

**MEDINA COUNTY HOSPITAL DISTRICT
FINANCE COMMITTEE MEETING
October 28, 2019
Minutes**

PRESENT: Tony Johnson, Director
Tim Hardt, Director
William "Bill" Bain, Director

Janice Simons, CEO
Kevin Frosch, CFO
Billie Bell, CNO
Stacie Hall, Recording Secretary

ABSENT: Steve Hackebeil, Director
Dr. Carlton Young, Chairman
Geoff Crabtree, Methodist Healthcare System

GUESTS:

1. **CALL TO ORDER** Mr. Johnson called the meeting of the Finance Committee of the Medina County Hospital District to order at 5:00 p.m. He stated for the record that the Committee has three members with three members being present representing a quorum.
2. **QUORUM CHECK**

3. **PUBLIC COMMENT:** There were no members of the public present.

4. **MINUTES**

- A. Regular Meeting of September 23, 2019

MOTION

Mr. Bain made a motion to approve the Finance Committee Minutes of September 23, 2019 as presented in the packet. Mr. Hardt seconded.

VOTE

The motion passed unanimously.

5. **REVIEW SEPTEMBER FINANCIALS**

- A. Summary
B. Financial Summary
C. Income Statement
D. Balance Sheet
E. Cash Flow /Reconciliation

There was discussion regarding the financial report for September, as presented in the board packet.

Mr. Frosch reviewed September financials and highlighted the following:

SUMMARY:

- September gross revenue was 6.7% above budget for the month.
- Net Revenue was 3.3% above budget for the month.
- For the YTD, gross revenue is 1.8% above budget while the net revenue level is 1.0% ahead of budget.
- Expenses were 3.0% below budget for the month and 2.4% below budget for the YTD.
- Below budget levels of operating expenses was an important aspect for

MRH in achieving above budget targets for Net Income and EBIDA for the month and YTD.

Key Items:

- MRH had negative revenue impact to UC and DSH in the period that, in total, represented \$309K less than budget for the month; the adjustment came on advisement of BKD and was related to the outcome of a case in Dallas that had significant program funding implications relating to payments received for DY7 & DY8
- MRH had a strong 340B revenue month in September, \$81K above the level budgeted in the period; YTD for the program was exceptional, and a strong positive variance to budget and prior year levels
- MRH recognized \$112K in grants and donations that came through from the Medina Healthcare Fund in the period

VOLUMES:

MRH volume metrics were generally lower than budget in the period, which is in-line with the YTD trend.

Notable items:

- ED Visits metric was a bright spot, with the measure exceeding budget for the month than the year
- Births were near budget for the month and exceeded budget for the year by 1
- All other metrics fell short of budget targets for the month and the year; Total Surgeries did exceed prior year levels, Outpatient Visits were within 1% of prior year levels, and several other metrics were similarly close to the prior year levels

REVENUE/NET REVENUE:

Net Revenue was above budget by 3.3% for the month, with strong gross revenues. The revenue strength was owed in part to Emergency Department pricing adjustments as well as Surgery Department charge methodology changes. These increased gross revenues do not convert to increased net revenue for much of our payor mix and did have to be accounted for in our cost report payable computations. For the year, Net Revenue exceeded budget by 1.02%.

Key items include:

- MRH had negative revenue impact to UC and DSH in the period that was a drag on Net Revenue for the period
- MRH recognized an expected cost report pick-up in the amount of \$70K which improved Net Revenue in the period & for the year; the estimate came from BKD, using their Interim cost report results, pro-rated over the entire year, and adjusted for the impact of the price increase
- 340b was well above budget in the period, providing a boost to net revenue for the month and closing out an exceptional year for the program
- BCBS contract renegotiation – exchange product negotiations is still ongoing

EXPENSES:

Total Operating Expenses were 3.0% below budget in September, and are 2.4% below budget for the YTD. In general, most expense lines displayed minimal variances from budget.

Items to Note:

- Depreciation expense was \$66K below budget in the period due to the delay in completion of the Hondo RHC renovation and expansion project that was budgeted to have brought \$4.6M in new assets onto the

depreciation schedule

- Maintenance and Repairs line was \$14K above budget in the period but did represent a decrease from trend in the level of expense over recent periods
- Personnel related expense lines were all below budget in the period

ACCOMPLISHMENTS / ACTION ITEMS

- Fiscal Year Close
- Budget spread for 2020
- BCBS Contract Negotiations – Medicaid and exchange product

Mr. Frosch stated that a correction needs to be made on the cash flow statement. Mr. Frosch explained that “payments to employees” is not \$1.3. Mr. Frosch stated that the \$1.3 was entered on the incorrect line.

F. OTHER REPORTS

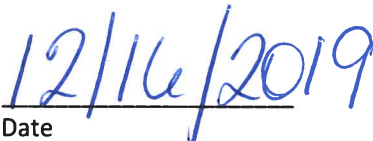
- A. Aged Trial Balance
- B. Accounts Payable Aging
- C. Rural Health Clinic Schedules
- D. Key Indicators and Scorecard
- E. Investments
- F. Blue Cross Blue Shield Contract Update

ADJOURNMENT

There being no further business to come before the Finance Committee, the meeting was adjourned at 5:48 p.m.



Dr. Carlton E. Young, Chair



Date

