

LHC revenue slightly exceeds expenses in 2011

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Livingston HealthCare's income exceeded its expenses in 2011. And plans for an affiliation with Billings Clinic plus a new medical campus and a hunt for a new CEO remain in the works.

The nonprofit health care organization hosted its annual meeting Wednesday night and gave the few dozen members of the public who attended an update on the organization's finances and plans for the near future. The group operates multiple medical service providers in Park County, including Livingston Memorial Hospital and Park Clinic.

Finances

During fiscal year 2011, which ran from July to June, LHC brought in more than \$46 million and spent about \$45.5 million, leaving the group with more than \$550,000 to reinvest in the organization, LHC officials said during the meeting at the Best Western Yellowstone Inn & Conference Center.

That signaled a change from the previous fiscal year, when expenses exceeded income. In fiscal year 2010, the organization took in about \$46.1 million and spent roughly \$46.6 million. Officials at last year's meeting said the gap between revenues and expenditures resulted from a 12 percent drop in the number of patient services provided as well as poorly performing investments.

In 2011, the largest source of income came from inpatient and outpatient services. Those services totaled more than \$36.7 million, LHC CEO Sam Pleshar said. By comparison, clinic services brought in roughly \$8.3 million.

"The biggest chunk of expenses are salaries, benefits and professional fees," Pleshar said.

That group of expenses came to almost \$18 million, he said. LHC employs about 330 people. Unreimbursed care accounted for roughly \$16.3 million of LHC's expenses, Pleshar said.

Billings Clinic

Pleshar and LHC Board of Directors President Michelle Becker spoke briefly about the group's plans for the future that include expanding upon an existing working relationship with health care group

Billings Clinic.

Since 2002, the two groups have had a management affiliation, meaning LHC can draw on Billings Clinic for management consulting as it needs to, LHC officials have said.

In recent years, LHC has been talking with Billings Clinic about formalizing details of a more extensive affiliation and working relationship. Pleshar and Becker on Wednesday said LHC remains committed to finalizing the relationship.

"We believe this is a partnership that will bring stability for the long term," Becker said.

At the meeting, Pleshar and Becker did not give timelines for finalizing the agreement.

On Thursday, LHC Community Development Director Sandi Marlowe said LHC and Billings Clinic have hammered out and agreed to the details of their future working relationship. However, LHC and Billings Clinic are waiting to officially finalize the agreement until they have more information about funding for LHC's planned new medical campus, she said.

Once finalized, the agreement would go up for a vote by LHC members, Marlowe said.

LHC is a member organization open to anyone who pays a small annual fee. Members participate in the organization's leadership and direction by voting on various issues. The group has about 135 members.

New campus

Pleshar said that the group also continues to work on securing funding for a new hospital and medical campus through a U.S. Department of Agriculture program.

LHC plans to build the campus on 30 acres of land east of the bridge locally known as the KPRK bridge that spans the Yellowstone River near the east end of Livingston. LHC's land is south of U.S. Highway 89/10.

In 2010, the group finalized the donation of 20 acres from Ted and Georgann Watson of Livingston and purchased an additional 10 acres at the site. The new campus would replace the current hospital and consolidate various LHC offices now located in the southwest part of Livingston.

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At the meeting, Pleshar and Becker did not give timelines for securing funding for the new campus or starting work on it.

The group has filed a pre-application with USDA for funding and is waiting to hear if LHC can move on to the next step in the funding application process, Marlowe said Thursday.

Becker told listeners Wednesday that the board understands the process of planning for a new campus seems like it has been lengthy. However, the board has talked with other Montana health care groups and found that new hospitals often take many years to plan and build.

"It's a big project, and it's not uncommon for it to take this long," she said.

New CEO, board members

Also in the works for the group is replacing Pleshar, who announced this fall that he plans to retire this spring. He started with LHC in 1981 as the pharmacy manager. He later moved into administrative roles and eventually became CEO in 2002.

Under the current agreement with Billings Clinic, the larger health care organization is organizing the search for a new CEO, Marlowe said Thursday. The LHC board, though, is involved with the recruitment and interview process, she said.

LHC received 70 applications and its board recently held phone interviews with several candidates, LHC officials said.

The board plans to set up on-site interviews with a few of the finalists in the near future, Marlowe said.

In other matters, the organization said goodbye to outgoing board members Bernice Dennis and Bernie Gergen. Taking their place are Marcene Robb Huson and Glynn W. Freeman. Huson is the assistant vice president/branch manager at Sterling Savings Bank in Livingston. Freeman, whose background is in practicing law, is a cattle rancher who has owned Master Key Ranch with her husband since 1979.

Retaining their seats on the board for another term are Becker and Dana Taylor. Becker is a broker/owner of Livingston's Coldwell Banker Maverick Realty. She has served on the board since 2001. Taylor, a tax and financial services expert, has been on the board since 2003.

Taylor, Becker, Huson and Freeman were the only four people who ran to fill the four open seats.