

**MEDINA COUNTY HOSPITAL DISTRICT
FINANCE COMMITTEE MEETING
September 27, 2021
Minutes**

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

Janice Simons, CEO
Kevin Frosch, CFO
Billie Bell, CNO
Randi Davis, Executive Administrative Assistant

ABSENT: Marc Strode, Methodist Healthcare System

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 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 23, 2021 Mr. Johnson made a motion to approve the Finance Committee Minutes of August 23, 2021 as presented in the packet. Mr. Hardt 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 stated that the financials for this month were exceptional, and asked Kevin to proceed with the Financial Report for August.

- A. **Summary** Mr. Frosch reviewed the August financial statement.
B. **Financial Summary** Mr. Frosch stated that the Gross Revenue was 20.6% above budget for the month, bringing Medina Regional Hospital to 1.0% above budget on a YTD basis.
C. **Income Statement** The Net Revenue for the month was 7.9% above budget, 0.6% above budget on a YTD basis. Expenses were 4.8% above expected levels for the period, and remain 1.4% above YTD. Solid volumes for the month of August helped boost revenue.
D. **Balance Sheet**
E. **Cash Flow /Reconciliation** This was the highest-ever Gross Revenue recorded for Medina Healthcare System.

Mr. Frosch moved to the volumes section of the report, noting that many of the metrics were above budgeted levels for the month. Patient days were above by 84 days, swingbed days were up by 102, and RHC visits were above budget by an astounding 1,627 visits for the August reporting period. The increased swingbed days were driven in part by relaxed swingbed criteria, which may or may not be adopted full-time after the COVID pandemic. Emergency Department visits were well ahead of budgeted amounts, up by a total of 105 visits. This is only the second time this metric has seen such strong volumes since the emergence of the COVID-19 pandemic. Total surgeries were 41 encounters below expected levels

for the month, but strong colonoscopy procedures helped boost revenue in that department. Mr. Frosch noted the significance of the increased volumes, as nearly all departments are struggling with staffing deficiencies. Mr. Frosch commended the hospital employees for their continued hard work and success.

Mr. Frosch proceeded with the Revenue/Net Revenue portion of the August Financial Report. As previously mentioned, the net revenue for the month was 7.9% above budget for the month. This brings MRH to 0.6% above budget on a YTD basis. Mr. Frosch noted that accounts receivable total has increased but is skewed young. MRH continues to be reserved sufficiently to maintain 100% cash as a percentage of the Net Revenue metric. The Deductions as a Percentage of Gross Revenue is moderately above budgeted levels for the month and trending slightly above on a YTD basis.

Mr. Frosch moved to the Expenses report for August. Total Operating Expenses were above budget by 4.8%, and are 1.4% above budget YTD. The Salaries line item was \$149K above budget, largely due to increased staffing needs requiring nurses to work extra shifts and accrue overtime to meet growing demands of the ongoing COVID-19 surge. This number was also impacted by the addition of several agency staffing nurses, which increased the Agency Staffing line item to \$25K above expected levels. Ms. Bell noted that the average hourly rate for agency RNs is roughly \$90/hour, but with the increased demand, they are being paid upwards of \$125/hour for their services. Ms. Simons also noted that the RHCs have seen increases in their staffing, particularly schedulers and medical assistants. Medina Healthcare System has also started offering sign-on bonuses for Dietary and EVS employees, as well as increasing their minimum wage to \$10.50/hour as previously approved by the Board of Directors. Hospital administration is working on a recruitment campaign for nurses within the surrounding communities.

Mr. Frosch explained that the Employee Benefits was below budget, and is simply a product of monthly fluctuations that occur throughout the fiscal year. With increased ED visits, the Physician Fees - ER line was \$21K below budget. The Physician Fees line was \$49K above budget for the period, associated with a large increase in RHC visits above the expected levels for the month. Finally, the Contract Services line was \$29K above budget, mostly associated with the use of a rehab/swingbed consultant. This contract has been terminated and is not expected to continue after the 90-day termination notice.

Finally, Mr. Frosch reviewed the ongoing action items and accomplishments for the period. The September 13, 2021 Special Session Board meeting concluded the approval of the tax rate and budget for the upcoming fiscal year. The Interim Cost Report has been completed. The auditors from BKD are expected to be on-site in November to conduct their annual audit. Mr. Frosch and hospital administration are continuing to provide reporting on the Provider Relief Funds, and will continue to provide updates to the Board as they become available. The Community National Bank has merged with the Hondo National Bank group, and will now be known as the TXN Bank. Hospital administration recently met with officials from the bank to discuss renewal of the existing accounts and the payment of the last remaining USDA Loan to be approved by the Board. Finally, Mr. Frosch mentioned that there are many ongoing grant applications and each has a different reporting period, amount, and set of guidelines. Administration is working diligently to ensure that all grant proceeds are spent appropriately.

Dr. Young asked for clarification regarding the BD/Charity/Indigent % Gross line item on the financial summary for August. Mr. Frosch stated that he would review and follow up. Dr. Young also asked about the RHC reporting. Each clinic showed volumes greater than budgeted levels, yet still reported a loss for the period. Mr.

Frosch and Ms. Simons explained that these numbers take into account the COVID bonuses and other expenditures, which may skew the results.

Finance Committee members commended Mr. Frosch and all of hospital senior management on their hard work and continued success during a global pandemic.

F. OTHER REPORTS

A. Aged Trial Balance

B. Accounts Payable Aging

C. Rural Health Clinic Schedules

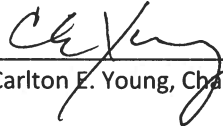
D. Key Indicators and Scorecard

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 5:58 p.m.



Dr. Carlton E. Young, Chair