

Campbell County Health  
Finance Committee  
March 21, 2016

Dr. Alan Mitchell called the Finance Committee meeting to order at 12:05 p.m. on Monday, March 21, 2016. The meeting was held in the Hospital Board Room.

**Present:**

Dr. Alan Mitchell, Chairman  
Mr. Andy Fitzgerald, Chief Executive Officer  
Mr. Dalton Huber, Chief Financial Officer  
Mr. George Dunlap, Trustee  
Mr. Mike Dugan, Trustee  
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  
Mr. Steve Crichton, Vice President of Facilities  
Mr. Bill Stangl, Director of Clinic Services  
Ms. Karen Clarke, Director of Community Relations  
Dr. Lowell Amiotte, Chief of Staff  
Ms. Wendy Kaufman, Recorder

**Approval of Agenda:**

**ACTION:** Mr. Dunlap added “Steps to Sell a Practice” to be presented as an item of New Business after Capital Requests.

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

**Approval of Minutes:**

**ACTION:** Mr. Dugan moved, seconded by Mr. Dunlap, to approve the minutes of the February 22, 2016 meeting. Motion carried.

**OLD BUSINESS**

- **Clinic Report:** At the February 22, 2016 Finance Committee meeting Dr. Mitchell requested an itemized, clinic-by-clinic analysis of service lines, restricting or curtailing services lines, and concerns about budgets and future economy issues. This report was also to include cost of service lines including clerical staff, nurses, supplies, charges, collections, etc. This report was not completed, as Information Systems was not able to get the information, and therefore was not presented to the Board. About two-thirds of it is ready.
- Mr. Huber plans to get this information in the next couple of days. When it is ready it will be forwarded to the Finance Committee members and presented at the next Finance Committee meeting.

**NEW BUSINESS**

- **Refinancing Bonds:** Mr. Huber had a conversation with Piper Jaffray regarding the current level of interest rates on bonds. It could be to CCH’s benefit to refinance the Series 2009 Bonds. These bonds are callable December 1, 2019. An escrow account could be set aside to service that debt and pay the interest until the bonds are callable. The net present value of the savings is \$3,738,399. The bonds could be refinanced at 3.04%, which lowers the interest rate 2%. Currently, CCH is locked into an interest rate of 5.37%. After expenses, approximately \$265,000 per year could be saved in interest costs. Finance Committee agrees to follow up with this further.
- **Compliance:** Ms. Johnson reports working on several issues.
  - HIM is working on posting the Compliance Hotline from Medicare in all areas and has also

posted the inside line for Policy Manager. Posters will be made and given to each manager to display so all patients and staff members have access to the hotline number.

- There was a call to the hotline asking about what CCH is charging physicians that are buying equipment. This charge is at fair market value.
- The billing processes at Pioneer Manor are being evaluated to ensure compliance with Medicaid. It has been the practice to bill families for the \$12/day private room differential. We discovered it is not appropriate to do so for Medicaid recipients. The payback will depend on how far back we have to go. Tom Lubnau is reviewing this issue.
- HIM has also investigated a concern that CCH was not listing all of the providers of home medical equipment for patient choice. The list was updated to identify all of the physical therapists, long term care, and DME providers, which is given to the patients upon discharge, as they have the right to choose where they go.

### **CAPITAL REQUESTS**

- **PACS System – Radiology:** Dr. Mitchell declared conflict of interest and stated he will not vote, but chose to stay to answer any questions. There were three possible vendors to choose from including Fuji, Siemens and Merge Healthcare for a new PACS system. This project started approximately two years ago, as the current system is not functioning properly and needs to be replaced. The decision was made to choose Fuji, as this seems to be the best option for Radiology and Cardiology compatibility. Fuji will best serve CCH as a whole. Also chosen was the VNA (vendor neutral archive), which is digital image storage space for Radiology, Cardiology, Pathology, etc. This will allow for more storage going forward. The budget was \$3,000,000. Fuji has offered, at their cost, to do the integration with the test ring in Meditech 6.1 so that it can be tested until it is actually installed and working properly. The implementation for Radiology is anticipated in December and then Cardiology soon after. This could also be pushed back to January or February if needed. Options for timing of payments are being negotiated.

**Budget: \$3,000,000**

**Actual: \$3,000,000**

Not to exceed

**ACTION: Mr. Dunlap moved, seconded by Mr. Dugan, to take this project to the full Board for approval. Motion carried. Dr. Mitchell abstained from voting.**

### **Steps to Sell a Practice**

- Mr. Dunlap stated that he has had several concerns expressed to him about the departure of Dr. Swift and what CCH is offering him. One question was that on April 1, 2016 when he becomes an independent employer, what will happen to his staff. Mr. Fitzgerald stated that Dr. Swift has the right as an independent employer to choose who he hires and who remains employed with him and who does not. The employee also has the option to choose if they want to remain with him or they can remain with CCH if a position can be found for them according to their qualifications. Mr. Fitzgerald believes that most of his employees are remaining with him.
- Another question was regarding the patient records. The records will be sold to Dr. Swift and will transition to him on April 1, 2016. Dr. Swift is buying the medical records at \$7.00 each, which is consistent with other practices leaving town or leaving employment. CCH will retain a copy of the medical record. Dr. Swift is paying the cost of the migration into Greenway, is paying for the new server, and is picking up all of the cost of Greenway going forward.
- Also discussed was getting fair market value quotes for the equipment that Dr. Swift will not be buying from CCH. It has not been opened up for community bid. Dr. Mitchell stated that if there is any equipment that can be used by the hospital it should be used before selling it at fair market value.
- Ms. Kathryn Schmidt-Miller, MS, audiologist who was in Dr. Swift's office, is moving to the Energy Building with Wellness, which is where a lot of her business comes from with mine employees. Ms. Kathryn Schmidt-Miller, MS is an employee of CCH.

**Introduction of the Interim Controller**

Mr. Huber introduced Doug Montgomery, Interim Controller. He lives in Apple Valley, Minnesota and has been traveling home on the weekends.

**FEBRUARY 2016 FINANCIAL PRESENTATION**

Mr. Huber presented the February financial report.

- Volumes for February were better than in January.
- Net patient revenue was above budget by \$400,000.
- Bad debt and charity was in total, pretty close to budget.
- Expenses are up in the same categories as the rest of the year. Health insurance has been up the entire year.
- Supplies are up by \$372,325 for the month. This is due to Surgery and Pharmacy. Orthopedic surgeries are up more than 40% from last year. We have new orthopedic surgeons that are doing more cases here, more implants. This is good on the revenue side but it does impact the expense side. Pharmacy is working on antibiotic utilization. We are also working on the 340B Drug Program. Another issue for us is contract staff. We have contract staff in OB, hospitalists, and Pioneer Manor.
- Operating expenses were \$837,068 over budget.
- Margin is \$408,246 short of budget.
- Receivables dropped by four days in February. The issues with Meditech are slowly being resolved on the hospital side. There are still some billing issues at the Surgery Center, which are being worked on. Discussion was held with the Surgery Center regarding having them use the old billing system to get caught up.

**DISCHARGE OF UNCOLLECTIBLE DEBT**

The uncollectible debt for February 2016 by category is as follows:

<b>INPATIENT UNCOLLECTIBLE</b>	<b>\$ 141,680.85</b>
<b>ER UNCOLLECTIBLE</b>	<b>\$ 260,274.82</b>
<b>OUTPATIENT UNCOLLECTIBLE</b>	<b><u>\$ 80,899.61</u></b>
<b>COMBINED TOTAL FOR JANUARY 2016</b>	<b>\$ 482,855.28</b>

**ACTION: Mr. Dugan moved, seconded by Mr. Dunlap, to discharge the February 2016 uncollectible debt in the amount of \$482,855.28. Motion carried.**

**INVESTMENTS**

The investments were unchanged in February 2016.

**Public Comment**

There were no public comments.

**Adjournment**

The meeting adjourned at 1:10 p.m. The next regularly scheduled Finance Committee meeting will be held on Monday, April 25, 2016 at 12:00 p.m. in the Board Room.

Wendy Kaufman,  
Recorder