

**AVALON MUNICIPAL HOSPITAL BOARD OF TRUSTEES' MEETING
TUESDAY, APRIL 21, 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 April 21, 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 March, 2015
 - The CFO's Financial Statement for February, 2015Recommended Action
Receive and file the report.

GENERAL BUSINESS- None

CHAIR'S REPORT

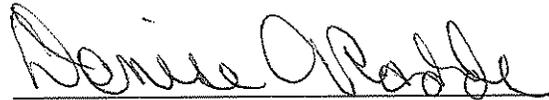
MEMBER REPORT

**HOSPITAL BOARD AGENDA
APRIL 21, 2015
PAGE 2**

ADJOURN

NOTICE OF POSTING

I, Denise Radde, declare that the Hospital Board of Trustees Agenda for April 21, 2015 was posted on Friday, April 17, 2015, 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: April 21, 2015

AGENDA ITEM: 1

ORIGINATING DEPT: Administration

CITY MANAGER: BA

PREPARED BY: Denise Radde, City Clerk

SUBJECT: Avalon Municipal Hospital Board of Trustees Actions

RECOMMENDED ACTION(S): Approve the March 17, 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, MARCH 17, 2015
ACTIONS**

CALL TO ORDER at 8:41 p.m.

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

PRESENTATION - None

CONSENT CALENDAR

1. Board of Trustee's Actions
Approved 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
Received and filed the following reports:
 - The CEO's Board Reports for January 2015 and February 2015
 - The CFO's Financial Statement for December 2014 and January 2015

GENERAL BUSINESS - None

ADJOURNED at 8:44 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 March 17, 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: April 21, 2015

AGENDA ITEM: 2

ORIGINATING DEPT: Administration.

CITY MANAGER: BA

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 March, 2015; and CFO's Financial Statement for February, 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.

Chief Executive Report
March 2015

Employee Award Recognition Dinner

A very successful event was held at Overlook Hall on Saturday February 28 for 29 employees plus their guests celebrating over 398 years of services to CIMC. A catered dinner by Buffalo Nickle Restaurant was a great success and the recipients felt very appreciated and proud of their many years of accomplishments. The Governing body was represented by Rod Muller and Conrado Vega.

DHCS "claw back"

A conference call with Jared Goldman our BBK legal counsel, John Friel, John Lovrich, Paul DeMyer, Bruce Wallace and Rod Muller was held on 3/6 to discuss options regarding next steps of persuading a negotiated settlement with DHCS or going to Superior Court against the State. Prior to the call we learned our State Assembly man Patrick O'Donnell had set up a face to face meeting with DHCS representatives for March 12th to pursue legislation or a political solution. It was decided to give Mr. O'Donnell support and await the results of his meeting before moving further on other options. In a brief phone conversation yesterday Mr. O'Donnell informed me he thought his meeting on 3/12 was productive and requested a phone conference with our Attorney (Mr. Goldman) and myself to outline additional options. He strongly suggested we not enter settlement discussion with DHCS at this time. I should have an update by our Board Meeting on 3/23.

Noridian CMS EHR Audit

There has been no communication with Noridian since my last report although we remain ready to answer any questions they may have which we had previously informed them of.

Emergency Generator

We received notice from SCAQMD that our application to replace the Generator has been "Deemed Complete" and a permit # issued. An Engineer has been assigned to review the project on SCAQMD's behalf and it may take another two months for the permit to be issued. In the meantime Ted Butland has submitted our plans to OSHPD and expects a 60-90 period for their 1st review and another 45-60 days "back check" review after CIMC submits responses to their expected questions. Once the above is complete we anticipate a 12 week delivery time plus installation putting final project completion at December 30, 2015.

Another-DHCS "clawback"

You may remember that in the spring of 2014 Hospital based SNF's such as ours were threatened with a 10% fee reduction retroactive to 2009. AB 97 was passed by the California Legislature that avoided that reduction but it included language allowing the State to recover a portion of those dollars in 2015. We've been forewarned by CHA that

the State is ready to implement those reductions at the end of May 2015. We had previously estimated that would have a -\$50,000 impact on CIMC annually. We are reassessing that estimate now that the State will publish the exact amount of reduction and pay back model. I expect to have more information at the 3/23 meeting.

CFO REPORT FOR FEBRUARY, 2015

I. FINANCIAL STATEMENTS FOR FEBRUARY, 2015

February

Net patient revenue was under budget for February by \$23,829 (4%).

Gross revenue was under budget by \$1,429(1%) (See box below)

Deductions from revenue were under by \$25,259(5%).

Including:

Contractual allowances were under by \$124,823(37%)

Provision for bad debt was over by \$88,723(93%).

Charity care was under by \$7,747 (45%).

Administrative allowances were over budget by \$18,588(148%)

Gross inpatient revenue was under by \$70,898(24%) in February despite having 23 swing and acute days vs. a budget of 13.

Gross outpatient revenue was over by \$25,650(8%).

Gross Emergency Room revenue was over by \$43,818 (11%) due to E/R visits being over budget by 9(7%).

YTD

Net patient revenue was over budget YTD by \$382,871 (9%).

Gross revenue was over budget YTD by \$791,522(9%)

Deductions from revenue were over by \$408,650(9%).

Including:

Contractual allowances were under by \$64,103(1%)

Provision for bad debt was over by \$460,158(60%).

Charity care was under by \$52,654 (38%).

Administrative allowances were over budget by \$65,249(65%)

Gross inpatient revenue was under by \$452,300(19%) YTD despite having 141 swing and acute days vs. a budget of 120 due to SNF revenue being under budget.

Gross outpatient revenue was over by \$433,017(18%).

Gross Emergency Room revenue was over by \$810,805 (20%) due to E/R visits being over budget by 38(3%)

FEBRUARY 2015	Deductions from Revenue and Misc Stats		
DESCRIPTION	Actual	Budget	Variance
Provision for Bad debts	183,723	95,000	(88,723)
Contractual Allowances	203,821	328,645	124,824
Charity and Admin Allowances	40,244	29,403	(10,841)
Acute and Swing Bed days	23	13	10
Medicare Utilization	100%	100%	0%
Clinic Visits	397	399	(2)
ER Visits	130	121	9
Net Rev as a % of Gross Revenue	56.00%	53.50%	2.50%
Expenses as a % of Gross Revenue	64.00%	61.20%	-2.80%

FEBRUARY 2014			
DESCRIPTION	Actual	Budget	Variance
Inpatient revenue			
Medical	\$ 21,344	\$ 13,584	\$ 7,760
SNF	\$ 51,300	\$ 79,034	\$ (27,734)
CT Scan revenue	\$ 20,387	\$ 26,329	\$ (5,942)
Laboratory revenue	\$ 26,476	\$ 64,370	\$ (37,894)
Ultrasound revenue	\$ 18,822	\$ 20,868	\$ (2,046)
Pharmacy revenue	\$ 22,990	\$ 29,861	\$ (6,871)
Physical therapy revenue	\$ 22,979	\$ 29,216	\$ (6,237)
Other revenue	\$ 35,924	\$ 27,859	\$ 8,065
Total I/P revenue	\$ 220,222	\$ 291,121	\$ (70,898)
Outpatient revenue			
CT Scan revenue	\$ -	\$ 23,788	\$ (23,788)
Physical therapy revenue	\$ 99,609	\$ 60,263	\$ 39,346
Lab revenue	\$ 68,950	\$ 62,545	\$ 6,405
Radiology revenue	\$ 21,520	\$ 30,128	\$ (8,608)
Clinic revenue	\$ 117,173	\$ 96,324	\$ 20,849
Other revenue	\$ 12,027	\$ 20,581	\$ (8,554)
Total O/P revenue	\$ 319,279	\$ 293,629	\$ 25,650
Emergency Room revenue			
Emergency room revenue	\$ 220,332	\$ 215,806	\$ 4,526
CT Scan revenue	\$ 67,018	\$ 64,191	\$ 2,827
Laboratory revenue	\$ 66,984	\$ 55,756	\$ 11,228
Radiology revenue	\$ 30,195	\$ 15,903	\$ 14,292
Other revenue	\$ 48,525	\$ 37,579	\$ 10,946
Total E/R revenue	\$ 433,054	\$ 389,235	\$ 43,819
Total Gross Revenue	\$ 972,556	\$ 973,986	\$ (1,429)

Other operating revenue was over budget for the month by \$17,257.

Operating expenses were over budget by \$26,417(4%) in February. Operating expenses represented 64% of gross revenue compared to the budgeted amount of 61.2% in February. Gross patient revenue was at budget while operating expenses are 4% over budget with the significant variances (unfavorable) being:

DESCRIPTION	MONTH OF February	YTD
SALARIES	\$ 20,349	\$ 12,670
EMPLOYEE BENEFITS and HOUSING	\$ (5,834)	\$ 50,128
PRO FEES	\$ (16,878)	\$ (242,309)
SUPPLIES-General	\$ (3,845)	\$ (16,037)
SUPPLIES-Pharmacy	\$ 2,213	\$ (1,138)
SUPPLIES-Food	\$ 1,303	\$ 3,311
PURCHASED SERVICES-Repairs	\$ (71)	\$ (27,592)
LICENSES/TAXES	\$ (533)	\$ 621
Depreciation	\$ (6,359)	\$ (54,130)
TRAVEL	\$ (2,922)	\$ 825
UTILITIES	\$ (1,231)	\$ 6,532
PURCHASED SERVICES-Other	\$ (9,934)	\$ (34,895)
Dues and subs	\$ 562	\$ (3,636)
OTHER EXPENSES	\$ (1,752)	\$ (56,401)
TOTAL	\$ (24,932)	\$ (362,051)

Salaries-Lab (\$2k, \$25K YTD), Clinic(\$26K, YTD)
 Employee benefits-Housing (\$28K, YTD)
 Professional fees-Physicians (\$6K, \$74K, YTD) Nursing Registry (\$36K, YTD),
 Purchased Services-Other-Lab(\$15K YTD),
 Other expenses-Clinic(\$5K, \$24K, YTD), Hospital Admin (\$8K YTD) PT(\$8K, \$32
 YTD)

Net Operating Income was \$14,669 over budget for February and \$131,144 over budget YTD.

Non-operating revenue and expense was over budget by \$659 for February.

The financial position remains strong with working capital increasing by \$56,726 with net days in accounts receivable decreasing to 99 days while gross days decreased to 120 days. We are working with our new billing company to improve the process. Cash and LAIF funds increased by \$1,302,766 from January. Net patient accounts receivable decreased by \$480,464 from January. Medicare settlement accounts decreased \$732,185 from January. Accounts payable increased by \$17,967 and current liabilities increased by \$56,726 from January.

DESCRIPTION	AS OF January 31, 2015	AS OF January 31, 2015	CHANGE IN WORKING CAPITAL
CURRENT ASSETS	\$ 3,965,823	\$ 3,884,912	\$ 80,911
CURRENT LIABILITIES	\$ (545,374)	\$ (521,189)	\$ (24,185)
WORKING CAPITAL	\$ 3,420,449	\$ 3,363,723	\$ 56,726

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 \$1,864,189 in this project as of February 28, 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.
- 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 have begun to schedule training for our physicians and nurses in April. 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. Please see finance issues for an update on this process.

- Electronic Medical Records Audit-We have provided to Noridian all of the requested information. We are now waiting for them to complete the process.
- Medi-Cal Audit- MediCal recently audited CIMC for FY 2013. There were no adjustments. We had a clean audit.