

Campbell County Health  
Finance Committee  
August 26, 2014

Mr. Dugan called the Finance Committee meeting to order at 12:04 p.m. on Tuesday, August 26, 2014. The meeting was held in the Hospital Board Room.

**Present:**

Mr. Mike Dugan, Chairman  
Dr. Sara Hartsaw, Trustee  
Mr. Randy Hite, Trustee  
Dr. Billie Wilkerson, Chief of Staff  
Mr. Andy Fitzgerald, CEO  
Mr. Dalton Huber, CFO  
Ms. Deb Tonn, Vice President of Patient Services  
Mr. Carl Sorensen, Vice President of Facilities  
Ms. Karen Clarke, Community Relations, Manager  
Ms. Kim Johnson, Health Information and Records, Manager  
Mr. Paul Christiansen, News Record  
Ms. Marilyn Grant, Recorder

**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 Dr. Hartsaw, to approve the minutes of the July 15, 2014 Finance Committee meeting. Motion carried.**

**OLD BUSINESS**

No Old Business was presented.

**NEW BUSINESS**

• **Corporate Compliance Officer's Report**

Ms. Johnson stated that she is currently working on policies and procedures to ensure that they are up to date. The Compliance Team and HIPAA Committee have merged. The new committee is looking into staff education for the next year. The compliance hotline's new phone number is 688.2121. The new number is up and running. Mr. Fitzgerald stated that he received a report from Clifton LarsonAllen that included a number of recommendations that should be addressed by the HIPAA Committee. Ms. Johnson stated that the committee addressed the recommendations made by Clifton LarsonAllen when she received the draft report. She has reviewed the final report; and the policies have been revised based on their recommendations. The policies are in the final approval process and will be distributed to the staff.

- **Governing Board Policy – Statement of Investment**

Mr. Huber stated that the policy provides prudent guidance for our investments. No changes were made to the policy.

**ACTION:** Dr. Hartsaw moved, seconded by Mr. Hite, to approve the Governing Board Policy Statement of Investment without revision. Motion carried.

- **CAPITAL REQUESTS**

- **Fiber Optic Connectivity to A-Site – Information Systems.** This request will allow us to replace the old fiber optic cables with OM3, 10 gigabyte rated cable to meet the increasing need for data transfer. OM3 cables will be routed from switches in the wiring closets in the old part of the hospital to our A-site. The new cable is rated to carry HD images to our PACS and will optimize Windows 7 performance on the network. Replacing the older, lower rated optic cables is critical for our Radiology expansion, Provation and other systems that relay data.

**Budget: \$19,192**

**Actual: \$19,192**

- **Kronos Licenses – Information Systems.** This request will purchase 320 additional licenses for Kronos. The expansion of our workforce with new departments, clinics and supervisors requires additional licenses for smooth and efficient execution of timekeeping for payroll. The additional licenses will manage our needs if our workforce continues to grow in the future.

**Budget: \$11,928**

**Actual: \$11,928**

- **Olympus Endoscopes - Surgery.** This request will purchase a set of endoscopes and accessories to be used with the Olympus TURP generator that was approved last month. The scopes are customized to work with the new generator and are designed for larger patients who require longer endoscopes to complete specific procedures. Urological procedures can be scheduled more freely with fewer delays as we add this new equipment to Surgery. Funding for the scopes will come from the Surgery instrument contingency fund

**Budget: \$100,000**

**This request: \$20,803**

- **Laboratory Remodel.** This request will fund the demolition of 2 small offices to increase the space for the main line of analyzers in lab. The new space is needed to accommodate the frequent surge in tests for wellness testing by Occupational Health and Employee Wellness. The additional area will increase our capacity to add new tests as they are released in the future.

**Budget: \$23,650**

**Actual: \$23,650**

- **Exam Tables – Radiation Oncology.** This request will purchase 3 electric exam tables for use in oncology. Patients are often weakened by therapy in Oncology and the new tables will make visits and exams better for them. The new tables will have Hi/Lo functionality which will provide much easier mounting and dismounting on tables for exams.

**Budget: \$11,059**

**Actual: \$11,059**

- **Fleet Vehicles – Plant Operations.** The request will purchase ten new vehicles for our fleet. Eight older vehicles with high mileage will be traded in. The new vehicles will be 4-wheel drive to provide safe transportation during poor weather. The primary users of the vehicles will be Home Health. They will also be used for general purposes.

**Budget: \$204,140**

**Actual: \$196,170**

**Discussion:** Mr. Huber stated that the Capital Budget committee considered a leasing program for new and replacement vehicles; however, they decided to continue purchasing the vehicles. The vehicles are on an annual replacement rotation. The criteria for replacement includes high mileage and maintenance. Mr. Sorensen stated that we own approximately 50 vehicles. This year we will replace 10 vehicles. The new vehicles will be given to Home Health and their existing vehicles will be used in other areas. An RFP was sent out to 24 dealerships and Freemont Motors had the lowest bid.

- **Therapy Beds for Wound Care – Med Surg Nursing.** This request will purchase 3 therapy beds for Med Surg and ICU to replace rental equipment which is now in use. The rental products have a high utilization which favors purchase by providing an ROI in 18 months based upon historical data. The new beds will have low air loss surfaces critical for wound management and ulceration prevention.

**Budget: \$42,287**

**Actual: \$42,287**

- **Epiphany Software Suite – Intensive Care Unit.** This request will fund the implementation of a software package that will transfer biomedical device data from the Phillips Intelliview monitors and Sleep Lab such as vital signs and wave forms to our Meditech EMR. This will eliminate the manual process that we perform now which can take up to 3 days for integration of patient data to the EMR. The data will be more readily available for clinical staff to use in patient care.

**Budget: \$167,240**

**Actual: \$156,920**

- **Signage – Community Relations**

The signage request includes:

- The \$33,989 carryover from FY14 for the exterior signage that was approved as Phase 2 in last year's budget was not completed because of the potential for a name change. It includes a logo on the west side of the building and ED parking, and above-door signage.
- An additional \$49,437 for exterior signage replacement with the new logo. This project will reface the existing signs on the CCH campus with the new logo, and also reface signs at

Wright Clinic, OB GYN Specialists, Home Health & Hospice and PKGI (corner of Burma Ave. and West 4th St.)

- Funding for the signage will come from the landscape carryover from FY 14.

**Landscaping Carryover**

**Funds Available: \$200,000**

**Actual: \$83,426**

**Discussion:** Ms. Clarke said that the teal CCH logo will be added to the west side of the building above the Emergency Room sign. The name of the hospital will not be included with the logo. Dr. Hartsaw asked if the name of the hospital has changed. Mr. Christiansen stated that the News Record has received many calls asking if the hospital's name has changed. Mr. Fitzgerald stated that the hospital's name has not changed. Campbell County Memorial Hospital was the system name over all of the services, i.e. clinics, Legacy Living, etc. Campbell County Health is the new system name. Marketing literature for the medical group and the hospital will be sent out. We will do a better job marketing the changes with additional focus on the hospital.

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

**JULY 2014 FINANCIAL PRESENTATION**

Ms. Long presented the July financial data:

- Inpatient admits were 260. This is 8 under budget, but 11.1% above the previous year.
- Pioneer Manor admits increased from 10 to 13. We were 3 above budget for the month. Mr. Fitzgerald asked if the budget numbers could be added to the graph. Ms. Long will add this information.
- Total average daily census declined to 23; which is the lowest it has been in the past 18 months. The budget is 28.
- Pioneer Manor's average daily census was 110 in July, versus a budget of 118.
- Outpatient visits continued to increase; they were 485 (3.4%) over budget. Compared to the prior year, this is a decrease of 1,000 visits.
- Clinic visits were 1,269 under budget. This is an increase of 843 over the prior year. Mr. Huber stated that the Family Practice and Pediatric clinics are included in the budget, but they are not up and running yet.
- The Walk-in Clinic's budget was 10.8% under budget; however, it was 9.1% above a year ago. Mr. Huber stated that we are in the process of hiring a new mid level practitioner for the Walk-in Clinic and for the Wright Clinic. This position is included in the budget although the mid level has not started working yet. Mr. Fitzgerald asked how many visits were budgeted for the Walk-in Clinic. Ms. Long said the budget was 2,837.
- Surgeries were 2 under budget and 4.3% over the prior year.
- Net patient service revenue was \$653,000 under budget. Gross revenue was unfavorable by \$787,000 which is 3.7%. Inpatient revenues were 3.9% under budget and outpatient revenues were 3.6% under budget.
- Bad debt was over budget and charity was under budget. Combined they are very close to budget with only a \$35,000 variance.
- Operating expenses were \$1,108,000 under budget in July. Salaries and benefit were under budget \$566,000. FTE's were 18 under budget. Supplies were under budget \$137,000. This was primarily due to a decrease in Surgery consignment implants. Contract Services were under budget \$37,000 due to several year-end invoices that were moved into the prior fiscal year. Other expenses were \$229,000 under budget.

- The July operating loss was \$974,000 versus a budgeted loss of \$1,453,000. Compared to budget, we had a very good month.
- Net gain was \$389,000 versus a budgeted loss of \$61,000. Mr. Fitzgerald stated that the first quarter of this year is starting out very well, and much better than the first quarter of last fiscal year. Dr. Hartsaw asked why a loss was budgeted. Mr. Fitzgerald responded that it is due to the large budgeted operating loss. Ms. Long stated that the rate increase is not included until August.
- Operating revenue is up \$11,720 (without the rate increase). This is higher than the previous year average.
- EBIDA was included in this month's report. We calculate EBIDA by taking the operating income or loss, adding the interest, depreciation, amortization and the tax levy.
- Balance Sheet - our current assets increased \$2,139,000 in July. This is due to net patient receivables increasing \$1,350,000, the tax levy receivable of approximately \$30,000, and we moved some invested cash to operating cash. Current liabilities increased due to interest expense, and an accrual for salaries; there will be three pay periods in September.
- Accounts receivable days were 68 which is an increase of 3 from last month. Mr. Huber said the increase is primarily on the hospital side in the 31-60 days category. This is primarily due to waiting for reimbursement from insurance companies. The older accounts 180 days and older decreased.
- Days cash on hand decreased 3 days to 283. And total cash decreased by \$1,388,000. This was due to construction cost. Mr. Fitzgerald asked Ms. Long to check the budget for the days cash on hand; it has not changed since last year on this graph (page 14).
- Mr. Fitzgerald asked what amount of cash equals one cash day. Ms. Long said it is approximately \$378,000.

#### **DISCHARGE OF UNCOLLECTIBLE DEBT**

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

<b><u>CATEGORY</u></b>	<b><u>AMOUNT</u></b>	<b><u>NUMBER OF PATIENTS</u></b>
<b>INPATIENT</b>	\$39,017.49	7
<b>ER</b>	81,264.41	52
<b>OUTPATIENT</b>	<u>21,780.11</u>	<u>24</u>
<b>TOTAL</b>	\$142,062.01	83**

\*\* 8 patients had an ER and inpatient account  
 2 patients had an ER and outpatient account  
 1 patient had an outpatient and inpatient account

**ACTION: Dr. Hartsaw moved, seconded by Mr. Hite, to discharge the July, 2014 uncollectible debt in the amount of \$142,062.01. Motion carried.**

**Selection of the October Finance Meeting Date and Time**

Mr. Huber requested that the October Finance Committee meeting be moved to Wednesday, October 22. He will be attending a conference and will not return until the evening of the 21st. The committee decided on the following two options for the October meeting:

Option A: Ask the Credentials Committee to meet on Tuesday, October 21 at noon and the Finance Committee will meet on Wednesday, October 22 at noon.

Option B: Meet at 4:00 p.m. on Wednesday, October 22.

Ms. Grant will ask the Credentials Committee meeting if they are willing to change dates.

**Public Comment**

There were no public comments.

**Adjournment**

The meeting adjourned at 12:30 p.m.

---

Marilyn Grant, Recorder

The next regularly scheduled Finance Committee meeting will be held on Tuesday, September 23, 2014 at 12:00 p.m. in the Board Room.