

Memorial Hospital Lafayette County 'MHLC'
 May 24, 2016
 MHLC Conference Room
 Minutes from Monthly MHLC Committee Meeting

Present: MHLC Chair Bill Moody; MHLC County Supervisors Wayne Wilson; Larry Ludlum; Bob Boyle; Dr. Matt Solverson arrived at 12:15 p.m.; Bev Anderson; Homer Evenstad; Jack Wiegel; Administrator Julie Chikowski; COO Kathy Kuepers; County Finance Director Nicola Maurer; Interim Director of Finance: Joe Svetlik; Executive Secretary Jody Tuescher

I. Call to Order

Mr. Moody called the meeting to order at 12:00 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 if we could move onto the Management Report and its 3 items that can be discussed without Dr. Solverson being here. Mr. Wilson made the motion to approve the agenda with changes, seconded by Mr. Wiegel. Voice vote, motion passed.

IV. Minutes – Discussion and possible action requested

The motion was made by Mr. Boyle, seconded by Mr. Ludlum to approve the minutes of the April 26, 2016 meeting. Voice vote, motion passed.

IX. Management Report – Discussion and possible action requested. (Moved up)

1. Laundry Quotes: Ms. Chikowski said that they received the quotes back from both parties and since the Manor & Hospital are sharing the service she asked Jim Pahnke & Jim Lange to review each in detail. We are considering Aramark but Jim Pahnke would like to do an onsite visit to Orchard Manor who utilizes them so get their onsite recommendation. We will bring back a recommendation to the next meeting.
2. Nursery Buildout Update: Ms. Chikowski reported that we are still waiting for the 3rd bid to come back. As soon as we receive it we will bring it back for the committee's review. Mr. Moody said that we don't need 3 bids to go ahead with the decision. Ms. Maurer said that there was no 3 bid policy that she knew of – if we have 2 bids and have waited over a month for the 3rd the members agreed that we could move forward with the 2 bids. After a general discussion the motion was made by Mr. Evenstad to go with the lowest bid of \$27,000, seconded by Mr. Boyle. Voice vote, motion passed. Mr. Moody suggested that we go with a roll call vote as well to make sure we are following the correct procedure. Roll Call: Moody – Yes; Wilson – Yes; Ludlum – Yes; Solverson – Yes; Anderson – Yes; Evenstad – Yes and Wiegel – Yes. Motion passed.
3. Strategic Planning Meeting: Ms. Chikowski updated what is happening with the Unity Point conversations. They have reached out to us and requested that we consider a non-disclosure agreement so we can start talking about possible affiliations going forward. We told them to go ahead and put something together and we will have our corporate council review it and move forward with it. This is just an update. Another thing we have been invited to meet with the people at Guttenberg Municipal Hospital on Tuesday, May 31, 2016 at 2:00 p.m. Driving arrangements will be made. Mr. Lopez asked if an objective list will be developed. An agenda and presentation will be created and given out ahead of time. General discussion continued.

V. Financial Report:

**Dept. Profit/(Loss) & Income Statement – Mr. Svetlik & Ms. Maurer
 March & April 2016**

Mr. Svetlik handed out the reports and reviewed.

- April monthly total net gain of \$402,585.
- April profit TYD is ahead of 2015 by \$276,369.
- YTD Swingbed days are down from 2015 by 4 patient days.

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- YTD Acute Inpatient days are down from 2015 by 25 patient days.
- YTD Observation hours are down from 2015 by 97 patient hours.
- Comparing Department Current YTD Inpatient Revenue to Budget:
 - Med/Surg, Radiology and Therapy are above budget.
 - All other departments are below budget – due to a decrease in the ancillary service for an inpatient.
- Comparing Department Current YTD Outpatient Revenue to Budget:
 - Therapy is the only department above budget.
 - All remaining departments are below budget – due to decrease in patient county and ancillary service.
- Total Clinical Expenses YTD:
 - Med/Surg, Outpatient Clinic, and Radiology are over budget.
 - OR/ER, Therapy, Pharmacy and Lab are below budget.
- YTD Net Income is a gain of \$308,568, which is a 6.65% total margin YTD. Operating Percentage YTD is 4.29% ahead of 2015 which was 0.88%.
- Account balances that were written off to charity care for 2016 amount to \$3,687, compared to 2015 amount of \$23,333.

Balance Sheet:

- Cash as of April 30, 2016 is \$64,510. Cash is increased due to the positive month we experienced.
- The Gross Accounts Receivable balance as of April 31, 2016 is \$2,988,737 which is down slightly.
- We purchased OT lighting in April for \$25,894. Total capital purchases are \$33,964 so far in 2016

Aged Accounts Receivable

- The net days outstanding in accounts receivable is 42.4 - this is down from last month of 56.79.
- 60.57% of our aging accounts receivable is in 0-30 days outstanding, and 11.85% are in 31-60 days outstanding.
- Self-pay balances April 2016 total \$464,853, compared to self-pay balances April 2015 total \$518,885.
- Currently for April 2016, \$571,540 is greater than 90 days outstanding, compared to April 2015, \$484,971 greater than 90 days outstanding.
- Currently for April 2016, 51.18% 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 listed at \$575,892. This was down \$10,000 from last month.

AR: Mr. Moody asked what percent is uncollectable. Mr. Svetlik can talk about this next month. General discussion continued. Ms. Chikowski said that typically a Critical Access Hospital can collect between 60 – 65%.

Ms. Chikowski also reported that we received great news about our Cost Report. After all the training and working with Ms. Maurer, Mr. Svetlik, and Ms. Kuepers in filing the Cost Report – we received word that our reimbursement will be \$1,092,866! We are very excited – we have learned how to do things correctly so we can increase our reimbursement going forward. 2013 & 2014 Cost Reports will be reopened and redone so we can garner additional monies from both years. General discussion continued. Dr. Solverson asked to clarify what our financial position is then, we were dire, and now are we plush with cash or do we have things we need to do to reinvest in to get caught up. Ms. Chikowski replied that no, we are not plush with cash – Dr. Solverson said that we need to at least acknowledge where we are at – because when people see that we are going to receive that amount of money back in reimbursement from Medicare they are going to automatically assume we are doing great now, but there a lot of things we have been putting off because of our financial situation. Ms. Chikowski reminded the group of what we talked about last month, the

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remodeling and equipment purchases that were necessary. Also the fact that we are looking to add Ophthalmology and possibly doing cataracts and there would be some investment – that is something that our community is asking for from us and we want to try to accommodate them. We are looking at the addition of equipment in OR so we can perform Urology procedures here – which is also what our community is asking for us to provide locally. We absolutely have investments that we need to move forward with. But it is when things come along and we have the opportunity to put together a good business plan and we know that we have people to utilize them – we have some cash we can work with. Dr. Solverson just thought that needed to be clarified. General discussion continued.

Mr. Svetlik wanted to look at the current year, total gross charges to your expenses you get a ratio, in Medicare they call it the cost to charge ratio – comparing this April to last April and it was 56% of charges last year and 62% of charges this year. This tells us that for every dollar of revenue we have higher expenses – if last year April is reflective of the entire year, which is what the basis of what our current Medicare rate is, then it could actually be a little bit higher - because that comparison has changed. So he would recommend that we should look at filing for an interim rate adjustment to get our rate more reflective of our actual expenses and ultimately what our reimbursement would be. General discussion continued. Ms. Chikowski said that if we did this it would be down the road, we would wait and open 2013 & 2014 first to see how they turn out. Ms. Anderson said that when we have good news we need to share it with our community.

Mr. Lopez asked what we attributed the rate increase to and after a general discussion it was thought that it was due to being more detailed when completing the interim cost report as well as it being management & consumption driven. Ms. Maurer commented that is why we are separating the Manor & Hospital Finance Manager positions – to give the Hospital Finance Manager more time to achieve this level of detail.

Ms. Chikowski added that we have hired a new Finance Manager, Molly Wiegel – Mr. Svetlik will be here until the end of June when she is oriented. Brief discussion continued.

The motion was made by Mr. Wilson to approve the financial report, seconded by Ms. Anderson. Voice vote, motion passed.

VI. Audit of the Bills: Discussion and possible action.

Mr. Svetlik reported that there was nothing out of the ordinary for AP - Ms. Kuepers said that there had been a payment to WIPFLI for the cost report. After a general discussion Dr. Solverson made the motion to approve the audit of the bills, seconded by Mr. Wilson. Voice vote motion passed.

VIII. Personnel – discussion and possible action requested.1. Staff Updates: Ms. Chikowski/Ms. Kuepers:

- We had another CNA resign – we now have 2 FT positions & 1 PRN position open. As was discussed last month we are having a difficult time filling these CNA openings. We are trying to get creative with job descriptions and will be bringing them for review in the future. General discussion continued. Dr. Solverson reminded the committee that we were going to do a wage comparison study hospital & county wide but we need to do an internal equity analysis first. This is the analysis of what is inside the job and what it takes to do it – but this analysis costs money. And also if the findings are that we need to increase wages we may not have the means to give those increases. This had not been approved at the county board level yet so we will have to wait. Mr. Lopez commented that the cost to replace and train new people should be considered as the hospital is absorbing that cost now. A lengthy discussion continued. Mr. Boyle suggested that we take the issue to the new Management Committee. Ms. Maurer agreed that this would be a good idea but first the Management Committee will be reviewing and responding to the State inquiry regarding audit findings.

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- A FT Radiology Tech resigned and 1 of our Radiology Co-Managers applied for the position. We have 2 medical leaves coming up and are looking for a fill in LTE for the time as well.
 - CNO Chief Nursing Officer – we hired Terri Vieth, she will keep the quality piece of her position. Education & Scheduling will be deferred to other existing positions. Mary Roelli will be retiring the end of July so they will begin her orientation.
2. April OT Report: Ms. Chikowski:
Decrease overall in OT – all departments are doing a nice job managing their OT– there was a decrease in call ins in Lab – IT – monitoring, decrease in BO/Reg/Admissions. We continue to monitor.

IX. Medical Staff Report:

1. Appointments/Reappointments: Dr. Solverson:
We have 2 recommendations from Medical Staff for appointment:
- Laura E. Isaacson, Dietitian
 - Dr. Adam R. Figi, Radiologist
- After a brief discussion a motion was made by Mr. Wilson, seconded by Mr. Ludlum to approve the 2 new appointments. Voice vote, motion passed.
2. Family Health/Hospital Communication:
Dr. Solverson reported that Dr. Neumann is done and he is now the sole owner of Family Health. Family Health and MHLC have been working together and discussing new ideas – one is to share a PA. We'd like to increase orthopedic services and work on new ways to bring our patients back to Lafayette County. We are as good as and better in many ways than our nearby competitors. We are working together to make Family Health strong and in turn this will make MHLC strong. General discussion continued.

X. Management Report: Discussion and possible action requested. (Management/Old Business was moved up) Old Business:

1. Laundry Quotes: Ms. Chikowski:
2. Nursery Buildout Update:
3. Strategic Planning Meeting:

XI. New Business:

1. IT Request(s): Ms. Chikowski:
None at this time – they are very busy with projects. Nick Metz has been very busy with various projects including helping Jason Walter with other county projects. Jody Tuescher helps cover basic IT to help stretch IT coverage at the hospital.

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

Next Hospital Committee Meeting
June 28, 2016 12:00 Noon
MHLC Downstairs Conference Room

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