

Bartlett Regional Hospital

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Finance Committee Meeting Minutes – Zoom Meeting September 9th, 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*

Staff & Others: Robert Tyk, Interim CFO; David Keith, CEO; Dallas Hargrave, HR Director; Blessy Robert, Controller; Kris Muller, Senior Accountant; Sharon Price, Executive Assistant to CFO.

Public Comment: None

Ms. Johnston made a MOTION to approve the minutes from the August 12th, 2022 Finance Committee Meeting. Mr. Keith seconded, and they were approved.

July 2022 Financial Review – Bob Tyk

July is the third month in a row where Bartlett Regional Hospital (BRH) lost over a million dollars (\$1,448,768.00). Volumes were at or slightly above the budget and better than the prior year. Gross revenues continue to run in the \$18 million dollar range but deductions from revenue and expenses continue to undermine the gross revenue numbers.

Income Statement

Hospital inpatient and outpatient gross revenues stayed in the same ranges as they have been for the past five months. Gross revenues for BH services decreased while the physician revenues increased significantly. As has been mentioned in prior months, the physician revenue number is tied to the inpatient behavioral health services which is not an accurate classification. This will be correct in the coming months. Deductions from revenue as a percentage of gross patient revenue grew again to over 50%. Bad debt, which is calculated based on accounts receivables, grew again in the month of July. Until we can release more Medicaid claims being held for the NDC number issue, this will continue to run at a higher rate. Salaries/contract labor and benefits, though lower than last months, had a higher percentage of total operating revenue. This is a result of the total operating revenue decreasing FTE count is higher than it could be but we will never know by how much until BRH has a true productivity system by which we can measure ourselves against it. We are currently looking for such a system. The balance of the expenses for the most part were less than what we budgeted.

Mr. Keith says that we recognize that there is a labor and productivity problem. Mr. Tyk pulled report that shows that 25% of the workforce was added in just the last two years.

Balance Sheet

The balance sheet showed some significant changes in July. Cash and cash equivalents increased along with Bonds Payable as the new bond was booked for BRH. Patient AR also increased because we are still holding a large number of Medicaid claims, as mentioned above. We were informed by our IT department that the fix has gone through a test and was moved to live where PFS staff will be reviewing the fixes. Claims should go out next week which will cause the Patient AT to decrease in September. Prepaid expenses also increased from prior months though they consistently run in the \$3 million range.

Dashboard/Financial Indicators

The volumes, for the most part, are comparable to the budget and are better than the prior year numbers. The number of Radiology test this month is incorrect and it will be investigated and updated. This error is most likely due to the accounting department being short staffed. The Financial Indicators page shows the increase in Days cash on hand from the booking of the bond issue. Days in AP are good at 37.5 days. The DNFB and DBSP are both above the benchmark again because of the Medicaid claims being held. We will be reviewing the benchmarks in the next few months and making changes to what is measured and more than likely to the benchmark since these numbers are fairly old. We can do this by comparing ourselves to other Alaskan hospitals of similar size. Mr. Tyk said he will also follow up on getting an accurate dietary meal numbers as its showing that it dropped by half.

Write-Offs

Mr. Tyk said, during the Revenue Cycle meeting, they talked about a claim (about \$300k) that continues to be denied by Aetna. Because of the denial of the initial admission, the patient couldn't be transferred to a rehabilitation facility. Mr. Tyk will be working with Mr. Keith about filing a suit against Aetna.

Ms. Johnston made a MOTION as moving forward, to have the full BOD approve the financial statements. Mr. Geiger agreed and approved. Ms. Johnston seconded and it will be presented to the full BOD in the next meeting.

Charity Care

Mr. Tyk worked with Tami Churchill, Director of PFS (Patient Finance Services), to outline how we run this program. We have state certified on-site staff who can conduct Medicaid eligibility. We screen every self-pay patient for Medicaid at the time of service and help with the application process. We utilize the Alaskan Federal Poverty Guidelines to determine the requirements for the application. The decision to move a claim into charity is made by the Director of PFS. If a patient doesn't qualify for the full write-off, they will be given a payment plan for any remaining balance. There is a special clause for homeless and mental health.

Next Meeting: Friday, October 14th at Noon, via Zoom

Additional Comments: None

Adjourned at 12:44 p.m.