



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

**May 2, 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

Staff Present:

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

Public Present:

- Eric Knabe, Z107fm
- Jenna Hunt, Star
- Shirley Lundquist, HDMC Aux President
- Beverly Scott, CHC board member
- Mark Lundquist, community member
- Linda Evans, tenet

**CALL TO ORDER**

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

**ROLL CALL**

Karen Graley, Board Clerk, conducted roll call. Four Directors were present for a quorum; Director Sullivan was excused.

**OBSERVANCES**

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

**PUBLIC COMMENT**

No public comment presented.

**APPROVAL OF MEETING AGENDA**

**Motion 19-26:** Director Doyle motioned to approve the meeting agenda as presented; motion seconded by Director Evans; 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, April 4, 2019.

**Motion 19-27:** Director Doyle motioned to approve the consent agenda; motion seconded by Director Evans; motion passed by unanimous vote.



## PRESENTATIONS

### HI-DESERT MEDICAL CENTER AUXILIARY – *Shirley Lundquist, Auxiliary President*

Mr. Rudson introduced and welcomed Shirley Lundquist, President of HDMC Auxiliary. He reminded the Board of Directors that last year the Auxiliary presented \$20,000 for the LIFT Transportation program. Ms. Lundquist presented a check for \$5,000 and affirmed the Auxiliary's support of the healthcare District. The Board of Directors expressed their appreciation for the Auxiliary and their support of this vital program.

### NEW EMPLOYEE WELCOME – *Jackie Combs, CEO*

Ms. Combs presented the PowerPoint that is used to orient new employees. The presentation is an overview of the District and shows the relationship between the District and its departments and programs, and explains the governing boards.

## ACTION ITEMS

### COMMUNITY HEALTH CENTER GOVERNING BOARD BYLAWS

**Motion 19-28:** Director Greenhouse motioned to accept the CHC Governing Board's Bylaws as stated in Article IX: Adoptions and Amendments; motion seconded by Director Doyle who also commented that the HRSA surveyors liked the Bylaws; motion passed by unanimous vote.

### SPLIT ROCK PROJECT BID AWARD

Ms. Combs reviewed the background of the project and bidding process. A significant factor is that because we are a public entity we must meet State requirements for prevailing wage which restricts the number of contractors who offer that service, and inflates project costs. The lowest bid was \$1.3 million. The Architect reviewed the lowest bid for scope; however, because of the cost, staff recommends that the lowest bid be rejected and the scope of the project be reduced to allow for District employees to complete the project.

**Motion 19-29:** Director Doyle motioned to reject all bids received for the project and proceed with the renovation using District staff; motion seconded by Director Greenhouse; motion passed by unanimous vote.

Director Greenhouse stated she believes we are on track with the project; Director Doyle was surprised and disappointed at the cost of the project and feels doing it ourselves is more practical in light of this new information; Director Evans agreed and felt this option was more prudent with the District's funds.

### SPLIT ROCK FENCING

Ms. Combs spoke to fencing the property because of some vandalism at the site. The goal is to make the property operational and protected; some components of the fencing can be delayed for later installation as needed.

DISCUSSION: Director Evans was in agreement with the proposal and expressed concern that only one bid for the fencing was received. Ms. Schmall received a call from a second bidder who offered a higher quote; she explained that this was not a bid but a quote. Director Evans suggested that we get an idea of market cost, ie a Google search of five or six sites, for estimated cost before calling for quotes. Ms. Schmall was able to Google an approximate market cost during the meeting. Director Doyle asked about the fence design, she was pleased it's not chain link. Ms. Schmall stated it is wrought iron with a pointed detail on top, 6-foot high. Director Armstrong clarified regarding project quotes that many variables impact the cost, such as the number of gates, etc.





Description	Actual Mth	Budget Mth	Over/(Under)	% of Budget
Lease & Rental Income	169,081	169,081	-	0.00%
Grant Income	-	532	(532)	-100.00%
Tax Revenue	50,000	50,000	-	0.00%
Transportation	7,760	6,693	1,068	15.96%
Other	-	-	-	0.00%
Investment Income	29,516	11,583	17,933	154.82%
Bad Debt Recovery	2,115	-	2,115	0.00%
<b>Total District</b>	<b>258,472</b>	<b>237,889</b>	<b>20,584</b>	<b>8.65%</b>
Patient services	898,666	658,604	240,062	36.45%
Contractuals	(438,378)	(109,151)	(329,227)	301.62%
340 B Revenue	32,238	31,985	253	0.79%
Capitation Fees & Other	17,146	17,614	(468)	-2.66%
Grant Revenue	175,564	131,945	43,619	33.06%
<b>Total Clinics</b>	<b>685,236</b>	<b>730,996</b>	<b>(45,760)</b>	<b>-6.26%</b>
<b>Grand Total</b>	<b>943,708</b>	<b>968,885</b>	<b>(25,176)</b>	<b>-2.60%</b>

District operational revenue for March 2019 is 9% over budget, a dollar amount of \$20,584. This is due to investment income, which continues to exceed budgeted amounts.

Community Health Center revenue for March 2019 is **(6%)** under budget, a dollar amount of **\$(45,760)**.

Patient services as a dollar amount are higher than budgeted dollar amounts even though actual services were only slightly over budgeted 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.

Finally, Grant Revenue is higher than budget because more grant income has been awarded than originally anticipated when the budget was created (and remember no grant revenue was budgeted for the 1<sup>st</sup> Five grant).

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

Description	Actual YTD	Budget YTD	Over/(Under)	% of Budget
Lease & Rental Income	1,521,726	1,521,726	0	0.00%
Grant Income	22,922	4,943	17,979	363.70%
Tax Revenue	450,000	450,000	-	0.00%
Transportation	78,807	62,145	16,662	26.81%
Other	10,628	-	10,628	0.00%
Investment Income	224,018	107,558	116,460	108.28%
Bad Debt Recovery	4,329	-	4,329	0.00%
<b>Total District</b>	<b>2,312,430</b>	<b>2,146,373</b>	<b>166,057</b>	<b>7.74%</b>
Patient services	7,581,602	6,115,608	1,465,994	23.97%
Contractuals	(3,133,253)	(1,013,545)	(2,119,707)	209.14%
340 B Revenue	277,366	297,000	(19,634)	-6.61%
Capitation Fees & Other	402,413	163,557	238,856	146.04%
Grant Revenue	1,426,397	1,225,201	201,195	16.42%
<b>Total Clinics</b>	<b>6,554,524</b>	<b>6,787,821</b>	<b>(233,297)</b>	<b>-3.44%</b>
<b>Grand Total</b>	<b>8,866,954</b>	<b>8,934,193</b>	<b>(67,240)</b>	<b>-0.75%</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 **(21%)** over budget, a dollar amount of **\$(162,757)**. Results have been summarized in Table 5 below.

Table 5

Expense	Actual Mth	Budget Mth	(Over)/Under	% of Budget
District	215,166	186,771	(28,395)	-15.20%
Clinics	723,814	589,452	(134,362)	-22.79%
	938,980	776,223	(162,757)	-20.97%

Year to date operating expenses are **(4%)** over budget, a dollar amount of **\$(308,926)**. Results have been summarized in Table 6 below.

Expense	Actual Mth	Budget Mth	(Over)/Under	% of Budget
District	1,786,816	1,730,706	(56,109)	-3.24%
Clinics	5,726,302	5,473,485	(252,817)	-4.62%
	7,513,117	7,204,191	(308,926)	-4.29%

***District Analysis***

District operating expenses for March 2019 are **(15%)** over budget, a dollar amount of **\$(28,395)**, summarized in Table 7 below.

Description	Actual Mth	Budget Mth	(Over)/Under	% of Budget
Salaries - District	107,223	101,114	(6,109)	-6.04%
Fringe - District	30,460	26,855	(3,605)	-13.42%
Phys Fees - District	-	-	-	0.00%
Purchases Services - District	35,373	13,834	(21,539)	-155.69%
Supplies - District	4,062	6,927	2,865	41.36%
R&M - District	588	1,509	921	61.02%
Leases/Rentals - District	6,823	4,328	(2,495)	-57.65%
Utilities - District	2,111	957	(1,154)	-120.54%
Ins - District	15,523	12,585	(2,938)	-23.35%
Other - District	13,001	18,660	5,659	30.33%
<b>Total District Before Allocation</b>	<b>215,166</b>	<b>186,771</b>	<b>(28,395)</b>	<b>-15.20%</b>
Allocation of Overhead for Health Centers	(56,250)	(56,250)	-	0.00%
<b>Total District After Allocation</b>	<b>158,916</b>	<b>130,521</b>	<b>(28,395)</b>	<b>-21.75%</b>

Purchased Services are over budget due to higher legal expenses which were incurred over the purchase of the La Contenta Business Center as well as due to the printing of the community annual report and a bill for general election costs.

District operating year to date expenses for March 2019 are **(3%)** under budget, a dollar amount of **\$(56,109)**, summarized in Table 8 below.

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Description	Actual YTD	Budget YTD	(Over)/Under	% of Budget
Salaries - District	963,191	938,917	(24,274)	-2.59%
Fringe - District	202,489	249,371	46,883	18.80%
Phys Fees - District	-	-	-	0.00%
Purchases Services - District	157,015	128,462	(28,553)	-22.23%
Supplies - District	44,253	64,325	20,072	31.20%
R&M - District	14,121	14,015	(106)	-0.76%
Leases/Rentals - District	49,843	40,190	(9,654)	-24.02%
Utilities - District	16,581	8,888	(7,693)	-86.56%
Ins - District	155,517	113,265	(42,252)	-37.30%
Other - District	183,805	173,273	(10,532)	-6.08%
<b>Total District Before Allocation</b>	<b>1,786,816</b>	<b>1,730,706</b>	<b>(56,109)</b>	<b>-3.24%</b>
Allocation of Overhead for Health Centers	(506,250)	(506,250)	-	0.00%
<b>Total District After Allocation</b>	<b>1,280,566</b>	<b>1,224,456</b>	<b>(56,109)</b>	<b>-4.58%</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 March 2019 are (23%) over budget, a dollar amount of \$(134,362), summarized in Table 9 below.

Description	Actual Mth	Budget Mth	(Over)/Under	% of Budget
Salaries - Clinic	280,180	274,708	(5,472)	-1.99%
Fringe - Clinic	77,917	64,622	(13,296)	-20.57%
Phys Fees - Clinic	175,574	135,383	(40,190)	-29.69%
Purchases Services - Clinic	71,231	36,524	(34,707)	-95.02%
Supplies - Clinic	64,150	28,602	(35,548)	-124.28%
R&M - Clinic	5,086	4,305	(782)	-18.16%
Leases/Rentals - Clinic	28,390	26,388	(2,002)	-7.59%
Utilities - Clinic	7,450	6,395	(1,055)	-16.50%
Ins - Clinic	-	282	282	100.00%
Other - Clinic	13,836	12,244	(1,593)	-13.01%
<b>Total Clinic Before Allocation</b>	<b>723,814</b>	<b>589,452</b>	<b>(134,362)</b>	<b>-22.79%</b>
Allocation of Overhead for Health Centers	56,250	56,250	-	0.00%
<b>Total Clinic After Allocation</b>	<b>780,064</b>	<b>645,702</b>	<b>(134,362)</b>	<b>-20.81%</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) quarterly retirement was calculated. Per the plan documents, when newly eligible employees come on board, they get the employer for the entire fiscal year. So base salaries that were skipped in earlier parts of the year (because the employee wasn't eligible at the time) then get retirement calculated on it when the employee becomes eligible.

Physician fees as a dollar amount are higher than budgeted dollar amounts even though actual services were only slightly higher than budgeted 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 the payment made to a third party for the billing of secondary Medi-Cal claims that the old EHR system was unable to complete.

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. Also medical supplies were over.



Community Health Center operating year to date expenses through March 2019 are **(5%)** over budget, a dollar amount of **\$(252,817)**, summarized in Table 10 below.

Description	Actual YTD	Budget YTD	(Over)/Under	% of Budget
Salaries - Clinic	2,496,689	2,550,861	54,172	2.12%
Fringe - Clinic	521,158	600,058	78,900	13.15%
Phys Fees - Clinic	1,428,941	1,257,131	(171,810)	-13.67%
Purchases Services - Clinic	365,599	339,151	(26,448)	-7.80%
Supplies - Clinic	431,327	265,589	(165,738)	-62.40%
R&M- Clinic	19,245	39,972	20,727	51.85%
Leases/Rentals - Clinic	251,311	245,030	(6,280)	-2.56%
Utilities - Clinic	63,997	59,383	(4,614)	-7.77%
Ins - Clinic	-	2,620	2,620	100.00%
Other - Clinic	148,036	113,691	(34,345)	-30.21%
<b>Total Clinic Before Allocation</b>	<b>5,726,302</b>	<b>5,473,485</b>	<b>(252,817)</b>	<b>-4.62%</b>
Allocation of Overhead for Health Centers	506,250	506,250	-	0.00%
<b>Total Clinic After Allocation</b>	<b>6,232,552</b>	<b>5,979,735</b>	<b>(252,817)</b>	<b>-4.23%</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, March 2019 earnings before interest, taxes, depreciation and amortization (EBITDA) is **(98%)** under budget, a dollar amount of **\$(187,933)**, summarized in Table 11 below.

Net Income District	Actual Mth	Budget Mth	Over/(Under)	% of Budget
Income	258,472	237,889	20,584	8.65%
Expense	(215,166)	(186,771)	(28,395)	-15.20%
<b>Operating Income</b>	<b>43,307</b>	<b>51,118</b>	<b>(7,811)</b>	<b>-15.28%</b>
Allocation of Overhead for Health Centers	56,250	56,250	-	0.00%
Operating Income after Allocation	99,557	107,368	(7,811)	-7.27%
Non-Op Income & Expense, inc depreciation	23,729			
Change in Net Position	123,286			

Net Income Clinic	Actual Mth	Budget Mth	Over/(Under)	% of Budget
Income	685,236	730,996	(45,760)	-6.26%
Expense	(723,814)	(589,452)	(134,362)	-22.79%
<b>Operating Income</b>	<b>(38,578)</b>	<b>141,544</b>	<b>(180,122)</b>	<b>-127.26%</b>
Allocation of Overhead for Health Centers	(56,250)	(56,250)	-	0.00%
Operating Income after Allocation	(94,828)	85,294	(180,122)	-211.18%
Non-Op Income & Expense, inc depreciation	(7,273)			
Change in Net Position	(102,101)			

Net Income Combined	Actual Mth	Budget Mth	Over/(Under)	% of Budget
Income	943,708	968,885	(25,176)	-2.60%
Expense	(938,980)	(776,223)	(162,757)	-20.97%
<b>Operating Income</b>	<b>4,729</b>	<b>192,662</b>	<b>(187,933)</b>	<b>-97.55%</b>
Allocation of Overhead for Health Centers	-	-	-	0.00%
Operating Income after Allocation	4,729	192,662	(187,933)	-97.55%
Non-Op Income & Expense, inc depreciation	16,457			
Change in Net Position	21,185			

Year to date EBITDA through March 2019 is **(22%)** under budget, a dollar amount of **\$(376,166)**, summarized in Table 12 below.



Net Income District	Actual YTD	Budget YTD	Over/(Under)	% of Budget
Income	2,312,430	2,146,373	166,057	7.74%
Expense	(1,786,816)	(1,730,706)	(56,109)	-3.24%
Operating Income	525,614	415,666	109,948	26.45%
Allocation of Overhead for Health Centers	506,250	506,250	-	0.00%
Operating Income after Allocation	1,031,864	921,916	109,948	11.93%
Non-Op Income & Expense, inc depreciation	(114,454)			
Change in Net Position	917,409			

Net Income Clinic	Actual YTD	Budget YTD	Over/(Under)	% of Budget
Income	6,554,524	6,787,821	(233,297)	-3.44%
Expense	(5,726,302)	(5,473,485)	(252,817)	-4.62%
Operating Income	828,222	1,314,336	(486,114)	-36.99%
Allocation of Overhead for Health Centers	(506,250)	(506,250)	-	0.00%
Operating Income after Allocation	321,972	808,086	(486,114)	-60.16%
Non-Op Income & Expense, inc depreciation	(79,569)			
Change in Net Position	242,404			

Net Income Combined	Actual YTD	Budget YTD	Over/(Under)	% of Budget
Income	8,866,954	8,934,193	(67,240)	-0.75%
Expense	(7,513,117)	(7,204,191)	(308,926)	-4.29%
Operating Income	1,353,836	1,730,002	(376,166)	-21.74%
Allocation of Overhead for Health Centers	-	-	-	0.00%
Operating Income after Allocation	1,353,836	1,730,002	(376,166)	-21.74%
Non-Op Income & Expense, inc depreciation	(194,023)			
Change in Net Position	1,159,813			

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

Director Doyle noted that the HRSA surveyor recommended using a reporting system of red / amber / green.

**Motion 19-32:** Director Doyle 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 7. Additionally, she reported:

- Cindy Schmall and Tricia Gehrlein are working to make adjustments in the electronic medical record.
- Training staff for the care team implementation has begun; starting with Team Haley, two medical assistants will work specifically with the assigned provider; patients will be assigned to that team for follow up and management.
- Mr. Ruddon has been working with a new company to find a medical doctor to expand services.
- Jackie spoke her appreciation of leadership staff.

**CALENDAR REVIEW AND COORDINATION**

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

- Conflict with the fourth of July holiday. Discussion where to move the meeting, propose to convene the regular July business meeting on Tuesday, July 9.
- May 16: Foundation and budget work shop





## DIRECTOR COMMENTS

- DIRECTOR EVANS: Complimented Jackie for expressing her appreciation for staff; the orientation presentation is important for getting new employees on board. The Auxiliary presentation of LIFT funds is wonderful. “Thank you Jackie for your hard work.”
- DIRECTOR DOYLE: Thanked the HDMC Auxiliary for their generous donation. “We so appreciate them and their support. Also, thanks to our team of leaders for the great job you do and moving us forward for the benefit of the community.”
- DIRECTOR GREENHOUSE: “Thank you for the excellent reports.”
- DIRECTOR ARMSTRONG: “Thank you, Jackie for updating the organizational chart. It seems each of the leadership staff members are hitting their pace; they know what they’re doing. Staff is hitting their stride; it’s noticeable and effective Loved the AIDET concept; great video example on how a patient should be seen. If all healthcare was provided with AIDET there would be less complaints. Listened to Z107 and heard Kathy Alkire’s radio presentation, so neighborly and engaging. It says ‘we live here, we provide those services, we’re here for you.’” Ms. Combs shared that Alex Barba wrote her first radio spot and recruited Dr. Frascchetti to cut the ad.
- Director Armstrong took the opportunity to update the board on the broad band committee. The received a presentation from Geo Links included a map where towers and coverage area would be if they are involved. The proposal is for 30MG download and upload speeds, the blanket covers the entire service area; they offer 1GIG along the corridor to attract businesses; the school district and military base representatives are excited. This project impacts the entire Basin. It’s possibly becoming a reality. Cost is affordable. Next step is to make the monthly cost reasonable for financially challenged households to access the service.

**MEETING ADJOURNED TO CLOSED SESSION** at 6:37 p.m. after a brief break.

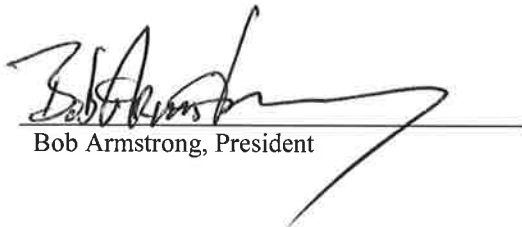
- *Pursuant to Government Code section 32106 of the Health and Safety Code: Report involving Trade Secret. Estimated date of public disclosure is projected for June, 2019.*

**RECONVENED TO OPEN SESSION** at 7:30 p.m. to receive Closed Session report.  
Director Armstrong stated there was nothing to report out from closed session.

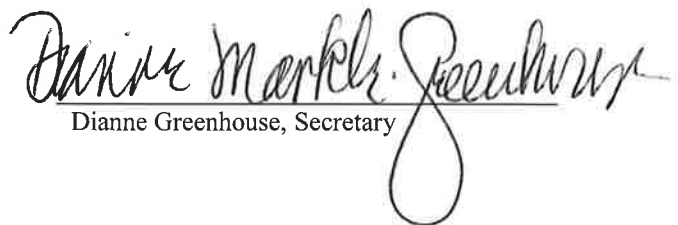
## MEETING ADJOURNMENT

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

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



Bob Armstrong, President



Dianne Greenhouse, Secretary