



Morongo Basin Health Care District

Community Health Center

GOVERNING BOARD MEETING

MINUTES of Tuesday, May 9, 2019, 6:00 p.m.

District Administrative Offices: 6530 La Contenta Road, Suite 200, Yucca Valley CA 92284

Mission Statement: To provide affordable, quality healthcare to the communities we serve.

Vision Statement: A healthy Morongo Basin.

Core Values: Commitment, Collaboration, Accountability, Dignity, Integrity

PRESENT:

- Paul Hoffman, Chairperson (Comm. Rep)
- Joe Sullivan, Vice Chairperson (Comm. Rep)
- Mary Ann Shirbroun, Secretary (Pt. Rep)
- Marge Doyle, Treasurer (Community Rep)
- Barbara “Cassie” Souter, Member (Pt. Rep)
- Barbara Newman, Member (Pt. Rep)
- Beverly Scott, Member (Pt. Rep)
- Bryan Goldfarb, Member (Community Rep)
- Lori Riskin-Griffith, Member (Pt. Rep)
- Patricia “Pat” Cooper, Member (Pt. Rep)

STAFF:

- Jackie Combs, CEO
- Karen Graley, Board Clerk
- Joe Ruddon, Director Business Development
- Kathy Alkire, CHC Quality Director
- Cindy Schmall, Director Operations
- Tricia Gehrlein, Director Population Health
- Debbie Anderson, Controller
- Janeen Duff, CHC Dental Manager

GUESTS:

- Alejandro Penalva, Community Member

CALL TO ORDER: 6:00 p.m.

ROLL CALL: Quorum was met.

OBSERVANCES:

- Paul Hoffman led the assembly in the Pledge of Allegiance.
- Joe Sullivan read the mission and vision statements.

PUBLIC COMMENTS:

There were no public comments.

APPROVAL OF MEETING AGENDA:

Motion 19-40: Motion by Joe Sullivan to approve the meeting Agenda motion seconded by Mary Ann Shirbroun; motion passed by unanimous vote.

APPROVAL OF CHC MEETING MINUTES:

Motion 19-41: Motion by Marge, second by Cassie, to approve the Governing Board meeting minutes dated April 11, 2019 with a correction on motion 19-37: the second was made by Marge Doyle; the motion passed by unanimous vote.

BOARD PRESENTATION:

- FINANCE EDUCATION – *Deborah Anderson, Controller*

Ms. Anderson gave an overview of the types of accounting systems. Our focus is on financial accounting with formal reports and statements that are audited by an outside entity. The reports are used by external lenders and for internal leadership decisions.

She noted that we are a government entity and are required to maintain a Balance Sheet documenting assets, liabilities and equity at a specific date. Also presented in the CHC financial report are the Statement of Revenues and Expenses, Cash Flow and changes in the net position (retained earnings).

CHC uses accrual accounting to record revenues and expenses as they are incurred, regardless when the cash is actually exchanged between entities. Our fiscal year spans July 1 to June 30.

She reviewed terminology: fixed assets, depreciation and accumulated depreciation, amortization, liabilities, net position, operating/non-operating, EBITDA, net income/profit/earning, contractals and adjustments (write offs).

The District is responsible for finances, however, the CHC board is responsible for creating a balanced budget for CHC operations.

^{Beverly}
~~Betty~~ Scott asked about contractals and how the insurance commitment is negotiated. Ms. Anderson explained that it is a complex process that relies on a sophisticated computer system. There is no negotiation with the companies, they set the fee they will pay. Ms. Combs stated that overall, we write off 40 percent of the invoiced amount. Paul Hoffman clarified that the 40 percent adjustment is calculated into the budget.

There was discussion about the budget; Ms. Anderson noted that makes a best guess when recommending a new budget; adjustments are expected as we proceed through the year. Ms. Combs responded to Pat Cooper's inquiry as to how staff manages so much information, giving a brief overview of internal systems. There was discussion about the responsibility of employees and accountability of the board. Mr. Hoffman clarified that this board is ultimately responsible to the public as to how the money is budgeted and spent. Board members should ask for explanation when they question the financial reporting, and then take responsibility to understand. Marge Doyle encouraged board members to learn and be active in the process; if you need more information to understand, staff will provide it so that you are comfortable with the reports.

▪ FY 20 CHC BUDGET PRESENTATION – *Deborah Anderson, Controller*

A copy of the PowerPoint presentation is attached to these minutes.

The budget presentation first addressed health center volume.

- MMU increases were calculated based on one day a week dedicated to health and two days a week to dental. This is an estimate because the program is in the process of being established and trending.
- Contractuals percent mix will remain consistent with current year mix. Payer funding mix (Medicare and Medi-Cal) are projected to be consistent at 40 percent throughout next year.

VOLUMES

- Department volumes were increased by three percent.
- MMU projected growth shows high percentages because there was no previous business to compare, so the numbers reflect the projected new growth.

PATIENT GROSS AND NET REVENUE

- Ms. Anderson stated she took a different approach this year in preparing the budget. She analyzed the average billable rate, average contractual, write off and payment rate and used them to calculate the projected number being presented in the budget. She is hoping this approach provides a more stable presentation of the contractual activity. Mr. Hoffman asked how the annual budget was allocated across the months; Ms. Anderson stated she assessed each month separately in order to incorporate seasonal trends (i.e. flu season volumes, etc.). Ms. Souter asked about staff fluctuations related to the seasonal trends. Ms. Combs stated we do not have much overtime with staff who are conscientious about taking care of increased volumes and taking time off when the trend slows down.
- Net revenue is projected at \$6.5 million.

- First 5 Revenue: projected revenue is less than the actual grant as there is no guarantee that the full grant amount will be awarded.
- The current HRSA grant expires January 30, 2022; the next grant is projected to be awarded in October for February 1, 2020; the new budget assumes the grant will be awarded. There was discussion about grant history and the potential for new grants.
- Total operating budget is projected at \$8,682,141.

EXPENSES

- The Budget assumption is that clinical positions remain filled 100% of the year. If there are vacancies, they will be replaced. However, with provider vacancies, patient volumes are effected.
- Operating expenses are presented as rolled up. Some expenses have been separated and categorized differently than last year.
- Other Direct Expenses were detailed. "Recruiting and Pre-Employment" was designated to the District's budget last year but has been moved to the CHC budget as it is directly related to the health centers; advertising was separated from the District and allocated to the health center for targeted health center service line advertising. Community Relations has been allocated to the District's budget.

TOTAL PROJECTED BUDGET

- Ms. Anderson explained "District Overhead" which includes human resource services, IT services, housekeeping that are provided to the health center. This helps us understand the true operating costs rather than the District carrying the health centers.
- Net income before employee merit raises is projected to be a positive bottom line; however, after merit raises, the bottom line moves to the negative. If all the factors and assumptions remained the same, this would be the bottom line; however, we expect changes during the year that will affect the bottom line. Paul Hoffman spoke to the responsibility of being transparent in the fiscal operations and we need to see the real picture. The goal should be to improve operations to negate the negative amount of \$72,470.
- There was discussion about the cost of replacing an employee. Ms. Schmall said the expense to replace an employee, depending on the position, could range between \$10,000 to \$30,000 (for providers). Board members asked several questions, including management of purchasing and supplies. Ms. Schmall spoke to the changes being implemented; Marge Doyle thanked Ms. Schmall for being proactive in containing costs.

ACTION ITEMS:

- APPROVAL OF CHC BUDGET– *Deborah Anderson, Controller*
Motion 19-42: Motion to approve the CHC Budget as presented; motion by Marge Doyle, second by Mary Ann Shirbroun; approved by unanimous vote.

REPORTS

- FINANCE REPORT– *Deborah Anderson, Controller*
Ms. Anderson provided the board with a financial report for March 2019. She spoke to the history of year end reconciliation where large adjustments are made; this year she has been making adjustments monthly so the impact is minimized at year end.
Motion 19-43: Motion by Mary Ann Shirbroun to accept the Finance Report; second by Beverly Scott; accepted by unanimous vote.
- CEO REPORT – *Jackie Combs, CEO*
Ms. Combs referred the board members to her written report. She promoted the Yucca Valley health fair and encouraged the board to attend, even if the weather is poor.

BOARD CALENDAR:

- Community Health and Resource Fair: May 11, 2019, 10am-2pm at the YV Community Center
- MBHD BOD Budget Workshop: May 16, 2019, 5:30pm in the District Board Room; CHC Board members are welcome to attend the Budget Workshop.

ITEMS FOR NEXT MEETING AGENDA:

- Consideration of a new board member appointment, Alejandro Penalva.

MEMBER COMMENTS:

- Beverly Scott: Said she enjoyed Debbie's reports and looks forward to learning more. She requested business cards.
- Mary Ann Shirbroun: Expressed appreciation for the budget presented.
- Marge Doyle: Expressed her appreciation of Ms. Anderson's hard work and Ms. Schmall being proactive in holding expenses.
- Cassie Souter: Thanked staff for being patient in answering questions.
- Pat Cooper: Stated she is very grateful to hear all the research and work; she thanked Ms. Schmall for her work.
- Paul Hoffman: Said he is delighted that this board is actively engaged in the budget process. He encouraged them to develop their understanding of the finances; be critical in evaluating the financial reports and how we can move the health centers forward.

MEETING ADJOURNMENT

Mr. Hoffman adjourned the meeting at 7:51 p.m.

Minutes recorded by Karen Graley, Board Clerk


Paul Hoffman, Chairperson


Mary Ann Shirbroun, Secretary