ASSISTANCE PROGRAMS AVAILABLE AND THEY ARE GIVEN FORMS TO ASSIST IN COMPLETING FINANCIAL ASSISTANCE PAPERWORK. THE EMPLOYEES IN ADMITTING HAVE A CHECKLIST OF INFORMATION AND FORMS THEY ARE TO PROVIDE TO THE PATIENTS.

PART VI, LINE 4:

THE ORGANIZATION PRIMARILY SERVICES THE NAVAJO NATION COMMUNITIES AND CHAPTERS OF CORNFIELDS, GANADO, KINLICHEE, KLAGETOH, GREASEWOOD SPRINGS, STEAMBOAT, WIDE RUINS, AND THE PORTION OF NAZLINI THAT INCLUDES COMMUNITIES SOUTH OF ROUTE 26. THE REGION IS PREDOMINANTLY PART OF THE APACHE COUNTY OF ARIZONA, WITH SOME OVERLAP INTO NAVAJO COUNTY.

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

(complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or letter of facility reporting group SAGE MEMORIAL HOSPITAL

Line number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A): 1

Community Health Needs Assessment		Yes	No
1 Was the hospital facility first licensed, registered, or similarly recognized by a state as a hospital facility in the current tax year or the immediately preceding tax year?	1		X
2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C	2		X
3 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12	3	X	
If "Yes," indicate what the CHNA report describes (check all that apply):			
a [X] A definition of the community served by the hospital facility			
b [X] Demographics of the community			
c [X] Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d [X] How data was obtained			
e [X] The significant health needs of the community			
f [X] Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g [X] The process for identifying and prioritizing community health needs and services to meet the community health needs			
h [X] The process for consulting with persons representing the community's interests			
i [X] The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s)			
j [ ] Other (describe in Section C)			
4 Indicate the tax year the hospital facility last conducted a CHNA: 20 18			
5 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	5	X	
6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C	6a		X
b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C	6b		X
7 Did the hospital facility make its CHNA report widely available to the public?	7	X	
If "Yes," indicate how the CHNA report was made widely available (check all that apply):			
a [ ] Hospital facility's website (list url):			
b [ ] Other website (list url):			
c [X] Made a paper copy available for public inspection without charge at the hospital facility			
d [X] Other (describe in Section C)			
8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11	8	X	
9 Indicate the tax year the hospital facility last adopted an implementation strategy: 20 18			
10 Is the hospital facility's most recently adopted implementation strategy posted on a website?	10	X	
a If "Yes," (list url): SAGEMEMORIAL.COM			
b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?	10b		
11 Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed.			
12a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	12a		X
b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?	12b		
c If "Yes" to line 12b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy (FAP)

Name of hospital facility or letter of facility reporting group SAGE MEMORIAL HOSPITAL

			Yes	No
	Did the hospital facility have in place during the tax year a written financial assistance policy that:			
13	Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care?	13	X	
	If "Yes," indicate the eligibility criteria explained in the FAP:			
a	[ ] Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of _____ % and FPG family income limit for eligibility for discounted care of _____ %			
b	[ ] Income level other than FPG (describe in Section C)			
c	[ ] Asset level			
d	[ ] Medical indigency			
e	[ ] Insurance status			
f	[ ] Underinsurance status			
g	[ ] Residency			
h	[X] Other (describe in Section C)			
14	Explained the basis for calculating amounts charged to patients?	14	X	
15	Explained the method for applying for financial assistance?	15	X	
	If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):			
a	[ ] Described the information the hospital facility may require an individual to provide as part of his or her application			
b	[ ] Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application			
c	[X] Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process			
d	[ ] Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications			
e	[ ] Other (describe in Section C)			
16	Was widely publicized within the community served by the hospital facility?	16	X	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply):			
a	[ ] The FAP was widely available on a website (list url): _____			
b	[ ] The FAP application form was widely available on a website (list url): _____			
c	[ ] A plain language summary of the FAP was widely available on a website (list url): _____			
d	[X] The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)			
e	[ ] The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)			
f	[ ] A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)			
g	[ ] Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention			
h	[ ] Notified members of the community who are most likely to require financial assistance about availability of the FAP			
i	[ ] The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by Limited English Proficiency (LEP) populations			
j	[ ] Other (describe in Section C)			

Part V Facility Information *(continued)*

Billing and Collections

Name of hospital facility or letter of facility reporting group SAGE MEMORIAL HOSPITAL

		Yes	No
17 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained all of the actions the hospital facility or other authorized party may take upon nonpayment?	17		X
18 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:			
a ☐ Reporting to credit agency(ies)			
b ☐ Selling an individual's debt to another party			
c ☐ Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP			
d ☐ Actions that require a legal or judicial process			
e ☐ Other similar actions (describe in Section C)			
f ☐ None of these actions or other similar actions were permitted			
19 Did the hospital facility or other authorized party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	19		X
If "Yes," check all actions in which the hospital facility or a third party engaged:			
a ☐ Reporting to credit agency(ies)			
b ☐ Selling an individual's debt to another party			
c ☐ Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP			
d ☐ Actions that require a legal or judicial process			
e ☐ Other similar actions (describe in Section C)			

20 Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 19 (check all that apply):

a ☐ Provided a written notice about upcoming ECAs (Extraordinary Collection Action) and a plain language summary of the FAP at least 30 days before initiating those ECAs (if not, describe in Section C)

b ☐ Made a reasonable effort to orally notify individuals about the FAP and FAP application process (if not, describe in Section C)

c ☐ Processed incomplete and complete FAP applications (if not, describe in Section C)

d ☐ Made presumptive eligibility determinations (if not, describe in Section C)

e ☐ Other (describe in Section C)

f ☐ None of these efforts were made

Policy Relating to Emergency Medical Care

		Yes	No
21 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	21	X	
If "No," indicate why:			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)			
d ☐ Other (describe in Section C)			

Part V Facility Information *(continued)*

Charges to Individuals Eligible for Assistance Under the FAP (FAP-Eligible Individuals)

Name of hospital facility or letter of facility reporting group SAGE MEMORIAL HOSPITAL

		Yes	No
22 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.			
a ☐ The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service during a prior 12-month period			
b ☐ The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period			
c ☐ The hospital facility used a look-back method based on claims allowed by Medicaid, either alone or in combination with Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period			
d ☐ The hospital facility used a prospective Medicare or Medicaid method			
23 During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Section C.	23		X
24 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Section C.	24		X

Part V Facility Information *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20a, 20b, 20c, 20d, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

SAGE MEMORIAL HOSPITAL:

PART V, SECTION B, LINE 5: SAGE MEMORIAL HOSPITAL ("SMH") ASSEMBLED AN ASSESSMENT TEAM CONSISTING OF HOSPITAL ADMINISTRATION AND EXECUTIVE LEADERSHIP, PUBLIC HEALTH PROFESSIONALS, AND CLINICAL STAFF. THE TEAM CONDUCTED SURVEYS WITH COMMUNITY MEMBERS AND FOCUS GROUPS AND RESEARCHED SECONDARY DATA SOURCES TO OBTAIN RELEVANT COMMUNITY HEALTH INFORMATION. THIS INFORMATION WAS THEN ANALYZED AND CROSS-REFERENCED TO PUBLIC DATABASES TO IDENTIFY THE TOP HEALTH CARE NEEDS OF THE COMMUNITY.

THE TEAM TOOK A COMPREHENSIVE APPROACH TO ASSESSING THE NEEDS. FIRST THEY ENGAGED WITH THE COMMUNITY TO CAPTURE INPUT ABOUT HEALTH NEEDS AND FACTORS AFFECTING THE ACCESS AND DELIVERY OF HEALTH CARE SERVICES IN THE REGION. THE ASSESSMENT TEAM INDENTIFIED 2 GROUPS TO REPRESENT THE COMMUNITY'S HEALTH INTEREST. (1) INDIVIDUAL MEMBERS OF THE COMMUNITY AND (2) SAGE'S BOARD OF DIRECTORS WHO ALSO RESIDE WITHIN THE COMMUNITIES OF THE NAVAJO NATION. THESE GROUPS PARTICIPATED IN SURVEYS AND FOCUS GROUPS COORDINATED BY ASSESSMENT TEAM MEMBERS WITH PUBLIC HEALTH EXPERTISE. THE TEAM ALSO RESEARCHED SECONDARY DATA SOURCES TO BETTER UNDERSTAND THE DEMOGRAPHICS OF THE COMMUNITY AND ASSOCIATED HEALTH ISSUES. THE RESULTS WERE ANALYZED AND REVIEWED WITH THE SMH EXECUTIVE TEAM, MEDICAL STAFF AND PUBLIC HEALTH EXPERTS IN ORDER TO IDENTIFY AND PRIORITZE THE COMMUNITY'S HEALTH NEEDS.

SAGE MEMORIAL HOSPITAL:

PART V, SECTION B, LINE 7D: PAMPHLETS DISTRIBUTED IN THE LOCAL COMMUNITY.

Part V Facility Information *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20a, 20b, 20c, 20d, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

SAGE MEMORIAL HOSPITAL:

PART V, SECTION B, LINE 11: THE HOSPITAL HAS IDENTIFIED AND PRIORITIZED THE TOP 5 SIGNIFICANT NEEDS OF THE COMMUNITY AND IS ADDRESSING THOSE NEEDS AS FOLLOWS: (1) BEHAVIORAL HEALTH - THE HOSPITAL IS EXPANDING BEHAVIORAL HEALTH SERVICES AND SUBSTANCE ABUSE REHABILITATION PROGRAMS, INCLUDING IMPLEMENTING AN OUTREACH PROGRAM AND COLLABORATING WITH SCHOOLS AND IMPLEMENTING TELEMEDICINE; (2) PEDIATRIC CARE - THE HOSITAL IS EXPANDING PUBLIC IMMUNIZATION PROGRAMS, NUTRITIONAL EDUCATION OUTREACH PROGRAMS, RECRUITMENT AND RETENTION OF BOARD-CERTIFIED PEDIATRICIANS AND EXPANDING CAPACITY FOR PEDIATRIC SERVICES; (3) OBESITY PREVENTION - THE HOSPITAL PLANS TO FACILITATE ADDITIONAL COMMUNITY OUTREACH ACTIVITIES SUCH AS EXERCISE AND PHYSICAL FITNESS GROUP ACTIVITIES, EDUCATION ABOUT HEALTHY LIFESTYLES AND THE DEVELOPMENT OF A RECREATIONAL FACILITY; (4) ACCESSABLE HEALTH CARE SERVICES - THE HOSPITAL PLANS TO EXPAND SERVICES WITHIN CHAPTER COMMUNITIES WITH THE PURCHASE OF A MOBILE HEALTH RV, REVIEW VIABILITY OF TELEMEDICINE PROGRAMS, COORDINATE PATIENT HOME VISITS AND COLLABORATE WITH THE COMMUNITY HEALTH REPRESENTATIVES; AND (5) DIABETES CARE AND PREVENTION - THE HOSPITAL WILL CONTINUE TO EDUCATE COMMUNITY ABOUT DIABETES AND INCREASE COMMUNITY ACTIVITIES THAT ENCOURAGE HEALTHY LIFESTYLE HABITS, RECRUIT AND RETAIN A NURSE CARE MANAGER FOR THE DIABETES PROGRAM, DEVELOP AND SUPPORT THE NATIVE DIABETES WELLNESS PROGRAM, CONTINUE TO EXPAND THE SAGE COMMUNITY GARDEN TO INCREASE AWARENESS AND SUPPLEMENT NUTRIONAL RESOURCES AND EXPAND HEALTH SCREENINGS. LONG TERM PLANS INCLUDE AN OUTPATIENT MEDICAL CENTER AND NEW HOSPITAL.

Part V Facility Information *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20a, 20b, 20c, 20d, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

SAGE MEMORIAL HOSPITAL:

PART V, SECTION B, LINE 13H: THE HOSPITAL USES THE FEDERAL PROVERTY LEVEL AS DETERMINED ANNUALLY BY THE FEDERAL GOVERNMENT ON A SLIDING SCALE WITH 0 TO 100% OF FEDERAL POVERTY LEVEL RECEIVING A 90% DISCOUNT, WITH A REDUCTION IN THE DISCOUNT AS THE INCOME LEVEL INCREASES IN RELATION TO THE POVERTY LEVEL.

SCHEDULE J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.
▶ Attach to Form 990.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2018

Open to Public Inspection

Name of the organization: NAVAJO HEALTH FOUNDATION - SAGE MEMORIAL

Employer identification number: 23-7314364

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. ☐ First-class or charter travel ☐ Travel for companions ☐ Tax indemnification and gross-up payments ☐ Discretionary spending account ☒ Housing allowance or residence for personal use ☐ Payments for business use of personal residence ☐ Health or social club dues or initiation fees ☐ Personal services (such as maid, chauffeur, chef)			
b	If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b	X	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a?	2	X	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. ☐ Compensation committee ☐ Independent compensation consultant ☐ Form 990 of other organizations ☐ Written employment contract ☒ Compensation survey or study ☒ Approval by the board or compensation committee			
4	During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:			
a	Receive a severance payment or change-of-control payment?	4a		X
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b		X
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c		X
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.			
	Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.			
5	For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:			
a	The organization?	5a		X
b	Any related organization?	5b		X
	If "Yes" on line 5a or 5b, describe in Part III.			
6	For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:			
a	The organization?	6a		X
b	Any related organization?	6b		X
	If "Yes" on line 6a or 6b, describe in Part III.			
7	For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III	7		X
8	Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III	8		X
9	If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9		

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2018

832111 10-26-18

Part II **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that aren't listed on Form 990, Part VII.

Note: The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) CHANNARONG JARUVANGSANTI	(i)	177,963.	0.	0.	0.	499.	178,462.	0.
PHARMACIST	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
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	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

Part III Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

PART I, LINE 1A:

DUE TO LIMITED HOUSING AVAILABLE IN THE AREA, THE ORGANIZATION OFFERS HOUSING ON PROPERTY FOR A MONTHLY RENTAL FEE.

SCHEDULE O
(Form 990 or 990-EZ)
Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Go to www.irs.gov/Form990 for the latest information.

OMB No 1545-0047
2018
Open to Public Inspection

Name of the organization: NAVAJO HEALTH FOUNDATION - SAGE MEMORIAL

Employer identification number: 23-7314364

FORM 990, PART VI, SECTION A, LINE 8B:

THE BOARD DID NOT HAVE FORMAL COMMITTEE'S WITH AUTHORITY TO ACT ON BEHALF OF THE GOVERNING BODY.

FORM 990, PART VI, SECTION B, LINE 11B:

A SUBSTANTIALLY REVISED DRAFT VERSION OF FORM 990 IS PROVIDED TO THE ENTIRE BOARD PRIOR TO THE FILING OF FORM 990. SUBSEQUENT ADDITIONAL DUE DILIGENCE WITH HOSPITAL LEGAL AND TAX ADVISORS ARE UNDERTAKEN BY THE CFO AND HOSPITAL MANAGEMENT IN ORDER TO COMPLETE AND SUBMIT THE FINAL 990.

FORM 990, PART VI, SECTION B, LINE 12:

QUESTION 12A - BOARD OF DIRECTORS ARE REQUIRED TO COMPLY WITH THE HOSPITAL'S BYLAWS THAT INCLUDE A CONFLICT OF INTEREST POLICY. HOWEVER, PRIOR TO NOVEMBER 2019, QUESTION 12B, THE OFFICERS, DIRECTORS, TRUSTEES AND KEY EMPLOYEES DID NOT ANNUALLY DISCLOSE THE CONFLICTS AND QUESTION 12C THE POLICY WAS NOT CONSISTENTLY ENFORCED. IN NOVEMBER 2019, THE POLICY WAS MONITORED AND ENFORCED AND ANNUAL DISCLOSURES WERE REQUIRED.

FORM 990, PART VI, SECTION B, LINE 15:

REMUNERATION OF KEY EXECUTIVES AND OFFICERS WERE COMMENSURATE WITH THE MARKET, ROLE, APPLICANT'S EDUCATION-EXPERIENCE-SKILLS AND WERE SUBJECT TO APPROVAL AND ACCEPTANCE BY THE BOARD OF DIRECTORS.

FORM 990, PART VI, SECTION C, LINE 18:

DOCUMENTS ARE AVAILABLE UPON REQUEST

Name of the organization: NAVAJO HEALTH FOUNDATION - SAGE MEMORIAL

Employer identification number: 23-7314364

FORM 990, PART VI, SECTION C, LINE 19:

DOCUMENTS ARE AVAILABLE UPON REQUEST

FORM 990, PART IX, LINE 11G, OTHER FEES:

CONSULTANTS AND AGENCY PERSONNEL:

PROGRAM SERVICE EXPENSES	9,637,769.
MANAGEMENT AND GENERAL EXPENSES	15,112.
FUNDRAISING EXPENSES	0.
TOTAL EXPENSES	9,652,881.
TOTAL OTHER FEES ON FORM 990, PART IX, LINE 11G, COL A	9,652,881.

FORM 990, PART XII, LINE 2C:

THE AUDITED FINANCIAL STATEMENTS, ALONG WITH FINDINGS NOTED DURING THE AUDIT, ARE PRESENTED TO THE BOARD BY THE INDEPENDENT ACCOUNTING FIRM.

Form **8868**
(Rev. January 2019)

Department of the Treasury
Internal Revenue Service

Application for Automatic Extension of Time To File an Exempt Organization Return

▶ File a separate application for each return.
▶ Go to www.irs.gov/Form8868 for the latest information.

OMB No. 1545-1709

Electronic filing (e-file). You can electronically file Form 8868 to request a 6-month automatic extension of time to file any of the forms listed below with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, for which an extension request must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit *www.irs.gov/e-file-providers/e-file-for-charities-and-non-profits.*

Automatic 6-Month Extension of Time. Only submit original (no copies needed).

All corporations required to file an income tax return other than Form 990-T (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Type or print File by the due date for filing your return. See instructions.	Name of exempt organization or other filer, see instructions. NAVAJO HEALTH FOUNDATION - SAGE MEMORIAL	Enter filer's identifying number Employer identification number (EIN) or 23-7314364
	Number, street, and room or suite no. If a P.O. box, see instructions. P.O. BOX 457	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. GANADO, AZ 86505	

Enter the Return Code for the return that this application is for (file a separate application for each return) 0 1

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720 (other than individual)	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of ▶ MICHAEL KATIGBAK, INTERIM CFO P.O. BOX 457 - GANADO, AZ 86505
  Telephone No. ▶ (928)755-4500 Fax No. ▶
- If the organization does not have an office or place of business in the United States, check this box ▶ ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box ▶ ☐. If it is for part of the group, check this box ▶ ☐ and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 6-month extension of time until AUGUST 15, 2020, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
▶ ☐ calendar year _____ or
▶ ☒ tax year beginning OCT 1, 2018, and ending SEP 30, 2019.

2 If the tax year entered in line 1 is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period

3a	If this application is for Forms 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	$ 0.
b	If this application is for Forms 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	$ 0.
c	**Balance due.** Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	$ 0.

Caution: If you are going to make an electronic funds withdrawal (direct debit) with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

LHA **For Privacy Act and Paperwork Reduction Act Notice, see instructions.**

SAGE MEMORIAL HOSPITAL

NAVAJO HEALTH FOUNDATION

SAGE MEMORIAL HOSPITAL

HOEFER WYSOCKI

Layton

CONSTRUCTING WITH INTEGRITY

SAGE MEMORIAL HOSPITAL

NAVAJO HEALTH FOUNDATION

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SAGE MEMORIAL HOSPITAL

HOEFER WYSOCKI

Layton

CONSTRUCTING WITH INTEGRITY

CJN-35-05

RESOLUTION OF THE
NAVAJO NATION COUNCIL

20th NAVAJO NATION COUNCIL - Third Year, 2005

AN ACTION

RELATING TO HEALTH, AND INTERGOVERNMENTAL RELATIONS; AMENDING RESOLUTION CAP-35-02, APPROVING THE REAUTHORIZATION OF THE EXISTING HEALTH CARE 638 CONTRACTORS, AND ESTABLISHING A PROCEDURE FOR THE EXPANSION OF HEALTH CARE 638 CONTRACTS AND AUTHORIZATION OF ADDITIONAL HEALTH CARE 638 CONTRACTORS, BEGINNING OCTOBER 1, 2005 AND ENDING SEPTEMBER 30, 2020

BE IT ENACTED:

1. The Navajo Nation Council hereby amends Resolution CAP-35-02, attached hereto as Exhibit "A", by removing the "pilot project" status of the Utah Navajo Health Systems, Inc., the Tuba City Regional Health Care Corporation, and the Winslow Indian Health Care Center, Inc., and reauthorizing each of these corporations as tribal organizations for the purpose of managing and operating contracts with the Indian Health Service under Public Law 93-638 for a fifteen-year period beginning October 1, 2005 and ending September 30, 2020, for all programs, functions, services and activities (PFSAs) which those tribal organizations currently contract under Public Law 93-638.

2. The Navajo Nation Council hereby authorizes the Sage Memorial Hospital, Inc. as a tribal organization for the purpose of managing and operating contracts with the Indian Health Service under Public Law 93-638 for a fifteen-year period beginning October 1, 2005 and ending September 30, 2020, for all programs, functions, services and activities (PFSAs) which those tribal organizations currently contracts under Public Law 93-638.

3. The Navajo Nation Council hereby specifically delegates to the Intergovernmental Relations Committee the authority to consider the expansion of the PFSAs which each of the above-referenced tribal organizations manage and operate under a Public Law 93-638 contract, upon a recommendation for approval by the Health and Social Services Committee, and each of the Navajo Nation chapters which will be served by the existing and expanded PFSAs; provided, that no expansion of the PFSAs which the above-referenced tribal organizations manage and operate under a Public Law 93-638 contract shall be approved in the absence of a recommendation for approval by the Health and Social Services Committee, and each of the Navajo Nation chapters which will be served by the existing and expanded PFSAs.

4. The Navajo Nation Council hereby specifically approves the authorization by the Intergovernmental Relations Committee of additional tribal organizations to manage and operate Public Law 93-638 contracts with the Indian Health Service for the provision of health care and related services to Navajos and other eligible recipients, upon a recommendation for approval by the Health and Social Services Committee, and each of the Navajo Nation chapters which will be served by the additional tribal organizations; provided, that no additional tribal organizations shall be authorized to manage and operate Public Law 93-638 contracts for the provision of health care and related services to Navajos and other eligible recipients in the absence of a recommendation for approval by the Health and Social Services Committee, and each of the Navajo Nation chapters which will be served under such Public Law 93-638 contract.

5. The Navajo Nation Council further conditions the reauthorizations, authorization, authorities for expansion of PFSAs, and additional of tribal organizations herein set forth upon the complete and continuing compliance of the tribal organizations with all conditions set forth on Exhibit "A", hereto attached.

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Navajo Nation Council at a duly called meeting in Window Rock, Navajo Nation (Arizona) at which a quorum was present and that the same was passed by a vote of 65 in favor and 13 opposed, this 3rd day of June 2005.

Lawrence T. Morgan, Speaker
Navajo Nation Council

05 June '05
Date

Motion: Larry Noble
Second: Mel R. Begay

CORNFIELDS CHAPTER

P.O. Box 478, Ganado, Arizona 86505 – PH# (928) 755-5912 – FAX# (928) 755-5917
Email: cornfields@navajochapters.org Website: cornfields.navajochapters.org

RESOLUTION OF THE CORNFIELDS CHAPTER CF-JUN2020-052

Supporting the Navajo Health Foundation – Sage Memorial Hospital, Inc., Ganado, Arizona to obtain a 20-year tribal designation status from the Navajo Nation Council for purposes of contracting under the Indian Self-Determination and Education Assistance Act P.L.-93-638.

WHEREAS:

1. The Navajo Health Foundation – Sage Memorial Hospital's Navajo Nation tribal designation will expire on September 30, 2020; and

2. The Navajo Health Foundation – Sage Memorial Hospital provides health care to the eight service areas, which include Ganado, Cornfields, Greasewood Springs, Steamboat, Klagetoh, Wide Ruins, Nazlini, and Kinlichee Chapter; and

3. The Navajo Health Foundation – Sage Memorial Hospital provides for the health care needs of the community; and

4. The Navajo Health Foundation – Sage Memorial Hospital is the primary employer of the eight-chapter service areas and will employ additional community members with the construction of the new facilities; and

5. The Navajo Health Foundation – Sage Memorial Hospital is in the process of designing and developing a 40-bed new replacement hospital, Medical Offices Building and additional Staff Housing. The anticipated completion of the new replacement hospital, medical offices building and staff housing is December 2021; and

6. The Navajo Health Foundation – Sage Memorial Hospital is seeking the resolution of support from the Cornfields Chapter for the purpose of obtaining a 50-year bond financing option to construct the new facility, medical offices building and additional Staff Housing.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Cornfields Chapter respectfully supporting and recommending the approval of a 20-year tribal designation status from the Navajo Nation Council for the purposes of contracting under the Indian Self-Determination and Education Assistance Act P.L. 93-638
2. The Cornfields Chapter further request that the Navajo Nation do all things necessary to support and approve the 20-year designation for the Navajo Health Foundation – Sage Memorial Hospital, Ganado, Arizona.

CERTIFICATION

I hereby certify that the Cornfields Chapter duly considered the foregoing resolution at a duly called meeting at Cornfields Chapter, Navajo Nation (ARIZONA) at which a quorum was present and was passed by a vote of _08_ in favor, _00_ opposed and _03_ abstained on this 14th day of June 2020.

CORNFIELDS CHAPTER

P.O. Box 478, Ganado, Arizona 86505 – PH# (928) 755-5912 – FAX# (928) 755-5917
Email: cornfields@navajochapters.org Website: cornfields.navajochapters.org

Presiding Chapter President
CORNFIELDS CHAPTER

Motion: Mr. Lawrence Sam
Second: Mr. Gordon Dempsey

NAZLINI CHAPTER GOVERNMENT

LEE V. BIGWATER • JOSEPH DEDMAN, JR. • JOANN DEDMAN • KEE ALLEN BEGAY, JR. • IRVIN SHIRLEY

NAZLINI CHAPTER RESOLUTION
NAZL-JULY-20-054

SUPPORTING THE NAVAJO HEALTH FOUNDATION SAGE MEMORIAL HOSPITAL INC, GANADO, ARIZONA TO OBTAIN A 20 YEAR TRIBAL DESIGNATION STATUS FROM THE NAVAJO NATION COUNCIL FOR THE PURPOSES OF CONTRACTING UNDER THE INDIAN SELF-DETERMINATION AND EDUCATION ASSISTANCE ACT PUBLIC LAW 93-638.

WHEREAS:

1. Pursuant to N.N.C., Title 26, Section 101, and the Navajo Nation Council Resources and Development Committee Legislation #RDCF-0052-15 dated February 17, 2015, Nazlini Chapter Government was recognized as an LGA Certified Chapter and delegated with the responsibility and authority to make decisions over local chapter matters; AND

2. The Navajo Health Foundation – Sage Memorial Hospital provides health care to eight (8) service areas of Cornfields, Ganado, Greasewood Springs, Kinlichee, Klagetoh, Nazlini, Steamboat and Wide Ruins Chapters; AND

3. The Navajo Health Foundation – Sage Memorial Hospital's Navajo Nation tribal designation will expire on September 30, 2020; AND

4. The Navajo Health Foundation – Sage Memorial Hospital is one of the primary employers of the eight (8) chapter service areas and will employ additional community members once a new hospital is constructed; AND

5. The Nazlini Chapter is not represented on the Navajo Health Foundation – Sage Memorial Hospital Board of Directors.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Nazlini Chapter hereby supports Navajo Health Foundation – Sage Memorial Hospital to obtain a 20 Year Tribal Designation Status from the Navajo Nation Council for the purposes of contracting under the Indian Self-Determination and Education Assistance Act Public Law 93-638; AND

CERTIFICATION

We hereby certify that the foregoing resolution was duly considered and moved for adoption by Joseph Dedman Jr. seconded by Irvin Shirley and passed by a vote of 5 in favor, 1 opposed, 1 abstained, this 10th day of July 2020.

Lee V. Bigwater, President

Joseph Dedman Jr., Vice President

JoAnn Dedman, Secretary/Treasurer

Kee Allen Begay Jr., Council Delegate

GANADO CHAPTER

Willie Tracey Jr., Chapter Manager
Cindy L. James, Administrative Assistant
Larry Tsosie, Projects Supervisor / Operator
Esther Kirk, Office Assistant

Marcario Roanhorse, President
Walter Jones, Vice-President
Richie Nez, Sr., Secretary/Treasurer
Vince R. James, Council Delegate
Dickerson Smith, Grazing Official

Post Office Box 188 Ganado, Arizona 86505 Telephone: (928) 755-5920 Facsimile: (928) 755-5927 Email: ganado@navajochapters.org

Resolution No. GAN-229-2020

RESOLUTION OF THE GANADO CHAPTER

Respectfully Requesting the 24th Navajo Nation Council to Designate the Navajo Health Foundation, Sage Memorial Hospital, Inc. for a Twenty (20) Year Tribal Designation Status for the Primary Purposes of Contracting Under the Indian Self-Determination and Education Assistance Act, P.L. 93-639

WHEREAS;

1. The Ganado Chapter is a duly certified local governing entity recognized by the Navajo Nation Council through 11 N.N.C. § 10(A), to advocate and address the needs and development of the local people to interact with other departments of the Navajo Nation, federal and local agencies which serve and affect the Navajo Nation; and

2. The Ganado Chapter is a Governance Certified Chapter of the Navajo Nation vested authority under 26 N.N.C. § 101 et. seq; and

3. Ganado Chapter pursuant to Navajo Nation central governing policies and procedures, has direct responsibility and authority to promote, protect and preserve the interest and general welfare of its community, memberships, programs and property; and

4. Ganado Chapter has been apprised that Navajo Health Foundation (NHF), Sage Memorial Hospital's (SMH) tribal designation will expire on September 30, 2020; and

5. Ganado Chapter is aware that NHF SMH provides health care to eight (8) service areas, which includes Ganado, Cornfields, Greasewood Springs, Steamboat, Klagetoh, Wide Ruins, Nazlini and Kinlichee Chapter; and

6. Ganado Chapter is cognizant that NHF SMH is a primary employer of the eight-chapter service areas and will continue to employ additional community members during the construction of the new facilities; and

7. Ganado Chapter was informed that NHF SMH is in the process of designing and developing a 40-bed new replacement hospital, Medical Offices Building and additional Staff Housing with an anticipation completion on December 2021; and

8. Ganado Chapter respectfully supports NHF SMH in seeking a 50-year bond financing option to the proposed new facility which will promote and provide necessary professional healthcare services.

NOW, THEREFORE BE IT RESOLVED THAT;

1. Ganado Chapter is hereby respectfully requesting the 24th Navajo Nation Council to designate the Navajo Health Foundation, Sage Memorial Hospital, Inc. for a Twenty (20) Year tribal designation status for the primary purposes of contracting under the Indian Self-Determination and Education Assistance Act, P.L. 93-638; and

2. Ganado Chapter is furthering requesting the Navajo Nation Government execute all necessary best practices for a 20-year tribal designation.

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Ganado Chapter at a duly called meeting at Ganado, Navajo Nation, Arizona, at which a quorum was present and that same passed by a vote of 11 in favor, 1 opposed and 1 abstained on this 21st day of July, 2020.

MOTION by: Walt Jones

SECOND by: Richie Nez, Sr.

Marcarlo Roanhorse, Chapter President
GANADO CHAPTER

ATTEST:

Richie Nez Sr., Secretary/Treasurer
GANADO CHAPTER

KIN DAH LICHII' CHAPTER

Larry Curtis
PRESIDENT

Brunella Yazzie
VICE PRESIDENT

Mike Tsosie
SECRETARY/TREASURER

Kerrie Begaye
CHAPTER MANAGER

Vince James
COUNCIL DELEGATE

Theresa Watchman
ADMINISTRATIVE ASSISTANT

Terry Kelewood
GRAZING OFFICIAL

Minifred Lilly
OFFICE ASSISTANT

KDLC 07-039-2020

RESOLUTION OF THE KINDAHLICHII CHAPTER

Supporting the Navajo Health Foundation – Sage Memorial Hospital, Inc., Ganado, Arizona to Obtain a 20 – Year Tribal Designation Status from the Navajo Nation Council for Purposes of Contracting under the Indian Self-Determination and Education Assistance Act P.L. 93-638.

WHEREAS:

1. Kindahlichii Chapter is government certified pursuant to 26 N.N.C., Section 102(B) which permits the Kindahlichii Chapter to exercise local governance authorities contained within 26 N.N.C., Section 103; and

2. The Kindahlichii Chapter pursuant to 26 N.N.C., Section 1 (B) is vested with the authority to review all matters affecting the community and to make appropriate decisions when necessary and make recommendation to the Navajo Nation and other local agencies for appropriate actions; and

3. The Navajo Health Foundation – Sage Memorial Hospital's Navajo Nation tribal designation will expire September 30, 2020; and

4. The Navajo Health Foundation – Sage Memorial Hospital provides health care to the eight service areas which include Ganado, Cornfields, Greasewood Springs, Steamboat, Klagetoh, Wide Ruins, Nazlini, and Kindahlichii Chapters; and

5. The Navajo Health Foundation – Sage Memorial Hospital provides for the health care needs of the community; and

6. The Navajo Health Foundation – Sage Memorial Hospital is the primary employer of the eight chapters service areas and will employ additional community members with the construction of the new facilities; and

7. The Navajo Health Foundation – Sage Memorial Hospital is in the process of designing and developing a 40-bed new replacement Hospital, Medical Offices Building and additional Staff Housing. The anticipated completion of the new replacement Hospital, medical offices building and staff housing is December 2021; and

8. The Navajo Health Foundation – Sage Memorial Hospital is seeking the resolution of support from the Kindahlichii Chapter for the purpose of obtaining a 50-year bond financing option to construct the new facility, medical offices building and additional staff housing.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Kindahlichii Chapter respectfully supports and recommends the approval of a 20-year tribal designation status from the Navajo Nation Council for purposes of contracting under the Indian Self-Determination and Education Assistance Act P.L. 93-638.

2. The Kindahlichii Chapter further requests the Navajo Nation do all things necessary to support and approve the 20-year tribal designation for Navajo Health Foundation – Sage Memorial Hospital, Ganado, Arizona.

3. The Kindahlichii Chapter requests to be represented on the Ganado Sage Hospital Board, to receive reports and activities happening at the Hospital, and to have a voice to the Board on local community needs.

4. The Kindahlichii Chapter requests the Ganado Sage Hospital Board to update their policies and bylaws to address selection of representatives to the Hospital Board to allow participation of Chapters in its service area.

CERTIFICATION:

We hereby certify the foregoing resolution was duly considered by the Kindahlichii Chapter at a duly called Chapter Meeting at which a quorum was present and that same was approved by a vote of 2 in favor, -0- opposed, and 1 abstained on this 10th day of August 2020.

MOTION: Brunella Yazzie

SECOND: Mike Tsosie

Larry Curtis, President

Brunella Yazzie, Vice-President

Mike Tsosie, Secretary/Treasurer

NOT PRESENT
Terry Kelewood, Grazing Official

KLAGETOH CHAPTER

Unit 42 HC 58 Box 90, Ganado, AZ 86505
PHONE: (928) 652-2700 FAX: (928) 652-2701

JONATHAN NEZ, PRESIDENT
MYRON LIZER, VICE-PRESIDENT

Ernest Benally, President Leon Jackson, V. President Genevieve Mitchell, Secretary/Treasurer Frank Begay, Jr. Grating Officer, Raymond Smith Jr., Council Delegate, Edward Clark, Jr., CSC

RESOLUTION OF THE KLAGETOH CHAPTER
RESOLUTION KLA-2074-08/2020

THE KLAGETOH CHAPTER SUPPORTS THE NAVAJO HEALTH FOUNDATION - THE SAGE MEMORIAL HOSPITAL, INC, GANADO, AZ, , TO OBTAIN A 20 YEAR TRIBAL DESIGNATION STATUS FROM THE NAVAJO NATION COUNCIL FOR PURPOSES OF CONTRACTING UNDER THE INDIAN SELF-DETERMINATION AND EDUCATION ASSISTANCE ACT P.L. 93-638

WHEREAS:

1. Pursuant to 26 N.N.C, Section 3 (A) the Klagetoh Chapter is duly recognized certified chapter of the Navajo Nation Government, as listed as 11 N.N.C., Part 1, Section 10, and
2. Pursuant to Title 26 N.N.C., Section 1 (B) the Klagetoh Chapter is vested with the authority to review all matters affecting the community and to make appropriate correction when necessary and make recommendation to the Navajo Nation and other local agencies for appropriate actions, and
3. The Navajo Health Foundation – Sage Memorial Hospital's Navajo Nation tribal designation will expire on September 30th, 2020, and
4. The Navajo Health Foundation – Sage Memorial Hospital provides health care to the eight (8) services areas, including: Ganado, Cornfields, Greasewood Springs, Steamboat, Klagetoh, Wide Ruins, Nazlini, and Kinlichee Chapter, and
5. The Navajo Health Foundation – Sage Memorial Hospital provides for the health care needs of the communities, and
6. The Navajo Health Foundation – Sage Memorial Hospital is in the process of designing and developing a 40-bed new replacement hospital, medical offices building, and additional staff housing. The anticipated completion of the new replacement hospital medical offices building, and staff housing is December 2021, and
7. The Navajo Health Foundation – Sage Memorial Hospital is seeking support for the purpose of obtaining a 50-year bond financing option to construct the new facility, medical offices building and additional staff housing.

NOW THEREFORE BE IT RESOLVED THAT:

1. **The Klagetoh Chapter respectfully supports and recommends the approval of a 20-year tribal designation status from the Navajo Nation Council for purposes of contracting under the Indian Self Determination and Education Assistance Act P.L. 93-638**
2. **The Klagetoh Chapter further requests that the Navajo nation do all things necessary to support and approve the 20-year tribal designation for the Navajo Health Foundation – Sage Memorial Hospital, Ganado, Arizona.**

CERTIFICATION

We hereby certify that the foregoing resolution was duly considered by the Klagetoh Chapter government at the duly call Special Meeting at Klagetoh Chapter, Navajo Nation, Arizona at which a quorum was present; and the same was passed by a vote of 4 in favor, 0 opposed, 1 abstained, on this 11th day of August, 2020.

Motion by: Leon Jackon Second by: Jean Payton

Ernest Benally Jr., Chapter President

Wide Ruins Community Chapter

Cecil Hubbell, Sr., President
Louise J. Nelson, Vice-President
Bernice Wilson, Secretary/Treasurer
Shawnevan Dale, Grazing Officer
Vernita Tsosie, Community Services Coordinator

Post Office Box 208
Chambers, Arizona 86502
Phone: 928-652-3223
Fax: 928-652-3253
Email: wideruins@navajochapters.org

WDR 08-023-20

RESOLUTION OF THE WIDE RUINS CHAPTER

SUPPORTING THE NAVAJO HEALTH FOUNDATION-SAGE MEMORIAL HOSPITAL, INC., GANADO, ARIZONA TO OBTAIN A 20-YEAR DESIGNATION STATUS FROM THE NAVAJO NATION COUNCIL FOR THE PURPOSE OF CONTRACTING UNDER THE INDIAN SELF-DETERMINATION AND EDUCATION ASSISTANCE P.L. 93-638

WHEREAS:

1. The Wide Ruins Community Chapter is a certified Navajo Nation Chapter Government, and pursuant to Navajo Nation Council CS-6002 is delegated a governmental authority with respect to local matters consistent with the Navajo laws, including customs, traditions and fiscal matters; and

2. Pursuant to Chapter 1, Subchapter 1, Section 131(1), (2) of the same "Act", the Wide Ruins Chapter has the responsibility and authority to promote, protect and preserve the interest and general welfare including the safety and health of its community people, programs, property and

3. The Navajo Health Foundation-Sage Memorial Hospital's Navajo Nation tribal designation will expire on September 30 2020; and

4. The Navajo Health Foundation-Sage Memorial Hospital provides health care to the eight service areas, which includes Ganado, Cornfields, Greasewood Springs, Steamboat, Klagetoh, Wide Ruins, Nazlini, and Kinlichee Chapter; and

5. The Navajo Health Foundation-Sage Memorial Hospital provides for the health care needs of the community; and

6 The Navajo Health Foundation-Sage Memorial Hospital is the primary employer of the eight-chapter services areas and will employ additional community members with the construction of the new facilities; and

7. The Navajo Health Foundation-Sage Memorial Hospital is in the process of designing and developing a 40-bed new replacement hospital, medical offices building and additional staff housing. The anticipated completion of the new replacement hospital, medical offices building, and staff housing is December 2021; and

8. The Wide Ruins Chapter supports the Navajo Health Foundation- Sage Memorial Hospital in their quest of obtaining a 50-year bond financing option to construct the new facility, medical offices building and additional staff housing.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Wide Ruins Chapter respectfully supports and recommends the approval of a 20 year tribal designation status from the Navajo Nation Council for purposes of contracting under the Indian Self-Determination and Education Assistance Act P.:L. 93-638.
2. The Wide Ruins Chapter further requests that the Navajo Nation make all necessary efforts to support and approve the 20-year tribal designation for the Navajo Health Foundation-Sage Memorial Hospital, Ganado, Arizona.

CERTIFICATION

I, hereby certify that the foregoing resolution was considered by the Wide Ruins Community Chapter at a duly called teleconference meeting at Wide Ruins, Navajo Nation (Arizona), at which a quorum was present and that same was passed by a vote of 11 in favor, 0 opposed and 6 abstained, this 12th day of August 2020.

MOTIONED BY: MATILDA HUBBELL
SECONDED BY: BERNICE WILSON

Mr. Cecil Hubbell, Sr., President

NAVAJO HEALTH FOUNDATION

SAGE MEMORIAL HOSPITAL

POST OFFICE BOX 457 / GANADO, ARIZONA 86505 / PH (928) 755-4705 / FX (928) 755-4659

Supporting the Navajo Health Foundation – Sage Memorial Hospital, Inc., Ganado, Arizona to obtain a 20 - year tribal designation status from the Navajo Nation Council for purposes of contracting under the Indian Self-Determination and Education Assistance Act P.L. 93-638

Whereas:

1. The Navajo Health Foundation - Sage Memorial Hospital's Navajo Nation tribal designation will expire on September 30, 2020, and

2. The Navajo Health Foundation – Sage Memorial Hospital provides health care to the eight service areas, which include Ganado, Cornfields, Greasewood Springs, Steamboat, Klagetoh, Wide Ruins, Nazlini, and Kinlichee Chapter, and

3. The Navajo Health Foundation -Sage Memorial Hospital provides for the health care needs of the community, and

4. The Navajo Health Foundation – Sage Memorial Hospital is the primary employer of the eight-chapter service areas and will employ additional community members with the construction of the new facilities, and

5. The Navajo Health Foundation – Sage Memorial Hospital is in the process of designing and developing a 40-bed new replacement hospital, Medical Offices Building and additional Staff Housing. The anticipated completion of the new replacement hospital, medical offices building, and staff housing is December 2021, and

6. The Navajo Health Foundation – Sage Memorial Hospital is seeking the resolution of support from the Steamboat Chapter for the purpose of obtaining a 50-year bond financing option to construct the new facility, medical offices building and additional Staff Housing.

NOW, THEREFORE BE IT RESOLVED THAT:

1. Steamboat Chapter respectfully supporting and recommending the approval of a 20 – year tribal designation status from the Navajo Nation Council for purposes of contracting under the Indian Self-Determination and Education Assistance Act P.L. 93-638
2. Steamboat Chapter further requests that the Navajo Nation do all things necessary to support and approve the 20 – year tribal designation for Navajo Health Foundation – Sage Memorial Hospital, Ganado, Arizona.

CERTIFICATION

I Hereby certify that the foregoing resolution was duly considered by Steamboat Chapter at a duly called meeting at Steamboat, Navajo Nation, Arizona which a quorum was present and that the same passed by a vote of 4 in favor, 1 opposed and 0 abstained on this 17 day of August, 2020.

Motion by: Terry H. Begay

Second by: Roman Gorman

D17C-08-020-FY20

RESOLUTION OF THE DISTRICT 17 COUNCIL

Respectfully Requesting the 24th Navajo Nation Council to Designate the Navajo Health Foundation, Sage Memorial Hospital, Inc. for a Twenty (20) Year Tribal Designation Status for the Primary Purposes of Contracting Under the Indian Self-Determination and Education Assistance Act, P.L. 93-639

WHEREAS;

1. The District 17 Council Chapter's are all duly certified local governing entities recognized by the Navajo Nation Council through 11 N.N.C. § 10(A), to advocate and address the needs and development of the local people to interact with other departments of the Navajo Nation, federal and local agencies which serve and affect the Navajo Nation; and

2. The District 17 Council Chapter's comprise of a Governance Certified and Non-Governance Certified Chapters of the Navajo Nation. Cornfields Chapter, Ganado Chapter, Greasewood Springs Chapter Kinlichee Chapter, Klagetoh Chapter, Steamboat Chapter and Wide Ruins Chapter whom are all vested authority under 26 N.N.C. § 101 et. seq; and

3. The District 17 Council Chapter's are all vested with the authority to review all matters affecting the community while making appropriate delicate decisions as deem necessary and to make recommendation to the Navajo Nation and other local agencies for appropriate actions; and

4. District 17 Council has been apprised that Navajo Health Foundation (NHF), Sage Memorial Hospital's (SMH) tribal designation will expire on September 30, 2020; and

5. District 17 Council is aware that NHF SMH provides health care to eight (8) service areas, which includes Ganado, Cornfields, Greasewood Springs, Steamboat, Klagetoh, Wide Ruins, Nazlini and Kinlichee Chapter; and

6. District 17 Council is cognizant that NHF SMH is a primary employer of the eight-chapter service areas and will continue to employ additional community members during the construction of the new facilities; and

7. District 17 Council was informed that NHF SMH is in the process of designing and developing a 40-bed new replacement hospital. Medical Offices Building and additional Staff Housing with an anticipation completion on December 2021; and

8. District 17 Council respectfully supports NHF SMH in seeking a 50-year bond financing option to the proposed new facility which will promote and provide necessary professional healthcare services.

NOW, THEREFORE BE IT RESOLVED THAT;

The District 17 Council is hereby respectfully requesting the 24th Navajo Nation Council to designate the Navajo Health Foundation, Sage Memorial Hospital, Inc. for a twenty

(20) year tribal designation status for the primary purposes of contracting under the Indian Self-Determination and Education Assistance Act, P.L. 93-639.

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the District 17 Council at a duly called meeting via teleconference and online, Navajo Nation, Arizona, at which a quorum was present and that same passed by a vote of 13 in favor, 0 opposed and 2 abstained on this 18th day of August, 2020.

MOTION by: Sharon Smith
SECOND by: Cecil Hubbell

Leon Jackson, President
DISTRICT 17 COUNCIL

ATTEST:
Mike Tsosie, Secretary/Treasurer
DISTRICT 17 COUNCIL

Amd# to Amd#	Legislation No. 0238-20	PASSED
MOT James, V	Approving Reauthorization of the	
SEC Nez, R	2005 Tribal Designation for the	
	Navajo Health Foundation-Sage...	

Yeas : 16 **Nays : 2** **Excused : 1** **Not Voting : 4**

Yea : 16

Begay, E	Freeland, M	Nez, R	Tso, D
Begay, K	Halona, P	Smith	Walker, T
Begay, P	Henio, J	Stewart, W	Wauneka, E
Daniels	James, V	Tso, C	Yellowhair

Nay : 2

Brown Charles-Newton

Excused : 1

Tso, E

Not Voting : 4

Crotty	Slater, C	Yazzie	Tso

Presiding Speaker: Damon