

**Jon Champlin, CRNA**, a certified registered nurse anesthetist, graduated from Minneapolis School of Anesthesia, School of Nursing Anesthetists in 1991. He currently works at Idaho Falls Surgical Center. He has had Co-Professional privileges at Teton Valley Hospital since 2000.

**Kevin M. Lee, M.D.**, orthopedist, certified with the American Board of Orthopedic Surgery, was trained at the University Of Washington School Of Medicine and graduated in 1992. He lives in Rexburg, Idaho where he has his full-time practice. He has active privileges at Madison Memorial Hospital and North Fork Surgical Center and Idaho Falls Surgical Center. He has had courtesy privileges with TVHC since 2000. He is board certified with the American Board of Orthopedic Surgery. He is requesting reappointment of his Courtesy Medical Staff category and his privileges in orthopedics.

**Anthony Harward, CRNA**, a certified nurse anesthetist, graduated from the Virginia Commonwealth University in Nurse Anesthesia in 2002. He worked at St. Rose Dominican in Henderson, NV from 2002 to 2003. He moved to Rexburg and has privileges at Madison Memorial Hospital and he is part of the Madison Anesthesia Associates group. He also has privileges at North Fork Surgery Center in Rexburg and Grand Teton Surgery Center in Idaho Falls. He is requesting reappointment of his Co-Professional Medical Staff Category with privileges in anesthesia.

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## **Monthly Financial Report for December 2010**

### **Summary**

TVHC produced net revenue of \$1,166,152 and an operating gain of \$156,017 during December 2010 compared to revenue of \$1,034,170 and an operating gain of \$60,766 for the same period last year. These results compare to budgeted December 2010 revenue of \$974,585 an operating gain of \$10,117, respectively.

The 24.7% higher year over year actual revenue reflects higher in-patient, out-patient and clinic volume. Total operating expenses increased 3.4% in December 2010 compared to prior year levels, reflecting the impact of higher salaries, supplies and physician services. YTD operating gain for FY 2011 was \$229,596 compared to a gain of \$129,050 for the same period last year.

TVHC's cash position decreased by \$13,394 during December 2010. TVHC ended December 2010 with a cash balance of approximately \$498,690, compared to a cash balance of \$512,084 at the end of November 2010. The provision for bad debt was \$144,423 for the month of December 2010 compared to \$116,195 for the month of November 2010.

### **Operations Review**

**Clinics** – Combined gross revenue (both clinics) was \$362,559 during December 2010 compared to \$313,912 for the same period last year. There was 15.5% higher revenue for the month compared the prior year levels. Driggs Clinic had 238 more visits in December 2010.

**Hospital** – Gross in-patient revenue was \$237,596 during December 2010 compared to \$201,465 for the same period last year. The 17.9% higher revenue reflects 6 IP Surgeries for December 2010 compared to 4IP Surgeries in December 2009. Gross out-patient revenue was \$1,128,653 during December 2010 compared to \$871,317 during the same period last year. The 29.2% increase in comparable revenue reflects 42 Out Patient surgeries for the month compared to 40 in December 2009. Contractuals were higher over prior year as a result of higher reserve percentages and a Medicare ambulance refund payment of \$22,278. Medicare Contractual in December 2010 was \$103,733 higher than December 2009. Medicare, Workers Comp and Settlement payments in December 2010 were higher compared to December 2009.

**Operating Expenses** – Total operating expenses were \$1,047,264 during December 2010 compared to \$1,012,861 for the same period last year. Salaries increased due to a higher production bonus, OT in Surgery and IT departments. Supplies were higher because of the increase in Surgeries. Physician fees were higher because Emcare had more weekend days to cover and more specialty visits in the Clinic.

### **Other Items-**

**Teton Valley Hospital & Surgicenter**  
**STATEMENT OF REVENUES & EXPENSES**  
**FISCAL YEAR 2011 (3months)**

	Dec 2011 Actual	Dec 2010 Actual	Dec 2011 Budget	Dec 2010 Variance	Dec 2011 Budget	Dec 2010 Variance	Y-T-D FY 2011 Actual	Y-T-D Last Year	Y-T-D vs Last Yr	Y-T-D FY 2011 Budget	Act/Act Percent Change
<b>Patient Revenue:</b>											
Clinic Revenue	362,559	313,912	294,288	48,647	68,271	996,588	895,743	100,845	873,371	11.3%	
In-Patient Revenue	237,596	201,465	173,702	36,131	63,894	603,768	561,074	42,694	515,502	7.6%	
Out-Patient Revenue	1,128,653	971,317	806,425	257,336	322,228	2,690,780	2,353,371	337,409	2,393,261	14.3%	
Gross Patient Revenue	1,728,808	1,386,694	1,274,415	342,114	454,393	4,291,136	3,810,188	480,948	3,782,134	12.6%	
Deductions from Revenue:											
Contractual Allowances	418,233	220,652	174,467	(197,581)	(243,766)	855,878	543,955	(291,923)	517,440	53.7%	
Charity Care	0	0	10,323	0	10,323	0	0	(2,678)	30,969		
Bad Debt	144,423	131,872	115,040	(12,551)	(29,383)	337,438	324,772	(12,666)	345,120	3.9%	
Total Deductions from Revenue	562,656	352,524	299,830	(210,132)	(262,826)	1,175,995	868,727	(307,268)	893,529	35.4%	
<b>Net Patient Revenue</b>	1,166,152	1,034,170	974,585	131,982	191,567	3,115,141	2,941,461	173,680	2,888,605	5.9%	
Other Revenue	288	2,646	8,948	(2,348)	(6,650)	7,213	21,887	14,674	26,556	-67.0%	
Teton County Ambulance District contract	36,831	30,987	33,909	5,844	2,922	101,727	92,961	(8,766)	101,727	9.4%	
	37,129	39,457	42,857	9,320	(5,728)	108,940	128,223	19,283	128,283	-15.0%	
<b>Total Net Revenue</b>	1,203,281	1,073,627	1,017,442	129,654	185,839	3,224,081	3,069,684	154,397	3,016,888	5.0%	
<b>Operating Expenses</b>											
Salaries	586,328	541,443	556,651	(44,885)	(28,677)	1,618,565	1,610,003	(8,562)	1,651,996	0.5%	
Benefits	80,179	83,639	96,352	3,460	16,173	253,309	251,438	(1,871)	287,572	0.7%	
Supplies/Minor Equipment	111,238	80,212	102,940	(31,026)	(6,298)	329,180	293,874	(35,306)	308,820	12.0%	
Contracted Services	103,930	113,364	89,734	9,434	(14,186)	295,786	288,421	(7,365)	269,202	2.6%	
Physician Services	48,014	39,066	42,200	(6,946)	(5,814)	146,052	126,393	(19,659)	126,600	15.6%	
Utilities & Telephone	6,326	15,446	13,700	9,120	7,374	29,215	33,733	4,518	41,100	-13.4%	
Maintenance & Repairs	18,182	31,556	17,458	13,374	(724)	42,717	50,332	7,615	52,374	-15.1%	
Insurance	11,352	10,445	9,342	(907)	(2,010)	34,056	32,206	(1,850)	28,026	5.7%	
Depreciation & Amortization	40,903	39,615	42,041	(1,286)	1,138	119,879	117,947	(1,932)	126,123	1.6%	
Other Expense	40,812	58,075	36,907	17,263	(3,905)	125,726	136,287	10,561	110,724	-7.7%	
<b>Total Expenses</b>	1,047,264	1,012,861	1,007,325	(34,403)	(39,939)	2,994,485	2,940,634	(53,851)	3,002,537	1.8%	
<b>Operating Income</b>	156,017	60,766	10,117	95,251	145,900	229,596	129,050	100,546	14,351	77.9%	
<b>Non Operating Revenue &amp; Expense</b>											
Interest income	21	6,825	166	(6,804)	(145)	104	15,093	(14,989)	492	-99.3%	
Interest Expense	(4,983)	(7,896)	(6,521)	2,915	1,538	(16,179)	(28,079)	11,900	(18,563)	-42.4%	
Grants	566	9,968	11,795	(9,402)	(11,229)	3,650	19,057	(15,407)	34,739	-80.8%	
Teton County Tax Levy	83,333	165,091	83,333	(81,758)	0	249,999	331,757	(81,756)	249,999	-24.6%	
License HH	30,000	0	0	5,381	5,381	30,000	0	5,381	0	0.0%	
Gain (loss) disposal of capital assets	5,381	0	0	(89,668)	(4,455)	272,955	337,828	(64,873)	265,667	-19.2%	
<b>Total Non Operating Income</b>	114,318	173,986	88,773	(89,668)	(4,455)	502,551	466,878	35,673	280,018	7.6%	
<b>Excess of Revenue over Expenses</b>	270,335	234,752	98,890	35,583	171,445	568,969	506,403	62,566	305,017	12.4%	
Capital Grants	22,621	0	8,333	22,621	14,288	52,256	0	52,256	0	#DIV/0!	
Capital contributions from Foundation	0	37,720	0	(37,720)	0	14,152	39,525	(25,363)	24,999	-64.2%	
<b>Change in net assets</b>	292,956	272,472	107,223	20,484	185,733	568,969	506,403	62,566	305,017	12.4%	
Excess Revenue over Expense Margin	22.5%	21.9%	9.7%	15.6%	15.2%	17.6%	15.2%	9.3%	9.3%		
Change in Net Asset Margin	24.3%	25.4%	10.5%	17.6%	16.5%	16.5%	16.5%	10.1%	10.1%		

**TETON VALLEY HEALTH CARE**  
**COMPARATIVE BALANCE SHEET**  
**FY 2011**

<b>ASSETS</b>	<b>Dec 10</b>	<b>Nov 10</b>	<b>Variance</b>	<b>Sept 10</b>
<b>Current assets</b>				
Cash, Cash Equivalents and Bond Fund	498,690	512,084	(13,394)	717,881
<b>Receivables</b>			0	
Patient Receivables, net of est. reserves	2,955,184	2,840,877	114,307	2,546,823
Estimated third-party payor settlements	238,193	261,969	(23,776)	261,593
Other/Tax Levy	250,671	256,079	(5,408)	345,814
Capital Tax Levy	932,518	1,000,000	(67,482)	0
Supplies Inventory	496,161	480,685	15,476	467,969
Prepaid Expenses	127,140	129,169	(2,029)	18,492
<b>Total current assets</b>	<b>5,498,557</b>	<b>5,480,863</b>	<b>17,694</b>	<b>4,358,572</b>
<b>Noncurrent assets</b>				
Deferred Financing Costs	24,691	25,065	(374)	25,813
Net pension benefit	0	0	0	0
Capital assets, net	2,436,534	2,401,170	35,364	2,390,616
Goodwill			0	
<b>Total noncurrent assets</b>	<b>2,461,225</b>	<b>2,426,235</b>	<b>34,990</b>	<b>2,416,429</b>
<b>Total assets</b>	<b>7,959,782</b>	<b>7,907,098</b>	<b>52,684</b>	<b>6,775,001</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities</b>				
Accounts Payable & Accrued Expenses	686,164	606,733	79,431	596,982
Accrued Salaries & Benefits	642,488	843,196	(200,708)	839,634
Accrued interest payable	28,331	23,494	4,837	13,822
Estimated third-party payor settlements	0	0	0	0
Deferred Tax Levy Revenue	750,000	833,333	(83,333)	0
Current maturities Bond	136,079	136,079	0	136,079
Current maturities of capital lease obligations	10,176	17,292	(7,116)	17,292
Deferred Home Health Sale A/R	12,664	53,155	(40,491)	48,268
Loan payable to Teton County	0	0	0	0
<b>Total current liabilities</b>	<b>2,265,902</b>	<b>2,513,282</b>	<b>(247,380)</b>	<b>1,652,077</b>
<b>Noncurrent liabilities</b>				
Long-term debt-less current maturities.	755,759	748,651	7,108	753,772
Capital lease obligations-less current maturities.	82,797	82,797	0	82,797
Net pension obligation	45,999	45,999	0	45,999
<b>Total noncurrent liabilities</b>	<b>884,555</b>	<b>877,447</b>	<b>7,108</b>	<b>882,568</b>
<b>Net assets</b>				
Prior year Net Assets	4,240,356	4,240,356	0	4,240,356
Year-to-date Net Income	568,969	276,013	292,956	0
<b>Total net assets</b>	<b>4,809,325</b>	<b>4,516,369</b>	<b>292,956</b>	<b>4,240,356</b>
<b>Total liabilities and net assets</b>	<b>7,959,782</b>	<b>7,907,098</b>	<b>52,684</b>	<b>6,775,001</b>

Current Ratio:

2.4

2.2

0.2

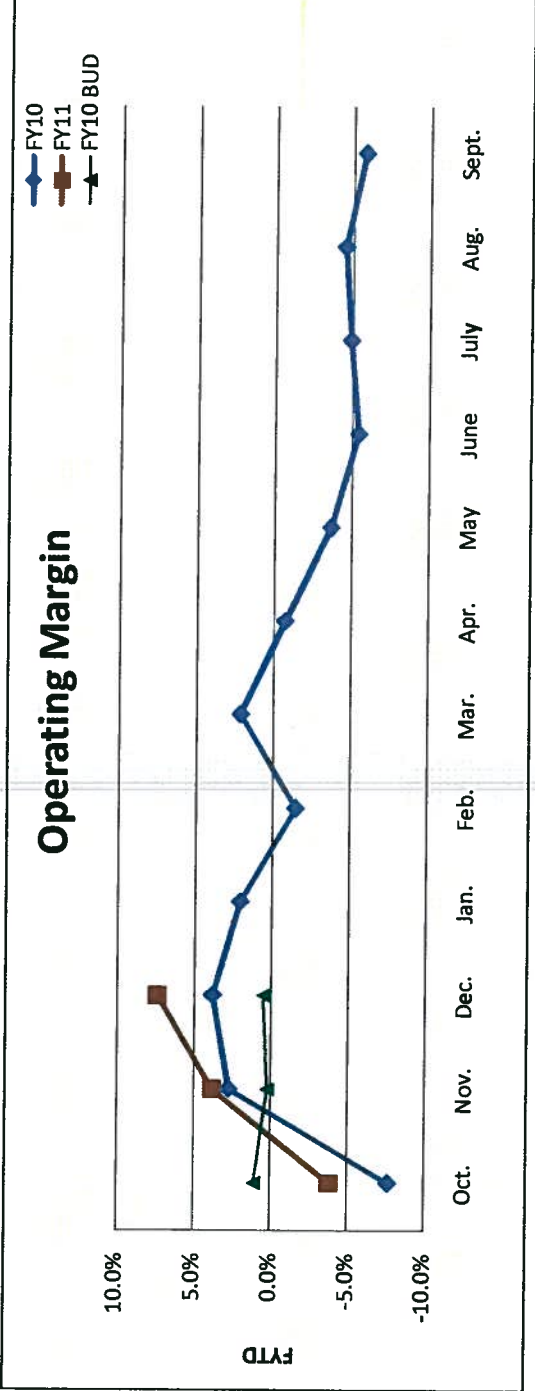
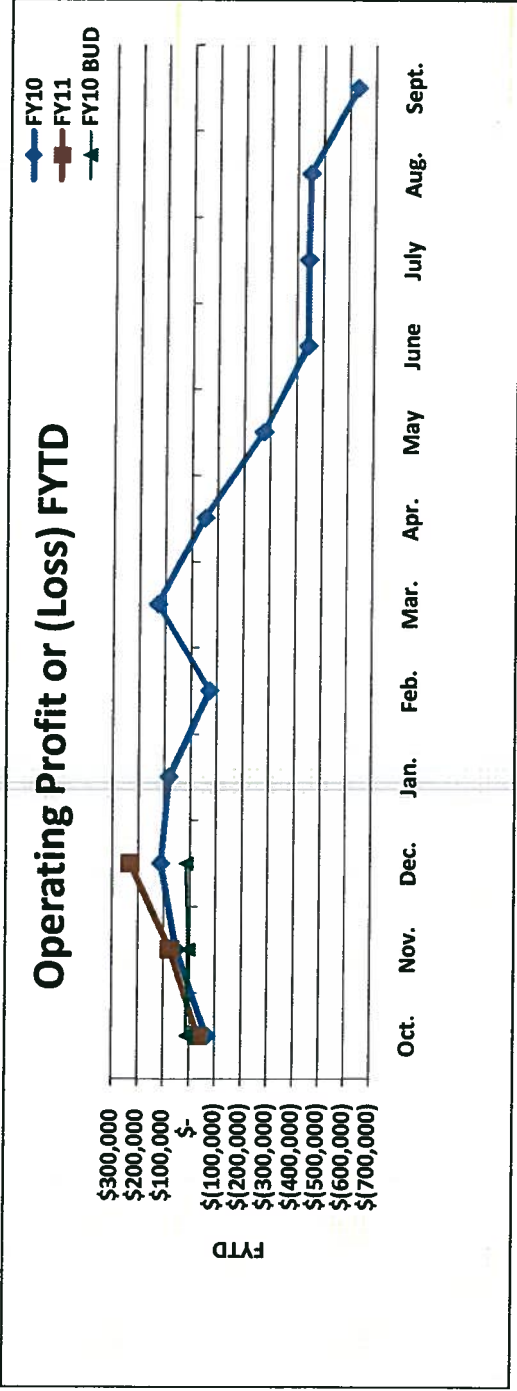
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**TVHC**

**Statement of Cash Flows-Dec 2010**

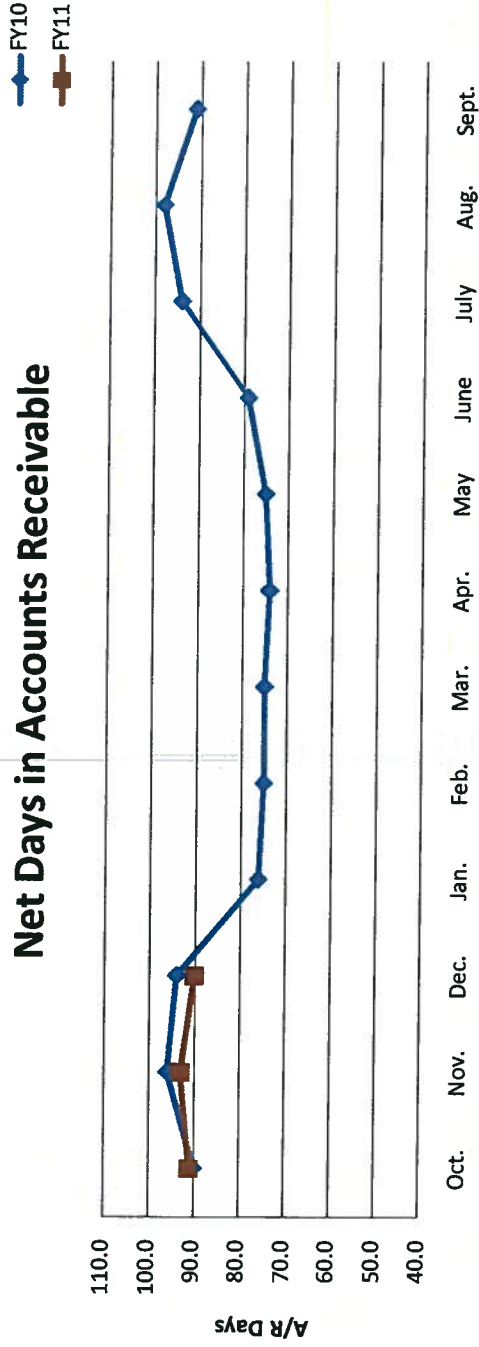
<b>Net Income</b>			292,956
<b>Cash flows from Operating Activities:</b>			
<b>Add (deduct) to reconcile net income to net cash flow:</b>			
Depreciation & Amortization		40,903	-
Changes in Accounts Receivable		(17,641)	
Changes in Inventory		(15,476)	
Changes in Prepaid Expenses		2,029	
Changes in payables & payroll		(121,277)	
Changes in interest payable and 3rd party		4,837	
Changes in Deferred Tax Levy		(83,333)	
Changes in net pension		-	
Changes in current debt		(47,607)	
<b>Net cash inflow from Operating Activities</b>			<b>(237,565)</b>
<b>Cash flow from Capital &amp; Investing Activities:</b>			
Capital Expenditures		(76,267)	x
Deferred financing costs/goodwill		374	
		-	
<b>Net cash outflow from Investing Activities</b>			<b>(75,893)</b>
<b>Cash flow from Financing Activities</b>			
Principal paid on long-term debt		7,108	
Principal paid on capital lease obligations		-	
<b>Net cash outflow from Financing Activities</b>			<b>7,108</b>
<b>Net Increase (decrease) in cash during period</b>			<b><u>(13,394)</u></b>
Cash Balance start of period	12/1	512,084	
Cash Balance end of period	12/31	<u>498,690</u>	
<b>Net Increase (decrease) in cash during period</b>			<b><u>(13,394)</u></b>

# TETON VALLEY HEALTHCARE

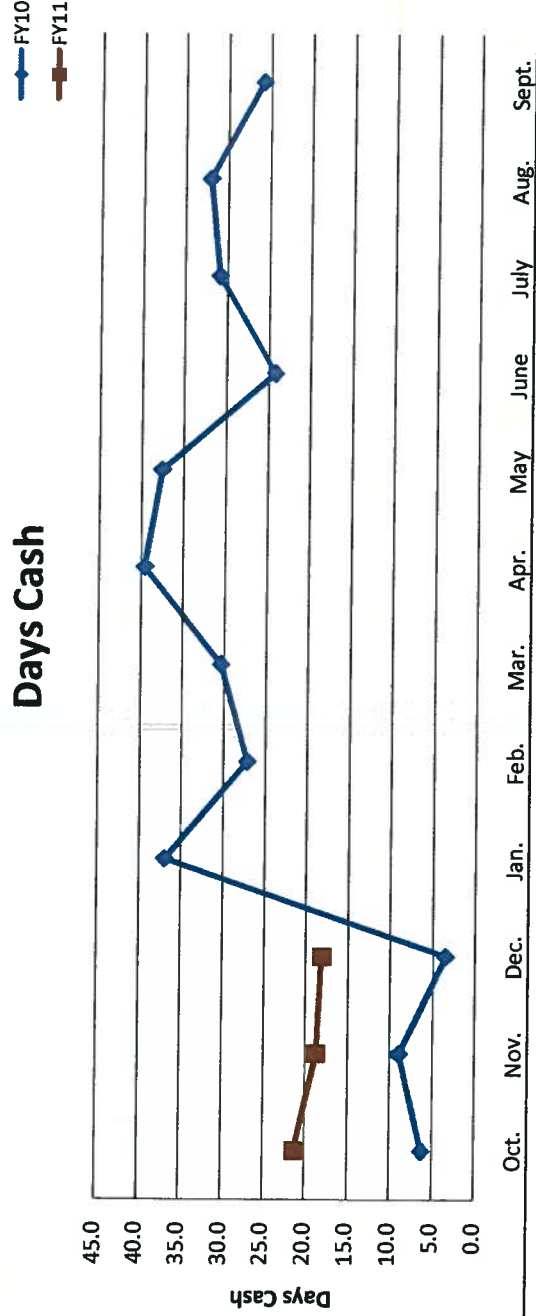


# TETON VALLEY HEALTHCARE

## Net Days in Accounts Receivable



## Days Cash



**Teton Valley Health Care**  
**Statistical Information**

	Desired Trend	2008 FYE Actual	2009 FYE Actual	2010 FYE Actual	2011 1st Qtr	December FY 11	2011 Budget/ Targets
<b>Payroll Overhead to Salaries</b>	↓	15.8%	14.5%	16.0%	15.7%	13.7%	17.5%
<b>Salary to Net Revenue</b>	↓	57.4%	55.8%	60.5%	52.0%	50.3%	57.3%
<b>TVH Paid Full-Time-Equivalent</b>	↓	119.0	110.3	116.0	115.4	114.5	112.0
<b>TVH Worked Full-Time-Equiv.</b>	↓	107.7	99.3	105.4	103.7	103.2	101.0
<b>Long Term Debt to Equity</b>	↓	65.4%	42.2%	21.0%	20.9%	20.9%	19.5%
<b>Expenses Per Calendar Day</b>	↓	43,745	34,976	32,883	32,549	33,783	32,600
<b>Net Pt Revenue Per Calendar Day</b>	↑	36,846	31,864	29,780	33,860	37,618	31,367
<b>Net Margin</b>	↑	-14.38%	-5.04%	5.89%	15.59%	22.47%	8.47%
<b>Current Ratio</b>	↑	1.03	1.49	2.65	2.43	2.43	2.60
<b>Days cash on hand</b>	↑	1.50	8.50	25.74	18.10	18.08	58.90

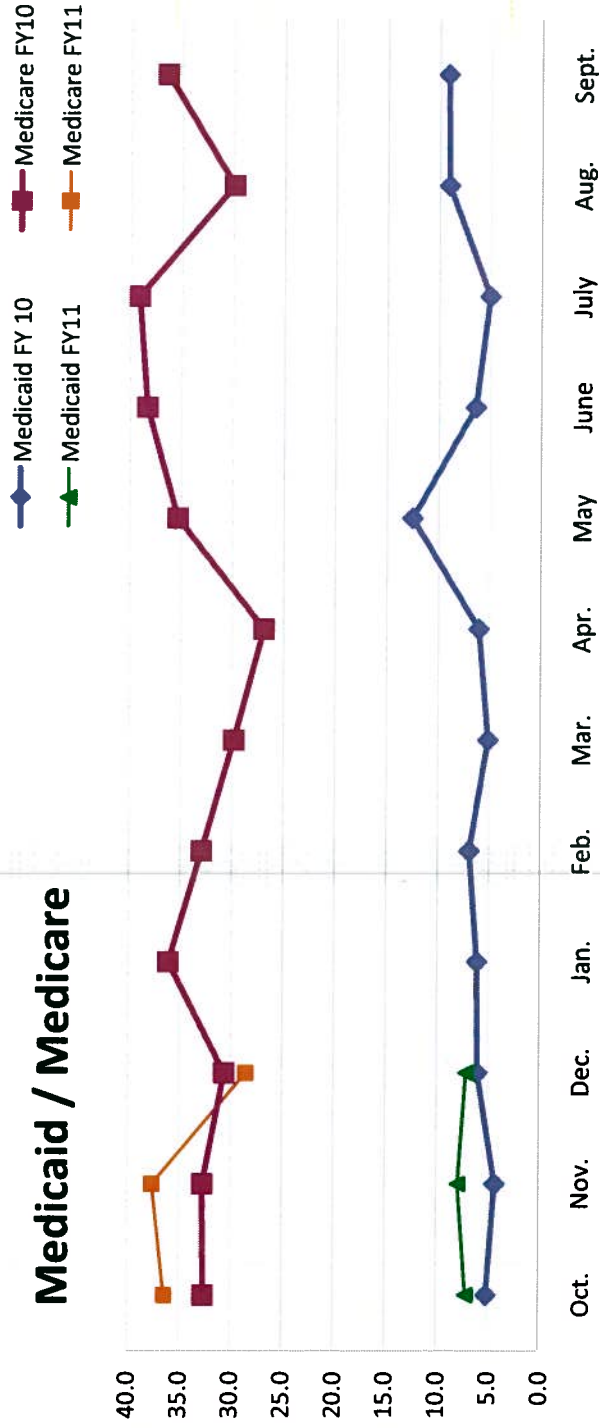
**Teton Valley Health Care  
Statistical Information  
Accounts Receivable**

	2008 FYE Actual	2009 FYE Actual	2010 FYE Actual	2011 1st Qtr	December FY 11	2011 Budget/ Targets
<b>Net Days in Receivables</b>	90	85	91	90	90	65
<b>Gross Days in Receivables</b>	125	127	129	122	122	97
<b>Unbilled Amount in Accounts Receivable</b>	2.5%	1.7%	2.5%	2.2%	2.2%	3.0%
<b>Bad Debt Percentage of Gross A/R</b>	17.4%	11.7%	9.2%	7.9%	8.4%	9.2%
<b>Admissions Demographic Accuracy</b>			83.0%	81.7%	96.0%	95.0%
<b>Percentage of Patient Payments at Time of Service in Clinic</b>			72.0%	55.3%	69.0%	80.0%
<b>Clinic A/R over 90 days</b>			71.0%	68.0%	68.0%	56.0%
<b>hospital A/R over 90 days</b>			45.0%	46.0%	46.0%	38.0%

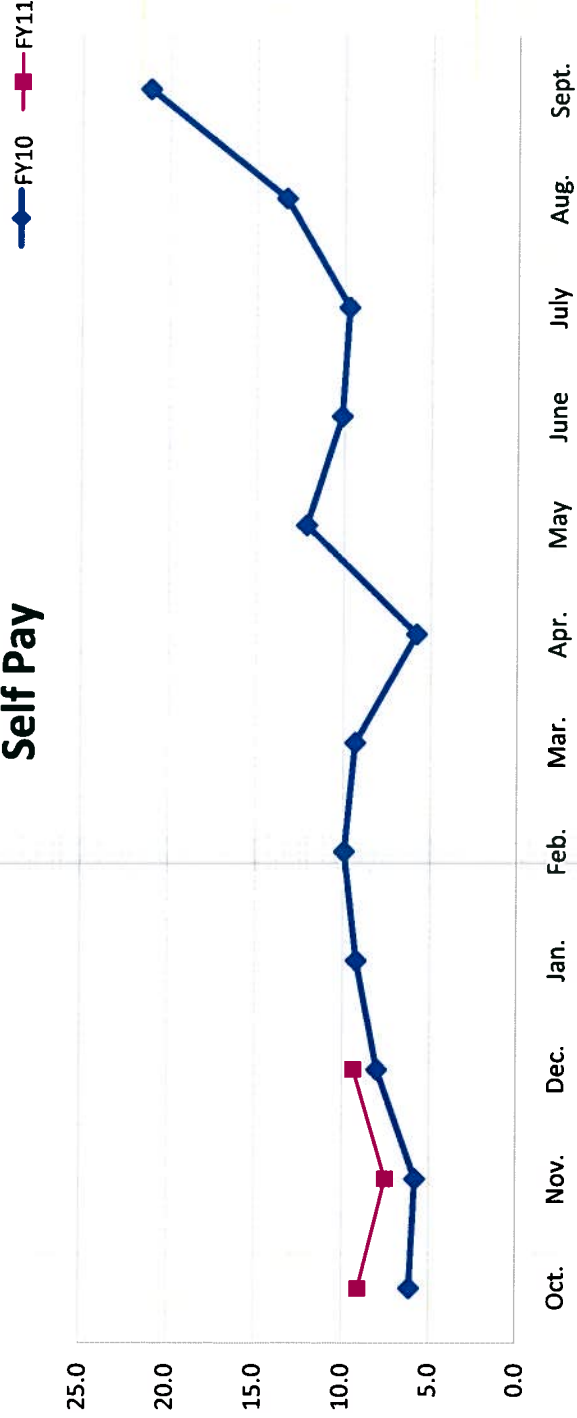
Desired Trend

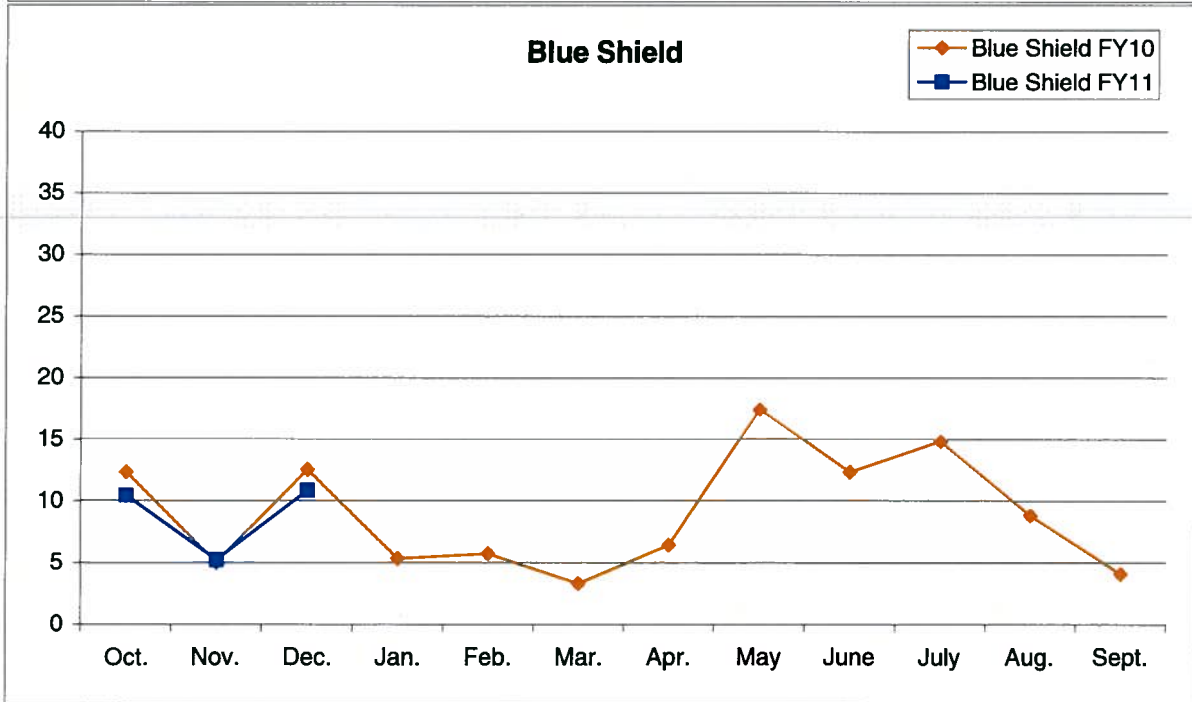
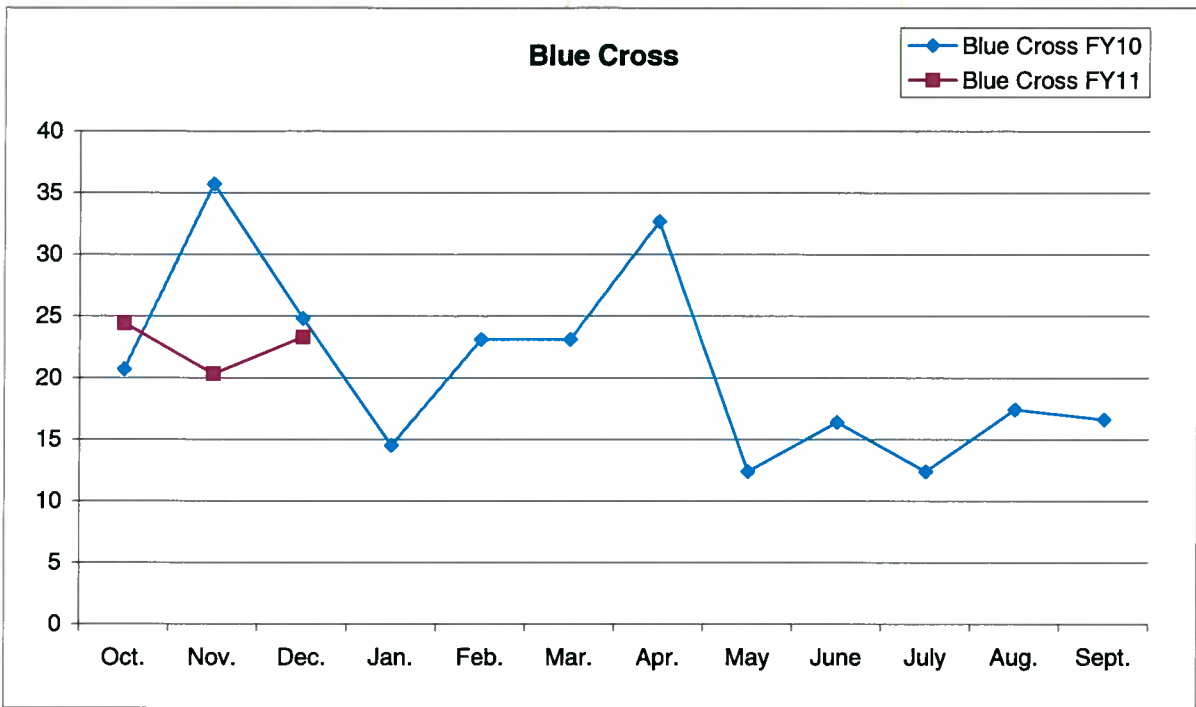


## Medicaid / Medicare

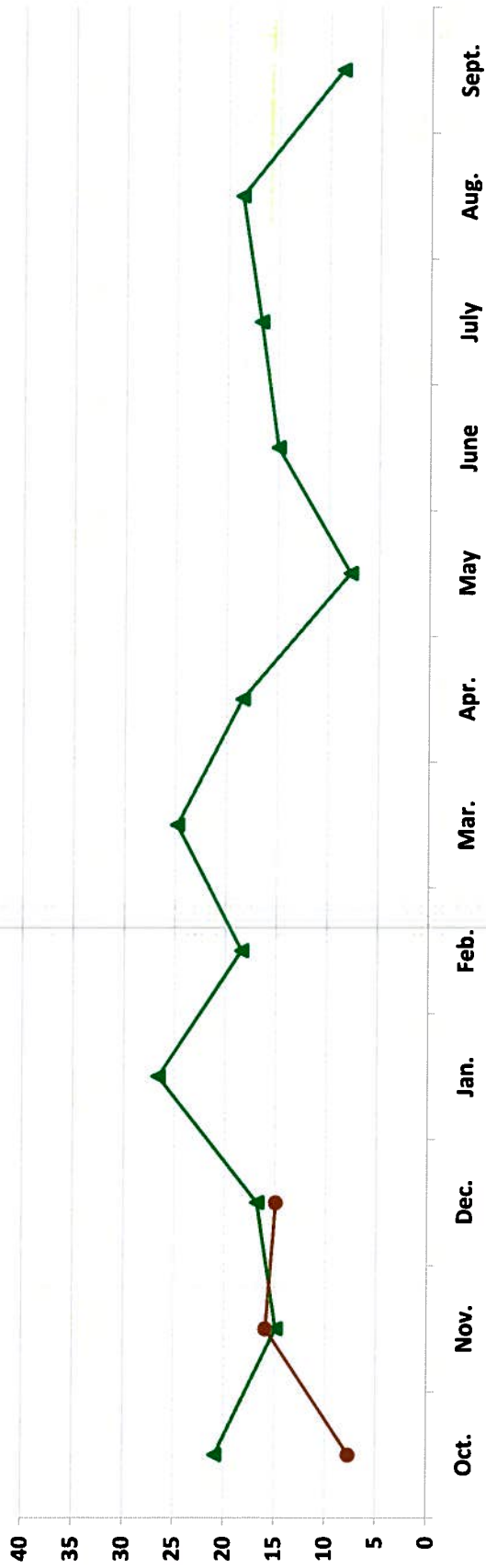


## Self Pay





# Insurance





## **CEO Report January 26, 2011**

1. We have had a very positive performance for the first quarter of Fiscal Year 2011. Gross Revenue for December was up 25% and helped end the first quarter up over 12%. The net operating profit for December was +9% and the first quarter ended with a +5.3% operating profit. That is 77% better than last year at this time. These important strides must be preserved and to help this we are taking measures to streamline operations in several areas of the hospital and clinics. Last year's operations included Child Care and Home Health Services. The effect to the income statement is minimal. The combined Gross Revenue was \$11,200 per month and the combined expenses were \$13,450 per month. The total impact would be reduced total loss of \$ 15,750 for the first 6 months of FY 2011.
2. Two important positions were filled since the beginning of 2011.
  - a. Beverly Park, Revenue Cycle Manager accepted the promotion on Dec. 27, 2010. Beverly has worked at TVHC for 4 months as an advisor to the manager and supported Billing Department activities. Her extensive revenue cycle experience included over 10 years as Billing Manager with a regional acute care hospital. Her technical knowledge of billing, commercial insurance and Medicare/Medicaid regulations puts her at the right place at the right time.
  - b. Jason Hotchkiss, Controller will begin working Feb. 7, 2011. As Senior Accountant at Idaho's largest health care system, Jason supervised several accounting functions for the Finance Department and its affiliated partnerships, including critical access hospitals. Prior to the hospital roll Jason worked as Senior Audit Associate with one of the major public accounting firms in their western region.
3. Several key capital projects were started in the first quarter of fiscal year 2011.
  - a. Lighting Retro Fit Project replaced over 420 fluorescent fixtures with highly efficient digital ballasts and low watt bulbs. Bonneville Power with Fall River Electric Cooperative provided \$20,000 and we provided \$10,000 to complete this project. The estimated energy savings will be \$4,500 per year so a payback of just over 2 years and useful life of over 5 years on the bulbs.

- b. Window Retro Fit Project to replace twenty- aluminum framed windows with energy efficient Pella wood clad windows. These windows exceed the national standards for heat loss. The staff has already seen the difference in patient room temperature control since completing this project Dec. 24<sup>th</sup>. Funding for this \$50,000 project was paid for by the Office of Energy Resources thru the county application that Diane Temple submitted. The Foundation will provide a \$5000 match grant.
  - c. Solar Panel Improvement Project will provide reduced cost in warming water for the hot water storage system in the hospital. This was another component of the Office of Energy Resources grant of \$45,000 with a Foundation match of \$5000. This solar system will supplement energy requirements for the 600 gallon hot water storage tanks and save 38% on our energy bill.
  - d. Boiler 2 upgrade was completed with the Laura Cunningham Foundation grant secured by the Foundation in the amount of \$30,000. The fuel burn rate improvement will add to another reduction in overall utility cost for the next 20 years.
4. The future Capital Improvements for 2011 have already begun. With the help of the Foundation we were able to send two Radiology Technicians to CT School in preparation for upgrading our Four Slice CT to a Sixteen Slice GE CT. Wren Hlavaty and Shayla Clark both passed the certification exam with flying colors just before the end of the year. On Dec. 30<sup>th</sup> we signed the contract to purchase the CT for \$328,000 and plan on having it operational in May, 2011. The second major purchase on Dec. 30<sup>th</sup> was a new GE Digital Mammography Unit for \$353,000 to be installed by March, 2011.

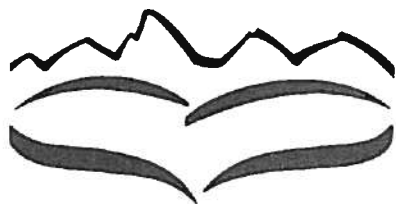
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Both purchases are the result of the receipt of the Levy II funding so generously provided by our community. Both of the purchases will improve our diagnostic capabilities and be used by our patients for many years to come. The entire staff is excited to have these enhanced services coming to TVHC.

The next capital requests will include a Mini C Arm for OR, 30 computers and 20 dual monitor replacements for second and third quarter installations.

- 5. Clinic Operations
  - a. Visiting Specialist First Quarter Revenue (handout)
  - b. Physician Referral Report for Dec. (handout)
  - c. Clinic Schedule restructured for improved patient care and improved productivity.( colored handout)
- 6. KPMG Observations and Recommendations
  - a. Compliance Policy Approval (handout)
  - b. Remediation plan (handout)
- 7. BMH FY 2011 Benchmarks rev. 01/2011 (handout)





# DRIGGS HEALTH CLINIC

*We're Family*

280 North First East, Driggs, Idaho 83422 208-354-2302

January 3, 2011

Virgil Boss,

Here is the referrals list for **DECEMBER, 2010**

1. Kevin Hanks, MD	ENT	8
2. Dan Marshall, MD	Dermatology	1
3. Michael Rosenberg, MD	General Surgeon	3
4. John Chambers, MD	Cardiology	2
5. Ned Warner, MD	Gastroenterology	1
6. Gene Petty, MD	Allergist	1
7. Timothy Taylor, MD	Urologist	1
8. Stephen Vincent, MD	Neurology	1
9. Marc Parot, MD	Pain Specialist	1
10. Bradford Talcott, MD	Neurology	5
11. Martin Trott, MD	ENT	1
12. Phillip Lowe, MD	Urologist	1
13. Eric Walker, MD	Physical Med	1
14. Peter Castellanos, MD	Peds Neurology	1
15. Ananda Walaliyadda, MD	Arthritis Specialist	1
16. Dane Dickson, MD	Oncology	1
17. Idaho Kidney Center		1
18. Dwayne Hansen, MD	General Surgeon	1
19. George Waterhouse, MD	General Surgeon	2
20. Holly Zoe, MD	Pain Specialist	1

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Total 35

## BMH FY 2011 Benchmarks rev. 01/2011

Priority	Benchmark	Measurement
#1	Controller Orientation, CAH/RHC	Jeff Daniels, CFO
	Financial Statement Preparation, Healthland Software and GE Centricity data file navigation training.	Review Oct., Nov., Dec. FY 2011 Assist in Jan. 2011 and report.
3/31/2011	FY 2010 closing document, audit preparation, CMS cost report.	Luke Zarecor review and evaluate Controllers understanding of data with Jeff Daniels and CEO.
4/30/2011	Review policies needed to complete Forensic Audit recommendations.	Policy Tech approval dates.
#2	Revenue Cycle Reorganization	Jeff Daniels, CFO, Katie Hazelbush, Patient Financial Services Mgr.
2/28/2011	Katie, orient Beverly Park, RC Mgr. on assessments made by BMH and not completed.	Review Bev's organization chart and benchmarks. Cash collection for Jan/Feb.
3/31/2011	Gross Days/Net Days in AR	Continued improvement from first Qtr. FY 2011
3/31/2011	RHIT or RHEA Consultant to continue Coding education and compliance for optimal revenue capture.	Signed agreement.
4/30/2011	HFMA Map Benchmarks Program	Enrolled and data capture available with Healthland /GE software.
4/15/2011	Cash Collection Contract with AARM/ACSI	Improvement from Outsource, CBP, ARS. Evaluate results and make recommendation to continue or roll back self pay to Rev Cyc Dept.
6/15/2011	Collect survey of patients opinion of new statement format and process.	Review results with ACSI, Beverly, Katie and finalize
#3	Information Technology	Jack York, Information Systems Manager
3/31/2011	Develop a technology roadmap focusing on improving network security, service reliability, compliance and Meaningful Use.	Project scheduled by MU Committee, Jack York and CEO.
4/30/2011	Reporting and data mining processes for Benchmarking	Kurthie, Jack evaluate and report to CEO

