



Hi-Desert Memorial Health Care District dba
Morongo Basin Healthcare District
BOARD OF DIRECTORS REGULAR MEETING MINUTES
July 1, 2021 at 6:00 p.m.

Convened on site restricted to board members and staff; public invited to attend via GoToMeeting, an electronic, remote-site platform temporarily permitted as per the Executive Order issued by California's Governor in response to the COVID-19 pandemic.

- **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 Brown
- Director Evans
- Director Markle-Greenhouse
- Director Mondary
- Director Savitt

Administrative Staff:

- Jackie Combs, CEO
- Karen Graley, Board Clerk
- Deborah Anderson, CFO
- Cindy Schmall, COO
- Joe Ruddon, Director Community Programming
- Janeen Duff, Manager Mobile Dental Program
- Katie Beardshear, Admin Assistant

Guests:

- Linda Evans, Chief Strategy Officer, Desert Mkt, Tenet (*remote*)

CALL TO ORDER

Director Greenhouse called the meeting to order at 6:03 p.m. The meeting was convened on the La Contenta campus and using the electronic platform of Go-To-Meeting.

ROLL CALL

Karen Graley, Board Clerk, conducted roll call and declared a quorum.

OBSERVANCES

Director Evans read the mission, vision and core value statements.
Director Mondary led the assembly in the pledge to the American flag.

PUBLIC COMMENT

No public comments were presented.

APPROVAL OF MEETING AGENDA

Motion 21-41: Director Evans motioned to approve the meeting agenda as presented; motion was seconded by Director Mondary; the motion passed by unanimous vote.

APPROVAL OF MEETING MINUTES

Motion 21-42: Director Evans motioned to approve the minutes the Board of Directors with changes; motion seconded by Director Brown; motion passed by unanimous vote.

- Minutes: Regular meeting of the Board of Directors, June 3, 2021



DESERT CARE NETWORK UPDATE – *Linda Evans, Chief Strategy Officer, Desert Mkt, Tenet*

Ms. Evans thanked the board for the opportunity to provide an update about Hi-Desert Medical Center (HDMC), the Continuing Care Center (CCC) and Desert Care Network (DCN), on behalf of Karen Faulis, CEO, HDMC. She congratulated Director Savitt on being seated on the Board.

COVID-19 Update:

- HDMC acute hospital has two positive COVID-19 patients; zero CCC residents have tested positive for COVID-19.
- DRMC currently has one positive COVID-19 patients and no PUI patients in-house. JFK currently has no positive COVID-19 patients and three PUI patients in-house.
- Vaccination clinics have concluded at HDMC and DRMC. JFK continues small clinics weekly. The school clinics we organized are concluded as of today and the demand has decreased significantly for future requests. Approximately 9,000 vaccinations have been given.

Capital Project Update:

- The Cerner/PBAR EMR and financial platform adoption by end-users has been positive. We continue to refine and improve efficiencies within the systems.
- The Cerner Long Term Care Module for CCC work continues with a goal of implementation before year end. This will allow for CCC to also be completely on Cerner documentation.
- The CCC flooring replacement project begins in August and should be complete by the end of that month.
- Acute hospital OR air handler project is on schedule for an early July completion. The sterile processing department air handler replacement project is expected to kick off in July.

ACTION ITEMS

CHIEF EXECUTIVE OFFICER CONTRACT AMENDMENT

Ms. Combs presented in the agenda packet that her current employment agreement ends July 14, 2021. The new CEO is not expected to begin employment until August 1, 2021. To avoid the District being without a CEO during the transition, Jackie Combs proposed to amend the agreement to extend to August 5, 2021.

- **Motion 21-43:** Director Mondary motioned to amend the existing employment contract for Jackie Combs, CEO, second by Director Savitt; motion passed by unanimous vote.

Director Mondary clarified for public clarification the gap during the CEO transition. There was no discussion.

CHIEF EXECUTIVE OFFICER: APPROVE NEW CONTRACT

The agenda packet presented the employment agreement details as follows:

- Full time exempt employee status.
- Term of agreement is two years starting August 1, 2021 and ending July 31, 2023.
- Base salary \$230,000.
- Discretionary bonus is available based on the employee successfully achieving certain metrics during the contract year. Employee is not guaranteed such a bonus. The metric and bonus amount to be determined by the Board of Directors and CEO for the first year prior to December 2021, and the second year prior to June 2022.



- Termination of employment by District without cause results in a severance pay of up to three months' salary or to the end of the agreement if the agreement ends in less than three months.

The agreement has been reviewed by legal counsel. The CEO applicant has signed the agreement and is awaiting board approval.

- **Motion 21-44:** Director Brown motioned to approve employment contract for the newly recruited CEO, Mitch Hall; second by Director Mondary; motion passed by unanimous vote.

Director Mondary reviewed the process of the CEO selection, going from 20 applicants to nine applicants, and finally two very good candidates. He stated he was pleased with the process and the interaction of the board. Director Evans spoke to the amount of the base salary, saying that to attract candidates and be competitive in recruitment, this was the recommendation of the recruiter; there was a lot of discussion and consideration on behalf of the board before offering the base salary. Director Greenhouse stated she was proud of the process and the collaboration of the board members.

ELECT TREASURER FOR BOARD OF DIRECTORS – *Director Greenhouse, President*

Director Greenhouse noted that the past treasurer resigned, the office is open. She recommended that Director Mondary be elected to the office of Treasurer. Director Savitt will take the office of Member at Large.

- **Motion 21-45:** Director Evans motioned to elect Director Mondary as board treasurer; second by Director Brown; motion passed by unanimous vote.

SELECT COMPANY TO COMPLETE ANNUAL FINANCIAL AUDIT – *Jackie Combs, CEO*

Ms. Combs noted that three firms provided quotes for the project

- **Motion 21-46:** Director Evans motioned to select Dingas/Zarecor and Associates to administer the annual financial audit for the healthcare District; second by Director Mondary; motion passed by unanimous vote.

Discussion: Director Mondary stated he read the three proposals; he asked what rationale as used to recommend Dingas/Zarecor over the others. Jackie directed the question to CFO. There are regulated changes expected incurring a huge project. The audit recommendation for Dingas because they are familiar with our organization, whereas a new firm would be at a disadvantage and would require a greater degree of work. Subsequently, the pronouncement has been delayed by 18 months, so that rationale has changed. Director Mondary asked about the traveling expenses who are out of the area compared to the other candidates. Jackie responded most of the work is done remotely; Tom Dingas comes and presents one time to the board, approximately \$4,200 for expenses, but included in the bottom line, less than other bidders. Debbie: they are all reputable firms and follow industry standards. We change out firms every five years to get a new set of eyes on the financial data and practices.

DISCUSSION

Director Evans presented an overview of ACHD and their support of healthcare districts through various agendas. Both Directors Evans and Greenhouse serve on ACHD boards and committees. Attending the conference provides great opportunity for board member education. Director Greenhouse strongly encouraged the board members to participate in the conference. Jackie



stated she needs to know before the end of July to register members for a price break. The district pays for registration, food and housing. Director Evans spoke about the conference being an investment and the value of participating in the organization. The board invited Jackie Combs to attend the conference. Discussion about presenting at the conference, topics to consider are the Food Project/food insecurity, and racism in healthcare.

REPORTS

FINANCIAL REPORTS – *Debbie Anderson, CFO*

Debbie Anderson presented the financial statements for May 2021. Her report included an explanation for the drop in volumes and how it effects the financial bottom line. After her explanation, Director Evans asked for an update on progress at board meetings. Debbie noted that she and Cindy Schmall have been working together to stay on top of the volumes at the clinic level.

On June 15, the stimulus rules were changed again regarding pharmacy application for reimbursement. Debbie has contacted the consultant to mitigate the negative impact to the District.

May consolidated saw a (\$74,112) change in net position. The good news is non clinic did better than budget for the month; unfortunately, clinics did not perform to expectations for the month. A large part of this is because there was a large drop in visits for May; they went down to 2,689. The only other month that had lower visits for the fiscal year was November at 2,622 visits. The other factor playing into this is recognition of stimulus monies. Even though grant revenue recognized was higher than budget, it was not comparable to amounts recognized in previous months.

A lot of analysis has taken place on this. Last month we talked about onetime expenses as they pertained to April. This month I want to discuss another factor that plays into all of this – fixed versus variable costs and productivity.

Expenses can be variable or fixed. Costs that are variable change in conjunction with some factor. For example, some of our larger expenses (the billing contract & the doctors) are paid based on visits and/or the revenue of the visits. So, if visits go down, those expenses go down. Those are variable costs. Fixed cost are expenses that remain the same regardless of visits. Expenses such as buildings (R&M, rent), monthly contracts, health insurance, etc. are paid out no matter what the visits are. Some expenses such as salaries are fixed *to a degree*. If the pain management doctor leaves, the front desk staff, the clinic managers & supervisors, the medical assistants remain in place – with their dollars. Only if a large reduction or increase of visits happens does that staffing change. So, if we expect a certain of visits, and they don't materialize, we are stuck with the expenses. In other words, if an expected number of the visits do not happen, the "fixed providers" can't perform as many visits, so their productivity goes down. And at the end of the day, we need a certain level of visits to prevent large losses.

Note that May 2021 has lower costs than April or March but still has a higher cost per unit. This is because percentage the costs went down is not in tandem with the percentage the units went down. This is due to those fixed costs. What this means to our bottom line is that the larger the reduction of visits the larger our loss is going to be.

In previous months, we had personnel out for various reasons such as pregnancy, covid issues, school issues, etc. So, when units were down, we've also had lower personnel expenses. Not only that, in the case of staff being out for covid reasons, we have been able to charge those



otherwise incurred expenses to stimulus monies and then be able to recognize grant income. Now those the staff are back, and it was assumed based on trend analysis that visits were coming back as well. This means May incurred all the normal fixed costs, as well as higher wage & salary costs. Additionally, there have been some more unbudgeted costs. All this plays into the higher expense per visit you see above and impacts the bottom line negatively. Add in the above with that fact the stimulus monies did not make up as much of the patient services loss as it has in months past, and these are the main reasons for the large negative bottom line.

It should be noted that a greater emphasis on visits & productivity must take place, which is being worked on by management. The saving grace has been the grant & stimulus monies, which is being recognized to the extent that it can be. It should be noted though that the stimulus funding rules were changed again on June 15, 2021. Originally, pharmacy income was not going into the equation; with this latest guidance 340B pharmacy income is going to be included. I'm not sure as of now how this is going to affect the financials because there are some other questions that need to be answered as well, but this could negatively impact the previously recognized grant income. I will keep the board informed as answers come.

Consolidated May 2021 operating loss after allocation came in at \$(162,304) and the change in net position came in at \$(74,112), both of which were below budgeted expectations.

The non-clinics operations for May 2021 operating income after allocation came in at \$50,506 and the change in net position came in at \$138,698, both of which were above budgeted expectations. Year to date non-clinic operating income after allocation came in at \$202,316, and the change in net position came in at \$753,920, both of which were below budgeted expectations.

The clinics only operations: May 2021 operating loss after allocation came in at \$(212,810), and the change in net position also came in at \$(185,775), both of which were below budgeted expectations. Year to date clinic operating loss after allocation came in at \$(449,898), and the change in net position came in at \$(480,303), both of which were below budgeted expectations.

- **Motion 21-49:** Director Evans motioned to accept the financial report as presented, second by Director Brown; motion passed by unanimous vote.

MORONGO BASIN HEALTHCARE DISTRICT UPDATE – Jackie Combs, CEO

Ms. Combs referred the board to the agenda packet for her report. She also presented that on August 2 Assemblyman Smith will meet with District leadership. We will give a presentation about the District to the assemblyman; she's asked FIND Food to present; and we will show off the mobile medical unit. Our focus will be to express District concerns for important state initiatives that impact healthcare.

CALENDAR REVIEW AND COORDINATION

The calendars for the Board of Directors were reviewed and coordinated.

- August 19 Shared meeting: focused on the CHC
- September meetings shifted one week to District on September 9 and CHC on September 16

DIRECTOR COMMENTS

- Director Mondary: "Welcome to Debra. As always, heartfelt thanks to staff for all their work and quick response to email inquiries."



- Director Evans: “Welcome to Debra; thank you to staff for their continued excellent work; and thank you to Pat Cooper, CHC board member, for attending tonight.”
- Director Brown: “Welcome Debra.”
- Director Savitt: “I’m so impressed with staff and all the information they provided to me. Thank you to staff for the time spent with me in preparation for office.”
- Director Greenhouse: “Thank you staff, you make what we do possible and keep us informed. Thank you, Pat, for being here tonight. And thank you Katie Beardshear for you audiovisual support.”
- Pat Cooper: “I learned so much tonight and enjoyed being here tonight.”

MEETING ADJOURNED

The meeting was adjourned at 7:28 p.m.

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

A large, stylized handwritten signature in blue ink that reads "Dianne Markle-Greenhouse".

Dianne Markle-Greenhouse
President

A handwritten signature in blue ink that reads "Greg Brown".

Greg Brown
Secretary