

**FINANCE COMMITTEE  
MEETING MINUTES  
January 31, 2019**

Franklin Foundation Hospital  
Franklin, Louisiana

Board Conference Room  
5:00 p.m.

**Members Present:**

Clegg Caffery  
Eugene Foulcard

**Absent:**

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.

**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 – November 29, 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. Olympus Endoscopy Equipment with Scopes

Mr. Ron Bailey presented the request to purchase new Olympus EVIS EXERA III HD endoscopy equipment which includes a video light source and scopes. Ms. Guidry stated this purchase will replace old obsolete equipment. Mr. Bailey reported the purchase price is \$192,397.36 which is in the approved FY 2019 capital budget at \$238,020.00. Mr. Bailey requested that the Committee approve the request for the new Olympus Endoscopy Equipment with Scopes.

**Mr. Eugene Foulcard offered the motion to approve the purchase of the Olympus Endoscopy Equipment with Scopes with Mr. Clegg Caffery seconding the motion. The motion carried unanimously.**

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2. Olympus Endoscope Reprocessor

Mr. Bailey presented the request to purchase a new Olympus Endoscope Reprocessor. Ms. Guidry stated the new equipment provides the capability to clean two scopes at one time which will help keep up with increasing demand and speed up room turnover. Mr. Bailey reported the purchase is \$28,763.70 which was included in the FY 2019 approved capital budget at \$41,230.00. Mr. Bailey requested that the Committee approve the request for the new Olympus Endoscope Reprocessor.

**Mr. Eugene Foulcard offered the motion to approve the purchase of the Olympus Endoscope Reprocessor with Mr. Clegg Caffery seconding the motion. The motion carried unanimously.**

3. Access Control – Medicine Rooms and Lab

Ms. Guidry discussed a request to upgrade door access on the three (3) medicine rooms and Lab. She stated that current numeric pad security does not provide the ability to identify who enters the rooms. She stated that the proposed access control badge reader can identify who entered the room. Mr. Bailey reported this item, with an estimated cost of \$8,000, was not budgeted.

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

**B. Discuss and Approve**

1. Vitalant Hospital Blood Services Agreement

Ms. Guidry presented the Vitalant Hospital Blood Services Agreement. She reported that this company will be the Hospital's primary supply source for blood and blood components. She stated Vitalant will deliver to the Hospital and maintain Hospital's stock levels for blood and blood components sufficient to meet the routine and potential needs of the Hospital. She requested that the Committee approve the Vitalant Hospital Blood Service Agreement.

**Mr. Eugene Foulcard offered a motion to approve the Vitalant Hospital Blood Service Agreement with Mr. Clegg Caffery seconding the motion. The motion carried unanimously.**

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2. Studer Group Software Services and Resources – Ms. Guidry discussed the Studer Group Software Services and Resources which is for the Patient Call Manager software. She explained the software program is designed to ease care transitions through both the pre-visit call and post-visit call process. Ms. Skillings noted Studer focuses on the patient experience which can help improve the Hospital’s overall HCAHPS scores. Mr. Bailey stated the Hospital’s prior contract lapsed in mid-2018, so this is a renewal of that contract. Ms. Guidry reported this will be a three (3) year contract for a total of \$43,848.00. She requested that the Committee approve the Studer Group Software Services and Resources.

**Mr. Eugene Foulcard offered a motion to approve the Studer Group Software and Resources with Mr. Clegg Caffery seconded the motion. The motion carried unanimously.**

3. FTE addition – Revenue Integrity  
Ms. Guidry discussed the request to add a Charge Data Master (“charge master”) Coordinator/Auditor. She noted that the Hospital did not budget for this FTE. Ms. Guidry stated that the Hospital is becoming busier and that, as the Hospital adds physicians and services, the Hospital needs to focus on keeping the charge master current as well as maintaining compliance with charges and billing. She explained that the position will be responsible for charge data master review and audit. She noted that the position will report to Ms. Tina Petry, Compliance Director. Mr. Bailey noted that one of the issues that QHR highlighted is that small hospitals do not have this position so keeping the charge master up to date and compliant can become a problem especially since the CMS mandated that hospitals publish the charge master on-line effective January 1, 2019. Ms. Guidry stated that the position will be full time with a salary around \$50,000.00. Ms. Guidry requested that the Committee approve the FTE addition.

**Mr. Eugene Foulcard offered a motion to approve the FTE addition – Revenue Integrity Cycle with Mr. Clegg Caffery seconded the motion. The motion carried unanimously.**

4. Omnicell Equipment Lease  
Mr. Bailey discussed the request for the Omnicell equipment lease which is a five (5) year operating lease for pharmacy dispensing equipment. He stated the current equipment’s software is an old version of Windows that is no longer supported which causes a security issue. He reported this operating lease agreement is for three (3) XT anesthesia workstations with Bio ID, three (3) XT MED 1-Cell cabinets, one

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(1) XT MED 2-Cell cabinet, one (1) XT MED 3-Cell cabinet, two (2) Controlled Substance dispensers, CSM software and workstation and one (1) OC base server, including all other accessories and attachments. Ms. Guidry noted that the new equipment lease adds two (2) new units for Anesthesia which will make their processes safer and more efficient. Mr. Bailey explained the lease is with Leasing Associates of Barrington, Inc. (“LAB”) through which the Hospital currently leases two (2) pieces of Lab equipment. He stated to purchase the equipment would cost \$538,936 versus an operating lease of \$10,295.00 per month for 60 months; this brings the total lease cost to \$617,700. He noted that the lease cost was budgeted for fiscal year 2019 with an expected date of March 2019. Mr. Bailey requested that the Committee approve the five (5) year lease at \$10,295.00 per month for 60 months.

**Mr. Eugene Foulcard offered a motion to approve the Omnicell Equipment Lease at \$10,295.00 per month for 60 months with Mr. Clegg Caffery seconded the motion. The motion carried unanimously.**

**C. Monthly Reports – November 2018**

**1. Finance Report**

Mr. Bailey presented the Financial Report for November 2018, the second month 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 \$380,306 for the month compared to the budgeted revenues in excess of expense of \$124,147.

Mr. Bailey discussed the categories of revenues and total deductions from revenue, both of which were ahead of budget for the month. He explained that bad debt for the month was under than budget mainly due to Hospital bad debt being lower. Mr. Bailey also reported that Medicare and Medicaid Adjustments were over budget for the month. He explained that included in Medicare and Medicaid Adjustments is a reduction which represents the current month accrual of the FY 2019 net Physician Rate Enhancement Funds (“PREP”) UPL program.

Mr. Bailey reported that non-operating income was over budget for the month due to higher investment and interest income compared to budget.

Mr. Bailey discussed the balance sheet noting that operating cash at the end of November decreased from the prior month. Mr. Bailey noted that included in

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November's operating cash balance was a reduction of (\$178,846) due to an IGT for the physician UPL program. He also noted that the Hospital received \$49,038 in settlements of prior year Medicaid cost reports and \$5,000 in grant funds from SharCor, a shared services organization in partnership with the LHA.

He reported that the Hospital had 102.3 days cash on hand at the end of the current month compared to 115.2 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 November 2018 with Mr. Clegg Caffery seconded the motion. The motion carried unanimously.**

**D. Monthly Reports – December 2018**

**1. Finance Report**

Mr. Bailey presented the Financial Report for the month of December 2018 beginning 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 \$258,280 for the month compared to the budgeted revenues in excess of expense of \$124,147.

Mr. Bailey reported that non-operating income was over budget for the second month due to higher investment and interest income compared to budget by \$12,000.00.

Mr. Bailey discussed the balance sheet noting that operating cash at the end of December decreased from the prior month. He noted that other receivables increased compared to the prior month. The increase is due to accrual of the budgeted net Full Medicaid Capacity grant funds, rural UPL (formerly "DSH") and the physician UPL funds all of which total approximately \$632,000 for the month.

He reported that the Hospital had 97.6 days cash on hand at the end of the current month (QHR trending 3-month average) compared to 102.3 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 December 2018 with Mr. Clegg Caffery seconded the motion. The motion carried unanimously.**

**E. Clinic Reports**

**November 2018**

Mr. Bailey began the presentation of the clinic report for the month starting with clinic accounts receivable. Ms. Collette Vaccarella then discussed clinic visit activity for the month of November 2018 as compared to November 2017. She noted that November 2018 clinic visits were up over the prior year 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.

**December 2018**

Mr. Bailey moved to the presentation of the clinic report for December 2018 beginning with clinic accounts receivable. Ms. Vaccarella then discussed clinic visit activity for the month of December 2018 compared to December 2017. She noted that December 2018 clinic visits were up over the prior year month. She noted the clinic operations experienced a delay in generating billing in November and December due to the coder for clinic operations being out on medical leave. Mr. Bailey presented the consolidated clinic cost center report noting that the clinic 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 reports with Mr. Clegg Caffery seconding the motion. The motion carried unanimously.**

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**IV. EXECUTIVE SESSION**

**A. Strategic Planning**

No items were discussed.

**V. ADJOURN**

**Mr. Eugene Foulcard offered a motion to adjourn the meeting at 5:55 p.m. with Mr. Clegg Caffery seconding the motion. The motion carried unanimously.**

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Mr. Clegg Caffery, Chairman of Finance

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Stephanie A. Guidry, CEO