

**Campbell County Health
Finance Committee
April 25, 2016**

Mr. Dunlap called the Finance Committee meeting to order at 12:00 p.m. on Monday, April 25, 2016. The meeting was held in the Hospital Board Room.

Present:

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
Dr. Lowell Amiotte, Chief of Staff
Ms. Missy Poloncic, Director of Patient Accounts
Ms. Kathy Brown, News Record
Ms. Wendy Kaufman, Recorder

Excused:

Dr. Alan Mitchell, Chair

Approval of Agenda:

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

Approval of Minutes:

ACTION: Mr. Dugan moved, seconded by Mr. Dunlap, to approve the minutes of the March 21, 2016 meeting. Motion carried.

OLD BUSINESS

- **Refinancing Bonds:** Follow-up correspondence with John Henningsgard at Piper Jaffray was shared, indicating a rating downgrade would cost 15-20 basis points in the interest rate. There would still be significant refunding savings at this level. Options are to refinance the current Series 2009 bonds and to issue new bonds or find another financing option. Mr. Dunlap requests more information on the difference in costs before taking this to the Board. Committee agrees to have John Henningsgard visit for further discussion.
- **Employed Physician Financial Statement:** This item tabled for discussion in Dr. Alan Mitchell's absence.

NEW BUSINESS

- **Collection Practices:** Ms. Poloncic presented a new Payment Policy for patient accounts. Currently, CCMH offers interest-free payments for up to 24 months. Individuals who cannot meet the required monthly payment are given the option of transferring their account to Receivable Solutions (division of Collection Professionals) with a 4% interest rate or to get a bank loan with First Interstate Bank with an interest rate of 6.5%. The proposed change is to decrease the time period from 24 months to 12 months with option of transferring accounts to Receivable Solutions at a 4% interest rate or a bank loan at a 6.5% interest rate. Currently, CCH carries between \$8 and \$9 million in balances for over 12 months on the A/R at approximately 15-18 A/R days of revenue. Proposal would transfer all balances currently being carried for over 12 months to Receivable Solutions.

ACTION: Mr. Dugan moved, seconded by Mr. Dunlap to take proposed Payment Policy to full Board for discussion and approval. Motion carried.

EXECUTIVE SESSION

ACTION: Mr. Dugan moved to recess into Executive Session, seconded by Mr. Dunlap, motion carried.

The regular meeting recessed into Executive Session at 12:33 p.m.

The regular meeting reconvened at 12:37 p.m.

CAPITAL REQUESTS

PLANT OPERATIONS

- **Replacement Vehicles:** Original budget was for six (6) vehicles; only four (4) are needed. Bids were received from local dealerships and from Greiner Motors in Douglas. Low bid was received from Greiner Motors for government spec vehicles. As of April 1, 2016, government vehicles are no longer available from the factory, so will have to purchase 2017. Mr. Dunlap expressed concerns about not buying locally for community benefit and suggests this be taken to full Board for discussion.

Budget: \$95,215

Actual: \$73,055

- **Arthroscopy Fluid Pump:** Approved to recommend approval to the Board.

Budget: \$31,500

Actual: \$31,500

MARCH 2016 FINANCIAL PRESENTATION

Mr. Huber presented the March financial report.

- Inpatient admissions were 11 under budget.
- Pioneer Manor admissions were 2 under budget.
- The hospital's average daily census was at 26 versus a budget of 28.
- Pioneer Manor's average daily census was 118.
- Outpatient visits were 1,162 above budget.
- Clinic visits were 2.5% above budget.
- Emergency Room visits were 2.3% under budget.
- Walk-In Clinic visits were 2.9% under budget.
- Total surgeries were 120 above budget due to new orthopedic surgical cases.
- Net patient revenue was 12.9% above budget.
- Bad debt and charity care were above budget (6.4% of gross revenue versus a budget of 7.8%).
- Operating expenses were above budget 4.7%.
- Operating income was \$52,000 versus a budgeted loss of \$792,000.
- EBIDA was above budget \$1,058,000.

Balance Sheet

Current assets increased by \$2,905 due to an increase in accounts and other receivables. Current liabilities increased \$1,677,000 due to an increase in accounts payable.

Accounts Receivable Days

March's accounts receivable days decreased by 4, for a total of 79.

Discussion: Mr. Dunlap asked if separate tax ID numbers for the hospital and clinics could expedite payments. Mr. Huber is not sure if the IRS will allow this, but will do more research.

Days Cash On Hand

Days cash on hand decreased by 5 to 188 in March. Cash decreased by \$1,580,000.

DISCHARGE OF UNCOLLECTIBLE DEBT

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

INPATIENT UNCOLLECTIBLE	\$ 171,111.62
ER UNCOLLECTIBLE	\$ 232,755.19
OUTPATIENT UNCOLLECTIBLE	<u>\$ 170,438.61</u>
COMBINED TOTAL FOR JANUARY 2016	\$ 574,305.42

ACTION: Mr. Dugan moved, seconded by Mr. Dunlap, to discharge the March 2016 uncollectible debt in the amount of \$574,305.42. Motion carried.

INVESTMENTS

The investments were unchanged in March 2016.

DRUG PRICING

Pricing on four of the nation's top 10 medications rose more than 100% since 2011 and six more rose more than 50%. Currently, CCH utilizes 9 of these 10 medications. Per the pharmaceutical companies, this increase is due to an attempt to recoup investments from the production of failed medications.

PUBLIC COMMENT

There were no public comments.

ADJOURNMENT

The meeting adjourned at 1:09 p.m. The next regularly scheduled Finance Committee meeting will be held on Monday, May 23, 2016 at 12:00 p.m. in the Board Room.

Wendy Kaufman, Recorder