

TITLE: Joint Finance and Planning Committees Meeting

DATE/TIME: August 21, 2023

LOCATION: Executive Board Room and via Zoom Meeting

I. CALL TO ORDER

The Joint Finance & Planning Committees meeting was called to order by Earl DeFur at 7:00 a.m.

Board Attendance: Earl DeFur, Larissa Kimball, Judy Barbera, Shane Roe, Brad Turpen- CEO,

Staff/Guests: Corey Furin- CFO, Matt Godfrey- Executive Director of Physician Services, Eriko Martian- Controller, Roger Folwell-Facilities, Victoria Mendoza- Executive Assistant/Med Staff Coordinator, Mike Cummings – HR Manager

ABSENT:

II. AGENDA

A. Consent Agenda – ACTION ITEM

1. Approval of minutes 07/18/2023

Motion: Shane Roe moved to approve the consent agenda. Larissa Kimball seconded the motion. No objections, the motion passed.

Discussion:

Minutes approved with changes to show Larissa Kimball seconded the motion to approve June financial statements.

B. Financial Statements

1. Review July Financial Statements

• **Volumes**

- Med Surg: 5 total admissions 19 patient days
- OB Patients: 0
- Swing Bed: 0 – there was a disconnect with St. Lukes Health Partner's (SLHP) new Medicare Advantage insurance plans. They responded that we were out of network and after Corey investigated, it was an error on their end, and we are in network with SLHP for referrals to continue coming in.
- Family Medicine: 611 patient visits. Decreased from last month, there were several physicians on PTO (paid time off).
- Urgent Care: 401 patient visits
- Observation Hours: 167 hours
- 401 Emergency Visits
- 37 Surgeries/Scopes
- Lab Testing: 2,931 tests
- Imaging: numbers were lower than July. There was an uptick for MRI.
- Overall July showed low volumes, but the expense control remained steady.

- Income Statement
 - Total Patient Revenue for July was \$2.7M. Last year this number was \$3.2M.
 - Total operating expenses for July were \$1.8M. Last year it was \$1.8M. We still ended at a negative margin for July at \$-150K, which was around the range predicted mid-month.
 - The expense reduction compared to the 4-month run rate of Oct-Jan came in at 15% improvement for July.

Discussion:

Earl asked if there is a reasoning for the uptick for the Payroll Taxes and Benefits. If you add that with the Salaries and Wages, it comes close to \$1.2M. It was noted that the employee operating expenses are always the largest category of cost. Brad added, compared to last year this number is significantly lower. Corey also discussed when physicians take PTO it is not accrued which then causes an uptick each month in the benefits side when it is taken.

Larissa asked how the numbers look for August and if the decrease in clinic visits for Valor Health Family Medicine is due to Dr. Mumford's departure. It was noted that the numbers for August are trending just under \$3M and Dr. Mumford's departure was on July 31, which is not a direct reflection of the decrease in numbers.

- Balance Sheet
 - \$370K in cash and \$4.6M in investments.
 - Gross Patients Accounts Receivable for July was \$7M. This number is slightly below last month but higher than last year. Net Patient Receivables were \$3.5M
 - Accounts Payable were \$479K for July.
 - Current Liabilities: \$1.9M
- Cash Flow
 - Adding the Depreciation & Amortization, and with the timing of the payroll in our A/P and Accrual, we still ended the month with a \$200K increase leaving us at a positive cash flow position for July.
- Trending Income Statement
 - For July we are currently at 51%, which is just under our target for wage/net revenue of 55%.
 - Operating expenses continue to go down. Managers and front-line employees are working hard with the expense reduction plans.
 - There are two travelers in radiology until we can get a permanent replacement.
- Revenue by Financial Class
 - Total percentage for inpatient and outpatient for insurance is 24%. HMO is at 33%, Medicaid is at 18%.
 - The split from the IP and OP percentage 9% of IP and 91% OP. This is predicted to continue shifting after ending Labor & Deliver services.
- Gross A/R Days

- A/R days are trending near the 70 days mark.
 - Wages as a percent of Net Revenue is below 55%.
 - For Cash Receipts/Net Patient Revenue we are at 95%, just under the 100% mark.
 - Revenue Cycle is still facing staffing challenges in all areas. We recently partnered with TruBridge, our clearinghouse. They have provided a full-time biller and a part-time coder that will start in the next two weeks.
 - We are currently going through the onboarding process for coding audits and education and underpayment review to make sure the insurance networks are paying according to the contracts.
 - There was a decision made for an interim Revenue Cycle Director. Her name is Darlene Mangrum, and she comes with thirty years of experience as well as highly recommended by IHA (Idaho Hospital Association).
- Gross A/R Trending
 - The denials from fall are still in the process of being appealed. This is taking a while, but we are getting reimbursement which proves our outside agency is being successful.
 - We have officially signed up with Epic River for the 0% financing program.

Discussion:

Larissa asked what commitments the Revenue Cycle Director would have since she is only interim. Corey noted that she is very eager to begin work here, and the plan is to have her on board for 4-6 months. Corey will additionally reach out to Katie Beevers and see what the plan will look like for her return date.

Shane asked how does the 0% financing work. Corey noted that Epic River is a patient lending program that partners with local banks and credit unions to help patients have longer and smaller payment plans. Once patients are approved, Epic River pays us the patient's entire balance and the patient then makes payments to that bank. Larissa asked what the time frame is for offering 0% interest. Corey noted they only offer 0% for 24 months, after that time, 10% simple interest is incurred.

Brad asked if we could separate the payer mix from Medicare and Medicare Advantage. It was noted there will be a separated report moving forward.

Motion: Shane Roe moved to approve the Financial Statements for July 2023.

Larissa Kimball seconded the motion. No objections, the motion passed.

C. Bad Debt & Charity – July – ACTION ITEM

1. Bad Debt write off \$187,965 – Bonneville is now sending pre-collection letters in an attempt to collect payment before it goes to collections. Valor Health is only paying for the postage.
2. Charity write off \$11,630
 - 12-month average is 4.1%
 - July: 7.4%

Discussion:

Larissa mentioned if there was an appropriate spot to place information on

patient's discharge packets about the Epic River 0% financing. It was noted there is something like that in the works and there will be a process streamlined for this. Judy also asked if there is a financial counselor available to discuss bills with patients as well as answer any questions they have. Corey noted that we do have a Patient Financial advocate that makes calls to patients and processes financial assistance applications.

Earl asked if Bonneville resells the collection debt to other collection agencies. Corey noted he does not know if Bonneville does resell patient's collections balance but will double check.

Motion: Judy Barbera moved to approve the Bad Debt and Charity write-offs for July. Shane Roe seconded the motion. No objections, the motion passed.

D. Finance Committee

1. General Discussion
2. Finance Committee Dashboard- Corey gave a brief review of the dashboard.
3. FY24 Capital Budget
 - This year's Capital Budget was aggregated with the Executive team with items from last year as well as new added items submitted by department managers.
 - Last year's annual capital budget was \$600K and Valor Health only spent about \$60K since the negative pressure rooms were done with a grant.
 - The ask for the capital budget this year is \$350K and about \$35K is being held as contingency.
 - Corey reviewed the accounting line specifically in the capital budget:
 - Net Suite will be the new general ledger and budget tool in the process of moving away from Billings Clinic.
 - To be able to interface with Cerner, the cost will be \$45K. Corey was able to get concessions on the payments for six months and is now working to get concessions for 9 months, and he suspects will get approved.
 - Eide Bailey is working with us on this process from an advisor/consultant standpoint to make sure the software gets implemented correctly and functions well with Valor Health's needs.
 - The plan is to go live around March 1 – April 1 of FY24.
 - With the new Capital Budget Policy, the plan is to be transparent about every purchase, but if the purchase is within the budget, it will not need to be brought to the Board for approval.

Discussion:

Earl mentioned concerns about the purchases not being brought to the Board for approval. Larissa noted the process change was approved by the Board a year ago and she believes the checks and balances are still there since there will be notification and transparency about each purchase. Judy added this decision was also made for emergency expenses that are hard to wait on for Board approval.

Brad asked Corey to explain to the group why we are looking to invest in a new ledger and budget tool now, since we are switching to a new electronic health record (EHR) in the future. Corey noted this is a valid question and the process in choosing a new EHR is still a 2–3-year process. The need for good financial capabilities is now and these investments will still pay off even if we need to do a mini-implementation down the road.

Larissa asked about the bore drill expense. Roger explained the bore drill project is to install underground conduit connecting the specialty clinic to the main IT system. He also mentioned they did seal all the parking lots last year, but that was more temporary and cosmetic but does not fix the underlying issue. Roger added Valor Health Family Medicine and the Specialty clinic will eventually need repaving.

4. Financial Outlook/Income Bridge Plan

- Corey noted he would send out the financial outlook offline to show how we ended with \$-150K for July.

Motion: Larissa Kimball moved to approve the FY24 capital budget. Shane Roe seconded the motion. No objections, the motion passed.

E. Planning Committee

1. General Discussion

- Separating Planning Meeting
 - Judy and Shane decided this would begin as of next fiscal year. The Planning Committee will meet quarterly separately and join the Finance Committee as needed.
 - Brad added it would be wise to keep in mind what month the Planning focus is for the Board meeting to make sure there is a Planning meeting aligned ahead of that Board meeting.
 - Larissa mentioned this will be out of rhythm with the other committees that meet monthly. Shane noted this is mainly being done for timing. It seems the finance portion of this meeting always goes over the allotted time and planning does not get to do a deep dive.
 - Judy and Shane also mentioned they are open to suggestions for the time and days. They are open and flexible about what is better for the organization.

2. FY23 Planning Committee Dashboard

- New changes were made to align with the current quarter.
- There will be a Board selection made at next week's Board of Trustees Meeting.

3. Board Goals Dashboard CY23*

- Victoria sent out a survey to be able to gather results for Community and Valor Health engagement from the Board. Community engagement has moved to Green, but Valor Health engagement remains Yellow.
- Judy will review the results and send them out to the Board.

F. Strategic Goals

1. FY23 Strategic Plan Review

- Invent Tomorrow's Organization Framework,
 - Corey and Brad continue to be involved in the Rural Health Emergency Cohort. Work with the county has been shelved temporarily.
 - The deadline to submit ballot language is September 18.
- Fresh Facilities Fresh Places
 - There will be a public hearing tonight to decide if utilities can be extended down twelfth street for Valor Health Center (VHC).
 - The progress of VHC mainly hinges on utility entitlements and the building permit. If the extension of utilities is approved, we will be able to execute the lease.

- The 10-yr service line objective remains on hold for FY24.
- Intentionally Focus on those we Serve.
 - Stephanie continues to progress with the Value Based Care program for acute and outpatient care.
 - Pre- and post-natal classes are offered and there have been great reviews for them within the community.
 - Dr. Fox is set to start on September 18.
 - Matt spoke to Dr. Fox's inviting personality. He was recently at our vaccine clinic event at the Emmett Middle School and had engaging conversations with the community.
 - Larissa added it would be great to invite Dr. Fox to the September Board meeting for introductions.
- 2. FY24 Planning Process
 - Brad noted the FY24 strategic plan process has started, and he plans to have a draft ready for the September Planning and Board meetings.

G. Valor Health Center

1. Steering Committee Update
 - The progress of Valor Health Center was covered in the Strategic Plan.

H. Master Facility Plan

1. General Update
 - On hold until FY24.

I. Other Business – No other business

III. NEW BUSINESS

A. Executive Session – None

IV. ADJOURNMENT

Being no further business, the meeting was adjourned at 8:34 am.