

**AVALON MUNICIPAL HOSPITAL BOARD OF TRUSTEES' MEETING
TUESDAY, MARCH 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 February 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 Report for February 25, 2014
 - The CFO's Financial Statement for January, 2014Recommended 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 March 18, 2014 was posted on Friday, March 14, 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: March 18, 2014

AGENDA ITEM: 1

ORIGINATING DEPT: Administration

CITY MANAGER: BH

PREPARED BY: Denise Radde

SUBJECT: Avalon Municipal Hospital Board of Trustees Actions

RECOMMENDED ACTION(S):

Approve the February 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

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.

ATTACHMENTS:

Avalon Municipal Hospital Board of Trustees Actions.

AVALON MUNICIPAL HOSPITAL BOARD OF TRUSTEE'S MMEETING
TUESDAY, FEBRUARY 18, 2014 – 6:00 P.M.
ACTIONS

CALL TO ORDER at 6:45 p.m.

ROLL CALL-Present: Trustees Ralph Morrow, Oley Olsen, Robert Kennedy, Richard Hernandez and Chairman Michael Ponce.

PRESENTATION- None

CONSENT CALENDAR

There were two items on the Consent Calendar. Motion to approve Items 1- 2 made by Oley Olsen, seconded by Robert Kennedy. (All Ayes)

1. Approved December 17, 2013 Hospital Board of Trustees Actions.
2. Received and filed the CEO's Board Report for January, 2014 and the CFO's Financial Statement for December, 2013.

ADJOURNED at 6:47 p.m.

I, Denise Radde, City Clerk of the City of Avalon, do hereby certify that the DVD videotape of the City Council Meeting February 18, 2014, is the official record of that Council 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: March 18, 2014

AGENDA ITEM: 2

ORIGINATING DEPT: Administration.

CITY MANAGER: BH

PREPARED BY: Denise Radde

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 February 25, 2014 and the CFO's Financial Statement for January, 2014.

FISCAL IMPACTS:

N/A

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.

ATTACHMENTS:

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

CEO Report
02/25/14

DP/SNF "clawback"

Activity is starting up in Sacramento again on the funding for Distinct Part Skill Nursing Facilities DP/SNF.

You may remember last year the California Hospital Association with a great deal of "grass root" advocacy defeated legislation that would reduce our DP/SNF payments going forward by 10%. That legislation addressed future payments only and left for further legislation a retroactive recapture of reimbursement "clawback" from 07-01/12 - 07-01-13.

That time has come and new legislation written to eliminate the "clawback" will be introduced this week.

That being said CHA has asked its members to gear up for another round of advocacy in letter writing and phone calls... More to come.

CIMC Health Fair 2014

Plans are underway for the annual CIMC Health Fair on April 17th 2014. Dawn Sampson again has assembled her committee and volunteers to start the planning. Those interested in "helping out" that day are welcome. Dawn can be reached at 310-510-0520.

City of Avalon

I received word from Ben Harvey City manager that our request for "H" signs at several locations / intersections around town is still under review by Public works.

I plan to bring this and other topics such as space, land use and sewer issues up at a meeting with him this month.

In the meantime we received notice from the City that we have been designated a yellow classification following a City wide inspection of food service establishments (FSB) relating to a fats, oil and grease (FOG) source reduction program.

We will work with the City to mitigate any matters and bring CIMC into compliance with code.

A Stakeholders meeting is scheduled at Council Chambers on 02-25-14 which I plan to attend.

CIMC/AMDC Special meeting for planning;

A meeting has been scheduled for 3:00p.m. on March 4 at the Founders Room at US Bank to begin the process for planning and a copy of the 2011 CIMC Strategic plan will be distributed at the February 25 meeting.

SEIU / UHW Interactive for November 2014 Ballet

The attached are opposing views for a very serious ballet initiatives that is likely to be on the November 2014 General Election Ballet. The Service Employees Union (SEIU) represents health care workers throughout the nation and has advanced a notion that is projected to be extremely detrimental to hospitals, health systems, DP/SNF, Clinic in California if passed.

The CHA has launched a massive P.R. campaign to defeat the initiatives and it is likely to be a major debate between now and November.

We will have a projected impact on CIMC at upcoming meeting.

Meeting with Torrance Memorial Medical Center and THIPA

I've had direct contact with Craig Leach, CEO of Torrance Memorial M.C. and we've agreed to meet regarding THIPA matters i.e., payment and Health Plan policies as they effect CIMC. The meeting time is pending at this time.

CFO REPORT FOR JANUARY, 2014

I. FINANCIAL STATEMENTS FOR JANUARY, 2014

Net patient revenue was under budget for January by \$38,013 (7%) while gross revenue was under budget by \$82,303(7%) (See box below). Deductions from revenue were under budget in January by \$44,290(8%). Contractual allowances were under budget in January by \$84,139(23%) and provision for bad debt was over budget by \$34,673(31%) in January. Charity care was under budget in January by \$5,799 (13%). Furthermore, gross inpatient revenue was over budget by \$6,892(16%) in January despite having 8 swing and acute days vs. a budget of 18. Gross outpatient revenue was under budget by \$35,260(12%) in January. Gross Emergency Room revenue was under budget in January by \$53,935 (11%) due to E/R visits being under budget by 14(10.4%). On a YTD basis, gross inpatient revenue is under budget by 6%, gross outpatient revenue is under budget by 15% and gross emergency room revenue is under budget by .5%. Overall, net patient revenue was 50.4% of gross revenue compared to budget of 50% in January. YTD, net patient revenue is 52.9% of gross revenue vs. budget of 50.8%.

JANUARY 2014			
DESCRIPTION	Actual	Budget	Variance
Inpatient revenue			
Medical	\$ 10,264	\$ 56,601	\$ (46,337)
SNF	\$ 83,700	\$ 81,558	\$ 2,142
CT Scan revenue	\$ 20,358	\$ 17,835	\$ 2,523
Laboratory revenue	\$ 52,657	\$ 68,949	\$ (16,292)
Ultrasound revenue	\$ 43,241	\$ 9,636	\$ 33,605
Pharmacy revenue	\$ 27,731	\$ 21,214	\$ 6,517
Physical therapy revenue	\$ 38,198	\$ 12,096	\$ 26,102
Other revenue	\$ 21,051	\$ 22,419	\$ (1,368)
Total I/P revenue	\$ 297,200	\$ 290,308	\$ 6,892
Outpatient revenue			
CT Scan revenue	\$ 7,885	\$ 5,527	\$ 2,358
Physical therapy revenue	\$ 38,577	\$ 75,329	\$ (36,752)
Lab revenue	\$ 73,651	\$ 68,621	\$ 5,030
Radiology revenue	\$ 25,333	\$ 18,305	\$ 7,028
Clinic revenue	\$ 109,184	\$ 102,611	\$ 6,573
Other revenue	\$ 3,222	\$ 22,719	\$ (19,497)
Total O/P revenue	\$ 257,852	\$ 293,112	\$ (35,260)
Emergency Room revenue			
Emergency room revenue	\$ 179,268	\$ 237,872	\$ (58,604)
CT Scan revenue	\$ 99,895	\$ 81,324	\$ 18,571
Laboratory revenue	\$ 84,141	\$ 87,101	\$ (2,960)
Radiology revenue	\$ 28,596	\$ 36,909	\$ (8,313)
Other revenue	\$ 39,701	\$ 42,331	\$ (2,630)
Total E/R revenue	\$ 431,601	\$ 485,537	\$ (53,935)
Total Gross Revenue	\$ 986,654	\$ 1,068,957	\$ (82,303)

JANUARY 2014	Deductions from Revenue and Misc Stats		
DESCRIPTION	Actual	Budget	Variance
Provision for Bad debts	145,385	110,711	(34,674)
Contractual Allowances	275,841	359,890	84,049
Charity and Admin Allowances	36,932	42,732	5,800
Acute and Swing Bed days	8	18	(10)
Medicare Utilization	100%	100%	0%
Clinic Visits	490	507	(17)
ER Visits	121	135	(14)
Net Rev as a % of Gross Revenue	50.40%	50.00%	0.40%
Expenses as a % of Gross Revenue	64.30%	54.70%	-9.60%

Other operating revenue was under budget for the month by \$4,030. We are amortizing **Operating expenses** were over budget by \$50,653(8%) in January and over by \$241,250(5%) YTD. Operating expenses represented 64.3% of gross revenue compared to the budgeted amount of 54.7% in January. Gross patient revenue is 6% under budget while operating expenses are 5% over budget with the significant variances (unfavorable) being:

DESCRIPTION	MONTH OF January	Year -to-date
SALARIES	\$ 8,293	\$ 31,987
EMPLOYEE BENEFITS and HOUSING	\$ (2,314)	\$ 48,459
PRO FEES	\$ (26,261)	\$ (145,932)
SUPPLIES-General	\$ (4,807)	\$ 28,661
SUPPLIES-Pharmacy	\$ (655)	\$ (6,755)
SUPPLIES-Food	\$ (231)	\$ 3,840
PURCHASED SERVICES-Repairs	\$ (8,091)	\$ (4,225)
LICENSES/TAXES	\$ 32	\$ (4,077)
Depreciation	\$ 844	\$ 5,173
TRAVEL	\$ 2,218	\$ 6,104
UTILITIES	\$ (708)	\$ (4,750)
PURCHASED SERVICES-Other	\$ (8,848)	\$ (55,547)
Dues and subs	\$ (488)	\$ (5,031)
OTHER EXPENSES	\$ (11,213)	\$ (119,669)
TOTAL	\$ (52,229)	\$ (220,762)

Salaries-Lab (\$4K,\$26K YTD), Rad(\$1K, \$6K YTD) Hospital Admin(\$9K YTD)
Professional fees-Physicians (\$9K, \$41K YTD) Nursing Registry (\$5K, \$32K YTD),
MGO (\$9K,\$47K YTD)
Purchased Services-Other-Lab(\$1K, \$8K YTD) IT (\$16K, \$52K YTD), Gen Acct (\$11K YTD)

Other expenses- Hospital Admin(\$2K, \$12K YTD) PT (\$4K, \$89K YTD), Dietary (\$5K YTD)

Net Operating Income was \$92,696 under budget for January and under by \$344,701 YTD due to reasons discussed above.

Non-operating revenue and expense was under budget by \$20,185 for January.

The financial position remains strong although working capital decreased by \$72,944 with net days in accounts receivable increasing to 77 days while gross days increased to 91 days. Cash and LAIF funds decreased by \$508,789 from December. Net patient accounts receivable increased by \$101,187 from December. Medicare settlement accounts increased by \$155,974 from December. Accounts payable decreased by \$60,000 and current liabilities decreased by \$154,527 from December.

DESCRIPTION	AS OF January 31, 2014	AS OF December 31, 2013	CHANGE IN WORKING CAPITAL
CURRENT ASSETS	\$ 2,884,435	\$ 3,111,906	\$ (227,471)
CURRENT LIABILITIES	\$ (682,705)	\$ (837,232)	\$ 154,527
WORKING CAPITAL	\$ 2,201,730	\$ 2,274,674	\$ (72,944)

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 \$1,616,071 in this project as of January 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. We have received payment from the state for our four providers for this year (\$85K in total). We have also attested to meaningful use for FY 2012.

- Contract with Blue Shield- We will enter into a contract with Blue Shield for a Medicare Advantage senior product. We already have a commercial contract with Blue Shield.
- Covered California- We have begun to receive our first patients covered by insurance purchased through Covered California. We have entered into contracts with Blue Shield, Anthem Blue Cross and Healthnet to be a part of their network that services the new enrollees.
- 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 begin October 1, 2013. CPSI will be testing their system readiness for this conversion in March. We will be ready for the conversion before the deadline.
- Additional Line of Credit-US Bank has increased our line of credit by \$250,000 to a total of \$500,000. It requires Board approval to draw down on this line. As of today, we have not used any of the funds.