

Bartlett Regional Hospital

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Finance Committee Meeting Minutes BRH Boardroom – March 20, 2020

Called to order at 12:05 p.m. by Deb Johnston.

Finance Committee* & Board Members present: Mark Johnson* (Zoom), Deb Johnston*, Brenda Knapp* (Phone), Iola Young (Zoom), Marshal Kendziorek (Zoom), Kenny Solomon-Gross (Zoom), Rosemary Hagevig (Zoom)

Staff: Kevin Benson, CFO (Zoom), Bradley Grigg, CBHO (Zoom), Chuck Bill, CEO, Dallas Hargrave, HR Director (Zoom), Rose Lawhorne, CNO, Megan Costello, CLO (Zoom), Blessy Robert, Director of Accounting, Willy Dodd, Sharon Price, Anita Moffitt, Executive Assistant, and Megan Rinkenberger, Executive Assistant (Zoom).

Public Comment: None

Mr. Johnson made a MOTION to approve the minutes from the February 14, 2020 Finance Committee Meeting, with a minor correction. Ms. Knapp seconded. Ms. Johnston noted no objections and they were approved with the correction.

January 2020 Financial Review – Kevin Benson, CFO

January went well considering it was a winter month. In-patient revenue was down 6.5%, and patient days were down 20% from budget, but in-patient surgeries over budget by 16%. Overall, BRH was 6.5% below budget. Out-patient revenue was 8% over budget, and other revenues were \$562K over budget. Discounts were over budget by \$358K. Total operating revenue was \$371K over budget. Expenses were almost \$300K over budget. Operating income of \$120K. Operating expenses: Primary variance is overtime, call backs, non-productive time. Non-operating income correction: city alcohol tax income for Sleep Off operation that was transferred to another party. Net income: \$102K net loss. YTD: \$3.7M net income, which is ahead of the \$2.1M budget, and the prior year \$1.6M. Mr. Grigg explained the program was shifted on July 1, 2019 at the start of the fiscal year. City did not take the whole portion, because part of the tax funds were used toward RRC.

Revenue by financial class: Aetna \$2.8M, budgeted \$2M. Aetna has a payment rate of 94%. Medicaid revenue \$4.5M, with \$4M budgeted, with a 42% repayment rate. The rest of the classes are where we expected. Salaries and wages: BRH budgeted for overtime, but still over budget due to illness. Charity and write-off: A long-term inpatient finally qualified for Medicaid, for a bill of more than \$1M. Medicaid usually repays about 40%. This case was not going to be retroactively applied.

There was a reduction in mental health patient days due to new mental health unit opening in Mat-Su (not a DET (designated evaluation and treatment) facility – required

for involuntarily committed patients), patients were going to Mat-Su when facility opened, but our numbers have since leveled off, as BRH and Fairbanks are the only DET facilities in Alaska.

Mr. Solomon-Gross reiterates the decision to rename the “Bonuses” category. Mr. Benson stated he will make the correction for the next meeting.

Ms. Knapp made a MOTION to accept and refer the January 2020 Financial Statements to the Board of Directors. Mr. Johnson seconded this, and it was approved.

Land Purchase – Chuck Bill, CEO

The owner of the property (by AEL&P property) approached Chuck, to see if BRH was interested in purchasing it for a South entrance or parking garage. Mr. Bill asked CBJ to start the appraisal process, then he will come back to finance committee for approval. He is asking \$200k, and BRH will pay up to that as long as appraisal comes back within that value.

Mr. Johnson made a MOTION to recommend the Board of Directors approve the purchase of the specified property, for not more than \$200,000 or the appraised value. Ms. Knapp seconded, and the motion was approved.

Covid-19 Potential Financial Impact – Kevin Benson, CFO

Finance set up a department to track Covid-19 related expenses – supplies, PPE, staffing, and equipment. However, an ASHNHA call revealed that the state is looking at making \$100M available to hospitals for expenses incurred, but loss of revenue due to deferred non-urgent surgeries and ancillary services is the real source of lost revenue. BRH will submit eligible expenses to account for some of the impact. Chuck stated there will be continued overtime requirement. BRH is going through PPE rapidly and is looking at preserving PPE as much as is safely possible. Efforts are being made within the community to flatten the curve and to allow the supply chain to replenish as much as possible.

FEMA coverage has been initiated due to the president’s and governor’s declarations of emergency. FEMA will pay back about 75% of expenses. The impact on physician offices are of particular concern, as they are dependent on elective procedures for revenue. Additional costs will likely be incurred when we need to increase our physician workforce. The ultimate effect will really depend on how high it peaks. BRH has done well at preparing. Ms. Hagevig inquired about projections of the impact due to a diminished cruise ship season. 6.5% of BRH’s overall revenue is due to tourism. This understates the impact, however, due to loss of income from locals that are in the service and tourism industry. Likely more like a 10-15% impact on revenue stream. Mr. Benson referenced the reports at end of the packet: revenue by international and out of state patients, which provide \$10-12M revenue for the year, putting the estimated losses at \$5-6M for the rest of the FY. The real impact on finances for the year will be lessened due to strong FY opening numbers.

Mr. Johnson made a MOTION to recommend the Board of Directors approve the temporary waiving of previous CEO spending limits for costs related to Covid-19 preparations and response, with the condition that Mr. Bill report to the Finance Committee whenever the usual limit is exceeded. Ms. Knapp seconded, and the motion passed.

Ms. Johnston posed the question as to loss of revenue directly related to cessation of elective and outpatient services that are no longer available. Mr. Benson responded that he did not have those numbers available today, but can have a better estimate by the next meeting. Mr. Bill explained that for 90 days all elective procedures are curtailed (those that require the use of PPE – mostly surgeries, but also cardiac rehab, sleep lab, and pulmonary function testing). Occupational therapy and speech therapy will be done telephonically. The ED is active. Infusion therapy is active. Dentists, optometrists, and similar offices will be discontinuing services other than emergencies to preserve local PPE availability. Ophthalmology program will be put on pause, and BRH is determining if any of those services can continue during this time. Infusion is still functional, while using appropriate PPE, but oncology will almost entirely be done by telemedicine.

PPE is on order and coming in, but many orders are partially filled or back ordered. BRH is developing strategies to deal with this. PPE can be saved by routing screening and testing to the alternative screening and testing site. Oxygen is a concern, but BRH has doubled normal capacity, with six weeks' worth of normal use. Usage is not being curtailed currently, but we are watching it closely. Ms. Young asked for a clarification of ventilator status, which revealed ten on-site, two that could be repurposed from anesthesia, and additional ones are available if needed from the community. BRH may need to follow Minnesota health department protocol for short resources (which would be governor's decree). The Alaska health department has done statistical modeling, which is being applied in Juneau at CBJ Incident command. This modeling showed that if peaked, Juneau could have a demand for up to 80 ventilators. Resource utilization depends more on the surge, and that is much harder to predict.

Mr. Johnson brings up the issue that younger people may be more effected than previously thought, and that they may become carriers despite milder symptom presentations. Mr. Solomon-Gross asked how many samples BRH is collecting and sending for testing per day, and the current turnaround time. Mr. Bill clarifies that 28 samples have been submitted for testing as of this morning, all of those going to ANC or FAI, originally with about a 24-hour turnaround time. Results were usually back by the end of the next day, but this has slowed due to bigger batches being sent in. Current turnaround time is 2-3 days. Public health will know total tests submitted from all of Juneau. All tests have come back negative for now, with two pending test results. Private physicians are sending samples to LabCorp with a five to seven-day turnaround time.

There have been airport screening stations set up to screen arriving passengers. This task force is led by Dr. Thompson and Dr. Jones, who are coordinating the screening of almost all passengers coming off the plane for symptoms, and referring to isolation if necessary. Screening at the airport involves a symptom survey and exposure history to Level 3 countries, with follow up investigation of symptoms, who they have been in contact with, and isolating themselves. Megan Costello stated that all screening is

voluntary (follow up isolation being the voluntary component), and a state mandate would be required to make screening mandatory. State mandate involves a court order to quarantine, and law enforcement involvement. State assistance would be needed if we get to that point.

Strategic Reports – Kevin Benson, CFO

(Reports were referenced earlier in the meeting.)

Next Meeting: April 10, 2020 at 12:00pm in BRH Boardroom.

Committee comments: Ms. Johnston requests that Mr. Bill forward the link to them regarding Minnesota protocols for short resources. Mr. Bill agrees, and emphasizes general precautionary actions: practice social distancing, wash your hands properly, and don't panic.

Adjourned – 1:00 p.m.