

# Bartlett Regional Hospital

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## Finance Committee Meeting Minutes

February 15, 2018

**Called to order at 5:16 p.m., by Finance Committee Chair, Linda Thomas.**

**Finance Committee and Board Members:** Linda Thomas, Robert Storer, Lance Stevens and Brenda Knapp.

**Staff:** Chuck Bill, CEO, Joe Wanner, CFO, Billy Gardner, CCO, Dallas Hargrave, Director of HR, Karen Taug, Controller, Rose Lawhorne, Assistant CCO, Israel Ginn, Diagnostic Imaging Director and Anita Moffitt, Executive Assistant

**Public attendee:** Kenny Solomon Gross

Ms. Thomas requested a round table introduction of the attendees in the room.

**Changes to the Agenda** – Ms. Thomas requested item E - Capital Expenditures, be moved up on the agenda to follow the approval of the minutes.

***Mr. Storer made a MOTION to approve the minutes from the January 18, 2018 Finance Committee. Ms. Knapp seconded and they were approved.***

**Capital Expenditures: Radiology Reading Stations** – Mr. Ginn presented a non-budgeted capital expenditure request to purchase 2 reading stations and Mammo Plus Reading software for the radiology department. He stated that our current dedicated Mammography reading station is failing and no longer supported by the vendor. By replacing and upgrading the two monitors in reading stations one and two with unity monitors that allow viewing multiple screens, the need to replace the dedicated mammography reading station would be eliminated. The \$71,000 purchase of the 2 monitors would include service and a complete replacement guarantee for 5 years whereas the dedicated mammography station alone would cost \$88,000 for maintenance over a 4 year period. These unity monitors will allow the radiologists to view all mammograms and other radiological images from one location. They would also allow outside providers to access our 3D Tomosynthesis images which they currently cannot do. The software that makes it possible for the radiologists to view mammograms on these monitors is a separate \$31,200 purchase.

Ms. Thomas obtained confirmation that Mr. Bill supports this purchase. Mr. Wanner stated that there is still money in the capital budget to cover the costs. ***Mr. Storer made a MOTION to approve the \$31,200 purchase of the Mammo Plus Reading software. Ms. Knapp seconded it and it was approved.*** The motion will move forward to the Board of Directors for approval.

***Mr. Storer made a MOTION to approve the purchase of 2 Mammography Displays at the cost of \$35,500 each that includes software interface and maintenance for diagnostic imaging. Ms. Knapp seconded it and it was approved.*** The motion will move forward to the Board of Directors for approval.

Mr. Ginn will attend and present his purchase request at the February 27<sup>th</sup> Board of Directors meeting.

**January 2018 Financial Statement Review** – Mr. Wanner provided an overview of the January financials. BRH realized a gain of \$785,763 as compared to a budgeted loss of \$54,067. Year to date Bartlett's net gain is \$1,683,808.

- January patient days were at budget and 8% more than December

- RRC patient days were 26 days greater than the budgeted patient days
- “Observation” admissions were 4% under budget
- Total surgery cases were 17% under budget
- Physician visits were 18% over budget; hospitalist visits increased 55% from December
- Total gross patient revenue was \$790,592 over budget
- Contractual allowances and bad debt were 39.2% in January
- Total operating expenses were 7.2% over budget. Contracted labor and physician contracts continue to run over budget. We anticipate physician contracts to continue to run high until additional psychiatrists can be recruited.
- Salaries and wages were 11.1% over budget.
- Materials and supplies were \$104,000 over budget. Paying off contract prices for IV fluids as a result of a nationwide shortage contributed to this overage.
- Total cash on hand for restricted and non-restricted cash is 270 days.
- Accounts Receivable days outstanding increased from 40.1 to 43.7

Mr. Bill noted that one of the positives that came out of the IV fluid shortage as a result of the hurricanes in Puerto Rico is that it forced us look at alternatives. The medical staff has embraced doing a lot more oral rehydration with Pedialyte and things like that instead of defaulting to IVs. It may wind up being cheaper for us and better for the patients in the long run.

**Aged Trial Balance** – There was a sizeable increase from the month prior, specifically Blue Cross and Medicare. This increase was driven by patient volume. Mr. Wanner reported that BRH’s revenue cycle team will begin to go after the Healthcare Financial Management Association (HFMA) mapaward. This award is granted to high revenue cycle departments. Mr. Bill noted that a lot of the organizations in the lower 48 states are in capitated or prepaid relationships and enquired how this figures into this relationship. Mr. Wanner explained that there are 18 line items that will be measured; some of them are policy driven, such as charity care. Some of these items when measured will greatly benefit the hospital while some others will not be applicable. Mr. Wanner will supply information about BRH’s clean claim rates to the Board of Directors as a result of Ms. Knapp’s questions regarding percentage of non-payment due to errors or omissions, how quickly re-billings going out and how successful are collections. Mr. Bill noted that this will also be part of the review by the Moss Adams Revenue Cycle Assessment.

Ms. Thomas asked what percentages of the self-pay \$7.4 Million can BRH anticipate collecting. Mr. Wanner’s response is 5% and it is built into the formulas used when calculating contractual allowances.

**Extraordinary Write-offs** – There were 157 claims resulting in almost \$75,000 in write-offs in January. Prompt pay discounts resulted in collections of \$122,832.

**Capital Budget** – Mr. Wanner noted that some things had been removed from the capital list last month. A replacement for the EXL Analyzer that went out last week will be brought to the Finance Committee in March; John Fortin is in the process of obtaining a quote. This analyzer is both a revenue and expense issue.

***Mr. Storer made a MOTION to accept the January 2018 financial statements. Ms. Knapp seconded and they were accepted.***

**Budget Process** – Mr. Wanner stated that BRH’s tentative budget needs to be submitted to CBJ by March 16th. It will be presented to the Assembly on April 24<sup>th</sup>. The internal budget process has begun. Mr. Wanner and Ms. Taug have met with the department directors reviewing the budgets and cleaning things up. The expectation is to have a pretty conservative budget.

Mr. Wanner noted that there has been a complete charge analyses conducted. BRH charges have been compared to Central Peninsula, Providence in Anchorage, Virginia Mason and Harborview in Seattle. BRH compared favorably with most everyone but Virginia Mason. It was noted that there are some items

being way undercharged and some overcharged. Mr. Wanner has proposed rebalancing charges by making a total adjustment not to exceed 5%. Mr. Bill reported that feedback from the community is that it is cheaper to come to BRH for services than it is to go to Seattle. Feedbacks while attending ASHNA meetings is that BRH charges are making everyone else look bad because of undercharging for services. Physician fees and freestanding imaging centers are big contributors that drive people out of Juneau for services. Mr. Wanner stated that MedAssets was used to do a CPT by CPT code comparison on charges to the other facilities. With an increase of 5% in charges, we can only expect to get 2.8% back on a net basis.

Mr. Wanner stated that in order to complete the budget, he will need to know the capital budget limit. Ms. Thomas stated that a zero based budget would be preferred. BRH management is to identify what is needed and the Board of Directors will make a determination based on that information. Items are prioritized by categories; 1) patient/staff safety 2) revenue producing 3) nice to have. Mr. Storer suggests a category 4 that identifies things that are getting close to replacing but are not ready to purchase yet. Ms. Knapp stated that there will be joint meetings with the Planning and Finance Committees to discuss the items identified in the CIP. Ms. Thomas wants to ensure that we have all of deferred maintenance on buildings included in the list.

A union negotiation meeting is scheduled to take place next week. We hope to have more information for budget purposes at that time.

**Committee member comments / questions** – Ms. Thomas stated that it is her pleasure to transfer the Finance Committee Chairperson role to Lance Stevens. Mr. Stevens will assume this role after the February 27<sup>th</sup> Board of Directors meeting. Ms. Knapp thanked Ms. Thomas for her years of work, dedication and knowledge gathered as the Finance Committee Chairperson. She also thanked Mr. Stevens for being willing to step into the role. Mr. Storer and Mr. Bill also expressed their gratitude to Ms. Thomas.

**Adjourned 6:05 p.m.**