

Campbell County Health
Finance Committee
January 27, 2016

Dr. Mitchell called the Finance Committee meeting to order at 3:30 p.m. on Wednesday, January 27, 2016. The meeting was held in the Hospital Board Room.

Present:

Dr. Alan Mitchell, Chairman
Mr. Mike Dugan, Trustee
Dr. Sara Hartsaw, Trustee, for Randy Hite
Mr. Andy Fitzgerald, Chief Executive Officer
Mr. Dalton Huber, Chief Financial Officer
Ms. Deb Tonn, Vice President of Patient Services
Mr. Steve Crichton, Vice President of Facilities
Mr. Bill Stangl, Director of Clinic Services
Ms. Nancy Long, Controller
Ms. Karen Clarke, Director of Community Relations
Ms. Kathy Brown, News Record

In attendance as an observer and not voting:

Mr. George Dunlap, Trustee

Excused:

Mr. Randy Hite, Trustee
Dr. Lowell Amiotte, Chief of Staff
Ms. Kim Johnson, Director of Health Information Management and Compliance

Dr. Mitchell stated that Mr. Dunlap is attending today's meeting as an observer. In February, Mr. Dunlap will be a member of the Finance Committee.

Approval of Agenda:

Dr. Mitchell added "**Dispensing of Old Equipment**", as an item of New Business, to be presented after the Investments.

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

Approval of Minutes:

ACTION: Mr. Dugan moved, seconded by Dr. Hartsaw, to approve the minutes of the December 7, 2015 meeting. Motion carried.

OLD BUSINESS

No old business was presented.

NEW BUSINESS

• **Compliance**

Mr. Huber stated that Ms. Johnson was unable to attend the meeting. She is attending a meeting with the representatives from MEDITECH. There were no major compliance issues to report.

CAPITAL REQUESTS

- **Lifepak 15 Monitor Defibrillators – Nursing Administration.** This request will replace (4) Lifepak 12 and (1) Lifepak 20 monitor defibrillators with new Lifepak 15 models. The addition of the new Lifepaks will standardize the fleet of portable defibrillators in our acute care areas and are replacements for devices that are more than 14 years old. The new defibrillators have longer lasting batteries and improved algorithms for energy consumption which will require fewer battery changes in an emergent situation.

Budget: \$96,796**Actual: \$94,033**

- **Affinity Birthing Beds – Maternal Child Department.** This request will replace (2) birthing beds which have surpassed the life expectancy and that will require expensive repairs to remain in service. The new beds will have “Stow and Go” options to help manage our labor patients with alacrity in emergent situations during delivery. The beds will have battery back-up and new ergonomic functions to aid care givers when caring for our patients. A slight price increase for the base unit will take us slightly over budget.

Budget: \$39,013**Actual: \$39,369**

- **Powered Stretchers – Emergency Care.** This request will replace (3) manual stretchers in the Emergency Department with more robust powered devices. The manual stretchers are more than 12 years old and require intensive staff manipulation to transport patients. The new stretchers have Intellidrive options which propel as well as articulate the head and foot sections. The weight capacity for the new stretchers is rated at 700 lbs. to accommodate bariatric patients.

Budget: \$34,258**Actual: \$32,076**

Discussion: Dr. Hartsaw asked if there has ever been a request to establish a bariatric program at the hospital. Mr. Fitzgerald stated that we have not been asked to organize a bariatric program. Mr. Huber stated that we regularly purchase equipment to facilitate care for bariatric patients.

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

DECEMBER 2015 FINANCIAL PRESENTATION

Mr. Huber apologized for not being able to deliver the financials prior to the meeting. There were issues related to the Meditech implementation. The information provided in the profit and loss statement is an estimate. We believe the estimates are fairly close. As we move through January, we anticipate resolving the issues we encountered in December.

Ms. Long presented the December financial report.

- Inpatient admissions were 232 which were under budget of 274
- Pioneer Manor admissions were above budget at 16 for the month. They have been above budget for the majority of the year.
- The hospitals average daily census declined from 28 in November to 23 in December. The budget is 28.
- Pioneer Manor’s average daily census was over budget at 117. The budget is 113.
- Outpatient visits were below budget; but they were up from November. 15,210 visits for the month.
- Clinic visits were below budget for the month. They increased by over 500 visits since November.

- Emergency Room and Walk-in Clinic visits were both under budget for the month and under budget year to date.
- It was a very good month in Surgery; total surgeries were over budget by 54. Year to date they are 59 higher than the prior year. Mr. Fitzgerald asked if revenue testing was done to determine if the revenue received was comparable to the revenue received in prior months based on procedures. Ms. Long stated that testing was attempted. Due to the conversion, the statistical data that comes over with the charge are attached, and some entries were inaccurately counted. The department managers assisted with the calculations and we feel that overall the statistics are in good shape. The revenue was compared to the prior year and the data is reasonable.
- Net revenue estimate was below budget 1.4% for the month and 6.4% below budget for the year.
- Operating expenses were over budget for the month due to contract services for staffing for Pioneer Manor, OB and Nursery. And supplies were over budget, primarily in pharmacy and surgery due to the higher volumes.
- Preliminary operating loss estimate was \$1,154,000 versus a budgeted loss of \$459,000. Year to date the operating loss is \$7,404,000 versus a budget of \$3,689,000. The operating loss increased by \$4,000,000 over the previous year.
- Preliminary net gain was \$331,000 (2.1% margin) in December versus a budgeted gain of \$1,057,000 (6.7% margin).

Balance Sheet

Current assets decreased by \$9,870,000 in December, this was due to the receipt of \$8,048,000 from the tax levy, and a decrease in operating cash. Current liabilities increased \$3,580,000 due to an increase in accounts payable. Cash increased overall in the amount held for investment, which is not considered a current asset.

Accounts Receivable Days

Accounts receivable days increased by 3 in December. This is due to the issues associated with the Meditech implementation. We hope to see an improvement when these issues are resolved.

Days Cash on Hand

Days cash on hand increased by 6 in December. The increase is primarily attributed to the receipt of the tax levy. Total cash increased by \$3,333,000.

Powder River Surgery Center

Dr. Mitchell asked if the \$5.1 million dollars payment for the surgery center that was stated in the News Record is correct. Mr. Fitzgerald stated that the final payment will be close to the estimate of \$5.1 million dollars. The payment is based on the future cash earnings. The earnings are calculated at a multiple of the earnings, it is estimated to be \$5.1 million dollars. To be conservative, this was done in conjunction with the LLC partnership; we paid 75% because we do not have the final audit numbers from Clifton Larson Allen. When we finalize the numbers, the remaining 25% will be paid. \$3,813,000 has been paid. The final payment will be made no later than the end of March. No interest will be paid on the remaining 25% payment. The PRSC revenue was a separate line item in December. It will be included with the hospital's revenue going forward. Ms. Long stated that there will be a separate monthly income statement for PRSC included in the finance packet.

DISCHARGE OF UNCOLLECTIBLE DEBT

The uncollectible debt for November and December, 2015 by category are as follows:

INPATIENT UNCOLLECTIBLE

November	\$ 250,408.72
December	133,134.85

ER UNCOLLECTIBLE

November	\$ 168,412.19
December	298,704.38

OUTPATIENT UNCOLLECTIBLE

November	\$ 138,004.59
December	80,642.25

Subtotals:

November	\$ 556,825.50
December	<u>512,481.48</u>

COMBINED TOTAL FOR

NOVEMBER AND DECEMBER, 2015	\$1,069,306.98
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ACTION: Dr. Hartsaw moved, seconded by Mr. Dugan, to discharge the November and December 2015 uncollectible debt in the amount of \$1,069,306.98. Motion carried.

- INVESTMENTS**

For the months of November and December, the following amounts were invested:

In November, 2015 the following amount was reinvested:

\$1,500,000.00 with Wells Fargo Securities with an interest rate of 1.875% to mature on 11/27/2020.

In December, 2015 the following amounts were invested:

\$1,500,000 with Wells Fargo Securities with an interest rate of 1.100% to mature on 12/29/17.

\$1,500,000 with Wells Fargo Securities with an interest rate of 1.750% to mature on 12/23/19.

A \$5,000,000 investment with WYOStar, the interest rate fluctuates monthly.

ACTION: Dr. Hartsaw moved, seconded by Mr. Dugan, to approve the December 2015 investments. Motion carried.

Discussion: Ms. Long stated that the funds we received from the tax levy were invested in three bonds. The bonds offered a better interest rate.

Dispensing of Old Equipment

Dr. Mitchell asked what the process is for assessing the value of property, lease expense and equipment, when a clinic leaves the employment of the hospital. Mr. Fitzgerald stated that there are two clinics that wish to privatize. An inventory of the equipment has been completed for one of the clinics. We know the original price for the equipment; the fair market value will have to be determined. The provider will be given the opportunity to pay for the equipment at fair market value, or we will retain it. Dr. Mitchell stated that there are supplies that do not depreciate, in addition to the equipment. Mr. Fitzgerald stated

that the miscellaneous supplies will be included in the contract to purchase the equipment. The sale of the equipment and supplies is considered a sale of a hospital asset, and as such, it will be brought back to the Board for approval. The difficult part is the assessing the value of the IT equipment, including the phone, fax and wireless systems. Both clinics operate under our Greenway license. Greenway may or may not allow us to sell the license to them. They may have to purchase their own Greenway license. We have a five year lease agreement for one of the clinics. It is set to expire in December 2018. The lessor has agreed to allow us to sublet. Mr. Lubnau is drafting the sub lease agreement. The provider will have to pay a pro-rated amount for the cost we incurred when we remodel the leased clinic space. We have a month to month lease agreement for the other clinic.

Informational – Employer

Mr. Huber stated that we received a letter from an attorney on behalf of a company, that we do not have a contractual arrangement with to provide a discount for hospital services. We had Mr. Lubnau respond to this request. We do not want to incur legal expense for this type of request. If we receive additional requests of this nature, we will let the company know that the employee is responsible for the outstanding bill.

Public Comment

There were no public comments.

Adjournment

The meeting adjourned at 4:13 p.m. The next regularly scheduled Finance Committee meeting will be held on Monday, February 22, 2016 at 12:00 p.m.in the Board Room.

Marilyn Grant,
Recorder