

Campbell County Health
Finance Committee
June 22, 2015

Dr. Mitchell called the Finance Committee meeting to order at 12:03 p.m. on Tuesday, June 22, 2015. The meeting was held in the Hospital Board Room.

Present:

Dr. Alan Mitchell, Chairman
Mr. Randy Hite, Trustee
Mr. Mike Dugan, Trustee
Mr. Andy Fitzgerald, Chief Executive Officer
Mr. Dalton Huber, Chief Financial Officer
Ms. Anne Raga, Administrative Director of Nursing Services
Mr. Bill Stangl, Director of Clinic Services
Ms. Kim Johnson, Director of Health Information Management and Compliance
Ms. Dane Joslyn, Community Relations
Ms. Marilyn Grant, Recorder

Excused:

Dr. Lowell Amiotte, Chief of Staff
Ms. Nancy Long, Controller
Ms. Deb Tonn, Vice President of Patient Services

Approval of Agenda:

Mr. Huber requested that the agenda be amended to include selecting the date for the July Finance Committee meeting. Dr. Mitchell stated that it will be added under New Business.

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

Approval of Minutes:

ACTION: Mr. Dugan moved, seconded by Dr. Mitchell, to approve the minutes of the May 26, 2015 meeting. Motion carried.

OLD BUSINESS

• **Preliminary Fiscal Year 2016 Operating & Capital Budget**

Mr. Huber stated that the budget has been refined since last month. Overall the projections are cautious, with growth primarily in the clinics and outpatient areas. A new part-time Endocrinology clinic was included. New mid-levels for Neurology, ENT, Cardiology, and OB practices will assist in reducing wait time for appointments, allow the practice to see more patients, and allow the physician to focus on the more acute patients. We will be adding a new half-time Chief Medical Officer and two FTEs for clinic administration, these positions will add approximately \$400,000 to the budget. The Helmsley Grant and the Care Transitions Grant will both end this year resulting in a loss of approximately \$450,000. Depreciation will go up from 12.5% this year to almost 14% in Fiscal Year 2016. As projects are completed and capitalized, depreciation increases. In Fiscal Year 2017 the Legacy project will be complete and depreciation will increase significantly. The budget projections

for Fiscal Year 2016 include two rate increase options. The goal would be to keep the operating loss under \$10,000,000. With a 4% rate increase we are projecting the operating loss to be over \$10,000,000. And with a 5% rate increase the operating loss is projected to be approximately \$9,000,000. Following discussion, it was agreed to go with the 5% rate increase. The increase will be an average, not an across the board increase. We will assess and analyze each area to insure that we are competitive.

NEW BUSINESS

- **July Finance Committee Meeting**

Mr. Huber stated that in July the Joint Conference Committee meets on the same day and time as the Finance Committee. The Finance Committee will meet on Tuesday, July 14 at 4:00 p.m. in the Board Room.

- **COMPLIANCE REPORT**

Ms. Johnson stated that there were no reported compliance concerns last month.

- **CAPITAL REQUESTS**

Automated Microtome - Laboratory. This request will replace the existing microtome in Pathology. The equipment now in use has several maintenance issues which are expensive to repair and caused delay in specimen analysis. Biomedical Engineering recommended that it be replaced in this year's budget cycle. The new microtome will have automated as well as manual operational modes for extremely accurate sectioning of tissue samples. After thorough research was conducted, a very capable device was found which will come in well under budget.

Budget: \$28,500

Actual: \$18,237

Dialysis Machines - Dialysis. This request will replace 3 dialysis machines which have outlasted and surpassed their rated useful life. The new dialysis machines are from the latest generation 2008T model which will have advanced firmware to augment reporting so treatments can be specifically optimized for our patients. Crti-Line monitoring is also included in the optional configuration for the devices for superior safety monitoring during treatments.

Budget: \$51,000

Actual: \$50,250

Environmental Controls in Trauma Rooms - Emergency Care Department. This request will upgrade the environmental controls in trauma rooms 1 & 2. The addition of digital controls in these areas will isolate the rooms for more accurate manipulation of temperature and air exchange. Patients will have greater comfort, and the staff can select the optimum temperature for treatment in emergent trauma cases. A price increase for time and materials will take us slightly over budget. The original budgetary quote is 16 months old.

Budget: \$12,747

Actual: \$13,511

Replace Roof Sections on Main Facility – Plant Operations. The request will replace the roof sections over the dining room and old front entrance. Periodic heavy rain permeates the existing roof structures then causes leaks and water spots on the ceiling. The specified work will remove and replace the existing flashings, EDPM barriers, pipes drains and ballast with new materials that carry a

20 year warranty. A price increase for time and materials will take us slightly over budget. The original budgetary quote is 16 months old.

Budget: \$25,490

Actual: \$27,600

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

MAY 2015 FINANCIAL PRESENTATION

Mr. Huber presented the May financial data.

- The hospital inpatient admits were 24 under budget in May and 22 less than a year ago. Overall it was not a great month.
- Pioneer Manor admits were 3 above budget.
- The total average daily census was 25; this is 3 below budget.
- Pioneer Manor's average daily census was 107; this is 11 below budget.
- Outpatient visits were 10.7% above budget for the month and 10.6% over the prior year.
- Clinic visits were 1,875 (17.6%) under budget in May, but higher than a year ago.
- Emergency Room visits were 2.4% over budget, but 9.5% lower than a year ago.
- Walk-In Clinic visits were 16.9% under budget. They were very busy December through March, but the last two months they have been below budget.
- Total surgeries were 47 over budget in May and increased by 35 over the prior year.
- Net patient revenue was \$1,123,000 under budget. Gross revenue was unfavorable by \$388,000; inpatient revenues were \$615,000 under budget and outpatient revenues were \$226,000 under budget. The decrease in inpatient volume was primarily responsible for the decrease in revenue.
- Bad debt and charity care were over budget \$432,000. One uninsured dialysis patient had an account balance over a half million dollars that went to charity care. The patient has insurance now. Mr. Huber asked the business office to notify him sooner in this type of situation.
- Operating expenses were \$38,000 under budget.
- Salaries and benefits were over budget \$83,000 in May. This was due to the increased FICA expense with the three pay periods in May, and an increase in health insurance. Physician salaries and compensation increased due to locum coverage. Supplies decreased due to lower volumes.
- EBIDA was under budget \$1,043,000 in May and decreased \$842,000 compare to a year ago May. Year to date EBIDA is \$21,382,000 which has increased \$6,219,000 compared to the prior year to date. The decrease is volume related. As an organization we maintain all of the staffing even with a lower inpatient volume. We will continue to work on our relationship with the local mines. In some cases, they incentivize their employees to go out of Campbell County for care. We are building the data set to show the mines that we offer comparable care.
- May's operating loss was \$1,698,000 versus a budgeted loss of \$750,000. This is almost a million dollar shortfall. Year to date the operating loss is better than budget.
- Net loss was \$336,000 in May versus a budgeted gain of \$642,000. Year-to-date the net gain was \$8,272,000 versus a budget of \$6,842,000.
- Current assets decreased by \$4,000,000 in May.
- The number of days in accounts receivable decreased two days to 70 in May. We hope it will decrease another day or two by the end of the year.
- Days cash on hand decreased to 229 in May; this is one under budget. Cash decreased to approximately \$4,000,000. This was due to payment for the Legacy construction, Radiology construction, and the third payroll in May. Cash will increase in June when we receive the tax levy payment.

DISCHARGE OF UNCOLLECTIBLE DEBT

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

<u>CATEGORY</u>	<u>AMOUNT</u>	<u>NUMBER OF PATIENTS</u>
INPATIENT	\$193,093.42	23
ER	212,199.75	93
OUTPATIENT	<u>107,862.54</u>	<u>55</u>
TOTAL	\$513,155.71	171**

** 3 patients had an ER and inpatient account
 23 patients had an ER and outpatient account
 4 patients had an outpatient and inpatient account
 13 patients had accounts in all three categories

ACTION: Mr. Dugan moved, seconded by Mr. Hite, to discharge the May 2015 uncollectible debt in the amount of \$513,155.71. Motion carried.

Discussion: Dr. Mitchell asked if we know why the uncollectible debt increased. Mr. Huber responded that not as many people are getting insured through the insurance exchange. We provide new services, i.e. Cardiology, even when the people cannot pay.

- **INVESTMENTS**

For the month of May 2015 the following amount was reinvested:

A \$2,000,000.00 investment with Wells Fargo Securities with an interest rate of 2% to mature June 12, 2020.

ACTION: Mr. Dugan moved, seconded by Mr. Hite, to approve the May 2015 reinvestment. Motion carried.

Public Comment

There were no public comments.

Adjournment

The meeting adjourned at 12:50 p.m.

Marilyn Grant, Recorder