

CFO REPORT FOR OCTOBER, 2014

I. FINANCIAL STATEMENTS FOR OCTOBER, 2014

October

Net patient revenue was over budget for October by \$95,531 (19%).
Gross revenue was over budget by \$188,460(17%) (See box below)
Deductions from revenue were over by \$92,928(16%).
Contractual allowances were over by \$19,810(4%)
Provision for bad debt was over by \$42,142(44%).
Charity care was under by \$6,910 (40%).
Gross inpatient revenue was under by \$59,737(20%) in October due to having 9 swing and acute days vs. a budget of 15.
Gross outpatient revenue was over by \$151,950(51%).
Gross Emergency Room revenue was over by \$96,248 (20%) due to E/R visits being over budget by 14(10%).

YTD

Net patient revenue was over budget YTD by \$289,543 (12%).
Gross revenue was over budget YTD by \$605,142(12%)
Deductions from revenue were over by \$315,599(12%).
Contractual allowances were over by \$166,630(8%)
Provision for bad debt was over by \$126,458(33%).
Charity care was under by \$31,505(46%).
Gross inpatient revenue was under by \$185,775(15%) YTD despite having 102 swing and acute days vs. a budget of 62 due to SNF revenue being under budget.
Gross outpatient revenue was over by \$293,092(24%).
Gross Emergency Room revenue was over by \$497,825 (20%) due to E/R visits being over budget by 22(3%)

OCTOBER 2014	Deductions from Revenue and Misc Stats		
DESCRIPTION	Actual	Budget	Variance
Provision for Bad debts	137,142	95,000	(42,142)
Contractual Allowances	448,455	428,645	(19,810)
Charity and Admin Allowances	60,379	29,403	(30,976)
Acute and Swing Bed days	9	15	(6)
Medicare Utilization	11%	100%	-89%
Clinic Visits	499	548	(49)
ER Visits	150	136	14
Net Rev as a % of Gross Revenue	47.80%	47.30%	0.50%
Expenses as a % of Gross Revenue	53.00%	56.50%	3.50%

OCTOBER 2014			
DESCRIPTION	Actual	Budget	Variance
Inpatient revenue			
Medical	\$ 23,304	\$ 13,584	\$ 9,720
SNF	\$ 70,650	\$ 79,034	\$ (8,384)
CT Scan revenue	\$ 24,413	\$ 26,329	\$ (1,916)
Laboratory revenue	\$ 27,494	\$ 44,370	\$ (16,876)
Ultrasound revenue	\$ 21,101	\$ 20,868	\$ 233
Pharmacy revenue	\$ 23,907	\$ 29,861	\$ (5,954)
Physical therapy revenue	\$ 13,203	\$ 29,116	\$ (15,913)
Other revenue	\$ 27,311	\$ 47,959	\$ (20,648)
Total I/P revenue	\$ 231,383	\$ 291,121	\$ (59,737)
Outpatient revenue			
CT Scan revenue	\$ 10,271	\$ 23,788	\$ (13,517)
Physical therapy revenue	\$ 131,719	\$ 60,263	\$ 71,456
Lab revenue	\$ 133,470	\$ 62,545	\$ 70,925
Radiology revenue	\$ 25,289	\$ 30,128	\$ (4,839)
Clinic revenue	\$ 131,767	\$ 96,324	\$ 35,443
Other revenue	\$ 13,063	\$ 20,581	\$ (7,518)
Total O/P revenue	\$ 445,579	\$ 293,629	\$ 151,950
Emergency Room revenue			
Emergency room revenue	\$ 241,454	\$ 245,706	\$ (4,252)
CT Scan revenue	\$ 140,097	\$ 80,729	\$ 59,368
Laboratory revenue	\$ 85,693	\$ 71,551	\$ 14,142
Radiology revenue	\$ 35,462	\$ 28,186	\$ 7,276
Other revenue	\$ 57,294	\$ 37,580	\$ 19,714
Total E/R revenue	\$ 560,000	\$ 463,752	\$ 96,248
Total Gross Revenue	\$ 1,236,962	\$ 1,048,502	\$ 188,460

Other operating revenue was over budget for the month by \$64,452 due to receiving YTD reconciliation check from the city.

Operating expenses were over budget by \$65,682(10%) in October. Operating expenses represented 53% of gross revenue compared to the budgeted amount of 56.5% in October. Gross patient revenue was 17% over budget while operating expenses are 10% over budget with the significant variances (unfavorable) being:

DESCRIPTION	MONTH OF October	YTD
SALARIES	\$ 12,564	\$ 5,395
EMPLOYEE BENEFITS and HOUSING	\$ (2,356)	\$ (8,629)
PRO FEES	\$ (50,153)	\$ (143,620)
SUPPLIES-General	\$ (3,602)	\$ (10,258)
SUPPLIES-Pharmacy	\$ (1,179)	\$ (1,381)
SUPPLIES-Food	\$ (1,231)	\$ (189)
PURCHASED SERVICES-Repairs	\$ (2,780)	\$ (24,192)
LICENSES/TAXES	\$ 486	\$ (1,622)
Depreciation	\$ (6,831)	\$ (27,747)
TRAVEL	\$ 1,069	\$ 131
UTILITIES	\$ (1,089)	\$ (8,195)
PURCHASED SERVICES-Other	\$ (6,831)	\$ (27,747)
Dues and subs	\$ 197	\$ 1,405
OTHER EXPENSES	\$ (862)	\$ (10,633)
TOTAL	\$ (62,598)	\$ (257,282)

Salaries-Lab (\$2k, \$13K YTD),Clinic(\$4K, \$15K, YTD)
 Employee benefits-Housing (\$3K, \$22K, YTD)
 Professional fees-Physicians (\$25K, \$52K, YTD) Nursing Registry (\$6K, \$22K, YTD),
 MGO (\$3K,YTD)
 Purchased Services-Other-Lab(\$8K, YTD), Pat Acct(\$5K,\$21K, YTD)
 Other expenses-Clinic(\$2K,YTD), Hospital Admin (\$5K, YTD)

Net Operating Income was \$96,301 over budget for October and \$78,485 over budget YTD.

Non-operating revenue and expense was under budget by \$3,317 for October.

The financial position remains strong with working capital increasing by \$160,752 with net days in accounts receivable increasing to 98 days while gross days increased to 100 days. Cash and LAIF funds increased by \$127,373 from September. Net patient accounts receivable increased by \$141,138 from September. Medicare settlement accounts

increased \$93,419 from September. Accounts payable decreased by \$79,056 and current liabilities decreased by \$80,973 from September.

DESCRIPTION	AS OF October 31, 2014	AS OF September 30, 2014	CHANGE IN WORKING CAPITAL
CURRENT ASSETS	\$ 3,874,058	\$ 3,794,279	\$ 79,779
CURRENT LIABILITIES	\$ (665,297)	\$ (746,270)	\$ 80,973
WORKING CAPITAL	\$ 3,208,761	\$ 3,048,009	\$ 160,752

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 \$1,822,683 in this project as of October 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 This is very good for both CIMC and THIPA members. There has not been a significant increase in THIPA patient volume thus far.
- **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**- Cross America Financial, LLC took over our billing and collection function on October 1, 2014. We are working closely with them to ensure a smooth transition.