

Summary
C. Income Statement
D. Balance Sheet
E. Cash Flow /Reconciliation

revenue 1.1% below budget for the month. Mr. Frosch added that most metrics this period aligned with budget, there were just a few that fell above or below what was projected. Mr. Frosch mentioned the Emergency Department visits remained roughly 16% below budget, a similar level to the preceding months and what appears to be somewhat of a new normal post-COVID.

Mr. Frosch said that the net revenue was above budget for the month by 5.9%, driven mostly by the 340B revenue that was \$286K above budget this period. Mr. Frosch explained that the 340B program is volatile and can have large variances between months. Administration from Medina Healthcare system met virtually with representatives from the 340B vendor and discussed the possible reasons for this variation. The representatives explained that some pharmacies have periodic adjustments that sometimes result in positive skews toward the company. Mr. Frosch stated that there is no reason at this time to suggest that the revenue is not valid for this period, or that the revenue will continue at that pace for the rest of the year. Mr. Frosch noted that reductions are still expected from some pharmaceutical companies, Eli-Lilly in particular. Some drugs are being removed from the program, and we will continue to maximize our footprint with the 340B program. Mr. Frosch warned that while this was a good month, he does not expect that to continue at this level in the coming months.

Mr. Frosch stated that the total operating expenses were above budget in September, but below budget overall for the YTD. Mr. Frosch explained the supplies and drugs line was above budget and was the single expense category with the largest variance. There was variance relating to the year-end inventory process as well. Mr. Frosch reported agency staffing was above budget relating to some open nursing positions.

Mr. Frosch noted another variance from budget, the grant proceeds for the period. The grant proceeds exceeded budget due to the previously awarded Baptist Healthcare grant funds being transferred from the Medina Healthcare Fund to Medina Regional Hospital. These funds were not expected until later in the year. Mr. Frosch explained that there were considerable grant proceeds expected later in the year due to CARES Act provider funds. The CARES Act outlook changed significantly after completing the budget, and new guidance has since come out that relaxed some of the more stringent guidelines that came out originally. Mr. Frosch explained that this portion of the budget keeps shifting, and the administration at Medina Healthcare System will remain vigilant regarding those funds and program changes. Mr. Frosch reminded the committee that there are two pieces to this facet, the PPP Loan totaling \$2,750,000 as well as various other Provider Relief payments.

Mr. Frosch noted that in regards to volumes, most items were above what was projected, making this a fairly good month. In particular, Mr. Frosch noted that the Swingbed days were well above budget, as well as RHC visits, outpatient visits. Birth volumes were right on target for the month, while total surgeries fell slightly below budget, as expected by the ongoing COVID pandemic. Admits were just slightly below projected as well, with ED visits below budget as discussed previously. Mr. Frosch noted that patient days were above budget.

Mr. Frosch discussed the October income statement, particularly noting again the significant 340B impact on that statement. Mr. Frosch noted that there was a rebound this month after a slow month in October. The contractual deduction levels were slightly above budget, with normal period-to-period fluctuations. The net revenue for the month was strong, 5.9% ahead of budget. Mr. Frosch concluded that expenses for this month were 3.4% below the expected budget. Salaries and supplies were both below budget for the month as well.

Mr. Frosch noted the BKD Audit is underway, with most of the fieldwork for that audit taking place over the last week. Mr. Frosch noted that normally, the auditors are on-site, but this year it was being conducted virtually. Hospital administration had a call with BKD and the auditors praised the organization and had nothing but good feedback for the year.

Mr. Frosch said that he will continue to closely monitor the budget for the year, as well as keeping up with the changing guidelines for the CARES Act. Mr. Frosch added that he would be keeping close contact with BKD and following their recommendations on navigating these changes.

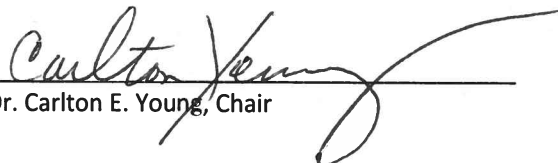
Finally, Mr. Frosch discussed the payback of the USDA Loan #97-02, payable December 1, 2020. The total amount for that loan is \$1,740,076.14, which Mr. Frosch confirmed had a 4.15% interest rate. Mr. Frosch also confirmed that the intent is to payback both the USDA Loan #97-02 as well as the Castroville clinic expansion with cash.

F. OTHER REPORTS

- A. Aged Trial Balance
- B. Accounts Payable Aging
- C. Rural Health Clinic Schedules
- D. Key Indicators and Scorecard
- E. Investments
- F. Debts & Cash Review and Analysis: MRH Debt & Cash Review report was presented and reviewed. Mr. Frosch and Ms. Simons made the recommendation that the Board review and consider paying off USDA Loan #97-02.

ADJOURNMENT

There being no further business to come before the Finance Committee, the meeting was adjourned at 5:27 p.m.



Dr. Carlton E. Young, Chair