AGENDA ITEM or FINAL CONTRACT REVIEW SUBMITTAL FORM

Agenda Item: Gunnison Valley Health Board of Trustees Quarterly

Action Requested:

Parties to the Agreement:

Term Begins: **Term Ends:** **Grant Contract #:**

Summary:

Please see attached submitted by GVH

Fiscal Impact:

Submitted by: Josh Ost **Submitter's Email Address:** jost@gunnisoncounty.org

Finance Review: ○ Required ◉ Not Required

Comments:

Reviewed by: Discharge Date:

County Attorney Review: ○ Required ◉ Not Required

Comments:

Reveiwed by: Discharge Date: Certificate of Insurance Required

Yes ○ No ○

County Manager Review:

Comments:

Reveiwed by: GUNCOUNTY1\mbirnie Discharge Date: 9/22/2017

○ Consent Agenda ○ Regular Agenda ○ Worksession Time Allotted: 1 hour

Agenda Date: 9/26/2017

Revised April 2015

GUNNISON VALLEY HEALTH

GVH and BOCC Work Session
Tuesday, September 26, 2017
8:30 a.m. to 10:00 a.m. / BOCC Boardroom – Courthouse

AGENDA

For Gunnison Valley Health:

- Rob Santilli, CEO
- Thomas Harvey, CFO

Conversation Outline

I. Opening Comments & Introductions — Rob Santilli

II. Board Strategic Planning — Rob Santilli

III. Operational Items — Rob Santilli

- Nursing Home Administrator and Director of Nursing
- Affinity Broadband Redundancy
- WSCU Proposal
- Housing
- Health Department Space
- County Benefits Program
- Press Ganey National Presentation

IV. Finance — Thomas Harvey

- July Financials
- SCC financing

V. Strategic — Rob Santilli

- Senior Care Center Development
- TETWP Radiation Therapy Service
- West Central Public Health and Regional Hospital Community Needs Assessment
- Medical Arts Facility

VI. Commissioner Questions and Observations

GUNNISON VALLEY HEALTH

Operation review

Period Ending July 31, 2017

COMBINED OVERVIEW:

The combined financials for the month of July show an increase in Net Income of $10,963 above budget and $190,404 above prior year. YTD, net income shows a $2,926,711 increase over budget and a $1,334,113 increase over prior year.

	MONTH TO DATE						
	Net Income	Budget	Var	% Var	P/Y	Var	% Var
GVH	$ 734,853	$ 828,627	$ (93,774)	-11.3%	$ 691,005	$ 43,848	6.3%
SCC	$ 159,193	$ 71,697	$ 87,496	122.0%	$ 13,601	$ 145,592	1070.4%
Hospice	$ (9,877)	$ (14,318)	$ 4,441	31.0%	$ (9,691)	$ (186)	-1.9%
Home Health	$ (17,135)	$ (12,537)	$ (4,598)	-36.7%	$ (16,532)	$ (603)	-3.6%
Assisting Living	$ 6,957	$ 6,385	$ 572	9.0%	$ (7,928)	$ 14,886	187.8%
Foundation	$ 16,826	$ -	$ 16,826	100.0%	$ 29,958	$ (13,132)	-43.8%
Grand Total	$ 890,817	$ 879,854	$ 10,963	1.2%	$ 700,414	$ 190,404	27.2%

	YEAR TO DATE						
	Net Income	Budget	Var	% Var	P/Y	Var	% Var
GVH	$5,559,845	$ 2,953,791	$2,606,054	88.2%	$4,458,854	$ 1,100,991	24.7%
SCC	$ 797,210	$ 609,452	$ 187,758	30.8%	$ 650,022	$ 147,188	22.6%
Hospice	$ (53,841)	$ (85,625)	$ 31,784	37.1%	$ (52,522)	$ (1,318)	-2.5%
Home Health	$ (87,370)	$ (93,719)	$ 6,349	6.8%	$ (126,517)	$ 39,147	30.9%
Assisting Living	$ 47,687	$ 37,981	$ 9,706	25.6%	$ 38,449	$ 9,239	24.0%
Foundation	$ 85,059	$ -	$ 85,059	100.0%	$ 46,193	$ 38,866	84.1%
Grand Total	$6,348,591	$ 3,421,880	$2,926,711	85.5%	$5,014,479	$ 1,334,113	26.6%

DEBT SERVICE COVERAGE RATIO - The Debt Service Coverage Ratio at the end of July is 6.40. The bond covenant requires GVH to keep a debt service ratio of 2.00 as of July 2015.

DAYS CASH ON HAND - The cash on hand is 327 days compared to the bond covenant requirement of 150 days. The days' cash on hand does not include the Foundation.

INPATIENT VOLUMES – Admissions were 17 below budget and 8 below prior year for July.

OUTPATIENT VOLUMES – Outpatient visits for July were 606 visits below budget and 22 above the prior year; YTD, outpatient visits were 1,844 above budget and 1,175 above prior year. Emergency room visits were 40 below budget and 31 above the prior year; YTD, ER visits were 271 above budget and 187 above prior year.

7/31/2016	CY	Bgt	Var.	% Var.	PY	Var.	% Var.
Outpatient Visits	4,459	5,065	(606)	-12.0%	4,437	22	0.5%
Radiology	1,330	1,543	(213)	-13.8%	1,520	(190)	-12.5%
Laboratory	8,153	8,029	124	1.5%	7,452	701	9.4%
YTD	CY	Bgt	Var.	% Var.	PY	Var.	% Var.
Outpatient Visits	28,448	26,604	1,844	6.9%	27,273	1,175	4.3%
Radiology	9,000	8,509	491	5.8%	9,241	(241)	-2.6%
Laboratory	49,483	44,464	5,019	11.3%	45,758	3,725	8.1%

Gross Outpatient revenues were $388,979 above budget and $667,549 above prior year.

The orthopedic surgeries performed during the month of July showed 47 compared to 60 for the prior year.

2017	Griggs	Elfenbien	Schutt	Chamberland	Biem	Moore	Oster	Clifton	Total
Surgeries as %	43%	26%	0%	0%	17%	0%	0%	15%	100%
Surgeries	20	12	0	0	8	0	0	7	47

2016	Griggs	Elfenbien	Schutt	Chamberland	Biem	Moore	Oster	Clifton	Total
Surgeries as %	37%	23%	2%	8%	18%	0%	0%	12%	100%
Surgeries	22	14	1	5	11	0	0	7	60

OTHER OPERATING REPORTS:

SENIOR CARE CENTER

	MONTH TO DATE							
	Unit	C/M	Bgt	Var	% Var	PY	Var	% Var
SCC	Days	1,317	1,240	77	6.2%	1,332	(15)	-1.1%
H/H	Census	35	44	(9)	-20.5%	48	(13)	-27.1%
A. Living	Days	465	434	31	7.1%	463	2	0.4%
Hospice	Days	63	62	1	1.6%	35	28	80.0%
Palliative	Days	154	155	(1)	-0.6%	172	(18)	-10.5%

	YEAR TO DATE							
	Unit	C/M	Bgt	Var	% Var	PY	Var	% Var
SCC	Days	9,325	8,704	621	7.1%	8,715	610	7.0%
H/H	Census	71	88	(17)	-19.3%	94	(23)	-24.5%
A. Living	Days	3,079	3,008	71	2.4%	3,012	67	2.2%
Hospice	Days	347	481	(134)	-27.9%	412	(65)	-15.8%
Palliative	Days	1,041	1,280	(239)	-18.7%	764	277	36.3%

SENIOR CARE CENTER

Patient days in Senior Care were 77 days above budget and 15 days below prior year. Net operating revenues show an increase over budget of approximately $27K and an increase of approximately $6.5K from prior year. Expenses show a decrease of approximately $15K compared to budget and a decrease of approximately $143K compared to prior year.

HOME MEDICAL SERVICES

Census for home health was 9 below budget and 13 below prior year.

The net operating revenue for Home Medical Services was unfavorable approximately $5K compared to budget and was approximately $3K unfavorable compared to prior year. Total operating expenses were consistent with budget and unfavorable $2K to prior year. The net income for home health was unfavorable $5K from budget consistent with prior year.

The Gunnison Consolidated Living Community's net income from operations for July was favorable to budget $90K and was $159K favorable to prior year for July.

GUNNISON VALLEY HOSPITAL
OPERATING/INCOME STATEMENT 08/17/17 06:52 AM
FOR THE 7 MONTHS ENDING 07/31/17

	SINGLE MONTH				YEAR TO DATE			
	ACTUAL	BUDGET	$ VARIANCE	% VAR	ACTUAL	BUDGET	$ VARIANCE	% VAR
PATIENT REVENUE								
INPATIENT	930,327	948,917	(18,589)	(1)	6,561,565	6,149,264	412,301	6
OUTPATIENT	2,590,011	2,685,690	(95,678)	(3)	18,882,236	16,273,151	2,609,085	16
EMERGENCY ROOM	1,606,994	1,130,606	476,388	42	7,353,987	5,237,882	2,116,105	40
OBSERVATION	312,702	333,872	(21,169)	(6)	1,545,898	1,728,391	(182,492)	(10)
SWING	170,845	87,553	83,292	95	1,041,163	939,439	101,724	10
PROFESSIONAL FEE	793,061	837,789	(44,727)	(5)	4,795,402	4,517,306	278,096	6
CB MTN CLINIC	156,277	101,057	55,220	54	998,936	766,118	232,818	30
GVHFM	225,607	206,653	18,954	9	1,354,141	1,578,352	(224,210)	(14)
TOTAL PATIENT	6,785,827	6,332,137	453,690	7	42,533,331	37,189,903	5,343,428	14
REVENUE DEDUCTIONS								
MEDICARE	(1,250,272)	(940,643)	(309,629)	(32)	(7,693,600)	(5,418,279)	(2,275,321)	(41)
MEDICAID	(681,272)	(609,845)	(71,427)	(11)	(3,779,243)	(3,564,924)	(214,319)	(6)
COMMERCIAL	(730,008)	(706,006)	(24,002)	(3)	(4,656,544)	(3,933,158)	(723,386)	(18)
CHARITY	(21,732)	(66,748)	45,015	67	(401,709)	(467,236)	65,526	14
OTHER	(30,386)	(15,620)	(14,766)	(94)	(173,518)	(88,898)	(84,620)	(95)
BAD DEBT	(542,888)	(150,796)	(392,092)	(260)	(904,877)	(1,055,572)	150,694	14
TOTAL REVENUE	(3,256,560)	(2,489,658)	(766,902)	(30)	(17,609,494)	(14,528,067)	(3,081,427)	(21)
OTHER OPERATING	51,517	31,344	20,173	64	164,382	241,843	(77,460)	(32)
NET OPERATING	3,580,783	3,873,823	(293,039)	(7)	25,088,219	22,903,679	2,184,540	9
OPERATING EXPENSES								
SALARIES	1,290,834	1,208,360	(82,474)	(6)	8,702,612	8,458,520	(244,092)	(2)
CONTRACT LABOR	31,615	1,958	(29,657)	(1514)	195,246	13,706	(181,540)	(1324)
BENEFITS	230,408	432,428	202,019	46	1,863,100	2,049,517	186,416	9
PROFESSIONAL FEE	185,736	302,884	117,147	38	1,580,418	1,973,083	392,664	19
TRAVEL AND EDUCA	29,455	26,211	(3,244)	(12)	147,240	189,881	42,640	22
PURCHASED SERVIC	304,571	317,100	12,528	3	1,934,940	2,124,657	189,716	8
SUPPLIES	534,882	445,963	(88,919)	(19)	3,165,988	2,920,957	(245,031)	(8)
INSURANCE	31,004	30,927	(77)	(0)	173,419	216,489	43,069	19
DEPRECIATION/AMO	149,386	143,745	(5,641)	(3)	881,730	1,006,215	124,484	12
INTEREST	23,588	29,657	6,068	20	184,428	207,599	23,170	11
OTHER	135,440	132,523	(2,917)	(2)	1,000,229	912,322	(87,907)	(9)
TOTAL OPERATIN	2,946,925	3,071,756	124,830	4	19,829,356	20,072,946	243,589	1
NON OPERATING REV (EXP)								
INVESTMENT INCOM	51,341	16,083	35,258	219	239,931	112,581	127,350	113
DONATIONS	49,210	10,477	38,733	369	52,142	10,477	41,665	397
OTHER NON OPERAT	442	0	442	0	8,908	0	8,908	0
TOTAL NON OPER	100,995	26,560	74,435	280	300,982	123,058	177,924	144
TOTAL EXPENSE	2,845,930	3,045,196	199,265	6	19,528,374	19,949,888	421,513	2
NET PROFIT (LO	734,853	828,627	(93,773)	(11)	5,559,845	2,953,791	2,606,054	88

Gunnison Valley Hospital Variances

Revenue:

We inquired of Sherilyn Skokan, ER Director, and Melinda Sandgren, UR Supervisor, why ER revenue was over budget by $476K. They reviewed the ER charges and logs for the month which indicated that there were a high number of high acuity ER patients that had to be stabilized and transferred out and a high number of ER trauma patients. The ER and ancillary departments which are attached to ER revenue on the financial statements were all over budget for the ER gross revenue line item as follows:

Operating Room	$32,321
ER	$172,381
Laboratory	$67,069
Radiology	$24,917
Pharmacy	$64,167
Cat Scan	$85,843
	$446,698

These over budget positions seem reasonable based on the explanation we were given of a high number of high acuity ER patients that had to be stabilized and transferred out and a high number of ER trauma patients during the month.

Bad Debt:

Through June, our bad debts per month were sporadic and untimely due to the poor performance of AR Services, Inc., the outside vendor who handles our early out program and uninsured accounts. Patient accounts are supposed to go to bad debts after 120 days from the date of service, but we feel that AR Services was holding the accounts longer before writing them off as bad debts and sending them to the collection agency in order to make more fees as the bad debt process through June was manual. At the beginning of July, the bad debt process was changed to an automated process where the patient accounts were automatically moved to bad debt and sent to the collection agency 120 days from the date of service. We now receive a listing of these bad debt accounts from AR services on a monthly basis and post them to our system. We feel that the large amount of bad debts in July ($543K) is the direct result of the new automated process and serves as a catch up to our YTD budget. YTD through May we were $737K favorable to budget; YTD through June we were $543K favorable to budget and YTD through July we are $151K favorable to budget. It will be interesting to see what our bad debts are for August. If they are high once again, this may be indicative of poor performance, and we may have to consider bringing the early out program and uninsured patient accounts in house or finding another vendor.

AR Allowances:

As of May 31 of last year CLA performed an AR allowance review for GVH. The results of that review indicated that our AR should be allowed at 55%. When we completed our allowance calculations for July, our AR was only allowed at 52%. As such, we booked an additional allowance of $397K in order to bring us up to 55%. Our goal is to remain between 55% and 60% at all times. Due to this additional allowance, our revenue deductions as a percentage of gross revenue for July are 48% compared to our normal run rate of 39-40%. Most of the additional allowance is reflected on the income statement in

Medicare revenue deductions which are over budget by $310K. CLA is scheduled to perform an AR allowance review this year for the period ending May 31. The field work for this project will primarily be completed during the month of September.

Contract Labor:

Lab	= $18,600 - One technician position that is expected to last until October while director recruits for the position.
Imaging	= $8,400 – One technologist position that is expected to last until September
Labor & Delivery	= $2,000 – Traveling nurse that is expected to continue until October

Profees:

Favorable to run rate as Imaging was favorable $47K; OB was favorable $2K; Hospitalist favorable $9K; ER Physicians $10K favorable from budget; Physician Guarantee favorable $50K anesthesia, but consistent with run rate

Purchased Services:

Favorable to budget $12K due to multiple departments having non-material favorable variances

Depreciation:

At time of budget the precise timing of purchases was not determined; therefore the budget number is based on straight line across twelve months.

Investments:

Favorable to budget $35K due to gains in the Wells Fargo account $22K and Bank of the West account for $25K

Donations favorable $39K due to receipt of 2 grants (general @ $5K and EMS @ $44K)

GUNNISON LIVING COMMUNITY
OPERATING / INCOME STATEMENT 08/11/17 08:07 AM
FOR THE 7 MONTHS ENDING 07/31/17

	SINGLE MONTH				YEAR TO DATE			
	ACTUAL	BUDGET	$ VARIANCE	% VAR	ACTUAL	BUDGET	$ VARIANCE	% VAR
PATIENT REVENUE								
HEALTH CARE CENT	368,126	313,984	54,142	17	2,563,795	2,198,397	365,398	16
HOSPICE/HM HEALT	49,231	58,718	(9,486)	(16)	343,269	339,257	4,012	1
ASSISTED LIVING	48,135	48,728	(592)	(1)	329,886	329,075	811	0
TOTAL PATIENT	465,493	421,430	44,063	10	3,236,952	2,866,729	370,223	12
REVENUE DEDUCTIONS								
C/A	(8,421)	10,256	(18,677)	(182)	(40,667)	71,792	(112,459)	(156)
C/A - HOSPICE	0	(1,817)	1,817	100	587	(17,340)	17,927	103
C/A - HOME HEALT	5,149	659	4,490	681	30,338	3,392	26,946	794
BAD DEBT	0	(494)	494	100	0	(3,458)	3,458	100
TOTAL REVENUE	3,272	(8,604)	(11,876)	(138)	9,741	(54,386)	(64,127)	(117)
OTHER OPERATING	1,141	(7,836)	(8,977)	(114)	(34,763)	(54,852)	(20,088)	(36)
NET OPERATING	461,079	437,870	23,209	5	3,261,973	2,975,967	286,006	9
OPERATING EXPENSES								
SALARIES	307,562	273,017	(34,545)	(12)	1,884,261	1,809,083	(75,178)	(4)
CONTRACT LABOR	7,218	0	(7,218)	(0)	322,143	0	(322,143)	(0)
BENEFITS	27,767	75,579	47,811	63	363,943	529,053	165,109	31
TRAVEL AND EDUCA	2,410	4,416	2,005	45	17,454	29,804	12,349	41
PURCHASED SERVIC	26,071	38,276	12,204	31	200,426	281,584	81,157	28
SUPPLIES	38,552	36,151	(2,401)	(6)	223,185	257,135	33,949	13
RENT/LEASE	6,524	6,542	17	0	47,936	45,805	(2,131)	(4)
INSURANCE	6,775	6,959	183	2	47,633	48,713	1,079	2
DEPRECIATION	11,991	13,331	1,339	10	86,535	93,317	6,781	7
INTEREST	1,429	1,855	425	22	11,305	12,985	1,679	12
OTHER	9,735	6,860	(2,875)	(41)	60,917	48,254	(12,663)	(26)
TOTAL OPERATIN	446,038	462,986	16,947	3	3,265,744	3,155,733	(110,011)	(3)
NON OPERATING REV (EXP)								
PROPERTY TAX REV	127,484	80,008	47,476	59	681,330	671,843	9,487	1
INVESTMENT INCOM	3,837	1,578	2,259	143	23,790	11,046	12,744	115
TOTAL NON OPER	131,322	81,586	49,736	60	705,120	682,889	22,231	3
TOTAL EXPENSE	(314,716)	(381,400)	66,683	17	(2,560,624)	(2,472,844)	(87,780)	(3)
NET PROFIT (LO	146,363	56,470	89,893	159	701,349	503,123	198,226	39

Senior Care Center Variances

Salaries:

Unfavorable to budget $34K due to training of 14 CNAs

Contract Labor:

Contract CNA 1 CNAs @ $7K

Travel CNA ended on July 9th due to the training of additional CNAs.

Benefits:

Favorable to budget $48K due to lower than expected costs in employee health insurance

1. Favorable claims for insurance paid;
2. Favorable reduction of charge lag accrual of $25K;
3. Reversal of prior month accrual of $14K

Purchased Services:

Favorable to budget $12K due to lower than budgeted usage in R&M ($2K), Occupational and Physical Therapies ($3K), and a general decline in overall purchases (minor amounts across multiple departments)