

**MEDINA COUNTY HOSPITAL DISTRICT
FINANCE COMMITTEE MEETING
September 26, 2022
Minutes**

PRESENT: Dr. Carlton "Corky" Young, Chairman
Tim Hardt, Director
William "Bill" Bain, Director
Tony Johnson, Director

Janice Simons, CEO
Kevin Frosch, CFO
Billie Bell, CNO
Randi Davis, Executive Administrative Assistant
Marc Strode, Methodist Healthcare System

ABSENT: None

1. **CALL TO ORDER** 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.
2. **QUORUM CHECK**

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

4. **MINUTES** **MOTION**
A. Regular Meeting of August 22, 2022 Mr. Hardt made a motion to approve the Finance Committee Minutes of August 22, 2022 as presented in the packet. Mr. Bain seconded.

VOTE
The motion passed unanimously.

5. **REVIEW AUGUST FINANCIALS** There was discussion regarding the financial report for August, as presented in the board packet.

Dr. Young noted that the financials for this month were fairly positive, and asked Kevin to proceed with the Financial Report for August.

Mr. Frosch began by first reviewing the updated Income Statement for the FYE 09/30/2023 budget that was approved by the Board earlier in September. The new Income Statement reflects the increase on the Salaries line from 4.0% to 5.2% as approved. Dr. Young asked about the large projected increase in Inpatient Revenue. Mr. Frosch discussed some of the key growth factors for the upcoming fiscal year that led to this expected percentage increase, which included the optimization of case management in the Emergency Department with Victoria Emergency Associates, the addition of another FP/OB in the fourth quarter of the fiscal year, working with Methodist to increase referrals, the addition of the new Castrovilla Specialty Clinic, and the addition of a Medical Director of Case Management. Mr. Frosch then addressed the projected declines in volume for the

upcoming fiscal year, which include a decrease in swingbed patients with the expiration of the 3-midnight rule waiver, the EHR transition to Meditech, and the increased Physical Therapy competition in the area.

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

Mr. Frosch stated that the Gross Revenue was 12.5% above budget for the month, and 5.9% above budget on a YTD basis. The Net Revenue for the month was 8.7% above budget and remains 7.9% above budget for the YTD. Expenses were 0.5% below expected levels for the period and are 2.1% above YTD. Mr. Frosch noted that Net Operating Income was in the black for the month. 340B revenue was \$57K below budget for the month. Unfortunately, this trend is expected to continue for the final month of the fiscal year. The waiver funds category is showing \$56K ahead of budget due to revenues relating to the new CHIRP and RAPPs programs.

Mr. Frosch reviewed the August volumes. Admits were below budget by 10. Patient days were below expectations by 11 days, swingbed days were down by 11, outpatient visits were above expected levels by 917 visits, and RHC visits were above budget by 1,286 visits for the August reporting period. Emergency Department visits were up by a total of 10 visits, surgeries were up by 16 for the month, and births were up 6 from the expected levels.

Mr. Frosch proceeded with the Revenue/Net Revenue portion of the August Financial Report. As previously mentioned, the Net Revenue for the month was 8.7% above budget for the month. Cash collections were strong in the August reporting period. The deductions as a percent of gross revenue line item was 0.6% above the expected level for the period and remains at 2.7% below expectations for the year. 340B revenue came in at \$57K below budget. Mr. Frosch explained that the interim cost report indicates a moderate payable to Medicare, and that MRH contractual and reserve calculations allow for this expected cost report impact.

Mr. Frosch moved to the Expenses report for August. Total Operating Expenses were below budget by 0.5% for the month and are 2.1% above budget for the year. The Agency Staffing line item for August was \$58K above expected levels, which is significantly less than other months in the fiscal year and continues to come down as rates are negotiated and less agency staffing is required. The Salaries line item was \$69K below budget due to several unfilled positions.

Mr. Frosch reviewed the ongoing action items, as well as accomplishments since the last reporting period. The interim cost report with FORVIS has been completed, as well as the Budget and Tax Rate adoption procedures. The Meditech build is well underway and will continue over the next several months as the Go Live date gets closer. Finally, HCA has initiated an internal audit, with the initial questionnaire and document submissions completed. Ms. Simons and Mr. Strode both commended Mr. Frosch and the rest of the Accounting Department at Medina Healthcare System for their continued hard work and success throughout the budget season.

On a final note, Dr. Young asked about the Rural Health Clinic Report for the month of August, and why the Hondo Rural Health Clinic had a budgeted loss of nearly \$234K for the month, far greater than other months in the fiscal year. Mr. Frosch noted that budgeted amounts are weighted toward the same period in the prior year and that he believed there were some shifts in contractual expenses of

August of the prior year that caused a loss for the Rural Health Clinics in that period. Mr. Frosch indicated that he would confirm the cause and report back at the next Finance Committee meeting.

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.

6. ADJOURNMENT

There being no further business to come before the Finance Committee, the meeting was adjourned at 5:34 p.m.



Dr. Carlton E. Young, Chair