

Campbell County Memorial Hospital
Finance Committee
March 25, 2014

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

Present:

Mr. Mike Dugan, Chairman
Dr. Sara Hartsaw, Trustee
Mr. Randy Hite, Trustee
Dr. Billie Wilkerson, Chief of Staff
Mr. Dalton Huber, CFO
Ms. Deb Tonn, Vice President of Patient Services
Ms. Nancy Long, Accounting Manager
Mr. Chris Harrison, Information Systems Director
Ms. Felicia Messimer, Community Relations
Ms. Marilyn Grant, Recorder

Excused:

Mr. Andy Fitzgerald, CEO
Mr. Carl Sorensen, Vice President of Facilities and Plant

Approval of Agenda:

ACTION: Dr. Hartsaw moved, seconded by Mr. Hite, to approve the agenda. Motion carried.

Approval of Minutes:

ACTION: Dr. Hartsaw moved, seconded by Mr. Hite, to approve the minutes of the February 25, 2014 Finance Committee meeting. Motion carried.

OLD BUSINESS

No old business was presented.

NEW BUSINESS

CAPITAL REQUESTS

Mr. Huber stated there is an additional capital request from Information Systems for the new Meditech software.

○ **Meditech Software Contract**

Mr. Harrison stated that the contract has been reviewed by Tom Lubnau, Esq. In addition to all of the modules we currently have in place, we will be adding the home health and hospice module, the HR module, accounting referral module, data sending suites for the transmission of data to state and federal agencies, and the ambulatory piece. The NDIS software currently used by home health and hospice will not be ICD10 compliant for home health. The original contract was slightly over \$3,000,000 and it did not include the home health and hospice module. The home health and hospice

module if purchased separately would be approximately \$250,000. Following negotiations, the new contract price for all of software is \$2,100,000. This price is contingent upon their receipt of the signed contract and the 10% down payment by March 31, 2014. These are not the only costs associated with moving to the Meditech 6X platform. There will be consultant fees for the implementation and new hardware for the system. Mr. Huber stated that the total project will be brought back to the Finance Committee for approval. If the contract is approved, the home health and hospice software implementation will begin in April with a go live date of November 1. This will delay ICD10 compliant billing for one month. The hospital and medical records is ready for ICD10, and training is continuing with the medical staff. Mr. Huber said there is some concern as to whether Blue Cross and other payers will be ready for the ICD10 implementation.

Actual: \$2,100,000

- **Remodel Ground Floor Restrooms Plant Operations**. This request will fund the labor and materials to remodel the ground floor restrooms by the cafeteria to be ADA compliant. This location has high public use where a need for ADA access is apparent. Automatic doors, handicapped stalls and space will be created to meet regulations and provide convenient access for our customers. Funds for the project will be taken from Administrative contingency.

Budget: Administrative Contingency

Actual: \$68,000

Not to exceed

- **Ultrasound Bladder Scanner – Obstetrics and Gynecology**. This request is for a bladder scanner for OB/GYN to replace the current scanner that is six years old with a designated useful life span of five years. This scanner will be used to assess urinary function which is essential to maintain the high standards of care for our patients. A price increase brings it slightly over budget.

Budget: \$12,425

Actual: \$14,425

- **Internal and External Signage – Community Relations**. This request is for the purchase and installation of various internal and external signs for location identification and way finding in and around the main facility. Three large illuminated external signs will be added the campus for the main entrance, Walk-In-Clinic and south building exposure. Several dozen additional signs, many new arrows and area directories will be added to internal spaces. Funding is requested from the unused and cancelled capital projects listed below.

Total Available Funds: \$123,856

Actual: \$103,791

1. **Mailroom Move: \$38,391**
2. **ED EMR System: \$85,465**

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

FEBRUARY 2014 FINANCIAL PRESENTATION

Ms. Long presented the February financial data.

- Inpatient admits were 47 under budget which is 18.8% below budget for the month and 12.1% below the prior year.
- Pioneer Manor admits were 1 under budget; this is slightly better than last month.
- CCMH average daily census was 25 in February, versus a budget of 29.
- Pioneer Manor average daily census was 10% under budget.
- Outpatient visits decreased in February this is attributed to the 28 day month.
- Clinic visits were 3.8% below budget and 1.1% less than the prior year.
- Emergency room visits were 4.6% under budget and slightly below the prior year.
- Walk-In Clinic visits were 2.6% over budget for the month; however, they were 5.3% below the prior year.
- Total surgeries were 8 under budget in February; however, 1.1% ahead of the prior year.
- Net revenues were \$1,310,000 (11.6%) under budget. Gross revenue was under budget \$1,356,000 (7.2%); this was made up of inpatient revenues \$881,000 under budget, while outpatient revenues were \$476,000 under budget.
- Combined, total bad debts and charity care were \$216,000 under budget. Separately bad debt was under budget and charity care was slightly over budget.
- Operating expenses were over budget \$212,000 or 1.8%
- February's expenses were \$212,000 (1.8%) over budget. Salaries and benefits were over budget due to PTO accrual payments to two physicians per their contracts
- Physician salaries were over budget due to bonuses exceeding the monthly accrual. Bonuses are calculated on net cash. Locum coverage was higher in February; the majority was for the hospitalist department and a small amount in the psych department.
- February operating loss was \$2,126,000 versus a budgeted loss of \$604,000.
- The net loss was \$721,000 which was a negative 6.3 margin. We budgeted a gain of \$808,000 or a positive 6.4% positive margin.

Balance Sheet

Current assets increased by \$112,000; current liabilities increased by \$409,000. February accounts payable included \$1,200,000 for equipment for the new cath lab.

Accounts Receivable

Accounts receivable days increased by 1 day to 64; however, they are still below our goal of 65.

Days Cash On Hand

Days cash on hand decreased 11 days to 291. This is due to our annual retirement payment to employees who are still on the old plan.

Cardiologists and Cath Lab. Ms. Tonn stated that the cardiologists are seeing clinic patients daily. The cath lab is on target for the soft opening on April 15. Norton Construction has done a fine job. Dr. Hartsaw asked if we have a budget established for the cath lab. Mr. Huber responded that it will be included for the next year.

DISCHARGE OF UNCOLLECTIBLE DEBT

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

CATEGORY	AMOUNT	NUMBER OF PATIENTS
INPATIENT	\$16,348.27	4
ER	23,192.06	21
OUTPATIENT	<u>16,506.22</u>	<u>14</u>
TOTAL	\$56,046.55	39**

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

ACTION: Mr. Hite moved, seconded by Dr. Hartsaw, to discharge the February, 2014 uncollectible debt in the amount of \$56,046.55. Motion carried.

Discussion: Mr. Huber stated that the aging of the accounts receivables from last year has decreased on the hospital side. Ms. Polonic, Patient Accounts Manager, and her staff have done a nice job.

Public Comment

No comments were received from the public.

Adjournment

The meeting adjourned at 12:33 p.m.

The next regularly scheduled Finance Committee meeting will be held on Tuesday, April 22, 2014 at 12:00 p.m. in the Board Room.

Marilyn Grant, Recorder