

TITLE: Finance Committee Meeting

DATE/TIME: January 23, 2024

LOCATION: ~~OBJ~~ Executive Board Room and via Zoom Meeting

I. CALL TO ORDER

The Finance Committee meeting was called to order by Earl DeFur at 7:09 a.m.

Finance Committee Attendance: Earl DeFur, Brad Turpen- CEO, Corey Furin- CFO, Susan Morgan, Eriko Martian- Controller

Staff/Guests: Victoria Mendoza – Executive Assistant

ABSENT:

II. AGENDA

A. Consent Agenda – ACTION ITEM

1. Approval of minutes 12/15/2023

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

B. Financial Statements

1. Review December Financial Statements

● **Volumes**

- Med Surg: 38 patient days
- Swing Bed: 24 patient days
- Family Medicine: 662 patient visits – 10% higher than last year and a little higher compared to last month. Between PTO and the absence of a Family Medicine provider, it was not a bad clinic month.
- Urgent Care: 504 patient visits – ahead of prior month and a little lower than prior year.
- Observation Hours: 418 hours
- 402 Emergency Visits
- 48 Surgeries/Scopes – There were quite a few physicians out in December on PTO, but most cases seen were high dollar.
- Lab Testing: 3,477 tests - ahead of FY23,
- Imaging: great numbers across the board for Radiology.
- Infusion: 51 patient visits.
- Sleep Lab: 13 patient visits.

● **Income Statement**

- Total Patient Revenue for December was \$3.6M. Last year this number was \$3.1M. This is the highest month we have seen this quarter.
- Radiology, Surgery and Pharmacy all helped to achieve high revenue for the month of December.
- The contractual adjustment is around 43.4%. This is mainly due to our 6% price increase at the beginning of the year which is around where we need to be.
- December had a higher amount of Payroll, Taxes and Benefits due to providers being out on PTO throughout the holidays. Matt Godfrey and Corey will get together to decide how PTO should be split for providers

in FY24 and whether we would like to proceed with a quarterly allotment.

- Patient Chargeable Supplies is higher this month due to a \$60K expense in mixes for Chemotherapy treatment.
- From an Operating EBIDA standpoint we have ended the month positive, leaving us at 9/10 months that we have maintained a positive month end.

Discussion:

Earl asked if Pharmacy expenses would remain the same or increase. Corey noted they would stay roughly the same. Corey added once Chemotherapy starts, it will balance with the cost of dispense drugs and the amount of drugs given. The Clean Room Inspection was done recently and there was one area outside of the microbial range. There were modifications made to the unit, a gear on the door installed as well as calking on the ceiling to add an additional level of containment. The next clean room inspection will be on January 29, after that we will be able to do certain mixes for patients if all goes well with the inspection.

Earl asked why the total Income from Operations is only at \$79K with such a good revenue month. Corey noted it is mainly due to the Medicaid settlements, expenses, and Physician PTO. If it had been any other month than December, it would have been around \$120-130K for total income from operations.

Earl asked why the Non-Operating Revenue is at \$23K. Corey noted he will email Earl offline as he does have a breakdown of the non-operating revenue. Corey also added the FEMA payment of \$800K that was received in December will be booked in FY23 by recommendation of the Auditors. There will be other revenue booked into FY23 to match the expenses since there was a different timing of when money was coming in. Eriko added that the contractual adjustment is also higher due to moving the payments to the prior year as well. There will be updates on the income statements from FY23 as those adjustments are made.

- Balance Sheet
 - \$174K in cash and \$5.2M in investments.
 - Gross Patients Accounts Receivable for December were \$7.1M. Net Patient Receivables were \$3.8M.
 - Accounts Payable were \$547K.
 - Current Liabilities: \$2.5M
- Cash Flow
 - The month ended at \$600K, a positive cash increase for December.
- Trending Income Statement
 - The details of this report are covered in other areas. It has been included here for reference only.
- Revenue by Financial Class
 - The revenue by financial class is at 5% Inpatient and 95% Outpatient services, which is aligned to what we have been seeing for most of FY23.
- Gross A/R Days

- Gross A/R days are around 70, which is an uptick due to the revenue being so high in the last 3 months and collections being lower than anticipated.
- December cash receipts are lower than we need them to be, sitting below the 100% mark.
- Gross A/R Trending
 - The Gross A/R trend for the 0–30-day bucket is higher than last month.
 - There is still work for the 151-180+ days to collect cash with insurances who promised to pay and determining if patient's need to be sent to collections.
 - Corey is working with Beth and Darlene on the SWAT analysis. We recently hired a new biller and coder, which opens opportunities for increases and efficiencies. Beth Guest recently transitioned into the Business Office Supervisor, most of December was spent training and supporting the new billers which resulted in some lag this month.
 - Hospital Patient Access staff will begin doing follow up phone call with patients in the 0–60-day bucket to ensure correct insurance information and check claim statuses.
 - January is showing good cash collections at about \$1.8M, which is already ahead of December.

Discussion:

Earl asked where the FEMA payments are reflected on the Balance Sheet. Corey noted it is placed on Accounts Receivable. Once the payment is received there is an increase in cash, but a decrease on the accounts receivable side due to booking it into September FY23 per the auditor's recommendation.

Earl noticed there hasn't been many issues regarding Prior Authorizations. Corey noted Darlene has started a weekly denials committee within the Business Office that offers weekly reports to be able to forecast and work differently to resolve the denials in a timely manner.

Motion: Brad Turpen moved to approve the Financial Statements for December 2023. Earl DeFur seconded the motion. No objections, the motion passed.

C. Bad Debt & Charity – December– ACTION ITEM

1. Bad Debt write-off: \$332,142
 - This number is higher compared to November due to a large clean up our Patient Financial Advocate is working on, so these amounts no longer sit on our A/R days.
 - There is no current live date for AblePay, which acts as a secondary payer for patients' balances and there is no recourse rate on our side.
 - Corey is working with Care Credit as another option for patients that has no recourse rates for us. Once patients are approved, we receive payments within 48 hours.
2. Charity write-off \$450
 - 12-month average is 5%
 - December: 9.3%

Motion: Brad Turpen moved to approve the Bad Debt and Charity write-offs for December Earl DeFur seconded the motion. No objections, the motion passed.

D. Finance Committee – ACTION ITEM

1. General Discussion

- Capital Spend Update
 - Quarter 1 capital expenses included a new imaging table, 6 power exam tables for the VHFM and SMSC clinics, ISTAT point of care testing for Emergency Department. Altogether the expenses were about \$70K, which is about 20% of the total Capital expense.
 - Quarter 2 will be about 50%, and the remainder 30% in Quarter 3 for expenses. Quarter 2 expenses will include a backup data server, the chiller replacement downpayment, and the ultrasound capital lease.

2. New MRI Solution – ACTION ITEM

- Corey presented an overview of 3 MRI Solutions that were investigated to be able to transition to a new MRI. Some key points include:
 - Currently we are in a contract with Imaging Solutions until September 2025. The average monthly cost is \$16K a month.
 - The three vendors that were investigated were:
 - Shared Medical, which is another MRI mobile unit, ranging from \$18K-31K including buying out the lease.
 - Siemens, which is a Free Max Container, ranging from \$22K-25K including buying out the lease.
 - Akumin, which is another MRI mobile unit, ranging from \$19K-24K but they were not interested in buying out the lease.
 - Siemens Free Max Container is the recommended solution given its new technology, wider bore to allow scans on larger patients and patients who are claustrophobic.
 - Valor Health would be the second facility in the state to have this top-of-the-line technology solution and only 5th in the United States.
 - The Siemens lease time would be 84 months with 4 years of warranty.
 - Financials perspective:
 - An average scan gross revenue is around \$2.2K with an average reimbursement of \$1.1K per scan. There would not be any increased full-time employee (FTE) utilization for this service.
 - The monthly lease is about \$22K a month or \$25K a month for the Nominal Purchase Option Lease.
 - We average about 2 scans a day with the ability to do 6-8 per day with the current FTE schedule. To cover the cost of the new solution, we would need to only do about 2 more scans per week.
 - The service agreement would start in year 5, increasing the cost to about \$6K per month. This would mean we would need an additional 6 scans per month to cover the cost.
 - The MRI referrals for the last 12 months were tracked and about 140 in the year that were sent out due to the MRI being down or simply patient preference.
 - Siemens pictures were included in the packet. Kathy Prindle and the Radiology team went to see the Free Max container at the Weiser hospital.

Discussion:

Earl asked if the MRI container is noisy or required higher power requirements. Corey noted that he is not aware of the container being noisy and would not have higher power requirements. Corey added that GUHO came out to see if we could potentially connect the MRI container to the hospital. This would mean we would lose one of our loading docks and we would need to have concrete work done for the padding and to bury certain cable lines. Earl asked if this would increase Orthopedic activity. Corey noted not only our Orthopedics program, but the plan is to do outreach and marketing to other sports medicine clinics surrounding the Treasure Valley.

3. Multiview/NetSuite ERP Solution – ACTION ITEM

- Currently we are in a contract relationship with NetSuite until October 2025. We are the first hospital they have done a partnership with.
- The payment with NetSuite is \$16K per quarter that started in July 2023. It will go down to \$10K per quarter after January 2026.
- EideBailey helped with the implementation, and we are paying them \$3K a month for 8 months.
- The implementation was not what we expected, and it will not be HIPAA compliant until 2025.
- Multiview recently reached out to offer a proposal of no cost to switch to their ERP in exchange for us to be a referral/reference for their program.
- There would be no cost through the current NetSuite contract of December 2027. Multiview would then lock in pricing for 5 years after that at 50% of a discounted price which would be around \$70K per year.
 - Throughout this time, we would pay Multiview the OCR fee which is about \$15K per year or \$1200 per month.
 - If we stayed with NetSuite and scoped them to give us the same user access it would be about \$69K per year.
 - Staying with Billing's Clinic and their 3-5% increases per year we would pay anywhere from \$77-\$90K annually by 2032.
 - The interface cost would be the same as what we are currently paying NetSuite and Cerner. We would just reallocate the expenses to Multiview after discussing the change with Cerner.
 - The go live date would be between May-June with Multiview in a phased approach, but we would be HIPAA compliant from day one.
- Multiview is currently integrated with hundreds of Rural Health hospitals and has a great relationship with Cerner, our current EHR.
- The implementation team for Multiview is currently made up of former hospital Controllers, CFO and Supply Chain Managers, which gives us more confidence in our implementation and not face the red flags with NetSuite of constantly re-explaining to them why we need certain implementations since they don't usually work with healthcare.
- Currently Multiview is in the process of integrating with Epic hospitals and starting a conversation to integrate with Meditech. This will allow us to maintain a great ERP regardless of which direction we go in the decision for a new EHR in the future.

Discussion:

Earl asked who the lead person on this implementation would be. Corey noted he and Eriko would make time and lead this implementation. The main goal is to shift

away from Billings and have our own system in place. Corey added this would exponentially better the department with pulling reports for each service line and CPT codes. Earl asked if the reports go through Billing's Clinic. Corey noted the Infor Cloud reporting only has general ledger accounts; you cannot directly tie back patient accounts to Cerner on Infor. Corey added that with Multiview it will all be built in together whereas our current general ledger is separate.

4. Valor Health Center Competitor Analysis

- Brad reported the Valor Health Center competitor analysis showed a positive impact for Valor Health because it would provide more access for profitable service lines and build a better relationship with outside facilities to gain referrals and continue to care for an underserved community.
- Brad plans to have lunch with the Primary Health President/CEO to further discuss the services we offer and build a relationship to collaborate care.

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

Motion: Earl DeFur moved to recommend approval for the new MRI Siemens Free Max Container Solution to the Board and moved to approve the Multiview ERP proposal. Brad Turpen seconded the motion. No objections, the motion passed.

III. NEW BUSINESS

A. Executive Session – None

IV. ADJOURNMENT

Being no further business, the meeting was adjourned at 8:43am.