



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.

BOARD OF DIRECTORS

FINANCE COMMITTEE MEETING AGENDA

TUESDAY, MARCH 06, 2018

1:00 PM –CLOSED SESSION @ ADMINISTRATION CONFERENCE ROOM

1:30 PM – OPEN SESSION @ ADMINISTRATION 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** **Rob Robbins, President**
2. **ROLL CALL** **Shelly Egerer, Exec. Assistant**
3. **ADOPTION OF AGENDA***
4. **PUBLIC FORUM FOR CLOSED SESSION**
Opportunity for members of the public to address the Committee on Closed Session items.
(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. **ADJOURN TO CLOSED SESSION***

CLOSED SESSION

1. **REAL PROPERTY NEGOTIATIONS:*Government Code Section 54956.8 / TRADE SECRETS: Pursuant to Health and Safety Code Section 32106, and Civil Code Section 3426.1**
(1) Potential Acquisition (Anticipated Disclosure 03/06/18)

OPEN SESSION

1. **CALL TO ORDER** **Rob Robbins, President**

2. RESULTS OF CLOSED SESSION*

Rob Robbins, President

3. PUBLIC FORUM FOR OPEN SESSION

Opportunity for members of the public to address the Committee on Open Session items.

(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.)

4. DIRECTORS COMMENTS

5. APPROVAL OF MINUTES*

A. February 01, 2018

6. OLD BUSINESS*

- None

7. NEW BUSINESS*

A. Discussion and Presentation of the Following Reports:

- (1) QHR IT Assessment Report
- (2) Critical Access Hospital 2017 Impact Report

8. PRESENTATION AND REVIEW OF FINANCIAL STATEMENTS*

A. January 2018 Finances

B. CFO Report

9. ADJOURNMENT*

*** Denotes Actions Items**

**BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT
BOARD OF DIRECTORS
FINANCE COMMITTEE MEETING MINUTES
41870 Garstin Drive, Big Bear Lake, Ca. 92315
February 01, 2017**

MEMBERS Donna Nicely, Treasurer
PRESENT: John Friel, CEO

Garth Hamblin, CFO
Shelly Egerer, Exec. Asst.

STAFF: Mary Norman

**COMMUNITY
MEMBERS:** None

ABSENT: None

OPEN SESSION

1. CALL TO ORDER:

Board Member Nicely called the meeting to order at 1:04 p.m.

2. ROLL CALL:

Donna Nicely was present. Also present were John Friel, CEO, Garth Hamblin, CFO and Shelly Egerer, Executive Assistant.

3. ADOPTION OF AGENDA:

Board Member Nicely reported that the Finance Committee Meeting will be informational only.

CLOSED SESSION

1. PUBLIC FORUM FOR CLOSED SESSION:

Board Member Nicely opened the Hearing Section for Public Comment on Closed Session items at 1:05 p.m. Hearing no request to address the Finance Committee, Board Member Nicely closed the Hearing Section at 1:05 p.m.

2. ADJOURN TO CLOSED SESSION:

Board Member Nicely adjourned to Closed Session at 1:06 p.m.

OPEN SESSION

1. CALL TO ORDER:

Board Member Nicely called the meeting to order at 1:36 p.m.

2. RESULTS OF CLOSED SESSION:

Board Member Nicely stated there was no reportable action.

3. PUBLIC FORUM FOR OPEN SESSION:

Board Member Nicely opened the Hearing Section for Public Comment on Open Session items at 1:37 p.m. Hearing no request to address the Finance Committee, Board Member Nicely closed the Hearing Section at 1:37 p.m.

4. DIRECTOR'S COMMENTS:

- None

5. APPROVAL OF MINUTES:

A. January 03, 2017

Board Member Nicely reported this item will be on the March Agenda.

6. OLD BUSINESS:

- None

7. NEW BUSINESS*

- None

8. Presentation and Review of Financial Statements:

A. December 2017 Finances:

- Mr. Hamblin reported the following:
 - Surplus of \$185,190
 - Expenses still up
 - Acute Days over budget
 - ER visits increased - 1200 visits for the month
 - FTE's continue under budget
 - Strong cash
 - Operations are challenging but we are doing ok
 - Salary & wages are above budget;
 - Increased staff in ER
 - Radiology is also higher in budget
 - FHC exceeding budget
 - RHC is looking at how to improve operations and increase patient visits
 - Dental visits close to budget
 - Purchased services in December are the Interim Laboratory Manager and Interim HIM Manager.
 - USDA is a long-term debt – principal payment is being paid.

B. CFO Report:

- Mr. Hamblin reported the following information:
 - Working on a schedule for the review of Revenue Cycle; QHR will be on site;
 - Front end process
 - Review Trubridge work
 - Potential to bring billing in house
 - HIM Manager application received also posted on California Health Information Association web-site.
 - Engage Bolder Prospective to complete coding validation reviews.
 - Medi-Cal Audit for RHC rate; approximately \$600,000.00 will go to the bottom line.
 - Saline shortage is continuing; purchasing at varied rates due to the shortage.
 - Transferred \$2.5 million to LAIF account.
 - Policies need to go to the Policy Committee and then will bring to Finance Committee for potential recommendation to the Board of Directors.
 - Risk is reviewing the policies.
 - Daily cash receipts will verify what they have and cash will be in a sealed envelope in a bag.

- Dietary Department Deposit Policy will be reviewed and brought back to the Finance Committee, verification needs to be added to the policy.
- Salary and Wage is being discussed and reviewing competitive rates.
- Board Member Nicely stated that she will be suggesting a productivity assessment per department to the full Board.

Board Member Nicely reported no action taken on the Finance Report and CFO Report

9. ADJOURNMENT*

Board Member Nicely adjourned the meeting at 2:15 p.m.



MEMO

Date: 01 March 2018
To: BVCHD Finance Committee
From: Garth M Hamblin, CFO
Subject: QHR IT Assessment for BVCHD

Recommended Action

Receive and Review QHR IT Assessment.

Background

In January 2018 Sharon Stewart, Vice President Technology Consulting of Quorum Health Resources was on-site to conduct an IT Assessment of BVCHD. Attached are an executive summary report and the full report. All board members have received these reports. The chairs of the Planning Committee and Finance Committee asked these reports be brought to their respective committees for review. We are planning that Sharon be available for the March 14 board meeting to present her findings.

Bear Valley IT Assessment



Executive Summary

February 2017

Sharon Stewart, MSHCAD, FACHE



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AGENDA

Story at a Glance

People

Operations & Infrastructure

Projects

Relationships

Recommendations



STORY AT A GLANCE



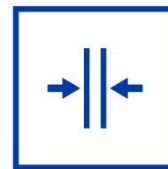
CURRENT STATE

- Major infrastructure upgrades completed
- Technical staffing meets day-to-day needs
- Core application supported by vendor



SUCCESSSES

- No disabling security incidents
- Network upgrades in place reducing risk of future failures



GAPS

- Customer frustration with:
 - Scope of support
 - Transparency of request status



FINDINGS

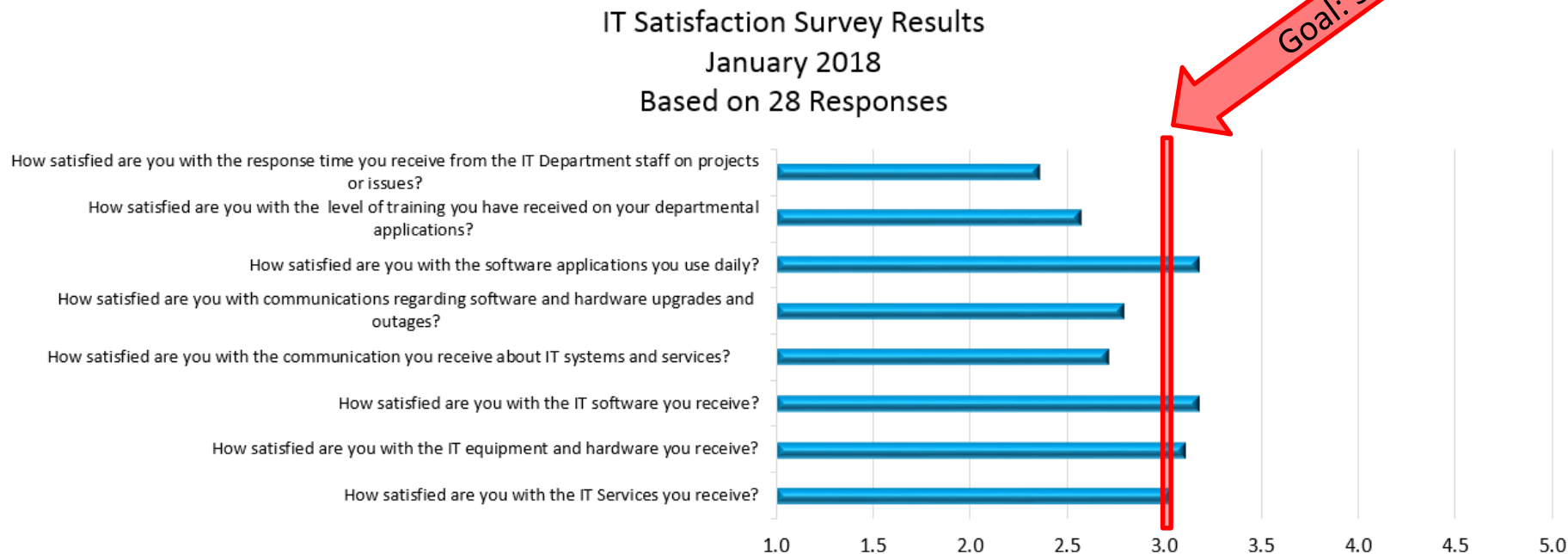
The Bear Valley IT team is well-positioned for future success

- Bear Valley has strong skills on the current IT team
- Bear Valley could use part-time desktop support and greater support for core applications
- IT skill development is informal
- The IT Team reporting structure is consistent with best practices
- The IT staff budget is slightly lower than expected as a percentage of net revenue
- Bear Valley appropriately used outside resources for technical tasks when specialized skills and extra capacity were needed



SURVEY RESULTS

IT is doing well with software satisfaction. IT has opportunities to improve training, staff response time, and communication





OPERATIONS, IT INFRASTRUCTURE, AND CYBER-SECURITY

Bear Valley IT has overcome great challenges; made significant infrastructure improvements; and is ready to implement new best practices for cyber-security

- The Bear Valley IT team has deployed appropriate infrastructure improvements to protect the organization from future catastrophic events
- Current support processes are informal and lack the data needed to provide transparency to IT customers on the status of requests
- Bear Valley has had good success with cyber-security and has opportunities to continue this success with the improvements identified in the management action plan (“MAP”)



PROJECTS

Bear Valley has completed many critical projects and is ready to formalize project scheduling and communication

- 32 major IT projects were completed in 2016 and 2017
- Few Bear Valley IT customers are aware of successes and plans for the future that support them
- IT is not always aware of hospital projects that require IT support in time to schedule appropriate resources



RELATIONSHIPS

IT internal relationships would improve with greater transparency; external relationships reflect strong and effective advocacy for the organization

- Creative, affordable solutions have been identified and deployed to meet key business needs (for example: dietary phones)
- IT vendors are regularly taken to task to provide the best solutions at the lowest prices
- The majority of stakeholders interviewed appreciate the support of the IT team and recognize that they have limited capacity to address issues



RECOMMENDATIONS

- Continue with existing department structure, organization placement, and reporting relationships
- Hospitals do not typically have board committees for IT
- Identify a primary and secondary application support person for every user area, either from IT or operations. Convene this group monthly
- Identify a vendor or locally staff part-time help for desktop and password reset calls. Focus internal IT staff on critical projects
- Inventory skills, identify gaps, and implement formal development plans for each staff member
- Identify and vet vendors for supplemental staffing for projects and surges in demand. Vendors must be scheduled and managed by IT to ensure compliance with policies, procedures, and schedules



OPERATIONS, INFRASTRUCTURE, AND CYBER-SECURITY

- Implement a help desk ticketing system
- Maintain current success with cyber-security by utilizing best practices listed in the management action plan (“MAP”)
- Report on risks with mitigation and remediation plans to leadership each quarter
- As budget permits, complete infrastructure projects and cleanup as outlined in the MAP



PROJECTS

- Provide transparency by reporting to hospital and clinic staff on IT project priorities, schedules, statuses, completions, and successes
- Engage IT early in purchase decisions when implementation will require IT work or ongoing support
- When requestors value faster project completion, allow the requestor to apply for access to IT-managed funding for outside assistance. Outside assistance must be selected, approved, and managed by IT



RELATIONSHIPS

- Internal

- Repeat IT satisfaction survey every six months and use focus groups to target top areas for improvement
- Implement quarterly IT Director rounding on department leaders

- External

- Utilize CPSI optimization visits
- Continue to negotiate skillfully and thoroughly with IT vendors
- Challenge vendors to provide process improvement support at no cost



SUPPORTING DOCUMENTATION



INTERVIEW LIST

- Sherry Greenaway, Admitting
- Donna Nicely, Board Member
- Fran Montoya, Case management
- John Friel, CEO
- Heidi Markus, Emergency
- Marlon Morgan, Environmental & Security
- Mike Mursick, Facilities
- Patricia Tondorf, Health information
- Courtney Bublitz, Imaging
- Angela Rodriguez, Imaging
- April Early, IT
- Jon Booth, IT
- Randle Weaver, IT
- Tim Hagerman, IT
- Pamela Hargrove-Thomas, Laboratory
- Dr. Knapik, Medical staff
- Kerrie Jex, Nursing
- Sheri Mursick, Outpatient services
- John McKinney, Physical Therapy
- Mary Norman, Risk & Compliance



SUPPORTING DOCUMENTATION

- These items are available in separate files:
 - 2016-2017 project list
 - Organization structure
 - Application list
 - Equipment list
 - Network diagrams
 - Main building floor plan
 - Management action plan (“MAP”)



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THANK YOU

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Bear Valley IT Assessment



February 2017

Sharon Stewart, MSHCAD, FACHE



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Story at a Glance

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STORY AT A GLANCE



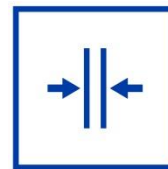
CURRENT STATE

- Major infrastructure upgrades completed
- Technical staffing meets day-to-day needs
- Core application supported by vendor



SUCCESSSES

- No disabling security incidents
- Network upgrades in place reducing risk of future failures



GAPS

- Customer frustration with:
 - Scope of support
 - Transparency of request status



PEOPLE

Bear Valley has strong skills on the current IT team and is positioned well to add part-time desktop support and greater support for core applications

- The IT Director has deep knowledge and experience in infrastructure and system management
- The IT team knowledge of cybersecurity threats has prevented any major impacts to operations and safety
- The Clinical Informatics team member is making progress with providers
- Routine calls for user equipment deployment and support delay resolution of complex technical problems
- Three of four IT team members are not tasked or trained to provide user-level support for core CPSI applications



IT skill development is informal

- Training on new systems and products is accomplished by observing the installation
- When software installations are managed remotely it is difficult for the IT team members to learn what they need to know to support the product effectively



PEOPLE

Bear Valley IT Team alignment is consistent with best practices, while budgeted capacity is somewhat under expected levels

- The IT Director reports to the Chief Financial Officer. This is a typical and appropriate structure
- Three IT team members have solid equipment and engineering skills; one IT team member has clinical application support skills
- The IT labor budget is slightly below expected levels based on percentage of net revenue

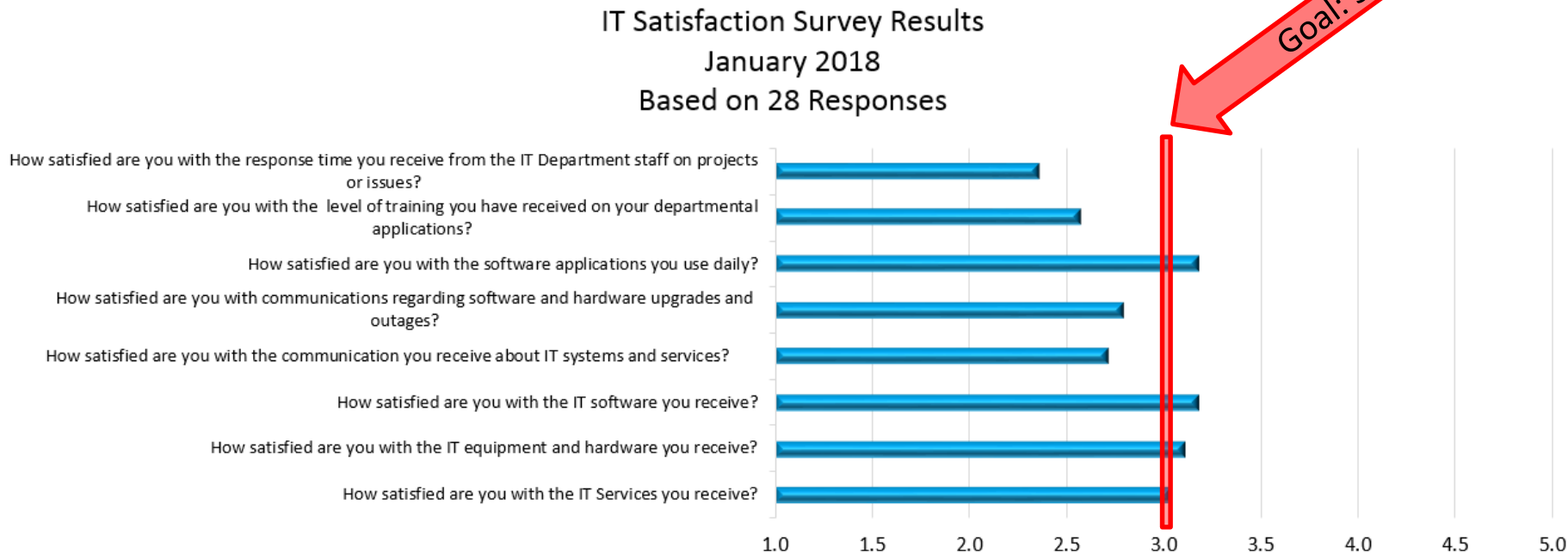
Bear Valley appropriately used outside resources for technical tasks when specialized skills and extra capacity were needed

- Specialists perform cabling tasks as needed
- Phone system vendors provided assistance with new system implementation
- Evident (CPSI) provides billing and revenue cycle services
- Supplemental vendors have not been identified for:
 - Clinical systems support
 - Revenue cycle and accounting system support
 - Staff training and process improvement using information systems
 - Additional support for computers and printers (“desktop support”)
 - [Shannon to provide description of technical engineering skills]



OPERATIONS AND INFRASTRUCTURE

IT satisfaction survey results show strengths in software satisfaction and opportunities for training, staff response time, and communication





OPERATIONS AND INFRASTRUCTURE

The Bear Valley IT team has deployed appropriate infrastructure improvements to protect the organization from future catastrophic events

- The infrastructure review included hardware, servers, network equipment, data closets, telecommunications equipment, and connections to external systems
- The telephone and email failures were unfortunate and inevitable given the organization's limited ability to invest in staff and equipment upgrades in earlier years
- Capital was approved to replace the phone system; the failure occurred before the new system could be installed
- Bear Valley was fortunate to have an experienced IT director on board when these issues occurred. Without his knowledge and skill, recovery may well have been slower and less successful
- A few key infrastructure investments – like badged server room doors and environmental controls – remain to be implemented



OPERATIONS AND INFRASTRUCTURE

Current support processes are informal and lack the data needed to provide transparency to IT customers on the status of requests

- The users contact IT team members directly for assistance
- Issues are addressed based on availability of IT team members and their schedules
- No formal partnership exists with IT customers to provide support for revenue cycle and financial applications
- Cybersecurity has been an area of great success. Additional investments will be required to stay secure and enable functionality needed for the organization to grow



OPERATIONS AND INFRASTRUCTURE: CYBER-SECURITY

Bear Valley has had good success with cyber-security and has opportunities to continue this success with specific improvements

- There is no policy on performing security audits
- At least one legacy system has an un-supported operating system – un-supported systems have vulnerabilities that cannot be patched
- There is no policy on laptop encryption; some laptops are not encrypted
- The Arcserve backup system may not be covered with a Business Associate Agreement
- Backups are not tested as often as they should be



PROJECTS

While major IT projects were completed in 2016 and 2017, most Bear Valley IT customers are unaware of successes and plans for the future that support them

- 32 major projects including circuits, wiring, servers, and desktop hardware were completed during 2016 and 2017 (See supporting documentation)
- The most impactful risk-reducing infrastructure upgrades are complete
- Ten significant infrastructure efforts remain on the books to be funded and scheduled in 2018 and beyond



PROJECTS

Projects that require IT support may not be on the IT plan

- The portfolio of IT projects is managed well but informally
- IT customers do not know where their requests sit on the project schedule
- Capital purchases made by hospital departments that require IT implementation and support work are not always reviewed by IT prior to the purchase. This can delay implementation when IT is unable to staff the installation quickly



RELATIONSHIPS

IT internal relationships would improve with greater transparency; external relationships reflect strong and effective advocacy for the organization

- Creative, affordable solutions have been identified and deployed to meet key business needs (for example: dietary phones)
- IT vendors are regularly taken to task to provide the best solutions at the lowest prices
- The majority of stakeholders interviewed appreciate the support of the IT team and recognize that they have limited capacity to address issues



RECOMMENDATIONS

- Department structure
 - Continue with existing structure, organization placement, and reporting relationships
 - Current operational oversight is sufficient
 - Hospitals do not typically have board committees for IT
- Application support
 - Identify primary and secondary application support person for each user area, either in IT or operations
 - Assign IT resource for each non-IT person; measure, manage, and report on collaboration of these dyads and team
 - Support team should meet monthly to review reports and set priorities for improvements. Meeting should be agenda driven, with minutes distributed to organizational leadership
 - Insist on collaboration between all IT team members

- Level 1 Support
 - Identify vendor or locally staff part-time help for desktop and password reset calls
 - Focus internal IT staff on critical projects
- On-call coverage
 - Post on-call schedules on intranet
 - Use documentation, team meetings, and cross-training to improve ability to resolve issues when first call is not to the “expert” or when the “expert” is unavailable

- Implement formal development plans for each staff member
- Use training methods best suited to each learner
 - Classroom
 - Hands-on
 - Technical mentor (inside or outside the organization)
 - Self study

- Identify and vet vendors for supplemental staffing for projects and surges in demand
 - Clinical systems support
 - Revenue cycle and accounting system support
 - Staff training and process improvement using information systems
 - “Desktop Support” for computers and printers
 - Level three network engineering and design
- Begin with an inventory of required skills
- On-demand staffing vendors should be scheduled and managed by IT to ensure compliance with policies, procedures, and schedules



OPERATIONS AND INFRASTRUCTURE

- Implement a help desk ticketing system to provide:
 - Data for process improvement
 - Data for budgeting
 - Data for skill-mix management
 - Transparency to customers by reporting:
 - Volume of requests
 - Responsiveness of support team
 - Number of requests resolved with one call (“first-call resolution rate”)



OPERATIONS AND INFRASTRUCTURE: CYBER-SECURITY

- Maintain current success on protecting the organization by performing:
 - Formal risk assessment update each year
 - Risk assessment updates when equipment and systems are added
 - Outside risk assessment every three years
 - Vulnerability scan every quarter
 - Network penetration test at least every year and upon significant changes



OPERATIONS AND INFRASTRUCTURE: CYBER-SECURITY

- Implement a policy to perform a security audit every three months
 - QHR suggests you review three to five user accounts to ensure they have the appropriate security access; document users reviewed, findings, and provide a date stamp showing the status and if they have been corrected
- Add legacy system with un-supported operating system to risk assessment with highest priority for remediation
 - If this cannot be removed from the network, set up mitigation steps to help decrease the risk.
 - Have an annual risk acceptance form signed for this piece of equipment and track that on your annual risk assessment process
- Create a policy to encrypt all laptops, track these on the annual risk assessment
- Require Arcserve to sign a Business Associate Agreement, or find a vendor that will sign a BAA
- Create a procedure on how to perform a routine restore from the backup, including testing
 - Include restoring files from tape and checking their date stamp and file size. Ensure SQL backups are tested in the process, even if it is a dummy SQL Database.



OPERATIONS AND INFRASTRUCTURE – AS BUDGET PERMITS

- Organize tools and remove the unnecessary materials from data closets and server rooms
- Replace fire suppression in the main server room – remove overhead water sprinkler
- Add badge lock to the equipment / storage closet in nursing area
- Provide cooling and temperature control for all data closets
- Remove old, unused cable in the ceilings
- Install conduit for the ceiling cables
- Eliminate technical barriers to use of the AT&T Fiber circuit purchased in a previous year



OPERATIONS AND INFRASTRUCTURE – AS BUDGET PERMITS

- Complete the cabling project to off-campus building
- Perform and document regular UPS tests
- Complete the migration to the Nutanix system
- Organize the cabling approach (may require different cable lengths and colors)
- Remove old, unused equipment from the data closets
- Add a remote access strategy to the project list



PROJECTS

- Provide transparency by reporting on IT project:
 - Priorities
 - Schedules
 - Status of ongoing projects
 - Completions / successes
- Post project schedules and statuses on Bear Valley intranet
- Engage IT early in purchase decisions when implementation will require IT work or ongoing support



PROJECTS

- Create a project to identify and document IT risks and include:
 - Likelihood of occurrence
 - Severity of impact
 - Cost of remediation
- Report Risks and the mitigation strategy for each one to senior leadership each quarter
 - When risk mitigation costs are too high, implement and audit compliance with policies to close the gaps



- When requestors value faster project completion:
 - Allow the requestor to request access to IT-managed funding for outside assistance
 - Outside assistance must be selected, approved, and managed by IT
 - Budget must include capacity to audit work done by outside providers to ensure compliance with IT Policies & Procedures, particularly for security controls
 - A risk to mitigate: this strategy assumes unlimited IT Management capacity.
 - When volume of work expands more than 50%, add a part-time Project Management resource



RELATIONSHIPS

- Internal

- Repeat IT satisfaction survey every six months and use focus groups to target top areas for improvement
- Insist on strong collaboration between IT team members
- Implement quarterly IT Director rounding on department leaders

- External

- Utilize CPSI optimization visits
- Continue to negotiate skillfully and thoroughly with IT vendors
- Challenge vendors to provide process improvement support at no cost



SUPPORTING DOCUMENTATION



INTERVIEW LIST

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- Dr. Knapik, Medical staff
- Kerrie Jex, Nursing
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SUPPORTING DOCUMENTATION

- These items are available in separate files:
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 - Organization structure
 - Application list
 - Equipment list
 - Network diagrams
 - Main building floor plan



SUPPORTING DOCUMENTATION

Notes For the Risk Assessment

Periodic Review and Updates to the Risk Assessment

The risk analysis process should be ongoing. In order for an entity to update and document its security measures “as needed,” which the Rule requires, it should conduct continuous risk analysis to identify when updates are needed. (45 C.F.R. §§ 164.306(e) and 164.316(b)(2)(iii).) The Security Rule does not specify how frequently to perform risk analysis as part of a comprehensive risk management process. The frequency of performance will vary among covered entities. Some covered entities may perform these processes annually or as needed (e.g., bi-annual or every 3 years) depending on circumstances of their environment.

A truly integrated risk analysis and management process is performed as new technologies and business operations are planned, thus reducing the effort required to address risks identified after implementation. For example, if the covered entity has experienced a security incident, has had change in ownership, turnover in key staff or management, is planning to incorporate new technology to make operations more efficient, the potential risk should be analyzed to ensure the e-PHI is reasonably and appropriately protected. If it is determined that existing security measures are not sufficient to protect against the risks associated with the evolving threats or vulnerabilities, a changing business environment, or the introduction of new technology, then the entity must determine if additional security measures are needed. Performing the risk analysis and adjusting risk management processes to address risks in a timely manner will allow the covered entity to reduce the associated risks to reasonable and appropriate levels.⁸

Link: https://www.pcisecuritystandards.org/documents/Penetration_Testing_Guidance_March_2015.pdf

	Vulnerability Scan	Penetration Test
Purpose	Identify, rank, and report vulnerabilities that, if exploited, may result in an intentional or unintentional compromise of a system.	Identify ways to exploit vulnerabilities to circumvent or defeat the security features of system components.
When	At least quarterly or after significant changes.	At least annually and upon significant changes. (Refer to Section 2.6 of this document for information on significant changes.)
How	Typically a variety of automated tools combined with manual verification of identified issues.	A manual process that may include the use of vulnerability scanning or other automated tools, resulting in a comprehensive report.



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THANK YOU

Creating a Sustainable Future for Healthcare Organizations

This document contains forward-looking statements that involve assumptions, uncertainties and risks. If such assumptions prove incorrect, or such uncertainties or risks materialize, the results of this organization could differ materially from those expressed or implied by such forward-looking statements and assumptions. In no event should the content of this document be construed as an express or implied promise, guarantee or implication by or from the products or services of Quorum or its affiliates or other agents that your organization will profit or that losses can or will be limited in any manner whatsoever. Quorum and its affiliates assume no obligation and do not intend to update these forward-looking statements, and Quorum and its affiliates are not responsible for direct, indirect, incidental or consequential damages resulting from any defect, error or failure to perform.



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MEMO

Date: 01 March 2018
To: BVCHD Board
From: Garth M Hamblin, CFO
Subject: Impact Analysis of Conversion to PPS Reimbursement
FYE June 30, 2017

Recommended Action

Receive and Review "Impact Analysis of Conversion to PPS Reimbursement for FYE June 30, 2017".

Background

With the completion of reports and audits for our fiscal year ended June 30, 2017, David Perry, Associate Vice President Healthcare Finance and Reimbursement from Quorum Health Resources, completed the attached "Impact Analysis of Conversion to PPS Reimbursement for FYE June 30, 2017"

Since we were paid as a Critical Access Hospital in fiscal year 2017, the report analyzes the financial impact if we were to have been paid under the Perspective Payment System methodology. Page 6 of the report shows that we would have been paid \$1,199,103 less as a PPS hospital than we were paid as a CAH hospital.

Bear Valley Community Hospital

Big Bear Lake, California



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Impact Analysis of Conversion to PPS
Reimbursement FYE June 30, 2017

David Perry, Associate Vice President
Healthcare Finance & Reimbursement

February 2018



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Overall Medicare Reimbursement Impact..... 6



EXECUTIVE SUMMARY

Project Objectives

The enclosed report presents Quorum Health Resource's analysis of the impact on Bear Valley Community Hospital (the "Hospital") if the Hospital were reimbursed for Medicare services under the Prospective Payment System ("PPS") methodology for FYE June 30, 2017.

The purpose of this analysis was to identify the potential impact of converting the Hospital from a Critical Access Hospital ("CAH") to a short term acute care hospital reimbursed under PPS. The analysis does not provide legal advice. Quorum did not audit the financial records. This analysis does not attest to any representations made by the Hospital, its agents, or its representatives.

The impact analysis of converting to PPS consisted of performing a review of the Hospital's cost report for FYE 6/30/16, and estimating the financial impact of converting the Hospital to the PPS reimbursement methodology for Medicare services.

Overview of Recommendation

Based on its analysis of the financial impact of converting to a PPS reimbursement methodology, Quorum recommends that the Hospital maintain its critical access status and that this analysis be prepared each year to ensure that the positive financial impact of CAH status remains.



MEDICARE INPATIENT REIMBURSEMENT IMPACT

As noted in the chart below, the financial impact of converting to the PPS reimbursement methodology for Medicare inpatient services was a reduction in reimbursement totaling approximately \$160,000.

Hospital Specific Rate (updated to FY2018)	\$9,167.75
Capital Rate (Federal Rate)	\$536.93
Sum of Operating and Capital Rates	\$9,704.68
Case Mix (per FY2014 Cost Report information)	.87
Medicare Reimbursement per discharge under PPS reimbursement	\$8,443.08
Medicare Discharges for FY2017 Cost Report	64
Annual Reimbursement before Low Volume Adjustment	\$540,357
Medicare Low Volume Adjustment	\$135,089
Medicare PPS Inpatient Reimbursement	\$675,446
Medicare Critical Access Hospital Reimbursement per the As Filed FY2017 Cost Report	\$835,904
Inpatient Gain (Loss)	(\$160,458)

The PPS reimbursement rate is calculated using the sole community hospital specific rate. The Hospital was identified as a sole community hospital in FY2014 and receives the greater of the IPPS federal rate or the hospital specific rate. The FY2016 Inpatient reimbursement was calculated using the updated hospital specific rate.

The Low Volume adjustment represents additional Medicare reimbursement afforded to hospitals with less than 1,600 Medicare discharges. The Hospital's low volume percentage for the FY2014 cost report was 25% and would be the same percentage for FY2017.

The case mix used in the calculation is .87. This is based on the Medicare Provider and Statistical Report ("PSR") that was used to prepare the FY2014 Medicare Cost Report.



MEDICARE OUTPATIENT REIMBURSEMENT IMPACT

As noted in the chart below, the financial impact of converting to the PPS reimbursement methodology for Medicare outpatient services was a reduction in reimbursement totaling approximately \$825,000.

	Outpatient Charges (excluding Therapies)	Therapy Charges
Medicare OP Charges	\$6,778,034	\$280,712
Estimated PPS Reimbursement	19%	15%
	\$1,314,939	\$42,107
Total PPS Reimbursement	\$1,357,045	
CAH Reimbursement	\$2,182,921	
Net Gain (Loss) Converting to PPS	(\$825,876)	

The outpatient reimbursement percentages were obtained from cost report information for the PPS Cost Report filed by the Hospital in FY2014.

The following item was not included in the calculations noted above as the data was not readily available. However, it should be noted that the nature of this item would only increase the loss identified.

As a critical access hospital, the Hospital is not subject to the 72-hour rule. This is a provision in the Medicare regulations that requires select Medicare outpatient revenues performed 72 hours prior to the inpatient admission to be included with the inpatient charges. This would reduce the amount of outpatient charges for Medicare patients for which the Hospital would bill. The amount of this “reduction” was not identified.



MEDICARE SWING BED REIMBURSEMENT IMPACT

As noted in the chart below, the financial impact of converting to the PPS reimbursement methodology for Medicare swing bed services was a reduction in reimbursement totaling more than \$216,000.

SNF Reimbursement	\$464.55
Swing Bed Patient Days	134*
Medicare PPS Reimbursement	\$62,250
CAH Reimbursement	\$278,280*
Gain (Loss) on Conversion to PPS	(\$216,030)
<i>*Per 2017 Cost Report</i>	

Under PPS reimbursement, the swing bed services provided by the Hospital would be reimbursed using the RUG PPS methodology. We used the SNF's reimbursement rate from a hospital's SNF reimbursement for FY2016 from a hospital in the area.



OVERALL MEDICARE REIMBURSEMENT IMPACT

The financial impact of converting to the PPS reimbursement methodology for Medicare services that are currently paid on a cost basis for critical access hospitals was a reduction in reimbursement totaling approximately \$1,200,000. We would not recommend that the Hospital consider converting to PPS at the present time, but do advise that this analysis be prepared annually to ensure that the critical access reimbursement methodology is still beneficial to the Hospital.

Inpatient Impact	(\$157,197)
Outpatient Impact	(\$825,876)
Swing Bed Impact	(\$216,030)
Total Medicare Impact	(\$1,199,103)

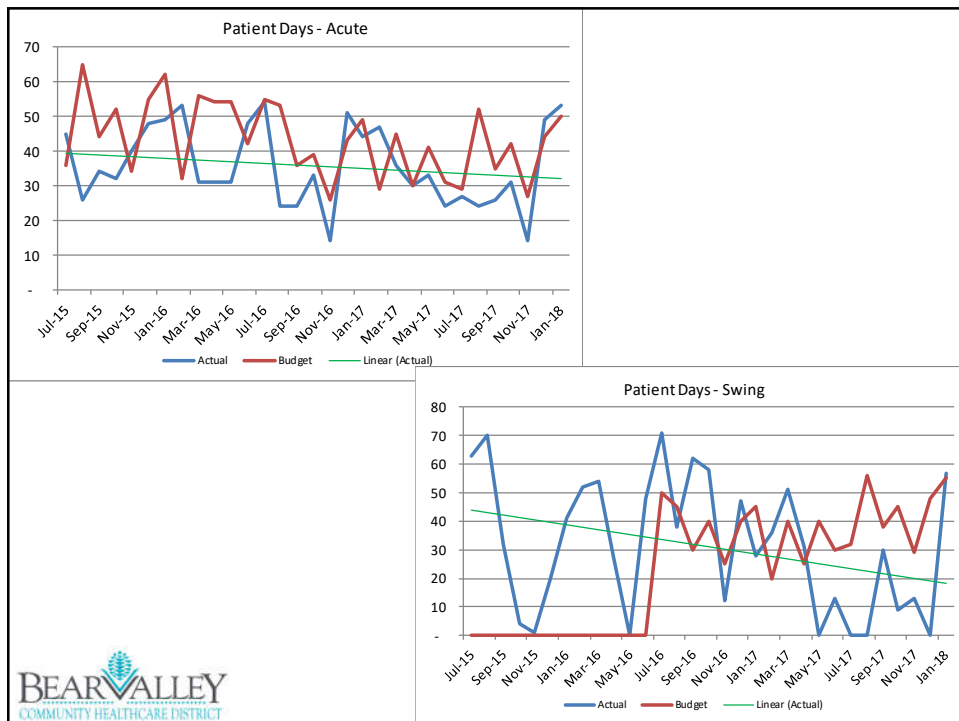
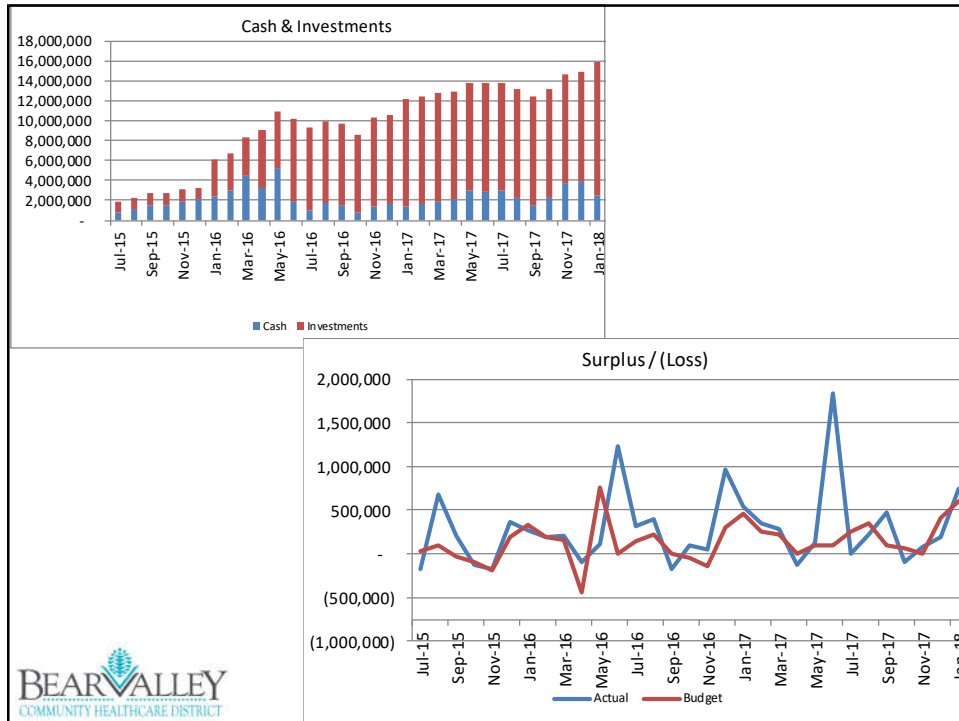


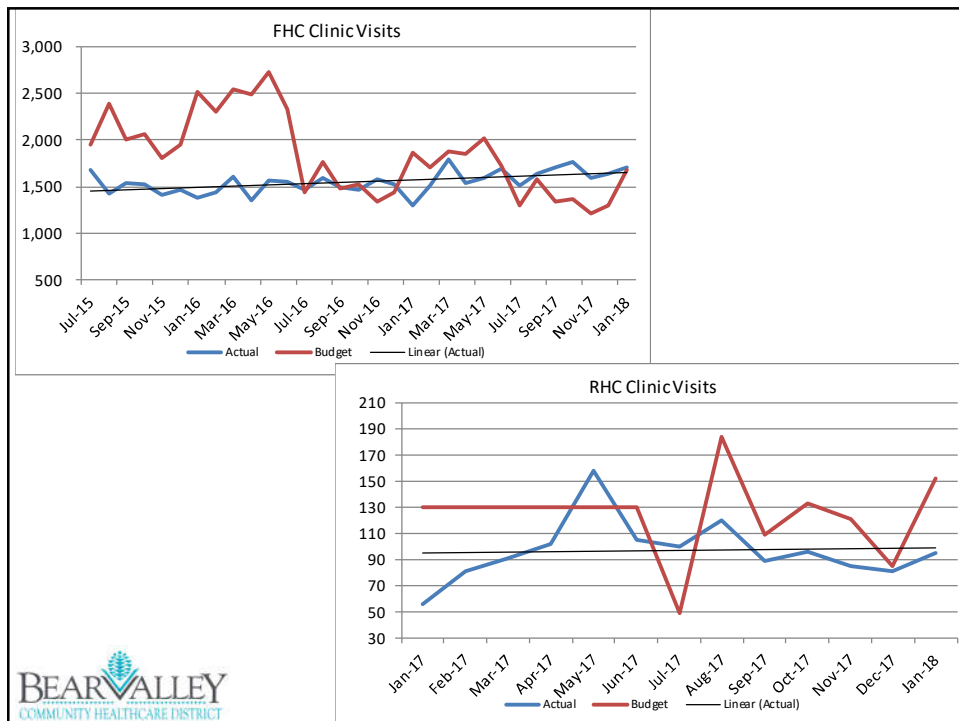
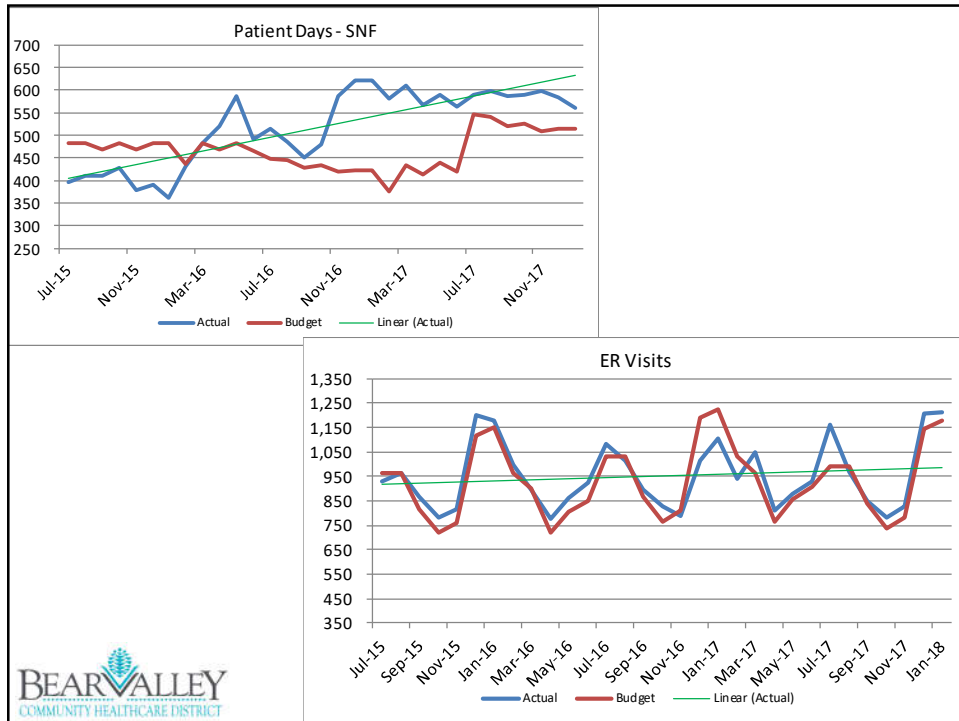
Finance Report
January 2018 Results

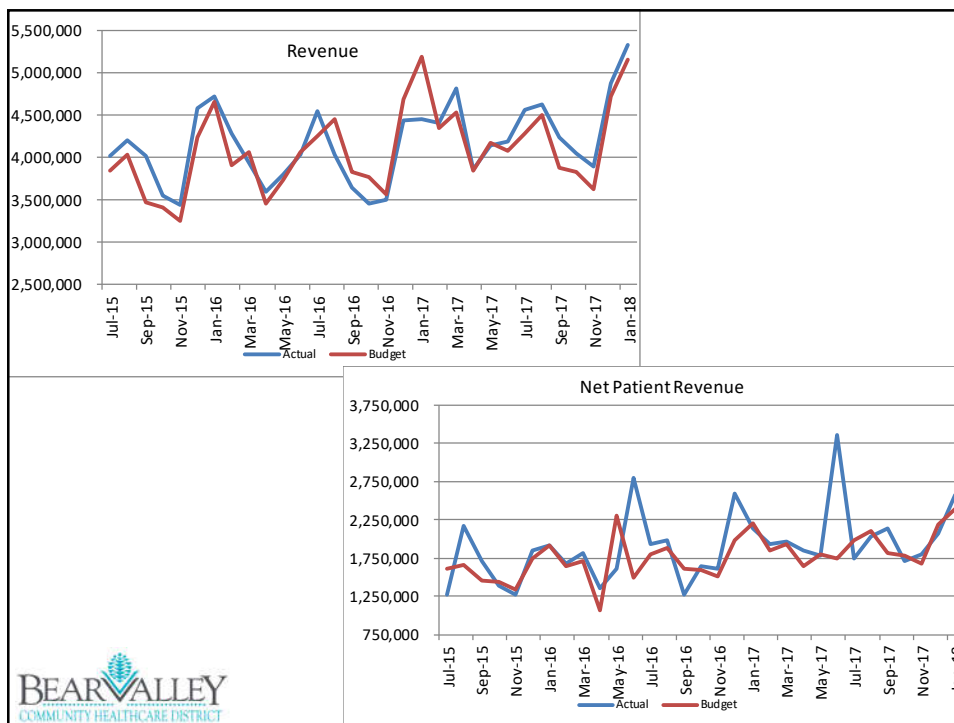
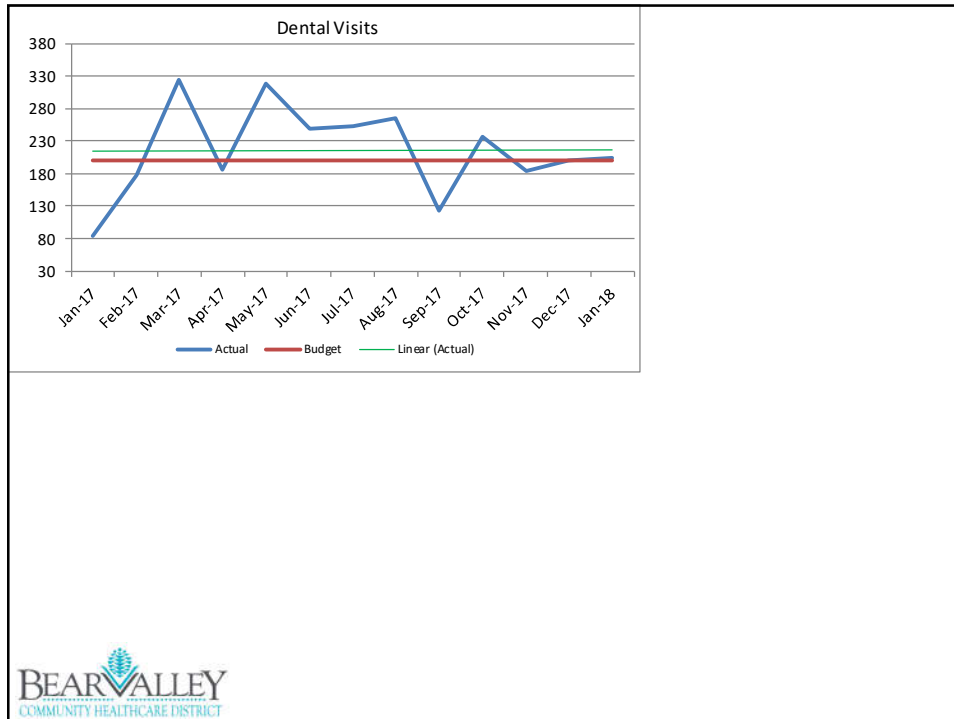
Summary for January 2018

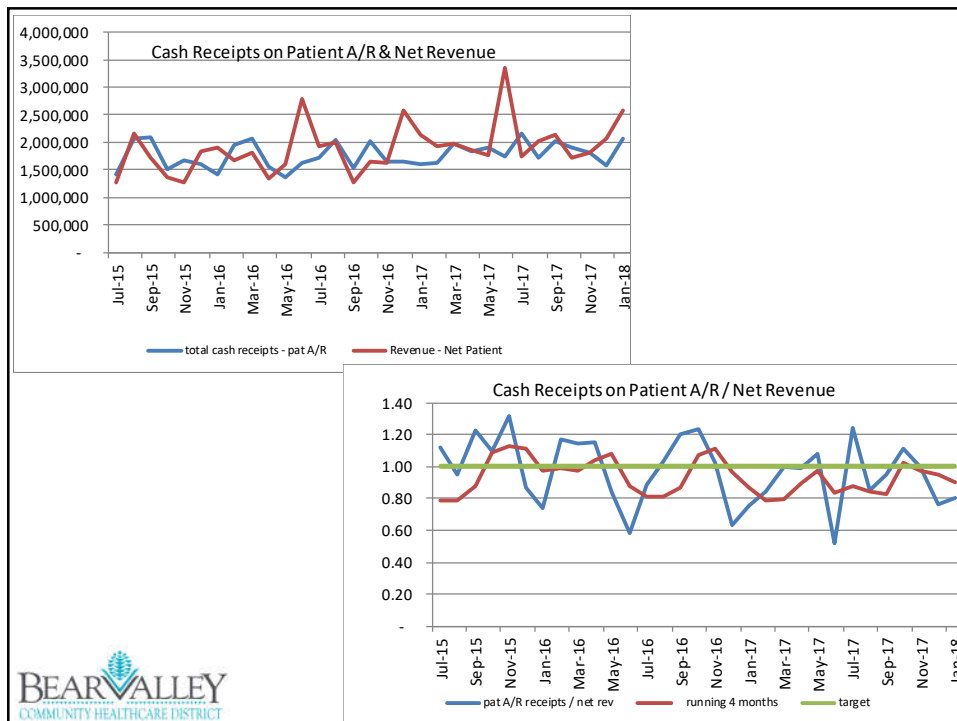
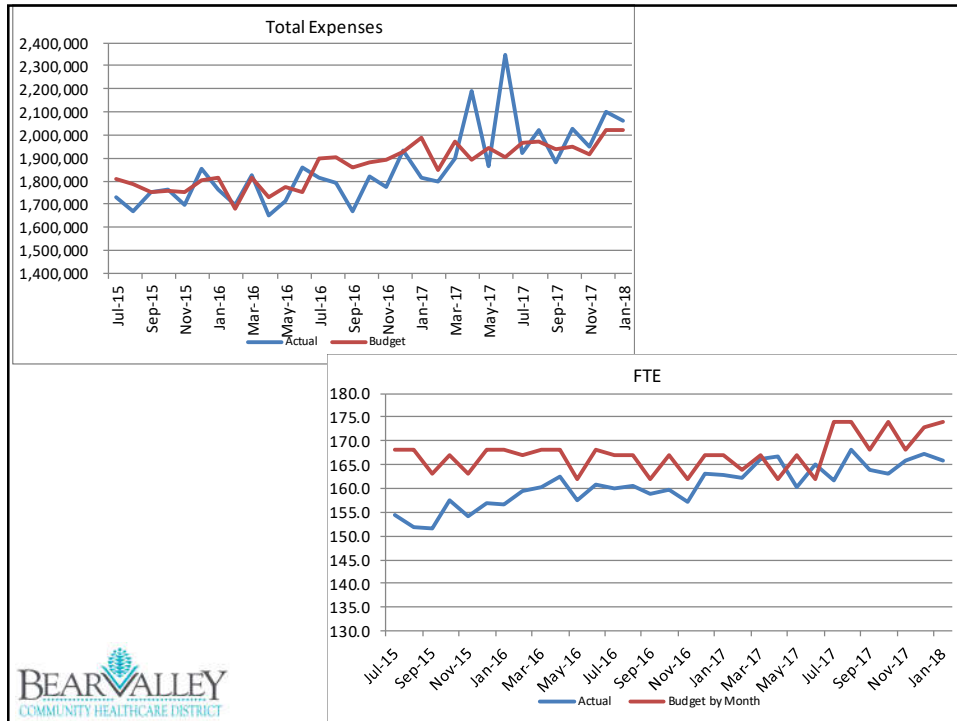
- Cash on Hand - \$2,490,708
- Investments - \$13,452,520
- Days Cash on hand, including investments with LAIF – 254
- Surplus of \$739,240 for the month compared to budgeted surplus of \$608,402.
- Total Patient Revenue over Budget by 3.4% for the month
- Net Revenue was 7.4% higher than budget.
- Total Expenses 1.8% more than budget

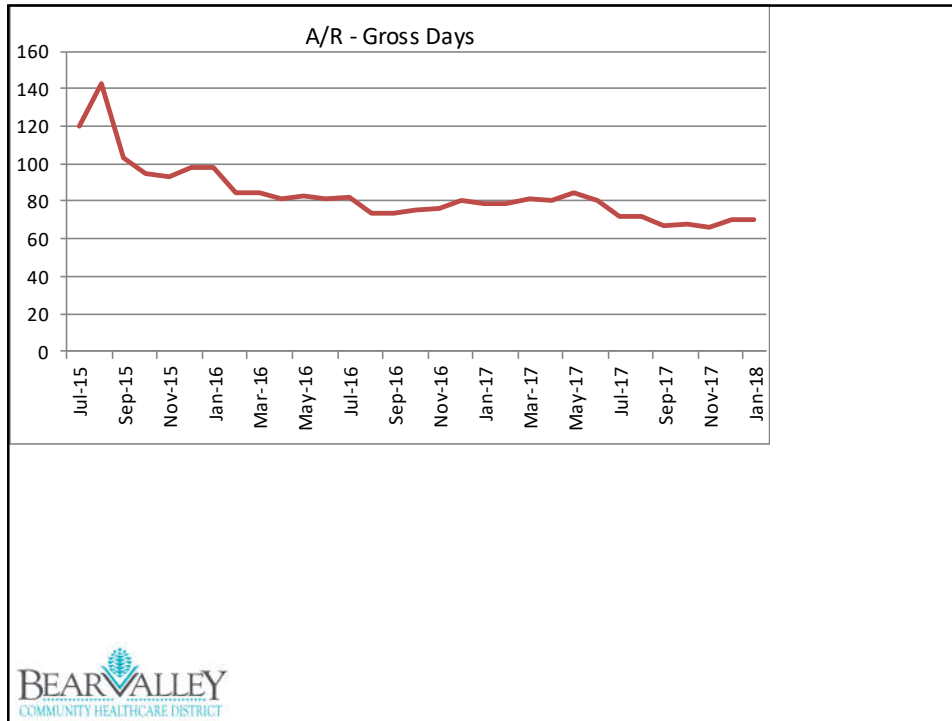














January 2018 Financial Results

For the month . . .

Total Patient Revenue of \$5,324,283 for January was 3.4% over budget. Inpatient revenue was 18.6% over budget. Both acute patient days and swing patient days were over budget. Outpatient revenue was 5.5% over budget. Revenue for all clinic departments combined was 44.9% over budget. Emergency room revenue was 1.6% under budget even with ER visits slightly over budget. Skilled nursing facility revenue was within 1% of the budgeted amount.

Deductions from Revenue of \$2,753,071 were within 1% of budget.

Total operating Revenue of \$2,606,549 was 6.6% over budget.

Total Operating Expenses of \$2,058,598 were 1.8% higher than budget.

Our Surplus for the month of January 2018 was \$739,240. This was 21.5% higher than budget.

Our Operating Cash and Investments total \$15,943,228 as of the end of January 2018. Total days cash on hand are 254.

Key Statistics

Patient days in both acute and swing beds were both over budget for the month. SNF days of 560, and average daily census of 18.06, were over budget. Emergency room visits of 1,209 were 2.7% over budget.

Through the first seven months of our Fiscal Year . . .

Patient revenue is 5.3% over budget, total revenue deductions are 9.1% more than budget, total expenses are 1.3% higher than budget, and our surplus of \$1,625,134 is \$176,924 lower than budget.

Acute and Swing patient days continue to run significantly lower than budgeted. SNF days are 12% over budget. ER Visits are 5.1% over budget. FTE continue to be under budget.

Bear Valley Community Healthcare District
Financial Statements January 31, 2018

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	4,455,083	5,324,283	5,151,692	172,591	3.4%	28,060,245	31,540,094	29,964,971	1,575,123	5.3%
2 Total revenue deductions	2,319,996	2,753,071	2,758,045	(4,974)	-0.2%	14,902,821	17,503,763	16,042,254	1,461,509	9.1%
3 % Deductions	52%	52%	54%			53%	55%	54%		
4 Net Patient Revenue	2,135,087	2,571,212	2,393,647	177,565	7.4%	13,157,424	14,036,332	13,922,717	113,615	0.8%
5 % Net to Gross	48%	48%	46%			47%	45%	46%		
6 Other Revenue	20,052	35,338	51,981	(16,643)	-32.0%	184,960	195,987	363,073	(167,086)	-46.0%
7 Total Operating Revenue	2,155,139	2,606,549	2,445,628	160,921	6.6%	13,342,384	14,232,319	14,285,790	(53,471)	-0.4%
8 Total Expenses	1,806,823	2,058,598	2,022,973	35,625	1.8%	12,563,149	13,964,226	13,783,961	180,265	1.3%
9 % Expenses	41%	39%	39%			45%	44%	46%		
10 Surplus (Loss) from Operations	348,316	547,951	422,655	125,296	-29.6%	779,235	268,093	501,829	(233,736)	46.6%
11 % Operating margin	8%	10%	8%			3%	1%	2%		
12 Total Non-operating	182,545	191,288	185,747	5,541	3.0%	1,406,419	1,357,040	1,300,229	56,811	4.4%
13 Surplus/(Loss)	530,861	739,240	608,402	130,838	-21.5%	2,185,654	1,625,134	1,802,058	(176,924)	9.8%
14 % Total margin	12%	14%	12%			8%	5%	6%		

BALANCE SHEET

	A	B	C	D	E
	January	January	December	VARIANCE	
	FY 16/17	FY 17/18	FY 17/18	Amount	%
15 Gross Accounts Receivables	10,667,961	10,762,136	9,769,429	992,707	10.2%
16 Net Accounts Receivables	4,010,921	4,194,077	3,660,830	533,247	14.6%
17 % Net AR to Gross AR	38%	39%	37%		
18 Days Gross AR	79	70	70	0	0.1%
19 Cash Collections	1,610,604	2,062,073	1,567,959	494,114	31.5%
21 Investments	10,852,271	13,452,520	10,952,520	2,500,000	22.8%
22 Cash on hand	1,318,907	2,490,708	3,884,817	(1,394,109)	-35.9%
23 Total Cash & Invest	12,171,178	15,943,228	14,837,337	1,105,891	7.5%
24 Days Cash & Invest	213	254	237	17	7.1%
Total Cash and Investments	12,171,178	15,943,228			
Increase Current Year vs. Prior Year		3,772,050			

Bear Valley Community Healthcare District
Financial Statements January 31, 2018

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	%
Gross Patient Revenue										
1 Inpatient	253,809	368,022	310,242	57,780	18.6%	1,607,063	1,136,117	1,748,905	(612,788)	-35.0%
2 Outpatient	709,709	1,077,117	1,021,007	56,110	5.5%	5,860,751	7,119,057	6,311,391	807,666	12.8%
3 Clinic Revenue	179,676	370,318	255,589	114,729	44.9%	1,282,025	2,487,753	1,546,035	941,718	60.9%
4 Emergency Room	3,031,377	3,260,191	3,314,181	(53,990)	-1.6%	17,628,173	18,972,029	18,623,788	348,241	1.9%
5 Skilled Nursing Facility	280,512	248,635	250,673	(2,038)	-0.8%	1,682,233	1,825,139	1,734,852	90,287	5.2%
6 Total patient revenue	4,455,083	5,324,283	5,151,692	172,591	3.4%	28,060,245	31,540,094	29,964,971	1,575,123	5.3%
Revenue Deductions										
7 Contractual Allow	2,011,049	2,429,042	2,524,663	(95,621)	-3.8%	12,396,710	15,339,391	14,684,775	654,616	4.5%
8 Contractual Allow PY	26,000	(3)	-	(3)	#DIV/0!	(21,958)	(30)	-	(30)	#DIV/0!
9 Charity Care	6,876	7,644	11,033	(3,389)	-30.7%	68,591	39,972	64,172	(24,200)	-37.7%
10 Administrative	1,844	1,974	9,667	(7,694)	-79.6%	61,250	299,617	56,230	243,387	432.8%
11 Policy Discount	5,867	13,595	7,874	5,721	72.7%	41,983	75,644	45,802	29,842	65.2%
12 Employee Discount	2,869	6,231	4,284	1,947	45.4%	20,542	36,397	24,919	11,478	46.1%
13 Bad Debts	173,950	201,297	200,524	773	0.4%	1,061,408	828,636	1,166,356	(337,720)	-29.0%
14 Denials	266,959	93,291	-	93,291	#DIV/0!	1,274,295	884,135	-	884,135	#DIV/0!
15 Total revenue deductions	2,319,996	2,753,071	2,758,045	(4,974)	-0.2%	14,902,821	17,503,763	16,042,254	1,461,509	9.1%
Net Patient Revenue	2,135,087	2,571,212	2,393,647	177,565	7.4%	13,157,424	14,036,332	13,922,717	113,615	0.8%
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%	
Other Revenue	20,052	35,338	51,981	(16,643)	-32.0%	184,960	195,987	363,073	(167,086)	-46.0%
Total Operating Revenue	2,155,139	2,606,549	2,445,628	160,921	6.6%	13,342,384	14,232,319	14,285,790	(53,471)	-0.4%
Expenses										
19 Salaries	783,621	849,855	825,362	24,493	3.0%	5,339,660	5,697,972	5,723,794	(25,822)	-0.5%
20 Employee Benefits	284,842	315,442	330,888	(15,446)	-4.7%	2,009,493	2,126,741	2,266,487	(139,746)	-6.2%
21 Registry	-	-	-	-	#DIV/0!	33,285	16,028	-	16,028	#DIV/0!
22 Salaries and Benefits	1,068,463	1,165,297	1,156,250	9,047	0.8%	7,382,438	7,840,741	7,990,281	(149,540)	-1.9%
23 Professional fees	159,841	173,264	168,392	4,872	2.9%	1,023,632	1,163,446	1,121,974	41,472	3.7%
24 Supplies	111,924	172,497	139,806	32,691	23.4%	855,790	921,749	878,576	43,173	4.9%
25 Utilities	47,547	41,326	48,076	(6,750)	-14.0%	310,906	290,434	321,797	(31,363)	-9.7%
26 Repairs and Maintenance	25,834	32,513	22,668	9,845	43.4%	149,841	206,670	158,470	48,200	30.4%
27 Purchased Services	248,557	308,903	312,447	(3,544)	-1.1%	1,864,301	2,388,600	2,088,100	300,500	14.4%
28 Insurance	25,014	25,912	25,917	(5)	0.0%	175,285	182,140	181,419	721	0.4%
29 Depreciation	50,869	82,710	75,000	7,710	10.3%	329,907	465,907	525,000	(59,093)	-11.3%
30 Rental and Leases	17,329	14,242	16,297	(2,055)	-12.6%	127,384	191,011	114,079	76,932	67.4%
32 Dues and Subscriptions	4,316	2,710	5,046	(2,336)	-46.3%	30,593	34,291	35,320	(1,029)	-2.9%
33 Other Expense.	47,129	39,225	53,074	(13,849)	-26.1%	313,072	279,236	368,945	(89,709)	-24.3%
34 Total Expenses	1,806,823	2,058,598	2,022,973	35,625	1.8%	12,563,149	13,964,226	13,783,961	180,265	1.3%
Surplus (Loss) from Operations	348,316	547,951	422,655	125,296	-29.6%	779,235	268,093	501,829	(233,736)	46.6%
Non-Operating Income										
37 Tax Revenue	189,917	186,047	186,047	-	0.0%	1,329,419	1,302,329	1,302,329	-	0.0%
38 Other non-operating	-	12,000	3,283	8,717	265.5%	89,352	42,247	22,981	19,266	83.8%
Interest Income	496	1,071	4,167	(3,096)	-74.3%	42,952	67,476	29,169	38,307	131.3%
Interest Expense	(7,868)	(7,830)	(7,750)	(80)	1.0%	(55,304)	(55,012)	(54,250)	(762)	1.4%
39 Total Non-operating	182,545	191,288	185,747	5,541	3.0%	1,406,419	1,357,040	1,300,229	56,811	4.4%
Surplus/(Loss)	530,861	739,240	608,402	130,838	-21.5%	2,185,654	1,625,133	1,802,058	(176,925)	9.1%

**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
Gross Patient Revenue													
1 Inpatient	95,787	98,514	150,843	142,719	77,702	202,529	368,022						1,136,117
2 Outpatient	868,939	1,205,964	1,063,953	1,047,978	997,359	857,747	1,077,117						7,119,057
3 Clinic	347,893	369,602	339,870	391,164	329,577	339,330	370,318						2,487,753
4 Emergency Room	2,985,253	2,686,283	2,407,574	2,203,306	2,221,976	3,207,446	3,260,191						18,972,029
5 Skilled Nursing Facility	261,793	265,487	262,653	261,572	265,920	259,078	248,635						1,825,139
6 Total patient revenue	4,559,665	4,625,850	4,224,893	4,046,739	3,892,534	4,866,130	5,324,283	-	-	-	-	-	31,540,094
Revenue Deductions	C/A 0.56	0.47	0.47	0.47	0.44	0.53	0.46	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.49
7 Contractual Allow	2,548,409	2,192,333	1,994,911	1,909,156	1,696,412	2,569,127	2,429,042						15,339,391
8 Contractual Allow PY	-	463	1,249	(1,739)	-	-	(3)						(30)
9 Charity Care	7,675	12,842	-	-	9,999	1,812	7,644						39,972
10 Administrative	(746)	114,668	169,442	10,431	2,860	989	1,974						299,617
11 Policy Discount	11,532	11,940	7,202	10,680	10,915	9,781	13,595						75,644
12 Employee Discount	4,711	9,099	3,938	4,084	4,131	4,202	6,231						36,397
13 Bad Debts	(59,348)	69,295	45,428	236,304	205,433	130,228	201,297						828,636
14 Denials	307,852	190,797	(129,516)	169,768	162,874	89,070	93,291						884,135
15 Total revenue deductions	2,820,085	2,601,437	2,092,654	2,338,683	2,092,624	2,805,209	2,753,071	-	-	-	-	-	17,503,763
16 Net Patient Revenue	1,739,580	2,024,413	2,132,239	1,708,056	1,799,911	2,060,921	2,571,212	-	-	-	-	-	14,036,332
net / tot pat rev	38.2%	43.8%	50.5%	42.2%	46.2%	42.4%	48.3%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	44.5%
17 Other Revenue	7,162	35,245	20,043	45,312	35,896	16,992	35,338						195,987
18 Total Operating Revenue	1,746,742	2,059,658	2,152,282	1,753,369	1,835,807	2,077,912	2,606,549	-	-	-	-	-	14,232,319
Expenses													
19 Salaries	800,028	842,003	802,366	798,066	721,536	884,119	849,855						5,697,972
20 Employee Benefits	286,721	318,469	300,954	292,526	296,309	316,321	315,442						2,126,741
21 Registry	12,718	-	-	-	-	3,310	-						16,028
22 Salaries and Benefits	1,099,467	1,160,472	1,103,320	1,090,592	1,017,845	1,203,749	1,165,297	-	-	-	-	-	7,840,741
23 Professional fees	163,392	159,614	149,941	191,107	168,319	157,808	173,264						1,163,446
24 Supplies	130,715	136,046	101,350	139,091	134,939	107,112	172,497						921,749
25 Utilities	42,342	42,209	43,009	40,689	40,990	39,869	41,326						290,434
26 Repairs and Maintenance	22,461	19,239	35,825	30,007	38,216	28,409	32,513						206,670
27 Purchased Services	302,014	346,148	281,012	373,876	381,162	395,485	308,903						2,388,600
28 Insurance	25,762	25,762	25,762	25,835	25,762	27,345	25,912						182,140
29 Depreciation	48,568	49,162	58,815	61,486	82,456	82,710	82,710						465,907
30 Rental and Leases	46,445	39,979	35,360	23,454	15,317	16,214	14,242						191,011
32 Dues and Subscriptions	5,518	5,427	5,725	5,181	4,523	5,207	2,710						34,291
33 Other Expense.	36,147	35,255	43,441	47,022	39,491	38,655	39,225						279,236
34 Total Expenses	1,922,831	2,019,314	1,883,559	2,028,341	1,949,020	2,102,562	2,058,598	-	-	-	-	-	13,964,226
Surplus (Loss) from Operations	(176,089)	40,344	268,723	(274,973)	(113,213)	(24,650)	547,951	-	-	-	-	-	268,093
Non-Operating Income													
37 Tax Revenue	186,047	186,047	186,047	186,047	186,047	186,047	186,047						1,302,329
38 Other non-operating		10,247	(130)	130	20,000	-	12,000						42,247
Interest Income	1,906	626	30,375	693	965	31,840	1,071						67,476
Interest Expense	(7,717)	(7,902)	(8,002)	(7,752)	(7,763)	(8,047)	(7,830)						(55,012)
39 Total Non-operating	180,236	189,018	208,290	179,118	199,249	209,840	191,288	-	-	-	-	-	1,357,040
40 Surplus/(Loss)	4,147	229,362	477,013	(95,854)	86,036	185,190	739,240	-	-	-	-	-	1,625,134

2017-18 Actual BS

BALANCE SHEET

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

PY BS

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	3,884,817	2,490,708	2,858,405
Gross Patient Accounts Receivable	10,084,033	10,529,969	9,819,853	9,516,577	8,883,930	9,771,838	10,764,545	10,749,524
Less: Reserves for Allowances & Bad Debt	6,481,129	6,632,089	5,818,066	5,954,203	5,590,675	6,111,008	6,570,468	6,824,943
Net Patient Accounts Receivable	3,602,904	3,897,880	4,001,787	3,562,374	3,293,255	3,660,830	4,194,077	3,924,581
Tax Revenue Receivable	2,232,569	2,232,569	2,232,569	2,232,569	1,944,288	970,958	827,168	56,787
Other Receivables	88,537	55,474	750,144	324,224	-1,218,923	-1,160,647	-1,793,802	107,830
Inventories	217,948	220,580	221,025	226,011	222,712	222,388	229,341	212,805
Prepaid Expenses	330,877	339,259	336,340	352,943	342,699	313,470	295,570	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	7,891,816	6,243,062	7,352,624
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Assets Whose Use is Limited

Investments	10,894,184	10,894,184	10,921,640	10,921,640	10,921,640	10,952,520	13,452,520	10,894,184
Other Limited Use Assets	144,375	144,375	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	11,096,895	13,596,895	11,038,559
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Property, Plant, and Equipment

Land and Land Improvements	547,472	570,615	570,615	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	9,699,804	9,737,717	9,657,088
Equipment	9,625,066	9,694,652	10,189,492	10,232,207	11,486,278	11,504,275	11,516,840	9,614,476
Construction In Progress	1,058,659	1,101,848	753,103	1,356,225	146,485	146,485	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	21,921,179	21,971,657	20,351,194
Less: Accumulated Depreciation	12,764,979	12,814,141	12,872,956	12,934,442	13,016,899	13,099,608	13,182,318	12,716,411

Net Property, Plant, and Equipment	8,123,306	8,212,362	8,326,636	8,921,208	8,885,636	8,821,571	8,789,339	7,634,783
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TOTAL UNRESTRICTED ASSETS	28,561,060	28,287,674	28,417,544	28,873,224	28,268,920	27,810,282	28,629,297	26,025,966
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Restricted Assets

0	0	0	0	0	0	0	0	0
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TOTAL ASSETS	28,561,060	28,287,674	28,417,544	28,873,224	28,268,920	27,810,282	28,629,297	26,025,966
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2017-18 Actual BS

BALANCE SHEET

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

LIABILITIES:

Current Liabilities

	July	Aug	Sept	Oct	Nov	Dec	Jan	PY BS June
Accounts Payable	1,382,046	985,885	792,559	1,431,694	876,176	956,102	943,576	1,055,031
Notes and Loans Payable								
Accrued Payroll	775,117	846,351	884,291	975,116	996,448	697,894	802,910	684,799
Patient Refunds Payable								
Due to Third Party Payers (Settlements)	709,007	709,470	695,980	695,980	718,109	552,505	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	1,151,283	965,236	-4
Current Portion - LT Debt	35,000	35,000	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	15,350	7,621
Total Current Liabilities	4,962,931	4,460,183	4,113,039	4,664,574	3,974,233	3,400,405	3,480,181	2,431,984

Long Term Debt

USDA Loan	2,930,000	2,930,000	2,930,000	2,930,000	2,930,000	2,895,000	2,895,000	2,965,000
Leases Payable	0	0	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	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	2,860,000	2,860,000	2,930,000

Other Long Term Liabilities

Deferred Revenue	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Total Other Long Term Liabilities	0	0	0	0	0	0	0	0

TOTAL LIABILITIES 7,892,931 7,390,183 7,043,039 7,594,574 6,904,233 6,260,405 6,340,181 5,361,984

Fund Balance

Unrestricted Fund Balance	20,663,982	20,663,983	20,663,982	20,663,982	20,663,982	20,663,982	20,663,982	16,251,126
Temporarily Restricted Fund Balance	0	0				0		
Equity Transfer from FRHG	0	0				0		
Net Revenue/(Expenses)	4,147	233,510	710,523	614,668	700,705	885,895	1,625,134	4,412,856
TOTAL FUND BALANCE	20,668,129	20,897,491	21,374,505	21,278,650	21,364,687	21,549,877	22,289,116	20,663,982

TOTAL LIABILITIES & FUND BALANCE 28,561,060 28,287,674 28,417,544 28,873,224 28,268,920 27,810,282 28,629,297 26,025,966

Units of Service
For the period ending: January 31, 2018

31						215						
Current Month						Bear Valley Community Hospital						
						Year-To-Date						
Jan-18	Jan-17	Actual -Budget	Act.-Act.				Jan-18	Jan-17	Actual -Budget	Act.-Act.		
Actual	Budget	Actual	Variance	Var %	Var %		Actual	Budget	Actual	Variance	Var %	Var %
53	50	44	3	5.3%	20.5%	Med Surg Patient Days	224	279	244	(55)	-19.7%	-8.2%
57	55	28	2	4.3%	103.6%	Swing Patient Days	109	303	316	(194)	-64.0%	-65.5%
560	515	620	45	8.7%	-9.7%	SNF Patient Days	4,101	3,673	3,758	428	11.7%	9.1%
670	620	692	50	8.1%	-3.2%	Total Patient Days	4,434	4,255	4,318	179	4.2%	2.7%
14	15	13	(1)	-6.7%	7.7%	Acute Admissions	89	105	94	(16)	-15.2%	-5.3%
17	15	14	2	13.3%	21.4%	Acute Discharges	92	105	100	(13)	-12.4%	-8.0%
3.1	-	3.1	3.1	#DIV/0!	-0.8%	Acute Average Length of Stay	2.4	-	2.4	2.4	#DIV/0!	-0.2%
1.7	1.6	1.4	0.1	5.3%	20.5%	Acute Average Daily Census	1.0	1	1.1	(0.3)	-19.7%	-8.2%
19.9	18.4	20.9	1.5	8.3%	-4.8%	SNF/Swing Avg Daily Census	19.6	18	18.9	1.1	5.9%	3.3%
21.6	20.0	22.3	1.6	8.1%	-3.2%	Total Avg. Daily Census	20.6	20	20.1	0.8	4.2%	2.7%
48%	44%	50%	4%	8.1%	-3.2%	% Occupancy	46%	44%	45%	2%	4.2%	2.7%
12	15	12	(3)	-20.0%	0.0%	Emergency Room Admitted	78	105	79	(27)	-25.7%	-1.3%
1,197	1,000	1,091	197	19.7%	9.7%	Emergency Room Discharged	6,918	7,000	6,639	(82)	-1.2%	4.2%
1,209	1,177	1,103	32	2.7%	9.6%	Emergency Room Total	6,996	6,655	6,718	341	5.1%	4.1%
39	38	36	1	2.7%	9.6%	ER visits per calendar day	33	31	31	2	5.1%	4.1%
86%	100%	92%	33%	33.3%	-7.1%	% Admits from ER	88%	100%	84%	59%	59.3%	4.3%
-	-	-	-	0.0%	#DIV/0!	Surgical Procedures I/P	2	-	-	2	0.0%	#DIV/0!
14	16	5	(2)	-12.5%	180.0%	Surgical Procedures O/P	96	141	40	(45)	-31.9%	140.0%
14	16	5	(2)	-12.5%	180.0%	TOTAL Procedures	98	141	40	(43)	-30.5%	145.0%
987	295	642	692	234.6%	53.7%	Surgical Minutes Total	7,258	2,047	2,047	5,211	254.6%	254.6%

Units of Service
For the period ending: January 31, 2018

Current Month						Bear Valley Community Hospital			Year-To-Date			
Jan-18		Jan-17	Actual -Budget		Act.-Act.		Jan-18		Jan-17	Actual -Budget		Act.-Act.
Actual	Budget	Actual	Variance	Var %	Var %		Actual	Budget	Actual	Variance	Var %	Var %
6,539	6,234	5,296	305	4.9%	23.5%	Lab Procedures	43,656	39,923	41,257	3,733	9.4%	5.8%
1,210	1,006	1,084	204	20.3%	11.6%	X-Ray Procedures	5,385	5,199	5,627	186	3.6%	-4.3%
298	360	300	(62)	-17.2%	-0.7%	C.T. Scan Procedures	1,852	1,841	1,812	11	0.6%	2.2%
260	197	157	63	32.0%	65.6%	Ultrasound Procedures	1,605	1,355	1,419	250	18.5%	13.1%
63	50	31	13	26.0%	103.2%	Mammography Procedures	465	350	317	115	32.9%	46.7%
472	269	338	203	75.5%	39.6%	EKG Procedures	2,192	1,781	1,824	411	23.1%	20.2%
257	153	179	104	68.0%	43.6%	Respiratory Procedures	954	705	733	249	35.3%	30.2%
1,365	1,536	1,300	(171)	-11.1%	5.0%	Physical Therapy Procedures	9,579	10,906	12,107	(1,327)	-12.2%	-20.9%
1,803	1,826	1,352	(23)	-1.3%	33.4%	Primary Care Clinic Visits	12,212	10,589	10,456	1,623	15.3%	16.8%
240	200	85	40	20.0%	182.4%	Specialty Clinic Visits	1,500	1,400	85	100	7.1%	1664.7%
2,043	2,026	1,437	17	0.8%	42.2%	Clinic	13,712	11,989	10,541	1,723	14.4%	30.1%
79	78	55	1	0.8%	42.2%	Clinic visits per work day	75	66	58	9	14.4%	30.1%
19.1%	20.00%	16.60%	-0.90%	-4.50%	15.06%	% Medicare Revenue	19.63%	20.00%	20.60%	-0.37%	-1.86%	-4.72%
34.70%	37.00%	35.10%	-2.30%	-6.22%	-1.14%	% Medi-Cal Revenue	39.41%	37.00%	38.33%	2.41%	6.53%	2.83%
40.20%	38.00%	42.10%	2.20%	5.79%	-4.51%	% Insurance Revenue	36.24%	38.00%	36.91%	-1.76%	-4.62%	-1.82%
6.00%	5.00%	6.20%	1.00%	20.00%	-3.23%	% Self-Pay Revenue	4.71%	5.00%	4.16%	-0.29%	-5.71%	13.40%
145.6	155.00	144.0	(9.4)	-6.1%	1.1%	Productive FTE's	144.55	153.57	141.8	(9.0)	-5.9%	1.9%
165.9	174.00	162.8	(8.1)	-4.7%	1.9%	Total FTE's	165.06	172.14	160.3	(7.1)	-4.1%	3.0%



CFO REPORT for

March 6, 2018, Finance Committee and March 14, 2018, Board meetings

QHR Revenue Cycle Review

Dan Hobbs of QHR was with us on February 20, 21, and 22. Focus of the review was on the three areas outlined -

- Patient Access Services, front-end, processes

- review of TruBridge performance

- consideration of bringing PFS/Billing processes in-house

We are working to follow up with information and clarifications to complete his review and report.

HIM Manager Update

Over the past week and a half we have received a number of applications through Indeed. We have interviewed 3 by phone and will look to invite 2 to come and meet with us in person.

FY 2019 (July 1, 2018 through June 30, 2019) Budget Preparation Schedule

I have attached the FY 2019 budget preparation plan / schedule.



FY 2019 (July 1, 2018 through June 30, 2019)

BUDGET PREPARATION CALENDAR

Mar 09, 2018	Capital Budget Requests due to Accounting
Mar 02, 2018	Budget Packets / Details to Managers
Mar 23, 2018	Manager budgets due to Accounting
Apr 06, 2018	Finish input & review of budgets by Accounting
Apr 09 through 13, 2018	meetings with Managers
April 16 through 20, 2018	Budget Review by Admin Team
May 01, 2018	Preliminary Budget reviewed with Finance Committee
May 2018	additional review by Finance Committee as needed for final review, recommendation
June 05, 2018	Finance Committee review of Budget for Submission to full Board of Directors for approval
June 13, 2018	Board of Directors approval of FY 2019 Budget including 3 year Capital Budget Plan