



**MISSION**

*It is our mission to deliver quality healthcare to the residents of and visitors to Big Bear Valley through the most effective use of available resources.*

**VISION**

*To be the premier provider of emergency medical and healthcare services in our Big Bear Valley.*

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**NOTICE AND CALL OF A  
BOARD OF DIRECTORS  
SPECIAL FINANCE COMMITTEE MEETING**

Tuesday, January 02, 2018  
1:00 p.m. Open Session @ Hospital Main Conference Room  
41870 Garstin Drive, Big Bear Lake, Ca. 92315

NOTICE IS HEREBY GIVEN that a special meeting of the Board of Directors, Finance Committee of the Bear Valley Community Healthcare District will be held on Tuesday, January 02, 2018, Open Session beginning at 1:00 p.m. A copy of the agenda is attached hereto.

Dated: December 28, 2017

A handwritten signature in black ink that reads "Shelly Egerer".

Shelly Egerer  
Executive Assistant



**BOARD OF DIRECTORS  
SPECIAL FINANCE COMMITTEE MEETING AGENDA  
TUESDAY, JANUARY 02, 2018  
1:00 PM –OPEN SESSION @ HOSPITAL MAIN CONFERENCE ROOM  
41870 GARSTIN DRIVE, BIG BEAR LAKE, CA. 92315**

Copies of staff reports or other written documentation relating to each item of business referred to on this agenda are on file in the Chief Executive Officer's Office and are available for public inspection or purchase at 10 cents per page with advance written notice. In compliance with the Americans with Disabilities Act and Government Code Section 54954.2, if you need special assistance to participate in a District meeting or other services offered by the District, please contact Administration (909) 878-8214. Notification at least 48 hours prior to the meeting or time when services are needed will assist the District staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service. **DOCUMENTS RELATED TO OPEN SESSION AGENDAS (SB 343)** Any public record, relating to an open session agenda item, that is distributed within 72 hours prior to the meeting is available for public inspection at the public counter located in the Administration Office, located at 41870 Garstin Drive, Big Bear Lake, CA 92315. For questions regarding any agenda item, contact Administration at (909) 878-8214.

**OPEN SESSION**

1. **CALL TO ORDER** Donna Nicely, Treasurer
2. **ROLL CALL** Shelly Egerer, Executive Assistant
3. **ADOPTION OF AGENDA\***
4. **PUBLIC FORUM FOR OPEN SESSION**  
This is the opportunity for persons to speak on items of interest to the public within subject matter jurisdiction of the District, but which are not on the agenda. Any person may, in addition to this public forum, address the Committee regarding any item listed on the Committee agenda at the time the item is being considered by the Committee. *(Government Code Section 54954.3, there will be a three (3) minute limit per speaker. Any report or data required at this time must be requested in writing, signed and turned in to Administration. Please state your name and city of residence.)*
5. **DIRECTORS COMMENTS**
6. **APPROVAL OF MINUTES\***  
A. December 04, 2017
7. **OLD BUSINESS\***
  - None
8. **NEW BUSINESS\***
  - A. Discussion and Potential Recommendation to the Board of Directors the June 30, 2017 Fiscal Year End Audited Financial Statement
  - B. Discussion and Potential Recommendation to the Board of Directors QHR Travel Expenses for Mock Critical Access Hospital Survey Not to Exceed \$2,000.00 Per Consultant
  - C. Discussion and Potential Approval of Changing the Finance Committee Meeting Calendar (Day of the week and possibly the time)
9. **PRESENTATION AND REVIEW OF FINANCIAL STATEMENTS\***  
Garth Hamblin, CFO
  - A. November 2017 Finances
  - B. CFO Report
10. **ADJOURNMENT\***

\* Denotes Actions Items

**BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT  
BOARD OF DIRECTORS  
FINANCE COMMITTEE MEETING MINUTES  
41870 Garstin Drive, Big Bear Lake, Ca. 92315  
December 04, 2017**

<b>MEMBERS</b>	Barbara Willey, Treasurer	Garth Hamblin, CFO
<b>PRESENT:</b>	Rob Robbins, 1 <sup>st</sup> Vice President	Shelly Egerer, Exec.Asst.
	John Friel, CEO	

**STAFF:** None

**COMMUNITY  
MEMBERS:** None

**ABSENT:** None

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**OPEN SESSION**

**1. CALL TO ORDER:**

Board Member Willey called the meeting to order at 1:00 p.m.

**2. ROLL CALL:**

Barbara Willey and Rob Robbins were present. Also present were John Friel, CEO, Garth Hamblin, CFO and Shelly Egerer, Executive Assistant.

**3. ADOPTION OF AGENDA:**

Board Member Robbins motioned to adopt the December 04, 2017 agenda as presented. Second by Board Member Willey to adopt the December 04, 2017 agenda as presented. Board Member Willey called for a vote. A vote in favor of the motion was unanimously approved.

- Board Member Willey- yes
- Board Member Robbins- yes

**CLOSED SESSION**

**4. PUBLIC FORM FOR CLOSED SESSION:**

Board Member Willey opened the Hearing Section for Public Comment on Closed Session items at 1:00 p.m. Hearing no request to make Public Comment. Board Member Willey closed the Hearing Section at 1:01 p.m.

**5. ADJOURN TO CLOSED SESSION:**

Board Member Robbins motioned to adjourn to Closed Session. Second by Board Member Willey to adjourn to Closed Session. Board Member Willey called for a vote. A vote in favor of the motion was unanimously approved.

- Board Member Willey- yes
- Board Member Robbins- yes

**OPEN SESSION**

**1. CALL TO ORDER:**

Board Member Willey called the meeting to order at 2:00 p.m.

**2. RESULTS OF CLOSED SESSION:**

Board Member Willey reported no action was taken in closed session.

**3. PUBLIC FORUM FOR OPEN SESSION**

Board Member Willey opened the Hearing Section for Public Comment on Open Session items at 2:00 p.m. Hearing no request to make Public Comment. Board Member Willey closed the Hearing Section at 2:00 p.m.

**4. DIRECTORS COMMENTS:**

- None

**5. APPROVAL OF MINUTES:**

A. November 06, 2017

**Board Member Robbins motioned to approve the November 06, 2017 minutes as presented. Second by Board Member Willey to approve the November 06, 2017 minutes as presented. Board Member Willey called for a vote. A vote in favor of the motion was unanimously approved.**

- Board Member Willey- yes
- Board Member Robbins- yes

**6. OLD BUSINESS:**

- None

**7. NEW BUSINESS\***

**A. Discussion and Potential Recommendation to the Board of Directors the 2017 Cost Report:**

- Mr. Hamblin reported the following information:
  - Would like Finance Committee to recommend to the Board and authorize the CEO to sign the document.
  - David Perry w/QHR has the report and is reviewing it.
  - WIPFLI completed last year's cost report.

**Board Member Willey motioned to recommend to the Board of Directors the 2017 Cost Report. Second by Board Member Robbins to recommend to the Board of Directors the 2017 Cost Report. Board Member Willey called for a vote. A vote in favor of the motion was unanimously approved.**

- Board Member Willey- yes
- Board Member Robbins- yes

**B. Discussion and Potential Recommendation to the Board of Directors Travel Expenses for QHR IT Assessment: Travel Expenses Not to Exceed \$2,000.00:**

- Mr. Hamblin reported that the Board has requested that we complete an IT Assessment. In the QHR budget, there are funds available to complete the assessment.
  - Cost should be well under \$2,000.00



- Assessment will take approximately 2 to 3 days.

**Board Member Robbins approved a positive recommendation to the Board of Directors the travel expense for QHR not to exceed \$2,000.00. Second by Board Member Willey to approve a positive recommendation to the Board of Directors the travel expense for QHR not to exceed \$2,000.00. Board Member Willey called for a vote. A vote in favor of the motion was unanimously approved.**

- Board Member Willey- yes
- Board Member Robbins- yes

## **8. Presentation and Review of Financial Statements:**

### **A. October 2017 Finances:**

- Mr. Hamblin reported the following:
  - Day's cash on hand are 211 days.
  - Paid the CT Scanner & Mammo Project.
  - October has a decline as expected.
  - ER visits have decreased.
  - Swing days declined.
  - SNF patients increased.
  - Revenue over budget.
  - Inpatient under budget.
  - Clinic over budget- continue to see good patient volume.
  - Operating expenses were over budget.
  - Loss of the month \$95,854.
  - AR days are at 67.1. Continue working with TruBridge.

### **B. CFO Report:**

- Mr. Hamblin reported the following information:
  - Healthcare Reform still unknown. Will continue to monitor.
  - Shortage of IV Solution (Saline solution).
    - Puerto Rico makes the solution and due to the Hurricane has affected the distribution of this item.
    - Purchasing manager is doing a great job in obtaining the solution.
    - This is a nationwide shortage.

**Board Member Robbins motioned to approve the October 2017 Finance Report and the CFO Report as presented. Second by Board Member Willey to approve the October 2017 Finance Report and the CFO Report as presented. Board Member Willey called for a vote. A vote in favor of the motion was unanimously approved.**

- Board Member Willey- yes
- Board Member Robbins- yes

## **9. ADJOURNMENT\***

**Board Member Robbins motioned to adjourn the meeting at 2:23 p.m. Second by Board Member Willey to adjourn the meeting. Board Member Willey adjourned the meeting.**

- Board Member Willey- yes
- Board Member Robbins- yes



## MEMO

Date: 21 December 2017  
To: BVCHD Finance Committee  
From: Garth M Hamblin, CFO  
Re: Audited Financial Statements – Fiscal Year Ended June 30, 2017

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### Recommended Action

Accept and recommend to the Board approval the Bear Valley Community Healthcare District Audited Financial Statements for the Fiscal Year ended June 30, 2017 (July 1, 2016, through June 30, 2017).

### Background

Attached is the "Draft" of our District Audited Financial Statements for the Fiscal Year ended June 30, 2017. Jerrel Tucker, our auditor, can be available by phone to answer questions if needed.

We are planning to have Mr. Tucker attend the January 10, 2018, Board meeting to present Statements to the full board.

Report of Independent Auditors  
And Financial Statements

BEAR VALLEY COMMUNITY  
HEALTHCARE DISTRICT

June 30, 2017 & 2016

JWT & Associates, LLP  
Advisory Assurance Tax

# BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

## Audited Financial Statements

### Table of Contents

<b>Report of Independent Auditors.....</b>	<b>1</b>
<b>Management's Discussion and Analysis, Year ended June 30, 2017.....</b>	<b>3</b>
<b>Audited Financial Statements</b>	
Statements of Net Position.....	14
Statements of Revenues, Expenses and Changes in Net Position.....	15
Statements of Cash Flows.....	16
Notes to Financial Statements.....	18



# **JWT & Associates, LLP**

## **Advisory Assurance Tax**

1111 East Herndon, Suite 211, Fresno, California 93720  
Voice: (559) 431-7708 Fax: (559) 431-7685

### ***Report of Independent Auditors***

The Board of Directors  
Bear Valley Community Healthcare District  
Big Bear Lake, California

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Bear Valley Community Healthcare District (the District) as of June 30, 2017 and 2016, which comprise the statements of net position as of June 30, 2017 and 2016, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and in accordance with the State Controller's Minimum Audit Requirements for Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District at June 30, 2017 and 2016, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 14 be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***JWT & Associates, LLP***

Fresno, California  
December 13, 2017

# BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

## Management's Discussion and Analysis

June 30, 2017

The administration of the Bear Valley Community Healthcare District (the District) prepared the following Management Discussion and Analysis of the financial performance of the District for the fiscal year ended June 30, 2017 (FYE 2017) to accompany the financial statements prepared in accordance with the Governmental Accounting Standards Board Statement Numbers 34, 37 and 38. This discussion and the associated schedules are intended to provide an analysis, explanation, and historical basis of comparison for the reporting of financial results of the District for FYE 2017. The audited financial statements included herewith have been prepared and submitted with an unmodified opinion from the District's independent auditor.

### Overview of the Bear Valley Community Healthcare District and its Financial Statements

This annual financial report consists of the audited financial statements included herewith and the associated notes to those statements that describe the District's combined financial position and results of operations for the FYE 2017. The audited financial statements of the District include the statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows.

- The statement of net position includes all of the District's assets and liabilities, using the accrual basis of accounting, as well as any indication as to which assets are intended for use to fund future capital asset expenditures or otherwise designated as to use by board of director policy.
- The Statement of Revenues, Expenses, and Changes in Net Position present the results of operating and non-operating activities during the fiscal year and the associated incomes.
- The Statement of Cash Flows reports the net cash provided by operating activities, as well as other sources and uses of cash from investing, non-capital financing activities, and capital and related financing activities.

### Financial Highlights

	2017	2016	2015	Change	
				2017	2016
Current assets	\$ 7,427,624	\$ 5,855,921	\$ 6,563,584	\$ 1,571,703	\$ (707,663)
Current liabilities	2,506,983	2,074,260	1,984,561	432,723	89,699
Investments	11,038,559	8,415,234	1,180,639	2,623,325	7,234,595
Capital assets, net of depreciation	7,634,783	7,019,232	7,504,079	615,551	(484,847)
Long term debt	2,930,000	2,965,000	250,970	(35,000)	2,714,030
Total net position	20,663,983	13,263,740	11,450,948	7,400,243	1,812,792
Excess of revenues over expenses	\$ 4,412,856	\$ 1,812,792	\$ (1,152,293)	\$ 2,600,064	\$ 2,965,085

# BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

## Management's Discussion and Analysis

June 30, 2017

### CURRENT ASSETS

Current assets are cash or other assets that could reasonably be expected to be converted into cash in one year. Current assets increased by \$1,571,703 during the year. Most of the increase, \$1,096,278, was in Cash. We also saw an increase of \$475,705 in net patient receivables.

Current Assets				Change	
	2017	2016	2015	2017	2016
Current assets	\$ 7,427,624	\$ 5,855,921	\$ 6,563,584	\$ 1,571,703	\$ (707,663)
Cash	2,858,405	1,762,127	1,048,163	1,096,278	713,964
Net patient receivables	3,924,581	3,448,876	5,091,546	475,705	(1,642,670)
Other Assets	239,655	242,260	102,396	(2,605)	139,864
Assets whose use is limited	-	-	-	-	-
Inventory	212,805	178,366	126,658	34,439	51,708
Prepaid expenses	192,178	224,292	194,821	(32,114)	29,471
Investments	\$ 11,038,559	\$ 8,415,234	\$ 1,180,639	\$ 2,623,325	\$ 7,234,595

### Cash and Investments

The District maintains sufficient cash balances to pay its short-term liabilities. Excess funds are invested with the Local Agency Investment Fund (LAIF) or in interest bearing fully guaranteed certificates of deposit distributed among various financial institutions to ensure FDIC protection of principal amounts invested. LAIF is a voluntary fund created by statute in 1977 as an investment alternative for California's local governments and special districts.

During the year, our investments grew by \$2,623,325 bringing the total to \$11,038,559.

For the year ending June 30, 2017, the District's cash and investments increased by \$3,723,113. Total days cash on hand increased by 44 to 231. See audited financial statements for additional information.

### Cash and Investments

				Change	
	2017	2016	2015	2017	2016
Cash and cash equivalents	\$ 2,861,915	\$ 1,762,127	\$ 1,048,163	\$ 1,099,788	\$ 713,964
Assets whose use is limited	\$ -	\$ -	\$ -	-	-
Investments	11,038,559	8,415,234	1,180,639	2,623,325	7,234,595
Total cash and investments	\$ 13,900,474	\$ 10,177,361	\$ 2,228,802	\$ 3,723,113	\$ 7,948,559
Days cash on hand	231	187	43	44	144

# BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

## Management's Discussion and Analysis

June 30, 2017

### Net Patient Accounts Receivables

Net patient accounts receivables at June 30, 2017, as compared to June 30, 2016, were higher by \$475,705. Management and staff continue to work with our Accounts Receivable Management company (outsourced Patient Financial Services / Billing functions) to reduce Accounts Receivable and Accounts Receivable Days. During the year, we saw only a slight reduction - from 82 to 80 days.

	2017	2016	2015	Change	
				2017	2016
Net patient receivables	3,924,581	3,448,876	5,091,546	475,705	(1,642,670)

### Inventory

	2017	2016	2015	2017	2016
Inventory	\$ 212,805	\$ 178,366	\$ 126,658	\$ 34,439	\$ 51,708

The inventory at June 30, 2017 is higher than prior year by \$34,439. The increase is in Central Supply inventory.

### CAPITAL ASSETS

Capital assets are long term assets such as buildings, improvements and equipment with a purchase cost of \$5,000 or more and a useful life greater than one year. Items costing less than \$5,000 are expensed as minor equipment. Capital assets, net of accumulated depreciation, increased \$615,551 as of June 30, 2017, over the prior year balance.

Capital additions totaled \$1,235,141 during FYE 2017. We have continued to closely monitor capital expenditures. Notable expenditures in FY 2017 included – construction related to remodel of the area for our replacement CT scanner and Digital Mammography unit, adding DR (digital radiography) detectors in x-ray, new ultrasound unit, replacement of defibrillators, and installation of T-System (electronic health record for the emergency department).

### Capital Assets

	2017	2016	2015	Change	
				2017	2016
Property and equipment	\$ 20,351,193	\$ 19,116,052	\$ 18,755,338	\$ 1,235,141	\$ 360,714
Less: accumulated depreciation	(12,716,410)	(12,096,820)	(11,251,259)	(619,590)	(845,561)
	<u>\$ 7,634,783</u>	<u>\$ 7,019,232</u>	<u>\$ 7,504,079</u>	<u>\$ 615,551</u>	<u>\$ (484,847)</u>



# BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

## Management's Discussion and Analysis

June 30, 2017

### CURRENT LIABILITIES

Current liabilities are short-term debts due in less than one year. At June 30, 2017, current liabilities increased by \$432,723.

#### Current Liabilities

	2017	2016	2015	Change	
				2017	2016
Current Liabilities	\$ 2,506,983	\$ 2,074,260	\$ 1,984,561	\$ 432,723	\$ 89,699
Current portion of long term debt	35,000	35,000	-	-	35,000
Accounts payable	1,137,648	566,494	638,250	571,154	(71,756)
Unearned Income	-	-	126,667	-	(126,667)
Accrued compensation	684,799	897,750	948,145	(212,951)	(50,395)
Third-party payor settlements	649,537	575,016	271,499	74,521	303,517

#### Accounts Payable

Accounts payable decreased by \$571,154 from the FYE June 30, 2017 amount. Days in Accounts Payable increased to 44.8 from 25.6 at the end of the previous fiscal year.

#### Third party settlements

The estimated third party settlements are higher by \$74,521 at June 30, 2017, as compared to the prior year-end. The balance includes settlement estimates on prior year Cost Reports.

Both the Medicare and Medi-Cal program administrative procedures preclude final determination of amounts due to/from the District until the cost reports are audited and settled. Administration is of the opinion that no significant adverse adjustment to the recorded settlement amounts will be required upon final settlement.

### PATIENT REVENUE AND DEDUCTIONS FROM REVENUE

Under antitrust statutes, hospitals are required to charge all patients the same price for a given level of service. Accordingly, the District charges all patients uniformly based on its established charge description master (CDM) pricing structure for the services rendered. In addition, all California hospitals are required to annually file an electronic version of their CDM, also known as the "charge master", with the Office of Statewide Health Planning (OSHPD). The District complies with the OSHPD filing requirement; therefore, an electronic version of the CDM is available from the OSHPD website.

# BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

## Management's Discussion and Analysis

June 30, 2017

Gross patient revenue for FYE 2017 increased over the previous fiscal year by \$1,300,483 or 2.7%. The largest increase is seen in Skilled Nursing Facility where we saw a 26.1% increase in days. Outpatient Revenue grew with a 1.2% increase in Emergency Department visits and a 17.6% increase in Clinic visits.

### Gross Patient Charges

	2017	2016	2015	Change			
				2017	2016		
<b>Gross Patient Charges</b>							
Inpatient	\$ 2,636,880	\$ 2,440,411	\$ 1,901,093	\$ 196,469	8.1%	\$ 539,318	28.4%
Outpatient	43,815,116	43,363,326	38,976,345	451,790	1.0%	4,386,981	11.3%
Skilled Nursing Facility	2,987,451	2,335,227	2,271,140	652,224	27.9%	64,087	2.8%
<b>Total gross revenue</b>	<b>\$ 49,439,447</b>	<b>\$ 48,138,964</b>	<b>\$ 43,148,578</b>	<b>\$ 1,300,483</b>	<b>2.7%</b>	<b>\$ 4,990,386</b>	<b>11.6%</b>

### Acute Inpatient Census Statistics

#### Staffed beds 5

Patient days	855	788	398	67	8.5%	390	98.0%
Days in the year	365	366	365	(1)	-0.3%	1	0.3%
Average Daily Census	2.3	2.2	1.1	0.2	8.8%	1.1	97.4%
Average Length of Stay	5.2	4.7	2.4	0.5	10.6%	2.3	95.8%

### Skilled Nursing Facility Census Statistics

#### Staffed beds 21

Patient days	6,667	5,289	5,620	1,378	26.1%	(331)	-5.9%
Average Daily Census	18.3	14.5	15.4	3.8	26.4%	(0.9)	-6.1%
Discharges	13	25	13	(12)	-48.0%	12	92.3%
Emergency Department Visits	11,315	11,184	10,593	131	1.2%	591	5.6%
Clinic Visits	21,093	17,939	18,551	3,154	17.6%	(612)	-3.3%

### Deductions from Revenue

A contractual adjustment is the difference between gross charges and a contractually agreed-upon payment rate with third-party payors. Typically, third-party payors are 1) government programs such as Medicare and Medi-Cal; 2) Independent Practice Associations (IPA) such as Heritage Victor Valley Medical Group, which are often referred to as "gatekeeper physicians", and 3) other third-party payors or Preferred Provider Organizations (PPO) networks, which generally include insurance carriers such as Blue Cross, Blue Shield, Health Net, Aetna, etc.

Contractual adjustments are accrual-based estimates derived from historical reimbursement experience using remittance advices by payor and by type of account (inpatient, outpatient, or clinic), adjusted for known exposures, such as payment denials, and are used to reduce the gross charges to the expected realizable value.

# BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

## Management's Discussion and Analysis

June 30, 2017

Contractual adjustments as a percentage of gross patient charges, excluding prior year third-party settlement adjustments, were 49.9% for FYE 2017 compared to 57.1% for FYE 2016.

FY 2015 was our first year as a Critical Access Hospital (CAH). We continue to review CAH status and impacts each year.

Additionally, deductions from revenue include other uncompensated care categories such as Charity Care, Administrative Adjustments, Patient Discounts (principally discounts offered to uninsured or private pay patients who do not qualify for financial assistance) and Employee Discounts. Effective January 1, 2007, the California State Assembly passed AB 774, which requires all hospitals in California to follow a specific state-mandated means testing process to determine if a patient qualifies for financial assistance. The charity care can range from a full write-off to a partial write-off of the patient's outstanding balance. Furthermore, OSHPD requires every hospital to file an electronic copy of its financial assistance policy. As of June 30, 2017, the District is in compliance with the financial assistance policy reporting requirement.

Total deductions from revenue, including the provision for bad debts, as a percent of gross patient revenue, was 51.9% for FYE 2017 versus 56.8% for FYE 2016.

### Provision for Bad Debts

The provision for bad debts increased for FYE 2017, as compared to the previous fiscal year. As a percent of gross revenue, bad debts were 3.9% for the current fiscal in comparison to 1.6% for the prior year.

### Allowance for Doubtful Accounts

	2017	2016	2015	Change	
				2017	2016
Bad debt expense	\$ 1,929,651	\$ 762,369	\$ 3,432,376	\$ 1,167,282	\$ (2,670,007)
Bad debt expense as a percent of gross revenue	3.9%	1.6%	8.0%	2.3%	-6.4%

# BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

## Management's Discussion and Analysis

June 30, 2017

	2017	2016	Change 2017
<b>Deductions from Revenue</b>			
Contractual adjustments	\$ 24,678,858	\$ 27,503,605	\$ (2,824,747)
Prior year contractual allowances	(1,270,633)	(1,232,292)	\$ (38,341)
Charity Care	109,125	60,361	\$ 48,764
Administrative	79,497	120,627	\$ (41,130)
Patient discount	98,401	71,594	\$ 26,807
Employee discount	43,792	65,357	\$ (21,565)
Bad Debts	1,929,651	762,369	\$ 1,167,282
	\$ 25,668,691	\$ 27,351,621	
<b>Deductions from Revenue as a percent of gross revenue</b>			
Contractual adjustments	49.9%	57.1%	-7.2%
Prior year contractual allowances	-2.6%	-2.6%	0.0%
Charity Care	0.2%	0.1%	0.1%
Administrative	0.2%	0.3%	-0.1%
Patient discount	0.2%	0.1%	0.1%
Employee discount	0.1%	0.1%	0.0%
Bad Debts	3.9%	1.6%	2.3%
<b>Total</b>	<b>51.9%</b>	<b>56.8%</b>	<b>-4.9%</b>

### Net Patient Service Revenue

Net patient service revenue is the difference between gross patient charges and revenue deductions. For FYE June 30, 2017, net patient services revenues increased \$2,838,473 or 13.4% higher than the previous fiscal year. Net patient revenue increased due to increases in volume in Skilled Nursing, ER and Clinic revenues along with the reduction that we experienced in Deductions from Revenue.

### Net Patient Revenue

	2017	2016	2015	Change	
				2017	2016
Net patient service revenue	\$ 23,963,785	\$ 21,125,312	\$ 18,129,478	\$ 2,838,473	\$ 2,995,834
				13.4%	16.5%

# BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

## Management's Discussion and Analysis

June 30, 2017

### OPERATING EXPENSES

Total operating expenses in FYE 2017 were \$22,625,387 as compared to \$20,813,878 for FYE 2016 – an increase of 8.7%. Salaries, Wages, and Benefits (which comprised just over 56% of Total Operating Expenses) increased by 7.3 %. During the year we cashed out PTO (Paid Time Off) balances in excess of 300 hours. We also saw increases in retirement cost and health insurance costs. We saw a decrease in Professional Fees, but in increase in Purchased Services with the addition of fees related to provision of Dental Services and having contract staff fill in interim management positions.

	2017		2016		2015		Change	
							2017	2016
Salaries and wages	\$ 9,168,859	40.5%	\$ 9,613,427	46.2%	\$ 9,229,276	46.4%	\$ (444,568)	\$ 384,151
Employee benefits	3,568,108	15.8%	2,260,524	10.9%	2,319,118	11.7%	1,307,584	(58,594)
Total salaries and benefits	12,736,967	56.3%	11,873,951	57.1%	11,548,394	58.1%	863,016	325,557
Professional fees	1,832,258	8.1%	2,530,215	12.2%	1,693,123	8.5%	(697,957)	837,092
Purchased services	3,531,964	15.6%	2,308,298	11.1%	2,170,482	10.9%	1,223,666	137,816
Supplies	1,469,773	6.5%	1,587,249	7.6%	1,730,884	8.7%	(117,476)	(143,635)
Repairs and maintenance	314,833	1.3%	214,492	0.9%	327,241	1.5%	100,341	(112,749)
Utilities	533,430	2.4%	573,178	2.8%	548,858	2.8%	(39,748)	24,320
Rentals and leases	277,463	1.2%	241,127	1.2%	243,070	1.2%	36,336	(1,943)
Depreciation and amortization	619,591	2.7%	845,561	4.1%	937,973	4.7%	(225,970)	(92,412)
Insurance	300,352	1.3%	266,904	1.3%	236,638	1.2%	33,448	30,266
Other operating expenses	1,008,756	4.5%	372,903	1.8%	435,628	2.2%	635,853	(62,725)
Total Operating Expenses	\$ 22,625,387	100%	\$ 20,813,878	100%	\$ 19,872,291	100%	\$ 1,811,509	\$ 941,587
							8.7%	4.7%

### Supply Costs

Supply costs as a percentage of gross revenue decreased from 3.3% in FYE 2016 to 3.0% in FYE 2017. Management continues to work with our group purchasing organization (GPO), Healthtrust Purchasing Group (HPG) to identify opportunities for supply cost reductions.

	2017		2016		2015		Change	
							2017	2016
Supply costs	\$ 1,469,773		\$ 1,587,249		\$ 1,730,884		\$ (117,476)	\$ (143,635)
Supply costs as a percent of gross revenue	3.0%		3.3%		4.0%		-0.3%	-0.7%



# BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

## Management's Discussion and Analysis

June 30, 2017

### FISCAL YEAR 2018 BUDGET AND ECONOMIC FACTORS

The District's Board of Directors approved the Budget for FYE June 30, 2018 (FY 2018) at a general board meeting. The financial plan for FYE 2018 includes a 5.7% increase in Gross Revenue and a 4.7% increase in Net Revenue. Operating Expense is budgeted to increase by 9.2%. The net result is a budgeted Surplus of \$2,939,870.

Capital expenditure plans include completion of the remodel for installation of a replacement CAT scanner and new Digital Mammography unit. We also have budgeted expenditures to CPSI, our electronic health record vendor, to meet the requirements of Meaningful Use 3. Also, replacement of laboratory equipment, some cosmetic work in the emergency department, and the number of smaller maintenance projects. Current and future favorable operations are helped by the continuation of a parcel tax assessed on property located in the Big Bear Valley area and an allocation of county tax revenue. During FYE 2017, the District received \$2,187,524 in such tax revenue. The projected tax revenue for FYE 2018 is \$2,232,569.

### BUSINESS STRATEGIES

In May 2014, the District converted to Critical Access Hospital (CAH) status. Our Analysis after filing FYE 2016 Cost Report showed a favorable impact of \$1,247,514 for the year from CAH status as compared to payments we would have received as a PPS (Prospective Payment System) Hospital.

#### Revenue cycle management and cost containment strategies

Administration is continuing its efforts to improve the revenue cycle process by monitoring provider contract administration, accounts receivable through our Accounts Receivable Management agreement, and working with Management Company consultants.

Also, administration will continue to work to monitor and lower operating expenses as possible to improve the net operating margin.

#### Status of Regulatory Requirements

- The District is in compliance with applicable state and federal regulations.
- The facility was reclassified as SPC-2 under HAZUS to comply with Senate Bill (SB) 1953.

Administration is working to meet the SB 1953 deadline under NPC-3 performance levels that requires healthcare institutions to be in compliance by the year 2030. Accordingly, the objective is to identify the full extent of equipment and non-structural items that must meet NPC-3 anchorage requirement. Once a plan is established develop a timetable to ensure compliance with NPC-3 performance level as quickly as possible.

# BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

## Management's Discussion and Analysis

June 30, 2017

- On January 1, 2007, Assembly Bill (AB) 774 Charity Care and Discount Payment law was effective. The District implemented and updated its charity and discount payment policy to conform to the requirements of AB 774. Additionally, in 2008 all acute care hospitals were required to file electronically their Charity Care and Discount Payment Policy with OSHPD. The District is in compliance with OSHPD policy.
- Administration reviewed the charge description master (CDM), updated it as necessary, and as required filed the electronic CDM with OSHPD.
- The State of California had proposed a reduction in the Distinct-Part Skilled Nursing Facility (DP/SNF) reimbursement rate to 90% of the 2008-2009 level in AB 97, with a caveat to apply this reduction retroactively with a "clawback" demand for repayment. The Department of Health Care Services (DHCS) did announce in August 2013 that rural DP/SNFs would be exempted from this rate reduction. The clawback provision was eliminated during FYE 2016.

### **HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)**

Beginning in 2002, the District began an effort to comply with the Health Insurance Portability and Accountability Act (HIPAA) enacted by the federal government. Required steps to comply with provisions of the Act have been put into place within the periods specified therein. Upgrades to our patient information system have already been installed to meet the security requirements. The information system infrastructure will continue to be reviewed throughout the stages of HIPAA enforcement to ensure continued compliance. The employees of the District continue to be educated in the privacy requirements of the Act. Organizations are subject to significant fines and penalties if found not to be compliant with the provisions outlined in the regulations. Moreover, the state of California passed a law requiring additional state requirements regarding patient confidentiality. The District complies with the HIPAA and the new California law.

### **ELECTRONIC HEALTH RECORD (EHR)**

In 2009, the American Recovery and Reinvestment Act (ARRA) was signed into law. The Health Information Technology Economic and Clinical Health (HITECH) Act is part of the ARRA. The HITECH Act created the Medicare and Medicaid (Medi-Cal in California) EHR incentive programs, which will provide incentive payments to eligible professionals and hospitals that adopt and demonstrate meaningful use (MU) of certified EHR technology. These incentives are considered to be of high strategic importance by virtually all healthcare organizations in the United States to further the federal government's goal of achieving health care reform and improvement of clinical outcomes for the population. The District implemented its electronic medical records system effective April 1, 2013 and attested that it has achieved MU as of October 2013. We continue to meet the requirements of MU.

# BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

## Management's Discussion and Analysis

June 30, 2017

### **ACCOUNTABLE CARE ACT (ACA)**

The future of the ACA is uncertain. November national election results and claims to revise or even repeal come on the heels of uncertainty of what will happen with the Healthcare Exchanges in light of likely high increase in premium cost and some carriers no longer being willing to offer coverage in certain locations. Congressional efforts to repeal or repair or replace the ACA have not been successful. Major healthcare reform could have a huge impact on California and Bear Valley Community Healthcare District.

DRAFT

# Bear Valley Community Healthcare District

## Statements of Net Position

June 30, 2017 and 2016

	2017	2016
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 13,002,589	\$ 9,282,986
Investments	750,000	750,000
Patient accounts receivable, net of allowances	3,924,581	3,448,876
Other receivables and physician advances	239,655	242,260
Assets whose use is limited	144,375	144,375
Supplies	212,805	178,366
Prepaid expenses and deposits	192,178	224,292
Total current assets	18,466,183	14,271,155
Capital assets, net of accumulated depreciation	7,634,783	7,019,232
Total assets	<u>\$ 26,100,966</u>	<u>\$ 21,290,387</u>
<b>Liabilities and Net Position</b>		
Current liabilities		
Current portion of long-term debt	\$ 35,000	\$ 35,000
Accounts payable and accrued expenses	1,137,647	566,494
Accrued payroll and related liabilities	684,799	897,750
Third-party payor settlements	649,537	575,016
Total current liabilities	2,506,983	2,074,260
Long-term debt, less current portion	2,930,000	2,965,000
Total liabilities	5,436,983	5,039,260
Net position		
Invested in capital assets, net of related debt	4,669,783	4,019,232
Unrestricted	15,994,200	12,231,895
Total net position	20,663,983	16,251,127
Total liabilities and net position	<u>\$ 26,100,966</u>	<u>\$ 21,290,387</u>

*See accompanying notes to the financial statements*

# Bear Valley Community Healthcare District

## Statements of Revenues, Expenses and Changes in Net position

For The Years Ended June 30, 2017 and 2016

	2017	2016
<b>Operating revenues</b>		
Net patient service revenue	\$ 23,963,785	\$ 21,125,312
Other operating revenue	2,034,802	680,717
Total operating revenues	<u>25,998,587</u>	<u>21,806,029</u>
<b>Operating expenses</b>		
Salaries & wages	9,168,859	9,613,427
Employee benefits	3,568,108	2,260,524
Professional Fees	1,832,258	2,530,215
Purchased services	3,531,964	2,308,298
Supplies	1,469,773	1,587,249
Repairs & maintenance	314,833	214,492
Utilities	533,430	573,178
Rentals and leases	277,463	241,127
Depreciation & amortization	619,591	845,561
Insurance	300,352	266,904
Other operating expenses	1,008,756	372,903
Total operating expenses	<u>22,625,387</u>	<u>20,813,878</u>
Operating income (loss)	3,373,200	992,151
<b>Nonoperating revenues (expenses)</b>		
District tax revenues	2,301,190	2,234,639
Capital grants and donations	64,441	133,050
Investment income	88,397	12,591
Interest expense	(96,343)	(47,078)
Total nonoperating revenues (expenses)	<u>2,357,685</u>	<u>2,333,202</u>
Excess of revenues (expenses)	5,730,885	3,325,353
Inter-governmental transfers	(1,318,029)	(337,966)
Increase in net position	4,412,856	2,987,387
Net position, beginning of the year	16,251,127	13,263,740
Net position, end of year	<u>\$ 20,663,983</u>	<u>\$ 16,251,127</u>

*See accompanying notes to the financial statements*



# Bear Valley Community Healthcare District

## Statements of Cash Flows

For The Years Ended June 30, 2017 and 2016

	2017	2016
<b>Cash flows from operating activities</b>		
Cash received from patients and third-party payers	\$ 23,562,601	\$ 23,071,499
Other receipts	2,037,407	563,755
Cash payments to suppliers and contractors	(8,700,001)	(8,270,204)
Cash payments to employees and benefit programs	(12,949,918)	(11,924,346)
Net cash provided by (used in) operating activities	3,950,089	3,440,704
<b>Cash flows from non-capital and related financing activities</b>		
District tax revenue	2,301,190	2,234,639
Net change in unearned income	-	(126,667)
Net cash provided by non-capital and related financing activities	2,301,190	2,107,972
<b>Cash flows from capital and related financing activities</b>		
Purchase of property, plant & equipment	(1,235,142)	(360,714)
Capital grants and contributions	64,441	133,050
Proceeds from new debt borrowings	-	3,000,000
Change in assets whose use is limited	-	(144,375)
Payments of long-term debt	(35,000)	-
Interest paid on capital debt	(96,343)	(47,078)
Net cash provided by (used in) capital and related financing activities	(1,302,044)	2,580,883
<b>Cash flows from investing activities</b>		
Net sale of investments	-	412,585
Inter-governmental transfers	(1,318,029)	(337,966)
Investment income	88,397	12,591
Net cash provided by investing activities	(1,229,632)	87,210
Increase (decrease) in cash and cash equivalents	3,719,603	8,216,769
Cash and cash equivalents at beginning of year	1,066,217	1,066,217
Cash and cash equivalents at end of year	\$ 4,785,820	\$ 9,282,986

*See accompanying notes to the financial statements*

# Bear Valley Community Healthcare District

## Statements of Cash Flows (continued)

For The Years Ended June 30, 2017 and 2016

	2017	2016
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>		
Operating income (loss)	\$ 3,373,200	\$ 992,151
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	619,591	845,561
Changes in operating assets and liabilities		
Patient accounts receivable	(475,705)	1,642,670
Other receivables	2,605	(116,962)
Supplies	(34,439)	(51,708)
Prepaid expenses	32,114	(52,374)
Accounts payable and accrued expenses	571,153	(71,756)
Accrued payroll and related expenses	(212,951)	(50,395)
Third-party payor settlements	74,521	303,517
Net cash provided by (used in) operating activities	<u>\$ 3,950,089</u>	<u>\$ 3,440,704</u>

See accompanying notes to the financial statements

# BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

## Notes to Financial Statements

June 30, 2017 and 2016

### NOTE 1 - ORGANIZATION AND ACCOUNTING POLICIES

**Reporting Entity:** Bear Valley Community Health Care District (the District) is a public entity organized under Local Hospital District Law as set forth in the Health and Safety Code of the State of California. The District operates a hospital, Bear Valley Community Hospital (the Hospital), for the community of Big Bear Lake and the surrounding area. The Hospital is a 30-bed facility that provides general acute and skilled nursing care. As a political subdivision of the State of California, the District is generally not subject to federal or state income taxes.

**Basis of Preparation:** The accounting policies and financial statements of the District generally conform with the recommendations of the audit and accounting guide, *Health Care Organizations*, published by the American Institute of Certified Public Accountants. The financial statements are presented in accordance with the pronouncements of the Governmental Accounting Standards Board (GASB). For purposes of presentation, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operational revenues and expenses.

The District uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on GASB Statement Number 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended, the District has elected to apply the provisions of all relevant pronouncements as the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

**Financial Statement Presentation:** The District applies the provisions of GASB 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (Statement 34), as amended by GASB 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, and Statement 38, *Certain Financial Statement Note Disclosures*. Statement 34 established financial reporting standards for all state and local governments and related entities. Statement 34 primarily relates to presentation and disclosure requirements. The impact of this change was related to the format of the financial statements; the inclusion of management's discussion and analysis; and the preparation of the statement of cash flows on the direct method. The application of these accounting standards had no impact on the total net position.

**Management's Discussion and Analysis:** Statement 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the District's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to the analysis provided in the annual reports of organizations in the private sector.

# BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

## Notes to Financial Statements

June 30, 2017 and 2016

### NOTE 1 - ORGANIZATION AND ACCOUNTING POLICIES (continued)

**Use of Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents and Investments:** The District considers cash and cash equivalents to include certain investments in highly liquid debt instruments, when present, with an original maturity of a short-term nature or subject to withdrawal upon request. Exceptions are for those investments which are intended to be continuously invested. Investments in debt securities are reported at market value. Interest, dividends and both unrealized and realized gains and losses on investments are included as investment income in non-operating revenues when earned.

**Patient Accounts Receivable:** Patient accounts receivable consist of amounts owed by various governmental agencies, insurance companies and private patients. The District manages its receivables by regularly reviewing the accounts, inquiring with respective payors as to collectability and providing for allowances on their accounting records for estimated contractual adjustments and uncollectible accounts. Significant concentrations of patient accounts receivable are discussed further in the footnotes.

**Supplies:** Inventories are consistently reported from year to year at cost determined by average costs and replacement values which are not in excess of market. The District does not maintain levels of inventory values such as those under a first-in, first out or last-in, first out method.

**Assets Limited as to Use:** Assets limited as to use include amounts designated by the Board of Directors for replacement or purchases of capital assets and other specific purposes. Assets limited as to use consist primarily of government agency funds, money market accounts and certificates of deposits on hand with banking and investment institutions.

**Capital Assets:** Capital assets consist of property and equipment and are reported on the basis of cost, or in the case of donated items, on the basis of fair market value at the date of donation. Routine maintenance and repairs are charged to expense as incurred. Expenditures which increase values, change capacities, or extend useful lives are capitalized. Depreciation of property and equipment and amortization of property under capital leases are computed by the straight-line method for both financial reporting and cost reimbursement purposes over the estimated useful lives of the assets, which range from 10 to 30 years for buildings and improvements, and 3 to 10 years for equipment. The District periodically reviews its capital assets for value impairment. As of June 30, 2017, and 2016, the District has determined that no capital assets are impaired.

# BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

## Notes to Financial Statements

June 30, 2017 and 2016

### NOTE 1 - ORGANIZATION AND ACCOUNTING POLICIES (continued)

**Compensated Absences:** The employees of the District earn paid time off ("PTO") benefits at varying rates. The rate is determined based on their years of service. This PTO benefit can accumulate up to specified maximum levels. Employees may use their accumulated PTO for vacation, holidays and sick leave. Accumulated PTO benefits are paid to an employee upon either termination or retirement. Accrued PTO liabilities as of June 30, 2017, and 2016 are \$489,455 and \$468,546, respectively.

**Risk Management:** The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and medical malpractice. Commercial insurance coverage is purchased for claims arising from such matters.

**Net Position:** Net position (formally net assets) is presented in three categories. The first category is net position "invested in capital assets, net of related debt". This category of net position consists of capital assets (both restricted and unrestricted), net of accumulated depreciation and reduced by the outstanding principal balances of any debt borrowings that were attributable to the acquisition, construction, or improvement of those capital assets.

The second category is "restricted" net position. This category consists of externally designated constraints placed on assets by creditors (such as through debt covenants), grantors, contributors, law or regulations of other governments or government agencies, or law or constitutional provisions or enabling legislation.

The third category is "unrestricted" net position. This category consists of net assets that do not meet the definition or criteria of the previous two categories.

**Net Patient Service Revenues:** Net patient service revenues are reported in the period at the estimated net realized amounts from patients, third-party payors and others including estimated retroactive adjustments under reimbursement agreements with third-party programs. Normal estimation differences between final reimbursement and amounts accrued in previous years are reported as adjustments of current year's net patient service revenues.

**Charity Care:** The District accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the District. Essentially, these policies define charity services as those services for which no payment is anticipated. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenues. Services provided are recorded as gross patient service revenues and then written off entirely as an adjustment to net patient service revenues.



# BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

## Notes to Financial Statements

June 30, 2017 and 2016

### NOTE 1 - ORGANIZATION AND ACCOUNTING POLICIES (continued)

**District Tax Revenues:** The District receives financial support from property taxes. These funds are used to support operations. They are classified as non-operating revenue as the revenue is not directly linked to patient care. Property taxes are levied by the County on the Hospital's behalf during the year, and are intended to help finance the District's activities during the same year. Amounts are levied on the basis of the most current property values on record with the County. The County has established certain dates to levy, lien, mail bills, and receive payments from property owners during the year. Property taxes are considered delinquent on the day following each payment due date.

**Grants and Contributions:** From time to time, the District receives grants from various governmental agencies and private organizations. The District also receives contributions from related foundation and auxiliary organizations, as well as from individuals and other private organizations. Revenues from grants and contributions are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or capital acquisitions. These amounts, when recognized upon meeting all requirements, are reported as components of the statement of revenues, expenses and changes in net assets.

**Operating Revenues and Expenses:** The District's statement of revenues, expenses and changes in net position distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, which is the District's principal activity. Operating expenses are all expenses incurred to provide health care services, other than financing costs. Non-operating revenues and expenses are those transactions not considered directly linked to providing health care services.

**Subsequent events:** Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

**Reclassifications:** Certain financial statement amounts as presented in the prior year financial statements have been reclassified in these, the current year financial statements, in order to conform to the current year financial statement presentation.

### NOTE 2 – CASH AND CASH EQUIVALENTS

As of June 30, 2017 and 2016, the District had deposits invested in various financial institutions in the form of cash and cash equivalents amounting to \$9,424,211 and \$1,063,067. All of these funds were held in deposits, which are collateralized in accordance with the California Government Code (CGC), except for \$250,000 per account that is federally insured.

# BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

## Notes to Financial Statements

June 30, 2017 and 2016

### **NOTE 2 – CASH AND CASH EQUIVALENTS (continued)**

Under the provisions of the CGC, California banks and savings and loan associations are required to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the District's deposits. California law also allows financial institutions to secure Hospital deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total deposits. The pledged securities are held by the pledging financial institution's trust department in the name of the District.

Investments consist of U.S. Government securities and state and local agency funds invested in U. S. Government securities and are stated at quoted market values. Changes in market value between years are reflected as a component of investment income in the accompanying statement of revenues, expenses and changes in net assets.

### **NOTE 3 - NET PATIENT SERVICE REVENUES AND REIMBURSEMENT PROGRAMS**

The District renders services to patients under contractual arrangements with the Medicare and Medi-Cal programs, health maintenance organizations (HMOs) and preferred provider organizations (PPOs). Patient service revenues from these programs approximate 95% of gross patient service revenues.

The Medicare Program reimburses the District on a prospective payment system for inpatient hospital services. The prospective rates are predetermined amounts based on the Medicare inpatient discharge diagnosis including capital. Skilled nursing services are reimbursed on a program similar in nature to the inpatient services.

The District contracts to provide services to Medi-Cal, HMO and PPO inpatients on negotiated rates. Certain outpatient reimbursement is subject to a schedule of maximum allowable charges for Medi-Cal and to a percentage discount for HMOs and PPOs. The skilled nursing facility (SNF) is reimbursed by the Medi-Cal program on a prospective per diem basis subject to audit by the state. The results of the state audits are incorporated prospectively and are subject to appeal by the provider.

Both the Medicare and Medi-Cal program's administrative procedures preclude final determination of amounts due to the District for services to program patients until after patients' medical records are reviewed and cost reports are audited or otherwise reviewed by and settled with the respective administrative agencies. The Medicare and Medi-Cal cost reports are subject to audit and possible adjustment. Management is of the opinion that no significant adverse adjustment to the recorded settlement amounts will be required upon final settlement.

# BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

## Notes to Financial Statements

June 30, 2017 and 2016

### NOTE 3 - NET PATIENT SERVICE REVENUES AND REIMBURSEMENT PROGRAMS (continued)

Medicare and Medi-Cal revenue accounts for approximately 59% and 56% of the District's net patient revenues for the years ended June 30, 2017 and 2016, respectively. Laws and regulations governing the Medicare and Medi-Cal programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

### NOTE 4 - INVESTMENTS

The District's investment balances and average maturities were as follows at June 30, 2017 and 2016:

2017				
	Fair Value	Investment Maturities in Years		
		Less than 1	1 to 5	Over 5
Government investment funds	\$ 10,144,184	\$ 10,144,184	\$ -	\$ -
Money market accounts	144,375	144,375	-	-
Certificates of deposit	750,000	-	750,000	-
Total investments	<u>\$ 11,038,559</u>	<u>\$ 10,288,559</u>	<u>\$ 750,000</u>	<u>\$ -</u>
2016				
	Fair Value	Investment Maturities in Years		
		Less than 1	1 to 5	Over 5
Government investment funds	\$ 7,520,859	\$ 7,520,859	\$ -	\$ -
Money market accounts	144,375	144,375	-	-
Certificates of deposit	750,000	-	750,000	-
Total investments	<u>\$ 8,415,234</u>	<u>\$ 7,665,234</u>	<u>\$ 750,000</u>	<u>\$ -</u>

The District's investments are reported at fair value as previously discussed. The District's investment policy allows for various forms of investments generally set to mature within a few months to others over 15 years. The policy identifies certain provisions which address interest rate risk, credit risk and concentration of credit risk.

Interest income, dividends, and both realized and unrealized gains and losses on investments are recorded as investment income. These amounts were \$88,397 and \$12,591 for the years ended June 30, 2017 and 2016, respectively. Total investment income includes both income from operating cash and cash equivalents and cash and cash equivalents related to assets limited as to use. Debt securities, when present, are recorded at market price or the fair market value as of the date of each balance sheet.

# BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

## Notes to Financial Statements

June 30, 2017 and 2016

### NOTE 4 – INVESTMENTS (continued)

**Interest Rate Risk:** Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District's exposure to interest rate risk is minimal as 93% of their investments have a maturity of less than one year and the remaining 7% have a maturity of less than 5 years. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the preceding schedules that shows the distribution of the District's investments by maturity.

**Credit Risk:** Credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization, such as Moody's Investor Service, Inc. The District's investments in such obligations are in government investment funds. The District believes that there is minimal credit risk with these obligations at this time.

**Custodial Credit Risk:** Custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer), the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District's investments are generally held by banks or government agencies. The District believes that there is minimal custodial credit risk with their investments at this time. District management monitors the entities which hold the various investments to ensure they remain in good standing.

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investments are held as follows: governmental agencies 89% and banks 11%. The District believes that there is minimal custodial credit risk with their investments at this time. District management monitors the entities which hold the various investments to ensure they remain in good standing.

### NOTE 5 - ASSETS LIMITED AS TO USE

Assets limited as to use as of June 30, 2017 were comprised of cash held in a Debt Service Reserve Fund as required by the terms of a sale and leaseback agreement entered into by the District in January 2017. Under the agreement the District is required to make annual payments into the Debt Service Reserve Fund equal to 1/10<sup>th</sup> of the current annual lease payment. The District established this fund accordingly and at June 30, 2017 the balance totaled \$144,375. See Note 9.

# BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

## Notes to Financial Statements

June 30, 2017 and 2016

### NOTE 6 - CONCENTRATION OF CREDIT RISK

The District grants credit without collateral to its patients and third-party payors. Patient accounts receivable from government agencies represent the only concentrated group of credit risk for the District and management does not believe that there is any credit risk associated with these governmental agencies. Contracted and other patient accounts receivable consist of various payors including individuals involved in diverse activities, subject to differing economic conditions and do not represent any concentrated credit risks to the District. Concentration of patient accounts receivable at June 30, 2017 and 2016 were as follows:

	2017	2016
Medicare	\$ 1,046,991	\$ 970,569
Medi-Cal and Medi-Cal pending	3,802,028	3,543,604
Other third party payors	3,667,786	3,818,727
Self pay and other	<u>2,232,719</u>	<u>1,835,887</u>
Gross patient accounts receivable	10,749,524	10,168,787
Less allowances for contractual adjustments and bad debts	<u>(6,824,943)</u>	<u>(6,718,823)</u>
Net patient accounts receivable	<u>\$ 3,924,581</u>	<u>\$ 3,449,964</u>

### NOTE 7 - OTHER RECEIVABLES

Other receivables as of June 30, 2017 and 2016 were comprised of the following:

	2017	2016
Grants	\$ 58,006	\$ 64,179
Workers Compensation refund	26,512	25,520
Physician advance	98,312	98,595
District tax revenue	56,788	53,966
Other	<u>37</u>	<u>-</u>
	<u>\$ 239,655</u>	<u>\$ 242,260</u>



# BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

## Notes to Financial Statements

June 30, 2017 and 2016

### NOTE 8 - CAPITAL ASSETS

Capital assets as of June 30, 2017 and 2016 were comprised of the following:

	Balance at June 30, 2016	Transfers & Additions	Transfers & Retirements	Balance at June 30, 2017
Land and land improvements	\$ 532,272	\$ 15,200	\$ -	\$ 547,472
Buildings and improvements	9,583,080	74,007	-	9,657,087
Equipment	8,877,216	737,260	-	9,614,476
Construction-in-progress	123,484	408,675	-	532,159
Totals at historical cost	19,116,052	\$ 1,235,142	\$ -	20,351,194
Less accumulated depreciation	(12,096,820)	\$ (619,591)	\$ -	(12,716,411)
Capital assets, net	<u>\$ 7,019,232</u>			<u>\$ 7,634,783</u>

	Balance at June 30, 2015	Transfers & Additions	Transfers & Retirements	Balance at June 30, 2016
Land and land improvements	\$ 515,832	\$ 16,440	\$ -	\$ 532,272
Buildings and improvements	9,576,893	6,187	-	9,583,080
Equipment	8,662,613	214,603	-	8,877,216
Construction-in-progress	-	123,484	-	123,484
Totals at historical cost	18,755,338	\$ 360,714	\$ -	19,116,052
Less accumulated depreciation	(11,251,259)	\$ (845,561)	\$ -	(12,096,820)
Capital assets, net	<u>\$ 7,504,079</u>			<u>\$ 7,019,232</u>



# BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

## Notes to Financial Statements

June 30, 2017 and 2016

### NOTE 9 - DEBT BORROWINGS

Long-term debt at June 30, 2017 and 2016 consists of the following:

	2017	2016
Note payable to the Public Property Financing Corporation of California, original amount of \$3,000,000, bearing interest at 3.125%, principal payable annually and interest payable biannually per schedule, maturing in December 2055, secured by property, building and improvements.	\$ 2,965,000	\$ 3,000,000
Total debt borrowings	2,965,000	3,000,000
Less current maturities	(35,000)	(35,000)
Debt borrowings, net of current maturities	<u>\$ 2,930,000</u>	<u>\$ 2,965,000</u>

Effective January 1, 2016, the District entered into a sale and leaseback agreement with the United States Department of Agriculture, acting through the Rural Housing Service and the Public Property Financing Corporation of California, for the Brenda Boss Family Resource Center. The Brenda Boss Family Resource Center is a building recently constructed by the District on the District's main hospital campus and was put into service during the fiscal year ended June 30, 2014. In accordance with GAAP, the sale and leaseback agreement will be treated as a financing transaction. The principal amount borrowed totaled \$3,000,000, with an annual interest rate of 3.125%. Principal is payable annually on December 1<sup>st</sup> starting in 2017 and continuing through 2055 per a schedule with payments ranging in amounts from \$35,000 to \$140,000. Interest is payable biannually on June 1<sup>st</sup> and December 1<sup>st</sup> in an amount equal to the current outstanding principal balance multiplied by the annual interest rate of 3.125% and divided by two, for a six-month interest amount. There is no provision for a pre-payment penalty. The District must establish and maintain a Debt Service Reserve Fund throughout the term of the sale and leaseback agreement. The District is required to make annual payments into the Debt Service Reserve Fund equal to 1/10<sup>th</sup> of the current annual lease payment. The District established this fund and at June 30, 2017 the balance totaled \$144,375. Upon completion of the sale and leaseback agreement, ownership and title of the Brenda Boss Building will revert to the District with no encumbrances.

Future principal maturities for debt borrowings for the next five years are: \$35,000 in 2018; \$35,000 in 2019; \$40,000 in 2020; \$40,000 in 2021; \$40,000 in 2022; and \$2,775,000 thereafter.

# BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

## Notes to Financial Statements

June 30, 2017 and 2016

### NOTE 10 - RETIREMENT PLANS

The District has a defined contribution retirement plan covering substantially all of the District's employees. In a defined contribution retirement plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The District contributes to the plan at a rate of two to four percent of eligible compensation, based on the length of the employee's service as defined by the plan. The District's contributions become fully vested after three years of continuous service. The District's pension expense for the plan was \$183,803 and \$171,739 during the years ended June 30, 2017 and 2016, respectively.

### NOTE 11 – INCOME TAXES

The District is a political subdivision of the state of California organized under the Local Health Care District Law as set forth in the Health and Safety Code of the State of California. The Hospital has been determined to be exempt from income taxes under Local Health Care District Law. Accordingly, no provision for income taxes is included in the accompanying financial statements. The District is no longer subject to examination by federal or state authorities for years prior to June 30, 2014, nor has it been notified of any impending examination and no examinations are currently in process.

### NOTE 12 - COMMITMENTS AND CONTINGENCIES

**Construction-in-Progress:** As of June 30, 2017, the District has \$532,158 recorded as construction-in-progress which represents cost capitalized for various remodeling, major repair, and expansion projects on the District's premises. No interest was capitalized under FAS 62 during the years ended June 30, 2017 and 2016. Estimated costs to complete current obligated construction-in-progress projects as of June 30, 2017 are approximately \$125,000. Costs are to be financed with District reserves and continued District operations.

**Operating Leases:** The District has operating leases for office space and various medical and office equipment. Rental expense under operating leases was \$241,127 and \$241,127 for the years ended June 30, 2017 and 2016, respectively. Future minimum lease payments for the succeeding years under operating leases with a remaining term in excess of one year as of June 30, 2017, are as follows: \$159,006 in 2017; \$102,798 in 2018; and \$94,998 in 2019.

**Litigation:** The District may from time-to-time be involved in litigation and regulatory investigations which arise in the normal course of doing business. After consultation with legal counsel, management estimates that matters existing as of June 30, 2017, will be resolved without material adverse effect on the District's future financial position, results from operations or cash flows.

# BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

## Notes to Financial Statements

June 30, 2017 and 2016

### NOTE 12 - COMMITMENTS AND CONTINGENCIES (continued)

**Workers Compensation Program:** The District is a participant in the Association of California Hospital District's ALPHA Fund which administers a self-insured worker's compensation plan for participating hospital employees of its member hospitals. The District pays premiums to the ALPHA Fund which is adjusted annually. If participation in the ALPHA Fund is terminated by the District, the District would be liable for its share of any additional premiums necessary for final disposition of all claims and losses covered by the ALPHA Fund.

**Health Insurance Portability and Accountability Act:** The Health Insurance Portability and Accountability Act (HIPAA) was enacted August 21, 1996, to ensure health insurance portability, reduce health care fraud and abuse, guarantee security and privacy of health information, and enforce standards for health information. Organizations are subject to significant fines and penalties if found not to be compliant with the provisions outlined in the regulations. Management continues to evaluate the impact of this legislation on its operations including future financial commitments that will be required.

**Health Care Reform:** The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements and reimbursement for patient services, antitrust, anti-kickback and anti-referral by physicians, false claims prohibitions and, in the case of tax-exempt organizations, the requirement of tax exemption. In recent years, government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of reimbursement, false claims, anti-kickback and anti-referral statutes and regulations, quality of care provided to patients, and handling of controlled substances. Violations of these laws and regulations could result in expulsion from government health care programs with the imposition of significant fines and penalties as well as significant repayments for patient services previously billed.

Laws and regulations concerning government programs, including Medicare, Medicaid and various other programs, are complex and subject to varying interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. As a result of nationwide investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements.

Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines and penalties and exclusion from related programs. The District expects that the level of review and audit to which it and other health care providers are subject will increase. There can be no assurance that regulatory authorities will not challenge the District's compliance with these regulations, and it is not possible to determine the effect (if any) such claims or penalties would have upon the District.



## MEMO

Date: December 28, 2017  
To: Finance Committee and Board of Directors  
From: Kerri Jex, CNO  
Re: QHR Travel Expenses for Critical Access Hospital (CAH) and Life Safety Mock Survey

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**Recommended Action:**

Approval of travel and related expenses not to exceed \$2,000.00 per person. Two QHR Consultants to conduct a CAH and Life Safety Mock Survey.

**Background:**

In order for the district to prepare for the Critical Access Hospital and Life Safety Survey we are asking the Board to approve travel expenses for two QHR consultants to be on site and assist the district with a mock survey.

We anticipate the State will be on site in 2018 to complete the CAH Survey. We would like to have QHR consultants provide a mock survey to ensure we are prepared for the State.



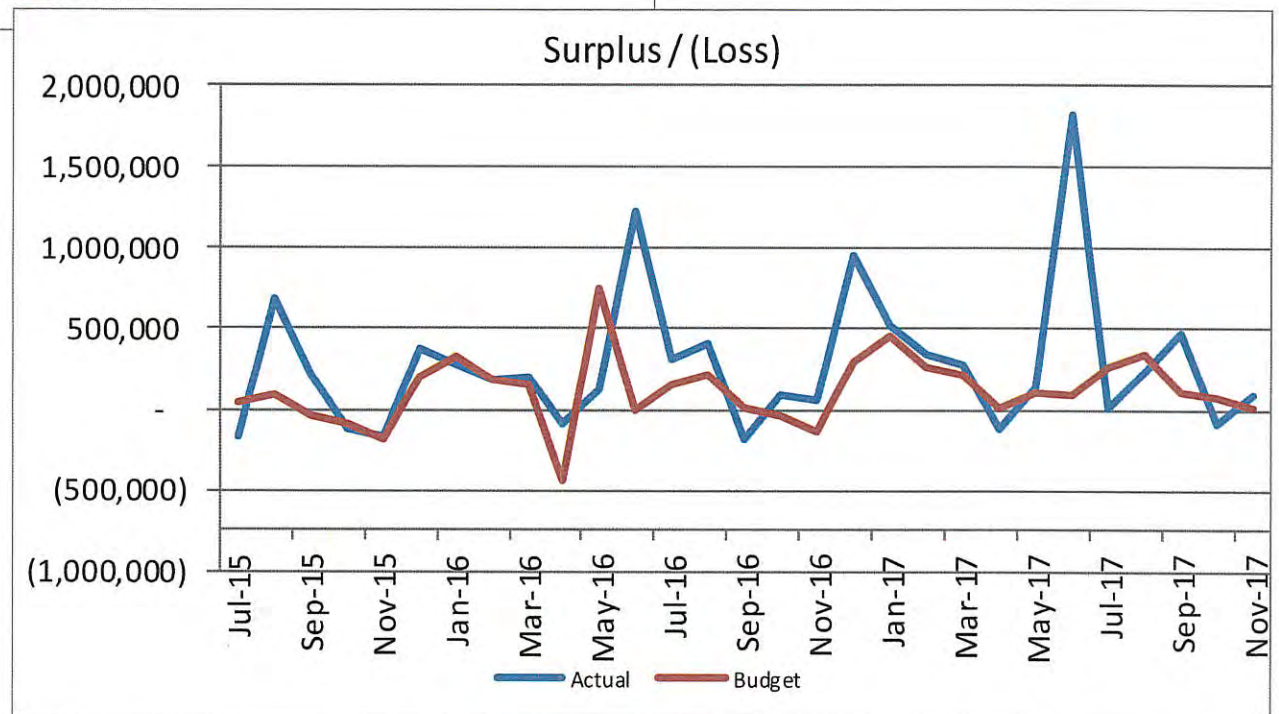
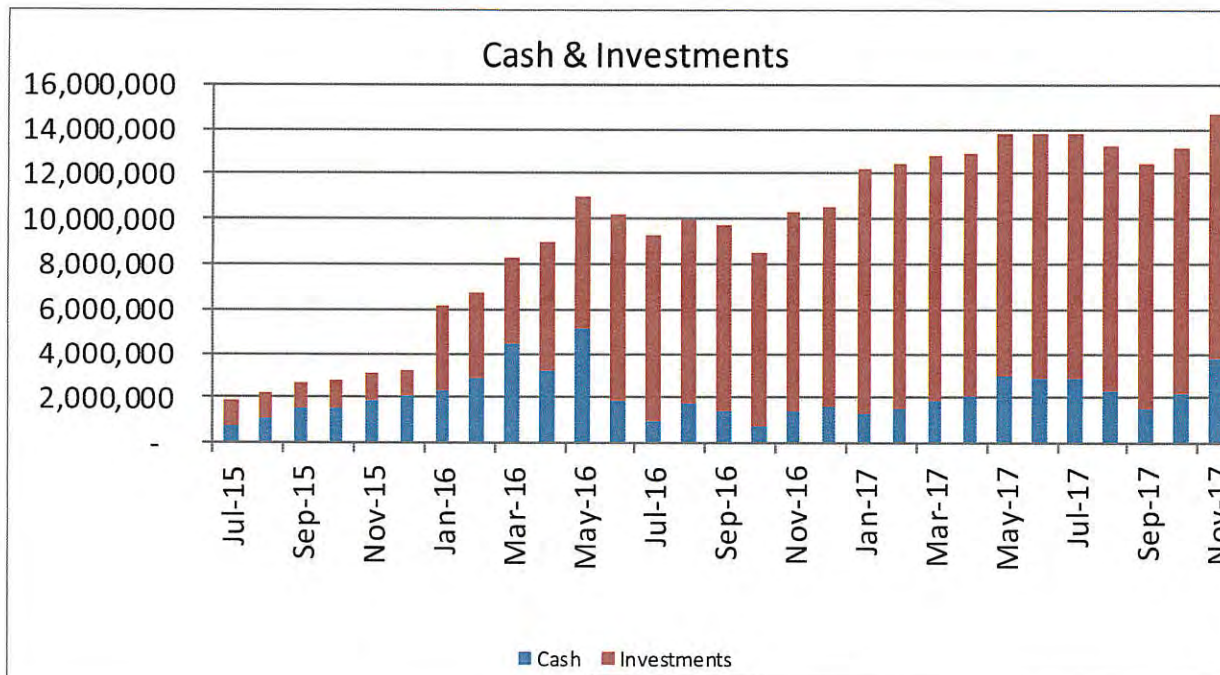
Finance Report  
November 2017 Results



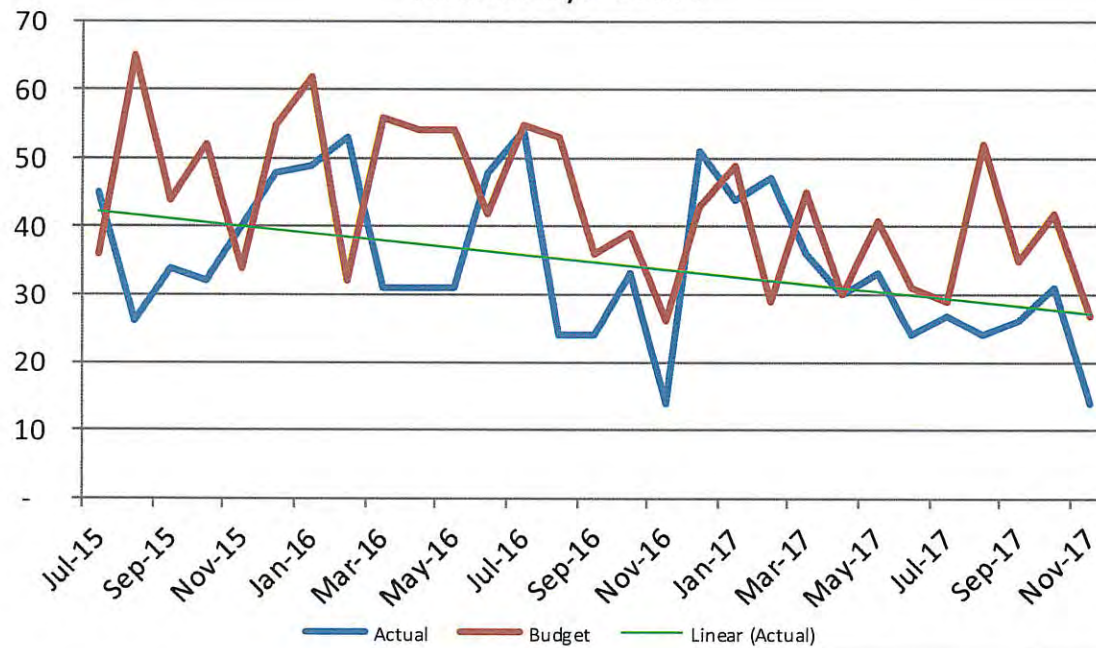
## Summary for November 2017

- Cash on Hand - \$3,733,239  
Investments - \$10,921,640
- Days Cash on hand, including investments with LAIF – 236
- Surplus of \$86,036 for the month compared to budgeted surplus of \$2,824.
- Total Patient Revenue over Budget by 7.6% for the month
- Net Revenue was 7.0% higher than budget.
- Total Expenses 1.7% higher than budget

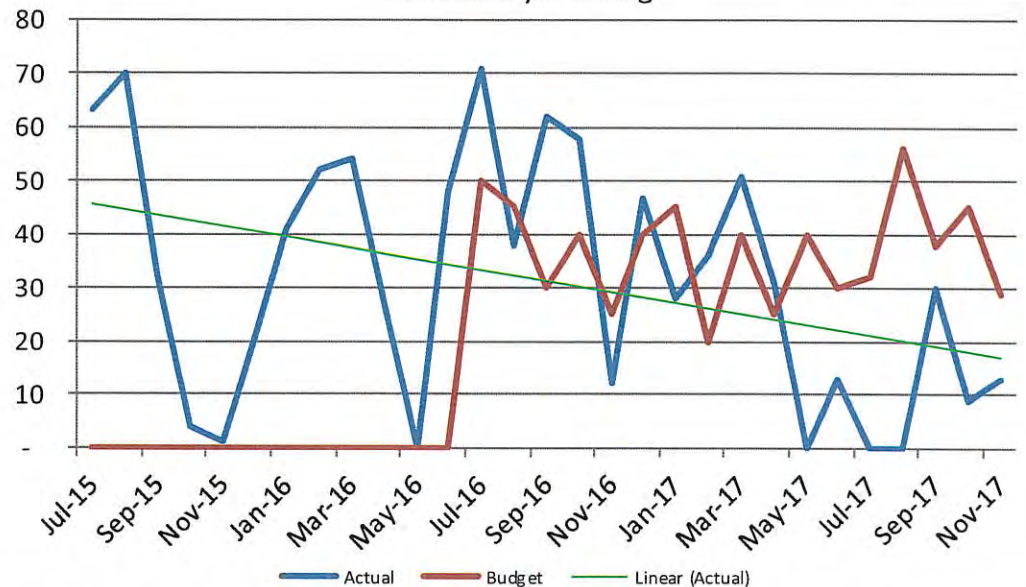




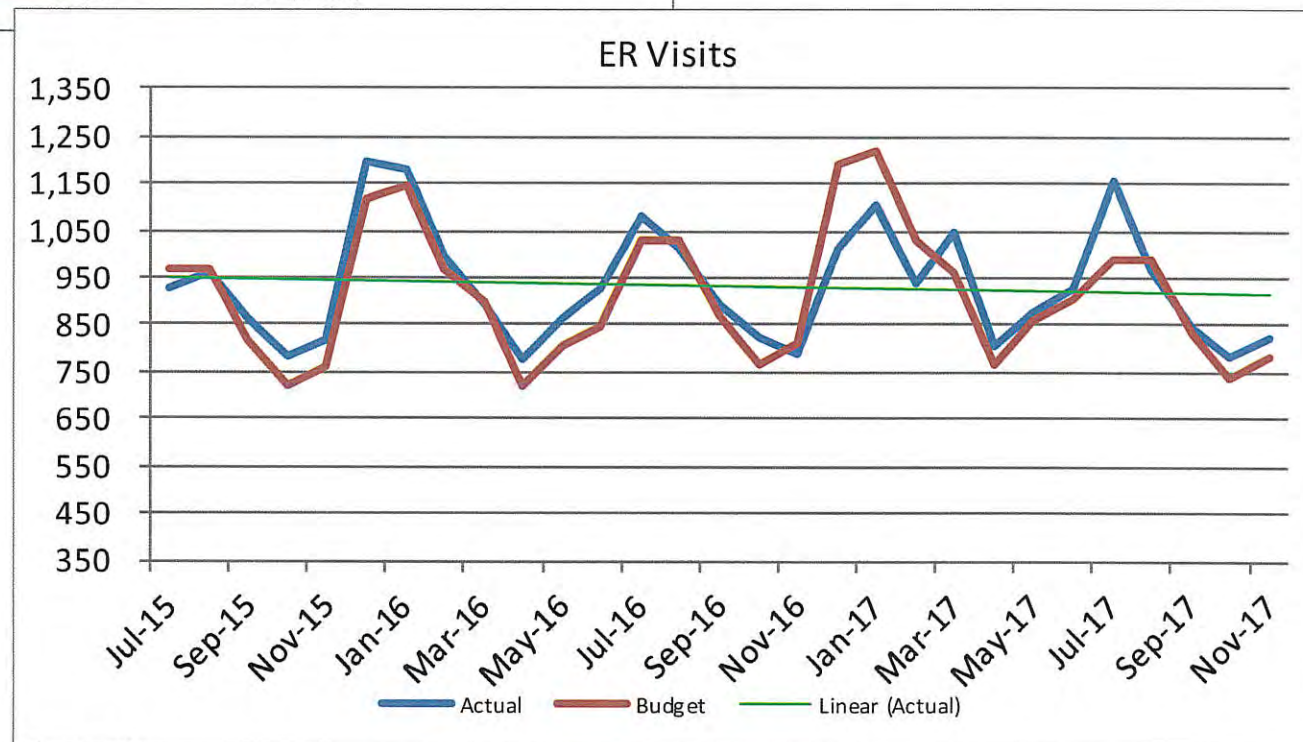
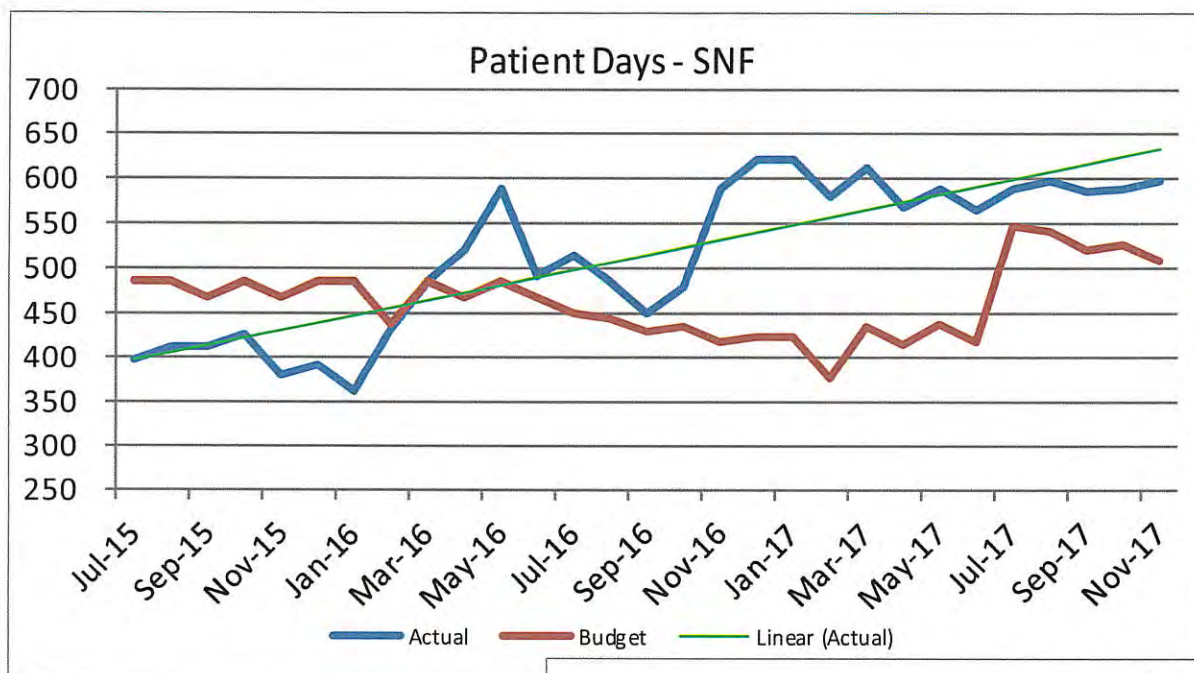
Patient Days - Acute

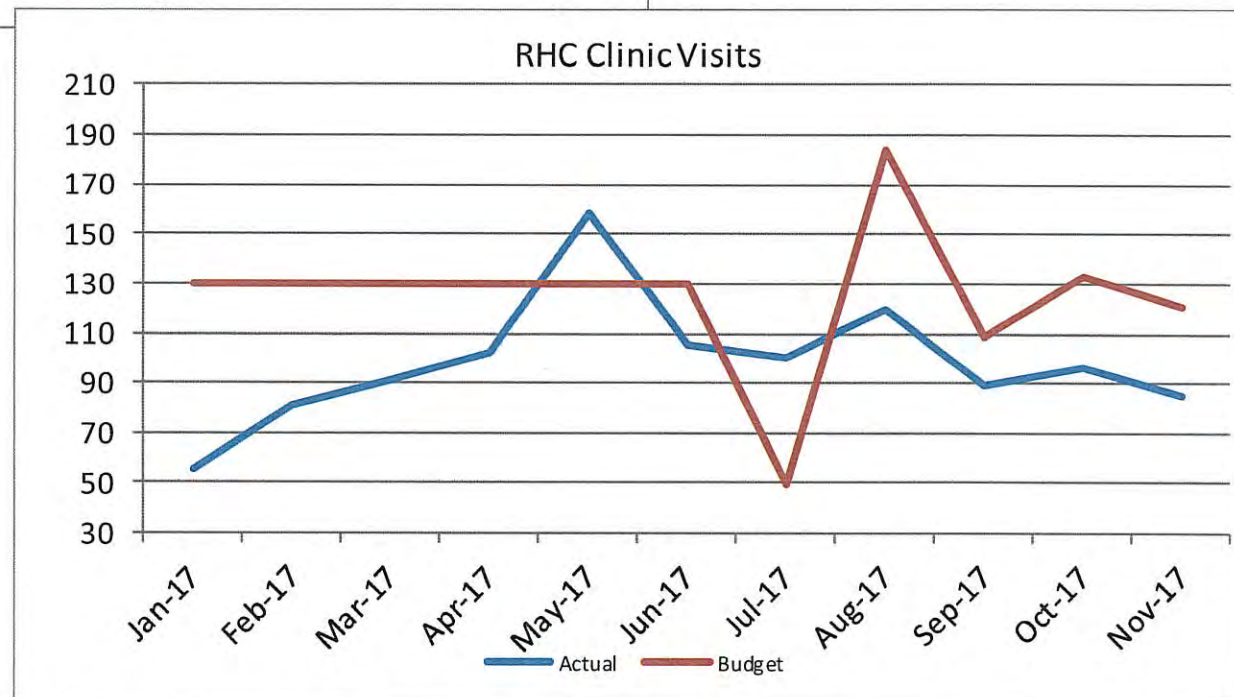
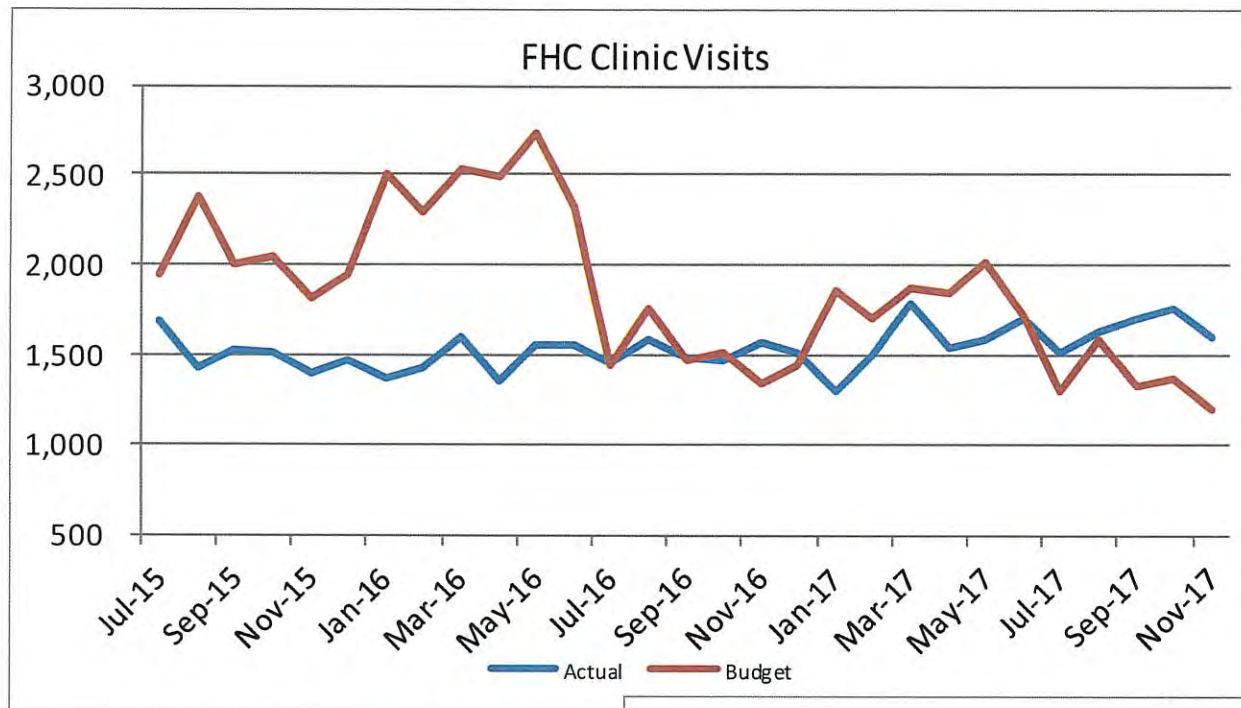


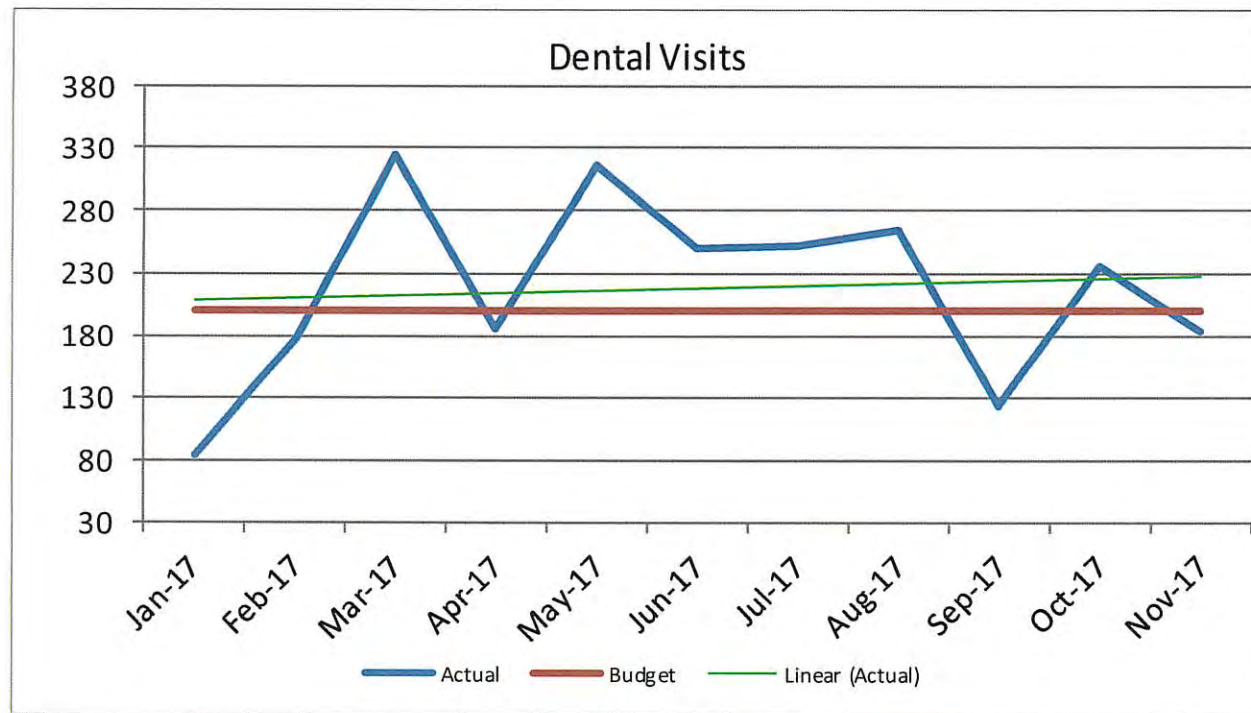
Patient Days - Swing



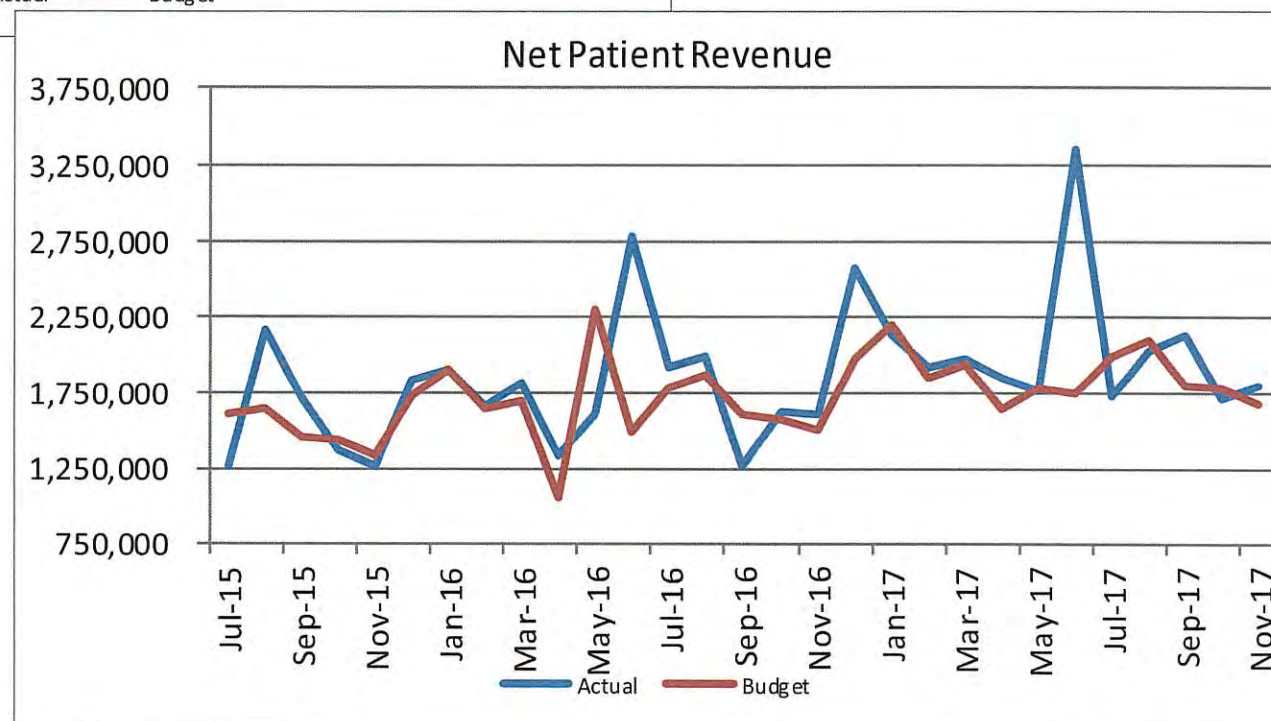
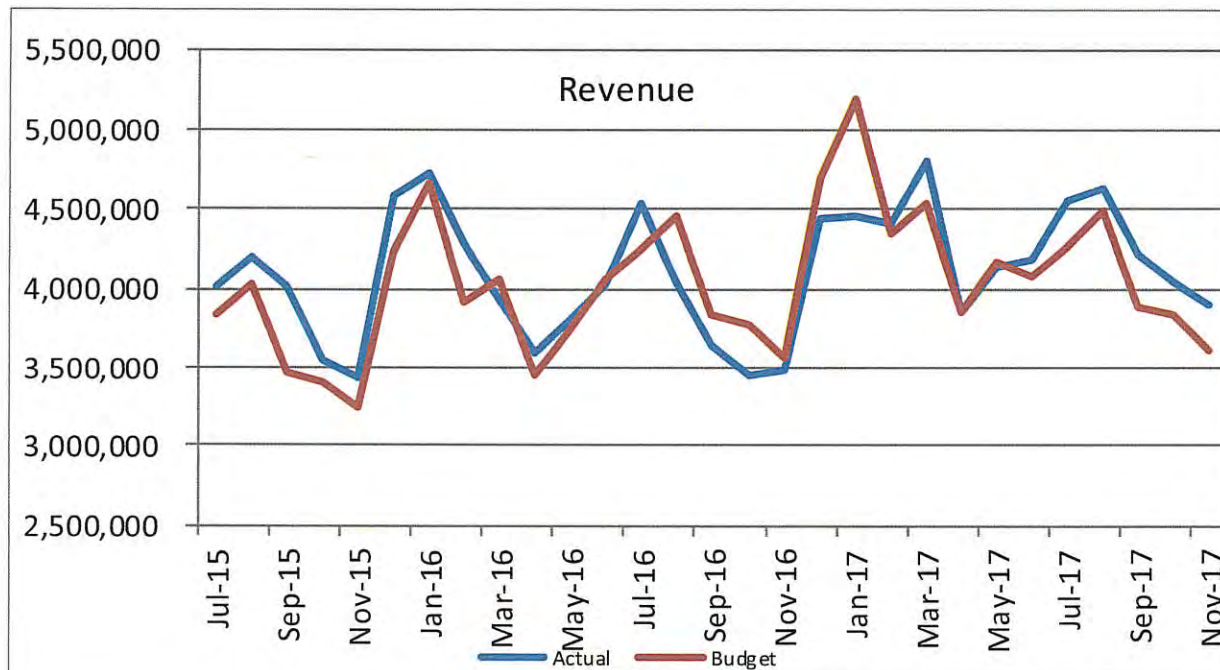


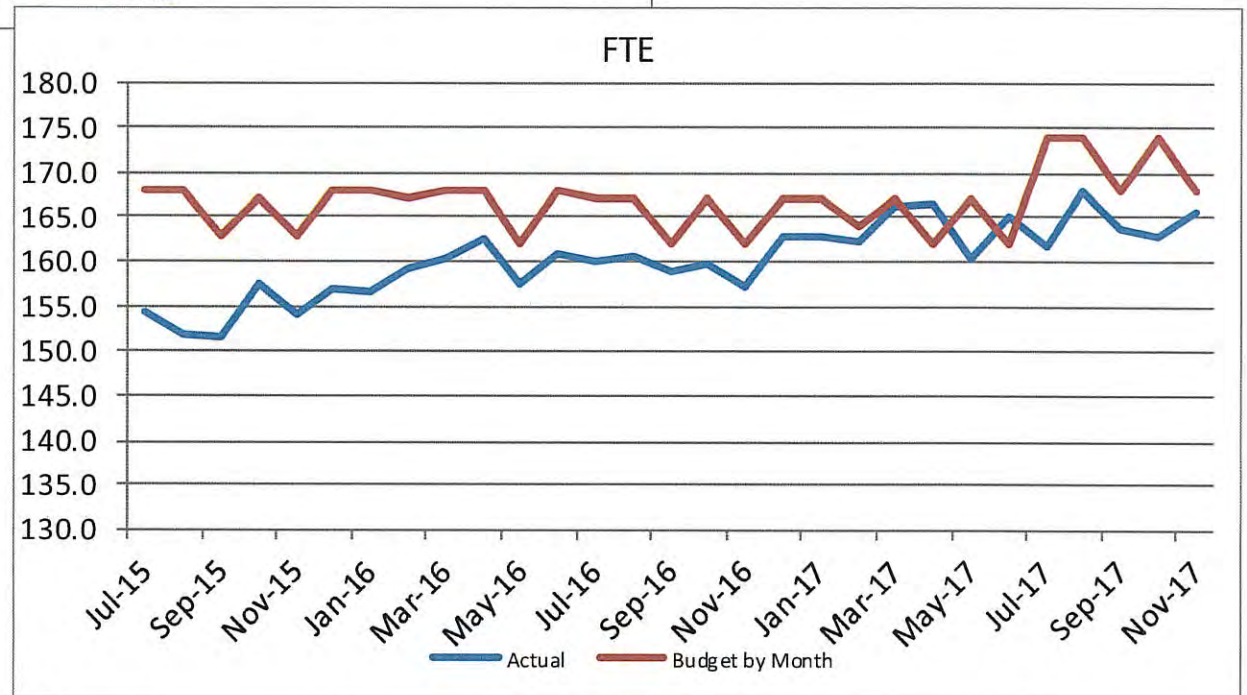
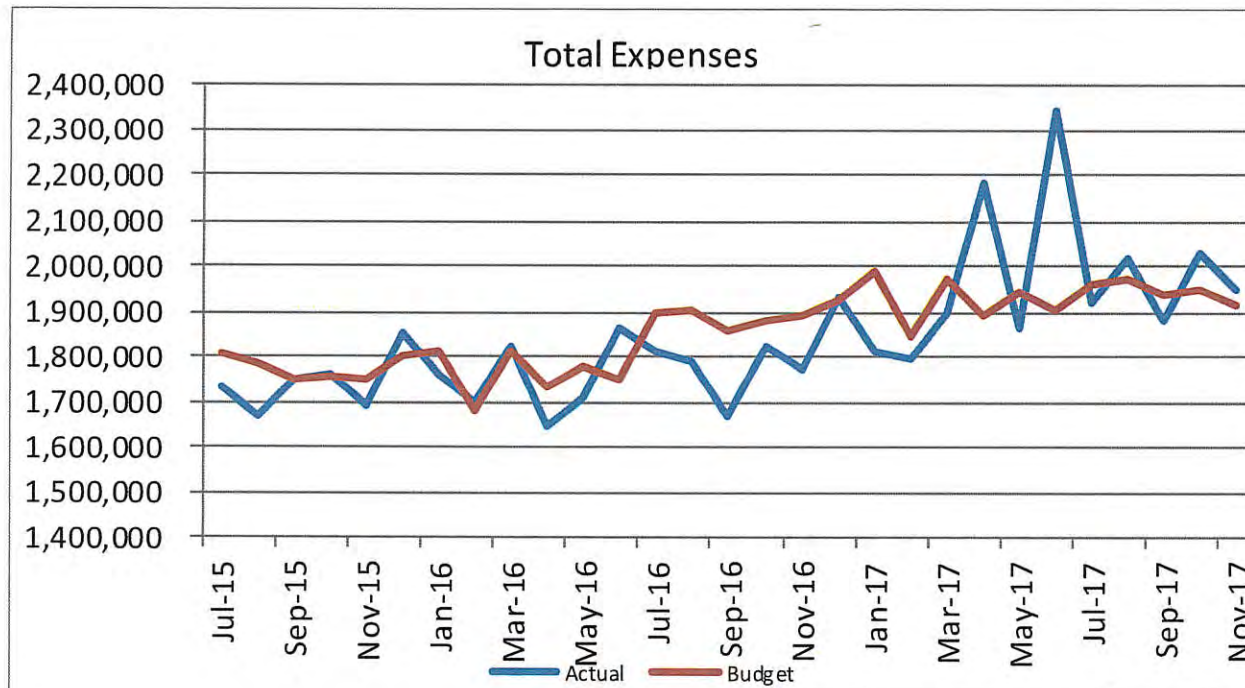


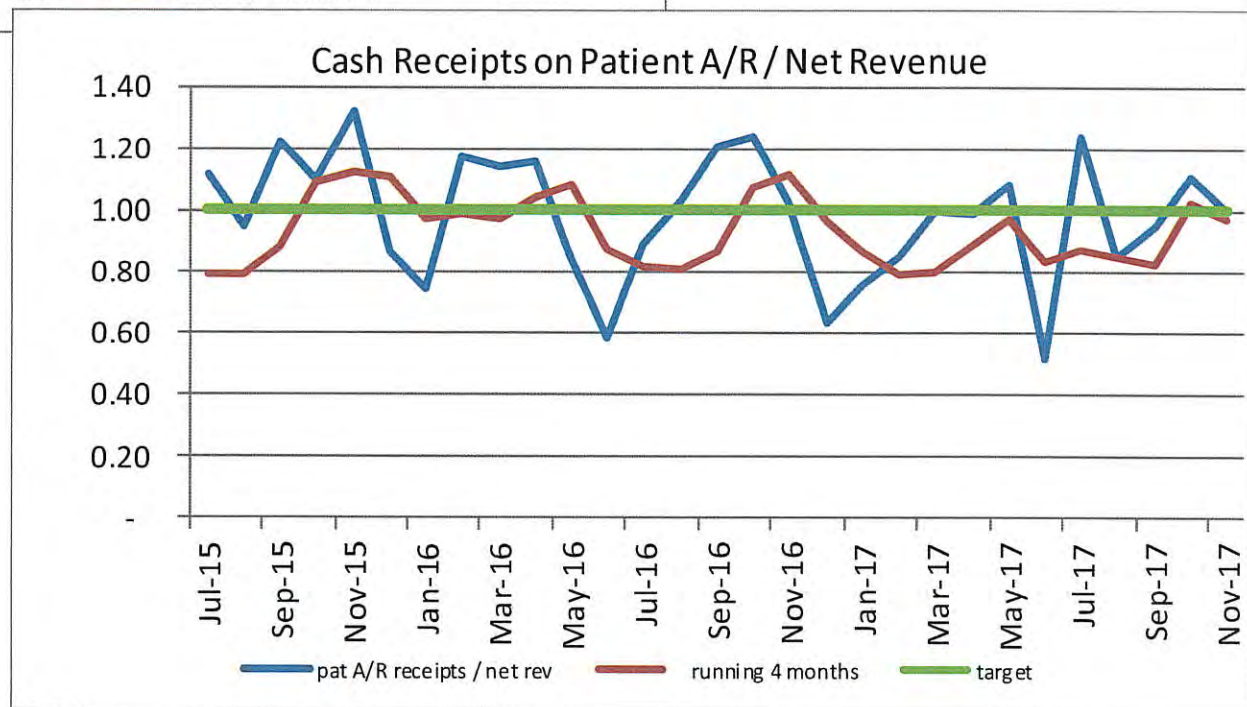
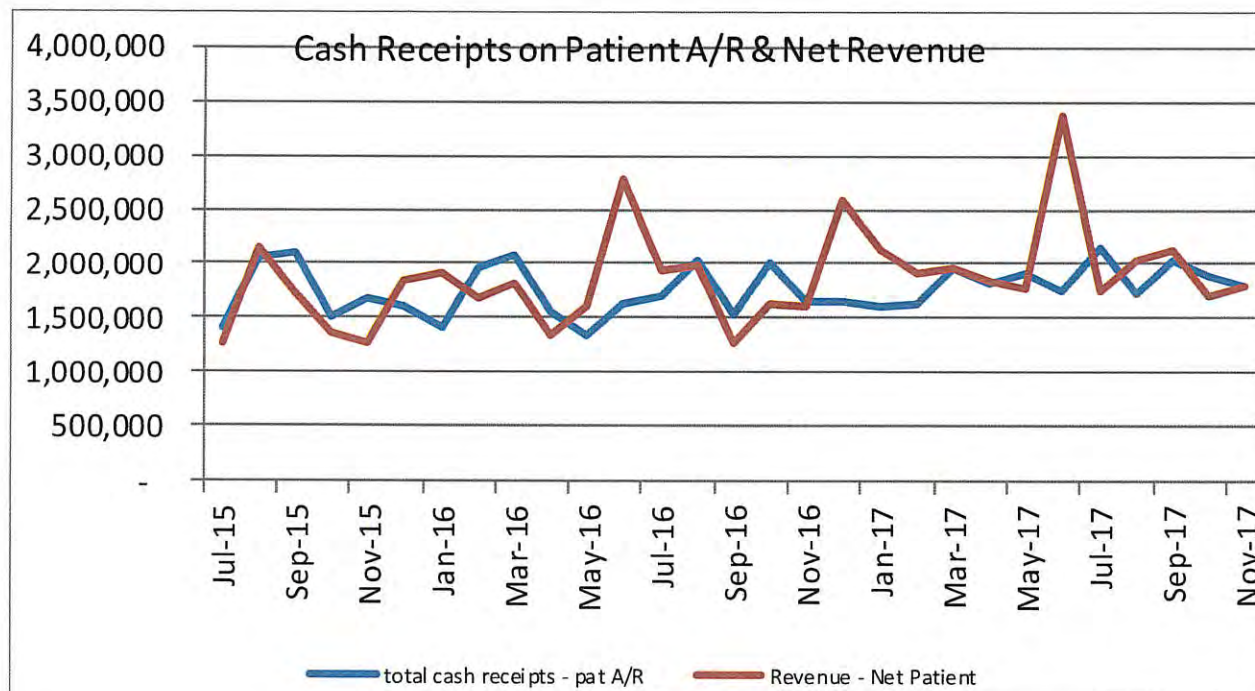
















## **November 2017 Financial Results**

### **For the month . . .**

Total Patient Revenue of \$3,892,534 was over budget by 7.6%. Inpatient revenue continues under budget with Acute and Swing Days less than half of budget. Outpatient revenue was 22.7% over budget. A number of departments saw revenue over budget including surgery and anesthesia, laboratory, x-ray, ultrasound, and CT. Physical therapy revenue was under budget for the month. Clinic revenue was 67.5% over budget. Emergency Room revenue was 1.7% more than budget with visits over budget. Skilled nursing Census continues to run ahead of budget. Skilled nursing revenue was 10.0% over budget for the month.

Deductions from Revenue of \$2,092,624 were 8.0% higher than budget.

Total operating Revenue of \$1,835,807 was 5.9% higher than budget.

Total Operating Expenses of \$1,949,020 were higher than budget by 1.7%. Expenses were over budget in the following categories: professional fees with physician fees at the FHC over budget for the month, supplies laboratory supplies were over budget for the month, and purchase services with payments for interim managers in laboratory and pharmacy.

Our Surplus for the month of November 2017 was \$86,036. This compares favorably to our budgeted surplus of \$2,824 for the month.

Our Operating Cash and Investments total \$14,654,879. Total Days Cash on hand are 236.

### **Key Statistics**

Both Inpatient and Swing Patient days continued under budget for the month.

SNF days totaled 597, an Average Daily Census of 19.9. Budget for the month was an ADC of 17.0

Emergency Room visits totaled 824 for the month – 5.5% higher than budget.

### **Through the first five months of our Fiscal Year . . .**

Patient revenue is 6.2% over budget, total revenue deductions are 11.0% more than budget, total expenses are just 0.6% higher than budget, and our surplus of \$700,704 is \$87,437 lower than budget.

Acute and Swing patient days are less than half the number budgeted. SNF days are 10% over budget. ER Visits are 5.8% over budget. FTE continue to be under budget.

**Bear Valley Community Healthcare District**  
Financial Statements November 30, 2017

**Financial Highlights—Hospital**  
**STATEMENT OF OPERATIONS**

		A	B	C	D	E	F	G	H	I	J
		Current Month					Year-to-Date				
		FY 16/17	FY 17/18		VARIANCE		FY 16/17	FY 17/18		VARIANCE	
		Actual	Actual	Budget	Amount	%	Actual	Actual	Budget	Amount	%
1	Total patient revenue	3,491,058	3,892,534	3,619,017	273,517	7.6%	19,167,785	21,349,682	20,103,227	1,246,455	6.2%
2	Total revenue deductions	1,879,731	2,092,624	1,937,502	155,122	8.0%	10,730,712	11,945,482	10,762,603	1,182,879	11.0%
3	% Deductions	54%	54%	54%			56%	56%	54%		
4	Net Patient Revenue	1,611,327	1,799,911	1,681,515	118,396	7.0%	8,437,073	9,404,199	9,340,624	63,575	0.7%
5	% Net to Gross	46%	46%	46%			44%	44%	46%		
6	Other Revenue	9,104	35,896	51,584	(15,688)	-30.4%	72,928	143,658	259,111	(115,453)	-44.6%
7	Total Operating Revenue	1,620,431	1,835,807	1,733,099	102,708	5.9%	8,510,001	9,547,857	9,599,735	(51,878)	-0.5%
8	Total Expenses	1,766,548	1,949,020	1,916,022	32,998	1.7%	8,833,293	9,803,065	9,740,329	62,736	0.6%
9	% Expenses	51%	50%	53%			46%	46%	48%		
10	Surplus (Loss) from Operations	(146,117)	(113,213)	(182,923)	69,710	38.1%	(323,292)	(255,208)	(140,594)	(114,614)	-81.5%
11	% Operating margin	-4%	-3%	-5%			-2%	-1%	-1%		
12	Total Non-operating	202,721	199,249	185,747	13,502	7.3%	1,013,717	955,912	928,735	27,177	2.9%
13	Surplus/(Loss)	56,604	86,036	2,824	83,212	-2946.6%	690,425	700,704	788,141	(87,437)	11.1%
14	% Total margin	2%	2%	0%			4%	3%	4%		

**BALANCE SHEET**

	A	B C D E			
		November	November	October	
		FY 16/17	FY 17/18	FY 17/18	VARIANCE
					Amount %
15	Gross Accounts Receivables	8,874,712	8,881,521	9,514,168	(632,647) -6.6%
16	Net Accounts Receivables	3,113,999	3,293,255	3,562,374	(269,119) -7.6%
17	% Net AR to Gross AR	35%	37%	37%	
18	Days Gross AR	76	66	68	(2) -2.2%
19	Cash Collections	1,644,343	1,802,798	1,897,526	(94,728) -5.0%
21	Investments	8,839,399	10,921,640	10,921,640	- 0.0%
22	Cash on hand	1,423,623	3,733,239	2,187,881	1,545,358 70.6%
23	Total Cash & Invest	10,263,022	14,654,879	13,109,521	1,545,358 11.8%
24	Days Cash & Invest	182	236	211	25 11.8%
	Total Cash and Investments	10,263,022	14,654,879		
	Increase Current Year vs. Prior Year		4,391,857		



**Bear Valley Community Healthcare District**  
Financial Statements November 30, 2017

**Statement of Operations**

	A	B	C	D	E	F	G	H	I	J
	Current Month					Year-to-Date				
	FY 15/16	FY 16/17		VARIANCE		FY 15/16	FY 16/17		VARIANCE	
	Actual	Actual	Budget	Amount	%	Actual	Actual	Budget	Amount	%
<b>Gross Patient Revenue</b>										
1 Inpatient	77,203	77,702	182,008	(104,306)	-57.3%	1,052,231	565,565	1,165,100	(599,535)	-51.5%
2 Outpatient	811,598	997,359	812,692	184,667	22.7%	4,381,655	5,184,193	4,390,174	794,019	18.1%
3 Clinic Revenue	182,787	329,577	196,745	132,832	67.5%	923,831	1,778,106	1,081,057	697,049	64.5%
4 Emergency Room	2,157,031	2,221,976	2,185,845	36,131	1.7%	11,688,198	12,504,392	12,233,289	271,103	2.2%
5 Skilled Nursing Facility	262,439	265,920	241,727	24,193	10.0%	1,121,870	1,317,426	1,233,607	83,819	6.8%
6 <b>Total patient revenue</b>	<b>3,491,058</b>	<b>3,892,534</b>	<b>3,619,017</b>	<b>273,517</b>	<b>7.6%</b>	<b>19,167,785</b>	<b>21,349,682</b>	<b>20,103,227</b>	<b>1,246,455</b>	<b>6.2%</b>
<b>Revenue Deductions</b>										
7 Contractual Allow	1,510,171	1,696,412	1,773,552	(77,140)	-4.3%	8,759,265	10,341,222	9,851,882	489,340	5.0%
8 Contractual Allow PY	(33,320)	-	-	-	#DIV/0!	(46,366)	(27)	-	(27)	#DIV/0!
9 Charity Care	(125)	9,999	7,750	2,249	29.0%	45,900	30,516	43,052	(12,536)	-29.1%
10 Administrative	34,834	2,860	6,791	(3,931)	-57.9%	49,417	296,655	37,724	258,931	686.4%
11 Policy Discount	5,861	10,915	5,532	5,383	97.3%	28,926	52,268	30,729	21,539	70.1%
12 Employee Discount	2,151	4,131	3,010	1,121	37.3%	12,798	25,963	16,718	9,245	55.3%
13 Bad Debts	121,154	205,433	140,867	64,566	45.8%	778,443	497,111	782,498	(285,387)	-36.5%
14 Denials	266,959	162,874	-	162,874	#DIV/0!	1,102,329	701,774	-	701,774	#DIV/0!
15 <b>Total revenue deductions</b>	<b>1,879,731</b>	<b>2,092,624</b>	<b>1,937,502</b>	<b>155,122</b>	<b>8.0%</b>	<b>10,730,712</b>	<b>11,945,482</b>	<b>10,762,603</b>	<b>1,182,879</b>	<b>11.0%</b>
16 <b>Net Patient Revenue</b>	<b>1,611,327</b>	<b>1,799,911</b>	<b>1,681,515</b>	<b>118,396</b>	<b>7.0%</b>	<b>8,437,073</b>	<b>9,404,199</b>	<b>9,340,624</b>	<b>63,575</b>	<b>0.7%</b>
gross revenue including Prior Year Contractual Allowances as a percent to gross revenue WO PY and Other CA	40.2%	40.2%		40.2%		40.2%	447.4%	447.4%	0.0%	
	39.2%	39.2%		39.2%		39.2%	437.2%	437.2%	0.0%	
17 <b>Other Revenue</b>	<b>9,104</b>	<b>35,896</b>	<b>51,584</b>	<b>(15,688)</b>	<b>-30.4%</b>	<b>72,928</b>	<b>143,658</b>	<b>259,111</b>	<b>(115,453)</b>	<b>-44.6%</b>
18 <b>Total Operating Revenue</b>	<b>1,620,431</b>	<b>1,835,807</b>	<b>1,733,099</b>	<b>102,708</b>	<b>5.9%</b>	<b>8,510,001</b>	<b>9,547,857</b>	<b>9,599,735</b>	<b>(51,878)</b>	<b>-0.5%</b>
<b>Expenses</b>										
19 Salaries	719,946	721,536	798,448	(76,912)	-9.6%	3,742,580	3,963,999	4,074,245	(110,246)	-2.7%
20 Employee Benefits	270,593	296,309	310,013	(13,704)	-4.4%	1,415,304	1,494,978	1,596,432	(101,454)	-6.4%
21 Registry	-	-	-	-	#DIV/0!	33,285	12,718	-	12,718	#DIV/0!
22 Salaries and Benefits	990,539	1,017,845	1,108,461	(90,616)	-8.2%	5,191,169	5,471,695	5,670,677	(198,982)	-3.5%
23 Professional fees	167,921	168,319	154,007	14,312	9.3%	692,272	832,374	777,190	55,184	7.1%
24 Supplies	96,561	134,939	110,940	23,999	21.6%	595,010	642,141	607,195	34,946	5.8%
25 Utilities	47,214	40,990	45,783	(4,793)	-10.5%	222,957	209,239	227,748	(18,509)	-8.1%
26 Repairs and Maintenance	26,689	38,216	22,565	15,651	69.4%	107,303	145,748	113,134	32,614	28.8%
27 Purchased Services	291,125	381,162	299,546	81,616	27.2%	1,337,447	1,684,212	1,470,114	214,098	14.6%
28 Insurance	25,014	25,762	25,917	(155)	-0.6%	125,070	128,882	129,585	(703)	-0.5%
29 Depreciation	50,869	82,456	75,000	7,456	9.9%	228,169	300,488	375,000	(74,512)	-19.9%
30 Rental and Leases	19,126	15,317	16,297	(980)	-6.0%	91,621	160,555	81,485	79,070	97.0%
32 Dues and Subscriptions	4,403	4,523	5,046	(523)	-10.4%	22,019	26,374	25,228	1,146	4.5%
33 Other Expense	47,087	39,491	52,460	(12,969)	-24.7%	220,256	201,356	262,973	(61,617)	-23.4%
34 <b>Total Expenses</b>	<b>1,766,548</b>	<b>1,949,020</b>	<b>1,916,022</b>	<b>32,998</b>	<b>1.7%</b>	<b>8,833,293</b>	<b>9,803,065</b>	<b>9,740,329</b>	<b>62,736</b>	<b>0.6%</b>
35 <b>Surplus (Loss) from Operations</b>	<b>(146,117)</b>	<b>(113,213)</b>	<b>(182,923)</b>	<b>69,710</b>	<b>38.1%</b>	<b>(323,292)</b>	<b>(255,208)</b>	<b>(140,594)</b>	<b>(114,614)</b>	<b>-81.5%</b>
<b>Non-Operating Income</b>										
36 Tax Revenue	189,917	186,047	186,047	-	0.0%	949,585	930,235	930,235	-	0.0%
38 Other non-operating	18,052	20,000	3,283	16,717	509.2%	74,502	30,247	16,415	13,832	84.3%
Interest Income	2,430	965	4,167	(3,202)	-76.8%	28,607	34,565	20,835	13,730	65.9%
Interest Expense	(7,678)	(7,763)	(7,750)	(13)	0.2%	(38,977)	(39,135)	(38,750)	(385)	1.0%
39 <b>Total Non-operating</b>	<b>202,721</b>	<b>199,249</b>	<b>185,747</b>	<b>13,502</b>	<b>7.3%</b>	<b>1,013,717</b>	<b>955,912</b>	<b>928,735</b>	<b>27,177</b>	<b>2.9%</b>
<b>Net Operating Income</b>	<b>(43,396)</b>	<b>(14,964)</b>	<b>(97,176)</b>	<b>82,666</b>	<b>-186.6%</b>	<b>(109,575)</b>	<b>(109,296)</b>	<b>(151,859)</b>	<b>(41,719)</b>	<b>-27.5%</b>
<b>Net Operating Income</b>	<b>86,036</b>	<b>2,824</b>	<b>83,212</b>	<b>-2946.6%</b>		<b>690,425</b>	<b>700,704</b>	<b>788,141</b>	<b>(87,437)</b>	<b>11.1%</b>



2017-18 Actual BS

BALANCE SHEET

(Reflects 6/30/17 Y/E audit adjustments)

		PY BS					
		July	Aug	Sept	Oct	Nov	June
ASSETS:							
Current Assets							
Cash and Cash Equivalents (Includes CD's)		2,926,360	2,290,992	1,483,027	2,187,881	3,733,239	2,858,405
Gross Patient Accounts Receivable		10,084,033	10,529,969	9,819,853	9,516,577	8,883,930	10,749,524
Less: Reserves for Allowances & Bad Debt		6,481,129	6,632,089	5,818,066	5,954,203	5,590,675	6,824,943
Net Patient Accounts Receivable		3,602,904	3,897,880	4,001,787	3,562,374	3,293,255	3,924,581
Tax Revenue Receivable		2,232,569	2,232,569	2,232,569	2,232,569	1,944,288	56,787
Other Receivables		88,537	55,474	750,144	324,224	-1,218,923	107,830
Inventories		217,948	220,580	221,025	226,011	222,712	212,805
Prepaid Expenses		330,877	339,259	336,340	352,943	342,699	192,216
Due From Third Party Payers		0					
Due From Affiliates/Related Organizations		0					
Other Current Assets		0					
Total Current Assets		9,399,195	9,036,754	9,024,893	8,886,002	8,317,270	7,352,624
Assets Whose Use is Limited							
Investments		10,894,184	10,894,184	10,921,640	10,921,640	10,921,640	10,894,184
Other Limited Use Assets		144,375	144,375	144,375	144,375	144,375	144,375
Total Limited Use Assets		11,038,559	11,038,559	11,066,015	11,066,015	11,066,015	11,038,559
Property, Plant, and Equipment							
Land and Land Improvements		547,472	570,615	570,615	570,615	570,615	547,472
Building and Building Improvements		9,657,088	9,659,388	9,686,383	9,696,603	9,699,157	9,657,088
Equipment		9,625,066	9,694,652	10,189,492	10,232,207	11,486,278	9,614,476
Construction In Progress		1,058,659	1,101,848	753,103	1,356,225	146,485	532,158
Capitalized Interest		0					
Gross Property, Plant, and Equipment		20,888,285	21,026,502	21,199,592	21,855,650	21,902,534	20,351,194
Less: Accumulated Depreciation		12,764,979	12,814,141	12,872,956	12,934,442	13,016,899	12,716,411
Net Property, Plant, and Equipment		8,123,306	8,212,362	8,326,636	8,921,208	8,885,636	7,634,783
TOTAL UNRESTRICTED ASSETS		28,561,060	28,287,674	28,417,544	28,873,224	28,268,920	26,025,966
Restricted Assets		0	0	0	0	0	0
TOTAL ASSETS		28,561,060	28,287,674	28,417,544	28,873,224	28,268,920	26,025,966

2017-18 Actual BS

BALANCE SHEET

(Reflects 6/30/17 Y/E audit adjustments)

LIABILITIES:

Current Liabilities

	July	Aug	Sept	Oct	Nov	PY BS June
Accounts Payable	1,382,046	985,885	792,559	1,431,694	876,176	1,055,031
Notes and Loans Payable						
Accrued Payroll	775,117	846,351	884,291	975,116	996,448	684,799
Patient Refunds Payable						
Due to Third Party Payers (Settlements)	709,007	709,470	695,980	695,980	718,109	649,537
Advances From Third Party Payers						
Current Portion of Def Rev - Txs,	2,046,518	1,860,471	1,674,424	1,488,377	1,302,330	-4
Current Portion - LT Debt	35,000	35,000	35,000	35,000	35,000	35,000
Current Portion of AB915						
Other Current Liabilities (Accrued Interest & Accrued Other)	15,243	23,005	30,785	38,407	46,169	7,621
Total Current Liabilities	4,962,931	4,460,183	4,113,039	4,664,574	3,974,233	2,431,984

Long Term Debt

USDA Loan	2,930,000	2,930,000	2,930,000	2,930,000	2,930,000	2,965,000
Leases Payable	0	0	0	0	0	0
Less: Current Portion Of Long Term Debt	35,000	35,000	35,000	35,000	35,000	35,000

Total Long Term Debt (Net of Current) 2,930,000 2,930,000 2,930,000 2,930,000 2,930,000 2,930,000

Other Long Term Liabilities

Deferred Revenue	0	0	0	0	0	0
Other	0	0	0	0	0	0

Total Other Long Term Liabilities 0 0 0 0 0 0

TOTAL LIABILITIES 7,892,931 7,390,183 7,043,039 7,594,574 6,904,233 5,361,984

Fund Balance

Unrestricted Fund Balance	20,663,982	20,663,983	20,663,982	20,663,982	20,663,982	16,251,126
Temporarily Restricted Fund Balance	0	0				
Equity Transfer from FRHG	0	0				
Net Revenue/(Expenses)	4,147	233,510	710,523	614,668	700,705	4,412,856

TOTAL FUND BALANCE 20,668,129 20,897,491 21,374,505 21,278,650 21,364,687 20,663,982

TOTAL LIABILITIES & FUND BALANCE 28,561,060 28,287,674 28,417,544 28,873,224 28,268,920 26,025,966



**Bear Valley Community Healthcare District  
Financial Statements**

**Current Year Trending Statement of Operations**

**A Statement of Operations—CURRENT YEAR 2018**

	1	2	3	4	5	6	7	8	9	10	11	12	
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	YTD
<b>Gross Patient Revenue</b>													
1 Inpatient	95,787	98,514	150,843	142,719	77,702								565,565
2 Outpatient	868,939	1,205,964	1,063,953	1,047,978	997,359								5,184,193
3 Clinic	347,893	369,602	339,870	391,164	329,577								1,778,106
4 Emergency Room	2,985,253	2,686,283	2,407,574	2,203,306	2,221,976								12,504,392
5 Skilled Nursing Facility	261,793	265,487	262,653	261,572	265,920								1,317,426
6 Total patient revenue	4,559,665	4,625,850	4,224,893	4,046,739	3,892,534	-	-	-	-	-	-	-	21,349,682
<b>Revenue Deductions</b>	C/A 0.56	0.47	0.47	0.47	0.44	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.48
7 Contractual Allow	2,548,409	2,192,333	1,994,911	1,909,156	1,696,412								10,341,222
8 Contractual Allow PY	-	463	1,249	(1,739)	-								(27)
9 Charity Care	7,675	12,842	-	-	9,999								30,516
10 Administrative	(746)	114,668	169,442	10,431	2,860								296,655
11 Policy Discount	11,532	11,940	7,202	10,680	10,915								52,268
12 Employee Discount	4,711	9,099	3,938	4,084	4,131								25,963
13 Bad Debts	(59,348)	69,295	45,428	236,304	205,433								497,111
14 Denials	307,852	190,797	(129,516)	169,768	162,874								701,774
Total revenue deductions	2,820,085	2,601,437	2,092,654	2,338,683	2,092,624	-	-	-	-	-	-	-	11,945,482
16 Net Patient Revenue	1,739,580	2,024,413	2,132,239	1,708,056	1,799,911	-	-	-	-	-	-	-	9,404,199
	38.2%	43.8%	50.5%	42.2%	46.2%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	44.0%
17 Other Revenue	7,162	35,245	20,043	45,312	35,896								143,658
18 Total Operating Revenue	1,746,742	2,059,658	2,152,282	1,753,369	1,835,807	-	-	-	-	-	-	-	9,547,857
<b>Expenses</b>													
19 Salaries	800,028	842,003	802,366	798,066	721,536								3,963,999
20 Employee Benefits	286,721	318,469	300,954	292,526	296,309								1,494,978
21 Registry	12,718	-	-	-	-								12,718
22 Salaries and Benefits	1,099,467	1,160,472	1,103,320	1,090,592	1,017,845	-	-	-	-	-	-	-	5,471,695
23 Professional fees	163,392	159,614	149,941	191,107	168,319								832,374
24 Supplies	130,715	136,046	101,350	139,091	134,939								642,141
25 Utilities	42,342	42,209	43,009	40,689	40,990								209,239
26 Repairs and Maintenance	22,461	19,239	35,825	30,007	38,216								145,748
27 Purchased Services	302,014	346,148	281,012	373,876	381,162								1,684,212
28 Insurance	25,762	25,762	25,762	25,835	25,762								128,882
29 Depreciation	48,568	49,162	58,815	61,486	82,456								300,488
30 Rental and Leases	46,445	39,979	35,360	23,454	15,317								160,555
32 Dues and Subscriptions	5,518	5,427	5,725	5,181	4,523								26,374
33 Other Expense	36,147	35,255	43,441	47,022	39,491								201,356
34 Total Expenses	1,922,831	2,019,314	1,883,559	2,028,341	1,949,020	-	-	-	-	-	-	-	9,803,065
35 Surplus (Loss) from Operations	(176,089)	40,344	268,723	(274,973)	(113,213)	-	-	-	-	-	-	-	(255,208)
36 Non-Operating Income													
37 Tax Revenue	186,047	186,047	186,047	186,047	186,047								930,235
38 Other non-operating		10,247	(130)	130	20,000								30,247
Interest Income	1,906	626	30,375	693	965								34,565
Interest Expense	(7,717)	(7,902)	(8,002)	(7,752)	(7,763)								(39,135)
39 Total Non-operating	180,236	189,018	208,290	179,118	199,249	-	-	-	-	-	-	-	955,912
40 Surplus/(Loss)	4,147	229,362	477,013	(95,854)	86,036	-	-	-	-	-	-	-	700,704

# Units of Service

For the period ending: November 30, 2017

30		153									
Current Month						Year-To-Date					
Nov-17						Nov-17					
Actual	Budget	Actual	Budget	Actual - Budget	Act.-Act.	Actual	Budget	Actual	Budget	Actual - Budget	Act.-Act.
				Variance	Var %					Variance	Var %
Bear Valley Community Hospital											
14	27	14	(13)	-47.9%	0.0%	Med Surg Patient Days	122	185	149	(63)	-33.9%
13	29	12	(16)	-55.4%	8.3%	Swing Patient Days	52	200	241	(148)	-74.1%
597	509	588	88	17.3%	1.5%	SNF Patient Days	2,958	2,643	2,518	315	11.9%
624	565	614	59	10.4%	1.6%	Total Patient Days	3,132	3,028	2,908	104	3.4%
6	15	5	(9)	-60.0%	20.0%	Acute Admissions	57	75	61	(18)	-24.0%
9	15	6	(6)	-40.0%	50.0%	Acute Discharges	59	75	66	(16)	-21.3%
1.6	-	2.3	1.6	#DIV/0!	-33.3%	Acute Average Length of Stay	2.1	-	2.3	2.1	#DIV/0!
0.5	0.9	0.5	(0.4)	-47.9%	0.0%	Acute Average Daily Census	0.8	1	1.0	(0.4)	-33.9%
20.3	17.9	20.0	2.4	13.4%	1.7%	SNF/Swing Avg Daily Census	19.7	19	18.0	1.1	5.9%
20.8	18.8	20.5	2.0	10.4%	1.6%	Total Avg. Daily Census	20.5	20	19.0	0.7	3.4%
46%	42%	45%	4%	10.4%	1.6%	% Occupancy	45%	44%	42%	2%	3.4%
6	15	4	(9)	-60.0%	50.0%	Emergency Room Admitted	48	75	51	(27)	-36.0%
818	1,000	785	(182)	-18.2%	4.2%	Emergency Room Discharged	4,535	5,000	4,551	(465)	-9.3%
824	781	789	43	5.5%	4.4%	Emergency Room Total	4,583	4,334	4,602	249	5.7%
27	26	26	1	5.5%	4.4%	ER visits per calendar day	30	28	30	2	5.7%
100%	100%	80%	100%	100.0%	25.0%	% Admits from ER	84%	100%	84%	67%	66.7%
-	-	-	-	0.0%	#DIV/0!	Surgical Procedures I/P	-	-	-	-	0.0%
16	17	6	(1)	-5.9%	166.7%	Surgical Procedures O/P	69	105	25	(36)	-34.3%
16	17	6	(1)	-5.9%	166.7%	TOTAL Procedures	69	105	25	(36)	-34.3%
997	286	172	711	248.6%	479.7%	Surgical Minutes Total	4,669	1,457	584	3,212	220.5%



## Units of Service

For the period ending: November 30, 2017

Current Month						Year-To-Date						
Bear Valley Community Hospital												
Nov-17 Actual	Nov-17 Budget	Nov-16 Actual	Actual -Budget Variance	Var %	Act.-Act. Var %		Nov-17 Actual	Nov-17 Budget	Nov-16 Actual	Actual -Budget Variance	Var %	Act.-Act. Var %
5,359	5,043	5,429	316	6.3%	-1.3%	Lab Procedures	31,243	28,436	30,346	2,807	9.9%	3.0%
683	632	625	51	8.1%	9.3%	X-Ray Procedures	3,239	3,331	3,567	(92)	-2.8%	-9.2%
218	200	241	18	9.0%	-9.5%	C.T. Scan Procedures	1,262	1,164	1,239	98	8.4%	1.9%
233	183	188	50	27.3%	23.9%	Ultrasound Procedures	1,166	992	1,085	174	17.5%	7.5%
71	50	30	21	42.0%	136.7%	Mammography Procedures	379	250	261	129	51.6%	45.2%
229	222	232	7	3.2%	-1.3%	EKG Procedures	1,449	1,249	1,239	200	16.0%	16.9%
111	74	68	37	50.0%	63.2%	Respiratory Procedures	525	425	447	100	23.5%	17.4%
1,304	1,805	2,356	(501)	-27.8%	-44.7%	Physical Therapy Procedures	6,860	8,180	9,136	(1,320)	-16.1%	-24.9%
1,683	1,327	1,581	356	26.8%	6.5%	Primary Care Clinic Visits	8,699	7,382	7,589	1,317	17.8%	14.6%
183	200	-	(17)	0.0%	#DIV/0!	Specialty Clinic Visits	1,059	1,000	-	59	0.0%	#DIV/0!
<b>1,866</b>	<b>1,527</b>	<b>1,581</b>	<b>339</b>	<b>22.2%</b>	<b>18.0%</b>	<b>Clinic</b>	<b>9,758</b>	<b>8,382</b>	<b>7,589</b>	<b>1,376</b>	<b>16.4%</b>	<b>28.6%</b>
<b>72</b>	<b>59</b>	<b>61</b>	<b>13</b>	<b>22.2%</b>	<b>18.0%</b>	<b>Clinic visits per work day</b>	<b>75</b>	<b>64</b>	<b>58</b>	<b>11</b>	<b>16.4%</b>	<b>28.6%</b>
19.1%	20.00%	19.30%	-0.90%	-4.50%	-1.04%	% Medicare Revenue	20.04%	20.00%	21.76%	0.04%	0.20%	-7.90%
40.40%	37.00%	41.80%	3.40%	9.19%	-3.35%	% Medi-Cal Revenue	40.52%	37.00%	39.38%	3.52%	9.51%	2.89%
36.10%	38.00%	34.40%	-1.90%	-5.00%	4.94%	% Insurance Revenue	35.24%	38.00%	35.20%	-2.76%	-7.26%	0.11%
4.40%	5.00%	4.50%	-0.60%	-12.00%	-2.22%	% Self-Pay Revenue	4.20%	5.00%	3.66%	-0.80%	-16.00%	14.75%
138.9	150.00	139.9	(11.2)	-7.4%	-0.8%	Productive FTE's	143.47	153.00	141.0	(9.5)	-6.2%	1.8%
165.8	168.00	157.2	(2.2)	-1.3%	5.5%	Total FTE's	164.48	171.60	159.3	(7.1)	-4.2%	3.3%



## **CFO REPORT for**

### **January 2018 Finance Committee and Board meetings**

#### **Healthcare Reform**

Major Tax Reform has passed both houses of Congress and has been signed into law. One of the major impacts for Healthcare is the repeal of the penalty related to individual mandate (the requirement that everyone have health insurance). The tax deduction for medical expensed was changed but remains.

#### **Accounts Receivable / TruBridge**

The most recent weekly report shows AR days at 67.2. Other key indicators are as follows

Uncoded days 0.3, target 3

Unchecked days 0.9, target 3.

Average charge close day lag 5, target 3.

#### **IT Assessment by QHR**

Sharon Stewart of QHR will be on site and BVCHD during the week of January 8 to conduct IT Assessment.