

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

September 16, 2024

TIME AND PLACE: The Medina County Hospital District Board of Directors met in special session on Monday, September 16, 2024 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 09/30/2025.

PRESENT: Tim Hardt, President
Carlton "Corky" E. Young, DVM, Vice President
Tony Johnson, Secretary
William "Bill" Bain, Director
Judy Winkler, 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: 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 six 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, 2025, is \$0.0929 for every \$100 valuation of taxable property located within the Medina County Hospital District, as proposed in the August 26, 2024, 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 noted that there is significant capital improvement and expansion anticipated over the next few years.

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 \$0.0929 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.
Dr. Windrow was not present.

**4. PUBLIC HEARING ON
PROPOSED BUDGET
DISCUSSION
REGARDING
PROPOSED BUDGET
FOR FYE 09/30/2025**

Mr. Frosch noted that the budget being presented has been reviewed and updated by the Medina Healthcare System’s executives and Methodist management team. The most notable growth factors projected for the upcoming fiscal year include the addition of Dr. Benjamin McCollum, FP/OB, the addition of a full-time GI provider and service line growth, the change of the ED provider group and the full year impact of expanded RHC hours and new MRI. The trends noted for volume declines is a FP/OB out on FMLA.

**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 reviewed the key assumptions for the FYE 09/30/2025 budget and reported the following: Net Revenue Items: More GI outpatient procedures, more inpatient growth from ED group change, and general growth; waiver items (UC & CHIRP & RAPPs) at 2025 projections from HHS (similar to 2024) slight degradation in UC and year 2 of no DSH; 340B Contract Pharmacy similar to FY2024; inpatient price increase; outpatient price changes; Contractual Deductions rates increase is modest, relating primarily to pricing increase that transmits in good proportion to contractual deductions; indigent & charity and bad debt; other revenue (interest income increase); nursing facility program; and grants & donations.

Mr. Frosch provided a summary of the Income Statement for the 2025 budget. He first outlined the revenue portion of the statement. He noted that Total Patient Revenues were projected to increase 8.2% and that Net Revenue was projected to increase by 6.3%.

Mr. Frosch discussed the expenses portion of the income statement and reported on the following: Salaries line item is expected to increase which includes the hiring of additional FTEs, for both new growth and leveling up to existing growth; market adjustments to position categories identified as below market and that have been hard to fill in our recent experience, and cessation of “low census” policy, and annual increase of 3% factored as well. Employee benefits cost is expected to increase as well, primarily due to hiring additional FTEs and increasing value of PTO/EIB with wage increase. Large increase in the Physician Fees line is associated with market adjustments to our RHC physician contract rates and the addition of a Gastroenterologist to our medical staff. Depreciation increases with the additions of property, plant and equipment forecast over 2025. Maintenance and repairs projected a moderate increase from FY2024 level, but still below that of FY2023. We expect continued gradual impact of price increase on the drugs and supplies we purchase as well as expense increases associated with growth in the overall level of services provided in FY2025. Telephone and utilities are projected for a slight increase over the FY2024 with general price increases as well as property additions impacting.

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 COUNTY HOSPITAL DISTRICT ANNUAL BUDGET FOR FYE 09/30/2025** There being no members of the public present at the public hearing, the Board of Directors moved forward with approval of the proposed budget for the upcoming fiscal year ending September 30, 2025.

MOTION

Dr. Young made a motion to approve the proposed budget for FYE September 30, 2025, as presented. Ms. Winkler seconded.

VOTE

The motion passed unanimously.

6. **CONSIDERATION AND APPROPRIATE ACTION REGARDING THE CERTIFICATION OF UNOPPOSED CANDIDATES** Mr. Johnson presented the Certificate of Unopposed Candidates

MOTION

There was no motion taken on this item.

7. **CONSIDERATION AND APPROPRIATE ACTION REGARDING THE ORDER OF CANCELLATION** Ms. Bell reported there were no additional applications submitted for the Board of Director positions for the election on November 5, 2024, therefore, the incumbents are unopposed. The Board needs to approve the Order of Cancellation of Election that will be posted at all polling locations. The Medina County Hospital District does not need to hold an election this year and will not be obligated to pay the \$18,000.00 as outlined in the previously signed contract with the Medina County Elections Department.

MOTION

Mr. Bain made a motion to approve the MCHD Order of Cancellation as presented in the Board packet. Dr. Young seconded the motion.

VOTE

The motion passed unanimously.

8. **EXECUTIVE SESSION** The Board of Directors of Medina Regional Hospital District did not go into Closed Session, this date of September 16, 2024.

9. **CONSIDER ANY NECESSARY ACTION FROM EXECUTIVE SESSION INCLUDING APPROVAL OF THE CREDENTIALING COMMITTEES APPOINTMENT/ REAPPOINTMENTS MADE BY THE MEDICAL STAFF**

10. **NEXT BOARD MEETING** September 23, 2024

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