

**Campbell County Health  
Finance Committee  
May 22, 2017**

Dr. Swift called the Finance Committee meeting to order at 11:59 a.m. on Monday, May 22, 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. Sara Hartsaw, Trustee

Ms. Karen Clarke, Director of Community Relations

Ms. Kim Johnson, Director of Health Information Management and Compliance

Ms. Heather Stucker, Controller

Ms. Jonni Belden, Vice President of Legacy Living & Rehabilitation

Mr. Steve Crichton, Vice President of Facilities

Ms. Kathy Brown, News Record

Ms. Wendy Kaufman, Recorder

**Absent:**

Dr. Jennifer Thomas, Chief of Staff

**In Attendance as Observers and Not Voting:**

Mr. George Dunlap, Trustee

Ms. Ronda Boller, Trustee

**Approval of Agenda:**

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

**Approval of Minutes:**

**ACTION:** Mr. Dugan moved, seconded by Dr. Hartsaw, to approve the minutes of the April 24, 2017 meeting as presented. Motion carried.

**OLD BUSINESS**

- **Refinancing Bonds:** Mr. Huber gave a brief summary on the Series 2009 Bonds. Mr. John Henningsgard from Piper Jaffray called into the meeting and spoke about the options and current status of refinancing the bonds. NBH Bank is offering to refinance the first \$15,000,000 with a 3.43% interest rate and Siemens is in the process of putting together options to refinance the remaining balance of approximately \$27,000,000 at 3.15%. Siemens is reviewing the economic risk factors in Gillette and they are close to finalizing the credit review. Siemens will propose two options to include (1) a 14-year, fully-amortizing term with six months of a debt service reserve fund and (2) a 10-year term with a 14-year amortization and at the end of 10 years there would be a balloon maturity due of approximately \$12,000,000. Siemens will make arrangements for an onsite visit and tour of the organization.

- **Budget Update:** The Finance Committee will meet on Monday, June 12, 2017 at 12:00 pm to discuss the budget.

### **NEW BUSINESS**

- **Compliance:** Ms. Johnson presented a new administrative policy, Determination of Medical Necessity. According to the Social Security Act, “Medicare will not cover services that are not reasonable and necessary for the diagnosis or treatment of illness or injury or to improve the functioning of a malformed body member”. CCH is now working to implement Medical Necessity, as from July 2016 - December 2016 there have been 129 denials, averaging \$29,000 in unpaid claims. The new policy states that an Advanced Beneficiary Notice (ABN) will be signed by the patient, indicating the patient agrees to be responsible for the cost of the service. Education will be extended to physicians related to coding specificity and also to patients related to non-covered charges and patient responsibility. Goal is to go live with Medical Necessity on or about July 1, 2017.

### **CAPITAL REQUESTS**

- **Transport Vans – Legacy:** This request will purchase two (2) 2017 Ram ProMaster 1500 Transport Vans for Legacy. The transport van totaled in a recent accident will be replaced and a new additional transport van will be added to the fleet. The new vans will be fitted with hardware and restraints for the safe conveyance of two wheelchairs at once. A powered lift and side ramp will also be installed to safely facilitate the difficult logistics of wheelchair-bound residents. An additional van is requested to meet the increasing needs for transports relative to rehab and physician appointments. The supplementary van will save more than three trips per day by doubling our transport capacity in each vehicle. Insurance monies will provide \$20,234 for the purchase of the totaled van with \$18,120 taken from Administration Contingency to make up the difference between insurance and actual cost. A generous grant of \$38,354 will come from the Kate Weiss Foundation to offset the cost for the additional van.

<b>Total Cost (2) Transport Vans:</b>	<b>\$ 76,708</b>
<b>Kate Weiss Foundation Grant:</b>	<b>- \$ 38,354</b>
<b>Insurance Claim Monies:</b>	<b>- \$ 20,234</b>
<b>Administrative Contingency Request:</b>	<b>\$ 18,120</b>
<b>Administrative Contingency Funds Available:</b>	<b>\$ 215,799</b>

- ACTION:** Mr. Dugan moved, seconded by Dr. Hartsaw, to approve the capital request as presented. Motion carried.

### **APRIL 2017 FINANCIAL PRESENTATION**

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

- Inpatient admits were 42 under budget in April.
- Legacy admits 7 under budget and down 14 compared to last year.
- Total average daily census was 26 versus a budget of 26.
- Legacy average daily census was 134 versus a budget of 127.
- Outpatient visits 1,550 under budget. Compared to prior year, decrease of 2,069 visits.
- Clinic visits 1,035 below budget and decreased 1,934 compared to April 2016.
- ER visits 85 under budget and up 69 compared to a year ago.
- Walk-In Clinic visits 341 under budget and 267 less than a year ago.
- Total surgeries: PRSC surgeries were 211 compared to a budget of 193. Inpatient surgeries were 78 versus a budget of 71. Outpatient cases 348 versus a budget of 296.

- April's net patient revenue was \$589,000 over budget.
- Bad debt and charity care under budget \$364,000.
- Operating expenses over budget \$232,000 in April.
- EBIDA over budget \$505,000 in April.
- Operating loss \$677,000 versus a budgeted loss of \$951,000.
- Net gain was \$573,000 versus a budgeted gain of \$244,000.
- Current assets increased by \$619,000 in April due to an increase in accounts receivables.
- Current liabilities decreased by \$504,000 as a result of a decrease in accounts payable.
- Accounts receivable days increased to 68.
- Days cash on hand decreased slightly to 168 in April. Cash decreased by \$2,500,000.

**Discussion:** Mr. Huber stated that YTD admissions on the acute side are down approximately 12.5% from last year, but length-of-stay is up by 10%. Difficult-to-place patients have been very challenging financially.

Ms. Stucker explained that a couple of large capital purchases were made, one just shy of \$500,000 for Surgery, and a \$200,000 piece of equipment for PRSC (both already budgeted). Also, in April there were payments made to Worker's Compensation of \$366,000 and the Nursing Home Assessment of \$208,000. There have also been some expenses processed for the Construction in Process account of \$462,000 in April.

Ms. Stucker reported that she has been working on the estimated contractual allowances. In the month of April she adjusted approximately \$1,300,000 between inpatient and outpatient (majority outpatient), which gives a truer picture of what is actually being written off. With the adjustment made, it is approximately 35.5% in April, bringing it to 41.89% YTD. This was recommended by CliftonLarsonAllen. Ms. Stucker will continue to monitor this, monthly for now, and then possibly quarterly moving forward.

Furthermore, approximately \$1,600,000 in charges were adjusted from Legacy due to the way the pre-bills were booked on the accounting side. This was trued up in April. The pre-bill would have decreased the accounts receivable and the other one would have decreased the allowance, which would increase the accts receivable. Ms. Stucker will continue to estimate the contractals monthly for the time being.

Finally, approximately \$500,000 in employee benefits for health insurance was taken out of expenses. It was discovered that since the start of the fiscal year, an accrual for the stop loss had been taking place. This was over accruing for the expense. Started accruing expense in first quarter. We have paid more than the maximum amount of stop loss.

### **DISCHARGE OF UNCOLLECTIBLE DEBT**

**The uncollectible debt for April 2017 by category is as follows:**

INPATIENT UNCOLLECTIBLE	\$ 1,294,133.41
ER UNCOLLECTIBLE	\$ 1,370,435.62
OUTPATIENT UNCOLLECTIBLE	\$ <u>798,860.05</u>
COMBINED TOTAL FOR APRIL 2017	\$ 3,463,428.78

**LESS WRITE-OFF OF OCT 2016 - MAR 2017** - \$ 1,771,835.91  
**UNCOLLECTIBLE DEBT**

**ACTUAL COMBINED TOTAL FOR APRIL 2017** **\$ 1,691,592.87**

**Discussion:** Mr. Huber explained the difference in the uncollectible debt write-offs from March to April. In April, the Board was given March's uncollectible debt along with \$1,771,835.91 that was returned from the collection agency and the Board approved the write-off of both amounts. This month, April's uncollectible debt was reported, but the amount returned from the collection agency (\$1,771,835.91) was reported a second time. The total amount given to the Board today is for April's uncollectible debt only in the amount of \$1,691,592.87.

**ACTION:** Mr. Dugan moved, seconded by Dr. Hartsaw, to discharge the April 2017 uncollectible debt in the amount of \$1,691,592.87. Motion carried.

#### **INVESTMENTS**

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

#### **PUBLIC COMMENTS**

There were no public comments.

#### **ADJOURNMENT**

The meeting adjourned at 12:58 p.m.

*The next regularly scheduled Finance Committee meeting will be held on June 19, 2017 at 12:00 p.m.*

Wendy Kaufman, Recorder