GUNNISON VALLEY HEALTH

# Board of County Commissioners Work Session

## With GVH Board of Trustees and Executives

# May 14th, 2013

## Conversation Agenda and Materials

GUNNISON VALLEY HEALTH

**GVH and Gunnison County Work Session**
**May 14, 2013**
**Gunnison County Offices**
**Meeting Agenda**

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## Welcome and Overview

**Ronda Connaway, DSW and GVH Board Chair**

## Executive Team Update — Page 3

**Robert Santilli, Chief Executive Officer**

## Governance and Planning — Pages 4-7

**Ronda Connaway and Robert Santilli**

- **GVH Vision & Pillars of Success**
- **New Trustee Committees**

## New Services and Quality — Discussion

**Michelle Campbell, Business Development Officer and Robert Santilli**

- **Eye, Plastic, Gen Surgery & Oncology**
- **CPOE**

## First Quarter 2013 Financial Results — Pages 8-12

**Jim Barbaut, Interim CFO**

## Questions and Observations — Discussion

# GVH Executive Team

- Robert Santilli, Chief Executive Officer
- Jim Barbuat, Interim Chief Financial Officer
- Chris Evans, Chief Nursing Officer
- Wade Baker, Senior Care Center Administrator and Hospital Support
- Michelle Campbell, Chief Business Development and Marketing Officer
- Dr. John Tarr, Chief Medical Officer
- Christina Zibelli, Human Resources Director

# New Vision

As central to a vibrant, diverse and independent community
Gunnison Valley Health provides premier care to
Promote lifelong health and wellness.

## Mission:
To Improve Community Health

## Vision:
Provide premier care for lifelong wellness

## Organizational Strategy:
Prepare GVH for success in the post reform market

### Patients & Community
**Strategic initiative:** Involve and collaborate with community
**Goals:** Patient Satisfaction

**Initiatives & Tactics**

### People
**Strategic initiative:** Improve the status, morale & engagement of staff
**Goal:** Employee Engagement

**Initiatives & Tactics**

### Quality
**Strategic initiative:** Improve quality & safety
**Goal:** Best Practices

**Initiatives & Tactics**

### Finance
**Strategic Initiative:** Strong financial position by achieving the performance action plan
**Goal:** Financial Metrics

**Initiatives & Tactics**

### Growth
**Strategic Initiative:** Define& develop key service lines

**Goal:** New and expanded services

**Initiatives & tactics**

### Medical Staff
**Strategic Initiative:** Promote & improve physician hospital relations
**Goal:** Collaborate and create partnerships.

**Initiatives & Tactics**

GUNNISON VALLEY HEALTH

**Draft CHARTER**
GVH Board of Trustees
Outcomes & Best Practices Committee

**Overall Purpose / "What are we trying to Accomplish?"**
Develop strategic goals and related metrics to drive system outcomes at top decile performance of industry standards in the areas of patient satisfaction, clinical quality and safety, and employee and physician engagement consistent with the organization's vision.

**Specific Responsibilities**

- Review and learn about industry benchmarks and best practices related to Patients/Quality and People.
- Develop metrics, benchmarks and performance trends required for GVH to perform at the top decile for critical access hospitals.
- Review and recommend best practices that will help achieve top decile performance in critical areas.
- Review executive team's recommendations for the organizational scorecard, including specific metrics by pillar
- Monitor scorecard performance on a monthly basis and request action plans for areas off plan.

**Membership**

- Kirstie Pike, Chair
- Ronda Connaway, member
- Chief executive Officer
- Chief Medical Officer
- Chief Nursing Officer
- GVH Quality Coordinator

**Executive sponsor/meeting owner:**
Chief Medical Officer
Support: To Be Named

**Meeting Frequency**

- The committee shall meet monthly and more frequently as needed.

GUNNISON VALLEY HEALTH

March 2013

Charter: Strategic Planning Committee
Sponsoring Entity: GVH Board of Trustees

**Overall Purpose / "What are we trying to Accomplish?"**

In order to move the organization forward toward achievement of the vision and strategic goals the committee will guide the development of the health system strategic plan and monitor the implementation of the organization's strategic initiatives.

**Responsibilities**

- Provide input into the development of the health system strategic plan; monitor and guide its implementation:
- Review and monitor market performance and identify development opportunities that generate new revenue. Review the analysis and feasibility of growth opportunities & recommend adoption as needed inclusion within the plan.

**Specific Responsibilities**

Provide guidance and monitor achievement of the key milestones identified within the charter and related work plans for the organizational strategy and four key initiatives adopted by the Board in the February 2013 Visioning Retreat:

- Organizational strategy: *Prepare GVH for success in the post reform market*
- Strategic Initiative #1: *Identify and develop GVH key service lines and offerings*
- Strategic Initiative #3: *Involve and collaborate with the community & stakeholders*
- Strategic Initiative #4: *Improve the status, morale and engagement of staff*

**Executive Sponsor / Meeting Ownership:**

Owner: Trustee, appointed by the Board Chair
Lead executive: GVH Business Development Officer
Support: To be named

**Membership**

- Martyn Cooper, Chair
- Bull Matthews, Board Member
- Chief Executive Officer
- Administrator, Senior Services
- Human Resources Executive
- Others as needed

**Meeting Frequency**

- The committee shall meet twice monthly for six months and then monthly or bi-monthly as needed.

GUNNISON VALLEY HEALTH

**GUNNISON VALLEY HEALTH**
**CONSOLIDATED FINANCIAL STATEMENTS**
**YTD MARCH 2013**

| BALANCE SHEET | GVH | SCC | Foundation | 2013 |
|---|---|---|---|---|
| CURRENT ASSETS | | | | |
| Operating Fund Cash | 2,820,027 | 3,075,311 | 195,481 | 6,090,819 |
| Unrestricted Fund Cash & Invest | 5,484,421 | | | 5,484,421 |
| Restricted Fund Cash & Invest | 533,438 | 59,435 | 1,408,659 | 2,001,532 |
| Accounts Receivable - Gross | 6,743,720 | 697,735 | | 7,441,455 |
| Medicare Allowance | (932,192) | | | (932,192) |
| Medicaid Allowance | (376,532) | | | (376,532) |
| Other Contractual Allowances | (2,016,097) | (393,684) | | (2,409,781) |
| Net Receivables | 3,418,900 | 304,051 | | 3,722,951 |
| Inventories | 1,463,624 | 30,178 | | 1,493,802 |
| Prepaid Expenses | 600,751 | 52,133 | | 652,884 |
| TOTAL CURRENT ASSETS | 14,321,161 | 3,521,108 | 1,604,140 | 19,446,409 |
| | | | | |
| FIXED ASSETS | | | | |
| Land & Improvements | 445,966 | 170,468 | 100,000 | 716,434 |
| Buildings & Improvements | 19,305,533 | 3,815,317 | | 23,120,850 |
| Equipment & Furniture | 11,294,018 | 937,212 | 19,654 | 12,250,884 |
| Accumulated Depreciation | (14,275,568) | (2,619,103) | (16,654) | (16,911,325) |
| TOTAL FIXED ASSETS | 16,769,949 | 2,303,894 | 103,000 | 19,176,843 |
| | | | | |
| **TOTAL ASSETS** | **31,091,110** | **5,825,002** | **1,707,140** | **38,623,252** |
| | | | | |
| SHORT TERM LIABILITY | | | | |
| Accounts Payable | 153,092 | - | - | 153,092 |
| Accrued Expenses | 1,257,936 | 205,981 | | 1,463,917 |
| Accrued Payroll | - | 273,313 | | 273,313 |
| Estimated Amount Due Medicare | - | | | - |
| Current Maturities of long term debt | 1,095,803 | 81,604 | | 1,177,407 |
| TOTAL SHORT TERM LIABILITY | 2,506,831 | 560,898 | - | 3,067,729 |
| | | | | |
| LONG TERM LIABILITY | 12,076,199 | 991,438 | | 13,067,637 |
| | | | | - |
| EQUITY | | | | - |
| Current year earnings | 835,644 | 229,547 | 54,754 | 1,119,945 |
| Unrestricted Fund Balance | 15,672,436 | 4,043,119 | 1,652,386 | 21,367,941 |
| Restricted Fund Balance | | | | - |
| TOTAL EQUITY | 16,508,080 | 4,272,666 | 1,707,140 | 22,487,886 |
| | | | | |
| **TOTAL LIABILITY & EQUITY** | **31,091,110** | **5,825,002** | **1,707,140** | **38,623,252** |

GUNNISON VALLEY HEALTH

**GUNNISON VALLEY HEALTH**
**CONSOLIDATED FINANCIAL STATEMENTS**
**YTD MARCH 2013**

| INCOME STATEMENT | GVH | SCC | Foundation | 2013 |
|---|---|---|---|---|
| PATIENT REVENUE | | | | |
| Gunnison Valley Hospital | 9,624,502 | | | 9,624,502 |
| Senior Care Center | | 1,199,114 | | 1,199,114 |
| Foundation | | | 58,965 | 58,965 |
| TOTAL REVENUES | 9,624,502 | 1,199,114 | 58,965 | 10,882,581 |
| | | | | |
| REVENUE DEDUCTIONS | | | | |
| Bad Debt | 348,759 | - | | 348,759 |
| Medicare/Medicaid | 2,016,305 | | | 2,016,305 |
| Contactual Adjustments | 898,823 | (3,923) | | 894,900 |
| Charity Care | 501,202 | | | 501,202 |
| Other | 19,520 | | | 19,520 |
| TOTAL REVENUE DEDUCTIONS | 3,784,609 | (3,923) | - | 3,780,686 |
| | | | | |
| OTHER OPERATING REVENUE | 38,114 | 28,700 | | 66,814 |
| | | | | |
| NET OPERATING REVENUE | 5,878,007 | 1,231,737 | 58,965 | 7,168,709 |
| | | | | |
| OPERATING EXPENSE | | | | |
| Salaries | 1,915,021 | 746,938 | - | 2,661,959 |
| Benefits | 321,993 | 111,836 | | 433,829 |
| Prof Fees | 691,728 | - | | 691,728 |
| Travel and Education | 22,418 | 12,865 | - | 35,283 |
| Purchased Services | 610,917 | 123,708 | 4,165 | 738,790 |
| Supplies | 747,340 | 96,774 | 46 | 844,160 |
| Insurance | 54,827 | 13,365 | | 68,192 |
| Depreciation | 355,217 | 46,569 | - | 401,786 |
| Interest Expense | 116,790 | 7,458 | | 124,248 |
| Other | 231,466 | 21,380 | - | 252,846 |
| TOTAL OPERATING EXPENSE | 5,067,717 | 1,180,893 | 4,211 | 6,252,821 |
| | | | | |
| **NET INCOME (LOSS) FROM OPERATIONS** | **810,290** | **50,844** | **54,754** | **915,888** |
| NON-OPERATING | | | | |
| Income - Tax Levy | | 177,392 | | 177,392 |
| Income - Interest | 8,971 | 968 | | 9,939 |
| Income - Other | 1,350 | - | | 1,350 |
| Restricted Donations | 15,702 | 350 | | 16,052 |
| Grant Revenue | | - | | - |
| Other Non Operating Expense/Revenue | 653 | | | 653 |
| Loss on Disposal of Assets | - | | | - |
| Expense - Other | - | - | - | - |
| TOTAL NON-OPERATING | 25,370 | 178,710 | - | 204,080 |
| **INCREASE/(DECREASE) IN UNRESTRICTED FUND BALANCE** | **835,660** | **229,554** | **54,754** | **1,119,968** |
| TOTAL MARGIN | | | | 15.62% |
| OPERATING MARGIN | | | | 12.78% |

**GUNNISON VALLEY HOSPITAL**
**FINANCIAL STATEMENTS**
**AS OF: March 2013**

| BALANCE SHEET | 2012 | YTD 2013 |
|---|---|---|
| CURRENT ASSETS | | |
| Operating Fund Cash | 1,601,060 | 2,820,027 |
| Unrestricted Fund Cash & Invest | 5,404,012 | 5,484,421 |
| Restricted Fund Cash & Invest | 530,952 | 533,438 |
| Accounts Receivable - Gross | 6,682,670 | 6,743,720 |
| Medicare Allowance | (656,982) | (932,192) |
| Medicaid Allowance | (254,882) | (376,532) |
| Other Contractual Allowances | (1,965,628) | (2,016,097) |
| Net Receivables | 3,805,178 | 3,418,900 |
| Inventories | 1,458,539 | 1,463,624 |
| Other Receivables | | |
| Prepaid Service Contract | | |
| Prepaid Expenses | 558,636 | 600,751 |
| TOTAL CURRENT ASSETS | 13,358,377 | 14,321,161 |
| | | |
| FIXED ASSETS | | |
| Land & Improvements | 445,966 | 445,966 |
| Buildings & Improvements | 19,282,275 | 19,305,533 |
| Equipment & Furniture | 11,187,011 | 11,294,018 |
| Accumulated Depreciation | (13,920,350) | (14,275,568) |
| TOTAL FIXED ASSETS | 16,994,902 | 16,769,949 |
| | | |
| TOTAL ASSETS | 30,353,279 | 31,091,110 |
| | | |
| SHORT TERM LIABILITY | | |
| Accounts Payable | 134,510 | 153,092 |
| Accrued Expenses | 1,174,381 | 1,257,936 |
| Accrued Payroll | | |
| Estimated Amount Due Medicare | | |
| Current Maturities of long term debt | 1,092,749 | 1,095,803 |
| TOTAL SHORT TERM LIABILITY | 2,401,640 | 2,506,831 |
| | | |
| LONG TERM LIABILITY | 12,279,202 | 12,076,199 |
| | | |
| EQUITY | | |
| Current year earnings | (123,486) | 835,644 |
| Unrestricted Fund Balance | 15,795,923 | 15,672,436 |
| Restricted Fund Balance | | |
| TOTAL EQUITY | $15,672,437 | $16,508,080 |
| | | |
| TOTAL LIABILITY & EQUITY | $30,353,279 | $31,091,110 |

**GUNNISON VALLEY HOSPITAL**
**FINANCIAL STATEMENTS**
**AS OF: March 2013**

| | Mar-13 | Mar Bud | YTD 2013 | YTD Bud | % Var Bud | YTD 2012 | % Var '12 |
|---|---|---|---|---|---|---|---|
| **INCOME STATEMENT** | | | | | | | |
| PATIENT REVENUE | | | | | | | |
| Inpatient Services | 684,257 | 834,383 | 1,912,596 | 1,903,881 | 0.46% | 2,108,299 | -9.3% |
| Outpatient Services | 1,522,911 | 1,498,304 | 4,808,661 | 4,164,715 | 15.46% | 3,245,471 | 48.2% |
| Emergency Room | 444,783 | 659,318 | 1,352,904 | 1,786,474 | -24.27% | 1,384,430 | -2.3% |
| Observation | 176,574 | 321,932 | 433,838 | 718,114 | -39.59% | 403,215 | 7.6% |
| Swing Bed | 15,513 | 114,378 | 310,395 | 241,187 | 28.69% | 223,466 | 38.9% |
| Professional Fees | 250,848 | 387,279 | 806,108 | 1,019,130 | -20.90% | 1,490,596 | -45.9% |
| TOTAL PATIENT REVENUE | 3,094,886 | 3,815,594 | 9,624,502 | 9,833,501 | -2.13% | 8,855,477 | 8.7% |
| REVENUE DEDUCTIONS | | | | | | | |
| Bad Debt | 61,248 | 145,482 | 348,759 | 374,932 | -7.0% | 310,721 | 12.2% |
| Medicare/Medicaid | 586,736 | 775,222 | 2,016,305 | 1,997,701 | 0.9% | 1,616,324 | 24.7% |
| Contactual Adjustments | 334,682 | 353,199 | 898,823 | 910,199 | -1.2% | 798,066 | 12.6% |
| Charity Care | 256,256 | 196,615 | 501,202 | 506,724 | -1.1% | 655,937 | -23.6% |
| Other | 3,496 | 32,871 | 19,520 | 84,724 | -77.0% | 155,550 | -87.5% |
| TOTAL REVENUE DEDUCTIONS | 1,242,418 | 1,503,389 | 3,784,609 | 3,874,280 | -2.3% | 3,536,598 | 7.0% |
| OTHER OPERATING REVENUE | 10,538 | 11,059 | 38,114 | 36,977 | 3.1% | 47,143 | -19.2% |
| NET OPERATING REVENUE | 1,863,006 | 2,323,264 | 5,878,007 | 5,996,198 | -2.0% | 5,366,022 | 9.5% |
| OPERATING EXPENSE | | | | | | | |
| Salaries | 673,286 | 661,176 | 1,915,021 | 1,916,987 | -0.1% | 2,092,118 | -8.5% |
| Benefits | 119,608 | 136,294 | 321,993 | 408,260 | -21.1% | 513,651 | -37.3% |
| Prof Fees | 230,954 | 270,394 | 691,728 | 793,260 | -12.8% | 1,058,003 | -34.6% |
| Travel and Education | 8,308 | 7,831 | 22,418 | 42,695 | -47.5% | 39,407 | -43.1% |
| Purchased Services | 168,200 | 240,563 | 610,917 | 689,686 | -11.4% | 635,388 | -3.9% |
| Supplies | 251,988 | 315,820 | 747,340 | 866,694 | -13.8% | 832,376 | -10.2% |
| Insurance | 16,629 | 18,000 | 54,827 | 54,000 | 1.5% | 46,089 | 19.0% |
| Depreciation | 119,243 | 131,638 | 355,217 | 394,911 | -10.1% | 374,123 | -5.1% |
| Interest Expense | 39,410 | 51,299 | 116,790 | 153,897 | -24.1% | 148,888 | -21.6% |
| Other | 75,377 | 91,719 | 231,466 | 270,604 | -14.5% | 240,131 | -3.6% |
| TOTAL OPERATING EXPENSE | 1,703,003 | 1,924,734 | 5,067,717 | 5,590,994 | -9.4% | 6,011,112 | -15.7% |
| **NET INCOME (LOSS) FROM OPERATIONS** | **160,003** | **398,530** | **810,290** | **405,204** | | **(645,090)** | |
| NON-OPERATING | | | | | | | |
| Income - Interest | 5,390 | 4,000 | 8,971 | 12,000 | -25.2% | 11,589 | -22.6% |
| Income - Other | 1,350 | 3,000 | 1,350 | 6,000 | 0.0% | - | 0.0% |
| Restricted Donations* | | 100 | 15,702 | 300 | 0.0% | - | 0.0% |
| Other Non Operating Expense | 685 | 1,669 | 653 | 5,004 | -87.0% | (1,665) | 139.2% |
| Loss on Disposal of Assets | | | 0 | | 0.0% | - | 0.0% |
| TOTAL NON-OPERATING | 6,055 | 5,431 | 25,370 | 13,296 | 90.8% | 13,254 | |
| INCREASE/(DECREASE) IN UNRESTRICTED FUND BALANCE | **166,058** | **403,961** | **835,660** | **418,500** | | **(631,836)** | |
| TOTAL MARGIN | 8.91% | 17.39% | 14.22% | 6.98% | | -11.77% | |
| OPERATING MARGIN | 8.59% | 17.15% | 13.79% | 6.76% | | -12.02% | |

**GUNNISON VALLEY HOSPITAL**
**FINANCIAL STATEMENTS**
**AS OF: March 2013**

| KEY STATISTICS | Mar-13 | Mar Bud | YTD 2013 | YTD Bud | % Var Bud | YTD 2012 | % Var '12 |
|---|---|---|---|---|---|---|---|
| Inpatient Days | 122 | 179 | 339 | 404 | -16.1% | 402 | -15.7% |
| Average Daily Census | 3.9 | 5.6 | 3.8 | 4.5 | -16.1% | 6 | -32.7% |
| Admissions | 48 | 66 | 139 | 164 | -15.2% | 161 | -13.7% |
| Avg. Length of Stay | 1.5 | 1.9 | | 2.5 | -100.0% | 2 | -100.0% |
| Percent Occupancy | 16.40% | 21.40% | 15.2% | 14.20% | 7.0% | 23 | -99.3% |
| Births | 13 | 10 | 32 | 27 | 18.5% | 27 | 18.5% |
| Swing Bed Days | 6 | 77 | 137 | 119 | 15.1% | 118 | -100.0% |
| Observation Patients | 35 | 44 | 88 | 93 | -5.4% | 93 | -5.4% |
| Lab Exams | 8,251 | 11,736 | 25,940 | 29,717 | -12.7% | 28,966 | -10.4% |
| EMS Patients | 53 | 58 | 157 | 198 | -20.7% | 151 | 4.0% |
| ER Visits | 395 | 488 | 1,145 | 1,245 | -8.0% | 1,175 | -2.6% |
| Cardiopulmonary Exams | 203 | 580 | 775 | 1,385 | -44.0% | 1,293 | -40.1% |
| X-Ray Exams | 560 | 489 | 1,276 | 1,346 | -5.2% | 1,274 | 0.2% |
| Ultrasound Exams | 90 | 100 | 287 | 358 | -19.8% | 354 | -18.9% |
| Mammo Exams | 172 | 196 | 580 | 590 | -1.7% | 590 | -1.7% |
| CT Scan Exams | 120 | 172 | 357 | 481 | -25.8% | 472 | -24.4% |
| MRI Exams | 72 | 84 | 220 | 241 | -8.7% | 241 | -8.7% |
| Physical Therapy Patients | 501 | 547 | 1,361 | 1,530 | -11.0% | 1,843 | -26.2% |
| Physical Therapy Modalities | 1,548 | 1,679 | 4,216 | 4,986 | -15.4% | 6,038 | -30.2% |
| CB Clinic Patients | 143 | 152 | 328 | 450 | -27.1% | 450 | -27.1% |
| CB Clinic Modalities | 573 | 590 | 1,313 | 1,655 | -20.7% | 1,655 | -20.7% |
| Occup Therapy Patients | 68 | 86 | 326 | 276 | 18.1% | 377 | -13.5% |
| Occup Therapy Modalities | 182 | 221 | 844 | 700 | 20.6% | 851 | -0.8% |
| Anesthesia Stats | 76 | 99 | 265 | 301 | -12.0% | 247 | 7.3% |
| Surgery - Inpatient | 20 | 40 | 67 | 94 | -28.7% | 90 | -25.6% |
| Surgery - Outpatient | 61 | 83 | 203 | 235 | -13.6% | 198 | 2.5% |