

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

September 18, 2023

TIME AND PLACE:

The Medina County Hospital District Board of Directors met in special session on Monday, September 18, 2023, at 5:00 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 09/30/2024.

PRESENT:

Tim Hardt, President
Carlton “Corky” E. Young, DVM, Vice President
Tony Johnson, Secretary
William “Bill” Bain, Director
Mary Mangold, Director

Billie Bell, Chief Executive Officer
Kevin Frosch, Chief Financial Officer
Rebecca Deen, Chief Nursing Officer
Ashley Lowe, Chief Operating Officer
Marc Strode, Methodist Healthcare System
Louisa Cuellar, Executive Assistant/Recording Secretary

ABSENT:

Judy Winkler, Director
Zachary Windrow, MD, Director

GUESTS:

None

1. **CALL TO ORDER
AND RECORD OF
ATTENDANCE** Mr. Hardt called the Special Session meeting of the Medina County Hospital District Board of Directors to order at 5:00 p.m. He stated for the record that the Board of Directors has seven members with five members being present and representing a quorum.

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

3. **PUBLIC HEARING ON
TAX RATE**
 - A. **Discuss and
Approve the
Proposed Tax
Rate** Mr. Frosch reminded Board members that the proposed tax rate for the upcoming fiscal year ending September 30, 2024, is \$0.0898 for every \$100 valuation of taxable property located within the Medina County Hospital District, as proposed in the August 28, 2023, Board meeting. This is the same as the voter approval rate for the District for this year. Mr. Frosch provided an information sheet showing a variety of rate options along with the dollar impact on the average household in the county. Mr. Frosch also presented the annual cost of charity & indigent programs, noting that there was a deficit in the gross cost of those programs relative to the annual tax support, which must be subsidized by hospital operations. Mr. Frosch also noted that tax revenues are the primary basis upon which federal funding can be drawn down for the hospital district in the state’s 1115 waiver programs. These programs have a quality component and help close the Medicaid funding shortfall.

There being no members of the public present at the public hearing, the Board moved forward with approval of the proposed tax rate.

MOTION

Mr. Bain made a motion to approve the proposed tax rate of \$0.0898 for every \$100 valuation of

taxable property located within the Medina County Hospital District. Ms. Mangold seconded.

VOTE

The motion passed with Dr. Young dissenting.

**4. PUBLIC HEARING ON
PROPOSED BUDGET
DISCUSSION
REGARDING
PROPOSED BUDGET
FOR FYE 09/30/2024**

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

Mr. Frosch began the discussion by describing the process for generating the annual budget for each fiscal year. He noted that the starting point is the attached Volume Roll Forward document. This takes key stats for the current year to date projected over a full year, and then adds and subtracts for all the factors anticipated to impact our key volume metrics in the coming year. Mr. Frosch explained that from there, those key metrics feed into the Net Revenue Roll model, which projects gross revenues and contractual deductions to yield net revenue by payer and service type. He also noted other factors, such as price increases, reimbursement changes, and payer mix shifts are considered in this portion of the forecast. Mr. Frosch then noted that the expense projections are also linked to the volume projections.

Mr. Frosch noted that the budget being presented has been reviewed and updated several iterations with the Methodist management team. The most notable growth factors projected for the upcoming fiscal year include the addition of two family practitioners, the addition of midlevel providers in the Rural Health Clinics, expanded RHC hours (half year), and the new MRI (10 of 12 months). The trends noted for volume declines were the full year impact of decrease in swingbed patients with the expiration of the waiver of the 3-midnight rule, some providers workload decreases, loss of GI provider presence beginning January 2024, and increased Physical Therapy competition within the county.

Mr. Frosch reviewed the key assumptions for the FYE 09/30/2023 budget. He noted the loss of DSH eligibility for MRH at approximately \$600,000 but the UC, CHIRP, and RAPPS Programs are expected to be similar to prior year levels. Mr. Frosch projects the 340B Program performance to be similar to FY2023, which was a strong improvement over FY2022; but he noted that it continues to face challenges due to limitations imposed by the drug manufacturers.

Mr. Frosch provided a summary of the Income Statement for the 2024 budget. He first outlined the revenue portion of the statement. He noted that Total Patient Revenues were projected to increase 6.2% and that Net Revenue was projected to increase by 4.5%.

Mr. Frosch discussed the expenses portion of the income statement. The Salaries line item is expected to increase 8.3%, which includes the hiring of additional midlevels, plus additional clinical support staff to support them. Mr. Frosch mentioned the employee benefits cost is expected to increase as well, primarily due to hiring additional staff but also associated with annual increases in the cost of medical insurance. Mr. Frosch explained that the Physician Fees line was projecting for a substantial increase due to adding more physicians, as well as seeing the full year impact of a pay increase and bonus incentive that went into effect in March of this year concurrent with the Meditech transition. Mr. Frosch noted that nursing home revenues are expected to be down 38.1%, but that much of this variance with FY2023 comes due to FY2023 having benefitted from prior year adjustments.

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

**5. REVIEW, CONSIDER,
AND APPROVE
RESOLUTION TO
ADOPT MEDINA**

MOTION

There was no motion taken on this item.

There being no members of the public present at the public hearing, the Board of Directors moved

**COUNTY HOSPITAL
DISTRICT ANNUAL
BUDGET FOR FYE
09/30/2024**

forward with approval of the proposed budget for the upcoming fiscal year ending September 30, 2024.

MOTION

Dr. Young made a motion to approve the proposed budget for FYE September 30, 2024, as presented. Mr. Johnson seconded.

VOTE

The motion passed unanimously.

6. EXECUTIVE SESSION

The Board of Directors of Medina Regional Hospital District did not go into Closed Session, this date of September 18, 2023.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 6:15 p.m.



Tim Hardt, President



Tony Johnson, Secretary