

November 14, 2013

- Members Present: Jim Bachrach, Acting Chair; Robert Davis; Deborah Huckeba; Homer McMillan
- Members Absent: Duffie Harrison, Secretary; Pat Conrad, MD
- Staff Present: Ray Brownsworth, CEO; Ginny Griner, HR/ Med Staff; Becky Gibson, DON; Craig Gibson, POD; Heather Huron, Admin. Assistant
- Guests Present: Anne Wilson, Proposed Board Member; Alan Feifer, Concerned Citizens of Franklin Co.

Discussion

Action

Call to Order / Approval of Minutes

- The meeting was called to order at 9:12am.
- An announcement was made by Bachrach that a BOCC/ hospital board workshop was tentatively scheduled for 11/19/2013 at 4pm. The hospital’s projected debt load and loan repayment strategy was discussed. Bachrach expressed that the workshop would be critical in moving forward with the hospital construction.
- Minutes from the 10/31/2013 meeting were presented for approval.

- Motion made by Huckeba to approve the minutes as presented, seconded by McMillan. Motion carried unanimously.

County Report

Bachrach stated that Wilson’s appointment and Davis’ reappointment were not approved at the last BOCC meeting due to commissioner concerns regarding appropriate district appointments. Brownsworth informed the BOD that the commissioners would address the issue at the 11/19/13 workshop.

Medical Staff Report

A recommendation was brought from the medical staff for the following:

- Officers for the Medical Staff Executive Committee for the 11/2013 to 10/2015 term
- President, Shezad Sanallah, MD
 - Vice-President, Eugene Charbonneau, MD
 - Secretary, Tamara Marsh

- Motion made by Davis to approve the medical staff recommendation for officers as presented, seconded by McMillan. Motion carried unanimously.

CEO Report

Consent Agenda

- Brownsworth reported a dip in the October Patient Satisfaction survey results. Brownsworth stated that he had reviewed the results and would monitor the monthly surveys for trends.

Financial Report

The Income Statement YTD 9/30/13 was reviewed in detail.

- Clinic Net Loss (\$380,644.74) Brownsworth stated that the clinics' continued loss was a key issue and was being addressed in a wide range of activities. Wilson questioned why the clinic's non-clinical supplies were more than clinical. Brownsworth stated he would investigate.
- Ambulance Net Loss (\$163,725.24) Brownsworth stated that the ambulance income/ loss would be trended over the next fiscal year. If the ambulance continued to have a deficit after all cash improvement efforts, he would request a subsidy increase from the county with the next year's budget. The board was informed that the ambulance billing would be assumed by CSS. Bachrach questioned the county's responsibility regarding the ambulance. Brownsworth stated that the county was obligated to cover the cost of the ambulance. McMillan discussed the administrative costs for the ambulance that are not being reimbursed by the county.

Leadbetter was contacted via phone at 9:30am.

- Leadbetter stated that he had made significant adjustments to the contractual allowances. He stated that beginning in October, contractual allowance deductions would be consistent.
- Leadbetter pointed out that the depreciation and liability expenses were being allocated to the hospital only. He stated that both expenses should be distributed appropriately between the hospital, ambulance and clinic.
- Bachrach questioned the property tax expenses. Brownsworth stated that the expense would be reviewed as the hospital should not have property taxes under the ownership of the county.
- Training and development was questioned by Brownsworth.

- Motion made by Davis to approve the consent agenda as presented, seconded by Huckleba. Motion carried unanimously.

- Leadbetter stated that the ambulance subsidy needed further investigation as there seemed to be inconsistencies as to how it was posted on a monthly basis.
- Leadbetter stated that many accounts had not been reconciled in years. Leadbetter met extensively with business office staff and reviewed all account inaccuracies. Roberson indicated to Leadbetter that the auditors did not pull any accounts out of the system to reconcile. Leadbetter expressed that this was probable or the auditors did make the proper reconciliations, but the corrections were never made in the system. Leadbetter shared that several accounts amounting to several hundred thousand dollars still needed adjustments. Leadbetter stated that a directive had been given to follow up with Roberson & Associates P.A regarding the inaccuracies, but it had not taken place to date. Leadbetter stressed the immediate need to employ someone with a minimum of entry level bookkeeping experience. Leadbetter shared that there were major weaknesses in procedures. He stated that the Medicare cost reports may be inaccurate due to financial inaccuracies. Leadbetter strongly recommended one vendor to perform audit and cost report. Leadbetter strongly emphasized that he would not be comfortable with financial statements until beginning balances were correct.
- Leadbetter made the recommendation for a fulltime bookkeeper or an entry level accountant in the business office. He stated that healthcare finance experience was not necessary as he could train. At McMillan's query, Leadbetter stated an appropriate salary would be minimally \$35,000 depending on background. Brownsworth revisited the idea of a revenue cycle manager. Leadbetter agreed that someone with accounting experience and supervisory experience could fill one position. Davis questioned Leadbetter's plan in moving forward. Leadbetter stated his on-site presence would be increased as there were no qualified individuals to whom he could delegate tasks. Brownsworth shared that he would be meeting today with the business office staff.
- Leadbetter discussed the USDA loan. Leadbetter advised against dependence on the benefit that depreciation would bring on the cost report. He stressed the uncertainty with healthcare and future reimbursement methods. Leadbetter recommended the hospital determine what the county would continue to subsidize and make sure the debt does not go

over that amount. He recommended that any benefits from the Medicare cost report should be set aside and later applied to the loan principal. Leadbetter stated that he would not recommend going into a project that the county would not guarantee to wholly subsidize. Brownsworth stated also discussed due to variation to not use the full amount in the health account, but instead keep some in reserve. Bachrach questioned the guarantee of tax receipt amounts and the guarantee that the tax receipts would continue to come to the hospital. Leadbetter recommended that the county take out the loan and add the payment as a line in the county budget. Feifer questioned if the project should be put on pause due to the need for better financials and profitability. Further, Feifer did not anticipate that the county would guarantee any amount over the health trust fund. Mcmillan voiced his opposition to pausing progress and stated that the hospital construction had been mandated. Leadbetter responded with his recommendation to proceed with the feasibility study. Leadbetter stated that it would be difficult to obtain loans without accurate financial statements. In response to Bachrach, Leadbetter anticipated comfort with the finances with another couple of months and his increased time spent on site.

Leadbetter left the meeting at 10:33am.

BOD/ BOCC Workshop

A discussion began regarding what issues should be addressed at the 11/19/13 workshop.

- Brownsworth stated that the clinic subsidy should be returned to ad valorem.
- Brownsworth mentioned that a possible cut from construction budget could be to keep the WMCW in the annex. This change could be accomplished without any variation to the scope of services.
- McMillan mentioned setting up a surgical suite without initially equipping.
- Bachrach addressed Leadbetter's recommendation to have a guarantee from county. Bachrach stated that the hospital already had guarantee of tax revenue.
- Feiffer addressed that only a subset of revenue should be taken due to unanticipated capital expenses. Brownsworth projected \$250,000 annually for capital. Brownsworth stated depreciation and interest from cost report of \$650,000 annually would be additional revenue for capital expenses. Feifer questioned availability for debt load after expense

reserved for capital expenditures.

- Bachrach and Brownsworth expressed sufficient comfort with the finances to move forward.

Clinics

Brownsworth shared that Hardin's billing privileges were currently suspended for Medicare and Medicaid payments due to legislation passed in 2001 related to criteria requiring certification. Billables associated with Medicare and Medicaid will continue to accumulate. Brownsworth is unsure of the impact this will have on past billing.

Brownsworth is making every effort to appeal the decision.

EHR Incentive

Brownsworth shared that a FL Medicaid EHR incentive payment had been received in the amount of \$330,000.

Construction Update

Brownsworth stated that it appeared a Certificate of Need was already obtained for the hospital construction.

Chargemaster Review

Brownsworth shared that he had contracted with a third party to review the chargemaster.

EHR Update

B. Gibson shared that CSS was currently training the nurses and physicians on VeEDIS, the new ER software that will go live on 12/2/13.

Old Business/ New Business

Huron will notify the board members and medical staff regarding the December social.

Adjournment

The meeting was adjourned at 11am.