



## **CEO Report June 23, 2010**

1. Revenue Cycle Update
  - a. The Admissions reorganization now has filled 4 positions, Patient Financial Counselor, Admissions Representative, Admissions Supervisor, and Billing Team Leader. A neutral impact on total department hours.
  - b. We are reaching out to past patients (600+) who have not registered in our clinics or hospital over the past year. An inviting marketing program will be distributed in early July.
  - c. A customer service training program is underway for the Admissions Department and will then be rolled out to the entire staff.
2. The Teton Valley Hospital Foundation is being asked to set a fundraising goal of \$350,000 per year for next 3 years. FY 2011, 2012, 2013. This will supplement long term operating income to build a stronger Capital Replacement Strategy. A revised Capital Needs list will be developed for the July BOT meeting in preparation of the FY 2011 Budget.
3. Audit recommendations for Foundation bookkeeping (Attachment).
4. Clinic Operations
  - a. Victor patient visits, 293 in Mar. 199 in Apr. 263 in May.
  - b. Driggs patient visits, 1161 in Mar. 1007 in Apr. 903 in May.
  - c. Visiting Specialist activity, 87 in Mar. 99 in Apr. 69 in May.
  - d. General surgery and clinic schedules for Dr.s Waterhouse and Rosenberg begin 6/24, 7/2, 7/22, 8/5, 8/19. Pain Clinic schedules with Dr. Zoe begin 6/25, 7/16, 7/30, 8/13, 8/27. Dr. Zoe's first clinic day is already booked. This addition to the Pain Clinics gives us weekly coverage. All pending Credentialing completion approval by BOT.
5. TVHC Financial Summary.
  - a. Net Revenue for May was \$581,741 compared to \$1,279,849. This dramatic revenue drop was due to an approved one time retro billing of \$587,612 in May 09. Comparable revenue between 2010 and 2009 is at the same trend levels experienced in April. Our Auditors, DZA noted similar results for the spring season in several regional hospitals. Year to date we have had 4 months with a net operating profit and 4 months with a net operating loss.



- b. The balance of the year, June, July, Aug and Sept. show potential to break even or have a small operating profit. Efforts will continue to review operating costs and develop new visiting specialist surgical volumes.
6. Teton Valley Health Care planning schedule for next Budget year. (Attachment)
7. A revised Strategic Plan was brought to a draft format with the help of 27 team members on Saturday June 5<sup>th</sup>. The BOT Committee's will fine tune and distribute to the management team for use in the 2011 Budget development after the June BOT meeting. .
8. The Employee Engagement Survey Update. The first Focus Group meeting was Friday June 11 with ten front line staff volunteers who have decided on two areas of focus a. I have the tools, equipment and information to perform my job effectively. b. I receive recognition for excellent work and feel valued as an employee.
9. BMH Consulting Report, Staff activity for March, April, May. (handout).
10. The Foundation approved funding for BHC furniture, CT education for 2 Radiology Technicians and a hand held Blood Gas/Electrolyte Panel tester for nursing departments. Total financial support of \$14,800.
11. The Noridian Medicare Field Audit was completed with a Pre-Exit conference Friday, June 18. The Final Exit Conference will complete the 2008 Cost Report on or before August 10, 2010.



**CEO Report  
Foundation Audit Plan  
June 16, 2010**

**Teton Valley Hospital's Accounting Department responsibilities to improve the accounting functions as recommended by Rudd & Co., and Dingus, Zarecor and Associates.**

1. Recognition of In-Kind Contributions from TVHC to TVHF. Posting by Controller beginning July 1, 2010.
  - a. Business office posting and payment time for payroll, vendors, banking deposits. Calculate value Hourly Rate x Average Hours per Month or Actual Hours per Month.
  - b. Marketing Department time for advertising plans, creation and public relations activity. Calculate same as a.
  - c. Human Resource Department recruiting time, training time, and benefits administration. Calculate same as a.
2. Donation of Equipment to TVHC by TVHF. Journal entries will be entered as a donation expense to TVHF and conversely for TVHC, as revenue on the books in a corresponding amount.
3. Accrual of Accounts Payable. Develop a plan by July to phase out independent bookkeeping service and move service to Hospital Accounting function. This will reduce the audit time and reorganize journal entries consistent with TVHC accounting policies. Post expenses in month incurred and not in month paid. At year end Sept. 30<sup>th</sup> cutoff, accruals can be reduced by holding open year end to capture most A/P's. Time to hold open cutoff to be determined.
4. Recognition of Program Expenses. Track program income separate from expenses to present more accurate accounting of net income or loss.
5. Internal Controls.
  - a. A See n Save or other designated managerial employee will review and reconcile daily cash. Deposits of cash and checks should also be performed. Random checks of procedure and till cash out should be performed by management.

- b. Policy and procedure manuals will be developed for the See n Save and Foundation, consistent with TVHC policies. Daily responsibilities, reporting relationships, segregation of duties and responsible management availability (Controller, CEO, Human Resource Director) when See n Save Manager is unavailable.
6. Physical Inventory Count. The inventory will be performed annually on Sept. 30<sup>th</sup> and valued at the amount the items are expected to be sold for. Oversight from TVHC Controller will ensure accurate reporting and reduce cost of using an outside accounting firm.
7. Bank Reconciliation monthly by TVHC Controller or Accounts Payable Clerk. Careful attention will be placed on any un-reconciled differences in the See n Save checking account. Accounting separation of duties requirements.
8. Payroll Accrual. The TVHF will recognize its share of any earned and unpaid wages and benefits at the fiscal year end.

These action steps should improve the accounting functions of TVHF and reduce the monthly bookkeeping and yearend audit costs. The successful completion of these action steps will also greatly reduce any significant deficiencies in the next audit.

Virgil W. Boss, CEO

**Finance Committee Report**  
**June 18, 2010**

The Finance Committee met on June 17 and I have the following items to report:

- May FY10 Operating Results – TVHC reported an operating loss of approximately \$225K primarily reflecting lower business volumes. The overall cash position declined slightly as a result and was approximately \$1.06M at the end of May. Blaine will provide a complete report at the BOT meeting.
- Treasury Management RFP – the review of fee proposals was tabled in favor of progressing on the tandem effort of securing a revolver line.
- Working Capital Revolver Line – US Bank formally rejected our application for a \$400 - \$450K revolver line. Management will commence application with the last remaining local bank, Wells Fargo.
- Revenue Cycle Update – management highlighted several actions implemented on this project and Virgil's complete report was deferred for the BOT meeting.
- Ambulance District FY11 Bid – management presented its underlying budget and assumptions to the proposed bid to the county for securing the FY11 Ambulance District contract. Discussion of specifics ensued, edits were made and the FC approved the proposal for submission to the County Commissioners.
- FY11 Budgeting Process – macro forecast topics were discussed and management has commenced its budgeting effort. The FC will respond as appropriate in order to facilitate delivering a completed product for full board review/approval at the July BOT meeting.
- Health Industry Update – Jeff Daniels provided copies of two recent presentations on health care reform in the US in response to the FC request for periodic updates on macro level issues that may affect the overall health care industry.
- July FC Meeting Schedule – consideration was given to the July calendar and the regularly scheduled FC meeting date was revised to July 22 at 3:30pm.

Steven E. Dietrich  
Treasurer



## Monthly Financial Report for May 2010

### Summary

TVHC produced net revenue of \$581,741 and an operating loss of \$224,637 during May 2010 compared to revenue of \$1,279,849 and profit of \$455,275 for the same period last year. These results compare to budgeted May 2010 revenue of \$967,473 and profit of \$5,180, respectively.

The 54.5% lower year over year actual revenue reflects lower volume at the hospital and clinic during the current period and the effect of retro billing in May 2009 that arbitrarily boosted prior year revenues by approximately \$587,613. Year over year operating results were 149% lower due to the impact of less revenue. Absolute operating expenses declined 2.7% in May 2010 compared to prior year levels. YTD operating loss for FY 2010 was \$276,750 compared to a profit of \$125,999 for the same period last year.

TVHC used \$94,733 of cash during May 2010 primarily due to the operating loss. TVHC ended April 2010 with a cash balance of approximately \$1,154,288, compared to a cash balance of \$1,059,555 at the end of May 2010. The provision for bad debt was \$111,279 for the month of May 2010 compared to \$67,470 for the month of April 2010. The higher sequential provision in May 2010 reflects additional A/R sent to the outside collection agency.

### Operations Review

**Clinics** – Combined gross revenue (both clinics) was \$244,877 during May 2010 compared to \$414,961 for the same period last year. There was 41% lower revenue for the month compared the prior year levels. Approximately 77% of this sequential revenue decline was due to retro billing of \$220,637 in May 2009.

**Hospital** – gross in-patient revenue was \$27,872 during May 2010 compared to \$187,790 for the same period last year. The 85.2% lower revenue reflects zero In-Patient surgeries and 14 IP admits during May 2010 compared to 4 IP surgeries and 21 IP admits in May 2009. Gross out-patient revenue was \$547,538 during May 2010 compared to \$912,768 during the same period last year. Prior year revenue includes \$366,976 of retro billing. The 40% decrease in comparable revenue reflects 15 Out Patient surgeries for month compared to 27 in May 2009.

**Operating Expenses** – total operating expenses were \$849,656 during May 2010 compared to \$873,642 for the same period last year. The decrease in expenses during the current period primarily reflects the benefit of lower salary and contract service costs that more than offset the impact of increased staff expense (a clinic manager and family practice doctor), the Bingham consulting fee, and costs related to the Emcare contract compared to prior year levels.

**Other Items**- The foundation donated a range in the dietary valued at \$4,785.

