

CFO REPORT FOR SEPTEMBER, 2014

I. FINANCIAL STATEMENTS FOR SEPTEMBER, 2014

September

Net patient revenue was under budget for September by \$5,359 (<1%).
Gross revenue was over budget by \$62,059(5%) (See box below)
Deductions from revenue were over by \$67,419(11%).
Contractual allowances were over by \$31,841(6%)
Provision for bad debt was over by \$13,906(14%).
Charity care was under by \$8,984 (53%).
Gross inpatient revenue was under by \$37,688(12%) in September despite having 30 swing and acute days vs. a budget of 15.
Gross outpatient revenue was over by \$100,858(34%).
Gross Emergency Room revenue was under by \$1,110 (<1%) due to E/R visits being under budget by 19(10%).

YTD

Net patient revenue was over budget YTD by \$194,011 (11%).
Gross revenue was over budget YTD by \$416,682(11%) (See box below)
Deductions from revenue were over by \$222,670(11%).
Contractual allowances were over by \$146,820(9%)
Provision for bad debt was over by \$84,316(29%).
Charity care was under by \$24,594 (48%).
Gross inpatient revenue was under by \$126,037(17%) YTD despite having 93 swing and acute days vs. a budget of 47 due to SNF revenue being under budget.
Gross outpatient revenue was over by \$141,142(16%).
Gross Emergency Room revenue was over by \$401,576 (11%) due to E/R visits being over budget by 8(1.5%)

SEPTEMBER 2014			
DESCRIPTION	Actual	Budget	Variance
Inpatient revenue			
Medical	\$ 52,143	\$ 13,584	\$ 38,559
SNF	\$ 67,500	\$ 79,034	\$ (11,534)
CT Scan revenue	\$ 36,786	\$ 26,329	\$ 10,457
Laboratory revenue	\$ 19,963	\$ 64,370	\$ (44,407)
Ultrasound revenue	\$ 19,255	\$ 20,868	\$ (1,613)
Pharmacy revenue	\$ 23,244	\$ 29,861	\$ (6,617)
Physical therapy revenue	\$ 11,522	\$ 29,216	\$ (17,694)
Other revenue	\$ 23,019	\$ 27,859	\$ (4,840)
Total I/P revenue	\$ 253,432	\$ 291,121	\$ (37,688)
Outpatient revenue			
CT Scan revenue	\$ -	\$ 23,788	\$ (23,788)
Physical therapy revenue	\$ 116,337	\$ 60,263	\$ 56,074
Lab revenue	\$ 88,148	\$ 62,545	\$ 25,603
Radiology revenue	\$ 26,471	\$ 30,128	\$ (3,657)
Clinic revenue	\$ 150,199	\$ 96,324	\$ 53,875
Other revenue	\$ 13,332	\$ 20,581	\$ (7,249)
Total O/P revenue	\$ 394,487	\$ 293,629	\$ 100,858
Emergency Room revenue			
Emergency room revenue	\$ 282,097	\$ 332,436	\$ (50,339)
CT Scan revenue	\$ 116,208	\$ 109,226	\$ 6,982
Laboratory revenue	\$ 101,725	\$ 96,808	\$ 4,917
Radiology revenue	\$ 40,851	\$ 38,135	\$ 2,716
Other revenue	\$ 72,193	\$ 37,579	\$ 34,614
Total E/R revenue	\$ 613,074	\$ 614,184	\$ (1,110)
Total Gross Revenue	\$ 1,260,995	\$ 1,198,935	\$ 62,059

SEPTEMBER 2014	Deductions from Revenue and Misc Stats		
DESCRIPTION	Actual	Budget	Variance
Provision for Bad debts	108,906	95,000	(13,906)
Contractual Allowances	510,486	478,645	(31,841)
Charity and Admin Allowances	7,918	16,903	8,985
Acute and Swing Bed days	30	15	15
Medicare Utilization	100%	100%	0%
Clinic Visits	464	443	21
ER Visits	165	184	(19)
Net Rev as a % of Gross Revenue	46.80%	49.70%	-2.90%
Expenses as a % of Gross Revenue	51.60%	49.40%	-2.20%

Other operating revenue was over budget for the month by \$755.

Operating expenses were over budget by \$57,957(9%) in September. Operating expenses represented 51.5% of gross revenue compared to the budgeted amount of 49.4% in September. Gross patient revenue was 5% over budget while operating expenses are 9% over budget with the significant variances (unfavorable) being:

DESCRIPTION	MONTH OF September	YTD
SALARIES	\$ 1,210	\$ (7,169)
EMPLOYEE BENEFITS and HOUSING	\$ (3,467)	\$ (6,273)
PRO FEES	\$ (29,718)	\$ (93,465)
SUPPLIES-General	\$ (2,506)	\$ (6,655)
SUPPLIES-Pharmacy	\$ 4,535	\$ (201)
SUPPLIES-Food	\$ 1,236	\$ 1,042
PURCHASED SERVICES-Repairs	\$ (996)	\$ (21,412)
LICENSES/TAXES	\$ 511	\$ (2,109)
Depreciation	\$ (6,833)	\$ (20,916)
TRAVEL	\$ (2,394)	\$ (937)
UTILITIES	\$ (1,562)	\$ (7,105)
PURCHASED SERVICES-Other	\$ (11,126)	\$ (24,545)
Dues and subs	\$ 237	\$ 1,208
OTHER EXPENSES	\$ (2,958)	\$ (9,770)
TOTAL	\$ (53,831)	\$ (198,307)

Salaries-Lab (\$2k, \$4K YTD), Radiology(\$1K, \$3K, YTD),Clinic(\$5K, \$11K, YTD)
 Employee benefits-Housing (\$3K, \$19K, YTD)
 Professional fees-Physicians (\$20K, \$27K, YTD) Nursing Registry (\$1K, \$16K, YTD),
 MGO (\$4K, 5K, YTD))
 Purchased Services-Other-Lab(\$4K,\$10K, YTD), Pat Acct(\$12K,\$15K, YTD)
 Other expenses-Clinic(\$2K, YTD), Hospital Admin (\$3K, \$8K, YTD)

Net Operating Income was \$62,561 under budget for September and \$17,816 under budget YTD.

Non-operating revenue and expense was over budget by \$466,562 for September due to the receipt of a contribution from the Grace Trust of \$479,000.

The financial position remains strong with working capital increasing by \$497,978 with net days in accounts receivable decreasing to 85 days while gross days decreased to 80 days. Cash and LAIF funds increased by \$719,383 from August. Net patient accounts receivable decreased by \$85,205 from August. Medicare settlement accounts decreased \$151,745 from August. Accounts payable increased by \$72,482 and current liabilities increased by \$55,222 from August.

DESCRIPTION	AS OF September 30, 2014	AS OF August 31, 2014	CHANGE IN WORKING CAPITAL
CURRENT ASSETS	\$ 3,794,279	\$ 3,241,079	\$ 553,200
CURRENT LIABILITIES	\$ (746,270)	\$ (691,048)	\$ (55,222)
WORKING CAPITAL	\$ 3,048,009	\$ 2,550,031	\$ 497,978

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 \$1,812,516 in this project as of September 30, 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. 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.
- **Carrol L Grace Trust**-We received a contribution from the trust in the amount of \$479,325. It was recorded as a contribution in September.