

Bartlett Regional Hospital

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Finance Committee Meeting Minutes July 03, 2018

Called to order at 7:55 a.m., by Finance Committee Chair, Lance Stevens.

Finance Committee and Board Members: Lance Stevens, Bob Storer, Bob Urata, MD, Brenda Knapp, Marshal Kendziorek, Rosemary Hagevig.

Staff: Charles “Chuck” Bill, CEO, William Gardner, CCO, Joseph Wanner, CFO, Bradley Grigg, CBHO, Jane Mores, CLO, Rose Lawhorne, Asst CCO, Israel Ginn, DI Director, Karen Taug, Controller, Megan Taylor, Executive Assistant

Guest: Bob Bartholomew, CBJ Finance Director

Mr. Storer made a MOTION to approve the minutes from the June 21, 2018 Finance Committee meeting. Dr. Urata seconded and they were approved.

CBJ Finance Director (Bob Bartholomew) - Mr. Bartholomew had been invited to speak on how much cash reserve Bartlett should have related to loss of revenue or unforeseen expenditures. The standard is 3-6 months of operating budget as cash. In 2012, the city revised their requirement, adopting the government finance officer’s recommendation that two months, or 16.5%, of the operating budget be set aside and not be available for ongoing business. The city has maintained that policy, and has identified when funds can be used – “to provide temporary funding of unforeseen needs for emergency” and “to permit orderly budget reduction through tax adjustments not to exceed a period of two years, when funding sources are lost or substantially reduced”, with the second being more significant to Bartlett. A two month reserve for Bartlett would be about \$16-17 million, three months would be \$23-24 million, and six months would be \$48 million. Liquidity determines outcome in a cash crunch. In his opinion, two to three months would be sufficient. These funds should be called “Budget Reserve” or “Cash Reserve”. The reserve should be cash or cash equivalent to ensure liquidity. (He referenced BRH Balance Sheet, Activities One Liner/Status Report, and Capital Project Expenditures.) He cautioned to make sure deferred maintenance fund grows with it. The amount of cash available for capital projects versus bonding is driven by operating budget cash reserves. Mr. Stevens summarized that our terminology and the city’s should be aligned. Mr. Bill asked for clarification on whether changing the designation would affect its availability or the city’s access to funds. Mr. Bartholomew stated the only thing affecting access would be the language that identifies when the funds can be used. The city can only operate from a reserve for 24 months, after which they must either raise revenue or cut the budget. When reserve funds are used, there must be a plan in place to pay them back.

May 2018 Financial Statements Review - Mr. Wanner reported that May revenues increased over April. This brought us back in line with what we have been seeing. There was a bump in outpatient revenue, possibly due to cruise ships. Contractuals were 42.7%, compared to budgeted 45.6%, with an increase in government payers compared to commercial payers. He reported that benefits increased due to a true-up in health insurance with the city (who is two months behind). We continue to run high in salaries and wages and physician contracts and wages – high to budget, but consistent across the board. Net margin for the month: \$208,000, but without the demonstration project there would have been a \$100,000 loss. YTD: \$2,300,000 bottom line would have been a \$1,100,000 loss without demonstration project.

Mr. Stevens explained supplemental budget request. Mr. Wanner detailed line item cleanups.

Aged Trial Balance – Mr. Wanner reported an approximate \$200,000 decrease from prior month, but will increase in June; we did not receive Medicaid payments for the month of June. On July 2nd, we received a payment for \$1.6 million which is probably \$3.2 million in accounts. Mr. Kendziorek stated that with the increase in tourism, a greater increase in revenue would be expected. Mr. Wanner explained that there was an increase in May, but surgeons were out of town in June, so the surgery department dropped off. However, the outpatient side (labs, ER) has been higher. Mr. Wanner also reported the cleanup is continuing on Extraordinary Write-Offs. Eleven more accounts in RRC cleaned up (2015 accounts). Good use of discount to prop payment continues. \$19,000 was written off, and \$82,000 in cash received.

Capital Budget – Mr. Wanner provided an overview of the capital budget included in the packet.
Capital Expenditures (Israel Ginn)

Capital Expenditures - Mr. Ginn explained recent history of diagnostic imaging updates and upgrades, as well as cost effective option he found. The estimated cost to purchase four Philips Ultrasound Units is below the \$721,000 budgeted for this purpose.

Mr. Storer made a MOTION to approve staff's recommendation at budgeted level of \$720,858 the purchase of the four Philips ultrasound units. Dr. Urata seconded and it was approved. It will move to the Board of Directors for final approval.

Other - Finance Meeting Schedule change. Future meetings will be held the second Wednesday of the month at 7:00 a.m.

Committee member comments / questions - Mr. Stevens noted that July will be Mr. Wanner's final board meeting, so he will perform the quarterly review early to alleviate any questions or concerns.

Mr. Storer expressed his appreciation for the content and quality of Moss Adams report.

Mr. Bill stated that ASHNHA claimed the state neglected to implement the 13% cut in provider fees that were implemented last year. They are in the process of determining how they will re-coop that money. The impact should be small for us.

Ms. Hagevig requested clarification on when we go back to the Assembly with a revised budget. Mr. Stevens stated that if, after reviewing the Moss Adams report, we choose to make changes, we can go back to them with amendments to the budget to reflect those changes.

Adjourned – 8:29 a.m.