

Campbell County Health
Finance Committee
August 22, 2017

Dr. Swift called the Finance Committee meeting to order at 3:59pm on Tuesday, August 22, 2017. The meeting was held in the Hospital Board Room.

Present:

Dr. Ian Swift, Chairman
Mr. Mike Dugan, Trustee
Dr. Sara Hartsaw, Trustee
Mr. Andy Fitzgerald, Chief Executive Officer
Mr. Dalton Huber, Chief Financial Officer
Mr. Steve Crichton, Vice President of Facilities
Mr. Bill Stangl, Vice President of Physician Services
Ms. Jonni Belden, Vice President of Legacy Living & Rehabilitation
Ms. Karen Clarke, Director of Community Relations
Ms. Kim Johnson, Director of Health Information Management and Compliance
Ms. Shawn Reznicek, Patient Accounting Manager
Ms. Heather Stucker, Controller
Ms. Amanda Teppo, Recorder

Absent:

Mr. John Fitch, Vice President of Human Resources
Dr. Jennifer Thomas, Chief of Staff

Approval of Agenda

Mr. Huber added Health Foundation Update under New Business.

Mr. Huber added some surgery equipment under capital equipment.

Dr. Swift added Receivable Solutions Update under Old Business.

Motion: Mr. Dugan moved, seconded by Dr. Hartsaw, to approve the agenda as amended.

Motion carried.

Approval of Minutes

Mr. Dugan was present at last month's meeting but is shown as absent.

Motion: Mr. Dugan moved, seconded by Dr. Hartsaw, to approve the minutes as amended.

Motion carried.

Old Business

• **Refinancing Bonds**

Mr. Huber reported the primary and secondary banks visited Gillette recently regarding the refinancing of bonds. The banks reviewed the budget, strategic plan and other financial data. Dr. Swift recommended CCH lock down the current interest rate offered. There is a few concerns regarding the contract, but should be finished up by the end of September.

• **Receivable Solutions Update**

Dr. Swift just wanted an update from last month's discussion.

Recap: after one statement and the insurance have paid, the account is turned over to Receivable Solutions. This helps the patient by getting a much lower monthly payment which the hospital is unable to offer. This process would only apply to self-pay portion of what patients owe and will not have an impact on their credit since Receivable Solutions is not a collection agency.

New Business

- **Capital Requests**

Pyxis Medstation Replacements – Pharmacy

This project request will replace all the Pharmacy and Anesthesia Medstations in our organization. An obsolete XP operating system controls the current fleet which has security, capacity and support limitations. Pyxis with sunset support for the XP OS at the end of this year because of those issues. XP will be upgraded to Windows 7. The new hardware and software will have enhancements to notify caregivers about drug interactions and allergies at the bedside. Notices can be customizing for departments or patients as needed by pharmacists. Improved remote documentation features will reinforce safety procedures by keeping our caregivers at the bedside during the dispensing cycle of medication administration.

Budget: \$1,200,464

Actual: \$1,200,464

Steam Sterilizer – PRSC

The request will replace a sterilizer that will is more than 14 years old at the Powder River Surgery Center. It was installed when the Stocktrail building opened. The device needs frequent repairs due to the service age. There is a concern that the device will leak and damage other equipment at the Stocktrail building. The replacement device has a large capacity which will speed our turnaround time for high level sterilization.

Budget: \$38,903

Actual: \$38,801

Instrument Washer – PRSC

This request will replace a washer sterilizer that was installed when the Stocktrail building opened 14 years ago. The equipment needs frequent repairs due to the service age of the device. Down time for repairs hinders and impedes normal operations. The replacement device will run at higher temperatures to achieve a superior washing phase and faster cycle times to supplement productivity.

Budget: \$87,760

Actual: \$85,229

Surgery Tables – Surgery

This purchase request will acquire (2) Skyton Surgical tables for use in Obstetric and other cases. The tables to be replaced are 20 years old. Repair parts are no longer available for table models manufactured before 1998. The case load for OB procedures has trended upward for several years and new tables are needed to maintain the robust case load. The replacement tables are versatile with electro-hydraulic powered movements and removable legs for use in most types of procedures. Premium radiolucent pads and arm boards are included in the purchase price for

greater comfort for our patients. This request will be over budget because the demonstration tables used to establish the cost are no longer available. New tables will be purchased unless demo modes become available.

Budget: \$69,181

Actual: \$74,145

Parking Lot Resurfacing – Plant Operations

This project request will resurface the parking area designated for employees at the Premier building parking area just north of the Childcare. The asphalt will be re-milled and supplemented with new materials to resurface about 42,500 square feet of parking area. The proposed resurface area has pot holes cracks and folds which hamper snow removal and will lead to further degradation and greater repair cost if not sealed with new asphalt.

Budget: \$85,000

Actual: \$85,000

Mobile High Density Shelving - Materials Management

This request will add 5 mobile shelving units to the main inventory warehouse at Legacy. The new shelving system will increase the capacity of the warehouse by approximately 65% the existing shelves will be hoisted on to carriages and additional runs of shelf added to the arrangement. Inventory management will be easier with less clutter and the increase in capacity will allow for more efficient operations.

Budget: \$35,250

Actual: \$35,250

Replacement Monitoring Systems – Maternal Child

This request will replace the existing cardiorespiratory monitors in our NICU. The current system is 8 years old and at the end of useful life. Parts are difficult to obtain and will not be available after December 2017. The new system will have 9 monitoring station and display all the critical physiological parameters required for intensive care of our new born patients. Touch screen displays will allow our caregivers to quickly organize and scrutinize import medical information in the latest clinical configuration of the system.

Budget: \$137,375

Actual: \$137,375

One Ton Dual Wheeled Truck – Corporate Wellness

This request will replace the dual wheeled one truck used to pull one hearing trailer and wellness trailer to job sites for Corporate Wellness. The current truck has more than 94,000 miles of heavy hauling in its life time. The engine and drive train are in need of extensive repairs and maintenance so replacement is the best option. The new vehicle will have more passenger room, greater pulling power and off road tires for better mobility on industrial job sites. The new truck has an in bed camera for safety to assist with the hook up of heavy trailers use in wellness.

Budget: \$35,000

Actual: \$34,995

*Motion: Dr. Hartsaw moved, seconded by Mr. Dugan, to approve the Capital Requests.
Motion carried.*

- **Esophageal pH Equipment**

Discussion: Dr. Rinker had a request after the budget was approved for \$91,000 for the esophageal pH Equipment. Dr. Rinker currently sees 2-3 patients a weeks that would benefit the use of this equipment. Since we are unable to provide this service in Campbell County, patients are then referred out of town and the return rate back to Campbell County is low. Dalton calculated about \$130,000 additional revenue a year, this is calculated based on 100 procedures per year (surgeries are not factored into the additional revenue). Campbell County Health will need to aggressively market that service.

Budget:	Actual: \$91,000
Surgery \$50,000	
Admin Contingency \$41,000	

Motion: Dr. Hartsaw moved, seconded by Mr. Dugan, to approve the esophageal pH Equipment.
Motion carried.

- **PET CT**

Discussion: This topic was discussed back in 2015, but the Health Care Foundation decided to take a step back. The Health Care Foundation has asked if the CCH would replace the current CT scanner with a PET CT scanner since the current CT scanner is due to be replaced. The cost would be approximately 1.6 million (800,000 for the CT and 800,000 for the PET) the PET CT will benefit the CCH's Radiology Oncology department as well. Still in the early stages, but Mr. Huber will revised numbers proposed by Leigh Worsley. It was noted that this acquisition will not make money.

Action: To take a look further into the numbers and then unite with the Health Care Foundation. Once everyone is in agreeance submit recommendation to the Board for approval, once the Board has approved, then the Health Care Foundation can start looking into fund raising for their half of the equipment.

Motion: Dr. Swift moved, seconded by Dr. Hartsaw, to approve the PET CT plan.
Motion carried.

Monthly Financial Report

Ms. Stucker presented the July 2017 financial data.

- **Financial Narrative**

- Inpatient admits were 24 (-9.9%) under budget for July. This is a decrease of 17 (-7.2%) compared to last year.
- LLRC admits were 8 (-40%) under budget. Admits were up by 3 (33.3%) from last year.
- CCMH's average daily census was 19 versus a budget of 25.
- LLRC's average daily census was 126 versus a budget of 151.
- Outpatient visits were 1,900 (-12.4%) below budget. There was a decrease of 1,518 visits (-10.2%) from prior year.

- Clinic visits were 1,524 (-18.2%) below budget. Visits increased from last year by 300 (4.6%).
- ER visits were 83 (-4.3%) under budget and were down 57 (-3.0%) compared to a year ago.
- Walk-In Clinic visits were 266 (-12.9%) under budget. Visits are up 56 (3.2%) from last year.
- July's net patient revenue was \$2,506k (17.6%) under budget.
- July's bad debt and charity care were under budget \$198k (8.5% of gross revenue vs. a budget of 7.9%).
- Operating expenses were under budget \$901k (5.8%) in July.
- EBIDA was under budget \$1,652k in July and decreased \$2,509k compared to a year ago.
- July's operating loss was \$2,641k vs. a budgeted loss of \$963k. The operating loss is more than prior year by \$2,576k.
- Net loss was \$1,537k in July vs. a budgeted gain of \$86k. Compared to prior year, the net loss is unfavorable by \$2,696k.
- Current assets decreased by \$554k in July, due to a decrease in cash. Current liabilities increased by \$1,335k as a result of an increase in payroll expenses and accrued interest.
- July's accounts receivable days increased by 1 to 69 days. Goal is to get to 60 days.
- Day's cash on hand decreased to 184 in July. Cash decreased \$500k.

Discussion: The payor mix information will be added to each month's packet for discussion. Having this information will help understand the difference in contractures.

- **Staffing in the Clinics** – Mr. Stangl presented MGMA data PowerPoint. (Providers are not included)
 - Support Staff Totals % of Total Medical Revenue
 - MGMA \$2,245,320
 - CCMG \$2,386,142
 - Staffing Benchmark – Variance of \$140,822
 - Support Staff Totals % of Total Medical Revenue
 - MGMA 34%
 - CCMG 36%
 - Staffing Benchmark – Variance of 2%
 - Support Staff Totals per 10,000 wRVUs
 - MGMA 6.5
 - CCMG 7.29
 - Staffing Benchmark – Variance of 3.7 FTE
 - Support Staff Totals per FTE Physician
 - MGMA 3.73
 - CCMG 4.29

- Staffing Benchmark – Variance of 4.48 FTE
- Qualitative Issues to Consider
 - Inefficiencies due to layout
 - Complexity of multiple specialties
 - Physician responsibilities outside Main Clinic
 - High call volume
 - Patient portal limitations
 - Fluctuation in provider level
 - Move towards patient management
- **Discharge of Uncollectible Debt**

Uncollectable Debt	
The uncollectible debt for July 2017 by category is as follows:	
Inpatient Uncollectible	\$121,573.63
ER Uncollectible	\$297,000.36
Outpatient Uncollectible	\$195,794.28
Combined Total For July 2017	\$614,368.27

*Motion: Dr. Hartsaw moved, seconded by Mr. Dugan, to approve the Uncollectable Debt.
Motion carried.*

- **Investments**
 - No purchase and/or sale of investments during the month of July 2017.

Other (Information Only)

- Fiscal Year 2018 Capital Expenditures to Date
- Physician Expenses

Public Comment

- No public comments during the August 2017 meeting.

Adjournment

The meeting adjourned at 5:02pm.

The next regularly scheduled Finance Committee meeting will be held on Monday, September 25th at 12:00pm in the Board Room.

Amanda Teppo, Recorder