

**AVALON MUNICIPAL HOSPITAL BOARD OF TRUSTEES' MEETING
TUESDAY, APRIL 19, 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 February 16, 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 February 2016 and March 2016.
 - The CFO's Financial Statement for January 2016 and February 2016.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 April 19, 2016 was posted on Friday, April 15, 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: April 19, 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 February 16, 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 MUNICIPAL HOSPITAL BOARD OF TRUSTEE'S MEETING
TUESDAY, FEBRUARY 16, 2016
ACTIONS**

CALL TO ORDER at 9:09 p.m.

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

ORAL COMMUNICATION - None

CONSENT CALENDAR

There were two items on the Consent Calendar. Trustee Cassidy pulled Item #2 for comment. Motion to approve Item 1 by Trustee Sampson, seconded by Trustee Marshall. (All Ayes)

1. Board of Trustee's Actions
Approved the January 19, 2016 Hospital Board of Trustees Actions.

Pulled Item:

2. Chief Executive Officer's Board Report and Chief Financial Officer's Report
Trustee Cassidy requested an electronic copy of the CIMC Foundation Board of Directors meeting minutes each month. Motion to receive and file reports by Trustee Marshall, seconded by Trustee Sampson. (4 Ayes- Marshall, Sampson, Olsen and Hernandez, 1 No- Cassidy)

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 9:13 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 February 16, 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: April 19, 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

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 February 2016 and March 2016; and CFO's Financial Statement for January 2016 and February 2016.

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.

Monthly CEO Report
February 2016

Immediate Operational and Financial Improvements

- We are 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. This should be complete within the next three months.
- We have informed our current financial audit firm that we will be going out to bid for a new 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

- It is our understanding that CIMC's Plan of Correction was accepted by the Department of Health Services. The Department of Health Services has not communicated very well with CIMC when we have needed detailed information. They have informed CIMC that our sanctions will be lifted once they have conducted an unscheduled audit of our Plan of Correction. My experience is that we can expect an unannounced survey within the next 30 days.

Physician Alignment

- We have been working with the physicians from UC Irvine in the Emergency Department. They have been a great addition to CIMC with covering the Emergency Department with Board Certified physicians. We look forward to working closely with them and hopefully permanently cover the Emergency Department.
- The Emergency Department physicians have requested we purchase a portable ultrasound machine. The machine is a standard of care with many emergency physicians and would help them in the diagnosis of patients here on the island. The foundation has been contacted about purchasing this equipment and will be discussing it at their next Board meeting.

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



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on re-launching, re-committing, re-educating and reinforcing the CIMC Standards.

Patient Satisfaction

- On February 16th CIMC staff received an Avatar in-service on how patient satisfaction is being measured. At this time we are currently not receiving enough surveys to make our information statistically valid. We will be meeting with Avatar representatives in the next month to potentially change the way survey patients to increase the amount of data.

Growth Initiatives

- We are in the final phases of a contractual agreement with the VA to allow more VA patients to utilize services at CIMC. Under the agreement, VA patients would use telemedicine equipment at CIMC to access specialists over town.
- In order to increase the access at CIMC for patients we need to complete the recruitment of a primary care provider in our clinic.



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Monthly CEO Report
March 2016

Immediate Operational and Financial Improvements

- We are 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. We have supplied the reviewer with the necessary documentation and the review has begun.
- We have informed our current financial audit firm that we will be going out to bid for a new audit firm. We have sent out requests for proposal to firms that provide audit services to other Critical Access Hospitals. We will be presenting our recommendation to the Board of Directors at the April Board meeting.
- For the past five years, California Hospital Association has been working to reverse retroactive Medi-Cal payment cuts to hospital-based skilled nursing facilities. These cuts were first enacted by the Legislature in 2011 as part of the state's efforts to closing the budget deficit. The passage of the Managed Care Organization tax package prevented the clawing back of previously made payments to hospital-based skilled nursing facilities and will help prevent the closure of these vital hospitals without imposing any new burden on state taxpayers. This passage of this bill will save CIMC more than \$200,000.
- Over the past month, we have been gathering information on other prospective electronic health records (EHR) that would be a fit for our hospital and clinic. There are many EHRs that are Ambulatory (clinic) only, but there are few that offer both Ambulatory and Acute Inpatient software. After discussions with clinicians and staff, it has been decided that having both the clinic and hospital on the same software platform is in the best interest of our patients. Athenahealth, eClinicalWorks, Cerner Community Works and Allscripts all have Ambulatory and Acute Care Inpatient Software and are ranked at the top in the country of EHRs. AthenaHealth presented a few weeks ago and highly impressed the physicians and staff with their software. Athenahealth will be back out on March 29th to demonstrate their software to a broader audience. eClinicalWorks is scheduled March 22nd for a demonstration of their product. We are currently working with Cerner Community Works and Allscripts to schedule for onsite demonstrations.

Cultural

- We will be conducting a half day retreat with the management team of CIMC March 29th. The purpose of the meeting will be to collaborate with the CIMC management team to further develop our vision for the future and operating plan for fiscal year 2017.

Quality Care

- CIMC's Plan of Correction was accepted by the Department of Health Services. The Department of Health Services has communicated with CIMC that we are in compliance with the regulatory agency. The sanctions have been lifted.

Physician Alignment

- We have been working with the physicians from UC Irvine in the Emergency Department. They have been a great addition to CIMC with covering the Emergency Department with Board Certified physicians. The physicians and CIMC have entered into contractual negotiations to provide Board Certified coverage of the Emergency Department on a permanent basis.
- We have received a letter from Jagdeep S. Garewal, MD to inform CIMC that he will be terminating our Psychiatric Services agreement for Catalina Island Tele-Psychiatry effective 04/01/2015. We are currently looking for a new psychiatrist to replace Dr. Garewal and the services he provided.
- The Emergency Department physicians have requested we purchase a portable ultrasound machine. The machine is a standard of care with many emergency physicians and would help them in the diagnosis of patients here on the island. The Foundation supports the purchase of the equipment. Once the Emergency Department physicians select the equipment they desire we will present the request to the Foundation.
- CIMC has made a proposal to a family practice physician to provide care in the Rural Health Clinic. This contract is structured differently than previous contracts with other physicians. Under a new model of care, the physician will be providing full-time primary care in the Rural Health Clinic without a rotation in the Emergency Department.

Patient Satisfaction

- After spending considerable time with Avatar to better understand their product. We have decided to evaluate the services that Press Ganey can provide CIMC to improve our patient experience.



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Growth Initiatives

- We are in the final phases of a contractual agreement with the Veterans Affairs to allow more VA patients to utilize services at CIMC. Under the agreement, VA patients would use telemedicine equipment at CIMC to access specialists over town.
- In order to increase the access at CIMC for patients we need to complete the recruitment of a primary care provider in our clinic.

Out of Office

- Meet & Greet Los Angeles County Board of Supervisors
Los Angeles, CA
March 14th
- Hospital Association of Southern California – Hospital Operations Committee
Los Angeles, CA
March 16th
- Meet & Greet Don Knabe Office
Los Angeles, CA
March 17th
- 2016 Hospital Association of Southern California
Santa Barbara, CA
April 13th - April 15th
- Athena Health Executive Tour & networking Event
Watertown, MA
April 27th - April 29th
- UC Irvine - Meetings
Irvine, CA
March 30th

CFO REPORT FOR JANUARY, 2016

I. FINANCIAL STATEMENTS FOR JANUARY, 2016

January

Net patient revenue was under budget for January by \$15,488 (3%).

Gross revenue was under budget by \$76,614(6%) (See box below)

Deductions from revenue were under budget by \$61,125(7%).

Including:

Contractual allowances were under by \$3,905(1%)

Provision for bad debt was under by \$44,128(38%).

Charity care was under by \$6,887(37%).

Administrative allowances were under budget by \$14,015(57%)

Gross inpatient revenue was under by \$67,715(24%) in January due to having 11 swing and acute days vs. a budget of 13.

Gross outpatient revenue was under by \$25,499(6%).

Gross Emergency Room revenue was over by \$16,600 (3%) because E/R visits were over budget by 9(8%).

Days Cash on hand at January 31, 2016 was 57.9 days compared to 47.9 days at December 31, 2015.

YTD

Net patient revenue was over budget YTD by \$197,829 (5%).

Gross revenue was over budget by \$116,771(1%)

Deductions from revenue were under budget by \$81,058(1%).

Including:

Contractual allowances were over by \$202,863(5%)

Provision for bad debt was under by \$190,676(23%).

Charity care was under by \$42,763(33%).

Administrative allowances were under budget by \$50,483(29%)

Gross inpatient revenue was under by \$159,773(8%) YTD despite having 184 swing and acute days vs. a budget of 10491.

Gross outpatient revenue was under by \$6,709(1%).

Gross Emergency Room revenue was over by \$283,254 (6%) with E/R visits being over budget by 60(5%).

January 2016	Deductions from Revenue and Misc Stats		
	DESCRIPTION	Actual	Budget
Provision for Bad debts	70,871	115,000	44,129
Contractual Allowances	479,660	475,754	(3,906)
Charity and Admin Allowances	21,809	42,711	20,902
Acute and Swing Bed days	11	13	(2)
Medicare Utilization	100%	100%	0%
Clinic Visits	362	443	(81)
ER Visits	128	119	9
Net Rev as a % of Gross Revenue	44.90%	43.20%	1.70%
Expenses as a % of Gross Revenue	70.10%	56.30%	-13.80%

JANUARY 2016			
DESCRIPTION	Actual	Budget	Variance
Inpatient revenue			
Medical	\$ 9,869	\$ 34,969	\$ (25,100)
SNF	\$ 115,648	\$ 75,943	\$ 39,705
CT Scan revenue	\$ 4,769	\$ 27,776	\$ (23,007)
Laboratory revenue	\$ 9,613	\$ 31,101	\$ (21,488)
Ultrasound revenue	\$ 2,195	\$ 20,819	\$ (18,624)
Pharmacy revenue	\$ 25,629	\$ 27,705	\$ (2,076)
Physical therapy revenue	\$ 6,461	\$ 17,552	\$ (11,091)
Other revenue	\$ 29,978	\$ 36,013	\$ (6,035)
Total I/P revenue	\$ 204,162	\$ 271,878	\$ (67,715)
Outpatient revenue			
CT Scan revenue	\$ 17,569	\$ 21,829	\$ (4,260)
Physical therapy revenue	\$ 89,633	\$ 115,513	\$ (25,880)
Lab revenue	\$ 87,233	\$ 74,681	\$ 12,552
Radiology revenue	\$ 29,290	\$ 26,903	\$ 2,387
Clinic revenue	\$ 119,495	\$ 120,354	\$ (859)
Other revenue	\$ 12,725	\$ 22,164	\$ (9,439)
Total O/P revenue	\$ 355,945	\$ 381,444	\$ (25,499)
Emergency Room revenue			
Emergency room revenue	\$ 244,843	\$ 224,820	\$ 20,023
CT Scan revenue	\$ 83,372	\$ 89,576	\$ (6,204)
Laboratory revenue	\$ 71,623	\$ 69,106	\$ 2,517
Radiology revenue	\$ 33,039	\$ 32,358	\$ 681
Other revenue	\$ 45,944	\$ 46,361	\$ (417)
Total E/R revenue	\$ 478,821	\$ 462,221	\$ 16,600
Total Gross Revenue	\$ 1,038,928	\$ 1,115,543	\$ (76,614)

Other operating revenue was over budget for the month by \$14,712.

Operating expenses were over budget by \$100,016(15%) in January. Operating expenses represented 70.1% of gross revenue compared to the budgeted amount of 56.3% in January. Gross patient revenue was under budget by 6% while operating expenses are 15% over budget with the significant variances (unfavorable) being:

DESCRIPTION	MONTH OF January	YTD
SALARIES	\$ (24,155)	\$ (106,505)
EMPLOYEE BENEFITS and HOUSING	\$ 13,525	\$ (33,854)
PRO FEES	\$ (48,263)	\$ (82,670)
SUPPLIES-General	\$ (5,838)	\$ (17,575)
SUPPLIES-Pharmacy	\$ 8,083	\$ 10,804
SUPPLIES-Food	\$ 1,083	\$ 2,773
PURCHASED SERVICES-Repairs	\$ (7,893)	\$ 2,467
LICENSES/TAXES	\$ 651	\$ 3,296
Depreciation	\$ 2,301	\$ 18,296
TRAVEL	\$ 1,651	\$ 8,136
UTILITIES	\$ (875)	\$ (7,615)
PURCHASED SERVICES-Other	\$ (11,764)	\$ (173,644)
Dues and subs	\$ (2,164)	\$ (2,405)
OTHER EXPENSES	\$ (28,572)	\$ (287,840)
TOTAL	\$ (102,230)	\$ (666,336)

Salaries-Nursing Admin (\$4K, 21K YTD) Acute (\$5K, \$87K YTD) (Lab \$2K, \$13K YTD), Radiology(\$2K, \$21K YTD), Dietary(\$2K, \$19K YTD)
 Professional fees-Physicians (\$32K, \$38K YTD),Registry-MGO (\$15K, \$48K YTD)
 Hosp Admin(\$20K YTD)
 Legal Fees (\$1K, 10K YTD)
 Purchased Services- IT(\$4K, \$40K YTD)PT Acct(\$5K, \$124K,YTD)
 Other expenses-HR Recruiting (\$5K, \$156K YTD), PT (\$14K, \$124K YTD)

Net Operating Income was \$130,317 under budget for January.

Non-operating revenue and expense was under budget by \$14,181 for January.

The financial position remains strong although working capital decreased by \$206,931 with net days in accounts receivable increasing to 80 days while gross days increased to 96 days. We are working with our new billing company to improve the process. Cash and LAIF funds increased by \$241,490 from December. Net patient accounts receivable decreased by \$159,460 from December but the AR days still increased due to low revenue. Medicare settlement accounts increased \$321,869 from December. Accounts payable decreased by \$34,355 and current liabilities decreased by \$39,751 from December.

DESCRIPTION	AS OF January 31, 2016	AS OF December 31, 2015	CHANGE IN WORKING CAPITAL
CURRENT ASSETS	\$ 2,439,314	\$ 2,685,996	\$ (246,682)
CURRENT LIABILITIES	\$ (621,570)	\$ (661,321)	\$ 39,751
WORKING CAPITAL	\$ 1,817,744	\$ 2,024,675	\$ (206,931)

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 \$2,010,647 in this project as of January 31, 2016. 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.
- Billing Company-** PM Nagle and Associates were on site last week to retrain CIMC personnel on the eligibility software and other processes. 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.

CFO REPORT FOR FEBRUARY, 2016

I. FINANCIAL STATEMENTS FOR FEBRUARY, 2016

February

Net patient revenue over budget for February by \$88,917(16%).

Gross revenue was over budget by \$16,584(1%) (See box below)

Deductions from revenue were under budget by \$72,333(11%).

Including:

Contractual allowances were under by \$9,007(1%)

Provision for bad debt was under by \$34,753(30%).

Charity care was under by \$16,986(93%).

Administrative allowances were under budget by \$11,585(47%)

Gross inpatient revenue was under by \$78,217(28%) in February due to having 0 swing and acute days vs. a budget of 13.

Gross outpatient revenue was over by \$51,827(13%).

Gross Emergency Room revenue was over by \$42,974 (8%) because E/R visits were over budget by 25(19%).

Days Cash on hand at February 29, 2016 was 74.3 days compared to 57.9 days at January 31, 2016.

YTD

Net patient revenue was over budget YTD by \$286,747 (5%).

Gross revenue was over budget by \$133,355(1%)

Deductions from revenue were under budget by \$153,391(2%).

Including:

Contractual allowances were over by \$193,856(4%)

Provision for bad debt was under by \$225,429(24%).

Charity care was under by \$59,749(41%).

Administrative allowances were under budget by \$62,068(31%)

Gross inpatient revenue was under by \$237,991(10%) YTD despite having 184 swing and acute days vs. a budget of 117.

Gross outpatient revenue was over by \$45,118(1%).

Gross Emergency Room revenue was over by \$326,229 (6%) with E/R visits being over budget by 85(7%).

February 2016	Deductions from Revenue and Misc Stats		
DESCRIPTION	Actual	Budget	Variance
Provision for Bad debts	80,246	115,000	34,754
Contractual Allowances	471,747	480,754	9,007
Charity and Admin Allowances	14,139	42,711	28,572
Acute and Swing Bed days	0	13	(13)
Medicare Utilization	0%	100%	-100%
Clinic Visits	437	417	20
ER Visits	159	134	25
Net Rev as a % of Gross Revenue	52.40%	45.60%	6.80%
Expenses as a % of Gross Revenue	56.10%	53.50%	-2.60%

FEBRUARY 2016			
DESCRIPTION	Actual	Budget	Variance
Inpatient revenue			
Medical	\$ 5,000	\$ 34,969	\$ (29,969)
SNF	\$ 99,180	\$ 75,943	\$ 23,237
CT Scan revenue	\$ 16,647	\$ 27,776	\$ (11,129)
Laboratory revenue	\$ 11,206	\$ 31,101	\$ (19,895)
Ultrasound revenue	\$ 2,335	\$ 20,819	\$ (18,484)
Pharmacy revenue	\$ 30,694	\$ 27,705	\$ 2,989
Physical therapy revenue	\$ 8,447	\$ 17,552	\$ (9,105)
Other revenue	\$ 20,151	\$ 36,013	\$ (15,862)
Total I/P revenue	\$ 193,660	\$ 271,878	\$ (78,217)
Outpatient revenue			
CT Scan revenue	\$ 16,831	\$ 21,829	\$ (4,998)
Physical therapy revenue	\$ 122,255	\$ 115,513	\$ 6,742
Lab revenue	\$ 93,640	\$ 74,681	\$ 18,959
Radiology revenue	\$ 22,909	\$ 26,903	\$ (3,994)
Clinic revenue	\$ 120,966	\$ 120,354	\$ 612
Other revenue	\$ 56,670	\$ 22,164	\$ 34,506
Total O/P revenue	\$ 433,271	\$ 381,444	\$ 51,827
Emergency Room revenue			
Emergency room revenue	\$ 292,361	\$ 253,158	\$ 39,203
CT Scan revenue	\$ 98,276	\$ 100,868	\$ (2,592)
Laboratory revenue	\$ 79,294	\$ 77,816	\$ 1,478
Radiology revenue	\$ 43,825	\$ 36,437	\$ 7,388
Other revenue	\$ 49,701	\$ 52,204	\$ (2,503)
Total E/R revenue	\$ 563,457	\$ 520,483	\$ 42,974
Total Gross Revenue	\$ 1,190,388	\$ 1,173,805	\$ 16,584

Other operating revenue was over budget for the month by \$14,665.

Operating expenses were over budget by \$39,108(6%) in February. Operating expenses represented 56.1% of gross revenue compared to the budgeted amount of 53.5% in February. Gross patient revenue was over budget by 1% while operating expenses are 6% over budget with the significant variances (unfavorable) being:

DESCRIPTION	MONTH OF February	YTD
SALARIES	\$ 35,995	\$ (70,509)
EMPLOYEE BENEFITS and HOUSING	\$ (2,333)	\$ (36,186)
PRO FEES	\$ (33,133)	\$ (115,803)
SUPPLIES-General	\$ (13,368)	\$ (30,944)
SUPPLIES-Pharmacy	\$ 2,838	\$ 13,643
SUPPLIES-Food	\$ 312	\$ 3,085
PURCHASED SERVICES-Repairs	\$ 12,515	\$ 14,982
LICENSES/TAXES	\$ 1,306	\$ 4,603
Depreciation	\$ 2,301	\$ 20,597
TRAVEL	\$ (1,399)	\$ 6,736
UTILITIES	\$ 1,653	\$ (5,961)
PURCHASED SERVICES-Other	\$ (12,870)	\$ (186,515)
Dues and subs	\$ 785	\$ (1,619)
OTHER EXPENSES	\$ (36,270)	\$ (324,110)
TOTAL	\$ (41,668)	\$ (708,001)

Salaries-Nursing Admin (\$2K, 24K YTD) Acute (\$2K, \$89K YTD) (Lab \$1K, \$14K YTD), Radiology(\$15K YTD), Dietary(\$2K, \$21K YTD)
Professional fees-Physicians (\$17K, \$55K YTD),Registry-MGO (\$10K, \$58K YTD)
Hosp Admin(\$1k, \$21K YTD)
Legal Fees (\$10K YTD)
Purchased Services- IT(\$2K, \$41 YTD)PT Acct(\$11K, \$135K,YTD)
Other expenses-HR Recruiting (\$11K, \$167K YTD), PT (\$21K, \$145K YTD)

Net Operating Income was \$35,153 over budget for February.

Non-operating revenue and expense was over budget by \$446,502 for February due to a large donation from the Grace Trust.

The financial position remains strong with working capital increasing by \$482,787 with net days in accounts receivable decreasing to 76 days while gross days decreased to 93 days. We are working with our billing company to improve the process. Cash and LAIF funds increased by \$349,640 from January. Net patient accounts receivable increased by \$10,279 from January. Gross accounts receivable decreased by \$96,171. Medicare settlement accounts increased \$106,422 from January. Accounts payable increased by \$35,833 and current liabilities increased by \$22,451 from January.

DESCRIPTION	AS OF February 29, 2016	AS OF January 31, 2016	CHANGE IN WORKING CAPITAL
CURRENT ASSETS	\$ 2,944,552	\$ 2,439,314	\$ 505,238
CURRENT LIABILITIES	\$ (644,021)	\$ (621,570)	\$ (22,451)
WORKING CAPITAL	\$ 2,300,531	\$ 1,817,744	\$ 482,787

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 \$2,019,978 in this project as of February 29, 2016. 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.
- 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.