

CFO REPORT FOR AUGUST, 2014

I. FINANCIAL STATEMENTS FOR AUGUST, 2014

August

Net patient revenue was over budget for August by \$42,764 (7%).

Gross revenue was over budget by \$136,634(11%) (See box below)

Deductions from revenue were over by \$93,869(14%).

Contractual allowances were over by \$72,960(14%)

Provision for bad debt was over by \$40,967(43%).

Charity care was under by \$11,471 (67%).

Gross inpatient revenue was under by \$38,335(17%) in August despite having 36 swing and acute days vs. a budget of 16.

Gross outpatient revenue was over by \$36,394(12).

Gross Emergency Room revenue was over by \$138,575 (11%) due to E/R visits being over budget by 8(4%).

AUGUST 2014	Deductions from Revenue and Misc Stats		
	Actual	Budget	Variance
Provision for Bad debts	135,967	95,000	(40,967)
Contractual Allowances	576,605	503,645	(72,960)
Charity and Admin Allowances	9,345	29,403	20,058
Acute and Swing Bed days	36	16	20
Medicare Utilization	100%	94%	6%
Clinic Visits	449	472	(23)
ER Visits	195	187	8
Net Rev as a % of Gross Revenue	46.32%	48.01%	-1.69%
Expenses as a % of Gross Revenue	49.54%	49.02%	-0.52%

AUGUST 2014			
DESCRIPTION	Actual	Budget	Variance
Inpatient revenue			
Medical	\$ 57,969	\$ 13,584	\$ 44,385
SNF	\$ 65,750	\$ 79,034	\$ (13,284)
CT Scan revenue	\$ 31,215	\$ 26,329	\$ 4,886
Laboratory revenue	\$ 9,737	\$ 64,370	\$ (54,633)
Ultrasound revenue	\$ 24,747	\$ 20,868	\$ 3,879
Pharmacy revenue	\$ 33,802	\$ 29,861	\$ 3,941
Physical therapy revenue	\$ 1,997	\$ 29,216	\$ (27,219)
Other revenue	\$ 27,568	\$ 27,859	\$ (291)
Total I/P revenue	\$ 252,785	\$ 291,121	\$ (38,335)
Outpatient revenue			
CT Scan revenue	\$ 6,122	\$ 23,788	\$ (17,666)
Physical therapy revenue	\$ 83,894	\$ 60,263	\$ 23,631
Lab revenue	\$ 66,262	\$ 62,545	\$ 3,717
Radiology revenue	\$ 16,849	\$ 30,128	\$ (13,279)
Clinic revenue	\$ 126,740	\$ 96,324	\$ 30,416
Other revenue	\$ 30,156	\$ 20,581	\$ 9,575
Total O/P revenue	\$ 330,023	\$ 293,629	\$ 36,394
Emergency Room revenue			
Emergency room revenue	\$ 355,577	\$ 337,730	\$ 17,847
CT Scan revenue	\$ 179,321	\$ 110,963	\$ 68,358
Laboratory revenue	\$ 111,170	\$ 98,349	\$ 12,821
Radiology revenue	\$ 43,757	\$ 38,743	\$ 5,014
Other revenue	\$ 72,115	\$ 37,579	\$ 34,536
Total E/R revenue	\$ 761,940	\$ 623,364	\$ 138,575
Total Gross Revenue	\$ 1,344,749	\$ 1,208,115	\$ 136,634

Other operating revenue was under budget for the month by \$272.

Operating expenses were over budget by \$73,950(12%) in August. Operating expenses represented 49.54% of gross revenue compared to the budgeted amount of 49.02% in August. Gross patient revenue was 11% over budget while operating expenses are 12% over budget with the significant variances (unfavorable) being:

DESCRIPTION	MONTH OF August	
SALARIES	\$	(1,161)
EMPLOYEE BENEFITS and HOUSING	\$	(3,580)
PRO FEES	\$	(32,023)
SUPPLIES-General	\$	(3,032)
SUPPLIES-Pharmacy	\$	(8,617)
SUPPLIES-Food	\$	1,470
PURCHASED SERVICES-Repairs	\$	(5,503)
LICENSES/TAXES	\$	(3,106)
Depreciation	\$	(7,041)
TRAVEL	\$	1,145
UTILITIES	\$	(3,003)
PURCHASED SERVICES-Other	\$	(12,824)
Dues and subs	\$	409
OTHER EXPENSES	\$	2,459
TOTAL	\$	(74,407)

Salaries-Lab (\$4K), Dietary(\$2K),Clinic(\$5K)
 Employee benefits-Housing (\$11K)
 Professional fees-Physicians (\$6K) Nursing Registry (\$12K),
 MGO (\$1K)
 Purchased Services-Other-Lab(\$2K), Pat Acct(\$4K)
 Other expenses-Clinic(\$1K), SNF (\$2K)

Net Operating Income was \$31,458 under budget for August.

Non-operating revenue and expense was under budget by \$24,524 for August.

The financial position remains strong with working capital increasing by \$2,972 with net days in accounts receivable increasing to 86 days while gross days decreased to 85

days. Cash and LAIF funds decreased by \$199,630 from July. Net patient accounts receivable increased by \$86,822 from July. Medicare settlement accounts decreased \$191,847 from July. Accounts payable decreased by \$52,774 and current liabilities decreased by \$286,383 from July.

DESCRIPTION	AS OF August 31, 2014	AS OF July 31, 2014	CHANGE IN WORKING CAPITAL
CURRENT ASSETS	\$ 3,241,079	\$ 3,524,490	\$ (283,411)
CURRENT LIABILITIES	\$ (691,048)	\$ (977,431)	\$ 286,383
WORKING CAPITAL	\$ 2,550,031	\$ 2,547,059	\$ 2,972

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 \$1,783,821 in this project as of August 31, 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.
- **THIPA-** The THIPA contract became effective. September 1, 2014. .We are unable to quantify the increase to net revenue that this agreement will provide, but this is very good for both CIMC and THIPA members.
- **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.
- **Billing Company-** We have been working with Cross America Financial, LLC to prepare for them to take over our billing and collection function. We are working out all the details to make the transition as smooth as possible. This new agreement will begin October 1, 2014 when our current contract with CPSI ends.