

# Bartlett Regional Hospital

3260 Hospital Drive, Juneau, Alaska 99801 907.796.8900 [www.bartlethospital.org](http://www.bartlethospital.org)

## Finance Committee Meeting Minutes BRH Boardroom – December 11, 2019

**Called to order at 7:00 a.m. by Finance Committee Chair, Dr. Bob Urata.**

**Finance Committee & Board Members:** Dr. Bob Urata (Chair), Mark Johnson (phone), Deb Johnston, Iola Young (will join Board in January)

**Staff:** Kevin Benson, CFO, Chuck Bill, CEO, Bradley Grigg, CBHO, William Gardner, COO, Rose Lawhorne, CNO, Dallas Hargrave, HR Director, Blessy Robert, Director of Accounting, and Megan Rinkenberger, Executive Assistant.

***Mr. Johnson made a MOTION to approve the minutes from the November 13, 2019 Finance Committee Meeting. Dr. Urata noted no objections and they were approved.***

### **FY2019 Audit Report – Sarah Griffith, Elgee Rehfeld**

There were three adjustments made to the financial statements related to specific circumstances that have already been corrected. There were no findings related to the BRH financial statement audit. There was one finding in the entity-wide audit in state grants related to the DHSS Sobering Center internal controls regarding compliance. The grant was over-reported to include costs from FY20, resulting in a small amount paid back to the state.

A new addition to the report this year is management's analysis on the financial statements, which they reviewed for reasonableness. In the independent auditor's report, they expressed an unmodified opinion on the financial statements, and they found the statements to be materially correct. The statement of net position, or balance sheet, shows a net worth of \$53 million. Pension-related accruals and liabilities totaled \$64 million. *(There was a discussion on the affect this had, or didn't have, on our credit and ability to borrow. Mr. Benson stated that in his experience banks recognize this as common and it didn't reflect on interest rates.)* Total net position for the year was \$4 million.

### **October 2019 Finance Review – Kevin Benson, CFO**

October was the first month after the cruise ship season, and BRH was still strong, financially. Areas were generally at or above budget, resulting in \$1.1 million over budget in operating revenue, expenses were \$846,000 over budget, for an operating income of about \$400,000, compared to a non-operating revenue of \$633,000 – almost twice budget expectations. YTD \$3.8 million. The Rural Demonstration Project impact on operations revealed \$4.8 million in increased reimbursement, compared to Low Volume PPS provider reimbursement of \$1.5 million, so net impact was \$3.2 million. RDP is still with the Senate, and is set to expire the end of June. Next year's budget plan if RDP is not renewed is to break even. Low volume designation application would be

due in March 2020. The Board would need to provide input on budget guidelines if RDP does not get renewed, and new board finance chair will need to be kept informed of this.

### **Medicare Cost Report – Dr. Bob Urata**

The Medicare Cost Report is now complete, so now we can complete the efficiency study (the analysis should arrive next month), and implement any necessary changes to support profitable departments and make other departments as efficient as possible.

Mr. Johnson asked for clarification on a report that BRH didn't qualify for DSH funding. Mr. Benson stated that he and Mr. Bill looked into that as well, and it is the acute care side that didn't qualify, but that it hasn't in years. Behavioral Health did qualify, but the payments drastically decreased, although this was expected with the expansion of Medicaid.

### **Capital Improvement Update – Kevin Benson**

The city's process wasn't syncing up with our process for identifying projects. Mr. Bill discussed with Mr. Watt, city manager, our campus plan, and street and parking improvement plans, regarding restricted access to the campus. This will affect trucks and buses most. BRH will need to build an access from Egan to Wildflower Court parking lot. There is \$90,000 in next year's CIP to reflect engineering and study to get it on their books. The decision is yet to be made whether to make it a temporary road, restricted access or a permanent road for greater cost. CBJ has allowed us to delay submitting projects until we have completed our budget process. Mr. Johnson suggested talking to DOT to see if funds can be made available for an access road, although the property belongs to CBJ.

**Next Meeting:** January 8, 2020 at 7:00 a.m. in BRH Boardroom

Dr. Urata expressed his gratitude for the work of the Finance Committee as he concludes his work with the committee for 2019.

**Adjourned – 7:44 a.m.**