

Bartlett Regional Hospital

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Finance Committee Meeting Minutes BRH Boardroom – September 20, 2019

Called to order at 7:01 a.m. by Finance Committee Chair, Dr. Bob Urata.

Finance Committee & Board Members: Dr. Bob Urata (Chair), Mark Johnson, Deb Johnston, Kenny Solomon-Gross, Marshal Kendziorek, Rosemary Hagevig

Staff: Kevin Benson, CFO, Chuck Bill, CEO, Bradley Grigg, CBHO, Dallas Hargrave, HR Director, Blessy Robert, Director of Accounting, and Megan Rinkenberger, Executive Assistant

Mr. Johnson made a MOTION to approve the minutes from the July 10, 2019 and August 14, 2019 Finance Committee Meetings. Dr. Urata noted no objections and they were approved.

July 2019 Finance Review – Kevin Benson, CFO

Mr. Benson explained that Bartlett Regional Hospital had an overall positive month financially in July 2019. Patient days and patient revenue were both above budget. Emergency department visits were above budget by 14%. Total was \$1.5M over budget, with a net revenue \$570K over budget. Expenses in almost all categories under budget, but total expenses were 1% over budget. Collections were strong in July, which produced a positive cash flow. Write-offs were low.

Supplemental Appropriation FY19 – Kevin Benson, CFO

Ordinance 2018-11(AT) – The City Assembly had approved our budget, but FY2019 spending ended up \$2.2M over budget. This overage had to be approved by the assembly with an explanation of how the extra funding was accounted for. Documents from the city were presented to the finance committee showing \$1.7M came from FY2019's revenue generated, and the extra \$500K is to be covered by the Hospital Fund Balance.

Ordinance 2018-11(AR) – This ordinance appropriated \$2,176,791 as the state's FY19 on-behalf PERS benefit rate paid for BRH. This had no impact on BRH's finances.

Both ordinances are scheduled to be approved October 14, 2019.

Mr. Johnson made a MOTION that the two ordinances (2018-11(AT) and 2018-11(AR)) presented be moved to the board for approval. Ms. Johnston seconded, and the motion passed.

Medicare Casemix Proposed Adjustment – Kevin Benson, CFO

CMS originally wanted to change the way reimbursement was calculated, by eliminating the casemix adjustment. Many objections were made by other hospital executives and administrators. The official's response at the time sounded unwavering. The adjustment rate that BRH receives is 30%, due to a greater acuity, and the elimination of this would have a tremendous impact on BRH and other hospitals. The American Hospital Association advocated on our behalf. One week ago, they reconsidered and added the casemix adjustment back in. Mr. Bill noted that legislators advocated on our behalf as well. The original bill didn't include a casemix adjustment, but they had implemented it over the last 14 years anyway. This most recent change in our favor has been officially included in the agreement now.

ASHNHA Legal Challenge – Chuck Bill, CEO

ASHNHA and other organizations in the state challenged DHSS on how they were using the emergency clause to implement regulations, specifically the rate decrease starting in July. The judge denied the state's motion for summary dismissal. They were setting a date for a final hearing, until the state reached out to settle. They agreed to push the start date out to October 1st, giving BRH the first quarter of the year of full payment. This should amount to \$400K-\$500K depending on if inflation is added. Mr. Bill expressed concern that DHSS will then compensate at the beginning of the year by adjusting their rates.

Fire Alarm: Juneau Medical Center – Kevin Benson, CFO

This \$137K upgrade was included in the capital budget, and therefore did not require action due to prior approval. This agenda item was brought to the committee as an informational point only.

Next Meeting: October 9th, 2019 at 7:00 a.m. in BRH Boardroom

Committee Member Comments

Ms. Johnston expressed interest in hearing about Mr. Bill's experience at the *SE Conference* in Sitka, AK. Healthcare is a close second to tourism as a contributor to the economy in SE Alaska. Study shows that 530 RN's will be needed over the next five years due to turn over and growth. This year BRH hired 11 new nursing grads. Strategies will be produced from the study to address this. BRH has 650 employees and Sitka has 1200. The manager from Ketchikan announced that they're getting ready to renew or ask for RFP for hospital management, because their current agreement is coming to an end.

Adjourned – 7:27 a.m.