

**HUMBOLDT GENERAL HOSPITAL  
DISTRICT BOARD OF TRUSTEES  
MAY 16, 2014 BUDGET MEETING  
SARA WINNEMUCCA CONFERENCE ROOM**

**BOARD PRESENT:**

Moe Hanzlik, Chairman  
Mel Hummel, Secretary  
Kevin Chatfield, Member  
Ed Hopfer, Member  
Marlene Brissenden, County Comm. Member  
  
Kent Maher, Legal Counsel

**STAFF PRESENT:**

James Parrish, Administrator  
Sandi Lehman, CFO  
Mike Bell, IT Director  
Melissa Lopez, Administrative Support  
Eddy Davis, Controller  
Pat Songer- Director of EMS  
Jared Oscarson, Paramedic

**GUESTS:**

Dee Hozel, Tori Stephen, Richard Cook, Lewis Trout, Charlie Beringer, and Paul Martin.

**CALL TO ORDER:**

Board Chairman Hanzlik called the May 16, 2014 board budget meeting to order at 5:31 p.m.

**PUBLIC COMMENTARY:**

Charlie Beringer, a Senior Center director, said the Senior Center is having candidate forums on May 27 and May 28 at 1:00 p.m. each day. May 28 is a question and answer session for the Hospital Board candidates. On June 6, the Senior Center kitchen expansion project will start. While the project is ongoing, the daily lunch will be served at the Grass Valley Elementary School. Board Member Hanzlik said he will not be at the candidate forum because he has prior obligations.

Louis Trout provided an article that appeared April 24 in the Lovelock newspaper about a national award given to Pershing General Hospital, a critical care hospital, regarding its strategy for expanding services to people in Pershing County, expanding its nursing home activities, and providing additional community based medical support based on public input that they received. Trout characterized the Pershing hospital approach as a "non-capital" approach to issues and questioned if possibly the Humboldt hospital is overlooking something with the emphasis on capital improvements. Trout suggested the board appropriate or set aside \$3,000,000 to relocate the EMS facility off campus to provide additional onsite parking. Trout also suggested the budget provide a contingent litigation line item because of the potential (Trout's belief) there will be liability for noncompliance with the state public records law.

**DISCUSSION / ACTION ON ITEMS OF BUSINESS:**

**1. Public hearing / fiscal year 2014-2015 tentative budget / approval of fiscal year 2014-2015 final budget / CFO-Administrator**

Administrator Parrish presented the fiscal year 2014-2015 budget and noted that there is an operating budget and a capital budget. The budget is used as a guide for hospital operations during the upcoming fiscal year. The Administrator, Chief Financial Officer and Controller evaluate historical data to prepare the budget. The preparation includes consideration of historical utilization trends, the local economy, healthcare reform measures, the knowledge of the administration and several consultants, significant changes in current services and any new or proposed services. Parrish said no significant service changes

are included with the exception of the addition of two mid level providers, one expected in June and another in November. The department directors formulated the individual department budgets based on the administration considerations. There are some proposed additional personnel in the budget, but they will not be hired until the need is evaluated based on the workload at the time of the request. The capital budget is a separate budget which reflects the five year plan for replacement and addition of capital equipment and facilities. Most of the items considered for the capital budget will be purchased; however, the Board authorizes the purchases on an individual basis. Each capital item must be justified by the department director and administration prior to submission to the Board for approval. Parrish summarized the budget, noting that room charges are flat and no additional volume is predicted, nor will there be additional pricing. The ancillary charges item was increased by \$2,000,000 because of the midlevel providers which each should generate about \$1,000,000 per year in revenue. The contractals were decreased from the prior projections due to Medicaid and Medicare rates going up and a reduction in bad debt assumptions, which is possibly due to the Affordable Care Act and the fact that more people are on Medicaid now. Other operating revenue was decreased due to a decline in donations, elimination of grant revenue and no budget for the ambulance service in Eureka County. Expenses increased from \$38,000,000 to slightly more than \$41,000,000 and include a 3.00% wage increase for employees and a 4.5% inflation increase for supplies, as well as the employees and office expenses for the midlevel providers. Operating profit will end this year at slightly less than \$1,000,000 and next year is projected to be about \$1,700,000. The administration is considering the hospital security needs and it may be necessary to add three (3) full time equivalents in the emergency room at a cost of about \$112,000. Additional personnel are being considered for Dr. Perkinson and the Dietary Department has need for an additional full time equivalent to cover vacations and sick leave. There is also a need for a person to cover in the physician services. The IT system is a \$12,000,000 system and there are currently three (3) persons in the department and it is likely another position will have to be added to keep up with the demand. Employee health insurance premiums increased 23%, almost \$372,000 and the additional employees for the midlevel providers will add \$192,000 to PERS. Board member Chatfield questioned if another ambulance was needed. EMS Director Songer advised that most hospitals are integrating services to keep costs down and explained for example that it does not make sense to put full security guards in the ER when the security services could be provided by persons who double as EMT personnel. Chatfield said he does not believe moving the ambulance services offsite is a good idea. Administrator Parrish said it is a bad idea. Chatfield said a campus should be a campus and a medical campus should provide its own security and be able to respond as quickly as possible. Songer said one of the reasons that the security is being considered is because of the increase in security issues at hospitals nationwide. Board member Brissenden questioned why more time was not provided to consider the budget. Administrator Parrish said the public hearing is typically where the major changes in the budget are discussed and most questions can be answered at that time. Brissenden said the capital budget is acceptable to her except that she does not agree with the demolition of the medical office building and addition of the modular clinic. Brissenden questioned why the parking issues have not been discussed. Parrish advised that the hospital employee group is in the process of rewriting the parking policy and will make a presentation to the Board, hopefully at the next meeting. Chatfield questioned how many new parking spaces will be added with the proposed Phase III expansion project. Parrish responded that about 80 more spaces will be added. Legal Counsel Maher reminded that the Hospital currently has and has had the required number of parking spaces, and there has never been less than the required number. Parrish noted that the EMS equipment which was formerly located in the parking area has been moved and with those changes and the employee committee proposals, the parking problem should be taken care of. Board member Hummel said he had trouble with the opening the budget documents on his computer and agreed more time to review the budget is desirable. Board members Hopfer and Chatfield agreed that more time would be preferable. Parrish asked how much ahead of time the Board wanted to see the budget. The Board agreed two weeks prior to the hearing would be good. CFO Lehman said it is not possible to start the budget process too early because there is not enough data available to make projections for the upcoming year. Brissenden asked about the capital budget being submitted to the

Department of Taxation. Lehman advised that the submitted capital budget is primarily for the Department of Taxation to determine if everything on the budget is purchased, will the organization be short of cash. Maher noted that the capital budget is similar to the five (5) year capital improvement plan which must be submitted, that is, it is the perceived plan but it doesn't mean very much until there is actually an expenditure on a budget item. Every item is voted on individually before the expenditure is made. Brissenden questioned if she could vote for the budget but not vote for the items on page 31 of the capital budget. Maher said that the vote will be on the motion as it is made. There were no comments from the public.

Motion by Board member Chatfield and second by Board member Hanzlik to approve the tentative budget for fiscal year 2014-2015 as the final budget. Motion carried unanimously. Board member Brissenden stated she objects to the items on page 31 under the maintenance section for the new expansion demolition item.

**PUBLIC COMMENTARY:**

There were no comments from the public.

Board chairman Hanzlik adjourned the May 16, 2014 budget meeting of the Humboldt General Hospital District Board of Trustees at 6:25 p.m.

**APPROVED:**

**ATTEST:**

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Maurice Hanzlik, Chairman

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Alicia Wogan, Administrative Assistant