

**FINANCE COMMITTEE
MEETING MINUTES
November 29, 2018**

Franklin Foundation Hospital
Franklin, Louisiana

Board Conference Room
5:00 p.m.

Members Present:

Clegg Caffery
Eugene Foulcard
Bret Allain, II

Others Present:

Stephanie Guidry, CEO
Michelle Skillings, CNO
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.

Absent:

I. CALL TO ORDER

With a quorum present, the meeting was called to order by Mr. Clegg Caffery at 5:00 p.m.

II. OLD BUSINESS

A. Approval of Minutes – October 25, 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 Capital Requests

1. CT Scanner

Mr. Ron Bailey presented the request to purchase a new GE Revolution EVO 64-slice CT scanner. Mr. Bailey reported that the current CT scanner, which is an 11 year old 16-slic machine, has been experiencing problems over the last two years. He noted that the tube was replaced in October 2018. He stated the 64-slice CT scanner will provide much better images than the current unit and will expand the Hospital's imaging capabilities. He noted that while this purchase was included in the FY 2020 capital budget, due to recent issues with the current CT scanner, the Hospital requests that this purchase be moved into FY 2019. Mr. Bailey also advised that the CT scanner was included in the capital budget at \$562,000 but the Hospital was able to negotiate the cost for a new GE, which is under the HPG contract, at a cost of \$466,911. He explained that the purchase price includes

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expedited installation that will occur over a weekend so as to limit the time the Hospital would be without CT services. He also explained that the cost of the scanner was earmarked out of Full Medicaid Capacity grant funds. Mr. Bailey requested that the Committee approve the request for the new CT scanner.

Mr. Bret Allain, II offered the motion to approve the purchase of the CT Scanner with Mr. Eugene Foulcard seconding the motion. The motion carried unanimously.

2. Digital Mammography Viewing Station

Mr. Bailey requested to purchase a new Hologic SecurView mammography imaging workstation. He reported the Hospital currently utilizes an old model printer to print these images for the radiologists to review. He noted the printer is obsolete and that the current PACS imaging system is not dedicated to mammography. He reported that this purchase will provide a dedicated mammography workstation that will provide much better imaging than the current method. He stated this purchase was included in the FY 2019 capital budget. He reported the quoted purchase and installation price is \$77,700. Mr. Bailey requested that the committee approve the Digital Mammography Viewing Station.

Mr. Bret Allain, II offered the motion to approve the purchase of the CT Scanner with Mr. Eugene Foulcard seconding the motion. The motion carried unanimously.

3. DVTEL Security Camera Servers

Mr. Bailey requested to purchase new DVTEL servers for the Hospital's security camera system. He reported the current servers are obsolete and cannot be economically repaired. He noted these servers capture and store images from the Hospital's security camera system. He reported that the replacement cost for for new servers \$14,473 which was included in the approved FY 2019 capital budget. Mr. Bailey requested that the committee approve the purchase of the DVTEL Security Camera Servers.

Mr. Bret Allain, II offered a motion to approve the DVTEL Security Camera Servers with Mr. Eugene Foulcard seconded the motion. The motion carried unanimously.

B. Discuss and Approve

1. PARA Healthcare Analytics, Inc. Contract

Mr. Bailey discussed the PARA Healthcare Analytics, Inc. contract under which PARA will create and install a "Share of Cost estimator widget" on the Hospital's website. Mr. Bailey explained that CMS has mandated that all hospitals must

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publish their respective charge description master (the “charge master”) by January 1, 2019 in a “machine readable” format such as Excel. Mr. Bailey noted that the Hospital believes that providing charge information to patients without any context would be more confusing. He explained that under the contract, PARA’s cost estimator application would use the Hospital’s charge description master and other CMS data to provide an estimate of patient payment responsibility that would provide context to price transparency. He noted that the PARA application will provide patients with an easy way to use a decision tree to select Hospital services and, based on the patient’s inputs about insurance, co-pays and other information, to provide an estimate of the patient’s payment responsibility. He also noted that PARA will provide a link on the Hospital’s website that will pull in the Hospital’s charge master that meets the “machine readable” format requirement. Mr. Bailey stated that the cost is \$9,750.00 to be billed in two installments and will have an annual maintenance fee of \$4,500.00. He stated that Ms. Lanzi Meyers of the Gachassin Law Firm reviewed the contract. Mr. Bailey requested that the committee approve the PARA Healthcare Analytics, Inc. contract.

Mr. Eugene Foulcard offered a motion to approve PARA Healthcare Analytics, Inc. contract with Mr. Robert Allain seconding the motion. The motion carried unanimously.

2. Reimbursement from Grant Funds

Mr. Bailey presented a handout which contained the latest reimbursement request from restricted Full Medicaid Capacity Grant Funds. He discussed the purchases that qualify for reimbursement from the funds, noting that the Hospital purchased the GE Healthcare perinatal monitoring system in the amount of \$71,739.76, purchased the John Luke Property in the amount of \$61,000 (which was originally designated at \$68,000) and purchased the 64-slice CT scanner as previously discussed. Mr. Bailey noted that the Hospital expected to pay for the CT scanner during December 2018. He asked that the Committee approve that reimbursement request today as the Committee is not scheduled to meet in December 2018 due to the upcoming holidays. He stated that the total reimbursement request is \$598,650.20. He requested that the Committee approve the reimbursement from the Grant Funds.

Mr. Bret Allain, II offered a motion to approve the Reimbursement from Grant Funds with Mr. Eugene Foulcard seconded the motion. The motion carried unanimously.

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C. Monthly Reports – October 2018

1. Finance Report

Mr. Bailey presented the Financial Report for the month of October 2018, the beginning of the FY 2019. 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 revenue in excess of expense of \$125,873 for the month compared to the budgeted revenues in excess of expense of \$124,147.

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 over than budget mainly due to Hospital bad debt being over. He noted that the increase was partially offset by clinic bad debt allowances lower this month than budget. Mr. Bailey reported that Medicare and Medicaid Adjustments were over budget for the month. Included in Medicare and Medicaid Adjustments is a reduction which presents the current month accrual of the FY 2019 net Physician Rate Enhancement Funds (“PREP”) UPL program.

Mr. Bailey reported that non-operating income (expense) was over budget for the month due to higher investment and interest income compared to budget. He added that the Hospital received \$2,966 from the Louisiana Hospital Association Research and Education Foundation for its participation in the Hospital Improvement Innovation Network (“HIIN”) from 2016 to 2018.

Mr. Bailey discussed the balance sheet noting that operating cash at the end of October decreased from the prior month. Mr. Bailey noted that included in October’s operating cash is the receipt of \$409,593 of net physician UPL, receipt of \$49,038 of Medicaid cost report settlements and a reduction of (\$47,731) for an IGT under the physician UPL program.

Mr. Bailey then discussed taxes receivable, noting that the Hospital received the 2018 Millage Report in mid-November. He explained that the tax notices were delayed a couple of weeks which would likely result in a similar delay in millage receipts compared to prior years. Mr. Bailey noted that the Hospital received a little over \$200,000 of receipts in December with the largest portion received in January. He expected those dates to move to January of 2019.

He reported that the Hospital had 115.4 days cash on hand at the end of the current month (QHR trending 3-month average) compared to 119.4 days in the prior month.

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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 October 2018 with Mr. Bret Allain, II 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 October 2018 as compared to September 2018. She noted that October 2018 clinic visits were down 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.

V. ADJOURN

Mr. Clegg Caffery offered a motion to adjourn the meeting at 5:47 p.m. with Mr. Eugene Foulcard seconding the motion. The motion carried unanimously.

Mr. Clegg Caffery, Vice-Chairman of Finance

Stephanie A. Guidry, CEO