

Campbell County Health
Finance Committee
December 7, 2015

Dr. Mitchell called the Finance Committee meeting to order at 12:05 p.m. on Monday, December 7, 2015. The meeting was held in the Hospital Board Room.

Present:

Dr. Alan Mitchell, Chairman
Dr. Sara Hartsaw, Trustee, for Mr. Randy Hite
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
Mr. Steve Crichton, Vice President of Facilities
Mr. Bill Stangl, Director of Clinic Services
Ms. Kim Johnson, Director of Health Information Management and Compliance
Ms. Karen Clarke, Director of Community Relations

Excused:

Mr. Randy Hite, Trustee
Ms. Nancy Long, Controller

Approval of Agenda:

Mr. Crichton requested that four projects from the Facility Planning Committee be added to the agenda.

ACTION: Dr. Hartsaw moved, seconded by Mr. Dugan 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 October 19, 2015 meeting. Motion carried.

OLD BUSINESS

No old business was presented.

NEW BUSINESS

- **Compliance**
Ms. Johnson stated that there are no compliance issues to report at this time.
- **Accounts Receivable Summary**
Mr. Huber stated that the data is from the last two years for the hospital, only. In October 2013, the average number of days in receivable was 71. It has progressively climbed since then. In December 2013, the time for a physician to complete documentation was increased. Ms. Johnson stated that we increased the amount of time before a physician is suspended for failure to complete documentation from 22 days to 30 days. The Hospitalists provide the documentation for the E&M billing and coding. In an effort to improve the billing process, the Hospitalists billing has been separated from the hospital billing. The Medical Records staff reviews discharges the next day. The physician receives an incomplete notice in 14 days. This increase in the amount of time to complete documentation was made following a meeting with Dr. Wilkerson, Dr. Simpson, Mr. Fitzgerald and others. Dr. Mitchell stated that it would be better if notices were sent earlier. Dr. Hartsaw asked if this is something the Executive Committee could review. Physicians receive notices when they log into Meditech. Dr.

Hartsaw asked if the notices could be displayed when they log into the computer. Ms. Johnson will find out if our software is able to provide a notice. Mr. Fitzgerald stated that we are making an assumption that the trend is due to the physician documentation. We have not identified all of the analytical data. Mr. Huber stated that we have contracted with Claro Group to review the entire process and provide recommendations for improvement. They will be here in January or February 2016. Dr. Mitchell asked if this is an issue exclusive to Campbell County or if it is occurring nationally, possibly as a result of the Affordable Care Act. Mr. Huber will contact our auditors, Clifton Larson Allen, and ask them to provide benchmarking data.

CAPITAL REQUESTS

- **Combination Oven Steamer Unit – Nutrition Services.** This purchase request will replace a combination oven that is more than 15 years old. The current unit is frequently down due to repairs impeding productivity in the kitchen. The new oven will provide the versatility and capacity to keep up with the increasing demands for timely production of high quality meals.

Budget: \$50,518

Actual: \$42,010

- **Video Endoscope System - Surgery.** The request will replace the aging Stryker Video Endoscope System in surgery. The current system is 2 years past the American Hospital Association recommended useful life, and it is now due for maintenance. A replacement system will avoid extensive repair costs on older technology. The new system will maintain the high degree of resolution necessary for the best outcomes in surgery. It will be used in all of the OR's.

Budget: \$435,464

Actual: \$432,138

Discussion: Mr. Huber stated that there are issues with the current system. Dr. Hartsaw asked if a vendor has been selected; she would like to know if it will be a new Stryker system or a different system. She heard in Surgery that there is an equipment demo scheduled for some time this week. Ms. Tonn will follow-up. Mr. Fitzgerald stated that we can request that the surgeons can be asked for input on the type of equipment before we make the purchase.

- **Dialysis Machines – Dialysis.** This request will replace 2 dialysis machines on a periodic schedule 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. Crit-line monitoring is also included in the optional configuration for the devices for superior safety monitoring during treatments.

Budget: \$36,500

Actual: \$35,000

Discussion: Dr. Mitchell asked what the total number of dialysis machines are in the department. Ms. Tonn stated that we have eight. They are on a regular rotation for replacement.

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

- **PROJECTS FROM THE FACILITIES COMMITTEE**

Mr. Crichton presented the following four projects for Board consideration. The Facilities Committee did not meet in November and requested that these projects be presented at the Finance meeting before taking them to the full Board for consideration. The information was emailed to the Board on December 3.

1. Request to bid the Cardiac Rehab and Laundry project as design/bid/build. The budget for this project is \$2,866,402.
2. Request to bid the WORL surface parking lot project as design/bid/build. We have an estimate of \$570,000 for the project. The funds will come from the \$8.7 million dollars budgeted for the parking garage.
3. Request to bid as design/bid/build landscaping the sloped area north of the parking garage. This area does not fit the aesthetics of the rest of the property, and does not lend itself for a future building site. The area is not irrigated and will not support vegetation and trees. According to City code, a portion of this land has to be maintained as a designated water drainage area. The project will include terracing due to the significant slope of the property. The project budget is not to exceed \$900,000 over a two year period. We would like to bid this project out in early January or February when companies are looking for work for the coming season.
4. In-Patient design fees – Request to pursue design through completion of construction with HGA at an amount not to exceed \$2,248,890. The project will include OB, the second floor shell space, and both options for MedSurg and ICU (either staying on 4th floor or moving to 2nd floor). Dr. Mitchell stated that the entire shell space should be completed at one time.

Discussion: Dr. Mitchell recommended that a final design plan for these projects should be agreed upon by the Board. It is expensive to bid projects, change the design plan or not go forward with the design, and then have to bid the projects again.

ACTION: Mr. Dugan moved, seconded by Dr. Hartsaw, to take these four projects to the full Board for approval. Motion carried.

OCTOBER 2015 FINANCIAL PRESENTATION

Mr. Huber presented the October financial report.

- The hospital inpatient admissions were just slightly under budget. Pioneer Manor admissions were above budget.
- The hospital's average daily census was close to budget. Pioneer Manor was over budget.
- Outpatient visits were on track with the budget for the month.
- Clinic visits were under budget. This is due to budgeting for additional providers and mid-levels who have not started yet.
- ER visits were 120 under budget.
- Walk-In Clinic visits decreased by approximately 350 to 400 visits. This may be a result of the opening of the new Family Practice Clinic or the softening of the economy.
- Surgeries were over budget in October.
- Net patient revenue was under budget.
- Combined bad debt and charity care were \$813,000 over budget. Charity care decreased and bad debt has increased since last year. More bad debt than charity care is being written-off. The number of people applying for services available has decreased. We have a staff member that assists uninsured people in finding payer sources.
- Operating expenses were close to budget.
- Salaries and compensation were under budget for staff and physicians.
- Supplies and pharmacy were over budget.
- Contract services were over budget due to locum coverage and temporary staffing at Pioneer Manor, MedSurg, OB, Dialysis, and for end user training in Meditech.
- The operating loss was \$2 million dollars for the month.

- Mr. Huber will be contacting the county treasurer to discuss what changes in tax revenue we can expect going forward. We expect to receive the semi-annual tax payment in December. In addition, we will receive the Medicaid Qualified Rate Adjustment (QRA) payment in December.
- Accounts receivable days were 76 for the month, a decrease of 1 day.
- Days cash on hand decreased to 207.
- Cash balance decreased to \$88 million dollars. This is due to three pay periods in October and construction for the Legacy. We have used all of the bond funds available for the project and going forward, all of the expense for the project will come from our cash reserves.
- The final payment for the Powder River Surgery Center will be made in December. It is anticipated to be between \$8 and \$10 million dollars.

DISCHARGE OF UNCOLLECTIBLE DEBT

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

<u>CATEGORY</u>	<u>AMOUNT</u>	<u>NUMBER OF PATIENTS</u>
INPATIENT	\$275,449.39	28
ER	205,929.07	117
OUTPATIENT	<u>123,620.22</u>	<u>69</u>
TOTAL	\$604,998.68	214

ACTION: Mr. Dugan moved, seconded by Dr. Hartsaw, to discharge the October 2015 uncollectible debt in the amount of \$604,998.68. Motion carried.

- **INVESTMENTS**

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

\$5,000,000.00 from Wells Fargo Bonds was reinvested with WYOStar, the interest rate fluctuates monthly.

ACTION: Mr. Dugan moved, seconded by Dr. Hartsaw, to approve the October 2015 reinvestment. Motion carried.

Public Comment

There were no public comments.

Adjournment

The meeting adjourned at 1:03 p.m. The next regularly scheduled Finance Committee meeting will be held on Monday, January 25, 2016 at 12:00p.m.in the Board Room.

Marilyn Grant,
Recorder