

Campbell County Memorial Hospital
Finance Committee
June 24, 2014

Mr. Dugan called the Finance Committee meeting to order at 12:09 p.m. on Tuesday, June 24 2014. The meeting was held in the Campbell County Memorial Hospital Board Room.

Present:

Mr. Mike Dugan, Chairman
Mr. Harvey Jackson, Trustee, for Randy Hite, Trustee
Sara Hartsaw, M.D., Trustee
Mr. Andy Fitzgerald, CEO
Mr. Dalton Huber, CFO
Ms. Anne Raga, Director of Nursing, for Ms. Deb Tonn, Vice President of Patient Services
Ms. Dane Joslyn, Community Relations
Mr. Paul Christiansen, News Record
Ms. Marilyn Grant, Recorder

Excused:

Mr. Randy Hite, Trustee
Dr. Billie Wilkerson, Chief of Staff
Mr. Carl Sorensen, Vice President of Facilities and Plant Operations
Ms. Nancy Long, Accounting Manager

Approval of Agenda:

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

Approval of Minutes:

ACTION: Mr. Jackson moved, seconded by Mr. Dugan, to approve the minutes of the May 20, 2014 Finance Committee meeting. Motion carried.

OLD BUSINESS

Proposed Fiscal Year 2015 Budget

Mr. Huber stated that the budget has not changed significantly since it was reviewed last month. \$170,000 was added for marketing our employed physicians and enhancing community awareness. JET marketing will assist us with this over the next few years as we develop the marketing plan. The capital requests for the juicer for the coffee shop, the piano for the main lobby, and the way finding kiosk were discussed. Mr. Fitzgerald stated that the Kate Weiss Foundation is considering funding the purchase of the pianos for both the hospital and Pioneer Manor. Budgeting for both of the pianos is a backup plan. We received positive feedback from patients and their families about the piano music in the lobby during the holidays. The juicer is a higher end model that is capable of keeping up with the high customer demand. In addition to juice drinks, it will be used for making smoothies. It is expected to pay for itself within a year. The coffee shop had a profit of \$25,000 in the first 11 months of this fiscal year. The committee agreed that these three capital requests should remain in the budget. The budget also includes the Meditech 6X system update; this is a major system upgrade that will include the clinics.

NEW BUSINESS**CAPITAL REQUESTS**

- **COBAS Integra 400 Plus Analyzer - Laboratory.** This request will establish a capital lease for a COBAS Integra 400 PLUS System to supplement chemistry testing in the lab. The COBAS system is quite versatile with the ability to perform accurately urine drug screens and determine therapeutic drug levels for our patients. It will reduce or eliminate false positive tests and help to optimize drug therapies for our patients. The COBAS is secured on a 60 month lease.

Total lease cost over 60 months: \$48,510

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

Discussion: Dr. Hartsaw asked if leasing is a better option than purchasing the analyzer. Mr. Huber stated that both options were evaluated, and it was determined that leasing the analyzer was the better option. Mr. Fitzgerald stated that this meeting is the final opportunity for fiscal year 2014 capital requests to be approved for purchase.

MAY 2014 FINANCIAL PRESENTATION

Mr. Huber presented the May financial data. From a volume standpoint, we had a very good month.

- Inpatient admits were 10 (3.6%) under budget for the month and 9.5% higher than last year.
- Pioneer Manor's admissions were 1 above budget.
- The hospital's average daily census was 25 in May, versus a budget of 32.
- Pioneer Manor's average daily census was at budget. This is approximately 275 resident days above last year. Mr. Fitzgerald asked Mr. Huber to confirm the May census; it may be less than 120.
- Outpatient visits were 5.5% over budget and 10% higher than last year.
- Clinic visits were at budget for the month and 16% higher than last year.
- ER visits were 3.5% above budget and 10% above a year ago. They have been below budget for the majority of this fiscal year.
- Walk-In Clinic visits were 3.5% over budget for the month, this is an increase of approximately 900, and 21% above a year ago. Dr. Hartsaw asked if the volume is where we expected. Mr. Fitzgerald stated the volume is better than budget on a year to date basis. The new location and larger space contribute to the increase in volume. Mr. Huber will email the committee with the date when the Walk-In Clinic opened in their new location and the clinic visit stats for the years they were in their old location.
- Total surgeries were 5.5% over budget in May and 8% more than the prior year.
- Net revenues were strong in May and over budget.
- The combined total of bad debt and charity care were under budget in May. Cardon Health was able to qualify several large Medicaid accounts in May. Their employee is onsite to assist our private pay patients in identifying possible payer options. We pay Cardon Health a fixed reimbursement rate.
- Operating expenses were \$500,000 over budget. Salaries and benefits accounted for \$300,000 of the overage. This was due to three pay periods in May. We incur the health insurance expense at the time of payroll. Mr. Huber is discussing with the auditors the option of creating a payable for the months with three pay periods. This would allow us to spread the expense evenly over the year. Physician salaries increased due to the spread of the Cardiology Clinic's budget over 12 months. Physician bonuses were over budget due to higher clinic volumes. Contract services increased due to temporary

staffing in Nursery II, Sleep Lab, CPS, Surgery, Lab, Pioneer Manor physical therapy and consulting services (HIPAA security and privacy assessment).

- We had a net loss of \$800,000 from operations versus a budget of negative \$400,000. The bottom line was a positive \$631,000. This is the second month in a row that we have had a positive bottom line.
- Accounts receivable days are up one day to 66.
- Days of cash on hand decreased to 275. This is due to the receivables going up.
- Net cash (unrestricted) is \$103,000,000. In addition, we have \$22,000,000 of restricted cash for the new long term care facility project.

Cardiology / Cath Lab

Mr. Huber stated that we have some expenses for cardiology that were not covered with revenues. Now that the Cath Lab is open, we expect to see an improvement. Ms. Raga stated the opening was delayed six weeks. Mr. Fitzgerald anticipates that they will be able to meet the pro forma goals within the next year. The Board will have a tour of the Cath Lab on July 17.

DISCHARGE OF UNCOLLECTIBLE DEBT

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

CATEGORY	AMOUNT	NUMBER OF PATIENTS
INPATIENT	\$19,606.64	8
ER	59,191.36	30
OUTPATIENT	<u>24,058.89</u>	<u>7</u>
TOTAL	\$102,856.89	45**

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- 1 patient had an account in all three categories
 - 2 patients had an ER and inpatient account
 - 7 patients had an ER and outpatient account
 - 1 patient had an outpatient and inpatient account

ACTION: Dr. Hartsaw moved, seconded by Mr. Dugan, to discharge the May, 2014 uncollectible debt in the amount of \$102,856.89. Motion carried.

Discussion: Mr. Huber stated that our screening process to determine if a patient is eligible for charity care is very good.

Public Comment

There were no public comments.

Adjournment

The meeting adjourned at 12:48 p.m.

The next regularly scheduled Finance Committee meeting will be held on Tuesday, July 15, 2014 at 12:00 p.m. in the Board Room.

Marilyn Grant, Recorder