



## FIVE-TOWN HEALTH ALLIANCE, DBA MOUNTAIN HEALTH CENTER

SUMMARY FINANCIAL REPORT MONTH ENDING 1/31/2014 – SUBMITTED BY: BOB ELLIS – CFO

### 1. January 2014 Financial Review – Actual Compared to Prior Month:

- *Charges - \$121,614 (December \$104,443)*
  - Higher visit volumes
  - There were 22 days of productivity in January compared with 21 days of productivity in December
  - Incorporated an adjustment related to uncounted Oct through December visits and charges due to month-end timing issues (added about 11 visits to January)
- *Adjustments*
  - *Contractual Adjustments \$38,916 (December \$23,333)*
    - Bad Debt assumed to equal 2% of gross charges – Included in adjustments
- *Net Patient Revenue - \$82,698 (December \$78,413)*
- *Dental Revenue – None generated as yet*
- *Other Revenue - \$56,442 (December \$57,167)*
  - \$54,167 in FQHC grant funds
  - \$2,275 for BluePrint and CHT Care Coordinator payments
- *Total Revenue - \$139,141 (December \$135,523)*
  - *December included the \$15,000 State Grant*
- *Total Expense - \$139,382 (December \$114,661)*
  - *Higher health insurance costs for January reflect the change in health insurance expenditure as a result of picking up the total cost of health care for eligible employees*
    - *This is about \$4,500 more per month*
  - *Continuing education expense is \$3,100 higher than prior months*
    - *FQHC related conferences continue to be a higher expense than anticipated*
- *Surplus/(Deficit) – January Deficit \$(242) - (December Surplus \$20,861)*
  - *YTD Surplus \$58,826*

### 2. January 2014 Financial Review – Actual compared to budget:

- *January Visits and Charges were approximately 1% over budget*
- *Fiscal year to date Visits and Charges continue to run approximately 3% and 1% under budget, respectively*
  - *January production did not appear to be impacted by the usual slow down due to higher deductible insurance plans*
    - *There is no deductible for Medicare patients this year because of our FQHC status*
- *January contractual and bad debt adjustments were approximately 8% over budget*

- *Fiscal year to date contractual and bad debt adjustments are about 18% greater than budget*
  - *Until actual collection data is available for Medicare and Medicaid FQHC reimbursed visits, contractual adjustments have been conservatively estimated, primarily in October and December due to some uncertainty as to the date when Medicare services will be billed as FQHC*
- *January personnel expenses were approximately 17% under budget*
  - *January budget numbers incorporate the NAP budget expenditures that assume additional personnel would have been hired for outreach and other positions*
- *Fiscal year to date personnel expenses are approximately 6% under budget*
  - *The actual timing of new hires related to the approved implementation plan will impact month to month budget comparisons until the transition to FQHC grantee operational status has been achieved*
- *Other expenses were approximately 75% over budget in January*
- *Other expenses were approximately 8% under budget for January year to date*
  - *Higher than expected January expenses include:*
    - *Higher than budgeted utility expenses – Approximately \$900*
    - *Conference and educational seminar expense about \$2,500 higher than budget in January*
      - *Primarily FQHC related expenses that had not been anticipated*
    - *Legal expense about \$1,300 higher than budget*
      - *Legal expense will be higher than budget in January and going forward due to 340B and AC Dental Care related work*
    - *Acquisition of three new computers to replace old equipment*
      - *Two computers were water damaged and one will most probably to be paid for by the landlord*
      - *Once payment for the computer is received, the expense will be reversed*
    - *Annual EMR licenses and professional dues were paid in January*
      - *Total expenses in excess of \$10,000 above budget*
    - *Consulting fees of \$3,500 for 340B consulting were incurred in January and were not part of the budgeted expenses*

### **3. 340B activities**

- *In January, we registered the following three retail pharmacies as 340B partners*
  - *Marble Works Pharmacy – Bristol*
  - *Marble Works Pharmacy - Middlebury*
  - *Rite Aid – Bristol*
- *These 3 pharmacies represent approximately 80% of the MHC prescription market share*
- *On target for April start-up/implementation of 340B retail pharmacy participation*
  - *Wholesale accounts are being established in order to be able to purchase and replenish 340B inventory beginning in April*

#### 4. Line of Credit

- *The line of credit was completely paid off for most of January*
  - *Approximately \$29,000 of the line was accessed at month end in order to cover a portion of month end payroll expense*
  - *Using the line of credit was necessary because we continue to hold Medicare bills and Medicaid reimbursement is coming in more slowly than anticipated*
  - *It is expected that most, if not the entire line of credit will be paid down as Medicare and Medicaid FQHC reimbursements improve in February*

#### 5. FQHC Billing

- *Medicaid FQHC bills that had been held since October 1 have been submitted*
  - *Reimbursement continues to pick up, however at a pace slower than anticipated*
- *Medicare bills that had been held since December 6<sup>th</sup> have been approved for submission*
  - *Electronic fund transfer data has been submitted to the Medicare fiscal intermediary*
    - *The Medicare clearing house that deals with the Medicare billing has had delays in processing Medicare bills due to required edits to the UB 04 billing forms*
  - *Medicare bill submission for services provided on or after November 6 is expected by mid February (One month later than expected)*
  - *Still awaiting approval for submission of Medicare bills for services provided between October 1 and November 6 (No change from December's report)*
    - **NOTE:** *Approval was provided to submit these bills, however the start date in the approval letter appears to be mistakenly typed as October 12 instead of October 1, so we are still waiting before these Medicare bills can be submitted*

#### 6. Conclusions:

- *Financial status*
  - *The health center continues to make positive progress in regards to its financial status*
  - *As progress continues in regard to the implementation of the approved FQHC operational plan:*
    - *The size of the monthly surpluses will decrease as parts of the implementation plan are put in place*
    - *A surplus is anticipated for FY 2014 in spite of the budgeted deficit of \$5,018*
  - *Once Medicare and Medicaid reimbursement becomes routine, the financial status of the health center will stabilize in a positive direction*
  - *Participation in the 340B program will provide additional financial resources – targeted to begin in April as indicated in last month's report*