

**AVALON MUNICIPAL HOSPITAL BOARD OF TRUSTEES' MEETING
TUESDAY, AUGUST 18, 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

Update from Catalina Island Medical Center Interim CEO Bryan Ballard.

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 July 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 Report for July 28, 2015
 - The CFO's Financial Statement for June, 2015Recommended Action
Receive and file the reports.

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 August 18, 2015 was posted on Wednesday, August 18, 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: August 18, 2015

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 July 21, 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 will be provided under separate cover.

AVALON MUNICIPAL HOSPITAL BOARD OF TRUSTEES

MEETING DATE: August 18, 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 Bryan Ballard's CEO Board Report to the Board of Directors for July 28, 2015; and CFO's Financial Statement for June, 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.

CATALINA ISLAND MEDICAL CENTER
Chief Executive Officer's Report
July 28, 2015

Chief Executive Officer Recruitment

This initiative is moving along at a good pace. Mark Andrew, Senior Partner with Witt/Kieffer will be on the Island for your Board meeting on July 28. He will meet with you to document your priorities for the organization and those attributes you desire in the successful candidate. He will also be describing the search process and the various time lines associated with each element of the search. He will be determining from you how you want the search committee structured. You have several options in that regard and he will work with you in whatever way you choose. Wednesday morning he is scheduled to meet with members of the medical staff to get their perspectives. One member will be off the Island but has requested he be phone conferenced in—a good sign of commitment and investment in our organization. Following the physicians' meeting he will then meet with three members of the senior executive team. When he leaves the Island he will prepare a detailed position specification document for your review and approval. Following your acceptance of the specifications, he will then move ahead in his process.

Board Orientation and Education

Karma is prepared to move ahead with this project. She sees the benefit of the participant invitations being extended to the Foundation, Auxiliary and Trustees. The expanded group will in no way detract from what the intention of this session is. You'll need to agree on a date at your board meeting.

Community Needs Assessment and Facilities Exploration Project

Everything is in order for this project to move ahead. Rochelle, the consultant we've engaged, has now returned from vacation and will start working with us directly. Judy Hibbs has prepared a press release describing the initiative to the community and it has been announced at last week's Trustee meeting. This is well in advance of the community getting exposed to the project per se but we need them to start becoming familiar with the fact that it's going to happen. I've heard positive comments from the community regarding the fact that you have made the decision to undertake this study proactively.

Patient Satisfaction

Most hospitals have a tool to get at determining how they are doing in servicing their patients. While most of our activity is for outpatients through the emergency department, MGO, laboratory, radiology and physical therapy it's still vital that the hospital staff see how they are doing and for you to see those results as well. We have initiated a service with a company called Avatar to perform our surveys on an ongoing basis. They conduct their surveys telephonically and use e-mail as well. They have proven to be successful in other communities as to the data they report. Long Beach Memorial uses this tool. We should have the survey process underway by October of this year.

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CFO REPORT FOR JUNE, 2015

I. FINANCIAL STATEMENTS FOR JUNE, 2015

June

Net patient revenue was over budget for June by \$101,214 (18%).

Gross revenue was over budget by \$235,847(18%) (See box below)

Deductions from revenue were over budget by \$134,633(19%).

Including:

Contractual allowances were over by \$40,036(6%)

Provision for bad debt was over by \$9,003(9%).

Charity care was under by \$4,539(26%).

Administrative allowances were over budget by \$90,132(721%)

Gross inpatient revenue was over by \$29,503(10%) in June due to having 50 swing and acute days vs. a budget of 13.

Gross outpatient revenue was over by \$55,432(18%).

Gross Emergency Room revenue was over by \$150,911 (22%) due to E/R visits being over budget by 16(8.3%).

YTD

Net patient revenue was over budget YTD by \$653,363 (10%).

Gross revenue was over budget YTD by \$1,539,616(11%)

Deductions from revenue were over by \$886,252(13%).

Including:

Contractual allowances were over by \$145,197(2%)

Provision for bad debt was over by \$509,509(44%).

Charity care was under by \$29,099 (14%).

Administrative allowances were over budget by \$260,644(173%)

Gross inpatient revenue was under by \$603,779(17%) YTD despite having 229 swing and acute days vs. a budget of 176 due to SNF and I/P Lab revenue being under budget.

Gross outpatient revenue was over by \$763,652(21%).

Gross Emergency Room revenue was over by \$1,379,743 (22%) due to E/R visits being over budget by 113(6.3%).

| June 2015 | Deductions from Revenue and Misc Stats | | |
|----------------------------------|----------------------------------------|---------|----------|
| DESCRIPTION | Actual | Budget | Variance |
| Provision for Bad debts | 104,003 | 95,000 | (9,003) |
| Contractual Allowances | 618,683 | 578,647 | (40,036) |
| Charity and Admin Allowances | 114,996 | 29,403 | (85,593) |
| Acute and Swing Bed days | 50 | 13 | 37 |
| Medicare Utilization | 100% | 100% | 0% |
| Clinic Visits | 477 | 487 | (10) |
| ER Visits | 208 | 192 | 16 |
| Net Rev as a % of Gross Revenue | 44.00% | 44.00% | 0.00% |
| Expenses as a % of Gross Revenue | 47.50% | 50.90% | 3.40% |
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| JUNE 2015 | | | |
|-------------------------------|---------------------|---------------------|-------------------|
| DESCRIPTION | Actual | Budget | Variance |
| Inpatient revenue | | | |
| Medical | \$ 90,910 | \$ 13,584 | \$ 77,326 |
| SNF | \$ 71,250 | \$ 79,034 | \$ (7,784) |
| CT Scan revenue | \$ 10,811 | \$ 26,329 | \$ (15,518) |
| Laboratory revenue | \$ 35,228 | \$ 64,370 | \$ (29,142) |
| Ultrasound revenue | \$ 29,213 | \$ 20,868 | \$ 8,345 |
| Pharmacy revenue | \$ 26,687 | \$ 29,861 | \$ (3,174) |
| Physical therapy revenue | \$ 32,114 | \$ 29,216 | \$ 2,898 |
| Other revenue | \$ 24,411 | \$ 27,859 | \$ (3,448) |
| Total I/P revenue | \$ 320,624 | \$ 291,121 | \$ 29,503 |
| Outpatient revenue | | | |
| CT Scan revenue | \$ - | \$ 23,788 | \$ (23,788) |
| Physical therapy revenue | \$ 108,753 | \$ 60,263 | \$ 48,490 |
| Lab revenue | \$ 87,771 | \$ 62,545 | \$ 25,226 |
| Radiology revenue | \$ 17,235 | \$ 30,128 | \$ (12,893) |
| Clinic revenue | \$ 131,027 | \$ 96,324 | \$ 34,703 |
| Other revenue | \$ 4,275 | \$ 20,581 | \$ (16,306) |
| Total O/P revenue | \$ 349,061 | \$ 293,629 | \$ 55,432 |
| Emergency Room revenue | | | |
| Emergency room revenue | \$ 389,755 | \$ 350,629 | \$ 39,126 |
| CT Scan revenue | \$ 202,274 | \$ 121,917 | \$ 80,357 |
| Laboratory revenue | \$ 124,087 | \$ 109,194 | \$ 14,893 |
| Radiology revenue | \$ 52,873 | \$ 49,076 | \$ 3,797 |
| Other revenue | \$ 50,318 | \$ 37,579 | \$ 12,739 |
| Total E/R revenue | \$ 819,307 | \$ 668,395 | \$ 150,911 |
| Total Gross Revenue | \$ 1,488,992 | \$ 1,253,146 | \$ 235,847 |
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Other operating revenue was under budget for the month by \$28,408.

Operating expenses were over budget by \$68,868(10%) in June. Operating expenses represented 47.5% of gross revenue compared to the budgeted amount of 50.9% in June. Gross patient revenue was over budget by 18% while operating expenses are 10% over budget with the significant variances (unfavorable) being:

| DESCRIPTION | MONTH OF June | YTD |
|-------------------------------|---------------|--------------|
| SALARIES | \$ 14,255 | \$ (9,747) |
| EMPLOYEE BENEFITS and HOUSING | \$ (17,393) | \$ 9,018 |
| PRO FEES | \$ (24,548) | \$ (342,056) |
| SUPPLIES-General | \$ 3,732 | \$ (14,688) |
| SUPPLIES-Pharmacy | \$ 227 | \$ 7,160 |
| SUPPLIES-Food | \$ (905) | \$ 5,709 |
| PURCHASED SERVICES-Repairs | \$ 2,114 | \$ (29,465) |
| LICENSES/TAXES | \$ 97 | \$ 194 |
| Depreciation | \$ (5,961) | \$ (79,021) |
| TRAVEL | \$ (319) | \$ (6,471) |
| UTILITIES | \$ (2,602) | \$ (13,504) |
| PURCHASED SERVICES-Other | \$ 10,859 | \$ (42,508) |
| Dues and subs | \$ 562 | \$ (2,148) |
| OTHER EXPENSES | \$ (48,396) | \$ (193,196) |
| TOTAL | \$ (68,278) | \$ (710,723) |
| | | |

Salaries-Lab (\$2k, \$37 K YTD), Clinic (\$6K,\$32K, YTD) PT (\$38K YTD)
 Employee benefits-Housing (\$2K, \$37K, YTD)
 Professional fees-Physicians (\$118K, YTD) Nursing Registry (\$25K, YTD), Radiology Reg(\$16K YTD) Acute(\$108K YTD)Legal Fees (\$8k, \$50k YTD)
 Purchased Services-Other-Lab (\$6K, \$26K YTD), IT(\$17K YTD)
 Other expenses-HR (\$38K, YTD), Clinic(\$2K,\$5K YTD), Acct(\$14K, YTD), PT(\$19K, \$88K YTD)

Net Operating Income was \$3,936 over budget for June and \$1,593 over budget YTD.

Non-operating revenue and expense was over budget by \$26,957 for June.

The financial position remains strong with working capital decreasing by \$10,088 with net days in accounts receivable decreasing to 98 days while gross days decreased to 94 days. We are working with our new billing company to improve the process. Cash and LAIF funds decreased by \$42,466 from May. Net patient accounts receivable increased by \$48,403 from May. Medicare settlement accounts decreased \$17,793 from May. Accounts payable increased by \$136,940 and current liabilities increased by \$17,174 from May.

| DESCRIPTION | AS OF June 30, 2015 | AS OF May 31, 2015 | CHANGE IN WORKING CAPITAL |
|---------------------|------------------------|-----------------------|---------------------------------|
| CURRENT ASSETS | \$ 4,171,452 | \$ 4,164,366 | \$ 7,086 |
| CURRENT LIABILITIES | \$ (676,857) | \$ (659,683) | \$ (17,174) |
| WORKING CAPITAL | \$ 3,494,595 | \$ 3,504,683 | \$ (10,088) |
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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 \$1,913,217 in this project as of June 30, 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 to schedule training for our physicians and nurses in August with CPSI. This will be an intensive two weeks of training on ICD-10 and CPSI functions. This is being done to ensure that we are capturing all charges and that we are ready for the ICD-10 conversion. We will be ready for the conversion before the deadline. However, the deadline may be extended again.
- 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 Accounts Receivable Improvement Plan for an update on this process.

- **Electronic Medical Records Audit**-Noridian has again requested additional information in the audit of the EMR expenses. We are complying with their request to have the additional information to them by Wednesday July 29, 2015.
- **Chargemaster Review**-CIMC has contracted with Terrence Wong and Associates to conduct a thorough review of the chargemaster. Mr. Wong was on-site on Tuesday June 16 to meet with CIMC personnel and to discuss various charging techniques. The review was completed and all changes and updates have been input to the chargemaster by CIMC IT personnel. This will improve the billing process.
- **AAA Grant Audit**-Auditors contracted by the County of Los Angeles were on site to conduct an audit of the AAA grant. This grant provides funds for CIMC personnel to provide home help services.