

Campbell County Health
Finance Committee
March 24, 2015

Dr. Mitchell called the Finance Committee meeting to order at 12:05 p.m. on Tuesday, March 24, 2015. The meeting was held in the Hospital Board Room.

Present:

Dr. Alan Mitchell, Chairman
Mr. Randy Hite, Trustee
Mr. Mike Dugan, Trustee
Dr. Lowell Amiotte, Chief of Staff
Mr. Andy Fitzgerald, CEO
Mr. Dalton Huber, CFO
Ms. Anne Raga, Director of Nursing
Mr. Carl Sorensen, Vice President of Facilities
Ms. Kim Johnson, Manager of Health Information and Records
Ms. Nancy Long, Controller
Ms. Leigh Worsley, Cancer Center Manager
Ms. Nachele McGrath, CCHCF Director
Ms. Marilyn Grant, Recorder

Excused:

Ms. Deb Tonn, Vice President of Patient Services

Also Present:

Mrs. Lindie Dunlap

Approval of Agenda:

Mr. Huber requested that the agenda be amended to present the information on the Legacy FFE after the Financial Presentation.

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

Approval of Minutes:

ACTION: Mr. Dugan moved, seconded by Mr. Hite, to approve the minutes of the February 24, 2015 Finance Committee meeting. Motion carried.

OLD BUSINESS

No Old Business was presented.

NEW BUSINESS

• **Compliance Report**

Ms. Johnson stated that there were no reported compliance concerns in the last month. The annual compliance education is available in NetLearning for the staff. Mr. Fitzgerald asked Ms. Johnson to prepare an annual compliance education presentation for the full Board to be presented during a Board meeting.

- **PET / CT**

Ms. Worsley stated that approximately a year ago, the topic of PET/CT was presented to the Campbell County Healthcare Foundation. Providing a PET/CT unit in the hospital would provide a better patient experience. The trailer space is small and patients have to go outside to get to the trailer for treatment. The mobile PET/CT is only here twice a month. Some of our patients elect to go out of town for this service rather than wait up to two weeks for an appointment. If the PET/CT was owned by the hospital, the service would be available every week. Ms. Worsley met with the Siemen's representative to determine if the room in Oncology could be set up for a PET/CT unit. One wall would have to be moved to provide enough space for the unit. Oncology has a tech that is willing to provide the support for the PET/CT. The current CT scanner is 13 years old and requires more frequent service calls. The cost for a replacement CT is less than \$1,000,000.00. A PET/CT would also serve as a replacement for the CT unit. The number of PET/CT orders has increased from both Drs. Mills and Stamato in the past six months. The bore on the PET/CT is larger and would allow easier patient positioning for CT scans. In addition, two to three planning CT scans are done weekly. The projected cost to rent the PET/CT, including the isotopes, is approximately \$190,000.00 this year. The projected savings on renting the equipment would be offset by the cost of a service plan, isotopes and depreciation to own the equipment. The life expectancy for a PET/CT is approximately ten years. Casper and Cheyenne both have PET/CT units. Ms. McGrath stated that Dr. Mills and some of his patients attended a Healthcare Foundation meeting and requested that the Healthcare Foundation do a fund raising campaign to purchase the PET/CT for the hospital. The Foundation has discussed going forward with this project; however, they do not want to purchase equipment that the hospital does not want to own and maintain. They have already received approximately \$30,000.00 in donations for this project, and have notified the donors that the funds will not be used for this purpose unless the Foundation formally agrees to fund the project. Typically projects are approved by the Foundation prior to receiving donations to avoid any misunderstanding in the community. Ms. McGrath believes that the two million dollars for the PET/CT could be raised in approximately two years. Mr. Fitzgerald asked if this type of project would have appeal to donors. Ms. McGrath stated that she thought it would have high appeal to donors. The PET/CT was on the Oncology and Radiology five year plans and would have been presented for consideration in FY17 or FY18. The fundraising two year timeline would bring this close to 2017 or 2018 when we would have considered the purchase. Mr. Fitzgerald stated we are only opening discussion on the PET/CT; we are not looking for a decision at this time. Mr. Hite requested that additional information on the projected costs for the service. Ms. Worsley will provide this to the Board members and Ms. McGrath. Ms. McGrath stated that the Foundation has this project on hold until the hospital makes a decision on whether or not we want to own this equipment. The Healthcare Foundation meetings are held on the fourth Tuesday of each month. The next meeting will be held on April 28. They would like to know the hospital's decision so they can notify the donors.

CAPITAL REQUESTS

- **Bomgar Software for Remote Support – Information Systems**. This request is for Bomgar software for remote support on our network and mobile devices. It will replace Proxy, which we are currently using for remote desktop support. Bomgar will allow us to support other devices and tablets that Proxy is not capable of supporting. In addition, it will allow us to support PC's and devices not on our network, and that is something that we are getting requests to do more often. The annual support fees are less than what we now pay for Proxy.

Budget: \$45,031

Actual: \$42,814

- **Replacement Patient Recliners – MedSurg Nursing.** This request will replace 8 patient recliners that are over 7 years old. The cushions and fabric have considerable wear and the comfort level is reduced. The new recliners will have space-saver technology which will preserve floor space in our patient rooms. Two of the recliners will also have rocking motion.

Budget: \$13,008

Actual: \$11,690

- **Replacement Tissue Stainer - Pathology.** This request will replace the tissue stainer in Pathology. The current device is several years old and has exhibited programming failures that require constant human intervention to ensure proper function. The failure rate has increased in the past year which indicates a catastrophic dysfunction is likely with continued use.

Budget: \$31,545

Actual: \$31,545

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

FEBRUARY 2015 FINANCIAL PRESENTATION

Ms. Long presented the February financial data:

- CCH inpatient admissions were 8 (3.3%) over budget; and were 47 above the prior year.
- Pioneer Manor admissions were 3 above budget in February.
- Average daily census was 31 for the month versus a budget of 28. Mr. Huber stated that both Medicare and the average length of stay were up. The average daily census reflects the combination of the two factors.
- Pioneer Manor's average daily census was 115 which is 3 below budget.
- Outpatient visits were 2,022 over budget (15.6%). This was an increase of 2,200 visits compared to the prior year.
- Clinic visits were 274 over budget for the month. This is the first time this fiscal year that they are over budget. The number of visits increased 2,481 compared to February 2014.
- ER visits continued to increase; they were 16.4% over budget and 11.7% above the prior year.
- Walk-In Clinic visits were 22% over budget and 26.1% above the prior year.
- Total surgeries were 5 over budget in February, and increased by 17 over February 2014.
- Net patient revenue was \$720,000 over budget. Gross revenue was over budget by \$2,897,000 with inpatient revenues \$837,000 over budget and outpatient revenues \$2,059,000 over budget.
- Combined bad debt and charity care were over budget \$310,000. Bad debt was over budget and charity care was under budget.
- Operating expenses were \$1,134,000 over budget in February. Salaries and benefits were over budget for the first time this year. Salaries were over budget due to the annual physician PTO accruals, higher health insurance and FICA expenditures. Physician salaries and compensation increased due to higher production bonuses. Supplies increased in the cath lab and pharmacy. Contract services were over budget due to temporary staffing in Nursery II, ER, and Ultrasound. Other expenses decreased due to a general decrease of expenditures in this area.
- EBIDA was under budget \$283,000 in February. It increased by \$1,030,000 compared to the previous year.
- Operating loss of \$1,089,000 versus a budgeted loss of \$940,000.
- Net gain of \$234,000 which was a 1.6% margin versus a budgeted gain of \$452,000 (3.3% margin).

Balance Sheet Current assets increased by \$4,339,000 in February due to an increase in operating cash and accounts receivable. Current liabilities increased \$2,411,000 in accounts payable and the accrual for payroll taxes.

Accounts Receivable Days. The number of days in accounts receivable increased by one day in February to 69 which is 4 higher than our goal.

Days Cash on Hand Days cash on hand decreased 14 days to 250 in February. Overall cash decreased by \$3,411,000. This is due to construction payments for Radiology, the clinics and the Legacy projects.

DISCHARGE OF UNCOLLECTIBLE DEBT

The uncollectible debt for the month of February 2015 by category is as follows:

<u>CATEGORY</u>	<u>AMOUNT</u>	<u>NUMBER OF PATIENTS</u>
INPATIENT	\$168,832.36	23
ER	164,926.23	92
OUTPATIENT	<u>58,434.38</u>	<u>43</u>
TOTAL	\$392,192.97	158**

** 5 patients had an ER and inpatient account
 22 patients had an ER and outpatient account
 5 patients had an outpatient and inpatient account
 4 patients had accounts in all three categories

ACTION: Mr. Dugan moved, seconded by Mr. Hite, to discharge the February 2015 uncollectible debt in the amount of \$392,192.97. Motion carried.

- **Additional FF&E for the Legacy Project.** Mr. Sorensen presented the request for additional funds for FF&E for the Legacy Project in the amount of \$2,066,659.55 (copy appended to minutes)

The additional FF&E includes:

○ 1st Floor	\$ 893,532.00
○ 2nd Floor	745,112.00
○ Facilities	44,450.00
○ Kitchen	545,002.12
○ Rehab	74,574.00
○ EVS & Linen (Laundry removed)	266,919.33
○ Medical Equipment	245,100.00
○ IT	1,400,000.00
○ Exterior FF&E	36,936.00
○ Closed Caption TV	168,000.00
○ Material Management	19,598.00
○ Equipment Specialist	18,098.00
○ Final Clean after Construction	36,000.00

○ The Move	40,000.00
○ Signage Interior	48,000.00
○ Signage Exterior	320,000.00
○ Art Work	<u>60,000.00</u>
Total	\$ 4,439,223.45
6% Contingency	266,353.41
FF&E and Contingency	4,705,576.86
Budgeted FF&E	(2,300,000.00)
Additional needed	2,405,576.86
Construction Under Budget to date	(985,026.00)
	1,420,550.86
Construction Contingency	<u>586,108.69</u>
Requested Amount	\$ 2,006,659.55

The full impact of the IT needs for the Legacy project was underestimated. The design build contract that was put in place four years ago did not include all of the subcontractor costs. The low voltage subcontractor has been working with our IT department and Ms. Belden for several months, and they determined that an additional \$1,400,000.00 will be necessary for IT for the project. A wireless system has been included for the entire building to accommodate wireless devices. The exterior FF&E is for furniture for the courtyards. There was an additional cost to tie into the City's fiber optic network. Construction to date is under budget by \$985,026.00. The amount paid to Ascent has been included. The plans were sent to the State for a complete plan review and following their review, we do not anticipate any additional significant changes to the plan. Mr. Huber stated four years ago we had planned on moving the existing beds from Pioneer Manor. Since that time it was determined that new beds should be included in the FY16 Capital Budget. The request for the additional \$2,006,659.55 was presented at the March Facilities Committee meeting. Mr. Fitzgerald asked if this request has to be approved now or if it could wait for the FY16 Capital Budget approval since many of the items on the list will not be completed until closer to the end of the project. Mr. Huber stated that the intent is to present this information to the Board as soon as possible.

ACTION: Mr. Hite moved, seconded by Dr. Mitchell, to take the request for the additional \$2,006,659.55 for FF&E for the Legacy project to the full Board for approval. Motion carried.

Public Comment

There were no public comments.

Adjournment

The meeting adjourned at 1:15 p.m. **The next regularly scheduled Finance Committee meeting will be on April 21, 2015 at 12:00 p.m. in the Board Room.**

Marilyn Grant, Recorder