



BOARD OF DIRECTORS

Finance Committee Meeting
September 24, 2009

Chairman Roger McCabe called to order the meeting of the Finance Committee of the Board of Directors at 7:01 a.m. on Thursday, September 24, 2009 in the President's Office at Perry Memorial Hospital.

Board Present: Thomas Tester Roger McCabe Tony Sorcic

Present by Conference Call: Rex D. Conger, President & CEO Gregg Davis, M.D.

Others Present: Tricia Ellison, CFO/VP Financial Services; Jean Welte, Executive Assistant/Recorder

August 2009 Finance Report – Tricia Ellison, CFO/VP Financial Services

1) Statistical Data

- a) The Hospital experienced a reduction in inpatient days and daily census by 7.4%. Surgery visits were up by 14.3% as compared to the budget. Rehab Services procedures had a 10% increase as compared to the budget. Special Procedures, Lab and X-Ray, were all over budget. Respiratory Care visits remain down although an increase is being seen in September. Ms. Ellison was asked about the "rehab service procedures" on the Statistical Report, Ms. Ellison stated she will verify and report at Monday's Board meeting.

2) Financial Reports

- a) The Hospital has a gain of \$286,463 for the month of August and YTD gain of \$674,931. For the month, gross revenue was 1.7% below budget which is the second lowest for fiscal year 2010.
- b) Total expenses were below budget by 7.6%.
 - i) Repair and Maintenance is over budget by 39% due to the pipe repair on the lower level.
 - ii) Interest Expense is over budget by 31.2% due to the interest paid on the capital lease for the MRI, CT scanner and video processor. The budget amount for the year will not cover the interest expense for these three items. This item will not match budget for the remaining of the fiscal year.

3) Accounts Receivable.

- a) Accounts Receivable days decreased from 60 days in July to 59 days in August. Medicaid days decreased from 106 to 101.
- b) For July 1, 2009 – June 30, 2010, we will continue to receive payments from HFS for the Critical Hospital Adjustment Payment, Rural Adjustment Payment and the Safety Net Adjustment Payment. These payments were budgeted for our 2010 budget. We will receive an additional \$59,063 over what was budgeted.

- c) In September 2008, collecting cash at the time of registration for out patient services began. To assist with accuracy of the cash collected; in July 2009 insurance verification software was implemented. This software allows the registration clerk to verify the benefits of the patient at the time of service and retrieve an estimate of their deductible. When a patient registers with central scheduling prior to their procedure, registration is beginning to verify the patient benefits utilizing this software and contacting the patient prior to their scheduled procedure and asking them to bring in their payment. A note is entered in the patients account. Therefore, when the patient registers, the registration clerk will know that the patient was contacted and the clerk will ask for the payment.
 - d) The next location to begin collections is the Emergency Department. A majority of the insurance carriers have a patient co-payment required for an ED visit preprinted on the insurance card. Before we can begin this collecting, internally we need to establish processes to ensure that money is requested after treatment has been rendered.
 - e) The Committee discussed benchmarks for this procedure.
- 4) Construction Funding
- a) Construction continues to be funded by the Board Designated Depreciation Fund.
 - b) The last payment on our bonds is a balloon payment of \$1,849,770.17 which is due September 1, 2011. The Committee discussed the balloon payment along with the funding for phase 4 and 5. Securing funding for phase 4 and 5 is being discussed with the City to inform them of our intentions. Contact has been made with the bond company utilized on the current bond arrangement. The City did share their bond counsel and financial advisor's they use for bond issuances. Ms. Ellison will follow-up to find the original plan for the balloon payment.
- 5) The Committee asked about the Employee Health Insurance line, surgery volumes and a FNMA maturity date. Ms. Ellison shared a stop loss check was received and posted to this line, Mr. Conger stated surgery volumes for September are doing good and Ms. Ellison will check on the date and report at Monday night's Board meeting.
- 6) Charge off accounts – Ms. Ellison reviewed the charge off accounts for the month of August. The Committee asked about the amount for PHM. Ms. Ellison will check on this amount and report back Monday night.

President/CEO Rex Conger's report included:

- 1) Mr. Conger had no additional report for the Committee but answered questions regarding CPSI, EMR in the Emergency Department and H1N1.

Adjournment

Chairman McCabe adjourned the meeting at 7:31 a.m.

Minutes submitted by: Jean Welte

Minutes approved by:

Roger McCabe
Finance Committee Chairman



**BOARD OF DIRECTORS
Regular Meeting
September 28, 2009**

The Perry Memorial Hospital Board of Directors regular meeting was called to order at 6:10 p.m. on Monday, September 28, 2009 in the White Oak Classroom by Dr. Gregg Davis, Chairman of the Board.

Board Present: Gregg Davis, M.D. Roger McCabe Tony Sorcic
Linda Gustafson Gary Bruce Thomas Tester
Rick Clary

Others Present: Rex D. Conger, President & CEO; Tricia Ellison, CFO/VP Financial Services; Denise Jackson, VP Clinical Services; Cindy Tilson, VP Support Services; Karen Russell, Human Resources Director; Dr. Robert Mestan, Chief of Staff; Bob Warren, City Commissioner; Ashley Wright, Administrative Assistant/Recorder

APPROVAL OF MINUTES

- Ms. Gustafson motioned to approve the *Regular Board Meeting* of August 24, 2009, second by Mr. Bruce and carried.
- Mr. McCabe motioned to approve the *Building & Grounds Committee Meeting* minutes of August 14, 2009, second by Mr. Bruce and carried.
- Mr. Tester motioned to approve the *Finance Committee Meeting* minutes of September 24, 2009, second by Mr. Sorcic and carried.

REPORTS

Board Chair's Report: Chairman Davis had a short PowerPoint presentation but due to technical difficulties the presentation will be presented at the next Board of Directors meeting.

City Commissioner's Report: Funding for the repairing of City Streets has been approved. Bids will be accepted on Thursday, October 1st with work starting this year, weather permitting.

PMH Auxiliary President's Report: Not present.

Chief of Staff's Report: No report.

CFO's Financial Report: Ms. Ellison reviewed the financial numbers for August 2009. Ms. Ellison then answered questions from the Board. Mr. McCabe motioned to accept the August 2009 Financial Report. Second by Mr. Tester and carried.

Approval of Charge-Off Accounts: Ms. Ellison reviewed bad debts for the month of August consisting of:

\$167,681.70	PMH Active accounts receivable
\$ 46,020.24	Charity Care
\$ 18,318.30	IL Uninsured Discount Act
\$ 3,494.41	Orthopedic Clinic
\$ 207.30	Bankruptcy
\$ 600.00	Anesthesia accounts
\$ 741.67	Perry Home Medical Supply

On recommendation from the Finance Committee, Mr. Tester motioned to authorize the write off of bad debts, second by Mr. Clary and carried.

VP Clinical Services' Report: Ms. Jackson reported on her trip to the CPSI conference. She shared that with the Stimulus Package Electronic Medical Records are expected to meet the "meaningful use"

requirement for hospitals by 2011. Financial Penalties will start to take effect starting in 2015 for those hospitals that are not meeting the “meaningful use” requirement. Ms. Jackson reported that Block Scheduling has been implemented for surgery with positive reception by the Medical Staff. She also reported that the Turn Around Time Performance Indicator for surgery was reported at 97% in July.

PMH President/CEO’s Report: Mr. Conger’s report included:

- Dr. Paul Beck has passed his boards and is now Board Certified.
- When asked in the Finance meeting concerning the surgery volume Mr. Conger had said the volume from last month is similar to the current month. After clarification surgery volumes for the current month are 20 cases behind last month.

NEW BUSINESS

Customer Service Report – Ms. Russell presented a PowerPoint Customer Satisfaction Report as well as an update on HealthCheck 360°.

Board Policies – Mr. Bruce motioned for the approval of the Board Policies, *Impaired Practitioner Policy & National Practitioner Data Bank Reporting*, with no changes. Second by Mr. McCabe and carried.

Allied Health Privilege Forms – Mr. Clary motioned for the approval of the Allied Health Privilege Forms for, *Certified Nurse Midwife, Certified Registered Nurse Anesthetist, Clinical Nurse Specialist, Nurse Practitioner, Physician Assistant* with no changes. Second by Ms. Gustafson and carried.

CLOSED SESSION

At 6:45 p.m. the Board entered into closed session, on motion made by Mr. McCabe and second by Mr. Tester, per Illinois Open Meetings Act, 5 ILCS 120/2 (c) (1), (5),(7),(11),17), (21). Chairman Davis declared the meeting in closed session.

RECONVENTION IN OPEN SESSION

At 7:15 p.m. a motion to re-enter open session was made by Mr. McCabe, second by Ms. Gustafson and carried. Chairman Davis declared the meeting in open session.

Medical Staff Initial Appointment, Department of Medicine: With no variances noted and on recommendation from the MEC, Mr. Bruce motioned to accept the Medical Staff appointment of

- *Amanda C. Cross, M.D. - Consulting, Radiology*

The motion was seconded by Mr. Tester and carried.

Provisional Upgrades – Department of Medicine: Based on the recommendation of his primary hospital and on recommendation from the MEC, Mr. Clary motioned to approve the provisional upgrades of *Michael T. Zagardo, M.D.* Second by Ms. Gustafson and carried.

ADJOURNMENT

With no further business, a motion to adjourn was made by Mr. McCabe, second by Ms. Gustafson and carried. Chairman Davis declared the meeting adjourned at 7:15 p.m.

Minutes submitted by: Ashley Wright, Administrative Assistant/Recorder

Approved by:

Mr. Tony J. Sorcic
Secretary

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BOARD OF DIRECTORS

Special Meeting
Friday October 2, 2009

Chairman Davis called to order a special combined meeting of the Board of Directors of Perry Memorial Hospital with Medical Staff and Management at 7:03 a.m. in the White Oak Classroom.

Board Present: Gregg Davis, M.D. Rick Clary
Tony Sorcic Roger McCabe
Gary Bruce

Board Absent: Linda Gustafson Thomas Tester

Medical Staff Present: Dr. Robert Mestan Dr. E. Doran
Dr. Martin Faber Dr. Rick Cernovich
Dr. Paul Beck Dr. Manuel Ascano

PMH Present: Rex Conger, President/CEO
Tricia Ellison, CFO/VP Financial Services
Cindy Tilson, VP Support Services/Corporate Compliance Officer
Karen Russell, Director Human Resources
Jean Welte, Executive Assistant

Strategic Plan FY11

Mr. Conger, Ms. Ellison and Ms. Tilson forecasted opportunities the Hospital will be faced with as we prepare for the FY11 Strategic Plan. The opportunities included: the uncertainty of Healthcare Reform, RAC, the Baby Boomer population, decrease in private insurance vs. the increase in Medicare & Medicaid, the state's budget and the federal government's matching funding some of which end 01/01/11, new construction, EMR, physician order entry, transparency and physician recruitment.

The Physicians shared in the following discussions: how to increase in Medicare reimbursement by using E-prescribing and physician quality initiatives; integration/affiliation/outsourcing of small hospitals with large hospitals; possible equipment needs for urology services; how to recapture the outmigration of patients; and recruiting & retaining primary care physicians in the future. The physicians briefly asked about ID Theft and the Red Flag rules sharing the Physician offices need to have a policy developed. Ms. Tilson noted she has already sent out our policy & information to each office and will share additional information if needed.

With no further business, Dr. Davis adjourned the meeting at 8:15 a.m.

Minutes submitted by: Jean Welte, Executive Assistant/Recorder

Approved by:

Tony J. Sorcic
Secretary

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BOARD OF DIRECTORS
Special Meeting
October 6, 2009

The special meeting of the Perry Memorial Hospital Board of Directors was called to order at 7:04 p.m. on Tuesday October 6, 2009 in the Private Dining Room by Gregg Davis, M.D., Chairman of the Board.

Board Present: Gregg Davis, M.D Thomas Tester Roger McCabe
Rick Clary Gary Bruce Tony Sorcic

Board Absent: Linda Gustafson

MEC Present: Dr. Robert Mestan Dr. E. Doran Dr. Sripen Lavavej
Dr. Elizabeth Bauer-Marsh

Others Present: Rex D. Conger, President & CEO; Tricia Ellison, CFO/VP Financial Services; Denise Jackson, CNE/VP Clinical Services; Cindy Tilson, CCO/VP Support Services; Karen Russell, HR Director; Jean Welte Executive Assistant; Ashley, Administrative Assistant

Strategic Planning Meeting

Mr. Conger reviewed the process of this evening's meeting.

Ms. Ellison gave a brief update on HC Reform, Charity Care and shortfalls for Medicaid & Medicare.

Ms. Tilson presented information on technology services and specifics needed for CPSI Controlled Growth to include e-Prescribing the needed steps for federal guidelines.

Ms. Jackson shared a brief description of the 2% potential enhanced reimbursement and stated she is working with the Director of Care Management to gather more information.

Ms. Russell briefly described the changes with the NLRB.

Ms. Welte reviewed the 3 year plan from Health Care Strategy group & shared FY11 will not have a strategically planned/defined recruitment plan.

Mr. Conger led a session of SWOT (strengths/weaknesses/opportunities/threats) analysis.

At 7:45 p.m., with no further business, the Board declared the meeting adjourned.

Minutes submitted by: Jean Welte

Approved by:

Mr. Tony J. Sorcic
Board Secretary



BOARD OF DIRECTORS
Special Meeting
October 8, 2009

The special meeting of the Perry Memorial Hospital Board of Directors was called to order at 6:15 p.m. on Thursday October 8, 2009 in the 4th Floor Multipurpose Room by Gregg Davis, M.D., Chairman of the Board.

Board Present: Gregg Davis, M.D. Thomas Tester Roger McCabe
Rick Clary Gary Bruce Tony Sorcic
Linda Gustafson

MEC Present: Dr. Robert Mestan Dr. E. Doran Dr. Sripen Lavavej
Dr. Elizabeth Bauer-Marsh

Others Present: Rex D. Conger, President & CEO; Tricia Ellison, CFO/VP Financial Services; Denise Jackson, CNE/VP Clinical Services; Cindy Tilson, CCO/VP Support Services; Karen Russell, HR Director; Ashley Wright, Administrative Assistant

Strategic Planning Meeting

Mr. Conger reviewed the SWOT (strengths/weaknesses/opportunities/threats) analysis; explained the process to complete the initial step of the strategic planning process by creating strategies for the weaknesses and threats and led the discussion of strategies.

At 7:15 p.m., with no further business, the Board declared the meeting adjourned.

Minutes submitted by: Ashley Wright, Administrative Assistant

Approved by:

Mr. Tony J. Sorcic
Board Secretary



BOARD OF DIRECTORS

Finance Committee Meeting

October 22, 2009

Chairman Roger McCabe called to order the meeting of the Finance Committee of the Board of Directors at 7:00 a.m. on Thursday, October 22, 2009 in the President's Office at Perry Memorial Hospital.

Board Present: Thomas Tester Roger McCabe Tony Sorcic

Board Absent: Gregg Davis, M.D.

Present by Phone: Tricia Ellison, CFO/VP Financial Services

Others Present: Rex Conger, President/CEO, Jean Welte, Executive Assistant/Recorder

September 2009 Finance Report – Tricia Ellison, CFO/VP Financial Services

1) Statistical Data

- a) The Hospital was over budget for both inpatient & swing census. Outpatient statistics of surgery and respiratory visits were both under budget. Other outpatient statistics were over budget. The Committee discussed surgery volumes and while September's number is low YTD surgery volume is up over this period last year by 25%. The Committee discussed the current status of Orthopedic Services along with cross coverage opportunities and expressed their concerns be shared with the physician. In discussion of Respiratory it was noted the weather and usual seasonal illnesses have not brought in the anticipated volume.

2) Financial Reports

- a) The Hospital has a gain for the month of September and gain year to date. Gross revenue for September is the second highest for fiscal year 2010 and was 1.3% above budget. Total expenses were below budget by 2.5%.
- b) Group Health Insurance was 14.1% under budget for the month of September. In the beginning of the fiscal year, this expense item was running over budget and now shows year to date is 6% under budget.
- c) Dietary is over budget by 11% for the month of September. Per Aramark, September was a 5 week month and billed accordingly. The budget was entered as a 4 week month.
- d) Repairs & Maintenance is over budget by 31.9% for the month of September. In September repair work for the MRI was conducted; the chiller coils on the MRI were replaced. This machine was installed 3 years ago and no longer has a warranty for repairs/parts.
- e) Bad Debt Expense was 13.6% over budget for the month and YTD is under budget by 70%. In May and June, the bad debt expense reported was negative and has resulted in the year to date number being substantially lower than the budgeted number. This could result in the bad debt number being lower than budget at the end of the year. The Committee briefly discussed the bad debt expense.

- f) Amortization is over budget by 377.5%. The forgiveness of the general surgeons income guarantee was the only item budgeted for that expense item the fiscal year and did not included the loan forgiveness of the internal medicine physician which began in September. This expense item will be over budget for the remainder of the fiscal year.
 - g) Investment Income – Depreciation & Improvement fund is a negative number. The investment held at Amcore bank matured in May 2009 but the interest continued to be accrued. In May, Amcore bank moved the investment into the Money Market account. In September this was corrected and the interest was reversed. This investment is currently being moved from the money market account to another investment instrument.
- 3) Investments
- a) A CD matured in September and was renewed after receiving bids from the 4 local banks. The renewal rates ranged from .72% to 1.65%.
- 4) Accounts Receivable.
- a) Accounts Receivable days increase from 59 days in August to 60 days in September. Medicaid days decreased from 101 to 93.
 - b) The amount reported for Charity Care and IL Uninsured Discount Act were incorrect last month. A patient was listed twice. This error was found during data entry into the patient account. The correct numbers for August are listed on the report. For Charity Care, \$46,020.24 was reported and the actual amount was \$47,066.87. For IL Uninsured Discount Act, \$18,318.30 was reported and the actual number is \$16,793.69.
 - c) On the Accounts Receivable report bad debt recoveries are reported each month. One of the agencies, Gunning Law Firm, has not returned a payment to us since January 2009. We are in contact with that agency to either improve collections or the accounts will be moved to another agency.
- 5) Construction Funding
- a) Construction continues to be funded by the Board Designated Depreciation Fund.
- 6) Banking
- a) Amcore has contact us regarding our accounts with them. Currently the Hospital has three accounts, the bond payment account, an account for dependant care and an AR reserve account for the A/R loan program. Amcore has been waiving the fees associated with these accounts and will continue this for the next three months. They requested to move these accounts from a regular checking account to a money market account. The bond payment account must stay at Amcore per the bond documents. We will decide on an approach between now and the next finance meeting and report it at the next meeting.
- 7) Ms. Ellison reviewed and the Committee recommends the Board accept the bad debt in amounts of:
- | | |
|--------------|--------------------------------|
| \$187,071.44 | PMH Active accounts receivable |
| \$ 88,551.82 | Charity Care |
| \$ 14,846.07 | IL Uninsured Discount Act |
| \$ 1,899.54 | Anesthesia accounts |
| \$ 1,254.26 | Bankruptcy |
| \$ 1,150.12 | Orthopedic Clinic |
| \$ 691.22 | Perry Home Medical Supply |

President/CEO Rex Conger's report included:

- 1) CAH's still doing OB were reviewed. This information was received from ICAHN and it was noted not all CAH's participate in ICAHN. From the information received, 11 hospitals continue to provide OB service.
- 2) CAH's financial information was collected by ICAHN and reviewed by the committee. The report showed PMH as one of the most stable hospitals. Ms. Ellison summarized meetings she has attended with ICAHN to find options to assist the CAH's who are struggling.

Adjournment

Chairman McCabe adjourned the meeting at 7:46 a.m.

Minutes submitted by: Jean Welte

Minutes approved by:

Roger McCabe
Finance Committee Chairman



**BOARD OF DIRECTORS
Regular Meeting
October 26, 2009**

The Perry Memorial Hospital Board of Directors regular meeting was called to order at 6:10 p.m. on Monday, October 26, 2009 in the White Oak Classroom by Dr. Gregg Davis, Chairman of the Board.

Board Present: Gregg Davis, M.D. Rick Clary Roger McCabe
Linda Gustafson Gary Bruce

Board Absent: Tony Sorcic Thomas Tester

Others Present: Rex D. Conger, President & CEO; Tricia Ellison, CFO/VP Financial Services; Cindy Tilson, VP Support Services; Karen Russell, Human Resources Director; Dr. Robert Mestan, Chief of Staff; Brenda Streit, Marketing Director; Bob Warren, City Commissioner; Jean Welte, Executive Assistant/Recorder; David White, Republican Candidate for Congress

GUEST SPEAKER – David White, Republican Candidate for Congress addressed the Board and then left the meeting.

APPROVAL OF MINUTES

- Mr. Clary motioned to approve the *Regular Board Meeting* of September 28, 2009, second by Mr. McCabe and carried.
- Mr. McCabe motioned to approve the *Special Board Meeting* minutes of October 2, 2009, second by Mr. Bruce and carried.
- Mr. Clary motioned to approve the *Special Board Meeting* minutes of October 6 & 8, 2009, second by Ms. Gustafson and carried.
- Mr. McCabe motioned to approve the *Finance Committee Meeting* minutes of October 22, 2009, second by Mr. Clary and carried.

REPORTS

Board Chair's Report: Chairman Davis shared a brief summary on how Health Care reform may change the Hospital / Physician relationships and the Boards involvement in quality.

City Commissioner's Report: Mr. Warren's report included an update on city road construction and answered questions regarding the sewer system near the hospital, city diesel storage and the city's water plant.

PMH Auxiliary President's Report: Not present.

Chief of Staff's Report: No report.

CFO's Financial Report: Ms. Ellison reviewed the financial numbers for September 2009. Ms. Ellison then answered questions from the Board. Mr. McCabe motioned to accept the September 2009 Financial Report second by Ms. Gustafson and carried. Mr. Bruce asked if the non-operating income could be expressed as a percentage on future reports. Ms. Ellison stated she would look into adding this to the report.

Approval of Charge-Off Accounts: Ms. Ellison reviewed bad debts for the month of August consisting of:

\$187,071.44	PMH Active accounts receivable
\$ 88,551.82	Charity Care
\$ 14,846.07	IL Uninsured Discount Act

\$ 1,899.54	Anesthesia accounts
\$ 1,254.26	Bankruptcy
\$ 1,150.12	Orthopedic Clinic
\$ 691.22	Perry Home Medical Supply

On recommendation from the Finance Committee, Mr. Clary motioned to authorize the write off of bad debts, second by Mr. Bruce and carried.

VP Clinical Services' Report: in Ms. Jackson absence, Mr. Conger shared the clinical report which included an update on seasonal & H1N1 flu clinics. Mr. Conger stated the Hospital is following the direction of the CDC and the Bureau County Health Department in the distribution of the H1N1 shots.

PMH President/CEO's Report: Mr. Conger's report included:

- The number of CAH's who offer OB services is 10.
- There are 10 CAH's who are having significant financial difficulty. Ms. Ellison is sitting on an ICAHN Committee whose focus is to look at the possibility of working towards a cost based reimbursement for Medicaid which would be similar to Medicare.
- Strategic planning process is continuing.
- Dr. Taylor's last day is Friday.
- This years Board/Foundation Board/Medical Staff Christmas party will have a Comedian.

NEW BUSINESS

Marketing Report – Ms. Streit reviewed the annual marketing department results and answered questions from the Board.

Board Policies – in review of the Pledge Account policy, Ms. Welte stated there is an additional dollar amount in the first paragraph which needs to be changed. Mr. McCabe motioned for the approval of the Board Policy, *Pledge Accounts*, with changes as presented. Second by Ms. Gustafson and carried.

Medical Staff Privileges – Mr. Bruce motioned for the approval of the Medical Staff Privileges for, *Neurology, Nephrology, Oral & Maxillofacial Surgery & Ophthalmology* and the removal of the individual procedure forms *EEG (added to Neurology) and Arthroscopy for TMJ (added to Oral & Maxillofacial Surgery)*. Second by Mr. Clary and carried.

Quality Sub-Committee of the Board: Chairman Davis led a discussion on the Board developing a sub-committee, similar in format to the finance committee and compliance committee, to review & share feed back on hospital quality. After a lengthy discussion, the Board charged the nominating committee to develop a plan and make a recommendation to the Board for this committee.

CLOSED SESSION

At 7:29 p.m. the Board entered into closed session, on motion made by Mr. McCabe and second by Mr. Clary, per Illinois Open Meetings Act, 5 ILCS 120/2 (c) (1), (5),(7),(11),17), (21). Chairman Davis declared the meeting in closed session.

RECONVENTION IN OPEN SESSION

At 7:34 p.m. a motion to re-enter open session was made by Mr. McCabe, second by Mr. Clary and carried. Chairman Davis declared the meeting in open session.

Reconsideration of Closed Session Minutes: Upon reconsideration of closed session minutes of Perry Memorial Hospital, Mr. McCabe motioned to have them remain closed. The motion was seconded by Mr. Bruce and carried.

Medical Staff Initial Appointment, Department of Medicine: With no variances noted and on recommendation from the MEC, Mr. Clary motioned to accept the Medical Staff appointment of

- *Rajesh Balagani, D.O. - Consulting, Pulmonary Disease*

The motion was seconded by Ms. Gustafson and carried.

AHP Reappointment: Mr. Clary motioned to accept the reappointment of the following Allied Health Professional based on the recommendations of the MEC and with no variances noted:

- *Kimberly Tauke, NP.* For a two year term effective November 13, 2009 through November 12, 2011.

The motion was seconded by Mr. Bruce and carried.

ADJOURNMENT

With no further business, a motion to adjourn was made by Mr. McCabe, second by Ms. Gustafson and carried. Chairman Davis declared the meeting adjourned at 7:35 p.m.

Minutes submitted by: Jean Welte, Executive Assistant/Recorder

Approved by:

Mr. Rick Clary

Vice-Chairman

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BOARD OF DIRECTORS

Finance Committee Meeting

November 19, 2009

Chairman Roger McCabe called to order the meeting of the Finance Committee of the Board of Directors at 7:00 a.m. on Thursday, November 19, 2009 in the President's Office at Perry Memorial Hospital.

Board Present: Thomas Tester Roger McCabe Tony Sorcic
Gregg Davis, M.D.

Others Present: Rex Conger, President/CEO; Tricia Ellison, CFO/VP Financial Services; Jean Welte, Executive Assistant/Recorder

October 2009 Financial & Statistical Report – Tricia Ellison, CFO/VP Financial Services

1) Statistical Data

- a) The Hospital was 17.1% under budget for inpatient census. Swing Bed is under budget by 36.9%. Emergency Department visits were 4.1% over budget. Outpatient statistics of surgery and special procedure visits were both under budget 15% and 20%.

2) Financial Reports

- a) The Hospital has a loss for the month of October and gain year to date. Gross revenue for the month is the lowest for fiscal year 2010. For the month, gross revenue was 8.7% under budget and 1.9% under budget for the year. Total expenses were below budget by 6.4% for the month of October and 6.1% for the year.
- b) Contractual Allowances were 61.4% of gross revenue for the month of October; this is higher than normal and is usually around 50%. Medicare Allowance contributed to this higher percentage. In the month of October, we received payment from Medicare on 13 inpatient high dollar claims, 34% as payment and 65% was contractual adjustment. The State made significant Medicaid payments, dropping the A/R days from 90 to 83. Other allowances are up over last year due to the increase in Blue Cross utilization. Last October 2008, Blue Cross averaged 15% of our revenue. For October 2009, Blue Cross averages 17% of our revenue. Blue Cross reimbursement is lower than other commercial payer contracts. The Committee discussed the Blue Cross contract options, how they pay and if there are opportunities to improve the contract in the future.
- c) Employee Benefits is over budget by 12.9%. This is due to October having three pay periods and the budget didn't take this into account.
- d) Purchase Services is under budget by 20.8%. This is due to three accounts. The first is purchase services for financial services department. It is under budget by 80%. The budget amount for FY10 was spread evenly throughout the year while the expenses mainly occur in particular months surrounding audit and cost report services. The second account is the lab's blood bank purchase services account. Usage was down in the month of October which leads to the budget being under by 39%. The last account is for

recruiting purchase services. This is under budget by 99%. This is the account in which Dr Chittivelu's loan forgiveness was budgeted along with other recruiting expenses.

- e) Utilities are under budget by 42.4%. This is due to not receiving the natural gas invoice prior to close. In the month in which two invoices are received, this account will be over budget. In the future, the expenses will be accrued to alleviate this. The Committee discussed accruing and budgeting for payroll (three pay periods per month).

3) Investments

- a) Two CD's matured during October. Bids were obtained from the 4 local banks for both CD's. The renewal rates ranged from .53% to 1.65% for the first CD. The renewal rates ranged from .53% to 1.53% for the second CD.

4) Accounts Receivable.

- a) Accounts Receivable days decreased from 60 days in September to 55 days in October. Medicaid days decreased from 93 to 80. Medicare days decreased from 42 days to 34 days.

5) Construction Funding

- a) An invoice from the contractor was not submitted in October for payment.
- b) As we are moving forward with planning for Phase IV of our construction master plan, identifying funding sources and securing funding is our next step. Ms. Ellison has identified three options regarding funding, bond issuance, HUD 242 and USDA – Rural Development loan guarantee program. Ms. Ellison stated she has completed some preliminary financial statements. A summary of these options were discussed. Ms. Ellison reported she has received proposals for attorney and financial planners. A proposal for a financial planner that the City of Princeton utilizes when evaluating bond options was submitted and is a not to exceed \$15,000 proposal. The Committee discussed the proposal and agreed the Hospital should work with the financial planner to assist with evaluating and preparing for securing of funding for Phase IV construction. The Committee discussed loans vs. bonds. Ms. Ellison shared her discussion with the City regarding funding options, discussed funding of Phase IV & Phase V and recommends funding only Phase IV at this time. Mr. Conger shared preliminary construction discussions regarding patient rooms.

6) Banking

- a) Amcore has contacted us regarding our accounts with them. Currently the Hospital has three accounts: the bond payment account, an account for dependant care and an AR reserve account for the A/R loan program. Amcore has been waiving the fees associated with these accounts and will continue this for the next three months. They requested to move these accounts from a regular checking account to a money market account. The bond payment account must stay at Amcore per the bond documents. The dependant care account has payroll deductions being deposited and when the payment is given to the employee a check is written. This account can be a money market only if there aren't restrictions regarding number of checks written. The patient loan account would need to stay if we continue to use the same loan program.
- b) The bond payment account can be moved to a money market account along with the A/R loan program. The dependant care account can't be moved to a money market account due the number of checks allowed per month. Therefore, the account will be closed and

moved to the Hospital's main bank. The Committee discussed options for moving this account.

- 7) Audit FY09 Update - This is an update to the work plan that was presented at the July Finance meeting. The auditors identified areas in which additional oversight was needed.
- a) Audit Notation: Balance sheet accounts were not reconciled monthly.
 - (1) Operating Cash Account
 - 1. Work Plan: The balance sheet accounts are being reconciled monthly along with the operating cash account.
 - b) Audit Notation: Capturing and recording accurately monthly
 - (1) Blue Cross UPP Allowance
 - (2) Prepaid Expense
 - (3) Unbilled Accounts Receivable
 - (4) Allowance for doubtful accounts
 - (5) Capitalized Interest
 - 1. Work Plan:
 - (1) 1 & 2 The Blue Cross UPP allowance and the prepaid expenses are being reconciled each month. Cross training of staff members in the financial services department is also being implemented.
 - (2) A report for the unbilled revenue has been identified within the CPSI system.
 - (3) The analysis for allowance for doubtful accounts is being conducted quarterly and any changes are being implemented.
 - (4) The capitalized interest is being calculated monthly and journalized.
 - c) Audit Notation: While testing a sample of patient receivables, we also identified an overstatement of accounts receivable for a clinic resulting from excess billings due to the duplicate posting of a charge. We recommend that controls and processes be reviewed to ensure that chart reviews are periodically performed to ensure that only valid charges and orders are posted and billed.
 - 1. Work Plan: Corporate Compliance has conducted an audit of the charge entry for the Ortho Clinic. This report is included with the normal audit reports that Corporate Compliance presents.
 - d) The Committee discussed the plans and the implementation of the plan. The Committee asked to see this update again next quarter with notations of complete & incompliance.
- 8) Ms. Ellison reviewed and the Committee recommends the Board accept the bad debt in amounts of:
- | | |
|--------------|--------------------------------|
| \$175,188.05 | PMH Active accounts receivable |
| \$ 47,846.11 | Charity Care |
| \$ 17,216.17 | Bankruptcy |
| \$ 17,126.51 | IL Uninsured Discount Act |
| \$ 3,277.90 | Orthopedic Clinic |
| \$ 723.64 | Perry Home Medical Supply |
| \$ 645.66 | Anesthesia accounts |

President/CEO Rex Conger's report included:

- 1) Kewanee has notified us they are canceling their linen contract with 45 days notice. The contract requires 90 days and Mr. Miller is working with them on this. This has happened in the past with Spring Valley and they did return to PMH linen services after 14 months. The Kewanee linen contract will be a loss of \$24,000 per year & 74,000 lbs. and will force the laundry to adjust the workforce by shifting hours; the total adjustment will be a decrease in hours equal to two full time employees. The Committee recommended keeping the door open should they ask to return.
- 2) Orthopedic Coverage. – Mr. Conger reported on progress of providing 24/7 coverage for Orthopedic Surgery and shared his recommendation for pursuing a relationship with a second orthopedic surgeon.

Adjournment

Chairman McCabe adjourned the meeting at 8:15 a.m.

Minutes submitted by: Jean Welte

Minutes approved by:

Roger McCabe
Finance Committee Chairman