GUNNISON VALLEY HEALTH

GVH and BOCC Work Session
Tuesday, June 27, 2017
8:30 a.m. to 10:00 a.m. / BOCC Boardroom – Courthouse

AGENDA

For Gunnison Valley Health:

- Ronda Connaway, Board of Trustees, Chair
- Rob Santilli, CEO
- Thomas Harvey, CFO

Conversation Outline

I. Opening Comments & Introductions — Ronda Connaway

II. Board Strategic Planning — Ronda Connaway

III. Operational Items — Rob Santilli

- Nursing Home Administrator
- Radiology Service
- Affinity Broadband Redundancy
- WSCU Proposal
- Housing
- Chamberland's Office
- Studer Award
- Trauma Reg. Changes
- Behavioral Health /Jails

IV. Finance — Thomas Harvey

- April Financials
- Hospital Provider Fee
- SCC financing

V. Strategic — Rob Santilli

- Senior Care Center Development
- Oncology Services, Cancer Center
- TETWP Communication Plan
- Opioid pilot
- Integrative Therapy
- West Central Public Health and Regional Hospital Community Needs Assessment

VI. Commissioner Questions and Observations

GUNNISON VALLEY HEALTH

Operation review

Period Ending April 30, 2017

COMBINED OVERVIEW:

The combined financials for the month of April show an increase in Net Income of $697,943 above budget and $499,734 above prior year. YTD, net income shows a $2,315,444 increase over budget and a $2,090,099 increase over prior year.

	MONTH TO DATE						
	Net Income	Budget	Var	% Var	P/Y	Var	% Var
GVH	$ 577,385	$ 9,721	$ 567,664	5839.6%	$ 178,379	$ 399,006	223.7%
SCC	$ 177,165	$ 59,687	$ 117,478	196.8%	$ 77,646	$ 99,519	128.2%
Hospice	$ (9,331)	$ (12,902)	$ 3,571	27.7%	$ (6,704)	$ (2,627)	-39.2%
Home Health	$ (18,107)	$ (13,204)	$ (4,903)	-37.1%	$ (33,670)	$ 15,563	46.2%
Assisting Living	$ 15,198	$ 5,527	$ 9,671	175.0%	$ 12,380	$ 2,818	22.8%
Foundation	$ 4,461		$ 4,461	100.0%	$ 19,007	$ (14,546)	-76.5%
Grand Total	$ 746,772	$ 48,829	$ 697,943	1429.4%	$ 247,038	$ 499,734	202.3%

	YEAR TO DATE						
	Net Income	Budget	Var	% Var	P/Y	Var	% Var
GVH	$3,587,182	$ 1,459,962	$2,127,220	145.7%	$1,604,236	$ 1,982,946	123.6%
SCC	$ 436,783	$ 303,196	$ 133,588	44.1%	$ 346,684	$ 90,099	26.0%
Hospice	$ (36,675)	$ (44,311)	$ 7,636	17.2%	$ (24,102)	$ (12,573)	-52.2%
Home Health	$ (48,841)	$ (53,719)	$ 4,878	9.1%	$ (59,158)	$ 10,317	17.4%
Assisting Living	$ 45,899	$ 19,731	$ 26,168	132.6%	$ 39,704	$ 6,195	15.6%
Foundation	$ 15,954		$ 15,954	100.0%	$ 2,840	$ 13,114	461.8%
Grand Total	$4,000,303	$ 1,684,859	$2,315,444	137.4%	$1,910,204	$ 2,090,099	109.4%

DEBT SERVICE COVERAGE RATIO - The Debt Service Coverage Ratio at the end of April is 6.14. The bond covenant requires GVH to keep a debt service ratio of 2.00 as of April 2015.

DAYS CASH ON HAND - The cash on hand is 337 days compared to the bond covenant requirement of 150 days. The days' cash on hand does not include the Foundation.

INPATIENT VOLUMES – Admissions were 4 below budget and 7 below prior year for April.

OUTPATIENT VOLUMES – Outpatient visits for April were 214 visits above budget and 177 below the prior year; YTD, outpatient visits were 1848 above budget and 1071 above prior year. Emergency room visits were 51 above budget and 11 above the prior year; YTD, ER visits were 212 above budget and 117 above prior year.

4/30/2017	CY	Bgt	Var.	% Var.	PY	Var.	% Var.
Outpatient Visits	3,373	3,159	214	6.8%	3,550	(177)	-5.0%
Radiology	964	856	108	12.6%	1,093	(129)	-11.8%
Laboratory	1,102	1,054	48	4.6%	1,072	30	2.8%
YTD	CY	Bgt	Var.	% Var.	PY	Var.	% Var.
Outpatient Visits	16,017	14,169	1,848	13.0%	14,946	1,071	7.2%
Radiology	5,378	4,777	601	12.6%	5,327	51	1.0%
Laboratory	4,749	4,340	409	9.4%	4,447	302	6.8%

Gross Outpatient revenues were $512,775 above budget and $144,981 above prior year.

The orthopedic surgeries performed during the month of April showed 51 compared to 56 for the prior year.

2016	Griggs	Schutt	Chamberland	Biem	Moore	Clifton	Elfenbein	Olster	Total
Surgeries as %	38%	0%	16%	27%	4%	16%	0%	0%	100%
Surgeries	21	0	9	15	2	9	0	0	56

2017	Griggs	Schutt	Chamberland	Biem	Moore	Clifton	Elfenbein	Olster	Total
Surgeries as %	35%	0%	8%	10%	4%	14%	29%	0%	100%
Surgeries	18	0	4	5	2	7	15	0	51

REVENUE/DEDUCTIONS:

GVH's total patient revenue shows an increase of $817,399 compared to budget for the month of April and an increase of $166,614 compared to prior year. Net Operating Revenue shows an increase of $442,599 compared to budget and an increase of $128,510 compared to prior year.

NET INCOME:

Gunnison Valley Hospital's income shows an increase of $567,664 over budget and an increase of $399,006 compared to prior year.

OTHER OPERATING REPORTS:

SENIOR CARE CENTER

	MONTH TO DATE								
	Unit	C/M	Bgt	Var	% Var		PY	Var	% Var
SCC	Days	1,334	1,146	188	16.4%		1,227	107	8.7%
H/H	Census	40	31	9	29.0%		43	(3)	-7.0%
A. Living	Days	450	438	12	2.7%		450	-	0.0%
Hospice	Days	30	39	(9)	-23.1%		71	(41)	-57.7%
Palliative	Days	150	167	(17)	-10.2%		95	55	57.9%

	YEAR TO DATE								
	Unit	C/M	Bgt	Var	% Var		PY	Var	% Var
SCC	Days	5,292	5,024	268	5.3%		4,742	550	11.6%
H/H	Census	164	163	1	0.6%		193	(29)	-15.0%
A. Living	Days	1,785	1,720	65	3.8%		1,677	108	6.4%
Hospice	Days	182	297	(115)	-38.7%		266	(84)	-31.6%
Palliative	Days	568	820	(252)	-30.7%		340	228	67.1%

SENIOR CARE CENTER

Patient days in Senior Care were 188 days above budget and 107 days above prior year. Net operating revenues show an increase over budget of approximately $38K and an increase of approximately $63K from prior year. Expenses show a decrease of approximately $46K compared to budget and a decrease of approximately $17K compared to prior year.

HOME MEDICAL SERVICES

Census for home health was 9 above budget and 3 below prior year.

The net operating revenue for Home Medical Services was favorable approximately $12K compared to budget and was approximately $23K favorable compared to prior year. Total operating expenses were unfavorable $17K to budget and unfavorable $7K to prior year. The net income for home health was unfavorable $5K from budget and favorable $15.5K from prior year.

The Gunnison Consolidated Living Community's net income from operations for April was favorable to budget $125K and was $115K favorable to prior year for April.

GUNNISON VALLEY HOSPITAL
OPERATING/INCOME STATEMENT 05/10/17 09:37 AM
FOR THE 4 MONTHS ENDING 04/30/17

	SINGLE MONTH				YEAR TO DATE			
	ACTUAL	BUDGET	$ VARIANCE	% VAR	ACTUAL	BUDGET	$ VARIANCE	% VAR
PATIENT REVENUE								
INPATIENT	826,577	591,103	235,474	39	3,550,473	3,525,816	24,657	0
OUTPATIENT	2,520,217	2,184,739	335,478	15	11,034,201	9,267,302	1,766,899	19
EMERGENCY ROOM	857,820	560,554	297,266	53	3,742,429	2,687,255	1,055,174	39
OBSERVATION	114,667	184,752	(70,084)	(37)	821,528	914,009	(92,480)	(10)
SWING	116,860	47,713	69,147	144	542,924	494,144	48,780	9
PROFESSIONAL FEE	548,735	547,248	1,487	0	2,588,047	2,423,565	164,482	6
CB MTN CLINIC	32,547	21,243	11,304	53	768,124	616,510	151,614	24
GVHFM	196,463	259,133	(62,669)	(24)	790,757	964,691	(173,933)	(18)
TOTAL PATIENT	5,213,889	4,396,485	817,404	18	23,838,487	20,893,292	2,945,195	14
REVENUE DEDUCTIONS								
MEDICARE	(1,018,642)	(627,481)	(391,161)	(62)	(3,975,994)	(3,038,698)	(937,296)	(30)
MEDICAID	(575,222)	(418,572)	(156,650)	(37)	(2,190,187)	(1,999,911)	(190,276)	(9)
COMMERCIAL	(445,966)	(438,067)	(7,899)	(1)	(2,910,471)	(2,197,246)	(713,225)	(32)
CHARITY	(41,363)	(66,748)	25,384	38	(282,099)	(266,992)	(15,107)	(5)
OTHER	(14,987)	(10,212)	(4,775)	(46)	(92,035)	(49,565)	(42,470)	(85)
BAD DEBT	23,702	(150,796)	174,498	115	(68,760)	(603,184)	534,423	88
TOTAL REVENUE	(2,072,479)	(1,711,876)	(360,603)	(21)	(9,519,549)	(8,155,596)	(1,363,953)	(16)
OTHER OPERATING	17,985	32,181	(14,195)	(44)	75,443	140,399	(64,955)	(46)
NET OPERATING	3,159,395	2,716,790	442,605	16	14,394,381	12,878,095	1,516,286	11
OPERATING EXPENSES								
SALARIES	1,206,817	1,208,360	1,542	0	4,890,376	4,833,440	(56,936)	(1)
CONTRACT LABOR	15,890	1,958	(13,932)	(711)	126,419	7,832	(118,587)	(1514)
BENEFITS	152,449	195,825	43,375	22	965,703	1,075,706	110,002	10
PROFESSIONAL FEE	254,861	269,300	14,438	5	883,463	1,112,209	228,745	20
TRAVEL AND EDUCA	16,870	26,725	9,854	36	65,858	110,994	45,136	40
PURCHASED SERVIC	216,344	301,413	85,068	28	1,046,478	1,205,252	158,773	13
SUPPLIES	438,061	380,276	(57,785)	(15)	1,714,597	1,718,219	3,621	0
INSURANCE	39,099	30,927	(8,172)	(26)	119,214	123,708	4,493	3
DEPRECIATION/AMO	117,764	143,745	25,980	18	481,376	574,980	93,603	16
INTEREST	24,538	29,657	5,118	17	107,656	118,628	10,971	9
OTHER	161,262	135,101	(26,161)	(19)	527,035	519,395	(7,640)	(1)
TOTAL OPERATIN	2,643,960	2,723,287	79,326	2	10,928,179	11,400,363	472,183	4
NON OPERATING REV (EXP)								
INVESTMENT INCOM	54,625	16,083	38,542	239	120,803	64,332	56,471	87
OTHER NON OPERAT	7,325	0	7,325	0	(4,107)	0	(4,107)	(0)
TOTAL NON OPER	61,950	16,083	45,867	285	116,696	64,332	52,364	81
TOTAL EXPENSE	2,582,009	2,707,204	125,194	4	10,811,483	11,336,031	524,547	4
NET PROFIT (LO	577,385	9,586	567,799	5923	3,582,898	1,542,064	2,040,834	132

Gunnison Valley Hospital Variances

Contract Labor:

Lab	= $10K - One open position that is expected to last until May while director recruits for the position
PT	= $4K – one employee on FMLA

Purchase Services:

Favorable to budget $85K due to credits in Radiology ($18K) and Anesthesia ($19K) due to prior month activity being moved to prepaid expenses; CT Maintenance and Audit Fees were favorable to budget $6K and $10K, respectively. Utilities were favorable $5K, R&M was favorable $3K, and Therapy was favorable $4K. Multiple departments had favorable variances of less than $1K.

Depreciation:

At time of budget the precise timing of purchases was not determined; therefore the budget number is based on straight line across twelve months.

NonOperating Revenue:

Investment income favorable due to Wells Fargo ($50K) interest rate increase. Other income favorable due to the health fair.

GUNNISON LIVING COMMUNITY
OPERATING / INCOME STATEMENT 05/10/17 01:37 PM
FOR THE 4 MONTHS ENDING 04/30/17

	SINGLE MONTH				YEAR TO DATE			
	ACTUAL	BUDGET	$ VARIANCE	% VAR	ACTUAL	BUDGET	$ VARIANCE	% VAR
PATIENT REVENUE								
HEALTH CARE CENT	368,441	313,903	54,538	17	1,451,005	1,256,187	194,818	15
HOSPICE/HM HEALT	45,200	35,989	9,211	25	193,779	185,148	8,631	4
ASSISTED LIVING	47,405	47,011	394	0	191,361	184,608	6,753	3
TOTAL PATIENT	461,047	396,903	64,144	16	1,836,146	1,625,943	210,203	12
REVENUE DEDUCTIONS								
C/A	(6,285)	10,256	(16,541)	(161)	(20,348)	41,024	(61,372)	(149)
C/A - HOSPICE	147	(2,034)	2,181	107	587	(11,030)	11,617	105
C/A - HOME HEALT	(1,920)	348	(2,268)	(651)	9,566	1,756	7,810	444
BAD DEBT	0	(494)	494	100	0	(1,976)	1,976	100
TOTAL REVENUE	8,058	(8,076)	(16,134)	(199)	10,194	(29,774)	(39,968)	(134)
OTHER OPERATING	(6,931)	(7,836)	(904)	(11)	(26,301)	(31,344)	(5,042)	(16)
NET OPERATING	459,921	412,815	47,106	11	1,852,253	1,687,061	165,192	9
OPERATING EXPENSES								
SALARIES	250,881	248,397	(2,484)	(1)	1,016,430	1,016,637	206	0
CONTRACT LABOR	53,150	0	(53,150)	(0)	245,706	0	(245,706)	(0)
BENEFITS	8,424	75,579	67,154	88	156,862	302,316	145,453	48
TRAVEL AND EDUCA	1,408	4,088	2,679	65	7,191	16,884	9,692	57
PURCHASED SERVIC	28,904	41,549	12,644	30	110,840	157,102	46,261	29
SUPPLIES	26,838	35,590	8,751	24	120,398	148,841	28,442	19
RENT/LEASE	6,212	6,534	321	4	27,786	26,189	(1,597)	(6)
INSURANCE	6,063	6,959	895	12	24,169	27,836	3,666	13
DEPRECIATION	12,579	13,331	751	5	50,317	53,324	3,006	5
INTEREST	1,645	1,855	209	11	6,583	7,420	836	11
OTHER	8,101	6,802	(1,299)	(19)	34,789	27,176	(7,613)	(28)
TOTAL OPERATIN	404,211	440,684	36,472	8	1,801,075	1,783,725	(17,350)	(0)
NON OPERATING REV (EXP)								
PROPERTY TAX REV	106,319	65,381	40,938	62	331,854	313,828	18,026	5
INVESTMENT INCOM	2,895	1,578	1,317	83	13,391	6,312	7,079	112
TOTAL NON OPER	109,214	66,959	42,255	63	345,245	320,140	25,105	7
TOTAL EXPENSE	(294,996)	(373,725)	78,728	21	(1,455,829)	(1,463,585)	7,755	0
NET PROFIT (LO	164,924	39,090	125,834	321	396,423	223,476	172,947	77

Senior Care Center Variances

Contract Labor:

Contract CNA 5 CNAs @ $53K

Benefits:

Benefits are favorable to budget $67K due to the month of March being accrued as the insurance statement was not received in time to accrue based on actuals so historic run rate was used; actual came in $60K below accrual.

Purchased Services:

Purchase Services favorable to budget $13K due to therapy ($4K), Maintenance ($3K), and Utilities ($6K) coming in lower than expected.

Supplies:

Supplies favorable to budget $9K due to Food & Beverage ($5K) and Prescription Drugs ($2K) coming in lower than expected.

Industry Benchmark Data

©2016 CliftonLarsonAllen LLP

Gunnison Valley Health (GVH)

- $39.9 Million Net Patient Service Revenue
- 2013 –2016 Data, Based on Audited Financial Statements

2013-2016

CliftonLarsonAllen Client Data (CLA)

- Median data extracted from CLA critical access hospital clients with less than $75M in net patient service revenue

2013-2015

CliftonLarsonAllen Gold Standard (GS)

- 1,300 fiscal year reports analyzed and used in preparation of ratios and benchmarks
- 22 Gold Standard Facilities

2013-2015

Colorado Critical Access Hospitals (CO-CAH)

- Colorado CAH data extracted as part of the CliftonLarsonAllen Gold Standard study.

2013-2015

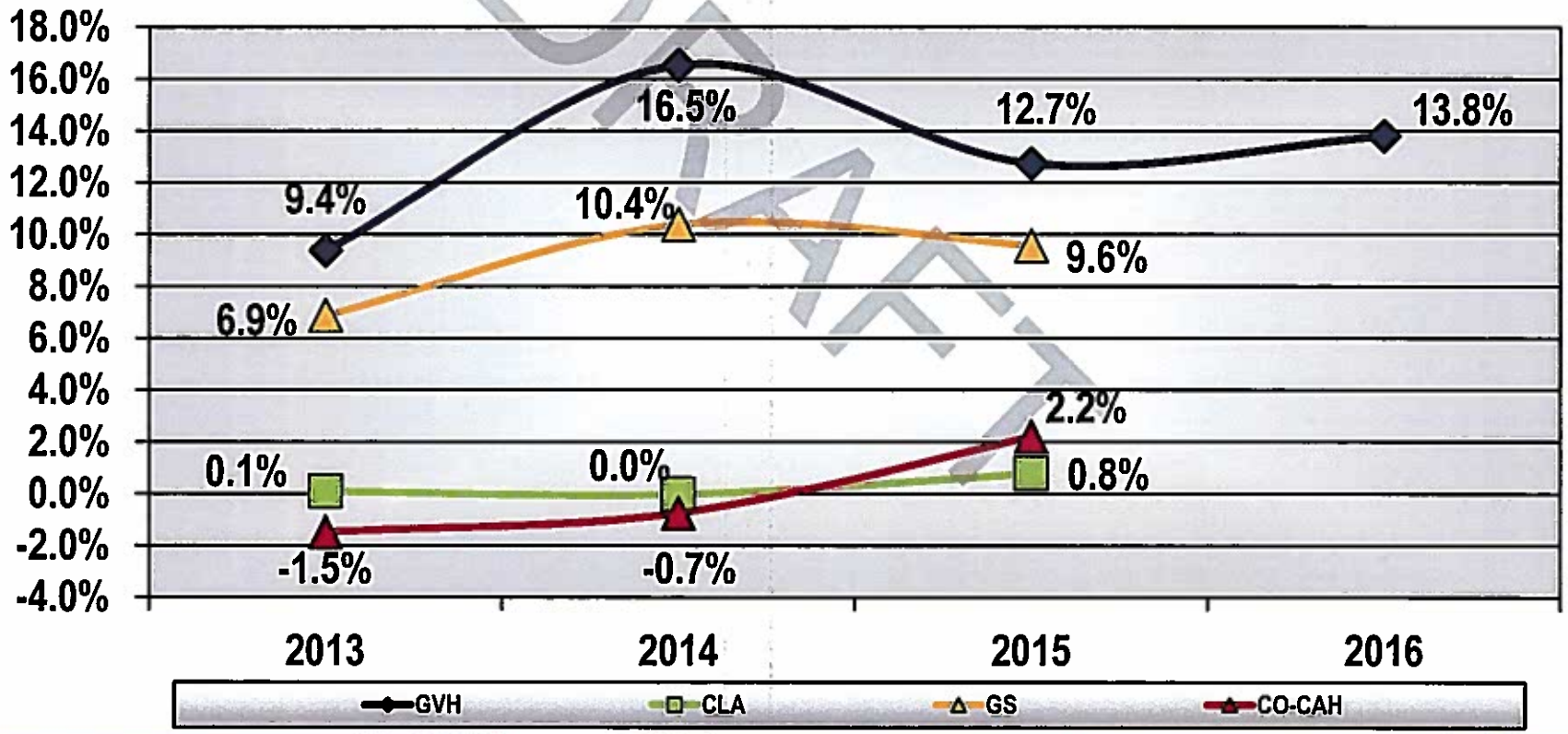
DRAFT

Gunnison Valley Health
Financial Indicators – Profitability Ratios
Exhibit 1

Operating Margin

Definition:

This ratio is operating income as a percentage of net patient service revenue plus other operating revenues. It is used to report the facility's return on revenues which relate to the main purpose of operations.



DRAFT

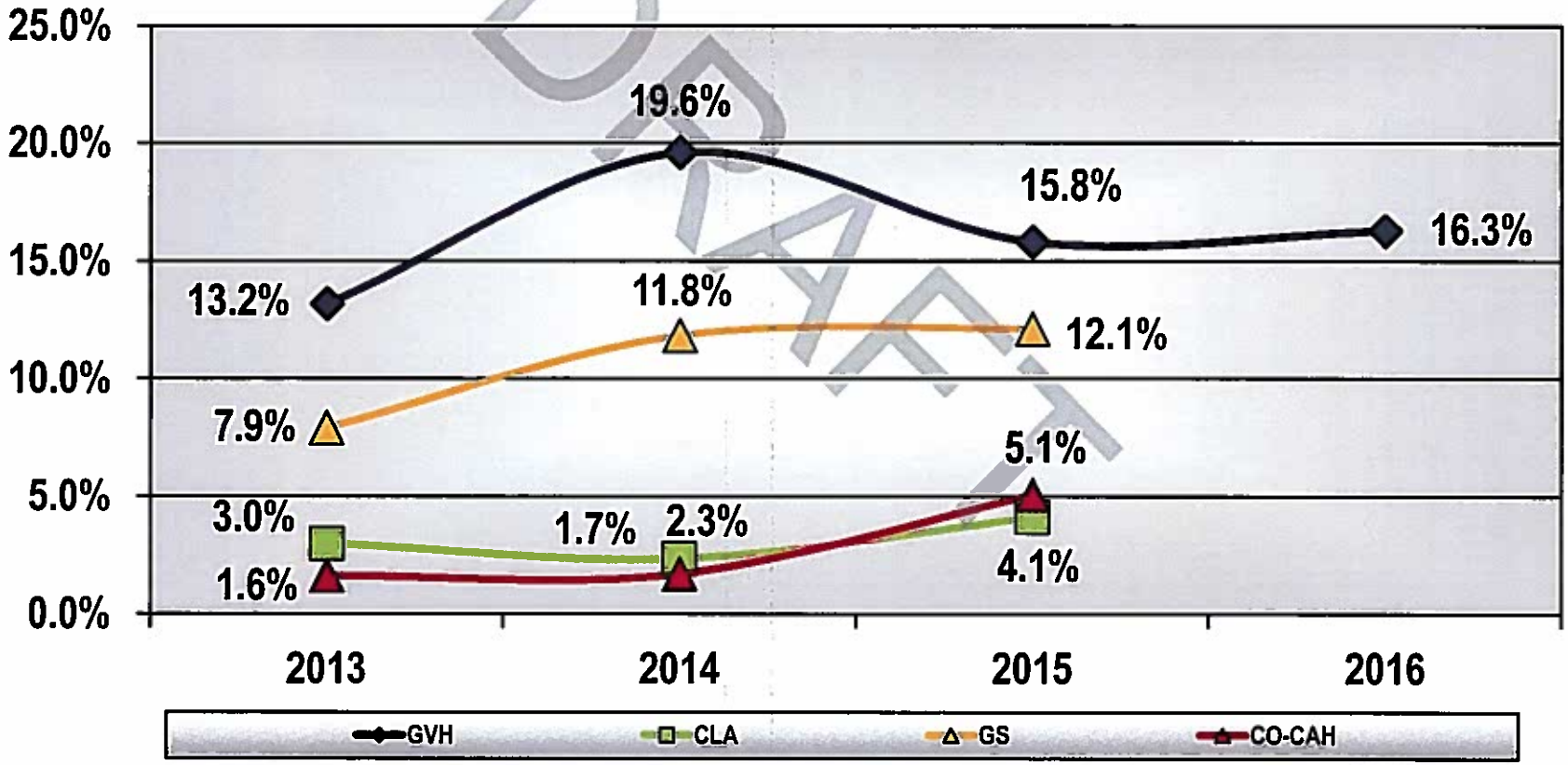
©2016 CliftonLarsonAllen LLP

Gunnison Valley Health
Financial Indicators – Profitability Ratios
Exhibit 2

Total Margin

Definition:

Total margin reflects excess of revenue over expenses as a percentage of total revenues, including non-operating revenues.



DRAFT

©2016 CliftonLarsonAllen LLP

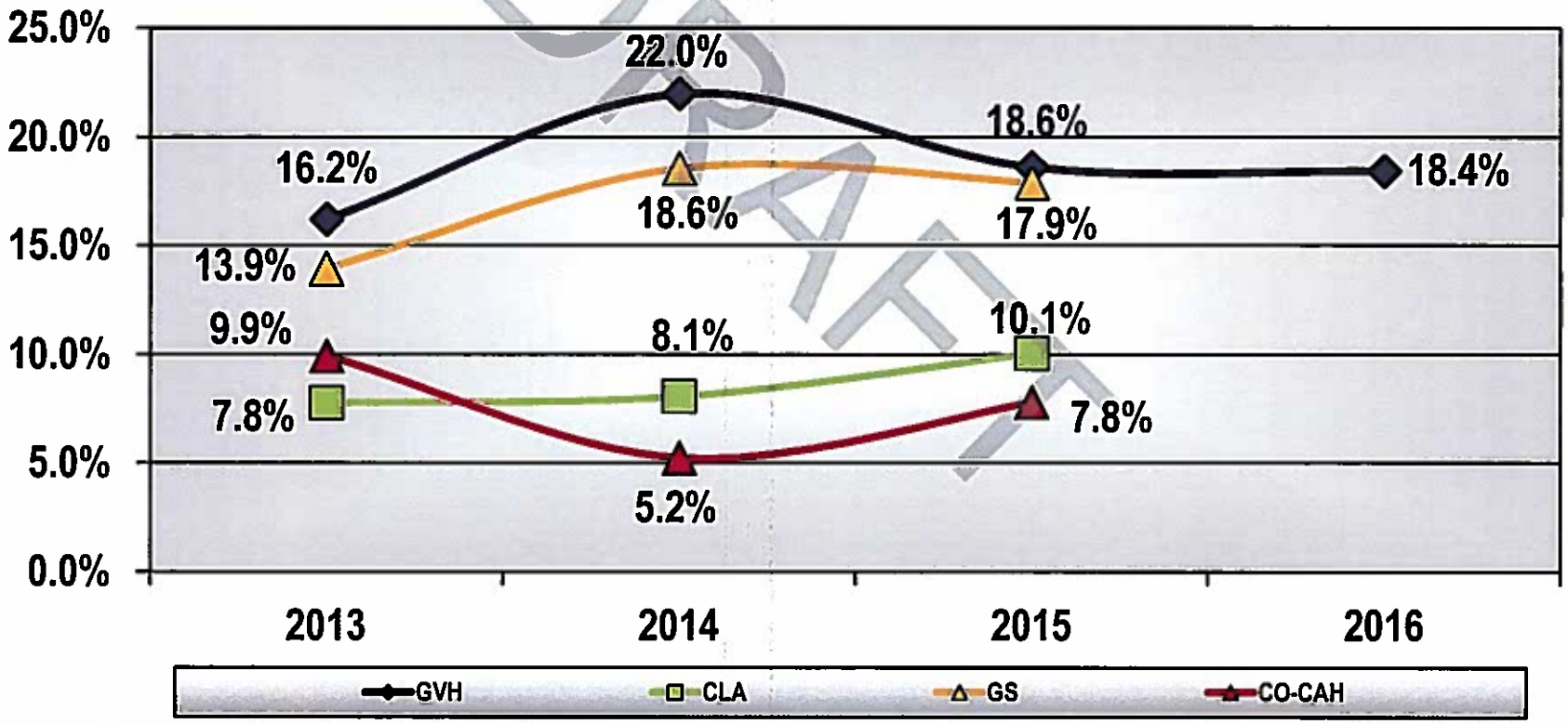
Gunnison Valley Health
Financial Indicators – Profitability Ratios
Exhibit 3

Operating EBIDA

©2016 CliftonLarsonAllen LLP

Definition:

Operating EBIDA represents Earnings (operating income) Before Interest, Depreciation and Amortization divided by total operating revenues. It is used as a rough measure of operating cash flow in a facility. This ratios is often used when evaluating debt capacity.



DRAFT

Gunnison Valley Health
Financial Indicators – Leverage Ratios
Exhibit 4

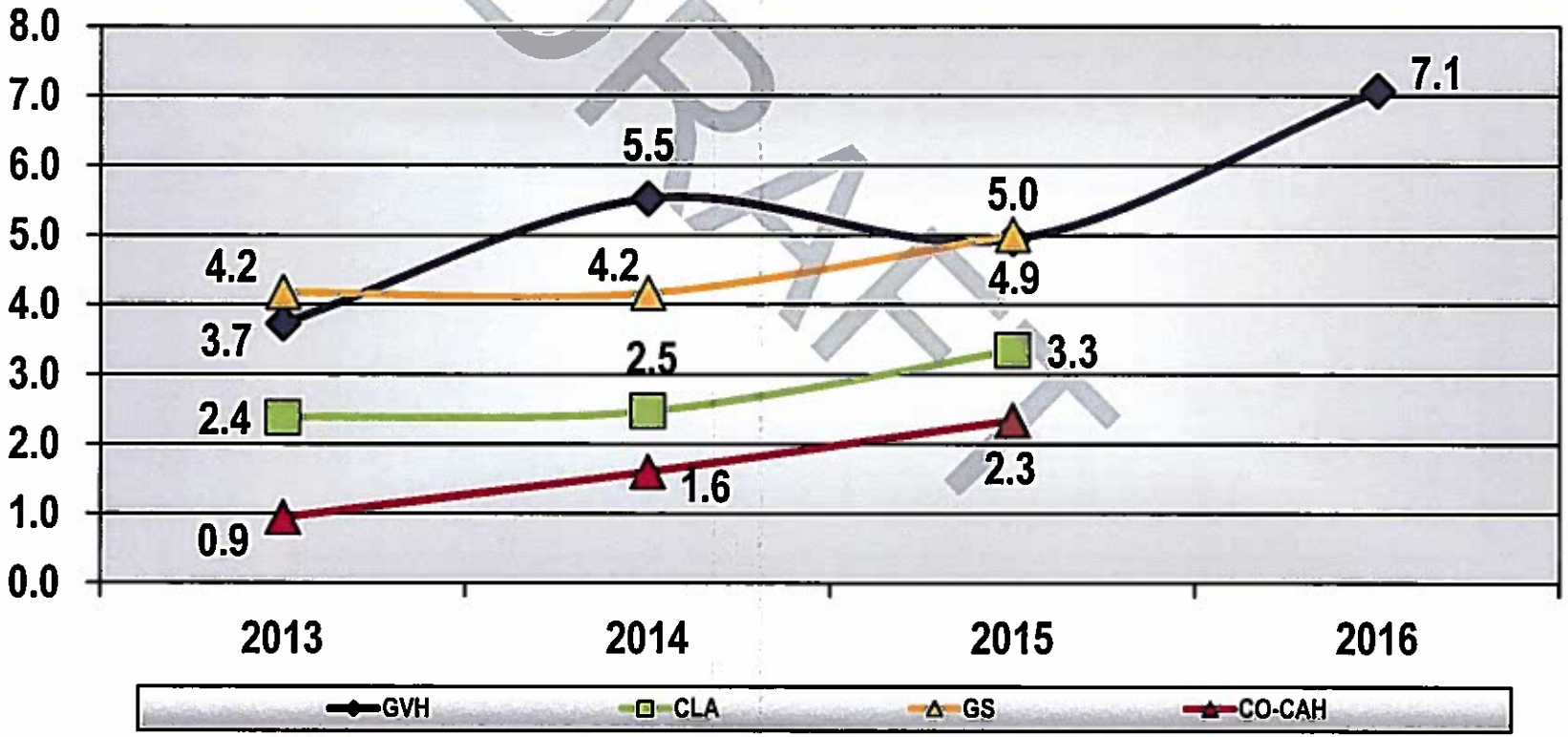
Debt Service Coverage

©2016 CliftonLarsonAllen LLP

Definition:

Debt service coverage is calculated as income available for debt service (net income + depreciation and amortization + interest expense) divided by the annual debt service requirements (principal payments made + interest expense).

DRAFT

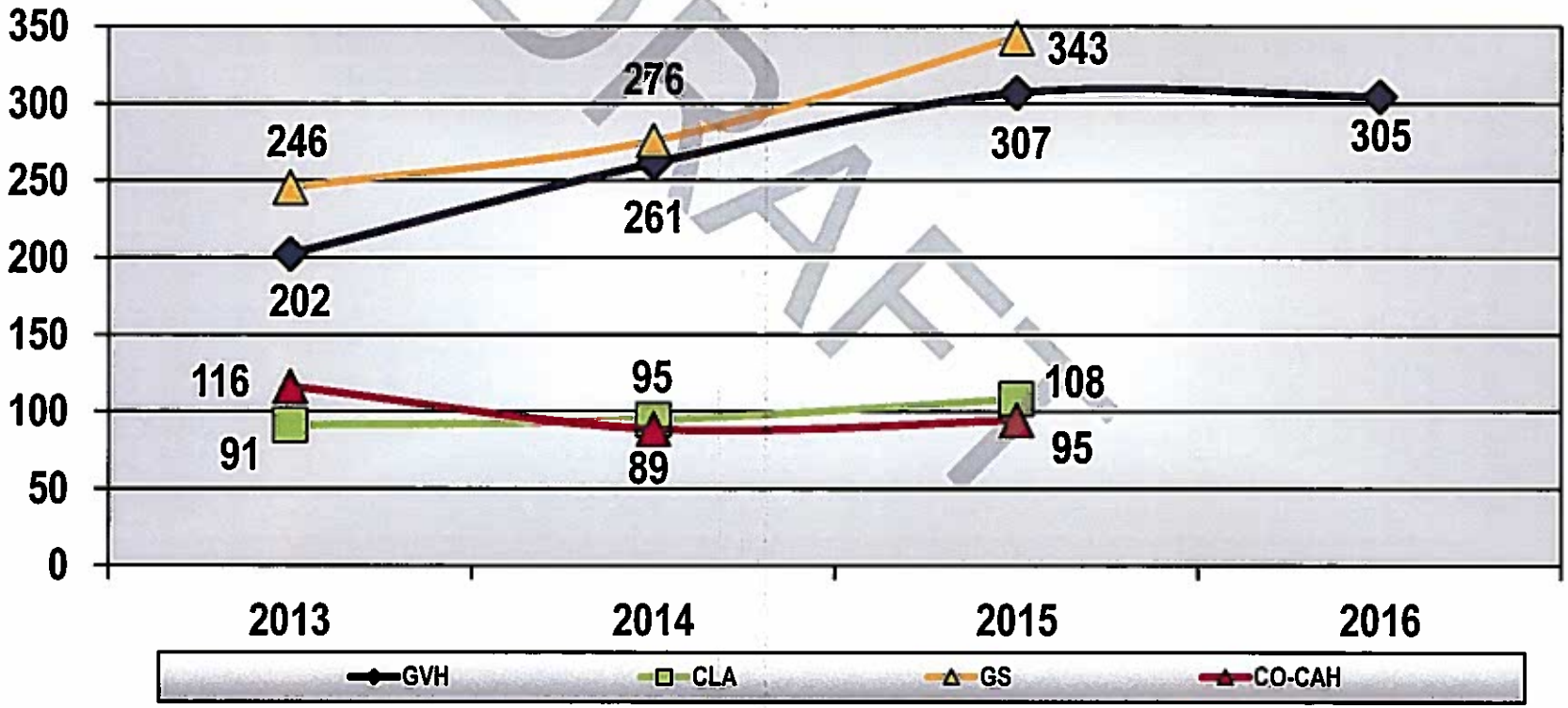


Gunnison Valley Health
Financial Indicators – Liquidity Ratios
Exhibit 5

Days Cash on Hand (All Sources)

Definition:

Days Cash on Hand measures the number of days of average cash expenses that the facility maintains in cash and amounts reserved for capital improvements. High values usually imply a greater ability to meet both short-term obligations and long-term capital replacement needs.



DRAFT

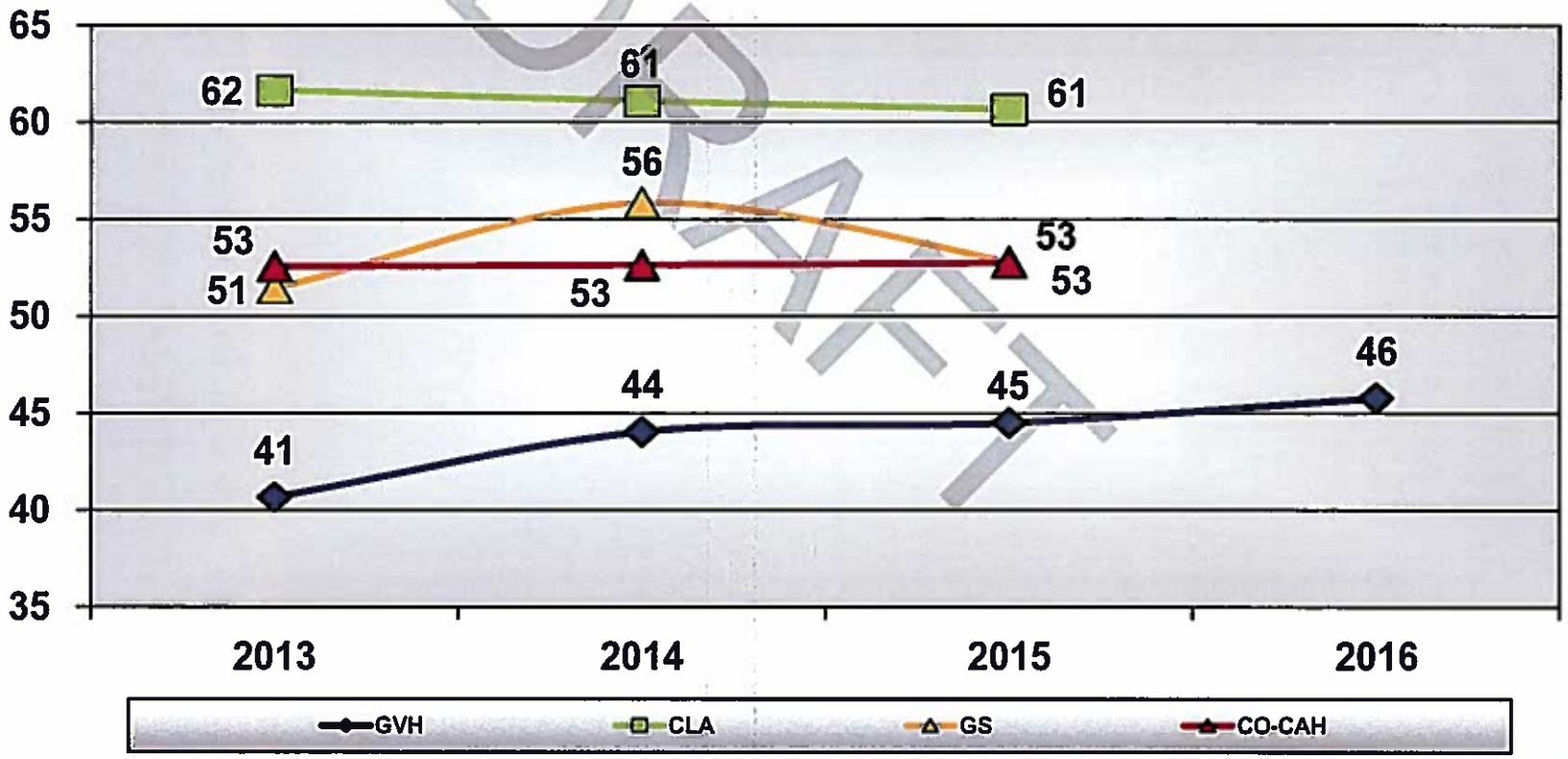
©2016 CliftonLarsonAllen LLP

Gunnison Valley Health
Financial Indicators – Liquidity Ratios
Exhibit 6

Net Days in Accounts Receivable

Definition:

Days in patient accounts receivable is defined as the average time that receivables are outstanding, or the average collection period.



DRAFT

©2016 CliftonLarsonAllen LLP

Gunnison Valley Health
Financial Indicators – Leverage Ratios
Exhibit 7

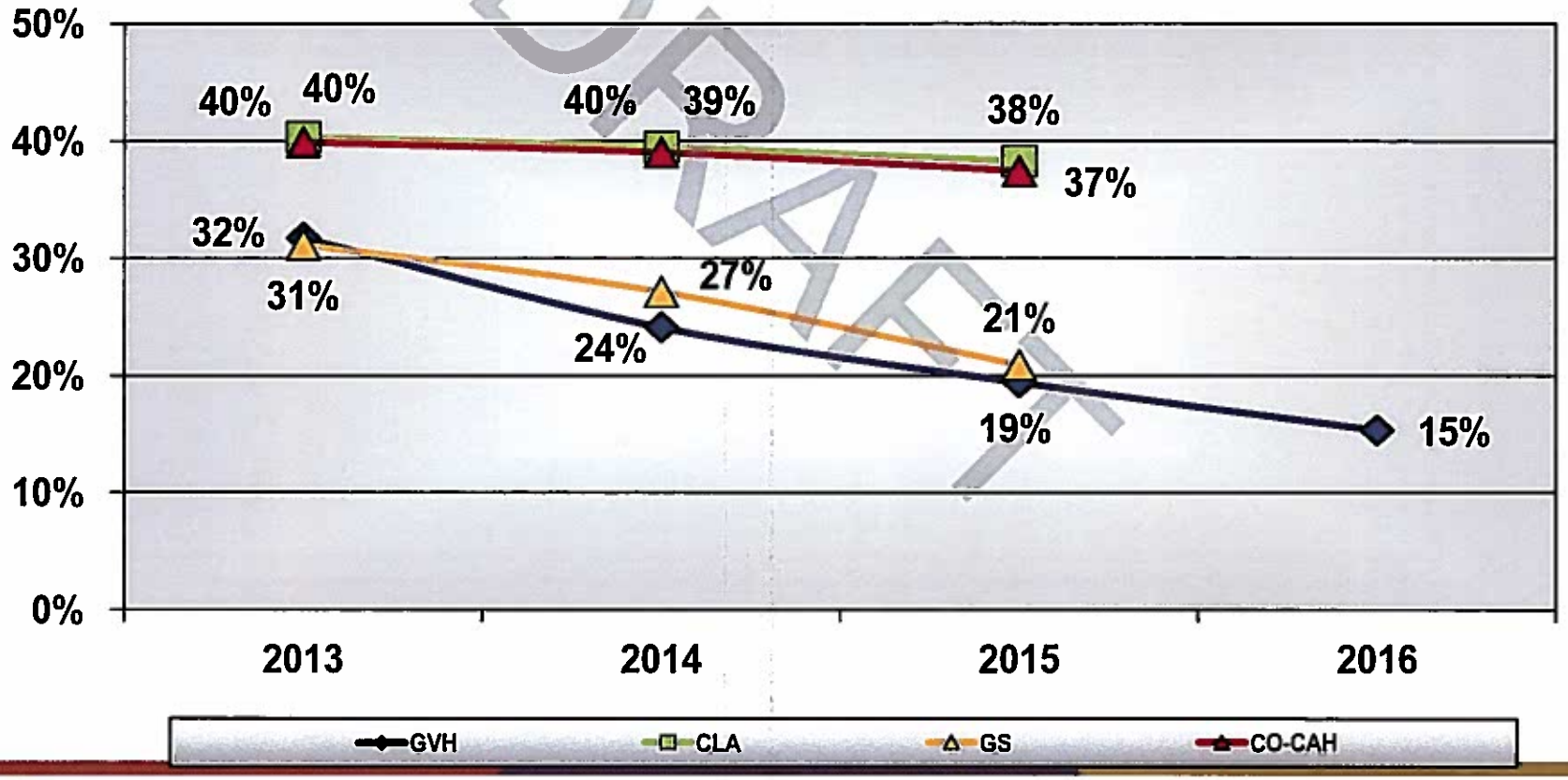
Debt to Capitalization

©2016 CliftonLarsonAllen LLP

Definition:

This ratio is defined as the proportion of long-term debt divided by long-term debt plus total net assets. Higher values for this ratio imply a greater reliance on debt financing and may imply reduced ability to carry additional debt.

DRAFT



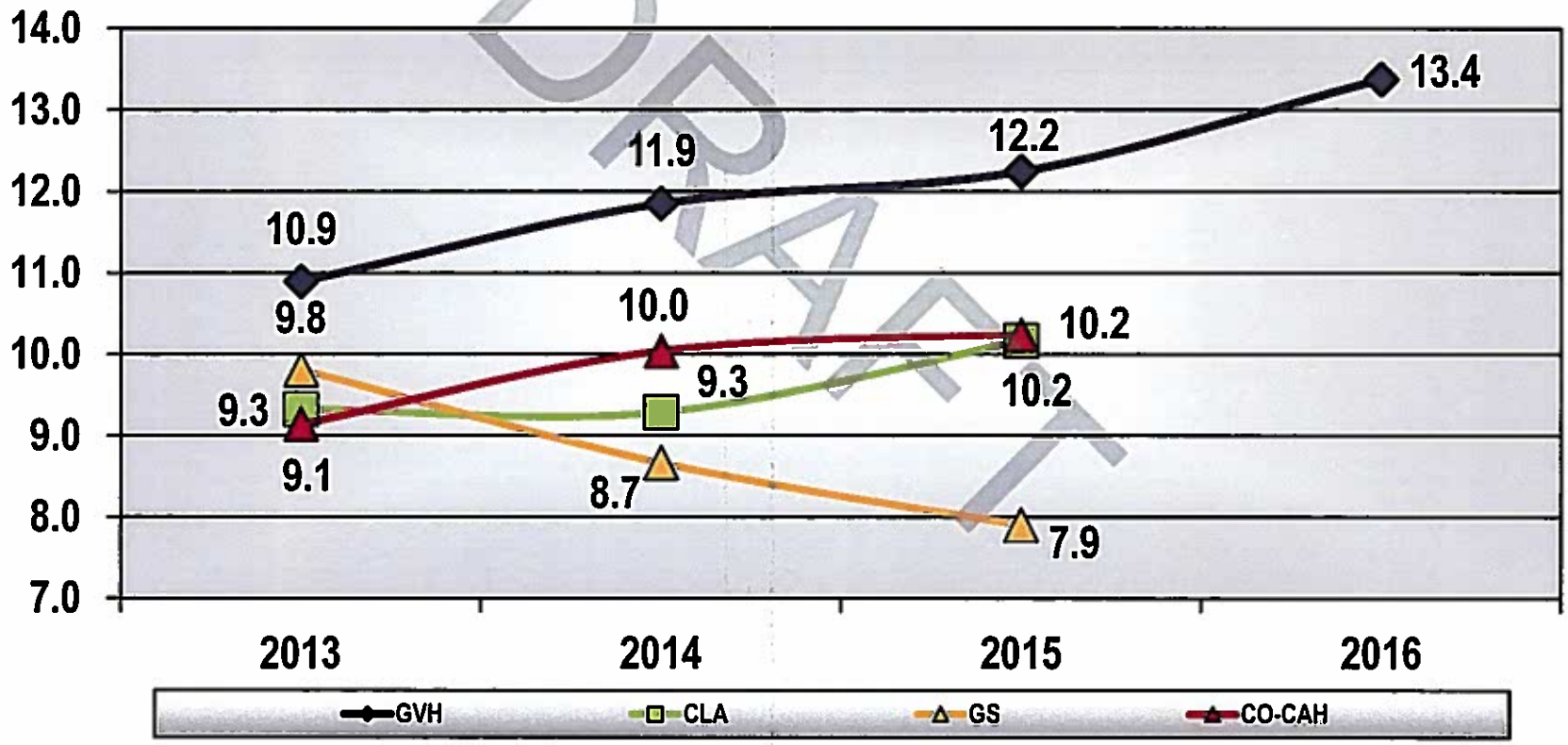
Gunnison Valley Health
Financial Indicators – Other Ratios
Exhibit 8

Average Age of Plant

©2016 CliftonLarsonAllen LLP

Definition:

Average age of plant attempts to approximate the average age of an organization's fixed assets. A low value is considered to be desirable as it indicates a newer facility.



DRAFT