

Campbell County Memorial Hospital  
Finance Committee  
May 20, 2014

Mr. Dugan called the Finance Committee meeting to order at 12:00 p.m. on Tuesday, May 20, 2014. The meeting was held in the Campbell County Memorial Hospital Board Room.

**Present:**

Mr. Mike Dugan, Chairman  
Mr. Randy Hite, Trustee  
Mr. Andy Fitzgerald, CEO  
Mr. Dalton Huber, CFO  
Ms. Deb Tonn, Vice President of Patient Services  
Mr. Carl Sorensen, Vice President of Facilities and Plant Operations  
Ms. Nancy Long, Accounting Manager  
Ms. Karen Clarke, Community Relations Manager  
Mr. Chris Harrison, Director of Information Systems  
Ms. Marilyn Grant, Recorder

**Excused:**

Dr. Sara Hartsaw, Trustee  
Dr. Billie Wilkerson, Chief of Staff

**Approval of Agenda:**

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

**Approval of Minutes:**

**ACTION: Mr. Hite moved, seconded by Mr. Dugan, to approve the minutes of the April 22, 2014 Finance Committee meeting. Motion carried.**

**OLD BUSINESS**

No old business was presented.

**NEW BUSINESS**

• **Expenditure Control Policy**

Ms. Long stated that the policy was revised (page 3, paragraph 4, number 6) to include a provision for capital purchases made by Home Medical Resources. This change will provide consistency in their financials by allowing individual pieces of equipment with a value of \$2,000 or more to be capitalized on their books. This will make it easier to track ownership when a rental item is sold. Mr. Huber stated that the Clifton Larson Allen auditors recommended that we make this change.

**ACTION: Mr. Hite moved, seconded by Mr. Dugan, to approve the revision to the Expenditure Control policy. Motion carried.**

- **Board Resolution for the Funding of the New Long Term Care Facility**

Mr. Fitzgerald stated that we have been working with the State Land and Investment Board (SLIB) to secure a grant in the amount of \$775,000 to assist with the funding of the long term care facility. The State Land and Investment Board has requested assurance that we have Board designated capital funds for the project. The resolution has the total project budget of \$40,184,000. This is higher than the previous project budget because it includes the \$775,000 SLIB grant funds. The grant funding will be used for the purchase of overhead lifts and for the oxygen lines to be piped into the building. The resolution will provide the required assurance to the SLIB.

**ACTION:** Mr. Hite moved, seconded by Mr. Dugan, to recommend that the full Board approve the Resolution for the Funding of the New Long Term Care Facility. Motion carried.

- **Preliminary Fiscal Year 2015 Operating and Capital Budget**

Mr. Huber stated that the projections included in this preliminary fiscal year 2015 budget are conservative. Funds have been included in the budget to continue with a number of revenue initiatives that were started this year. We are anticipating a 14% growth in revenue. This includes a 5% increase on the hospital side, 3% for Pioneer Manor and the clinics. Overall, we have a 4% inflationary growth. Salaries increased by approximately 7%. Additional FTEs were included for Information Systems to assist with computer implementation, cardiology services, and for CBO clinic administration. There is a 3% salary increase that will go into effect October 1. Included in the budget is funding for a benchmarking process to measure productivity to ensure our departments are sized appropriately.

**Special Budget Meeting**

A special budget session will be scheduled during the first two weeks of June to review the proposed fiscal year 2015 budget in its entirety.

**CAPITAL REQUESTS**

- **Remodel Main Entrance – Plant Operations.** This request will fund the labor and materials to remodel the front main entrance of the new facility. Harsh weather conditions often causes misalignment of the existing doors and the revolving door, making it non-operational. The existing doors will be replaced with sliding and swinging doors that are better suited to a northern exposure and harsh weather. Funds will be taken from the 3rd floor outpatient observation unit project.

**Available Budget: \$106,997**

**Actual: \$100,572**

- **Remodel Old ENT Building – Plant Operations.** This request will fund the remodel of the old ENT Clinic building at 1405 W 4th Street to house our network and systems administrators from the IS department. This move will allow the Meditech consultants that are here for the implementation and optimization of the 6.x HIS platform to work in the IS department. The remodel will create new workstations in a more open environment for up to seven people. Additional optical cable, switches and power for systems and network control will be added to the structure.

**Budget: \$125,000**

**Actual: \$125,000**  
**Not to exceed**

**Discussion:** Mr. Fitzgerald stated that the ENT building is a logical place for the Information Systems staff. It is anticipated that they will occupy this space for a long time. The project does not include any significant structural work. It will include removing some interior walls, new carpeting and windows.

- **Design Plan for Smoke Evacuation System in Main Lobby – Plant Operations.** This request is for the services of CTA Architects for design, specification and engineering of a smoke evacuation system for the main lobby. The addition of the smoke evacuation system will meet or exceed regulations imposed by the State of Wyoming after the certificate of occupancy was granted. CTA will provide the construction drawings and specifications, answer any questions from the bidders, provide construction administration and fire modeling.

**Total Project Budget: \$641,000**

**Design Plan: \$92,563**

- **Landscaping for the Main Campus – Plant Operations.** This request will begin landscaping work for the main campus in areas east and northeast of the hospital between the WORL building, hospital and Crazy Woman Campground. In this first phase the walkway will be removed and area contours will be modified to display a more appealing backdrop for the hospital and adjacent structures. The browning trees will be replaced with a more vibrant species, retaining walls will be extended to match contours, and the grass and natural rock will be extended to cover all spaces. Funding will come from the facility expansion carryover fund.

**Available Budget: \$282,846**

**Actual: \$156,000**

**Discussion:** Mr. Fitzgerald asked if the small area of land north of the parking garage will be included in the project. Mr. Sorensen stated that landscaping all of the grounds will be addressed. Mr. Dugan asked if there are any plans for the old skatepark. Mr. Fitzgerald said there have been some interested parties; however, no commitment has been made. We will contact all of the interested parties again. If it is not taken by July 31, we will recycle it. Mr. Hite stated that Wright had expressed interest in the equipment; Mr. Sorensen will follow up with Wright.

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

### **APRIL 2014 FINANCIAL PRESENTATION**

Ms. Long presented the April financial data.

- Inpatient admissions were 61 (22.9%) under budget in April and 19.5% below the prior year.
- Pioneer Manor's admissions were at budget for the month
- The hospital's average daily census was 24 in April, which is 22.6% under budget. Mr. Huber said the hospital's census consisted of 4 psychiatric inpatients and 20 inpatient. We continue to see a decline in the inpatient volume.
- Pioneer Manor's average daily census was 6 (5%) under budget
- Outpatient visits increased, they were 1,896 (9%) over budget. Mr. Fitzgerald stated that the inpatient continues to slowly decline and the volume of outpatient increases. However, the revenue from outpatient is less.

- Clinic visits were 3.4% over budget for the month and 16% over the prior year
- Emergency room visits were 1.2% under budget for the month and 2.5% above the prior year
- Total surgeries were 5 (1.7%) under budget in April and 6.9% higher than the previous year
- It was a very good month for net revenue. Net revenues were \$94,000 under budget in April; this is less than 1% under budget for the month. April's improved revenue is the result of a payment from Medicare for amounts withheld in error for inpatient claims processed from October, 2013 through March 2014. We receive approximately \$500,000 from Medicare.
- Operating expenses were \$100,000 under budget. Salaries were under budget \$240,000 and retirement was under by \$125,000; physician salaries' and compensation was over budget this was due to budgeting for the Cardiology Clinic evenly over the year, and increasing the accrual for physician' bonuses due to the increase in volume in the clinics have had an increase in volume. Contract services were over budget due to temporary staffing in Sleep Lab, CPS, Cath Lab, Laboratory, Physical Therapy, Central Billing Office and Administration.
- The operating loss was \$487,000 which was less than our budgeted loss of \$494,000.
- The net gain was \$632,000 which is a 4.8% margin. The gain was a little lower due to the loss on sale of assets when we wrote off the LSS billing system (used by the clinics) in the amount of \$330,000.
- Combined bad debt and charity care were under budget \$101,000. This is 8.8% of gross revenue vs. a budget of 9%. Considered separately, bad debt was slightly under budget and charity care slightly over budget for the month.

### **Balance Sheet**

The current assets increased \$87,000 in April. Current liabilities increased \$693,000 this was due to the increase in our accrual for wages. The increase is due to three pay periods in May. There are two months each year that have three pay periods. The accrual for interest has increased over the past six months; this is in preparation for the semi-annual interest payment that will be due June 1. Accounts receivable days were 65 in April. This is a decrease of one day. Days cash on hand decreased one day to \$286,000 and total cash decreased by \$272,000. Mr. Fitzgerald stated that it is worth noting that our cash has increased \$6,000,000 from a year ago. Ms. Tonn said the volume in outpatient dialysis has increased. We now have 26 patients; this is the highest number of patients we have had in the past seven years. We are running six days a week to meet the needs of these patients. As the summer season approaches, we are getting ready to meet the needs of travelers who need dialysis. Mr. Fitzgerald asked what our capacity is. Ms. Tonn said we are not at capacity; we have seven machines and they are running three shifts on Monday, Wednesday, and Friday and two on Tuesday and Thursday. We could add another shift on Tuesday and Thursday.

### **Dashboard**

Mr. Fitzgerald stated the two categories on the dashboard from a business prospective are the adjusted discharges (this defines the inpatient volumes as they relate to the outpatient volumes) and the other is the operating margin. The fact that the inpatient volume has decreased has had a negative impact on the revenue cycle. We will be reassessing the goals on the dashboard in the budget process.

**DISCHARGE OF UNCOLLECTIBLE DEBT**

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

<b>CATEGORY</b>	<b>AMOUNT</b>	<b>NUMBER OF PATIENTS</b>
<b>INPATIENT</b>	\$170,229.80	11
<b>ER</b>	106,784.02	48
<b>OUTPATIENT</b>	<u>85,972.58</u>	<u>33</u>
<b>TOTAL</b>	<b>\$362,986.40</b>	<b>92**</b>

**ACTION:** Mr. Hite moved, seconded by Mr. Dugan, to discharge the April, 2014 uncollectible debt in the amount of \$362,986.40. Motion carried.

**Discussion:** Mr. Huber stated that he is encouraged by the increase in the volume of charity care and the decrease in bad debt. We have been carefully screening our patients to ensure they are appropriately placed in charity when applicable.

**Public Comment**

No public comments

**Adjournment**

The meeting adjourned at 12:45 p.m.

The next regularly scheduled Finance Committee meeting will be held on Tuesday, June 24, 2014 at 12:00 p.m. in the Board Room.

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Marilyn Grant, Recorder