

Mr. Frosch noted that the net revenue was above budget for the month by 2.1%, 5.6% above budget on a YTD basis. Cash collections were a large contributor to this positive variance to budget. Mr. Frosch also noted that this was due to the streamlining of several processes relating to billing practices and other contracting work. Expenses for the year were above budget by 5.5%, 2.4% above on a YTD basis. Mr. Frosch explained that the hospital had some grant revenue recognized in this period that added to the increase in net revenue.

Mr. Frosch gave the quarterly Nursing Facility Report. For the month of December, the Nursing Facility item had a positive variance, but the YTD variance was still slightly below what was expected. Mr. Frosch noted that he doesn't expect this negative variance to continue, but rather that it will align with budget as we get further into the fiscal year.

Mr. Frosch stated that 340B revenue for the month was slightly below budget, but remains above budget YTD due to a very strong start to the fiscal year. Mr. Frosch added that the QRC Pharmacy in Castroville should be added this month and he expects that this addition will help with 340B revenues.

Mr. Frosch noted that in regards to volumes, most items were below what was projected for the month. In particular, Mr. Frosch noted that the inpatient metrics across the board fell below budgeted. Swingbed days for the month were well below budget, but remained very close to the YTD expected value. Overall patient days were well below budget for the month. RHC visits remained above budget by 7.0% for December. Telemedicine visits remain high at this point. The addition of Dr. McGehee to the clinics also helped keep this number high even with COVID still impacting other metrics. Birth volumes continue to remain above budget. Surgeries remain slightly below the budget, both for the month and YTD. Ms. Bell noted that elective surgeries are still being performed at this time, but that hospital administration continues to monitor PPE levels and will make adjustments accordingly.

Mr. Frosch reviewed the Revenue/Net Revenue section of the financial report. Mr. Frosch noted that the Patient Financial Services department will be increasing the frequency of the prospective charity review process that had previously been performed annually. This will be done on a monthly basis to more accurately reflect the most up-to-date numbers and cut down on the demand at the end of the year.

Mr. Frosch reviewed the expenses for the month of December. Total operating expenses for the month were 5.5% above budget, totaling 2.4% above budget on a YTD basis. The contract services line had the largest variance above budget. Mr. Frosch noted that this is largely due to IT interim staffing as well as external contracted coding support. A new IT Director will be joining February 22nd and will help cut down on these external expenses. Additionally, Mr. Frosch noted that the Supplies and Drugs line was roughly \$14K above budget due to COVID testing supplies and PPE items. The Depreciation line item is \$24K above the level budgeted for the month, but this variance should correct as the year progresses, due to an error in the budget spread process. The Physician Fees line item is \$19K above budget, largely due to adjustments from prior periods.

Mr. Frosch stated that annual financial audit and cost report preparations and submissions are well underway and should be wrapping up over the next few weeks. The report should be available by the February meeting. Mr. Frosch also noted that new pricing transparency rules took effect in January and efforts are well underway to maintain these new requirements and comply with the new rules.

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. REVIEW, CONSIDER, AND APPROVE MEDINA REGIONAL HOSPITAL SPECIAL COMPENSATION POLICY AND PROCEDURE

Mr. Frosch discussed the Special Compensation policy and procedure. Ms. Simons noted that the pay scale for the part time employees will be determined per month based on the values provided in the attachment. The 10-month qualifying period of time to receive this bonus was March-December 2020, and employees must still be employed by Medina Healthcare System upon the date of receipt in order to qualify for the funds. The maximum for full-time employees will be \$7000, less taxes. Similarly, the maximum bonus payment for part-time and PRN employees, based on the hours worked, will be \$6300, less taxes.

7. REVIEW, CONSIDER, AND APPROVE A BUDGET AMENDMENT REGARDING FINANCIAL IMPACT OF THE SPECIAL COMPENSATION POLICY

Mr. Frosch noted that there will need to be an amendment made to the budget to accommodate the disbursement of the Special Compensation bonus to qualifying Medina Healthcare System employees that met all the requirements outlined in the policy. The budget amendment will be presented at the Board Meeting for final approval from the Board of Directors. The Finance Committee agreed that they do recommend the budget amendment moving forward.


8. DISCUSS THE HONDO REHAB NURSING FACILITY PROPERTY

Mr. Frosch explained to the Finance Committee that the owner of the Medina Valley Nursing Home Facility has another nursing home location that he would like to get involved in the Quality Incentive Payment Program (QIPP) for Nursing Homes. The owner is interested in partnering with Medina Healthcare System to manage the nursing facility and provide funding for a period of time. Mr. Frosch noted that the operational capital funding would be up to \$500K to be paid back 12 months following completion with 5% interest. Additionally, the owner agreed to let the Medina Valley Nursing Home Facility funds contribute to the repayment if the new facility does not make the funds back. Overall, Mr. Frosch expects this deal to net roughly \$450K per year, with a 50/50 split moving forward. Mr. Frosch also noted that this allows for additional business operations with the owner moving forward. Mr. Frosch stated that he consulted with the legal team and they did not express any legal or operational concerns at this time. This will be the sixth nursing facility managed by Medina Healthcare System. Ms. Simons noted that this may result in the need for an additional part-time accountant in the future, but not at this current time.

Ms. Simons stated that there was a 2-acre plot of land that was donated to the hospital but after consulting with local realtors and the legal team, the hospital administration team has decided to not move forward with the offer at this time due to the cost associated with removing the existing building and renovating the property as it is.

9. ADJOURNMENT

There being no further business to come before the Finance Committee, the meeting was adjourned at 5:48 p.m.



Dr. Carlton E. Young, Chair