

**MEDINA COUNTY HOSPITAL DISTRICT
FINANCE COMMITTEE MEETING
July 26, 2021
Minutes**

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

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

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
2. **QUORUM CHECK** Committee has three members with three members being present, representing a quorum.

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

4. **MINUTES** **MOTION**
- A. Regular Meeting of June 28, 2021 Mr. Bain made a motion to approve the Finance Committee Minutes of June 28, 2021 as presented in the packet. Mr. Hardt seconded.

VOTE
The motion passed unanimously.

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

Dr. Young stated that the financials for this month were solid, and asked Kevin to proceed with the Financial Report for June.

- A. **Summary** Mr. Frosch reviewed the June financial statement.
- B. **Financial Summary** Mr. Frosch stated that the Gross Revenue was 11.1% above budget for the month, bringing Medina Regional Hospital to a 2.3% deficit YTD. The Net Revenue for the month was 4.8% above budget, and remains 1.4% below on a YTD basis.
- C. **Income Statement** Expenses were slightly above expected levels for the month, and remain 0.6% above YTD. The Grant Revenue line was positively impacted by the recognition of \$2.7M in revenue with the forgiveness of the Payroll Protection Program (PPP) loan. Additional grant proceeds totaling \$1,689,671 were recorded and represent the expectation of earned COVID provider relief funds relating to the COVID response. Finally, the financial report for June was impacted by the COVID bonus policy, accrued bonus payout, and associated budget amendments, totaling \$529K.

Mr. Hardt and Dr. Young inquired about the risks regarding COVID funds and how much Mr. Frosch anticipates Medina Healthcare System will have to return. Mr. Frosch noted that the worst case scenario would be needing to return the total \$4.3M, but this is extremely unlikely. Mr. Crabtree noted that the rules are constantly changing so it is very difficult to determine how much of the funds will

need to be paid back. Mr. Frosch explained that COVID funds need to be reported by September 30, 2021 and a financial audit of the funds may follow the reporting period. Ms. Simons added that nearly half of the funds were distributed as COVID bonuses for employees. Mr. Frosch concluded that administration is consulting closely with BKD about lost net revenue and will continue to update the Board as hospital leaders know more.

Mr. Frosch moved to the volumes section of the financial report, noting that many of the volumes were above budget for the month. Patient days were 16 above budget, with Swingbed volumes 47 days above expected levels. RHC visits continue to remain high, totaling 596 days above budget in June. Outpatient visits were 224 visits above the monthly expectation. Emergency Department visits were still 35 below budgeted levels for the month but are continuing to trend positively toward pre-COVID amounts. Total surgeries were down 29 procedures for the month due to Dr. Soulas and Dr. Mayo being absent for personal reasons, however, colonoscopies and endoscopies were higher than expected for the month which helped offset their reduction in services.

Moving to the Revenue/Net Revenue section, Mr. Frosch noted that strong cash collections in the period amounting to nearly \$2.5M translated to the net revenue line being above budget by 4.8%. The 340B program was ahead of budget by \$17K for the month and supported the strong net revenue results. The deductions as a percentage of gross revenue were above budget by 2.1% for the month, and are at 0.6% above budget YTD. Hospital administration is working on a cost report process with BKD. Mr. Crabtree, Dr. Young, and the rest of the finance committee commended Mr. Frosch and the Accounting Department on their hard work and continued dedication.

Mr. Frosch moved to the Expenses portion of the financial report. The salaries line was \$16K above budget for the month, due to additional FTE expenses related to COVID. The Physician Fees line was \$21K above budget, associated with above-budget RHC visits for the period. In addition, the Supplies and Drugs line was \$33K above budget for the period, associated with minor equipment purchases due to COVID.

Finally, Mr. Frosch reviewed the accomplishments for the period as well as the ongoing action items. The Cibolo Creek Nursing Home addition is complete and the HUD financing process is underway. Furthermore, interim cost report submissions are occurring, as well as the reporting process for the Provider Relief Funds.

Members of the Finance Committee expressed interest in paying off the last of the hospital USDA loans within the next year. Mr. Frosch and Ms. Simons stated that they will begin looking at the process over the next few months.

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" HR

Mr. Frosch discussed the Special Compensation HR 108.1 policy. Mr. Frosch noted that the pay scale for the part time employees will be determined per month based on the values provided in the attachment. The 6-month qualifying period of time to receive this bonus was January-June 2021, and employees must still be employed by Medina Healthcare System upon the date of receipt in order to

**108.1 POLICY IN THE
TOTAL AMOUNT OF
\$529,911.00**

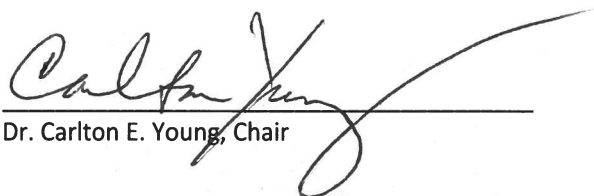
qualify for the funds. The maximum for full-time employees will be \$2000, less taxes. Similarly, the maximum bonus payment for part-time and PRN employees, based on the hours worked, will be \$1650, less taxes.

**7. REVIEW, CONSIDER,
AND APPROVE
BUDGET AMENDMENT
REGARDING
FINANCIAL IMPACT OF
THE "SPECIAL
COMPENSATION" HR
108.1 POLICY IN THE
TOTAL AMOUNT OF
\$529,911.00**

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. 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