

**Campbell County Health  
Finance Committee  
March 20, 2017**

Dr. Swift called the Finance Committee meeting to order at 12:00 p.m. on Monday, March 20, 2017. The meeting was held in the Campbell County Health Board Room.

**Present:**

Dr. Ian Swift, Chair  
Mr. Mike Dugan, Trustee  
Mr. Andy Fitzgerald, Chief Executive Officer  
Mr. Dalton Huber, Chief Financial Officer  
Ms. Deb Tonn, Vice President of Patient Services  
Mr. Bill Stangl, Vice President of Physician Services  
Dr. Jennifer Thomas, Chief of Staff  
Ms. Karen Clarke, Director of Community Relations  
Ms. Kim Johnson, Director of Health Information Management and Compliance  
Ms. Heather Stucker, Controller  
Ms. Noamie Niemitalo, Interim Vice President of Human Resources  
Ms. Jonni Belden, Vice President of Legacy Living & Rehabilitation  
Mr. Steve Crichton, Vice President of Facilities  
Ms. Wendy Kaufman, Recorder

**Absent:**

Dr. Sara Hartsaw, Trustee

**Agenda:**

Mr. Huber added “**Refinancing Bonds**” as an item of Old Business to the agenda.

**Approval of Minutes:**

**ACTION:** Mr. Dugan moved, seconded by Dr. Swift, to approve the minutes of the February 20, 2017 meeting. Motion carried.

**OLD BUSINESS**

- **Refinancing Bonds:** Piper Jaffray continues to seek lenders to refinance the Series 2009 Bonds. NBH Bank of Colorado is interested participating along with Siemens. No legal or other costs have been incurred on the refinancing to this date. Mr. Huber will continue to monitor.
- **Revenue Cycle Plan:** CliftonLarsonAllen did an assessment of the current billing processes to help identify problems and improve revenue. The assessment revealed that denial management is the most significant issue at CCH. However, there are others including clean claims, accurate coding, timely filing, and Meditech issues.

After review of the assessment results, Mr. Huber presented a plan for improvement in revenue cycle at CCH, addressing each issue identified. The plan includes the following:

- Replace the Patient Accounts Director with a manager.
- Recruit an organization-wide Revenue Cycle Director.
- Request a \$500 deposit from surgical patients. Currently, we ask for \$200 for MRIs and \$175 for CTs at time of service.
- Price estimating tool to be implemented by July 1, 2017.
- Advance Beneficiary Notice practice for Lab and Radiology to be implemented prior to July 1, 2017.
- Charge master study to review charge descriptions and CPT codes to improve efficacy of billing.
- Old accounts at risk of exceeding the limit for timely filing are being reviewed and billed.
- EideBailly is providing an Interim Director who is currently on site every other week. However, Mr. Huber will request full time for at least the first two months.
- Interim Director is setting up denial codes to accurately track denials for trends.
- Interim Director is establishing standard work processes for all staff doing follow-up on accounts. Presently, each biller uses a different process to follow up on accounts.
- Explore outsourcing denial management software.
- Create a dashboard to track activity in Accounts Receivable.

**Discussion:** Dr. Swift stressed the importance of purchasing and utilizing software for access to insurance information such as eligibility, deductibles, and copays prior to date of service. The software would also identify trends of claim denials. Mr. Huber will continue to keep the Finance Committee updated on the progress of the plan and give the next report at the July Finance meeting.

### **NEW BUSINESS**

- **Annual S&P Global Update:** S&P Global Ratings affirmed its 'A-' long-term rating on CCH and the Series 2009 Bonds with a stable outlook for the year. This rating is based on S&P's view of the organization's credit profile. The S&P report indicates that the rating is attributable to CCH's balance sheet and cash. However, with cash decreasing, the rating could be downgraded. Mr. Huber will continue to monitor this.
- **Compliance:** Ms. Johnson stated that there are no compliance issues to report at this time.
- **CAPITAL REQUESTS**
  - **Mammography Upgrade for Radiology:** This request will purchase a hardware and software upgrade to the Siemens MAMMOMAT Inspiration Diagnostic Platform. The current unit was installed new about 2 years ago in the remodel of Radiology. This upgrade will create stereotactic images fully integrated with our new PACS. Our ability to biopsy delegate tissues will be enhanced with better definition of target areas. Implementation of this diagnostic modality was delayed until the new PACS was available for our providers. The introduction of Stereotactic Mammography will augment of our Diagnostic Service Line and provide services not available in Gillette.

**Budget: \$85,204**

**Actual: \$85,204**

- **Blood Bank Analyzer for Laboratory:** This purchase will replace our blood bank analyzer with a more efficient and accurate instrument. The Echo instrument used at this time was purchased in 2007 and utilizes dated analytical routines 9 years old. The older technology leads to false positive readings 29% of the time. Our technologists spend valuable time validating the results. The requested analyzer has greater automation with new technology that produces zero false positive results. Through-put and productivity will be enhanced in lab.

**Budget \$105,000**

**Actual: \$84,500**

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

### **FEBRUARY 2017 FINANCIAL PRESENTATION**

**Ms. Stucker presented the February 2017 financial data.**

- Inpatient admits were 185 in February compared to a budget of 203.
- Legacy admits 11 under budget compared to a budget of 15.
- Total average daily census remains stable at 28 versus a budget of 26. Mr. Huber reported that length of stay was significantly higher in February, about 35% from budget. Also, there were some very complex medical cases and difficult to place residents. He also explained that for inpatients payment is made on admits, not on the number of admitted days.
- Legacy average daily census was 134 versus a budget of 127.
- Outpatient visits 1,254 under budget.
- Clinic visits 308 under budget.
- ER visits 38 over budget and 82 below a year ago.
- Walk-In Clinic visits 148 over budget and 262 below the level of a year ago.
- Total surgeries: PRSC data was added, although no volume data available prior to fiscal year 2017. PRSC over budget by approximately 10%. Inpatient surgeries were 61 versus a budget of 67. Outpatient cases over budget by almost 13%.
- February's net patient revenue \$1,218,000 under budget. Mr. Huber explained that this is largely due to issues with Meditech at Legacy. The system added \$900,000 of revenue over the last three months, which had to be corrected. This issue is actively being explored for a solution.
- Bad debt and charity care under budget \$17,000.
- Operating expenses over budget \$620,000. Continue to be up on drugs and surgery supplies. The 340B program is set to go live in the next 2-4 weeks.
- EBIDA under budget \$1,618,000.
- Operating loss \$3,146,000 versus a budgeted loss of \$109,000.
- Net loss was \$1,865,000 versus a budgeted loss of \$201,000.
- Current assets decreased by \$2,132,000 in February due to a decrease in accounts receivables.

- Current liabilities showed an increase of 233,000 as a result of an increase in accounts payable and accrued expenses.
- Accounts receivable days decreased by 5 for a total of 66.
- Days cash on hand stayed flat at 179 in February. Cash decreased by \$541,000.

### **DISCHARGE OF UNCOLLECTIBLE DEBT**

The uncollectible debt for February 2017 by category is as follows:

<b>INPATIENT UNCOLLECTIBLE</b>	\$225,622.42
<b>ER UNCOLLECTIBLE</b>	\$386,854.69
<b>OUTPATIENT UNCOLLECTIBLE</b>	<u>\$298,853.98</u>
<b>COMBINED TOTAL FOR FEBRUARY 2017</b>	<b>\$911,331.09</b>

**ACTION:** Dr. Swift moved, seconded by Mr. Dugan, to discharge the February 2017 uncollectible debt in the amount of \$911,331.09. Motion carried.

### **INVESTMENTS**

There were no changes to investments in the months of November and December.

### **PUBLIC COMMENTS**

There were no public comments.

### **ADJOURNMENT**

The meeting adjourned at 12:47 p.m.

The next regularly scheduled Finance Committee meeting will be held on April 24, 2017 at 12:00 p.m.