

**AVALON MUNICIPAL HOSPITAL BOARD OF TRUSTEES' MEETING
TUESDAY, DECEMBER 16, 2014 – 5:00 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 November 18, 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 November , 2014
 - The CFO's Financial Statement for October, 2014Recommended Action
Receive and file the report.

GENERAL BUSINESS- None

**HOSPITAL BOARD AGENDA
DECEMBER 16 , 2014
PAGE 2**

CHAIR'S REPORT

MEMBER REPORT

ADJOURN

NOTICE OF POSTING

I, Denise Radde, declare that the Hospital Board of Trustees Agenda for December 16, 2014 was posted on Wednesday, December 10, 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: December 16, 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 November 18, 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, NOVEMBER 18, 2014
ACTIONS**

CALL TO ORDER at 8:51p.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. Motion to approve Items 1 and 2 by Trustee Sampson, seconded by Trustee Hernandez. (All Ayes)

1. Approved October 21, 2014 Hospital Board of Trustees Actions.
2. Received and filed the CEO's Board Report for October, 2014 and the CFO's Financial Statement for September, 2014.

GENERAL BUSINESS - None

Trustee Olsen requested an update on the hospital's back up generator.

ADJOURNED at 8:55 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 November 18, 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: December 16, 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 November, 2014 and the CFO's Financial Statement for October, 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
November 2014

Gift from G.L. Ackerman

Again this year CIMC has received a gift of \$30,000. from G.L. Ackerman on behalf of the Evalyn Bauer Foundation of Long Beach.

Mrs. Ackerman has gifted \$50,000 each of the past 2 years to CIMC and we are grateful of her ongoing support.

HRSA Grant (Rural Health Care Services Outreach Program)

The grant application was completed and submitted in mid-November-It is a three year grant totaling \$600,000. And will be applied to our on-going effort to curb obesity /diabetes following the protocols of our success "Stepping Into Health Program" initiated in 2013.

We don't expect a final approval until the Spring of 2015.

DSH Survey

We received the written report of the survey conducted on October 2 & 3 on Wednesday November 26th. We are in the process of reviewing the findings and developing our "plan of correction" (P.O.C.) which must be submitted to DHS on December 8th.

There were no surprises in the written report and many items had been corrected immediately after the survey.

A complete report of the Findings and P.O.C. will be presented to the Board on December 8th.

CMS-Noridian Audit regarding EHR (Electronic Health Record)

The Audit is ongoing and we have provided all documentation requested by Noridian.

We have been informed that Noridian has placed their review on hold until after January 1, 2015 as their focusing their attention on "year end matters" i.e. wages index calculations.

We remain ready to meet with them and / or provide info that will expedite and conclude the audit.

DHCS (Department of Health Care Services)

We have been rescheduled for a hearing regarding our appeal for March 11th & 12th 2015 with Jacob L. Rambo, Adm Law Judge II with the office of Admin Hearing and appeals DHCS.

A jurisdiction issue has arisen as to whether the appeal to DHCS is the appropriate venue and Judge Rambo has requested briefings from both sides.

The State has made no effort to collect the money they claim CIMC owes. I will have an update at the December 8th meeting.

CNE Recruitment

Significant progress has been made in this effort. Several candidates visited CIMC in the past 2 weeks and we believe we have found the right CNE for CIMC.

References and background checks are underway and I will have more to report on December 8th.

Emergency Generator

The generator replacement has moved forward- we are entertaining 2 proposals from reputable Manufacturers.

Ted Butland and Associates has completed the engineering assessment and recommended a location on the site to facilitate a new unit and switch while the existing unit continues in operation- once installed the "switch over" to the new unit will occur and the old unit removed and sold.

Please see the site schematic in the package.

The Finance and operations committee will review this process at the 4:00 p.m. meeting and report out to the full Board at the 5:00p.m. meeting.

The appeal to the SCAQMB for a waiver relieving us of ongoing fines for non-compliance continues- I hope to have an update for the December 8th meeting.

Informatic Specialist

I'm pleased to report that Jaime Fuller has accepted the position of Informatic Specialist For CIMC and will begin her duties on January 5, 2015.

Jamie was selected following a national search and she brings a wealth of experience in I.T. having worked most recently for CPSI in Mobile Alabama where she worked as a Technical Application Specialist and Physician Nurse Application Specialist.

Jami will be making quarterly reports to the Board focusing on our EMR implementation and Compliance with Meaningful Use.

CFO REPORT FOR OCTOBER, 2014

I. FINANCIAL STATEMENTS FOR OCTOBER, 2014

October

Net patient revenue was over budget for October by \$95,531 (19%).

Gross revenue was over budget by \$188,460(17%) (See box below)

Deductions from revenue were over by \$92,928(16%).

Contractual allowances were over by \$19,810(4%)

Provision for bad debt was over by \$42,142(44%).

Charity care was under by \$6,910 (40%).

Gross inpatient revenue was under by \$59,737(20%) in October due to having 9 swing and acute days vs. a budget of 15.

Gross outpatient revenue was over by \$151,950(51%).

Gross Emergency Room revenue was over by \$96,248 (20%) due to E/R visits being over budget by 14(10%).

YTD

Net patient revenue was over budget YTD by \$289,543 (12%).

Gross revenue was over budget YTD by \$605,142(12%)

Deductions from revenue were over by \$315,599(12%).

Contractual allowances were over by \$166,630(8%)

Provision for bad debt was over by \$126,458(33%).

Charity care was under by \$31,505(46%).

Gross inpatient revenue was under by \$185,775(15%) YTD despite having 102 swing and acute days vs. a budget of 62 due to SNF revenue being under budget.

Gross outpatient revenue was over by \$293,092(24%).

Gross Emergency Room revenue was over by \$497,825 (20%) due to E/R visits being over budget by 22(3%)

OCTOBER 2014	Deductions from Revenue and Misc Stats		
DESCRIPTION	Actual	Budget	Variance
Provision for Bad debts	137,142	95,000	(42,142)
Contractual Allowances	448,455	428,645	(19,810)
Charity and Admin Allowances	60,379	29,403	(30,976)
Acute and Swing Bed days	9	15	(6)
Medicare Utilization	11%	100%	-89%
Clinic Visits	499	548	(49)
ER Visits	150	136	14
Net Rev as a % of Gross Revenue	47.80%	47.30%	0.50%
Expenses as a % of Gross Revenue	53.00%	56.50%	3.50%

OCTOBER 2014			
DESCRIPTION	Actual	Budget	Variance
Inpatient revenue			
Medical	\$ 23,304	\$ 13,584	\$ 9,720
SNF	\$ 70,650	\$ 79,034	\$ (8,384)
CT Scan revenue	\$ 24,413	\$ 26,329	\$ (1,916)
Laboratory revenue	\$ 27,494	\$ 44,370	\$ (16,876)
Ultrasound revenue	\$ 21,101	\$ 20,868	\$ 233
Pharmacy revenue	\$ 23,907	\$ 29,861	\$ (5,954)
Physical therapy revenue	\$ 13,203	\$ 29,116	\$ (15,913)
Other revenue	\$ 27,311	\$ 47,959	\$ (20,648)
Total I/P revenue	\$ 231,383	\$ 291,121	\$ (59,737)
Outpatient revenue			
CT Scan revenue	\$ 10,271	\$ 23,788	\$ (13,517)
Physical therapy revenue	\$ 131,719	\$ 60,263	\$ 71,456
Lab revenue	\$ 133,470	\$ 62,545	\$ 70,925
Radiology revenue	\$ 25,289	\$ 30,128	\$ (4,839)
Clinic revenue	\$ 131,767	\$ 96,324	\$ 35,443
Other revenue	\$ 13,063	\$ 20,581	\$ (7,518)
Total O/P revenue	\$ 445,579	\$ 293,629	\$ 151,950
Emergency Room revenue			
Emergency room revenue	\$ 241,454	\$ 245,706	\$ (4,252)
CT Scan revenue	\$ 140,097	\$ 80,729	\$ 59,368
Laboratory revenue	\$ 85,693	\$ 71,551	\$ 14,142
Radiology revenue	\$ 35,462	\$ 28,186	\$ 7,276
Other revenue	\$ 57,294	\$ 37,580	\$ 19,714
Total E/R revenue	\$ 560,000	\$ 463,752	\$ 96,248
Total Gross Revenue	\$ 1,236,962	\$ 1,048,502	\$ 188,460

Other operating revenue was over budget for the month by \$64,452 due to receiving YTD reconciliation check from the city.

Operating expenses were over budget by \$65,682(10%) in October. Operating expenses represented 53% of gross revenue compared to the budgeted amount of 56.5% in October. Gross patient revenue was 17% over budget while operating expenses are 10% over budget with the significant variances (unfavorable) being:

DESCRIPTION	MONTH OF October	YTD
SALARIES	\$ 12,564	\$ 5,395
EMPLOYEE BENEFITS and HOUSING	\$ (2,356)	\$ (8,629)
PRO FEES	\$ (50,153)	\$ (143,620)
SUPPLIES-General	\$ (3,602)	\$ (10,258)
SUPPLIES-Pharmacy	\$ (1,179)	\$ (1,381)
SUPPLIES-Food	\$ (1,231)	\$ (189)
PURCHASED SERVICES-Repairs	\$ (2,780)	\$ (24,192)
LICENSES/TAXES	\$ 486	\$ (1,622)
Depreciation	\$ (6,831)	\$ (27,747)
TRAVEL	\$ 1,069	\$ 131
UTILITIES	\$ (1,089)	\$ (8,195)
PURCHASED SERVICES-Other	\$ (6,831)	\$ (27,747)
Dues and subs	\$ 197	\$ 1,405
OTHER EXPENSES	\$ (862)	\$ (10,633)
TOTAL	\$ (62,598)	\$ (257,282)

Salaries-Lab (\$2k, \$13K YTD), Clinic(\$4K, \$15K, YTD)
 Employee benefits-Housing (\$3K, \$22K, YTD)
 Professional fees-Physicians (\$25K, \$52K, YTD) Nursing Registry (\$6K, \$22K, YTD),
 MGO (\$3K, YTD)
 Purchased Services-Other-Lab(\$8K, YTD), Pat Acct(\$5K, \$21K, YTD)
 Other expenses-Clinic(\$2K, YTD), Hospital Admin (\$5K, YTD)

Net Operating Income was \$96,301 over budget for October and \$78,485 over budget YTD.

Non-operating revenue and expense was under budget by \$3,317 for October.

The financial position remains strong with working capital increasing by \$160,752 with net days in accounts receivable increasing to 98 days while gross days increased to 100 days. Cash and LAIF funds increased by \$127,373 from September. Net patient accounts receivable increased by \$141,138 from September. Medicare settlement accounts

increased \$93,419 from September. Accounts payable decreased by \$79,056 and current liabilities decreased by \$80,973 from September.

DESCRIPTION	AS OF October 31, 2014	AS OF September 30, 2014	CHANGE IN WORKING CAPITAL
CURRENT ASSETS	\$ 3,874,058	\$ 3,794,279	\$ 79,779
CURRENT LIABILITIES	\$ (665,297)	\$ (746,270)	\$ 80,973
WORKING CAPITAL	\$ 3,208,761	\$ 3,048,009	\$ 160,752

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 \$1,822,683 in this project as of October 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 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.