



## **ESTES PARK HEALTH**

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

#### **Finance Committee Meeting Minutes – June 25, 2020**

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

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

##### **Board Members Absent**

Ms. Sandy Begley

##### **Other Attendees**

Mr. Vern Carda, CEO  
Mr. Tim Cashman, CFO

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

Dr. Larry Leaming

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

The Finance Committee meeting was called to order at 3:06 p.m. by Dr. Alper, 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**

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

##### **3. Approval of the Meeting Minutes – May 15, 2020**

Dr. Batey motioned to approve the minutes from the May 15 meeting as presented. Mr. Pinkham seconded the motion, which carried unanimously.

##### **4. Public Comments**

No comments were submitted.

5. Month End Financials – May 2020

**Financial Overview**  
**Month End May 31, 2020**

<b>FINANCIAL RATIOS</b>					
	Apr	May	RED	YELLOW	GREEN
Days in Accounts Receivable	50.5	57.3	>60	50-60	
Days Cash on Hand	222	241	<125	125-224	>225
Dept Service Coverage Ratio	-0.67	-1.91	<1.25	1.25-2.0	>2.0
Operating Margin (12Mo. Rolling)	-15.0%	-19.5%	<2.0%	2%-4.99%	>5%
Total Margin (12 Mo. Rolling)	-8.0%	-12.2%	<5.0%	5%-9.99%	>10.0%

<b>OTHER INDICATORS</b>					
	Apr	May	Budget	YTD	YTD Budget
Total Deductions from Revenue%	44.1%	45.3%	46.0%	44.5%	46.0%
Operating Margin	(\$2,156,649)	(\$2,089,342)	(\$481,149)	(\$7,724,976)	(\$3,635,614)
Operating Margin %	-91.1%	-71.4%	-11.1%	-47.8%	-17.8%
Increase (decrease) in Net Assets	(\$1,905,625)	(\$1,837,911)	\$198,040)	(\$6,429,123)	(\$2,117,369)
Total Margin %	-80.5%	-62.8%	-4.6%	-39.8%	-10.4%

**SUMMARY**

**Statistics:** IP Days are at 94 compared to 83 in April and 131 in May 2019.

Physicians Clinic Visits are at 1027 compared to 648 in April and 2168 in May 2019. Surgeries are at 15 compared to 4 in April and 29 in May 2019.

**Revenue:** May's Gross Patient Revenue is \$5,254,517 compared to a budget level of \$7,929,482.

**Other Operating Revenue:** YTD Other Revenues are \$121,468 below budget.

**Expenses:** Total Operating Expenses in May are \$184,695 over budget. Salaries and benefits are over budget by \$142,470.

**Excess Revenues (Expenses):** May's increase in Net Assets is -\$1,837,911 compared to a budget of of -\$198,040. May's Total Margin is -62.8% compared to a budgeted level of -4.6%.

**Ratio Analysis:** Day's in AIR is at 57.3 which is higher than the industry average of fifty. Day's Cash on Hand is at 241 compared to April's level of 222 and May 2019 of 176.

**Debt Coverage Ratio:** May's rolling 12-month ratio is -1.91%. The loan end of year minimum required ratio is 1.25.

## Statement of Revenues and Expenses (Unaudited)

**May 31, 2020**

REVENUE	MONTH May-20	YEAR TO DATE FY 2020	PRIOR YEAR TO DATE FY 2019
	Actual / Budget / Var	Actual / Budget / Var	Actual / Var
Patient Revenue			
In-Patient			
Out-Patient			
<b>TOTAL PATIENT REVENUE</b>	\$ 902,898 \$1,516,743 -40%	\$ 4,688,872 \$ 8,190,511 -43%	\$ 8,444,797 -44%
	4,351,620 6,412,739 -32%	24,024,177 28,953,053 -17%	27,268,418 -12%
Less Contractual Adjustments	5,254,517 7,929,482 -34%	28,713,049 37,143,564 -23%	35,713,215 -20%
Less Bad Debt Adjustments	(2,200,487) (3,568,267) 38%	(12,346,563) (16,714,605) 26%	(16,759,172) 26%
<b>TOTAL REVENUE DEDUCTIONS</b>	(178,077) (79,295) -125%	(425,061) (371,437) -14%	(405,897) -5%
<b>NET PATIENT REVENUE</b>	(2,378,564) (3,647,562) 35%	(12,771,624) (17,086,042) 25%	(17,165,069) -26%
Other Operating Revenue	45.3% 46.0%	44.5% 46.0%	48.7%
	2,875,953 4,281,920 -33%	15,941,426 20,057,522 -21%	18,548,146 -14%
<b>TOTAL OPERATING REVENUE</b>	49,882,674 67,414 -26%	216,655,338 338,123 -36%	314,522 -31%
<b>EXPENSES</b>	2,925,835 4,349,334 -33%	16,158,080 20,395,645 -21%	18,862,668 -14%
Wages	2,233,332 2,130,440 -5%	10,396,885 10,390,976 0%	9,034,830 -15%
Benefits	636,885 597,307 -7%	2,775,238 2,707,038 -3%	2,692,349 -3%
Contract Labor	464,494 526,618 12%	2,662,518 2,631,090 -1%	2,570,562 -4%
Medical Supplies	344,642 375,278 8%	1,791,205 1,870,089 4%	1,827,108 2%
Non-Medical Supplies	98,143 84,772 -16%	462,946 421,876 -10%	470,046 2%
Purchased Services	606,856 503,844 -20%	2,668,989 2,847,695 6%	2,104,876 -27%
Other Operating Expenses	340,658 314,106 -8%	1,691,405 1,711,901 1%	1,474,485 -15%
Depreciation & Amortization	254,983 263,852 3%	1,265,829 1,279,264 1%	833,532 -52%
Interest	35,184 34,266 -3%	168,041 171,330 2%	163,968 -2%
<b>TOTAL OPERATING EXPENSE</b>	5,015,178 4,830,483 -4%	23,883,056 24,031,259 1%	21,171,755 -13%
<b>OPERATING INCOME (LOSS)</b>	(2,089,342) (481,149) -334%	(7,724,976) (3,635,614) -112%	(2,309,087) -235%
<i>Operating Margin</i>	71.4% -11%	-47.8% -7.8%	-12.2%
Non-Operating Revenue	255,626 287,559 -11%	1,316,828 1,440,295 -9%	1,315,236 0%
Non-Operating Expense	(4,195) (4,450) 6%	(20,975) (22,050) 5%	(20,974) 0%
<b>EXCESS REVENUES (EXPENSES)</b>	(1,837,911) (198,040) -828%	(6,429,123) (2,217,369) -190%	(1,014,825) 534%
Gift to Purchase Capital Assets		100,000	15,277
<b>INCREASE(DECREASE) IN NET ASSETS</b>	(1,837,911) (198,040) -828%	(6,429,123) (2,117,369) -204%	(999,548) -543%
<i>Total Margin</i>	-62.8% -4.6%	-39.8% -10.4%	-5.3%

**Balance Sheet (Unaudited) May 31, 2020**

ASSETS	2020 May	2020 Apr	2019 May
CASH & CASH EQUIVALENTS	\$ 29,848,294	\$ 26,343,798	\$ 16,697,723
PATIENT ACCOUNTS RECEIVABLE	9,099,346	9,310,952	11,823,575
LESS: ALLOWANCES	(4,287,315)	(4,553,120)	(5,902,596)
NET ACCOUNTS RECEIVABLE	4,812,031	4,757,832	5,920,979
RECEIVABLES FROM OTHER PAYORS	2,377,996	2,817,604	2,037,710
INVENTORY	1,074,365	1,069,955	1,108,802
PREPAID EXPENSES	457,933	519,972	463,451
<b>TOTAL CURRENT ASSETS</b>	<b><u>38,570,619</u></b>	<b><u>35,509,161</u></b>	<b><u>26,228,665</u></b>
<b>NET PROPERTY, EQUIPMENT &amp; INTANGIBLE ASSETS</b>	<b><u>33,202,093</u></b>	<b><u>32,773,117</u></b>	<b><u>30,550,542</u></b>
<b>RESTRICTED ASSETS</b>	<b><u>3,914,547</u></b>	<b><u>3,914,266</u></b>	<b><u>1,407,565</u></b>
OTHER ASSETS	0	0	0
LONG TERM INVESTMENTS	1,040,820	1,040,820	5,004,786
<b>TOTAL OTHER ASSETS</b>	<b><u>1,040,820</u></b>	<b><u>1,040,820</u></b>	<b><u>5,004,786</u></b>
<b>TOTAL ASSETS</b>	<b>\$ <u>76,728,080</u></b>	<b>\$ <u>73,237,364</u></b>	<b>\$ <u>63,191,558</u></b>
<b>LIABILITIES</b>			
ACCOUNTS PAYABLE	951,042	710,108	621,868
ACCRUED EXPENSES	10,879,872	5,860,327	4,217,683
ACCRUED COMP PAYABLE	1,247,047	1,180,800	1,122,693
ACCRUED INTEREST PAYABLE	149,666	119,142	156,907
EST THIRD-PARTY SETTLEMENT	5,811,882	5,811,882	906,007
SHORT TERM NOTES PAYABLE	5,116,581	5,116,581	
OTHER CURRENT LIABILITIES	0	0	0
CURRENT MATURITIES OF OTHER LONG-TERM DEBT	1,085,000	1,085,000	1,060,000
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>25,241,090</u></b>	<b><u>19,883,840</u></b>	<b><u>8,085,157</u></b>
<b>DEPOSITS AND DEFERRED INCOME</b>			
LOANS PAYABLE	15,541,481	15,570,105	13,485,000
LEASES PAYABLE	0	0	0
<b>TOTAL LONG-TERM LIABILITIES</b>	<b><u>15,541,481</u></b>	<b><u>15,570,105</u></b>	<b><u>13,485,000</u></b>
<b>TOTAL LIABILITIES</b>	<b>40,782,571</b>	<b>35,453,945</b>	<b>21,570,157</b>
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT UNRESTRICTED	42,374,632	42,374,632	42,620,949
<b>TOTAL NET ASSETS</b>	<b>42,374,632</b>	<b>42,374,632</b>	<b>42,620,949</b>
<b>EXCESS REVENUES YTD</b>	<b><u>(6,429,123)</u></b>	<b><u>(4,591,212)</u></b>	<b><u>(999,548)</u></b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 76,728,080</b>	<b>\$ 73,237,364</b>	<b>\$ 63,191,558</b>

## Statement of Cash Flows (Unaudited)

1/1/20 through 5/31/20

### Cash Flows from Operating Activities

(Deficiency) Excess of Revenues over Expenses	\$ (6,429,123)
Interest expense (considered financing activity)	168,041
County tax subsidy, net (considered financing activity)	(1,248,940)
Interest income (considered investing activity)	<u>(45,913)</u>
Net income (loss) from operating activities	(7,555,935)
Assets released from restrictions	(1,000)
Depreciation & amortization	1,265,829
Amortization of Deferred Bond Financing Costs	
Changes in working capital:	
Decrease (Increase) in Accounts receivable, net	3,246,860
Decrease (Increase) in Inventory	22,041
Decrease (Increase) in Prepaid expenses	222,562
Decrease (Increase) in Other Assets	
Decrease (Increase) in Long Term Investment	(286,840)
Increase (Decrease) in Accounts payable	(1,921,948)
Increase (Decrease) in Accrued wages & related liabilities	955,416
Increase (Decrease) in Other current liabilities	137,468
Increase (Decrease) in Deposits and Deferred Income	5,349,414
Increase (Decrease) in Payable to 3rd party payors	4,407,877
Increase (Decrease) in Retirement cottage liability (current portion)	
Increase (Decrease) in Apartment Damage Deposit Liability	
Net (gain) loss on sale of equipment	
Net cash provided by (used in) operating activities	<u>5,841,744</u>

### Cash Flows from Financing Activities

Restricted contributions	1,000
County tax subsidy, net	1,248,940
Increase (Decrease) in line of credit	
Interest expense	(168,041)
Sale of equipment	
Purchase of property, equipment & intangible assets	(2,436,280)
Increase (Decrease) in capital lease commitments, net	
Increase (Decrease) in deferred income retirement cottage admission	
Loan Activity	8,258,062
Bond Activity	
Net cash provided by (used in) financing activities	<u>6,903,681</u>

### Cash Flows from Investing Activities

Interest income	<u>45,913</u>
Net cash provided by (used in) investing activities	<u>45,913</u>

**Net Increase (Decrease) in Cash and Cash Equivalents** 12,791,338

**Cash and Cash Equivalents, 01/01/2020** 20,971,503

**Cash and Cash Equivalents, 5/31/20** \$ 33,762,841

Restricted Cash and Cash Equivalents, 5/31/20 \$ 3,914,547

Unrestricted Cash and Cash Equivalents, 5/31/20 29,848,294

\$ 33,762,841

**EPH Days in AR (Gross)**

	<b>Jun 2019</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>
AIR (Gross)	12,635,331	15,365,170	16,601,424	15,378,349	14,173,824	13,806,401
Days in Month	30	31	31	30	31	30
Monthly Revenue	7,410,739	10,356,792	8,951,469	7,200,698	7,808,340	6,340,531
Daily Revenue	242,118	276,556	290,424	288,141	260,440	234,611
Days in ARI	52.2	55.61	57.21	53.41	54.41	58.81

	<b>Dec</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May -20</b>
AIR (Gross)	14,575,357	14,237,980	13,759,900	11,257,627	9,310,952	9,099,346
Days in Month	31	31	29	31	30	31
Monthly Revenue	7,414,874	6,857,233	7,238,504	5,214,133	4,148,662	5,254,518
Daily Revenue	234,389	224,050	236,380	212,196	184,459	158,884
Days in ARI	62.2	63.51	58.2	53.1	50.51	57.31

**EPH Days Cash on Hand**

	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
2020	142	140	135	222	241							
2019	177	183	177	179	176	171	172	161	163	164	160	152
2018	187	184	178	175	176	180	182	178	181	187	187	176
2017	202	206	197	196	191	189	195	200	196	196	197	196
Bond Covenant MIN	90	90	90	90	90	90	90	90	90	90	90	90
Cash Target	220	220	220	220	220	220	220	220	220	220	220	220

Statement of Revenues and Expenses (Unaudited)

	FORECAST FY2020						
	2nd Quarter	3rd Quarter	4th Quarter	FY 2020 Forecast	Budget 2020	Variance	% Variance
<b>REVENUE</b>							
Patient Revenue							
In-Patient	3,167,447	3,795,374	3,588,309	13,580,611	19,985,112	(6,404,501)	-320%
Out-Patient	12,754,893	17,068,838	13,972,570	60,075,571	77,722,701	(17,647,130)	-22.7%
<b>TOTAL PATIENT REVENUE</b>	<b>15,922,339</b>	<b>20,864,212</b>	<b>17,560,878</b>	<b>73,656,183</b>	<b>97,707,813</b>	<b>(24,051,631)</b>	<b>-24.6%</b>
Less Contractual Allowances	(6,687,382)	(8,762,969)	(7,375,569)	(30,935,597)	(43,968,516)	13,032,919	-296%
Less Bad Debt Adjustments	(318,447)	(417,284)	(351,218)	(1,473,124)	(977,078)	(496,046)	50.8%
<b>TOTAL REVENUE DEDUCTIONS</b>	<b>(7,005,829)</b>	<b>(9,180,253)</b>	<b>(7,726,786)</b>	<b>(32,408,720)</b>	<b>(44,945,594)</b>	<b>12,536,874</b>	<b>-27.9%</b>
<b>NET PATIENT REVENUE</b>	<b>8,916,510</b>	<b>11,683,959</b>	<b>9,834,092</b>	<b>41,247,462</b>	<b>52,762,219</b>	<b>(11,514,757)</b>	<b>-21.8%</b>
Other Operating Revenue	216,655	250,000	250,000	933,310	988,559	(55,249)	-5.6%
<b>TOTAL OPERATING REVENUE</b>	<b>9,133,164</b>	<b>11,933,959</b>	<b>10,084,092</b>	<b>42,180,772</b>	<b>53,750,778</b>	<b>(11,570,006)</b>	<b>-21.5%</b>
<b>EXPENSES</b>							
Wages	5,906,814	5,956,814	5,981,814	23,914,573	24,027,256	(112,683)	-0.5%
Benefits	1,939,977	2,179,977	2,169,977	7,850,658	<b>8,759,908</b>	(909,250)	-10.4%
Contract Labor	1,499,679	1,499,679	1,499,679	6,349,478	<b>6,398,715</b>	(49,237)	-0.8%
Medical Supplies	939,370	989,370	989,370	4,278,573	<b>4,257,478</b>	21,094	0.5%
Non-Medical Supplies	266,092	266,092	266,092	1,148,289	1,064,370	83,920	7.9%
Purchased Services	801,370	801,370	801,370	4,193,271	<b>3,405,478</b>	787,793	23.1%
Other Operating Expenses	1,396,204	1,396,204	1,396,204	5,232,587	<b>5,584,814</b>	(352,228)	-6.3%
Depreciation & Amortization	792,557	792,557	792,557	3,060,979	3,170,229	(109,250)	-3.4%
Interest/Bank Fees	102,797	102,797	102,797	405,784	<b>411,187</b>	(5,403)	-1.3%
<b>TOTAL OPERATING EXPENSE</b>	<b>13,644,859</b>	<b>13,984,859</b>	<b>13,999,859</b>	<b>56,434,191</b>	<b>57,079,435</b>	<b>(645,244)</b>	<b>-1.1%</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(4,511,695)</b>	<b>(2,050,900)</b>	<b>(3,915,767)</b>	<b>(14,253,419)</b>	<b>(3,328,657)</b>	<b>(10,924,762)</b>	<b>-328.2%</b>
<i>Operating Margin</i>	<i>-49.4%</i>	<i>-17.2%</i>	<i>-38.8%</i>	<i>-33.8%</i>			
Non-Operating Revenue	871,128	871,128	871,128	3,419,367	3,484,512	(65,145)	-1.9%
Non-Operating Expense	(20,975)	(20,975)	(20,975)	(75,510)	(72,840)	(2,670)	37%
<b>NON-OPERATING</b>	<b>850,153</b>	<b>850,153</b>	<b>850,153</b>	<b>3,343,857</b>	<b>3,411,672</b>	<b>(67,815)</b>	
<b>EXCESS REVENUES (EXPENSES)</b>	<b>(3,661,542)</b>	<b>(1,200,747)</b>	<b>(3,065,614)</b>	<b>(10,909,562)</b>	<b>83,015</b>	<b>(10,992,577)</b>	
Gift to Purchase Capital Assets	400,000	-	-	400,000	300,000	100,000	33.3%
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>\$ (3,261,542)</b>	<b>\$ (1,200,747)</b>	<b>\$ (3,065,614)</b>	<b>\$ (10,509,562)</b>	<b>\$ 383,015</b>	<b>\$ (10,892,577)</b>	
<i>Total Margin</i>	<i>-35.7%</i>	<i>-10.1%</i>	<i>-30.5%</i>		<i>0.7%</i>		
<b>EBIDA</b>	<b>\$ (2,366,188)</b>	<b>\$ (305,393)</b>	<b>\$ (2,170,260)</b>	<b>\$ (7,012,799)</b>	<b>\$ 3,964,431</b>		

Loan from DHHS/Medicare	Adv Pmt Program (APP)	4,381,398
Grants, with requirements	HHS Stimulus	5,098,817
Must use at least 75% to cover Payroll	Payroll Protect Program (PPP)	4,800,000
Purchase PPE for COVID Response. Send receipts incurred since March 1	CHA - ASPR Grant	7,230
		-
	<b>Total Receipts</b>	<b>\$ 14,287,445</b>

Discussion included:

- The substantial revenue decline began in April – mid May.
- \$14.1M was obtained from stimulus packages and grants. Determination still needs to be made as to whether the loans will be forgivable or if there will be a change in the repayment schedules.
- The balance sheet reflects the money received from the stimulus packages and grants.
- The remaining \$2.5M line of credit is earmarked for the facility master plan.
- The estimate for June was a 60% return on expenses to budget. Currently it is at 66%.
- Currently there is 241 Days Cash on Hand.
- There are three sources that were identified for expense reductions: 1) 10% wage decrease, 2) PTO accrual freeze and 3) 10% departmental expense reductions. The payroll reduction went into effect May 31.
- Strategic discussions regarding services lines will take place over the next 30 days.
- The Urgent Care Clinic proforma projected an average daily patient volume of 14. Currently the volume is at 8 per day.
- The hospital census and clinic visits have been steadily rising, while Telemedicine visits have been declining.

6. **Adjournment**

Mr. Pinkham motioned to adjourn the Finance Committee meeting at 4:29 p.m. Dr. Batey seconded the motion, which carried unanimously.



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Steve Alper

**Estes Park Health Board Finance Committee Chair**