

RANGELY DISTRICT HOSPITAL
BOARD OF DIRECTORS MEETING
July 30, 2015

BOARD MEMBERS PRESENT

Stephen Petersburg, Chairman (Absent)
John Payne, Vice Chairman
Jason Kurrasch, Secretary/Treasurer
Buford Adams, Director
Nathaniel Polley, Director

OTHERS PRESENT

Nick Goshe III, CEO
Jim Dillon, CFO
Bernie Rice, CCO
Cynthia Stults, Executive Assistant/HR Director
Nancy Droste, Radiology Director

I. WELCOME/CALL TO ORDER

A quorum being present, this regular meeting of the Rangely Hospital District Board of Directors was called to order at 6:00p.m. by John Payne, Vice Chairman. Steve Petersburg was out of town and was not in attendance, His absence was excused.

II. APPROVAL OF MINUTES

Minutes of the Rangely District Hospital Board of Director's meeting dated June 25, 2015 were presented for review. A motion was made and seconded to accept the minutes as amended. The motion carried unanimously. **ACTION/TAKEN/CLOSED)**

III. PUBLIC FORUM

- A. Correspondence:** There was no correspondence presented at this meeting.
- B. General Public:** There were two speakers from the general public present. They were Noreen James for CNCC and Julie from Special Olympics. They are joining forces to bring an event to Rangely in November to raise funds for the Special Olympics. They will be hosting a "Polar Plunge" up at the reservoir on November 14th. At 11am. They are here asking for the hospital's support for this event. All funds will go to the special Olympic athletes in Northwest Colorado. Currently in western Colorado there are about 2500 athletes. The hospital will provide a medical team for the first aid tent at the event.

IV. MEDICAL STAFF REPORT

- A. There was no Medical Staff Report as the meeting was cancelled due to a lack of quorum.
- B. It was recommended to approve Christine Kassis MD, Pediatric Radiology to temporary privileges until a med staff meeting can be held. Both Nick and Dr. Rieves have approved. A motion was made and seconded. The motion carried unanimously. **(ACTION TAKEN/CLOSED)**

V. COMPLIANCE REPORT

- A. **EMR update:** EMR update to 5.67 going fairly smoothly, we have run into a hitch with FormFast the, electronic signature program, it is designed to send information to one designated folder, we need it to do two separate ones a clinic and a hospital side. We are continuing to fight that battle. Otherwise we feel pretty good with the upgrade. (knock on wood).
- B. **ICD-10 Training:** We are setting up a series of classes including the providers, coders and Deb Johns the owner of our billing company for transition and documentation for ICD/10 code implementation in October 2015. The Obama administration is calling for CMS to give a great deal of leeway on interpretation of codes my feeling on this is they are just promising the sky to get it passed then the CMS will do as they please. So we are moving ahead as if it needs to be perfect.

VI. FINANCIAL REPORTS

- A. **2016 Budget Assumptions:** Jim presented the assumptions and trends that will be presented to the various department leaders for formulating the 2016 budget. A motion was made and seconded to accept the proposed budget assumptions as presented. The motion carried unanimously. **ACTION/TAKEN/CLOSED).**
- B. **Presentation of June's Financial Report:** Our line of credit for the \$1,250,000 was paid off in June. The Cost Report audit for 2013 went well with little change from our original filing. We filed for \$2,655,385 and Medicare tentatively paid us \$2,499,290. That left \$156,095 remaining. Medicare will pay us \$192,847 more, so we have a net pickup of \$36,752. Our existing Extended Illness Benefit (EIB) will end as of August 1st as it is being replaced by a short term disability benefit. Recently, EIB cost us more than \$100,000 per year versus about \$30,000 a year for the short term disability which will save more than \$70,000 per year. The financial audit statement for 2014 will be handed out at this meeting. We received a clean opinion and the audited statements have been reported to the state and bond holders. In most cases, June stats rebounded from their May levels to the levels being experienced this year. However Acute days, Skilled days, and Radiology had their best month of the year. Revenue is now 1% less than budget but 1% better than last year. Gross profit is 4% less than last year and 5% less than budget due to lower than expected Medicare monthly payments. Note that for June, we received \$0 in Medicare contractual payments versus a budgeted amount of about \$194,000. For year tot date, Medicare contractual payments are about \$460,000 less than budget and last year due to lower than expected Acute and Skilled days. Total Expenses are 2% greater than

budget and 1% less than last year. Payroll expense is 8% above budget and 11% more than last year. We expect payroll expense to trend closer to budget going forward since the 15% payment for Medical Insurance starts in July and EIB will end as of August 1st. Purchased service expenses are 8% less than budget and 50% less than last year. The wide variances to last year are due to the shortage of doctors and use of locums for the first few months of 2014. Year-to -date Net Income is (\$842,450) which is less than last year's figure of (\$466,864) and less than the budgeted figure of (\$315,934) mostly due to the \$460,000 gap in Medicare contractual payments mentioned above. Cash balances for June are as expected. The steep drop was due to the payoff of the Line of Credit at \$1,250,000. The Check Register for June was reviewed. A motion was made and seconded to accept the June 2015 Financial Report as presented. The motion carried unanimously. **(ACTION TAKEN/CLOSED)**

VII. OLD BUSINESS

- A. A&P Parking Lot Repairs:** By the board meeting unless there was some unforeseen delay the repairs should be completed and again at no cost to us.
- B. Accountable Care Organizations (ACO):** We are continuing to investigate forming an ACO with the hospitals in our northwest corner of the state. I believe our cost is going to be approximately \$49,200 per year for participating and this will be for three years. There is some debate about lowering the cost for smaller organizations like us (we only have 200 traditional Medicare lives that qualify for this program). However, if this takes hold like CMS is pushing for then this might include commercial insurance and other employers with self-funded plans as well. Basically the cost is \$3,750 per month and \$1.75 per month per covered life that adds up to \$49,200. For right now I believe we do not want to be the only hospital not participating. The ACO's purpose will be to lower cost to Medicare patients while improving quality. No one yet knows how this quality will be measured. By participating we can get a taste of what it will be like in the future if everyone is paid based on quality instead of fee for service like it is now. A motion was made and seconded to approve the pursuit of joining the WHA in forming the ACO as presented. The motion carried unanimously. **(ACTION/TAKEN/CLOSED).**

VIII. NEW BUSINESS

- A.** No New Business was presented at this time.

IX. BUSINESS FROM THE FLOOR

- A.** No Business from the floor was presented at this time.

X. EXECUTIVE SESSION

A motion was made and seconded to enter Executive Session at 7:12p.m. per C.R.S. §24-6-402(4) (f) “personnel matters.” The motion was approved unanimously. **(ACTION TAKEN/CLOSED)**

XI. ADJOURNMENT

A motion was made and seconded to adjourn this regular meeting of the Rangely Hospital District Board of Directors at 7:50 p.m. Motion approved. **(ACTION TAKEN/CLOSED)**

Submitted By:

Jason Kurrasch, Secretary/Treasurer, Board of Directors

Date: _____

Cynthia Stults, Executive Assistant

Date: _____