

TITLE: Finance Committee Meeting
DATE/TIME: November 21, 2023
LOCATION: Executive Board Room and via Zoom Meeting

I. CALL TO ORDER

Finance Committee meeting was called to order by Earl DeFur at 7:03am.

Finance Member Attendance: Earl DeFur (Finance Chair), Brad Turpen-
CEO, Corey Furin-CFO, Eriko Martian- Controller
Staff/Guests: Victoria Mendoza- Executive Assistant/Med Staff
Coordinator

ABSENT:

II. AGENDA

A. Consent Agenda – ACTION ITEM

1. Approval of minutes 10/24/2023

Motion: Brad Turpen moved to approve the consent agenda. Corey Furin seconded the motion. No objections, the motion passed.

B. Financial Statements

1. Review October Financial Statements

- Volumes
 - Med Surg: 15 patient days
 - Swing Bed: 0 patient days
 - Family Medicine: 706 patient visits. Great numbers for October considering we are down one Family Medicine provider, and our pediatrician Dr. Fox is only here part time.
 - Urgent Care: 411 patient visits
 - Observation Hours: 267hrs
 - 383 Emergency Visits
 - 53 Surgeries/Scopes
 - Lab Testing: 3,185 tests
 - Imaging: Imaging volumes increased from last month, creating a good revenue month for October.
- Income Statement
 - Total Patient Revenue for October was \$3.4M. Last year this number was \$3.1M. There was a 6% price increase on charges to maximize the Blue Cross contract.
 - The contractual adjustment is at 43% which is a little high, but it is not bad to be conservative early on.
 - Total Operating Expenses are higher than last month at \$1.9M. This is mainly due to some end of year items and a full month of utilizing travelers to staff Radiology.
 - The month of October ended at a positive \$126K. Operating EBIDA would be a \$168K positive month.

Discussion:

Earl asked if Salaries & Wages will decrease being down a Family Medicine

provider. Corey noted he does not suspect it to drop down further with there being organizational changes causing some positions to move into salary. Corey added it will level out within the next months, but he does not believe it to drop down further.

- Balance Sheet
 - \$342K in cash and \$4.3M in investments.
 - Gross Patients Accounts Receivable for October was \$6.5M. Net Patient Receivables were \$3.3M.
 - Accounts Payable were \$568K.
 - Current Liabilities: \$1.4M.
- Cash Flow
 - There was a \$73K Medicaid Settlement paid from FY19. There is cash reserved for these cases with auditors and it has resulted in paying out less than what is reserved causing pickups on the Income Statement.
 - There was a negative \$46K cash flow for October, if we account for the \$73K Medicaid Settlement being a one off event, our cash flow would be showing a positive \$27K..

Discussion:

Earl asked what caused the AR to jump up. Corey noted this was a high revenue month causing a spike as we collect cash. Earl asked if there are more settlements needing to be paid. Corey noted there are settlements from FY20-FY22. The plan is to pay FY20 later this year and we remain adequately reserved for these settlements.

- Trending Income Statement
 - Operating Expenses are about \$61K per day, which shows the great progress that has been made. There will be more expenses coming as we move into our new Chemotherapy and Lab Outreach program, but these both will have offsetting revenues.
 - The contract revenue did increase due to the travelers staffed in imaging.

Discussion:

Earl asked if there will be a high startup for the Chemotherapy services. Corey noted there could be a high startup for the drugs needed, but not necessarily since we have been partnered with Dr. Qureshi, we place orders as they are needed. Corey added most expenses have already been paid including the mixing hoods, hazardous and non-hazardous. The clean inspection room for the pharmacy is expected to take place on December 22.

- Revenue by Financial Class
 - As we move further away from Labor & Delivery services, the trend continues to shift from Inpatient to Outpatient. This is the first month in FY24 and October has been the highest on the outpatient side that we have seen at 96%.
- Gross A/R Days

- For October we are right around our AR Goal. There is work that needs to continue to happen to get our AR days where they need to be. Darlene Mangrum, the Revenue Cycle Director has shifted her focus from Patient Access customer service/accuracy to AR to offer improvements.
- The accuracy for Patient Access in the Hospital and VHFM (Valor Health Family Medicine) is currently at 90%, which is a significant improvement from our starting point of 47%.
- Gross A/R Trending
 - AR over 180 days is at \$1.1M. After investigation, about \$800K of that amount is still collectable. Most of these pending payments are from governmental insurance who have offered commitments for us to receive payments within 30-60 days.
 - We continue to see higher denials with Medicare Advantage plans.

Motion: Brad Turpen moved to approve the Financial Statements for October 2023. Corey Furin seconded the motion. No objections, the motion passed.

C. Bad Debt & Charity – October – ACTION ITEM

1. Bad Debt write off \$324,220
2. Charity write off \$10,499
 - 12-month average is 4.2%
 - October: 9.8%
 - As we clean up on our AR days, there have been several accounts moving from self-pay to bad debt causing the Bad Debt write-off number to increase.
 - There is continued success with our Epic River program. We have collected over \$180K in the last few months.
 - Corey is set to have a final reference call with AblePay. This is a more favorable program as it does not have a recourse rate compared to Epic River.

Discussion:

Earl asked where the \$324K goes into. Corey noted this is placed on our reserved for in our contractuals which the month reserve impacts show up on our income statement, but the actual write-offs are already reserved for through this process. Brad added the bad debt write-off and community benefit will be important to track since the legislature is considering making hospitals pay property taxes..

Motion: Brad Turpen moved to approve the Bad Debt and Charity write-offs for October. Corey Furin seconded the motion. No objections, the motion passed.

D. Finance Committee

1. General Discussion
 - Q1 Capital purchases have been released. These are the power exam tables for the clinics, a specific type of table in imaging for Interventional Radiology procedures, ISTAT blood analyzer, and EPOC machine.
 - There will be a need to replace the chiller after this season. It is about 27 years old, and the repair cost is about \$70K. The replacement cost would

be near \$150K, but Corey plans to re-allocate the capital dollars to minimize impact on the cash perspective.

- The Facilities Department are gathering flooring quotes to finish renovations throughout the hospital.
- Corey provided an update on the MRI Trailer. Two vendors offered to buy us out of the current contract.
 - The first option is a GE product, and the second option is a Seimens container solution. The GE product would be up and moving within 90 days and the second option would be an 8-month build-out. Both options would be around \$25-28K a month compared to the \$16-17K a month we are currently paying. Radiology would need to do about 10 more procedures a week to pay the difference.
 - When you look at the increased prices, it's a good opportunity to realize it will come with increased technologies, better vendor relationships and the ability to accommodate different patients and procedures.
 - Corey will have a proposal in the next few months as we transition towards those options.
- 2. Finance Committee Dashboard- Corey gave a brief review of the dashboard.
- 3. Operational excellence plan update
 - The Chemotherapy program is set to be up and running in January.
 - The Valor Health Center is moving along well. There has been slow progress but great results.
 - We are continuing to work on the Lab Outreach program, right now the biggest hurdle is the interface and workflow being properly set up within Cerner.
- 4. Financial Outlook/Income Bridge Plan
 - Moving forward this item may be removed from the agenda. We are pleased and excited with the accomplishments so far, now we will continue to work on maintaining them.
 - The FEMA payment of about \$1M is expected to be received by the end of CY23.
 - Corey submitted another \$900K to FEMA a few weeks ago but is suspected we will not receive it until the end of FY24 depending on the methodologies and information that will be requested.

Discussion:

Earl asked how the building plan would work for the Seimens option and how long the lease would be. Corey noted he would imagine we would build a type of overhang between the Hospital and the MRI location. The lease for the Seimens is about 7 years (84 months).

Earl asked how the transition is going for the new EHR. Corey noted at the moment we are not comfortable towards moving to a new EHR until we begin seeing income bridge items come into fruition. The Lab Outreach, Chemotherapy program, and Orthopedics are all services that will bring in more revenue to be able to cover the costs of moving away from Cerner/Billings. Billings will give us 18-24 months to be able to transition when the time comes. If everything goes well with the growth in these services, the plan is to make the change in about a year.

III. NEW BUSINESS

A. Executive Session – None

IV. ADJOURNMENT

Being no further business, the meeting was adjourned at 7:56 am.