

**FINANCE COMMITTEE
MEETING MINUTES
February 28, 2019**

Franklin Foundation Hospital
Franklin, Louisiana

Board Conference Room
5:00 p.m.

Members Present:

Clegg Caffery
Eugene Foulcard
Bret Allain, II

Absent:

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 5:02 p.m.

II. OLD BUSINESS

A. Approval of Minutes – January 31, 2019

Mr. Eugene Foulcard offered a motion to approve the minutes with Mr. Bret Allain, II seconded the motion. The motion carried unanimously.

III. NEW BUSINESS

A. Discuss and Approve Capital Requests

1. Stryker System 8 Power Tools

Mr. Ron Bailey presented the request to purchase new Stryker System 8 OR power tool set. He stated this will replace the current saw which was not working and is obsolete. Ms. Stephanie Guidry explained that the hospital needed to move on this purchase because patients were scheduled for surgeries. She noted that she contacted Mr. Eugene Foulcard to advise him of the immediate need for the equipment. The set includes three (3) saws, attachments, battery pack and battery charger. Mr. Bailey reported this was an unbudgeted item. The purchase price was \$42,204 plus shipping.

Mr. Bailey requested that the Committee approve the request for the new Stryker System 8 Power Tools.

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Mr. Eugene Foulcard offered the motion to approve the purchase of the Stryker System 8 Power Tools with Scopes with Mr. Bret Allain, II seconding the motion. The motion carried unanimously.

B. Discuss and Approve

1. Proposed Merit Increase

Mr. Bailey advised that the Hospital presented a budget, approved by the Board, which contained a maximum merit increase of three (3) percent. He noted that during budget discussions the intent was to postpone implementing merit increases at least through a quarter to make sure the Hospital was on target. He stated the Hospital has made it through the first quarter and have positive results through the end of January 2019. He noted the Hospital's cash position has improved. Mr. Bailey requested that the Committee approve the merit increase for a maximum of up to three (3) percent, retroactive back to October 2018. Mr. Bailey advised that the estimated cost of the retroactive increase was approximately \$50,000.

Mr. Bret Allain, II offered a motion to approve the Proposed Merit with Mr. Eugene Foulcard seconding the motion. The motion carried unanimously.

2. Discuss Year 2018 Retirement Plan

Mr. Bailey discussed the Calendar Year 2018 retirement plan contribution noting that the contribution total is \$206,053; the Hospital plans to make that deposit by the end of March 2019.

3. Resolution Authorizing Purchase of Immovable Property

Ms. Stephanie Guidry reported she received the appraisals on the Elaine Luke Young property at \$78,000 and on the Chez Hope, Inc. property, which includes a building on the property, at \$118,000. She stated that Mr. Russell Cremaldi will be bringing the resolution to the Board on both properties. Ms. Guidry requests that the Committee approve the Resolution Authorizing Purchase of Immovable Property. Mr. Ron Bailey noted purchase of properties will come out of the restricted funds.

Mr. Bret Allain, II offered a motion to approve the Resolution Authorizing Purchase of Immovable Property with Mr. Eugene Foulcard seconded the motion. The motion carried unanimously.

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C. Monthly Reports – January 2019

1. Finance Report

Mr. Bailey presented the Financial Report for January 2019, the fourth 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 \$133,403 for the month compared to the budgeted revenues in excess of expense of \$124,147.

Mr. Bailey discussed the variances in contractual adjustments noting that these were due in part to delays in billing and cash collections at the clinics. He noted that, as discussed in prior months, the clinics experienced a delay in clinic billing in November and December 2018 due to the clinic coder's medical leave at that time. The Hospital utilized a third-party vendor to provide coding and audit services. The result was a delay in billing and cash collections. He explained that in addition to a delay in cash collections, the issue resulted in higher, and more conservative, estimates for clinic contractual adjustments and allowances for doubtful accounts. He reported the coding and billing backlog has been completed.

Mr. Bailey discussed the balance sheet noting that operating cash at the end of January increased significantly from the prior month. Mr. Bailey noted that included in January's operating cash balance was \$1,709,571 of calendar year ('CY') 2018 millage receipts, \$24,645 of revenue sharing, \$2,216,829 of rural UPL (formerly DSH) as well as \$178,848 of physician UPL receipts. He added that in addition to these amounts, operating cash includes \$593,024 of reimbursements from restricted Full Medicaid Capacity Grant funds.

Mr. Bailey discussed the increase in gross accounts receivable and the increase in allowances, referencing back to the delay in billing and cash collections at the clinics. He noted that, as was discussed in the prior month, operating cash receipts for clinic operations has been lower than past months. This resulted in higher estimated contractual allowances.

He reported that the Hospital had 156.6 days cash on hand at the end of the current month (QHR trending 3-month average) compared to 97.6 days in the prior month.

2. QHR Trend Reports

Mr. Bailey presented the QHR Trend Report.

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3. Investment Reports

Mr. Bailey presented the Investment Income Summary Reports.

Mr. Eugene Foulcard offered a motion to approve the Monthly Reports for January 2019 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 starting with clinic accounts receivable. Ms. Collette Vaccarella discussed the increase in clinic accounts receivable and noted that cash collections were improving. She then discussed clinic visit activity for the month of January 2019 as compared to January 2018. She noted that January 2019 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.

Mr. Eugene Foulcard offered a motion to approve the clinic reports with Mr. Bret Allain, II seconding the motion. The motion carried unanimously.

IV. EXECUTIVE SESSION

A. Strategic Planning

No items were discussed.

V. ADJOURN

Mr. Eugene Foulcard offered a motion to adjourn the meeting at 5:43 p.m. with Mr. Bret Allain, II seconding the motion. The motion carried unanimously.

Mr. Clegg Caffery, Chairman of Finance

Stephanie A. Guidry, CEO