

Campbell County Health
Finance Committee
August 24, 2015

Dr. Mitchell called the Finance Committee meeting to order at 12:06 p.m. on Monday, August 24, 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
Dr. Lowell Amiotte, Chief of Staff
Mr. Steve Crichton, Vice President of Facilities
Mr. Aaron Beyerl, Construction Coordinator
Mr. Bill Stangl, Director of Clinic Services
Ms. Nancy Long, Controller
Ms. Kim Johnson, Director of Health Information Management and Compliance
Ms. Karen Clarke, Director of Community Relations
Ms. Marilyn Grant, Recorder

Excused:

Ms. Deb Tonn, Vice President of Patient Services

Approval of Agenda:

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

Approval of Minutes:

ACTION: Mr. Hite moved, seconded by Mr. Dugan, to approve the minutes of the July 14, 2015 meeting. Motion carried.

Introduction of the new Vice President of Facilities

Mr. Fitzgerald introduced Steve Crichton, the new Vice President of Facilities. He is originally from Detroit, Michigan and moved here from College Station, Texas.

OLD BUSINESS

No Old Business was presented.

NEW BUSINESS

• **Compliance**

Ms. Johnson stated there were no compliance related issues to report.

• **CAPITAL REQUESTS**

- **Network Switch Up-Grade – Information Systems.** This request will purchase 7 high grade network switches to create a faster network response for clinical staff. The up-grade is necessary

to keep pace with the increase in network data flow the last 2 years and into the future. The timing of installation will facilitate the migration to the Meditech 6.1x.

Budget: \$42,985

Actual: \$42,985

- **HVAC Cooling Unit – Plant Operations.** This request will fund the purchase and installation of a replacement 17 ton chiller for the Oncology Annex. The current chiller is original equipment from construction more than 12 years ago, and replacement parts have been difficult to obtain. The new technology is more efficient.

Budget \$36,472

Actual: \$36,472

- **Vascular Access Ultrasound - Anesthesia.** This will purchase a portable ultrasound for the insertion of catheters during regional nerve blocks. The fidelity and resolution of the new device will result in superior images and precise placement of catheters. Regional blocks will be more effective with smaller doses of the drugs we now use.

Budget: \$67,569

Actual: \$62,819

- **Obstetrical Ultrasound - OB/GYN Specialists.** This request will purchase a fully capable obstetrical ultrasound. The new system will have enhanced large cavity resolution capable of viewing fetal development in great detail. Enhanced high definition video is featured in the technology which will support our high degree of diagnostic accuracy in women's health.

Budget: \$110,538

Actual: \$103,126

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

JULY 2015 FINANCIAL PRESENTATION

Mr. Huber stated that inpatient volumes were strong in July and outpatient volumes were down a little bit. Expenses and revenues were under budget. The Medicare length of stay and the case mix were a little higher than they have been recently. The bottom line was approximately \$400,000 short of budget. There was a revenue related issue that occurred during the MEDITEH database conversion in preparation for the migration to MEDITECH 6.1. Revenue from test patients was inadvertently included in the conversion. Corrections were made, but the revenue from 33 test patient days, which is approximately \$50,000, was included in the fiscal year 2015 revenue. It will be adjusted out in this fiscal year's audit. Ms. Long stated that there could be other ancillary charges that have not come up yet.

Accounts Receivable

Mr. Huber stated that the hospital's number of days in accounts receivable was 85. This is an area of concern. As part of the plan for this fiscal year, he will bring in a company to assess our revenue cycle process. We are waiting until after the first of the year to allow the staff time to complete the MEDITECH conversion before we begin this process. There may be opportunities for improvement. Dr. Mitchell asked if we anticipate billing delays when we move to the new version of MEDITECH. Mr.

Huber responded that the entire MEDITECH billing system has been rewritten, and we will be working with ICD 10 at the same time as the MEDITECH conversion. We are doing everything we can to get the staff ready for these changes, and we hope that after the first quarter the new systems will stabilize. Mr. Fitzgerald stated that the clinics have improved in the last year or two. Home Care Hospice numbers have increased a little. The volume of business at Home Medical Resources increased by 40% last year, and it has been a challenge for them to keep up with the billing and collection.

DISCHARGE OF UNCOLLECTIBLE DEBT

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

<u>CATEGORY</u>	<u>AMOUNT</u>	<u>NUMBER OF PATIENTS</u>
INPATIENT	\$244,767.62	26
ER	206,229.26	146
OUTPATIENT	<u>106,382.88</u>	<u>77</u>
TOTAL	\$557,379.76	249

ACTION: Mr. Hite moved, seconded by Mr. Dugan, to discharge the July 2015 uncollectible debt in the amount of \$557,379.76. Motion carried.

Discussion: Mr. Huber stated that the uncollectible debt has increased over the last six months. We have not seen any improvement in the amount of charity care and bad debt with the implementation of the Affordable Care Act. Medicaid reimbursement is better than no reimbursement, but the reimbursement is below actual costs.

- **INVESTMENTS**

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

A \$2,000,000.00 investment with Wells Fargo Securities with an interest rate of 1.75% to mature July 29, 2019.

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

FY 2017 Budget - Legacy

Mr. Huber stated that we will begin working on the budget for fiscal year 2017 earlier this year. An area of concern is budgeting for the resources that will be necessary for the Legacy. Utilities and overhead will increase with the larger facility. We may have to make adjustments in the rest of the budget to accommodate the Legacy. Mr. Fitzgerald stated that Skull Construction is telling us that the substantial construction completion estimate is August 2016. They initially told us construction would be complete in March or April 2016; but this was delayed due to winter weather conditions. There may be additional delays this winter. Even if they are able to finish construction in August, it will take an additional four to eight weeks for the State to approve the project. Mr. Beyerl stated that for a facility of this size, the State recommended that we allow two months for their approval process. Mr. Fitzgerald stated that additional time will be necessary for cleaning the entire building before we are able to move in. Moving the residents into the Legacy will take additional time.

Pioneer Manor

Mr. Fitzgerald stated that in the short term, we expect to use the Pioneer Manor building in a support capacity for offices, meeting room space and storage for a number of years; but not as an inpatient facility. It is a good property for the future. Dr. Mitchell stated that there are concerns associated with what may be found in the walls and ceilings if we were to remodel Pioneer Manor. Mr. Crichton stated that abatement of any asbestos in the building would have to be done whether we did a partial or complete demolition. There is a certain amount of control on the site and air quality during the abatement. It would be more cost effective if the demolition and abatement could be done at one time instead of section by section. Once the building is vacated, invasive testing should be done to determine what is there. Mr. Beyerl stated that we know asbestos is present; but we do not know to what extent. Mr. Fitzgerald stated that the plan is to use the building in a limited capacity. We would move the CBO and the after school Child Care out of the Stocktrail Apartments to Neighborhood 5. Neighborhood 5 is a newer section that was built in 1984. There are eight to ten Stocktrail Apartments that would be used for housing locum physicians and temporary employees. A major remodel of the building is not being considered and is probably not a wise long term investment. Until we have some solid strategic plan for the use of the land, we will use the building on a limited basis. Mr. Huber stated we could use the large common area for meetings or education.

Uncollectible Debt

Mr. Hite asked what steps the organization is taking to address the uncollectible debt. Mr. Huber stated that we are doing more upfront pre-authorizations for procedures. A consulting firm will be brought in after January to assess our revenue cycle processes and make recommendations for improvement. The hospital allows physicians 30 days to complete their documentation. We have several doctors that take the full 30 days to complete their documentation. This length of time for documentation negatively impacts Medical Records ability to keep the unbilled down. Mr. Fitzgerald stated that the clinics have a proposed policy to require the physicians to complete their documentation in seven working days. Ms. Johnson stated that we are talking about doing Medical Necessity so the patient will know up front if the test will be covered by their insurance. If the patient elects to have a test that is not covered, they will know in advance that they will have to pay for it. Some up front collection is being done before the tests are done. Mr. Fitzgerald stated that a couple years ago, we contracted with Cardon Health to staff a person in the Emergency Department to assist patients who do not have insurance in finding payer sources. She works with both inpatient and outpatients. Overall, it has been beneficial. Mr. Fitzgerald stated that he will be interested in hearing what the revenue company will tell us. The expectation is that they will offer options to improve our billing, coding and documentation. Dr. Mitchell stated that there are many people who have lower paying jobs who are not eligible for any government assistance. Mr. Fitzgerald stated that approximately 14% of the population in Gillette is uninsured.

Public Comment

There were no public comments.

Adjournment

The meeting adjourned at 12:45 p.m.

The next regularly scheduled Finance Committee meeting will be held on Monday, September 21 at 12:00p.m. in the Board Room.

Marilyn Grant, Recorder