



Board of Trustees Meeting

Regular Meeting

11.23.2022

Minutes

10:00 am

Members Present:

Rod Waeckerlin, *President*
Mark Kostovny, *Vice President*
Jerry Steele, *Secretary*
Lisa Engstrom, *Member*

Absent Members:

Garry Goergen, *Treasurer*

Administration:

Ken Harman, *Chief Executive Officer*
Jon Smith, *Chief Financial Officer*

Guests:

Abbi Forwood, *Legal Counsel* (via phone)

Rod Waeckerlin, President, called the Memorial Hospital of Carbon County Board of Trustees meeting to order at 10:01 am. The Pledge of Allegiance and a moment of silence in recognition of those affected by COVID-19 followed.

Approval of Agenda:

Lisa Engstrom made a motion, and Mark Kostovny seconded the motion to approve the agenda as presented. Motion carried unanimously.

Approval of Board of Trustees Open Session Minutes from 10.27.2022:

Mark Kostovny made a motion, and Jerry Steele seconded the motion to accept the minutes from the regular meeting on October 27th, 2022 as presented. Motion carried unanimously.

Employee Recognition presented by Lisa Engstrom, Member:

- Ms. Engstrom recognized Jennifer Daniels as November's Employee of the Month. Jennifer represents the heart of MHCC by continually going above and beyond to help others.

Prior to discussing the Financials, President Waeckerlin informed the Board that QHR reached out and would like to schedule a Special Board meeting for December 6th, 2022. The president of QHR, along with our representative, Woody White, will be onsite to discuss further services QHR can provide to our facility. After a brief discussion, it was determined that our Board was interested in meeting with QHR. Mrs. Webster and Mr. Harman will set up the time and agenda items.

Financial Report presented by Jon Smith, Chief Financial Officer:

- Mr. Smith presented the Financial Summary Report for October 2022. He gave his apologies to the Board of Trustees for presenting the financial late as he was working with the Auditors who were onsite last week.

Mr. Smith started out with a brief Cerner review. We have been working on Cerner for 30 days. DA2 reports specific to the DNFB (Discharge, Not Final Billed) appear to be incorrect as accounts that are sent out and paid are still showing on the DNFB also, accounts that are being worked by coding and billing are showing up and we can't figure out why. Cerner has agreed to come back onsite to help straighten out these issues and teach us how to better navigate the reporting. Mr. Smith also informed the Board that there are daily revenue meetings with departments to review their charges and work through any issues that may arise. So far these meetings have been very productive and have helped identify many issues that are working to be corrected, or new charge items that need built.

Patient Revenue for the month was \$4,692,065 compared to a budget of \$5,275,000, which is 89% of our goal for the month. Inpatient revenues were reported to be lower than projected at \$905,743 compared to a budget of \$1,225,000 and outpatient revenues were reported at \$3,786,322 compared to \$4,050,000. Mr. Smith is pleased with the overall revenue for the month and reported that since the Cerner go-live, we are at 90% of the daily projected revenue amount of \$173,426.

Other revenue for October continues to support the bottom line over all. These funds were comprised of \$70,000 (340B Pharmacy Program) and \$60,000 (Qualified Rate Adjustment). The organization is continuing to look for other opportunities of growth through the 340B program and with the new Pharmacy team in place, Cardinal Health is also looking for new means of revenue.

Expenses were reported to be 14.8% below budget for October and are 9.6% below budget YTD. Although we still have many traveling staff (3 alone in Lab), we are still able to negotiate lower wages for traveling staff, which has greatly helped with the month to month finances. We have been able to fill some open positions with permanent staff, specifically Registered Nurses, but still struggle to fill other open positions in other departments, hence the need for traveling staff still. The total amount for employees and benefits are 51%; supplies were 9.5%; purchased services and other professional fees were 24.5%; all other expenses were 15% for the month.

Revenue deductions for the month totaled 40.1% as compared to a total budget of 40% and sits at 40.2% YTD. According to previous years, these totals are in line with our historical averages. In early December, our new Early Out program will be going live, along with our new Cerner Contract Management System. Both of these additions will allow us to better track adjustments and to hopefully collect payments earlier from self-pay patients.

Mr. Smith reported that the overall AR increased to \$16.1 million from \$14.1 million at the end of September. This is largely due to the overall conversion (Cerner) process and holding bills. This is due to the fact that when Cerner went live, many claims were being manually processed. As more and more claims are processed, the system becomes better at recognizing claims and we have the ability to set up more automated claims. This also directly affected the clean claim rate and the rate to which we can bill claims. Meaning, with better, more accurate information in the system leads to a quicker billing process and "clean" claims. When more claims are being touched manually, this leads to slower billing processes and "dirty" claims, or claims that need reworked. Which is one main area of focus we are working on right now. Mr. Smith reported that during the week of go live, our clean claim rate was at 10%, in October the rate shot to 40%, then in November we are currently sitting at 74%. The clean claim rate also directly impacts how quickly we are reimbursed from insurance companies and cash flow. Mr. Smith also reported that prior weeks of cash flow have been very slow, until recently, which again is due to the Cerner conversion. As of October 31st, Gross Days in Accounts Receivable were 86.4 while Net Days in AR were 45.9; all DNFB is a combination of MedHost and Resolution. MHCC also sent out a letter to nearly 2,000 self-pay patients informing

them of opportunities to save money if they pay their bills in full and we are having patients contacting us about these options.

Day's cash on hand was 17.1 as of October 31st compared to 18.5 on September 30th, which is a slight decrease. Cash collected for the month was \$2.2 million, our net patient revenue was just above \$2.8 million, so we were short \$600,000 from a ratio of 1:1. Total expenses for the month were \$2.9 million also making us short by \$700,000. We saw a decrease in cash of about \$500,000 for the month as compared to how much we paid in AP and payroll. We have been able to get accounts payable back to near net 45 days due to receipt of the QRA payment. Total cash as of October 31st was \$1.6 million, which is down from \$1.8 million in September 2022. Days in AP were 45.9. Inventory on-hand is at 47.1 days. A large portion of our backlog of inventory in PPE was collected during the main part of the pandemic. We are utilizing it as we can and are also considering selling it to other entities prior to expiration in some cases.

Mr. Smith stated that the clinics generated just over \$741,000 in patient revenues. This was down due to us continuing to have somewhat modified schedules during the month so that we could successfully transition our providers over to the Cerner system. However, even with the modified schedules, there was still a total of \$92,000 in revenues.

Discussion: There was a very lengthy discussion about financials and the impact on the organization with the conversion from MedHost and Athena to Cerner. Since go live, Mr. Smith reported that \$9.6 million in patient charges have been entered into Cerner; \$7.3 million were in Cerner claims; the remaining gap/delta, of \$2.3 million, is what is being held in the DNFB (\$1 million in DNFB that Cerner needs to fix and \$1.3 is normal hold of five day bill hold). Mr. Smith explained claims could be held in the DNFB for various reason due to coding, missing documentation, Medicaid claims needing to be manually worked due to software issues on Medicaid's end that are resulting on claims being denied for MHCC, etc. and we are currently trying to work through those issues so we can bill. There is also some serious difficulties in understanding reports that are generated out of Cerner. One report in particular is the DNFB report. We are unsure why claims are not "falling off" the report when they are being worked. Two Cerner consultants will be onsite next week and will assist us with the report so we can figure out where the issues are.

Mr. Smith also stated that we are trying to work down the existing AR for MedHost and Athena. Once those are completed, we can sever the ties to those electronic health records (EHR) and move forward solely with Cerner. The Board clarified that we are still paying for three EHRs and how long we plan to keep paying for them. Both Mr. Harman and Mr. Smith stated we have planned for a year maximum, however are pushing to have everything worked and closed out quicker. \$7 million is currently sitting in MedHost AR, however half of those funds are self-pay accounts. There are some accounts that need to be finalized in MedHost, but those are accounts that either need to be followed up on by Resolution, internal documentation or waiting to receive payment from insurance companies. Mr. Smith and Mr. Harman stated they had to have a very candid conversation with Resolution in regards to the efforts being made with billing. Since that conversation was had, billing practices have been much better. It was also noted that a majority of the AR for Athena are self-pay accounts as well.

Day's cash on hand concerns were discussed; currently the facility is sitting at 16 days. This is after all AP was paid to net 45; payroll was processed and the loan payback was completed. President Waeckerlin inquired about what is being done differently versus what was being done in the past when the hospital was able to make money. Mr. Kostovny was inquiring about the same thing and also requested Mr. Smith provide more clear reports within his Financial Summary. Mr. Kostovny feels there is too much information being provided, which is leading to some confusion about the

finances. The Board agreed with Mr. Kostovny and stated, as a group, they would like to have more “black-and-white” information. Mr. Smith agreed to this request.

The Board asked Mr. Smith if the organization would be able to reach 20 days cash on hand by January 2023. Mr. Smith stated he would remain optimistic, but after further discussion, Mr. Smith said based on the last two weeks insurance payments, yes, we can meet those goals.

The Board of Trustees also asked Mr. Smith how he plans to address the self-pay AR. These accounts have been issues since Mr. Smith arrived to our team and the board expressed their frustrations that these balances are not going down and accounts not being paid. Mr. Smith provided the services we are currently offering to self-pay patients such as, our loan program through BHG lending; setting up payment plans internally; discounts for services if paid in full; Financial Assistance program; requiring patients to put a percentage down prior to any procedure being performed; along with our new Early Out program that should also assist us in collecting self-pay accounts sooner. Mr. Smith noted the self-pay AR was \$25 million when he arrived three years ago and currently the AR is sitting around \$15 million today. Mr. Smith stated the Business Office staff is reporting that patients are not willing to pay their bills, they would rather be sent to collections instead. Mr. Waeckerlin asked how these accounts will be handled going forward and to that, Mr. Harman stated we are working through providing estimates of services prior to services being rendered, which is what we have been doing, but we are working to become stricter in this area, especially when the patient already has a large balance with MHCC. Mr. Kostovny stated we need to become better at saying “no” to patients who are seeking care for services, with the exception of any emergent cases. He also suggested that Administration should think about revisiting in-house financing options. There was a brief discussion about educating providers as well about our financing options and to document properly when cases are emergent, urgent or non-emergent as this has been identified as an area of issue as well. Ms. Engstrom also wanted to point out that we need to be careful as to what we are discounting and how large of discounts we are giving because we could be hurting ourselves financially there too.

Mr. Smith stated to the Board that MHCC is a unique area when it comes to Rawlins. He has never seen issues with the AR here like he has in other areas throughout his career. Mr. Waeckerlin asked what other facilities are seeing. It was reported that other facilities across the country are dealing with hard financial times as well.

Overall, the Board expressed that our financial situation needs to improve or we will continue to struggle. Mr. Smith reported that expenses have significantly increased compared to years past. Mr. Waeckerlin asked where the reported \$600-700,000 is and how long it will take to collect on that balance (referring to the balance sheet). Mr. Smith answered, stating it will take about 30-45 days to collect and we will only end up collection \$0.60 on the dollar for each claim, which will only be about \$360,000 – 420,000. Mr. Harman spoke to the Board and stated that cash collections overall is down for October, but Resolution is working hard to bill claims out the door, because again, the Cerner conversion slowed down our billing processes and ability to automate claims. Cash should start coming in quicker as we are able to bill more “clean” claims and automate more billing processes.

The root cause to the lack of cash is our spending (traveling staff have been and are a large part of this). We have been able to slow the spending significantly by renegotiating traveler contracts, cut service lines, and limit purchasing other services and/or items. Mr. Smith is optimistic about cash flow in the future, but things are still very tight.

The Board continued to speak about the weekly cash updates and how Mr. Smith will report cash monthly going forward. The Board also stated to Mr. Smith that we need to be better at accepting the

money we won't collect and we need to find a way to change the culture in Rawlins; patients have to be responsible for paying their open balances at MHCC and the clinics. There was also discussion about the lack of County support still.

Near the end of the discussion, Mr. Steele inquired about PTO payouts or "buy-back" and how that is going to affect MHCC at the end of the year. Mr. Smith stated it will not cause issues, since we do not have to payout PTO time, it is an option for MHCC employees and there are only about five employees who decide to "buy-back" their PTO. We also allow employees to roll over their benefits to the following year, so again, that is not a concern that pertains to financials.

Mark Kostovny made a motion, and Jerry Steele seconded the motion to approve the Financials Summary as presented. Motion carried unanimously.

Lisa Engstrom made a motion, and Mark Kostovny seconded the motion to approve the financials for period ending October 31st, 2022 as presented. Motion carried unanimously.

Prior to the approval of the vouchers, Mr. Kostovny stated he was not comfortable approving these, because he has not been receiving the vouchers for review. However, a process has been put in place now and he is satisfied with the change going forward.

Jerry Steele made a motion, and Mark Kostovny seconded the motion to approve the vouchers for period ending October 31st, 2022 as presented. Motion carried unanimously.

Motion to Recess Board of Trustees Public Meeting to go to Executive Session:

Jerry Steele made a motion, and Mark Kostovny seconded the motion to move the Board of Trustees to Executive Session. Motion carried unanimously.

Recess Board of Trustees Public Meeting for Executive Session:

Jerry Steele made a motion, and Mark Kostovny seconded the motion to recess the Board of Trustees Public Meeting for Executive Session at 11:32 am. Motion carried unanimously.

The Board convened to Executive Session at 11:32 am to discuss personnel issues and to consider or receive any information classified as confidential by law.

Resume Board of Trustees Public Meeting:

Mark Kostovny made a motion, and Jerry Steele seconded the motion to resume the Board of Trustees Public Meeting at 1:19 pm. Motion carried unanimously.

New Business:

- **Credentialing**
 1. Nancy Bergquist, MD – Aligned Providers Hospitalist Family Medicine; Recommend appointment to Courtesy Staff
 2. Richard Rossin, MD - Direct Radiology Recommend reappointment to Telemedicine Staff
 3. Robert Dowling, MD - Emergency Medicine; Recommend full, unrestricted Courtesy Staff membership



Mark Kostovny made a motion, and Jerry Steele seconded the motion to accept the Medical Executive Committee's recommendation to approve credentialing privileges for the individuals listed above and as presented. Motion carried unanimously.

Open Discussion/Citizen Participation:

- Nothing was presented to the Board of Trustees at this time.

Adjournment:

Mark Kostovny made a motion, and Jerry Steele seconded the motion to adjourn Board of Trustees public meeting at 1:20 pm with no further business coming before the Board. Motion carried unanimously.

The next Board of Trustees meeting will be December 15th, 2022.

Respectfully submitted.

Abbie Webster, *Executive Assistant*

Jerry Steele, Board of Trustees, *Secretary*