

**Granite County Hospital District
Board of Directors
Meeting Minutes –DRAFT
August 29, 2017**

Present:

- Mr. John Barbara
- Mr. Ken Burd (Burd joined the meeting remotely at 5:37 p.m.)
- Mr. Chris Miller Esq.
- Mr. Jim Waldbillig (Board Chair)

A quorum of the Board was present.

The meeting was called to order by Jim Waldbillig on Tuesday, August 29, 2017 at 5:31 p.m. The meeting was held in the Granite County Medical Center Conference Facility in Philipsburg, MT.

Standing Items

The meeting went straight to the Wipfli audit report (year ending June 30, 2016) conference call with Jeff Johnson, CPA, and Wes Thew, CPA. This was done with an accompanying screen presentation of the audit findings for the board and the public. (Please refer to the posted report for details.)

For management representation it was found that no significant difficulties were encountered while performing the audit and no disagreements were noted, according to Johnson and Thew. To their knowledge, management had not obtained opinions from other independent application of GAAP.

Under internal control matters it was noted that the following internal control matter was considered to be a significant deficiency: For financial accounting and reporting Wipfli is relied on to draft the financial statements and notes and disclosures within the audit reports. Johnson also noted this was a common finding for critical access hospitals since many rely on specialized knowledge of audit firms.

For significant accounting policies it was noted that management is responsible for selection of accounting policies and that no transactions were noted for which there is a lack of authoritative guidance or consensus. No new accounting policies were adopted.

A significant deficiency was also the segregation of duties, specifically cash receipts. Receptionists have the ability to receipt payments on patient accounts and create patient records in the system. Thew noted that the segregation of duties issue was not uncommon. In the GCMC, the staff number is small and this makes it difficult to have different people as checkpoints for this process.

Other notable points under internal control matters was the lack of documentation for the Initiation and Approval of Transactions. For cash receipts, supporting documentation for one payment on patient accounts, out of 25 sampled, could not be located.

During the financial analysis, Miller asked for clarification on the pension deficit increase. Thew responded that this was a state adjustment of financials. This was a new requirement for government accounting purposes.

Barbara noted that the hospital district had seen accounts receivable go from nearly \$600,000 to about \$1 million in the last few years. He asked how this compared to other hospitals in Montana.

Thew responded: "It is high. Part of this – at least in 2015 – was the reduced number of staff in accounts receivable. It will be interesting to see how this will go under Athena." Maria Stoppler, CEO and DON, added that while working with Monida, there was a push to have the billing go through in a more timely matter. "Once we are over the learning curve it should be a faster process."

In the financial analysis for key financial indicators – which showed that in 2016 the hospital was at -22.54 percent in their operating margin and income loss from operations divided by total revenue, compared to the average in Montana of -0.94 percent – Burd questioned if there had been any differences noted between affiliated and independent hospitals. Johnson said that there were sometimes more positives with affiliation, but not all the time. Burd said that there was often a skewing of numbers from hospitals who had received critical access care status through a recent loophole and it wasn't entirely accurate to compare GCMC with hospitals in Anaconda and Hamilton, for example. He asked if a more comprehensive analysis of this could be done.

Johnson said a more granular and detailed analysis would be possible. Burd noted that this would be a better apples to apples comparison. He also asked for the market population to be included in the analysis. "For us to survive, this would be valuable information."

When asked about the daily census of the hospital, Stoppler said this was less than one. Johnson said he could also do an analysis of hospitals of a daily census of less than five, to be helpful.

Johnson also referred to the Save the Rural Hospital Bill, and that this might be something to talk to legislatures about, as it would be a cost-saver for hospitals like GCMC by allowing them to maintain their current status, though without a requirement of an ER that had an acute side.

Burd asked how long it would be before the hospital board trustees received the more detailed financial analysis. Johnson said it would be a few weeks. Burd said this would be helpful information to have. He also praised Thew for his help in the creation of the cost report tool.

Burd left the meeting remotely at 6:26 p.m.

The minutes from the July 25, 2017 meeting were reviewed. Miller made a motion to approve them as written. Barbara seconded the motion. The motion passed unanimously. The minutes from the July 31, 2017 special budget meeting were reviewed. Miller made a motion to approve them as written. Barbara seconded the motion. The motion passed unanimously.

Administrator's Report:

Maria Stoppler, CEO, DON, RN, presented her Administrator's Report. (Please refer to the posted report for details.)

Financial Report:

Brenda Peyton, JCCS accountant, said no financial report was available as the two accounts were still being reconciled (TechTime and Athena). She anticipated an improvement soon. Waldbillig asked if this was an area she was getting a handle on. Peyton said definitely.

Rough numbers provided included a cash-in number of \$250,000 for July. About \$288,000 had been paid down. Cash on hand was about \$20,000.

She added that from her experience so far, Athena was working out very well. The fact that an accounting tool like InTact was included in the GCMC's package with Athena was also positive, as her firm had looked into buying it as it was top-of-the-line, but it was too expensive. The GCMC got a good deal, she said.

Committee Reports:

Finance Committee

- None

Policy Committee

- None (Miller noted this was covered in Stoppler's admin report).

Quality and Safety Committee

- None.

Facilities

- Waldbillig said that he had done a walk-through of the future CT scan

housing area with Great West Engineering and had located past plans and had given them to the firm for reference.

Marketing Committee - For marketing, Shirley Cornelius said that she had hired an assistant, Annie Young, and they had made plans for events on October 18 and 25. The Winkley Bus was no longer able to come to Granite County so they were looking into other options.

Technology Committee - For technology, Barbara said that the staff had fully embraced the Athena system.

Professional Affairs - None.

Medical Staff Report:

This was covered in the admin report presented by Stoppler.

Foundation Report:

None.

Approval of Warrants:

None.

New Business

New Business Topic: Vacant board seat appointment

All applicants for trustee position had unique qualifications, Barbara said, but he believed that Kristi Mainwaring had the most to offer the board, after completing the interviews. He made a motion to appoint her to the vacant board seat. Miller seconded this. This passed unanimously.

Stoppler noted that it was fortunate that there were three really great candidates. Miller added that this hadn't always been the case.

New Business Topic: Hospital mill levy discussion

Miller said that if the board trustees are going to seek out a mill levy, the sooner the info goes to Blanche McLure at the county, the better. She had indicated that she would need it before December. The levy was the "third leg of the tripod – the hospital really needs that piece of the pie. The district runs about 12 percent short every year and it has been the levy that has filled that hole."

The current levy was \$360,000. In the coming year, they needed to be alert to how financially slippery the healthcare terrain had become. "Perhaps ask for a little more?" Miller said.

Waldbillig said that this would be placed on the agenda for next month.

Open Comment

Miller announced that he would be resigning from the board due to personal reasons. He had enjoyed his time on the board and appreciated everything he had learned from the board and the public. "Healthcare is a horrendously complicated field ... the complexity has gotten even [worse]...the challenges are stacking up. But I think you are up to it."

Miller was thanked for his time on the board by Waldbillig and there was a round of applause.

Adjournment

A motion was made Waldbillig to adjourn. Barbara seconded this.

The meeting adjourned at 6:59 p.m.

These minutes have been reviewed and approved by motion of the board:

Jim Waldbilig (Chairman of GCHD Board of Trustees)

Date

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