

**MINUTES
BOARD OF DIRECTORS
MEDINA COUNTY HOSPITAL DISTRICT**

September 12, 2022

TIME AND PLACE:

The Medina County Hospital District Board of Directors met in special session on Monday, September 12, 2022, at 12:00 p.m. at the Medina Regional Hospital Boardroom, 3100 Avenue E, Hondo, Texas to hold a public hearing regarding the proposed tax rates and budget for the upcoming fiscal year ending on 09/30/2023.

PRESENT:

William "Bill" Bain, Director
Zachary Windrow, MD, Director
Tony Johnson, Secretary
Judy Winkler, Director

Janice Simons, Chief Executive Officer
Kevin Frosch, Chief Financial Officer
Billie Bell, Chief Nursing Officer
Randi Davis, Executive Administrative Assistant

ABSENT:

Tim Hardt, President
Dr. Carlton "Corky" E. Young, Vice President
Lori Krieger, Director
Marc Strode, Methodist Healthcare System

GUESTS:

None

1. **CALL TO ORDER
AND RECORD OF
ATTENDANCE** Mr. Johnson called the Special Session meeting of the Medina County Hospital District Board of Directors to order at 12:00 p.m. He stated for the record that the Board of Directors has seven members with four members being present and representing a quorum.

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

3. **CONSENT AGENDA
Consider Approval of
Minutes** The Minutes from the Regular Session of August 22, 2022 were approved as presented in the Board packet.
 - A. **Regular session
August 22, 2022**

MOTION
Mr. Bain made a motion to approve the Consent Agenda. Ms. Winkler seconded.

VOTE
The motion passed unanimously.

4. **PUBLIC HEARING ON
TAX RATE** Mr. Frosch reminded Board members that the proposed tax rate for the upcoming fiscal year ending September 30, 2023, is \$0.0937 for every \$100 valuation of taxable property located within the Medina County Hospital District, as proposed in the August 22, 2022, Board meeting. This is the same as the voter approval rate for Medina County and is the highest taxable value without requiring a public election to vote on the proposed rate. Ms. Simons reiterated that the voter approval rate was formerly known as the rollback rate, for those Board members unfamiliar with the changes in terminology. The Board members discussed how quickly the county was growing and the benefits that this growth brings to the Hospital District. There being no members of the

public present at the public hearing, the Board moved forward with approval of the tax rate as presented in the Board packet.

MOTION

Ms. Winkler made a motion to approve the proposed tax rate of \$0.0937 for every \$100 valuation of taxable property located within the Medina County Hospital District. Dr. Windrow seconded.

VOTE

The motion passed unanimously.

5. REVIEW, CONSIDER, AND APPROVE CERTIFICATE OF UNOPPOSED CANDIDATES

MOTION

Mr. Bain made a motion to Approve the certificate of unopposed candidates. Dr. Windrow seconded.

VOTE

The motion passed unanimously.

6. PUBLIC HEARING ON PROPOSED BUDGET

- A. Proposed Budget and Key Assumptions
- B. Budget Volume
- C. Budget Net Patient Revenue Support Documents

Mr. Frosch began the discussion by notifying the Board that the budget being presented to them has been reviewed several times with Methodist, who provided oversight. He began with the 2022 Volume Roll Forward attachment. The growth factors noted for the upcoming fiscal year include: optimizing case management with VEA in the Emergency Department, the addition of another FP/OB, the enhancement of specialists with Methodist affiliated hospitals, the new Castroville Specialty Clinic, and the addition of a Medical Director of Case Management. The trends noted for volume declines were as noted: decrease in swingbed patients with the expiration of the waiver of the 3-midnight rule, the Electronic Health Record (EHR) transition to Meditech, and the increased Physical Therapy competition within the county.

Mr. Frosch briefly reviewed the key assumptions for the FYE 09/30/2023 budget. The loss of the DSRIP Program is expected to impact the net revenue, with the CHIRP and RAPPS Programs remaining uncertain. The 340B Program also remains uncertain, with a bleak outlook for the FYE 2023 budget.

Mr. Frosch moved to the Income Statement for the 2023 budget. He first outlined the Revenue portion of the statement. The 2023 Inpatient Revenue is 14.6% higher for the 2023 budget year. The Contractual Deductions is increased to 6.1%. The Other Revenue category is expected to increase 17.6%, which Mr. Frosch attributed to the new Castroville Clinic, the interest from the CDs, and other factors. The 340B Program revenue is projected to decrease by 1.2% due to continued decline of the program. The waiver funds are expected to decrease by a substantial 31.9% for the 2023 fiscal year, with the loss of the DSRIP Program. The CHIRP and RAPPS Programs are not projected to net as much as the DSRIP Program. Finally, the Net Revenue is expected to increase by 3.3%.

Mr. Frosch explained the Expenses portion of the Income Statement. The Salary line item is expected to increase 4.0%, which Mr. Frosch noted includes the annual 3.0% for employees plus additional monies for overtime due to the Meditech project. The Employee Benefits line item is 6.7% higher for the 2023 fiscal year, and the Contract Services are also expected to increase by 20.8%, due to the Meditech expansion, a new HR model, and billing software that will improve the overall processes of the hospital. Agency staffing is expected to decrease by 14.0%. The ER Physician line is expected to increase by 4.4%. and the Telephone and Utilities item will increase by 9.6%. Mr. Frosch noted that this percentage increase does not accurately reflect the actual increase, due to a large credit from AT&T that was applied to the account after a multi-year overpayment mistake. Depreciation line item is expected to increase 19.2%. Mr. Frosch noted that the Grants and Donations line shows an 89.9% decrease from prior years, because of the loss of Provider Relief Funds and COVID monies. No grants are currently anticipated for the fiscal year.

Similarly, nursing home revenues are expected to be down 29.1% due to the loss of COVID relief funds. Finally, the Tax Revenue is expected to be 12.1% higher for the new fiscal year.

There was discussion regarding the Salaries Line Item, which was projected to increase by 4.0% for the new fiscal year. Board members expressed interest in increasing the percentage to 6.0% to accommodate higher employee salaries that would increase employee retention and anticipated overtime from the Meditech implementation project. Administration noted that this percentage would likely push Expected Net Revenues down, and instead recommended a percentage closer to 5.0%. After discussing the rates, the Board members proposed a new increased rate of 5.2% for the Salaries Line Item.

Mr. Frosch opened up the floor for any final questions or concerns from the Board of Directors. All present Board members expressed approval of the budget with the 5.2% change. There were no members of the general public present at the hearing to comment on the proposed budget items.

MOTION

There was no motion taken on this item.

7. REVIEW, CONSIDER, AND APPROVE RESOLUTION TO ADOPT MEDINA COUNTY HOSPITAL DISTRICT ANNUAL BUDGET FOR FYE 09/30/2023

There being no members of the public present at the public hearing, the Board of Directors moved forward with approval of the proposed budget for the upcoming fiscal year ending September 30, 2023, given the increase of the Salaries line item from 4.0% to 5.2%.

MOTION

Ms. Winkler made a motion to approve the proposed budget for FYE September 30, 2023, with an adjusted salary rate of 5.2%, rather than the presented 4.0%. Mr. Bain seconded.

VOTE

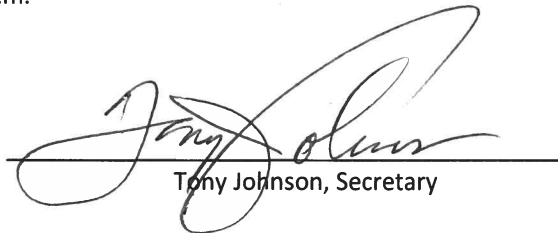
The motion passed unanimously.

8. EXECUTIVE SESSION

The Board of Directors of Medina Regional Hospital District did not go into Closed Session, this date of September 12, 2022.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 12:50 p.m.


Tony Johnson, Secretary

