



Hi-Desert Memorial Health Care District dba
Morongo Basin Healthcare District
BOARD OF DIRECTORS REGULAR MEETING MINUTES
March 6, 2025, at 6:00 p.m.

Convened on the La Contenta campus; the public was invited to attend the meeting on campus or via Microsoft Teams, an electronic, remote platform.

- **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, Equity.*

Board of Directors:

- Director Cooper
- Director Evans
- Director Markle-Greenhouse
- Director Stiemsma

Administrative Staff:

- CEO Cindy Schmall
- Debbie Anderson, CFO
- Tricia Gehrlein, Chief Patient Experience & Compliance Officer (*remote*)
- Karen Graley, Board Clerk (*remote*)
- Janeen Duff, Director Strategic Initiatives (*remote*)
- Beverly Krushat, Administrative Services Manager
- Geoffrey Baker, Facilities Manager

Guests

- Marc Greenhouse, CHC board member
- Erin Flanagan, Community Member
- Garrett Gfeller and Tyler Anderson, DZA Accountants (*remote*)
- Linda Evans, Chief Strategy Officer, Desert Care Network (*remote*)
- Eric Menendez, CHC Board Member
- Rue, Community Member (*remote*)

CALL TO ORDER

Director Stiemsma called the meeting to order at 6:00 p.m. The meeting was convened on the La Contenta campus and by electronic platform using Microsoft Teams platform.

ROLL CALL

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

OBSERVANCES

Director Cooper read the mission and vision statements. Director Stiemsma led the assembly in the pledge of allegiance.

PUBLIC COMMENT

No public comment was presented.

APPROVAL OF THE MEETING AGENDA

- **Motion 25-22:** Director Greenhouse motioned to approve the meeting agenda; second by Director Evans, motion passed by unanimous vote.

APPROVAL OF THE CONSENT AGENDA

- **Motion 25-23:** Director Greenhouse motioned to approve the minutes of the regular meeting of the Board of Directors on February 6, 2025, as presented, second by Director Evans motion passed by unanimous vote.



PRESENTATION: DESERT CARE NETWORK UPDATE

Ms. Linda Evans, Chief Strategy Officer, Desert Care Network, provided the quarterly update.

Surveys: Hi-Desert Medical Center (HDMC) received The Joint Commission Sepsis Certification in February.

People:

- Currently recruiting for Chief Administrative Officer, Chief Nursing Officer, and a permanent Labor & Delivery Director

Local Event Participation:

- Measure AA Thank You & Appreciation Events hosted at all hospitals. Events included a special meal and gift to celebrate the successful passing of Measure AA, stabilizing our network for decades to follow.
- Stop the Bleed – Education sessions, valley & basin wide. Held in various senior centers, HOAs, Hi-Desert Rod & Gun Club.
- National Wear Red Day – February 7 – Bringing awareness about women and heart disease, health, and well-being
- HDMC continues to hold blood drives with LifeStream as do the other Desert Care Network hospitals. The need for blood remains critical.

Trauma Update:

- 2024 - Treated 352 patients. This was a 31 percent increase from 2023 at 268 patients.
- Majority of cases continue to be traffic collisions and geriatric falls

Capital Project Update - Acute Hospital:

- Acute hospital emergency generator project in process. Anticipated completion July 2025.
- Approved for all new cardiac defibrillators.
- Approved for completion of patient cardiac monitoring system replacement for remaining areas of ED, ICU and Periop/Recovery.
- Approved purchase of all new beds at CCC.
- Bulk 02 replacement at CCC to be completed in May.

BUSINESS ITEMS REQUIRING BOARD ACTION

ACCEPT ANNUAL FINANCIAL AUDIT REPORT

Mr. Garrett Gfeller, CPA, DZA Accountants, presented the annual financial audit for fiscal year 2023-24. He stated that the information presented is fairly stated and that the report is reliable for making management and strategic decision for the organization.

BALANCE SHEET: The balance sheet is very strong showing a significant increase in cash and investments. He pointed out that cash-on-hand is close to 1,100 days, enough reserve to pay current operating expenses for three years, which is an incredibly strong metric.

- The audit shows patient accounts receivables at roughly 30 net days, another strong metric. This means billing, coding and collection is clean and paid at a rapid pace.
- Capital assets didn't shift much from last year's audit. Overall, assets look very, very healthy.
- Third party payer settlements, primarily Medi-Cal, are quite sizable as part of the state's reconciliation process. Approximately \$1.4 million was paid back to Medi-Cal for the 2024 period.
- The organization has very little debt on the books.



INCOME STATEMENT:

- Net patient revenue is decent overall, up to \$1.7 million year over year. Again, overall volumes were good based on payments, collection and revenues earned.
- Grant income was down compared to previous years. Historically consistent grant revenue was \$2 million in federal grant money for the health center.
- It's difficult to project Quality Assurance Fees (as stated in the lease agreement with Tenet Health). The organization received just over \$2 million in Quality Assurance Fees in the audit period.
- Operating expenses includes salaries and benefits which increased in aggregate about five percent in total. Everything else was consistent with last year. Overall, salaries and benefits have increased 62 percent, in line with most healthcare organizations.
- Operating income, overall, is again in the positive this year. Non-operating revenue includes property tax levy paid to the healthcare district, investment income, fuel from various donors and Hi-Desert Memorial Health Care District Foundation support. Very healthy.
- Change in net position increased \$5.6 million overall, a 50 percent year over year increase compared to 2023. Again, very healthy and strong metric. He stated, "I'm not used to seeing these types of numbers in the presentations I give. So, that shows that the district's management is doing a very good job in managing the assets and items of the district. Good oversight with regard to those amounts, so, well done on those accounts."

INVESTMENT PORTFOLIO: Transfer of cash during the audit period was \$5 million.

CAPITAL ASSETS: The organization had sizeable additions, including the 29 Palms health center construction project.

NET PATIENT REVENUE: Mr. Gfeller reviewed the revenue payer classes (Medicare, Medi-Cal, other commercial payers, self-pay patients, and 34B contract pharmacy). He noted the increase in Medi-Cal revenue because of the shift from managed care to the capitation-based model. 83 percent of total revenues is from the Medi-Cal program.

SINGLE AUDIT: Because the organization received federal funds and paid out over \$750,000, it is required to undergo a single audit of federal funds. The audit found no significant deficiencies or material weaknesses within the financial reporting process. This means the organization's processes are clean and adequate to ensure that the financial information presented to the Directors is accurate.

PROGRAM COMPLIANCE: The major program selected for this component of the audit was the health center's cluster of awards as a federally qualified health center. The process was tested, such as management of cash and draws from the payment management system, the sliding fee program, applications of the sliding fee discount program. We're pleased to report that there were no findings as part of the single audit, again, clean as a whistle.

FINANCIAL INDICATORS:

- ★ Total Margin: Very strong metric, almost 29 percent for a total margin. We usually recommend 3-6 percent as the goal.



- ★ Cash On Hand: currently cash on hand stands at three years of operating funds should revenue sources fail. Typical recommendation is 90 days minimum cash on hand with a goal of 180 days.
- ★ Current Ratio: This measures the liquidity of the organization, its value of current assets over current liabilities. Because of the Medi-Cal managed care settlements of \$2 million to be paid out, the liability was increased and halved the ratio from 24 to 11. A score of ten is considered very good so this is not a bad metric. We typically recommend 2-to-1 as the target goal.
- ★ Long Term Debt to Net Position: This measures debt against total equity of the organization. With the minimal debt, the organization can easily cover its debt obligations.
- ★ Days and Net Patient Accounts Receivable: This indicator measures how quickly patient accounts are collected. This is determined by correct coding, the generation of the invoice and the timely collection of the billed services. Our firm recommends within 40 to 50 days as a reasonable goal. Your billing department is doing an excellent job as collections are less than 40 days.
- ★ Contractual Adjustments percentage: Contracted adjustments in 2022 are reflected in 2023 financials. There is no target goal. It is something to be monitored. There was a significant increase because of the Medi-Cal shift in program management.
- ★ Bad Debt and Sliding Fee percentage: This represents what percentage of the revenue is provided to patients who are unable to pay or have restricted resources and apply to the sliding fee program. The number of applicants has decreased and is likely related to patients being forced into the Medi-Cal expansion (IEHP). Less people need to qualify for the program.

He closed the presentation with a review of the auditor's letter, a summary of findings.

- ★ No new notes, no new accounting policies or procedures, no new standards implemented this year.
- ★ All transactions were reviewed, no additional guidance required.
- ★ No significant difficulties were encountered during the audit. The District was responsive to all inquiries.
- ★ There were no material audit adjustments posted as part of the audit. This means that the financial information prepared for the board is accurate and clean and can be relied upon when making decisions.

Director Cooper expressed her appreciation of the report. Director Evans expressed appreciation for a clean audit with no deficiencies and the cash on hand metric. Director Greenhouse said the annual audit is like a wellness report for the District.

Motion 25-24: Motion by Director Evans to accept the annual financial report for FY2023-24; second by Director Greenhouse, motion passed by unanimous vote.

REQUEST FOR CAPITAL EXPENSE FOR SPLIT ROCK PROJECT

Mr. Geoffrey Baker, Facilities Manager, referred the Directors to the itemized list of expenditures in the agenda packet. The request of \$320,490.54 covers costs for Internet/phone installation, data



drops, plumbing to septic system, fencing, mandated masonry around the trash enclosure, ironworks for trash enclosure, building skirting, HVAC, and security system.

Cindy Schmall, CEO, noted that the project is now two-years in process and initial quotes are outdated, and new requirements were imposed by the City (i.e., masonry wall surrounding the trash enclosure) that was not in the original calculations.

- **Motion 25-25:** Motion by Director Evans to approve the capital expense request for the Split Rock project for \$320,490.54; second by Director Greenhouse, motion passed by unanimous vote.

APPROVAL OF POLICIES

The following human resource and IT policies were presented for review. Ms. Schmall noted that the policies were reviewed by legal for compliant language. There were no questions.

- HR-217 Sick Leave (revised)
- HR-249 Absence and Tardiness (revised)
- HR-279 Holiday Recognition (no changes)
- HR-295 Telecommuting Requirements (revised)
- IM-225 Acceptable Use (revised)

- **Motion 25-26:** Motion by Director Greenhouse to approve HR policies 217, 249, 279, 295 and IT policy 225 as presented; second by Director Evans. The motion passed by unanimous vote.

DISCUSSION: BOARD OF DIRECTORS VACANT SEAT

CEO Cindy Schmall reviewed the history of recruiting community members to the vacant seat. She commended Director Greenhouse for presenting two candidates, but unfortunately, they did not qualify.

Director Evans asked if the District could revert to no voting-zones. Ms. Schmall noted that all local districts are struggling with vacant seats and compliance with the voting zone, stating that Copper Mountain College had a board vacancy for a year before they were able to appoint the seat. Discussion continued. Director Stiemsma requested a flyer to post on the college campus. Conclusion: we continue to recruit from zone #3.

DISCUSSION – FEDERAL LEGISLATIVE CHANGES

Cindy Schmall stated that there is no new information to present to the board that is related to the operation of the District. Director Evans asked about creating a policy on how to respond to ICE should they come to our health center. Ms. Schmall said staff consulted with legal on how to respond and were advised to inform staff to comply. Director Evans asked if patients expressed concern. Cindy Schmall stated that we have a very small immigrant population, and no one has voiced concern.

Director Evans expressed concern for the tone projected by the federal administration against transgender and LGBTQ populations. She suggested that staff reach out to other organizations to ascertain how they are preparing and responding.

Cindy Schmall reminded the Directors that, as board members of a healthcare district, they are agents of a public, government agency. We do not have the right to prohibit anyone from accessing our property. And we receive federal monies and are mandated to comply with federal orders, even if it countermands California law.

Per the audit information, over 80 percent of our receipts come from Medi-Cal. There is a proposed state budget cut of \$800 billion for Medi-Cal and other social programs. Nothing has



been approved yet, but there is a potential threat to our health center operations. At some point in the future, this board will face difficult questions and financial challenges about how we proceed with our organization, such as should we convert to a RHC (rural health center scenario) which has the same status as a federally qualified health center but is restricted from receiving federal funds. That would mean a financial hit of \$2 million. These are things we must begin considering as an organization if we hope to continue caring for our patients in every possible way. The staff leadership team is already discussing and projecting possible scenarios and solutions.

When we have budget preparation with managers, we will have recommendations for your consideration. Tricia Gehrlein, Chief Patient Experience and Compliance Officer spoke to the pros and cons of converting to RHC status.

STAFF REPORTS

GRANTS UPDATE

Janeen Duff, Director Strategic Initiatives, referred the Directors to the written report in the agenda packet. She reviewed the data and answered questions.

FINANCIAL REPORT

Ms. Anderson reported that the consolidated financials for the month of January 2025 show income of \$183,805 and year to date income of \$2,627,101. Non-clinic financials for January show income of \$183,672 and a year-to-date income of \$2,770,718. The clinic financials for the month of January show income of \$133 and year to date loss of \$(143,617).

The audited financial statements have been completed, which means we now have final numbers for Year End June 30, 2024.

- \$1,594,654.14 previously reported for June 30, 2024
- ✓ 742,855.82 PPS Adjustments for Behavioral Health
- ✓ (89,380.98) Final Revenue & Contractual adjustments made in September
- ✓ 3,357,159.03 QAF Monies received after June for FY 23-24
- ✓ 37,236.16 Additional grant income, ARP, HIV, American Heart received after June for FY 23-24
- ✓ 19,934.67 CAL AIM & Covered CA received after June for FY 23-24
- ✓ 13,722.21 Tax Payments made in July
- ✓ 343,144.80 Donated Vaccines entry
- ✓ (45,201.30) Late bills - Additional SUTA, bill for board districting, & PTO adjustments received after June
- ✓ (29,899.55) Late grant expenses backdated to June 2024
- ✓ (358,812.57) Donated Vaccines & 340B expenses entry
- ✓ 3,990,758.29
- ✓ \$ 5,585,412.43 Final Net Surplus

Patient Services revenue includes PPS adjustments. The pending allocation adjustments will be made once documentation is received.

Grant revenue shows a variance due to bookings for the ARP equipment grant and the continuation of the HIV grant.

Capitation fees are higher from absorbing patients from a local doctor's office that no longer services IEHP patients.



- The salaries and fringe variance is due to positions budgeted but not filled, so savings took place.
 - **Motion 25-27:** Director Greenhouse motioned to accept the financial report as presented, second by Director Evans; motion passed by unanimous vote.

CEO REPORT – *Cindy Schmall, CEO*

CEO Cindy Schmall reported:

- Tenet has vacated the suites at Airway as of last week. We will review the space and see how we can use it. Some thoughts include:
 1. Temporary space while clinics are renovated
 2. Future urgent care space
 3. Sell the space if we have no use for it.
- An update on the 2023 anti-vaping campaign was requested. We have been advised by Morongo Unified School District Assistant Superintendent of Secondary Instruction, Ms. Amy Woods, that they have had staff transitions and therefore are not providing education on anti-vaping at this time. We will follow up with them once the new Director of Equity and Access is in place.
- Clinic leadership and senior management have completed 95 percent review and revision of all policies and procedures. This is done at least every three (3) years. We are implementing a review schedule that will allow us to pace future reviews and revisions in a manner that does not overwhelm the board.
- The Facilities Department has vacated the 6650 building on the La Contenta campus and moved to the 6540 building, suite 300. This gives the current tenant the requested additional space and gives Facilities a much bigger space for its operations. Suite 300 was vacated by FIND Food several months ago.
- March 20 is our quarterly employee forum. This is a time when we provide staff education and comradery for staff.
- Human Resources has presented the Employee Satisfaction Survey. Press Ganey will compile the survey data and forward it to us. Admin will evaluate the findings and coordinate with managers to respond appropriately to employee concerns.
- On January 23, the Outreach Team participated in the Point-In-Time-Count event for quantifying the homeless population within the Basin. Our Outreach Team was assigned to two teams for contact with homeless people in the Joshua Tree area. They had minimal contact with homeless persons in the area but identified additional businesses that would benefit from outreach efforts. A decrease in the number of homeless contacts was noted when compared to last year.
- The new billing company Medusind will begin providing services April 1. We are refining contract details.
- Our next IEHP audit is scheduled for the week of March 20. Jill Goodwin, Clinic Manager is working on preparations.
- The Uniform Data Systems (UDS) reports were successfully filed to HRSA on February 11 by Tricia Gehrlein. UDS is due annually by February 15. The total number of individual patients seen in the clinics in 2024 was 8,800, which was up from the 8,472 in 2023.
- The projected completion date for the Split Rock project is now August 2025.



- As we are preparing the newly acquired Yucca Valley space at 58295 29 Palms Hwy, our plan is to move as many staff as possible into the new space so that support staff can be closer to the Yucca Valley health center for operational purposes. Having administrative services just down the street from the Yucca Valley campus is practical and makes it easier to communicate and be on site quickly. Staff will work with HRSA to add the new building as an additional administrative site.

CALENDAR REVIEW AND COORDINATION

- March 8 and 9: Flying Doctors event
- April 6: regular business meeting followed by a Foundation board meeting at 7:15 p.m.
- April 17: Yucca Valley Chamber Mixer hosted by the District.

DIRECTOR COMMENTS

DIRECTOR COOPER: “She thanked staff for the reports. It was nice to get compliments from the auditor.”

DIRECTOR GREENHOUSE: “Debbie Anderson deserves a round of applause for an excellent audit.” She thanked staff for their efforts on behalf of the District.

DIRECTOR EVANS: She thanked the guests that attended tonight’s meeting. “It was nice to see that the auditors were impressed with the District’s financial performance.”

ADJOURN MEETING TO CLOSED SESSION

At 7:42 p.m. the open session was dismissed. The Directors convened to closed session, pursuant to Government Code 54956.9(b)(1) for potential litigation (1 case) at 7:50 p.m.

RECONVENE TO OPEN SESSION AND ADJOURN MEETING

The Directors reconvened to open session and adjourned the meeting at 8:17 p.m. Director Stiemsma stated that the CEO should proceed as directed.



Patricia Cooper, Secretary of the Board

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