

Tulare Local Healthcare District dba Tulare Regional Medical Center

Agenda Item

Board Meeting Date: December 19, 2018

Title to Appear on Agenda:

July and August, 2018 Draft Internal Financial Statements

Brief Description:

The District's financial statements for the months of July – November will be prepared after the financial audits for FY 2017 and 2018 are substantially completed.

Background and Details:

The Financial Services team has been focused on 1) the establishment and transition of its' accounting and reporting systems as required to comply with the new Adventist Health Management Services agreement, 2) working to complete the necessary preparations for the FY 2017 and FY 2018 financial audits, and 3) spending substantial time on bankruptcy contract and related matters.

We will focus our attention for preparation of the District's 2018-19 financial reports upon substantial completion of the 2017 and 2018 audits. The goal will be to bring these up to date during late December and January.

Exhibits: To be included, or presented at the meeting.

Recommended Action: To accept the reports as presented.

Tulare Local Healthcare District dba Tulare Regional Medical Center
Agenda Item

Board Meeting Date: December 19, 2018

Title to Appear on Agenda:

Hospital Operations – Adventist Health; Draft Internal Financial Statements for 17 Days ending October 31, 2018, and November 30 Financial Statements

Brief Description:

The District re-opened the Hospital on October 15, 2018, and Adventist Health assumed Management of the Operations and related financial responsibility of said operations.

Background and Details:

The accounting and reporting of these new operations required the establishment of a second set of general ledger accounts and with related reporting functionality.

Drafts of these financial reports are anticipated to be available for presentation at the December Finance Committee and Board meetings.

Exhibits:

To be included or delivered at the meetings.

Recommended Action:

To review and accept the draft statements to be presented.

Tulare Local Healthcare District dba Tulare Regional Medical Center
Agenda Item

Board Meeting Date: December 19, 2018

Title to Appear on Agenda:

TLHCD Financial Audit Report Update/Presentation for FYE's June 30, 2018 and June 30, 2017 – Rick Jackson, C.P.A., JWT and Associates, LLP

Brief Description:

The District contracted with Rick Jackson, CPA of JWT and Associates, LLP to perform these financial audits for the District. Rick gave brief updates on the status of the audits at the November Finance Committee and Board of Director's meetings.

Background and Details:

Planning for the Audit commenced in July, and substantial field work started in September. The amount of staff research and work required to prepare for the two audits has been substantial and more time consuming than under normal circumstances.

Mr. Jackson will be providing a report on the status of the audits, with the goal for them to be completed in December, 2018 (or possibly January, 2019).

Exhibits:

To be presented at the December (or January, 2019) meetings.

Recommended Action:

To approve the Audited Financial Statements at the December meeting (as available), or otherwise at the January, 2019 meeting.

Tulare Local Healthcare District dba Tulare Regional Medical Center

Agenda Item

Board Meeting Date: December 19, 2019

Title to Appear on Agenda:

Updating/Adjusting Rates and Charges for Patient Services Effective January 1, 2019

Brief Description:

Adventist Health (AH) has assumed Management of TRMC, and along with that management has taken full responsibility for the financial operations of the Hospital. As AH is planning to start their new fiscal year on January 1, 2019, they desire to adjust the Patient billing rates and charges to be more aligned with regional rates charged by other Hospitals.

Background and Details:

It is fairly standard procedure for Hospitals to review and make adjustments to the Patient Charges during each annual budget cycle. Given that the Hospital is currently using rates that were in place when the Hospital was closed in 2017, it has been determined that many of the existing rates are not aligned with market standards.

It should be noted that the following principles will be adhered to in the establishment of these rates and prices:

- 1) Rates will be established in accordance with industry standards, i.e., it is common that Hospitals set rates at a factor of the Medicare payment schedules. These schedules theoretically account for the costs typically associated with the provision of the treatment, service, and/or supplies and drugs. These factors may vary from 1 – 4 times the Medicare rate, and it is not uncommon

that prices are set at 3 – 4 times the Medicare rates. AH will also use a pricing mark-up formulary that is based on the individual costs when pricing most supplies and drugs.

- 2) Prices for certain items, such as send-out labs, blood, etc., must be sold at cost without any further mark-up. In some instances, handling fees are permitted;
- 3) Prices will be established in accordance with limitations and restrictions mandated by certain 3rd Party Payor contracts;
- 4) Regardless of the new pricing structure, the hospital will continue to provide Uncompensated or Partially Uncompensated care to those patients who apply and are determined to be eligible for such services.
- 5) In accordance with the State Health and Safety Code pertaining to Health Care Districts, "A district shall not contract to care for indigent county patients at below the cost for care. In setting the rates the board shall, insofar as possible, establish rates as will permit the district health care facilities to be operated upon a self-supporting basis."

Exhibits: None

Recommended Action:

That the Board approve AH to adjust Patient rates and Charges in accordance with regional and regulatory standards as outlined.

WISCONSIN REGIONAL MEDICAL CENTER

Summary of Accounts Payables as of December 13, 2018

TLHCD	Date Range:	31-60	61-90	91-120	+121	Grand Total
Status	0-30					
After 9/30/17	358,545.66	14,633.88	35,934.31	127,773.69	7,779,028.36	8,315,915.90
Before 9/30/17					27,527,802.17	27,527,802.17
Grand Total	358,545.66	14,633.88	35,934.31	127,773.69	35,306,830.53	35,843,718.07

TULARE REGIONAL MEDICAL CENTER
CASH RECEIPTS AND DISBURSEMENTS

Updated: 12/14/2018

Totals
from
12/01/17

CASH IN	10/12	10/19	10/26	11/2	11/9	11/16	11/23	11/30	12/7	12/14	12/01/17
Receipts	26,568	58,522	178,931	30,052	39,324	31,201	46,542	104,935	100,707	47,933	3,853,220
Receipts Received for AH	0	0	(365)	(2,403)	(10,946)	(3,228)	(31,700)	(30,424)	(104,148)	(56,223)	(239,433)
DSH Payment	0	0	0	0	15,678	0	0	0	0	0	(554,557)
Property Taxes	0	0	0	0	0	0	0	0	0	0	1,889,588
Property Rentals and Evolutions	9,099	21,530	48,000	25	42,592	23,276	6,842	2,850	2,516	1,532	424,687
Short Term Loans	0	0	0	0	0	0	0	0	0	0	(10,352)
Supplemental - AB 113 & 915	0	0	(100,881)	(20,390)	(43,094)	177,104	41,346	0	64,695	0	2,322,001
Paid by TLHCD To be Reimbursed by AH	0	1,050,000	0	0	0	52,084	0	0	0	0	118,781
Supplemental - HQAF, Etc.	(17,155)	(45,000)	(100,000)	(242,137)	(170,068)	(138,755)	0	0	0	0	3,799,736
Payments Excluded from AH LOC	0	(27,942)	(51,655)	0	0	80,467	0	0	2,290	0	(1,259,184)
Other Extraordinary Receipts	1,463,312	1,746,876	443,005	833,012	0	3,686	0	0	0	0	316,459
Adventist Health Line of Credit	1,481,823	2,803,986	417,035	598,159	(126,514)	225,835	63,030	77,360	66,060	(6,756)	20,288,757

EXPENSES

Revenue Bonds	0	0	0	0	0	0	0	0	103,179	0	619,075
Payroll & Related Expenses	498,314	13,389	0	332,897	349,000	0	13,657	21,263	14,063	0	4,331,090
Insurance	67,546	0	58,056	0	0	0	0	14,992	67,546	0	1,452,357
Utilities/Phone/Internet	94,713	4,944	673	0	0	0	0	5,890	6,678	28,758	1,367,542
Legal/ Bankruptcy Counsel	0	75,000	0	0	0	0	0	71,707	0	396	1,371,558
Consulting & Purchased Services	35,000	264,473	0	0	0	0	0	200,104	91	0	3,133,472
Physicians	0	0	0	0	0	0	0	0	0	0	0
Software Fees	0	0	0	13,686	0	0	0	0	0	0	139,437
Supplies - Medical	86,935	130,688	42,209	31,040	32,695	16,677	0	29,435	5,908	5,149	823,259
Leases and Rentals	5,352	0	0	0	0	0	0	9,622	3,153	6,338	217,430
IGT Advances	0	0	0	0	0	0	0	0	0	0	443,483
Third Party Payments	0	0	0	0	0	0	0	0	0	0	48,026
Other	64,801	49,420	6,581	6,869	1,194	336,863	2,949	56,014	1,864	9,642	2,258,318
Post-Petition Expense Catch-up	13,661	68,874	0	0	0	0	0	0	0	0	245,461
Assumed Liabilities, Pre & Post	0	0	0	0	0	0	0	0	0	0	49,935
Start-up Repairs (Gross) Including I/T & Misc. & Minor Repairs	107,993	1,206,863	21,906	90,682	12,461	67,202	0	15,626	19,404	3,708	2,232,867
Total Expense	974,316	1,813,650	129,425	475,174	395,349	420,741	16,606	420,653	221,887	53,992	18,733,309

Difference	507,508	990,335	287,610	172,985	(521,863)	(194,907)	46,424	(343,293)	(155,826)	(60,748)	1,555,449
Cash Balance Forward	1,384,731	2,375,067	2,662,677	2,785,661	2,263,799	2,068,892	2,115,315	1,772,022	1,616,196	1,555,449	

NOTE 1: \$784,664 of Build America Bonds funds were received by the District in February, 2018 and these have been removed from this report as these are not District funds.

NOTE 2: Included in these amounts are \$349,000 waiting to be transferred to Adventist Health to cover final estimated payroll and start-up costs and \$35,000 for Valuation service costs.

NOTE 3: Adventist Health will be reimbursing the District for agreed up Start-Up Repairs and Valuation costs totalling \$151,363.

TULARE REGIONAL MEDICAL CENTER
Balance Sheet for the Seventeen Days Ending 10/31/2018
Unaudited - See Attached Notes and Disclaimer

	Prior Month September	Current Month October	Last year October	Increase/ (Decrease)	Inc/(Dec) percentage
Cash and cash equivalents	-	\$428	-	\$428	0.0%
Ltd use assets avail for curr debt srvc	-	-	-	-	0.0%
Patient accounts receivable:					
Gross pt accounts receivable	-	3,462,472	-	3,462,472	0.0%
Contractual allowances	-	(3,104,628)	-	(3,104,628)	0.0%
Provision for bad debts & charity	-	-	-	-	0.0%
Net pt accounts receivable	-	357,844	-	357,844	0.0%
Other receiv. & phys. advances	-	-	-	-	0.0%
Tax revenue receivable	-	-	-	-	0.0%
Misc receivables	-	2,797	-	2,797	0.0%
Physician advances	-	-	-	-	0.0%
Total other receivables	-	2,797	-	2,797	0.0%
Inventories	-	38,848	-	38,848	0.0%
Prepaid expenses & deposits	-	15,948	-	15,948	0.0%
Total current assets	-	415,865	-	415,865	0.0%
GO bond construction fund	-	-	-	-	0.0%
Restricted trust funds, other	-	-	-	-	0.0%
Total limited use assets	-	-	-	-	0.0%
Capital assets:					
Land & land improvements	-	-	-	-	0.0%
Bldgs & bldg improvements	-	-	-	-	0.0%
Leasehold improvements	-	-	-	-	0.0%
Major movable equipment	-	-	-	-	0.0%
Start-up costs	-	500,000	-	500,000	0.0%
Gross capital assets	-	500,000	-	500,000	0.0%
Accumulated depreciation	-	0	-	-	0.0%
Net capital assets	-	500,000	-	500,000	0.0%
Bond issuance costs & other assets	-	-	-	-	0.0%
Intercompany receivable	-	-	-	-	0.0%
TOTAL ASSETS	-	\$915,865	-	\$915,865	0.0%
Current maturities of debt borrowings	-	-	-	-	0.0%
Accounts payable	-	1,015,466	-	1,015,466	0.0%
Other liabilities	-	110,095	-	110,095	0.0%
Accrued payroll & related liabilities	-	210,691	-	210,691	0.0%
Est current 3rd party payor settlements	-	-	-	-	0.0%
Self insurance program accrual	-	-	-	-	0.0%
Total current liabilities	-	1,336,252	-	1,336,252	0.0%
Deferred revenue	-	-	-	-	0.0%
Debt borrowings, net of curr maturities	-	-	-	-	0.0%
TOTAL LIABILITIES	-	1,336,252	-	1,336,252	0.0%
Net assets:					
Retained Earnings	-	-	-	-	0.0%
Increase in net assets	-	(1,136,259)	-	(1,136,259)	0.0%
Total net assets	-	(1,136,259)	-	(1,136,259)	0.0%
Intercompany payable	-	715,872	-	715,872	0.0%
TOTAL LIABILITIES & NET ASSETS	-	\$915,865	-	\$915,865	0.0%

1 ULLARE REGIONAL MEDICAL CENTER
Statement of Revenue and Expenses
For the Seventeen Days Ending October 31, 2018
Unaudited - See Attached Notes & Disclaimer

	November	December	January	February	March	April	May	June	July	August	September	October	Total
Net patient revenue	-	-	-	-	-	-	-	-	-	-	-	\$365,273	\$365,273
Supplemental funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating revenue	-	-	-	-	-	-	-	-	-	-	-	595	595
Total operating revenue	-	-	-	-	-	-	-	-	-	-	-	365,868	365,868
Salaries & wages	-	-	-	-	-	-	-	-	-	-	-	644,901	644,901
Employee benefits	-	-	-	-	-	-	-	-	-	-	-	214,361	214,361
Professional fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional fees, physicians	-	-	-	-	-	-	-	-	-	-	-	159,492	159,492
Supplies	-	-	-	-	-	-	-	-	-	-	-	134,410	134,410
Purchased services	-	-	-	-	-	-	-	-	-	-	-	239,395	239,395
Purchased HCCA Labor	-	-	-	-	-	-	-	-	-	-	-	-	-
Repairs & maintenance	-	-	-	-	-	-	-	-	-	-	-	20,490	20,490
Utilities & phone	-	-	-	-	-	-	-	-	-	-	-	19,506	19,506
Building & equipment rental	-	-	-	-	-	-	-	-	-	-	-	23,745	23,745
Insurance	-	-	-	-	-	-	-	-	-	-	-	40,000	40,000
Other operating expenses	-	-	-	-	-	-	-	-	-	-	-	5,827	5,827
Operating expenses before D&A	-	-	-	-	-	-	-	-	-	-	-	1,502,127	1,502,127
EBITDA	-	-	-	-	-	-	-	-	-	-	-	(1,136,259)	(1,136,259)
Depreciation & amortization	-	-	-	-	-	-	-	-	-	-	-	-	-
Property tax income	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants & contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other revenue/(expenses)	-	-	-	-	-	-	-	-	-	-	-	-	-
Excess of revenues over expenses	-	-	-	-	-	-	-	-	-	-	-	(1,136,259)	(1,136,259)
Increase in net assets	-	-	-	-	-	-	-	-	-	-	-	(1,136,259)	(1,136,259)

STATE REGIONAL MEDICAL CENTER

Statement of revenue and expenditures

For the Twelve Months Ending July 31, 2018

Unaudited - See Attached Notes & Disclaimer

For 12 months For 12 months
as of 7/31/18 as of 7/31/17

KEY COMPONENTS (ONLY)	November	December	January	February	March	April	May	June	July		
Total operating revenue	175,580	2,313,976	(85,206)	24,924	(1,419,066)	(696,479)	59,262	1,140,828	116,182	5,085,777	71,221,862
Professional fees	369,868	648,640	733,032	706,624	554,975	528,729	498,942	485,616	629,092	6,769,366	7,380,903
Physicians fees	(45,536)	19,946	6,100	-	-	-	-	-	3,410	1,713,109	6,329,320
Purchased services	(53,904)	231,850	312,671	269,322	354,615	319,842	375,595	331,086	302,359	4,499,854	11,430,778
Purchased HCCA Labor	1,907,655	-	0	-	-	-	-	(80,447)	-	10,771,744	39,864,919
Operating expenses before D&A	2,419,006	1,275,387	1,588,424	1,557,496	1,622,797	1,477,817	1,554,736	2,149,768	1,635,712	32,544,723	79,273,564
EBITDA	(2,243,426)	1,038,589	(1,673,630)	(1,532,572)	(3,041,863)	(2,174,296)	(1,495,474)	(1,008,940)	(1,519,530)	(27,458,947)	(8,051,702)
Excess of revenues over expenses	(2,295,367)	1,222,217	(1,522,088)	(1,697,965)	(3,099,311)	(2,307,413)	(1,934,196)	(1,196,500)	(1,624,399)	(28,929,713)	(4,928,206)

ULUMBE REGIONAL MEDICAL CENTER
Statement of revenue and expenditures
For the Twelve Months Ending July 31, 2018
Unaudited - See Attached Notes & Disclaimer

	For 12 months For 12 months										
	November	December	January	February	March	April	May	June	July	as of 7/31/18	as of 7/31/17
Net patient revenue	(\$76,297)	(\$8,079)	\$74,711	(\$5,272)	(\$1,691,169)	(\$757,425)	(\$13,869)	\$864,645	\$31,545	\$1,253,645	\$58,801,738
Supplemental funds	212,141	2,322,055	(199,956)	-	-	-	-	(78,353)	-	1,917,887	10,098,628
Other operating revenue	39,736	-	40,039	30,196	272,103	60,946	73,131	354,536	84,637	1,914,245	2,321,496
Total operating revenue	175,580	2,313,976	(85,206)	24,924	(1,419,066)	(695,479)	59,262	1,140,828	116,182	5,085,777	71,221,862
Salaries & wages	-	110,187	189,222	254,718	316,780	230,977	228,869	196,046	235,440	1,767,885	(38)
Employee benefits	-	7,134	46,979	18,935	108,996	81,947	80,964	112,176	59,840	516,970	428
Professional fees	369,868	648,640	733,032	706,624	554,975	528,729	498,942	485,616	629,092	6,769,366	7,380,903
Professional fees, physicians	(45,536)	19,946	6,100	-	-	-	-	-	3,410	1,713,109	6,329,320
Supplies	97,739	(39,688)	10,990	28,349	24,228	27,354	65,168	830,415	15,476	2,409,420	8,630,377
Purchased services	(53,904)	231,850	312,671	269,322	354,615	319,842	375,595	331,086	302,359	4,499,854	11,430,778
Purchased HCCA Labor	1,907,655	-	0	-	-	-	-	(80,447)	-	10,771,744	39,864,919
Repairs & maintenance	36,572	(7,061)	2,852	18,491	19,102	36,729	56,281	35,737	19,077	291,577	423,207
Utilities & phone	(45,002)	134,134	98,283	80,896	88,096	91,680	99,214	106,503	131,231	1,250,997	1,544,926
Building & equipment rental	53,545	46,362	42,556	36,669	38,226	40,444	37,880	27,371	57,574	640,485	645,874
Insurance	83,705	84,778	83,708	83,708	83,808	83,708	83,708	66,322	132,108	1,058,994	1,277,073
Other operating expenses	14,364	39,105	62,031	59,784	33,971	36,407	28,115	38,943	50,105	854,321	1,745,797
Operating expenses before D&A	2,419,006	1,275,387	1,588,424	1,557,496	1,622,797	1,477,817	1,554,736	2,149,768	1,635,712	32,544,723	79,273,564
EBITDA	(2,243,426)	1,038,589	(1,673,630)	(1,532,572)	(3,041,863)	(2,174,296)	(1,495,474)	(1,008,940)	(1,519,530)	(27,458,947)	(8,051,702)
Depreciation & amortization	(210,562)	(210,389)	(210,389)	(209,728)	(207,731)	(207,689)	(207,576)	(207,374)	(202,212)	(2,523,161)	(3,427,749)
Property tax income	429,009	645,698	154,289	154,289	182,880	157,466	157,466	157,466	157,466	2,336,772	6,316,772
Investment income	(208,799)	(190,205)	269,162	(48,575)	12,827	(21,013)	(329,633)	(30,045)	(5,011)	(521,725)	141,744
Interest expense	(61,589)	(61,476)	(61,520)	(61,379)	(45,424)	(61,881)	(58,979)	(107,607)	(55,112)	(762,654)	(837,669)
Grants & contributions	-	-	0	-	-	-	-	-	-	0	(124,853)
Other income	-	-	-	-	-	-	-	-	-	-	1,055,250
Total other revenue/(expenses)	(51,941)	183,628	151,542	(165,393)	(57,448)	(133,117)	(438,722)	(187,560)	(104,869)	(1,470,767)	3,123,495
Excess of revenues over expenses	(2,295,367)	1,222,217	(1,522,088)	(1,697,965)	(3,099,311)	(2,307,413)	(1,934,196)	(1,196,500)	(1,624,399)	(28,929,713)	(4,928,206)
Increase in net assets	(\$2,295,367)	\$1,222,217	(\$1,522,088)	(\$1,697,965)	(\$3,099,311)	(\$2,307,413)	(\$1,934,196)	(\$1,196,500)	(\$1,624,399)	(\$28,929,713)	(\$4,928,206)