



**SONOMA VALLEY HEALTH CARE DISTRICT
FINANCE COMMITTEE
REGULAR MEETING AGENDA
Tuesday, April 23, 2013
5:00 p.m.**

**Location: Schantz Conference Room
Sonoma Valley Hospital – 347 Andrieux Street, Sonoma CA 95476**

AGENDA ITEM	RECOMMENDATION	
MISSION STATEMENT <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i>		
1. CALL TO ORDER/ANNOUNCEMENTS	<i>Fogg</i>	Inform/Action
2. PUBLIC COMMENT SECTION <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Committee at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Committee consideration.</i>		
3. CONSENT CALENDAR: A. FC Minutes 03.26.13	<i>Fogg</i>	Action
4. UPDATES	<i>Reid</i>	Inform
5. MARCH 2013 FINANCIALS	<i>Reid</i>	Inform
6. PROJECTED CASH FLOWS	<i>Reid</i>	Inform
7. QUARTERLY CAPITAL SPENDING REPORT	<i>Reid</i>	Inform
8. QUARTERLY VOLUME UPDATE	<i>Reid</i>	Inform
9. CLOSING COMMENTS/ADJOURN	<i>Fogg</i>	

3.

CONSENT CALENDAR



**SONOMA VALLEY HEALTH CARE DISTRICT
FINANCE COMMITTEE
MEETING MINUTES
Tuesday, March 26, 2013
Schantz Conference Room**

Board Members Present	<i>cont.</i>	Administrative Staff Present	Absent
Dick Fogg, Chair Sharon Nevins Peter Hohorst Steve Barclay	Mary Smith Phil Woodward Subhash Mishra, MD Shari Glago Kelly Mather	Rick Reid, CFO Jeannette Tarver, Controller Gigi Betta, Board Clerk Ciera Piercy, Intern	Keith Chamberlin Richard Conley

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
MISSION AND VISION STATEMENTS	<i>The mission of the SVHCD is to maintain, improve and restore the health of everyone in our community. The vision of the SVHCD is that SVH will be a nationally recognized, compassionate place of healing known for excellence in clinical quality. We serve as the guide and indispensable link in our community members' health care journey.</i>		
1. CALL TO ORDER/ANNOUNCEMENTS	<i>Dick Fogg</i>		
	5:00 PM		
2. PUBLIC COMMENT SECTION	<i>Dick Fogg</i>		
	No public comment.		
3. CONSENT CALENDAR	<i>Dick Fogg</i>		
A. FC Meeting Minutes 1.22.13 B. FC Meeting Minutes 2.26.13		MOTION to approve (A) by Nevins, second by Woodward. All in favor. MOTION to approve (B) by Hohorst, second by Woodward (approved as amended) All in favor.	
4. APPROVAL OF UPDATED	<i>Dick Fogg</i>		

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
FINANCE COMMITTEE CHARTER			
		MOTION to approve by Glago, second by Nevins. All in favor.	
5. UPDATES	<i>Rick Reid</i>		
	<p>Mr. Reid distributed and reviewed an additional document, “Cash Collection Pre and Post New Policy”, and then outlined the “accelerated” A/P payment plan already in place at the Hospital.</p> <p>Resolutions 315 and 316, approved at the last Regular Board meeting, granted the Hospital a \$5 million line of credit. In addition, the Resolutions authorized the CEO to draw on this line of credit.</p> <p>Currently, 52% of SVH vendor A/P is over 120 days old. As a result, there have been threats to stop services and supplies to the Hospital. The accelerated plan is essential in order to avoid the loss of essential services to the Hospital.</p> <p>Of the \$5 million line of credit, the Hospital has drawn \$2 million and will (1) pay all invoices over 91 days old and then (2) pay all invoices over 61 days.</p> <p>The total paid out by end of this week will be over \$2,400,000.</p> <p>The plan moving forward is to pay all accounts at 60 days ultimately achieving a 45 net.</p> <p>Mr. Fogg asked Mr. Reid to include new laboratory business/revenue coming from Healdsburg in the operating budget assumptions.</p>		
6. FEBRUARY 2013 FINANCIALS	<i>Rick Reid/Kelly Mather</i>		
	<p>Mr. Reid reviewed patient volumes, revenues, expenses and Capital Campaign donations for the month of February 2013. The Hospital has commitments and cash receipts of \$996,000.</p> <p><u>Updates from the CEO:</u></p> <p>Although Hospital surgeries are down and lower than expected, SVH managements are closely monitoring the situation. Ms. Mather summarized what management is doing to recruit new surgeons in various departments. Unfortunately, there was a very high Medicare percentage.</p>		
7. PROJECTED CASH FLOWS	<i>Rick Reid</i>		
	<ul style="list-style-type: none"> • Mr. Reid reviewed some changes to Cash Flow Projections that have changed since the Agenda Package was emailed for this meeting (last week). • Mr. Woodard requested that the capital campaign/actual cash figures be broken out of line item one (net income) and reported as a separate line item. • Mr. Reid plans to break line item one down into two lines AND break restricted monies out of line item four. 		

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
8. 2014 OPERATING BUDGET ASSUMPTIONS	<i>Rick Reid</i>		
	<ul style="list-style-type: none"> • Mr. Reid reviewed the centralizations and consolidations of departments with both Palm Drive and Marin General. The majority of our consolidations are with Palm Drive. • Mr. Hohorst reminded the Committee that revenue assumptions for the new surgical center depend on securing new surgeons. Only surgeons increase (revenue) volume. • After seven months, the Hospital finally got the Napa State Hospital contract back from the State of California. • Hospital salaries are currently 15% lower than the rest of the North Bay in terms of salaries. • Mr. Reid reviewed and explained FTE splits between SVH and Palm Drive. After consolidations, SVH eliminated 7.3 FTEs. • Ms. Glago would like to talk about pharmacy rebates at a subsequent meeting. • The Hospital is splitting all EHR costs, including McKesson fees and all software expenses, 50/50 with Palm Drive. 		
9. EDUCATIONAL SESSION	<i>Shari Glago</i>		
	Ms Glago updated the Committee on the new California Health Care Benefits Exchange (AKA “Covered California”) and she will talk about ACOs at a subsequent meeting.		
10. ADJOURN	<i>Dick Fogg</i> 6: 45 PM		

6.

PROJECTED CASH FLOWS

**Sonoma Valley Hospital
6 Month Cash Projection**

Updated: 4/17/2013

	Mar-13 Actual	Apr-13 Projected	May-13 Projected	Jun-13 Projected	Jul-13 Projected	Aug-13 Projected	Sep-13 Projected
Operating Activities							
1 Net Income, Before Restricted Donations.	114,895	-	-	-	50,000	50,000	50,000
2 Restricted Donations Received	136,471	151,667	2,684	1,005,600	503,283	4,684	1,267
3 Total Net Income	251,366	151,667	2,684	1,005,600	553,283	54,684	51,267
4 Add: Depreciation & Amortization	162,079	201,661	201,661	201,661	301,661	301,661	301,661
5 Decrease (Inc) in Net Accts Receivable	304,814	(18,052)	-	-	-	-	-
6 Dec (Inc) in Inventories/Other Rec'v & Assets	159,063	1,744	341,744	(4,681,263)	144,744	882,115	750,000
7 Dec (Inc) in E H R Payment Accrual	(143,083)	(143,083)	(143,083)	(143,083)	(143,083)		
8 Dec (Inc) in Restricted Donations Received	(136,471)	(151,667)	(2,684)	(1,005,600)	(503,283)	(4,684)	(1,267)
9 Decrease (Inc) in Prepaid Expenses	217,200	40,327	40,327	40,327	40,327	40,327	40,327
10 Increase (Dec) in Accounts Payable	(1,634,515)	(433,437)	(39,121)	(24,639)	-	-	-
11 Increase (Dec) in Payroll Accruals	154,214	373,611	(228,603)	323,330	389,506	77,046	527,330
12 Increase (Dec) in Accrued Expenses	(23,805)	179,706	28,979	22,979	(61,021)	28,979	(823,021)
13 Increase (Dec) in Deferred Revenue	(415,608)	(381,514)	(398,584)	4,384,424	(398,584)	(398,584)	(398,584)
14 Increase (Dec) in Interest Payable	142,853	142,853	142,853	142,853	142,853	(714,448)	142,670
15 Increase (Dec) in Other Liabilities	(41,929)	(200,000)	-	-	-	-	-
16 Net Cash Provided By Operating Activities	(1,003,822)	(236,185)	(53,827)	266,590	466,403	267,096	590,383
Capital and Related Financing Activities							
18 Building Project Related							
19 Draws on Equipment Lease						550,000	550,000
20 Transfers from Bond Fund	(186,653)	3,534,295	2,108,206	2,425,910	2,709,615	1,407,723	1,085,891
21 Draws on Pledge Financing							
22 Draws on CEC Loan							
23 Building Program Spending	(97,865)	(3,534,295)	(2,108,206)	(2,425,910)	(2,709,615)	(1,957,723)	(1,635,891)
24 Transfers From (To) Restricted/Trustee Funds	186,333	-	-	-	-	-	-
25 Non Building Project Capital Spending							
26 Purchase of Capital non Building Project	(80,686)	(50,000)	(50,000)	(100,000)	(15,000)	(100,000)	(100,000)
27 Other Financing							
28 Draws on Line of Credit	2,000,000			-	-		
29 Repayments of Long-Term Debt	(69,040)	(81,695)	(81,695)	(81,695)	(131,682)	(131,682)	(131,682)
30 Payments on Line of Credit - March Borrowings					(250,000)		(200,000)
31 Payments on Line of Credit	62,699	(61,699)	(61,699)	(61,699)	(61,699)	(61,699)	(61,699)
32 Net Cash Used in Financing Activities	1,814,788	(193,394)	(193,394)	(243,394)	(458,381)	(293,381)	(493,381)
33 Net Increase (Decrease) in Operating Cash	810,966	(429,579)	(247,221)	23,196	8,022	(26,285)	97,002
34 Operating Cash Balances							
35 Cash At Beginning of Period	1,357,810	2,168,776	1,739,197	1,491,976	1,515,172	1,523,194	1,496,909
36 Change	810,966	(429,579)	(247,221)	23,196	8,022	(26,285)	97,002
37 Cash At End of the Period	2,168,776	1,739,197	1,491,976	1,515,172	1,523,194	1,496,909	1,593,911

**Sonoma Valley Hospital
6 Month Cash Projection**

Updated: 4/17/2013

	Mar-13 Actual	Apr-13 Projected	May-13 Projected	Jun-13 Projected	Jul-13 Projected	Aug-13 Projected	Sep-13 Projected
38 Balance of Line of Credit	2,665,000	2,603,301	2,541,602	2,479,903	2,168,204	2,106,505	1,844,806
39 Balance of GO Bond Money	10,408,934	6,874,639	4,766,433	2,340,523	-		
40 Balance of UnSpend Donations	1,786,718	1,938,385	1,938,385	1,938,385	1,569,293		
41 Balance of UnPaid Pledges	3,200,928	3,243,577					
42 Projected Accounts Receivable	7,081,391	7,063,339	7,063,339	7,063,339	7,063,339	7,063,339	7,063,339
43 Projected Accounts Payable	4,122,329	3,688,892	3,649,770	3,625,132	3,625,132	3,625,132	3,625,132
Statistics							
23 Days Cash on Hand (Operating Only)	16	13	11	11	11	11	12
24 Days in Net Accounts Receivable	51	51	51	51	51	51	51
25 Days in Accounts Payable	60	60	60	60	60	60	60

Objectives and Priorities:

- * Maintain cash balance at \$1.5 million minimum (Priority 1)
- * Maintain days in Accounts Payable at 60
- * Maintain days in Accounts Receivable at current month's level

7.

QUARTERLY
CAPITAL SPENDING
REPORT

SONOMA VALLEY HOSPITAL
2013 Capital Spending
as of March 31, 2013

Equipment	
2012 Carryover Equipment	\$ 89,846
2013 Equipment	\$ 114,711
	<u>\$ -</u>
Total Equipment	<u>\$ 204,557</u>
2013 Equipment	
Body Composition Analyzer	\$ 4,642
HP Proliant DL360P Server	\$ 8,950
HP Compaq Pro w/19" Monitor	\$ 849
Medical Grade Undercounter Refrigerator	\$ 1,789
HP P3015X Laserjet printer	\$ 725
2012 Chevy Colorado Truck	\$ 21,542
Whirlpool Top Load Washer	\$ 1,067
Canon EOS Digital Camera	\$ 1,025
Telephone expansion - Hwy. 12	\$ 7,824
Replace glass in ICU	\$ 4,271
Minor Procedure Table	\$ 2,417
Transport Stand	\$ 589
32" Digital TV	\$ 1,715
Micromain SQL licensing	\$ 5,649
Paperless forms system	\$ 16,863
Home Care softcare - downpayment	\$ 13,500
Vital signs monitor	\$ 2,846
HP Compaq PC	\$ 1,375
Epidural pump	\$ 6,957
Glide Scope	\$ 4,794
Compressor	\$ 4,478
Carts	\$ 845
	<u>\$ 114,711</u>
Subtotal Current Year	\$ 114,711
2012 Carryover Equipment	
Blood Bank Refrigerator	\$ 6,582
Reclass to CIP	\$ (3,640)
Returned Warming cabinets	\$ (550)
A/P Paperless System	\$ 46,995
SNF Artwork	\$ 2,452
Cable, sink	\$ 616
Hwy. 12 Additional signage	\$ 2,391
Revenue Cycle Analytics Software	\$ 22,500
RCA licensing fee	\$ 12,500
	<u>\$ 89,846</u>
Subtotal Prior Year	\$ 89,846
Total	<u><u>\$ 204,557</u></u>

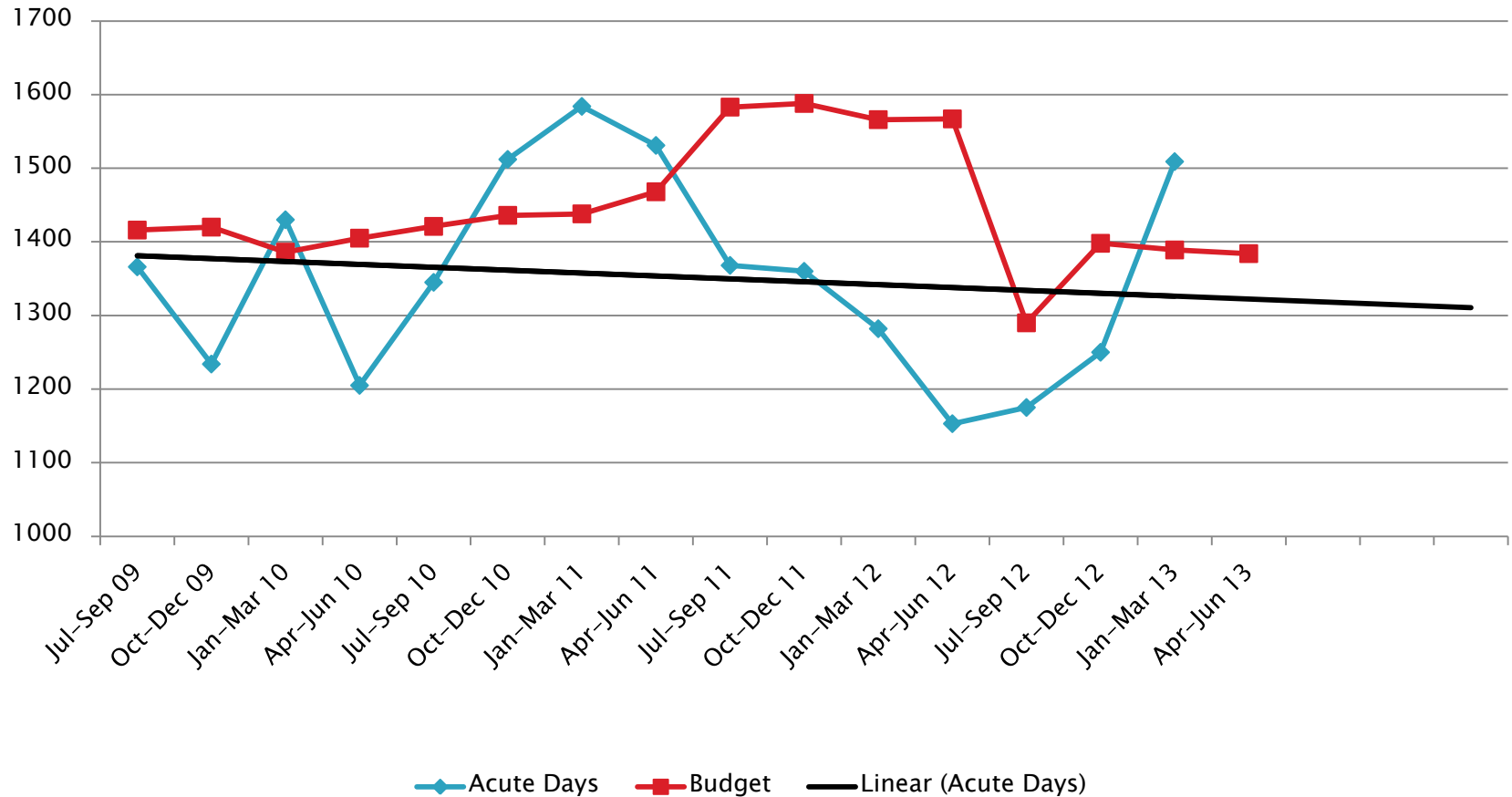
8.

QUARTERLY
VOLUME UPDATE

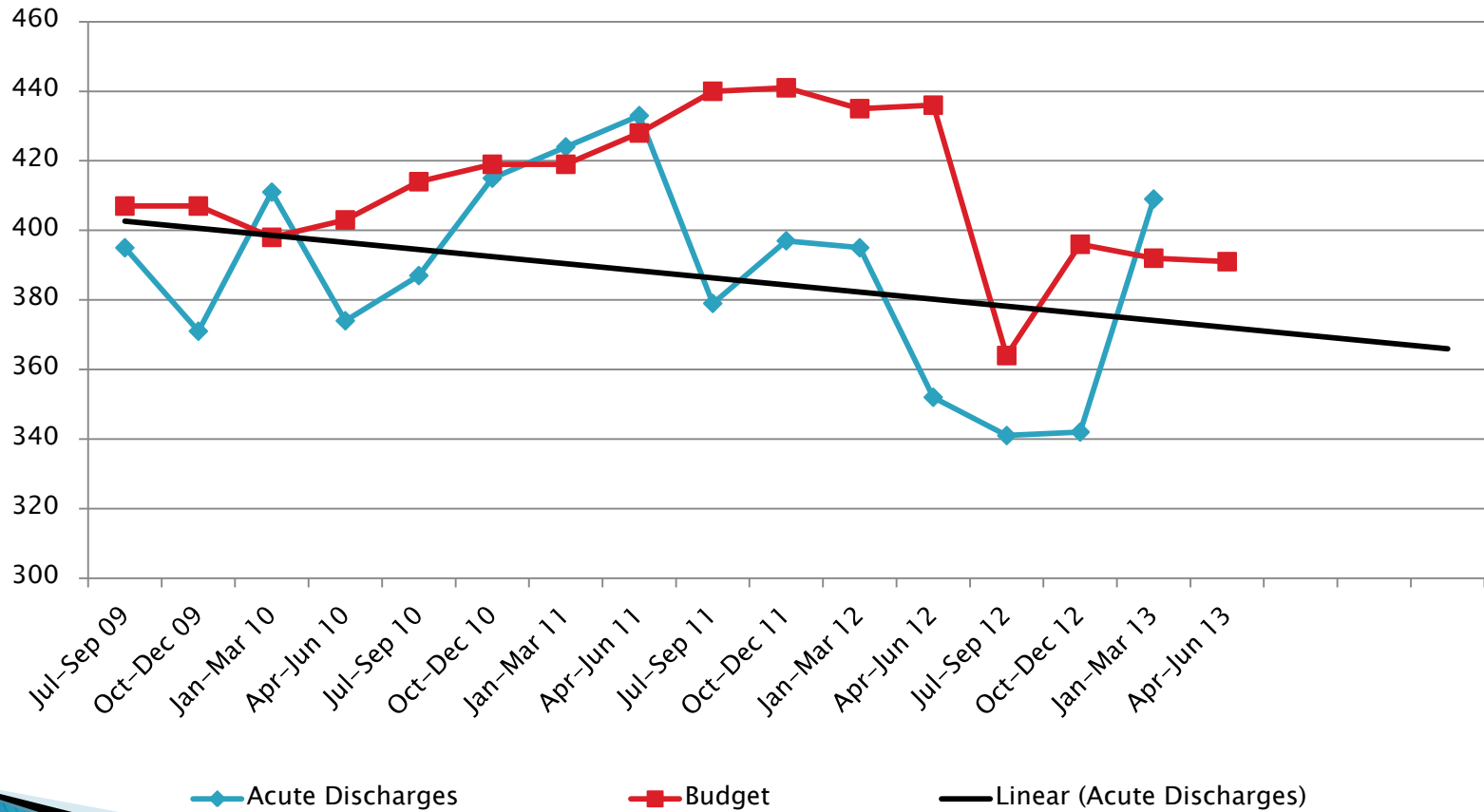
Sonoma Valley Hospital Quarterly Volume Update

Finance Committee
April 23, 2013

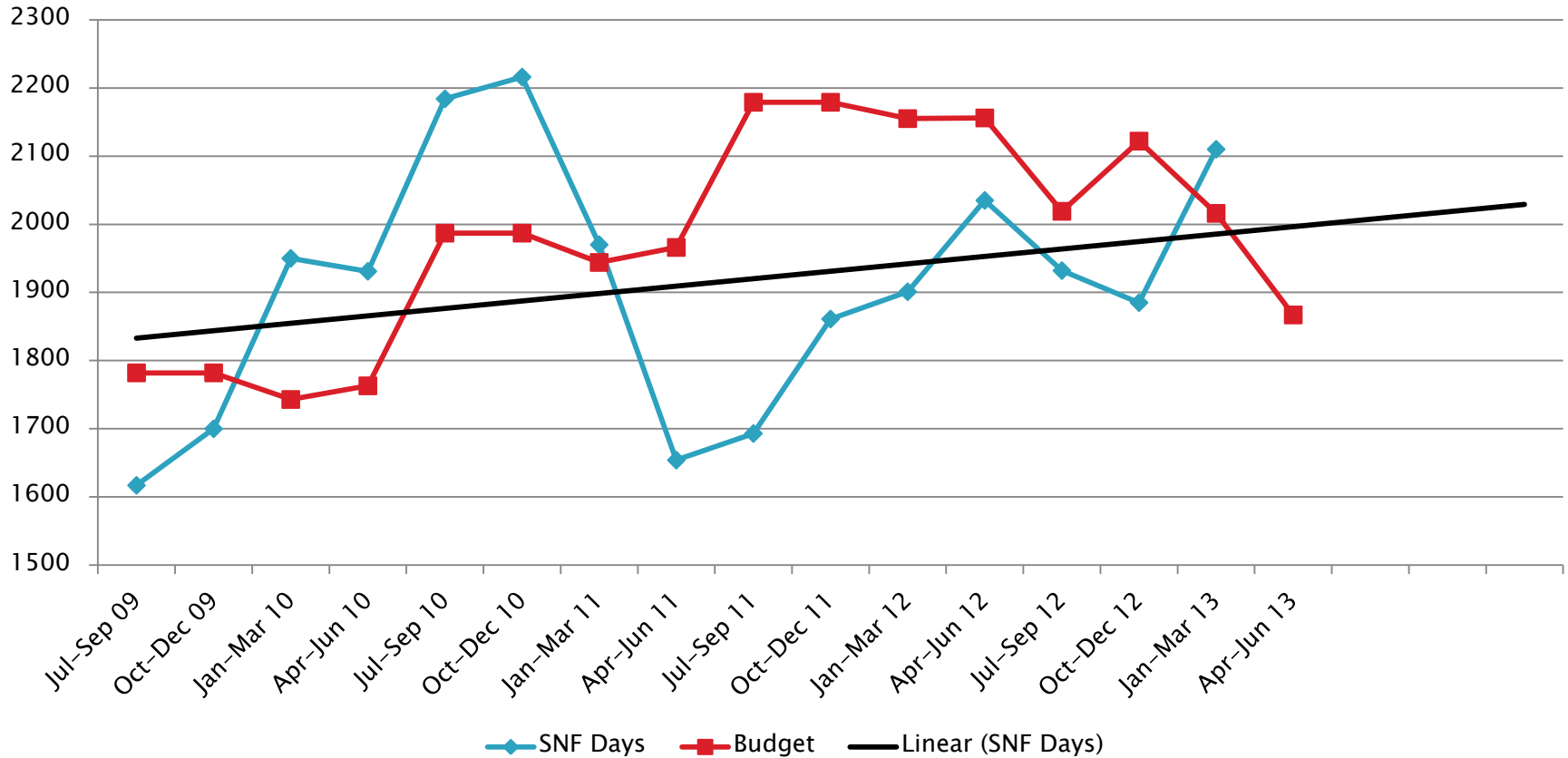
Acute Patient Days



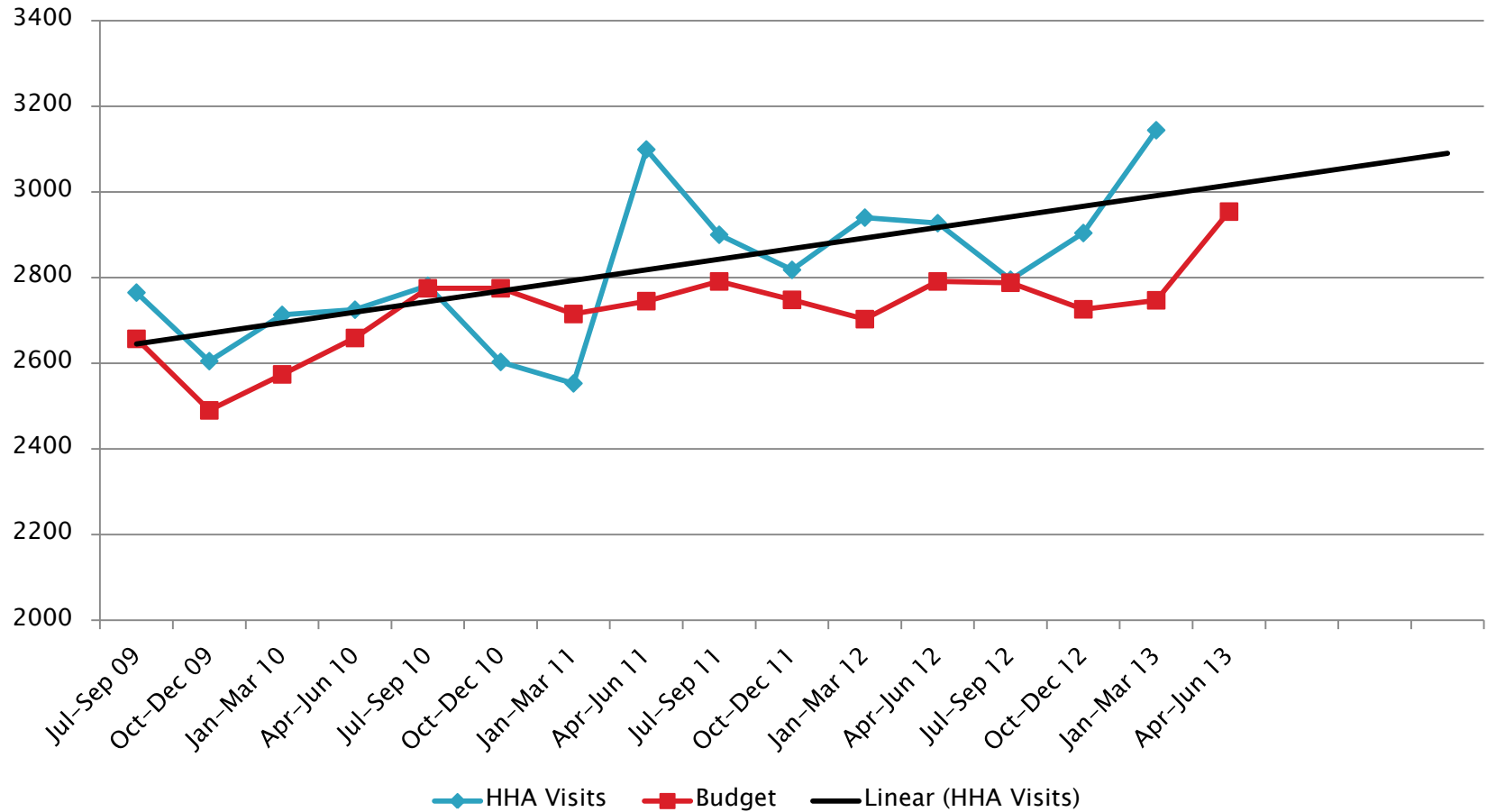
Acute Discharges



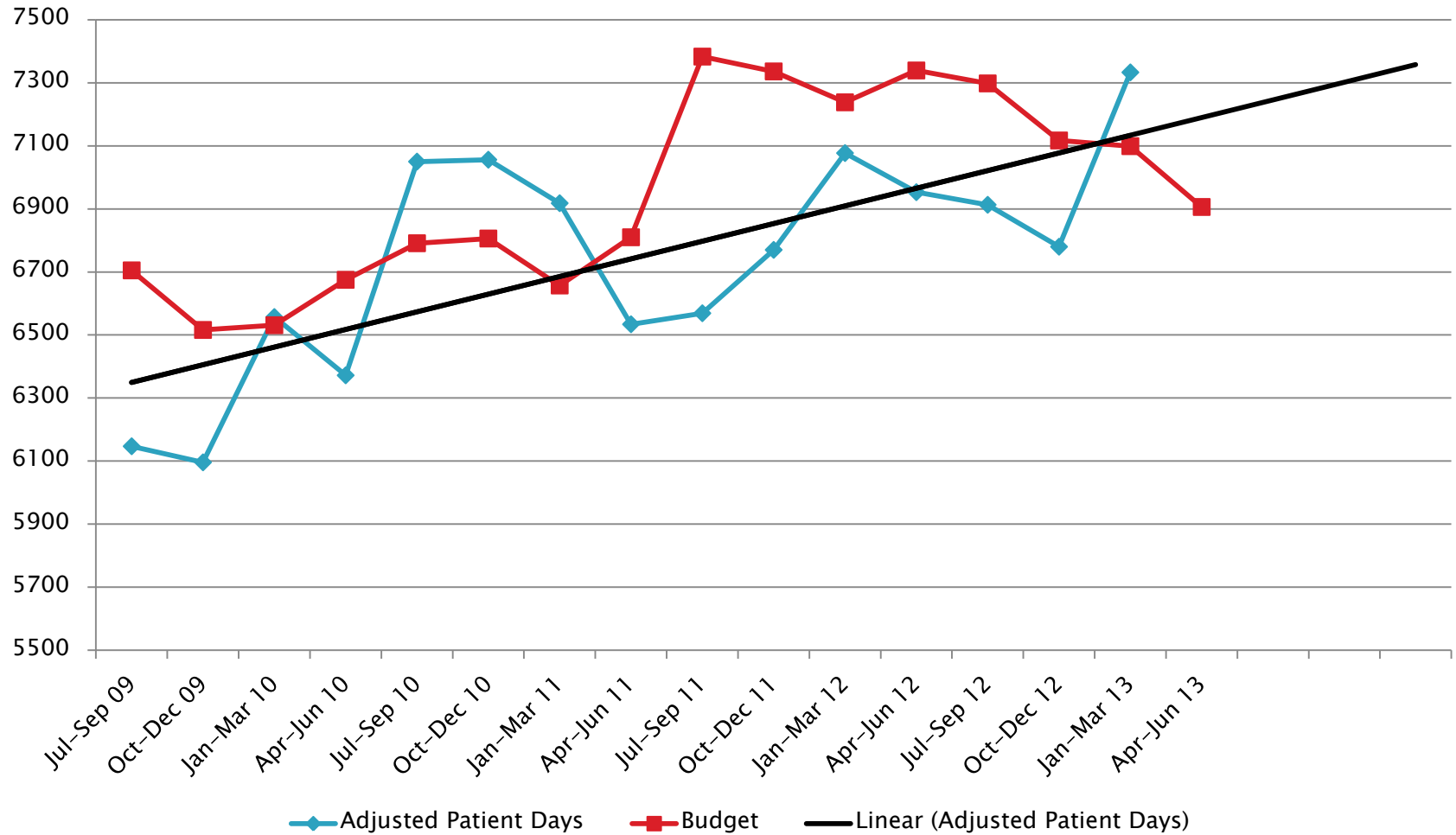
SNF Days



HHA Visits



Adjusted Patient Days



Surgical Cases

