



**MINUTES
WORKSESSION
JOINT MEETING OF
FAIRFIELD COUNTY COUNCIL
AND FAIRFIELD MEMORIAL HOSPITAL
FEBRUARY 27, 2014**

Present:

County Council: David L. Ferguson, R. David Brown, Mary Lynn Kinley, Dwayne Perry, Carolyn B. Robinson, Mikel R. Trapp; Council Members; J. Milton Pope, County Administrator; Davis Anderson, Deputy County Administrator; Shryll M. Brown, Clerk to Council

Hospital: James McGraw, Betty Gutschlag, Catherine Fantry, Michael Quinn, Charles McElmurray, William Turner, Sonia Kennedy, Carrie Suber-O'Neal, Tim Mitchell, Mike Williams, Kristi Godwin, Mary Sas, Darlene Hines

In accordance with the South Carolina Code of Laws, 1976, Section 30-4-80 (e), as amended, the following persons and/or organizations have been notified of the time, date, and location of this meeting: The Herald-Independent, The State, and Winnsboro Cablevision, and ninety-six other individuals.

1. CALL TO ORDER

At 6:35 P.M., Chairman Ferguson called the County Council meeting to order. Mr. McGraw called the Hospital meeting to order.

2. ITEMS FOR DISCUSSION

Mr. Williams began the discussion saying the Hospital would be requesting some type of line of credit, with the support of the County.

- Over last 30 days, expecting \$415,000.00 between GEAR and Debt Set-off; however, the Hospital has not received any of the funds anticipated.
- Hospital was depending on those funds at a certain date.

Mr. Tim Mitchell gave a financial overview of the present situation with the Hospital:

- Monies anticipated receiving in the month of February were delayed, and will not be received until March.
- Because of inclement weather days, individual tax returns were not processed until February 3, as compared to the processing several weeks earlier last year.
- Purchased a new computer system. Part of that system cost was defrayed by Medicaid and Medicare Incentive Payment. Registration for this payment was accomplished at the end of November, 2013 and the Hospital received the understanding it was to expect a Medicaid payment of \$382,758.00. Hospital has not received these funds.
- Monies expected to have received well before now won't be realized until March.
- Reported the Monthly Cash Flow Summary: Total Cash from Regular Operations = \$787,675.00 minus Gross Payroll/Payroll Taxes, Health Insurance, Retirement, Physicians, Contract Therapists, Utilities and Cost Settlements, the Balance Available is \$12,551.00 (overextended).

- Reported the Comparative Analysis Of Patient Volumes: 2011-2012: 1,137 patient days; 2012-2013: dropped to 882 patient days; 2013-2014: dropped to 677 days. 2-year change of 40%; change from last year of 23%. Outpatient days are similar story. 7,302 encounters in 2011-2012; increased to 7,805 in 2012-2013; dropped to 5,764 in 2013-2014.
- Reported the New/Additional Annual Cash Requirements: (1) Computer system = \$676,416; (2) Cost Report Settlements (Medicare and Medicaid) = \$666,677.00. Total \$1,343,093.00. Balance of \$200,000.00 still due on the \$666,677.00.
- Explanation of Cost Report Settlements.
- Reported the Disbursement Of Anticipated Non-Operating Revenue Payments: Anticipated Non-Operating Revenue (next 45 days) = \$1,180,528.00. These are monies that the Hospital count on to pay the bills (G.E.A.R., DSH, Medicaid Incentive Payment); Projected Disbursements From Non-Operating Revenue = \$1,133,439.00 Remaining Funds (Hospital License Tax, EHR Turnover Funds to Cerner, State Retirement, Cerner Past Due, Tribridge Past Due) = \$47,089.00. Hospital License Tax must be paid before DSH is received. Counting on certain monies to catch up on State Retirement.
- Operating Cash Position: As of today, have \$165,000.00 in the bank, of which \$22,000.00 is restricted; \$142,000.00 is unrestricted.

Questions:

- Why is Cerner an annual recurring cost?
- Referring to the Monthly Cash Flow Summary Sheet and incorporating the Disbursement Of Anticipated Non-Operating Revenue Payments, if look at the total cash regular operations that you had left over (\$787,675.00), and if you were to report the payroll, health insurance, retirement and utilities, the difference in that what you owe is, if you add that other revenue, is \$130,000 to operate?
- In reference to the decline in revenue, how does that compare with the expenses or the ability to cut expenses over that same timeframe? When you look at that from a dollar amount or percentage amount, do you know what that number is?
- Aged Trial Balance Report (List of Vendors The Hospital Owes Money To): As of today, owe vendors \$3,000,000.00.

Questions:

- We owe vendors \$3,000,000.00? In looking through this vendor list, all of that is over 61 days. How many on this list have already cut us off?
- If we are now running about forty percent less in patients, where is forty percent cut reductions?
- Where are we with Palmetto Healthcare? Is it better to work collaboratively or is it best to let these people rent the Hospital and take it over lock, stock and barrel? Are we moving forward?
- How many employees do you have to have in X-ray?
- Did we, at some time, overextend our services that have put us in a position where we are having to lose \$300,000.00 a month because we overextended what we offered people a few years back?
- When these private practices started doing this and cut our revenue in half, would it not be cheaper to negotiate and let the private practices people do it and us pay them instead of having a ten or a staff of how many ever people to do it? If we know we are losing to private practice, let's farm it out and see what we can do to save money.

- If we took this bottom line, \$3,000,000.00, or whatever that number is, does that include everything else you have been talking about over here? What about payroll taxes?
- If we had a magic wand in the County, and we gave you the money so you break even right now, how long is it going to take you to be back in this position?
- Suppose we don't get our money from anyone, what are we going to do? Are we just going to close the doors and be bankrupt?
- Why can't the Board (or whomever is going to do it) be looking at all options at the same time, so we are discussing it with every possibility you have, so that in three months, we are not back in this same position, or build it up to \$6,000,000.00?
- What's the projection to get this study done?
- Last time we met, we were looking at ninety days out. That ninety days out is about gone. Now we are looking at May, which is another ninety days or more. Realistically, where are we on getting the study done and looking to be able to sit down to be able to negotiate something with someone?
- We are in debt close to five million dollars as we speak. Suggest an appointment be made to look at the books. Already in debt; going in debt another half million dollars between now and ninety days.
- Have to do something to stop the bleeding. At the same time, in doing that, have to protect the liability. See the urgency to start working with every possible person to see what the options are to save the Hospital.
- Total amount owed is not going to change. When the Hospital is \$90,000.00 away from payroll next Friday, that is a concern.
- Hospital is fairly comfortable that, if they didn't have to pay anyone else, they will be ok with meeting payroll. The problem is, don't think they can go until next Thursday without paying anyone else.
- What would be the possibility of bringing the Stroudwater Group and having the three Hospital sub-committee members and the three Council sub-committee members in the first planning session, so everyone can understand what they can do for us?
- Think there should be some kind of open communication with these other people. Don't need to wait ninety days or 120 days to turn down, putting us out another ninety days for negotiation. Other doors need to be opened just in case for backup.

The suggestion was for the Hospital to make arrangements for this to take place and bring the options back to the Council sub-committee.

Council was informed that the Hospital was in dire straits for a line of credit.

- Don't want to keep coming back every ninety days. Like to see something definitive in writing.
- There are four different ways to approach a line of credit. What Council needs to be advised of is: a line of credit against the County to be paid back at later date by the Hospital, or is the money upfront from the County, or what kind arrangements are being discussed?
- County not in position to "give" money. Need a concrete plan of what is going to happen with those funds.
- Within last 18 to 24 months, have made a loan for \$400,000.00. Have given the Hospital \$1.2 million dollars; now we are back in the hole \$3,000,000.00. Put something on the table. That should have been a time period to the Council something on the table of a plan to carry this out. You don't have that ready yet. Putting a million dollars on the table tonight is just a band aid to get over the next hump. Come

back immediately with a plan on the table of how you want the bank to provide the line of credit.

- Explain to the Council about what specific line of credit you are talking about?
- What is the maximum line of credit you want?
- \$500,000.00

End of taped recording...

{The Clerk was excused at 7:45 p.m., and therefore, cannot attest to any further discussion or any action taken, if any, after the tape ended}.

3. ADJOURN

The meeting was adjourned at approximately 8:15 P.M.

SHRYLL M. BROWN
CLERK TO COUNCIL

DAVID L. FERGUSON, SR.
CHAIRMAN