

TULARE LOCAL HEALTH CARE DISTRICT

Finance Committee Meeting

Tuesday, March 26, 2019, 6:30 P.M.

TRMC Administrative Offices (Annex Lab Building, 2nd Floor)

869 North Cherry Street, Tulare, CA (Enter parking lot from Merritt Avenue)

AGENDA

- **Finance Committee Members:** Mike Jamaica and Senovia Gutierrez

- **Call to Order:**
 - Roll Call
 - Welcome and Introductions

- **Public Comment:** The public may comment on any item of public interest within the jurisdiction of the Tulare Local Healthcare District Board of Directors. In the interest of time and equal opportunity, speakers are requested to observe a 3-minute maximum time limit (subject to change at the Chair's direction). In accordance with the Brown Act, if a member of the public addresses an item not on the posted agenda, no response, or action on the item may occur during the meeting.

- **Finance Committee - Review and Recommend the following for Board Approval:**
 - a. January and February 2019 Internal Financial Statements (to be distributed)
 - b. Hospital Operations, AH- Internal Financial Statements for December 31, 2018 and January 31, 2019 (to be distributed)
 - c. TLHCD Information Technology (I/T) Transition Plans and Needs - **Discussion and Action** to approve Budget
 - d. Cash Report Update – TLHCD; City of Tulare Line of Credit Update (verbal)

- **Other** – Update on Transitional Financial Services post AH CHOW
- April Meeting Date – Tuesday, April 23, 2019
- Adjourn

Tulare Local Health Care District

Agenda Item

Board Meeting Date:

March 27, 2019

Title to Appear on Agenda:

January and February 2019 Internal Financial Statements - Balance Sheets and Statements of Revenue and Expenses

Brief Description:

The District prepares internal monthly financial statements to monitor the ongoing financial position of the District.

Background and Details:

These Internal Statements were prepared based on the following facts:

The financial audits of the Tulare Local Health Care District dba Tulare Regional Medical Center's accounting books and records for the FYE June 30, 2017 and FYE June 30, 2018 were completed on February 21, 2019. This has provided a more meaningful "foundation" upon which these interim statements are prepared.

It should be noted that settlements of claims related to the bankruptcy or other related settlements that occur during the FYE June 30, 2019 will be booked collectively on the internal June financial statements and in conjunction with the upcoming year- end audited financial statements.

Exhibits:

To be included or delivered at the meeting

Recommended Action:

To review and accept the Statements as presented at the meeting

Tulare Local Health Care District

Agenda Item

Board Meeting Date:

March 27, 2019

Title to Appear on Agenda:

Hospital Operations – Adventist Health; Internal Financial Statements for December 31, 2018

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.

These internal financial reports are anticipated to be available for presentation at the March Finance Committee and Board meetings.

Exhibits:

To be included or delivered at the meetings.

Recommended Action:

To review and accept the statements to be presented.

Tulare Local Health Care District

Agenda Item

Board Meeting Date: March 27, 2019

Title to Appear on Agenda:

Chief Financial Officer: TLHCD Information Technology (I/T) Transition Plans and Needs - **Discussion and Action** to approve Budget

Brief Description:

Now that Adventist Health has Leased the Hospital and the related locations, the District will need to prepare another site to re-locate its' business operations and staff in the next few months.

Background and Details:

The plan is for the District operations to re-locate to one of the "cottage" properties owned by the District located on Gem Street.

In order to establish and equip the location for business, certain I/T, telephone, and communications systems must be installed which will permit the new operation appropriate access to the outside electronic world along with access to the software systems that are currently in place in the Hospital.

Note: In order for the systems to be able to host all of the needed services, i.e., internet, skype, etc., it is necessary to procure the current version of software (Office 365), and in order to operate Office 365, newer versions of computers will be needed. This solution is much more cost effective than the alternative of using the current older P.C.'s currently in place.

Exhibits:

The Phoenix I.T. Consulting team has helped us establish a plan for this project. We are asking approval for the Year 1 Costs (excluding archival costs at this time). A copy of the I/T Conversion budget is attached. We are requesting approval of the "1-Year Cost Estimate" of \$68,920 plus tax and shipping.

Recommended Action:

That the Board approve the I/T Conversion Budget of \$68,920 plus tax and shipping.

End user devices	Solution	Timeline to deploy	TELHD year 1 costs	TELHD ongoing support costs after year 1	Notes
Desktop PCs for up to 10 users	New PCs with Windows 10 - 800\$x10	1 month	8000		Win 10 machines allows us to save the cost of having to buy and support a local active directory server.
Color MFD	Xerox Versalink C7000/3M LED color	15 days	1800		Does not include costs for consumables
Desktop Printers	2 x HP LaserJet Enterprise M506dn Monochrome Laser Printer - Duplex	15 days	1200		Does not include costs for consumables
Office Infrastructure					
Business Class Internet					
Office wiring		15 days	2,400	2,400	Estimate only. Need location for pricing
Telephony solution	Skyve	30 days	2,000		Estimate only. Need location for pricing
Fax	fax	15 days	1,360	360	100 per device startup plus 36/yr. for 10 lines
Wireless		5 days	200	200	1150 pages send and 150 pages receive each month.
					10 price assumes TELHD can use two non-managed access points currently in inventory
Software					
Microsoft GP			3200	3200	At the conclusion of the current 3 year license, evaluate the
Image Tag			1470	1470	move to a simpler product e.g. QuickBooks
MS Office	Office 365	15 days	3600	3600	
Antivirus		15 days	540	540	
Adobe Acrobat Pro		10 days	450		
Hosting					
Host all shared drives	Office 365 (Sharepoint/OneDrive)	15 days	Included	Included	
Host email	Office 365 (Exchange Online)	15 days	Included	Included	
Include backups		15 days	Included	Included	
Host GP	Cloud Hosting	30 days	7200	7200	
Hosting for District Web Site	Current vendor		500	500	
Services					
Implementations			25,000	0	
Ongoing Support			30,000	10,000	
		TOTAL	68,920	29,470	

Costs associated with archiving of legacy systems

Archival Service	Timeline	Costs	Notes
MSA	6 months	Estimate Minds' Eye plus third party data extraction support at \$200,000 in year 1. See notes below.	Hospital clinical, patient financial, and general financial data
NextGen	6 months		Clinic medical records and financial data
EDM	6 months		Hospital medical records
Kinross Home Health	1 month	0	Clinical and billing data for home health

Archiving notes.

Some of these costs may be AH costs, as they are for legacy hospital systems. Those discussions are ongoing. Costs include one-time fees to create the storage database and extract the data from the legacy systems. EDM and MSA are Cermer owned products and ongoing access to those systems is expected to be included in a current deal with AH. This may not eliminate the need/costs for archiving, as much of the data has a 21 year retention period. Access to the data from these systems is required for data retention regulations. MSA would be needed to support ongoing Medicare audits for several years. Phoenix is currently engaged with Minds Eye on a scope/pricing for an archival solution. Mind's Eye has no annual fees. Assumes that Cermer Community Works Data will be incorporated into Cermer Millennium. EDM has not been upgraded to current database and application levels, and the implemented version is out of support. The current implementation is not stable. Migrating EDM data to an archive is likely to be more cost effective.

Tulare Local Health Care District dba Tulare Regional Medical Center
CASH RECEIPTS AND DISBURSEMENTS

	1/18	1/25	2/1	2/8	2/15	2/22	3/1	3/8	3/15	3/22	Totals from 12/01/17
CASH IN											
Receipts	169,799	188,315	119,816	105,553	163,686	125,580	63,402	159,456	193,424	118,762	5,623,263
Receipts Received for AH	(153,375)	(78,668)	(146,509)	(176,968)	(97,064)	(225,400)	(124,618)	(63,453)	(148,080)	(153,900)	(2,219,669)
DSH Payment	0	0	0	0	0	131,698	0	0	0	0	(47,615)
Property Taxes	0	0	0	0	0	0	0	0	0	0	3,017,893
Property Rentals and Evolutions	9,702	0	13,070	11,841	27,759	0	5,579	8,184	12,943	14,765	630,811
Short Term Loans	0	0	0	0	0	0	0	0	0	0	(10,352)
Line of Credit - City of Tulare	0	0	0	0	0	4,861,885	0	1,138,115	0	0	6,000,000
Supplemental - AB 113 & 915	0	0	0	0	0	0	0	0	0	0	2,322,001
Paid by TLHCD To be Reimbursed by AH	44,603	0	2,306	0	3,089	9,785	(36,171)	(4,026)	69,699	33,750	305,818
Supplemental - HQAF, Etc.	0	0	0	0	0	(551,649)	0	0	0	0	3,248,087
Payments Excluded from AH LOC	0	0	0	0	0	0	35,000	0	0	0	(749,490)
Other Extraordinary Receipts	0	0	0	0	0	0	0	0	0	0	628,571
Adventist Health Line of Credit	0	0	0	0	0	0	0	0	0	0	9,627,814
Total Cash In	70,729	109,648	177,846	(59,575)	97,470	4,351,899	(56,807)	1,238,276	127,986	53,633	28,377,131
EXPENSES											
Revenue Bonds	0	0	183,179	0	0	100,000	125,000	0	0	0	1,153,612
Payroll & Related Expenses	15,575	0	17,453	0	15,680	0	16,329	0	15,173	0	4,449,554
Insurance	14,992	0	67,546	26,607	0	0	82,538	0	0	0	2,031,858
Utilities/Phone/Internet	14,527	2,733	1,386	4,780	1,514	14,097	2,892	5,289	28,584	4,498	1,471,713
Legal/ Bankruptcy Counsel	393,385	0	0	0	85,406	54,442	0	0	177,170	269	2,289,137
Consulting & Purchased Services	4,337	184,789	1,803	13,830	0	2,375,358	114,223	4,555	5,926	229,569	6,299,995
Software Fees	0	0	0	0	0	0	0	0	0	0	139,437
Supplies - Medical	2,827	4,558	1,979	1,187	0	1,022	1,869	1,433	3,555	1,263	856,773
Leases and Rentals	731	573	6,353	6,081	85	504	6,526	310	0	2,022	254,001
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	351,556
Other	13,043	5,822	28,584	26,955	505,680	1,810,203	10,978	19,364	15,611	8,230	4,842,858
Expense Catch-up After 09/30/17	0	0	0	0	0	0	0	0	0	0	245,461
Assumed Liabilities	0	0	0	0	0	100,000	0	0	0	0	149,935
Start-up Repairs (Gross) Including I/T &											
Misc. & Minor Repairs	11,086	45,480	0	6,000	9,656	9,324	0	0	4,903	1,426	2,395,647
Total Expense	470,503	243,956	228,283	85,440	618,021	4,464,950	360,355	31,051	250,923	550,806	27,375,020
Difference	(399,774)	(134,308)	(50,437)	(145,015)	(520,551)	(113,051)	(417,163)	1,207,225	(122,937)	(497,173)	1,002,112
Cash Balance Forward	1,795,521	1,661,213	1,610,777	1,465,761	945,211	832,159	414,997	1,622,221	1,499,284	1,002,112	

NOTE 1: \$784,664 of Build America Bonds funds were received by the District in February, 2018 and again in July, 2018, and another \$748,427.77 was received in January, 2019, and all were directly paid to the Tulare County Tax Assessor. These have been removed from this report as these are not District funds.

NOTE 2: Adventist Health will be reimbursing the District for agreed up Start-Up Repairs and Valuation costs totalling \$151,363.

NOTE 3: Certain Re-Classes have been made from these accounts to more accurately reflect major expenditures below.