

Campbell County Memorial Hospital
Finance Committee
February 25, 2014

Mr. Dugan called the Finance Committee meeting to order at 12:04 p.m. on Tuesday, February 25, 2014. The meeting was held in the Campbell County Memorial Hospital Board Room.

Present:

Mr. Mike Dugan, Chairman
Mr. George Dunlap, for Dr. Sara Hartsaw, Trustee
Mr. Randy Hite, Trustee
Dr. Billie Wilkerson, Chief of Staff
Mr. Andy Fitzgerald, CEO
Mr. Andy Rybolt, Interim CFO
Ms. Deb Tonn, Vice President of Patient Services
Ms. Nancy Long, Accounting Manager
Ms. Dane Joslyn, Community Relations
Ms. Marilyn Grant, Recorder

Absent:

Sarah Hartsaw, M.D., Trustee
Mr. Carl Sorensen, Vice President of Facilities and Plant

Approval of Agenda:

ACTION: Mr. Dunlap moved, seconded by Mr. Dugan to approve the agenda. Motion carried.

Approval of Minutes:

ACTION: Mr. Dunlap moved, seconded by Mr. Dugan, to approve the minutes of the January 21, 2014 Finance Committee meeting. Motion carried.

OLD BUSINESS

No old business was presented.

NEW BUSINESS

• **HOSPITAL ASSISTANCE FUNDING POLICY**

Mr. Rybolt stated that the Finance Committee reviews this policy annually. No changes were made to the policy. Mr. Dunlap asked if the clinics operate off the same guidelines. Mr. Fitzgerald stated that the process for assistance at the clinics is a little different. We are working on a policy to uniform the process. When assistance process for the clinics is ready for review, it will be brought to the Finance Committee.

• **CAPITAL REQUESTS**

○ **Departmental Remodels and Repairs – Plant Operations.** This request will cover budgetary short falls in 2 projects and cover emergency repairs in 2 places. Funds will be diverted from the EVS/Laundry remodel project to cover the expenses. The EVS/Laundry Project will be postponed until 2015. The funding need for the projects is listed below.

1. BHS Remodel:	\$188,925
2. Pharmacy Remodel:	\$135,740
3. Emergency Roof Repair, Dialysis Unit	\$57,250
4. Emergency Replacement of Patient Hot Water System:	\$58,811

EVS/Laundry Remodel Budget: \$500,000 Total Diverted Funds: \$440,727

Discussion: Mr. Fitzgerald stated that the \$188,925 for the BHS remodel and the \$135,740 for the Pharmacy remodel are in addition to the original budget for each of these projects. The roof repair and the patient hot water system are necessary repairs. We are asking to reallocate money from the EVS/Laundry remodel budget for these four projects.

- **Motorized Patient Stretchers – Emergency Care.** This request will purchase 3 electric motorized stretchers for the ECD. The new stretchers are equipped with exit alarms, which will reduce patient falls. This request is part of the phased replacement of high use equipment in the ECD and completes this stage.

Budget: \$36,000

Actual: \$32,077

- **Spectrum IV Infusion Pumps – MedSurg Nursing.** This request will purchase 20 Spectrum IV pumps to augment the existing fleet. The addition of the new pumps will bring the total channel number to 160 which is considered optimum for our facility. The request includes an additional server which is required to ensure a stable IT platform relative to pump communication in our network.

Budget: \$82,000

Actual: \$70,000

- **LifePak Portable Monitor Defibrillators – Emergency Medical Services.** This request will purchase 2 LifePak monitor defibrillator units to replace the oldest units now in use at EMS. The new equipment will complete the standardization of all 7 EMS LifePaks started 3 years ago. Twelve lead ECG, SPO2/CO sampling and other monitoring parameter will now be standardized on every ambulance call. A small price increase will take us slightly over budget.

Budget: \$55,615

Actual: \$56,459

- **eICU Headwall Unit – Intensive Care.** This request will purchase structural components and construction services to install a permanent eICU headwall to replace the portable eICU console now in use. The central utilities column in the ICU suite will be removed and rerouted to increase floor space. Congestion in the EICU suite will be reduced when ventilators and other bulky equipment is in use. The Helmsly Grant has agreed to fund this request.

Actual: \$20,589

Discussion: Ms. Tonn Stated that we completed the third year with the Helmsly Grant, and we still had funds available. We entered into a fourth year of the agreement with them and they agreed to fund the fourth eICU unit including all of the permanent hardware and construction cost. In addition, we own the portable unit. If we would relocate the ICU, the Hill Rom headwalls and the hardware could be moved to the new location.

ACTION: Mr. Hite moved, seconded by Mr. Dunlap, to approve the capital requests as presented. Motion carried.

JANUARY 2014 FINANCIAL PRESENTATION

Ms. Long presented the January financial data.

- Inpatient admits including swingbed were 44 (16%) under budget and 5.3% below the prior year.
- Outpatient observation patients fell sharply in January; however, they are 44% of total admissions
- Pioneer Manor admissions were 3 below budget
- The average daily census was 27 which was 15.6% below budget. It does not include observation status patients.
- Pioneer Manor average daily census was 9 under budget. The hospital's low census contributes to the decline in census at Pioneer Manor.
- Outpatient visits were 2.6% over budget which is a 6% increase over December.
- Clinic visits were .7% above budget and 5.3% over prior year.
- Emergency Room visits were 2.9% under budget and 2.6% above prior year.
- Walk-In Clinic visits were 12.5% over budget and 11.4% above the prior year.
- Total surgeries were 7 under budget which is 2% below budget
- Net revenue was \$767,000 or 6.2% under budget
- Gross revenue was unfavorable by \$379,000 or 1.8%
- Inpatient revenue was \$618,000 under budget
- Outpatient revenue was \$239,000 above budget
- Total bad debt and charity care were \$161,000 over budget for the month. Bad debt was favorable and charity care was unfavorable.
- Operating expenses were under budget \$258,000 or 2% in January. Salaries, benefits, and physician salaries were under budget. Contract services were over budget due to writing off the capitalized design fees for the new tower construction, and temporary staffing. Lab expense for the employee wellness testing done primarily in October, November and December was paid in January.
- The January operating loss was \$948,000 versus a budgeted loss of \$439,000
- Accounts receivable days decreased by 1
- Days cash on hand increased by 6 days to 302
- Cash increased by \$2,209,000

Mr. Rybolt stated that the criteria for observation status is a patient that the physician does not have a definitive diagnosis or if the patient may not stay two midnights. Reimbursement for observation is considerably less from payers that pay on a case rate basis (Medicare, BX, and Medicaid). We have entered into a contract with Executive Health Resources to review our admissions for observation to see if they could meet the criteria for inpatient. The inpatient reimbursement rate is significantly higher. The physicians performing the review delve into the patient's medical history and determine if they should be classified inpatient. Their documentation becomes part of the patient's chart. The company has a very high success rate in converting observation to inpatient and their determination is not usually challenged by RAC auditors or the Medicare claims processors. Swingbed patients are the same as skilled nursing patients, Pioneer Manor is better equipped to treat these patients, and the reimbursement rate is better.

QUARTERLY UPDATE

Mr. Rybolt presented an overview of the contribution margin for the following three departments. The occupancy cost and operational costs, i.e., administrative costs, accounting, medical records, environmental services and utilities for each of these services is an estimate.

- **Emergency Medical Services** – Vehicle costs are in plant operations. We pay the sheriff's office for dispatcher services. Most of our loss is due to the cost of operating the Wright EMS base. The Wright base averages one patient transport per day. Ms. Tonn stated we

maintain the base in Wright due to its proximity to the mines. It is staffed with two people during the day, and an on call response during the night and it is not uncommon for the sheriff’s office to assist with response at night. Just this last week the Wright EMS was called for three significant events at the mines. Most hospitals do not have their own ambulance service. Our EMS provides service to all of Campbell County. Due to the size of Campbell County, it is not likely that a private ambulance service would operate here.

- **Home Medical Resources** – They have a significant occupancy cost. The volume is up this year and revenue is close to budget.
- **Hospice** – The information is based on inpatient and outpatient services. Hospice volume is up considerably, costs are below budget, and revenue has increased 25%. They have been working on getting patients transferred into the hospice program earlier for care. The service is intended to work with patients longer than just at the very end of their life. The estimated reimbursement rate is 40.2% which is based on payer mix and contracts. Reimbursement from Medicare is approximately 20%.
- **Home Health** - This is a small program that averages approximately 16 visits per day. Net revenues are close to budget. This is an area where our reimbursement from Medicare actually exceeds our charges and Medicare accounts for approximately 60% of the business. We are close to budget on total expense per visit. Many facilities are expanding this service line in response to healthcare reform in an effort to reduce hospital readmissions by assisting with transitioning patients back into their homes following a hospital stay.

DISCHARGE OF UNCOLLECTIBLE DEBT

The uncollectible debt for the month of January 2014 by category is as follows:

<u>CATEGORY</u>	<u>AMOUNT</u>	<u>NUMBER OF PATIENTS</u>
INPATIENT	30,265.47	15
ER	42,033.92	35
OUTPATIENT	<u>9,090.11</u>	<u>32</u>
TOTAL	\$81,389.50	82**

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- 3 patients had accounts in all three categories
 - 2 patients had an ER and Inpatient account
 - 9 patients had an ER and Outpatient account
 - 1 patient had an Inpatient and Outpatient account

ACTION: Mr. Dunlap moved, seconded by Mr. Dugan to discharge the January, 2014 uncollectible debt in the amount of \$81,389.50. Motion carried.

INVESTMENTS

For the month of January, 2014 the following amount was reinvested:

- \$3,000,000 was reinvested with WYOStar the interest rate fluctuates monthly.

ACTION: Mr. Dunlap moved, seconded by Mr. Dugan, to approve the January, 2014 reinvestments. Motion carried.

Public Comment

No comments were received from the public.

Adjournment

The meeting adjourned at 1:08 p.m.

The next regularly scheduled Finance Committee meeting will be held on Tuesday, March 25, 2014 at 12:00 p.m. in the Board Room.

Marilyn Grant, Recorder