AVALON MUNICIPAL HOSPITAL BOARD OF TRUSTEES' MEETING
TUESDAY, FEBRUARY 16, 2016 – 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 January 19, 2016 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 January 2016
   - The CFO's Financial Statement for December 2015

   Recommended Action
   Receive and file the reports.

GENERAL BUSINESS - None

CHAIR'S REPORT / MEMBER REPORT

ADJOURN

NOTICE OF POSTING

I, Denise Radde, declare that the Hospital Board of Trustees Agenda for February 16, 2016 was posted on Thursday, February 11, 2016, 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: February 16, 2016 **AGENDA ITEM:** 1

ORIGINATING DEPT: Administration **CITY MANAGER:** DR

PREPARED BY: Denise Radde, City Clerk

SUBJECT: Avalon Municipal Hospital Board of Trustees Actions

RECOMMENDED ACTION(S): Approve the January 19, 2016 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: Not aligned.

CONSEQUENCES OF NOT FOLLOWING RECOMMENDED 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, JANUARY 19, 2016
ACTIONS

CALL TO ORDER at 8:00 p.m.

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

ORAL COMMUNICATION
Michael Ponce introduced Jason Paret, the new CEO of the Catalina Island Medical Center.

CONSENT CALENDAR
There were two items on the Consent Calendar. Motion to approve Items 1 and 2 by Trustee Marshall, seconded by Trustee Sampson. (All Ayes)

1. Board of Trustee's Actions
   Approved the December 15, 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 September 18, 2015 and October 22, 2015.
   - The CFO's Financial Statements for August 2015 and September 2015.

GENERAL BUSINESS - None

ADJOURNED at 8:09 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 19, 2016, is the official record of that Meeting and is on file and maintained in City Hall.

Denise A. Radde, City Clerk/Interim City Manager

AVALON MUNICIPAL HOSPITAL BOARD OF TRUSTEES

MEETING DATE: February 16, 2016 **AGENDA ITEM:** 2

ORIGINATING DEPT: Administration. **CITY MANAGER:** DR

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 the CEO Board Report to the Board of Directors for January 2016; and CFO's Financial Statement for December 2015.

FISCAL IMPACTS: N/A

CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION(S): N/A

GOAL ALIGNMENT: Not aligned.

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

P.O. Box 1563
100 Falls Canyon Rd
Avalon, Calif. 90704
(310) 510-0700
Appointments (310) 510-0096
CatalinaIslandMedicalCenter.org

Monthly CEO Report
January 2016

Immediate Operational and Financial Improvements

- We have begun the process of having a cost report review conducted. With the importance of a properly filed cost report it is important to insure that we are capturing all available reimbursement.

- With the end of the fiscal year only four months away, we have decided that is time to go out to bid for a potentially new financial audit firm. We will send out requests for proposal to firms that other Critical Access Hospitals are using in the State and any other firms that show interest.

Quality Care

- The State Surveyors cited a number of violations that need to be corrected in addition to one item that is considered "Immediate Jeopardy". An Immediate Jeopardy is a major infraction that if not corrected immediately puts the facility in threat of losing its ability to participate in the Medicare/Medicaid program. Once we were notified of this infraction, Catherine created a Plan of Correction and implemented it. To inflate the seriousness of this infraction it was a reoccurring infraction that was on the previous survey that happened approximately a year ago. The issue at hand was an electric space heater that was placed in the bathing room for Long Term Care patients. Electric space heaters may not be in any patient care areas. The reason for its use is that the current HVAC system cannot support the facility. We have banned electric space heaters from patient care areas and will shower patients in a patient room that we are not utilizing. In addition, we will be educating every staff member that electric space heaters cannot be used in patient care areas, monitoring the facility for them and reporting to the Quality Assurance Committee our findings on a monthly basis.

  In addition to the Immediate Jeopardy infraction we were informed that there were a number of less serious infractions. We will receive a report from the surveyors in the near future. Once the report is received, we will generate a formal Corrective Action Plan that will be submitted to the State for approval. We will report to the Board of Directors on a regular basis the state of the Corrective Action Plan on a regular basis.

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Physician Alignment

- Physician recruitment continues with the use of the Medicus Firm. Drs. Ulibarri and Long have met with me having very initial conversations in regards to provider recruitment. We need to have more formalized conversation to develop a provider practice model that will allow for recruitment of providers and growth of the Rural Health Clinic.
- A meeting has been scheduled for January 22nd to better understand and develop the Emergency Department physician coverage. The main issue to be discussed is consistency of staffing with regular providers.

Information Systems Strategy

- CPSI had two information systems trainers at the facility the week of January 12th. Their purpose was to evaluate how staff is using the CPSI system. They were able to make adjustments to improve the use of the system and provide education.

Cultural Refocus

- The Cares Committee will be using the recommendations from the recent Baptist Leadership Group report to develop an action plan. There will be an emphasis on re-launching, re-committing, re-educating and reinforcing the CIMC Standards.

Patient Satisfaction

- We have started to receive a few surveys back from Avatar. As we begin to better understand the data and system, we will begin to develop an action plan to improve scores. At this point, we do not feel that we have received enough surveys back to make the data statistically valid.

Improve Community Credibility

Growth Initiatives

- After my first two weeks, having many conversations with individuals about healthcare, my initial assessment is that too many individuals are leaving the island for their primary care. When patients leave our community for other communities to receive primary care, CIMC in addition loses the ability to provide ancillary services to these patients. We need to develop a strategy to re-capture this segment of service that can be provided within the community. It is the foundation of CIMC and its future.

CFO REPORT FOR DECEMBER, 2015

I. FINANCIAL STATEMENTS FOR DECEMBER, 2015

December

Net patient revenue was under budget for December by $8,694 (1%).
Gross revenue was under budget by $52,812(4%) (See box below)
Deductions from revenue were under budget by $44,117(7%).
Including:

Contractual allowances were over by $54,029(13%)
Provision for bad debt was under by $60,941(52%).
Charity care was under by $15,174(86%).
Administrative allowances were under budget by $21,491(87%)

Gross inpatient revenue was over by $2,741(1%) in December due to having 20 swing and acute days vs. a budget of 15.
Gross outpatient revenue was under by $1,147(1%).
Gross Emergency Room revenue was under by $54,407 (12%) even though E/R visits were over budget by 12(9%).
Days Cash on hand at December 31, 2015 was 47.9 days compared to 35.2 days at November 30, 2015.

YTD

Net patient revenue was over budget YTD by $213,318 (6%).
Gross revenue was over budget by $193,385(2%)
Deductions from revenue were over budget by $19,932(1%).
Including:

Contractual allowances were over by $198,958(5%)
Provision for bad debt was under by $146,547(21%).
Charity care was under by $35,875(32%).
Administrative allowances were under budget by $36,468(24%)

Gross inpatient revenue was under by $92,058(5%) YTD despite having 173 swing and acute days vs. a budget of 91.
Gross outpatient revenue was over by $18,789(1%).
Gross Emergency Room revenue was over by $266,654 (6%) with E/R visits being over budget by 51(5%).

December 2015	Deductions from Revenue and Misc Stats		
DESCRIPTION	Actual	Budget	Variance
Provision for Bad debts	54,058	115,000	60,942
Contractual Allowances	454,784	400,754	(54,030)
Charity and Admin Allowances	5,505	42,711	37,206
Acute and Swing Bed days	20	15	5
Medicare Utilization	85%	100%	-15%
Clinic Visits	345	396	(51)
ER Visits	127	115	12
Net Rev as a % of Gross Revenue	51.00%	49.00%	2.00%
Expenses as a % of Gross Revenue	63.00%	57.00%	-6.00%

DECEMBER 2015			
DESCRIPTION	Actual	Budget	Variance
Inpatient revenue			
Medical	$ 29,005	$ 34,969	$ (5,964)
SNF	$ 120,462	$ 75,943	$ 44,519
CT Scan revenue	$ 17,814	$ 27,776	$ (9,962)
Laboratory revenue	$ 20,951	$ 31,101	$ (10,150)
Ultrasound revenue	$ 6,409	$ 20,819	$ (14,410)
Pharmacy revenue	$ 28,684	$ 27,705	$ 979
Physical therapy revenue	$ 32,744	$ 17,552	$ 15,192
Other revenue	$ 18,551	$ 36,013	$ (17,462)
Total I/P revenue	$ 274,620	$ 271,878	$ 2,741
Outpatient revenue			
CT Scan revenue	$ 35,186	$ 21,829	$ 13,357
Physical therapy revenue	$ 108,533	$ 115,513	$ (6,980)
Lab revenue	$ 61,891	$ 74,681	$ (12,790)
Radiology revenue	$ 23,768	$ 26,903	$ (3,135)
Clinic revenue	$ 107,087	$ 120,354	$ (13,267)
Other revenue	$ 43,832	$ 22,164	$ 21,668
Total O/P revenue	$ 380,297	$ 381,444	$ (1,147)
Emergency Room revenue			
Emergency room revenue	$ 208,708	$ 217,263	$ (8,555)
CT Scan revenue	$ 61,372	$ 86,566	$ (25,194)
Laboratory revenue	$ 48,726	$ 66,783	$ (18,057)
Radiology revenue	$ 33,487	$ 31,271	$ 2,216
Other revenue	$ 39,986	$ 44,803	$ (4,817)
Total E/R revenue	$ 392,279	$ 446,686	$ (54,407)
Total Gross Revenue	$ 1,047,196	$ 1,100,008	$ (52,812)

Other operating revenue was over budget for the month by $19,322.

Operating expenses were over budget by $37,033(5%) in December. Operating expenses represented 63% of gross revenue compared to the budgeted amount of 57% in December. Gross patient revenue was under budget by 4% while operating expenses are 5% over budget with the significant variances (unfavorable) being:

DESCRIPTION	MONTH OF December	YTD
SALARIES	$ (17,683)	$ (82,349)
EMPLOYEE BENEFITS and HOUSING	$ (6,943)	$ (47,338)
PRO FEES	$ 11,915	$ (34,405)
SUPPLIES-General	$ (3,552)	$ (11,737)
SUPPLIES-Pharmacy	$ 3,559	$ 2,721
SUPPLIES-Food	$ (354)	$ 1,689
PURCHASED SERVICES-Repairs	$ 8,734	$ 10,360
LICENSES/TAXES	$ 927	$ 26,645
Depreciation	$ 2,745	$ 15,994
TRAVEL	$ 2,105	$ 6,484
UTILITIES	$ 1,150	$ (6,739)
PURCHASED SERVICES-Other	$ (12,117)	$ (161,880)
Dues and subs	$ 257	$ (240)
OTHER EXPENSES	$ (29,004)	$ (259,267)
TOTAL	$ (38,261)	$ (540,062)

Salaries-Nursing Admin ($4K, YTD $19K) Acute ($21K, YTD $105K) (Lab $1K, $11K YTD), Radiology($2K, $19K YTD), Dietary($4K, $16K YTD)
Employee benefits-Employee Health insurance ($20K, $16K YTD) Employee physicals ($3K, $16K YTD)
Professional fees-Physicians ($6K YTD),Registry-MGO ($10K, $33K YTD) Hosp Admin($6K, $21K YTD)
Legal Fees ($9K YTD)
Purchased Services- IT($35K YTD)PT Acct($14K, $119K,YTD)
Other expenses-HR Recruiting ($7K, $154K YTD), PT ($24K, $110K YTD)

Net Operating Income was $26,404 under budget for December.

Non-operating revenue and expense was under budget by $21,781 for December.

The financial position remains strong although working capital decreased by $31,332 with net days in accounts receivable decreasing to 79 days while gross days decreased to 86 days. We are working with our new billing company to improve the process. The transition to a new billing company in addition to the ICD-10 conversion and updating the MGO software has slowed the process. Cash and LAIF funds increased by $283,556 from November. Net patient accounts receivable decreased by $295,361 from November. Medicare settlement accounts increased $30,997 from November. Accounts payable decreased by $12,690 and current liabilities decreased by $34,466 from November.

DESCRIPTION	AS OF December 31, 2015	AS OF November 30, 2015	CHANGE IN WORKING CAPITAL
CURRENT ASSETS	$ 2,685,996	$ 2,751,794	$ (65,798)
CURRENT LIABILITIES	$ (661,321)	$ (695,787)	$ 34,466
WORKING CAPITAL	$ 2,024,675	$ 2,056,007	$ (31,332)

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 $1,988,830 in this project as of December 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.

- **Coding Company-** Due to the transition to ICD -10, the coding process is a bit more involved and will take more time to properly code accounts so that the bills can be correctly sent. We have contracted with Trubridge(CPSI) to help us in the coding function. CIMC personnel will handle all pre-coding functions including the CDI Specialist function. This transition took place on November 16, 2015.

- **Billing Company-** PM Nagle and Associates took over the billing function on September 1, 2015. There were a few issues with the billing software company for a week to 10 days, but the process is moving smoothly now and the AR should begin to decrease again.

- **Private Pay Collections**-CIMC brought the private pay collection process in-house in November, This is in response to the community's replies to question in the Community Needs Assessment that was performed recently.

- **Electronic Medical Records Audit**-We have contacted Noridian regarding completion of the audit. They requested some clarification on the information that we sent. We have communicated with them . We are now waiting for their response.
- **DHCS Settlement**-CIMC agreed to payment terms with DHCS on the debt owed to them. CIMC will pay $20,000 per year until the debt of $614,390 is paid. This will take over thirty years. There is no interest on this payment plan.

- **Audit completion**-The audit was completed and a final report is in the board package. As previously discussed, there were two prior period adjustments recorded to the financial statement at June 30, 2015.
  First, the liability for the amount owed to DHCS for the supplemental payments received during the period 2002-2009 was recorded. The terms are discussed above. Secondly, a change was made to Medicare settlement receivable. This was recorded due to a change in the calculation of the Home office expenses allowed. We are still appealing this change with CMS and feel that we have a good chance to still receive some of these funds from CMS.