

Campbell County Health
Finance Committee
February 24, 2020

Mr. Adrian Gerrits called the Finance Committee meeting to order at 12:00 on Monday, February 24, 2020. The meeting was held in the Hospital Board Room.

Members Present:

Mr. Adrian Gerrits, Chairman
Mr. Dustin Martinson, Trustee
Mr. Alan Stuber, Trustee

Staff Members Present:

Mr. Andrew Fitzgerald, Chief Executive Officer
Ms. Colleen Heeter, Chief Operating Officer
Ms. Mary Lou Tate, Chief Financial Officer
Ms. Misty Robertson, Chief Nursing Officer
Mr. Bill Stangl, Vice President of Physician Services
Ms. Noamie Niemitalo, Vice President of Human Resources
Ms. Jonni Belden, Vice President of Continuing Health Services (via telephone)
Mr. Matt Sabus, Vice President of Information Technologies
Mr. Steve Crichton, Vice President of Facilities
Dr. Nicholas Stamato, Chief of Staff
Ms. Heather Stucker, Controller
Ms. Yvonne Robinett, Revenue Cycle Director
Ms. Karen Clarke, Director of Community Relations
Ms. Denise Yvonne, Recorder

Also Present:

Mike Lynch, Representative for RevSpring
Ms. Kelly Underwood, Interim Manager of Patient Financial Services

Approval of Agenda

Mr. Martinson moved, seconded by Mr. Stuber, to approve the agenda as presented. Motion carried.

Approval of Minutes

Mr. Martinson, moved, seconded by Mr. Stuber, to approve the minutes with correction of header date. Motion carried.

Bad Debt and Charity

•	Approved Charity Care for January 2020	
	100% Written Off	\$ 217,183.49
	75% Written Off	\$ 9,402.57
	50% Written Off	\$ 30,151.17
	Catastrophic Write Off	\$ 428,972.81
	GRAND TOTAL	\$ 685,710.04

Collections and Discharges by Agency January 2020

Bankruptcy Discharge	\$ 4,427.75
Collections sent to Chapman	\$ 2,128,434.75
Collections sent to CPI	\$ 1,731,627.44
Collections sent to CCB	\$ 4,865.96
Receivable Solutions	\$ 552.22
GRAND TOTAL	\$ 3,869,908.12

Mr. Martinson moved, seconded by Mr. Stuber, to approve the Resolution of Collections and Discharges for January 2020. Motion carried.

Capital Requests from Materials Management and Facilities

LABORATORY

- Chemistry and Immunodiagnostic Instruments.
This request will replace the primary automated line of instruments used in the Laboratory for analysis of specimens. The current line of instruments, placed in service in 2009 with a 10-year support and disposables agreement, which expired in November 2019. The proposed devices have numerous time saving upgrades and quality check modules that will increase throughput without manual intervention. Reagents used in the new instruments are more stable. The longer shelf life will require a fraction of the labor for loading and recharging input channels. The automation line will have real-time routing capabilities to handle stat requests for sample analysis without disrupting routine testing. The request is slightly over budget due to added software not available during budgeting that will help coordinate and track analyses to optimize the flow of specimens.

Budget: \$1,830,259

Actual: \$1,836,000

- Tissue Processor:
This request will replace a tissue processor purchased in 2011 that incurred a catastrophic breakdown on 2/12. The quoted cost to repair the device is \$10,000 on top of a service contract due for renewal in May for \$8590. The equipment is scheduled for replacement in fiscal year 2021 but due to the expense of repair and service, we ask for immediate replacement. The new processor will be used daily and incorporates advanced vacuum infiltration routines designed to manage all tissue types including fatty tissues. Administrative Contingency Funds will be used for the purchase.

Available Budget: \$250,000

Request: \$49,999

EMERGENCY SERVICES

- Transport Ventilator:
This request will add an MRI compatible transport ventilator to the trauma bay for use with serious trauma patients. Monitoring of intubated patients is an essential standard of care in the emergent situations for which the requested device is suited. The apparatus will be used in all appropriate cases where intensive monitoring is required during transport to and from MR, CT, X-Ray, ICU, Surgery and life flight transfer. The configuration is scheme is designed for both pediatric and adult patients.

Budget: \$38,125

Actual: \$38,072

SURGICAL SERVICES

- Instrument Sterilizer:
This request will replace an existing low temperature sterilizer placed in service 9 years ago. The current system has been down five of the last 6 weeks due to system malfunctions and is irreparable beyond the limited functions complicating standard processes in surgery. The requested sterilizer will utilize hydrogen peroxide gas as a plasma with low temperatures effectively sterilizing instruments. Tools and implements will incur less degradation at low temperatures and realize a longer useful life. Turnaround time between cases will decrease while maintaining the stringent standards for sterilization established in our operating suites. Funds will be diverted from the VPRO Max Sterilizer scheduled for purchase in December 2019 with the balance derived from Administrative Contingency.

Budget: \$116,159

Actual: \$150,000

Facilities Committee

As an informational item, the Facilities committee received the following financial update on the second floor inpatient room(s) project.

Second Floor Inpatient Room Project Budget Update

\$ 9,853,858.00	Paid to date
\$ 3,243,812.00	Due to Scull per last pay app
\$ 1,273,594.00	Scull retainage due at completion
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\$ 4,371,264.00	Balance
\$ (300,000.00)	Scull under budget (contingency + general conditions)
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\$ 4,071,264.00	Balance
\$ 115,000.00	Korbel yet to PO for medical equipment
\$ 210,000.00	IT yet to PO for installations and equipment
\$ 200,000.00	Soft Costs not billed (architects, engineers, consultants)
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\$ 24,596,264.00	Sub Total
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\$1,088,787.00	Outstanding on existing project PO's yet to be paid
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\$ 25,685,051.00	Projected Grand Total
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\$ 26,886,202.00	Total Approved Budget January 2019
\$ (1,201,151.00)	Estimated Amount Under Budget at Project End

Wellness Relocation/Building Remodel:

Budget: \$200,000

FPC is recommending reallocation of \$200,000 from the Inpatient Room Project to remodel the building at 1405 W. 4th Street (the former offsite I.T.). This will provide for the move of the Wellness department from rental space in the "Energy Building". FPC is requesting the Finance Committee approve and recommend full board for approval.

Pioneer Building – I.T. Wing

Budget: \$495,000

FPC is sending for discussion to the Finance Committee the reallocation of \$495,000 from the Facilities Capital Budgeted amount submitted for a Retail Pharmacy for construction to allow the relocation of the I.T. offices to Wing 3 of Pioneer Building.

PIONEER BUILDING-I.T. PRELIMINARY BUDGET

Demo	\$36,000.00	Bathrooms, etc.
Construction	\$45,000.00	Remodel work
Doors and Hardware	\$10,000.00	2 hr separation
Patch and Finish	\$25,000.00	
Flooring & Carpet	\$30,672.00	Carpet in offices? Keep existing VCT?
Flooring-LVT or VCT in Corridor	\$12,000.00	Specific product TBD
Painting	\$20,000.00	
HVAC	\$119,000.00	New RTU's or VRF system to provide AC
Plumbing Misc.	\$4,000.00	
Electrical Power to wing + conv. power	\$50,000.00	Power brought up to area + AC units
Lighting Change to LED (Allowance)	\$20,000.00	

IT/Data (Allowance)	\$25,000.00
FF&E / Main Entry / Parking Lot (Allowance)	\$25,000.00
SUBTOTAL	<u>\$421,672.00</u>
10% Contingency	\$42,167.20
A/E Fees + CA	\$36,000.00
TOTAL	<u><u>\$499,839.20</u></u>

Mr. Martinson moved, seconded by Mr. Stuber, to approve the Capital Requests from Material Management, and send the Facilities requests for full Board discussion and approval. Motion carried.

Topic of the Month

- FINANCIAL ASSISTANCE POLICY APPROVAL
 1. Ms. Tate presented the Financial Assistance Policy for approval and discussed this organization's current policies compared to other facilities within the state; and how state law mandates providing for the indigent within our community.
 2. Ms. Tate discovered through investigative processes that Campbell County Health (CCH) is in the bottom half for financial assistance generosity for our indigent community.
 3. The investigation found that most of the patients who applied for financial assistance and denied due to our financial requirements ended up as bad debt.
 4. Ms. Tate is requesting that CCH align our financial assistance program closer to other hospitals within the state and make the following changes:
 - a. At 100% write off we would move from 0 to 133% to up to 200%
 - b. 75% write off move from 134-150% to 201-225%
 - c. 50% write off move to 226-250%
 - d. Create a new bucket of 25%, up to 275%.

These changes do not take CCH to the highest financial systems within the state with 400% the top parameter written off. The proposed amounts allow for those patients who are able to make payments to continue to do so within the policy parameters.

Mr. Stuber moved, seconded by Mr. Martinson, to approve the Financial Assistance Policy and present it to the board. Motion carried.

Statistical Report

1. Included in packet, not reviewed during the meeting

Revenue Cycle

- Overview
 1. Mr. Lynch with RevSpring presented his company's initial findings and recommendations
 2. Ms. Underwood relayed the processes that RevSpring is helping PFS correct.

- Point of Service cash collections.
 1. Clinics, Outpatient and, ER are doing well commutating to patients the upfront payment process for services.
- Accounts Receivable.
 1. Accounts Receivable days decreased to 79 days. Discussion ensued about getting to our goal to 60 days for AR. Ms. Tate indicated that the hard work of staff are getting us closer to that goal.

Financial Report

- Financial Narrative
 1. Revenues for the month of January are \$1.2M higher than budget driven by Radiology, Lab, EMS and Cath Lab in the hospital.
 2. The Medical Group clinic Revenues were over budget by \$178K in January, driven by high visits in the Walk in Clinic. Compared to last year , we posted \$600K more in charges.
 3. Expenses were higher than budget by \$550K for the month and higher than last year.
 4. Employee benefits are \$290K above budget and \$232K higher than last year.
 5. Pharmaceuticals are under budget by \$1.5K and lower than prior year by \$25K. Pharmacy revenue is on budget for the month and over budget by \$799K YTD.
- Financial Overview
 1. Net Patient Revenue was 9.4% over budget
 2. Bad Debt and Charity Care were under budget by 7.36% of gross revenue vs. a budget of 8.21%.
 3. Operating Revenue was 10.7% over budget.
 4. Operating Expenses were 3.3% over budget
 5. Operating Income was more that budget by \$1.1M
 6. EBIDA was \$1.08M over budget and increased \$2.36 M compared to last year.
 7. Days cash on hand remained at 123. Cash balances increased by \$14.8K.

Adjournment

Mr. Martinson moved, seconded by Mr. Stuber to adjourn, Motion passed. The meeting adjourned at 1:25 p.m.

The next regularly scheduled Finance Committee meeting will be held on Monday March 23, 2020 at 12:00pm in the Board Room.

Denise Yvonne, Recorder