

# Bartlett Regional Hospital

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

## Finance Committee Meeting Minutes Zoom Meeting – October 9, 2020

**Called to order at 12:00 p.m. by Mark Johnson.**

**Finance Committee\* & Board Members present:** Mark Johnson\*, Brenda Knapp\*, Marshal Kendziorek, Kenny Solomon-Gross, Rosemary Hagevig, Iola Young

**Staff & Others:** Kevin Benson, CFO, Billy Gardner, COO, Rose Lawhorne, CCO, Bradley Grigg, CBHO, Megan Costello, CLO, Dallas Hargrave, HR Director, Blessy Robert, Director of Accounting, Kris Muller, Megan Rinkenberger, “Roseman GenPublic” on Zoom (Identity unknown), Steven Whitley

**Public Comment:** None

*Ms. Knapp made a MOTION to approve the minutes from the September 11, 2020 Finance Committee Meeting. Mr. Johnson seconded, and they were approved.*

### August 2020 Financial Review – Kevin Benson

August was a better month after starting the fiscal year with a loss in July. Revenues were down in August but was supplemented by CARES monies to make up the loss of revenue. Inpatient volumes and revenues were down in August. After two months, inpatient revenues are 24% short of budget and 26% less than the prior year. Outpatient revenues were short of budget after exceeding budget in both June and July. It appears the “catch-up” effect from being closed for 6 weeks is over. Also, tourist volumes in the prior year were highest in the month of August. Outpatient volumes listed on the statistics page show a range of decreases from 7% (Lab) to 29% (Radiology). As a result, Outpatient revenues were short of budget by \$1.3 million. This resulted in Total Patient Revenue being short of budget by \$4.2 million or 22%.

Deductions from Revenue also decreased commensurate with the decrease of revenue and finished \$3.1 million less than budget.

Net Patient Revenue finished \$1.1 million or 11% less than budget. CARES funds were realized to make up for this loss of revenues and recorded to Other Operating Revenue. This left a shortfall of \$276,000 or 2.6% in Total Operating Revenue.

Expenses exceeded budget by \$88,000 thousand or 0.9%. This variance was less than expected as \$827,000 of unbudgeted expense was recorded to the Covid-19 department. This includes substantial spending on pharmaceuticals and other covid-19 supplies. This resulted in an Operating Income of \$586,000 and a Net Income of \$764,000. After the loss in July, this brought BRH back to break-even for Operating Income and provided a Net Income of \$356,000.

Revenues were down in August, but were supplemented by CARES Act funding. June and July were over budget. \$586k operating income, which was short of budget, but net income of \$764k, which helped to offset loss in July. Revenue commercial payors were at budget, but there was a drastic decrease in Medicare and Medicaid. Labor showed a decrease in overtime, and an overage in non-productive pay due to non-usage of leave. Liability of \$4.6M of employee benefits.

### **Student Loan Repayment Proposal – Dallas Hargrave**

To improve employee retention, BRH is proposing a program to repay designated amounts of student loans if employees agree to stay on for an additional year or two. Turnover rate is estimated at 3% per quarter, and turnover cost is estimated at \$30,000 per employee, resulting in a total savings of about \$662,400, with an estimated cost of the program at \$500,000, and a resulting total benefit of at least \$162,400 to BRH. One and two year incentive options provide a choice to employees. If someone terminates their employment before the agreed upon time, the percentage remaining is returned by the employee. The committee discussed the various cost and benefits of offering this program to staff.

***Ms. Knapp made a MOTION to recommend approval by the board for the Student Loan Repayment Program, and Mr. Johnson seconded the motion.***

### **CARES Act Reporting Changes – Kevin Benson**

New guidelines for hospitals receiving CARES funding were published on September 28<sup>th</sup>. Previous guidelines allowed hospitals to apply CARES funding to lost revenue using any reasonable method. Revised guidelines now limit lost revenue by comparing operating margin to the prior year. With the recent very positive GASB pension adjustment, lost revenue may no longer be able to be claimed. We are still seeking a better interpretation from external sources to determine true effect on BRH. May forgo FEMA application, and count the expenses as losses. Looking to the future to anticipate future effect on BRH as well. This may affect the current financial statements as well.

**Next Meeting:** November 13, 2020 at 12:00pm via Zoom.

**Board Comments:** None

**Adjourned – 12:44 p.m.**