AVALON MUNICIPAL HOSPITAL BOARD OF TRUSTEES' MEETING
TUESDAY, SEPTEMBER 16, 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 August 5, 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 August, 2014
   - The CFO's Financial Statement for July, 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 September 16, 2014 was posted on Thursday, September 11, 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: September 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 August 5, 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, AUGUST 5, 2014 – 6:00 P.M.
ACTIONS

CALL TO ORDER at 8:57 p.m.

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

PRESENTATION- None

CONSENT CALENDAR
There were three items on the Consent Calendar. Motion to approve Items1-3 by Trustee Cassidy, seconded by Marshall. (All Ayes)

1. Approved March18, 2014 Hospital Board of Trustees Actions.

2. Approved July 15, 2014 Hospital Board of Trustees Actions.

3. Received and files the CEO's Board Report for March, April and May, 2014 and the CFO's Financial Statements for February, March, April and May, 2014.

ADJOURNED at 8:59 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 August 5, 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: September 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

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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 August, 2014 and the CFO's Financial Statement for July, 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
August 2014

DHCS Department of Health Care Services
"Public Hospital Supplemental Payment Program"
Other than the Department calling to inform me they received our letter in July challenging their position. There has been no activity on this issue.

THIPA-Torrance Hospital Independent Physician Association
As reported by separate email earlier this week we have successfully concluded negotiations with THIPA and have entered an agreement that patients covered by THIPA can receive care and services at CIMC effective 9-1-14. CIMC will receive payment according to the rate schedule per contract.

Vons/Safeway
Pleased to report that CIMC/ "Stepping into Health" has received a $15,000.00 grant from Vons/Safeway. This marks the first time CIMC has been a recipient of Vons/Safeway funding.

Grant from Auxiliary
At their August Board meeting the "Avalon Hospital Auxiliary" voted to gift $25,000.00 to CIMC for the purchase of a "side entry bathing system". This unit offers safe and convenient bathing for our patients, reduces the risk of injury to patients and staff and replaces an aging unit that is not used because of safety concerns.
I've invited the Board to hold their next meeting (Jan15) at CIMC and see several items they've purchased for us recently.

Increased Veterans Services
Our Telemedicine and Clinic staff continue to discuss increasing services to local Veterans. Recently passed legislation will allow Veterans living in rural communities to access primary care locally verses traveling to VA Hospital in Long Beach.
Thanks to Congressman Lowenthal for his help in adopting language in the legislation that addresses transportation difficulties for Island Veterans.

Emergency Generator
The Generator issue is not resolved and may become a significant issue going forward. Efforts to apply for a waiver have been unsuccessful and the costs for replacement permitt OSHPD could reach $100,000. We are investigating grant opportunities.
I've informed City of Avalon Management of the issue and hope to have additional information at the August 26th meeting.

Carrol L. Grace Trust
I continue to communicate with the Merrill Lynch representative managing this distribution of funds and have provided additional documents for their Legal Department review-No distribution to CIMC has been made to date.

Hospice Services
To be discussed at August 26th meeting.

CFO REPORT FOR JULY, 2014

I. FINANCIAL STATEMENTS FOR JULY, 2014

July

Net patient revenue was over budget for July by $156,606 (27%).
Gross revenue was over budget by $217,987(16%) (See box below)
Deductions from revenue were over by $61,381(8%).
Contractual allowances were over by $42,018(6%)
Provision for bad debt was over by $29,442(30%).
Charity care was under by $4,138 (24%).
Gross inpatient revenue was under by $50,013(17%) in July despite having 27 swing and acute days vs. a budget of 16.
Gross outpatient revenue was over by $3,889(1%).
Gross Emergency Room revenue was over by $264,111 (16%) due to E/R visits being over budget by 19(8%).

JULY 2014	Deductions from Revenue and Misc Stats		
DESCRIPTION	Actual	Budget	Variance
Provision for Bad debts	124,442	95,000	(29,442)
Contractual Allowances	675,663	633,645	(42,018)
Charity and Admin Allowances	19,323	29,403	10,080
Acute and Swing Bed days	27	16	11
Medicare Utilization	100%	94%	6%
Clinic Visits	497	509	(12)
ER Visits	245	226	19
Net Rev as a % of Gross Revenue	47.10%	43.00%	4.10%
Expenses as a % of Gross Revenue	42.40%	44.50%	2.10%

JULY 2014			
DESCRIPTION	Actual	Budget	Variance
Inpatient revenue			
Medical	$ 27,911	$ 13,583	$ 14,328
SNF	$ 76,450	$ 79,034	$ (2,584)
CT Scan revenue	$ 18,161	$ 26,329	$ (8,168)
Laboratory revenue	$ 12,731	$ 64,370	$ (51,639)
Ultrasound revenue	$ 34,082	$ 20,868	$ 13,214
Pharmacy revenue	$ 28,917	$ 29,861	$ (944)
Physical therapy revenue	$ 16,806	$ 29,216	$ (12,410)
Other revenue	$ 26,049	$ 27,859	$ (1,810)
Total I/P revenue	$ 241,107	$ 291,120	$ (50,013)
Outpatient revenue			
CT Scan revenue	$ -	$ 23,788	$ (23,788)
Physical therapy revenue	$ 80,726	$ 60,263	$ 20,463
Lab revenue	$ 67,268	$ 62,545	$ 4,723
Radiology revenue	$ 19,109	$ 30,128	$ (11,019)
Clinic revenue	$ 126,389	$ 96,324	$ 30,065
Other revenue	$ 4,026	$ 20,581	$ (16,555)
Total O/P revenue	$ 297,518	$ 293,629	$ 3,889
Emergency Room revenue			
Emergency room revenue	$ 439,919	$ 408,293	$ 31,626
CT Scan revenue	$ 252,829	$ 134,149	$ 118,680
Laboratory revenue	$ 153,316	$ 118,898	$ 34,418
Radiology revenue	$ 61,706	$ 46,837	$ 14,869
Other revenue	$ 102,098	$ 37,579	$ 64,519
Total E/R revenue	$ 1,009,868	$ 745,756	$ 264,112
Total Gross Revenue	$ 1,548,494	$ 1,330,506	$ 217,987

Other operating revenue was under budget for the month by $10,795.

Operating expenses were over budget by $64,055(10%) in July. Operating expenses represented 42.4% of gross revenue compared to the budgeted amount of 44.5% in July. Gross patient revenue was 16% over budget while operating expenses are 10% over budget with the significant variances (unfavorable) being:

DESCRIPTION	MONTH OF July	
SALARIES	$ (7,218)	
EMPLOYEE BENEFITS and HOUSING	$ 775	
PRO FEES	$ (31,722)	
SUPPLIES-General	$ (1,115)	
SUPPLIES-Pharmacy	$ 3,880	
SUPPLIES-Food	$ (1,664)	
PURCHASED SERVICES-Repairs	$ (14,912)	
LICENSES/TAXES	$ 486	
Depreciation	$ (1,489)	
TRAVEL	$ 311	
UTILITIES	$ (2,539)	
PURCHASED SERVICES-Other	$ (594)	
Dues and subs	$ 562	
OTHER EXPENSES	$ (9,271)	
TOTAL	$ (64,510)	

Salaries-Lab ($5K),Dietary($1K)
Employee benefits-Housing ($5K)
Professional fees-Physicians ($1K) Nursing Registry ($6K),
MGO ($4K)
Purchased Services-Other-Lab($4K)
Other expenses- Nursing($1K), Hospital Admin($8K)
SNF ($2K)

Net Operating Income was $81,755 over budget for July.

Non-operating revenue and expense was under budget by $24,754 for July.

The financial position remains strong with working capital increasing by $247,304 with net days in accounts receivable increasing to 84 days while gross days increased to over 100 days. Cash and LAIF funds increased by $92,334 from June. Net patient accounts receivable increased by $326,489 from June. Medicare settlement accounts remained constant from June. Accounts payable increased by $22,753 and current liabilities increased by $140,725 from June.

DESCRIPTION	AS OF July 31, 2014	AS OF June 30, 2014	CHANGE IN WORKING CAPITAL
CURRENT ASSETS	$ 3,524,490	$ 3,136,461	$ 388,029
CURRENT LIABILITIES	$ (977,431)	$ (836,706)	$ (140,725)
WORKING CAPITAL	$ 2,547,059	$ 2,299,755	$ 247,304

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 $1,773,838 in this project as of July 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-** We met with representatives of THIPA. They agreed to begin allowing their members to receive lab, radiology and physical therapy services at CIMC. . We have begun accepting THIPA patients in all areas of the hospital. We signed the agreement with THIPA last week to be 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 reached an agreement with Cross America Financial, LLC to be our new billing and collection company. We are working with them to make the transition as smooth as possible. This new agreement will begin October 1, 2014 when our current contract with CPSI ends.