

Campbell County Health  
Finance Committee  
September 21, 2015

Dr. Mitchell called the Finance Committee meeting to order at 12:03 p.m. on Monday, September 21, 2015. The meeting was held in the Hospital Board Room.

**Present:**

Dr. Alan Mitchell, Chairman  
Mr. Mike Dugan, Trustee  
Mr. Randy Hite, Trustee  
Mr. Andy Fitzgerald, Chief Executive Officer  
Mr. Dalton Huber, Chief Financial Officer  
Ms. Deb Tonn, Vice President of Patient Services  
Mr. Steve Crichton, Vice President of Facilities  
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:**

Dr. Lowell Amiotte, Chief of Staff

**Approval of Agenda:**

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

**Approval of Minutes:**

**ACTION: Mr. Dugan moved, seconded by Dr. Mitchell, to approve the minutes of the August 24, 2015 meeting. Motion carried.**

**OLD BUSINESS**

• **PET/CT**

Mr. Fitzgerald stated that the Campbell County Healthcare Foundation requested that our Board look at the feasibility of the PET/CT again. The Foundation is willing to take this on as a project if we are willing to support and maintain it. Mr. Jackson and Nachele McGrath reviewed our list of capital items and our 5 year plan before they made the decision for the PET/CT. The Foundation sent a letter to each of the Board members regarding the project. Mr. Fitzgerald included \$170,000 for depreciation in the pro forma for the PET/CT. Depreciation is included because in five to eight years, it may have to be replaced. Funds for minor remodeling are also included. The CT currently in use is on our five year plan and schedule to be replaced in two years. Mr. Fitzgerald stated that it will take approximately two to three years for the Foundation to raise the necessary funds. The Foundation has already collected approximately \$35,000 in donations for this project. Dr. Mitchell stated that the PET/CT is a high slice diagnostic machine. The PET/CT will be on the September 24 Board Meeting agenda.

## **NEW BUSINESS**

- **Compliance**

Ms. Johnson stated that there were no compliance concerns reported, or any calls to the hot line in the past month. There are two items on the compliance plan for review in the next year. The first item is a review of physician contracts to ensure we are up to date with the Stark law. An outside company will review the contracts and provide education. A hospital in Florida was fined millions of dollars when a whistleblower within the organization reported that they were paying their physicians too much according to their region. The whistleblower received \$12 million dollars. The second item is a coding review later in the year. ICD10 goes into effect October 1. The coding review will ensure we are getting the best reimbursement for this facility. In preparation for ICD10, the hospital has been doing dual coding. Some test claims have been sent to Blue Cross, Medicare and Medicaid. We received feedback from Blue Cross and Medicare. We have not received a response from Medicaid on the test claims.

- **Health Sciences Simulator**

Mr. Fitzgerald stated that he and Mr. Hite met with Dr. Mark Englert approximately two months ago regarding the support for the simulation center that the college is considering. They have a new event/athletic center under construction and a portion of the facility will include a simulation center. Dr. Englert asked if we would be willing to assist with the funding of the simulation center. Mr. Lubnau reviewed the MOU and advised us that we cannot make a donation. If we decide to support this project, we would have to get something in return for our investment, such as equipment. If we agree to purchase the equipment, we would stipulate that they would provide the maintenance. Ms. Tonn stated that simulated scenarios are the way going forward to accelerate the learning process. The nursing education center already uses adult mannequins. The new equipment would be for neonatal and OB. This equipment would be beneficial to nurses, EMS and CNAs. A schedule for using the simulation center will have to be developed that will benefit CCH and the college. Mr. Fitzgerald stated that the equipment is state of the art educational tools. He would recommend that Mr. Huber, Ms. Tonn, our nurse leaders, EMS and possibly one or two physicians are involved in the development process to ensure our needs are met. We would request a set amount of time per week during normal working hours for our use. Mr. Hite stated that the new simulation center may provide opportunities for the college to add new educational programs, such as a medical assistant course or continuing education for specialties that are already in Gillette. Mr. Fitzgerald stated that if the Board decides to support this project, they should determine the amount of funding to provide. Dr. Mitchell recommended up to \$500,000 for the purchase of equipment for the Simulation Center with a mutual usage agreement.

**ACTION: Mr. Dugan moved, seconded by Mr. Hite, to recommend that the full Board approve entering into a MOU with Gillette College, Northern Wyoming Community College, for the purchase and usage of equipment for the Simulation Center in an amount not to exceed \$500,000. Motion carried.**

- **CAPITAL REQUESTS**

**Mini C-Arm - Surgery.** This request will purchase a replacement Mini C-Arm for Surgery. The current device is 8 years old and uses less efficient technology that requires a Radiology Tech to operate during procedures. The new Mini C-Arm has a flat detector that is 35% larger and delivers far less radiation to the patient. Larger images with 200% more resolution will result with the new Mini C-Arm.

**Budget: \$80,000**

**Actual: \$80,000**

**Discussion:** Mr. Fitzgerald recommended that the surgeons have input on the selection of the C-Arm to ensure it will meet their needs. Dr. Mitchell asked if the new C-Arm will require a tech for operation. Ms. Tonn will follow-up on both of these questions.

**Terminal Server Upgrade – Information Systems.** This request will replace 400 Terminal Server Licenses purchased in 2008. The new licenses will require less IS intervention while maintaining highly advanced security functionality to ensure that only qualified personnel can access the various servers. The licenses will be used by staff and vendors to access the LAN.

**Budget: \$42,680**

**Actual: \$40,296**

**Staff Transport Van – Wellness Dept.** This request will purchase a 12 person travel van to transport staff to various venues for work remote from the CCH campus. Currently (2) 1 ton diesel trucks are used to transport staff along with our wellness trailers which remain at the site. Staff is ferried back and forth to the site in the trucks which consumes a large amount of fuel. Purchasing a staff van will reduce fuel cost and increase the life span of the current trucks.

**Budget: \$40,000**

**Actual: \$36,160**

**Epidural Pumps – Labor and Delivery.** This request will purchase 16 Sapphire Epidural Pumps for Labor and Delivery. Support for the current epidural pumps will be discontinued after October 1, 2015. All hardware and disposables will be unavailable after the sunset date. The Sapphire Pump System is the next generation for epidural infusion pumps from Hospira. Improved software, easy programming and a full color touch screen display will enhance patient safety. Substantial discounts beyond normal contract rates are offered by Hospira for customer loyalty which favors an out-right purchase of the devices. Funding will be derived from Administration Contingency.

**Admin Contingency Budget: \$250,000**

**This Request: \$35,743**

**3 EKG Units with Carts and Accessories – Cardiopulmonary Services.** This request will purchase 3 replacement EKG machines. The current EKG machines are 8 years old and do not interface with our HIS system. The replacement EKG machines are manufactured by Philips Healthcare and will integrate with our main monitoring systems in ER, ICU, OSTs and PACU. The new devices will enable the wireless upload of EKG wave forms into PACS or MEDITECH as necessary. The addition of wireless technology to interface with our HIS will take us slightly over budget.

**Budget: \$31,131**

**Actual: \$38,805**

**Discussion:** Mr. Huber stated that the EKG units are over budget due to the addition of wireless technology which will allow them to interface with our system.

**Truck with Snow Plow – Plant Operations, Pioneer Manor.** This request is for a 2016, ¾ ton, 4x4 pickup truck with a v-plow snow blade assembly for Pioneer Manor. It will be a replacement for a truck that has over 100,000 miles, and the tires, front drive train and chassis all have to be replaced. The new truck will be more efficient and provide a safer environment for the residents, staff and visitors. Bids were received from Greiner Ford in Casper, Fremont Motors in Casper, and Sheridan Motors. Greiner Ford's bid of \$30,199 was the lowest bid.

**Budget: \$34,948**

**Actual: \$30,199**

**Discussion:** Mr. Crichton stated that they may keep the old truck for very limited use on campus if they are able to get it into working condition.

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

### **AUGUST 2015 FINANCIAL PRESENTATION**

Ms. Long presented a recap of the August financial data.

#### **Total Patient Days and Inpatient Revenue**

Revenue has been under budget. The hospital total patient days has been trending down. This is attributed to a seasonal trend, and is expected to increase in the next few months. Month to date there was an increase of 22 days. Year to date the number of days was 143 lower than the prior year. The inpatient revenue ties to the number of patient days.

#### **Health Insurance**

Health insurance was \$328,000 over budget and has been steadily increasing since November 2014. In June there was a significant decrease. In July and August we received several stop loss payments. Following general accepted accounting principles, these stop loss payments were credited back to the prior year. We anticipate receiving additional stop loss payments that will be applied to July and August when they are received. Mr. Dugan asked if there is a plan going forward to cover the increased cost. Mr. Huber stated that we will continue to monitor the plan. And we have increased the employee's portion of their health insurance premium. Mr. Fitzgerald stated that since we are self-funded, we see increases as claims are submitted. We would have to look at the data longitudinally over time to be able to determine our real per FTE rate of increase. Gallagher, who is our consultant, recommends increases in premiums to reflect our utilization.

#### **Cash Balances in Millions**

The hospital's cash balance decreased by four million dollars to \$92.9 million dollars. A portion of the decrease was due to a two week period that we did not receive reimbursement from Blue Cross. We received the Blue Cross reimbursement in September. We received a \$1,875,000 reimbursement from the Legacy construction fund. The remaining balance in the construction fund is \$8 million dollars. When this amount is reimbursed to us, the remaining construction costs will be our responsibility.

#### **Accounts Receivable**

Mr. Huber stated that our receivables continue to be an issue. The unbilled has doubled in the last year. We will bring in a company to review our revenue cycle process after the first of the year. Physicians have to complete their documentation or coding before we are able to bill. Discharge summaries can be 60 or more days late from locum physicians. We have up to 180 days to submit bills to some insurance companies and a year for others. The self pay accounts are more problematic when the billing is late. Dr. Mitchell recommended placing a timeline on the physicians to complete their documentation in their contract and withhold their pay until the documentation is complete. Mr. Fitzgerald agreed that the process is not good and will have to be addressed. Mr. Huber will work with Ms. Johnson to develop processes for improvement going forward. With the new version of MEDITECH, recurring visits will have a very different billing process. And we are hoping that this will have a positive impact on the accounts receivable. The auditors will be addressing this issue when they are here in December to present the fiscal year 2015 audit.

**Merit and Market Increases**

Mr. Hite asked how the merit and market increase is distributed. Mr. Fitzgerald stated that 3% total was included in the budget. 2% is allocated for merit and 1% for market. A market adjustment was done earlier this year after we received the results of the compensation study. Overall we have stayed in the 3% range.

**DISCHARGE OF UNCOLLECTIBLE DEBT**

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

<b><u>CATEGORY</u></b>	<b><u>AMOUNT</u></b>	<b><u>NUMBER OF PATIENTS</u></b>
<b>INPATIENT</b>	\$293,945.06	25
<b>ER</b>	212,523.48	115
<b>OUTPATIENT</b>	<u>105,489.51</u>	<u>57</u>
<b>TOTAL</b>	<b>\$611,958.05</b>	<b>197</b>

**ACTION:** Mr. Hite moved, seconded by Mr. Dugan, to discharge the August 2015 uncollectible debt in the amount of \$611,958.05. Motion carried.

**Discussion:** Mr. Huber stated that the uncollectible debt is the highest it has been since January 2014. Mr. Fitzgerald stated that this is the accounts that are returned to us after the collection agency has attempted to collect them. The agency gets 20% of the amount they are able to collect. There are companies that would purchase the uncollectible debt; we would receive three to five percent of any amount they are able to collect. Mr. Hite stated that the uncollectible debt has been over \$400,000 for the last eight months. Mr. Huber stated we have added services, i.e. the Cath Lab, and subsequently the revenues are up along with the uncollectible debt. Bringing in a third party to review our processes will assist us in identifying areas where we can make improvements to our processes. The revenue process is a very complex system; documentation is not the only issue.

**Public Comment**

There were no public comments.

**Adjournment**

The meeting adjourned at 1:01 p.m.

The next regularly scheduled Finance Committee meeting will be held on Monday, October 19 at 12:00p.m. in the Board Room.

Marilyn Grant, Recorder