

North Broward Hospital District Board Of Commissioners  
1700 Northwest 49<sup>th</sup> Street, Suite #150, Ft. Lauderdale, 33309

## **FINANCE COMMITTEE**

### **Immediately following the Compliance and Ethics Committee Meeting November 12, 2019**

#### 1. **NOTICE**

Official notice and agenda of this meeting is attached to the Minutes, as EXHIBIT I and EXHIBIT II, as presented for consideration of the Committee.

#### 2. **CALL TO ORDER** 12:01 p.m.

#### 3. **COMMITTEE MEMBERS**

*Present:* Commissioner Stacy L. Angier, Chair  
Commissioner Ray T. Berry, Vice Chair  
Commissioner Nancy W. Gregoire  
Commissioner Marie C. Waugh

*Not Present:* Commissioner Christopher T. Ure  
Commissioner Andrew M. Klein

#### *Senior Leadership*

*Additionally Present:* Gino Santorio/President/Chief Executive Officer, Alan Goldsmith/Chief Administrative Officer, Alex Fernandez/Chief Financial Officer, Linda Epstein/Corporate General Counsel, Jerry Del Amo/Deputy, General Counsel

#### 4. **PUBLIC COMMENTS** None

#### 5. **APPROVAL OF MINUTES**

5.1. Approval of Finance Committee meeting minutes, dated October 23, 2019

**MOTION** It was *moved* by Commissioner Waugh, *seconded* by Commissioner Gregoire, to:

**Approve the Finance Committee meeting minutes, dated October 23, 2019.**

Motion *carried* unanimously.

#### 6. **TOPIC OF DISCUSSION**

\* Please note, item 6.2. CFO Presentation was heard prior to 6.1. Acceptance of Interim Financial Statement for the month of October, 2019.

6.2. CFO Presentation – Alex Fernandez

# MINUTES

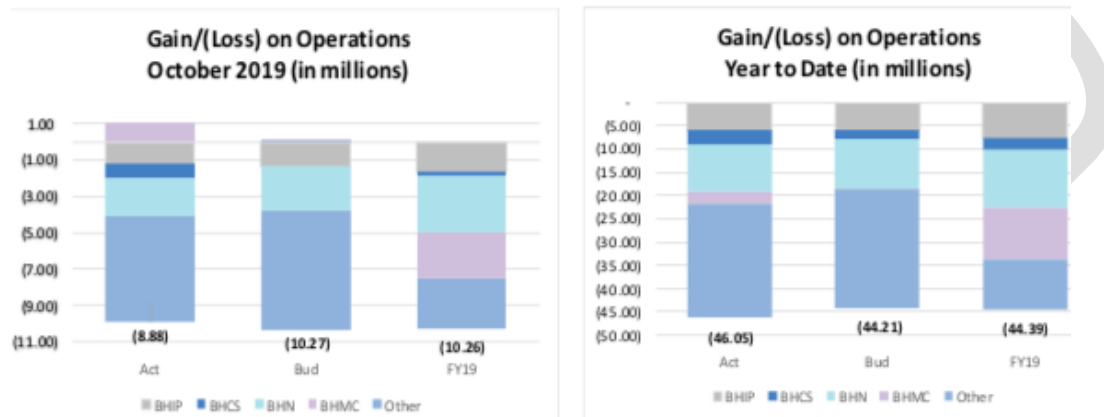
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Mr. Alex Fernandez, Chief Financial Officer, presented the financial statement for the month of October, 2019.

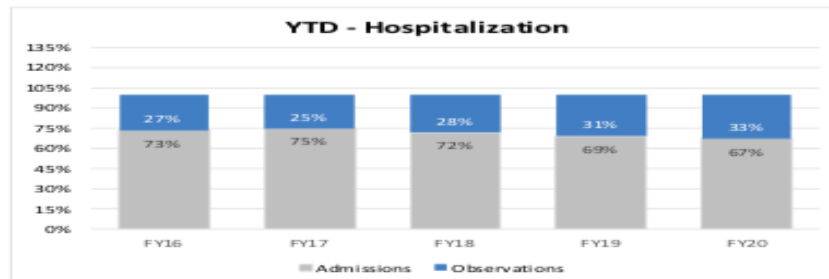
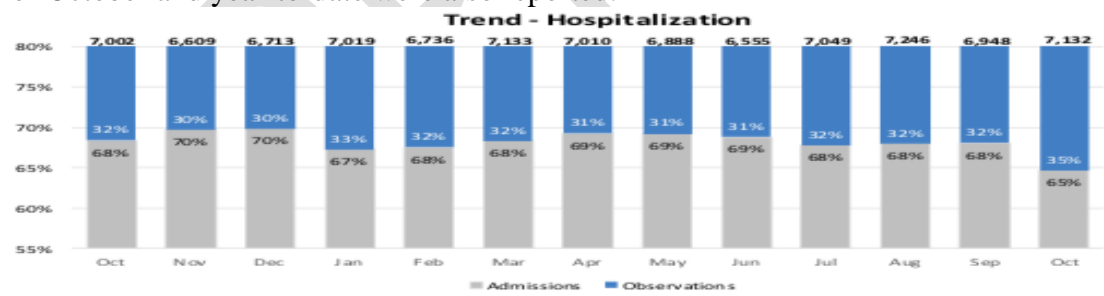
**DRIVERS**

- Total admissions below budget by 2%
- Physician visits above budget by 1%
- Holding steady with great labor management and overall expense controls resulting in operating expenses to remain below budget by 3.7%

## PERFORMANCE

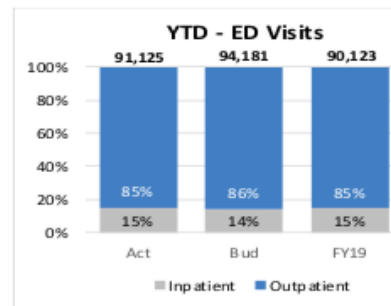
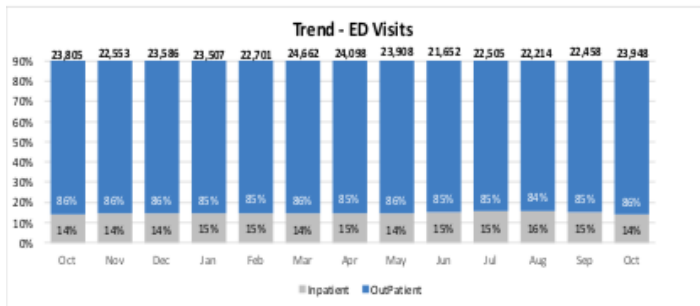
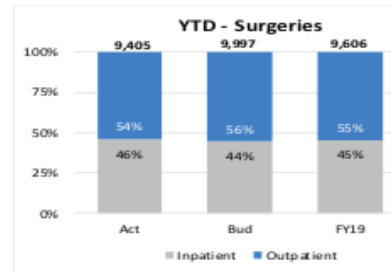
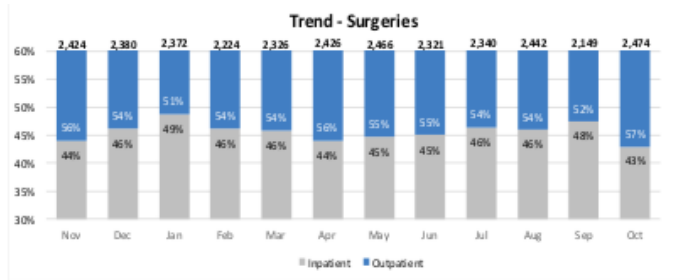


Mr. Fernandez was pleased to announce that although the organization was behind projected figures by \$1.8 million, they were ahead of prior year's net revenue by \$14 million dollars, as it relates to net patient revenue. He clarified that the \$14 million was in comparison to the first four fiscal months of prior year. Gains and losses of operations pertaining to each hospital for the month of October and year-to-date were also reported.



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Mr. Fernandez reported that the Trends for Hospitalizations was 5% greater to prior year's first four months and that there was a decline in surgeries by 2%.



## Broward Health Imperial Point

### DRIVERS

- Total Admissions and Surgeries down to budget
- Net Reimbursement Favorable to Prior Year due to Favorable Case Mix Index, Favorable mix for Surgical Cases and Cardiac Caths
- Operating Expense Favorable to budget

### PERFORMANCE

	Current Period					FYTD				
	Actual	Budget	Var	Prior Year	Var	Actual	Budget	Var	Prior Year	Var
<b>Broward Health Imperial Point</b>										
1. Admissions	590	683	(93)	573	17	2,595	2,649	(54)	2,468	127
2. Observation Cases	402	345	57	327	75	1,421	1,264	157	1,263	158
3. Total Hospitalization Patients	992	1,028	(36)	900	92	4,016	3,913	103	3,731	285
4. Surgeries	574	646	(72)	629	(55)	2,153	2,476	(323)	2,339	(186)
5. ER Visits	3,135	3,301	(166)	3,108	27	12,357	12,801	(444)	12,484	(127)
(5 in millions)										
6. Net Operating Revenue	\$9.2	\$9.6	(\$0.4)	\$8.5	\$0.6	\$35.1	\$37.2	(\$2.2)	\$33.0	\$2.1
7. SW & B	\$5.1	\$5.3	(\$0.1)	\$5.0	\$0.2	\$20.3	\$20.7	(\$0.4)	\$20.0	\$0.3
8. Supplies	\$1.8	\$1.9	(\$0.0)	\$1.7	\$0.1	\$7.1	\$7.3	(\$0.1)	\$6.3	\$0.8
9. Other	\$1.5	\$1.9	(\$0.4)	\$1.6	(\$0.1)	\$6.3	\$7.6	(\$1.3)	\$7.2	(\$0.8)
10. EBIDA	\$0.7	\$0.5	\$0.1	\$0.3	\$0.4	\$1.3	\$1.6	(\$0.3)	(\$0.5)	\$1.8
11. Depreciation & Common Service	\$1.8	\$1.9	(\$0.0)	\$1.9	(\$0.1)	\$7.3	\$7.5	(\$0.2)	\$7.2	\$0.0
12. Net Gain (Loss) from Operations	(\$1.2)	(\$1.3)	\$0.2	(\$1.7)	\$0.5	(\$5.9)	(\$5.8)	(\$0.1)	(\$7.7)	\$1.8

Mr. Fernandez reported on Broward Health Imperial Point's improved traction related to admissions within the cardiology department. He also reported that BHIP was \$1.8 million dollars ahead of prior year although they missed budget this year.

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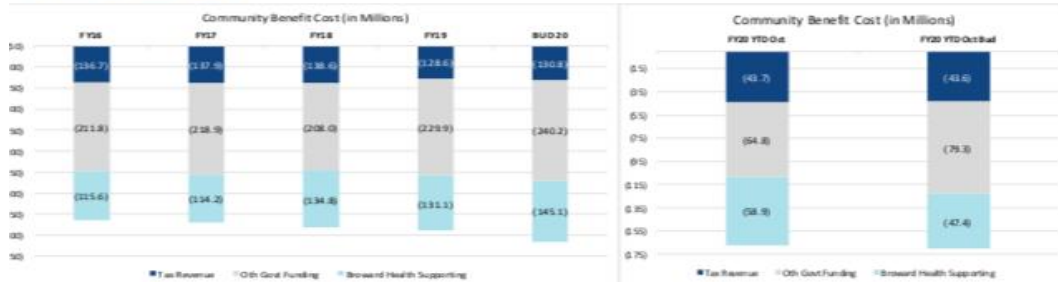


## Service

### DRIVERS

- Community Benefit Cost in Excess of Gov't Funding represents the amount of the unfunded costs BH subsidizes through operations
- BH Projects for 2020 to subsidize unfunded programs by \$145.1M
- BH has subsidized \$58.9M in unfunded programs through Oct 2019 YTD

### PERFORMANCE



Community Benefit has continued to provide care to the underfunded population in Broward County. Mr. Fernandez stressed the importance of having more patients enrolled in Medicaid or other governmental sources to reduce the financial burden of treating said patients.

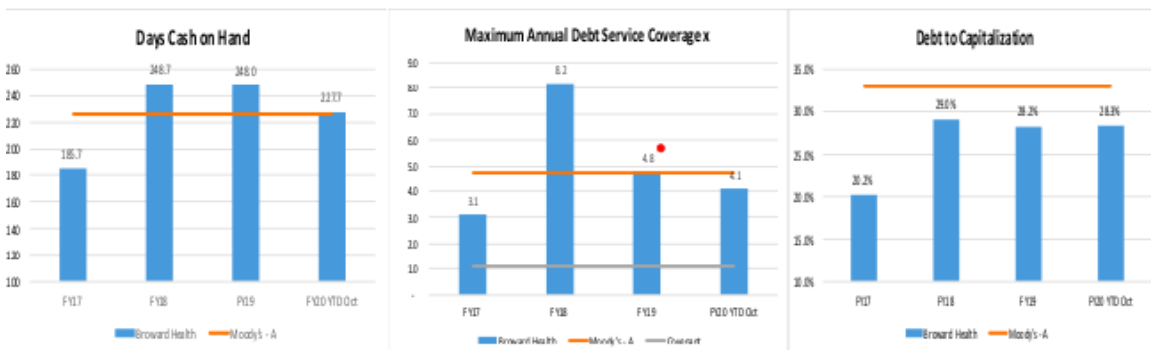


## Key Financial Indicators

### DRIVERS

- Days Cash on Hand is holding above A Rate benchmark at 227.7
- Debt Service Coverage is slightly below A Rate but on the rise at 4.1 from last month's 3.7
- Debt to Capitalization holding steady below A Rate benchmark

### PERFORMANCE



Key Financial Indicators showed continued progress within the organization.

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## Rev Cycle Dashboard

### DRIVERS

- Cash collections for October exceeded the goal by 5%
- FYTD percentage of accounts converted to funded is above goal by 4.81%

### PERFORMANCE

	Current Period			FYTD		
	Actual	Goal	Var	Actual	Goal	Var
<b>Revenue Cycle</b>						
1. Cash Collection % (86-100%)	105.16%	100.00%	5%	98.49%	100.00%	-2%
2. AR days - Revenue Cycle Team	51.90	47.00	4.90	51.90	47.00	4.90
3. First Pass Denial %						
4. POS Cash Collections %	35.60%	35.00%	1%	35.52%	35.00%	1%
5. Discharged Not Sent to Payer - Rev Mgt	5.36	5.41	(0.05)	5.39	5.54	(0.15)
6. Billed AR >90 days- All FC's + Self-pay (P)	37.97%	30.00%	8%	37.97%	30.00%	8%
7. % of IP screened by MOPED	98.95%	98.00%	1%	99.08%	98.00%	1%
8. % of IP conversions to FC R	27.48%	N/A	0%	25.28%	N/A	0%
9. % of Accounts Converted to Funded	82.30%	80.00%	2%	84.81%	80.00%	5%

A strong and continued focus on Revenue Cycle was reported at all four regions. Despite the fact the organization did not meet projections, cash collections exceeded goal by 5% in the month of October. Several other financial indicators were reported on within the Revenue Cycle.



## FY 2020 FINANCIAL INITIATIVE UPDATE

### KEY INITIATIVES

- Efficiency/cost improvements
- Revenue Cycle
- Managed Care
- Non-operating finance strategy



Initiative	Item	Progress	Potential Points
Efficiency/Cost Improvement	Labor Management	Green	39 Potential Points Green = 3 points Yellow = 2 points Red = 1 point
	Procurement	Yellow	
	Utilization Review	Yellow	
Revenue Cycle	Score card benchmark	Yellow	
	Consumerism strategy	Green	
	Backend patient accounting conversion	Red	
	Transparency	Yellow	
Managed Care	Enhance contract language to protect BH	Red	
	Initiate Managed Care Negotiations	Yellow	
	Expand relationships with Managed Care	Yellow	
Non-operating Financial Strategy	Full review of financial position	Yellow	
	Create long-term capital plan	Yellow	
	Financial modeling	Yellow	

Mr. Fernandez concluded his presentation with a Financial Initiative Update for the month of October.

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## 6.1. Acceptance of Interim Financial Statement for the month of October, 2019

**MOTION** It was *moved* by Commissioner Gregoire, *seconded* by Commissioner Waugh, that:

**The Finance Committee recommend that the Board of Commissioners of the North Broward District accept the interim financial statements for the month of October, 2019.**

Motion *carried* unanimously.

Mr. Fernandez gave an update to the progress on the suggestions made by external consultants related to the revenue cycle assessment that was conducted months prior. He further detailed several implementations, including a focus on denials, collection agencies and customer service as recommended in the review.

## 6.3. Systemwide, DRG Validation, Revint Solutions

**MOTION** It was *moved* by Commissioner Gregoire, *seconded* by Commissioner Waugh, that:

**The Finance Committee recommend that the Board of Commissioners of the North Broward Hospital District deem Revint Solutions as Sole Source and authorize the District, without going through the Formal Bid Process established by the District's Procurement Code, to enter into a contract with Revint Solutions to audit inpatient diagnosis-related group ("DRG") for all facilities.**

Motion *carried* 3 to 1, (opposed by Chairman Berry).

## 6.4. Systemwide, Expansion of Agreement in Partnership with American Well for Telehealth Access

**MOTION** It was *moved* by Commissioner Gregoire, *seconded* by Commissioner Waugh, that:

**The Finance Committee recommend that the Board of Commissioners of the North Broward Hospital District authorize the President/CEO to approve the expansion of agreement in partnership with American Well, the vendor awarded per the formal RFP process, to provide telehealth services.**

Motion *carried* unanimously.

## 6.5. BHMC, Hologic Genius 3D Mammography System, Lillian S. Wells Women's Health Center

**MOTION** It was *moved* by Commissioner Gregoire, *seconded* by Commissioner Berry, that:

**The Finance Committee recommend that the Board of Commissioners of the North Broward Hospital District authorize the President/CEO, to approve the GPO purchase of the Hologic**

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**3Dimensions Mammography System at a cost of \$497,855., utilizing \$300,000 from donated funds, and \$197,855 from Broward Health Medical Center base capital.**

Motion *carried* unanimously.

- 6.6. Systemwide, Emergency Assistance for Uninsured Patient Sponsorship Program, Healthfund Solutions

**MOTION** It was *moved* by Commissioner Gregoire, *seconded* by Commissioner Berry, that:

**The Finance Committee recommend that the Board of Commissioners of the North Broward Hospital District authorize the President/CEO approval to spend over the CEO threshold with HealthFund Solutions to assist with patient sponsorship program for uninsured patients.**

Motion *carried* unanimously.

- 6.7. Systemwide, 360 Encompass Coding, Reimbursement and Clinical Documentation Software, 3M Health

**MOTION** It was *moved* by Commissioner Gregoire, *seconded* by Commissioner Berry, that:

**The Finance Committee recommend that the Board of Commissioners of the North Broward Hospital District authorize the District to engage and enter into a 5-year Agreement with 3M Health Information Systems to provide 3M 360 Encompass System for coding, reimbursement and Clinical Documentation Improvement Software and to grant this waiver arrangement as standardization waiver thus to exempt it from the formal bid process outlined in the Procurement Code.**

Motion *carried* unanimously.

- 6.8. BHMC, First Amendment to Service Agreement, Social Work Advantage, Inc.

**MOTION** It was *moved* by Commissioner Gregoire, *seconded* by Commissioner Berry, that:

**The Finance Committee recommend that the Board of Commissioners of the North Broward Hospital District authorize the District to execute the First Amendment to Service Agreement for Social Work Advantage, Inc., which exceeds the 75th percentile.**

Motion *carried* unanimously.

Commissioner Waugh requested that additional documentation be brought to the board on matters involving sole source vendors in an effort to ensure appropriate processes are being implemented.

7. **ADJOURNMENT** 1:00 p.m.

**MOTION** It was *moved* by Commissioner Waugh, *seconded* by Commissioner Berry to:

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**Adjourn the Finance Committee meeting.**

Motion *carried* unanimously.

Respectfully submitted,  
Commissioner Stacy L. Angier, Secretary/Treasurer

APPROVED