

BLOUNT MEMORIAL HOSPITAL
Maryville, Tennessee

REPORT TO BLOUNT COUNTY COMMISSION – APRIL 2018

I. INTRODUCTION:

This report to the Blount County Commission provides you with information on Hospital activities, services, and progress over the past three months. It includes Statistical and Financial Reports, and other relevant information. Please let me know if you have questions or need clarifications on this report or any other Hospital activities.

II. STATISTICAL REPORTS: (Please see the attached Statistical Report.)

Admissions for the month of February were 887 versus a budget of 919, which is 3.5% below budget and 2.8% above prior year.

Patient days were 4,074, or 2.5% below budget of 4,178 and 1.9% above last year.

The length of stay for February was 4.56 days, which was above budget of 4.55 and below prior year of 4.58.

For the first eight months of this fiscal year, the Hospital had 7,709 admissions versus a budget of 7,314, which is 5.4% above budget and 6.6% above prior year.

Patient days for the first eight months of this fiscal year were 33,602, which was 1.1% above budget, and 1.8% above prior year.

Our average length of stay for the year was 4.38 days, which was below budget of 4.55 days and below prior year of 4.57 days.

III. FINANCIAL REPORT: (Please see the attached Financial Report.)

February 2018 saw gross patient revenues of \$85,012,000, which was \$2,529,000 or 2.9% below budget and 7.8% above prior year. Net patient revenues of \$21,305,000 were \$50,000, or 0.2% below budget and 12.9% above prior year. Total operating revenues of \$22,148,000 were \$61,000, or 0.3% below budget and 11.9% above prior year.

Expenses were \$22,687,000, which were \$624,000 or 2.8% above budget and 8.5% above prior year. For the month, operating loss of \$539,000 was \$685,000 below budget, and bottom line loss for the month of \$3,382,000, was \$3,785,000 below budget.

For the year, gross patient revenues were \$701,493,000, which was \$20,316,000, or 2.8% below budget. Net patient revenues were \$171,381,000, or 1.9% below

budget. Total operating revenues were \$177,990,000, or 2.0% below budget. Total expenses were \$179,912,000 or \$2,087,000 below budget.

Salaries, benefits, and contract salaries as a percent of total operating revenue for the year were 62.39% compared to budget of 62.23% and prior year of 63.79%.

Through February 2018, operating loss of \$1,922,000 compares to 2017 operating loss year-to-date of \$7,621,000, and bottom line gain of \$709,000 was \$3,786,000 greater than prior year levels and \$901,000 below budget.

Significant balance sheet changes for the month were decreases in gross accounts receivable of \$6,058,363. During the month total property and equipment decreased by \$456,716,000.

The balance of the combined investment portfolio for the Hospital and Foundation is \$101,075,310 which is a decrease of \$2,574,868 from prior month.

IV. OTHER HOSPITAL MATTERS:

New Spine/Neck Surgical Robot: The Hospital Board approved the purchase of a new spine/neck surgical robot for the Hospital's minimally invasive neurosurgical line and this robot was put into use in March. Blount Memorial is the only hospital in our region, and only the third hospital in the State, to acquire the Mazor X Robot this year. The robot allows for advanced, precise planning for the surgical procedure. A sophisticated 3D analysis and virtual tools are used to create a "surgical blueprint" for the actual surgery. The surgeon develops the plan prior to the procedure and is able to execute the surgery without anatomical surprises that can occur during surgical procedures. This is cutting-edge in spinal care and improves patient outcomes by reducing pain, improving accuracy, requiring smaller incisions, reduced bleeding, lowering risk of infection, reducing scarring, and shortening recovery time.

Blount Memorial Physicians Group (BMPG) Services: We were very pleased to add Dr. Patrick Burkhardt to BMPG effective March 1, 2018. Dr. Burkhardt has maintained a dermatology practice in the Blount County for several years.

Additionally, the BMPG practice saw a significant increase in the number of positive influenza cases, estimated at between 4000-5000 patients during the past three months.

Black Hawks Partnership: In December, members of the U.S. Army began talking with officials from Blount Memorial about use of the Hospital's helipad, as the medevac Black Hawks have returned to the area, replacing the Kiowa Warriors, which were previously housed at McGhee Tyson Air National Guard Base. After

a pair of Black Hawks tested landings and takeoffs from Blount Memorial's helipad, one of the helicopters returned in January to give Hospital staff an opportunity to see the aircraft, meet the crew, and talk about how this partnership can assist the community and the Great Smoky Mountains National Park in search-and-rescue missions.

Renewed Accreditations: Hospital services have recently achieved certificates of accreditation in Radiology and the Laboratory from the pre-eminent knowledge-based organizations that focus on improving health through advancing the science and practice of radiology and laboratory services. (Certificates and letter are attached to this report.)

1. Ultrasound Accreditation Report: The American College of Radiology's (ACR) Committee on Ultrasound Accreditation has granted accreditation for Blount Memorial's ultrasound services for another three-year period. Accreditation was granted for all Blount Memorial sites with a 100% scoring of established criteria. Dr. Daniel Dovgan, radiologist and Vice Chair of Radiology, and Ms. Koki Best, Administrative Director of Radiology, and their staff worked hard to ensure the perfect images were obtained and sent in for review by the ACR. The submitted cases were passed by two physician reviewers in order to receive accreditation.
2. The Commission on Laboratory Accreditation: The College of American Pathologists (CAP) completed its on-site inspection of our Laboratory and we received excellent remarks in the summation conference and accreditation for another two-year period. The CAP's Laboratory Accreditation Program is the "gold standard" in laboratory accreditation. Our Lab operates under the direction of Dr. Robert Potter, pathologist and Ms. Sandra Tarleton, Director of Administrative Laboratory Services.
3. American Association of Blood Banks (AABB) Accreditation: The AABB has again surveyed our Blood Bank and Transfusion Service finding no deficiencies. Our services were accredited for another two-year period. Our Transfusion Service also operates under the direction of Dr. Potter and Ms. Tarleton.

Transitional Care Earns 4-Star Rating: The Blount Memorial Transitional Care Center at MorningView Village (TCC) has earned a four-star rating from the Centers for Medicare and Medicaid Services (CMS). The four-star rating looks at categories including health inspections, quality measures, staffing and RN staffing. TCC earned a four-star rating (out of five) in each category, which also equated to a four-star rating (out of five) in the Overall Quality category. The five-star rating system is for consumers and caregivers to compare nursing homes and summarizes information of the overall ratings.

Free Community Health Screening: In conjunction with February's observance of American Heart Month, Blount Memorial Hospital and East Tennessee Medical Group offered a free Heart and Vascular Screening event to our community. A total of 106 individuals participated and received 220 screenings. Screenings included carotid and aorta ultrasound imaging; echocardiograms and lab work to look at cholesterol (HDL and LDL), triglycerides and glucose levels. Additionally, discounted Coronary Calcium Screenings also were available for those interested in the CT screening that serves as an early predictor of heart disease. In addition to the free screenings, physicians and other clinicians from Blount Memorial also were on hand to speak to participants in a free health expo.

Clinical Ladder Awards Dinner: At Blount Memorial Hospital, we encourage continued career development, specifically in the field of nursing, which continues to see shortages. Recently, seven registered nurses from Blount Memorial were recognized for choosing to grow in their nursing career through a newly developed Clinical Ladder Program, which focuses on career development while also keeping seasoned nurses at the bedside. As part of the program, registered nurses, in addition to working their regular shifts taking care of hospitalized patients, have spent the last year building portfolios that focus on education and experience; continuing education; clinical practice and quality; and professional development and leadership. Participants submitted their portfolios to a Clinical Ladder Committee for review, and honorees were recognized for achieving a Level 3 or Level 4 award. Level 4 Honorees have a minimum three years of RN experience and a Bachelor of Science in Nursing or specialty certification, and they also achieved a minimum of 40 points in the program. Level 3 Honorees have a minimum two years of RN experience and achieved a minimum of 35 points in the program. This year's honorees included (Level 3) Ms. Keonda Hannum, Ms. Ginger Phillips, Ms. Jennifer Seley, and Ms. Alanna Windham, and (Level 4) Ms. Lauren Gibson, Ms. Lauren Lyon, and Ms. Kathy Myers.

James Fiegle Retires from the Hospital Board: In December of 2017, Mr. Robert P. Redwine, President of the Hospital's Board of Directors, recognized Mr. Fiegle's 28 years of service as a member of the Hospital Board. Mr. Redwine cited several key accomplishments during Mr. Fiegle's tenure. A resolution of appreciation was presented to Mr. Fiegle and is attached to this report.

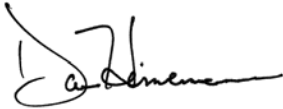
New Board Member: The Hospital was pleased to learn of the Commission's approval of a three-year appointment of Mr. Scott Powell to the Hospital's Board of Directors. The other eight members of the Hospital Board welcomed Mr. Powell to the Board in February and expressed their appreciation for Mr. Powell's willingness to serve the Hospital and the community.

Charity Care: Blount Memorial Hospital is committed to serving the people of Blount County. During the months of December 2017, January 2018, and February 2018, Blount Memorial's financial assistance program provided \$8,512,904 of charity care to patients with a primary residence in Blount County at the time service was rendered. We continue with our mission, to improve the health and quality of life in the community we serve.

V. Conclusion:

Should you have questions or be in need of additional information regarding this report, contact me. My office phone number is: 977-5533, and my office e-mail is: dheinema@bmnet.com. Please feel free to contact me at any time if I may be of service.

Best regards,

A handwritten signature in black ink, appearing to read "Don Heinemann", with a stylized flourish at the end.

Don Heinemann
Chief Executive Officer

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Attachments