AVALON MUNICIPAL HOSPITAL BOARD OF TRUSTEES' MEETING
TUESDAY, NOVEMBER 18, 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 October 21, 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 October, 2014
   - The CFO's Financial Statement for September, 2014

   Recommended Action
   Receive and file the report.

GENERAL BUSINESS- None

CHAIR'S REPORT

MEMBER REPORT

ADJOURN

NOTICE OF POSTING

I, Denise Radde, declare that the Hospital Board of Trustees Agenda for November 18, 2014 was posted on Wednesday, November 12, 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: November 18, 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 October 21, 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 MUNICPAL HOSPITAL BOARD OF TRUSTEE'S MMEETING
TUESDAY, OCTOBER 21, 2014
ACTIONS

CALL TO ORDER at 6:03p.m.

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

PRESENTATION - None

CONSENT CALENDAR
There were two items on the Consent Calendar. Trustee Cassidy pulled Item 2. Motion to approve Item 1 by Trustee Marshall, seconded by Trustee Cassidy. (All Ayes)

1. Approved September 16, 2014 Hospital Board of Trustees Actions.

Pulled Item:
2. Trustee Cassidy questioned what ICD-10 Conversion was on page 27 of the CFO report. City Manager Harvey replied he would reach out to the CEO of the hospital to find out. Motion to Receive and file the CEO's Board Report for September, 2014 and the CFO's Financial Statement for August, 2014 by Trustee Cassidy, seconded by Trustee Sampson. (All Ayes)

GENERAL BUSINESS - None

Trustee Hernandez requested that the Hospital financials be placed on the City website.

ADJOURNED at 6:07 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 October 21, 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: November 18, 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 October, 2014 and the CFO's Financial Statement for September, 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.

CEO Report
October 2014

DHCS- Department of Health Care Services:
The challenge continues and we did receive notice that our request for an Administrative hearing has been granted. Although a date has not been set.our attorney BB&K will contact DHCS legal to attempt an informal meeting prior to a public Hearing-We have written Senator Lowenthal & Assembly member Tai soliciting their support.

DHS Survey:
Los Angeles California Department of Health Services sent 3 surveyors to CIMC on October 12& 13, 2014 to review our DP/DNF (Distinct Part Skilled Nursing Facility). Kay Doel's report elaborated on that visit so, I'll refer you to that document and will have an update on 10/28/14.

Emergency Generator:
We continue to research a timely and inexpensive resolution to this matter. SCAQMD would not accept our $550.00 payment toward a compliance plan as we could not guarantee replacement of the unit within 60 days. We have been referred to a "Hearing Board" to apply for an "Order for Abatement".
In the meantime we have requested the help of Joe Buscanio, Board member of SCAQMD at the suggestion of Ben Harvey, Avalon City Manager.
We have also researched conversion to a propane fueled Generator and/or installing a 30 KW unit replacing the existing 50KW unit. (30 KW do not require SCAQMD compliance).
Our underlying problem is our proximity to a school facility otherwise our unit is in perfect condition. We are inside the 100 meter limit set by state rules for air quality adjacent to a school.
We have asked for 3 quotations of costs for the options above as well as feedback from OSHPD on pursuing these options and other mandates that would be applied to accommodate either i.e. electrical panel upgrades, fuel storage etc.

VA Telemedicine Grant:
We are encouraged by conversations underway with the VA Long Beach to increase our services to local Veterans through Telemedicine. Essentially the program will fund visits to our primary care program, minimizing the need for the Patient to travel to Long Beach for routine care.

Grant from Lysa Grigorian:
For the second year we are in receipt of a $12,000 Grant from the JHM Charitable Foundation and Mrs. Jasmine Mgrdichian, and Lysa Grigorian of Monterey Beach, CA. The grant will be applied to the purchase of 2 Holter Monitor Units used to measure an

outpatients 24 hour heart activity. The units will enable our Cardiologists to monitor patients once again so they do not need to leave the island.

HRSA Grant Application:- Federal Rural Health Care Services Outreach Program CIMC is actively pursuing funding through the above program to support and expand our existing "Stepping Into Health" and Obesity reduction program –The application is extensive and the due date is November 12, 2014 but the grant will provide $200,000 per year for 3 years. CIMC received a similar grant in 2006 which funded the development of the "West End Clinic" and launched our Telemedicine program.

Ebola:
The international attention and threat by this virus has not been ignored by CIMC. We have been in constant communication with DHS & CDC and adopted their guidelines and protocols should a patient present at CIMC with relevant symptoms. Our staff has been briefed and trained of the protocols and we have ample inventory of protective gear if an event occurs.

Health related propositions on the November 4th ballot
There are 2 propositions on the ballot that affect CIMC.
Proposition 46's main provision will quadruple the non-economic changes cap on California's successful Medical Injury Compensation Reform Act (MICRA) presently at $250,000 for pain and suffering. Passage of proposition 46 will dramatically increase our Medical Malpractice premiums currently at $100,000 / year and is projected to increase the cost of health care of over $1,000 / year per family.
CHA suggests a NO vote Proposition 45.

"Healthcare Insurance, Rate Changes"
Requires changes to health insurance rate or anything else affecting charges associated with health insurance to be approved by the Insurance Commissioner before taking effect. CHA suggests a NO vote as it puts too much authority into the hands of an elected Insurance Official instead of the full commission.

CFO REPORT FOR SEPTEMBER, 2014

I. FINANCIAL STATEMENTS FOR SEPTEMBER, 2014

September

Net patient revenue was under budget for September by $5,359 (<1%).
Gross revenue was over budget by $62,059(5%) (See box below)
Deductions from revenue were over by $67,419(11%).
Contractual allowances were over by $31,841(6%)
Provision for bad debt was over by $13,906(14%).
Charity care was under by $8,984 (53%).
Gross inpatient revenue was under by $37,688(12%) in September despite having 30 swing and acute days vs. a budget of 15.
Gross outpatient revenue was over by $100,858(34%).
Gross Emergency Room revenue was under by $1,110 (<1%) due to E/R visits being under budget by 19(10%).

YTD

Net patient revenue was over budget YTD by $194,011 (11%).
Gross revenue was over budget YTD by $416,682(11%) (See box below)
Deductions from revenue were over by $222,670(11%).
Contractual allowances were over by $146,820(9%)
Provision for bad debt was over by $84,316(29%).
Charity care was under by $24,594 (48%).
Gross inpatient revenue was under by $126,037(17%) YTD despite having 93 swing and acute days vs. a budget of 47 due to SNF revenue being under budget.
Gross outpatient revenue was over by $141,142(16%).
Gross Emergency Room revenue was over by $401,576 (11%) due to E/R visits being over budget by 8(1.5%)

SEPTEMBER 2014			
DESCRIPTION	Actual	Budget	Variance
Inpatient revenue			
Medical	$ 52,143	$ 13,584	$ 38,559
SNF	$ 67,500	$ 79,034	$ (11,534)
CT Scan revenue	$ 36,786	$ 26,329	$ 10,457
Laboratory revenue	$ 19,963	$ 64,370	$ (44,407)
Ultrasound revenue	$ 19,255	$ 20,868	$ (1,613)
Pharmacy revenue	$ 23,244	$ 29,861	$ (6,617)
Physical therapy revenue	$ 11,522	$ 29,216	$ (17,694)
Other revenue	$ 23,019	$ 27,859	$ (4,840)
Total I/P revenue	$ 253,432	$ 291,121	$ (37,688)
Outpatient revenue			
CT Scan revenue	$ -	$ 23,788	$ (23,788)
Physical therapy revenue	$ 116,337	$ 60,263	$ 56,074
Lab revenue	$ 88,148	$ 62,545	$ 25,603
Radiology revenue	$ 26,471	$ 30,128	$ (3,657)
Clinic revenue	$ 150,199	$ 96,324	$ 53,875
Other revenue	$ 13,332	$ 20,581	$ (7,249)
Total O/P revenue	$ 394,487	$ 293,629	$ 100,858
Emergency Room revenue			
Emergency room revenue	$ 282,097	$ 332,436	$ (50,339)
CT Scan revenue	$ 116,208	$ 109,226	$ 6,982
Laboratory revenue	$ 101,725	$ 96,808	$ 4,917
Radiology revenue	$ 40,851	$ 38,135	$ 2,716
Other revenue	$ 72,193	$ 37,579	$ 34,614
Total E/R revenue	$ 613,074	$ 614,184	$ (1,110)
Total Gross Revenue	$ 1,260,995	$ 1,198,935	$ 62,059

SEPTEMBER 2014	Deductions from Revenue and Misc Stats		
DESCRIPTION	Actual	Budget	Variance
Provision for Bad debts	108,906	95,000	(13,906)
Contractual Allowances	510,486	478,645	(31,841)
Charity and Admin Allowances	7,918	16,903	8,985
Acute and Swing Bed days	30	15	15
Medicare Utilization	100%	100%	0%
Clinic Visits	464	443	21
ER Visits	165	184	(19)
Net Rev as a % of Gross Revenue	46.80%	49.70%	-2.90%
Expenses as a % of Gross Revenue	51.60%	49.40%	-2.20%

Other operating revenue was over budget for the month by $755.

Operating expenses were over budget by $57,957(9%) in September. Operating expenses represented 51.5% of gross revenue compared to the budgeted amount of 49.4% in September. Gross patient revenue was 5% over budget while operating expenses are 9% over budget with the significant variances (unfavorable) being:

DESCRIPTION	MONTH OF September	YTD
SALARIES	$ 1,210	$ (7,169)
EMPLOYEE BENEFITS and HOUSING	$ (3,467)	$ (6,273)
PRO FEES	$ (29,718)	$ (93,465)
SUPPLIES-General	$ (2,506)	$ (6,655)
SUPPLIES-Pharmacy	$ 4,535	$ (201)
SUPPLIES-Food	$ 1,236	$ 1,042
PURCHASED SERVICES-Repairs	$ (996)	$ (21,412)
LICENSES/TAXES	$ 511	$ (2,109)
Depreciation	$ (6,833)	$ (20,916)
TRAVEL	$ (2,394)	$ (937)
UTILITIES	$ (1,562)	$ (7,105)
PURCHASED SERVICES-Other	$ (11,126)	$ (24,545)
Dues and subs	$ 237	$ 1,208
OTHER EXPENSES	$ (2,958)	$ (9,770)
TOTAL	$ (53,831)	$ (198,307)

Salaries-Lab ($2k, $4K YTD), Radiology($1K, $3K, YTD),Clinic($5K, $11K, YTD)
Employee benefits-Housing ($3K, $19K, YTD)
Professional fees-Physicians ($20K, $27K, YTD) Nursing Registry ($1K, $16K, YTD), MGO ($4K, 5K,YTD)`)
Purchased Services-Other-Lab($4K,$10K, YTD), Pat Acct($12K,$15K, YTD)
Other expenses-Clinic($2K,YTD), Hospital Admin ($3K, $8K, YTD)

Net Operating Income was $62,561 under budget for September and $17,816 under budget YTD.

Non-operating revenue and expense was over budget by $466,562 for September due to the receipt of a contribution from the Grace Trust of $479,000.

The financial position remains strong with working capital increasing by $497,978 with net days in accounts receivable decreasing to 85 days while gross days decreased to 80 days. Cash and LAIF funds increased by $719,383 from August. Net patient accounts receivable decreased by $85,205 from August. Medicare settlement accounts decreased $151,745 from August. Accounts payable increased by $72,482 and current liabilities increased by $55,222 from August.

DESCRIPTION	AS OF September 30, 2014	AS OF August 31, 2014	CHANGE IN WORKING CAPITAL
CURRENT ASSETS	$ 3,794,279	$ 3,241,079	$ 553,200
CURRENT LIABILITIES	$ (746,270)	$ (691,048)	$ (55,222)
WORKING CAPITAL	$ 3,048,009	$ 2,550,031	$ 497,978

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 $1,812,516 in this project as of September 30, 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. There has not been a significant increase in THIPA patient volume thus far.

- **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**- Cross America Financial, LLC took over our billing and collection function on October 1, 2014. We are working closely with them to ensure a smooth transition.

- **Carrol L Grace Trust**-We received a contribution from the trust in the amount of $479,325. It was recorded as a contribution in September.