

RANGELY DISTRICT HOSPITAL
BOARD OF DIRECTORS MEETING
August 27, 2020

BOARD MEMBERS PRESENT

John Payne, Chairman
Shad Peters, Vice Chairman
Brad Casto, Director (Secretary/Treasurer)
Diana Sizemore, Director
Keith Peterson, Director

OTHERS PRESENT

Kyle Wren, CEO
Dr. Abby Urish, COS
Jodi Dillon, HR Director/Executive Assistant
Wendi Gillard, Compliance Officer
Wesley White, Interim CFO
Jimmy Dillon, Controller
Paulo Fernandes, CNO
Nancy Drosty

I. WELCOME/CALL TO ORDER

- A.** A quorum being present, this regular meeting of the Rangely Hospital District Board of Directors was called to order at 6:00 p.m. by John Payne, Chairman of the Board.
- B.** Pledge of Allegiance
- C.** Prayer

II. APPROVAL OF MINUTES

- A.** Minutes of the Rangely District Hospital Board of Director's meeting dated July 30, 2020 were presented for review. A motion was made and seconded to accept the meeting minutes as presented. The motion carried unanimously. **(ACTION/TAKEN/CLOSED)**

III. PUBLIC FORUM

- A. Correspondence:** No Correspondence was presented
- B. General Public:**

IV. MEDICAL STAFF REPORT

- A. **Review of Medical Staff Report:** June 2020 Medical Staff cancelled.

V. COMPLIANCE REPORT

- A. **Quality:** All quality data that was due to CMS was gathered and turned in. I am still updating MBQIP data for the “patients Over Paper “timeframe. That is going well and is near completion. From that point on we will be back on track for monthly data gathered and reported to QHi for MBQIP and quarterly for CMS.

The Quality/Utilization Review/Infection Prevention meeting is scheduled for August 26. We are doing a combined meeting for two reasons: We need to get these back up and running from COVID and meeting fatigue. All of the same people attend the same meetings. We just need to ensure we clearly document and address each section in our minutes for regulation purposes.

Below you will see the data for the Inappropriate ED Utilization Measure, I will be working with our care coordinator, Jesse Smith, on a plan to reduce this number if possible. This also helps with one of the HTP measures, we always like killing two birds with one stone. (We are in holding pattern for HTP, waiting to see what the state is deciding).

- B. **Risk:** There is not a whole lot that is new in this area this month. We had some issues with HIPAA that were promptly addressed, education performed, policies changed and updated, and further education is planned in the future. It is rare that we have an issue in this area and we take this very seriously.

- C. **Compliance:** I’ve been working on various issues that have come up along side Jodi and Lois. We have decided to revamp some policies including the drug testing policy. We need to make sure it clearly defines “safety sensitive” positions and marijuana use with federal facilities.

We have a meeting set up to look at a learning Management System called Relias on August 27th. We are hoping that it is a platform that will be beneficial to use. They are National Rural Health Care Certified.

Kelly Christian is back and that will take a load off of me trying to navigate all of the Infection Control Mandates. We will navigate the guidelines and mandates related to COVID-19 together and her expertise will be priceless.

VI. FINANCIAL REPORT

A. Financial Summary Report for July 2020:

2019 AUDIT REPORT

- The 2019 financial statement audit report performed by Chadwick, Steinkirchner, Davis & Co., P.C., Grand Junction, Colorado is included in your packet. Also, included is a communication letter from the audit firm regarding the audit process, and a letter from the audit firm regarding material and significant internal financial accounting control weaknesses identified during their audit. Also included is a memo to the Board of Directors from the Interim CFO and the Controller explaining the corrective actions to correct the internal control weaknesses identified by the auditors.

CURRENT ISSUES

- **Balance Sheet Account Classifications to conform to the 2019 Audited Financial Statements-** The Balance Sheet accounts have been reclassified to classify the accounts on the General Ledger accounting system to match the audited financial statement classification in conformance with Governmental Accounting Standards. This will provide monthly Balance Sheet financial reporting consistent with the annual audit format. The one category that could not be created separately in the General Ledger accounting system is the “Deferred Inflow of Resources” (Deferred Property Tax Revenues) and it has been included in the “long Term Liabilities” category versus a separate category.
- **Cash Balances** – The Hospital’s Current Assets cash balance is much lower this month than it was last month. This is due to the reclassification of COVID-19 payments-specifically, the SBA Paycheck Protection Program (SBA-PPP) loan, the CARES Act Provider Relief funds, and the SHIP grant-from Non-Restricted cash to Other Assets Restricted cash. All of the cash is still there but reported in a different category on the Balance Sheet. Until we have applied for loan forgiveness Relief Funds, it is more accurate to record them as restricted. Despite lower utilization due to the COVID-19 pandemic, cash balances remain high because of increased property tax revenues from the 2019 mill levy increase.
- **Purchased Services** – A nursing staffing agency that we have worked with contacted us regarding unpaid agency RN involves going back to June of 2019. They had been trying to reach an employee who no longer is with the hospital and their new AR specialist finally got ahold of our HR manager. This led to an adjustment of about \$102,450 in our 2019 audited financials as well as a material deficiency in internal controls related to our accounts payable. We are in the process of improving the internal controls on our AP process to prevent this in the future.
- **2019 Financial Audit and Cost Report** – The audit is complete and the Medicare Cost Report will be filed and submitted the 25th of August, prior to the 31st of August’s extended due date. The nurse staffing agency invoices for services provided in 2019 received in August 2020 in the amount of \$102,450 were accrued as an audit adjustment in 2019. This amount was input into the Medicare cost report software and resulted in a reduction in the amount

payable to Medicare for 2019 in the amount of \$104,406. This reduction in the amount payable is the result of individual departmental cost to charge ratios increasing and as a Critical Access Hospital the hospital is reimbursed 101% of costs. The amount payable to Medicare for the 2019 cost report was decreased in July from \$306,460 reported in the 2019 audit to \$202,054.

- **Home Health Revenue is Preliminary** – Normally we record revenue as billed charges. However, after the April ransomware attack we are still in the process of rebuilding patient account data to submit all the claims impacted by the ransomware attack, though we have been able to bill few of the claims. We are accruing estimated unbilled charges accrued versus billed charges. They are subject to change, but are for now an adequate indicator of Home Health Activity.

COVID -19

- We have reclassified \$3.9 million in CARES act funds from Unrestricted Cash to a Restricted long-term liability. We are still waiting on guidance from HHS on requirements for calculating and recording lost revenue for the CARES Act Provider Relief Funds. While guidance was originally going to be made available on August 17, HHS released an update on August 14 indicating that it would take a little longer. They have made additional funds available as well, but we will not be eligible for them.
- We have reclassified \$1.6 million in SBA-PPA loan funds from Unrestricted Cash to a Restricted long-term liability. We are still working on collection of information for the SBA-PPP loan forgiveness application. We should be able to get 100% of the loan forgiven and will recognize revenue once the bank and the SBA have approved our application.
- We have reclassified \$75 thousand in SBA-PPP loan funds from unrestricted cash to a restricted long-term liability. The first round of SHIP grant reporting has been submitted and appears to have been approved. We are currently waiting on the templates to complete the second round of reporting. The remaining money will be used for COVID-related capital expenditures, and we will be able to use 100% of this grant.

STATS

- Utilization continues to improve. In several departments, revenue has exceeded forecasts. Acute and SNF days continue to be much higher than forecasted, as do home health visits.

PROFIT AND LOSS

- **REVENUE**- July's revenue was fairly high in most departments, though it is unclear if this trend can hold. Revenue year to date is the same as last year and 3% below budget. Revenue for most departments is still down year to date, but higher than usual acute/SNF and IV Therapy utilization are helping to boost revenue. Home Health has also been exceptionally busy.
- **ALLOWANCES**- All categories will be analyzed in detail during the next month by the Interim CFO as he learns how they have been calculated historically and as the 2021 budget is

prepared. The 2019 as filed cost report inpatient and swing bed per diem rates and outpatient rates will be utilized to update the 2020 Medicare calculations

- GROSS PROFIT- Gross profit is 9% better than last year and 19% better than budget, primarily the result of Medicare contractual allowances, but as stated above this will be updated based on the as filed Medicare cost report.
- TOTAL EXPENSE – Total expense is 12% more than last year and 4% over budget, mostly due to purchased services.
- PAYROLL EXPENSE- Payroll expense is 7% more than last year and in line with budget.

B. A motion was made and seconded to accept the July 2020 Financials Report as presented. The motion carried. **(ACTION/TAKEN/CLOSED)**

C. A motion was made and seconded to accept the Bank Authorization Resolution as presented. The motion carried. **(ACTION/TAKEN/CLOSED)**

VII. OLD BUSINESS/CEO Report

A. EMPLOYEE BBQ

- Thank you for all your help with our BBQ.

B. COVID-19 UPDATE

- Testing is ongoing for visitors and employees

C. RURAL HEALTH CLINIC TRANSITION

- No new information, waiting for a response from the State.

D. IT UPDATE

- Almost finished with the federal investigation, Meditech is still working on building applications.

E. HOSPITAL FOUNDATION

- In communication with our lawyer about next steps.

VIII. NEW BUSINESS/CEO Report

A. HOSPITAL POSITION UPDATE:

- Physician Search ongoing, Dr. Ali will be here Saturday interviewing.
- Training in certain areas, Accounts Receivable, Medical Records, CFO position, Senior Life Solutions.
- Gave Jimmy official title of “Controller” during mentorship.
- Laura Trujillo pharmacist went to PRN, hired Kim Colvin as Director of Pharmacy.

B. IT UPDATE:

- New phones installed and started training on new system.

C. SEPTEMBER FEST:

- September Fest is Monday, September 7. The schedule for the RDH Board is as follows:

IX. BUSINESS FROM THE FLOOR

A. Audit/Review with Lisa Hemann, CPA

X. EXECUTIVE SESSION

A. No need for Executive Session

XI. ADJOURNMENT

A. A motion was made and seconded to adjourn. The meeting adjourned at 8:27 pm.

Submitted By:

Brad Casto, Secretary/Treasurer, Board of Directors

Date

Jodi Dillon, Executive Assistant/HR Director

Date