

Bartlett Regional Hospital

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Finance Committee Meeting Minutes March 15, 2018

Called to order at 5:15 p.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: Chuck Bill, CEO, Joe Wanner, CFO, Billy Gardner, CCO, Bradley Grigg, CBHO, Jane Mores, CLO, Dallas Hargrave, Director of HR, Karen Taug, Controller, Rose Lawhorne, Assistant CCO, Max Salassi, System Administrator, Pete Morrissette, Network Administrator, John Fortin, Lab Director and Anita Moffitt, Executive Assistant

Public attendee: Kenny Solomon Gross

Mr. Storer made a MOTION to approve the minutes from the February 15, 2018 Finance Committee. Dr. Urata seconded and they were approved.

Changes to the Agenda – Mr. Stevens noted that an Executive Session to discuss the union contract is to be added as item number 4 on the agenda.

Capital Expenditures:

Lab Equipment – Mr. Fortin provided an overview and justification for the three purchase requests for chemistry analyzers for the Laboratory.

1. One of our main analyzers will not be serviceable in September of this year. The cost of a new Siemens EXL chemistry analyzer is \$121,775.
2. The purchase of a Vidas 3 Chemistry Analyzer to conduct Procalcitonin testing would allow physicians to monitor suspected Sepsis in relationship to antibiotic usefulness. This analyzer may also be used for complete panel testing as well as screening for some cancer antigens. The cost of the Vidas 3 analyzer is 32,984.90.
3. The purchase of an i-Stat analyzer to be used for downtimes, new processes and to meet Point of Care requirements by CAP, could be used throughout the facility. The I Stat analyzer cost is \$9,610.

Mr. Wanner noted that there had been \$250,000 budgeted in FY18 for a new analyzer. A discussion was held regarding whether the Vidas 3 Chemistry Analyzer should be purchased at this time. Mr. Fortin is to obtain more information from the medical staff and return to next month's finance meeting if it is determined to move forward with the purchase of this analyzer. There is also a lease option available that would not need capital funds.

Dr. Urata made a motion to approve the purchase of the i-Stat Analyzer for \$9,610.06 and the Siemens EXL Chemistry Analyzer for \$121,775.16 as presented. The total amount not to exceed for both purchases is \$135,000. Mr. Storer seconded it and it was approved.

Citrix Remote Access – Mr. Salassi provided an overview and justification for the purchase request for the Citrix System. This system allows users to remotely access Bartlett's internal network system. It is more secure and offers better management tools than what is currently used. The Citrix system would help address issues identified by the Pondurance risk assessment. A discussion was held regarding the lack of a formal quote for this system and the reason it should be approved at this time. Mr. Wanner noted that there had been \$160,000 budgeted in FY18 for this project.

Mr. Storer made a motion to approve the purchase of the Citrix System for an amount not to exceed \$160,000. Dr. Urata seconded and it was approved.

Cisco Catalyst and Prime Software – Pete Morrisette provided an overview and justification for the purchase request for the Cisco Catalysts. The request is to replace 4 existing network switches that are at end of life and end of support. The \$325,000 cost includes software and maintenance. Mr. Salassi noted that these are the backbone of the hospital communications and the current ones have been in the hospital since 2002. Next year’s budget will include funds for replacement of more network switches. Prime Software is software that monitors these Cisco catalysts and sends alerts if the server fails. The cost of the Prime Software is \$22,000. Mr. Wanner noted that \$385,000 dollar had been budgeted in FY18 for this project.

Mr. Storer made a motion to approve the purchase of the Cisco Catalyst and the Prime Monitoring Software for an amount not to exceed \$365,000. Dr. Urata seconded and it was approved.

Fire Suppression System – Mr. Wanner presented a request for an additional unbudgeted \$60,000 for the Fire Suppression System project. \$252,000 had been approved for this project by the Board of Directors in October 2017 after the project had gone out to bid via an RFP. Construction costs are now \$60,000 more than the \$252,000 approved by the Board. A discussion was held regarding where the money will come from.

Dr. Urata made a motion to approve a supplemental \$60,000 to complete the fire suppression system project. Mr. Storer seconded and it was approved.

Mr. Storer complimented the staff for their presentations this evening. They were well articulated.

February 2018 Financial Statements Review – Mr. Wanner provided an overview of the February financials. BRH realized a gain of \$355,326 as compared to a budgeted loss of \$48,867. Inpatient revenue was within 1% of budget, outpatient within 3%. Year to date Bartlett’s net gain is \$2,039,134.

In the current year –to-date period, the shift to government payers has continued with government payers consisting of 65.9% of gross charges. Gross revenue has increased 8.4% and personnel costs have increased \$2.3 million or 5.7%.

Extraordinary Write-offs – There were 161 claims resulting in almost \$324,000 in write-offs in January. \$246,000 of that was for 36 untimely filing claims for RRC patients. Mr. Wanner is working with staff to prevent this from happening in the future. Prompt pay discounts resulted in collections of \$122,832. Extraordinary write-offs and untimely filing claims will be tracked as part of the MAP process.

A discussion was held regarding overtime and staffing. It was also noted that Mr. Wanner is to present a more in-depth finance report at the Board of Directors meeting in April.

Capital Budget – Mr. Wanner presented the algorithm for the Finance Committee and Board of Directors approval process of capital items. Items that received a motion for approval from the Finance Committee will be listed on the consent agenda for the following Board of Directors Committee meeting.

Budget Packet Review – Mr. Wanner provided an overview of Bartlett’s tentative budget. This tentative budget is to be presented to CBJ tomorrow. He reiterated that this is a draft budget and changes will be made before the budget is finalized. This draft budget was created by using current data with no changes in patient volumes, number of physicians, services, etc. The depreciation was calculated on the capital items that had been submitted for FY18. The rate increase projected was based on the amount discussed last month. The revenue lines project a total increase of 5% with 2.87% net increase in revenue. Mr. Wanner provided a brief explanation of how FTE dollars were determined.

Mr. Storer suggested that due to the short amount of time the finance committee has had to review this budget, it should go forward to the Board of Directors without approval from the Finance Committee. It was reiterated that even though this draft budget is to be submitted to CBJ tomorrow, there is still a month for revisions to be made to this budget before the final deadline. After some discussion, it was determined that no action is required by the Finance Committee and the draft budget will go forward to the Board of Directors.

Mr. Storer made a motion to go into executive session at 6:04 p.m., to discuss matters which are confidential by law or could have an adverse effect on the finances of the hospital; union contract negotiations. Dr. Urata seconded and it was approved.

Out of executive session at 6:16. No action taken.

Adjourned 6:17 p.m.