

CFO REPORT FOR MARCH, 2014

I. FINANCIAL STATEMENTS FOR MARCH, 2014

March

Net patient revenue was over budget for March by \$101,763 (20%).

Gross revenue was under budget by \$40,054(7%) (See box below)

Deductions from revenue were under by \$142,616(25%).

Contractual allowances were under by \$44,707(11%)

Provision for bad debt was under by \$50,180(45%).

Charity care was under by \$36,264 (84%).

Gross inpatient revenue was over by \$2,812(0%) in March despite having 7 swing and acute days vs. a budget of 18.

Gross outpatient revenue was under by \$52,181(17%).

Gross Emergency Room revenue was over by \$8,515 (1%) due to E/R visits being under budget by 15(12.7%).

On a YTD basis

Gross inpatient revenue is under budget by 7%.

Gross outpatient revenue is under budget by 15%.

Gross emergency room revenue is close to budget.

Deductions from revenue are under by 12%.

Overall, net patient revenue was 59% of gross revenue vs. budget of 47.3% in March.

YTD net patient revenue is 55.7% of gross revenue vs. budget of 52.3%.

MARCH 2014			
DESCRIPTION	Actual	Budget	Variance
Inpatient revenue			
Medical	\$ 17,796	\$ 56,601	\$ (38,805)
SNF	\$ 83,700	\$ 81,558	\$ 2,142
CT Scan revenue	\$ 27,811	\$ 10,185	\$ 17,626
Laboratory revenue	\$ 40,305	\$ 17,835	\$ 22,470
Ultrasound revenue	\$ 13,767	\$ 1,111	\$ 12,656
Pharmacy revenue	\$ 32,379	\$ 68,949	\$ (36,570)
Physical therapy revenue	\$ 42,944	\$ 12,096	\$ 30,848
Other revenue	\$ 34,418	\$ 41,973	\$ (7,555)
Total I/P revenue	\$ 293,120	\$ 290,308	\$ 2,813
Outpatient revenue			
CT Scan revenue	\$ 45	\$ 5,527	\$ (5,482)
Physical therapy revenue	\$ 57,775	\$ 75,329	\$ (17,554)
Lab revenue	\$ 63,731	\$ 68,621	\$ (4,890)
Radiology revenue	\$ 27,527	\$ 18,305	\$ 9,222
Clinic revenue	\$ 91,464	\$ 103,765	\$ (12,301)
Other revenue	\$ 1,578	\$ 22,754	\$ (21,176)
Total O/P revenue	\$ 242,120	\$ 294,301	\$ (52,180)
Emergency Room revenue			
Emergency room revenue	\$ 261,048	\$ 240,548	\$ 20,500
CT Scan revenue	\$ 75,716	\$ 82,239	\$ (6,523)
Laboratory revenue	\$ 80,639	\$ 88,081	\$ (7,442)
Radiology revenue	\$ 37,488	\$ 37,324	\$ 164
Other revenue	\$ 44,624	\$ 42,808	\$ 1,816
Total E/R revenue	\$ 499,515	\$ 491,000	\$ 8,515
Total Gross Revenue	\$ 1,034,756	\$ 1,075,609	\$ (40,852)

MARCH 2014		Deductions from Revenue and Misc Stats		
DESCRIPTION	Actual	Budget	Variance	
Provision for Bad debts	60,531	110,711	50,180	
Contractual Allowances	348,239	392,946	44,707	
Charity and Admin Allowances	15,485	63,215	47,730	
Acute and Swing Bed days	7	18	(11)	
Medicare Utilization	57%	100%	-43%	
Clinic Visits	411	460	(49)	
ER Visits	133	118	15	
Net Rev as a % of Gross Revenue	59.00%	47.30%	11.70%	
Expenses as a % of Gross Revenue	65.00%	54.30%	-10.70%	

Other operating revenue was under budget for the month by \$3,436.

Operating expenses were over budget by \$88,365(15%) in March and over by \$344,573(6%) YTD. Operating expenses represented 65% of gross revenue compared to the budgeted amount of 54.3% in March. Gross patient revenue is 6% under budget while operating expenses are 6% over budget with the significant variances (unfavorable) being:

DESCRIPTION	MONTH OF March	Year -to-date
SALARIES	\$ 6,072	\$ 51,108
EMPLOYEE BENEFITS and HOUSING	\$ (17,186)	\$ 16,705
PRO FEES	\$ (23,483)	\$ (172,799)
SUPPLIES-General	\$ (6,873)	\$ (8,248)
SUPPLIES-Pharmacy	\$ (1,977)	\$ (6,441)
SUPPLIES-Food	\$ 408	\$ 4,388
PURCHASED SERVICES-Repairs	\$ (1,736)	\$ (8,722)
LICENSES/TAXES	\$ 100	\$ (5,845)
Depreciation	\$ 74	\$ 6,092
TRAVEL	\$ 2,360	\$ 8,458
UTILITIES	\$ 6,916	\$ (2,102)
PURCHASED SERVICES-Other	\$ (15,645)	\$ (84,022)
Dues and subs	\$ 437	\$ (4,157)
OTHER EXPENSES	\$ (21,228)	\$ (146,710)
TOTAL	\$ (71,761)	\$ (352,295)

Salaries-Lab (\$2K, \$31K YTD), Rad(\$6K YTD) Hospital Admin(\$4K YTD)
Professional fees-Physicians (\$2K, \$38K YTD) Nursing Registry (\$12K, \$58K YTD),
MGO (\$3K,\$50K YTD)
Purchased Services-Other-Lab(\$11K YTD) IT (\$7K, \$65K YTD), Gen Acct (\$5K,\$18K YTD)

Other expenses- Hospital Admin(\$7K, \$17 YTD) PT (\$11K, \$109K YTD), Dietary (\$1K, \$6K YTD)

Net Operating Income was \$9,961 over budget for March and under by \$344,573 YTD due to reasons discussed above.

Non-operating revenue and expense was over budget by \$41,841 for March due to receiving the disaster grant for the year.

The financial position remains strong with working capital increasing by \$95,363 with net days in accounts receivable decreasing to 78 days while gross days increased to 96 days. Cash and LAIF funds increased by \$28,071 from February. Net patient accounts receivable increased by \$3,892 from February. Medicare settlement accounts increased by \$10,778 from February. Accounts payable decreased by \$47,255 and current liabilities decreased by \$48,326 from February.

DESCRIPTION	AS OF March 31, 2014	AS OF February 28, 2014	CHANGE IN WORKING CAPITAL
CURRENT ASSETS	\$ 3,103,608	\$ 3,056,571	\$ 47,037
CURRENT LIABILITIES	\$ (948,227)	\$ (996,553)	\$ 48,326
WORKING CAPITAL	\$ 2,155,381	\$ 2,060,018	\$ 95,363

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 \$1,715,010 in this project as of March 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. .
- 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.