

Hi-Desert Memorial Health Care District dba
Morongo Basin Healthcare District
BOARD OF DIRECTORS SPECIAL MEETING MINUTES
May 16, 2018 at 3:00 p.m.

- 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 Armstrong, President
- Director Doyle, Vice President
- Director Markle-Greenhouse, Secretary
- Director Sullivan, Treasurer
- Director Hoffman

Administrative Staff:

- Jackie Combs, CEO
- Karen Graley, Board Clerk
- Deborah Anderson, Controller
- Joe Ruddon, Director Business Development
- Cindy Schmall, Director Operations
- Tricia Gehrlein, Director Population Health

Guests:

- Jenna Hunt, Desert Trail
- Eric Knabe, Z107fm

CALL TO ORDER

Director Armstrong called the meeting to order at 3:00 p.m.

ROLL CALL

Karen Graley, Board Clerk, conducted roll call:

- Director Doyle: present
- Director Armstrong: present
- Director Hoffman: present
- Director Sullivan: present
- Director Greenhouse: present

OBSERVANCES

Director Greenhouse read the mission, vision and core value statements.

Director Doyle led the assembly in the pledge to the American flag.

PUBLIC COMMENTS

There were no public comments.

APPROVAL OF MEETING AGENDA

Motion 18-34: Director Sullivan motioned to approve the meeting agenda as presented; motion seconded by Director Hoffman; motion passed by unanimous vote.

PRESENTATION OF THE 2019 OPERATIONS BUDGET

Chief Executive Office, Jackie Combs, introduced the budget with a PowerPoint presentation.



OPERATIONAL BUDGET

■ HEALTH CENTER BUDGET – *Jackie Combs, CEO*

Ms. Combs thanked Tricia Gehrlein for her help in preparing the budget, noting that Debbie Anderson, Controller, was present to observe our budget process. The 2019 budget is built on the eight-months year-to-date numbers with calculated end of year revenue and expenses plus projected growth.

- Assumptions for the health centers are as recommended by Ron Stewart, Executive Director
 - ◆ 3% increase for Yucca Valley Health Center
 - ◆ 10% increase for Twentynine Palms Health Center (based on 265 chiropractic and 365 behavioral health visits).
 - ◆ 1% increase for Yucca Valley dental (breakeven point) and 4% increase for Twentynine Palms dental (breakeven point).
 - ◆ 9% increase for behavioral health (breakeven point).

Split Rock property is not included in this budget.

Mobile van assumptions: 400 dental visits within the school year and 1,440 medical visits.

Dental grant revenue and expenses are not included.

- Revenue:
 - ◆ Behavioral Health recently began receiving Medi-Cal payments which means there is no history upon which to project contractals. The budget, therefore, uses a net revenue income fee of \$160/visit.
 - ◆ Dental assumptions also do not have a history of contractals for Yucca Valley; the budget uses \$160/visit.
 - ◆ An overview of services for the current year and the projected year were presented for comparison and project growth. Pediatrics is the stellar performer with high volumes during 2018. No-show appointments continue to be problematic for adult and dental patients.
 - ◆ Director Doyle asked about the disparity between current budget and actual visits for adult care in Yucca Valley. Ms. Combs explained that, overall, the numbers are up for what was projected for the current year.
 - ◆ Proposed New Positions:
 - Front office person for referrals to higher levels of care and to call for patient annual evaluations.
 - A second scheduler to better accommodate patient needs
 - Phlebotomist in Twentynine Palms office; the Yucca Valley position will be filled in partnership with a local lab
 - The dental grant pays for 2.5 positions to be added to the budget
- CHC Operating Revenue:
 - ◆ Net operating revenue is projected at \$7,015,825 based on patient revenue.
 - ◆ Director Hoffman suggested that the “Other” revenue be increased from \$1,500 to \$5,000.
 - ◆ Grant revenue and 340B monies projected total revenue of \$9,046,927.



- ♦ Salaries: come employees reporting to the clinic budget have been shifted to the District budget: IT and outreach
 - ♦ Physician Fees/Contract Labor: Director Hoffman asked about the reduction from the current year;
 - ♦ Supplies are going up because volumes are increasing
 - ♦ Utilities: with the new patient record system, patient data is stored on the vendor's servers and thereby reducing the cost of Cloud fees.
 - ♦ Purchase services are down because we've eliminated consultants.
 - ♦ Lease and rentals is increased for contracted service for the patients' medical record.
 - ♦ District overhead is substantially less than actual representation and will be realigned after July.
 - ♦ Net income: \$954,330 (includes employee 3% merit increase).
- TRANSPORTATION BUDGET– *Jackie Combs, CEO*
- Assumptions:
 - ♦ One way trips based on actual projected trips of 8,336
 - ♦ No increase in trips without awarded grants or funding
 - ♦ CHC patient trips are expensed to CHC
 - Revenue:
 - ♦ MBTA grant revenue balance in FY2019 of 6,591.
 - ♦ CHC allocations
 - ♦ Total Revenue is projected at \$89,451
 - Operating Expenses include:
 - ♦ Insurance bumped up for out-of-Basin trips
 - ♦ Salaries: benefits are less as some employees are per diem status and not qualified to receive benefits
 - ♦ Maintenance and repair and fuel consumption
 - Net Income is projected at \$185,759

Director Hoffman initiated discussion about operating a program in the red. Ms. Combs noted that if the program transports only CHC patients, it would reflect a zero balance with the allocation of transportation expenses to the health centers, but to include community without a source of reimbursement results in a negative balance.

Director Armstrong asked Joe Ruddon, who manages the program, about charging non-CHC patients for transport. He noted that our population can't afford it and that's why they're on the vehicle in the first place. He encouraged the board to continue with the funding as is and because it is supported by our mission statement. There was further discussion about charging the medical providers for delivering their patients to appointment; Mr. Ruddon said it would be poorly received by the providers and community. He noted that Hi-Desert Medical Center is aware of our providing transport for their behavioral health patients and is seeking to budget for transportation. "We are pursuing grants in support of funding the program, but it is difficult to find operational funding within the grant world, most grants are for capital funding. We are also looking to work with Reach Out Morongo Basin to jointly apply for operational funding. There is enough padding in this projected budget that leaves us in a good place, but it comes down to our philosophy."



Director Hoffman recommended that the District match CHC allocations to bring the budget into the black. Ms. Combs asked if he wanted to see a revenue line showing District contributions to operate in the black.

Director Doyle stated, “The community identifies the District as operating this LIFT program. If we were on the edge of fiscal responsibility, we should reconsider; but like Joe said, it’s part of our mission. This is an investment in the overall operation that we do as a District.”

Director Sullivan recalled that we have had this conversation before. “With our Community Health Needs Assessment data, I would like to see us continue with this program.”

Director Greenhouse stated, “This transportation program is the holy grail of the District.”

- Ms. Combs proposed to remove transportation as a separate budget and roll it into the overall District budget so that the negative balance is absorbed. Director Sullivan stated that presenting it as a separate department provides the advantage of seeing the true picture of the program.

Director Hoffman clarified that he was not suggesting we terminate the program but was looking for revenue sources to bolster the program.

▪ DISTRICT BUDGET

- Assumptions:

- ♦ Tax revenues will remain unchanged.
- ♦ Increase of 0.50 FTE for housekeeping staff.
- ♦ Salaries show an increase due to rearrangement of staff from the health center to the District.
- ♦ The work load has grown and to remain compliant we need to hire additional persons (credentialing and diabetes education).
- ♦ Supply costs are increased due to IT and housekeeping supplies moved to the District budget.
- ♦ Departments will be restructured so managers can track their department expenses.
- ♦ District overhead to the health center will be recalculated.
- ♦ Individual District department who provide supporting services will be developed after budget approval.

- Operating Revenue:

- ♦ Includes Tenet lease payments, rental income, tax revenue, and interest income which are static income.
- ♦ Bad debt has been closed out.
- ♦ Projected total revenue at \$2,772,379.

- Operating Expenses:

- ♦ Supplies
- ♦ Lease and rental amount is based on the increase stated in the lease agreement for the District offices.
- ♦ Purchased services includes consultants, legal fees, auditing fees, collection fees, contract services, record storage, information systems and District payroll fees.
- ♦ Other direct expenses include marketing and education/training which were reduced significantly from last year’s budget.



- Net Operating Income:

- ♦ Net operating income is projected at \$1,427,904.

Ms. Combs noted that the only avenue for organizational growth is to grow the health centers. Our costs are going to go up, but we don't have the volume to support it. We have struggled to keep up with the infrastructure to maintain balance. We're at another stepping point in growth.

- DISTRICT CONSOLIDATED BUDGET

- Net revenue \$11,908
- Net expenses \$9,515,007
- Net income \$2,282,646

Director Sullivan: asked if staff was looking for direction on merit increases. Ms. Combs stated that approval of the budget at the next regular business meeting includes the 3% merit increase for employees.

On Tuesday, she will present the CHC budget to the health center governing board for approval; then bring it with the District budget for approval by the Board of Directors.

Director Armstrong thanked Ms. Combs for the great presentation and noted that staff has grasped this board's direction in planning for the future growth of the healthcare District.

- DISTRICT CAPITAL BUDGET

Ms. Combs stated that she asked staff for capital expenses but none were provided. The only capital we have projected will be the Split Rock project which she proposes to present separately for approval, and the second half of the mobile clinic purchases. Should other opportunities come before approval at the next regular business meeting, she will present them for consideration.

DIRECTOR COMMENTS

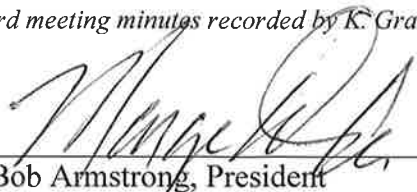
- Director Greenhouse: "This was an in-depth and comprehensive review. Thanks to all who worked on it."
- Director Sullivan: "Great presentation. I remember past meetings and well into the fiscal year, waiting for our fiscal status. This was clear and well presented."
- Director Hoffman: "Appreciated the dialogue around the budget."
- Director Doyle: "It takes a village to raise a budget; appreciate all the work involved."
- Director Armstrong: "Staff has grasped what the board is looking for; you've done a great job with this comprehensive presentation. Thank you."

Director Doyle asked about mid-year restatement of the budget. Ms. Combs said when anomalies arise, staff will present a restatement for consideration. Director Hoffman suggested restating the budget quarterly.


MEETING ADJOURNMENT

Director Armstrong adjourned the meeting at 4:23 p.m.

Board meeting minutes recorded by K. Graley.



Bob Armstrong, President



Dianne Greenhouse, Secretary