

Campbell County Health
Finance Committee
October 22, 2014

Mr. Dugan called the Finance Committee meeting to order at 12:05 p.m. on Tuesday, October 22, 2014. The meeting was held in the Hospital Board Room.

Present:

Mr. Mike Dugan, Chairman
Dr. Sara Hartsaw, Trustee
Mr. Allen Todd, Trustee
Dr. Billie Wilkerson, Chief of Staff
Mr. Andy Fitzgerald, CEO
Mr. Dalton Huber, CFO
Ms. Anne Raga, Director of Nursing
Mr. Carl Sorensen, Vice President of Facilities
Ms. Kim Johnson, Manager of Health Information and Records
Ms. Karen Clarke, Manager of Community Relations
Mr. Paul Christiansen, News Record
Ms. Marilyn Grant, Recorder

Excused:

Mr. Randy Hite, Trustee
Ms. Deb Tonn, Vice President of Patient Services

Approval of Agenda:

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

Approval of Minutes:

ACTION: Mr. Todd moved, seconded by Mr. Dugan, to approve the minutes of the September 23, 2014 Finance Committee meeting. Motion carried.

OLD BUSINESS

No Old Business was presented.

NEW BUSINESS

• **Corporate Compliance Officer's Report**

Ms. Johnson stated that they are working on compliance education for the staff. They started a new project with JA Thomas to improve our documentation to reflect the actual severity of the illness of the patient. There is potential to increase our reimbursement through this process. JA Thomas was here this month and will be on site again in January. Dr. Wilkerson asked if JA Thomas is assisting us with determining if the patient is admitted correctly as observation status or if they should be inpatient. Mr. Huber responded that Executive Health Resources (EHR) is the company assisting us with this. EHR reviews our outpatient observation status patients to determine if they could be inpatient admits. They work with our case managers and use the documentation in the chart to make their recommendations.

- **CAPITAL REQUESTS**

- **MATERNAL CHILD**

Infant Warmers. This request will retrofit all 4 front line infant warmers with standardized blended oxygen ports. The up-grade will deliver finely blended oxygen in all postpartum stabilization scenarios. Blended oxygen delivery meets or exceeds the new standard of care required for stabilization of full term and premature newborns.

Budget: \$32,000

Actual: \$28,836

- **SURGERY**

Blood and Fluid Warming Systems. This request will replace 3 level 1 rapid blood and fluid warmers in the operating rooms, C-Section room and in the Emergency Care Department. One system has already been retired due to no parts availability and service for the 2 operational systems will stop at the end of 2014. The replacement includes a trade in credit for early replacement.

Budget: \$66,000

Actual: \$27,546.00

- **PULMONOLOGY**

Bronchial Navigation System. This request will purchase an extremely agile endobronchial navigation system to perform biopsies, ablation and drainage procedures for the lungs, kidneys and liver. The primary focus for the system will be in Pulmonology. The extensive reach of this system will be essential for early definitive diagnoses of lung cancer and other medical conditions.

Budget: \$165,000

Actual: \$165,000

Discussion: Mr. Huber stated that Dr. Fort believes this equipment will allow us to more accurately diagnose lung cancer and other lung conditions, and find abnormalities earlier. It will be used in surgery. He anticipates using the equipment four to five times per month. Dr. Wilkerson said the equipment will also minimize complications during biopsies.

- **CARDIAC CATH LAB**

Endocardiac Monitoring and Procedure System. This will fund an electrophysiology upgrade to the Siemens fluoroscopy system which along with critical accessories will expand the number and type of procedures offered in our Cardiac Cath Lab. The upgrade will require a very powerful server and software to map the endocardium and internal features of the heart. The detailed information we gain by employing the system will facilitate ablation procedures. Prompt treatment and better recovery times for our patients will result. Funding will be derived from the Cath Lab project.

Budget: \$298,654

Actual: \$298,654

Discussion: Mr. Huber stated that Dr. Stamato believes there are two to four patients per month that we are sending out of town for this procedure. Dr. Stamato performed this procedure at his

former practice. He will have to be credentialed here before he can perform the procedures. We did not have the equipment at the time he was hired and did not credential him for it at that time. He will be the only cardiologist in the state to provide this procedure. Dr. Wilkerson stated that it is a very specific procedure that pinpoints the exact place in the heart with the abnormal rhythm. The ablation is done at the same time. Not many cardiologists are interested in providing this care because it is labor intensive. The procedure makes a significant improvement in the patient's life. They are usually able to get off medication. Mr. Huber stated that it is a condition that primarily affects younger people. The equipment is expected to pay for itself within 18 months. Mr. Fitzgerald stated that the funds will come from the original Cath Lab budget.

○ INFORMATION SYSTEMS

Clinic Contingency Funds Transfer. This request will reallocate \$50,000 to the Information Systems Server Fund from the Clinic Contingency Fund. Each fund was approved by consent in the July, 2014 Board Meeting. Various critical IT hardware has been purchased for the clinics from the IS Server Fund so as not to delay the project. This has depleted the finding available for network server upgrades which are equally critical to maintain the reliability of our network.

Contingency Funds available: \$145,219

Request: \$50,000

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

September 2014 FINANCIAL PRESENTATION

Ms. Long presented the September financial data:

- Hospital inpatient admits were 21 (8.1%) under budget and 4% below the prior year.
- Pioneer Manor admits were 1 above budget for the month.
- The hospital's daily census was 25 in September. This is 3 below budget.
- Pioneer Manor's average daily census was 112 in September, 6 below budget.
- Outpatient visits were 1,521 (10.9%) over budget. This was an increase of 2,743 over the prior year.
- Clinic visits were 2,062 under budget (20%); but 532 visits higher than September 2013. The budget set for the clinics includes the new clinics that have not opened yet. We expect to meet or possibly exceed the budget when the new clinics open.
- ER visits were 15.9% over budget and 10.2% above the prior year.
- Walk-In Clinic visits were 3.9% over budget and 3.6% above the prior year.
- Total surgeries were 12 over budget in September and 3.6% above the prior year.
- Net patient revenue was \$168,000 (1.4%) under budget. Gross revenue was \$332,000 (1.5%) over budget. Inpatient revenue was \$92,000 over budget and outpatient revenues were \$240,000 over budget. The majority of the increase came from the ER and Cardiology.
- Total bad debt and charity care were over budget \$133,000 (8.6% of gross revenue vs. a budget of 8.2%)
- Operating expenses were under budget \$841,000 (6.2%) in September. Total salary and benefits were under budget \$598,000. FTEs were 30 under budget. Supplies were under budget \$69,000 primarily due to a decrease in surgery consignment implants. Contract services were over budget \$98,000 due to travel nurses for the Cath Lab. Ms. Raga stated the travel nurses were brought in when the Cath Lab was opened. They assisted us in training our nurses. The travel nurses are gone now. Other expenses were \$135,000 below budget.

- EBIDA (earnings before interest, depreciation and amortization) increased \$1,170,000 compared to the prior year.
- The September operating gain was \$107,000 vs. a budgeted loss \$671,000.
- The net gain was \$1,449,000, a 10.3% margin, in September vs. a budgeted gain of \$775,000, a 5.4% margin.

Balance Sheet

The current assets increased \$921,000 in September. This is due to an increase in net patient accounts receivable. Current liabilities increased by \$1,650,000 due to an increase in accounts payable and the accrual for salaries. The increase for salaries is due to three pay periods in October.

Accounts Receivable

Accounts receivable days were 72 in September. This is an increase of 2 days. The majority of the increase is in the hospital.

DISCHARGE OF UNCOLLECTIBLE DEBT

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

<u>CATEGORY</u>	<u>AMOUNT</u>	<u>NUMBER OF PATIENTS</u>
INPATIENT	\$153,899.19	11
ER	95,620.81	45
OUTPATIENT	<u>76,872.23</u>	<u>35</u>
TOTAL	\$326,392.23	91**

** 2 patients had an ER and inpatient account
 16 patients had an ER and outpatient account
 3 patients had an outpatient and inpatient account
 3 patients had accounts in all three categories

ACTION: Dr. Hartsaw moved, seconded by Mr. Todd, to discharge the September, 2014 uncollectible debt in the amount of \$326,392.23. Motion carried.

Discussion: Mr. Fitzgerald stated that the bad debt is an asset and as such, we are required to have Board approval in order for us write it off our books.

INVESTMENTS

\$2,500,000.00 was invested in the WYOSTar operating account, the interest rate fluctuates monthly.

ACTION: Mr. Todd moved, seconded by Mr. Dugan, to approve the September, 2014 investment. Motion carried.

Public Comment

There were no public comments.

December Finance Committee Meeting

Mr. Huber stated that due to the holidays, our next meeting is scheduled for December 9. The Joint Conference Committee meets at the same time. If Joint Conference holds their meeting in November, they may not meet in December. We will notify the Finance Committee if our meeting date or time changes.

Adjournment

The meeting adjourned at 12:45 p.m.

Marilyn Grant, Recorder