

**Campbell County Health  
Finance Committee  
May 23, 2016**

Dr. Mitchell called the Finance Committee meeting to order at 12:03 p.m. on Monday, May 23, 2016. The meeting was held in the Hospital Board Room.

**Present:**

Dr. Alan Mitchell, Mr. Andy Fitzgerald, Chairman  
Mr. Andy Fitzgerald, Chief Executive Officer  
Mr. Dalton Huber, Chief Financial Officer  
Mr. George Dunlap, Trustee  
Mr. Mike Dugan, Trustee  
Ms. Deb Tonn, Vice President of Patient Services  
Ms. Karen Clarke, Director of Community Relations  
Ms. Kim Johnson, Director of Health Information Management and Compliance  
Mr. Steve Crichton, Vice President of Facilities  
Ms. Shawn Reznicek, Collection Supervisor  
Ms. Karre Fisk, Department Manager, Central Billing Office  
Mr. Doug Montgomery, Interim Controller  
Ms. Wendy Kaufman, Recorder

**Excused:**

Dr. Lowell Amiotte, Chief of Staff  
Mr. Bill Stangl, Director of Clinic Services

**Approval of Agenda:**

Mr. Huber added Perinatal Documentation System Upgrade to the agenda under capital requests.  
Mr. Dunlap added Accounts Receivable Improvement Suggestions to the agenda under Accounts Receivable.

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

**Approval of Minutes:**

**ACTION: Mr. Dunlap moved, seconded by Mr. Dugan, to approve the minutes of the April 25, 2016 meeting. Motion carried.**

**OLD BUSINESS**

- **Refinancing Bonds:** Mr. Huber has been researching options for refinancing bonds. Private placement could be lower cost at a similar interest rate. Mr. Huber requests to invite Piper Jaffray to the June Board meeting to discuss. He will send more information to the Board prior to the meeting.
- **Clinic Performance Statement:** Mr. Huber presented a profit and loss statement from July to February of fiscal years 2015 and 2016. Most of the clinics are up from last year with the exception of the Walk-In Clinic, whose volumes are down. Costs are up this year but have been adjusted. Typically the collection rate is 50% - 55% of the charges. IT is working on a report of charges by major Medicare revenue categories to align the ancillary charges by revenue code so cost can be estimated.  
Mr. Stangl has an action plan with several ideas to improve collections, including more efficient templates. Ms. Fisk stated that there are pros and cons of templates such as ease of use for the provider having options to select, but they also run the risk of having items selected that were not covered at that visit. This causes a problem when the physician has to remove the item that was not

discussed. Templates can be changed at any time. However, it has been difficult to facilitate this for all of the providers.

- **Collection Practices:** Ms. Reznicek presented the proposed new collection processes. Collection process does not begin until after insurance has responded or if the account originates as self-pay. Accounts will be turned over to Receivable Solutions when the guarantor has not made a monthly payment or they have made less than the minimum monthly payment. The proposal is to identify which accounts are over the 12-month period, utilize the statement cycle to inform the guarantor that the account is being turned over to Receivable Solutions, and send a letter of explanation. All initial accounts will be interest free. Any accounts incurred after that will be charged 4% interest. Mr. Huber would like to implement this in June. Thirty days will be needed to send the letter and move the accounts. No action taken now but will be discussed at next Board meeting. Ms. Reznicek will send the policy in the Board packet.

### NEW BUSINESS

- **Health Insurance Stop Loss:** Mr. Huber presented an opportunity to change Stop Loss carriers on employee health insurance to assume a larger deductible on the Stop Loss side. CCH currently pays everything over \$100,000 per individual per year. The companies are willing to let CCH keep some of the premium if losses are better than anticipated. Worst case savings are over \$200,000 per year compared to the current carrier. There is an additional opportunity to save more money by raising the deductible to \$125,000. CCH averages 5 cases over \$125,000 per year so on an average year, cost savings could be \$50,000 - \$100,000. CCH currently purchases this service with the county and city. If the county is included, cost saving is not possible due to their history. If CCH stays in this group it would be more expensive than it is now, as the county insures retirees.
- **Budget:** Mr. Huber presented the status of the 2017 budget. There has been a small decrease in inpatient volumes. There are some service lines still growing such as Behavioral Health with beds being added last year. Moving into Legacy added approximately 6 months off higher volumes. We are pretty moderate in what is forecast for additional resident days for Legacy and the Transitional Care Unit. Emergency room is flat. Small growth on surgeries. Orthopedic volumes are still up. Radiology is flat. There is some small growth in Physical Therapy. CCH currently has 1,155 FTEs. After AMS consultation, that number should be closer to 1,140. With the 20% reduction in the tax levy the final numbers will be better than this. Net revenue on the inpatient side is flat. This is about a 3% reduction in volumes and 3% price increase. Last year a 5% increase was put into the budget, which will not be done this year. Residential revenue is going up due to additional volumes in Legacy. Outpatient average is 2% growth on volume and 3% on charges. There will be a full year of Powder River Surgery Center revenue. Clinic revenue is going down, as we are losing two very busy practices in OB and ENT. Total net revenue growth is 1.1% with the 3% price increase. Some increased volume in Legacy and the full year for Powder River Surgery Center account for this growth. The budget does include a 1% market adjustment for salaries. We are \$2.5 million over budget in health insurance this year. Physician salaries will go down with the two practices leaving. The 340b drug-purchasing program will save on drugs. Net growth of expense is less than 1%. Even with taking on \$1.8 million of additional depreciation, the bottom line will improve by over \$1 million. Unsure of how the economy will impact CCH. Mr. Huber requested a budget meeting in June to discuss further. This meeting will be on June 14, 2016 at 1:00 p.m. in the Board Room.
- **Compliance:**  
Ms. Johnson stated that there are no compliance issues to report at this time.

Mr. Huber reports that there has been progress made in the billing at Powder River Surgery Center. However, Medicare has not provided a number yet. Several calls have been made to Medicare with no anticipated date given. The Meditech issues have improved. Ms. Tonn is arranging for Ms. Kioschos to go on a site visit to a facility that utilizes Meditech.

## CAPITAL REQUESTS

### BIOMEDICAL ENGINEERING

- **Telemetry Monitoring System Upgrade.** This request will fund the expansion of telemetry monitoring for patients in the surgery expansion area of the new facility. The system upgrade will eliminate documentation gaps with continuous monitoring during transport of patients to and from our Surgery Department. Software, hardware, professional services and testing are part of the project expense.

**Budget: \$156,477**

**Actual: \$156,477**

### INFORMATION SYSTEMS

- **Perinatal Documentation System Upgrade.** There was a correction to the original memo on this request to reflect the actual cost from \$32,393 to \$60,095, as the original request did not include both hardware and software. This request will pay for implementation of enhanced software and new hardware for the Centricity Perinatal Documentation System. The upgrades will allow our physicians to read critical patient data remotely to supplement care and make decisions when time is critical. New hardware is needed to create the connectivity for the upgrade and is included in this request.

**Budget: \$60,095**

**Actual: \$60,095**

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

## APRIL 2016 FINANCIAL PRESENTATION

Mr. Huber stated that there were three pay periods in the month of April. Because of this there were five check runs, which impacted cash. There was \$1.5 million spent on Legacy. Final purchase costs of PRSC was \$1.3 million. There was \$995,000 of additional other capital items. Approximately \$500,000 was recorded as physician vacation accruals and approximately \$200,000 of this was for PROS, which will go away, as this was an error.

Mr. Dunlap presented the following suggestions to improve on AR days:

- Ensuring proper demographics and insurance coverage prior to service.
- Collecting the proper copays at time of service to avoid sending one or more bills to collect payment.
- Ensuring patients understand that they can apply for hardships with no guarantee of being eligible.
- Timely billing to insurance to ensure timely payment and if claims are denied they need to be resubmitted or the patient billed more quickly.
- More careful consideration of patient complaint bills being written off.
- Clearer billing statements.

**DISCHARGE OF UNCOLLECTIBLE DEBT**

The uncollectible debt for April 2016 by category is as follows:

<b>INPATIENT UNCOLLECTIBLE</b>	<b>\$ 151,739.02</b>
<b>ER UNCOLLECTIBLE</b>	<b>\$ 344,643.80</b>
<b>OUTPATIENT UNCOLLECTIBLE</b>	<b><u>\$ 116,587.61</u></b>
<b>COMBINED TOTAL FOR APRIL 2016</b>	<b>\$ 612,970.43</b>

**ACTION: Mr. Dugan moved, seconded by Mr. Dunlap, to discharge the April 2016 uncollectible debt in the amount of \$612,970.43. Motion carried.**

Mr. Fitzgerald asked if the accounts that are transferred to Receivable Solutions should be removed from the balance sheet. Legal counsel will be consulted, and Mr. Huber will research this.

**INVESTMENTS**

The investments were unchanged in April 2016.

Mr. Dunlap stated that he invited Ms. Karre Fisk to discuss the clinics. Due to time constraints, this discussion will be tabled until the next meeting.

**ADJOURNMENT**

The meeting adjourned at 1:19 p.m. The next regularly scheduled Finance Committee meeting will be held on Monday, June 23, 2016 at 12:00 p.m. in the Board Room.

Wendy Kaufman, Recorder