

TITLE: Joint Finance and Planning Committees Meeting

DATE/TIME: December 15, 2023

LOCATION: Executive Board Room and via Zoom Meeting

I. CALL TO ORDER

Joint Finance & Planning Committees meeting was called to order by Earl DeFur at 8:03 a.m.

Finance Member Attendance: Earl DeFur, Susan Morgan, 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 11/21/2023

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

B. Financial Statements

1. Review November Financial Statements

- Volumes
 - Med Surg: 28 patient days
 - Swing Bed: 22 patient days
 - Family Medicine: 656 patient visits; this has been a more decreased month that notes the impact being down a Family Medicine provider comparing to the FY23 average.
 - Urgent Care: 447 patient visits
 - Observation Hours: 642 hours
 - 368 Emergency Visits
 - 50 Surgeries/Scopes
 - Lab Testing: 3,233 tests
 - Imaging did have a decrease in volume compared to last month.
 - Sleep Lab and Infusion had great numbers this month.
- Income Statement
 - Total Patient Revenue for November was \$3.3M. This is the second-best month for revenue that we have seen. Last year this number was at \$2.9M.
 - The contractual adjustment is maintaining around 43%.
 - From an Operating EBIDA standpoint, November ended at \$135K, which is a good indicator of how our organization is doing operationally. This lands us at 8 out of 9 months with a positive month end.
 - Patient Chargeable Supplies did increase for the month of November. This was due to Pharmacy/Infusion supplies and Orthopedic expenses.
 - Included in the Education line is tuition reimbursement of \$25K and a

- quality bonus of \$9K.
- The starting wage for Imaging has also increased to help recruit and retain staff in the Radiology department.

Discussion:

Earl mentioned he attended the last meeting at the fire station and the ambulance runs were up last month. He added there was a high number of ALS transfers outside of the hospital and was curious if there was a trend due to no staffing or what the cause of high transfer numbers is. Corey noted he would review the transfer reports with Kathy Prindle to see what the transfer reasons are. Earl asked what line on the Income Statement notes expenses for joint surgery and if that is usually the most expensive. Corey noted the expenses are on Patient Chargeable Supplies. Corey added that Orthopedic procedures are generally more expensive, but it does depend on the month and types of cases being done. Corey mentioned that Pharmacy expenses are increasing due to the biologics being done in Infusion with Dr. Quereshi coming from Saint Alphonsus. Earl asked if there is the ability to receive quarterly reports on Pharmacy's improvement. Corey noted there would be quarterly reports on the Chemotherapy program, Lab Outreach and Valor Health Center (VHC) service lines to see how they are performing. Earl asked if this could all be done within Cerner. Corey noted yes, but there would also be separate reports from the Lab and Valor Health Center as the downstream revenue is a little trickier to capture. The Chemotherapy tracking would be more of a case-by-case basis. Earl asked if the Planning committee is looking at the Strategic Plan and how to enhance these service lines. Corey noted, these objectives are reviewed regularly and there are ongoing operational strategies to piece it all together.

- Balance Sheet
 - \$441K in cash and \$4.4M in investments.
 - Gross Patients Accounts Receivable for November was \$6.7M. Net Patient Receivables were \$3.3M.
 - Accounts Payable were \$522K.
 - Current Liabilities: \$1.4M. – There was a positive \$41K to get the general ledger set up. Included in the aggregate amount are reserved payments for the Medicaid Settlements that remain unsettled. There is a separate account for each year. Eriko has also added an aggregated journal adjustment.
- Cash Flow
 - November had an increase in cash flow of \$130K.
 - Corey just signed to be able to process the FEMA payment. There is a good chance to receive it by the end of the month. This would be about \$800K to be received.
 - There is a new project with FEMA that was submitted of about \$900K, but it is anticipated to take all FY24 to process.
 - The Employee Retention Credit (ERC) payment is paused on review. The IRS changed the flow on how they were reviewing these cases. We are unsure when we will receive the third payment. The pause ends at the end of this year and will resume to regular review at the beginning of the new year.
 - The month of November ended with 72 days of cash on hand.

- Trending Income Statement
 - For the month of November expenses were at \$63K per day, which is about \$2-3K per day higher than previous months. If you were to take out the traveler and education expenses, it would bring us back down to \$60-61K per day.
 - As we continue to grow the service lines, the expenses per day will start to increase along with Revenue.
- Revenue by Financial Class
 - 70% of our insurance payments are Governmental Insurances. A good portion of our financial class is Medicare and Medicaid that have not been covering costs as well as they used to. 26% is commercial insurance.
 - The month of November ended with a 5% shift compared to FY23 leaving us at 4% for Inpatient charges and 96% for outpatient care.
- Gross A/R Days
 - November cash/net patient revenue is just under the 100% mark/goal, but as of right now December has maintained around 100%.
- Gross A/R Trending
 - There has been an increase in the over 90 days bucket to 30%.
 - Over 180 days has increased 19%.
 - We recently have hired a biller who has been doing great. There are two remote full-time coders that will start on January 2.
 - Of the \$1M in the over 180 days bucket, \$700K is still collectable and we have received several commitments from insurance companies that they will send out payment. The hope is to receive these by the end of December to early January.
 - Corey recently signed the contract with AblePay. This program acts like an insurance company and pays off self-pay patient's balance as a secondary payer. There is no recourse rate with this program.
 - Corey is looking into Care Credit, which is another popular program. Currently we are not set up to accept payment with them, but if we are to set it up, payment is received within 48hrs at a slight discount.

Discussion:

Earl asked if Care Credit is strictly for medical only. Corey noted yes, a wide range of health bills can be paid with Care Credit.

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

C. Bad Debt & Charity – November– ACTION ITEM

1. Bad Debt write off was \$84,760.
 - There is significant improvement in getting old accounts cleaned up.
 - Corey will investigate the trajectory of the difference from this month to last month.
2. Charity write off was \$6,180.

- 12-month average for bad debt and charity write off percentage is 5%.
- November was 2.7%.

Motion: Corey Furin moved to approve the Bad Debt and Charity write-offs for November. Eriko Martian seconded the motion. No objections, the motion passed.

D. Finance Committee

1. General Discussion

- The Quarter 1 (Q1) Capital Request purchases have been released. Included in this was a Radiology exam table for vein studies, exam tables for Valor Health Family Medicine and Surgical Specialty Clinic, an EPOC machine for the lab and an ISTAT machine for the Emergency Department.
- There will be a need to replace the chiller after this season. We will reallocate funding from the Capital Budget earmarked for other projects and move them to FY25. We recently completed a temporary fix that will get us through Summer, but a decision will be made next month.
- We propose to use 50% of the Capital Budget in Q2, and use the remainder in Q3, to allow for any brake fix items in Q4.

2. Finance Committee Dashboard- Corey gave a brief review of the dashboard.

3. Operational Excellence Plan Update

- Corey provided a monthly review report provided for Department leaders regarding expense tracking for FY24 which will compare to a 3 month and 6 month average rather than providing the comparison of a 4-month average that was used during the expense reduction plans in FY23.
- Back in FY23, the first four months were faced with significant losses. Once our Expense Reduction plan began, our engaged leaders and front-line staff were able to save 10%, which created about \$1.8M in reductions.
- The Net Income Bridge will be updated on a quarterly basis to begin in December.

Discussion:

Earl asked where the FEMA and ERC payments will go towards. Corey noted they will go to our cash reserves to build up our days cash and will not be used for Capital Budget items. Earl asked where the numbers came from in the monthly review report. Corey noted these numbers are from the monthly financial statements.

E. Other Business – No other business

III. NEW BUSINESS

A. Executive Session – None

IV. ADJOURNMENT

Being no further business, the meeting was adjourned at 8:57 am.