

Mayers Memorial Hospital District
Board of Directors – Special Meeting

(Approved)
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Date: April 4, 2009
Time: 9:00 A.M.
Location: Mayers Memorial Hospital
Fall River Mills, California

(These minutes are not intended to be a verbatim transcription of the proceedings and discussions associated with the business of the board's agenda; rather, what follows is a summary of the order of business and general nature of testimony, deliberations and action taken.)

1. CALL MEETING TO ORDER: President Kerns called the special meeting to order at 8:34 a.m. on the above date with the following present:

Mike Kerns, President
Gail McClung, Vice President
Jim Hamlin, Treasurer
Ruth Knoch, Secretary
Allen Albaugh, Trustee

Staff Present: Katharine Ann Campbell, CEO; Theresa McKibben, Director of Finance.

2. ADDITIONS & CHANGES TO AGENDA, SECTION 54954.2(b)2:

None:

3. CALL FOR REQUEST FROM AUDIENCE TO SPEAK TO ISSUES OR AGENDA ITEMS:

None

4. FINANCIAL RECOVERY PLAN:

Mike Kerns, Board President, began dialogue in regard to the purpose of the special meeting to obtain information and discuss the current cash flow crisis the hospital is experiencing as well as discuss the recovery plan that is being developed by management. The following is a summary of topics discussed by Campbell:

- A/P: Communicating with vendors verbally as well as written informing them of current cash flow problem and assured that all vendors will be sent some amount of payment.
- Shasta Orthopaedics' administrator contacted and interested in continuing service and would like to re-negotiate contract. Pulling info for ROI. Meeting with Shasta Orthopaedics' administrator scheduled for next Monday.
- Option II billing and fiscal intermediary problems in October 2008 delayed payments and now being resolved.
- Expenses minimized for day-to-day operations. C6 (chief management team consisting of 6 members) working in own areas to reduce expenses.
- SNF has no traveling nurses (purchased services) scheduled for April.
- Purchasing contracts are being evaluated by specialist John Lowery.
- ~~Continue to work on billing process to meet goals and benchmarks.~~
- Finance consultants: Working with Grant Mercantile (Mark Shephard), specialty healthcare billing and collections service, to assist with processes and identify most common mistakes to minimize and deliver clean claims. Also working with Michael Bell & Company in regard to billing office.
- CEO and DOF reviewing all contracts.
- SNF CNO to prepare financial update to obtain complete cost for operating nursing home. Medi-Cal payments increased 10% and now increase withdrawn impacting cash flow.
- Requesting SC Board of Supervisors to release tax revenue early to assist in cash flow.

- Re-negotiate with CalPers—no response at this time.
- Other issues implemented:
 - Task group currently reviewing wages. Hold all staff wages at current rate.
 - Hiring freeze except clinical that affect direct patient care. Overtime to have prior approval from CEO except clinical areas.
 - Eliminate all unnecessary spending at this point. All Pos must be approved by the Director of Finance for items exceeding daily operational needs. Management team extraordinary job at curtailing expenses.

The following is a summary of topics discussed by Theresa McKibben, Director of Finance:

- Entered contract with Shasta Orthopaedics 11/2007 and unable to bill for professional component losing over \$800,000. Going back 15 months to possibly retrieve a percentage of the \$800,000 (gross charges). As of January 2009, receiving payment for professional services. The 855R applications (Option II billing) must now be in place and approved before performing services.
- April board meeting, ROIs for orthopedics and ENT services.
- Mike Bell, financial consultant, to provide interim cost report.
- Mardon system crash 1/9/09-1/19/09 and nothing posted 10 days. Caught back up and currently accounted for in contractals. For every day system down, 15 days out for Medicare and residual affected cash.
- Some items not budgeted in financials causing some categories to be over budget.
- Credit balances for patients not quantified at this time.
- TAR (treatment authorization record) must be completed on patients before billed. Reviewed process.
- Tracking spreadsheet for claims (Daily Status Report). Corrections are reported weekly to DOF and using as training tool for in-house collections. Board finance requested copy of the Daily Status Report for review.
- HRG cash projections over next 6 months: \$2.9 million
- Admissions office staffing challenges
- Since January 2009, list of all contracts going to Finance Committee (Board)

Board recommendations:

- Institute Business/Service Plan for board review before performing services.
- BOD oversight and knowledge in larger contracts to relieve management of entire responsibility. Large contracts should be reviewed at finance committee and approved by board.
- Financial policy needs developed that delineates process to go before board for action.
- Skills analysis for admissions and business office integrated into strategic plan (HR).
- Financial expertise: Consensus to approach John McCormick to work 2-3 months to provide financial expertise in finance/business office—which will allow Director of Finance to focus on processes. McKibben welcomed the expertise and assistance. Kerns will make initial contact to review ground rules with McCormick who will take direction from CEO and Director of Finance.

5. ADJOURNMENT: The Board of Directors adjourned at 11 a.m.