

Bartlett Regional Hospital

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Finance Committee Meeting Minutes – Zoom Meeting October 21, 2022 at 12:00pm

Called to order at 12:00 p.m. by Finance Chair, Deb Johnston.

Finance Committee (*) & Board Members: Deb Johnston*, Hal Geiger*, Max Mertz*, Kenny Solomon-Gross, Brenda Knapp, Mark Johnson

Staff & Others: Robert Tyk, Interim CFO; David Keith, CEO; Dallas Hargrave, HR Director; Sam Muse, Controller; Kris Muller, Senior Accountant; Jennifer Knight, Senior Accountant; Tracy Dompeling, CBHO; Beth Mow, Contracts Administrator; Kim McDowell, CNO; Sharon Price, Executive Assistant to CFO; Sarita Knull, CBJ Controller.

Public Comment: None

Ms. Johnston made a MOTION to approve the minutes from the September 9, 2022, Finance Committee Meeting. Mr. Geiger moved to approve them, and Mr. Mertz second.

August 2022 Financial Review – Bob Tyk

We had a strong outpatient revenue; it was driven by ancillary services. For 30 days, we offered a 30% discount to patients that used self-pay, resulting in \$85,000.00 collected. Salaries, wages, and benefits went up, contract labor was the biggest contributor to that. We had a larger outsource lab bills for Sleep Lab (up \$28,000) and for LabCorp (up \$24,000). For our independent contractor physicians, we need to adjust their contracts in the future and build in Relative Value Units (RVUs). We can compare the compensation based on MGMA standards and see where our physicians fit in that range. Mr. Keith said the contracts are reviewed annually to confirm if the volumes produced by the physician meets the contracted amount. Any extra revenue and productivity generated, then falls towards the quarterly bonus. We have also been working on outsourcing the self-pay process, but we are having an issue with the contract. CBJ has said we can't indemnify patients the way the company's contract states. We have now pushed this to legal for them to modify the contract language. The inventory adjustment was very high for both pharmacy and materials department. In pharmacy, the count was off because of the inconsistencies of items being counted as each versus boxes. Mr. Muse said this is on our list of things to improve.

In the Financial Indicators, all three CMI (Case Mix Index) indicators went up. We have removed some of the financial indicators from the report so that we can develop indicators that are more indicative to BRH. That will allow us to more accurately identify how our organization is operating compared to other Alaskan hospitals and possibly nationally.

daVinci – Return on Investment

This project was brought up about three years ago by Dr. Newbury but didn't move forward. Recently, Dr. Newbury, Dr. Hope, Kim McDowell met with a daVinci rep multiple times to go over case volumes expectations and financial impact. Our current surgeons aren't trained with robotics, so we plan to use this as a recruitment incentive. This device can be utilized for general surgery, gynecological, head and neck, thoracic, and urological. Dr. Hope, who has worked with the daVinci robot, has agreed to come to Juneau from

Anchorage to perform gynecological oncology surgeries. Dr. Logan has also agreed to come to Juneau to work with Dr. Huffer to use this for our urology cases. The proposal is to lease this robot for five years, with \$40,000 in monthly payments. We have estimated that the revenue from using this on at least two patients each month will cover that monthly cost. The Assembly will have to authorize this sending of \$2.7 million over five years. There is also language in the contract about indemnification that will have to be looked at. The OR3 room has already been cleared out to make space for the robot. Mr. Tyk would like to present this to the full Board of Directors (BOD) with the Finance Committee's approval. If the BOD approves it, it will move to the Assembly for approval of an appropriation of funds for this contract before we can sign it. Mr. Keith stated that not all doctors are going to adapt and use this device, but it would be best utilized as a recruitment feature for newer doctors who have been trained with robotic surgery. Mr. Geiger would like to see a chart of more realistic numbers reflecting what surgeries BRH would be capable of performing with the daVinci robot, this is something the full BOD might want to see to make their decision.

Ms. Johnston made a MOTION to approve that the daVinci project be brought to the full BOD to discuss it being presented to the Assembly for approval of the seven-year commitment. Mr. Mertz approved, and Mr. Geiger seconded it and MOTION passed.

Behavioral Health Pro-forma – Tracy Dompeling and Bob Tyk

Mr. Tyk put together an income statement for all the programs in Behavioral Health that report to Ms. Dompeling. Mr. Tyk and Ms. Dompeling held meetings with all the department directors and service line providers. A number of these departments were hampered by Covid restrictions, fewer beds, and low staff. What has come out of this is conversations with providers, changes in how we staff, Rainforest Recovery Center and Mental Health Unit will be open to 12 beds again. Our model of the Applied Behavioral Analysis (ABA) will never be profitable for us because we take all payers. Mr. Tyk suggested to Jenna Wiersma, director of ABA, to look for grants to help support this needed program. At the moment, all provider revenue is going into Behavioral Outpatient Services (BOPS). This will get fixed by accounting to better allocate the revenue and expense to the appropriate location. Ms. Dompeling said there isn't a productivity bar that has been set, we will get to that point when the FY24 budget is ready. Mr. Tyk said for the productivity side, we are starting a contract with a firm to do a labor assessment which will give us a productivity standard for all our departments. We are sending information to them this week. When we are able to capture RVU's, that will help us build productivity on the provider's side.

Next Meeting: Thursday, November 17th at 8am, via Zoom

Additional Comments: None

Adjourned: 1:59 p.m.