

**CHELAN COUNTY PUBLIC HOSPITAL DISTRICT NO. 2  
LAKE CHELAN COMMUNITY HOSPITAL & CLINICS  
BUDGET WORKSHOP FOR THE GOVERNING BOARD**

**DECEMBER 18, 2018 – LCCH BOARD ROOM  
1:00 PM – 3:07 PM**

**NOTES**

**CALL TO ORDER**

Mary Signorelli called the Budget Workshop to order at 1:00 P.M.

**Members Present:**

Mary Signorelli, Chair  
Phyllis Gleasman, Vice Chair  
Fred Miller, Secretary  
Mary Murphy, Commissioner  
Jordana LaPorte, Commissioner

**Others in Attendance:**

Steve Patonai, Interim CEO	Mike Miller, Community Member
Vickie Bodle, CFO	Sara Cushing, Community Member
Brad Hankins, Clinic Administrator	Richard Uhlhorn, Media
Ty Witt, M.D., CMO	Celeste Thomas, Marketing
Dee Barnett, Director of HR	Donna Strand, CNO

**REVIEW OF MISSION:**

- Our Mission is to provide patient-centered, quality healthcare with compassion and respect.

**PUBLIC COMMENTS:**

- No public comments.

**UPDATED BUSINESS PLAN:**

**A. 2019 Goals and Strategies – Steve Patonai, Interim CEO**

- The Vision elements from the Board Retreat was to move towards productivity with highly skilled engaged staff and providers.
- Be in the top 10% Patient Satisfaction.
- Be in the top 10% of all MBQIP quality measures & zero preventable patient harm.
- Strong Primary Care with convenient access and availability.
- Higher acuity services and additional specialties
- Be in the top 25% operating margin & \$250,000 cash reserves for unforeseen needs
- Comprehensive outreach, wellness and education

**B. Draft Budget Assumptions – Vickie Bodle, CFO**

- Proposed assumptions for 2019
  - o Admissions 953
  - o Patient Days 6,460
  - o Avg. Daily Census 17.7
  - o Surgeries 823
  - o ED Visits 5,500
  - o Births 106
  - o Clinic Visits 19,046
  - o Other OP Visits 72,952
  - o Paid FTE's 212

- o Rate Increase – Up to 5% on select area based on pricing or volumes. Increase room rates 10% for Medical, Surgical, Labor & Delivery, and Nursery
- o Average merit increase will be 2%
- o Medical supplies inflation factor 2.5%
- o Pharmaceuticals inflation factor 4.9%

**C. Draft Operating Budget – Vickie Bodle, CFO**

- Projected income for 2019 is \$776,419 on anticipated net revenue of \$27,748,395.
- Excess margin of 2/5%

**D. Draft Capital Budget – Vickie Bodle, CFO**

Item Description	Est Cost	Target Date	Reason
2 Stryker Beds	19,700	1st Qtr.	Safety issue with beds
2 <sup>nd</sup> Medium Bone Power	20,200	1 <sup>st</sup> Qtr.	
Hardware Removal Set	31,515	1 <sup>st</sup> Qtr.	Presently renting
2 <sup>nd</sup> Large Bone Power	21,856	1 <sup>st</sup> Qtr.	
Stryker Maternity Bed	17,291	2 <sup>nd</sup> Qtr.	Wood Frame - Infection
Novil Wireless Patch System	7,207	2 <sup>nd</sup> Qtr.	Convenience for L&D patient
PACU Gurney	19,068	3 <sup>rd</sup> Qtr.	For obese patients
C-Arm	174,120	2 <sup>nd</sup> Qtr.	Ortho procedures
Bi-pap Machine	14,565	2 <sup>nd</sup> Qtr.	
GB Protect - Palo Alto Firewall Upgrades	49,015	2 <sup>nd</sup> Qtr.	Cyber Security Wall
Blood Banking Centrifuge & Incubator	20,209	1 <sup>st</sup> /2 <sup>nd</sup> Qtr.	Present one broke
UCX 450 Phone Solution	36,182	4 <sup>th</sup> Qtr.	Upgrade Phone Circuit
Stryker Ablation Generator	37,590	1 <sup>st</sup> Qtr.	Renting @ \$1000 each
<b>2019 Approved Capital Budget</b>	<b>468,516</b>		
<b>Emergency Capital</b>	<b>50,000</b>		
<b>Total 2019 Capital Budget</b>	<b>518,516</b>		

**E. Other**

- USDA will review our 2019 financials at the end of the year. If there are major changes in our financials from the USDA financials, USDA will want to know how we are addressing the issue.
- Operating Revenue is outside patient revenues, i.e. tax collections, grants, etc.
- There will always be fluctuations to volumes.
- All capital budgeted equipment will be transferable to the new facility.
- Employee benefits are at 21.03% due to the increase in health insurance premiums.
- Anticipate bringing on new providers, i.e. Internal Medicine & ENT. Expect to lose money 18 months - 2 yrs. before being financially productive.
- First interest payment on UTGO Bonds will be December 31, 2019 in the amount of \$864,319.
- UTGO Bonds are at .32 per \$1,000 and the life of the Bond has been reduced to 25 years.
- An outside source, "Truman Analytics" will be coming in to do analytics for each dept.
- LCCHC will be moving to merit increases rather than inflation increases with an average of 2%.
- Mary Murphy suggested that the hospital start setting money aside outside of the reserve for a new EMR system.

**F. Adjournment**

- Meeting adjourned @ 3:07 P.M.

Submitted:

Fred Miller  
 Board Secretary  
1/22/19  
 Date

Attest:

[Signature]  
 CEO  
1/22/19  
 Date