

Bartlett Regional Hospital

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Finance Committee Meeting Minutes May 17, 2018

Called to order at 5:16 p.m., by Finance Committee Chair, Lance Stevens.

Finance Committee and Board Members: Lance Stevens and Bob Urata, MD

Staff: Chuck Bill, CEO, Joe Wanner, CFO, Bradley Grigg, CBHO, Jane Mores, CLO, (via telephone), Dallas Hargrave, Director of HR and Anita Moffitt, Executive Assistant

Dr. Urata made a MOTION to approve the minutes from the April 19, 2018 Finance Committee meeting. Mr. Stevens seconded and they were approved.

April 2018 Financial Statements Review - Mr. Wanner provided an overview of the April financials. Bartlett realized a loss of \$315,588 in April. Year to date, Bartlett's net gain is \$2,076,412. Revenues were 0.9% over budget but \$339,000 less than March in part due to an unfavorable payor mix. Government payors increased to 68.2% in April compared to a budget of 63.1%. Mr. Wanner noted a correction posted in April to offset incorrect contractual postings in March. He also noted that the auditors reviewed the proposed model to be used to determine bad debt. They agreed that we had over allowed for Bad Debt accounts and the proposed model was corrected to reflect this.

Operating expenses were 4.6% over budget due to salaries and wages, contract labor and physician contracts. Cash on hand for restricted and non-restricted cash is 283 days, an increase of 16 days from the prior month. Accounts receivable days outstanding increased from 41.9 to 45.5.

Aged Trial Balance – The self-pay accounts receivable is down to \$8.9 Million from \$10.5 Million when Mr. Wanner started in August.

Extraordinary Write-offs – An overview of extraordinary write-offs was presented. Discussion were held regarding a Blue Cross denial due to patient re-admittance within 14 days of discharge and Rainforest Recovery Center billing for labs.

Capital Budget - \$4.3 Million of the \$5 Million FY18 Capital Budget has been designated to date. Capital requests will be presented in June for approval to allow purchases to be made early in FY19.

Capital Expenditures –

ECU - An Electrical Cautery Unit to replace defective unit in OB was purchased for the amount of \$14,250.00.

Omnicell – Mr. Wanner provided the background regarding the purchase of Omnicell equipment. The bank does not want to approve the originally offered lease agreement based on FY17 audited financial statements. The interest rate has gone up and the length the lease agreement has changed. In the meantime, due to miscommunication, BRH issued a check to pay for the Omnicells. We are now looking at different options. 1) Since we have paid for the Omnicells, we can keep them as capital equipment, with Board approval, 2) we can continue on as an operating lease, which would require Board approval or 3) we can ask for a Capital lease. Mr. Wanner recommends the operating lease. This gives us flexibility at the end of the term to get rid of the equipment pretty easily if we want to. It is a five year lease with a 34% buyout with a two year extension available with the same payments.

A discussion was held about the change in interest rate was caused by the PERS obligation. This helps us make our case in our appeal to CMS. The hearing date for the PERS appeal is September 26th.

Dr. Urata made a motion to recommend to the Board of Directors, to approve the operating lease for the Omnicell equipment. Mr. Stevens seconded it and it was approved.

Funded Depreciation - Mr. Wanner noted that the Board of Directors requested that FY19 funded depreciation be approved during the budget time frame. ***Mr. Stevens made a motion to move forward to the Board of Directors a request to approve funded depreciation for FY19. Funded depreciation is to be booked monthly based on financial statements and trued up for the audit at end of the year. Dr. Urata seconded it and it was approved.***

CAMHU – A recommendation and authorization has been given to CBJ to deappropriate funds set aside from sales tax for the CAMHU project. The Board of Directors now needs to deappropriate the funds in its internal financial statements because it cannot have dedicated funds for a project that will not be moving forward. These funds may be restricted at a later date by the Board of Directors for projects that might be identified by the Moss Adams assessment. ***Mr. Stevens made a motion to move forward to the Board of Directors for approval to remove the restricted designation of \$10 Million for the CAMHU project and put it back in unrestricted funds. Dr. Urata seconded it and it was approved.***

Timing of Financial Packets – Because of the timing of the Finance Committee meetings, accounting staff is often rushed to meet the deadline to get the financial statements ready. This often leads to inaccurate information and unnecessary adjustments. A proposal has been made to change the timing of the financials review by delaying a month before presentation to the Finance Committee. This will allow time for in depth reviews and more accuracy in the information being presented. A discussion was held about moving the day of the Finance Committee meeting as well. This would allow the Board packets to be put out earlier.

Comments – Mr. Hargrave noted that he is preparing union negotiations updates for Tuesday evening's Board of Director's meeting.

Adjourned 5:51 p.m.