



Hi-Desert Memorial Health Care District dba
Morongo Basin Healthcare District
BOARD OF DIRECTORS REGULAR MEETING MINUTES
January 3, 2019 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 Armstrong
- Director Doyle
- Director Evans
- Director Markle-Greenhouse
- Director Sullivan

Staff Present:

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

Public Present:

- Jenna Hunt, Desert Trail
- Eric Knabe, Z107fm
- Beverly Scott, community member

CALL TO ORDER

Director Armstrong called the meeting to order at 5:30 p.m.

ROLL CALL

Karen Graley, Board Clerk, conducted roll call. All Directors were present for a quorum.

OBSERVANCES

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

PUBLIC COMMENT

No public comment presented.

APPROVAL OF MEETING AGENDA

Motion 19-01: Director Doyle motioned to approve the meeting agenda as presented; motion seconded by Director Sullivan; motion passed by unanimous vote.

APPROVAL OF CONSENT AGENDA

The Consent Agenda presented the minutes of the regular business meeting of the Board of Directors, December 6, 2018

Motion 19-02: Director Greenhouse motioned to approve the consent agenda; motion seconded by Director Doyle; motion passed by unanimous vote.

ACTION ITEM

ELECTION OF OFFICERS

Director Armstrong turned the meeting over to Board Clerk, Karen Graley who opened the floor for nomination of officers for the Board of Directors and conducted the election process.



Motion 19-03: Motion by Director Doyle to nominate Director Sullivan who declined the nomination and nominated Director Armstrong for President of the Board of Directors, 2019. Director Sullivan noted that the Bylaws had been amended last year to provide for two consecutive terms of any office. Director Armstrong was agreeable to the nomination. The motion was seconded by Director Greenhouse; no other nominations or discussion were presented. Ms. Graley called for the vote; the motion passed by unanimous vote; **Director Armstrong was elected as President of the Board of Directors.**

Motion 19-04: Motion by Director Armstrong to nominate Director Doyle for a second, consecutive term as Vice-President of the Board of Directors, 2019; seconded by Director Sullivan; no other nominations or discussion were presented. Ms. Graley called for the vote; the motion passed by unanimous vote; **Director Doyle was elected as Vice-President of the Board of Directors.**

Motion 19-05: Motion by Director Doyle to nominate Director Greenhouse for a second, consecutive term as Secretary of the Board of Directors, 2019; seconded by Director Evans. No other nominations or discussion were presented. Ms. Graley called for the vote; the motion passed by unanimous vote; **Director Greenhouse was elected as Secretary of the Board of Directors.**

Motion 19-06: Motion by Director Armstrong to nominate Director Evans for Treasurer of the Board of Directors, 2019, commenting that as treasurer she would learn a great deal about the District. However, Director Evans declined the nomination and nominated Director Sullivan as Treasurer. The motion was seconded by Director Doyle. No other nominations or discussion were presented. Ms. Graley called for the vote; the motion passed by unanimous vote; **Director Sullivan was elected as Treasurer of the Board of Directors.**

Elections were completed and the gavel turned over to Director Armstrong.

BANK ACCOUNT SIGNATURES

CEO Jackie Combs presented the resolution to update bank account signatures.

Motion 19-07: Motion by Director Doyle, second by Director Greenhouse, to approve Resolution #19-01 to update bank account signatures – removing previous board member Paul Hoffman; and adding newly seated Director Misty Evans; motion passed by unanimous vote.

APPOINTMENT OF DISTRICT BOARD MEMBERS TO THE COMMUNITY HEALTH CENTER BOARD

CEO Jackie Combs presented an overview of the CHC board purpose and history in support of this action item. Discussion; Directors Sullivan and Doyle volunteered to sit on the CHC board.

Motion 19-08: Motion by Director Greenhouse, second by Director Evans, to appoint two District board members, Director Doyle and Director Sullivan, to sit on the Community Health Center's governing board; motion passed by unanimous vote.

REVIEW OF INVESTMENT POLICY

CEO Jackie Combs presented the redline investment policy for discussion. Director Doyle thanked Paul Hoffman for his review and contribution to the review process prior to the conclusion of his term. Director Sullivan commented that Paul's work is commendable on this complex topic. Director



Sullivan stated that he is personally inclined to rely on Mr. Hoffman’s professionalism knowledge and experience into consideration.

Motion 19-09: Motion by Director Sullivan, second by Director Greenhouse, to approve policy LD-241 Investment of HDMHCD Funds as presented; motion passed by unanimous vote.

REPORTS

MONTHLY FINANCIAL REPORT – *Deborah Anderson, Controller*

Ms. Anderson presented the financial report for November, 2018.

REVENUE:

Consolidated Analysis

Income	Actual Mth	Budget Mth	Over/(Under)	% of Budget
District	256,621	238,784	17,837	7.47%
Clinics	689,841	765,805	(75,964)	-9.92%
	946,462	1,004,590	(58,128)	-5.79%

Year to date operating income is 0% over budget, a dollar amount of \$8,268. Results have been summarized below.

Income	Actual YTD	Budget YTD	Over/(Under)	% of Budget
District	1,283,065	1,193,922	89,144	7.47%
Clinics	3,748,151	3,829,027	(80,876)	-2.11%
	5,031,217	5,022,949	8,268	0.16%

District & Community Health Center Analysis

Description	Actual Mth	Budget Mth	Over/(Under)	% of Budget
Lease & Rental Income	169,081	169,081	-	0.00%
Grant Income	1,629	558	1,071	192.06%
Tax Revenue	50,000	50,000	-	0.00%
Transportation	8,628	7,011	1,617	23.07%
Other	-	-	-	0.00%
Investment Income	27,157	12,135	15,022	123.80%
Bad Debt Recovery	126	-	126	0.00%
Total District	256,621	238,784	17,837	7.47%

Description	Actual Mth	Budget Mth	Over/(Under)	% of Budget
Patient services	746,723	689,966	56,757	8.23%
Contractuals	(414,415)	(114,349)	(300,067)	262.41%
340 B Revenue	41,620	33,508	8,112	24.21%
Capitation Fees & Other	16,769	18,453	(1,684)	-9.12%
Grant Revenue	299,144	138,228	160,916	116.41%
Total Clinics	689,841	765,805	(75,964)	-9.92%
Grand Total	946,462	1,004,590	(58,128)	-5.79%

Jackie Combs complimented Ms. Anderson for her review of the grant revenue which revealed missed draw-downs; draw-downs are now current.

District operational revenue for November 2018 is 8% over budget, a dollar amount of \$17,837. This is mostly due to investment income, which continues to exceed budgeted amounts.



Community Health Center revenue for November 2018 is 10% under budget, a dollar amount of \$(75,964). Clinic services are up, resulting in higher than budgeted patient services. As mentioned in the last month, contractals have been analyzed and the budget number needs to be corrected. We anticipate beginning work on this in early January. With regards to the 340B program, reconciliation took place in November, and actuals contain catch up for previous months. Finally, grant revenue shows a large variance due to the fact that the 330 grant is slated to end January 31st, and so grant accounting/reconciliations are beginning to take place to ensure we spend and draw down all the moneys owed to the clinics. Also included in actuals are moneys received from the First Five grant, which was not included in the original budget.

Description	Actual YTD	Budget YTD	Over/(Under)	% of Budget
Lease & Rental Income	845,403	845,403	0	0.00%
Grant Income	2,326	2,789	(462)	-16.57%
Tax Revenue	250,000	250,000	-	0.00%
Transportation	45,515	35,056	10,459	29.84%
Other	10,523	-	10,523	0.00%
Investment Income	127,413	60,674	66,739	110.00%
Bad Debt Recovery	1,885	-	1,885	0.00%
Total District	1,283,065	1,193,922	89,144	7.47%
Patient services	4,211,101	3,449,830	761,271	22.07%
Contractuals	(1,689,163)	(571,744)	(1,117,419)	195.44%
340 B Revenue	165,038	167,538	(2,501)	-1.49%
Capitation Fees & Other	161,010	92,263	68,747	74.51%
Grant Revenue	900,165	691,139	209,026	30.24%
Total Clinics	3,748,151	3,829,027	(80,876)	-2.11%
Grand Total	5,031,217	5,022,949	8,268	0.16%

To recap:

District

- Transportation variance due to more trips performed than anticipated at budget time
- Other income variance due to a one-time County of San Bernardino Refund
- Investment income continues to exceed budgeted amounts

Clinics

- Patient services variance due to increased patient volumes
- Contractuals variance due to revisions that need to be made to the budgeted amounts
- Capitation Fees & Other variance due to a onetime \$75,000 payment toward credentialing a mental health services psychiatrist being recognized in one month, instead of throughout the year, capitation fees being higher than budgeted, and private insurance quality incentive payments.
- Grant Revenue variance due to higher grant HRSA revenue than expected

EXPENSE: Monthly operating expenses are two percent over budget.

Consolidated Analysis: Monthly operating expenses have been summarized below.



Expense	Actual Mth	Budget Mth	(Over)/Under	% of Budget
District	183,304	195,066	11,761	6.03%
Clinics	643,156	617,521	(25,635)	-4.15%
	826,461	812,587	(13,874)	-1.71%

Year to date operating expenses have been summarized below.

Expense	Actual Mth	Budget Mth	(Over)/Under	% of Budget
District	970,698	975,328	4,630	0.47%
Clinics	3,136,558	3,087,607	(48,951)	-1.59%
	4,107,256	4,062,935	(44,321)	-1.09%

District Analysis: District operating expenses are 6% under budget and summarized below:

Description	Actual Mth	Budget Mth	(Over)/Under	% of Budget
Salaries - District	101,030	105,929	4,899	4.63%
Fringe - District	20,018	28,134	8,117	28.85%
Phys Fees - District	-	-	-	0.00%
Purchases Services - District	6,716	14,493	7,777	53.66%
Supplies - District	3,168	7,257	4,089	56.34%
R&M - District	218	1,581	1,363	86.19%
Leases/Rentals - District	5,066	4,534	(531)	-11.72%
Utilities - District	1,578	1,003	(575)	-57.37%
Ins - District	31,665	12,585	(19,080)	-151.61%
Other - District	13,846	19,549	5,703	29.17%
Total District Before Allocation	183,304	195,066	11,761	6.03%
Allocation of Overhead for Health Centers	(56,250)	(56,250)	-	0.00%
Total District After Allocation	127,054	138,816	11,761	8.47%

The biggest variance is due to Workers Compensation. In November, the FY 16-17 audit was finalized, resulting in a large additional payment. This entry was proposed to the auditors to book back into FY 17-18, but ultimately was passed on. As such, the amount has been expensed in November 2018.

District operating year to date expenses for November 2018 are 0% under budget, a dollar amount of \$4,630, summarized below.

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Description	Actual YTD	Budget YTD	(Over)/Under	% of Budget
Salaries - District	545,032	529,645	(15,387)	-2.91%
Fringe - District	110,480	140,671	30,191	21.46%
Phys Fees - District	-	-	-	0.00%
Purchases Services - District	67,426	72,466	5,040	6.95%
Supplies - District	22,874	36,286	13,412	36.96%
R&M - District	8,613	7,906	(707)	-8.95%
Leases/Rentals - District	24,507	22,671	(1,836)	-8.10%
Utilities - District	8,891	5,014	(3,878)	-77.34%
Ins - District	93,424	62,925	(30,499)	-48.47%
Other - District	89,451	97,744	8,293	8.48%
Total District Before Allocation	970,698	975,328	4,630	0.47%
Allocation of Overhead for Health Centers	(281,250)	(281,250)	-	0.00%
Total District After Allocation	689,448	694,078	4,630	0.67%

- Fringe benefits variance mostly due to SUTA & group health insurance
- Supplies variance due to not having purchased as much minor office equipment.
- Insurance variance due to higher premiums than budgeted for liability/malpractice insurance and the final workers compensation audit amount for FY 17-18 included in FY 18-19 expenses.

Community Health Center Analysis: operating expenses for November 2018 are summarized below.

Description	Actual Mth	Budget Mth	(Over)/Under	% of Budget
Salaries - Clinic	275,372	287,789	12,417	4.31%
Fringe - Clinic	57,178	67,699	10,521	15.54%
Phys Fees - Clinic	159,747	141,830	(17,917)	-12.63%
Purchases Services - Clinic	52,207	38,263	(13,944)	-36.44%
Supplies - Clinic	45,933	29,964	(15,970)	-53.30%
R&M - Clinic	849	4,510	3,661	81.18%
Leases/Rentals - Clinic	28,131	27,644	(487)	-1.76%
Utilities - Clinic	7,171	6,700	(471)	-7.03%
Ins - Clinic	-	296	296	100.00%
Other - Clinic	16,568	12,827	(3,741)	-29.17%
Total Clinic Before Allocation	643,156	617,521	(25,635)	-4.15%
Allocation of Overhead for Health Centers	56,250	56,250	-	0.00%
Total Clinic After Allocation	699,406	673,771	(25,635)	-3.80%

Fringe benefits variance is mostly due to excess PTO used during the month as compared to budget. Physician fees are over budget due to higher volumes in the areas of Peds and Chiro. YV Chiro had no budget for FY 18-19.

Purchased services are over due to higher consulting and legal fees. Legal fees specifically relating to the FQHC status of the clinic have been charged to the clinic and not district. There was no budget for legal fees in the clinic budget.

Description	Actual YTD	Budget YTD	(Over)/Under	% of Budget
Salaries - Clinic	1,389,943	1,438,947	49,004	3.41%
Fringe - Clinic	273,389	338,494	65,105	19.23%
Phys Fees - Clinic	771,147	709,151	(61,996)	-8.74%
Purchases Services - Clinic	201,281	191,316	(9,965)	-5.21%
Supplies - Clinic	235,070	149,819	(85,250)	-56.90%
R&M - Clinic	5,699	22,548	16,850	74.73%
Leases/Rentals - Clinic	137,886	138,222	337	0.24%
Utilities - Clinic	37,728	33,498	(4,230)	-12.63%
Ins - Clinic	-	1,478	1,478	100.00%
Other - Clinic	84,417	64,133	(20,284)	-31.63%
Total Clinic Before Allocation	3,136,558	3,087,607	(48,951)	-1.59%
Allocation of Overhead for Health Centers	281,250	281,250	-	0.00%
Total Clinic After Allocation	3,417,808	3,368,857	(48,951)	-1.45%

- Fringe benefits variance mostly due to PTO & group health insurance.
- Physician fees variance due to higher services being performed
- Supplies variance due to a very low budget number for 340B expenses.
- R&M (repair & maintenance) variance due to budget including R&M on the mobile clinic, but the MMU is still awaiting HRSA approval, so it hasn't been used in order to need R&M.
- Other variance due to advertising & transportation.

NET INCOME: November 2018 operating net income (EBITDA) is 38% over budget

Net Income District	Actual Mth	Budget Mth	Over/(Under)	% of Budget
Income	256,621	238,784	17,837	7.47%
Expense	(183,304)	(195,066)	11,761	6.03%
Operating Income	73,317	43,719	29,598	67.70%
Allocation of Overhead for Health Centers	56,250	56,250	-	0.00%
Operating Income after Allocation	129,567	99,969	29,598	29.61%
Non-Op Income & Expense, inc depreciation	(29,165)			
Change in Net Position	100,402			

Net Income Clinic	Actual Mth	Budget Mth	Over/(Under)	% of Budget
Income	689,841	765,805	(75,964)	-9.92%
Expense	(643,156)	(617,521)	(25,635)	-4.15%
Operating Income	46,685	148,284	(101,599)	-68.52%
Allocation of Overhead for Health Centers	(56,250)	(56,250)	-	0.00%
Operating Income after Allocation	(9,565)	92,034	(101,599)	-110.39%
Non-Op Income & Expense, inc depreciation	(2,887)			
Change in Net Position	(12,452)			

Net Income Combined	Actual Mth	Budget Mth	Over/(Under)	% of Budget
Income	946,462	1,004,590	(58,128)	-5.79%
Expense	(826,461)	(812,587)	(13,874)	-1.71%
Operating Income	120,001	192,003	(72,002)	-37.50%
Allocation of Overhead for Health Centers	-	-	-	0.00%
Operating Income after Allocation	120,001	192,003	(72,002)	-37.50%
Non-Op Income & Expense, inc depreciation	(32,052)			
Change in Net Position	87,950			



Even though operations are showing under budget, this is due to the contractals issue. Remove the negative variance from the contractals, and operations would not show a loss.

Year to date operating net income (EBITDA) through November 2018 is 4% under budget, a dollar amount of \$(36,054), summarized below.

Net Income District	Actual YTD	Budget YTD	Over/(Under)	% of Budget
Income	1,283,065	1,193,922	89,144	7.47%
Expense	(970,698)	(975,328)	4,630	0.47%
Operating Income	312,368	218,594	93,774	42.90%
Allocation of Overhead for Health Centers	281,250	281,250	-	0.00%
Operating Income after Allocation	593,618	499,844	93,774	18.76%
Non-Op Income & Expense, inc depreciation	(55,798)			
Change in Net Position	537,819			
Net Income Clinic	Actual YTD	Budget YTD	Over/(Under)	% of Budget
Income	3,748,151	3,829,027	(80,876)	-2.11%
Expense	(3,136,558)	(3,087,607)	(48,951)	-1.59%
Operating Income	611,593	741,420	(129,827)	-17.51%
Allocation of Overhead for Health Centers	(281,250)	(281,250)	-	0.00%
Operating Income after Allocation	330,343	460,170	(129,827)	-28.21%
Non-Op Income & Expense, inc depreciation	(14,029)			
Change in Net Position	316,314			
Net Income Combined	Actual YTD	Budget YTD	Over/(Under)	% of Budget
Income	5,031,217	5,022,949	8,268	0.16%
Expense	(4,107,256)	(4,062,935)	(44,321)	-1.09%
Operating Income	923,961	960,015	(36,054)	-3.76%
Allocation of Overhead for Health Centers	-	-	-	0.00%
Operating Income after Allocation	923,961	960,015	(36,054)	-3.76%
Non-Op Income & Expense, inc depreciation	(69,827)			
Change in Net Position	854,134			

BALANCE SHEET AND CASH FLOW: Other receivables high due to tax revenue receivable 340B revenue.

Director Doyle spoke to the annualized electricity review presented at the front of the financial report, and asked if Staff could explore solar solutions. Director Armstrong noted that the annualized energy report was an accumulated amount for all facilities. He spoke to the changing solar industry and that solar is not a sure solution. Director Armstrong is recommending to research grants for solar installation at the La Contenta Business Center. Director Doyle asked that Staff do the research and the board revisit the topic. Director Sullivan spoke against Staff performing the review and recommended an outside consultant to do the evaluation. Director Evans suggested that Edison and a solar vendor should weigh in on the evaluation process. Director Sullivan said that the District must first set the standard and expectations and then Edison and a solar representative could present on the topic. Director Doyle suggested a basic summary by Staff, not an in-depth review with estimates and quotes. There was further discussion. Conclusion: Staff will take a couple of months to work through the issue and report back to the board.

Motion 19-10: Motion by Director Sullivan to accept the financial report as presented; second by Director Doyle; motion passed by unanimous vote.



MORONGO BASIN HEALTHCARE DISTRICT – Jackie Combs, CEO

Ms. Combs referred the Directors to her written report under Tab 5. She added that the District is recruiting a behavioral health nurse practitioner. Regarding the La Contenta acquisition, everything is still on track: the appraisal is back and she expects to open an escrow account next week. The Directors had no questions regarding her report.

CALENDAR REVIEW AND COORDINATION

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

- **FOUNDATION:** The board will meet Thursday, February 7 at 4:30 p.m. for the annual meeting of the foundation board.
- CHC Board meeting is scheduled for Tuesday, January 22, 5:45 p.m.

NEXT AGENDA ITEMS

- HDMC Holdings, LLC update


DIRECTOR COMMENTS

- Director Sullivan wished everyone a happy New Year; he's anticipating a great 2019 and looking forward to working with board members. He welcomed Director Evans and stated his support of her success. He is also excited about the CHC board and is looking forward to the partnership that will develop between the two boards.
- Director Greenhouse thanked Debbie Anderson for the finance report, and thanked Staff for their continuing excellent work. She welcomed Director Evans.
- Director Doyle wished everyone Happy New Year stating it was going to be a great year for the District. She, too, welcomed Director Evans. She commended Staff for that's been accomplished this last year. She, also, is looking forward to an increased collaboration with the CHC board. She recommended that District board members attend the ACHD conference.
- Director Evans said she was excited to be serving on the board and is looking forward to this next year. She also stated she appreciated the nomination to serve as board treasurer.
- Director Armstrong thanked the board for their confidence in him and for re-election as president. He is looking forward to executing the business plan and growth for the District as discussed last year. He shared how when he first joined this board he wondered about fulfilling the mission and vision statements. Now he is excited about the growth he sees. The Yucca Valley clinic looks great. "I'm proud of the job that Staff is doing: financials, broadband project; this is the year we get to show off that the healthcare district is making a difference. This board and this Staff are making a difference in our communities. I'm super excited about the year and am pleased to be working with all of you this next year."

MEETING ADJOURNMENT

Director Armstrong adjourned the meeting at 6:50 p.m.

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



Bob Armstrong, President



Dianne Greenhouse, Secretary