

Campbell County Health
Finance Committee
May 26, 2015

Dr. Mitchell called the Finance Committee meeting to order at 12:01 p.m. on Tuesday, May 26, 2015. The meeting was held in the Hospital Board Room.

Present:

Dr. Alan Mitchell, Chairman
Mr. Allen Todd, Trustee for Randy Hite, Trustee
Mr. Mike Dugan, Trustee
Dr. Lowell Amiotte, Chief of Staff
Mr. Andy Fitzgerald, Chief Executive Officer
Mr. Dalton Huber, Chief Financial Officer
Ms. Deb Tonn, Vice President of Patient Services
Ms. Kim Johnson, Director of Health Information Management and Compliance
Ms. Nancy Long, Controller
Ms. Karen Clarke, Director of Community Relations
Ms. Marilyn Grant, Recorder

Excused:

Mr. Randy Hite, Trustee

Request to Change the Day of the Week for the Finance Committee Meetings.

Mr. Huber stated that he has been asked to serve on the Chamber of Commerce Board. The meetings are held at noon on the fourth Tuesday of the month. He requested that the Finance Committee consider meeting on a different day or time of day in order to allow him to serve on the Chamber Board. Following discussion, it was agreed that the meetings may be moved to another day of the week, and Monday at noon was proposed. Mr. Huber will confirm the change of day with Mr. Fitzgerald.

Approval of Agenda:

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

Approval of Minutes:

ACTION: Mr. Dugan moved, seconded by Mr. Todd, to approve the minutes of the April 21, 2015 Finance Committee meeting. Motion carried.

OLD BUSINESS

• **Preliminary Fiscal Year 2016 Capital Budget**

Mr. Huber stated that there were no major changes made to the proposed Capital Budget. Ms. Long stated that amount of the Carryover budget was decreased to reflect the payment of invoices.

NEW BUSINESS**• Preliminary Fiscal Year 2016 Operating Budget**

Mr. Huber presented the first draft of the proposed budget. For the most part, inpatient will remain unchanged. The proposed budget includes:

- Behavioral Health Services is expected to increase with the expansion of space on the inpatient side, and 3% growth is projected on the outpatient side.
- Cath Lab we are projecting an increase of 5%
- Work load units in the Lab are projected to decrease by approximately 6%. This is based on the anticipated loss of volume when Drs. Fareed and Javaid leave the community.
- Sleep Studies we are projecting growth in this area.
- Cardiac Rehab we anticipate an increase in the number of patients with their new larger space.
- New midlevel practitioners for ENT, OB and Pulmonology have been included in the budget.
- New providers include an orthopedic surgeon who will be joining PROS and Endocrinology.
- We will own Powder River Surgery Center in Fiscal Year 2016, including all of their revenues and expenses.

This is a very preliminary draft of the budget. Additional work will be done before it is presented for review next month. Mr. Todd asked if our projections for the average daily census are too high for Pioneer Manor. Mr. Huber responded that the average daily census for the year is very close. January and February this year, we were over budget. Any change in the number of providers has an impact on the census. The Legacy will have 160 beds, initially we will budget the census at 120, and we anticipate that it will take time to meet that projection.

• COMPLIANCE REPORT

Ms. Johnson stated that no written reports were received and there were no messages left on the hotline. Contract services are being reviewed to ensure the vendors are not listed on the OIG exclusion list. We will not do business with companies that are on the list.

• ADMINISTRATIVE POLICIES**○ Expenditure Control and Purchase Signature Approval Matrix**

Mr. Huber stated that the Facilities Committee recommended the changes to this policy. Increasing the capital and non-capital expenditures authority from \$10,000 to \$30,000 will allow Mr. Fitzgerald to have greater leeway in approval of projects. Expenditures over \$30,000 will be brought to the Board for approval. The \$10,000 limit has been in place since approximately 1999. The other change to the policy is raising the capital expenditure limit for group purchase from \$2,000 to \$5,000 and increasing the aggregate from \$5,000 to \$10,000. The

○ Bidding Policy

Mr. Huber stated that no changes were made to the Bidding Policy. It is being presented for review only.

ACTION: Mr. Todd moved, seconded by Mr. Dugan, to approve the changes to the Expenditure Control Policy and Purchase Signature Approval Matrix. Motion carried.

- **CAPITAL REQUESTS**

Meal Cart System for Pioneer Manor Nutrition Services. This request will purchase 2 cart systems to provide better meal delivery to the residents at Pioneer Manor. The carts are designed to deliver food with a resident focused home-like service by keeping food warmer in more individualized portions directly at dining room tables. The net result will be hotter food, individual serving size, positive staff and resident interaction at meal times, less food waste and cost savings. Funds for the carts will come from Administration Contingency.

Available Contingency Funds: \$110,575

This request: \$16,448

Discussion: Mr. Huber stated that the meal cart systems are transferrable to the Legacy.

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

APRIL 2015 FINANCIAL PRESENTATION

Ms. Long presented the April financial data:

- The hospital's inpatient admits were 21 (8%) under budget and increased 34 (16.5%) compared to the previous year.
- Pioneer Manor's admits were 5 above budget in April.
- The hospital's average daily census was 26, which is 2 below budget.
- Pioneer Manor's average daily census was 109. This is 9 below budget for the month.
- Outpatient visits were 3,149 over budget. This is an increase of 22.7% for the month and 18.6% increase from the prior year.
- Clinic visits were 618 under budget for the month. This is an increase of 1,160 visits compared to April 2014.
- ER visits were 3.1% over budget for the month and 4.7% less than a year ago.
- Walk-In Clinic visits were 5.8% under budget for the month, and 8.6% below the level of a year ago.
- Total surgeries were 64 over budget in April and increased by 74 compared to April 2014.
- Net patient revenue was \$760,000 (6.2%) over budget. Gross revenue was favorable by \$2,750,000 (2.8%) with inpatient revenues \$560,000 over budget and outpatient revenues were \$2,189,000 over budget.
- Total bad debt and charity care were under budget \$67,000. Bad debt was slightly over budget and charity care was slightly under budget.
- Operating expenses were \$766,000 (5.6%) over budget. Salaries and benefits were \$317,000 over budget. Physician salaries and compensation increased due to higher production bonuses and locum coverage. Supplies increased due to an increase in pharmacy drug expenses. Contract services were over budget due to temporary staffing in Long Term Care, OB, Nursery II, Labor & Delivery, Ultrasound and consulting fees. Other expenses decreased due to a general decrease of expenditures in this category. In the insurance line, we decreased our accrual for outstanding liabilities by \$125,000.
- EBIDA was \$14,000 under budget in April. EBIDA decreased \$156,000 compared to a year ago. And year-to-date, EBIDA is \$20,487,000 which is an increase of \$7,060,000 compared to the previous year.
- April's operating loss was \$678,000 versus a budgeted loss of \$748,000. Year-to-date the operating loss is \$5,441,000 versus a budget of \$7,721,000. The operating loss decreased \$6,765,000 compared

to the previous year. The operating margin year-to-date is -4.21. This is an improvement over the previous year's operating margin of -10.95.

- The bottom line is a net gain of \$751,000 which is a 5% margin. This exceeded the April budget of \$644,000 (4.5% margin). Year-to-date the net gain was \$8,608,000 (6.0% margin) versus a budget of \$6,200,000. This is an improvement over the previous year by \$1,550,000 (1.2% margin).

Balance Sheet

Current assets increased \$1,962,000. This was due to an increase in patient accounts receivable and the tax levy receivable. Mr. Huber stated that the tax levy is booked as a receivable monthly. We receive a large tax levy payment twice a year in June and December. Current liabilities increased by \$2,316,000 due to an increase in accounts payable and the salaries accrual. April's days in accounts receivable decreased by 1 day to 71. Days cash on hand increased 1 day to 239 in April. Cash reserves increased by \$1,144,000 in April.

DISCHARGE OF UNCOLLECTIBLE DEBT

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

<u>CATEGORY</u>	<u>AMOUNT</u>	<u>NUMBER OF PATIENTS</u>
INPATIENT	\$125,512.34	26
ER	165,781.47	111
OUTPATIENT	<u>65,120.48</u>	57
TOTAL	\$356,414.29	194**

** 6 patients had an ER and inpatient account
 30 patients had an ER and outpatient account
 2 patients had an outpatient and inpatient account
 6 patients had accounts in all three categories

ACTION: Mr. Dugan moved, seconded by Mr. Todd, to discharge the April 2015 uncollectible debt in the amount of \$356,414.29. Motion carried.

Discussion: Dr. Mitchell asked how old the accounts are before they become uncollectible. Mr. Fitzgerald stated that in most cases these accounts are approximately two years old. They are the accounts that the collection agency is not able to collect. Mr. Huber stated that an account may be less than two years old if the collection agency is unable to locate the person or if the person is deceased.

Selection of Date for the Finance Fiscal Year 2016 Special Budget Meeting

The Finance Committee will meet on Friday, June 12 at 12:00 p.m. in the Board Room to review the proposed Fiscal Year 2016 budget.

Public Comment

There were no public comments.

Adjournment

The meeting adjourned at 12:40 p.m.

Marilyn Grant, Recorder