

**FINANCE COMMITTEE
MEETING MINUTES
October 25, 2018**

Franklin Foundation Hospital
Franklin, Louisiana

Board Conference Room
5:00 p.m.

Members Present:

Clegg Caffery
Eugene Foulcard

Absent:

Others Present:

Stephanie Guidry, CEO
Ron Bailey, CFO
Collette Vaccarella, Director of Business Office
& Co-Director of Physician Services
Kevin Romero, Co-Director of Physician Services
& Marketing/Business Development
Sharon Procell, Exec. Asst.

I. CALL TO ORDER

With a quorum present, the meeting was called to order by Mr. Clegg Caffery at 5:05 p.m.

II. OLD BUSINESS

A. Approval of Minutes – August 30, 2018

Mr. Eugene Foulcard offered a motion to approve the minutes with Mr. Clegg Caffery seconded the motion. The motion carried unanimously.

III. NEW BUSINESS

A. Discuss and Approve

1. Capital Spending Report at 9/30/2018

Mr. Ron Bailey presented the Capital Spending Report at 9/30/2018 that was requested by Mr. Caffery at the last meeting. Mr. Bailey presented a summary of capital projects in progress that included FY 2017 amounts moved to FY 2018 and FY 2018 approved capital that needed to be carried over to FY 2019.

2. FY2019 Operating Budget

Mr. Bailey presented the Operating Budget for Fiscal Year 2019. Mr. Bailey reviewed the FY 2019 Budget Summary starting with the main assumptions that reflect tax revenue of \$2,232,000 and Rural UPL (formerly “DSH”) of \$2,542,000 (operating income). He noted that the Rural UPL amount was reduced compared to last year. He also noted the physician reimbursement Rate Enhancement (Physician UPL) of \$1,983,582 (which he explained is a reduction of Medicaid contractual

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adjustments). Mr. Bailey also noted that the assumptions were updated to include a proposed maximum 3% merit increase for FY 2019 which would be dependent on the Hospital attaining the budgeted operating results. He noted that included in the assumptions is another year of the Full Medicaid Capacity Funding of \$2,163,200 (non-operating revenue); he explained that this is the funding obtained by Senator Allain and Representative Jones. Mr. Bailey noted that the FY 2019 budget is the same amount that the Hospital received in FY 2018. He further advised that the Louisiana Department of Health will be moving Medicaid reimbursement to a new method, the APR DRG Payment Model that would be effective 1/1/2019.

Continuing with the budget summary, Mr. Bailey discussed the FY 2019 budgeted volumes noting budget increases in surgeries and emergency visits. He also discussed the summary capital expenditure budgets for FY 2019, FY 2020 and FY2021 noting that Joint Commission requires the Hospital to budget out for three (3) years. He then discussed the factors/ratios for FY 2019. He advised that the budgeted days cash on hand is little conservative as the Hospital has not yet received the millage report that estimates the 2018 millage. Mr. Bailey advised that the first check is usually received in December. He noted with all things being equal the days cash on hand will ramp up.

Mr. Bailey discussed in detail the statement of Revenue and Expenses for the FY 2019 Budget noting that the budgeted bottom line was \$1,489,766 revenue in excess of expenses.

Mr. Bailey requested that the committee approve the operating budget for submission to the Board for its approval.

3. FY2019 to FY2021 Capital Budget

Mr. Bailey presented the detailed FY2019 to FY2021 Capital Budget. He addressed a number of big items in the Capital Budget as follow:

- a) \$68,000 – acquire Mr. Luke property at NW Boulevard frontage
- b) \$38,773 – replace six (6) Med/Surg beds (6 per yr. for the next 3 years)
- c) \$238,020 – Olympus Endoscopy Equipment with Scopes
- d) \$41,230 – Medivator DSD Edge Endo Scope
- e) \$26,753 – GE Fetal Monitor
- f) \$40,796 – CEPHEID GeneXpert II System
- g) \$77,700 – Secureview digital mammo reading station
- h) \$166,863 – Philips Cardiac Monitoring system upgrades

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- i) \$404,000 – estimated buildout of MOB Suite C

Mr. Bailey stated the FY2019 total requested is \$1,420,347 with \$644,411 that would be requested from grant funds while \$775,936 would be from operations.

Mr. Bailey then presented the Fiscal Year 2020 and Fiscal Year 2021 Capital Budgets.

Mr. Bailey requested that the Committee approve the proposed FY2019-FY2021 Capital Budget as presented for submission to the Board for its approval.

Mr. Eugene Foulcard offered a motion to approve the FY2019 Operating Budget and FY2019 to FY2021 Capital Budget with Mr. Clegg Caffery seconded the motion. The motion carried unanimously.

B. Discuss and Approve Capital Requests

1. Purchase of Property

Ms. Stephanie Guidry stated she brought this information to the Board for discussion in August 2017 at which time the Board approved a motion for another piece of property that the Hospital did buy but there was not a resolution on the property designated as 1059 Northwest Blvd. She stated that she reviewed the minutes from 2017 meeting which noted that during discussions the Board expressed positive interest in acquiring the property but this was not voted on. She reported that the appraised amount for this property was \$61,000 and is in the budget for \$68,000. She stated the Hospital can purchase the property for the appraised value. She requested that the Committee to approve purchasing the property.

2. Total Lift II Transfer Chair/Stretcher

Mr. Bailey explained this request is to purchase a Total Lift II transfer chair/stretcher that will help safely transfer patients laterally from bed to a stretcher. He stated the lift converts to as chair for movement through departments. He reported the purchase price is \$10,937. He reported the purchase is to be paid using \$5,548 of grant funds already received with the remaining amount from operating funds. Mr. Bailey requested that the Committee approve the Total Lift II Transfer Chair/Stretcher.

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3. Hill Rom Beds

Mr. Bailey explained this request is the second set of six (6) Hill-Rom Advanta 2 bed system beds with AccuMax Quantum VCP surface (to help prevent pressure ulcers). This purchase is included in the FY2019 capital budget. He requested that the Committee approve the second set of six (6) Hill Rom Beds.

4. Cooling Coil for Air Handler

Mr. Bailey explained this request is to replace cooling coil on air handler 7 that services Radiology. He stated the handler 7 cooling coil was cleaned last year and is clogged once again. He stated it needs to be replaced. He reported the purchase and installation price is \$23,000. He also reported this request is included in the FY 2019 capital budget. He requested that the Committee approve the Cooling Coil for Air Handler.

Mr. Eugene Foulcard offered a motion to approve the Purchase of Property at 1059 Northwest Blvd., Total Lift II Transfer Chair/Stretcher, Hill Rom Beds and the Cooling Coil for Air Handler with Mr. Clegg Caffery seconded the motion. The motion carried unanimously.

C. Monthly Reports – September 2018

1. **Finance Report**

Mr. Bailey presented the Financial Report for the month of September 2018, the last month of the 2018 fiscal year. He began with a discussion of the operating indicators and financial class percentages. Mr. Bailey then discussed the Statement of Revenues and Expenses where he noted that the Hospital recorded expenses in excess of revenue of (\$26,630) for the month compared to the budget of \$84,108. He stated the fiscal year-to-date, the Hospital recorded revenues in excess of expenses of \$1,621,494 compared to budget of \$1,009,295.

Mr. Bailey explained that non-operating revenue was under budget for the month, as the expected Full Medicaid Capacity grant funds were lower because the required intergovernmental transfer (“IGT”) under the grant was higher than budgeted. This resulted in reduction of the estimated actual grant by approximately \$277,747. He then discussed the categories of revenues and total deductions from revenue, both of which were ahead of budget for the month. Mr. Bailey explained that bad debt for the month was lower than budget mainly due to Hospital bad debt being lower. He noted that the decrease is also due in part to clinic bad debt allowances lower this month than budget. Mr. Bailey reported that Medicare and Medicaid Adjustments

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were over budget for the month but that is not unusual as gross revenue was over budget for the month.

Mr. Bailey then discussed the balance sheet noting that operating cash at the end of September increased by \$50,036 compared to the prior month. Mr. Bailey noted that September's operating cash activity includes the receipt of \$41,829 that represents the initial settlement of a FY2017 cost report from one of the Medicaid MCOs.

He reported that the Hospital had 115.7 days cash on hand at the end of the current month (QHR trending 3-month average) compared to 122.0 days in the prior month.

2. QHR Trend Reports

Mr. Bailey presented the QHR Trend Report.

3. Investment Reports

Mr. Bailey presented the Investment Income Summary Reports.

Mr. Eugene Foulcard offered a motion to approve the Monthly Reports for September 2018 with Mr. Clegg Caffery seconded the motion. The motion carried unanimously.

D. Clinic Reports

Mr. Bailey began the presentation of the clinic report for the month beginning with clinic accounts receivable. Ms. Collette Vaccarella then discussed clinic visit activity for the month of September 2018 as compared to September 2017. She noted that September 2018 clinic visits were up over the prior month. Mr. Bailey presented the consolidated clinic cost center report noting that the clinics posted a consolidated loss for the month. Mr. Bailey also discussed the Hospital activity generated by the clinic physicians.

Mr. Eugene Foulcard offered a motion to approve the clinic report with Mr. Clegg Caffery seconding the motion. The motion carried unanimously.

IV. EXECUTIVE SESSION

A. Strategic Planning

No items were discussed.

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V. ADJOURN

Mr. Clegg Caffery offered a motion to adjourn the meeting at 5:58 p.m. with Mr. Eugene Foulcard seconding the motion. The motion carried unanimously.

Mr. Clegg Caffery, Vice-Chairman of Finance

Stephanie A. Guidry, CEO