

Bartlett Regional Hospital

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Finance Committee Meeting Minutes August 8, 2018

Called to order at 7:01 a.m. by Finance Committee Chair, Lance Stevens.

Finance Committee and Board Members: Lance Stevens, Brenda Knapp, Marshal Kendziorek

Staff: Charles “Chuck” Bill, CEO, Joseph Wanner, CFO, Bradley Grigg, CBHO, Jane Mores, CLO, Dallas Hargrave, HR Director, Karen Taug, Controller, Rose Lawhorne, Assistant CCO, Megan Taylor, Executive Assistant

Brenda Knapp made a MOTION to approve the minutes from the July 3, 2018 Finance Committee Meeting. Lance Stevens seconded and they were approved.

Joseph Wanner, CFO – June Finance Review (Year-End, pending adjustments)

- A. **Summary** - For the month of June 2018, the revenue overall exceeded the budget by over \$500,000. In-patient was down \$182,000, but there was a \$550,000 increase in out-patient to offset decrease in inpatient. An in-depth analysis of Contractuals was done, for the month in-patient contractual' were down, and out-patient contractuals were up. There was an increase of government payer mix for the month, which was almost at 68% (high) – a three percent increase from the prior month. Mr. Kendziorek clarifies increase for last year and that the trend of increase is continuing. Mr. Wanner continues with financial statements: Other operating revenue - over budget by \$88,000, with year-end grant reporting. Expenses: Usual suspects were over budget, but notably Employee Benefits were over \$1,000,000 due to PERS On-behalf expense, which is the smallest amount we've seen since the 22% cap was instituted. Ms. Knapp clarified “cap” process. Employee benefits will increase when we get the GASB 68 adjustment from the Auditors. Non-medical professional fees: In February, some old CIP accounts were closed, including Operating Room Renovation, in which \$397,000 was spent in consultant and architecture fees, but the project was scrapped. Money went out two years ago, but the expense was recognized in June. Materials and Supplies were significantly under budget. Inventory counts were performed at year end, and there was more in stock than indicated. Net margin for the month: \$647,000, which brings YTD bottom line to \$2,900,000. Additional journal entries will be added as they come in (which are mostly from external sources).
- B. **Aged Trial Balance** – Substantial increase due to Medicaid stopping payments - \$2,300,000 increase in AR. Medicaid is catching up, so this is expected to come down.
- C. **Extraordinary Write-Offs** – Denied appeals/timely claims had a write off of roughly \$250,000. 29 of these were Medicaid accounts from 2015 that we have been fighting back and forth on, but probably should have been written off already since it was a different contractor back then. Mr. Kendziorek clarified losses noted.
- D. **Capital Budget** – (FY18 included as reference for those items that roll into FY19)
- E. **Spending Authority Policy** – Amendment proposed, but language of policy needs to be researched regarding legality and bylaws, as well as to clarify need for committee and board involvement in pre-budgeted and pre-approved items, versus emergent non-approved item approval. This will be addressed at next finance committee meeting following research of language, and will be presented to Board of Directors.

Committee member comments / questions – Mr. Bill noted that an offer letter has gone out to the primary CFO candidate. There are other viable candidates as well.

Adjourned – 7:29 a.m.