

OFFICIAL NOTICE AND AGENDA

of a meeting of the **Finance, Personnel & Property Committee** to be held at **North Central Health Care**
1100 Lake View Drive, Wausau, WI 54403, Badger Room at **11:00 am** on **Thursday, January 26th, 2017**

In addition to attendance in person at the location described above, Board members and the public are invited to attend by telephone conference. Persons wishing to attend the meeting by phone should contact Debbie Osowski at 715-848-4405 24 hours prior to the start time of the meeting for further instructions. Any person planning to attend this meeting who needs some type of special accommodation in order to participate should call the Administrative Office at 715-848-4405.

For TDD telephone service call 715-845-4928.

1. Call to Order
2. Public Comment for Matters Appearing on the Agenda
3. ACTION: Approval of 12/15/16 Finance, Personnel & Property Committee Meeting Minutes
4. December Financials
 - a. ACTION: Accept the Financial Report and December Financial Statements
 - b. Review Write-Offs
5. CFO Report
6. 2016 Audit Update
7. Maintenance Transition Update – M. Loy
8. Consideration of the Creation of a General Corporation Counsel Position– M. Loy
9. Discussion and Future Agenda Items
10. Adjourn



Presiding Officer or Designee

NOTICE POSTED AT: North Central Health Care

COPY OF NOTICE DISTRIBUTED TO: Wausau Daily Herald, Antigo Daily Journal, Tomahawk Leader, Merrill Foto News,
Langlade, Lincoln & Marathon County Clerks Offices

DATE: 01/20/17 TIME: 4:00 p.m. BY: D. Osowski

**NORTH CENTRAL COMMUNITY SERVICES PROGRAM
FINANCE, PERSONNEL & PROPERTY COMMITTEE MEETING MINUTES**

December 15, 2016

11:00 a.m.

Lincoln County Administrative Office
Building - Merrill

Present:

X	Randy Balk	X	Bill Miller	X	Robin Stowe
X	Bob Weaver	X	Jeff Zriny		

Others Present: Michael Loy, Brenda Glodowski, Randy Scholz

Meeting was called to order 11:06 a.m.

ACTION: Approval of 11/17/16 Finance, Personnel & Property Committee Meeting Minutes

- **Motion**/second, Balk/Weaver, to accept the 11/17/16 Finance, Personnel & Property Committee Meeting minutes. Motion carried.

November Financials

- November showed a loss of about \$254,000.
- Revenues are close to target for the month.
- The nursing home census has continued to drop in December to a current average of 191.
- The areas that continue to drive high expenses are: health insurance, state institutes, and crisis. Year to date these three areas were off target by over \$3 million. While this deficit is significant, we have made up for much of the loss in other areas.
- In 2017, \$475,000 for additional services for Marathon County has been built into the levy.
- In 2017 there are plans to make up the balance of this occurring deficit. In 2016 there were additional staff added to Crisis but in 2017 the budget in Crisis is balanced. Changes have been implemented for health insurance in 2017. Plans also include developing a youth crisis stabilization home, increasing capacity in the MMT program, developing a master facility plan including physical moves within the facility and possible program changes.
- **Motion**/second, Miller/Stowe, to accept the November financial report. Motion carried.

Write-offs

- Nothing significant this month.

CFO Report

- Anticipate December to be a very high expense month. Legal expenses will be significant with the investigation regarding the nurse situation, the Tri-County Agreement, the anonymous letter review, etc. We estimate around \$100,000 of additional legal expenses.
- So far diversions for December are higher than November.
- Nursing home census as of 12/14/16 is averaging 191; census averaged 197 for November. Hospital is averaging 17 through 12/14.
- Anticipate write-offs will be slightly higher in December.

- We had originally requested \$475,000 from Marathon County contingency for additional services provided to the Marathon County jail. This amount has been added to revenues as accounts receivable. We have accrued just over \$400,000 through the end of the year; \$75,000 was deducted for the psychiatrist in the jail because Marathon County determined to stop services with NCHC and hire their own psychiatrist. The memo in the Finance packet outlines the request. Marathon County indicates this item will be placed on their Finance Committee agenda in January 2017. The \$400,000 all relates to services for Marathon County and does not include services for Langlade and Lincoln Counties. Langlade and Lincoln Counties are contracting with another medical provider at this time.

Update on Potential Write-Off for CIP for Nursing Home Project

- There is \$518,000 of incurred expenses with \$20,105 not reusable.
- It was determined last month to only write off a portion of this expense and try to reuse some of the information. Our audit firm is agreeable to this. The remainder of the \$518,000 will be addressed once we know the future of the nursing home project.

ACTION: Approval of Capital Expenditure for Marathon County Facilities Office

- As we consolidate our maintenance into the county facilities department, additional office space is being requested in our building for Michael Lotter, Director of Marathon County Maintenance, a planned conference room, and for clerical support. Mr. Lotter plans to split his time at NCHC and the County. Mr. Kaiser will remain full-time at NCHC.
- Mr. Lotter is requesting to occupy the current offices of our nursing home administrator and leadership. Mr. Kaiser's office is currently in this suite as well.
- We are unable to move our nursing home administration offices at this time due to limited office space in Mount View Care Center.
- Another area being considered, but would require remodeling estimated at \$30,000, and NCHC would pay for. This was not budgeted in 2016 or 2017 capital projects but there is unused capital dollars available.
- There is a substantial amount of vacated space that the ADRC occupied that is available.
- Before proceeding, the Committee and Board are being asked for input and potential authorization.
- Mr. Miller indicated he spoke with Mr. Lotter. Mr. Lotter is not in favor of the remodeling and would like the office space occupied by the nursing home administrator. Feels this is a less expensive option.
- Committee would like Mr. Lotter and Mr. Kaiser at the next meeting to discuss before taking action on this request.

Discussion of Future agenda items:

- Clarity on policy governance i.e. NCCSP Board vs CEO – clear guidelines i.e. capital budget policy.

Motion/second, Miller/Balk to adjourn the Finance, Personnel and Property Committee meeting at 11:36 a.m. Motion carried.

dko

MEMO

TO: North Central Health Care Finance Committee
FROM: Brenda Glodowski
DATE: January 20, 2017
RE: Attached Financials

Attached please find a copy of the Preliminary December Financial Statements for your review. To assist in your review, the following information is provided:

BALANCE SHEET

The format of the Balance Sheet has been updated to include separating out additional items for contingency as approved at the November Board meeting. The accounts are being finalized in preparation for year-end audit.

STATEMENT OF REVENUE AND EXPENSES

The month of December shows a loss of \$(151,301) compared to the budgeted loss of \$ 70,719) resulting in a negative variance of \$(80,601).

Overall revenue exceeded targets for the month by \$490,000. This is due to notification from the State of additional carry over funds from Base County Allocation being provided, as well as additional funds from the Intoxicated Driver Program and a settlement from WIMCR (WI Medicaid Cost Reporting). In addition, additional funds for the 85.21 Grant are being given to NCHC as these are funds not utilized by Metro Ride. The hospital census averaged 16 compared to the target of 14, so the hospital was busy again in December. The overall end of the year census for the hospital averaged 15 per day. The nursing home census continues to struggle, dropping in December to an average census of 187. The target is 210. The Medicare census averaged 15, compared to the target of 23. While the overall revenue for the month did exceed target, this is coming from the Human Service Programs as the nursing home overall revenue was below target. The end of the year census for the nursing home is 202.

Overall expenses exceeded targets by \$576,000. Expenses continue to exceed budget targets in some of the same areas as prior months showing the overage. Employee benefits were within targets for December, but state institutes were over by \$110,000 and Crisis was over by \$68,000. Legal expenses, as anticipated, were over budget by \$75,000. Nursing home penalties from the survey were also included. This is estimated at \$48,000. Other areas that exceeded targets are contract labor, drug expense, contract psychiatry and maintenance agreements for Information Technology services.

**NORTH CENTRAL HEALTH CARE
COMBINING STATEMENT OF NET POSITION
DECEMBER 2016**

	<u>Human Services</u>	<u>Nursing Home</u>	<u>Total</u>	<u>Prior Year Combined</u>
Current Assets:				
Cash and cash equivalents	3,397,788	2,687,344	6,085,132	5,912,631
Accounts receivable:				
Patient - Net	3,198,812	1,332,782	4,531,594	7,844,454
Outpatient - WIMCR	470,000	0	470,000	475,000
Nursing home - Supplemental payment program	0	0	0	0
Marathon County	127,159	0	127,159	803,202
Appropriations receivable	0	0	0	0
Net state receivable	153,727	0	153,727	106,642
Other	747,706	0	747,706	647,291
Inventory	0	303,535	303,535	303,782
Other	<u>246,627</u>	<u>194,803</u>	<u>441,431</u>	<u>285,153</u>
Total current assets	<u>8,341,818</u>	<u>4,518,464</u>	<u>12,860,282</u>	<u>16,378,154</u>
Noncurrent Assets:				
Investments	10,300,000	0	10,300,000	9,800,000
Assets limited as to use	1,644,165	692,728	2,336,893	1,686,228
Contingency funds	500,000	0	500,000	0
Restricted assets - Patient trust funds	22,318	34,785	57,103	66,259
Net pension asset	2,707,984	2,138,954	4,846,938	4,846,938
Nondepreciable capital assets	51,708	868,252	919,960	34,548
Depreciable capital assets - Net	<u>7,406,698</u>	<u>3,315,337</u>	<u>10,722,035</u>	<u>11,970,549</u>
Total noncurrent assets	<u>22,632,874</u>	<u>7,050,055</u>	<u>29,682,929</u>	<u>28,404,522</u>
Deferred outflows of resources - Related to pensions	<u>2,710,724</u>	<u>2,141,118</u>	<u>4,851,842</u>	<u>4,851,842</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>33,685,415</u>	<u>13,709,637</u>	<u>47,395,053</u>	<u>49,634,518</u>

Please note these are preliminary statements. The statements will be finalized through the audit process. Some items yet to be incorporated are year-end inventory and additional legal fees. The grants will also be settled so there will likely be some additional grant revenue.

The preliminary year end loss is \$1,759,000. Some of the year to date overages include health insurance being over by \$1,144,000, State institutes being over by \$1,431,000, and Other Institutes (such as Trempealeau County) being over by \$400,000, Crisis Services being over by \$737,000, and contracted Psychiatry being over by \$513,000. These overages represent over \$4.2 million. Some of this was covered by additional revenue and some by reduction in support areas.

If you have questions, please feel free to contact me.

**NORTH CENTRAL HEALTH CARE
COMBINING STATEMENT OF NET POSITION
DECEMBER 2016**

	<u>Human Services</u>	<u>Nursing Home</u>	<u>Total</u>	<u>Prior Year Combined</u>
Current Liabilities:				
Current portion of related-party note payable	154,310	0	154,310	148,264
Accounts payable - Trade	938,009	740,905	1,678,914	1,115,995
Appropriations advances	0	0	0	0
Accrued liabilities:				
Salaries and retirement	927,475	732,584	1,660,059	1,564,978
Compensated absences	830,720	656,160	1,486,879	1,491,802
Health and dental insurance	445,843	352,157	798,000	807,000
Other Payables	206,933	163,450	370,383	425,383
Amounts payable to third-party reimbursement programs	255,920	0	255,920	350,000
Unearned revenue	<u>135,248</u>	<u>0</u>	<u>135,248</u>	<u>1,140,065</u>
Total current liabilities	<u>3,894,458</u>	<u>2,645,256</u>	<u>6,539,714</u>	<u>7,043,488</u>
Noncurrent Liabilities:				
Related-party note payable	481,871	0	481,871	639,174
Patient trust funds	<u>22,318</u>	<u>34,785</u>	<u>57,103</u>	<u>66,259</u>
Total noncurrent liabilities	<u>504,189</u>	<u>34,785</u>	<u>538,974</u>	<u>705,433</u>
Total liabilities	<u>4,398,647</u>	<u>2,680,041</u>	<u>7,078,687</u>	<u>7,748,920</u>
Deferred inflows of resources - Related to pensions	<u>47,419</u>	<u>37,454</u>	<u>84,873</u>	<u>84,873</u>
Net Position:				
Net investment in capital assets	7,458,406	4,183,589	11,641,995	12,005,097
Unrestricted	14,608,020	3,300,046	17,908,066	17,843,333
Assets limited as to use	1,644,165	692,728	2,336,893	1,686,228
Contingency funds	500,000	0	500,000	0
Restricted - Pension benefit	5,365,482	4,238,030	9,603,512	9,603,512
Operating Income / (Loss)	<u>(336,723)</u>	<u>(1,422,251)</u>	<u>(1,758,974)</u>	<u>662,556</u>
Total net position	<u>29,239,350</u>	<u>10,992,141</u>	<u>40,231,492</u>	<u>41,800,725</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>33,685,415</u>	<u>13,709,637</u>	<u>47,395,053</u>	<u>49,634,518</u>

**NORTH CENTRAL HEALTH CARE
COMBINING STATEMENT OF REVENUES AND EXPENSES
FOR PERIOD ENDING DECEMBER 31, 2016**

TOTAL	<u>CURRENT MONTH ACTUAL</u>	<u>CURRENT MONTH BUDGET</u>	<u>CURRENT MONTH VARIANCE</u>	<u>YTD ACTUAL</u>	<u>YTD BUDGET</u>	<u>YTD VARIANCE</u>
Revenue:						
Net Patient Service Revenue	<u>\$3,874,068</u>	<u>\$3,598,768</u>	<u>\$275,299</u>	<u>\$43,752,372</u>	<u>\$43,163,000</u>	<u>\$589,372</u>
Other Revenue:						
State Match / Addendum	484,338	325,120	159,218	4,055,576	3,901,436	154,140
Grant Revenue	263,569	190,628	72,941	2,531,183	2,287,000	244,183
County Appropriations - Net	740,619	740,566	53	8,887,428	8,886,788	640
Departmental and Other Revenue	<u>183,365</u>	<u>200,737</u>	<u>(17,372)</u>	<u>2,941,130</u>	<u>2,407,900</u>	<u>533,230</u>
Total Other Revenue	<u>1,671,891</u>	<u>1,457,051</u>	<u>214,840</u>	<u>18,415,317</u>	<u>17,483,124</u>	<u>932,193</u>
Total Revenue	5,545,959	5,055,820	490,139	62,167,689	60,646,124	1,521,565
Expenses:						
Direct Expenses	4,212,318	3,688,522	523,796	48,182,246	43,680,703	4,501,543
Indirect Expenses	<u>1,497,671</u>	<u>1,445,517</u>	<u>52,154</u>	<u>15,895,234</u>	<u>17,055,421</u>	<u>(1,160,187)</u>
Total Expenses	<u>5,709,989</u>	<u>5,134,039</u>	<u>575,950</u>	<u>64,077,481</u>	<u>60,736,124</u>	<u>3,341,357</u>
Operating Income (Loss)	<u>(164,031)</u>	<u>(78,219)</u>	<u>(85,812)</u>	<u>(1,909,791)</u>	<u>(90,000)</u>	<u>(1,819,791)</u>
Nonoperating Gains (Losses):						
Interest Income	11,637	7,500	4,137	119,322	90,000	29,322
Donations and Gifts	1,073	0	1,073	26,338	0	26,338
Gain / (Loss) on Disposal of Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,158</u>	<u>0</u>	<u>5,158</u>
Total Nonoperating Gains / (Losses)	<u>12,711</u>	<u>7,500</u>	<u>5,211</u>	<u>150,817</u>	<u>90,000</u>	<u>60,817</u>
Income / (Loss)	<u>(\$151,320)</u>	<u>(\$70,719)</u>	<u>(\$80,601)</u>	<u>(\$1,758,974)</u>	<u>\$0</u>	<u>(\$1,758,974)</u>

**NORTH CENTRAL HEALTH CARE
COMBINING STATEMENT OF REVENUES AND EXPENSES
FOR PERIOD ENDING DECEMBER 31, 2016**

51.42/.437 PROGRAMS	<u>CURRENT MONTH ACTUAL</u>	<u>CURRENT MONTH BUDGET</u>	<u>CURRENT MONTH VARIANCE</u>	<u>YTD ACTUAL</u>	<u>YTD BUDGET</u>	<u>YTD VARIANCE</u>
Revenue:						
Net Patient Service Revenue	<u>\$2,026,399</u>	<u>\$1,512,402</u>	<u>\$513,997</u>	<u>\$19,794,293</u>	<u>\$18,401,000</u>	<u>\$1,393,293</u>
Other Revenue:						
State Match / Addendum	484,338	325,120	159,218	4,055,576	3,901,436	154,140
Grant Revenue	263,569	190,628	72,941	2,531,183	2,287,000	244,183
County Appropriations - Net	598,953	598,899	54	7,187,436	7,186,788	648
Departmental and Other Revenue	<u>117,819</u>	<u>169,441</u>	<u>(51,622)</u>	<u>2,127,617</u>	<u>2,032,326</u>	<u>95,291</u>
Total Other Revenue	<u>1,464,679</u>	<u>1,284,088</u>	<u>180,590</u>	<u>15,901,812</u>	<u>15,407,550</u>	<u>494,262</u>
Total Revenue	3,491,078	2,796,490	694,588	35,696,105	33,808,550	1,887,554
Expenses:						
Direct Expenses	2,447,171	2,036,647	410,524	27,571,123	24,146,465	3,424,658
Indirect Expenses	<u>832,780</u>	<u>826,529</u>	<u>6,251</u>	<u>8,604,968</u>	<u>9,752,085</u>	<u>(1,147,117)</u>
Total Expenses	<u>3,279,951</u>	<u>2,863,177</u>	<u>416,774</u>	<u>36,176,091</u>	<u>33,898,550</u>	<u>2,277,541</u>
Operating Income (Loss)	<u>211,127</u>	<u>(66,687)</u>	<u>277,813</u>	<u>(479,987)</u>	<u>(90,000)</u>	<u>(389,987)</u>
Nonoperating Gains (Losses):						
Interest Income	11,637	7,500	4,137	119,322	90,000	29,322
Donations and Gifts	830	0	830	18,785	0	18,785
Gain / (Loss) on Disposal of Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,158</u>	<u>0</u>	<u>5,158</u>
Total Nonoperating Gains / (Losses)	<u>12,467</u>	<u>7,500</u>	<u>4,967</u>	<u>143,264</u>	<u>90,000</u>	<u>53,264</u>
Income / (Loss)	<u>\$223,594</u>	<u>(\$59,187)</u>	<u>\$282,781</u>	<u>(\$336,723)</u>	<u>\$0</u>	<u>(\$336,723)</u>

**NORTH CENTRAL HEALTH CARE
COMBINING STATEMENT OF REVENUES AND EXPENSES
FOR PERIOD ENDING DECEMBER 31, 2016**

NURSING HOME	CURRENT MONTH <u>ACTUAL</u>	CURRENT MONTH <u>BUDGET</u>	CURRENT MONTH <u>VARIANCE</u>	YTD <u>ACTUAL</u>	YTD <u>BUDGET</u>	YTD <u>VARIANCE</u>
Revenue:						
Net Patient Service Revenue	<u>\$1,847,669</u>	<u>\$2,086,367</u>	<u>(\$238,698)</u>	<u>\$23,958,080</u>	<u>\$24,762,000</u>	<u>(\$803,920)</u>
Other Revenue:						
County Appropriations - Net	141,666	141,667	(1)	1,699,992	1,700,000	(8)
Departmental and Other Revenue	<u>65,546</u>	<u>31,296</u>	<u>34,250</u>	<u>813,513</u>	<u>375,574</u>	<u>437,939</u>
Total Other Revenue	<u>207,212</u>	<u>172,962</u>	<u>34,250</u>	<u>2,513,505</u>	<u>2,075,574</u>	<u>437,931</u>
Total Revenue	2,054,880	2,259,329	(204,448)	26,471,584	26,837,574	(365,989)
Expenses:						
Direct Expenses	1,765,147	1,651,875	113,273	20,611,123	19,534,238	1,076,885
Indirect Expenses	<u>664,891</u>	<u>618,988</u>	<u>45,903</u>	<u>7,290,266</u>	<u>7,303,336</u>	<u>(13,070)</u>
Total Expenses	<u>2,430,038</u>	<u>2,270,862</u>	<u>159,176</u>	<u>27,901,389</u>	<u>26,837,574</u>	<u>1,063,815</u>
Operating Income (Loss)	<u>(375,158)</u>	<u>(11,533)</u>	<u>(363,624)</u>	<u>(1,429,805)</u>	<u>(0)</u>	<u>(1,429,805)</u>
Nonoperating Gains (Losses):						
Interest Income	0	0	0	0	0	0
Donations and Gifts	243	0	243	7,553	0	7,553
Gain / (Loss) on Disposal of Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Nonoperating Gains / (Losses)	<u>243</u>	<u>0</u>	<u>243</u>	<u>7,553</u>	<u>0</u>	<u>7,553</u>
Income / (Loss)	<u>(\$374,915)</u>	<u>(\$11,533)</u>	<u>(\$363,382)</u>	<u>(\$1,422,251)</u>	<u>(\$0)</u>	<u>(\$1,422,251)</u>

NORTH CENTRAL HEALTH CARE
 REPORT ON AVAILABILITY OF FUNDS
 December 31, 2016

BANK	LENGTH	MATURITY DATE	INTEREST RATE	AMOUNT	Collateralized
Abby Bank	365 Days	1/6/2017	0.75%	\$500,000	X
Abby Bank	730 Days	2/25/2017	0.80%	\$500,000	X
People's State Bank	395 Days	3/28/2017	0.65%	\$250,000	X
CoVantage Credit Union	455 Days	3/30/2017	1.00%	\$500,000	X
CoVantage Credit Union	578 Days	5/7/2017	1.05%	\$500,000	X
BMO Harris	365 Days	5/28/2017	0.80%	\$500,000	X
People's State Bank	395 Days	5/29/2017	0.75%	\$350,000	X
People's State Bank	395 Days	5/30/2017	0.75%	\$500,000	X
Abby Bank	365 Days	7/19/2017	0.85%	\$500,000	X
CoVantage Credit Union	578 Days	7/28/2017	0.85%	\$300,000	X
People's State Bank	365 Days	8/21/2017	0.75%	\$500,000	X
BMO Harris	365 Days	8/26/2017	0.80%	\$500,000	X
Abby Bank	365 Days	8/29/2017	0.85%	\$500,000	X
Abby Bank	365 Days	9/1/2017	0.85%	\$500,000	X
Abby Bank	730 Days	10/29/2017	1.10%	\$500,000	X
CoVantage Credit Union	730 Days	11/18/2017	1.10%	\$500,000	X
PFM Investments	365 Days	11/29/2016	1.13%	\$500,000	X
Abby Bank	730 Days	12/30/2017	1.10%	\$500,000	X
CoVantage Credit Union	487 Days	1/1/2018	1.10%	\$500,000	X
Abby Bank	730 Days	3/15/2018	1.20%	\$400,000	X
PFM Investments	517 Days	4/30/2018	1.12%	\$500,000	X
Abby Bank	730 Days	5/3/2018	1.20%	\$500,000	X

TOTAL FUNDS AVAILABLE \$10,300,000

WEIGHTED AVERAGE 505.18 Days 0.943% INTEREST

NCHC-DONATED FUNDS

Balance Sheet

As of December 31, 2016

ASSETS

Current Assets

Checking/Savings

CHECKING ACCOUNT

Adult Day Services	5,749.38
Adventure Camp	1,425.79
Birth to 3 Program	2,035.00
Clubhouse	39,208.88
Community Treatment	10,075.06
Fishing Without Boundries	3,963.00
General Donated Funds	61,420.73
Housing - DD Services	1,370.47
Langlade HCC	3,639.92
Legacies by the Lake	
Music in Memory	1,958.25
Legacies by the Lake - Other	3,592.85
Total Legacies by the Lake	5,551.10
Marathon Cty Suicide Prev Task	14,957.25
National Suicide Lifeline Stipe	3,176.37
Northern Valley West	2,326.00
Nursing Home - General Fund	6,452.52
Outpatient Services - Marathon	101.08
Pool	10,751.67
Prevent Suicide Langlade Co.	2,444.55
Resident Council	771.05
United Way	1,885.06
CHECKING ACCOUNT - Other	-24.00

Total CHECKING ACCOUNT 177,280.88

Total Checking/Savings 177,280.88

Total Current Assets 177,280.88

TOTAL ASSETS 177,280.88

LIABILITIES & EQUITY

Equity

Opening Bal Equity	123,523.75
Retained Earnings	35,991.07
Net Income	17,766.06

Total Equity 177,280.88

TOTAL LIABILITIES & EQUITY 177,280.88

North Central Health Care Budget Revenue/Expense Report

Month Ending December 31, 2016

ACCOUNT DESCRIPTION	CURRENT MONTH ACTUAL	CURRENT MONTH BUDGET	YTD ACTUAL	YTD BUDGET	DIFFERENCE
<u>REVENUE:</u>					
Total Operating Revenue	<u>5,545,959</u>	<u>5,055,820</u>	<u>62,167,689</u>	<u>60,646,124</u>	<u>1,521,566</u>
<u>EXPENSES:</u>					
Salaries and Wages	2,438,916	2,631,872	29,533,021	31,023,812	(1,490,791)
Fringe Benefits	858,201	975,559	12,248,817	11,493,000	755,817
Departments Supplies	600,743	466,527	5,587,814	5,598,325	(10,511)
Purchased Services	708,912	271,981	5,901,184	3,237,776	2,663,408
Utilitites/Maintenance Agreements	494,972	335,096	4,312,755	3,947,160	365,595
Personal Development/Travel	29,641	39,228	404,633	470,750	(66,117)
Other Operating Expenses	165,649	153,317	1,312,525	1,839,801	(527,276)
Insurance	36,415	47,292	441,594	567,500	(125,906)
Depreciation & Amortization	174,604	138,167	1,603,540	1,658,000	(54,460)
Client Purchased Services	<u>201,938</u>	<u>75,000</u>	<u>2,731,597</u>	<u>900,000</u>	<u>1,831,597</u>
TOTAL EXPENSES	5,709,989	5,134,039	64,077,480	60,736,124	3,341,356
Nonoperating Income	<u>12,711</u>	<u>7,500</u>	<u>150,817</u>	<u>90,000</u>	<u>60,817</u>
EXCESS REVENUE (EXPENSE)	<u>(151,320)</u>	<u>(70,719)</u>	<u>(1,758,974)</u>	<u>0</u>	<u>(1,758,974)</u>

**North Central Health Care
Write-Off Summary
December 2016**

	<u>Current Month</u>	<u>Current Year To Date</u>	<u>Prior Year To Date</u>
<i>Inpatient:</i>			
Administrative Write-Off	(\$79,846)	\$81,795	\$174,044
Bad Debt	(\$7,067)	\$4,020	\$2,558
<i>Outpatient:</i>			
Administrative Write-Off	\$19,246	\$194,190	\$163,475
Bad Debt	(\$951)	\$8,554	\$4,489
<i>Nursing Home:</i>			
Daily Services:			
Administrative Write-Off	\$13,492	\$66,902	\$33,875
Bad Debt	(\$952)	\$19,176	\$43,296
Ancillary Services:			
Administrative Write-Off	(\$27,081)	\$14,622	\$35,833
Bad Debt	\$0	(\$285)	\$1,393
Pharmacy:			
Administrative Write-Off	\$0	\$732	\$0
Bad Debt	\$0	\$0	\$0
Total - Administrative Write-Off	(\$74,190)	\$358,242	\$407,227
Total - Bad Debt	(\$8,970)	\$31,466	\$51,736

**North Central Health Care
2016 Patient Days**

<u>Month</u>		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budgeted Occupancy</u>	<u>Actual Occupancy</u>
January	Nursing Home	6,510	6,441	(69)	87.50%	86.57%
	Hospital	434	402	(32)	87.50%	81.05%
February	Nursing Home	6,090	5,953	(137)	87.50%	85.53%
	Hospital	406	407	1	87.50%	87.72%
March	Nursing Home	6,510	6,363	(147)	87.50%	85.52%
	Hospital	434	458	24	87.50%	92.34%
April	Nursing Home	6,300	6,131	(169)	87.50%	85.15%
	Hospital	420	462	42	87.50%	96.25%
May	Nursing Home	6,510	6,467	(43)	87.50%	86.92%
	Hospital	434	377	(57)	87.50%	76.01%
June	Nursing Home	6,300	6,080	(220)	87.50%	84.44%
	Hospital	420	416	(4)	87.50%	86.67%
July	Nursing Home	6,510	6,149	(361)	87.50%	82.65%
	Hospital	434	452	18	87.50%	91.13%
August	Nursing Home	6,510	6,290	(220)	87.50%	84.54%
	Hospital	434	464	30	87.50%	93.55%
September	Nursing Home	6,300	6,155	(145)	87.50%	85.49%
	Hospital	420	468	48	87.50%	97.50%
October	Nursing Home	6,510	6,161	(349)	87.50%	82.81%
	Hospital	434	548	114	87.50%	110.48%
November	Nursing Home	6,300	5,915	(385)	87.50%	82.15%
	Hospital	420	414	(6)	87.50%	86.25%
December	Nursing Home	6,510	5,812	(698)	87.50%	78.12%
	Hospital	434	500	66	87.50%	100.81%
YTD	Nursing Home	76,860	73,917	(2,943)	87.50%	84.15%
	Hospital	5,124	5,368	244	87.50%	91.67%



North Central Health Care

Person centered. Outcome focused.

MEMORANDUM

DATE: January 19, 2017
 TO: Finance, Personnel & Property Committee
 FROM: Michael Loy, Interim Chief Executive Officer
 RE: Creation of a General Corporation Counsel Position

Purpose

North Central Health Care (NCHC) operates in a dynamic health care environment rife with regulatory obligations and frequent legal issues. Given the size of the organization and the demand for legal services, NCHC would be better served moving from using contracted legal services to having in-house counsel.

Background

North Central Health Care has managed its legal affairs on a contractual basis as the need arises and dependent on issue. Over the four past years NCHC has budgeted and actually spent the following on outside legal resources.

	2013	2014	2015	2016
Budget	\$63,000	\$103,000	\$133,000	\$100,000
Actual	\$141,583	\$225,756	\$65,074	\$272,185
Variance	(\$78,583)	(\$122,756)	\$67,926	(172,185)

Analysis

The 2017 Budget provisions \$110,626 for legal expenses. Legal expense in 2016 were the highest in the four most recent years but 2016 was an irregular year. An average of approximately \$144,000 per year was incurred from 2013-2015. Legal resources are used for a variety of issues including leases, contract review and negotiation, complaint and regulatory investigations, compliance, employment issues and general legal health care related concerns. While these expenses are higher than expected, legal resources are needed more often than they are used. North Central Health Care's long-term liability and risk would be greatly mitigated by having enhanced legal resource availability on a daily basis.

Specific improvements to access in legal services internally would greatly benefit specific programs such Adult Protective Services, Inpatient and Emergency Services, Risk Management and Quality, Human Resources, Administration, Billing and Patient Accounts in addition to being a resource for the NCCSP Board.

Recommendation

Add one full-time general counsel position using dollars allocated for outside legal resources.

Fiscal Impact

The hiring of a full-time general counsel position would have an estimated salary cost of between \$95,000 and \$115,000 annually plus benefits. Outside legal resources would still be needed from time to time but an in-house counsel could better manage and mitigate large legal exposures in normal circumstances. The hiring timeline would result in approximately 75% of the salary impact occurring in the 2017 budget, potentially leaving around \$20,000 - \$30,000 for outside legal services. We would target to manage total legal service related expenses to budget of around \$110,000, again given normal circumstances.