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**CROOK COUNTY MEDICAL SERVICES DISTRICT**  
**BOARD OF TRUSTEES MEETING**  
**MINUTES**  
March 26, 2015

**Call to Order**

President Sandy Neiman called the meeting to order at 1:04pm on March 26, 2015, at Crook County Hospital.

**Persons Present**

Board members: Sandy Neiman, President; Judy Bettmann, Treasurer; Roger Jones, Trustee; Judy Hutchinson, Trustee; absent Connie Lindmier, Secretary.

Administration/Staff: Jeff Mengenhausen, CEO; Kyle Richards, COO, Rapid City Regional; Lesly Freese, Medical Records Clerk.

Guests: Geoff Knobloch, Eide Bailey (by phone); Mark Lyons, Casey Peterson (by phone); Kyle Ridgeway, Attorney (by phone).

**Public Comments**

None

**Adoption of the Agenda**

*Judy Hutchinson moved to adopt the agenda as amended to include Hematology Machine under old business, New business: EMS, State Trustee Conference and grant writing. Judy Bettmann seconded, motion carried.*

**Approval of Minutes** *Judy Hutchinson moved to accept the minutes as read. Judy Bettmann seconded the motion. Motion carried.*

**Audit Report Eide Bailey – Geoff Knobloch (by phone)**

Geoff Knobloch reviewed the CCMSD June 30, 2014 Audit and CCMSD Cost Report. He stated that the report will look different from previous reports due to corrections, property tax and inflow of income from that, as well as breakout of the Foundation. The Foundation was shown previously as a blended unit. It is a separate board, so a separate unit presentation is included. Geoff also referenced other government standards and supplemental information.

Balance Sheet: Total assets of organization \$6.3 million, receivables \$1.3 million, \$812,000 allowances.

Liabilities \$1.4, Equity position just over \$4 million.

Foundation information shown separately.

Revenues for the year \$6.45 million, net patient revenue \$6.36 million, net bad debt just over \$500,000.

Cleanup of old system, IT conversion, aging and receivables had deteriorated, which was reflected.

Income & Expense Statement: Operations & Expenses just over \$7 million, salaries & wages making up the largest component of that. Overall operating loss \$572,789..Net position reflecting taking Foundation of the equation is \$4, 086,000.

Cash Flow was reviewed.

Sandy Neiman asked if the CT Scanner & equipment was included. Geoff stated that it is not included in the numbers, but footnote 12, page 19 reflects the information and discussion on the CT scanner disputed lease.

Razor is also noted in the discussion in financials. Sandy asked if we get rid of Razor, if Geoff will have to go back, next year will be different on the reports. Geoff explained steps taken to clear up books when the decision is made, including depreciation of the assets, and accelerating the depreciation.

Geoff reviewed the findings from the reports, discussing four areas of issues CCMSD had this year with financial issues, staff turnover, continuity needed in four areas.

Governance letter was discussed.

Cost report: Medicare cost report resulted in a receivable of about \$60,000 net settlement. Geoff stated that Medicare accounts must have proper paperwork. They will issue the information to insure correct billing on Medicare.

Geoff noted that Sundance clinic and Hulett clinics did not meet productivity threshold limits standard. We can ask for an exception when circumstances cause lower productivity. That exception is good for one year.

Sequestration impact is about \$43,000. Geoff explained the impact from the Government sequestration/shut down.

Mark Lyons gave an update on what he and the board were trying to accomplish. He discussed the impacts and challenges faced this year. Karen from Eide Bailey furnished the Medicare adjustment information, to improve updating where we stand with Medicare adjustments on a month to month, or at least quarterly basis. Mark noted that it will be set up soon. Mark stated that financial statements are up to date, and he is working with the business office to allocate responsibilities and get them up-to-date on actions.

Geoff and Mark have discussed that it will be a push, pretty intense to get the program live before June 30, but Mark stated he feels we need to go live to get any incentives. Geoff agreed. A lot of progress has been made with clean up and catch up.

Sandy clarified that if we go with June 30<sup>th</sup> live we can still get the money back by September 30<sup>th</sup>. Meaningful use before September 30<sup>th</sup> will still qualify us for it.

Jeff asked if Mark had seen the emails between Jeff and Patrick, 6-9 month window to implement is do-able. July 1 is difficult.

Mark found two other facilities who use Razor, he will contact them to see how it works for them.

Paper copies of Audit and Cost Reports will be given to board members.

Cost report was submitted two weeks ago. Audit will be submitted to the State, should be approved by the board first.

Discussion followed to approve the audit report at the next board meeting. It will need to not be past the deadline. After discussion, it was decided to approve both today.

Roger Jones moved to approve the audit done by Eide Bailey for the year 2014. Judy Hutchinson seconded. Motion carried.

Mark noted that the Cost report deadline was due April 1. Mark will send the email today (now) and submit it.

*NOTE: the above motion included only the Audit.- in recording-cnl*

*This was not in the motion.....and cost report by Eide Bailey. This motion included changes made by Geoff and Mark to correct mistakes, issues, etc. Judy Hutchinson seconded. Motion carried. NOTE: this was not in the motion....cnl*

Kyle Ridgeway was on the phone during part of Audit report.

### **Financial Report – Mark Lyons**

Mark reviewed financial reports for January 2015, he also finished reports for February 28.

Bear Lodge Financials

January Financials

February Balance Sheet – February 28, 2015 compared to June 30, 2014. Mark noted positive things are happening. Significant strides have been made turning around the financials.

Business office has done a fantastic job getting their arms around the financials. Within a one month our cash position increased by \$300,000. AP \$325,000 Feb 28 vs \$500,000 Jan 2015.

Paid down AP \$160,000. Generated about \$450,000 cash flow in one month. They have turned it around. Cash position for next couple months will be fairly soft. Mark was so excited when he saw the financials because it confirmed what he was feeling.

AR was \$2.8 million at the end of February. That is the lowest in 4-5 months. Has come down \$300,000-\$400,000. We were \$3.1 million in January.

Office is manually going thru the bills. They are selecting and getting them out the patients.

February patient volume was normal/strong, so receivables are being taken in. We've turned a corner here, and gotten to a significant point from 4-5 months ago.

Income Statement – February 28, 2015. Budget to actual. First one Mark has been able to pull up. We're off budget about \$85,000. Providers issues has caused less revenue to be in. New providers coming in, so is a positive.

Expenses – net operating. We are under budget with expenses, that helps offset some of the revenues not generated.

Actual loss is \$53,000 which is \$160,000 better than expected loss.

Mark is encouraged.

Sandy thanked Mark for the extra hours he has put in. We respect what he has helped. CCMSD has really dedicated people, so Mark is happy to work with us.

Jeff showed March 23 cash position. They print it out every Monday. We are caught up on most bills. He has been spending money on carpet cleaning, fixing things, etc. We are staying steady on our cash position. His goal is to not touch the Trustee account, and use it as a savings (backup) and use the general fund for all. Business office is working very hard to get the receivables over \$1 million.

This does not count Moorcroft or Hulett accounts.

Razor is not working well with Jeff and Mark at all. There are still major limitations because of Razor. Business office is dependent on Razor to generate reports behind the scenes. Mark will continue to hammer Razor to get what we need from them. Razor may not even be fixable in the short term.

Kyle Richards from Regional said he is trying to push Regional with Meditech to be able to meet the June 30<sup>th</sup> deadline. He asked: can we take somebody's accounts listing meditech that is full financial accounts. Is it better to do it that way, or just do it on our own and trying to work that way. What are Mark's feelings on that?. Proposing that we implement the revenue cycle component of Meditech. Jeff does not think Razor has the information, so cannot get it from Razor.

Mark recommended we run both systems simultaneously. Ex: As of June 1, have all clinical for billing, etc. with Meditech.

We could use general ledger modules and payroll modules with Razor. It could help relieve the burden for Kyle's people. We could implement the important parts by June 30<sup>th</sup>. Kyle asked if we take the revenue cycle accounts from another facility. It is the cross-referencing piece that we can use.

Mark thought it would be a decent idea. All chart sheets and everything on the floor would change. It will be a mess either way.

May be very good. Kyle discussed shortening the time frames for the conversions.

Jeff discussed hiring someone specifically for Meditech so there would be less confusion.

Mark stated we can delay rural health clinic implementation.

Acute hospital care, lab, ER, radiology would be implemented with Meditech. (hospital itself).

Jeff continued to review financials. See attached.

- March 2015 Balance Sheet
- March 2015 Income Statement
- March 2015 AR Aging Report
- April, 20 2015 Cash Position

### **Board Treasurers Report**

Judy Bettmann presented the Treasurer's Report.

Deposit – 3/3/2015 – Donation from Sundance State Bank-telemetry	\$ 2,500.00
Deposit – 3/3/2015 – Donation from Opal Ouden (\$500.) & Dorothy Greenwood (\$50.) for windows	\$ 550.00
Deposit – 3/13/2015 - Crook County Treasurer for Mill Levy	\$ 14,052.41
Interest February 27, 2015	<u>\$ 17.98</u>
TOTAL 3/26/2015	<u>\$ 350,227.78</u>

*Judy Hutchinson moved to accept the Financial Report and Treasurer's Report as stated. Roger Jones seconded. Motion carried.*

### **Payments Ratification**

Accounts Payable Ratification

Jeff explained the financials. He stated that he will move \$105,000 to general account for Payroll and \$55,000 to Accounts Payable.

Mark noted that the Payroll account has much more in that account. Discussion followed whether to move money from the Payroll account to the General Account. Jeff requested Mark suggest the amount of \$60,000. Discussion followed to decrease the amount to Payroll for \$55,000 net instead of the \$105,000. Check into accounts AP \$50,000. = \$105,000 into Accounts Payable. \$55,000 for Payroll. Jeff & Mark will keep in contact to be sure AP & Payroll are kept in line. Jeff will hire an accountant to monitor all General Ledger stuff & keep financials in line.

*Judy Hutchinson moved to approve the transfers of \$105,000 to Accounts Payable and \$55,000 to Payroll. Roger seconded the motion. Motion carried.*

## **OLD BUSINESS**

Hematology Analyzer – Contracts have been signed. Jeff is waiting for Audited Financials before he approaches the bank for a loan. They will pay \$4000 for the interface. He plans to visit with the bank next week and will wait to install the Hematology machine until Meditech is installed. Trade-in will be available of \$4000 for the old machine.

## EMS

Judy Hutchinson is letting Life Flight helicopters use her land for landing while the port of entry is under construction. She is not charging for this. Ken Maston asked if she would let them use the land for landing on a long range basis as a permanent basis. She said they would do it. We need it in writing. She would like proof of insurance and documentation for liability purposes. Jeff will work with CCMSD legal counsel Kyle Ridgeway to get everything in place (indemnity agreement) to ensure both Judy and all organizations are covered legally.

## **CEO REPORT– Jeff Mengenhausen, CEO**

Sharon's Home Health – tabled.

Meditech – Jeff Mengenhausen presented quote for Meditech. It is coming down to the timeline of June to July 1 and make meaningful use by September 30. If we do not meet the deadline we lose \$800,000. We will have to finance the implementation costs. Jeff showed the Meditech quotes and financials. One-time cost \$566,000 with reoccurring \$3,993 on monthly basis.

With Regional support, cost is a one-time cost of \$1,172,208 (instead of the Meditech direct costs). Annual cost of \$157,535. This includes a lot of IT support, which would enable us to make changes with our current IT firm. We now pay the current IT firm \$100,000 to \$110,000 service.

Discussion followed concerning details and deadline/time frame. Kyle Richardson explained RCR's involvement and details. Kyle stated that Jeff needs to keep the Board fully updated on steps.

Kyle Ridgeway, legal advisor, clarified the reason, details, deadlines and cooperative agreement with RCR. Discussion on Razor contract followed, including customer service contract section of agreement.

Jeff & Kyle will start the budget process at the end of April, so part of these costs can be put into the budget.

Pharmacy section will be included. E-pharmacy is a big deal. Efficiencies will increase tremendously. It will basically pay for itself.

Jeff discussed the 52 computers and need to buy tablets. They will be consistent, and be pre-loaded, creating more efficiencies, less change.

*Judy Bettmann moved to approve Meditech implementation of new Electronic Medical Records thru Rapid City Regional, to include a \$1,172,208 one-time cost and annual cost of \$157,535. Roger Jones seconded. Motion carried.*

\*\*\*\*\*Roger asked Jeff that “if you do not make that deadline, how much are you going to take out of your salary”..... (Laughter and comments followed).\*\*\*\*\*

## **EXECUTIVE SESSION**

*At 3:27 Judy Hutchinson moved to go into Executive Session. Judy Bettmann seconded. Motion carried.*

### **Kyle Ridgeway, Legal Counsel**

*At 4:18 pm Roger moved to come out of Executive Session and back into General Session. Judy Bettmann seconded. Motion carried.*

LTC Survey Results & Plan of Correction. No deficiencies in quality or treatment of clients, minor deficiencies on administrative. Plan of Correction has been sent to the State. A waiver for the generator remote start was submitted with the corrections.

LTC Bathing Room Quotes – Construction is still ongoing in the LTC bathing rooms. Jeff presented the three quotes/options for the new resident bathing tub purchase for LTC. \$13,000 in memorial fund for tub. Total of \$18,306 is needed for the tub. Master Care has air jet, overflow shut off, fills tub within 60 seconds after the person is in the tub, a moveable chair for client to sit in, built-in toilet. Jeff discussed benefits and advantages, safety issues etc.

*Roger Jones moved to approve purchase of the Master Care tub for \$18,306.00 Judy Bettmann seconded. Motion carried.*

Charge Master Review – tabled until after Meditech.

CCMSD Health Insurance – The need for affordable health insurance and benefits was reviewed. Jeff is working on quotes. He discussed competitors. Jeff & Mark will budget for the health insurance. We are losing people because of no health insurance. Also looking at retirement plan for employees.

LTC – working on getting it up and going. See previous.

CCMSD Email accounts for all Full Time and Part Time employees (not PR time). It will improve communications, and is a HIPPA issue. Providers should not use their own personal accounts. AllNet Connections, updated licensing for Microsoft, etc. \$850. update, \$5850. is a one time license cost to enable email addresses, etc. Server is updated, so no need to update it.

*Roger Jones moved to approve to provide outlook CCMSD email access for all Full Time and Part Time employee for a one-time charge of \$6,700.00. Judy Hutchinson seconded. Motion carried.*

New Windows – Jeff will get quotes on vinyl and metal clad replacement windows. Jeff is setting up a meeting for all contractors to enable all contractors to get the same information. Discussion followed, including having opening windows.

Physician Recruitment – Dr. Lynn Eckelson has not responded regarding accepting or declining his offer for employment with CCMSD. Jeff just received invoices and contract from search company. Will review them.

Carpet Cleaning/Floor Waxing – Quality Finishes, Shea Walters. Cleaning is in process. It is a dry system. Will wax vestibule and front hallways, kitchen tile. \$3,800. for all. Jeff will work with Hulett and Moorcroft later. (Hulett will need tile replaced). Hulett and Moorcroft clinics would be extra.

Fuel Tank – Completed, it is done. Condensation filter is installed. Remote switch can be installed soon. Cost was under \$1,500.00.

## **NEW BUSINESS**

Newsletter – Jeff showed the Board a sample newsletter.

Training program for Board Members - Wyoming Board has a training program available after June 1.

Board retreat to Deadwood - Jeff stated he would like to have a retreat sometime this fall, possibly.

Rural Health Grant Writing Program - Sandy would like to apply for a rural health grant writing program. She will check on that. April 2 thru June 26. Jeff will write any grants

Foundation Money - Sandy requested a motion to request money from the Foundation. Roger moved to request the amounts will be \$4610.65 for Hospice, \$905 from Home Health, EMT \$500, Defib \$4200 (Interest to be requested later).

*Roger moved to request the amount of \$4210.65 for Hospice, \$905 Home Health, Emt \$500, Defib \$4200. Judy B seconded. Motion carried.*

## **Adjournment**

*At 4:56 pm Judy Bettmann moved to adjourn. Roger Jones seconded. Motion carried.*

Also see Minutes submitted by: Lesly Freese and approved by Jeff Mengershausen

Next Meeting: April 23, 2015

Respectfully submitted

Connie Lindmier