

**Campbell County Health
Finance Committee
July 17, 2017**

Dr. Swift called the Finance Committee meeting to order at 12:00 p.m. on Monday, July 17, 2017. The meeting was held in the Campbell County Health Board Room.

Present:

Dr. Ian Swift, Chairman
Mr. Mike Dugan, Trustee
Mr. Andy Fitzgerald, Chief Executive Officer
Mr. Dalton Huber, Chief Financial Officer
Ms. Deb Tonn, Vice President of Patient Services
Ms. Karen Clarke, Director of Community Relations
Ms. Kim Johnson, Director of Health Information Management and Compliance
Ms. Heather Stucker, Controller
Ms. Wendy Kaufman, Recorder

Absent:

Dr. Jennifer Thomas, Chief of Staff
Dr. Sara Hartsaw, Trustee
Ms. Jonni Belden, Vice President of Legacy Living & Rehabilitation
Mr. Steve Crichton, Vice President of Facilities
Mr. Bill Stangl, Vice President of Physician Services
Mr. John Fitch, Vice President of Human Resources

Approval of Agenda:

Mr. Huber added Revenue Cycle Plan Update to the agenda under Old Business.

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

Approval of Minutes:

ACTION: Mr. Dugan moved, seconded by Dr. Swift, to approve the minutes of the June 19, 2017 meeting as presented. Motion carried.

OLD BUSINESS

- **Refinancing Bonds:** Mr. Huber is seeking Finance Committee approval to move forward with refinancing the Series 2009 bonds. The terms of the proposal have not changed and were signed contingent on Board approval. A presentation will be given at the July 20, 2017 Board meeting to include various reports received from Piper Jaffray to date, savings estimate, amortization schedule, etc.
- **Revenue Cycle Plan Update:** Mr. Huber presented the quarterly update on the Revenue Cycle Plan.
 - Ms. Shawn Reznicek was named the new Patient Accounting Manager. Ms. Reznicek is formerly the Collection Supervisor for private pay accounts and has been the lead person for the department when the interim Eide Bailly managers are not on site.
 - The search continues for a Revenue Cycle Director through the recruiting division of CliftonLarsonAllen (CLA).

- To look at how the charge master is maintained, CLA has done a charge master review. Suggestions were made to change some of the codes. Currently awaiting a pricing study as well; in this budget cycle the goal is to update pricing more on a market basis rather than a 3% increase across the board. There are issues in Meditech that need to be finalized before going forward with the price estimating tool.
- There is a committee working on the Advanced Beneficiary Notice (ABN) policy. With the Meditech upgrade and the overlay of the ambulatory clinics, the system wiped out all of the data that was built in TEST; once that is rebuilt, it will then go live.
- For now, denials management and charge master review will be kept in house.
- Mr. Huber is seeking approval from the Finance Committee to outsource the self-pay accounts to either Receivable Solutions or a similar company. The accounts will be sent to the billing company after one statement is sent and 30-45 days without payment. No interest will be charged on these accounts. The Finance Committee approved Mr. Huber's request to outsource self-pay accounts to an outside service. He will report back in October with a more specific plan with data, and then every 90 days to give an update.

NEW BUSINESS

- **Budget Update:** Mr. Huber reported that there was very little change from the proposed FY 2018 Budget that was presented at the June meeting. There were additions on the expense side. The contractuals were lowered minimally to maintain a 12% EBIDA and a small net gain on the bottom line. The year ended about \$1,000,000 higher than budget on the tax levy on side. The county's numbers will be used, as there is incentive to do so with refinancing the Series 2009 bonds. However, there will be additional requirements if the budget falls short.

ACTION: Dr. Swift moved, seconded by Mr. Dugan, to present the proposed FY 2018 Budget to the full Board for approval at the July 20, 2017 Board meeting.

NEW BUSINESS

- **Compliance:** After discussions with Mr. Huber and Ms. Sue Ullrich (Director of Quality & Risk), Ms. Johnson will no longer report out compliance issues at the Finance Committee meeting. This is in an effort to protect any confidential patient information. She will continue to report out compliance issues at the Quality/Patient Safety Committee meetings.

CAPITAL REQUESTS

- **Surgical Instrument Fund - Surgery.** This is our annual PRN request for purchases derived from the Surgery Instrument Fund. The fund will be used as needed throughout the fiscal year to replace old instruments as they need upgraded or are retired from service. The request will keep our stock of critical instruments in top condition readily available for our patients in emergent situations.

Budget: \$100,000

Actual: \$100,000
PRN Not to exceed

- **Server Replacements - IS.** This request will replace 4 heavy duty R430 physical servers used to anchor and host virtual CPUs in the network. The hardware designated for replacement ranges in age from 5 to 7 years and will be scheduled for replacement throughout the year to minimize disruption in the network. Although the equipment is operating within specification, it is beginning to show signs of failure. Proactively replacing important hardware will limit network downtime and facilitate quick recovery if an outage occurs.

Budget: \$108,559

Actual: \$108,559

PRN Not to exceed

- **Standard IT Hardware Replacements, Additions and Upgrades - IS.** This will fund the periodic replacement and upgrade of various obsolete monitors, PCs, printers and peripheral hardware deployed throughout our system. The budgeted monies will be used throughout the year as needed to replace old hardware where memory, computational power or operational utility is deficient. Up to 45 VDI Thin Client tablets used in bedside and mobile documentation will be taken from this fund.

Budget: \$160,000**Actual: \$160,000****PRN Not to exceed**

- **Digital Phone Replacements - IS.** This request will begin an annual phased replacement and upgrade of the Cisco digital phones on the network. Support for our current primary digital phone, the 7900 series, was discontinued by Cisco in February of 2016. The hospital and associated facilities have more than 950 IP phones in the 7900 series which will be gradually replaced by the next generation 8800 series. The succeeding phones will have expandable firmware that will work with future versions of Jabber, Call Manager and other telephony applications. The oldest phones are more than 5 years old and will be replaced first.

Budget: \$53,050**Actual: \$53,050****PRN Not to Exceed**

- **Replacement Multifunction Devices - Materials Management.** This request will provide new multifunction copiers in 18 departments and work areas. The imaging devices scheduled for replacement are 6- 8 years old with 14 devices approaching or exceeding 1.2 million images. This is the second request in a multi-year replacement strategy. The oldest devices with the largest output count will be replaced first. The new devices will be fully integrated into our network and will function as a copier, printer, fax and scanner.

Budget: \$79,900**Actual: \$79,900****PRN Not to exceed**

- **Hematology Analyzer - Laboratory.** This request will replace 2 old hematology analyzers that are 13 and 8 years old. Extensive maintenance and adjusting is needed with the old devices to achieve optimal accuracy in a timely routine. The new instrument has several technological advantages which will aid medical staff when making critical decisions relative to platelet and blood product transfusions. No tubes or valves are used in the new device so it requires less troubleshooting and less manual intervention by technologists.

Budget: \$205,418**Actual: \$208,418**

- **Replace Fire Valves - Plant Operations.** This request will fund an upgrade to our Fire Suppression System on the 1st and Ground Floors. The upgrade will rebalance water pressure between the main feeder pipes and the peripheral distribution pipes in those areas. Expansion in our current spaces and planned expansion into new clinical areas requires the rebalance to meet code. Pipes will be rerouted and then control valves added to increase and decrease pressure where appropriate. The bulk of the work will be finished at night to minimize disruption in our departments.

Budget: \$60,000**Actual: \$60,000**

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

JUNE 2017 FINANCIAL PRESENTATION

Ms. Stucker presented the June 2017 financial data.

***NOTE: These are preliminary financials; final numbers will be reported in August**

- Volumes are down in every department reported on.
- Inpatient admits were 30 under budget in June. This is a decrease of 31 compared to last year.
- Legacy Living & Rehabilitation Center (LLRC) admits were 7 under budget and down 9 from last year.
- Total average daily census was 20 versus a budget of 26.
- Legacy average daily census was 133 versus a budget of 127.
- Outpatient visits were 1,529 under budget. Visits decreased by 2,518 compared to June 2016.
- Clinic visits were 618 below budget and visits decreased by 1,229 compared to a year ago.
- ER visits were 119 under budget. Visits were down 64 from last year.
- Walk-In Clinic visits were 479 under budget and visits were down 9 from last year.
- Total surgeries: PRSC surgeries were 242 compared to a budget of 193. Inpatient surgeries were 68 versus a budget of 71. Outpatient cases 334 versus a budget of 296.
- June's net patient revenue was \$2,790,000 under budget. Additional contractals, bad debt and charity care, were major contributors to the lower net patient revenue. A lot of work has been done by Accounting to understand the data that is extracted from PRSC's system. Extremely confident that the numbers are now being reported correctly. An additional \$1,000,000 in charity was written off on the hospital side in June for a second dialysis patient. Mr. Huber and Ms. Tonn will meet with Dialysis and Social Services to address this. Mr. Fitzgerald wondered if the Foundation would be able to assist in any way. Need to explore all of this with the foundation, would be a fairly small donation to help a local resident. We cannot do it but the foundation could. Another case that was written off this month was approximately \$266,000. The patient was here for about a month with no insurance and applied for charity care. Approximately \$660,000 of the \$1,600,000 is charity care.
- Bad debt and charity care over budget \$144,000.
- Operating expenses under budget by \$23,000 in June.
- EBIDA under budget \$2,091,000.
- Operating loss was \$3,919,000 versus a budgeted loss of \$1,102,000.
- Net loss was \$2,206,000 versus a budgeted gain of \$94,000.
- Current assets decreased by \$1,392,000 in June due to a decrease in accounts receivable.
- Current liabilities decreased by \$1,101,000 as a result of a decrease in accounts payable and accrued interest.
- Accounts receivables stayed flat at 68 days of revenue.
- Days cash on hand increased to 188 in June. Cash balances increased by \$6,100,000.

Point of Service Collections: Point of service collections is down a little bit. Goal is to add the clinics and Behavioral Health Services to this graph.

DISCHARGE OF UNCOLLECTIBLE DEBT

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

INPATIENT UNCOLLECTIBLE	\$ 206,403.48
ER UNCOLLECTIBLE	\$ 307,072.77
OUTPATIENT UNCOLLECTIBLE	\$ <u>169,157.36</u>
COMBINED TOTAL FOR JUNE 2017	\$ 682,633.61

Discussion: Uncollectible debt is down from what the average has been. The median age of these accounts is between 6-7 years, originating in 2011 and 2012. However, there are some very old accounts from 1990-1992. These may have been accounts that were being paid on and then stopped. These are the accounts returned from the collection agency to be written off.

ACTION: Mr. Dugan moved, seconded by Dr. Swift, to discharge the June 2017 uncollectible debt in the amount of \$682,633.61. Motion carried.

INVESTMENTS

There were no changes to investments in the month of June.

PUBLIC COMMENTS

There were no public comments at this time.

Adjournment:

The Finance Committee adjourned at 12:40 p.m.

The next regularly scheduled Finance Committee meeting will be held on August 21, 2017 at 12:00 p.m.

Wendy Kaufman, Recorder