



Hi-Desert Memorial Health Care District dba
Morongo Basin Healthcare District
BOARD OF DIRECTORS REGULAR MEETING
MINUTES

November 12, 2015 at 5:30 p.m.

Convened at the District Offices

6530 La Contenta Road, Suite 100, Yucca Valley CA 92284

760.820.9229

- **Mission Statement:** *To improve the health and wellness of the communities we serve.*
- **Vision:** *A healthy Morongo Basin.*
- **Core Values:** *Commitment, Collaboration, Accountability, Dignity, Integrity.*

Board of Directors:

- Director Cooper, President
- Director Avels, Vice President
- Director Sullivan, Treasurer
- Director Hoffman, Member at Large

Media:

- None present

Guests:

- Adele Nafziger, Controller, Hi-Desert Medical Center
- Ramon Lomeli, board member, Community Health Center
- Susan Madavan, board member, Community Health Center
- Bill Osgood, Joshua Tree Gateway Association of Realtors

Administrative Staff:

- Jackie Combs, CEO
- Karen Graley, Board Clerk
- Nora Maughan, Hi-Desert Family Health Clinics, Executive Director
- Kathy Alkire, Hi-Desert Family Health Clinics, Director Clinical Operations

CALL TO ORDER

Director Cooper called the meeting to order at 5:32.

ROLL CALL

Karen Graley, Board Clerk, conducted roll call:

- Director Cooper: present
- Director Avels: present
- Director Sullivan: present
- Director Doyle: not present
- Director Hoffman: present

OBSERVANCES

- Director Sullivan read the healthcare district's mission statement.
- Director Avels read the healthcare district's vision statement.
- Director Cooper read the healthcare district's core values statement.
- Director Hoffman led the Pledge of Allegiance.

PUBLIC COMMENTS

No public comment.



APPROVAL OF MEETING AGENDA

Motion 15-81: Director Hoffman motioned to approve the meeting agenda as presented; motion was seconded by Director Avels; motion passed by unanimous vote.

APPROVAL OF CONSENT AGENDA

The Consent Agenda presented the following items for approval:

- Minutes: Regular Meeting of the Board of Directors, October 20, 2015
- Minutes: Special Meeting of the Board of Directors, November 3, 2015

Motion 15-82: Director Hoffman motioned to approve the consent agenda as presented; motion seconded by Director Avels; motion passed by unanimous vote. Director Sullivan abstained because he was not present at the meetings.

RECOGNITION OF COMMUNITY PARTNERS

Director Cooper introduced Bill Osgood who represented the Joshua Tree Gateway Association of Realtors. She presented a certificate for their donation to the Morongo Basin Healthcare District Foundation's Healthy Basin Breast campaign. The monies were raised at a fundraising dinner held at Hawk's Landing in Yucca Valley. The Association presented a check for \$3,500 to the foundation. Each year the realtors choose a different charity to support within the community.

ACTION ITEM: Financial Statement and Independent Auditor's Report for June 30, 2015 and 2014, presented by Tom Dingus, CPA, Dingus | Zarecor & Associates Certified Public Accountants.

Mr. Dingus presented an overview of his firm which focuses on not-for-profit organizations. He reviewed the report by highlighting key points of the financial statements.

1. Pages 1-2: presents the first of three auditor reports; this one is on the financial report itself and is an unmodified opinion. Federal funding in excess of \$500,000 requires a separate auditor's review. Not included in the report was a condensed financial review with narrative; this can be presented upon request by the District.
2. Page 3 Assets: Listed are District assets; shown is the loss from operations; payment of \$5 million to Bank of America; \$5.2 million debt repayment in anticipation of the lease; and the usual capital assets.
3. Page 4 Liabilities and Acquisitions: similar information as presented in previous years.
4. Page 5 Revenues and Expenses: Includes all of the District operations; a grant of \$2.5 million is the FQHC and Behavioral Health funds from the County. Expenses were similar to previous years; purchase services and legal fees were greater than in the past due to the use of interim staff and legal fees related to the lease agreement. Operating loss was similar to previous years at \$5.6 million. Non-operating revenues includes incomplete construction projects. Net loss for the year was \$6 million compared to \$4 million in previous years.
5. Page 8: This begins the summaries giving details that would be interesting to people external of the organization. The last three paragraphs summarize the purchase and lease agreements as a significant event. The foundation was not included in the scope of the audit because comparatively, their finances were not significant to the hospital finances. However, without the hospital operations, next year the foundation's finances would likely be significant.



6. Page 9: The “restricted resources” reference is standard language; when you have both restricted and unrestricted funds, it is standard that the restricted funds be used first.
7. Page 15: This page references the prepaid water treatment fees which are a unique accounting situation.
8. Pages 16-17: At the end of the year, only the Joshua Basin Water District agreement remains outstanding; all others were paid off.
9. Page 18: Net patient service revenue has an interesting note. There was an increase in Medicare and Medi-Cal revenue and a decrease in uninsured patients primarily related to the Affordable Care Act and the State of California’s Medicaid expansion.
10. Page 20: As part of the transition process, tail-coverage was purchased to allow liability coverage to be converted to an occurrence basis.
11. Page 23: The second of the three auditor reports; this summary is required because of government funding exceeding \$500,000.
12. Pages 25-26: The third auditor report is an opinion regarding compliance with large government programs
13. Page 29: There was a finding that required auditor journal entries; The sliding fee income qualification were not verified for some situations; documentation needs to verify that application of the sliding fee scale is qualified. Internal controls need to be implemented to verify patients are qualified for the discount.
14. Page 31: Schedule of expenditures for federal awards.

Mr. Dingus referred the Board of Directors to the two-page cover letter which delineates policy compliance and an overview of the audit experience. Overall, the audit went well; no disagreements with management and no material discrepancies.

Director Hoffman inquired about the deficient findings: Nora stated the clinics have already implemented a corrective plan.

Motion 15-83: Motion by Director Hoffman to accept the audited financial statement and authorize staff to publish the audited financial statement for the District; seconded by Director Avels; motion

EDUCATION

National Rural Healthcare Day, November 19

Ms. Maughan gave an overview of the upcoming special day. The purpose of this national day is to draw attention to the importance of accessible healthcare in the rural setting.

- Approximately 62 million people (1 in 5 Americans) live in rural and frontier areas.
- Only 9% of all physicians and 12% of all pharmacists practice in rural and frontier areas.
- Rural residents spend more on healthcare out-of-pocket than their urban counterparts.
- On average, 40% of healthcare costs are out-of-pocket.
- One in five rural residents spend more than \$1,000 out-of-pocket each year.
- Rural community issues include: accessibility to healthcare; lack of healthcare providers; needs of an aging population, larger percentages of uninsured and under-insure citizens.

REPORTS:

HI-DESERT FAMILY HEALTH CLINICS, Nora Maughan, Executive Director

Ms. Maughan reported that patient visits held steady from previous months even with two providers on vacation in October. The Twentynine Palms office exceeded the Yucca Valley clinic in patient visits by 10%.

The transportation grant to operate the transportation program has not yet been received. Services have been reduced to transport of just clinic patients until the grant monies are received. The grant is being held by Caltrans for the preparation of the standard agreement; when it is funded it will include funding from September.

The clinics celebrated their tenth anniversary in October with great success.

The outreach team had a busy calendar of events in October.

Covered California open enrollment began November 1 and closes January 31. A radio spot is airing on the local radio station advising that our certified enrollment assistant can help with the application process.

Clinic staff attended a conference in Las Vegas that provided excellent networking and educational information. Staff has already implemented strategies from the conference.

Director Avels inquired if the District's strategic plan had been presented to the clinics' board; Ms. Maughan stated that Ms. Combs and Director Doyle attended the October board meeting and presented an overview of the District strategic plan.

HDMHCD FOUNDATION, Dean Moore, President

Mr. Moore referred the Directors to tab 4 of the packet for his written report. Additionally, he reported:

The Foundation will begin their strategic plan process in the near future and align with the direction set by the District's Board of Directors.

The fundraiser for the Martie Avels Nursing Scholarship program raised \$8,800. Two previous scholarship recipients were accepted into the Versant program at Hi-Desert Medical Center.

The Foundation will participate in the "Give Big" County event on December 1, which is a web-based fund raising event. Historically, this has been a profitable event for the Foundation.

Minutes from the past two Foundation board meeting are included in the packet.

MORONGO BASIN HEALTHCARE DISTRICT, Jackie Combs, CEO

Ms. Combs referred the board to the written report under tab 5. Additionally, she reported:

The Camden Group has merged with GE Healthcare Partners. Mark Dubow is no longer with the Camden Group and Ryan Huebbers is now our lead contact. Ms. Combs has received the draft strategic plan packet from Camden which will be reviewed for final edit by Ms. Combs and Ms. Graley before Camden delivers the final product.

Ms. Combs requested direction from the Board of Directors regarding building modifications. Since the District no longer requires a Facilities & Technologies Committee, what is the board's preference for receiving information about potential construction and repair projects? Ms. Combs referenced two potential projects at the clinic sites. The board directed that the projects be assessed by a qualified professional and a scope of project be established; three bids should be solicited thereafter. Ms. Combs hopes to present specifics about the projects at the November 23 meeting.



Ms. Combs presented an update about the healthcare District at the State of the Basin event in Yucca Valley. At the event, she connected with San Bernardino Fire Department for a possible partnership to provide better community health access.

Staff is putting together a human resource department. The administrative assistant has developed a position control sheet so that every position is properly recorded and tracked for the District. Also in place are supporting forms and processes for the management of employee issues.

California Association of Hospital and Health Systems is a company that processed employment claims for the hospital. The District has retained them to assist the District with employment claims and represent us at hearings. It appears, as of this date, Tenet has not applied for a new State employment number so we receive the unemployment claims which are forwarded to Tenet.

Ms. Combs spoke with Conifer about the remaining legacy accounts. The accounts are being paid down but there are multiple things to be done before the legacy accounts are gone. Conifer is sending a group of accounts to collections that are over 150 days past due. The District has 600 open accounts; the smaller accounts are being closed.

We have begun recruitment for a controller for the District.

We met with FG Creative, our Agency of Record. They are on retainer and are banking hours since we did not use their services during the transition process. Ms. Combs was impressed with their expertise. Discussion included construction of the District's new website and the search engine parameters established by Google. When we mail the District announcement next year, we must have the website in place for community access.

PROPERTIES UPDATE, Director Hoffman was requested to discover information about the parcels east of the hospital campus. There are primarily three large parcels and government properties close to the mountain. Others surrounding parcels are smaller.

CALENDAR REVIEW AND COODINATION

The calendar for the Board of Directors was reviewed and coordinated:

- November 23: because of a conflict of meetings for Director Hoffman and Ms. Combs, the meeting will begin at 6 p.m.

NEXT AGENDA

- December 9: nominate and election of board officers

DIRECTOR COMMENTS

- Director Sullivan: "This was an excellent meeting tonight, good reports. Sorry I missed the last two meetings; I am confident that everything that was done was something I would have voted for." Director Sullivan thanked the community members for their interest in the District.



- Director Avels: Thanked the Community Health Center board members for attending the meeting tonight; she expressed an interest in the District working with the clinics to meet their mission; she thanked them as the “ultimate volunteers.” Director Avels thanked staff for their usual excellent performance.
- Director Hoffman: Noted that yesterday was the Marine Corp’s birthday ball; he was pleased to reconnect with many friends.
- Director Cooper: Informed Ms. Maughan that she continues to recruit people to the clinic dental program.

MEETING ADJOURNMENT

Director Cooper adjourned the meeting at 7:10 p.m.

Board meeting minutes recorded by K. Graley, Board Clerk.

Handwritten signature of Patricia Cooper in blue ink.

Patricia Cooper, President

Handwritten signature of Marge Doyle in blue ink.

Marge Doyle, Secretary