

**AVALON MUNICIPAL HOSPITAL BOARD OF TRUSTEES' MEETING  
TUESDAY, MARCH 17, 2015 – 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**

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 December 16, 2014 and January 20, 2015 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 January 2015 and February 2015
  - The CFO's Financial Statement for December 2014 and January 2015Recommended Action  
Receive and file the report.

**GENERAL BUSINESS- None**

**CHAIR'S REPORT**

**MEMBER REPORT**

**HOSPITAL BOARD AGENDA  
MARCH 17, 2015  
PAGE 2**

**ADJOURN**

**NOTICE OF POSTING**

I, Denise Radde, declare that the Hospital Board of Trustees Agenda for March 17, 2015 was posted on Friday, March 13, 2015, on the City's website [www.cityofavalon.com](http://www.cityofavalon.com), and at City Hall, 410 Avalon Canyon Road. Copies of agendas and staff reports are available at City Hall.



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Denise A. Radde, City Clerk / Chief Administrative Officer

**AVALON MUNICIPAL HOSPITAL BOARD OF TRUSTEES**

**MEETING DATE:** March 17, 2015

**AGENDA ITEM:** 1

**ORIGINATING DEPT:** Administration

**CITY MANAGER:** BH

**PREPARED BY:** Denise Radde, City Clerk

**SUBJECT:** Avalon Municipal Hospital Board of Trustees Actions

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**RECOMMENDED ACTION(S):** Approve the December 16, 2014 and January 20, 2015 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, DECEMBER 16, 2014  
ACTIONS**

**CALL TO ORDER** at 5:00 p.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 Cassidy, seconded by Trustee Hernandez. (All Ayes)

1. Approved November 18, 2014 Hospital Board of Trustees Actions.
2. Received and filed the CEO's Board Report for November, 2014 and the CFO's Financial Statement for October, 2014.

**GENERAL BUSINESS** - None

Trustee Cassidy requested that CEO John Friel address the Board on their role, responsibilities and boundaries as Trustees. Trustee Olsen stated he had requested an update on the hospital's emergency back up generator and still had not heard anything. Trustee Cassidy responded that there was information in their packets.

**ADJOURNED** at 5:05 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 December 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 TRUSTEE'S MEETING  
TUESDAY, JANUARY 20, 2015  
ACTIONS**

**CALL TO ORDER** at 6:04 p.m.

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

**PRESENTATION**

John Friel, CEO of the Catalina Island Medical Center provided an explanation of the three boards and foundations for the Catalina Island Medical Center/Hospital.

- o Avalon Municipal Hospital Board of Trustees (City Council)
- o Catalina Island Medical Foundation Board of Directors
- o Avalon Medical Development Corporation Board of Directors

Mr. Friel further explained the Trustees role as it relates to the Board of Trustees, their responsibilities and boundaries. Lastly, information about a future new generator expense was given to the Trustees.

**CONSENT CALENDAR**- None

**GENERAL BUSINESS** - None

**ADJOURNED** at 6:15 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 January 20, 2015, 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:** March 17, 2015

**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 January 2015 and February 2015; and CFO's Financial Statement for December 2014 and January 2015.

**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 Board Report  
January 2015

DSH Survey Update

Since submitting our P.O.C. (plan of correction) to the State on December 8, 2014 We have not had communication with them. We continue to implement our plan as presented and expect that official approval of the plan in the near future.

CMS -Noridian Audit re HER

We have not heard from the auditor but remain ready for questions that may have

DHCS "clawback"

Our Attorneys with BB&K continue to pursue this matter at the "appeal" level-attached is a communication from ALJ Jacob L. Rambo which I think explains the status as of 1/14/15. We are actively engaged in preparing a response to the 31 request for discovery that the State has requested in preparation of the Hearing scheduled for March 11&12, 2015 in Sacramento.

Emergency Generator

Following the AMDC Board Meeting on December 8<sup>th</sup> I followed up with Ken Putnam who suggested CIMC may be eligible for a "donated" generator from Multi Quip. He offered to pursue this opportunity. I heard back from Ken on 1-10-15 that his request had been denied. Subsequently following up on the Boards approval to move forward with purchasing an appropriate generator and receive SCAQMD approval and authorized our consult Pat Tam with Pro Active to begin the application to SCAQMD using the quote received from CUMMINS Pacific LLC for a 50 KW unit.

Patrick suggested we await SCAQMD approval of a unit before issuing a P.O.

I also authorized Ted Butland Associates to begin the process to submit a plan to OSHPD.

We are also investigating financing options for consideration in lieu of full purchase.

I have had discussions with the City of Avalon as to who is the responsible party for ownership going forward and I will have more information on both topics at the January 26<sup>th</sup> meeting.

Halogen Conversion

We completed conversion to the Halogen employee evaluation system that the Board had approved with the 2014-2015 budget. The system allows CIMC to evaluate employee's performance on an ongoing bases and award a salary adjustment annually using a merit based system. The system is digital, computer based and allows us to move away from paper files going forward.

CIMC 55<sup>th</sup> Birthday Celebration

On January 15<sup>th</sup> 100 plus guests celebrated CIMC's 55<sup>th</sup> Birthday in conjunction with the Chamber of Commerce monthly mixer. Tours of the facility and its new equipment and refurbishing was conducted by staff. Guests were very complementary.

### Presentation to Avalon City Council

On January 20<sup>th</sup> President Muller and I attended the January 20<sup>th</sup> City Council meeting in reference to their request that we summarize the difference between the AMDC and the Foundation Board and their relationship to the City Council "Board of Trustees" I will give a report at the January 26<sup>th</sup> AMDC Meeting.

### Annual Employee Recognition

CIMC is re-establishing an annual recognition of employees who have given 5-10-20-25-30 plus years of service with a dinner on February 28<sup>th</sup> at Overlook Hall, we expect 30 recipients. More information will be available as the date approaches.

### Leonard Abrescia Services:

Our long term resident Leonard Abrescia passed away in December. Leonard did not have a family and no final services had been planned. Our Social Services staff found that Leonard qualified as a veteran for full Military services and interment the National Cemetery in Riverside, California. Dawn Sampson and Santa Dominguez attended his services in Riverside on January 7<sup>th</sup> representing his CIMC "family". They were presented with an American Flag which covered his casket and witnessed a 21 gun salute in his honor. Their efforts represent the compassion our staff displays every day to our patients and community.

CEO Report  
February 2015

Auxiliary Gift

I'm happy to report that the Avalon Hospital Auxiliary has gifted a \$25,000. Donation to AMDC for the purchase of a new TV, DVD & speaker equipment for the patients activity room (Oak Room).

Additionally the donation will provide an electrically powered Bariatric patient lift, a transport ventilator & Micro Ultrasound for use in the Emergency room.

The Auxiliary's on going generosity is greatly appreciated and will go a long way in enabling us to meet the emergency needs and comfort needs of our patients.

Employee Recognition

On February 28 CIMC along with the CIMC CARES Committee will host an employee recognition dinner at Overlook Hall at 6:00p.m.

30 employees will be recognized for the 5-10-15-20-25-34 years of service to CIMC and our patients. A catered dinner will be provided by the Buffalo Nickel for our honorees & their guest. We hope you can join us-please RSVP to Debbie Phelps at extension 127.

Emergency Generator

We received notice from SCAQMD that our application to replace the generator had been received and is under review (see letter in exhibit 13). I've instructed Ted Butland & Associates to begin the process to receive OSHPD approval. Their electrical engineer was at CIMC last week taking load readings etc. as to provide accurate data to support the application.

Noridian CMS EHR Audit

We are back in the audited process with Noridian as evidenced by the attached email requesting further information. See exhibit 6a. of the e-mails with Noridian as requested.

DHCS "clawback"

As reported 2 weeks ago we received word that Judge Rambo denied our request to appeal the states effort to recovered \$650,000 provided to CIMC from 2002-2009 through their supplemental program. Our next option is to bring the matter to Superior Court. I've asked our legal consultant Jared Goldman from BBK to outline the process and projected costs. His summary and other documentation is in exhibit 12, 12a., 12b. of the Board package and the topic is on the agenda.

Exhibit 12b. is an email I received on 2/17 from Goldman re: settlement-we'll discuss at the Finance & Operations Meeting.

DHS November Survey

Still no word from DHS on our "plan of Correction" submitted in January. As reported previously we continue to move forward with our P.O.C.

Attendance a AHA Rural Health Leadership Conference February 8-11.

3 AMDC Board members, Rod Muller, Ritch Haynes, Bruce Wallace and I attended the above Conference.

The Conference was excellent, covering many topics pertinent to Rural Hospital Governance & Operations as well as updates on Federal changes & projections for the future.

More Information will be made available at the March Meeting.

Finally hope to see you at the Oscars on Sunday February 22<sup>nd</sup> @ 5:00p.m.

## CFO REPORT FOR DECEMBER, 2014

### I. FINANCIAL STATEMENTS FOR DECEMBER, 2014

#### December

Net patient revenue was over budget for December by \$55,368 (11%).

Gross revenue was over budget by \$132,425(13%) (See box below)

Deductions from revenue were over by \$77,057(16%).

Contractual allowances were under by \$58,094(16%)

Provision for bad debt was over by \$150,484(158%).

Charity care was under by \$16,903 (100%).

Gross inpatient revenue was over by \$10,871(3%) in December due to having 8 swing and acute days vs. a budget of 15.

Gross outpatient revenue was over by \$12,761(4%).

Gross Emergency Room revenue was over by \$108,792 (28%) due to E/R visits being over budget by 3(3%).

#### YTD

Net patient revenue was over budget YTD by \$400,709 (12%).

Gross revenue was over budget YTD by \$860,185(12%)

Deductions from revenue were over by \$459,475(13%).

Contractual allowances were over by \$133,533(4%)

Provision for bad debt was over by \$332,055(58%).

Charity care was under by \$54,487(53%).

Gross inpatient revenue was under by \$249,971(14%) YTD despite having 110 swing and acute days vs. a budget of 92 due to SNF revenue being under budget.

Gross outpatient revenue was over by \$339,521(19%).

Gross Emergency Room revenue was over by \$770,634 (24%) due to E/R visits being over budget by 39(4%)

DECEMBER 2014	Deductions from Revenue and Misc Stats		
DESCRIPTION	Actual	Budget	Variance
Provision for Bad debts	245,484	95,000	(150,484)
Contractual Allowances	285,554	343,649	58,095
Charity and Admin Allowances	14,071	29,403	15,332
Acute and Swing Bed days	8	10	(2)
Medicare Utilization	100%	100%	0%
Clinic Visits	378	418	(40)
ER Visits	112	109	3
Net Rev as a % of Gross Revenue	50.30%	51.40%	-1.10%
Expenses as a % of Gross Revenue	55.00%	61.50%	6.50%

<b>DECEMBER 2014</b>			
<b>DESCRIPTION</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
<b>Inpatient revenue</b>			
Medical	\$ 124,787	\$ 13,584	\$ 111,203
SNF	\$ 69,750	\$ 79,034	\$ (9,284)
CT Scan revenue	\$ 9,731	\$ 26,329	\$ (16,598)
Laboratory revenue	\$ 13,801	\$ 64,370	\$ (50,569)
Ultrasound revenue	\$ 13,675	\$ 20,868	\$ (7,193)
Pharmacy revenue	\$ 28,415	\$ 29,861	\$ (1,446)
Physical therapy revenue	\$ 7,256	\$ 29,216	\$ (21,960)
Other revenue	\$ 34,577	\$ 27,859	\$ 6,718
Total I/P revenue	\$ 301,992	\$ 291,121	\$ 10,871
<b>Outpatient revenue</b>			
CT Scan revenue	\$ -	\$ 23,788	\$ (23,788)
Physical therapy revenue	\$ 70,403	\$ 60,263	\$ 10,140
Lab revenue	\$ 67,060	\$ 62,545	\$ 4,515
Radiology revenue	\$ 16,402	\$ 30,128	\$ (13,726)
Clinic revenue	\$ 121,373	\$ 96,324	\$ 25,049
Other revenue	\$ 31,153	\$ 20,581	\$ 10,572
Total O/P revenue	\$ 306,391	\$ 293,629	\$ 12,761
<b>Emergency Room revenue</b>			
Emergency room revenue	\$ 181,703	\$ 196,733	\$ (15,030)
CT Scan revenue	\$ 144,028	\$ 64,639	\$ 79,389
Laboratory revenue	\$ 72,061	\$ 57,290	\$ 14,771
Radiology revenue	\$ 32,930	\$ 22,568	\$ 10,362
Other revenue	\$ 56,880	\$ 37,579	\$ 19,301
Total E/R revenue	\$ 487,602	\$ 378,809	\$ 108,793
<b>Total Gross Revenue</b>	<b>\$ 1,095,986</b>	<b>\$ 963,560</b>	<b>\$ 132,424</b>

Other operating revenue was under budget for the month by \$801.

Operating expenses were over budget by \$10,373(1%) in December. Operating expenses represented 55% of gross revenue compared to the budgeted amount of 61.5% in December. Gross patient revenue was 13% over budget while operating expenses are 1% over budget with the significant variances (unfavorable) being:

DESCRIPTION	MONTH OF December	YTD
SALARIES	\$ 532	\$ 728
EMPLOYEE BENEFITS and HOUSING	\$ 25,870	\$ 35,098
PRO FEES	\$ (36,544)	\$ (200,083)
SUPPLIES-General	\$ (4,033)	\$ (17,753)
SUPPLIES-Pharmacy	\$ (1,370)	\$ (7,996)
SUPPLIES-Food	\$ (829)	\$ (574)
PURCHASED SERVICES-Repairs	\$ (3,684)	\$ (28,123)
LICENSES/TAXES	\$ 45	\$ (1,066)
Depreciation	\$ (6,831)	\$ (41,410)
TRAVEL	\$ 1,758	\$ 2,212
UTILITIES	\$ 5,953	\$ (3,569)
PURCHASED SERVICES-Other	\$ 11,660	\$ (24,315)
Dues and subs	\$ (3,588)	\$ (2,296)
OTHER EXPENSES	\$ (304)	\$ (25,717)
TOTAL	\$ (11,365)	\$ (314,864)

Salaries-Lab (\$3k, \$20K YTD), Clinic(\$3K, \$26K, YTD)  
 Employee benefits-Housing (\$19K, YTD)  
 Professional fees-Physicians (\$8K, \$60K, YTD) Nursing Registry (\$14K, \$37K, YTD),  
 Purchased Services-Other-Lab(\$14K, YTD), Pat Acct(\$5K,\$21K, YTD)  
 Other expenses-Clinic(\$3K, YTD), Hospital Admin (\$3K, YTD)

Net Operating Income was \$44,193 over budget for December and \$128,498 over budget YTD.

Non-operating revenue and expense was under budget by \$16,377 for December.

The financial position remains strong with working capital increasing by \$244,547 with net days in accounts receivable increasing to 125 days while gross days increased to 129 days. These increases are primarily due to timing differences as the days have decreased substantially in January. Cash and LAIF funds decreased by \$205,956 from November. Net patient accounts receivable increased by \$174,302 from November. Medicare

settlement accounts increased \$105,800 from November. Accounts payable increased by \$2,850 and current liabilities decreased by \$60,904 from November.

DESCRIPTION	AS OF December 31, 2014	AS OF November 30, 2014	CHANGE IN WORKING CAPITAL
CURRENT ASSETS	\$ 4,057,701	\$ 3,874,058	\$ 183,643
CURRENT LIABILITIES	\$ (731,935)	\$ (792,839)	\$ 60,904
WORKING CAPITAL	\$ 3,325,766	\$ 3,081,219	\$ 244,547

## 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 \$1,844,740 in this project as of December 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.

## CFO REPORT FOR JANUARY, 2015

### I. FINANCIAL STATEMENTS FOR JANUARY, 2015

#### January

Net patient revenue was under budget for January by \$41,667 (8%).

Gross revenue was under budget by \$67,232(6%) (See box below)

Deductions from revenue were under by \$25,565(5%).

Including:

Contractual allowances were under by \$72,812(19%)

Provision for bad debt was over by \$39,379(41%).

Charity care was over by \$9,580 (56%).

Administrative allowances were under budget by \$1,713(13%)

Gross inpatient revenue was under by \$131,430(45%) in January due to having 8 swing and acute days vs. a budget of 15.

Gross outpatient revenue was over by \$67,845(23%).

Gross Emergency Room revenue was under by \$3,647 (1%) due to E/R visits being under budget by 10(8%).

#### YTD

Net patient revenue was over budget YTD by \$359,042 (9%).

Gross revenue was over budget YTD by \$792,892(18%)

Deductions from revenue were over by \$433,910(9%).

Including:

Contractual allowances were over by \$60,720(1%)

Provision for bad debt was over by \$371,435(55%).

Charity care was under by \$44,906 (37%).

Administrative allowances were over budget by \$46,661(53%)

Gross inpatient revenue was under by \$381,401(18%) YTD despite having 118 swing and acute days vs. a budget of 107 due to SNF revenue being under budget.

Gross outpatient revenue was over by \$407,366(19%).

Gross Emergency Room revenue was over by \$766,634 (21%) due to E/R visits being over budget by 29(3%)

JANUARY 2014	Deductions from Revenue and Misc Stats		
DESCRIPTION	Actual	Budget	Variance
Provision for Bad debts	134,379	95,000	(39,379)
Contractual Allowances	305,832	378,645	72,813
Charity and Admin Allowances	37,270	29,403	(7,867)
Acute and Swing Bed days	8	15	(7)
Medicare Utilization	63%	100%	-38%
Clinic Visits	421	514	(93)
ER Visits	115	125	(10)
Net Rev as a % of Gross Revenue	49.60%	50.40%	-0.80%
Expenses as a % of Gross Revenue	67.00%	58.80%	-8.20%

<b>JANUARY 2014</b>			
<b>DESCRIPTION</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
<b>Inpatient revenue</b>			
Medical	\$ (21,018)	\$ 13,584	\$ (34,602)
SNF	\$ 68,490	\$ 79,234	\$ (10,744)
CT Scan revenue	\$ 32,008	\$ 26,329	\$ 5,679
Laboratory revenue	\$ 6,107	\$ 64,370	\$ (58,263)
Ultrasound revenue	\$ 19,953	\$ 20,860	\$ (907)
Pharmacy revenue	\$ 15,861	\$ 29,862	\$ (14,001)
Physical therapy revenue	\$ 5,457	\$ 29,216	\$ (23,759)
Other revenue	\$ 32,832	\$ 27,666	\$ 5,166
Total I/P revenue	\$ 159,690	\$ 291,121	\$ (131,430)
<b>Outpatient revenue</b>			
CT Scan revenue	\$ 6,366	\$ 23,788	\$ (17,422)
Physical therapy revenue	\$ 90,471	\$ 60,263	\$ 30,208
Lab revenue	\$ 92,373	\$ 62,545	\$ 29,828
Radiology revenue	\$ 35,288	\$ 30,128	\$ 5,160
Clinic revenue	\$ 119,607	\$ 96,324	\$ 23,283
Other revenue	\$ 17,369	\$ 20,581	\$ (3,212)
Total O/P revenue	\$ 361,474	\$ 293,629	\$ 67,845
<b>Emergency Room revenue</b>			
Emergency room revenue	\$ 205,608	\$ 225,806	\$ (20,198)
CT Scan revenue	\$ 54,928	\$ 74,191	\$ (19,263)
Laboratory revenue	\$ 76,598	\$ 65,756	\$ 10,842
Radiology revenue	\$ 36,896	\$ 25,903	\$ 10,993
Other revenue	\$ 51,558	\$ 37,579	\$ 13,979
Total E/R revenue	\$ 425,588	\$ 429,235	\$ (3,647)
<b>Total Gross Revenue</b>	\$ 946,753	\$ 1,013,986	\$ (67,232)

Other operating revenue was under budget for the month by \$68,509.

Operating expenses were over budget by \$1,946(1%) in January. Operating expenses represented 67% of gross revenue compared to the budgeted amount of 58.8% in January. Gross patient revenue was 6% under budget while operating expenses are 1% over budget with the significant variances (unfavorable) being:

DESCRIPTION	MONTH OF January	YTD
SALARIES	\$ (8,406)	\$ (7,678)
EMPLOYEE BENEFITS and HOUSING	\$ 20,865	\$ 55,964
PRO FEES	\$ (25,345)	\$ (225,430)
SUPPLIES-General	\$ 5,561	\$ (12,192)
SUPPLIES-Pharmacy	\$ 9,690	\$ (3,352)
SUPPLIES-Food	\$ 2,583	\$ 2,008
PURCHASED SERVICES-Repairs	\$ 602	\$ (27,521)
LICENSES/TAXES	\$ 2,222	\$ 1,155
Depreciation	\$ (6,360)	\$ (47,770)
TRAVEL	\$ 1,535	\$ 3,747
UTILITIES	\$ (5,310)	\$ (8,880)
PURCHASED SERVICES-Other	\$ (645)	\$ (24,960)
Dues and subs	\$ (1,902)	\$ (4,198)
OTHER EXPENSES	\$ (28,930)	\$ (54,648)
TOTAL	\$ (33,840)	\$ (353,755)

Salaries-Lab (\$3k, \$23K YTD), Clinic(\$3K, \$26K, YTD)  
 Employee benefits-Housing (\$19K, YTD)  
 Professional fees-Physicians (\$8K, \$60K, YTD) Nursing Registry (\$14K, \$37K, YTD),  
 Purchased Services-Other-Lab(\$14K, YTD), Pat Acct(\$5K,\$21K, YTD)  
 Other expenses-Clinic(\$5K, \$24K,YTD), Hospital Admin (\$8K, YTD)

Net Operating Income was \$10,975 under budget for January and \$116,475 over budget YTD.

Non-operating revenue and expense was under budget by \$22,211 for January.

The financial position remains strong with working capital increasing by \$37,957 with net days in accounts receivable increasing to 134 days while gross days increased to 140 days. These increases are primarily due to low collections and billing challenges. We are working with our new billing company to improve the process. Cash and LAIF funds decreased by \$406,912 from December. Net patient accounts receivable decreased by \$78,513 from December. Medicare settlement accounts increased \$234,669 from

December. Accounts payable decreased by \$110,977 and current liabilities decreased by \$210,745 from December.

DESCRIPTION	AS OF January 31, 2015	AS OF December 31, 2014	CHANGE IN WORKING CAPITAL
CURRENT ASSETS	\$ 3,884,912	\$ 4,057,701	\$ (172,789)
CURRENT LIABILITIES	\$ (521,189)	\$ (731,935)	\$ 210,746
WORKING CAPITAL	\$ 3,363,723	\$ 3,325,766	\$ 37,957

## 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 \$1,855,821 in this project as of January 31, 2015. 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. As discussed earlier, we are working very closely with CAF to improve the billing and collection function.