

**FINANCE COMMITTEE MEETING
OF THE
BOARD OF DIRECTORS
HOSPITAL REDWOODS ROOM**

**TUESDAY, SEPTEMBER 25, 2018
MINUTES**

1. CALL TO ORDER:

Dr. Peter Glusker called the Finance Committee meeting to order.

2. ROLL CALL:

COMMITTEE MEMBERS PRESENT: Mr. Bill Scott, Dr. Peter Glusker, Mr. Bill Knapp,
Dr. Kevin Miller

COMMITTEE MEMBERS ABSENT: Mr. Kirk O'Day

STAFF PRESENT:

Mr. Bob Edwards, CEO

Mr. Mike Ellis, CFO

3. COMMUNITY COMMENTS:

- A community member discussed issues regarding the Hospital.

4. ACTION: REVIEW AND APPROVAL OF AUGUST 28, 2018 FINANCE COMMITTEE MINUTES

MOTION: To approve the August 28, 2018 Finance Committee Minutes with the above stated change

- Scott moved
- Knapp second
- Motion carried

5. ACTION/INFORMATION: REVIEW AND APPROVAL OF AUGUST 2018 INTERIM FINANCIAL & STATISTICAL REPORT MENDOCINO COAST HEALTH CARE DISTRICT: MR. MIKE ELLIS, CFO

August Highlights

- August Summary
- August's cash of \$2.4 mil increased \$.1 million from July. Board Designated Funds of \$4.3 mil remain unchanged. Together this is 45 days cash-on-hand.
- Net AR increased \$.9 mil as a result of a larger volume and corresponding revenues occurring in August. August's AP of \$6.0 mil increased \$.7 mil from July, compared to the prior fiscal year average of \$5.9 mil
- August's net patient revenues of \$4.6 million are right at budget, and \$220,000 or 5% greater than the prior month July 2018. The month's total operating expenses of \$4.8 million were \$130,000 or 3% below budget. The largest budget variances in expenses are the line items: registry \$72,000 over budget and drugs at \$46,000 over budget. August had a net operating loss of \$90,000 compared to an August 2017 gain of

\$238,000. The prior year August had some extraordinary adjustments and so is not a good comparison to the current August.

- August had 23 working days in the month, the highest number of working days a month can have. Every extra working day provides an opportunity to generate more revenue to cover relatively fixed expenses. These extra working days contributed to the positive bottom-line.
- New this fiscal year is the accrual of \$133,000 for the Parcel Tax revenue that will occur every month at this amount. With this new revenue added to the other non-operating revenues and expenses the net gain for the month was \$97,000.

MOTION: To recommend the Board approve the August 2018 Interim Financial & Statistical Report

- Scott moved
- Miller second
- Motion carried

6. ACTION/INFORMATION: DEPARTMENT REVIEW: MR. MIKE ELLIS, CFO

- Mr. Ellis reported on the Emergency Department:
 - There are five (5) levels to ER visits. Following are the gross charges, (the hospital collects less than half of the gross charges):

❖ Level 1	\$308.00
❖ Level 2	\$600.00
❖ Level 3	\$898.00
❖ Level 4	\$1073.00
❖ Level 5	\$2514.00
 - These visits generate \$16,000,000.00 in annual revenues. The Pharmacy has the largest amount of charges of all the Hospital departments, with ER second and Lab third.
 - Expenses:
 - ❖ There is more registry cost for labor in ER than there is for salary and wages.
 - ❖ There is a lot of overhead.

7. INFORMATION/ACTION: NUCLEAR MEDICINE: MR. MIKE ELLIS, CFO

- Last month, Mr. Ellis, CFO reported on Nuclear Medicine (Nuc Med), which is a subset of the Diagnostic Imaging Department. The program loses \$92,000 annually.
- The issue then went to the Board and the Board decided further information was needed and sent it back to the Finance Committee as well as to the Planning Committee. It will go back to the Board when further information is gathered.
- Generally only two (2) patients are seen per week.
- Dr. Perry stated:
 - ✓ In the past the Hospital has tried to use multi-modality techs; however this is currently not the case, as the current tech is not multi-modality.
 - ✓ Dr. Kirkman and Dr. Perry offered to educate the physicians on the fact that MCDH offers Nuc Med and knowing when to use the technology and how to include it in their practices.
 - ✓ Nuc Med was shut down in the past for a couple of years due to technician and licensing problems.
 - ✓ There was extensive discussion, but no conclusion regarding this issue.

7. ACTION/INFORMATION: CEO REPORT: MR. BOB EDWARDS, CEO

- There was no report as Mr. Edwards was not present.
9. **ACTION/INFORMATION: CFO REPORT: MR. MIKE ELLIS, CFO**
- Mr. Ellis reported earlier in the meeting.
10. **COMMENTS FROM THE COMMUNITY**
- There were no comments from the community.
11. **COMMENTS FROM COMMITTEE MEMBERS**
- There were no comments from committee members.
12. **ADJOURN:**
- The meeting adjourned at 5:00

Peter Glusker, MD
Board of Directors

Gayl Moon, Secretary
Board of Directors