

**EASTERN PLUMAS HEALTH CARE DISTRICT  
MEETING OF THE STANDING FINANCE COMMITTEE  
OF THE BOARD OF DIRECTORS  
MINUTES  
Thursday, May 25, 2023 at 8:00 a.m.**

**1. Call to Order**

Meeting was called to order at 8:11 a.m.

**2. Roll Call**

Present: Paul Swanson, M.D., Committee Chair/Board Member; Augustine Corcoran, Board Chair.

Staff in attendance: Doug McCoy, CEO; Katherine Pairish, CFO; Barbara Sokolov, Executive Assistant/Clerk of the Board.

**3. Consent Calendar**

The consent calendar items were approved as submitted.

Motion: Director Corcoran, seconded by Director Swanson.

**4. Board Comments**

None.

**5. Public Comments**

None.

**6. CFO Report**

Katherine Pairish, CFO

**Overview:**

Due to the Cerner transition and impacts to revenue cycle reporting, April financial statements are still in development and will be unavailable for reporting this month. A narrative report is being provided and we will resume routine financial reporting in June.

**IGT Summary:**

Due to the restructuring of the IGT payment process for fiscal year 2022/23, we anticipated a reduction in IGT receipts. Below is a 5-year trend for IGT annual payments:

Year	Net Cash From IGT's
17/18	\$ 4,867,833
18/19	\$ 6,508,925
19/20	\$ 3,625,962
20/21	\$ 4,803,313
21/22	\$ 4,422,470
22/23	\$ 3,309,677
	\$ 27,538,180
Average	\$ 4,589,696.60

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Our 2022/23 payments represent a 1.28m reduction in IGT receipts over the 5-year average which has been a key contributor to the decrease in days cash on hand during this fiscal year. We anticipate the receipt of \$2,206,670 (included in the 22/23 chart above) before the close of the current fiscal year. The timing of the IGT funding process and collection of the remaining IGT funds for the current fiscal year should resume in 2024.

**Days Cash On Hand:**

With the receipt of the remaining 2.2m IGT funding, we are forecasting our year end days cash on hand to be 164. This would represent a 29-day improvement over the March 2023 financial statements. We continue to meet with the leadership of Anthem to resolve the outstanding accounts receivable balances owed to EPHC for this fiscal year. Additional cash receipts from these efforts will also improve the days cash on hand through June 30<sup>th</sup> 2023.

**Long Term Debt:**

EPHC continues to reduce the organization’s debt service ratio through the reduction of long-term debt. The 5-year trend outlined below shows the reduction of debt while we continue to make significant capital improvements to the organization. These improvements include the addition of the new Loyaltan Clinic, hospital/radiology equipment, and hospital;/SNF renovations. We will continue the debt reduction efforts into FY 2023/24.

Year End	Balance	Change	Comment
2019	\$6,385,854		
2020	\$5,984,773	\$(401,081)	
2021	\$5,207,354	\$(777,419)	Paid off Plumas Bank \$375,341(Interest rate = 6.5%)
2022	\$4,796,184	\$(411,170)	
2023	\$4,476,934	\$(319,250)	Estimate

**2023/24 Budget Assumptions:**

As we prepare for the completion of the 2023/24 operating budget, we continue to monitor several legislative and economic developments which could impact EPHC operations. SB 525 adjusting the minimum wage for all CA hospitals is currently under committee review in the Senate and would significantly increase labor costs to the organization. Inflationary rates for the three-year

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period 2020-2022 have increased 14%, and we are anticipating additional increases on supply costs, utilities, etc. for next year. Based on recent census growth in several areas of our operation we will be using the following assumptions to mitigate the impact of these proposed cost increases.

- SNF Census Portola = 26 = \$4,745,000 gross. Increase \$315,500 over projected 2023.
- SNF Census Loyalton = 31 = \$5,657,500 gross. Increase \$831,250 over projected 2023.
- Other Revenue Departments average 5% growth.
- IGT's (Known) = approximately \$4,500,000.
- Overhead – Increase wages 3% effective 7/1/23.
- Additional utilization of grant funding opportunities.
- Budget as close to breakeven as possible.

Discussion: Good news: EPHC received \$4.6 million in IGTs, more than anticipated, and that will increase cash on hand for the fiscal year. Conversation about what profit and loss looks like with IGTs removed. Doug stated that net zero without IGTs was the goal. Also discussed budget assumptions for 2023/24. Katherine noted that a budget presentation was likely for July.

**7. Adjournment**

Meeting adjourned at 8:56 a.m.