

Medical center's goal of profitability falls short

Board approves feasibility study for a new hospital facility

Chuck Allen/editor@qvpr.com
Dec. 30, 2010

Quincy Valley Medical Center appeared to be on its way to turn a modest profit for 2010 in November. But after a re-evaluation of how the hospital accounts for its ambulance service costs, based on an accountant's recommendation, the hospital will likely show a loss at the end of the year.

Hospital board member Don Condit, chair of the financial committee, explained during a board meeting on Monday, Dec. 27, that the hospital had a net loss of \$5,165 in November and a year-to-date loss of \$40,956. Condit said it is likely that the December revenue won't dramatically improve the situation.

ADVERTISEMENT Administrator Mehdi Merred explained that the hospital has lower than expected revenues because the "payer mix" has changed. More patients are being covered by Medicare and Medicaid, which reimburses the hospital for less than the costs of providing emergency care. The hospital had been reimbursed for an average of 82 cents on the dollar. Now that figure is 78 cents. That 4 cents can make a big difference to the bottom line, Merred said.

Another factor in the financial totals is the high amount of bad debts the hospital has to write off. Board chairman Anthony Gonzalez pointed out that the hospital will likely write off \$1 million in debt that has been sent to collections. That amount is almost equal to what the hospital district collects in tax revenue. Gonzalez said it was frustrating that the taxpayers were subsidizing bad debts.

"We're obliged to take care of the needs of all members of our community, whether or not they can pay us," said controller Dean Taplett.

Merred said one way to help counter the problems of lower reimbursement for emergency care and bad debt is to put an emphasis on preventative care and diagnostic services for patients in the clinic and hospital.

"By emphasizing our preventative and diagnostic services and making them affordable, we can keep people out of the ER," Merred said. "A \$300 clinic visit is much better than the \$10,000 to \$15,000 emergency room bill because they didn't take care of a preventable problem."

He said he wants the hospital to continue to develop more efficient systems to provide affordable preventative care toward the community.

"That's going to be our mission," Merred said.

One encouraging thing is the increased demand of the hospital's surgery services, said Merred.

The hospital had an all-time high 31 surgery cases in November and December is also looking like a high-demand month, added Colleen Canfield, director of surgery services.

Merred said staff surgeon Dr. Thomas Steffens has agreed to stay on for at least another year.

Discussion of the hospital's financial situation brought the board into its next agenda item — whether or not to enter into a \$121,000 agreement with the Neenan Corporation, which will provide the hospital with a feasibility study to evaluate short-term solutions to help improve the hospital's financial outlook and then explore the possibility of constructing a new hospital facility.

Members of the board recently took a tour of new hospital facilities the Neenan Corporation helped build for small communities in Colorado.

Board member Darrell Van Dyke said he wasn't opposed to the idea of the study, but thought it might be a good idea to wait a few months considering how much the hospital had recently spent on equipment and other services.

"Maybe we should step back a few months and see what's going to happen?" Van Dyke asked.

Gonzalez said he was impressed with the Colorado trip and was in favor of doing the study.

"I like what I saw when I was touring communities one-third of the size of Quincy and those communities didn't have the income that we have," Gonzalez said. "The fact of the matter is we do work in a facility built in the 1950s. There is no doubt that the people of Quincy and our employees deserve a new facility. If we don't do it today when interest rates are low and building costs are low, then when?"

Condit said he was in favor of the study because it would have short-term benefits.

"If we do this now, then it will give us more chance to implement their recommendations and help us achieve our (2011) budget," Condit said.

The board voted 3-0, with Van Dyke abstaining, to approve the contract.

In other business, the board received a budget projection from paramedic Brian Williamson on what he expected expenses and revenues to be if his company, Protection-1 LLC, took over the Quincy Valley Ambulance Service.

The board took no action on the ambulance matter.

New director of clinic services Christy Jackson was also introduced during the meeting. Jackson owns a nursing staffing agency and lives in Wenatchee.

SEARCH 

ADVERTISEMENT



0 Comments

Post a comment

Your name: