Called to order at 7:00 a.m. by Finance Committee Chair, Dr. Bob Urata.

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

Staff: Kevin Benson, CFO, Billy Gardner, COO, Rose Lawhorne, CNO, Chuck Bill, CEO, Dallas Hargrave, HR Director, Scott Chille, IS Director, Megan Costello, CBJ Law, and Megan Taylor, Executive Assistant

Mr. Johnson made a MOTION to approve the minutes from the June 12, 2019 Finance Committee Meeting. Dr. Urata noted no objections and they were approved.

May 2019 Finance Review – Kevin Benson, CFO

Mr. Benson explained that Bartlett Regional Hospital didn’t perform as well as was expected, financially. In-patient revenues were down, but outpatient revenues were up. This doesn’t offset, however, because outpatients create less revenue per individual. BOPS revenue was also up for the month of May. Salaries and wages were $439,700 over budget, but this is due to an overlap of filling permanent positions while temporary employees finish their contracted terms. Once complete, most of the contracted positions will not be re-recruited.

IT Project Updates – Scott Chille

Mr. Chille presented to the Finance Committee about the current and upcoming projects related to the $2.5 million capital that has been approved for upgrades. The primary upgrade is the conversion of the current three “silo” system, with a six towers, a large footprint, outdated hardware, and three independently functioning units, to the VxBlock system with three cabinets, increased versatility of storage and utilization capabilities, a smaller footprint, and less demand for power and cooling. Five years of maintenance costs are included in the initial cost. The current setup, once “sanitized” will be sold to slightly offset some of the cost, with an expected return of about $300,000.

Meditech is being upgraded to “Expanse”, which is expected to go live March 2020.

Replacement of network core switches should happen in September, resulting in a major downtime of 8-10 hours.

Certified Public Expenditures – Kevin Benson

Mr. Benson explained that following conversations with Donna Steward at the State of Alaska, it appears that a 5% cut, as proposed, would affect BRH in the amount of about $1.5 million. Behavioral health programs are exempt from the cut, as well as Critical Access Hospitals. It was noted that this effect would be drastic due to BRH’s substantial Medicaid population. Ms. Stewart looked at the data, and agreed. She and her team came back with the idea of Certified Public Expenditures, which has been in use at other states. This follows a model used in the state of Washington. It uses the Medicare Cost Report, through federal reimbursements, so it doesn’t cost the state anything to advocate for this. The drawback is that the reimbursements may not be received by BRH until December 2020. The additional reimbursement would likely be about $2.1 million, but is dependent on Rural Demonstration Project base
year values, so will change, but this number should be nearly accurate. 2021 is the next base year, as the RDP lasts five years.

It is likely that because Bartlett Regional Hospital is a critical source of behavioral health services for Southeast Alaska, state entities are more willing to offer assistance so that as a company BRH isn’t forced to look at areas that aren’t producing as much revenue, as expendable.

Anesthesia Capital Request – Kevin Benson

Due to director turnover, the need for new machines wasn’t known until servicing was requested. Four new anesthesia machines are needed, at a cost of $70,000 each. Request will be covered by some of the $2 million of unused capital from FY 2019’s budget.

Mr. Johnson made a MOTION to approve the request for $281,000, and move the request to the board. Ms. Johnston seconded, and noting no objections, the motion passed.

Next Meeting: August 14th, 2019 at 7:00 a.m. in BRH Boardroom

Adjourned – 8:00 a.m.