

Campbell County Health
Finance Committee
September 23, 2014

Mr. Dugan called the Finance Committee meeting to order at 12:03 p.m. on Tuesday, September 23, 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, Manager of Community Relations
Mr. Paul Christiansen, News Record
Ms. Marilyn Grant, Recorder

Excused:

Ms. Kim Johnson, Manager of Health Information and Records

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 August 26, 2014 Finance Committee meeting. Motion carried.

OLD BUSINESS

October Finance Committee Meeting. Mr. Huber stated that this is just a reminder that the October Finance Committee meeting will be held on Wednesday, October 22 at noon in the Board Room. Mr. Hite stated that he will not be available for the October meeting.

NEW BUSINESS

• **Corporate Compliance Officer's Report**

Ms. Johnson was unable to attend the meeting; and did not have a report this month.

CAPITAL REQUESTS

Mr. Huber stated that there is an additional capital request for the Network IP Phones Fund for Information Systems.

- **Network IP Phones Fund – Information Systems.** This request is for a fund to purchase Cisco IP phones similar to the phones currently in use. The additional phones are needed for new offices and

expanded spaces in our clinics and throughout the organization. Basic network infrastructure to extend the network to new areas including repeaters, cabling and software are included in this request. The new phones will be installed as the need arises throughout the year.

Budget: \$ 20,000

Actual: \$20,000

- **Reconfigure Data Closets – Information Systems.** This request will purchase hardware to reconfigure six network data closets. The current configurations are out of date due to the increase in data creation and consumption via the network. Three racks and three cable management arms with a vertical juxtaposition will replace the current management hardware.

Budget: \$12,240

Actual: \$12,240

- **Bariatric Hospital Bed – Medical Surgical Nursing.** This request will purchase a Total Care bariatric hospital bed with a capacity of 600 pounds. It will have all the standard features of a standard bed. We currently rent a bariatric bed when it is needed at a cost of \$2,400 per month. The purchase will eliminate the need for this type of rental bed in the future. The return on investment time is approximately 24 months.

Budget: \$46,771

Actual: \$46,771

- **Cardiac Rehab Relocation – Plant Operations.** This will fund the remodel of the space vacated by Radiology as they move into their new area. Cardiac Rehab will gain important working area to increase through-put for stress tests. Patient volumes continue to trend upward in that area. The vacated radiology space will allow for retaining additional radiographic equipment with immediate proximity to the ED and expand Pathology. Conference rooms, additional restrooms and changing rooms are also included in this project.

Budget: \$ 1,800,000

Actual: \$1,800,000

Not to exceed

Discussion: Mr. Sorensen stated the project will include the creation of a cardiac gym and two stress test rooms. The back hallway in Radiology that goes into the ECD will be converted into four or five exam rooms for the ECD. The CT and x-ray units will remain in their existing location to provide availability to the ECD. A space for Pathology may be developed. Mr. Fitzgerald stated that Cardiac Rehab will maintain their current office space and the smaller gym area as well as expand across into the vacated Radiology area. Ms. Tonn stated that we will have to take into consideration the needs of the ECD when we determine how much of the available space will go to Cardiac Rehab.

- **Shower Replacements and Upgrades – Plant Operations.** This request will fund the replacement of two shower stalls in patient rooms. The new showers will be handicap accessible with fold down seats, ramped entry, grab bars, handheld nozzles and standard accessories. The existing stalls leak making them an immediate priority.

Budget: \$16,500

Actual: \$16,500

Discussion: Mr. Huber stated that \$380,000 was included in the budget to replace all of the showers in patient rooms. However, since we will be building new patient rooms in the next couple years, we will

only replace the showers that have an immediate need for replacement. At this time, two showers have been identified for replacement. Ms. Tonn stated that there may be more rooms that will require an update.

- **Laundry Remodel and Biomed Expansion – Plant Operations.** This will fund the remodel of the Laundry and expansion of Biomedical Engineering Department. Laundry space will be redesigned to provide greater efficiency in work flow. Biomedical Engineering will gain more storage for parts and additional work space. The increase in the volume of laundry poundage as well as numerous new equipment platforms for Biomed necessitate the changes.

Budget: \$500,000

Actual: \$500,000

Not to exceed

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

AUGUST 2014 FINANCIAL PRESENTATION

Ms. Long presented the August financial data:

- Inpatient admits were 6 (2.2%) under budget and 6.5% above the prior year.
- Pioneer Manor's admits were 12 for the month, which was 2 above budget.
- The hospitals average daily census was 26 in August which is an increase of 3 for the month, versus a budget of 28.
- Pioneer Manor's average daily census was 113, versus a budget of 118.
- Outpatient visits were 766 (5.3%) over budget. This is 569 less than the prior year.
- Clinic visits were 2,641 (24.2%) under budget for the month, and 548 better than the previous year. Mr. Huber stated that we included the new clinics that have not opened yet in the budget for the full year.
- ER visits were 10.6% over budget and 3.6 % above the prior year.
- Walk-In Clinic visits were 4.8% under budget for the month; and 2.9% above the prior year.
- Total surgeries were 27 under budget for the month, and 9.4% less than the prior year.
- Net patient revenue was \$1,795,000 (14.2%) under budget.
- Gross revenue was under budget 6.4% with inpatient and outpatient revenues both approximately 6% under budget.
- Combined bad debt and charity care was over budget; bad debt was slightly under budget and charity care increased for the month. Mr. Huber explained that patients complete an application process for financial assistance. We use a sliding scale based on the Federal Poverty guidelines. Mr. Hite asked if there are any specific areas in the hospital that have more charity volume. Dr. Hartsaw requested that we include the breakdown of the charity care with the bad debt breakdown. Mr. Huber doesn't have the specific breakout by area for charity care; however, it will be provided for future meetings. Dr. Hartsaw received a comment from the public regarding the "congratulations" wording in the notification of approval for financial assistance. Mr. Huber will review the letter.
- Operating expenses were under budget \$1,404,000 (10.2%) for the month. Salaries and benefits were under budget \$610,000 which is consistent with FTE's 28 below budget. Salaries and benefits year to date are under budget approximately 1.1 million dollars. Physician salaries and compensation were under budget it was a reversal of some budget accruals and a reduction in bonuses due to lower clinic revenue. Supplies were below budget due to lower volume in

Surgery. Service agreements and repairs were both under budget. Other expenses were below budget due to an overall decrease in expenditures in this category.

- EBIDA was over budget \$111,000 (5.1%) in August. And increased \$1,089,000 compared to the prior year. Mr. Huber stated that we received the Meaningful Use payment of \$672,000 in August. Without this incentive payment, we would not have met budget. Profitability still remains a concern for us going forward.
- In August, the operating loss was \$288,000 versus a budgeted loss of \$513,000. This is the lowest it has been in several months and is due to the Meaningful Use payment.
- Net gain of \$1,131,000 (8.3% margin) in August versus a budgeted gain of \$879,000 (6% margin).
- Current assets increased \$2,872,000 in August. This is due to an increase in the tax levy receivable.
- Current liabilities decreased by \$993,000 due to a decrease in accounts payable.
- Accounts receivable days increased by 2 and is at 70 for the month.
- Days cash on hand decreased 3 days and is 280.
- Cash balance decreased \$2,296,000 due to construction projects and CIP payments.

DISCHARGE OF UNCOLLECTIBLE DEBT

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

<u>CATEGORY</u>	<u>AMOUNT</u>	<u>NUMBER OF PATIENTS</u>
INPATIENT	\$141,283.26	17
ER	151,379.03	57
OUTPATIENT	<u>77,836.42</u>	<u>39</u>
TOTAL	\$370,498.71	113**

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

ACTION: Dr. Hartsaw moved, seconded by Mr. Hite, to discharge the August, 2014 uncollectible debt in the amount of \$370,498.71. Motion carried.

Discussion: Mr. Dugan asked how long we attempt to collect before they are declared bad debt. Mr. Huber stated that they are a minimum of 180 days old.

INVESTMENTS

A \$2,000,000.00 investment with Wells Fargo with an interest rate of 2.0% callable on November 14, 2019.

ACTION: Dr. Hartsaw moved, seconded by Mr. Hite, to approve the August, 2014 investment. Motion carried.

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 **Wednesday, October 22, 2014** at 12:00 p.m. in the Board Room.