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Stoughton Health Finance Committee

June 27, 2022

Agenda

- ▶ Call to Order
- ▶ Single Audit Results
- ▶ Master Facility Plan Update
- ▶ May 2022 Financials
- ▶ Form 990 Review
- ▶ Open Discussion
- ▶ Adjournment

Schedule of Federal Expenditures–FY 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
Department of Health and Human Services COVID-19 Provider Relief Fund and American Rescue Plan Rural Distribution	93.498		\$ 5,024,021
HRSA COVID-19 Claims Reimbursement for the Uninsured Program and the COVID-19 Coverage Assistance Fund	93.461		57,635
Drug-Free Communities Support Program Grants	93.276		<u>113,000</u>
Subtotal direct			5,194,656
Passed through the Wisconsin Office of Rural Health COVID-19 - Rural Health Research Centers	93.155	39-6006492	52,707
COVID-19 - State Rural Hospital Flexibility Program	93.241	Unknown	5,000
Small Rural Hospital Improvement Grant Program	93.301	Unknown	<u>12,269</u>
Subtotal passed through the Wisconsin Office of Rural Health			<u>69,976</u>
Total Federal Financial Assistance - Department of Health and Human Services			<u><u>\$ 5,264,632</u></u>

Federal Award Findings & Questioned Costs - Definitions

- ▶ *Material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected, on a timely basis.
- ▶ *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Federal Award Findings & Questioned Costs

- ▶ 2021-001 - Preparation of the Schedule of Expenditures of Federal Awards (SEFA)
- ▶ **Condition:** Lack of an internal control system designed to provide for a complete and accurate schedule of expenditures of federal awards.
- ▶ **Corrective Action Plan:**
 - ▶ *Formal policy implemented for review of the SEFA*
 - ▶ *One hour of continuing education on federal award reporting compliance annually for two members of the Accounting Team*

Federal Award Findings & Questioned Costs - Continued

- ▶ 2021-002 - Activities Allowed or Unallowed & Allowable Costs
- ▶ **Condition:** Claimed a \$116 of costs that were questioned
- ▶ **Corrective Action Plan:**
 - ▶ *Ensure attendees at key meetings to be claimed are documented*
 - ▶ *Run more detailed reports to establish proper cut-off of expenses*

Federal Award Findings & Questioned Costs - Continued

- ▶ 2021-003 - Reporting
- ▶ **Condition:** Excluded bad debt from the amounts reported for lost revenue & no evidence retained that the Hospital's special report submitted was reviewed and approved by a separate individual outside of the individual who inputted and submitted the report.
- ▶ **Corrective Action Plan:**
 - ▶ *Guidance on whether bad debt should or should not be included was unclear - will include with the Phase 4 funding report submission*
 - ▶ *Policy developed to formally document review of submissions*

Single Audit Results

Next Steps - what might happen?

Questions about the process or report?

****Request Motion to Approve Review and Acceptance of the Federal Awards Reports in Accordance with Uniform Guidance for September 30, 2021***

Master Facility Plan Status Update

Teresa Lindfors

The Why's of the Expansion Project

- ▶ Space Issues
- ▶ Patient Volumes/Growth Needs
- ▶ Cost Savings/Efficiencies
- ▶ Payer Implications
- ▶ Other

Space Issues

- ▶ Need for Multi-specialty Clinic space area
 - ▶ General Surgery/Wound Clinic functioning out of Day Surgery area
 - ▶ Addition of new providers (Cardiology, Urology, Podiatry) in current Urgent Care footprint
 - ▶ Provides additional space for Urgent Care services
- ▶ Rehab Services located off-site
 - ▶ Leasing space currently
 - ▶ Road work impacting access
- ▶ Current Operating Rooms 47 years old and connected to the 1975 building
- ▶ Cardiac Rehab Services has safety concerns with equipment spacing in current location

Patient Volumes/Growth Needs

- ▶ Census reports indicate 1.8% growth in Stoughton by 2026
- ▶ Increased Urgent Care needs
- ▶ Expect 3-5% growth in Ortho each year and addition of shoulder program radius
- ▶ Increased patient volumes with additional physician clinic services (Podiatry and Elective Sterilization services)
- ▶ Expect more Rehab patients with pelvic floor and hand therapy needs
- ▶ Potential addition of Pulmonary Rehab with covid long-haulers
- ▶ Increased need for Cardiac Rehab Phase II
- ▶ Increased outpatient surgical needs
- ▶ Potential for chemotherapy ambulatory infusion

Cost Savings/Efficiency

- ▶ SWAC Rehab Lease Cost Savings
 - ▶ \$132,000 annual cost savings
- ▶ Staff and equipment efficiency
 - ▶ Cardiac Rehab and Outpatient Rehab services
 - ▶ Reduced FTE in Registration staff
 - ▶ Medical Imaging and Rehab proximity to Ortho & General Surgery
 - ▶ Medical Imaging staff dedicated to serving the medical office needs
- ▶ Shelled space allows for growing into the future as needs arise
- ▶ Ambulatory Surgery Center
 - ▶ Increased efficiencies for providers
 - ▶ Currently assessing best timing given external environment

Payer Implications

- ▶ Reimbursement questions if not an ASC in the future:
Payer mandates
- ▶ Increase in Medicare (aging baby boomers) & Medicaid Advantage plans (50%) puts cost based reimbursement at risk vs other payers
- ▶ Bundled payments (meet the needs of ACOs and other value based purchasing structures)

Other

- ▶ Aging building with 1956 & 1975 areas.
- ▶ Eventually raze 1956 building in future
- ▶ Shifts to:
 - ▶ Inpatient to Outpatient
 - ▶ Outpatient to Ambulatory
 - ▶ Ambulatory to Clinic

Planning Updates

Site Visits - Ortho & General Surgery

- ▶ Rush Ortho Clinic & Ambulatory Surgery Center (ASC) - Oakbrook, Illinois
- ▶ Monroe Clinic - Monroe, WI
- ▶ Drs. Rawal & Schwaab to visit Monroe Clinic in mid to late August

- ▶ Key Takeaways:
 - ▶ Patient self-rooming
 - ▶ Visual cues
 - ▶ Surgical workflows

Regulatory Requirements Currently Being Reviewed

- ▶ Requirements by Service line - Financial and Regulatory being reviewed
- ▶ Service relocation financial impact
 - ▶ Maintain CAH reimbursement for Rehab services if move back on campus (would lose this if rented space at a new location/address)
 - ▶ Will service relocation impact allowable cost allocation on cost report?
 - ▶ Will service relocation impact 340b program savings?

Design Build – EUA/JP Cullen

MASTER PLAN BUDGET

STOUGHTON HOSPITAL MASTER PLAN



Area of Work		Low Range		Expected		High	
New Building Core & Shell	50,000	\$ 148	\$ 7,380,000	\$ 161	\$ 8,030,835	\$ 208	\$ 10,400,000
Interior Buildout - Clinics	29,600	\$ 201	\$ 5,949,600	\$ 218	\$ 6,442,692	\$ 245	\$ 7,241,916
Connector	1,350	\$ 263	\$ 355,307	\$ 285	\$ 384,531	\$ 310	\$ 418,754
Interior Buildout - Common Areas	10,800	\$ 82	\$ 889,067	\$ 84	\$ 908,615	\$ 92	\$ 992,281
Added Parking & Stormwater Per Stall	241	\$ 1,925	\$ 463,925	\$ 1,925	\$ 463,925	\$ 1,925	\$ 463,925
Escalation Assuming Start in June 2025	13%		\$ 1,907,182		\$ 2,058,446		\$ 2,475,228
Subtotal	51,350	\$ 330	\$ 16,945,081	\$ 356	\$ 18,289,045	\$ 428	\$ 21,992,105
Estimating & Construction Contingency	10.00%		\$ 1,694,508		\$ 1,828,904		\$ 2,199,211
Construction Management Fee	2.75%		\$ 465,990		\$ 502,949		\$ 604,783
		\$ 372.07	\$ 19,105,578	\$ 401.58	\$ 20,620,898	\$ 482.88	\$ 24,796,098

*Does not include FFE

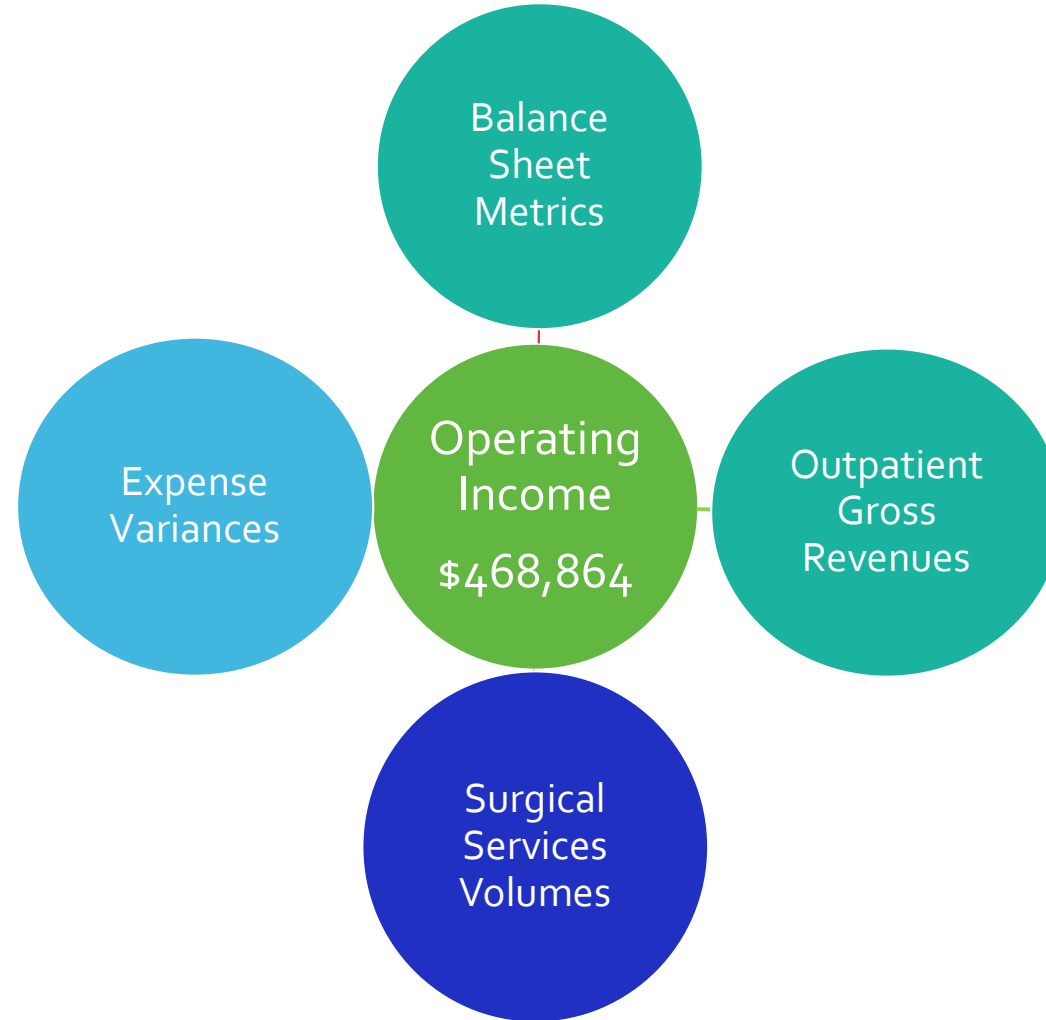
Next Steps

- ▶ Complete financial analysis and understand impact by service
- ▶ Complete high level estimated project costs
- ▶ Develop project plan consistent with external regulatory, economic, payer environment
- ▶ Present to Executive Committee and Board of Directors (date TBD)

Master Facility Plan Update

Questions?

May 2022 Financial Statements




****Request Motion to Approve the May 2022 Financial Statements***

IRS Form 990 – Return of Organization Exempt from Income Tax

- ▶ Public Document
- ▶ Best Practice to have review by Governing Body prior to filing
- ▶ *Key Sections to Highlight*
 - ▶ *Part 1 - Mission/Significant Activities*
 - ▶ *Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees & Independent Contractors*
 - ▶ *Schedule of Contributors*
 - ▶ *Schedule H - Hospitals*
 - ▶ *Financial Assistance & Certain Other Community Benefit Costs*
 - ▶ *\$3,951,216 or 8.57% of total expenses*
 - ▶ *Community Health Needs Assessment*
 - ▶ *Financial Assistance Policy*

***Request Motion to Approve the Review and Acceptance of the IRS Form 990 for FY2021**

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- ▶ Questions?
 - ▶ Open Discussion
 - ▶ Adjournment