



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

**April 4, 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 Operations
- Joe Rudden, Director Business Development
- Tricia Gehrlein, Director Population Health
- Deborah Anderson, Controller
- Stephanie Eigner, CHC Clinic Manager

Public Present:

- Eric Knabe, Z107fm
- Linda Evans, tenet
- Barbara Souter, CHC board member
- Paul Hoffman, CHC board member
- Pat Cooper, CHC board member
- Beverly Scott, CHC board 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 19-22:** Director Sullivan motioned to approve the meeting agenda as presented; motion seconded by Director Doyle; 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, March 7, 2019 and policy HR-240 *Recruitment and Retention*.

**Motion 19-23:** Director Sullivan motioned to approve the consent agenda; motion seconded by Director Doyle; motion passed by unanimous vote.



## **ACTION ITEM**

### **JOINT BOARD MEETING WITH CHC GOVERNING BOARD**

**Motion 19-24:** Director Doyle motioned to schedule joint meetings of the District and Community Health Center board on a quarterly basis; motion seconded by Director Evans; discussion followed as captured below; motion passed by unanimous vote.

DISCUSSION: Director Doyle introduced the Action Item, stating that the Community Health Center Governing Board recommended that the District convene quarterly joint meetings to facilitate communication between the boards. Director Armstrong asked for comments and all board members were in agreement with the recommendation. Ms. Combs reported that Thursday, April 18 had been reserved on the calendar for the shared meeting. Directors were invited to forward agenda items to Ms. Combs for agenda posting.

## **REPORTS**

### **HUMAN RESOURCES QUARTERLY REPORT** – *Cindy Schmall, Director Operations*

Ms. Schmall presented a PowerPoint highlighting recent employee engagement strategies that have been implemented in the last quarter, including an expanded employee newsletter, organization information presented under the “pillar” categories, and birthday cards signed by executive staff. A new employee orientation software (Relias) has streamlined the onboarding and orientation process. Last quarter, five employees terminated because of job or military relocation.

Director Evans liked the personalized contact with employees through birthday cards, and spoke to keeping current with employee needs.

Director Sullivan said, “Great report; this is the information we’ve asked for in the past.”

Director Doyle asked about contracting with the Relias program for employee education; Ms. Combs said the program was affordable through Community Health Association Southern Inland Region. Director Doyle praised the improvements in communication with employees and the drop in employee migration. “Retaining employees is a win because it insures consistent patient care and there are savings to the District in not having to train new employees.”

Director Armstrong: “Outstanding report. I’m enjoying watching the growth in executive staff, both in personal professional development and implementation of programs. The employee engagement through the newsletter and communication boards is fantastic. The focus on employee retention is outstanding. I’m looking forward to future numbers and consistency, indicating employee satisfaction.”

### **FINANCIAL REPORT** – *Debbie Anderson, Controller*

Ms. Anderson reported that overall, the District is showing positive operating income. Operating income year to date (July 2018 – Feb 2019) is \$1,349,108 and the Change in Net Position for the same period is at \$1,138,627.

#### **REVENUE**

##### *Consolidated Analysis*

Overall, operating income is 7% over budget, a dollar amount of \$67,807. Results have been summarized below in Table 1.



*Table 1*

Income	Actual Mth	Budget Mth	Over/(Under)	% of Budget
District	241,416	236,993	4,422	1.87%
Clinics	759,572	696,187	63,385	9.10%
	1,000,987	933,180	67,807	7.27%

Year to date operating income is **(0.53%)** over budget, a dollar amount of **\$(42,064)**. Results have been summarized below in Table 2.

*Table 2*

Income	Actual YTD	Budget YTD	Over/(Under)	% of Budget
District	2,053,957	1,908,484	145,473	7.62%
Clinics	5,869,288	6,056,825	<b>(187,537)</b>	<b>-3.10%</b>
	7,923,245	7,965,309	<b>(42,064)</b>	<b>-0.53%</b>

***District & Community Health Center Analysis***

The monthly variances broken down by revenue category is provided in Table 3 below.

*Table 3*

Description	Actual Mth	Budget Mth	Over/(Under)	% of Budget
Lease & Rental Income	169,081	169,081	-	0.00%
Grant Income	-	507	<b>(507)</b>	<b>-100.00%</b>
Tax Revenue	50,000	50,000	-	0.00%
Transportation *	9,759	6,374	3,385	53.11%
Other	<b>(0)</b>	-	<b>(0)</b>	0.00%
Investment Income	12,526	11,032	1,494	13.55%
Bad Debt Recovery	50	-	50	0.00%
<b>Total District</b>	<b>241,416</b>	<b>236,993</b>	<b>4,422</b>	<b>1.87%</b>
Patient services	772,518	627,242	145,276	23.16%
Contractuals	<b>(449,482)</b>	<b>(103,953)</b>	<b>(345,529)</b>	<b>332.39%</b>
340 B Revenue	29,403	30,462	<b>(1,058)</b>	<b>-3.47%</b>
Capitation Fees & Other	191,232	16,775	174,457	1039.98%
Grant Revenue	215,901	125,662	90,239	71.81%
<b>Total Clinics</b>	<b>759,572</b>	<b>696,187</b>	<b>63,385</b>	<b>9.10%</b>
<b>Grand Total</b>	<b>1,000,987</b>	<b>933,180</b>	<b>67,807</b>	<b>7.27%</b>

\* Transportation income & expense are really interdepartmental transactions.

District operational revenue for February 2019 is 2% over budget, a dollar amount of \$4,422. This is due to transportation income related to driving more trips (which causes certain expenses such as gas, repair and maintenance, etc. to increase) than anticipated at budget time, and due to investment income, which continues to exceed budgeted amounts.

Community Health Center revenue for February 2019 is 9% over budget, a dollar amount of \$63,385.

Patient services as a dollar amount are higher than budgeted dollar amounts even though actual services did not make budget services. There are a couple of reasons for this, which cause this anomaly: a) Dental and Behavioral Health services were budgeted at net (and not grossed up as the actuals are) and b) it looks like the payer mix has changed from what was originally budgeted.

Contractuals are higher than budget also for two reasons: a) Dental and Behavioral Health services were budgeted at net (and thus no amounts have been included in contractuals, whereas



actuals have dental contractual amounts in them), and b) the contractual percentage for the budget is not as high as what is currently trending in the actual numbers.

Capitation Fees & Other are higher than budget. This is predominantly due to other and not so the Capitation Fees. The Other component is higher due to a \$35,000 that was received toward the Mobile Medical Unit (MMU), as well as a promise to give for \$140,000 that was entered as income. This promise to give also has to do with the Mobile Medical Unit (MMU) and represents the amounts that are expected to be received from a donor for the MMU in future years. Generally Accepted Accounting Principles (GAAP) require promises to give to be recognized as a restricted donation (it is restricted due to the timing of when we expect the donation to come in).

Finally, Grant Revenue is higher than budget because more grant income has been awarded than originally anticipated when the budget was created.

The year to date variances broken down by revenue category is provided in Table 4 below.

Table 4

Description	Actual YTD	Budget YTD	Over/(Under)	% of Budget
Lease & Rental Income	1,352,645	1,352,645	0	0.00%
Grant Income	22,922	4,411	18,511	419.67%
Tax Revenue	400,000	400,000	-	0.00%
Transportation	71,047	55,452	15,594	28.12%
Other	10,628	-	10,628	0.00%
Investment Income	194,502	95,975	98,527	102.66%
Bad Debt Recovery	2,214	-	2,214	0.00%
<b>Total District</b>	<b>2,053,957</b>	<b>1,908,484</b>	<b>145,473</b>	<b>7.62%</b>

Description	Actual YTD	Budget YTD	Over/(Under)	% of Budget
Net Patient services	6,682,936	5,457,004	1,225,932	22.47%
Contractuals	(2,694,875)	(904,394)	(1,790,481)	197.98%
340 B Revenue	245,128	265,015	(19,888)	-7.50%
Capitation Fees & Other	385,267	145,943	239,324	163.98%
Grant Revenue	1,250,833	1,093,257	157,576	14.41%
<b>Total Clinics</b>	<b>5,869,288</b>	<b>6,056,825</b>	<b>(187,537)</b>	<b>-3.10%</b>
<b>Grand Total</b>	<b>7,923,245</b>	<b>7,965,309</b>	<b>(42,064)</b>	<b>-0.53%</b>

Based on year to date analysis, there are no trending changes in variances that haven't already been discussed in previous board meetings.

## EXPENSE

### Consolidated Analysis

Monthly operating expenses are (7%) over budget, a dollar amount of \$(54,999). Results have been summarized in Table 5 below.

Table 5

Expense	Actual Mth	Budget Mth	(Over)/Under	% of Budget
District	185,936	178,476	(7,460)	-4.18%
Clinics	608,922	561,383	(47,539)	-8.47%
	794,858	739,859	(54,999)	-7.43%

Year to date operating expenses are (2%) over budget, a dollar amount of \$(146,170). Results have been summarized in Table 6 below.



Table 6

Expense	Actual Mth	Budget Mth	(Over)/Under	% of Budget
District	1,571,650	1,543,935	(27,715)	-1.80%
Clinics	5,002,487	4,884,033	(118,455)	-2.43%
	6,574,138	6,427,968	(146,170)	-2.27%

*District Analysis*

District operating expenses for February 2019 are **(4%)** over budget, a dollar amount of **\$(7,460)**, summarized in Table 7 below.

Table 7

Description	Actual Mth	Budget Mth	(Over)/Under	% of Budget
Salaries - District	98,314	96,299	(2,015)	-2.09%
Fringe - District	21,450	25,577	4,126	16.13%
Phys Fees - District	-	-	-	0.00%
Purchases Services - District	22,731	13,176	(9,555)	-72.52%
Supplies - District	8,172	6,597	(1,574)	-23.86%
R&M - District	1,463	1,437	(26)	-1.80%
Leases/Rentals - District	6,823	4,122	(2,701)	-65.53%
Utilities - District	2,028	912	(1,117)	-122.52%
Ins - District	15,523	12,585	(2,938)	-23.35%
Other - District	9,431	17,772	8,340	46.93%
<b>Total District Before Allocation</b>	<b>185,936</b>	<b>178,476</b>	<b>(7,460)</b>	<b>-4.18%</b>
Allocation of Overhead for Health Centers	(56,250)	(56,250)	-	0.00%
<b>Total District After Allocation</b>	<b>129,686</b>	<b>122,226</b>	<b>(7,460)</b>	<b>-6.10%</b>

Purchased Services are over budget due to higher legal expenses which were incurred over the purchase of the La Contenta Business Center.

District operating year to date expenses for February 2019 are **(2%)** under budget, a dollar amount of **\$(27,715)**, summarized in Table 8 below.

Table 8

Description	Actual YTD	Budget YTD	(Over)/Under	% of Budget
Salaries - District	855,968	837,803	(18,165)	-2.17%
Fringe - District	172,029	222,516	50,488	22.69%
Phys Fees - District	-	-	-	0.00%
Purchases Services - District	121,642	114,628	(7,014)	-6.12%
Supplies - District	40,191	57,398	17,207	29.98%
R&M - District	13,533	12,506	(1,027)	-8.21%
Leases/Rentals - District	43,020	35,862	(7,159)	-19.96%
Utilities - District	14,470	7,931	(6,540)	-82.46%
Ins - District	139,993	100,680	(39,313)	-39.05%
Other - District	170,804	154,613	(16,191)	-10.47%
<b>Total District Before Allocation</b>	<b>1,571,650</b>	<b>1,543,935</b>	<b>(27,715)</b>	<b>-1.80%</b>
Allocation of Overhead for Health Centers	(450,000)	(450,000)	-	0.00%
<b>Total District After Allocation</b>	<b>1,121,650</b>	<b>1,093,935</b>	<b>(27,715)</b>	<b>-2.53%</b>

Based on year to date analysis, there are no trending changes in variances that haven't already been discussed in previous board meetings.

*Community Health Center Analysis*

Community Health Center operating expenses for February 2019 are **(8%)** over budget, a dollar amount of **\$(47,539)**, summarized in Table 9 below.



Table 9

Description	Actual Mth	Budget Mth	(Over)/Under	% of Budget
Salaries - Clinic	274,891	261,627	(13,264)	-5.07%
Fringe - Clinic	78,185	61,544	(16,641)	-27.04%
Phys Fees - Clinic	143,657	128,937	(14,721)	-11.42%
Purchases Services - Clinic	25,150	34,785	9,635	27.70%
Supplies - Clinic	34,901	27,240	(7,662)	-28.13%
R&M - Clinic	2,928	4,100	1,172	28.59%
Leases/Rentals - Clinic	28,390	25,131	(3,259)	-12.97%
Utilities - Clinic	6,019	6,091	72	1.18%
Ins - Clinic	-	269	269	100.00%
Other - Clinic	14,801	11,661	(3,140)	-26.93%
<b>Total Clinic Before Allocation</b>	<b>608,922</b>	<b>561,383</b>	<b>(47,539)</b>	<b>-8.47%</b>
Allocation of Overhead for Health Centers	56,250	56,250	-	0.00%
<b>Total Clinic After Allocation</b>	<b>665,172</b>	<b>617,633</b>	<b>(47,539)</b>	<b>-7.70%</b>

Fringe benefits variance is due to: a) health insurance over for month because employees are trending to higher utilization of health insurance (although note, due to lower utilization in the early months of fiscal year, overall we are still under), and b) PTO used is less than budgeted which causes greater expense.

Physician fees as a dollar amount are higher than budgeted dollar amounts even though actual services did not make budget services. The main difference for this has to do with the mix of contracted providers and employed providers, both of which create the total visits number. Even though monthly units are under budget, when the total visits are split down into the contracted provider pool and the employed provider pool, the contractor provider pool of units is over budget, which means higher amounts being paid to the contractors. Essentially, this is due to higher volumes in chiropractic and pediatric visits.

Purchased services are over budget due to a reversal of lab fees accrued from October.

Supplies are over due to 340B difference between budget and actual. The budget number is only \$574 for the whole year, which is quite a bit below what is trending for expenses.

Community Health Center operating year to date expenses through February 2019 are **(2%)** over budget, a dollar amount of **\$(118,455)**, summarized in Table 10 below.

Table 10

Description	Actual YTD	Budget YTD	(Over)/Under	% of Budget
Salaries - Clinic	2,216,509	2,276,153	59,644	2.62%
Fringe - Clinic	443,241	535,436	92,195	17.22%
Phys Fees - Clinic	1,253,367	1,121,748	(131,619)	-11.73%
Purchases Services - Clinic	294,368	302,627	8,258	2.73%
Supplies - Clinic	367,177	236,987	(130,190)	-54.94%
R&M - Clinic	14,158	35,667	21,509	60.30%
Leases/Rentals - Clinic	222,920	218,643	(4,278)	-1.96%
Utilities - Clinic	56,547	52,988	(3,559)	-6.72%
Ins - Clinic	-	2,338	2,338	100.00%
Other - Clinic	134,199	101,447	(32,752)	-32.29%
<b>Total Clinic Before Allocation</b>	<b>5,002,487</b>	<b>4,884,033</b>	<b>(118,455)</b>	<b>-2.43%</b>
Allocation of Overhead for Health Centers	450,000	450,000	-	0.00%
<b>Total Clinic After Allocation</b>	<b>5,452,487</b>	<b>5,334,033</b>	<b>(118,455)</b>	<b>-2.22%</b>

Based on year to date analysis, there are no trending changes in variances that haven't already been discussed in previous board meetings.

### NET INCOME

Putting it all together, February 2019 earnings before interest, taxes, depreciation and amortization (EBITDA) is 7% over budget, a dollar amount of \$12,809, summarized below.

Net Income District	Actual Mth	Budget Mth	Over/(Under)	% of Budget
Income	241,416	236,993	4,422	1.87%
Expense	(185,936)	(178,476)	(7,460)	-4.18%
Operating Income	55,479	58,517	(3,037)	-5.19%
Allocation of Overhead for Health Centers	56,250	56,250	-	0.00%
Operating Income after Allocation	111,729	114,767	(3,037)	-2.65%
Non-Op Income & Expense, inc depreciation	(60,285)			
Change in Net Position	51,444			

Net Income Clinic	Actual Mth	Budget Mth	Over/(Under)	% of Budget
Income	759,572	696,187	63,385	9.10%
Expense	(608,922)	(561,383)	(47,539)	-8.47%
Operating Income	150,649	134,804	15,846	11.75%
Allocation of Overhead for Health Centers	(56,250)	(56,250)	-	0.00%
Operating Income after Allocation	94,399	78,554	15,846	20.17%
Non-Op Income & Expense, inc depreciation	4,878			
Change in Net Position	99,278			

Net Income Combined	Actual Mth	Budget Mth	Over/(Under)	% of Budget
Income	1,000,987	933,180	67,807	7.27%
Expense	(794,858)	(739,859)	(54,999)	-7.43%
Operating Income	206,129	193,320	12,809	6.63%
Allocation of Overhead for Health Centers	-	-	-	0.00%
Operating Income after Allocation	206,129	193,320	12,809	6.63%
Non-Op Income & Expense, inc depreciation	(55,407)			
Change in Net Position	150,722			

Year to date EBITDA through February 2019 is (12%) under budget, a dollar amount of \$(188,233), summarized in Table 12 below.

Net Income District	Actual YTD	Budget YTD	Over/(Under)	% of Budget
Income	2,053,957	1,908,484	145,473	7.62%
Expense	(1,571,650)	(1,543,935)	(27,715)	-1.80%
Operating Income	482,307	364,548	117,759	32.30%
Allocation of Overhead for Health Centers	450,000	450,000	-	0.00%
Operating Income after Allocation	932,307	814,548	117,759	14.46%
Non-Op Income & Expense, inc depreciation	(138,184)			
Change in Net Position	794,123			

Net Income Clinic	Actual YTD	Budget YTD	Over/(Under)	% of Budget
Income	5,869,288	6,056,825	(187,537)	-3.10%
Expense	(5,002,487)	(4,884,033)	(118,455)	-2.43%
Operating Income	866,801	1,172,792	(305,992)	-26.09%
Allocation of Overhead for Health Centers	(450,000)	(450,000)	-	0.00%
Operating Income after Allocation	416,801	722,792	(305,992)	-42.33%
Non-Op Income & Expense, inc depreciation	(72,296)			
Change in Net Position	344,504			

Net Income Combined	Actual YTD	Budget YTD	Over/(Under)	% of Budget
Income	7,923,245	7,965,309	(42,064)	-0.53%
Expense	(6,574,138)	(6,427,968)	(146,170)	-2.27%
Operating Income	1,349,108	1,537,341	(188,233)	-12.24%
Allocation of Overhead for Health Centers	-	-	-	0.00%
Operating Income after Allocation	1,349,108	1,537,341	(188,233)	-12.24%
Non-Op Income & Expense, inc depreciation	(210,480)			
Change in Net Position	1,138,627			

Bottom Line – even though the District isn't performing as well as budgeted expectations, it is still showing positive operating income.

### **BALANCE SHEET AND CASH FLOW**

The balance sheet continues to remain strong based on the ratio analysis provided below the balance sheet.

Director Sullivan complimented Ms. Anderson, the report was presented exactly as requested.

Director Greenhouse commented that the report was thorough and detailed. In light of increasing fuel costs, she would like to follow transportation costs.

Director Armstrong: "Great job; super excited to see the new budget and watch next year as the numbers align better." He appreciates the condensed version of the financial report which still represents the District's financial position.

Director Doyle stated that the HRSA surveyor called out the collaboration between the Controller and the CHC financial team. "The feds saying their impressed with our finances is a big deal."

**Motion 19-23:** Director Sullivan motioned to accept the financial report as presented; motion seconded by Director Greenhouse; motion passed by unanimous vote.

### **MORONGO BASIN HEALTHCARE DISTRICT** – Jackie Combs, CEO

Ms. Combs referred the Directors to her written report under Tab 3. Additionally, she reported:

- The District officially closed escrow on the La Contenta property last Thursday and we have received the first tenant rent check.
- She reviewed the details of the upcoming Flying Doctor event on April 13 at Copper Mountain College's Bell Center.
- MMU is out in the remote areas of the District; Joe Ruddon is coordinating destinations in conjunction with other activities, such as food banks. It has been a learning opportunity for staff.
- The First-5 dental program is visiting MUSD sites to provide care to students.

Director Doyle stated, "We are doing such good work. The Directors take the credit for staff's work; thanks for making us look so good."

Director Evans said she liked the breakdown of staff participating in the outreach events.

Director Armstrong offered words of encouragement to Joe Ruddon to persevere when only one patient shows up at the MMU site. He told him he was doing a great job and that this board and staff feel the MMU is so important to the community.

Director Sullivan thanked the newspaper for the write-up promoting the MMU services.

### **CALENDAR REVIEW AND COORDINATION**

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

- Shared meeting between boards, April 18 at 6 p.m.
- May 16: Foundation and budget work shop



### DIRECTOR COMMENTS

- DIRECTOR EVANS: She clarified that the shared board meeting convened at 6 p.m.
- DIRECTOR DOYLE: “All the feedback from the surveyors was about a great job, wonderful staff and pointed to good leadership.”
- DIRECTOR GREENHOUSE: “Thank you.”
- DIRECTOR SULLIVAN: “We went out to bid on Split Rock and are not awarding any bids” He requested that the agenda item return to the agenda for formal closure.
- DIRECTOR ARMSTRONG: Acknowledged the CHC board members who attended this meeting, saying, “Last year this time we were stumbling around trying to make the relationship between the boards work. We so appreciate the new joint collaboration between boards; the community will win from this new era of collaboration. We appreciate your time and contribution; thank you for how you are serving the community through this endeavor.” He also noted his satisfaction that the La Contenta Business Center escrow has closed and that he is looking forward to all the promise it affords for the future.

### MEETING ADJOURNED TO CLOSED SESSION at 6:28 after a brief break.

- Pursuant to Government Code section 32155 of the Health and Safety Code: Report involving Quality Assurance Matters.
- Pursuant to Government Code section 32106 of the Health and Safety Code: Report involving Trade Secret. Estimated date of public disclosure is projected for May, 2019.


### RECONVENED TO OPEN SESSION at 7:30 p.m. to receive Closed Session report.

Director Armstrong reported for “Trade Secrets” that Staff was directed to bring additional information back to the board in closed session at the regular meeting in May. There was no report regarding “Quality Assurance Matters.”

### MEETING ADJOURNMENT

Director Armstrong adjourned the meeting at 7:31 p.m.

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

  
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Bob Armstrong, President

  
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Dianne Greenhouse, Secretary