



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

**January 27, 2016 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 Sullivan, President
- Director Doyle, Vice President
- Director Cooper, Secretary
- Director Hoffman, Treasurer
- Director Avels

Administrative Staff:

- Jackie Combs, CEO
- Karen Graley, Board Clerk
- Patricia White, Controller
- Nora Maughan, Hi-Desert Family Health Clinics (HDFHC), Executive Director

Media:

- None present

Guests:

- Dianne Greenhouse, Kiwanis Club President

**CALL TO ORDER**

Director Sullivan called the meeting to order at 5:36 p.m.

**ROLL CALL**

Karen Graley, Board Clerk, conducted roll call:

- Director Sullivan: present
- Director Doyle: present
- Director Cooper: present
- Director Hoffman: present
- Director Avels: present

**OBSERVANCES**

- Director Avels read the healthcare district's mission, vision and core values statements.
- Director Hoffman led the Pledge of Allegiance.

**PUBLIC COMMENTS**

No public comment.

**APPROVAL OF MEETING AGENDA**

**Motion 16-04:** 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, January 13, 2016

**Motion 16-05:** Director Doyle motioned to approve the consent agenda as presented; motion seconded by Director Avels; motion passed by unanimous vote.

## REPORTS

Financial Report for December 2015, Patricia White, Controller, MBHD

Ms. Combs introduced Patricia White, Controller, to present the financial report; she noted that the data does not include patient revenue from the hospital.

- Ms. White referred the Directors to Tab 2 in the board packet.
  - ♦ Other Operating Revenue: includes a one-time revenue that was posted as earned income.
  - ♦ Operating Expenses: includes hospital invoices paid in December; the repair of \$47,355 was offset by insurance reimbursement (approximately \$26,000).
- The Directors requested clarification on the following:
  - ♦ Revenue – Tenet Lease – Amortization: Director Doyle asked if the receipt of \$166,666 was on-going payment; Ms. White stated it is an amortization of the lease payment from Tenet Healthcare Corp.
  - ♦ Tax Revenue: This report shows receipt of \$225,074 as compared to the end of last year of \$620,000. Ms. White explained that the revenue comes in as collected by San Bernardino County; the projected budget shows \$750,000 in total.
  - ♦ Rental Income: Director Doyle noted that receipts are for September through November only; Ms. White explained that previous income was collected by the hospital.
  - ♦ 1099 Forms: Director Cooper asked about distribution of 1099 forms; Ms. White stated that the forms had been printed today and would be mailed this week.
  - ♦ District Contractor – EOC/RM Services: Director Doyle inquired about the \$6,000/month expense; Staff will research and advise.
  - ♦ Insurance Malpractice: Director Doyle noted that the Community Health Centers (clinics) is in the process of getting federal malpractice insurance and asked if that would impact the district financially. Ms. White explained that once the federal coverage was secured for the clinics, the District would continue to carry malpractice insurance for directors and officers and the line item cost would be reduced to the district.
  - ♦ Income Statement: Data does not include clinic numbers; eventually this report will reflect district and clinic data with a consolidated summary. Director Hoffman asked about foundation revenue; Ms. White noted that the foundation's numbers stand independent of the district.
- Schedule of Investments: Ms. Combs reviewed the investment summaries noting that investments with RBC are down and reflect current market activity.

Director Doyle complimented Ms. White for a job very well done on the financial report, thanking her for the line item detail. Ms. Combs stated that Ms. White had spent the last two weeks



familiarizing herself with the software and data to present a “clean” report. They both anticipate ongoing improvement in the data as financial separation from the hospital progresses.

District Update, Jackie Combs, CEO

Ms. Combs gave a verbal report to the Directors to update the status of the healthcare district:

- The district hosted a presentation by Western University on launching a family practice residency program in the Morongo Basin. The proposal incorporates commitments from the hospital, clinics and university. Staff was pleased that Hi-Desert Medical Center and local family practice physicians were present. The next step will be for Western University to contact the District to begin the process. Ms. Combs spoke with Scott Wartelle, CFO, Hi-Desert Medical Center after the presentation, he was very excited about the opportunities the proposal presented.
- Board members and staff attended the Health Matters symposium in the Coachella Valley. Some of the interesting information provided was:
  - ♦ A nasal spray is now available to counter heroin overdose and every high school in the U.S. will be gifted with the product.
  - ♦ The Walking School Bus program coordinates older volunteers to walk with elementary school children to provide adult supervision and mitigate threats to them during their travels to and from school.
  - ♦ There is a need for a case management program to help seniors navigate the health system; the navigation is overwhelming to seniors and a barrier to people needing medical care.
- The OIG routinely reviews year-end audits of public entities. They agreed with the two deficiencies identified in the recent audit of district financials: 1) accounting practices for the 340B Pharmacy (hospital); and income verification for sliding scale fees (clinics). A Plan of Correction will be submitted to the OIG by the end of February.
- District legacy accounts: The Morongo Basin Healthcare District “business office” is now open; patients with legacy accounts can call us directly regarding their billing questions.
  - ♦ The hospital changed the process for depositing district patient revenue. Instead of depositing funds to Tenet’s account and reimbursing monies to the district, patient checks received at the hospital are now given to the district to be deposited.
  - ♦ The Conifer contract concluded mid-January. The District’s contracted biller will process payments in-house. Conifer recommends that we review these accounts in February and evaluate them for forgiveness. Ms. Combs already forgave accounts under \$200. Three collection agencies are working the bad debt accounts. 85 patients are on payment contracts.
- Home Health and Hospice contract: Ms. Combs reviewed the Management Home Care and Hospice contract with Tenet. The District is responsible for maintaining the license but Tenet owns the home health and hospice departments. An indemnity clause protects the District and covers any fees we incur under this arrangement. Ms. Combs called the local CDPH office and was advised that the application is still in Sacramento but is expected in the local office in the next 2-3 weeks and will be followed by an agency site visit. The process can take up to eight months.
- The revised contract for the transportation grant is in hand for CEO and legal review. Director Doyle noted that these grants have the potential to impact the District’s finances and asked Ms. Maughan, executive director of the clinics, to work with the District’s CEO and Controller to develop a reporting mechanism for reporting the financial impact of clinic grants to the District’s Board of Directors. Director Hoffman shared his experience with grant processes and



possible reporting mechanisms. Ms. Maughan stated she is revamping the internal reporting of grants and will meet with Staff to design a satisfactory reporting system for internal communication.

**ACTION ITEM: *Reinstatement of Standing Committees***

Ms. Combs introduced the action item and referred the Directors to Tab 3 in the board packet. The action item is presented because of the specific timeline associated with the suspension of the standing committees (six months: August 2015 to February 2016).

Director Sullivan opened the floor to discussion.

- Director Cooper spoke in favor of reinstating the committees which allowed for more detailed investigation and discussion of issues.
- Director Doyle spoke to the experiment of functioning without committees since August and found it to be a successful experience.
- Director Hoffman disagreed with Director Doyle's conclusion, stating the District has operated post-affiliation without an effective budget which should have been created in a finance committee. The District is still struggling with getting clean financial reports and, as a result, experienced months of waiting for information from the hospital. Receiving financial information in a general meeting does not provide opportunity to explore the details behind the numbers. He believes the best management of financial resources is through committee work.
- Director Avels noted that the District has reduced its scope from 600 employees to under 60 employees; some committees are no longer needed. She acknowledged it takes a lot of staff time to prepare for committee meetings.
- Ms. Combs stated that Staff will not publish a financial report without it being reviewed by the treasurer, Director Hoffman. She noted that as the financial data transitions away from hospital input, the process will become simpler and require less time to process.
- Director Sullivan stated the system of the full board receiving report has been effective for this board. He proposed that the board should address the reinstatement of committees not on how it was prior to affiliation, but how it is now. An in-depth study can be conducted by an ad hoc committee on any issue. He recommended the board continue to meet twice a month without the reinstatement of committees. "Initially," he said, "we were in crisis and we've worked through those issues; Staff has been effective in establishing open lines of communication with the Board of Directors." He saw no reason to go back to a system that compartmentalizes information.
- Director Avels noted that the District is still working in a post-affiliation scenario and eventually processes will simplify. As an example, before affiliation, the tax revenue amount was lost in the medical center's huge budget, but now those tax revenues are so significant. She suggested that Staff continue to work with Director Hoffman to refine the financial reporting process. The Board of Directors should approach this as a new organization; allow Staff to continue adapting the process, but keep the Board of Directors informed about progress.
- Director Doyle acknowledged that historically we had the finance committee in place and should have prepared a post-affiliation budget, but because the board was working with a CEO/CFO who was not responsive to requests, important details were not put in place for post-affiliation. In hind sight, we should have done things differently. For now, as long as Staff is getting what they need and the board is receiving what we need, then it's working. Staff is doing a great job working with Director Hoffman to refine the process and insure accurate information.



- Director Sullivan reminded the Directors that previously the committee system was in place and failed in some oversight. Currently, what is in place is working. If the board has a concern about any issue, or if Staff is not sufficiently responsive, the board can establish an ad hoc or standing committee at that time. He recommended that all board committees be classified as ad hoc. If problems arise in any area where a committee is needed to work through the problem, then the board can change position at that time.

**Motion 16-06:** Director Doyle motioned to eliminate standing committees and amend the bylaws to reflect the use of ad hoc committees to address issues as needed; motion was seconded by Director Avels. A roll call vote was taken; the motion passed 4:1.

- ♦ Director Cooper: yes
- ♦ Director Avels: yes
- ♦ Director Sullivan: yes
- ♦ Director Doyle: yes
- ♦ Director Hoffman: no

Board Clerk, Karen Graley, asked to confirm that the Board of Directors will continue to meet twice a month in lieu of standing committees. The Directors agreed that there should be discussion about the frequency of meetings and requested that the discussion be placed on the February 10 meeting agenda.

#### **CALENDAR REVIEW AND COORDINATION**

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

- Next regular meeting of the Board of Directors: Thursday, February 10 at 5:30 p.m.

#### **NEXT AGENDA**

- Frequency of board meetings
- Bylaw revision to reflect standing committees reclassified as ad hoc committees
- ACHD general conference date and board representation
- Covered California insurance plans (Ms. Maughan's February report)
- Strategic plan update (March)

#### **DIRECTOR COMMENTS**

- Director Sullivan: thanked everyone for their hard work, stating, "As we grow, the people coming on board are key to the success of the organization." He welcomed Ms. White to the team.
- Director Avels: acknowledged that every time, the finances get better; she's pleased to have Ms. White on board.
- Director Cooper: no comment.
- Director Doyle: thanked staff for their hard work.
- Director Hoffman: no comment.



**OPEN SESSION ADJOURNED**

Director Sullivan adjourned the open session at 6:58 p.m.

**CONVENE TO CLOSED SESSION**

The Board of Directors convened at 7:05 p.m. to Closed Session pursuant to Government Code section 54957 of the Health and Safety Code: Employee Performance Evaluation, Chief Executive Officer.

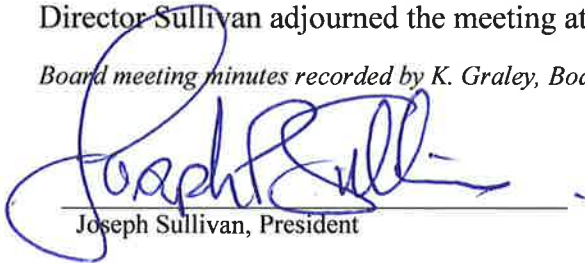
**RECONVENE TO OPEN SESSION**

The Board of Directors reconvened to Open Session at 7:15 p.m. Director Sullivan reported that in closed session the Board of Directors agreed to continue the CEO evaluation process.

**MEETING ADJOURNMENT**

Director Sullivan adjourned the meeting at 7:20 p.m.

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



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Joseph Sullivan, President



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Patricia Cooper, Secretary

**RESOLUTION NO. 16-01**  
**RESOLUTION OF THE BOARD OF DIRECTORS**  
**HI-DESERT MEMORIAL HEALTHCARE DISTRICT**

**RESOLUTION AUTHORIZING AMENDMENT AND RESTATEMENT OF RETIREMENT  
PLAN VIA ADOPTING OF VALIC RETIREMENT SERVICES COMPANY RETIREMENT  
PLAN FOR GOVERNMENTAL EMPLOYERS**

**WHEREAS**, Hi-Desert Memorial Health Care District dba Morongo Basin Healthcare District (hereinafter, the "Employer"), previously established the Hi-Desert Memorial Health Care District Money Purchase Pension Plan (hereinafter, the "Plan") for the exclusive benefit of its employees and their beneficiaries, which Plan was originally effective as of July 1, 1981; and

**WHEREAS**, the Employer retained the power to amend and/or terminate the Plan; and

**WHEREAS**, the Employer now desires to amend and restate the Plan by adopting the VALIC Retirement Services Company Retirement Plan for Governmental Employers document; and

**NOW THEREFORE, BE IT RESOLVED** that the Employer hereby amends and restates that Plan, effective July 1, 2015, by adopting the document titled "VALIC Retirement Services Company Retirement Plan for Governmental Employers," in the form and substance as the document heretofore presented to the governing body of the Employer; and

**RESOLVED FURTHER**, that the appropriate representatives of the Employer be, and the same hereby are, authorized and directed to: (1) execute the adoption agreement to the VALIC Retirement Services Company Retirement Plan for Governmental Employers documents approved; (2) execute all other documents and to do all other things as may be necessary or appropriate to make the VALIC Retirement Services Company Retirement Plan for Governmental Employers document effective July 1, 2015, including the execution of any amendments required by the Internal Revenue Service in order to continue and maintain the qualified and exempt status of the Plan; and (3) execute any other documents required to obtain reliance on advisory letters issued to the VALIC Retirement Services Company Retirement Plan for Governmental Employers by the Internal Revenue Service.

**CERTIFICATION**

This RESOLUTION was passed and adopted at the special meeting of the Board of Directors of the Hi-Desert Memorial Health Care District on the thirteenth day of January, 2016.



Joseph Sullivan  
President of the Board



Patricia Cooper  
Secretary of the Board

Executed January 13, 2016