

CFO REPORT FOR JULY, 2014

I. FINANCIAL STATEMENTS FOR JULY, 2014

July

Net patient revenue was over budget for July by \$156,606 (27%).

Gross revenue was over budget by \$217,987(16%) (See box below)

Deductions from revenue were over by \$61,381(8%).

Contractual allowances were over by \$42,018(6%)

Provision for bad debt was over by \$29,442(30%).

Charity care was under by \$4,138 (24%).

Gross inpatient revenue was under by \$50,013(17%) in July despite having 27 swing and acute days vs. a budget of 16.

Gross outpatient revenue was over by \$3,889(1%).

Gross Emergency Room revenue was over by \$264,111 (16%) due to E/R visits being over budget by 19(8%).

JULY 2014	Deductions from Revenue and Misc Stats		
DESCRIPTION	Actual	Budget	Variance
Provision for Bad debts	124,442	95,000	(29,442)
Contractual Allowances	675,663	633,645	(42,018)
Charity and Admin Allowances	19,323	29,403	10,080
Acute and Swing Bed days	27	16	11
Medicare Utilization	100%	94%	6%
Clinic Visits	497	509	(12)
ER Visits	245	226	19
Net Rev as a % of Gross Revenue	47.10%	43.00%	4.10%
Expenses as a % of Gross Revenue	42.40%	44.50%	2.10%

JULY 2014			
DESCRIPTION	Actual	Budget	Variance
Inpatient revenue			
Medical	\$ 27,911	\$ 13,583	\$ 14,328
SNF	\$ 76,450	\$ 79,034	\$ (2,584)
CT Scan revenue	\$ 18,161	\$ 26,329	\$ (8,168)
Laboratory revenue	\$ 12,731	\$ 64,370	\$ (51,639)
Ultrasound revenue	\$ 34,082	\$ 20,868	\$ 13,214
Pharmacy revenue	\$ 28,917	\$ 29,861	\$ (944)
Physical therapy revenue	\$ 16,806	\$ 29,216	\$ (12,410)
Other revenue	\$ 26,049	\$ 27,859	\$ (1,810)
Total I/P revenue	\$ 241,107	\$ 291,120	\$ (50,013)
Outpatient revenue			
CT Scan revenue	\$ -	\$ 23,788	\$ (23,788)
Physical therapy revenue	\$ 80,726	\$ 60,263	\$ 20,463
Lab revenue	\$ 67,268	\$ 62,545	\$ 4,723
Radiology revenue	\$ 19,109	\$ 30,128	\$ (11,019)
Clinic revenue	\$ 126,389	\$ 96,324	\$ 30,065
Other revenue	\$ 4,026	\$ 20,581	\$ (16,555)
Total O/P revenue	\$ 297,518	\$ 293,629	\$ 3,889
Emergency Room revenue			
Emergency room revenue	\$ 439,919	\$ 408,293	\$ 31,626
CT Scan revenue	\$ 252,829	\$ 134,149	\$ 118,680
Laboratory revenue	\$ 153,316	\$ 118,898	\$ 34,418
Radiology revenue	\$ 61,706	\$ 46,837	\$ 14,869
Other revenue	\$ 102,098	\$ 37,579	\$ 64,519
Total E/R revenue	\$ 1,009,868	\$ 745,756	\$ 264,112
Total Gross Revenue	\$ 1,548,494	\$ 1,330,506	\$ 217,987

Other operating revenue was under budget for the month by \$10,795.

Operating expenses were over budget by \$64,055(10%) in July. Operating expenses represented 42.4% of gross revenue compared to the budgeted amount of 44.5% in July. Gross patient revenue was 16% over budget while operating expenses are 10% over budget with the significant variances (unfavorable) being:

DESCRIPTION	MONTH OF July	
SALARIES	\$ (7,218)	
EMPLOYEE BENEFITS and HOUSING	\$ 775	
PRO FEES	\$ (31,722)	
SUPPLIES-General	\$ (1,115)	
SUPPLIES-Pharmacy	\$ 3,880	
SUPPLIES-Food	\$ (1,664)	
PURCHASED SERVICES-Repairs	\$ (14,912)	
LICENSES/TAXES	\$ 486	
Depreciation	\$ (1,489)	
TRAVEL	\$ 311	
UTILITIES	\$ (2,539)	
PURCHASED SERVICES-Other	\$ (594)	
Dues and subs	\$ 562	
OTHER EXPENSES	\$ (9,271)	
TOTAL	\$ (64,510)	

Salaries-Lab (\$5K),Dietary(\$1K)
 Employee benefits-Housing (\$5K)
 Professional fees-Physicians (\$1K) Nursing Registry (\$6K),
 MGO (\$4K)
 Purchased Services-Other-Lab(\$4K)
 Other expenses- Nursing(\$1K), Hospital Admin(\$8K)
 SNF (\$2K)

Net Operating Income was \$81,755 over budget for July.

Non-operating revenue and expense was under budget by \$24,754 for July.

The financial position remains strong with working capital increasing by \$247,304 with net days in accounts receivable increasing to 84 days while gross days increased to over 100 days. Cash and LAIF funds increased by \$92,334 from June. Net patient accounts receivable increased by \$326,489 from June. Medicare settlement accounts remained constant from June. Accounts payable increased by \$22,753 and current liabilities increased by \$140,725 from June.

DESCRIPTION	AS OF July 31, 2014	AS OF June 30, 2014	CHANGE IN WORKING CAPITAL
CURRENT ASSETS	\$ 3,524,490	\$ 3,136,461	\$ 388,029
CURRENT LIABILITIES	\$ (977,431)	\$ (836,706)	\$ (140,725)
WORKING CAPITAL	\$ 2,547,059	\$ 2,299,755	\$ 247,304

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 \$1,773,838 in this project as of July 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**- We met with representatives of THIPA. They agreed to begin allowing their members to receive lab, radiology and physical therapy services at CIMC. . We have begun accepting THIPA patients in all areas of the hospital. We signed the agreement with THIPA last week to be 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 reached an agreement with Cross America Financial, LLC to be our new billing and collection company. We are working with them to make the transition as smooth as possible. This new agreement will begin October 1, 2014 when our current contract with CPSI ends.