



TAHOE FOREST HOSPITAL DISTRICT

2017-09-25 Board Finance Committee

Monday, September 25, 2017 at 1:00 p.m.

Tahoe Conference Room - Tahoe Forest Hospital

10054 Pine Avenue, Truckee, CA 96161

Meeting Book - 2017-09-25 Board Finance Committee

9/25/17 Finance Committee

AGENDA

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ITEMS 1 - 4: See Agenda

5. APPROVAL OF MINUTES

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6. ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION

6.1. Financial Reports

6.1.1. Financial Report - Review FYE 2017 MSC.pdf Page 8

6.1.2. Financial Report - Pre-Audit June 2017
May be distributed at the meeting.

6.1.3. Financial Report - Preliminary August 2017.pdf Page 17

6.2. FY17 Audit

No related materials.

6.3. FY18 Budget Update

No related materials.

6.4. ACA Update - September 2017.pdf

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7. REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS

No related materials.

8. AGENDA INPUT FOR NEXT FINANCE COMMITTEE MEETING / 9. NEXT MEETING DATE

8. Agenda Input and 9. Next Meeting Date.pdf Page 24

10. ADJOURN



FINANCE COMMITTEE AGENDA

Monday, September 25, 2017 at 1:00 p.m.
Tahoe Conference Room - Tahoe Forest Hospital
10054 Pine Avenue, Truckee, CA 96161

1. CALL TO ORDER

2. ROLL CALL

Dale Chamblin, Chair; Mary Brown, Board Member

3. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA

4. INPUT – AUDIENCE

This is an opportunity for members of the public to address the Committee on items which are not on the agenda. Please state your name for the record. Comments are limited to three minutes. Written comments should be submitted to the Board Clerk 24 hours prior to the meeting to allow for distribution. Under Government Code Section 54954.2 – Brown Act, the Committee cannot take action on any item not on the agenda. The Committee may choose to acknowledge the comment or, where appropriate, briefly answer a question, refer the matter to staff, or set the item for discussion at a future meeting.

5. APPROVAL OF MINUTES OF: 8/22/2017 ATTACHMENT

6. ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION

6.1. Financial Reports

6.1.1. Financial Report – Review of FYE 2017 Multi-Specialty Clinics ATTACHMENT

6.1.2. Financial Report – Pre-Audit June 2017..... ATTACHMENT*

6.1.3. Financial Report – Preliminary August 2017..... ATTACHMENT

6.2. FY17 Audit

The Finance Committee will receive an update on the status of FY17 audit preparation.

6.3. FY18 Budget Update

The Finance Committee will receive an update on the FY18 budget.

6.4. ACA Repeal/Replace Update..... ATTACHMENT

The Finance Committee will receive an update provided by the District Hospital Leadership Forum.

7. REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS

8. AGENDA INPUT FOR NEXT FINANCE COMMITTEE MEETING..... ATTACHMENT

9. NEXT MEETING DATE ATTACHMENT

10. ADJOURN

*Denotes material (or a portion thereof) may be distributed later.

Note: It is the policy of Tahoe Forest Hospital District to not discriminate in admissions, provisions of services, hiring, training and employment practices on the basis of color, national origin, sex, religion, age or disability including AIDS and related conditions.

Equal Opportunity Employer. The meeting location is accessible to people with disabilities. Every reasonable effort will be made to accommodate participation of the disabled in all of the District’s public meetings. If particular accommodations for the disabled are needed (i.e., disability-related aids or other services), please contact the Executive Assistant at 582-3481 at least 24 hours in advance of the meeting.

FINANCE COMMITTEE

DRAFT MINUTES

Tuesday, August 22, 2017 at 9:00 a.m.
Tahoe Conference Room - Tahoe Forest Hospital
10054 Pine Avenue, Truckee, CA 96161

1. CALL TO ORDER

Meeting was called to order at 9:00 a.m.

2. ROLL CALL

Board: Dale Chamblin, Chair; Mary Brown, Board Member

Staff: Harry Weis, Chief Executive Officer; Crystal Betts, Chief Financial Officer; Martina Rochefort, Clerk of the Board

3. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA

No changes were made to the agenda.

4. INPUT – AUDIENCE

No public comment was received.

Open Session recessed at 9:02 a.m.

5. CLOSED SESSION

5.1. Approval of Closed Session Minutes: 7/25/2017

Discussion was held on a privileged matter.

Open Session reconvened at 9:04 a.m.

6. APPROVAL OF MINUTES OF: 7/25/2017

Director Brown moved approval of the July 25, 2017 Finance Committee minutes, seconded by Director Chamblin.

7. ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION

7.1. Financial Reports

7.1.1. Financial Report – Preliminary July 2017

CFO is working on final numbers for year end.

On the income statement side, variances, etc can be provided once the budget is approved.

Payor mix had almost 2% drop in commercial, compared to July 2016. This had an impact on contractual allowances.

July was busy. ER and surgical volumes were up compared to July 2016.

CFO reviewed the balance sheet. Most of the activity had to do with bond payments.

The District is on track for cash collections.

On the cash investment statement, the District saw a 1.05% return from its Local Agency Investment Fund (LAIF).

CFO will add a percentage for Umpqua Bank on the cash investment statement.

IVCH did better compared to July 2016.

Director Chamblin asked if IVCH saw an increase in August as well. Yes, they did.

Director Brown inquired about the gain share program. CFO will elaborate about program during the audit discussion. Net income will determine the total payout and it will be the very last journal entry.

Director Brown asked how many people qualify for the gain sharing program. CFO noted it is around 750-800 people.

7.1.2. Truckee Surgery Center, Inc. – May-June 2017

CFO noted the Truckee Surgery Center (TSC) financials are in the packet for the committee's reference and to keep them you informed on what TSC is doing.

Director Brown inquired about Medibridge. Medibridge does the billing for Truckee Surgery Center.

7.2. FY17 Audit

Finance Committee received an update on the status of the FY17 audit preparation.

Judy Newland, Chief Operations Officer, joined the meeting at 9:18 a.m.

Remaining items include:

- True-up of depreciation expense (not expected to be significant).
 - Depreciation begins when the building is open and ready for service.
- Foundation restricted donations.
- Bond
 - The entry is complete but had not been posted. The cost of issuance is now an expense. There will be a \$140,000 impact.
- FY17 settlements
 - Medi-Cal will not have settlement but Medicare will, as well as the state's Medi-Cal under AB915. An estimate will be booked for the state Medi-Cal, generally \$800,000-\$1,000,000. It will be reflected as a pickup on the balance sheet and will show as a receivable.
- Intergovernmental Transfer (IGT)
 - The District participates in three types of IGT programs. The District will received additional reimbursement from AB113 program. They have finally caught up to 16-17 year and the reimbursement was paid in June 2017. The Hospital Quality Assurance fee – 1) requires IGT and 2) direct grant. The District is receiving \$593,000 from the part of the program that does not require IGT for 2015-2016. The District will have to send in \$353,000 for the IGT part of the program. CFO does not know what 16-17 calculations will look like so accounting cannot book an estimate. Accounting is booking 2015-2016

- and 2016-2017 this year for the Rate Range IGT will finally be caught up. The total of all IGTs is just over 8mm. This will be a boost to the income statement. The District is now caught up on everything but the Hospital Quality Assurance fee.
- Director Chamblin asked what was booked last year for IGT monies. \$4,000,000 was book in IGT money.
 - CFO showed how many lives have migrated into the managed Medi-Cal programs. These dollars touch those patients.
 - Director Brown commented the \$8,000,000 only mitigates losses on the Medi-Cal program.
 - The District has a receivable of \$450,000 for the PRIME program which includes Million Hearts and Chronic Pain program. The District does not get paid if it does not hit the metrics. CFO is waiting for final documents from CNO and Eileen Knudson.
- Management Incentive Compensation
 - Gain share program

Auditors have not settled on swap agreement gets treated. CFO still needs to speak with them about it.

Regardless, net income will probably be in the \$20,000,000 range. If net income is \$20,000,000, the gain sharing bonus for employees is around 7.5%. If net income is \$22,000,000, the bonus for employees is around 8.4%. Currently, Managers are eligible for a 3% bonus, Directors are eligible for a 6% bonus and Chiefs are eligible for a 15% bonus.

CEO commented the future is going to be tough and the District will have hard work to do every year.

Employees need to know a large portion of this net income is non-reoccurring.

On the benefit side, these wages are eligible for retirement withholdings so there will be benefit costs.

The gain sharing journal entries will be the very last to be booked.

Auditors are on site on Monday. Kate or Ben will want to meet with chair of Finance Committee. They will be doing field work for TFHD, TFHS Foundation and IVCH Foundation. They are aware of challenges with turnover in finance and aware of final entries needing to be booked.

One of the biggest challenges will be what companies are used for consolidating restatement. KCOE Isom did not believe TSC and TIRHR entries should be included. There may be a delay if we have to do field work for those other entities. Moss Adams believe these should always be included. This also means restating prior periods. This still has to be vetted out and could affect timing, scope, and presentation.

Director Chamblin inquired about the Truckee Surgery Center's inclusion. KCOE Isom felt they could follow the equity method. The District has 51% ownership even though the operating statement says the District is not involved in daily management.

Director Chamblin asked if the board can disagree. Yes, the board can disagree and go back to a qualified opinion.

CFO will work through the next 2 weeks of field work before determining whether the October audit presentation moves to November.

CFO and accounting are doing the best they can to have a clean audit with no audit adjustments.

7.3. FY18 Budget Update

CFO provided Finance Committee with an update on the FY18 budget.

Analysis of departments and FTE's has been done.

Labor/non-labor report is being used for guidance.

CFO noted the budget is behind but the goal is to have budget approved before first quarter analysis.

8. REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS

- discuss policy on physician recruitment with board in the future
- TIRHR update in September

9. AGENDA INPUT FOR NEXT FINANCE COMMITTEE MEETING

- Financial Report – Pre-Audit June 2017, with updated year end key indicators
- Updated Pre-Audit June 2017 Separate Entities (if significantly different from last reporting)
- Financial Report – Review of FYE 2017 Multi-Specialty Clinics
- Financial Report – Preliminary August 2017
- Audit Update
- Policy Review – Standing Item
- ACA Repeal/Replacement Information – Standing Item

10. NEXT MEETING DATE

The next finance committee was scheduled for September 25, 2017 at 1:00 p.m.

11. ADJOURN

Meeting was adjourned at 10:18 a.m.

Tahoe Forest Multi-Specialty Clinics
Year End FY 2017 (July 2016 – June 2017) Report to the Finance Committee
Executive Summary
September 15, 2017

Total Operations. In FY 2017, provider FTEs increased by 4.1 (25%) relative to FY 2016, due primarily to the addition of two new service lines in the fourth quarter of FY 2016: orthopedic surgery and urology. Work Relative Value Units (WRVUs) were 35% higher than FY 2016, gross charges were 38% higher, and net revenue was 27% higher. Provider expense was 49% higher, clinic operating expense was 30% higher and the overall net loss was 63% higher than the prior year, but still approximately \$476,000 less than what was budgeted.

- Other operating revenue, which consists of Medicare and Medi-Cal Meaningful Use funds, totaled \$167,000 in FY 17, double the revenue from FY 16. Included in the FY 17 figure was more than \$48,000 from FY 13, related to three physicians who were incorrectly categorized by Medicare as “hospital-based” and therefore ineligible for the bonus. It was only through Jen Tirdel’s relentless efforts to facilitate communication between two unrelated governmental departments (one responsible for Method 2 billing and the other for meaningful use) that these funds were finally collected.
- In addition to the orthopedic surgeons and Dr. Bretan, there was an increase in midlevel FTEs year over year, with the addition of Samantha Smith in January 2016 and Melissa Rider in October 2016, both in the Internal Medicine / Cardiology clinic. The additional midlevels have helped to both increase primary care access and relieve pressure on the internists. While the internists experienced a net decrease of 1,258 WRVUs year over year, the midlevel WRVUs increased by 1,469.
- Dr. Conyers, a General Surgeon, left the organization in October 2016 and has not yet been replaced. The organization is relying on Drs. Kitts, Lee and Cahill to help Dr. Cooper cover the General Surgery on-call schedule as well as performing some screening colonoscopies. In addition, Dr. Parent (a locums tenens surgeon) was recently added to the general surgery call rotation to help ease the burden. Recruitment efforts continue for both a full-time gastroenterologist and a full-time general surgeon.
- In the very part-time specialties, the nephrologists and the pediatric pulmonologist did not renew their contracts back in January 2016; however we have recently added Dr. Blake, a part-time pain management specialist working in the IM/Cardiology clinic, as well as Dr. Mingrone, a second ENT currently working 2 days per month in Truckee who plans to transition to the Incline clinic in the near future.
- The winter was a challenging one, with numerous weather-related cancellations, power failures and clinic closures. In spite of the challenges, WRVUs by year end were down by less than 1% for the existing service lines (excluding orthopedic surgery and urology), relative to FY 16. WRVU growth was noted in Primary Care provided by midlevels (23%), ENT (20%), Sports Medicine (12%), Pediatrics (6%) and Audiology (3%). Decreases in WRVU volumes were noted for General Surgery (33%), Internal Medicine (8%), and Gastroenterology (3%), while Neurology remained virtually unchanged.

- Of the eight physicians paid a base compensation plus bonus, four exceeded the bonus threshold, and two were within 10% of the threshold. Drs. Bretan and Conyers, both of whom have left Tahoe Forest, fell short by 44% and 19%, respectively.
- Provider expense increased by 49%. In addition to the new providers in orthopedic surgery, urology and Internal Medicine / Cardiology, a portion of this year over year increase was fueled by locum tenens expense in ENT and Orthopedic Surgery during the first fiscal quarter. The compensation changes effective 7/1/2016, and in particular the new allowance to reimburse self-employment expenses, further contribute to this increase.
- Total clinic operating expenses increased 30% relative to prior year, again largely related to the new service lines. Excluding the expenses associated with the two new clinics, total operating expenses increased 5%. The key drivers of these additional cost increases include staffing to support two additional midlevel providers, consulting services associated with the numerous initiatives within the physician services division, and travel and temporary housing associated with interim coverage.

Individual Clinic Highlights

ENT / Audiology. Work RVUs in the ENT Clinic increased by 19% year over year. Gross charges increased by 24%, and net revenue increased by 14%.

Provider expense increased by 16%, largely because Dr. Mancuso's compensation is at market median whereas Dr. Chase was paid below median based on his lower productivity. In addition, Dr. Mancuso was under a more expensive locums arrangement during the first quarter of the fiscal year, and Dr. Mingrone was added part time in June. Total operating expenses increased by 1%, and the net operating loss in this clinic was virtually unchanged.

Internal Medicine / Pulmonology. Overall, Work RVUs in the Internal Medicine / Pulmonology clinic decreased by 8% relative to prior year. Gross charges decreased by 3% and net revenue decreased by 11%. In spite of the volume decrease, provider expense increased 12%, partially due a restructuring of Dr. Tirdel's contract to replace hourly compensation for Directorship duties with a higher Critical Care weighting in developing the per RVU rate. In addition, Lisa Beck left and has been replaced on an interim basis by Cathy Willems under a most costly locums agreement. Operating expenses were 14% lower than prior year.

Internal Medicine / Cardiology. RVUs increased in the Internal Medicine / Cardiology clinic by 19%, largely due to the transfer of Dr. Forner from Sports Medicine to IM / Cardiology in mid-November 2015 and the addition of the two mid-levels. Gross charges increased 19% and net revenue increased 12% year over year. Provider expense increased by 35%.

In FY 16, certain overhead expenses in the Gateway building were allocated between IM/Cardiology and Gastroenterology / General Surgery on the basis of provider FTEs, since they shared space and staff for the first part of the year. In FY 17, clinic operating expenses are separately tracked, and it appears based on the actual distribution of expenses that the FY 16 allocation methodology may have charged too little expense to IM/Card and too much to GI/GS. On a combined basis, the operating expense of these two clinics increased 11%, which reflects both the duplicative rent and staffing associated with operating two distinct sites and the support staff needed for additional providers in IM/Cardiology.

Pediatrics. WRVUs in the Pediatrics clinic increased 5% year over year; however gross charges decreased by 1% and net revenue increased by 2%. The disparity in these figures was related to a change in billing practice with regard to vaccines provided by the state under the VFC (Vaccines for Children) program from state-provided vaccine stock. In FY 16, the charges reflected the full vaccine price and in FY 17, the charges reflected the administration fee only. This change in practice decreased gross charges but had no impact on net revenue.

Provider expense increased by 18% based on the increased productivity and the new benefit reimbursement plan offered to the physicians. Overall clinic operating cost decreased by 3%.

GI / General Surgery. WRVUs in the GI/General Surgery clinic decreased 21% between FY 16 and FY 17, with a 33% decrease in General Surgery and 3% in Gastroenterology. The decrease was driven by Dr. Conyers' departure. To help meet the demand for screening colonoscopies, Dr. Kitts and Dr. Cahill have stepped up to help provide these services when they are in Truckee covering Emergency Department call.

Gross charges in the GI/GS clinic decreased 16% year over year and net revenue decreased 13%. The financial report shows a 34% decrease in clinic operating expenses, although as discussed above, the prior year expenses may not have been accurately allocated between IM/Cardiology and GI/GS.

Incline Village. RVUs decreased in the Incline Village clinic by 19%, gross charges decreased by 19%, and net revenue decreased by 30%. Dr. Scholnick decreased his time in Incline from one and one-half days per week to one, which accounts for most of the decrease. This clinic shares space with the "Health Clinic" which is not currently reported on the MSC financials, but Dr. Sutton-Pado and the midlevel providers who staff the "Health Clinic" side are meeting the primary care needs, so that Dr. Scholnick can see more specialty cases in the Incline MSC clinic.

Orthopedic Surgery. The orthopedic surgery clinic is the busiest clinic in the MSC with 26,310 WRVUs. The provider panel has been stabilized with the addition of Dr. Foley (half time) in August 2016, Dr. Dickinson (also half time) in November 2016 and Dr. Haeder (full time) in late August 2017.

Both revenues and expenses have come in over budget, net revenue by 227% and clinic operating expenses by 33%. Provider expenses were 2% below budget. The net operating loss, as a result, was 40% less than what was budgeted.

Sports Medicine. WRVUs in the Sports Medicine clinic decreased by 18% due to the transfer of Dr. Forner from Sports Medicine to IM/Cardiology last November. Dr. Winans' RVUs grew by 12%. Overall the gross charges decreased by 13%, net revenue by 18%, provider expense by 2% and clinic operating expenses by 14%.

Urology. Dr. Bretan joined the MSC in May 2016 and left at the end of June 2017. In FY 17, Dr. Bretan reached 56% of his bonus threshold and 42% of the median RVUs for urology. We continue to believe that there is greater demand for urology services, and that a urologist who resides full-time in the community and is available for call will be substantially busier than Dr. Bretan was. We are pleased that Dr. Wainstein will be joining the MSC in January 2018. Because we were quite conservative in forecasting the budget, the gross charges in the urology clinic were 1% over budget, and net revenue 12% over budget. Clinic operating expenses were 35% below budget, as staffing levels were kept to a minimum based on the lower visit volume.

Tahoe Forest MSC - WRVU Summary
For the period July 2016 - June 2017 with comparison to prior year, bonus threshold and MGMA median

PROVIDER	CLINIC(S)	(MSC work only)	(MSC work only)	Curr Yr as % of Prior Yr	For MDs on base + bonus		(MSC work only)	Actual as % of F/T Median	(15 shifts/mo=1FTE)
		Jul-Jun Curr Yr	Jul-Jun Prior Yr		(MSC work only) Bonus Threshold	Actual as % of Threshold	MGMA National F/T Median		Hospitalist FTE
PRIMARY CARE PROVIDERS (Including Internists with subspecialty)									
INTERNAL MEDICINE									
Burkholder (IM)	IMCARD	2,460	2,733	90.0%	2,256	109.1%	4,669	52.7%	66.7%
Lombard (IM / Cardiology)	IMCARD	3,717	3,989	93.2%			5,698	65.2%	30.6%
Scholnick (IM / Cardiology)	IMCARD, INCLINE	4,535	5,073	89.4%			5,796	78.2%	40.0%
Tirdel (IM / Pulmonology)	IMPULM	4,407	4,581	96.2%			4,977	88.5%	39.4%
SUBTOTAL - INTERNAL MEDICINE		15,118	16,376	92.3%					
PEDIATRICS									
Arth	PEDS	4,495	4,261	105.5%			5,035	89.3%	
Brown	PEDS	-	3,436	0.0%					
Uglum	PEDS	4,101	4,101	100.0%			5,035	81.4%	
Wicks	PEDS	4,649	636	731.1%	3,913	118.8%	5,035	92.3%	
Vayner	PEDS, INCLINE	4,356	4,164	104.6%			5,035	86.5%	
SUBTOTAL - PEDIATRICS		17,601	16,598	106.0%					
MIDLEVEL PROVIDERS									
Beck	IMPULM	2,841	3,414	83.2%					
Lang-Ree	PEDS	1,314	1,418	92.6%					
Mustain	IMPULM	-	150	0.0%					
Rider	IMCARD	1,652	-						
Shirley	IMCARD	190	176						
Smith	IMCARD	1,584	1,190	133.1%					
Willems	IMPULM	237	-						
SUBTOTAL - MIDLEVEL PROVIDERS		7,818	6,349	123.1%					
SUBTOTAL - PRIMARY CARE PROVIDERS		40,537	39,323	103.1%					
SPECIALISTS									
ORTHOPEDIC SURGERY									
Dodd	ORTHO	10,595	2,432				8,124	130.4%	
Ringnes	ORTHO	9,193	1,984				8,124	113.2%	
Foley	ORTHO	4,152	-				7,447	55.8%	
Dickinson	ORTHO	2,370	-		2,145	110.5%	5,416	43.8%	
SUBTOTAL - ORTHOPEDIC SURGERY		26,310	4,416						
GENERAL SURGERY									
Conyers	GI/GS	1,280	4,317	29.7%	1,575	81.3%	2,119	60.4%	
Cooper	GI/GS	4,556	4,420	103.1%	5,041	90.4%	6,781	67.2%	
SUBTOTAL - GENERAL SURGERY		5,836	8,737	66.8%					
ENT									
Chase	ENT	-	3,505	0.0%					
Mancuso	ENT	5,824	1,361	427.9%	6,388	91.2%	6,860	84.9%	
Mingrone	ENT	33	-				572	5.7%	
SUBTOTAL - ENT		5,856	4,866	120.3%					

Tahoe Forest MSC - WRVU Summary

For the period July 2016 - June 2017 with comparison to prior year, bonus threshold and MGMA median

PROVIDER	CLINIC(S)	(MSC work only)	(MSC work only)	Curr Yr as % of Prior Yr	For MDs on base + bonus		(MSC work only)		(15 shifts/mo=1FTE) Hospitalist FTE	
		Jul-Jun Curr Yr	Jul-Jun Prior Yr		(MSC work only) Bonus Threshold	Actual as % of Threshold	MGMA National F/T Median	Actual as % of F/T Median		
NEPHROLOGY										
Clark	IMCARD	-	31	0.0%						
Quigley	IMCARD	-	31	0.0%						
SUBTOTAL - NEPHROLOGY		-	62	0.0%						
AUDIOLOGY										
Hodes	ENT	238	243	97.8%			644	37.0%		
Schellin	ENT	208	190	109.8%			644	32.4%		
SUBTOTAL - AUDIOLOGY		447	433	103.0%						
SINGLE PROVIDER SPECIALTIES										
Bretan (Urology)	UROLOGY	3,172	346	917.6%	5,620	56.4%	7,620	41.6%		
Schaffer (Gastroenterology)	GI/GS	5,683	5,837	97.4%	4,264	133.3%	8,583	66.2%		
Winans (Sports Medicine)	SPORTS	3,236	2,897	111.7%			5,214	62.1%		
Forner (Neurology)	SPORTS, IMCARD	2,598	2,604	99.8%			4,759	54.6%		
Blake (Pain Management)	IMCARD	48	-				1,608	3.0%		
Hardy (Pediatric Pulmonology)	PEDS	-	42	0.0%						
SUBTOTAL - SINGLE PROVIDER SPECIALTIES		14,737	11,725	125.7%						
SUBTOTAL - SPECIALISTS		53,186	30,240	175.9%						
GRAND TOTAL		93,723	69,563	134.7%						

SUMMARY BY CLINIC

ENT	6,303	5,300	118.9%
GI / GENERAL SURGERY	11,519	14,574	79.0%
INCLINE VILLAGE	1,905	2,366	80.5%
INTERNAL MEDICINE / CARDIOLOGY	15,785	13,229	119.3%
INTERNAL MEDICINE / PULMONOLOGY	7,485	8,144	91.9%
ORTHOPEDIC SURGERY	26,310	4,416	595.8%
PEDIATRICS	18,008	17,218	104.6%
SPORTS MEDICINE	3,236	3,972	81.5%
UROLOGY	3,172	346	917.6%
GRAND TOTAL	93,723	69,563	134.7%

FY 17 MSC Income Statement July 2016 - June 2017 with comparison to Prior Year and Budget
Clinic Roll-up

	ENT / Allergy / Audiology Clinic					Internal Medicine / Pulmonology Clinic (MOB Suite 260)					Internal Medicine / Cardiology Clinic (Gateway)				
	Curr Yr	Prior Yr	%PY	Budget	%Bud	Curr Yr	Prior Yr	%PY	Budget	%Bud	Curr Yr	Prior Yr	%PY	Budget	%Bud
Revenue															
Gross Charges	1,406,773	1,136,418	124%	1,397,494	101%	1,445,757	1,494,480	97%	1,544,523	94%	3,023,963	2,543,635	119%	4,693,705	64%
Contractual Allowances	(781,386)	(586,133)	133%	(755,213)	103%	(614,828)	(560,287)	110%	(667,340)	92%	(1,319,712)	(1,018,733)	130%	(2,074,238)	64%
Net revenue	<u>625,387</u>	<u>550,285</u>	<u>114%</u>	<u>642,281</u>	<u>97%</u>	<u>830,929</u>	<u>934,193</u>	<u>89%</u>	<u>877,183</u>	<u>95%</u>	<u>1,704,251</u>	<u>1,524,902</u>	<u>112%</u>	<u>2,619,467</u>	<u>65%</u>
Other operating revenue	<u>16,954</u>	<u>7,840</u>	216%	-		<u>5,096</u>	<u>7,840</u>	65%	-		<u>35,770</u>	<u>31,360</u>	114%	-	
Provider expense															
Physician fees	550,665	474,425	116%	589,939	93%	359,025	320,079	112%	348,869	103%	947,961	836,520	113%	974,081	97%
Non-physician salaries/benefits	-	-		-		171,967	152,822	113%	150,890	114%	222,354	33,308	668%	163,476	136%
Total provider expense	<u>550,665</u>	<u>474,425</u>	<u>116%</u>	<u>589,939</u>	<u>93%</u>	<u>530,992</u>	<u>472,901</u>	<u>112%</u>	<u>499,759</u>	<u>106%</u>	<u>1,170,315</u>	<u>869,829</u>	<u>135%</u>	<u>1,137,557</u>	<u>103%</u>
Clinic Operating Expenses:															
Salaries and wages	149,993	164,252	91%	155,240	97%	157,923	175,939	90%	197,221	80%	559,471	364,059	154%	585,430	96%
Benefits	68,422	67,436	101%	78,659	87%	77,980	102,361	76%	91,375	85%	226,933	151,183	150%	286,684	79%
Admin services & supplies	29,125	34,605	84%	33,125	88%	41,906	40,885	102%	42,257	99%	122,791	61,670	199%	106,516	115%
Medical supplies & drugs	103,778	78,376	132%	136,950	76%	101,056	145,819	69%	163,228	62%	124,970	122,005	102%	591,244	21%
Building Rent / Utilities	55,670	59,247	94%	60,156	93%	80,609	76,746	105%	80,527	100%	144,865	113,655	127%	145,095	100%
Other operating expense	12,675	10,994	115%	5,829	217%	18,802	17,542	107%	19,522	96%	14,865	6,008	247%	15,116	98%
Total clinic operating expenses	<u>419,662</u>	<u>414,910</u>	<u>101%</u>	<u>469,959</u>	<u>89%</u>	<u>478,276</u>	<u>559,291</u>	<u>86%</u>	<u>594,131</u>	<u>81%</u>	<u>1,193,896</u>	<u>818,580</u>	<u>146%</u>	<u>1,730,084</u>	<u>69%</u>
Net operating margin	(327,986)	(331,211)	99%	(417,617)	79%	(173,243)	(90,159)	192%	(216,707)	80%	(624,191)	(132,147)	472%	(248,175)	252%
Allocation of clinic overhead	<u>(106,460)</u>	<u>(98,910)</u>		<u>(82,819)</u>		<u>(141,450)</u>	<u>(167,914)</u>		<u>(113,108)</u>		<u>(290,117)</u>	<u>(274,090)</u>		<u>(337,766)</u>	
Net profit (loss)	<u>(434,446)</u>	<u>(430,120)</u>	<u>101%</u>	<u>(500,435)</u>	<u>87%</u>	<u>(314,693)</u>	<u>(258,073)</u>	<u>122%</u>	<u>(329,815)</u>	<u>95%</u>	<u>(914,307)</u>	<u>(406,237)</u>	<u>225%</u>	<u>(585,940)</u>	<u>156%</u>
Ratios:															
Provider cost as % net revenue	88%	86%		92%		64%	51%		57%		69%	57%		43%	
Clinic op cost as % net revenue	67%	75%		73%		58%	60%		68%		70%	54%		66%	
Overhead cost as % net revenue	17%	18%		13%		17%	18%		13%		17%	18%		13%	
Clinic support FTEs	3.68	4.21	87%	4.00	92%	4.47	4.43	101%	5.00	89%	12.81	9.25	139%	13.55	95%
Provider FTEs	1.35	1.38	98%	1.38	98%	1.96	1.90	103%	1.90	103%	5.27	3.53	150%	5.10	103%
Clinic support FTEs per provider	2.72	3.05	89%	2.90	94%	2.28	2.33	98%	2.63	87%	2.43	2.62	93%	2.66	91%
Payor Mix															
Medicare	27.0%	24.3%				46.4%	44.9%				50.0%	52.2%			
Medicaid / Medi-Cal	27.7%	29.3%				10.1%	11.6%				11.7%	11.6%			
Commercial	42.2%	41.7%				42.4%	42.2%				36.6%	34.7%			
Self Pay	3.2%	4.7%				1.2%	1.3%				1.6%	1.4%			

FY 17 MSC Income Statement July 2016 - June 2017 with comparison to Prior Year and Budget
Clinic Roll-up (Page 2)

	Pediatrics Clinic					GI / General Surgery Clinic (Gateway)					Incline Village Clinic (Family Practice)				
	Curr Yr	Prior Yr	%PY	Budget	%Bud	Curr Yr	Prior Yr	%PY	Budget	%Bud	Curr Yr	Prior Yr	%PY	Budget	%Bud
Revenue															
Gross Charges	4,115,430	4,169,555	99%	5,048,084	82%	2,040,409	2,434,140	84%	2,822,578	72%	452,804	561,557	81%	708,095	64%
Contractual Allowances	<u>(2,498,300)</u>	<u>(2,591,802)</u>	96%	<u>(3,253,166)</u>	77%	<u>(1,144,319)</u>	<u>(1,405,064)</u>	81%	<u>(1,642,642)</u>	70%	<u>(185,027)</u>	<u>(178,443)</u>	104%	<u>(279,969)</u>	66%
Net revenue	<u>1,617,130</u>	<u>1,577,753</u>	102%	<u>1,794,918</u>	90%	<u>896,090</u>	<u>1,029,076</u>	87%	<u>1,179,936</u>	76%	<u>267,777</u>	<u>383,114</u>	70%	<u>428,126</u>	63%
Other operating revenue	<u>76,500</u>	<u>-</u>		<u>-</u>		<u>27,734</u>	<u>28,224</u>	98%	<u>-</u>		<u>-</u>	<u>-</u>		<u>-</u>	
Provider expense															
Physician fees	987,634	820,364	120%	996,902	99%	920,531	1,178,305	78%	1,128,740	82%	146,912	140,484	105%	118,609	124%
Non-physician salaries/benefits	<u>95,925</u>	<u>97,570</u>	98%	<u>91,773</u>	105%	<u>-</u>	<u>-</u>		<u>-</u>		<u>-</u>	<u>-</u>		<u>-</u>	
Total provider expense	<u>1,083,559</u>	<u>917,934</u>	118%	<u>1,088,675</u>	100%	<u>920,531</u>	<u>1,178,305</u>	78%	<u>1,128,740</u>	82%	<u>146,912</u>	<u>140,484</u>	105%	<u>118,609</u>	124%
Clinic Operating Expenses:															
Salaries and wages	403,225	393,862	102%	460,471	88%	219,124	279,280	78%	231,463	95%	49,344	45,515	108%	83,076	59%
Benefits	190,968	224,080	85%	225,472	85%	103,264	114,295	90%	118,798	87%	30,138	36,912	82%	42,298	71%
Admin services & supplies	116,466	118,442	98%	113,122	103%	23,234	52,985	44%	40,253	58%	8,814	9,072	97%	7,089	124%
Medical supplies & drugs	347,583	321,160	108%	391,264	89%	9,477	109,360	9%	19,831	48%	15,850	50,908	31%	76,760	21%
Building Rent / Utilities	41,492	79,262	52%	79,303	52%	46,484	58,965	79%	48,124	97%	8,466	8,466	100%	8,466	100%
Other operating expense	<u>19,420</u>	<u>11,282</u>	172%	<u>22,134</u>	88%	<u>5,780</u>	<u>5,219</u>	111%	<u>4,200</u>	138%	<u>1,531</u>	<u>2,355</u>	65%	<u>5,211</u>	29%
Total clinic operating expenses	<u>1,119,154</u>	<u>1,148,088</u>	97%	<u>1,291,767</u>	87%	<u>407,363</u>	<u>620,105</u>	66%	<u>462,669</u>	88%	<u>114,143</u>	<u>153,227</u>	74%	<u>222,900</u>	51%
Net operating margin	<u>(509,083)</u>	<u>(488,270)</u>	104%	<u>(585,524)</u>	87%	<u>(404,070)</u>	<u>(741,110)</u>	55%	<u>(411,473)</u>	98%	<u>6,721</u>	<u>89,403</u>	8%	<u>86,617</u>	8%
Allocation of clinic overhead	<u>(275,286)</u>	<u>(283,589)</u>		<u>(231,445)</u>		<u>(152,542)</u>	<u>(184,969)</u>		<u>(152,146)</u>		<u>(45,584)</u>	<u>(68,862)</u>		<u>(55,204)</u>	
Net profit (loss)	<u>(784,369)</u>	<u>(771,859)</u>	102%	<u>(816,969)</u>	96%	<u>(556,613)</u>	<u>(926,078)</u>	60%	<u>(563,619)</u>	99%	<u>(38,863)</u>	<u>20,541</u>	-189%	<u>31,412</u>	-124%
Ratios:															
Provider cost as % net revenue	67%	58%		61%		103%	115%		96%		55%	37%		28%	
Clinic op cost as % net revenue	69%	73%		72%		45%	60%		39%		43%	40%		52%	
Overhead cost as % net revenue	17%	18%		13%		17%	18%		13%		17%	18%		13%	
Clinic support FTEs	9.58	9.85	97%	11.30	85%	5.37	6.48	83%	6.00	90%	1.47	1.54	96%	2.20	67%
Provider FTEs	4.44	4.34	102%	4.35	102%	2.31	3.00	77%	3.00	77%	0.49	0.57	86%	0.50	98%
Clinic support FTEs per provider	2.16	2.27	95%	2.60	83%	2.33	2.16	108%	2.00	116%	3.00	2.70	111%	4.40	68%
Payor Mix															
Medicare	0.3%	0.4%				34.9%	33.2%				27.4%	37.2%			
Medicaid / Medi-Cal	37.9%	43.8%				14.3%	16.0%				17.4%	15.0%			
Commercial	60.6%	54.6%				49.5%	49.4%				53.8%	45.8%			
Self Pay	1.2%	1.1%				1.4%	1.4%				1.4%	2.0%			

FY 17 MSC Income Statement July 2016 - June 2017 with comparison to Prior Year and Budget
Clinic Roll-up (Page 3)

	Orthopedic Surgery					Sports Medicine					Urology				
	Curr Yr	Prior Yr	%PY	Budget	%Bud	Curr Yr	Prior Yr	%PY	Budget	%Bud	Curr Yr	Prior Yr	%PY	Budget	%Bud
Revenue															
Gross Charges	6,657,403	1,607,044	414%	2,775,000	240%	617,774	711,642	87%	548,116	113%	618,975	60,538	1022%	611,996	101%
Contractual Allowances	(4,577,852)	(1,224,495)	374%	(1,857,028)	247%	(275,068)	(296,061)	93%	(259,611)	106%	(306,386)	(32,740)	936%	(332,390)	92%
Net revenue	<u>2,079,551</u>	<u>382,549</u>	<u>544%</u>	<u>917,972</u>	<u>227%</u>	<u>342,706</u>	<u>415,581</u>	<u>82%</u>	<u>288,505</u>	<u>119%</u>	<u>312,589</u>	<u>27,798</u>	<u>1125%</u>	<u>279,606</u>	<u>112%</u>
Other operating revenue	-	-	-	-	-	5,096	7,840	65%	-	-	-	-	-	-	-
Provider expense															
Physician fees	1,861,216	255,871	727%	1,892,929	98%	253,349	249,119	102%	220,670	115%	415,982	69,330	600%	415,982	100%
Non-physician salaries/benefits	-	-	-	-	-	-	9,771	0%	-	-	-	-	-	-	-
Total provider expense	<u>1,861,216</u>	<u>255,871</u>	<u>727%</u>	<u>1,892,929</u>	<u>98%</u>	<u>253,349</u>	<u>258,891</u>	<u>98%</u>	<u>220,670</u>	<u>115%</u>	<u>415,982</u>	<u>69,330</u>	<u>600%</u>	<u>415,982</u>	<u>100%</u>
Clinic Operating Expenses:															
Salaries and wages	609,039	105,919	575%	398,400	153%	60,394	66,660	91%	91,499	66%	70,289	9,045	777%	155,602	45%
Benefits	178,647	24,787	721%	99,000	180%	35,809	59,479	60%	44,258	81%	62,982	612	10289%	79,339	79%
Admin services & supplies	209,633	40,064	523%	137,400	153%	16,872	13,572	124%	15,357	110%	16,038	3,646	440%	17,903	90%
Medical supplies & drugs	333,873	39,105	854%	360,500	93%	29,406	22,717	129%	19,831	148%	9,076	19,363	47%	6,200	146%
Building Rent / Utilities	94,295	34,330	275%	83,935	112%	-	-	-	-	-	31,294	8,247	379%	32,467	96%
Other operating expense	<u>35,002</u>	<u>1,238</u>	<u>2828%</u>	<u>16,440</u>	<u>213%</u>	<u>883</u>	<u>4,182</u>	<u>21%</u>	<u>7,557</u>	<u>12%</u>	<u>1,306</u>	<u>54</u>	<u>2436%</u>	<u>4,200</u>	<u>31%</u>
Total clinic operating expenses	<u>1,460,489</u>	<u>245,443</u>	<u>595%</u>	<u>1,095,675</u>	<u>133%</u>	<u>143,364</u>	<u>166,610</u>	<u>86%</u>	<u>178,503</u>	<u>80%</u>	<u>190,985</u>	<u>40,967</u>	<u>466%</u>	<u>295,711</u>	<u>65%</u>
Net operating margin	(1,242,153)	(118,765)	1046%	(2,070,632)	60%	(48,910)	(2,080)	2352%	(110,668)	44%	(294,378)	(82,499)	357%	(432,087)	68%
Allocation of clinic overhead	<u>(354,004)</u>	<u>(68,760)</u>		<u>(118,367)</u>		<u>(58,339)</u>	<u>(74,698)</u>		<u>(37,201)</u>		<u>(53,212)</u>	<u>(4,996)</u>		<u>(36,054)</u>	
Net profit (loss)	<u>(1,596,158)</u>	<u>(187,525)</u>	<u>851%</u>	<u>(2,189,000)</u>	<u>73%</u>	<u>(107,249)</u>	<u>(76,777)</u>	<u>140%</u>	<u>(147,869)</u>	<u>73%</u>	<u>(347,591)</u>	<u>(87,495)</u>	<u>397%</u>	<u>(468,141)</u>	<u>74%</u>
Ratios:															
Provider cost as % net revenue	90%	67%		206%		74%	62%		76%		133%	249%		149%	
Clinic op cost as % net revenue	70%	64%		119%		42%	40%		62%		61%	147%		106%	
Overhead cost as % net revenue	17%	18%		13%		17%	18%		13%		17%	18%		13%	
Clinic support FTEs	11.50	2.10	548%	8.50	135%	1.47	2.11	70%	2.20	67%	1.78	0.33	535%	4.00	44%
Provider FTEs	2.79	0.42	670%	3.00	93%	0.63	0.84	75%	0.75	84%	1.00	0.17	588%	1.00	100%
Clinic support FTEs per provider	4.12	5.04	82%	2.83	145%	2.34	2.50	94%	2.93	80%	1.78	1.96	91%	4.00	44%
Payor Mix															
Medicare	28.0%	25.4%				28.7%	28.7%				43.2%	48.0%			
Medicaid / Medi-Cal	13.6%	11.1%				14.7%	18.4%				12.6%	18.0%			
Commercial	55.8%	60.4%				54.9%	51.3%				43.0%	33.6%			
Self Pay	2.6%	3.1%				1.8%	1.6%				1.1%	0.4%			

FY 17 MSC Income Statement July 2016 - June 2017 withvs. Prior Yr and Budget
Clinic Roll-up (Page 4)

	Administration					Total				
	Curr Yr	Prior Yr	%PY	Budget	%Bud	Curr Yr	Prior Yr	%PY	Budget	%Bud
Revenue										
Gross Charges						20,379,287	14,719,008	138%	20,149,591	101%
Contractual Allowances						(11,702,879)	(7,893,757)	148%	(11,121,597)	105%
Net revenue						<u>8,676,408</u>	<u>6,825,251</u>	<u>127%</u>	<u>9,027,994</u>	<u>96%</u>
Other operating revenue						<u>167,150</u>	<u>83,104</u>	<u>201%</u>	<u>-</u>	
Provider expense										
Physician fees	2,600	6,075	43%	24,000	11%	6,445,875	4,350,574	148%	6,710,721	96%
Non-physician salaries/benefits	-	-		-		490,246	293,472	167%	406,140	121%
Total provider expense	<u>2,600</u>	<u>6,075</u>		<u>24,000</u>		<u>6,936,121</u>	<u>4,644,045</u>	<u>149%</u>	<u>7,116,862</u>	<u>97%</u>
Clinic Operating Expenses:										
Salaries and wages	744,000	453,999	164%	602,582	123%	3,022,803	2,058,529	147%	2,960,985	102%
Benefits	194,498	147,987	131%	170,120	114%	1,169,640	929,131	126%	1,236,003	95%
Admin services & supplies	488,086	565,448	86%	325,128	150%	1,072,963	940,389	114%	838,151	128%
Medical supplies & drugs	5,023	375	1338%	120	4177%	1,080,093	909,189	119%	1,765,927	61%
Building Rent / Utilities	3,591	15,417	23%	23,995	15%	506,768	454,335	112%	562,069	90%
Other operating expense	<u>39,197</u>	<u>37,488</u>	<u>105%</u>	<u>18,164</u>	<u>216%</u>	<u>149,461</u>	<u>96,361</u>	<u>155%</u>	<u>118,374</u>	<u>126%</u>
Total clinic operating expenses	<u>1,474,395</u>	<u>1,220,714</u>	<u>121%</u>	<u>1,140,110</u>	<u>129%</u>	<u>7,001,727</u>	<u>5,387,934</u>	<u>130%</u>	<u>7,481,508</u>	<u>94%</u>
Net operating margin	(1,476,995)	(1,226,789)	120%	(1,164,110)	97%	(5,094,289)	(3,123,624)	163%	(5,570,375)	91%
Allocation of clinic overhead	<u>1,476,995</u>	<u>1,226,789</u>		<u>1,164,110</u>		<u>-</u>	<u>-</u>		<u>-</u>	
Net profit (loss)	<u>-</u>	<u>-</u>		<u>-</u>		<u>(5,094,289)</u>	<u>(3,123,624)</u>	<u>163%</u>	<u>(5,570,375)</u>	<u>91%</u>
Ratios:										
Provider cost as % net revenue						80%	68%		79%	
Clinic op cost as % net revenue						64%	61%		70%	
Overhead cost as % net revenue						17%	18%		13%	
Clinic support FTEs	5.87	4.72	124%	6.00	98%	58.00	45.01	129%	62.75	92%
Provider FTEs						20.25	16.15	125%	20.98	97%
Clinic support FTEs per provider						2.86	2.79	103%	2.99	96%
Payor Mix										
Medicare						28.5%	27.6%			
Medicaid / Medi-Cal						18.9%	22.9%			
Commercial						50.7%	47.8%			
Self Pay						1.9%	1.8%			

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF NET POSITION
AUGUST 2017 - PRELIMINARY

	PRELIMINARY Aug-17	PRELIMINARY Jul-17	Aug-16	
ASSETS				
CURRENT ASSETS				
* CASH	\$ 9,905,994	\$ 9,582,400	\$ 11,227,731	1
PATIENT ACCOUNTS RECEIVABLE - NET	18,625,963	17,587,306	18,322,441	2
OTHER RECEIVABLES	5,066,186	4,587,325	4,933,470	
GO BOND RECEIVABLES	808,025	575,119	1,031	
ASSETS LIMITED OR RESTRICTED	6,482,211	6,407,082	6,286,244	
INVENTORIES	3,018,381	2,993,803	2,685,837	
PREPAID EXPENSES & DEPOSITS	2,047,057	2,198,098	1,662,606	
ESTIMATED SETTLEMENTS, M-CAL & M-CARE	11,373,304	8,698,102	3,343,891	3
TOTAL CURRENT ASSETS	57,327,122	52,629,236	48,463,252	
NON CURRENT ASSETS				
ASSETS LIMITED OR RESTRICTED:				
* CASH RESERVE FUND	61,374,995	61,374,995	55,958,822	1
BANC OF AMERICA MUNICIPAL LEASE	27,174	27,174	981,619	
TOTAL BOND TRUSTEE 2017	19,769	19,769	3	3
TOTAL BOND TRUSTEE 2015	272,301	136,569	350,701	
GO BOND PROJECT FUND	1	1	232,576	
GO BOND TAX REVENUE FUND	1,390,074	1,218,968	1,320,631	4
DIAGNOSTIC IMAGING FUND	3,186	3,186	3,164	
DONOR RESTRICTED FUND	1,150,299	1,150,298	1,140,621	
WORKERS COMPENSATION FUND	15,748	18,490	26,288	
TOTAL	64,253,546	63,949,451	60,014,424	
LESS CURRENT PORTION	(6,482,211)	(6,407,082)	(6,286,244)	
TOTAL ASSETS LIMITED OR RESTRICTED - NET	57,771,335	57,542,369	53,728,181	
NONCURRENT ASSETS AND INVESTMENTS:				
INVESTMENT IN TSC, LLC	(301,864)	(301,864)	43,372	
PROPERTY HELD FOR FUTURE EXPANSION	836,353	836,353	836,353	
PROPERTY & EQUIPMENT NET	130,221,923	130,645,082	128,610,018	
GO BOND CIP, PROPERTY & EQUIPMENT NET	33,701,397	33,485,282	30,322,444	
TOTAL ASSETS	279,556,267	274,836,457	262,003,619	
DEFERRED OUTFLOW OF RESOURCES:				
DEFERRED LOSS ON DEFEASANCE	497,786	501,018	536,574	
ACCUMULATED DECREASE IN FAIR VALUE OF HEDGING DERIVATIVE	1,548,299	1,548,299	2,281,527	
DEFERRED OUTFLOW OF RESOURCES ON REFUNDING	6,220,134	6,243,839	6,504,591	
GO BOND DEFERRED FINANCING COSTS	487,433	489,367	510,647	
DEFERRED FINANCING COSTS	197,653	198,693	210,136	
TOTAL DEFERRED OUTFLOW OF RESOURCES	\$ 8,951,304	\$ 8,981,216	\$ 10,043,475	
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	\$ 5,176,665	\$ 4,194,595	\$ 6,418,800	5
ACCRUED PAYROLL & RELATED COSTS	10,408,825	9,797,782	9,589,131	6
INTEREST PAYABLE	201,903	112,212	208,039	
INTEREST PAYABLE GO BOND	308,596	-	315,492	
ESTIMATED SETTLEMENTS, M-CAL & M-CARE	93,809	97,423	58,327	
HEALTH INSURANCE PLAN	1,211,751	1,211,751	1,307,731	
WORKERS COMPENSATION PLAN	1,703,225	1,703,225	1,120,980	
COMPREHENSIVE LIABILITY INSURANCE PLAN	858,290	858,290	751,298	
CURRENT MATURITIES OF GO BOND DEBT	860,000	860,000	1,260,000	
CURRENT MATURITIES OF OTHER LONG TERM DEBT	329,167	329,167	2,379,095	
TOTAL CURRENT LIABILITIES	21,152,230	19,164,445	23,408,893	
NONCURRENT LIABILITIES				
OTHER LONG TERM DEBT NET OF CURRENT MATURITIES	28,075,001	28,077,532	28,237,129	
GO BOND DEBT NET OF CURRENT MATURITIES	102,740,343	102,753,764	103,476,392	
DERIVATIVE INSTRUMENT LIABILITY	1,548,299	1,548,299	2,281,527	
TOTAL LIABILITIES	153,515,873	151,544,040	157,403,941	
NET ASSETS				
NET INVESTMENT IN CAPITAL ASSETS	133,841,399	131,123,335	113,502,532	
RESTRICTED	1,150,299	1,150,298	1,140,621	
TOTAL NET POSITION	\$ 134,991,698	\$ 132,273,633	\$ 114,643,153	

* Amounts included for Days Cash on Hand calculation

TAHOE FOREST HOSPITAL DISTRICT
NOTES TO STATEMENT OF NET POSITION
AUGUST 2017 - PRELIMINARY

1. Working Capital is at 26.8 days (policy is 30 days). Days Cash on Hand (S&P calculation) is 193.0 days compared to Preliminary July 2017 Days Cash on Hand at 198.5. Working Capital cash increased a net \$324,000. Accounts Payable increased \$982,000 (See Note 5), Accrued Payroll & Related Costs increased \$611,000 (See Note 6), the District remitted \$2,648,000 (See Note 3) to the State to participate in the IGT program, and cash collections exceeded budget by 9%.
2. Net Patient Accounts Receivable increased approximately \$1,039,000. Cash collections were 109% of target. Days in Accounts Receivable are at 50.0 days compared to prior months 51.6 days, a 1.60 days decrease.
3. Estimated Settlements, Medi-Cal & Medicare increased a net \$2,675,000. The District remitted its first round of funds to the State to participate in the IGT program.
4. GO Bond Tax Revenue Fund increased \$171,106 after recording the final receipt of FY2016/2017 property tax revenues.
5. Accounts Payable increased \$982,000 due to the timing of the final check run in the month.
6. Accrued Payroll & Related Costs increased \$611,000 as a result of twelve accrued payroll days at the close of August.

**Tahoe Forest Hospital District
Cash Investment
August 2017**

WORKING CAPITAL			
US Bank	\$	8,658,250	
US Bank/Kings Beach Thrift Store		68,067	
US Bank/Truckee Thrift Store		188,544	
US Bank/Payroll Clearing		(9,919)	
Umpqua Bank		<u>1,001,052</u>	
Total			\$ 9,905,994
 BOARD DESIGNATED FUNDS			
US Bank Savings	\$	-	0.03%
Capital Equipment Fund		<u>-</u>	
Total			\$ -
Building Fund	\$	-	
Cash Reserve Fund		<u>61,374,995</u>	1.08%
Local Agency Investment Fund			\$ 61,374,995
Banc of America Muni Lease			\$ 27,174
Bonds Cash 2017			\$ -
Bonds Cash 2017			\$ 19,769
Bonds Cash 2015			\$ 272,301
Bonds Cash 2008			\$ 1,390,075
DX Imaging Education	\$	3,186	0.00%
Workers Comp Fund - B of A		15,748	
Insurance			
Health Insurance LAIF		-	0.00%
Comprehensive Liability Insurance LAIF		<u>-</u>	0.00%
Total			<u>\$ 18,934</u>
TOTAL FUNDS			\$ 73,009,242
 RESTRICTED FUNDS			
Gift Fund			
US Bank Money Market	\$	8,363	0.03%
Foundation Restricted Donations	\$	98,331	
Local Agency Investment Fund		<u>1,043,604</u>	0.00%
TOTAL RESTRICTED FUNDS			<u>\$ 1,150,299</u>
TOTAL ALL FUNDS			<u><u>\$ 74,159,541</u></u>

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
AUGUST 2017 - PRELIMINARY

CURRENT MONTH				YEAR TO DATE				PRELIMINARY		
ACTUAL	AUGUST 2016	VAR\$	VAR%	ACTUAL FY18	ACTUAL FY17	VAR\$	VAR%	FYE JUNE 2017		
OPERATING REVENUE										
\$ 24,831,851	\$ 22,855,003	\$ 1,976,848	8.6%	Total Gross Revenue	\$ 47,281,555	\$ 43,350,467	\$ 3,931,087	9.1%	1	\$ 252,487,430
Gross Revenues - Inpatient										
\$ 2,090,427	\$ 2,073,868	\$ 16,559	0.8%	Daily Hospital Service	\$ 4,009,284	\$ 4,134,579	\$ (125,294)	-3.0%		\$ 23,458,129
4,557,324	4,498,202	59,122	1.3%	Ancillary Service - Inpatient	8,064,557	8,005,726	58,831	0.7%		48,242,736
6,647,751	6,572,070	75,681	1.2%	Total Gross Revenue - Inpatient	12,073,841	12,140,304	(66,463)	-0.5%	1	71,700,865
18,184,101	16,282,934	1,901,167	11.7%	Gross Revenue - Outpatient	35,207,714	31,210,163	3,997,550	12.8%		180,786,565
18,184,101	16,282,934	1,901,167	11.7%	Total Gross Revenue - Outpatient	35,207,714	31,210,163	3,997,550	12.8%	1	180,786,565
Deductions from Revenue:										
9,671,101	10,438,111	767,010	7.3%	Contractual Allowances	19,446,512	18,349,196	(1,097,316)	-6.0%	2	104,000,749
772,440	746,095	(26,344)	-3.5%	Charity Care	1,556,035	1,341,690	(214,345)	-16.0%	2	7,615,675
12,714	16,420	3,706	22.6%	Charity Care - Catastrophic Events	62,545	16,420	(46,125)	-280.9%	2	287,548
(91,075)	162,386	253,461	-156.1%	Bad Debt	136,496	7,273	(129,223)	1776.8%	2	(1,460,537)
(1,260)	-	1,260	0.0%	Prior Period Settlements	(12,706)	(131)	12,575	9598.9%	2	(4,777,099)
10,363,919	11,363,011	999,093	8.8%	Total Deductions from Revenue	21,188,883	19,714,448	(1,474,435)	-7.5%		105,666,336
74,381	35,134	39,247	111.7%	Property Tax Revenue- Wellness Neighborhood	131,339	74,927	56,412	75.3%		761,283
620,082	911,810	(291,728)	-32.0%	Other Operating Revenue	1,122,428	1,764,382	(641,954)	-36.4%	3	8,636,323
15,162,396	12,438,937	2,723,459	21.9%	TOTAL OPERATING REVENUE	27,346,439	25,475,328	1,871,111	7.3%		156,218,699
OPERATING EXPENSES										
4,387,106	3,975,298	(411,808)	-10.4%	Salaries and Wages	8,554,761	7,942,968	(611,794)	-7.7%	4	47,721,413
1,378,788	1,234,139	(144,649)	-11.7%	Benefits	2,770,532	2,557,932	(212,599)	-8.3%	4	16,092,742
61,677	54,550	(7,128)	-13.1%	Benefits Workers Compensation	108,828	100,874	(7,954)	-7.9%	4	1,243,957
844,879	647,701	(197,178)	-30.4%	Benefits Medical Insurance	1,652,874	1,254,319	(398,555)	-31.8%	4	7,012,379
1,536,017	1,789,242	253,224	14.2%	Professional Fees	3,035,565	3,771,246	735,681	19.5%	5	22,634,076
2,050,728	1,904,405	(146,323)	-7.7%	Supplies	3,523,920	3,425,727	(98,192)	-2.9%	6	19,429,762
1,152,101	740,090	(412,012)	-55.7%	Purchased Services	1,975,875	1,675,272	(300,603)	-17.9%	7	12,995,856
536,953	449,147	(87,806)	-19.5%	Other	1,088,336	827,167	(261,169)	-31.6%	8	7,220,537
11,948,250	10,794,570	(1,153,679)	-10.7%	TOTAL OPERATING EXPENSE	22,710,691	21,555,505	(1,155,186)	-5.4%		134,350,721
3,214,146	1,644,366	1,569,780	95.5%	NET OPERATING REVENUE (EXPENSE) EBIDA	4,635,748	3,919,823	715,925	18.3%		21,867,978
NON-OPERATING REVENUE/(EXPENSE)										
432,119	471,366	(39,247)	-8.3%	District and County Taxes	881,661	938,073	(56,412)	-6.0%	9	6,553,848
404,013	391,933	12,079	3.1%	District and County Taxes - GO Bond	808,025	783,867	24,159	3.1%		5,561,486
72,749	45,102	27,647	61.3%	Interest Income	143,729	90,003	53,726	59.7%	10	615,825
-	4	(4)	-100.0%	Interest Income-GO Bond	-	9	(9)	-100.0%		363
-	11,745	(11,745)	-100.0%	Donations	-	30,457	(30,457)	-100.0%	11	785,614
-	-	-	0.0%	Gain/ (Loss) on Joint Investment	-	-	-	0.0%	12	(345,235)
-	-	-	0.0%	Loss on Impairment of Asset	-	-	-	0.0%	12	-
-	-	-	0.0%	Gain/ (Loss) on Sale of Equipment	-	-	-	0.0%	13	-
-	-	-	0.0%	Impairment Loss	-	-	-	0.0%	14	-
(967,356)	(967,356)	-	0.0%	Depreciation	(1,934,713)	(1,934,713)	-	0.0%	15	(11,273,560)
(93,989)	(102,453)	8,465	8.3%	Interest Expense	(187,956)	(203,455)	15,499	7.6%	16	(1,260,265)
(320,815)	(320,371)	(443)	-0.1%	Interest Expense-GO Bond	(643,716)	(640,742)	(2,974)	-0.5%		(2,719,610)
(473,280)	(470,031)	(3,249)	-0.7%	TOTAL NON-OPERATING REVENUE/(EXPENSE)	(932,970)	(936,501)	3,531	0.4%		(2,081,535)
\$ 2,740,866	\$ 1,174,335	\$ 1,566,531	133.4%	INCREASE (DECREASE) IN NET POSITION	\$ 3,702,778	\$ 2,983,322	\$ 719,456	24.1%		\$ 19,786,443
12.9%	7.2%	5.7%		RETURN ON GROSS REVENUE EBIDA	9.8%	9.0%	0.8%			8.7%

INCLINE VILLAGE COMMUNITY HOSPITAL
STATEMENT OF REVENUE AND EXPENSE
AUGUST 2017 - PRELIMINARY

CURRENT MONTH				YEAR TO DATE				PRELIMINARY	
ACTUAL	AUGUST 2016	VAR\$	VAR%	ACTUAL FY18	ACTUAL FY17	VAR\$	VAR%	FYE JUNE 2017	
OPERATING REVENUE									
\$ 1,815,497	\$ 1,804,033	\$ 11,464	0.6%	Total Gross Revenue	\$ 3,794,686	\$ 3,578,179	\$ 216,507	6.1% 1	\$ 18,325,851
Gross Revenues - Inpatient									
\$ 3,146	\$ 8,559	\$ (5,413)	-63.2%	Daily Hospital Service	\$ 3,146	\$ 11,624	\$ (8,478)	-72.9%	\$ 32,328
5,525	-	5,525	#DIV/0!	Ancillary Service - Inpatient	5,628	19,089	(13,461)	-70.5%	44,416
8,671	8,559	112	1.3%	Total Gross Revenue - Inpatient	8,774	30,713	(21,939)	-71.4% 1	76,744
1,806,826	1,795,474	11,352	0.6%	Gross Revenue - Outpatient	3,785,912	3,547,466	238,446	6.7%	18,249,107
1,806,826	1,795,474	11,352	0.6%	Total Gross Revenue - Outpatient	3,785,912	3,547,466	238,446	6.7% 1	18,249,107
Deductions from Revenue:									
707,528	711,169	3,641	0.5%	Contractual Allowances	1,367,536	1,283,622	(83,913)	-6.5% 2	6,606,071
59,018	60,342	1,324	2.2%	Charity Care	125,840	119,847	(5,993)	-5.0% 2	618,066
12,714	16,420	3,706	22.6%	Charity Care - Catastrophic Events	18,333	16,420	(1,913)	-11.7% 2	49,786
(8,297)	(58,771)	(50,474)	85.9%	Bad Debt	53,218	(30,569)	(83,787)	274.1% 2	720,886
	-	-	0.0%	Prior Period Settlements	-	-	-	0.0% 2	39,034
770,962	729,159	(41,803)	-5.7%	Total Deductions from Revenue	1,564,926	1,389,320	(175,606)	-12.6% 2	8,033,842
119,383	103,183	16,199	15.7%	Other Operating Revenue	193,424	175,251	18,172	10.4% 3	936,841
1,163,917	1,178,057	(14,139)	-1.2%	TOTAL OPERATING REVENUE	2,423,183	2,364,110	59,074	2.5%	11,228,850
OPERATING EXPENSES									
293,032	311,607	18,575	6.0%	Salaries and Wages	606,241	627,028	20,787	3.3% 4	3,215,190
112,946	101,996	(10,950)	-10.7%	Benefits	203,171	199,149	(4,021)	-2.0% 4	1,215,490
2,357	1,965	(392)	-19.9%	Benefits Workers Compensation	4,713	4,430	(283)	-6.4% 4	23,991
38,213	40,738	2,525	6.2%	Benefits Medical Insurance	105,293	81,837	(23,456)	-28.7% 4	448,503
190,405	241,844	51,439	21.3%	Professional Fees	407,236	485,146	77,910	16.1% 5	2,851,583
67,108	58,218	(8,890)	-15.3%	Supplies	113,386	118,423	5,037	4.3% 6	754,001
48,938	31,218	(17,720)	-56.8%	Purchased Services	85,506	69,182	(16,324)	-23.6% 7	594,519
65,164	53,470	(11,693)	-21.9%	Other	118,629	91,826	(26,803)	-29.2% 8	661,169
818,162	841,055	22,893	2.7%	TOTAL OPERATING EXPENSE	1,644,174	1,677,022	32,847	2.0%	9,764,446
345,755	337,001	8,754	2.6%	NET OPERATING REV(EXP) EBIDA	779,009	687,088	91,921	13.4%	1,464,403
NON-OPERATING REVENUE/(EXPENSE)									
-	-	-	0.0%	Donations-IVCH	-	3,858	(3,858)	-100.0% 9	396,399
-	-	-	0.0%	Gain/ (Loss) on Sale	-	-	-	0.0% 10	-
(64,277)	(64,277)	-	0.0%	Depreciation	(128,553)	(128,553)	0	0.0% 11	(716,710)
(64,277)	(64,277)	-	0.0%	TOTAL NON-OPERATING REVENUE/(EXP)	(128,553)	(124,695)	(3,858)	-3.1%	(320,311)
\$ 281,478	\$ 272,725	\$ 8,754	3.2%	EXCESS REVENUE(EXPENSE)	\$ 650,456	\$ 562,393	\$ 88,063	15.7%	\$ 1,144,092
19.0%	18.7%	0.4%		RETURN ON GROSS REVENUE EBIDA	20.5%	19.2%	1.3%		11.3%

Update on Federal ACA Activities

From Sherreta Lane, Vice President, Finance Policy, District Hospital Leadership Forum

We wanted to provide you with an update on federal activities around the repeal of the ACA. As you have heard in the press, there is renewed interest by some in the Senate to pass an ACA repeal-replace bill. What is being termed the "Cassidy/Graham" bill is gaining momentum in the House. As of today, 15 Republican Governors have signaled support for the bill, including the Governor of Arizona, which will put pressure on the Senators from those states, because they believe that it will give more power to the states for healthcare spending. This is because the bill not only addresses changes to the ACA, but also turns the Medicaid program into a block grant. However, at the same time, 12 Governors have signaled opposition for the bill, including the Governor of Alaska.

This legislation goes further than the March House-passed bill in terms of state flexibility for Medicaid, and the formula used to determine the block grant amount is different and it severely disadvantages California. The proposed formula for the Medicaid block grant does not include any supplemental spending, including all IGT programs and the hospital provider fee. Passage of this bill would be devastating to California.

It is unclear if the Senate has the votes to pass this bill. Rand Paul has said he will not vote for it. And there are anywhere from 3-5 additional Senators who are leaning toward a "no" vote or who are undecided. At this point, it's too close to call in terms of the feasibility of this bill passing. Recent reports support that it will come down to Senators McCain and Murkowski. Their position is complicated by their Governor's making public their positions (Arizona for the bill and Alaska against it). Below a link to an article by The Hill that outlines the current positions of the Senators for those who are interested in learning more about a particular member.

<http://thehill.com/policy/healthcare/351341-the-hills-whip-list-republicans-try-again-on-obamacare-repeal>

Here is what we do know at this time:

- 1) Cassidy/Graham are working around the clock to secure at least 50 votes; It is expected that Pence will be the tie-breaker and cast the 51st vote.
- 2) Both of our California Senators will oppose this bill, along with all the other Democrats.
- 3) Senators in support are in a rush to pass this bill by September 30th because that is the deadline they have to pass a bill under budget reconciliation rules. These rules only require a simple majority to pass the bill (51 votes). If they try to pass this after September 30th, they will need 60 votes.
- 4) House leaders have indicated that if the bill passes the Senate, they will take up the Senate-passed bill, not make any changes, and try to quickly get it out of the House.

At this time, there is no advocacy request as we are in a "wait and see" holding pattern with the Senate. Should this bill pass the Senate, we will swiftly implement an advocacy strategy for the House and will be looking to those hospitals with Republican members to contact them asking for a "NO" vote on this legislation.

Below is a brief summary of the bill:

Cassidy-Graham would:

- Eliminate the ACA's marketplace subsidies and enhanced matching rate for the Medicaid expansion and replace them with a block grant. Block grant funding would be well below current law federal funding for coverage, would not adjust based on need, would disappear altogether after 2026, and could be spent on virtually any health care purpose, with no requirement to offer low- and moderate-income people coverage or financial assistance. The bill's sponsors have claimed that the rules that govern the budget reconciliation process, which allows the bill to pass the Senate with only 50 votes, necessitated that the proposed block grant be temporary and end.

Update on Federal ACA Activities

From Sherreta Lane, Vice President, Finance Policy, District Hospital Leadership Forum

- Convert Medicaid's current federal-state financial partnership to a per capita cap, which would cap and cut federal Medicaid per-beneficiary funding for seniors, people with disabilities, and families with children.
- Eliminate or weaken protections for people with pre-existing conditions by allowing states to waive the ACA's prohibition against charging higher premiums based on health status and the requirement that insurers cover essential health benefits including mental health, substance abuse treatment, and maternity care.
- The Congressional Budget Office (CBO) has previously estimated that repeal-without-replace would cause 32 million people to lose coverage. The Cassidy-Graham bill would likely lead to greater numbers of uninsured after 2026, however, because it would not only entirely eliminate its block grant funding but also make increasingly severe federal funding cuts to the rest of the Medicaid program (outside of the expansion) under its per capita cap.

According to the CBPP think tank, in 2026, the 20 states facing the largest funding cuts in percentage terms would be Alaska, California, Connecticut, Delaware, the District of Columbia, Hawaii, Kentucky, Louisiana, Maryland, Massachusetts, Minnesota, Montana, New Hampshire, New Jersey, New York, North Dakota, Oregon, Rhode Island, Vermont, and Washington. These states' block grant funding would be anywhere from *35 percent to nearly 60 percent* below what they would receive in federal Medicaid expansion and/or marketplace subsidy funding under current law.

Some projections have California losing upwards of \$27 billion by 2026 under this proposal.

FINANCE COMMITTEE

RECOMMENDED AGENDA ITEMS FOR NEXT FINANCE COMMITTEE MEETING

1. Financial Report – Pre-Audit June 2017
2. Financial Report – Preliminary September 2017 Quarterly Package
3. Quarterly Review Financial Status of Separate Entities
4. Quarterly Review of revenue Payor Mix
5. TIRHR Expenditure Report
6. Audit Update – Possible Draft of FY 2017 Audited Financial Statements
7. Policy Review – Standing Item
8. ACA Repeal/Replacement Information – Standing Item

RECOMMENDED DATE(s) AND TIME(s) FOR NEXT FINANCE COMMITTEE MEETING

1. Dates for October 2017 Finance Committee Meeting
 - a. Wednesday, October 25, 2017 2 hrs – 8am-11am
 - b. Tuesday, October 24, 2017 2 hrs – 8am-12pm
 - c. Monday, October 23, 2017 2 hrs – 10am-12pm, or 1-4pm