



## **ESTES PARK HEALTH**

### **ESTES PARK HEALTH BOARD OF DIRECTORS'**

#### **Finance Committee Meeting Minutes – May 15, 2020**

##### **Board Members in Attendance**

Dr. David Batey  
Ms. Sandy Begley (via phone)  
Dr. Monty Miller (via phone)  
Ms. Diane Muno  
Mr. William Pinkham  
Dr. Steve Alper

##### **Other Attendees**

Mr. Vern Carda, CEO  
Mr. Tim Cashman, CFO  
Mr. Gary Hall, CIO (via phone)

##### **Community Attendees (via phone)**

Dr. Larry Lemming

##### **1. Call to Order**

The Finance Committee meeting was called to order at 3:06 p.m. by Dr. Miller, Chair; there was a quorum present. Notice of the Finance Committee meeting was posted in accordance with the SUNSHINE Law Regulation.

##### **2. Approval of the Agenda**

Mr. Pinkham motioned to approve the agenda as submitted. Ms. Muno seconded the motion, which carried unanimously.

##### **3. Public Comments**

No comments were submitted.

The teleconference number published for the meeting incurred technical difficulties at the beginning of the meeting and had to be changed. The original teleconference line was checked to ensure that any participants attending were informed of the new teleconference number.

##### **4. April 2020 Month End Financials and**

Discussion topic:

Most Estes Park Health (EPH) revenue streams, including inpatient revenues, outpatient revenues, and elective surgeries, have been derailed by the Covid-19 worldwide pandemic and the resulting

economic disaster. EPH must take decisive action to reduce its organization operational expenses and create a sustenance plan to enable the organization to navigate this economic downturn in a fiscally responsible manner until such time as operational volumes return to previously recorded levels.

To accomplish this, EPH will utilize a phased “preservation approach.” This is our chosen alternative to making significant initial workforce cuts and/or utilizing other drastic organization program, contract, or expense reductions to facilitate organization recovery. The intent of the preservation approach is to enable organizational leadership an opportunity to examine US and local economic recovery and initiate additional recovery phases if needed.

#### Targets/Major Assumptions:

Tracking mechanisms for estimated revenue growth/estimated expense in Phase 1.

Phase I (June – September 2020):

The primary focus of this stage is to reduce overall organizational expenses, restart a sputtering clinic and organizational revenue streams (e.g., elective surgery and diagnostic imaging), and study and analyze the uncertain US healthcare situation and the economic recovery of EPH.

Phase II (October – December 2020):

- Continued wage and contract reductions (if needed)
- Program and/or service line eliminations

Phase III (January 2021):

- Undetermined at this time. More detail to be discussed at the economy re-opens.

Discussion topics included:

- Administration is confident that EPH will return to post pandemic economic levels.
- April revenues were stronger than anticipated.
- The CEO will work on securing physician contract amendments over the next week.
- Department directors have submitted plans to reduce costs.
- A recommendation was made to incorporate the EPH Mission Statement into the philosophy statement and to ensure that it is clearly outlined that the organization has done a tremendous amount of work to secure loans and grants.

#### 4.1 April 2020 Month End Financials

REVENUE	APRIL FY 2020		YEAR TO DATE 2020		
	Actual	Budget	Actual	Budget	Var
TOTAL OPERATING REVENUE	2,367,063	4,172,023	13,231,126	16,046,311	-18%
TOTAL OPERATING EXPENSE	4,530,767	4,787,744	19,335,368	19,200,776	-1%
<b>OPERATING INCOME (LOSS)</b> <i>Operating Margin</i>	<b>(2,163,704)</b> <i>-91.4%</i>	<b>(615,721)</b> <i>-14.8%</i>	<b>(6,104,242)</b> <i>-46.1%</i>	<b>(3,154,465)</b> <i>-19.7%</i>	<b>-94%</b>
Non-Operating Revenue	255,218	290,059	1,061,201	1,152,736	-8%
Non-Operating Expense	(4,195)	(4,400)	(16,780)	(17,600)	5%
NON-OPERATING	251,023	285,659	1,044,421	1,135,136	
EXCESS REVENUES (EXPENSES)	(1,912,681)	(330,062)	(5,059,821)	(2,019,329)	-151%
Gift to Purchase Capital Assets	-	0	-	100,000	
<b>INCREASE (DECREASE) IN NET ASSETS</b> <i>Total Margin</i>	<b>(1,912,681)</b> <i>-80.8%</i>	<b>(330,062)</b> <i>-7.9%</i>	<b>(5,059,821)</b> <i>-38.2%</i>	<b>(1,919,329)</b> <i>-12.0%</i>	<b>-164%</b>
<b>EBIDA</b>	<b>(1,552,179)</b>	<b>(41,943)</b>	<b>(3,918,632)</b>	<b>(766,853)</b>	

#### 2020 Net Revenue Comparison

2019 Actual = \$14,405,823.42

2020 Budget = \$15,775,602.00

2020 Actual = \$13,064,354.49

#### 2020 YTD Operating Expenses

Benefits = 11%

Contract Labor = 12%

Depreciation = 5%

Medical Supplies = 8%

Non-Medical Supplies = 2%

Other Operating = 7%

Purchased Services = 12%

Salaries = 43%

#### 2020 YTD EBIDA Comparison

2019 Actual = (\$252,794.74)

2020 Budget = (\$766,853.32)

2020 Actual = (\$3,909,062.48)

#### 2020 Net Loss Comparison

2019 Actual = (\$1,049,733.44)

2020 Budget = (\$1,919,329.32)

2020 Actual = (\$5,052,764.95)

**Statement of Cash Flows (Unaudited)**  
**1/1/20 through 4/30/20**

<b>Cash Flows From Operating Activities</b>	
Net cash provided by (used in) operating activities	2,860,118
<b>Cash Flows From Financing Activities</b>	
Net cash provided by (used in) financing activities	6,596,459
<b>Cash Flows From Investing Activities</b>	
Net cash provided by (used in) investing activities	45,270
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>9,501,847</b>
<b>Cash and Cash Equivalents, 01/01/2020</b>	<b>20,744,349</b>
<b>Cash and Cash Equivalents, 4/30/20</b>	<b>\$ 30,246,196</b>
Restricted Cash and Cash Equivalents, 4/30/20	\$ 3,914,266
Unrestricted Cash and Cash Equivalents, 4/30/20	26,331,930
	<b>\$ 30,246,196</b>

Discussion topics included:

- The \$30M includes the stimulus funds.
- \$3M a month is being collected through accounts receivables.
- EPH has \$14M in bonds.
- The cash burn is coming from operational expenses.
- Should EPH request to increase the line of credit with Bank of Colorado?

REVENUE	FORECAST						
	FY 2020				FY 2020 Forecast	Budget 2020	Variance
	2nd Quarter	3rd Quarter	4th Quarter				
TOTAL OPERATING REVENUE	8,397,397	11,933,959	10,084,092	41,395,123	53,750,778	(12,355,655)	-23.0%
TOTAL OPERATING EXPENSE	13,344,859	13,924,859	13,924,859	55,999,191	57,079,435	(1,080,244)	-1.9%
<b>OPERATING INCOME (LOSS)</b>	<b>(4,947,462)</b>	<b>(1,990,900)</b>	<b>(3,840,767)</b>	<b>(14,604,068)</b>	<b>(3,328,657)</b>	<b>(11,275,411)</b>	<b>-338.7%</b>
<i>Operating Margin</i>	<i>-58.9%</i>	<i>-16.7%</i>	<i>-38.1%</i>	<i>-35.3%</i>			
Non-Operating Revenue	871,128	871,128	871,128	3,419,367	3,484,512	(65,145)	-1.9%
Non-Operating Expense	(16,780)	(16,780)	(16,780)	(62,925)	(72,840)	9,915	-13.6%
NON-OPERATING	854,348	854,348	854,348	3,356,442	3,411,672	(55,230)	
EXCESS REVENUES (EXPENSES)	(4,093,114)	(1,136,552)	(2,986,419)	(11,247,626)	83,015	(11,330,641)	
Gift to Purchase Capital Assets	400,000			400,000	300,000	100,000	33.3%
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(3,693,114)</b>	<b>(1,136,552)</b>	<b>(2,986,419)</b>	<b>(10,847,626)</b>	<b>383,015</b>	<b>(11,230,641)</b>	
<i>Total Margin</i>	<i>-44.0%</i>	<i>-9.5%</i>	<i>-29.6%</i>		<i>0.7%</i>		
<b>EBIDA</b>	<b>(2,797,760)</b>	<b>(241,198)</b>	<b>(2,091,065)</b>	<b>(7,380,863)</b>	<b>3,964,431</b>		

Proposed Staffing Changes

1. Implement a 10% roll-back of wages for salaried and non-exempt positions
  - a. 154 employees will not be affected (those earning less than \$50k annually)

- b. 25 employees will be affected between 0.7% and 9.99%
  - c. 218 employees will see a temporary (90 days) rollback
    - Includes physicians and senior leadership
  - d. Re-evaluation of hospital visits at 90 days
  - e. Anticipated savings of \$450k
  - f. Anticipated pension and Medicare savings of \$35k
  - g. Beginning June 1, 2020
2. Implement a PTO accrual freeze (90 days)
- a. Anticipated savings of \$360k
  - b. All employees affected

Department Adjustments

Each Department has reviewed and provided opportunities for annual cost savings including:

Emergency Dept	\$153,000
Surgery Dept	\$ 43,000
Physicians Clinic	\$ 60,000
Med Surg Inpatient	\$ 10,000
Wound Care	\$ 50,000
Birth Center	\$100,000
Patient Financial Services	\$ 40,000
Facilities	\$100,000
Dietary	\$ 5,000
Diagnostic Imaging	\$103,000
<u>Living Center</u>	<u>\$ 60,000</u>
<b>Est. Total Annual Savings</b>	<b>\$724,000</b>

Discussion topics included:

- Initial conversations with physicians regarding contract amendments occurred.
- Many hospitals around the country are proceeding forward with pay reductions, layoffs, and furloughs.
- Stimulus funds will offset some losses.
- Staffing ratio adjustments are being made.
- Administration is concerned about potentially losing staff over payroll deductions.
- All capital equipment purchases are being frozen through the remainder of the year unless they are mission critical.
- The PTO accrual freeze is part of the phase 1 approach.

The Board was in consensus with the phased preservation approach plan outlined by the senior leadership team.

**5. Adjournment**

Ms. Muno motioned to adjourn the Finance Committee meeting at 4:45 p.m. Mr. Pinkham seconded the motion, which carried unanimously.

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Steve Alper  
**Estes Park Health Board Finance Committee Chair**