

**AVALON MUNICIPAL HOSPITAL BOARD OF TRUSTEES' MEETING
TUESDAY, OCTOBER 21, 2014 – 6:00 P.M.
CITY COUNCIL CHAMBERS
410 AVALON CANYON ROAD
A G E N D A**

In compliance with the Americans with Disability Act, if you need special assistance to participate in this meeting, please contact Denise Radde, City Clerk (310) 510-0220. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35. 102-35.104 ADA Title II). All public records relating to an agenda item on this agenda are available for the public inspection at the time the records are distributed to all, or a majority of all, members of the Board of Trustees. Such records shall be available at City Hall located at 410 Avalon Canyon Rd.

CALL TO ORDER / ROLL CALL

ANNOUNCEMENTS

WRITTEN COMMUNICATIONS

PRESENTATION - None

ORAL COMMUNICATION

The Board of Trustees will accept comments from the public at this time. No action will be taken on non-agenda items at this meeting. Speakers should limit comments to three (3) minutes each.

CONSENT CALENDAR

All items listed on the Consent Calendar will be enacted with one motion. There will be no separate discussion of these items unless a specific item is removed from the Consent Calendar for further discussion and possible action.

1. Board of Trustee's Actions

Although the live recording of the meetings is the official record, Board actions are also prepared by the City Clerk.

Recommended Action

Approve the September 16, 2014 Hospital Board of Trustees Actions.

2. Chief Executive Officer's Board Report and Chief Financial Officer's Report

Attached for the Avalon Medical Development Corporation (AMDC) Board of Trustees' review:

- The CEO's Board Reports for September, 2014
- The CFO's Financial Statement for August, 2014

Recommended Action

Receive and file the report.

GENERAL BUSINESS- None

**HOSPITAL BOARD AGENDA
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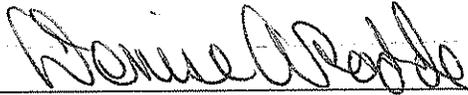
CHAIR'S REPORT

MEMBER REPORT

ADJOURN

NOTICE OF POSTING

I, Denise Radde, declare that the Hospital Board of Trustees Agenda for October 21, 2014 was posted on Friday, October 17, 2014, on the City's website www.cityofavalon.com, and at City Hall, 410 Avalon Canyon Road. Copies of agendas and staff reports are available at City Hall.



Denise A. Radde, City Clerk / Chief Administrative Officer

AVALON MUNICIPAL HOSPITAL BOARD OF TRUSTEES

MEETING DATE: October 21, 2014

AGENDA ITEM: 1

ORIGINATING DEPT: Administration

CITY MANAGER: BH

PREPARED BY: Denise Radde, City Clerk

SUBJECT: Avalon Municipal Hospital Board of Trustees Actions

RECOMMENDED ACTION(S): Approve the September 16, 2014 Avalon Municipal Hospital Board of Trustees Actions.

REPORT SUMMARY: Although the live recording of the meeting is considered to be the official record, actions of the meeting are prepared for the Board's approval.

FISCAL IMPACTS: N/A

GOAL ALIGNMENT: To be determined

CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION(S): N/A

ALTERNATIVE ACTION(S): N/A

FOLLOW UP ACTION(S): File the actions.

ADVERTISING, NOTICING AND PUBLIC CONTACT:

This item was properly listed on the posted agenda pursuant to the Brown Act.

ATTACHMENTS: Avalon Municipal Hospital Board of Trustees Actions.

**AVALON MUNICIPAL HOSPITAL BOARD OF TRUSTEE'S MEETING
TUESDAY, SEPTEMBER 16, 2014
ACTIONS**

CALL TO ORDER at 7:42 p.m.

ROLL CALL-Present: Trustees Cinde Cassidy, Anni Marshall, Joe Sampson and Chairman Oley Olsen. Absent Trustee Richard Hernandez.

PRESENTATION- None

CONSENT CALENDAR

There were two items on the Consent Calendar. Motion to approve Items 1-2 by Trustee Sampson, seconded by Trustee Cassidy. (4 Ayes, Trustees Olsen, Marshall, Cassidy and Sampson, 1 Absent- Trustee Hernandez)

1. Approved August 5, 2014 Hospital Board of Trustees Actions.

3. Received and filed the CEO's Board Report for August, 2014 and the CFO's Financial Statement for July, 2014.

ADJOURNED at 7:44 p.m.

I, Denise Radde, City Clerk of the City of Avalon, do hereby certify that the DVD videotape of the City Council Meeting, Hospital Board of Trustee's Meeting, on September 16, 2014, is the official record of that Meeting and is on file and maintained in City Hall.



Denise A. Radde, City Clerk/Chief Administrative Officer

AVALON MUNICIPAL HOSPITAL BOARD OF TRUSTEES

MEETING DATE: October 21, 2014

AGENDA ITEM: 2

ORIGINATING DEPT: Administration.

CITY MANAGER: BH

PREPARED BY: Denise Radde, City Clerk

SUBJECT: CEO's Board Report and CFO's Monthly Financial Statement

RECOMMENDED ACTION(S): Receive and file the reports.

REPORT SUMMARY: Attached is a copy of John Friel's CEO Board Report to the Board of Directors for September, 2014 and the CFO's Financial Statement for August, 2014.

FISCAL IMPACTS: N/A

CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION(S): N/A

GOAL ALIGNMENT: To be determined

FOLLOW UP ACTION(S): File the actions.

ADVERTISING, NOTICING AND PUBLIC CONTACT: This item was properly listed on the posted agenda pursuant to the Brown Act.

ATTACHMENTS: CEO's report to the AMDC Board of Directors and the CFO's Financial Statement.

CFO REPORT FOR AUGUST, 2014

I. FINANCIAL STATEMENTS FOR AUGUST, 2014

August

Net patient revenue was over budget for August by \$42,764 (7%).
 Gross revenue was over budget by \$136,634(11%) (See box below)
 Deductions from revenue were over by \$93,869(14%).
 Contractual allowances were over by \$72,960(14%)
 Provision for bad debt was over by \$40,967(43%).
 Charity care was under by \$11,471 (67%).
 Gross inpatient revenue was under by \$38,335(17%) in August despite having 36 swing and acute days vs. a budget of 16.
 Gross outpatient revenue was over by \$36,394(12).
 Gross Emergency Room revenue was over by \$138,575 (11%) due to E/R visits being over budget by 8(4%).

AUGUST 2014	Deductions from Revenue and Misc Stats		
DESCRIPTION	Actual	Budget	Variance
Provision for Bad debts	135,967	95,000	(40,967)
Contractual Allowances	576,605	503,645	(72,960)
Charity and Admin Allowances	9,345	29,403	20,058
Acute and Swing Bed days	36	16	20
Medicare Utilization	100%	94%	6%
Clinic Visits	449	472	(23)
ER Visits	195	187	8
Net Rev as a % of Gross Revenue	46.32%	48.01%	-1.69%
Expenses as a % of Gross Revenue	49.54%	49.02%	-0.52%

AUGUST 2014			
DESCRIPTION	Actual	Budget	Variance
Inpatient revenue			
Medical	\$ 57,969	\$ 13,584	\$ 44,385
SNF	\$ 65,750	\$ 79,034	\$ (13,284)
CT Scan revenue	\$ 31,215	\$ 26,329	\$ 4,886
Laboratory revenue	\$ 9,737	\$ 64,370	\$ (54,633)
Ultrasound revenue	\$ 24,747	\$ 20,868	\$ 3,879
Pharmacy revenue	\$ 33,802	\$ 29,861	\$ 3,941
Physical therapy revenue	\$ 1,997	\$ 29,216	\$ (27,219)
Other revenue	\$ 27,568	\$ 27,859	\$ (291)
Total I/P revenue	\$ 252,785	\$ 291,121	\$ (38,335)
Outpatient revenue			
CT Scan revenue	\$ 6,122	\$ 23,788	\$ (17,666)
Physical therapy revenue	\$ 83,894	\$ 60,263	\$ 23,631
Lab revenue	\$ 66,262	\$ 62,545	\$ 3,717
Radiology revenue	\$ 16,849	\$ 30,128	\$ (13,279)
Clinic revenue	\$ 126,740	\$ 96,324	\$ 30,416
Other revenue	\$ 30,156	\$ 20,581	\$ 9,575
Total O/P revenue	\$ 330,023	\$ 293,629	\$ 36,394
Emergency Room revenue			
Emergency room revenue	\$ 355,577	\$ 337,730	\$ 17,847
CT Scan revenue	\$ 179,321	\$ 110,963	\$ 68,358
Laboratory revenue	\$ 111,170	\$ 98,349	\$ 12,821
Radiology revenue	\$ 43,757	\$ 38,743	\$ 5,014
Other revenue	\$ 72,115	\$ 37,579	\$ 34,536
Total E/R revenue	\$ 761,940	\$ 623,364	\$ 138,575
Total Gross Revenue	\$ 1,344,749	\$ 1,208,115	\$ 136,634

Other operating revenue was under budget for the month by \$272.

Operating expenses were over budget by \$73,950(12%) in August. Operating expenses represented 49.54% of gross revenue compared to the budgeted amount of 49.02% in August. Gross patient revenue was 11% over budget while operating expenses are 12% over budget with the significant variances (unfavorable) being:

DESCRIPTION	MONTH OF August	
SALARIES	\$ (1,161)	
EMPLOYEE BENEFITS and HOUSING	\$ (3,580)	
PRO FEES	\$ (32,023)	
SUPPLIES-General	\$ (3,032)	
SUPPLIES-Pharmacy	\$ (8,617)	
SUPPLIES-Food	\$ 1,470	
PURCHASED SERVICES-Repairs	\$ (5,503)	
LICENSES/TAXES	\$ (3,106)	
Depreciation	\$ (7,041)	
TRAVEL	\$ 1,145	
UTILITIES	\$ (3,003)	
PURCHASED SERVICES-Other	\$ (12,824)	
Dues and subs	\$ 409	
OTHER EXPENSES	\$ 2,459	
TOTAL	\$ (74,407)	

Salaries-Lab (\$4K), Dietary(\$2K),Clinic(\$5K)
 Employee benefits-Housing (\$11K)
 Professional fees-Physicians (\$6K) Nursing Registry (\$12K),
 MGO (\$1K)
 Purchased Services-Other-Lab(\$2K), Pat Acct(\$4K)
 Other expenses-Clinic(\$1K), SNF (\$2K)

Net Operating Income was \$31,458 under budget for August.

Non-operating revenue and expense was under budget by \$24,524 for August.

The financial position remains strong with working capital increasing by \$2,972 with net days in accounts receivable increasing to 86 days while gross days decreased to 85

days. Cash and LAIF funds decreased by \$199,630 from July. Net patient accounts receivable increased by \$86,822 from July. Medicare settlement accounts decreased \$191,847 from July. Accounts payable decreased by \$52,774 and current liabilities decreased by \$286,383 from July.

DESCRIPTION	AS OF August 31, 2014	AS OF July 31, 2014	CHANGE IN WORKING CAPITAL
CURRENT ASSETS	\$ 3,241,079	\$ 3,524,490	\$ (283,411)
CURRENT LIABILITIES	\$ (691,048)	\$ (977,431)	\$ 286,383
WORKING CAPITAL	\$ 2,550,031	\$ 2,547,059	\$ 2,972

II. New developments (Not reflected in the financial statements)

- **Electronic Medical Records (EMR)**- The EMR project continues to be addressed. We will be reimbursed for most costs associated with the EMR project by the government for expenses incurred after February 17, 2009. We have invested \$1,783,821 in this project as of August 31, 2014. CPSI is certified by the government for its EMR product. We have filed an appeal through the cost report process and it will be reviewed during the Medicare audit. . We believe that we are due between \$250,000 and \$300,000 in additional reimbursement.
- **THIPA**- The THIPA contract became effective. September 1, 2014. . We are unable to quantify the increase to net revenue that this agreement will provide, but this is very good for both CIMC and THIPA members.
- **ICD -10 Conversion**- We have entered into a contract with HFS consulting firm to provide the training for Physicians and other employees to meet the new ICD-10 requirements that has again been delayed until October 1, 2015. CPSI tested their system readiness for this conversion in March. There were no issues with CPSI. They will test it again in July. We have begun the process with HFS. We will be ready for the conversion before the deadline.
- **Billing Company**- We have been working with Cross America Financial, LLC to prepare for them to take over our billing and collection function. We are working out all the details to make the transition as smooth as possible. This new agreement will begin October 1, 2014 when our current contract with CPSI ends.

CEO Report
September 2014

DHCS Department of Health Services

I received written communication from DHCS on September 10th that they were in receipt of our July 18th letter challenging their determination that CIMC was not eligible for "out-patient Supplemental Medical payments from 2002". They stated their position remains "unchanged".

Our strategy going forward is to request under the public information act a list of other providers that they may be challenging. Additionally we will contact our State Senator and Assembly member to appraise them of the States action and pursue legislative assistance and direction.

Carrol L Grace Trust

As reported by separate email earlier we are in receipt of \$479,324.00 from the Carrol L. Grace Trust.

These dollars have been placed in our L.A.I.F. account. We continue to research information of who Carrol L. Grace was so we can thank the appropriate parties.

Vons / Safeway Grant

CIMC received a check for \$15,000. From the Vons Safeway Foundation in support of our "Stepping Into Health Program" Although Tracy Matthews, RN has left the program and CIMC employment we plan to keep the program moving forward through February 2015 United Health Grant. I've ensured Vons that their donation will be applied as they granted. The "SIH" Task Force has meet on several occasions to map out the program plan in Tracy's absence.

Emergency Generator

Efforts to find an alternative to the AQMD directive have been unsuccessful and after consultation with Ben Harvey, City Manager we are contacting Joe Buscaino, Governing Board Member, South Coast Air Quality Management District for assistance with possible waivers etc.

Radiology Services

We have located a Radiology Group in Tustin that has submitted a proposal to provide 24/7 Radiology / CT services. A meeting with their Medical Director, Our physicians and myself is set up for September 30th for further discussions.

CNE Search

Although Kay Deol is doing a fabulous job as our Interim CNE we continue to search for a permanent CNE. We are reviewing several proposals from Executive Search Firms who specialize in CNE search.

Emergency Radio Tower

On Wednesday September 17th the City of Avalon planning commission approved the CIMC application for the installation of a 37ft. Ham Radio Tower behind the hospitals H.R. trailer. The project has been under consideration for several years and is collaboration being CIMC and the Ham Radio operator club on Catalina Island. A \$10,000. Grant has been available to complete this project. Ham Radio operators have been found to be life savers in communication during disasters around the nation.