



**EASTERN PLUMAS HEALTH CARE DISTRICT
MEETING OF THE STANDING FINANCE COMMITTEE
AGENDA**

Thursday, September 28, 2023 at 4:00 p.m.

The September 28, 2023 Finance Committee meeting will be held in both a virtual and an in-person setting for the general public. The Board meeting location at the Portola Medical Clinic Conference Room will be accessible to the public. The meeting is also accessible to the public via Zoom (See the connection information below). Public comment will be accepted on any item on the agenda as called for by the Board chair until the close of public comment for each item.

Any person with a disability may submit a request for reasonable modification or accommodation to the above-described means for accessing and offering comment at the meeting to Barbara Sokolov barbara.sokolov@ephc.org who will swiftly resolve such request.

The Finance Committee meeting is accessible via Zoom:

Meeting ID: 819 2870 4599 Passcode: 115897 Dial In: +1 669 900 6833 US (San Jose)
<https://us06web.zoom.us/j/81928704599?pwd=WEZwUmE4RS9tdG1USGhhbkx0emhSUT09>

	<u>Presenter(s)</u>	<u>I/D/A</u>	<u>Page(s)</u>
1. <u>Call to Order</u>	Dr. Paul Swanson	A	
2. <u>Roll Call</u>	Dr. Paul Swanson	I	
3. <u>Consent Calendar</u>	Dr. Paul Swanson	A	
• Agenda			1
• Meeting Minutes of 5.25.23 Finance Committee			2-4
• Meeting Minutes of 7.27.23 Finance Committee			5
• Meeting Minutes of 8.24.23 Finance Committee			6
4. <u>Board Comments</u>	Board Members	I	
5. <u>Public Comment</u>	Members of the Public	I	
6. <u>CFO Report</u>	Katherine Pairish	I/D/A	7-9
• Report on Fiscal Year 2023 Financials			
7. <u>Adjournment</u>	Dr. Paul Swanson	A	

The next regularly scheduled meeting of the Standing Finance Committee is October 26, 2023 at the Portola Medical Clinic Conference Room, 480 1st Avenue, Portola CA 96122.

**EASTERN PLUMAS HEALTH CARE DISTRICT
MEETING OF THE STANDING FINANCE COMMITTEE
OF THE BOARD OF DIRECTORS
MINUTES
Thursday, May 25, 2023 at 8:00 a.m.**

1. Call to Order

Meeting was called to order at 8:11 a.m.

2. Roll Call

Present: Paul Swanson, M.D., Committee Chair/Board Member; Augustine Corcoran, Board Chair.

Staff in attendance: Doug McCoy, CEO; Katherine Pairish, CFO; Barbara Sokolov, Executive Assistant/Clerk of the Board.

3. Consent Calendar

The consent calendar items were approved as submitted.
Motion: Director Corcoran, seconded by Director Swanson.

4. Board Comments

None.

5. Public Comments

None.

6. CFO Report

Katherine Pairish, CFO

Overview:

Due to the Cerner transition and impacts to revenue cycle reporting, April financial statements are still in development and will be unavailable for reporting this month. A narrative report is being provided and we will resume routine financial reporting in June.

IGT Summary:

Due to the restructuring of the IGT payment process for fiscal year 2022/23, we anticipated a reduction in IGT receipts. Below is a 5-year trend for IGT annual payments:

Year	Net Cash From IGT's
17/18	\$ 4,867,833
18/19	\$ 6,508,925
19/20	\$ 3,625,962
20/21	\$ 4,803,313
21/22	\$ 4,422,470
22/23	\$ 3,309,677
	\$ 27,538,180
Average	\$ 4,589,696.60

Meeting of the Standing Finance Committee of Eastern Plumas Health Care
May 25, 2023 MINUTES - Continued

Our 2022/23 payments represent a 1.28m reduction in IGT receipts over the 5-year average which has been a key contributor to the decrease in days cash on hand during this fiscal year. We anticipate the receipt of \$2,206,670 (included in the 22/23 chart above) before the close of the current fiscal year. The timing of the IGT funding process and collection of the remaining IGT funds for the current fiscal year should resume in 2024.

Days Cash On Hand:

With the receipt of the remaining 2.2m IGT funding, we are forecasting our year end days cash on hand to be 164. This would represent a 29-day improvement over the March 2023 financial statements. We continue to meet with the leadership of Anthem to resolve the outstanding accounts receivable balances owed to EPHC for this fiscal year. Additional cash receipts from these efforts will also improve the days cash on hand through June 30th 2023.

Long Term Debt:

EPHC continues to reduce the organization's debt service ratio through the reduction of long-term debt. The 5-year trend outlined below shows the reduction of debt while we continue to make significant capital improvements to the organization. These improvements include the addition of the new Loyaltan Clinic, hospital/radiology equipment, and hospital/SNF renovations. We will continue the debt reduction efforts into FY 2023/24.

Year End	Balance	Change	Comment
2019	\$6,385,854		
2020	\$5,984,773	\$(401,081)	
2021	\$5,207,354	\$(777,419)	Paid off Plumas Bank \$375,341 (Interest rate = 6.5%)
2022	\$4,796,184	\$(411,170)	
2023	\$4,476,934	\$(319,250)	Estimate

2023/24 Budget Assumptions:

As we prepare for the completion of the 2023/24 operating budget, we continue to monitor several legislative and economic developments which could impact EPHC operations. SB 525 adjusting the minimum wage for all CA hospitals is currently under committee review in the Senate and would significantly increase labor costs to the organization. Inflationary rates for the three-year

Meeting of the Standing Finance Committee of Eastern Plumas Health Care
May 25, 2023 MINUTES - Continued

period 2020-2022 have increased 14%, and we are anticipating additional increases on supply costs, utilities, etc. for next year. Based on recent census growth in several areas of our operation we will be using the following assumptions to mitigate the impact of these proposed cost increases.

- SNF Census Portola = 26 = \$4,745,000 gross. Increase \$315,500 over projected 2023.
- SNF Census Loyalton = 31 = \$5,657,500 gross. Increase \$831,250 over projected 2023.
- Other Revenue Departments average 5% growth.
- IGT's (Known) = approximately \$4,500,000.
- Overhead – Increase wages 3% effective 7/1/23.
- Additional utilization of grant funding opportunities.
- Budget as close to breakeven as possible.

Discussion: Good news: EPHC received \$4.6 million in IGTs, more than anticipated, and that will increase cash on hand for the fiscal year. Conversation about what profit and loss looks like with IGTs removed. Doug stated that net zero without IGTs was the goal. Also discussed budget assumptions for 2023/24. Katherine noted that a budget presentation was likely for July.

7. **Adjournment**

Meeting adjourned at 8:56 a.m.

**EASTERN PLUMAS HEALTH CARE DISTRICT
MEETING OF THE STANDING FINANCE COMMITTEE
OF THE BOARD OF DIRECTORS
MINUTES
Thursday, July 27, 2023 at 8:00 a.m.**

1. Call to Order

Meeting was called to order at 8:09 a.m.

2. Roll Call

Present: Paul Swanson, M.D., Committee Chair/Board Member

Staff in attendance: Doug McCoy, CEO; Katherine Pairish, CFO; Barbara Sokolov, Executive Assistant/Clerk of the Board.

Absent: Augustine Corcoran, Committee Member/Board Chair

3. Consent Calendar

The consent calendar items were not approved as there was no quorum to take action.

4. Board Comments

None.

5. Public Comments

None.

6. CFO Report

Katherine Pairish, CFO

Overview:

Katherine explained that due to the Cerner transition and impacts to revenue cycle reporting, financial statements are still in development, and we hope to have them available next month. Cash on hand is good – payments have come in, just not yet posted. We have outside help plus a consultant, and we have hired a Patient Financial Services Manager, Taryn Russell, who will be starting in the next couple of months, remote at first then onsite mid-September. She will oversee the Business Office, reporting to Katherine, and supervise the Business Office staff.

Katherine then turned to the budget presentation (see July Finance Meeting Committee packet for the proposed Operating and Capital Budgets). She explained that these were very conservative budget projections. Discussion ensued about wages and benefits and comparability with other hospitals; IGTS & the MCO tax; reducing bad debt; and the process for balancing the budget. Decision to revisit approval next month.

7. Adjournment

Meeting adjourned at 9:14 a.m.

**EASTERN PLUMAS HEALTH CARE DISTRICT
MEETING OF THE STANDING FINANCE COMMITTEE
OF THE BOARD OF DIRECTORS**

MINUTES

Thursday, August 24, 2023 at 8:00 a.m.

1. Call to Order

The meeting was canceled due to lack of quorum.

DRAFT

Eastern Plumas Health Care
Financial Statements – Board Report
June 2023

Summary

These financials are in DRAFT status, as always, until the audit is complete. Our auditor will be onsite the first week of October to conduct the annual audit.

Revenues (Year-to-Date)

Net Patient Revenues were under budget by \$2,321,955. IGT payments were over budget by \$1,103,045 leaving our Net Operating Revenue under budget by \$778,062. Included in Non-Operating Income is the final recognition of COVID monies of \$3,118,505, Test to Treat Grant of \$433,928; ARP Ship Grant of \$258,376 and Workers Retention Pay of \$293,708.

Expenses (Year-to-Date)

Salaries and Benefits: Combined Salaries and Benefits were under budget by \$173,056.

Professional Fees: Professional Fees were over budget by \$192,594.

Repairs & Maintenance: Repairs & Maintenance were over budget by \$256,736.

Utilities: Utilities were under budget by \$218,355.

Supplies: Supplies were under budget by \$304,772.

Purchased Services: Purchased Services were over budget by \$1,820,143.

Depreciation Expense: Depreciation Expense was under budget by \$464,331.

Other Expenses: Other Expenses were under budget by \$129,131. These include training, travel, and dues and subscriptions.

Revenue Cycle

Gross Accounts Receivable as of June 30, 2023, was \$13.2 million. Gross Accounts Receivable days were 102. The uptick is due to the Cerner transition.

Balance Sheet

Total Assets decreased by 6.76%. Long Term Debt decreased by 6.52%.

Additional Information

Days cash on hand on June 30, 2023, was 166. We projected 164. Our cash position is still very strong.

Eastern Plumas Health Care
Comparative Balance Sheets - Board Report
DRAFT
Dates as Indicated

	FYE	FYE	FYE	FYE	FYE 2023-2022	
	as of 6/30/23	6/30/2022	6/30/2021	6/30/2020	\$ Change	% Change
Assets						
Current Assets						
Cash	\$ 1,353,855	\$ 740,558	\$ 232,905	\$ 4,320,352	\$ 613,297	82.82%
Short-term Investments (LAIF)	\$ 15,470,234	\$ 25,096,060	\$ 21,930,015	\$ 18,241,458	\$ (9,625,826)	-38.36%
Total Cash and Equivalents	\$ 16,824,088	\$ 25,836,618	\$ 22,162,920	\$ 22,561,810	\$ (9,012,530)	-34.88%
Patient Accounts Receivable	\$ 13,179,004	\$ 6,909,935	\$ 6,470,604	\$ 4,681,554	\$ 6,269,069	90.73%
Accounts Receivable Reserves	\$ (5,666,205)	\$ (2,455,255)	\$ (2,213,336)	\$ (1,629,446)	\$ (3,210,950)	130.78%
Net Accounts Receivable	\$ 7,512,799	\$ 4,454,680	\$ 4,257,268	\$ 3,052,108	\$ 3,058,119	68.65%
% of Gross Account Receivables	57.0%	64.5%	65.8%	65.2%		
Inventory	\$ 549,293	\$ 482,121	\$ 326,433	\$ 248,093	\$ 67,172	13.93%
Other Assets	\$ 1,097,130	\$ 475,687	\$ 4,414,625	\$ 632,115	\$ 621,443	130.64%
Total Other Assets	\$ 1,646,423	\$ 957,808	\$ 4,741,058	\$ 880,208	\$ 688,615	71.89%
Total Current Assets	\$ 25,983,311	\$ 31,249,106	\$ 31,161,246	\$ 26,494,126	\$ (5,265,795)	-16.85%
Fixed Assets						
Land	\$ 1,166,344	\$ 1,123,344	\$ 1,123,344	\$ 1,123,344	\$ 43,000	3.83%
Buildings	\$ 15,220,840	\$ 14,931,290	\$ 14,850,753	\$ 14,675,399	\$ 289,550	1.94%
Capital Equipment	\$ 15,271,224	\$ 14,825,652	\$ 14,416,638	\$ 13,853,920	\$ 445,572	3.01%
In Progress	\$ 2,696,362	\$ 493,536	\$ 567,707	\$ 92,788	\$ 2,202,826	446.34%
Total Plant & Equipment	\$ 34,354,769	\$ 31,373,822	\$ 30,958,442	\$ 29,745,451	\$ 2,980,947	9.50%
Accumulated Depreciation	\$ (22,741,282)	\$ (22,298,728)	\$ (21,344,073)	\$ (20,172,201)	\$ (442,554)	1.98%
Net Fixed Assets	\$ 11,613,487	\$ 9,075,094	\$ 9,614,369	\$ 9,573,249	\$ 2,538,394	27.97%
Total Assets	\$ 37,596,798	\$ 40,324,200	\$ 40,775,615	\$ 36,067,375	\$ (2,727,402)	-6.76%
LIABILITIES AND RETAINED EARNINGS						
Current Liabilities						
Accounts Payable	\$ 632,467	\$ 663,700	\$ 879,257	\$ 457,639	\$ (31,233)	-4.71%
Accrued Payroll & Benefits	\$ 1,032,440	\$ 1,139,613	\$ 1,064,653	\$ 1,353,338	\$ (107,173)	-9.40%
Other Current Liabilities	\$ 5,198	\$ 5,133,900	\$ 8,859,118	\$ 12,517,351	\$ (5,128,702)	-99.90%
Total Current Liabilities	\$ 1,670,105	\$ 6,937,213	\$ 10,803,028	\$ 14,328,328	\$ (5,267,108)	-75.93%
Long-Term Liabilities						
Loans	\$ 4,483,448	\$ 4,796,184	\$ 5,207,354	\$ 5,984,773	\$ (312,736)	-6.52%
Capitalized Leases	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Total Long Term Liabilities	\$ 4,483,448	\$ 4,796,184	\$ 5,207,354	\$ 5,984,773	\$ (312,736)	-6.52%
Deferred Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
TOTAL LIABILITIES	\$ 6,153,553	\$ 11,733,398	\$ 16,010,382	\$ 20,313,101	\$ (5,579,845)	-47.56%
Fund Balance	\$ 31,443,245	\$ 28,590,802	\$ 24,765,233	\$ 15,754,274	\$ 2,852,443	9.98%
TOTAL LIABILITIES AND FUND BALANCE	\$ 37,596,798	\$ 40,324,200	\$ 40,775,615	\$ 36,067,375	\$ (2,727,402)	-6.76%

Eastern Plumas Health Care
Income Statement
DRAFT
For the Year Ended June 30, 2023

		% Net Pt Revenue	Actual	Year-to-Date Budget	\$ Variance
1	REVENUE				
2	Inpatient Revenue		\$ 2,592,876	\$ 4,111,126	\$ (1,518,250)
3	Inpatient Revenue - Swing Bed		\$ 1,449,500	\$ 1,872,000	\$ (428,500)
4	Inpatient Revenue - SNF		\$ 8,776,699	\$ 9,490,000	\$ (713,301)
5	Inpatient Revenue		\$ 12,813,075	\$ 15,473,126	\$ (2,660,051)
6	All Pro Fees		\$ 3,646,902	\$ 3,702,305	\$ (55,403)
7	Outpatient Revenue		\$ 24,321,854	\$ 26,441,447	\$ (2,119,593)
8	Clinics		\$ 5,579,431	\$ 5,635,235	\$ (55,804)
9	Total Patient Revenue		\$ 46,361,262	\$ 51,252,113	\$ (4,890,851)
10	Contractual Allowances		\$ (14,970,730)	\$ (17,336,584)	\$ 2,365,854
11	Charity Discounts		\$ (153,985)	\$ (129,990)	\$ (23,995)
12	Other Allowances		\$ (289,150)	\$ (421,479)	\$ 132,329
13	Bad Debt		\$ (753,916)	\$ (848,624)	\$ 94,708
14	Total Deductions		\$ (16,167,781)	\$ (18,736,677)	\$ 2,568,896
15	Net Patient Revenue		\$ 30,193,481	\$ 32,515,436	\$ (2,321,955)
16	% of Gross Revenue		65.13%	63.44%	1.68%
17	Meaningful Use Revenue		\$ -	\$ -	\$ -
18	Quality Payments		\$ 320,762	\$ 3,200	\$ 317,562
19	IGT Payments		\$ 6,882,848	\$ 5,779,803	\$ 1,103,045
20	Other Operating Revenue		\$ 215,486	\$ 92,200	\$ 123,286
21	Total Operating Revenue		\$ 37,612,577	\$ 38,390,639	\$ (778,062)
22	EXPENSES				
23	Salaries and Wages	51.3%	\$ (15,488,602)	\$ (15,850,720)	\$ 362,118
24	Employee Benefits	21.2%	\$ (6,388,691)	\$ (6,199,629)	\$ (189,062)
25	Professional Fees - Medical	10.7%	\$ (3,230,751)	\$ (3,170,649)	\$ (60,102)
26	Professional Fees - Other	0.7%	\$ (224,692)	\$ (92,200)	\$ (132,492)
27	Supplies	8.9%	\$ (2,700,214)	\$ (3,004,986)	\$ 304,772
28	Purchased Services	19.1%	\$ (5,755,785)	\$ (3,935,642)	\$ (1,820,143)
29	Insurance	1.3%	\$ (403,885)	\$ (480,466)	\$ 76,581
30	Rental and Leases	0.2%	\$ (74,415)	\$ (63,812)	\$ (10,603)
31	Repairs and Maintenance	2.5%	\$ (748,474)	\$ (491,738)	\$ (256,736)
32	Utilities and Telephone	3.5%	\$ (1,065,765)	\$ (1,284,120)	\$ 218,355
33	Depreciation Amortization	3.8%	\$ (1,150,158)	\$ (1,614,489)	\$ 464,331
34	Other Expenses	2.2%	\$ (671,421)	\$ (800,552)	\$ 129,131
35	Total Operating Expenses	125.5%	\$ (37,902,853)	\$ (36,989,003)	\$ (913,850)
36	Income From Operations	-1.0%	\$ (290,276)	\$ 1,401,636	\$ (1,691,912)
37	Tax Revenue	-2.6%	\$ 785,562	\$ 665,000	\$ 120,562
38	Non Capital Grants and Donations	0.0%	\$ -	\$ 408,000	\$ (408,000)
39	Interest Income	-1.1%	\$ 324,768	\$ 175,000	\$ 149,768
40	Interest Expense	0.7%	\$ (218,722)	\$ (207,742)	\$ (10,980)
41	Non-Operating Income (Expenses)	-14.1%	\$ 4,251,627	\$ 69,940	\$ 4,181,687
42	Total Non-Operating Gain (Loss)	-17.0%	\$ 5,143,235	\$ 1,110,198	\$ 4,033,037
43	Net Income	16.1%	\$ 4,852,959	\$ 2,511,834	\$ 2,341,125
44	Operating Margin %		-0.77%	3.65%	-4.42%
45	Net Margin %		12.90%	6.54%	6.36%
46	Payroll as % of Operating Expense		57.72%	59.61%	