

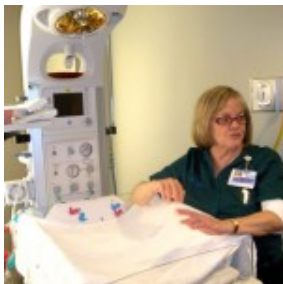
# Barton on target to make profit after \$1 mil. loss in 2010

By Kathryn Reed

Salaries and people unable to pay their bills are adding to the expense column for Barton Health, which is compounded by the number of patients being on the decline.

For 2010, Barton Health recorded a loss of nearly \$1 million.

“The 2010 loss reflects a write down of value in real estate owned by the hospital as required by generally accepted accounting principle,” Barton CFO Dick Derby said. He added that the transaction did not impact cash flow.



Barton tries to balance needs, with modern offerings like the improvements to the birthing center where Peggy Wright works.

Photo/LTN file

The other time the hospital reported a loss was in 2008 – \$513,841.

As a nonprofit health care facility, the South Shore entity must file financial documents with the Internal Revenue Service that are in large part public documents.

Barton's fiscal year is the same as the calendar year. The 2011 operating revenue was budgeted for \$132,563,941, with operating expenses of \$128,828,096. This leaves an anticipated gain of \$3,735,845.

Employee costs (salaries, health, retirement, other taxes) represent about 47 percent of the annual budget. Barton employed 1,013 people in 2010.

Board of directors also receive compensation, mostly in the form of the same health benefits as employees. This is about \$11,000 a year.

Even though Barton has laid off employees in the past few years, it remains South Lake Tahoe's largest private year-round employer. No raises were given in 2010, matching retirement contributions were reduced, employee health insurance contributions were raised, health insurance deductibles were increased, and other benefits were suspended.

"The salary freeze was lifted at the end of 2010 and in 2011 employees have received salary increases. Starting in 2012, Barton will change to a merit salary policy where salary increases will be based on performance," LeAnne Kankel, vice president of Human Resources, said.

Each year Barton compares its salaries to like-sized health care systems in Northern California and makes adjustments to "remain competitive", Derby said.

## **Salaries from the 2010 IRS report for the top 10 highest paid Barton employees:**

- John Williams, CEO, \$410,622
- Clint Purvance, chief medical officer, \$348,864
- Dick Derby, CFO, \$281,579
- Kathy Cocking, VP hospital operations, \$223,959
- Mary Bittner, VP nursing, \$196,640
- LeAnne Kankel, VP human resources, \$183,486
- Barry Keil, pharmacist, \$162,815
- Robert Quadri, director information systems, \$147,932
- Terriann Cherry, pharmacist, \$147,462
- Richard Belli, project management, \$144,937.

## **Those who can't pay**

Barton writes off some of the care it gives because either people can't pay the full amount or they refuse to.

"In terms of accounting, bad debt consists of services for which hospitals anticipated but did not receive payment. Charity Care, in contrast, consists of services for which hospitals neither received, nor expected to receive, payment because they had determined the patient's inability to pay," Kelly Neiger, CPA and financial analyst for Barton Health, said.

Information about Barton's Charity Care and discount programs are online.

**The following are the costs Barton has had to absorb over the last five years:**

2010: Charity Care – \$4,192,426; Bad debt – \$7,950,035

2009: Charity Care – \$4,773,459; Bad debt – \$8,335,322

2008: Charity Care – \$3,427,349; Bad debt – \$8,407,000

2007: Charity Care – \$4,105,269; Bad debt – \$7,875,451

2006: Charity Care – \$3,096,213; Bad debt – \$7,303,827.

The dismal state of the South Shore economy is also evident by the number of people using Barton's Community Clinic. In 2006, 14,634 people received care at the clinic. By 2010 that number had swelled to 18,840.

"This is partially due El Dorado County sharply decreasing their medical services in recent years. During 2010, the Community Clinic operated a net loss of approximately \$700,000," Derby said.

Unemployment in South Lake Tahoe is at 16.7 percent, which is a percentage point less than the high. No hard statistics exist of how many people in the area don't have health insurance. An indicator, though, is the fact 59.4 percent of the students in Lake Tahoe Unified in 2010-11 (stats for this year are not calculated yet) qualified for a free or reduced lunch. People who need help feeding their children often don't have jobs that come with health benefits.

Barton has stats for all of its patients, which includes locals and out-of-towners, for how they paid in 2010:

Private coverage: 38 percent

Self pay: 5 percent

Workers' compensation: 3 percent

Other government: 2 percent

County indigent programs: 7 percent

Medi-Cal: 14 percent

Medicare: 31 percent.

Community Clinic patients are mostly women and children – 60 percent. Teens and men make up the other 40 percent. Nearly half (43 percent) don't speak English as their first language.

"Patients are often undocumented migrant workers not eligible for Medi-Cal or are insured low-income patients with very high deductibles," Derby said.

**Patient stats for Barton:**

2010 – Inpatient admissions: 2,832

2010 – Outpatient registrations (including clinics): 159,198

2009 – Inpatient admissions: 3,116

2009 – Outpatient registrations (including clinics): 164,477

2008 – Inpatient admissions: 3,519

2008 – Outpatient registrations (including clinics): 151,309

2007 – Inpatient admissions: 3,909

2007 – Outpatient registrations (including clinics): 152,823

2006 – Inpatient admissions: 3,903

2006 – Outpatient registrations (including clinics): 141,200.

As people leave the basin, it means fewer people in need of health care. Good snow years can also hurt Barton's bottom line because of fewer ski injuries in all that soft powder.

Barton is trying to increase revenue without raising rates.

With Barton's emphasis on orthopedics, it is hoping to attract people to its facilities for the specialized treatment – call

them the destination patient.