MEDINA COUNTY HOSPITAL DISTRICT FINANCE COMMITTEE MEETING September 28, 2020

Minutes

PRESENT:

Dr. Carlton Young, Chairman

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

Janice Simons, CEO Kevin Frosch, CFO Billie Bell, CNO

Geoff Crabtree, Methodist Healthcare System

Louisa Cuellar, Recording Secretary

Randi Davis, Executive Administrative Assistant

ABSENT:

Geoff Crabtree, Methodist Healthcare System

GUESTS:

1. CALL TO ORDER

2. QUORUM CHECK

THIS MEETING WILL BE HELD VIRTUALLY DUE TO GOVERNOR'S Proclamation 41-

3746. At least a quorum of the board will be participating in accordance with the provisions of Sections 551.125 of the Texas Government Code that have not been suspended by order of the governor. Any person may join the meeting via GoToMeeting: https://global.gotomeeting.com/join/993300245 Access Code: 993-300-245or by phone by calling: (646) 749-3122, Access Code: 993-300-245.

Dr. Young 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 four Board Members present, representing a quorum.

3. PUBLIC COMMENT:

There were no members of the public present.

4. MINUTES

A. Regular Meeting of August 24,

2020

MOTION

Dr. Young made a motion to approve the Finance Committee Minutes of August 24, 2020 as presented in the packet. Mr. Bain seconded.

VOTE

The motion passed unanimously.

5. REVIEW AUGUST

FINANCIALS

A. Summary

B. Financial Summary

C. Income

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

Mr. Frosch reviewed the August financial statement.

Statement D. Balance Sheet

E. Cash Flow /Reconciliation Mr. Frosch stated that the MRH volumes were below budget in most metrics this period. Mr. Frosch reported that patient days, swingbed days, and births all having surged above budget in the prior period, then fell back to below budget levels. Mr. Frosch explained that the Rural Health Clinics were near budget, as were outpatient visits; Dr. Hansen has been on a reduced schedule and this has contributed to this variance. Emergency Department visits remained consistently below budget since the COVID impact was first felt.

Mr. Frosch said that the net revenue was below budget for the month. Mr. Frosch explained that this result was largely a product of lower gross revenue. On a YTD basis, net revenue is exceeding budget. The key items to note are a solid cash collection relative to gross revenues; the 340b net revenue was below budget and interim cost report recommendation was to maintain some allowance for Medicare payable associated with swingbed – this allowed MRH to moderate reduce the existing reserve.

Mr. Frosch stated that the total operating expenses were below budget in August and below budget for the year-to-date. Mr. Frosch explained salaries were above budget in the period, with a main contributor being the newly staffed screener positions.

Mr. Frosch said the supplies and drugs line was well below budget. The initial year-end inventory process resulted in an adjustment that reduced expenses and caused the variance in this period.

Mr. Frosch said employee benefits line was below budget due to the periodic swings that result at times from the Healthland payroll system accrual.

Mr. Frosch said the physician fees lines were below budget on lower RHC visits with Dr. Hansen being out.

Mr. Frosch summarized the August financial report.

Mr. Frosch stated that August gross revenue was below budget for the month. For the year to date, gross revenue is below budgeted levels. COVID business impact was most acute in April and trended back toward normal in most service categories in the following month. Mr. Frosch said that the net revenue for the month was below budget by 9.3%. Mr. Frosch said that on a year-to-date basis, net revenue remained ahead of budget. Mr. Frosch reported that expenses were below budget in the period and are below budget on a year-to-date basis. Mr. Frosch explained that the COVID-19 impact was present, but less severe than the preceding periods, and volumes were below budget in the majority of metrics. Mr. Frosch explained the recognition of a portion of CARES act payments with lost net revenue YTD as the basis of recognition. The initial results of annual inventory audit resulted in adjustments that reduced supplies and drugs expense line in the period.

Mr. Frosch reported on the rule changes regarding the CARES act payments. When payments were first made, funds expenditures were at the discretion of the hospital, but the rules have now changed and it may be that hospitals will need to return some of the monies. This will have a significant impact not only in this year's budget, but also the 2020-2021 budget. Mr. Frosch stated he would keep the Board informed of any changes.

F. OTHER REPORTS

- A. Aged Trial Balance
- **B.** Accounts Payable Aging
- C. Rural Health Clinic Schedules
- D. Key Indicators and Scorecard
- E. Investments

ADJOURNMENT

There being no further business to come before the Finance Committee, the meeting was adjourned at 5:25 p.m.

Dr. Carlton E. Young Chair