

**FINANCE COMMITTEE
MEETING MINUTES
January 30, 2020**

Franklin Foundation Hospital
Franklin, Louisiana

Board Conference Room
5:00 p.m.

Members Present:

Clegg Caffery, Jr.
Eugene Foulcard
Robert Allain, II

Others Present:

Didi Battle

Others Present:

Stephanie Guidry, CEO
Michelle Skillings, CNO
Ron Bailey, CFO
Don Smithburg, CHC Sr. VP Hospital Operations
Craig Sims, CHC Sr. VP Hospital Operations
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, Jr. at 5:02 p.m.

II. OLD BUSINESS

NONE

III. NEW BUSINESS

A. Discuss and Approve Capital Requests

1. Norland EXCELL Refurbished Bone Density Components

Mr. Ron Bailey reported on the request to replace components of the Hospital's bone density unit. He noted that the hospital purchased Norland EXCELL refurbished bone density components that include the table, x-ray tube and computer with software. This purchase was made in December 2019 at a cost of \$15,000. Because the Hospital needed to put the unit back into service and there was no Board meeting in December 2019, the Hospital moved forward with the purchase with the understanding that the request would be presented for approval in January 2020.

Mr. Eugene Foulcard offered the motion to approve the Norland EXCELL Refurbished Bone Density Components with Mr. Clegg Caffery, Jr. seconding the motion. The motion carried unanimously.

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2. Konica Ultra Primary U-Arm System

Ms. Stephanie Guidry reported on the Konica Ultra Primary U-Arm System. She stated the request is for the use in the clinic at 1105 Northwest Boulevard. She also stated this equipment was not included in the FY 2020 capital budget as a provider contract was not in place. She reported the cost of the equipment will be paid from the restricted Full Medicaid Capacity Grant funds and the purchase price is \$97,675. Ms. Guidry requested that the Committee approve the Konica Ultra Primary U-Arm System.

Mr. Eugene Foulcard offered the motion to approve the Konica Ultra Primary U-Arm System with Mr. Clegg Caffery, Jr. seconding the motion. The motion carried unanimously.

3. Board Room Presentation Equipment and Controls

Mr. Ron Bailey reported this request is to purchase and install a new Samsung 85" commercial-grade monitor, new audio-visual controls and new speakers to replace the current audio-video (AV) system in the Board room. He stated the current projector no longer works and is not repairable. The current AV controls are old technology. He reported the cost a new projector system with controls is greater than the cost to purchase and install the 85" monitor and new AV controls. He also stated, the new AV controls will allow vendors and others to use their laptop computers and other equipment. He added the cost was not included in the FY 2020 capital budget. Mr. Bailey reported the purchase and installation price is \$11,695. He requested that the Committee approve the Board Room Presentation Equipment and Controls.

Mr. Eugene Foulcard offered the motion to approve the Board Room Presentation Equipment and Controls with Mr. Clegg Caffery, Jr. seconding the motion. The motion carried unanimously.

4. Replace Chill Water Coil in Air RTU 8 for the Emergency Dept.

Mr. Ron Bailey explained the request is to replace the chill water coil on RTU #8 that services the Emergency Department. He stated the purchase and installation price is \$10,225 and it's not included in the FY 2020 Capital budget. Mr. Bailey requested that the Committee approve to replace chill water coil in air RTU #8 for the emergency department.

Mr. Eugene Foulcard offered the motion to approve to Replace Chill Water Coil in Air RTU 8 for the Emergency Department with Mr. Clegg Caffery, Jr. seconding the motion. The motion carried unanimously.

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5. Stryker Laparoscopes

Ms. Stephanie Guidry reported this request is to purchase two (2) new Stryker AIM HD autoclave laparoscopes. She stated currently the Hospital does not have enough scopes to be able to perform two cases at the same time. She reported the total purchase price is \$10,560 and this was not included in the FY 2020 capital budget. Ms. Guidry requested that the Committee approve the Stryker Laparoscopes.

Mr. Eugene Foulcard offered the motion to approve the Stryker Laparoscopes with Mr. Clegg Caffery seconding the motion. The motion carried unanimously.

6. Build Out of Suite C at 200 Medical Drive

Mr. Bailey presented the request to approve moving forward with the build-out of Suite C in the Medical Office Building located at 200 Medical drive. He stated the cost estimate includes construction and estimated fees. He noted that the project was included in the approved FY 2020 capital budget at an estimated \$475,000. He stated in 2017 this project funding was designated as part of the Full Medicaid Capacity Grant restricted funds with the original estimate at \$403,000. Mr. Bailey requested that the Committee approve the build out of Suite C at 200 Medical Drive.

Mr. Eugene Foulcard offered the motion to approve the Build Out of Suite C at 200 Medical Drive with Mr. Clegg Caffery, Jr. seconding the motion. The motion carried unanimously.

B. Discuss & Approve

1. Finance Meeting combined w/ Board Meeting

Mr. Ron Bailey requested that the Finance Committee combine this meeting with the Board of Commissioners meeting at 6:00 p.m. He noted that this would allow for the financial statements to be presented one time which would be at the Board meeting. He noted that currently the information is presented to the Finance Committee at 5 p.m. and then to the Board at its 6 p.m. meeting. After a brief discussion, members agreed to combine the two separate meetings into one which would be the Board of Commissioners meeting.

2. Approve Reimbursement from Restricted Grant Funds

Mr. Bailey discussed the latest request for reimbursement from restricted grant funds to operating funds. This request covers the Phillips Cardiac Monitoring System upgrade at \$159,821.36; Appraiser Associates of Louisiana (2-property appraisals) totaling \$7,950.00; and Architects Design Studio (Physician temp housing-Chez Hope property, MOB Suite C) at \$4,640.00. He stated the total

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to be reimbursed was \$172,411.36. Mr. Bailey requested that the Committee approve the reimbursement from restricted grant funds.

Mr. Robert Allain, II offered the motion to approve Reimbursement from Restricted Grant Funds with Mr. Eugene Foulcard seconding the motion. The motion carried unanimously.

C. Monthly Reports – Finance

1. November 2019

Mr. Bailey presented the Financial Report for November 2019, the second month of FY 2020. 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 \$51,844 for the month compared to the budgeted revenues in excess of expense of \$120,027.

Mr. Bailey discussed total patient revenue for November of \$2,976,958 which was under budget for the month. Mr. Bailey discussed total deductions from revenue were under budget for the month. He stated the Medicare and Medicaid Adjustments of \$914,714 were under budget for the month. Medicare estimated contractual adjustments are calculated using the QHR Medicare model and other data. He noted also included in Medicare and Medicaid Adjustments is a reduction of (\$194,196) which represents the current month accrual of the gross FY 2020 Physician Rate Enhancement Funds (“PREP”) UPL program. Mr. Bailey reported other adjustments were under budget for the month due to decrease is in commercial and Blue Cross adjustments under budget.

Mr. Bailey discussed the balance sheet noting that operating cash at the end of November showed a decrease of (\$406,541) from the prior month. He stated that November’s operating cash included receipt of \$81,834 of CY 2019 millage revenue. In November the Hospital also made an IGT of \$110,000 for the current quarter’s LINCCA hospitalists program cost and an IGT of \$404,189 under the FY 2020 physician UPL program. He added the Hospital also made land purchases totaling \$323,000 from operating funds; this amount was reimbursed from restricted funds.

He reported that the Hospital had 120.4 days cash on hand at the end of the current month (trending 3-month average) compared to 123.4 days at the end of October.

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Mr. Bailey discussed the restricted assets-cash decreased by (\$309,566) in the current month. He explained the decrease is due to reimbursement of \$323,000 to operating funds for the acquisitions of acreage adjacent to the Hospital. The purchase was authorized at the November 14, 2020 meeting of the Board of Commissioners.

a. Investment Reports

Mr. Bailey presented the Investment Income Summary Report.

Mr. Clegg Caffery, Jr. offered a motion to approve the Monthly Reports for November 2019 with Mr. Eugene Foulcard seconded the motion. The motion carried unanimously.

2. December 2019

Mr. Bailey presented the Financial Report for December 2019 which marked the end of the first quarter of FY 2020. 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 \$211,536 for the month compared to the budgeted revenues in excess of expense of \$120,027.

Mr. Bailey noted that total patient revenue of \$842,862 was over budget for the month. The month's case mix index (the "CMI") for all patients was 1.34 while Medicare case mix index was 1.54, both of which were over budget. He noted that the higher the CMI, the higher the complexity of inpatient services provided.

Mr. Bailey noted total deductions from revenue were under budget for the month. He stated the Medicare and Medicaid Adjustments of \$880,743 were under budget for the month. He reported overall Medicare and Medicaid Adjustments, including clinics, were under budget by approximately (\$241,500) which were partially offset by approximately \$63,000 of Medicare and Medicaid denied claims that are being reviewed by the Hospitals' business office. He also noted in Medicaid and Medicare Adjustments is a reduction of (\$194,196) which represents the current month accrual of the gross FY 2020 Physician Rate Enhancement Funds ("PREP") UPL program.

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Mr. Bailey reported that operating cash at the end of December was \$8,040,704, a decrease from the prior month. He stated included in December's operating cash receipts were \$316,568 of CY 2019 millage revenue and \$24,076 of state revenue sharing. In addition, the Hospital received \$6,949 representing a partial settlement of claims owed by Louisiana Health Cooperative, a qualified health plan started under the Affordable Care Act that was placed in rehabilitation in 2015.

He reported days' cash on hand for December were 119.9 days (trending 3-month average) compared to 120.4 days of cash at the end of November.

Mr. Bailey stated in other receivables increased in the current month. This is due to primarily to accrual of the current month's physician UPL (formerly "DSH") and Full Medicaid Capacity Grant funding each at the FY 2020 budget amount.

a. Investment Reports

Mr. Bailey presented the Investment Income Summary Report.

Mr. Clegg Caffery, Jr. offered a motion to approve the Monthly Reports for December 2019 with Mr. Eugene Foulcard seconded the motion. The motion carried unanimously.

D. Clinic Reports

November 2019

Ms. Collette Vaccarella began the presentation of the clinic report for the month starting with clinic accounts receivable ("AR"). She discussed the increase in clinic AR. She then discussed clinic visit activity for the month of November 2019 as compared to November 2018 noting that November 2019 clinic visits were down over the prior year. 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 2019

Ms. Vaccarella discussed December's clinic AR noting that there was a decrease in clinic AR compared to November 2019. She then discussed clinic visit activity for the month of December 2019 as compared to December 2018 noting that December 2019 clinic visits were up compared to the prior year. 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.

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Mr. Robert Allain, II offered a motion to approve the clinic reports with Mr. Eugene Foulcard 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 5:45 p.m. with Mr. Robert Allain, II seconding the motion. The motion carried unanimously.

Mr. Clegg Caffery, Chairman of Finance

Stephanie A. Guidry, CEO