

Memorial Hospital Lafayette County 'MHLC'  
 March 29, 2016  
 MHLC Conference Room  
 Minutes from Monthly MHLC Committee Meeting

**Present:** MHLC Chair Bill Moody; MHLC County Supervisors Wayne Wilson; Larry Ludlum; Bob Boyle; Connie Hull; Dr. Matt Solverson; Jack Sauer; Administrator Julie Chikowski; DON/COO Kathy Kuepers; County Finance Director Nicola Maurer; Director of Finance: Barb Johnson; Interim Director of Finance: Joe Svetlik; Executive Secretary Jody Tuescher; several community members and hospital supporters.

**I. Call to Order**

Mr. Moody called the meeting to order at 12:10 p.m.

**II. Posting**

Mr. Moody asked if the meeting had been properly posted. Ms. Tuescher reported that the meeting had been posted with notices at the Hospital, Health Department, Manor, Court House, County Website, and sent to the local media. Mr. Moody declared the meeting to be legal.

**III. Approval of Agenda - Discussion and possible action requested**

Mr. Moody presented the agenda and inquired if there were any changes. Ms. Chikowski asked to move up the items on the agenda so that the visitors that are here today might have a chance to discuss prior to the rest of the meeting. She also wanted to clarify that there was a Facebook posting that stated we were meeting with Meriter Unity Point today – that is erroneous. We actually met with them a couple of weeks ago to talk about further services that we could garner from them. Dr. Solverson & Mr. Sauer asked that we do the financial report then go to New Business # 2 then # 4 for discussion with the group. Dr. Solverson made the motion to amend the agenda with these changes, seconded by Mr. Ludlum. Voice vote, motion passed.

**IV. Minutes – Discussion and possible action requested**

Mr. Wilson made the motion to approve the minutes of the February 23, 2016 hospital committee meeting with the correction that Mr. Boyle was present, seconded by Ms. Hull. Voice vote, motion passed.

**V. Financial Report:**

**Dept. Profit/(Loss) & Income Statement – Ms. Maurer**

Ms. Maurer provided the Committee with the draft 2015 financials from Baker Tilly, which is before any 2015 cost report adjustment. She presented some highlights from the Baker Tilly financials. The big question is how did the hospital do in 2015? We know that we performed exceptionally well operationally, we provided excellent service – our patient satisfaction surveys and various quality reports at the state and federal levels are ranked very high – especially for a hospital located in a small rural community like ours. We do not want our financial performance challenges to take away from that and how well our employees are performing and taking care of our patients.

Ms. Maurer went on to report that the financial picture is a mixture of good news and bad news. The good news is that YTD Profit/Loss for 2015 total revenues before contractual adjustments were \$23,143,000. Last year 2014 Gross Revenues were \$22,264,000. We had an almost \$1,000,000 increase in Gross Revenues before contractual adjustments – so that is very good news. Our contractual adjustments were \$9,600,000 for 2015. In 2014 they were \$8,640,000 so we had an almost \$1,000,000 increase in what we had to absorb as far as our charges are concerned which is what we refer to as contractual adjustments. In 2014 we had a generous donation from the Foundation that went toward the OPC Remodel Project and in 2015 we had a generous donation from the Thomas Estate for which we were very grateful which amounted to \$200,000. That gave us a net loss before transfer of (\$60,101.00). Total Expenses were \$14,045,000 this year compared to \$13,852,000 last year. So taking into consideration the little bit of Swing Bed that was repaid to the Manor of \$4,000 and the budgeted transfer of \$236,000 we have a net loss for the year of \$300,000. Ms. Maurer just wanted to emphasize that before transfer the net loss was \$60,000 - that net loss would have been \$260,000 if it were not for the Thomas donation. So it is a mixture of good news and bad news –

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we are very happy to have had that donation – hospitals like us thrive on donations and that was very good for us and we are very grateful for what we received from the Foundation also. But never the less we had a little bit of a rough year this year. That is even before the Transfer to the County. The Transfer to the County is on the agenda later but given the audience Ms. Maurer wanted to address that subject at this time. She reported that she has done her best to compile the financials for the entire County and has a good enough picture to know that as a County we are financially secure enough that she would like to recommend that we give back the hospital the \$236,811 for 2015. The Hospital Committee would have to discuss and recommend to finance and then the finance committee would have to review that recommendation. Ms. Maurer said she thinks that the County is financially healthy enough that we do not have to drain the resources of the hospital any further than we have in previous years. And in 2016 we do not have a transfer budgeted at all. General discussion continued. Mr. Lopez asked what the donations were applied to. Ms. Maurer said that the donation for 2014 was applied to the Outpatient Clinic Remodel and the Thomas donation in 2015 has not yet been used – this committee asked that this donation be restricted for use, which it was, and was put into a restricted cash account that can only be used for a capital expenditure – it has not yet been used.

Balance Sheet: Ms. Maurer reviewed and highlighted.

Ms. Maurer explained a new Government Accounting Standard, referred to as GASB 68 related to the reporting of pension assets & liabilities. We have to recognize a net pension asset or liability. Because the Wisconsin Retirement System is fully funded, we record this on our Balance Sheet as an asset, which increases the Hospitals Net Position. General discussion continued.

- December 2015 monthly total net income prior to the transfer is a loss of \$114,208 with net income after the transfer at a loss of \$137,968.
- December profit YTD is down from 2014 by \$83,651.
- YTD Swingbed days are down from 2014 by 4 patient days.
- YTD Acute Inpatient days are down from 2014 by 234 patient days. 123 patient days are related to OB / Newborn days.
- YTD Observation hours are down from 2014 by 959 patient hours.
- Comparing Department Profit/(Loss) Current YTD to Budget, in inpatient revenue:  
OR, ER/OR Pro fees, and Therapy are above budget – this is due mainly to orthopedic surgeries.  
All other departments are below budget – due to a decrease in the ancillary service for an inpatient.
- Comparing Department Profit/(Loss) Current YTD to Budget, in outpatient revenue:  
Ambulatory, OR, Outpatient clinic, Therapy, and Radiology are above budget – mainly due to orthopedic surgeries and the type of outpatient service.  
Med/Surg, Laboratory, and Pharmacy are below budget – due to decrease in patient count and ancillary service.
- Total Clinical Expenses YTD:  
Med/Surg, OR, and Therapy are over budget.  
OB, ER, Outpatient Clinic, Lab, Radiology, and Pharmacy are below budget.
- YTD Net (Loss) prior to the transfer of \$4,025.63 to the Manor and \$236,811 to the County General Fund is a loss of \$123,033, which is a 0.90 loss YTD. Operating Percentage Margin YTD (after disbursement of the CGF) is -1.511%, which is below budget.
- Our YTD net loss after County Transfer is at a loss of \$363,869.
- Account balances that were written off to charity care for 2015 amount to \$65,084.58, compared to 2014 amount of \$51,486.17.

**Balance Sheet**

- Cash as of December 31, 2015 is -\$254,811. Cash is low due to reduced amount of deposits in December and some large invoices.
- The Accounts Receivable balance as of December 31, 2015 is \$3,385,194.
- Capital purchases for 2015 are indicated on the capital worksheet.

Focus Statement

“Caring...Quality...Life... We take it Personally.”

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**Aged Accounts Receivable**

- The net days outstanding in accounts receivable is 55.08.
- 61.49% of our aging accounts receivable is in 0-30 days outstanding, and 13.61% are in 31-60 days outstanding.
- Self-pay balances December 2015 total \$437,815, compared to self-pay balances December 2014 total \$526,799.
- Currently for December 2015, \$612,932 is greater than 90 days outstanding, compared to December 2014, \$465,534 greater than 90 days outstanding.
- Currently for December 2015, 42.73% of our aging accounts receivable consists of Medicare and Medicaid.

**Liabilities**

Long term liabilities includes \$650,000 loan for the remodel of the outpatient clinic. Payments are being made monthly, and the current balance is down to \$595,650.

**Dept Profit/(Loss) & Income Statement January 2016 – NO REPORT GIVEN**

**Dept Profit/(Loss) & Income Statement**

- February monthly total net income is \$137,852.
- February profit YTD is down from 2015 by \$12,394.
- YTD Swingbed days are down from 2015 by 22 patient days.
- YTD Acute Inpatient days are down from 2015 by 7 patient days.
- YTD Observation hours are down from 2015 by 170 patient hours.
- Comparing Department Profit/(Loss) Current YTD to Budget, in inpatient revenue:  
 Med/Surg and Therapy are above budget.  
 All other departments are below budget – due to a decrease in the ancillary service for an inpatient.
- Comparing Department Profit/(Loss) Current YTD to Budget, in outpatient revenue:  
 Pharmacy is the only department above budget.  
 All remaining departments are below budget – due to decrease in patient count and ancillary service.
- Total Clinical Expenses YTD:  
 Med/Surg, Outpatient Clinic, Therapy, Radiology, and Pharmacy are over budget.  
 OR, ER, and Lab are below budget.
- YTD Net income is a profit of \$76,267, which is a 3.13% profit YTD. Operating Percentage Margin YTD is 2.038%, which is slightly below budget, which is 2.321%.
- Account balances that were written off to charity care for 2016 amount to \$1,135.02, compared to 2015 amount of \$5,330.60.

**Balance Sheet**

- Cash as of February 29, 2016 is -\$159,468. Cash is low due to reduced amount of deposits, due to reduction in patient stats.
- The Accounts Receivable balance as of February 29, 2016 is \$3,226,534.
- Capital purchases for 2016 is due to the addition of a 2007 Chevy Coronado truck for \$8,069.50...

**Aged Accounts Receivable**

- The net days outstanding in accounts receivable is 45.09.
- 54.78% of our aging accounts receivable is in 0-30 days outstanding, and 17.71% are in 31-60 days outstanding.
- Self-pay balances February 2016 total \$437,806, compared to self-pay balances February 2015 total \$580,879.
- Currently for February 2016, \$575,989 is greater than 90 days outstanding, compared to February 2015, \$530,975 greater than 90 days outstanding.

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- Currently for February 2016, 49.43% of our aging accounts receivable consists of Medicare and Medicaid.

### Liabilities

Long term liabilities includes \$650,000 loan for the remodel of the outpatient clinic. Payments are being made monthly, and the current balance is down to \$585,871.

After a lengthy discussion and clarifications the motion was made by Mr. Wilson to approve the financials as were presented for December 2015 and January & February which were presented together, seconded by Dr. Solverson. Voice Vote, motion passed.

Ms. Maurer and the committee wanted to thank and commend Ms. Johnson on her high level of integrity, character & professionalism and for doing a nice job making sure that everything was completed before leaving for her new endeavors.

### VI. New Business (Items Moved Up):

#### 2. Meriter Unity Point discussion:

Ms. Chikowski started out by saying that there was a Facebook Post stating that the County was going to meet with Meriter Unity Point today, which is erroneous. When the meeting was set up a few weeks ago, she contacted both the Auxiliary & Foundation members to make sure that they were aware of this meeting and that it was to discuss additional services, not that they were going to purchase the hospital. Meriter Unity Point has relationships with over 36+ hospitals and they range from management to affiliation where they get IT resources and we are looking at what they might have to offer us. We already have a relationship with them in that 90% of our Specialists are from Meriter Unity Point. Ms. Kuepers and Ms. Chikowski, along with others are planning to go to Guttenburg to their community hospital to see what their relationship is with them and how it is working and what their model is. We need to have a relationship with a larger hospital – to help make us grow and thrive and wanted everyone to know that we are looking. Dr. Solverson said that over the past 10 years things have changed and have gotten very competitive and we need to move forward and look at this opportunity to invest in our hospital and community - to make sure we continue to provide great healthcare locally and we need a big brother to do this. Mr. Sauer said that there are different levels of involvement and they may make some changes but we need to affiliate with someone now to help us to compete. Ms. Kuepers said that the culture is meshed and they would have the same thoughts as we have – to enhance our services – helping us to continue to serve our elderly population as well as our young families. We would feel comfortable to enter into a relationship with them and they have the capability to help us remain viable. So we are looking at Guttenburg/Finley who already has a relationship with them to see what their model is. A lengthy discussion continued regarding setting up open forums and meetings to get the public's opinion before making any decisions. All seemed to agree that this was a good direction for the hospital to be going and would like to endorse these activities and research this further.

The motion was made by Dr. Solverson, seconded by Mr. Ludlum to allow the Hospital, County Board Chair, and others to pursue researching this option. Voice vote, motion passed.

Ms. Maurer asked if this would include other departments under the umbrella such as Manor, Home Health Care, etc., and it was decided that they are doing well right now and we need to concentrate on the hospital.

4. Trip to Rusk County Hospital: Mr. Lopez found out that the only other county hospital that exists in the state is Rusk County and decided to plan a visit to see what their model was. We asked Mary Knellwolf, Hospital Supporter, Bev Anderson, Hospital Supporter, County Finance Director, Nicola Maurer, Hospital Committee Chair Bill Moody & Buck Virtue, Community Member and Foundation Member to go along on this visit. They went to gather information and to find out what their model was and to see if it is even an option for the hospital to separate out. We do not want to give up county ownership. The visit to the community hospital in Guttenburg may also give us more ideas.

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Brief discussion continued regarding board members and numbers that are required. Mr. Sauer said that if he remains Board Chair he would like to appoint 3 lay members to the hospital committee in the hopes to bring in new ideas and grow the business. Looking at several prospects and would like local business people that can bring in new ideas and have been aggressive in their own businesses to share their knowledge. This brings a good diversity to the conversation. General discussion continued.

Family Health & MHLC are doing a good job of working together and are united now more than they have been in the past. We need the support of the hospital committee and our community to work for the future. The hospital is very important to this county as well as schools to draw people to our community.

**VII. Audit of the Bills: Discussion and possible action.**

Ms. Johnson reported that there was nothing out of the ordinary for AP. Mr. Boyle made the motion to approve the audit of the bills, seconded by Dr. Solverson. Voice vote motion passed.

**VIII. Personnel – discussion and possible action requested.**

1. Staff Updates: Ms. Chikowski/Ms. Kuepers:

- Ms. Johnson's last day is today - she will be taking a position with the City of Platteville. Joe Svetlik from the RWHC has been contracted to help as the Interim Finance Manager. This is the perfect time to look at splitting out the Hospital & Manor finance position as they very different. Manor is about a fourth of her time so we would like to consider posting the hospital piece as 1 full time position. Then the Manor needs to look at their side and what their needs are. Dr. Solverson & Mr. Sauer agreed that we need to look at the job descriptions and look at the need for CFO level guidance and where we might get it and review at the next meeting. We should move forward with creating new job descriptions and see what they look like while Mr. Svetlik & Ms. Maurer assist with the monthly closing and other processes and functions. We would like to see savings at both facilities as well as the needs being filled. General discussion continued. Ms. Chikowski will retool the Director of Finance job description with wage – we need to make sure we act as soon as possible but make sure we are doing what is appropriate for the County. Research and recommend at the next meeting or before.
- Amie O'Brien was hired in the business office.
- Joyce Ubersox was hired in the housekeeping department.
- HUC resigned – leaving in June.

2. February OT Report: Ms. Chikowski:

RN's due to sick time; ER due to position not filled; CNA due to sick time; IT: 16.75 due to new and ongoing projects – Ms. Chikowski said that she has authorized up to 20 hours of OT per month and he is reporting to me. Nurse Techs are not completely filled so there is extra time but should be mid-May.

**IX. Medical Staff Report:**

1. Appointments: Dr. Solverson:

We have 2 new applicants that were reviewed and recommended by Medical Staff for privileges:

- Sara Suardini, Registered Dietitian – Allied Health Professional
- Eric Phillippii, MD, Acute Care ER Physician – 6 months or 3 visits Probationary

After brief discussion the motion was made by Ms. Hull, seconded by Mr. Wilson to approve appointment to the Medical Staff. Voice vote, motion passed.

2. Family Health/Hospital Communication:

Dr. Solverson reported that there are no issues other than their medical staff changes recently. We have 7 providers now but will be going to 5 – Dr. Neumann is retiring April 22, 2016 and Eric Dellamader, APNP resigned – last day April 1, 2016. He will be going back to the Green Bay area where his family lives and working in a clinic near there. Dr. Martin Cleary is doing very well. Brief discussion continued.

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**X. Management Report: Discussion and possible action requested.****Old Business:**

1. Laundry Quotes: Ms. Chikowski:  
We received bids from Aramark by the piece, Superior by the pound. We will do a delivery & cost analysis and come back next time. We have Superior doing it right now and they are doing a good job. Aramark wanted to bid.
2. Nursery Buildout Update: Jim Pahnke, Maintenance Supervisor requested and received a design from an architect and after a general discussion it was decided that we need more than one bid. The committee decided to pay for the design and seek more bids. Mr. Pahnke will let the company know.
3. Space Utilization within Hospital:  
No new information at the time.
4. Transfer/Hospital Loss 2015 discussion:  
This was discussed during the Financial Report: Ms. Maurer suggested that since the County was doing well and in a stable financial condition that the money that the hospital transferred to the County in 2015 should be reimbursed. After a lengthy discussion the motion was made by Mr. Ludlum to request reimbursement of the hospital's 2015 Transfer to the General Fund, seconded by Mr. Wilson. Voice vote, motion passed. This was a very good and positive discussion.

**XI. New Business:**

1. IT Request(s): Ms. Chikowski: None at this time.
2. Meriter Unity Point: Moved up to discuss after Financial Report
3. Minute Procedure: This is law and cannot be avoided at the time.
4. Trip to Rusk County Hospital: Moved up to discuss after Financial Report
5. Strategic Planning Meeting:  
Ms. Chikowski reported that she was not ready to discuss this item.
6. Digital Equipment Bids for Radiology:  
Hilary Whalen, Radiology Manager:  
Presented the quotation from Cal Ray for Two (2) Konica Minolta AeroDR LT Panels to be shared between the existing GE Proteus & Shimadzu Fluorospeed Rooms & the GE AMX4 Portable. The current equipment was purchased in 2008 – this is not serviced anymore so that prompted looking for new equipment. The current equipment is working but needs to be replaced by 2018 we will need to move on it. After a general discussion the motion was made by Mr. Wilson to go with the Cal Ray quote and purchase for \$161,978 for a 5 year lease not to exceed \$32,500. Motion was seconded by Mr. Boyle, Voice vote motion carried.
7. Request for Proposal – RFP for Auditor:  
Ms. Chikowski asked for permission to put out a RFP for an Auditor for the hospital separate from the rest of the County. Mr. Wilson reported that the Finance Committee had already motioned to contract with Baker Tilly at its last meeting. Mr. Moody said that Finance meets tomorrow – Baker Tilly is already on the agenda so there could be discussion regarding separating the hospital out. After a general discussion the motion was made by Mr. Boyle, seconded by Mr. Ludlum to approve the RFP for Auditor based on what the Finance Committee decides at their meeting tomorrow. Voice vote, motion passed.
8. Compensation to Nicola Maurer for potential overtime in providing additional oversight to MHLC Finance.  
Ms. Maurer spoke to the committee about her increased involvement with MHLC Finance over the last 2 years. The County hired additional staff so she could do this. She has been very happy to give the extra support and is pleased to report that there was only 1 adjustment that was needed in the recent audit – this was significant as there were many audit adjustments in prior years. She is asking, now that Ms. Johnson is the last person in the finance department to leave, and as we go through the transition of filling this position and working with Joe Svetlik who has been contracted from the RWHC to fill in, to please consider paying her for working hours outside of her normal work hours. After a lengthy discussion the motion was made by Ms. Hull seconded by Mr. Boyle to approve additional compensation of \$75/hour to Ms. Maurer for additional work outside of her normal hours for a limited time to transition the new finance departments of the Hospital

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and Manor. This will be effective March 23, 2016, the date that Mr. Svetlik started. This will need to go onto  
HR and Finance. Voice vote motion passed.

XII. **Set Next Meeting Date** – After a general discussion Mr. Moody set the next meeting date.

**Next Hospital Committee Meeting**  
**April 26, 2016 1:00 p.m.**  
**MHLC Downstairs Conference Room**

XIII. **Adjournment** – Mr. Boyle made a motion, seconded by Ms. Hull to adjourn the meeting. Voice vote, meeting was adjourned.