

CFO REPORT FOR APRIL, 2014

I. FINANCIAL STATEMENTS FOR APRIL, 2014

April

Net patient revenue was under budget for April by \$17,085 (3%).

Gross revenue was under budget by \$219,667(18%) (See box below)

Deductions from revenue were under by \$202,581(28%).

Contractual allowances were under by \$130,735(24%)

Provision for bad debt was under by \$45,753(41%).

Charity care was under by \$37,979 (88%).

Gross inpatient revenue was under by \$41,853(14%) in April due to having 0 swing and acute days vs. a budget of 18.

Gross outpatient revenue was over by \$15,840(5%).

Gross Emergency Room revenue was under by \$193,655 (33%) due to E/R visits being under budget by 25(17.8%).

On a YTD basis

Gross inpatient revenue is under budget by 7%.

Gross outpatient revenue is under budget by 13%.

Gross emergency room revenue is under budget by 3%.

Deductions from revenue are under by 14%.

Overall, net patient revenue was 45.7% of gross revenue vs. budget of 38.6% in April.

YTD net patient revenue is 53% of gross revenue vs. budget of 49%.

APRIL 2014			
DESCRIPTION	Actual	Budget	Variance
Inpatient revenue			
Medical	\$ 2,623	\$ 56,601	\$ (53,978)
SNF	\$ 81,000	\$ 81,558	\$ (558)
CT Scan revenue	\$ 29,697	\$ 17,835	\$ 11,862
Laboratory revenue	\$ 15,753	\$ 68,949	\$ (53,196)
Ultrasound revenue	\$ 27,840	\$ 9,636	\$ 18,204
Pharmacy revenue	\$ 24,532	\$ 21,214	\$ 3,318
Physical therapy revenue	\$ 33,554	\$ 12,096	\$ 21,458
Other revenue	\$ 33,456	\$ 22,419	\$ 11,037
Total I/P revenue	\$ 248,455	\$ 290,308	\$ (41,853)
Outpatient revenue			
CT Scan revenue	\$ 20,932	\$ 5,527	\$ 15,405
Physical therapy revenue	\$ 68,204	\$ 75,329	\$ (7,125)
Lab revenue	\$ 86,855	\$ 68,621	\$ 18,234
Radiology revenue	\$ 21,694	\$ 18,305	\$ 3,389
Clinic revenue	\$ 119,462	\$ 120,568	\$ (1,106)
Other revenue	\$ 10,294	\$ 23,250	\$ (12,956)
Total O/P revenue	\$ 327,441	\$ 311,600	\$ 15,840
Emergency Room revenue			
Emergency room revenue	\$ 169,535	\$ 279,500	\$ (109,965)
CT Scan revenue	\$ 68,541	\$ 95,556	\$ (27,015)
Laboratory revenue	\$ 67,081	\$ 102,344	\$ (35,263)
Radiology revenue	\$ 24,079	\$ 43,368	\$ (19,289)
Other revenue	\$ 47,617	\$ 49,741	\$ (2,124)
Total E/R revenue	\$ 376,853	\$ 570,509	\$ (193,655)
Total Gross Revenue	\$ 952,750	\$ 1,172,417	\$ (219,667)

APRIL 2014	Deductions from Revenue and Misc Stats		
DESCRIPTION	Actual	Budget	Variance
Provision for Bad debts	64,957	110,711	45,754
Contractual Allowances	410,310	541,045	130,735
Charity and Admin Allowances	42,122	68,215	26,093
Acute and Swing Bed days	0	18	(18)
Medicare Utilization	0%	100%	-100%
Clinic Visits	430	536	(106)
ER Visits	117	142	(25)
Net Rev as a % of Gross Revenue	45.70%	38.50%	7.20%
Expenses as a % of Gross Revenue	65.50%	49.80%	-15.70%

Other operating revenue was over budget for the month by \$153,748 due to receiving the sales tax revenue true up for the year from the City.

Operating expenses were over budget by \$39,789(6%) in April and over by \$384,363(6%) YTD. Operating expenses represented 65.5% of gross revenue compared to the budgeted amount of 49.8% in April. Gross patient revenue is 7% under budget while operating expenses are 6% over budget with the significant variances (unfavorable) being:

DESCRIPTION	MONTH OF April	Year -to-date
SALARIES	\$ 8,611	\$ 59,719
EMPLOYEE BENEFITS and HOUSING	\$ (12,958)	\$ 3,746
PRO FEES	\$ (23,849)	\$ (196,649)
SUPPLIES-General	\$ 6,212	\$ (2,036)
SUPPLIES-Pharmacy	\$ (1,460)	\$ (7,901)
SUPPLIES-Food	\$ (472)	\$ 3,915
PURCHASED SERVICES-Repairs	\$ 677	\$ (8,044)
LICENSES/TAXES	\$ (157)	\$ (6,002)
Depreciation	\$ 161	\$ 6,254
TRAVEL	\$ (3,066)	\$ 5,392
UTILITIES	\$ 1,050	\$ (1,052)
PURCHASED SERVICES-Other	\$ (6,678)	\$ (90,701)
Dues and subs	\$ 877	\$ (3,280)
OTHER EXPENSES	\$ (10,185)	\$ (156,896)
TOTAL	\$ (41,237)	\$ (393,535)

Salaries-Lab (\$2K, \$33K YTD), Rad(\$6K YTD) Hospital Admin(\$7K YTD)
Employee benefits-Health insurance-(\$7K), Housing (\$4K, \$31K YTD)
Professional fees-Physicians (\$11K, \$49K YTD) Nursing Registry (\$8K, \$64K YTD),
MGO (\$6K, \$56K YTD)

Purchased Services-Other-Lab(\$3K, \$14K YTD) IT (\$1K, \$66K YTD), Gen Acct (\$3K,\$21K YTD)
 Other expenses- Hospital Admin(\$1K, \$18 YTD) PT (\$8K, \$117K YTD),
 Dietary (\$6K YTD)

Net Operating Income was \$96,872 over budget for April and under by \$245,974 YTD due to reasons discussed above.

Non-operating revenue and expense was over budget by \$68,168 for April due to receiving \$80,000 from the Foundation.

The financial position remains strong with working capital increasing by \$52,338 with net days in accounts receivable decreasing to 77 days while gross days decreased to 88 days. Cash and LAIF funds increased by \$201,157 from March. Net patient accounts receivable decreased by \$53,345 from March. Medicare settlement accounts decreased by \$148,384 from March. Accounts payable increased by \$41,265 and current liabilities decreased by \$68,825 from March.

DESCRIPTION	AS OF April 30, 2014	AS OF March 31, 2014	CHANGE IN WORKING CAPITAL
CURRENT ASSETS	\$ 3,087,121	\$ 3,103,608	\$ (16,487)
CURRENT LIABILITIES	\$ (879,402)	\$ (948,227)	\$ 68,825
WORKING CAPITAL	\$ 2,207,719	\$ 2,155,381	\$ 52,338

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 \$1,748,963 in this project as of April 30, 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. .

- Covered California- We have begun to receive our first patients covered by insurance purchased through Covered California. We have entered into contracts with Blue Shield, Anthem Blue Cross and Healthnet to be a part of their network that services the new enrollees. There are approximately 200 individuals that live on the island who have signed up for a plan with Covered California
- 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.
- Additional Line of Credit-US Bank has increased our line of credit by \$250,000 to a total of \$500,000. It requires Board approval to draw down on this line. As of today, we have not used any of the funds.
- Halogen Training-We will begin training this week on the new employee evaluation system.