



TAHOE FOREST HOSPITAL DISTRICT

# 2019-08-29 Board Finance Committee

Thursday, August, 29, 2019 at 12:00 p.m.

Pine Street Cafe Conference - Tahoe Forest Hospital

10121 Pine Avenue, Truckee, CA 96161

# Meeting Book - 2019-08-29 Board Finance Committee

08/29/19 Finance Committee

## AGENDA

2019-08-29 Board Finance Committee\_FINAL Agenda.pdf Page 3

ITEMS 1 - 4: See Agenda

## 5. APPROVAL OF MINUTES

2019-04-23 Board Finance Committee\_DRAFT Minutes.pdf Page 4

## 6. ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION

6.1. Accounts Receivable – Post Conversion Update  
No related materials. Discussion item only.

6.2. Potential Investment Options  
No related materials. Discussion item only.

## 7. REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS

No related materials.

## 8. AGENDA INPUT FOR NEXT FINANCE COMMITTEE MEETING / 9. NEXT MEETING DATE

## 10. ADJOURN



# FINANCE COMMITTEE AGENDA

Thursday, August 29, 2019 at 12:00 p.m.  
Pine Street Cafe Conference Room - Tahoe Forest Hospital  
10121 Pine Avenue, Truckee, CA 96161

**1. CALL TO ORDER**

**2. ROLL CALL**

Dale Chamblin, Chair; Mary Brown, Board Member

**3. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA**

**4. INPUT – AUDIENCE**

This is an opportunity for members of the public to address the Committee on items which are not on the agenda. Please state your name for the record. Comments are limited to three minutes. Written comments should be submitted to the Board Clerk 24 hours prior to the meeting to allow for distribution. Under Government Code Section 54954.2 – Brown Act, the Committee cannot take action on any item not on the agenda. The Committee may choose to acknowledge the comment or, where appropriate, briefly answer a question, refer the matter to staff, or set the item for discussion at a future meeting.

**5. APPROVAL OF MINUTES OF: 04/23/2019 ..... ATTACHMENT**

**6. ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION**

**6.1. Accounts Receivable – Post Conversion Update**

Finance Committee will receive an update on the status of accounts receivable.

**6.2. Potential Investment Options**

Finance Committee will discuss potential investment options for the District.

**7. REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS**

**8. AGENDA INPUT FOR NEXT FINANCE COMMITTEE MEETING**

**9. NEXT MEETING DATE**

**10. ADJOURN**

\*Denotes material (or a portion thereof) may be distributed later.

Note: It is the policy of Tahoe Forest Hospital District to not discriminate in admissions, provisions of services, hiring, training and employment practices on the basis of color, national origin, sex, religion, age or disability including AIDS and related conditions.

Equal Opportunity Employer. The meeting location is accessible to people with disabilities. Every reasonable effort will be made to accommodate participation of the disabled in all of the District's public meetings. If particular accommodations for the disabled are needed (i.e., disability-related aids or other services), please contact the Executive Assistant at 582-3481 at least 24 hours in advance of the meeting.

# FINANCE COMMITTEE

## DRAFT MINUTES

Tuesday, April 23, 2019 at 12:30 p.m.  
Squaw Conference Room - Tahoe Forest Hospital District Business Office  
10875 Pioneer Trail – First Floor, Truckee, CA 96161

### 1. CALL TO ORDER

Meeting was called at 12:43 p.m.

### 2. ROLL CALL

Board: Dale Chamblin, Chair; Mary Brown, Board Member

Staff in attendance: Crystal Betts, Chief Financial Officer; Jaye Chasseur, Controller; Martina Rochefort, Clerk of the Board

### 3. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA

No changes were made to the agenda.

### 4. INPUT – AUDIENCE

No public comment was received.

### 5. APPROVAL OF MINUTES OF: 12/17/2018

Director Brown moved approval of the Board Finance Committee minutes of December 17, 2018, seconded by Director Chamblin.

### 6. ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION

#### 6.1. Financial Reports

Finance Committee reviewed the following financial reports:

##### 6.1.1. March 2019 Financial Report

The District's cash position did improve. Cash collections exceeded target by 16%.

The District sent off \$2,103,000 for the 2017-18 Intergovernmental Transfer (IGT) Rate Range program. This neutralized the impact of what was collected. CFO explained there is intent for the IGT to go into next waiver but it may not look the same. The waiver goes until 2020.

*Judy Newland, Chief Operating Officer, joined the meeting at 12:45 p.m.*

EPIC Days in Accounts Receivable decreased to 84 days.

Total Bond Trustee 2015 decreased \$353,000 after recording the interest payment due on the bond.

Accounting saw a slight increase in Accounts Payable due to the timing of the final check run of the month.

Accrued Payroll & Related Costs increased due to additional accrued payroll days.

CFO reviewed the Key Financial Indicators.

Return on Equity showed a 9.8% increase in net position, against a target of 3.7%.

Days Cash on Hand was at 161 at the end of March 2019.

Accounts Receivable over 120 days is still high and continues to be a focus.

Ratios for Debt Service Coverage are far exceeding targets.

*Harry Weis, Chief Executive Officer, joined the meeting at 12:54 p.m.*

Payor mix was spot on budget.

Total Gross Revenue for March was \$5,301,538 over budget and year to date \$37,278,955 over budget.

CFO expects contractual allowances will increase.

Neurology, ENT, Physical Therapy and consulting hours due to the loss of a Senior Financial Analyst contributed to increased professional fees.

Benefits Medical Insurance was over budget by \$246,514. The District has a higher number of FTEs and there are some large medical claims. The District received some stop loss fees and will receive more in the future.

The loss on Disposal of Property is the remaining net value of the former Administration offices (Curves Building).

CFO reviewed the Revenue and Expense Statement for Incline Village Community Hospital (IVCH).

Total Gross Revenue year to date for IVCH was \$1,084,012 better than budget.

Contractual Allowances were over budget due to a large case that ended up in charity care.

Total Operating Revenue for March was \$67,902 better than budget.

EBIDA for the month was \$65,601 better than budget and year to date was \$790,816 better than budget.

CFO reviewed the Statement of Cash Flows.

Projected Days Cash on Hand for fiscal year end 2019 is 173. Days Cash on Hand for the end of March 2019 is 161 against a target of 151.

Capital Investments were under budget.

CFO reviewed volume charts. Total TFH Admissions and Total TFH Patient Days volumes were

significantly higher than previous years shown.

Total TFH MRI and Mammography Exams for FY2019 were higher than years past.

Medical Oncology appeared lower but visits are based on individual treatment plans.

#### **6.1.2. Quarterly Review – Separate Business Entities**

CFO reviewed the financials for the Separate Business Units.

Retail Pharmacy plan costs is the figure the District would have paid but since there are employee purchases through the Retail Pharmacy, the net financial position ends better.

Net Operating Revenue for Therapy Services is on track.

The Fitness Center is utilized more by physical therapy now and less as a gym.

Occupational Health Testing is the retail side of Occupational Health. Center Operations is the operations of the building and is on track.

CFO noted that oncology is using a different methodology with Mercy EPIC.

#### **6.1.3. Quarterly Review – Payor Mix**

CFO reviewed the payor mix graphs.

Commercial, Medicare and Medi-Cal are on budget for Gross Revenue Payor Mix trending.

Commercial, Medicare and Medi-Cal are flat on budget for Inpatient Revenue Payor Mix.

The District is seeing a trend of more and more Medicare on the Total Quarterly Percent of Gross Revenue by Payor chart.

#### **6.1.4. TIRHR Expenditure Report**

Finance Committee had no questions on the TIRHR Expenditure Report.

#### **6.1.5. Professional Fees Analysis**

CFO noted accounting is classifying some items a bit differently on the general ledger now and the totals should be looked at.

*6.2. was heard next.*

#### **6.2. Fiscal Year 2020 Budget Update**

Finance Committee received an update on the fiscal year 2020 budget.

The District is using the new Axiom software to produce the budget. Department directors are responsible for entering their information.

Volumes have been set and will be more reflective of 2019 but in some areas not quite as aggressive. Key areas we expect to see growth are the clinics and imaging services.

Payor mix will be adjusted for the Rural Health Clinics. The Health System should see a better rate per visit which will help contractual allowances.

The budget will reflect a significant increase in FTEs because of additional providers, changes in the construction arena, more EVS with second floor of cancer center coming on board, etc.

We have new cost centers that were added for physician employment. The net cost of employing physicians is more than PSA arrangement.

CFO reviewed ER pricing examples on TFHD's chargemaster against Barton and Marshall. CFO will continue to populate numbers as she gets them.

The 2020 budget will push to be in the \$7,200,000 net income range.

#### **6.1.6. Accounts Receivables - Post Conversion**

*Vickie Morgan, Director of Revenue Cycle, joined the meeting at 2:06 p.m.  
CEO departed meeting at 2:08 p.m.*

Accounting is striving to be at 77 days by the end of the month. The goal is to be at 66 days in May and 56-57 at the end of June.

CFO reviewed the staffing challenges the business office has been experiencing. A lot of applications have been received but not a lot of experience.

The business office will utilize outside vendors more often to supplement current staffing.

CMRE will receive claims 60 days or older, instead of 120 days.

Medi-Cal biller accepted position to work in IT. Novus is willing to pick up work on Medi-Cal claims.

Director Brown noted there is a massive exodus of staff and it is incumbent upon on the board to ask if there is a problem. CFO said there has been a struggle to find knowledgeable staff for the business office. Business Office staffing is a nationwide problem. A number of staff did not want to go through another conversion and chose to retire or accept jobs elsewhere.

CFO requires a Plan B and the only other option may be to outsource some or all of the business office functions. Some staff do not want to work overtime to get the claims processed. They should be working 50-60 claims and are presently below that threshold. .

CFO stated that resources are a problem for the District on the AR side. There is a significant amount that may not be collectable due to age of account.

Outsourcing would require a formal process with the bargaining units and would require RFPs to select the right vendor.

The claims issue stem from builds not being done correctly due to not fully understanding our structure and the nuances of the State Medi-Cal program, as well as testing of builds was minimal. In addition, it requires our providers and everyone upstream executing processes correctly to have the claim drop correctly.

NOVUS has processed through over \$6,000,000 in claims. They have been great in providing claim examples that we can provide to Mercy.

Staff know the drop dead date to turn the AR around is June 30 or CFO will have to look at outsourcing options for the business office.

**7. REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS**

None.

**8. AGENDA INPUT FOR NEXT FINANCE COMMITTEE MEETING**

None.

**9. NEXT MEETING DATE**

Finance Committee will meet as needed.

**10. ADJOURN**

Meeting adjourned at 2:37 p.m.