



FINANCE COMMITTEE

Wednesday August 3, 2016

4:00 p.m.

Hunsaker Conference Room

Members:

Janet Metcalf, Chair
Som Baccam
Mary Fuller
Cindy Gray
Dave Harkness
Mary Krieg, RNC, PhD
Jean Logan, RN, PhD
Susan Osby
Dean Peyton
Bill Taber

Ex-Officio Members:

Jody Jenner, CEO
Vincent Mandracchia, DPM
Karl Vilums, CFO
Wendy Zadeh

Guests:

Taxpayers Association of Central Iowa:
Gretchen Tegeler, Executive Director

Staff:

Senior Leadership Council

AGENDA

Pg #s

- | | | | |
|-----|----|------------------------------------------------------------|----------------------------|
| | 1. | Call to Order | Janet Metcalf |
| 1 | A | 2. Approval of Minutes – June 30, 2016 | Janet Metcalf |
| 2-7 | A | 3. June Financial Report | Karl Vilums |
| | A | 4. FY17 Intergovernmental Agreement Medicaid DSH | Jody Jenner
Karl Vilums |
| | | 5. Next Meeting: Wednesday, September 7, 2016 at 4:00 p.m. | Janet Metcalf |
| | | 6. Adjourn | Janet Metcalf |

FINANCE COMMITTEE

MINUTES

June 30, 2016

MEMBERS PRESENT:

Janet Metcalf, Chair
Som Baccam
Cindy Gray
Dave Harkness
Mary Krieg, RNC, PhD
Susan Osby
Bill Taber
Jody Jenner, CEO, Ex-Officio
Karl Vilums
Vincent Mandracchia, DPM

MEMBERS ABSENT:

Mary Fuller
Jean Logan, RN, PhD
Dean Peyton

STAFF PRESENT:

Michelle Phillips, Recorder
Julie Kilgore

Guests:

<u>Agenda Items:</u>	<u>Action:</u>	<u>Individual Responsible:</u>
Call to Order	Ms. Metcalf, Committee Chair, called the meeting to order at 4:02 p.m.	J. Metcalf
Approval of Minutes	The minutes of the June 1, 2016 meeting were approved as presented.	J. Metcalf
May Financial Statements	<p>Mr. Vilums reviewed the May Financial Statements as presented with a Net Operating Income for the month of \$1,281,525 as compared to Budget of \$500,596.</p> <p>Mr. Vilums stated that May is the turning point where you begin to see the impact of the Affordable Care Act.</p> <p>Days of cash slightly below last year, but we have to take the restricted funds in consideration.</p> <p>Days in AR are driven by the issues with the MCO's; Mr. Vilums anticipates that this will increase. The MCO's have readily admitted that they have been paying incorrectly so in the future there will be claim adjustments. MCO's goals are to reduce utilization by 30%. Estimated impact financially is approximately \$800,000 or approximately 4 days of cash per month.</p> <p>The committee stated to stress our concerns in any future meetings with the legislatures.</p> <p>Mental Health admissions has gone down and length of stay has gone up. Mental Health patients admitted in Meds Surg is accounted for in the medical patient days which are up approximately 4.55% YTD. Also discussed increase in length of inpatient stays and impact on Broadlawns Medical Center.</p> <p>Mr. Vilums reviewed the payer mix graphs For April and May 2016. Mr. Vilums explained the shift in the payer mix graph pointing out the increase in Medicare and Commercial Insurance on the May 2016 chart.</p> <p>The Finance Committee discussed increase in the cost to Broadlawns Medical Center for employee health insurance plan.</p> <p>Dr. Krieg MOVED and Ms. Gray seconded MOTION to recommend that the Board receive and file the May Financial Statements as presented. Motion approved by Voice Vote taken as follows: All Ayes from members present.</p>	K. Vilums
Next Meeting	Wednesday August 4, 2016 at 4:00 p.m.	J. Metcalf
Adjournment	There being no further business, the meeting adjourned at 4:38 p.m.	J. Metcalf

Minutes recorded by Michelle Phillips.

Janet Metcalf, Chair

August 3, 2016
Finance Committee
Summary of Financials

1. Net Income

The unaudited June net operating results reflect a gain of \$6,233,477, compared to the budgeted gain of \$456,648. Current YTD net unaudited operating income is \$43,523,305; prior YTD amount was \$45,951,771. The net collections are 44.94% YTD. Overall expenses for the month were \$848,972 under budget or 7%.

2. Volume Review

- Patient revenues were 1% over budget for the month, and were over prior year by 6% year to date.
- Inpatient medical days were 4% less than the prior year for the current month.
- Mental Health inpatient days for the month were 1% more than prior year. It is important to note however, inpatient census is close to 100% capacity. On a YTD basis Mental Health inpatient days reflect a 2% decrease compared to FY2015 levels and a 2% decrease compared to FY2014 levels. On a YTD basis outpatient Mental Health volumes were more than FY2015 levels by 8% and more than FY2014 levels by 15%.
- Overall total outpatient visits for the current month were more than the prior year by 1% and on a YTD basis more than FY2015 by 11% and more than FY2014 by 15%.
- Overall clinic visits for the current month were more than the prior year by 9% and on a YTD basis more than FY2015 by 14% and more than FY2014 by 21%.

3. Salary

- Budgeted FY2016 FTEs are 969 and YTD actual FTEs are 939. YTD FY2016 FTE levels are more than YTD FY2015 levels by 7%.
- Salary variance for the current month is \$405,976 over budget (7%). YTD salary expense is over prior year by \$5,516,634 (9%).

4. Accounts Receivable

Days in AR decreased by 1.89 days from the prior month. For the month of June, the overall days in receivable decreased from 50.09 to 48.20 and the dollars decreased by approximately \$1,512,936.

	Total Dollars	Current Days in A/R*	Goal for 6/30/16
Meditech System	\$24,652,965	37.34	
Unbilled/Late Charges	6,615,094	10.02	
QS1 – Pharmacy and Misc.	554,670	.84	
TOTALS	\$31,822,728	48.20	50.0

*Based on average revenues of \$660,208.

We continue to monitor our Billing Error rate as one of our Vital Signs measures. For the month of June we had a billing error rate of .35%. Year-to-date our billing error rate is 1.05%, which is slightly over the .95% for fiscal year 2015 but considerably below our current year target of 2%.

5. Cash

Days of cash are 232.08, which is less than last year by 118.40 days. One day of operating cash for YTD is \$369,284 which is higher than the FY15 month average of \$332,945. If we used \$332,945 daily cash expense in the calculation, Days Cash would be 257 compared to 262 last month and 349 at the end of FY15.

BROADLAWNS MEDICAL CENTER
 STATEMENT OF REVENUES AND EXPENSES (UNAUDITED)
 FOR MONTHS ENDED 06/30/16

	CURRENT MONTH ACTUAL	CURRENT MONTH BUDGET	CURRENT YTD ACTUAL	CURRENT YTD BUDGET	VARIANCE	PRIOR YTD ACTUAL
P A T I E N T R E V E N U E S						
1. INPATIENT REVENUE	3,932,973	4,158,125	49,330,929	50,590,535	(1,259,606)	48,468,467
2. OUTPATIENT REVENUE	15,556,526	15,125,602	190,269,385	184,027,990	6,241,395	177,975,989
3. TOTAL PATIENT REVENUE	19,489,499	19,283,727	239,600,314	234,618,525	4,981,789	226,444,457
D E D U C T I O N S						
4. INDIGENT CARE	(384,723)	802,468	4,031,677	9,763,370	(5,731,693)	6,757,546
5. PROVISION FOR DOUBTFUL ACCOUNTS	882,468	1,541,381	10,471,738	18,753,469	(8,281,731)	13,818,257
6. CONTRACTUAL ADJUSTMENTS	10,215,121	9,967,593	113,294,508	121,272,375	(7,977,867)	104,061,642
7. OTHER DEDUCTIONS	196,343	302,470	4,099,632	3,680,027	419,605	3,357,678
8. TOTAL DEDUCTIONS	10,909,210	12,613,912	131,897,555	153,469,241	(21,571,687)	127,995,122
9. NET PATIENT REVENUE	8,580,290	6,669,815	107,702,759	81,149,284	26,553,475	98,449,334
O T H E R R E V E N U E S						
10. OTHER OPERATING REVENUE	843,772	584,475	9,844,040	9,013,700	830,340	12,296,309
11. TAXES	7,929,808	5,189,356	65,012,724	62,272,273	2,740,451	60,509,884
12. INTEREST & CONTRIBUTIONS	26,800	9,167	214,778	110,000	104,778	117,955
13. TOTAL REVENUE	17,380,670	12,452,813	182,774,301	152,545,257	30,229,044	171,373,482
E X P E N S E S						
14. SALARIES	6,105,149	5,699,173	65,763,013	69,339,905	(3,576,892)	60,246,379
15. BENEFITS	639,090	1,558,008	20,227,284	18,696,100	1,531,184	15,266,547
16. SUPPLIES	1,541,372	847,052	12,517,690	10,164,675	2,353,015	9,616,129
17. DRUGS	844,958	1,008,333	11,253,157	12,100,000	(846,843)	11,745,140
18. PROFESSIONAL FEES	364,170	389,972	4,518,263	4,679,650	(161,387)	4,345,304
19. PURCHASED SERVICES	334,880	288,710	3,875,517	3,464,558	410,959	2,994,963
20. UTILITIES	170,228	146,003	1,504,398	1,752,040	(247,642)	1,458,634
21. OTHER EXPENSES	1,035,924	1,567,502	14,313,327	18,805,753	(4,492,426)	13,624,014
22. DEPRECIATION	363,990	355,439	4,093,047	4,265,267	(172,220)	4,449,278
23. INTEREST	(252,568)	135,973	1,185,300	1,631,671	(446,371)	1,675,324
24. TOTAL EXPENSE	11,147,193	11,996,165	139,250,996	144,899,619	(5,648,623)	125,421,711
25. NET OPERATING INCOME	6,233,477	456,648	43,523,305	7,645,638	35,877,667	45,951,771
26. OPERATING MARGIN	35.86%	3.67%	23.81%	5.01%		26.81%
27. NON-OPERATING REVENUE	0	0	0	0	0	0
28. NET INCOME	6,233,477	456,648	43,523,305	7,645,638	35,877,667	45,951,771
29. DEFERRED TORT TAXES	0	0	0	0	0	0
30. ADJUSTED OPERATING INCOME	6,233,477	456,648	43,523,305	7,645,638	35,877,667	45,951,771

BROADLAWNS MEDICAL CENTER
 KEY MONTHLY STATISTICS
 JUN 2016

	CURR MONTH JUN 2016	CURR MONTH JUN 2015	CURR MONTH JUN 2014	YEAR TO DATE JUN 2016	YEAR TO DATE JUN 2015	YEAR TO DATE JUN 2014
1. Days Cash	232.08	350.48	215.05	232.08	350.48	215.05
2. Change in Cash	(1,377,233)	(550,312)	688,999	(9,506,716)	25,793,162	24,638,270
3. Total A/R Days	48.20	44.20	45.97	48.20	44.20	45.97
4. FTE's	953.31	945.26	911.52	939.26	881.23	867.37
5. Medical Admissions	162	187	175	2,031	2,174	2,183
6. OB Deliveries	35	32	18	343	330	265
7. Medical Patient Days	642	668	660	8,456	8,159	8,642
*Med/Sug	499	540	545	6,804	6,640	6,922
*ICU	65	60	66	853	794	1,080
*Family Birthing Center	78	68	49	799	725	640
*Average LOS(excludes nursery)	3.99	3.50	3.75	4.20	3.77	3.98
8. Mental Health						
*Inpatient Admissions	64	82	83	838	929	1,112
*Patient Days	894	888	885	10,576	10,757	10,746
*Outpatient Visits	4,012	4,736	3,680	56,155	52,186	48,880
*Average LOS	13.55	10.70	10.29	12.27	11.50	9.51
9. Surgeries	294	318	328	3,624	3,709	3,768
*Inpatient	49	64	63	649	681	697
*Outpatient	245	254	265	2,975	3,028	3,071
10. Imaging Procedures	3,811	3,595	3,550	45,483	42,883	46,386
*General Procedures	2,416	2,338	2,098	28,158	26,189	27,694
*CT	486	417	587	6,318	6,055	7,530
*PET CT	5	5	9	118	126	50
*MRI	198	180	197	2,333	2,025	2,376
*Ultrasound	454	382	405	5,488	4,951	4,827
*Mammograms	252	273	254	3,068	3,537	3,909
*Venous Ablations	20	6	2	418	203	10
11. Lab Tests	61,891	59,778	50,703	709,253	637,762	662,221
*Inpatient	10,642	12,017	10,774	142,124	144,889	152,414
*Outpatient	51,249	47,761	39,929	567,129	492,873	509,807
12. ER Visits	1,948	2,178	2,056	24,205	24,359	28,439
13. Total Clinic Visits	13,751	12,630	10,633	157,138	138,123	130,065
*BMC Pain Clinic	343	269	312	3,605	2,443	3,803
*Dallas Center Clinic	595	598	0	6,673	3,165	0
*Eastside Clinic	438	0	0	6,249	0	0
*Downtown Clinic	182	0	0	1,018	0	0
*Eye Clinic	604	526	485	8,346	5,811	4,469
*FHC	1,157	1,279	1,402	15,147	15,937	18,801
*Geriatrics Clinic	405	318	281	4,189	3,070	353
*GI Clinic	35	45	0	404	128	0
*Internal Medicine	516	637	529	5,392	6,033	7,017
*Interventional Pain Clinic	852	273	231	6,069	3,089	233
*Neurology Clinic	323	332	306	3,714	3,740	3,652
*Oncology Clinic	480	511	414	5,727	5,347	3,331
*Oral Medicine	706	566	481	9,687	8,424	8,021
*Ortho	529	497	540	5,839	6,342	6,299
*Peds	375	340	257	4,741	4,279	4,373
*Podiatry	669	952	664	8,042	7,757	7,907
*Primary Care Clinic	2,162	2,105	1,509	24,018	23,819	19,029
*Sleep Medicine Clinics	177	428	220	2,667	2,750	2,828
*Sleep Lab Studies	51	76	33	811	531	385
*Sleep Lab Screens	6	6	5	44	86	166
*Specialty Clinics	472	335	290	4,399	3,938	4,427
*Surgery	100	141	128	1,351	1,416	1,501
*Walk in Clinic	2,081	1,969	2,067	23,953	24,564	27,261
*Women's Health	550	509	517	5,908	6,071	6,760
14. Total Outpatient Visits	19,711	19,544	16,369	237,498	214,668	207,384

BROADLAWNS MEDICAL CENTER
 BALANCE SHEET (UNAUDITED)
 AS OF 06/30/16

	CURRENT YEAR	PRIOR YEAR	CHANGE
ASSETS AND DEFERRED OUTFLOWS			
CURRENT ASSETS			
CASH & CASH EQUIVALENTS	80,918,201	90,504,251	(9,586,050)
INVESTMENTS	0	20,951,262	(20,951,262)
ASSETS LIMITED TO USE - CASH	4,784,178	4,704,843	79,334
PATIENT RECEIVABLES	11,722,293	10,740,694	981,599
COUNTY TAX RECEIVABLE	364,601	392,144	(27,544)
FEDERAL GRANTS RECEIVABLE	330,516	261,312	69,204
NON-FEDERAL GRANTS RECEIVABLE	344,563	455,288	(150,725)
OTHER RECEIVABLES	511,413	244,086	267,327
DUE FROM THIRD-PARTY PAYORS	1,638,350	3,680,833	(2,042,482)
INVENTORIES	978,651	825,522	153,129
PREPAID EXPENSES & OTHER ASSET	1,231,294	849,145	382,148
TOTAL CURRENT ASSETS	102,824,058	133,649,380	(30,825,322)
ASSETS LIMITED TO USE, LESS CURRENT PORTION			
CASH & CASH EQUIVALENTS -LIMIT	5,220,354	4,837,627	382,727
INVESTMENTS - LIMITED	62,961,467	7,112,323	55,849,144
FUNDS ON DEPOSIT - LIMITED	44,062	41,112	2,950
ASSETS LIMITED AS TO USE, , LESS CURRENT	68,225,883	11,991,061	56,234,822
PROPERTY & EQUIPMENT, NET	55,178,886	37,400,979	17,777,907
OTHER ASSETS	336,237	315,975	20,263
GOODWILL	123,804	123,804	0
TOTAL ASSETS	226,688,867	183,481,198	43,207,669
DEFERRED OUTFLOWS			
DEFERRED OUTFLOWS	16,143,707	7,832,448	8,311,259
TOTAL DEFERRED OUTFLOWS	16,143,707	7,832,448	8,311,259
TOTAL ASSETS AND DEFERRED OUTFLOWS	242,832,574	191,313,646	51,518,928

BROADLAWNS MEDICAL CENTER
 BALANCE SHEET (UNAUDITED)
 AS OF 06/30/16

	CURRENT YEAR	PRIOR YEAR	CHANGE
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
CURRENT LIABILITIES			
CURR MATURITIES LONG-TERM DEBT	1,645,000	1,560,000	85,000
CURR ACCRUED CLAIMS SELF-INS	2,037,023	1,796,529	240,494
ACCOUNTS PAYABLE	4,823,666	4,303,770	519,896
ACCRUED EMPLOYEE COMPENSATION	7,352,714	7,147,084	205,630
DUE TO THIRD-PARTY PAYORS	8,924,792	7,905,815	1,018,977
TOTAL CURRENT LIABILITIES	24,783,195	22,713,198	2,069,997
LONG-TERM LIABILITIES			
LONG TERM DEBT LESS CURRENT	22,313,582	23,912,192	(1,598,610)
ACCRUED CLAIMS SELF-INSURANCE	3,007,434	2,681,551	325,883
NET PENSION LIABILITY	40,463,961	31,105,015	9,358,946
TOTAL LONG-TERM LIABILITIES LESS CURRENT	65,784,977	57,698,758	8,086,219
TOTAL LIABILITIES	90,568,172	80,411,956	10,156,216
DEFERRED INFLOWS	9,731,709	11,892,484	(2,160,775)
NET POSITION	142,532,694	99,009,206	43,523,488
TOTAL LIABILITIES, DEFERRED INFLOWS & NET ASSETS	242,832,574	191,313,646	51,518,928

Broadlawns Medical Center
Statement of Cash Flows (unaudited)
For the Year Ending June 30, 2016, 2015 and 2014

	June 30, 2016	June 30, 2015	June 30, 2014
Cash Flows from Operating Activities:			
Cash Received from patients and third-party payors	109,783,869	105,299,921	76,202,644
Cash Paid to suppliers and contractors	(47,330,913)	(46,979,539)	(39,228,958)
Cash Paid to Employees	(86,897,755)	(77,719,190)	(72,369,812)
Other receipts	7,883,998	9,595,563	8,435,936
Net cash provided by (used in) operating activities	<u>(16,560,801)</u>	<u>(9,803,245)</u>	<u>(26,960,190)</u>
Cash Flows from Noncapital Financing Activities:			
Property taxes	65,040,267	60,557,034	56,384,233
Noncapital grants and contributions	27,314	47,036	90,898
Interest paid on noncapital financing	5,460	(7,421)	(9,649)
Goodwill	0	(71,676)	0
Other	2,000,000	3,000,000	0
Net cash provided by noncapital financing activities	<u>67,073,041</u>	<u>63,524,973</u>	<u>56,465,482</u>
Cash Flows from Capital and Related Financing Activities:			
Principal payments on debt and capital lease obligations	(1,560,000)	(1,415,000)	(1,240,000)
Interest payments on long-term debt	(1,621,438)	(1,701,525)	(1,768,162)
Proceeds from debt and capital leases	0	0	0
Proceeds from sale of capital assets	1,065	24,145	4,500
Purchase of capital assets	(21,690,038)	(3,557,919)	(4,175,925)
Capital grants and contributions	16,235	60,585	75,337
Net cash provided by (used in) capital and related financing activities	<u>(24,854,176)</u>	<u>(6,589,714)</u>	<u>(7,104,250)</u>
Cash Flows from Investing Activities:			
Investment income	118,780	(5,093)	344
Conversion of investments to cash and assets limited as to use	(897,882)	(1,611,044)	1,954,279
Purchase of investments	(34,000,000)	(21,000,000)	0
Net cash provided by (used in) investing activities	<u>(34,779,102)</u>	<u>(22,616,137)</u>	<u>1,954,623</u>
Net increase (decrease) in cash and cash equivalents	(9,121,038)	24,515,877	24,355,665
Cash and cash equivalents:			
Beginning	100,087,833	75,048,550	50,692,885
Ending	<u>90,966,795</u>	<u>99,564,427</u>	<u>75,048,550</u>