

Campbell County Health
Finance Committee
October 21, 2019

Mr. Adrian Gerrits called the Finance Committee meeting to order at 12:01p.m. on Monday, October 21, 2019. The meeting was held in the Hospital Board Room.

Members Present:

Mr. Adrian Gerrits, Chairman
Dr. Sara Hartsaw, Trustee
Dr. Ian Swift, Trustee

Staff Members Present:

Mr. Andrew Fitzgerald, Chief Executive Officer
Ms. Colleen Heeter, Chief Operating Officer
Ms. Misty Robertson, Chief Nursing Officer
Mr. Steve Crichton, Vice President of Facilities
Mr. Bill Stangl, Vice President of Physician Services
Ms. Heather Stucker, Controller
Ms. Yvonne Robinett, Revenue Cycle Director
Dr. Nicholas Stamato, MD, Chief of Staff
Ms. Karen Clarke, Director of Community Relations
Ms. Kim Johnson, Director CDI-Compliance & Privacy
Ms. Denise Yvonne, Recorder

Also Present:

Baldrige representatives

Approval of Agenda

Dr. Swift moved, seconded by Dr. Hartsaw to approve the agenda as presented. Motion carried.

Approval of Minutes

Dr. Hartsaw moved, seconded by Dr. Swift to approve the minutes as presented. Motion carried.

Statistical Report

Ms. Tate outlined the cyber event and how it impacted Campbell County Health's financial state. Statistical Overview

- Ms. Tate went through the statistical overview. Dr. Swift commented on the fact that we are ahead of last year yet under budget, but the overall assumption was a flat budget from last year. Ms. Stucker explained that as the budget is spread out evenly through the year, we should see the YTD Budget and Actual become more alike towards the middle of the fiscal year. Ms. Tate and Ms. Stucker will be working on how to reflect seasonality into the budget for future years.

- **Inpatient-**
Admissions by patient type shows that OB is where the increase in admissions has occurred.
- **Observation Patients-**
Observation patients were 18% under budget and decreased by 10.4% from last year
- **LLRC-**
Consistent volumes at 141 and decreased by 2.7% from last year. Steve spoke to the patient room remodels that are affecting the census.
- **Outpatient-**
Volumes were 10.6% under budget and decreased by 5.1% from last year.
- **Clinics-**
Visits were 10.7% under budget and increased 4.9% from last year.
- **Walk in Clinic-**
Visits were 10.8 under budget and decreased by 17.2% from last year. Ms. Tate will be working on what the driving cause for the decline. She will report her findings at a future committee meeting.
- **ER-**
Visits were 8.4% under budget and decreased by 9.7% from last year.
- **Surgeries-**
Hospital surgeries were 18% under budget and increased by 0.3% from last year
- **PRSC-**
Surgeries were 7.8% under budget and decreased 3.7% from last year

Revenue Cycle

Narrative-Ms. Robinett presented the Narrative. Highlights are:

- **Medical Records-**
During cyber event, Medical Records (MR) Staff were able to purge almost 50% of the files needing to be purged. She reported that during the down time, her staff had assistance from other CCH staff helping with the purge. Up to 30 people assisted MR staff with the purge. There are approximately 3-5 more shred trucks needed to complete the purging process.
- **Meditech Revenue Cycle Summit-**
 1. Ms. Robinett attended this year's conference and discovered that CCH is not utilizing Meditech to its full potential. As Meditech is advertised to be customizable, built to client specifications, those specifications may not be conducive to the underlying structure of Meditech.
 2. Ms. Robinett discovered that CCH has created work-arounds for processes that already exist in the program but never utilized.
 3. IT and Revenue Cycle staff will be working on building out the functionality.

Point of Service Collections

- Cash collections are down significantly due to down time.

Accounts Receivable

- Self-pay AR last year to this year are significantly different. Last year when patient accounts went to the early out vendor they were removed from the AR total. This is an improper process and was corrected at the end of last fiscal year. Ms. Tate will work on how to breakout self-pay and self-pay after insurance.
- AR days increased to 91 due to the downtime.

Bad Debt and Charity-Ms. Tate introduced the new format indicating that Charity Care along with collections and discharges should be presented to the Finance Committee.

- **Approved Charity Care for September 2019**

100% Written Off	\$ 40,800.11
75% Written Off	\$ 874.73
50% Written Off	\$ 0
Catastrophic Write Off	\$ 6,559.08
GRAND TOTAL	\$ 41,674.84

- **Collections and Discharges by Agency for September 2019**

Bankruptcy Discharge	\$ 18,771.70
Collections sent to Chapman	\$ 831,020.43
Collections sent to CPI	\$1,052,969.87
Collections sent to CCB	\$ 1,391.13
Receivable Solutions	\$ 25.00
GRAND TOTAL	\$1,904,178.13

Dr. Swift moved, seconded by Dr. Hartsaw to approve the resolution of Charity Care, Collections and, Discharges for September 2019, Motion carried.

Financial Report

Narrative

- Due to the significant event in September, we had to cut off at a point in time for statistical reporting. Stats and revenue will be trued up in October as any outstanding charges for September are due by October 21.
- Deductions and revenue were both down. \$3.9M below budget. Deductions were below budget by \$1.7M. Overall deductions from revenue are 51.3% of gross charges compared to 52.45% budgeted and 47.7% in prior year.
- Overall, Expenses were higher than budget by \$27K and higher than last year by \$1.3M. Salary and wages are below budget, and below budget by 35 FTE's. This is offset by contracted labor.
- Employee benefits are \$72K below budget and \$144K lower than last year. YTD benefits are \$45K below budget but above prior year by \$113K.
- Supplies are below budget by \$447K and higher than last year by \$104K. Decreased volumes during downtime was the driving factor.

Overview

- Net Patient Revenue was \$1.5M under budget
- YTD bad debt and charity care were under budget by \$200K
- EBIDA was \$1.6M under budget and decreased \$1.5M compared to last year.
- Day's cash on hand decreased to 122. Cash balances dropped by \$850K.

Cash Flow

Ms. Tate presented this new section of the Finance Packet

- Excess revenues over Expenses (-1,489,401)
- Cash provided by operating activities-depreciation and amortization (-1,563,107)
- Net cash provided by operating activities \$516,617.
- Cash flows from investing activities-Net cash provided by financing activities \$144,765.
- Net Increase(Decrease) in cash and cash equivalents is (-808,699)

Quarterly Investments

- Bond matured at end of July. \$2M were moved into operating account.
- Ms. Stucker is requesting approval of the transferred amount of \$5M from Wyostar investments for operating expenses.

Dr. Swift moved, seconded by Dr. Hartsaw to approve the transfer of \$5M into operating expenses from Wyostar for September 2019, Motion carried. Dr. Swift requested that investments be presented monthly while we continue to move money from the investment holdings.

Capital

Capital Budget

- \$29M approved for Fiscal Year 2020. The organization has spent \$6.5M on capital purchases. Remaining budget is \$22.5M

Capital Requests

EMERGENCY MEDICAL SERVICES

- **Replacement Ambulance.**
This purchase is part of our plan to replace ambulances on an incremental basis. It will replace a 2003, 2-wheel drive ambulance with a new 4-wheel drive rig. The old ambulance has more than 260,000 miles on the drive train and lacks the versatility of 4-wheel drive needed in off road and icy conditions. Although in running condition, it has exceeded useful life by 6 years. The new vehicle will have a diesel engine which will cost less per mile to operate and is built to meet new regulatory requirements for restraints of crew and patients.

Budget: \$238,918

Actual: \$236,747

LEGACY

- **Resident Lifts.**
This request will purchase 3 resident lifts and 3 smart stands to enhance the current fleet and retire older less capable equipment. The replacements are part of the on-going plan to optimize lift configurations at Legacy with higher capacity scales. The new lift and stand assist devices will have a 500lb (pound) capacity with scales incorporated into the

mechanism for accurate weight measurements essential for resident care. 6 lift devices will be retired from operations with acquisition dating back as far as 2003.

Budget: \$35,740

Actual: \$32,541.15

INFORMATION TECHNOLOGY

- **Data Storage Array.**

This request will purchase demonstration equipment brought in to create an extensive work environment required for recovery efforts after the ransomware attack. During the Code Yellow this IT hardware was used to house and build servers during mitigation efforts and remains in place. The environment created in the array will have 121 terra bits of room which will facilitate technical work in several extensive IT projects. Upgrades to infrastructure, security applications and data redundancy will use the space. Funds will be diverted from PACS storage expansion to purchase the demonstration equipment.

Budget: \$432,000

Actual: \$301,328.50

FACILITIES

- **Laundry Delivery Truck**

This request will replace the laundry delivery truck that services all of our locations. The truck we have cannot be made to match our loading dock height and is very difficult to operate from the ground level with the lift gate due to the weight of the carts being transported. We need to be able to get a proper box truck that matches our dock. We have been offered a trade in value of \$21,000 for the existing vehicle. We propose to take the requested funds from the plant operations contingency that has a total funds available balance of \$100,000.

Budget: \$0

Actual: \$60,651.64

SURGERY

- **Globus Spine Navigation**

Globus Medical launched the Excelsius GPS robotic guidance and navigation system domestically in 2017. It is an FDA 510 clearance product and allows for CT and MR images to be integrated into the navigation during surgery and allows for better accuracy rates for screw placement. The navigation allows for redirection as well if the patient moves while in surgery. Surgeon's report decreased operative time, less fluoroscopic exposure to the surgical team and a potential conversion to minimally invasive techniques vs the "old" open techniques. We propose to take the requested funds from the plant operations Retail Pharmacy Budget (\$495,000), Property Acquisition (\$121,899), Landers Trust Restricted Funds (\$307,210). The remaining \$473,422 will come via delayed projects and deferral of projects/purchases until 2021.

Budget: \$0

Actual: \$1,189,860 Machine

\$ 207,671 Instruments

*Dr. Hartsaw moved, seconded by Dr. Swift to approve the Capital Requests as presented.
Motion carried.*

Strategic Plan

Ms. Tate presented the current Business part of the organizations Strategic Plan. The rate is being recalculated because she cannot determine how the current equation was produced. She will present the recalculation at a future finance meeting.

Executive Session:

Dr. Swift moved, seconded by Dr. Hartsaw to move into Executive Session at 1250. Motion carried.

Dr. Hartsaw moved, seconded by Dr. Swift to return to general session. Motion passed.

Adjournment

The meeting adjourned at 1305 p.m.

The next regularly scheduled Finance Committee meeting will be held on Monday, December 2, 2019 at 12:00pm in the Board Room.

Denise Yvonne Recorder