

CFO REPORT FOR MAY, 2014

I. FINANCIAL STATEMENTS FOR MAY, 2014

May

Net patient revenue was over budget for May by \$50,451 (9%).

Gross revenue was over budget by \$46,631(4%) (See box below)

Deductions from revenue were under by \$3,820(0%).

Contractual allowances were over by \$76,374(17%)

Provision for bad debt was under by \$47,452(42%).

Charity care was under by \$13,521 (31%).

Gross inpatient revenue was under by \$65,258(22%) in May due to having 0 swing and acute days vs. a budget of 18.

Gross outpatient revenue was under by \$33,914(11%).

Gross Emergency Room revenue was over by \$145,804 (26%) due to E/R visits being over budget by 63(52%).

On a YTD basis

Gross inpatient revenue is under budget by 9%.

Gross outpatient revenue is under budget by 13%.

Gross emergency room revenue is under budget by 1%.

Deductions from revenue are under by 13%.

Overall, net patient revenue was 48.7% of gross revenue vs. budget of 46.3% in May..

YTD net patient revenue is 52.5% of gross revenue vs. budget of 48.8%.

Inpatient revenue			
Medical	\$ -	\$ 56,601	\$ (56,601)
SNF	\$ 83,700	\$ 81,558	\$ 2,142
CT Scan revenue	\$ 19,808	\$ 17,835	\$ 1,973
Laboratory revenue	\$ 15,943	\$ 68,949	\$ (53,006)
Ultrasound revenue	\$ 20,012	\$ 9,636	\$ 10,376
Pharmacy revenue	\$ 36,013	\$ 21,214	\$ 14,799
Physical therapy revenue	\$ 47,568	\$ 12,096	\$ 35,472
Other revenue	\$ 2,005	\$ 22,419	\$ (20,414)
Total I/P revenue	\$ 225,049	\$ 290,308	\$ (65,258)
Outpatient revenue			
CT Scan revenue	\$ -	\$ 5,527	\$ (5,527)
Physical therapy revenue	\$ 63,395	\$ 75,329	\$ (11,934)
Lab revenue	\$ 73,212	\$ 68,621	\$ 4,591
Radiology revenue	\$ 22,166	\$ 18,305	\$ 3,861
Clinic revenue	\$ 95,975	\$ 114,796	\$ (18,821)
Other revenue	\$ 16,995	\$ 23,079	\$ (6,084)
Total O/P revenue	\$ 271,743	\$ 305,657	\$ (33,914)
Emergency Room revenue			
Emergency room revenue	\$ 333,609	\$ 266,120	\$ 67,489
CT Scan revenue	\$ 140,561	\$ 90,981	\$ 49,580
Laboratory revenue	\$ 104,301	\$ 97,445	\$ 6,856
Radiology revenue	\$ 39,154	\$ 41,292	\$ (2,138)
Other revenue	\$ 71,379	\$ 47,362	\$ 24,017
Total E/R revenue	\$ 689,004	\$ 543,200	\$ 145,805
Total Gross Revenue			
	\$ 1,185,797	\$ 1,139,165	\$ 46,631

DESCRIPTION	Actual	Budget	Variance
Provision for Bad debts	63,259	110,711	47,452
Contractual Allowances	509,536	433,161	(76,375)
Charity and Admin Allowances	35,471	68,215	32,744
Acute and Swing Bed days	0	18	(18)
Medicare Utilization	0%	100%	-100%
Clinic Visits	472	511	(39)
ER Visits	184	121	63
Net Rev as a % of Gross Revenue	48.70%	46.30%	2.40%
Expenses as a % of Gross Revenue	65.50%	49.80%	-15.70%

Other operating revenue was over budget for the month by \$8,032.

Operating expenses were over budget by \$34,935(5%) in May and over by \$419,299(6%) YTD. Operating expenses represented 52.2% of gross revenue compared to the budgeted amount of 51.3% in May. Gross patient revenue is 6% under budget while operating expenses are 6% over budget with the significant variances (unfavorable) being:

DESCRIPTION	MONTH OF May	Year -to-date
SALARIES	\$ (6,214)	\$ 53,505
EMPLOYEE BENEFITS and HOUSING	\$ (3,915)	\$ (169)
PRO FEES	\$ (7,687)	\$ (204,337)
SUPPLIES-General	\$ (646)	\$ (2,682)
SUPPLIES-Pharmacy	\$ 1,583	\$ (6,318)
SUPPLIES-Food	\$ 2,000	\$ 5,916
PURCHASED SERVICES-Repairs	\$ 1,960	\$ (6,084)
LICENSES/TAXES	\$ 223	\$ (5,779)
Depreciation	\$ 161	\$ 6,415
TRAVEL	\$ 1,120	\$ 6,512
UTILITIES	\$ 962	\$ (90)
PURCHASED SERVICES-Other	\$ (8,565)	\$ (99,266)
Dues and subs	\$ 437	\$ (2,843)
OTHER EXPENSES	\$ (20,602)	\$ (177,498)
TOTAL	\$ (39,183)	\$ (432,718)

Salaries-Lab (\$5K, \$38K YTD), Rad(\$1K, \$7K YTD) Hospital Admin(\$1K, \$8K YTD)
Employee benefits-Health insurance-(\$5K), Housing (\$3K, \$34K YTD)
Professional fees-Physicians (\$1K, \$50K YTD) Nursing Registry (\$5K, \$69K YTD),
MGO (\$6K, \$62K YTD)

Purchased Services-Other-Lab(\$5K, \$19K YTD) IT (\$1K, \$67K YTD), Gen Acct (\$2K, \$23K YTD)

Other expenses- Hospital Admin(\$16 YTD) PT (\$12K, \$129K YTD),
 Dietary (\$7K YTD)

Net Operating Income was \$23,548 over budget for May and under by \$222,425 YTD due to reasons discussed above.

Non-operating revenue and expense was under budget by \$20,692 for May.

The financial position remains strong with working capital increasing by \$46,868 with net days in accounts receivable increasing to 81 days while gross days increased to 95 days. Cash and LAIF funds decreased by \$199,243 from April. Net patient accounts receivable increased by \$132,680 from April. Medicare settlement accounts increased by \$70,851 from April. Accounts payable decreased by \$60,518 and current liabilities decreased by \$45,186 from April.

DESCRIPTION	AS OF May 31, 2014	AS OF April 30, 2014	CHANGE IN WORKING CAPITAL
CURRENT ASSETS	\$ 3,088,803	\$ 3,087,121	\$ 1,682
CURRENT LIABILITIES	\$ (834,216)	\$ (879,402)	\$ 45,186
WORKING CAPITAL	\$ 2,254,587	\$ 2,207,719	\$ 46,868

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 \$1,752,312 in this project as of May 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 last week. They agreed to begin allowing their members to receive lab, radiology and physical therapy services at

CIMC. We are still working out a fee schedule with them, but this should be agreed upon soon. 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.
- **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.