

**Granite County Hospital District
Board of Directors
Special Meeting Minutes
July 5, 2018**

Present:

- Mr. John Barbara (Board Chair)
- Mrs. Vivian Crouse
- Mrs. Kristi Mainwaring
- Mr. Jim Waldbillig

A quorum of the Board was present.

The meeting was called to order by John Barbara on Thursday, July 5, 2018 at 5:00 pm. The meeting was held in the Granite County Medical Center Conference Facility in Philipsburg, MT.

New Items: Proposed 2018/19 Budget and hospital levy discussion and action

Minor changes were made that day, Barbara said. Peyton said this had to do with group insurance and retirement. Insurance was dropped to what the current census - 4.7 decrease. Retirement adjusted down to historic participation. These were the only two changes. Historically we have done this by departments, not by expenses. This is by expenses from now on. Peyton explained the new columns and the narratives next to this. Mainwaring noted patient revenue increases that were proposed. Peyton confirmed this. She asked about proposed utilization. Peyton said only 4 percent of this was anticipated traffic from the CT Scanner operation. Mainwaring said she was questioning this because her concern was that they were 40 percent off in ER visits alone and billable nursing home is down by 22 percent. Peyton said they were mainly looking at last fiscal year revenue. The foresaw some increase because of having Athena on board now. Mainwaring said she found it a little aggressive. She understand the difference between that and Chargemaster. But overall numbers were not going up. Stoppler said they also anticipated greater ER volume because of the CT Scanner, which would lead to increase lab, etc. It wouldn't take that many patients to make an impact, she added. Mainwaring agreed. Peyton said the budget was planning on five scans a week, but only for half a year -they were attempting to be conservative in their estimate.

Dental also dropped down, Peyton said. They added in \$125,000 in self-pay, based on the revenue in the budget. Quite a jump from last year. But she knows that the adjustments in 2018 are low, based on getting everything streamlined. Barbara said in terms of Athena billing - do you think we are up to date? Stoppler said we are up to date. Just the sequence billing still being worked through. Barbara said even if utilization did not increase by much, they would still expect an increase. Stoppler said yes - they had a better capture and would have better capture of cost report. Peyton said they had left charity care off the budget. Stoppler explained this was cases when there was nothing to collect, often from a death. There was a 2 percent increase for staff - Stoppler said this was a conservative increase. Mainwaring asked if there would be a performance bonus. Stoppler said they could look at that - but they did not have that in place. A cost of living increase has been in place, usually starting July 1.

Under employee costs, Mainwaring asked on outstanding personnel costs that we are behind on - is that reflected in the budget so that is caught up on. Peyton said they were reported as part of last year's budget. Last year, there was more in traveling expenses, because of Athena and travel staff, so that was a difference. They have also budgeted a travel day to Missoula for maintenance equipment as it is less expensive. Nursing home staff will also be having more trips that are closer to home in the future. In purchase services, a large portion is in travel - they are projecting a decrease, Peyton said. Mainwaring asked if the CT Scanner would be part of the purchase services. Stoppler said it would be. The collection fee is based on net, not gross, Peyton said. Barbara asked if the collection fee could change in terminology, to "service" fee. Peyton said that could make that

change. There is an 8 percent decrease in chargeables. There will be a slight increase in non-chargeables. Peyton foresaw advertising going down with reduced use of the Philipsburg Mail. Stoppler said they were trying to be more efficient. Utilities was an area they were trying to get into an appropriate column or bucket. Overall there will be a slight increase due to the CT Scanner. Overall operation expenses were at a 1 percent decrease. No grants were budgeted for.

The last section was a recap from the previous year, including a projected allowance for Athena. Thirteen percent of this is self-pay. Net, there is about \$1.4 in receivable funds. In short term and long term debt. Anything over 12 months is considered long-term debt. This includes a line of credit, the van, and the note payable of Madison property and the generator. Mainwaring asked what kind of hit they were taking for the short-term debts, to achieve those payments. Peyton said in theory this would come out of accounts receivable. Once we can collect on that revenue we can get that paid in full. If the net accounts receivable can be collected on, this should be able to be paid in full. Of 1.4, they were expecting to write off \$220,000 of this, Peyton said. That was just based on payer and contractual adjustments in the past. Barbara asked about the Granite Bank line of credit - Peyton said this was what was drawn in the last two years. Stoppler added that this was part of what was owed on the cost report. Crouse asked what was the total owed for the budget. Peyton said that they only budget on the upcoming year's expenses. Everything else - the accounts receivable and debt they were just discussing - is on prior years. So we don't budget for it, but for cash flow purposes it gives us an idea going forward if the previous debt can be worked through.

Barbara asked how much the dental service was costing, as the projected revenue was \$24,000. Employee costs were \$9,000. Operational costs were at \$31.5. There needed to be 40,000 to sustain that. We are losing about \$18,000 a year. The grant ended on April 30. Barbara reiterated these numbers. Both Mainwaring and Crouse said that they can't keep it open at that loss. Waldbillig said there wasn't enough traffic to keep it open. Stoppler said the grant was successful in that it brought the service to town. Stoppler said there might be a discussion on the payback of equipment. She didn't foresee any issue - Peyton said they would need the okay from the government but there should be a wash. There was a process. Proper notification would have to be given - at least 30 days; 60 most likely. Dave Lee asked if there was a way to form a partnership with the new dental clinic in town so that the current clinic operated there. Stoppler agreed that they had been interested in their equipment - Waldbillig wasn't sure there would be an issue with the equipment being funded through the grant. Peyton said she wasn't sure how much the equipment was worth. Barbara asked what the utilization was. Peyton said there had been 8 in the last two months. Mainwaring said if we could dismantle it and enhance what they did have. Barbara said they needed to seriously consider shutting it down. Stoppler said she would look into what this would take. Peyton said costs were based on previous six months.

Barbara asked Stoppler for an overall perspective on the budget: Stoppler said the majority of the expenses were fixed. Supplies, food, insurances, leases with equipment. When fully staff they must use travelers. They can cut travel, dental clinic, expenses in Drummond. Over time it will be important to poll community, that the services have the most impact. Lab, radiology is now being billed from within the office and a coding service from Athena, a save of \$14,000. They've cut back in all the places they feel they could. Barbara asked if there was any area they had overlooked, as a board. Stoppler said she would continue to look at most efficient options and keep them informed. Crouse asked for total projected budget: Revenue, net nearly \$1 million. Employee costs: \$2.2 million. Crouse asked for a total for everything. Peyton said this was \$92,000. Stoppler said this was due to increased revenue minus the expenses.

Barbara said the purpose of the meeting was to discuss the budget and the levy - and it was here that the two merged. The budget is for the next 12 months, as is the current levy. With that in mind, they had to decide how much to ask for the following levy and for how long. Before a decision was made on budget - they needed to talk about the levy. They had asked for 400,000 for three years. This was rejected for a number of reasons. Possibly because of misunderstandings that this was going towards the CT Scanner. Another reason it failed, was because it was during the primary elections and not as many voters. Last time it was 1500 voters. In the latest ones it was 1,000. Based on that, if this goes on general election ballot in November, with better voter

turnout, we need to do something to make this more powerful to the voters. We could reduce the time to two years. And the dollar amount needed to be revisited. Mainwaring asked what realistically be needed. If we went back to where we are - \$380,000 - and reduce the time to two years, Stoppler said (this would be reasonable)." She added that more education in the community might be necessary. They expected to be more necessary to the community with the CT Scanner, with 10 scans a month being projected, conservatively. Mainwaring said she was with everyone - we need the (mill levy) money, but the objective was to not need it. Ten scans a month was about \$1,000, conservatively. Barbara, Mainwaring and Crouse believed two years was sufficient. Waldbillig recommended getting on the commissioner election cycle is. Barbara said regardless of commissioner election cycle, we couldn't push it to three years. He was in favor of two. The other route would be to hold their own election; this would be mail-in. Barbara said they were somewhat up against the wall. This would need to be the commissioners by the end of the month. He personally wanted there to be a decision and then a resolution written up. Stoppler said they were looking into the legal necessity of having the commissioners approve it - if it could just go right to the county election clerk.

Mill Levy decision

Mainwaring moved to keep the amount at \$380,000 for two years. Waldbillig seconded. This passed unanimously.

Going back to the budget, Barbara said other than looking at the necessity of the dental clinic, he didn't see any other areas that would need to be adjusted. Crouse asked if anyone was in charge of medical records. Stoppler said that some accounts were still kept - this is not a full time person. This person also manages accounts payable. Mainwaring said that she wanted to move away from COLA and go towards merit-based. Barbara agreed that this was the way to go. When people know this, it is also an incentive to do better.

Proposed budget decision

Regarding the budget, Barbara entertained to accept the budget as presented. Waldbillig moved, less the \$40,000 for the dental clinic. Crouse seconded. Mainwaring added that this was a moving document. This passed unanimously.

Adjournment

Barbara entertained a motion to adjourn. This was so moved by Waldbillig and seconded by Mainwaring. The motion passed unanimously and the meeting was adjourned at 6:24 PM.

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

John Barbara (Chairman of GCHD Board of Trustees)

Date