

Campbell County Health
Finance Committee
January 20, 2015

Dr. Mitchell called the Finance Committee meeting to order at 12:04 p.m. on Tuesday, January 20, 2015. The meeting was held in the Hospital Board Room.

Present:

Dr. Alan Mitchell, Chairman
Mr. Mike Dugan, Trustee
Mr. Randy Hite, Trustee
Dr. Lowell Amiotte, Chief of Staff
Mr. Andy Fitzgerald, CEO
Mr. Dalton Huber, CFO
Ms. Kim Johnson, Manager of Health Information and Records
Ms. Karen Clarke, Manager of Community Relations
Mr. Thomas Lubnau, III, Legal Counsel
Mr. Paul Christiansen, News Record
Ms. Marilyn Grant, Recorder

Excused:

Ms. Deb Tonn, Vice President of Patient Services
Mr. Carl Sorensen, Vice President of Facilities

Also Present:

Mr. George Dunlap, Trustee

Mr. Hite asked Mr. Dunlap if he had anything he wished to present to the committee. Mr. Dunlap responded that he was attending the meeting as a member of the public and he would not vote.

Dr. Mitchell read the following: "Typically committees of the Board of Trustees are comprised of three (3) members which does not constitute a quorum of the Board of Trustees. Since a fourth member of the Board, who is not on this committee, has chosen to attend the meeting, this meeting is now an open public meeting subject to the executive session law. Mr. Lubnau stated that the News Record is the only agency that requested notification of meetings. Mr. Christiansen, of the News Record is in attendance. He reminded the committee that if all four of the Trustees vote on any issue, it would be a quorum. He recommended that voting be limited to only the members of the committee.

Approval of Agenda:

Mr. Huber requested that the agenda be amended to include the following (copies appended to the minutes):

- Board Policy – Budget Process
- Board Policy – Hospital Assistance Funding Policy
- Compliance Officer's Report (verbal report only)
- Capital Request for a Transport Incubator for Labor and Delivery
- Statement of Revenue and Expense – there was a formula error on one of the spreadsheets

ACTION: Mr. Dugan moved, seconded by Mr. Hite, to approve the agenda as amended. Mr. Dunlap did not vote. Motion carried.

Approval of Minutes:

ACTION: Mr. Dugan moved, seconded by Mr. Hite, to approve the minutes of the December 10, 2014 Finance Committee meeting. Mr. Dunlap did not vote. Motion carried.

OLD BUSINESS

No Old Business was presented.

NEW BUSINESS

- **Insurance Comparison** Mr. Fitzgerald stated that this is just a status update. October 1 we switched insurance carriers to Mountain States Reciprocal Risk. We anticipated there would be a savings. The annual savings is approximately \$920,000, which is a little more than anticipated. This is a positive change and we are seeing a good amount of interaction with them from a risk management perspective. There is a \$5,000 savings on the cyber liability coverage and the coverage is enhanced. Nothing was lost from our old carrier and we increased value added services.
- **Board Policy – Budget Process** Mr. Huber stated that this policy is being presented for review only, there were no changes made to the policy. We follow the state statute requirements for our budget process. A requirement of one of the accrediting agencies is the review of this policy.
- **Compliance Report**
Ms. Johnson provided a status report on the compliance projects.
 - JA Thomas is an organization that we asked to come in to review our inpatient Medicare, Medicaid, Blue Cross Blue Shield coding and documentation to assist us in improving our clinical documentation. They were here for approximately two and a half months. They will be back in February and review and do a review of how the implementation went and to assess if we have made any gains.
 - We hired McKesson to perform an audit of our physicians' evaluation and management coding. The audit will include the employed clinic physicians and the physicians that work within the hospital. They will be here next week to present the audit results. In addition to the audit results, they will provide education to the providers and coders to ensure we are in compliance and utilizing the information the best that we can with the information that we have.
 - A surgical case review was completed at the request of a specific provider. We expect to have the results soon.
 - An audit of all of the physician contracts will be conducted this year for the government to ensure compliance. A request for funds for this audit will be included in the fiscal year 2016 budget.
- **CAPITAL REQUESTS**
 - **Mini CT for the ENT Clinic**. This request will fund the replacement of a mini CT for the ENT Clinic. The current mini CAT is 10 years old and experiencing performance issues with the X-ray source and X-ray controller board. The new device will have the latest technology for quicker scans and lower radiation exposure for our patients.

Budget: \$175,000

Actual: \$129,000

Discussion: Dr. Mitchell asked if we received quotes from more than one vendor and if this is the CT machine that the clinic requested. Mr. Huber responded that it is the CT machine that was requested by the ENT Clinic. He will follow-up with Mr. Arnold, Materials Manager, to find out if quotes were received from other vendors and the price checked through our purchasing agreement with MD Buyline.

- **Transport Incubator for Labor and Delivery** This request is for an incubator to transfer newborns from Labor and Delivery to the Nursery.

Budget: \$16,027

Actual: \$16,027

ACTION: Mr. Dugan moved, seconded by Mr. Hite, to approve the capital requests as presented. Mr. Dunlap did not vote. Motion carried.

DECEMBER 2014 FINANCIAL PRESENTATION

Ms. Long presented the December financial data:

- Inpatient admits were 21 over budget this is an increase of 7 over the previous year.
- Pioneer Manor admits were 1 over budget in December.
- The average daily census was 26; this is 2 below budget.
- Pioneer Manor's average daily census was 118 which is at budget.
- Outpatient visits were 477 (3.3%) over budget. This is an increase of 2,147 visits from the prior year.
- Clinic visits were 1,342 (12.6%) under budget. This was an increase of 1,081 visits over December 2013. The new pediatric and family practice clinics opened in December. We anticipate an increase in the number of visits with the addition of these new providers.
- ER visits were 15.6% over budget and 9.2% over a year ago.
- Walk-In Clinic visits were 4.5% over budget and 1.5% below last December.
- Surgeries were 141 over budget in December and increased by 61 compared to December 2013.
- Net patient revenue was \$958,000 over budget. Gross revenue was favorable by \$2,142,000. Inpatient and outpatient revenues were both above budget.
- In total, bad debt and charity care were \$78,000 over budget. Bad debt was under budget and charity was over budget.
- Operating expenses were under budget \$55,000 in December. Salaries and benefits were under budget \$252,000. This was due to FTE's being 34 under budget. Supplies were over budget in surgery, cath lab, and pharmacy. This was due to the increased volumes in December. Contract services were over budget due to temporary staffing in Nursery II, CPS, Surgery and the Family Practice Clinic. Other expenses were under budget due to a decrease in travel and education expenditures and recruitment expenses.
- EBIDA was over budget \$968,000 (47.5%). This is an increase of \$180,000 compared to a year ago.
- The operating gain was \$390,000 versus a budgeted loss of \$651,000.
- The net gain in December was \$1,700,000 which is a 10.9% margin versus a budgeted gain of \$741,000 (5% margin).

Balance Sheet

- Current assets decreased \$6,257,000 in December. This is due to receiving \$7,652,000 from the County tax levy.

- Current liabilities increased in accounts payable and accrued salaries. We paid our semi-annual interest payment on the bond in December. This made our accrued interest decrease. In addition, we paid principal for both of the bonds.
- AR days were 69 a decrease of 1 day. Mr. Huber stated that the decrease in receivables is primarily due to the clinics. We did some reorganization in the clinic billing office. The clinics AR days are at approximately 45 days. This is a significant improvement over a year ago. Dr. Mitchell asked if the clinics request payment on any outstanding clinic bills at the time of service. Mr. Huber stated that we are working on having this information available; but, we are not able to access it at this time. Once the clinics are on the same system, we may be able to do this. There was an increase in the number of AR days for the hospital and we are reviewing our processes. We are looking into companies that provide revenue assistance and could give us a list of areas where improvements can be made.
- Days cash on hand increased 26 days to 272 in December.
- Our cash increased by \$10,831,000. The December cash balance included the \$1,733,968 payment we made for the construction for the Legacy, Meditech 6.1X, Radiology and the Clinics. And included the tax levy payment we received from the annual Medicaid Quality Rate Adjustment (QRA) in December. We paid Medicaid \$1,327,231 and they returned \$2,654,462 to us. This is a reduction in the contractual that they take throughout the year from our payments.

Utilization Report

Mr. Huber stated that the acute care side admissions were up over 100 compared to a year ago. There has been an increase in both the inpatient and outpatient patient volume. The average length of patient's stay in the hospital has decreased; but the number of patients has increased. The increase may be attributed to the addition of new providers, including cardiology services, and population growth in the community. We are seeing continued growth in the ER. Dr. Mitchell asked if we expect to see a decline in the number of patients in the Walk-In Clinic with the addition of the new family practice providers. Mr. Huber responded that this is a possibility. We expect people to develop a relationship with a primary care provider; it is good to have that connection. Mr. Hite asked if there is education to assist people in making the right selection whether they should go to the ER or the Walk-In Clinic available on the hospital's web site. Ms. Clarke responded that there is some information available on the Walk-In Clinic and the ER's web pages. There is no information with the Skip the Wait appointment scheduling. Skip the Wait is only used for the Walk-In Clinic.

Dashboard Mr. Huber stated that the colors on the Dashboard are not correct under the Business Goals. It will be updated this week and will be correct going forward.

Accounts Receivable – Dr. Mitchell asked if the accounts receivable by payer and insurance carrier seems to maintain over time by payer Mr. Huber responded that it tends to grow a little with some of the insurance providers. Some carriers delay the payment process if they can. Ms. Johnson stated that they will request additional information or chart audits prior to paying. Mr. Hite asked if the majority of the self pay balance is from the ER. Mr. Huber responded that self pay is spread throughout the organization. The insurance deductible and co-pay amounts owed by the patient are categorized as self pay. Mr. Fitzgerald stated that the self pay accounts have decreased 6.5% over the last year. The Business Office has been doing a good job in their collection efforts.

DISCHARGE OF UNCOLLECTIBLE DEBT

The uncollectible debt for November and December, 2014 is as follows:

INPATIENT UNCOLLECTIBLE

November	\$ 125,226.79
December	32,423.94

ER UNCOLLECTIBLE

November	\$ 98,958.73
December	104,530.70

OUTPATIENT UNCOLLECTIBLE

November	\$ 51,984.48
December	<u>41,821.02</u>

**TOTAL UNCOLLECTIBLE FOR
NOVEMBER AND DECEMBER, 2014**

	\$ 454,945.66
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ACTION: Mr. Dugan moved, seconded by Mr. Hite, to discharge the November and December, 2014 uncollectible debt in the amount of \$454,945.66. Mr. Dunlap did not vote. Motion carried.

INVESTMENTS**In November, 2014 the following amounts were reinvested:**

A \$2,570,000 investment with Wells Fargo Securities with an interest rate of 1.01% to mature on January 12, 2018.

A \$2,000,000 investment with Wells Fargo Securities with an interest rate of 2.0% to mature on December 17, 2019.

In December, 2014 the following amount was reinvested:

\$12,000,000 was invested in WYOStar, the interest rate fluctuates monthly.

ACTION: Mr. Dugan moved, seconded by Mr. Hite, to approve the November and December, 2014 investments. Mr. Dunlap did not vote. Motion carried.

- **Governing Board Policy – Hospital Assistance Funding** Mr. Huber stated that no changes were made to the policy it is being presented for annual review, only. Eligibility requirements include continuous 12 month residency in Campbell County. Applications are reviewed on a case by case basis and we have made some exceptions to this requirement. The applicant's income, assets, tax returns, and credit reports, are used to determine eligibility. The current federal poverty guidelines are used to determine eligibility. In addition to regular financial assistance, we offer a catastrophic classification for patients whose income is less than \$100,000 annually, and their self pay balance is greater than their total combined income and assets. In that case, we would write-off their entire self pay balance.

Public Comment

There were no public comments.

Adjournment

The meeting adjourned at 12:50 p.m. **The next regularly scheduled Finance Committee meeting will be on February, 24, 2015 at 12:00 p.m. in the Board Room.**

Marilyn Grant, Recorder