

Hi-Desert Memorial Health Care District dba
Morongo Basin Healthcare District
BOARD OF DIRECTORS REGULAR MEETING MINUTES
March 5, 2026 at 6:15 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
- Jacqueline Todd

Administrative Staff:

- CEO Cindy Schmall
- Debbie Anderson, CFO
- Tricia Gehrlein, Chief Administrative Officer (*remote*)
- Karen Graley, Board Clerk (*remote*)
- Beverly Krushat, Office Services Manager
- Janeen Duff, Quality Director (*remote*)

Guests

- Linda Evans, Chief Strategy Officer, Desert Care Network (*remote*)
- Shawn Johnson, CPA, Owner, DZA Accountants (*remote*)
- Tyler Anderson, CPA, Senior Accountant, DZA Accountants (*remote*)
- Marc Greenhouse, CHC board member
- Eric Menendez, community member (*remote*)

CALL TO ORDER

Director Greenhouse called the meeting to order at 6:15 p.m. The meeting was convened on the La Contenta campus and by electronic platform using Microsoft Teams.

ROLL CALL

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

OBSERVANCE

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

PUBLIC COMMENT

None presented.

APPROVAL OF THE MEETING AGENDA

- **Motion 26-19:** Director Stiemsma motioned to approve the meeting agenda; second by Director Todd, motion passed by unanimous vote.

APPROVAL OF THE CONSENT AGENDA

- **Motion 26-20:** Director Evans motioned to approve the minutes of February 5, 2026, second by Director Stiemsma. Motion passed by unanimous vote.



PRESENTATION

DESERT CARE NETWORK QUARTERLY UPDATE – *Linda Evans, Chief Strategy Officer*

Ms. Evans provided the following information.

People & Services: HDMC welcomed Mak Danhounsrou as HDMC’s first Associate Administrator; search continues for a Labor & Delivery Director. Mammography screening services are now in full swing at HDMC with appointments readily available.

Event Participation:

- LifeStream Blood Drives were held December 17 and 30. Upcoming drives at HDMC are scheduled for April 15 and June 10 at the Helen Gray Education Center. Drives are also scheduled at each Desert Care Network (DCN) hospital.
- We plan to participate in the upcoming May 2 Yucca Valley Community Health Fair.
- Plans are underway for recognition and appreciation for Doctors’ Day (3/30); Nurses Week (5/6-10); Hospital Week (5/10-16); and EMS Week (5/17-23) at all DCN hospitals.

Capital Project Update: At the acute hospital, the CT Scan replacement project is in process with completion estimated in Q2 2026; the mobile CT is operational. The generator project continues.

Tenet ACA Open Enrollment Initiative: November 1 – January 15 the Covered California Health Insurance Exchange program was targeted. It was considered necessary based on anticipated significant marketplace disruptions, the need for patients to re-enroll (a change from auto-renewal), and an increase in premiums for exchange programs. Certified Application Counselors within DCN & Tenet were available to the community. Events and outreach are underway to educate and promote awareness.

Trauma Update:

- 2024 Total Trauma Cases: 284
- 2025 Total Trauma Cases: 523. The number of trauma cases treated each month ranges from 27-49 with majority as falls and traffic collisions.

Measure AA – Validation Action Update: In November 2024, Measure AA passed with 72.34% support of the voters. Desert Healthcare District chose to file a validation action on the lease purchase agreement with Desert Regional / Tenet. Eisenhower Medical Center filed legal action against the District’s validation action arguing and opposing the non-compete clause and other items. The judge continued the September 30 court hearing to December 17, 2025. A Trial Setting Conference was 1/12/26, a Court Hearing on Summary Motions 2/19/26; and another hearing was held 3/10/26. The Motion for Summary Judgment hearing is scheduled for 3/23/26. He also scheduled a Court Trial (judge only; not jury) on 9/4/26 for 2-3 days if needed.

San Gorgonio Memorial Hospital: Tenet assumed management as of 1/1/26; Michele Finney is the Interim CEO. The transition to Tenet systems and processes is underway. The hospital is an “affiliate” of Desert Care Network; and remains a District hospital.

Director Evans thanked Ms. Evans for the update and stated her appreciation for the Covered California outreach provided by Hi-Desert Medical Center to help community members comply with new requirements to remain insured.



ACTION ITEMS

ANNUAL FINANCIAL AUDIT REPORT – *Shawn Johnson, CPA, Owner and Tyler Anderson, CPA, Senior Accountant, DZA Accountants*

Mr. Johnson presented the report with Mr. Tyler Anderson, who administered the audit. He announced that it was a “clean audit.” New industry standards were applied to the audit.

- CASH increased about three million from 2024 to 2025. This is the result of positive operating cash flow. Investment income has also increased with transfers to the investment portfolio. Patient accounts receivable, which is money owed by patients, insurance companies, Medi-Cal or Medicare, increased some as well.
- 2024-25 MANAGED CARE RECONCILIATION settlement (Medi-Cal): every year a reconciliation is prepared that uses the PPS rate that the District should have been paid, compares it against the interim payments that have been paid, plus the enhancements (code 18 payments), resulting in a settlement for that time period. The final settlement was that the District owed the state for both 2024 and 2025.
- OPERATING REVENUE (net patient revenue, grants, and lease revenue) increased 1.2 million due to increased patient volume, and a decrease in full-time employees, but the average amount paid to employees increased related to an imposed, sizable increase in minimum wage. Operating income showed improvement in 2024 at two million and 2025 at three million. Overall, there was a positive change in position of eight and a half million dollars, compared to five and a half million dollars in the previous year. 2025 was a very healthy fiscal year. Most of the revenue comes from Medi-Cal patients at \$8.3 million. The remainder of the ten million is from either commercially insured, Medicare, or uninsured patients.
- In accordance with government auditing standards, internal controls over financial reporting is reviewed. Any weakness in the reporting process is considered a material weakness or a significant deficiency. The review included testing the sliding fee program, the UDS measures reported and other components of the grant. No weaknesses were found and the audit shows compliance with the HRSA program grant.

FINANCIAL INDICATORS: The financial results are compared to previous fiscal years.

- OVERALL NET INCOME for the year is eight and a half million dollars divided by the revenue. Net income for 2026 is 36.4%. Typical for the industry is three to five percent. The historical trend shows a continuing increase between 2023 to 2025.
- CASH ON HAND is very healthy. It includes the investment portfolio, cash, and investments. This shows that if revenue stopped, the organization could continue operations for 1,100 days based on current resources. Industry standard is to retain enough cash on hand to operate for 100 days.
- CURRENT RATIO reflects how many times present-day obligations, due in the next year, can be paid for with current available resources. Because the District has a sizeable cash investment portfolio, it could pay off current obligations eleven times. This is lower than in past years but is still an extremely healthy number. The recommended number is three or more times.



- DAYS IN ACCOUNTS RECEIVABLE is the average number of days it takes to collect accounts receivable. Currently, the average number of days is 41. Over the last five years, the number of days has hovered between 30 and 40 days to collect. This is an average number of days for health centers.
- CONTRACTUAL ADJUSTMENTS show for every dollar of revenue how much is written off because of contracts with Medicare and Medi-Cal insurances companies. 38% has been the consistent measure for the last three years.
- SLIDING FEE AND BAD DEBT summarizes the average number of patients who qualify under the sliding fee program and the amount of unpaid revenue being written off by the organization. Over the last three years, the sliding fee number has been about one percent. Bad debts have been about half of a percent. Typically, health centers range from one to ten percent for sliding fee based on the population in which they operate.
- FULL TIME EQUIVALENT reflects the average employee base. There was a small decrease in this audit from 96 to 92 employees. These are actual employees and not contracted personnel. Salaries and benefits per full-time equivalent employee went from \$90,000 to just short of \$99,000. Patient service revenue per full-time equivalent employee went from \$90,000 to \$110,000, a sizeable increase. The increase in patients and a decrease in full-time employees is what caused this jump.
- REVENUE BY SOURCE defines where the revenue comes from. Half is net patient revenue, thirteen percent from grants, six percent from taxes, and twenty-four percent related to the Tenet lease.

Director Greenhouse thanked Mr. Johnson for his report and congratulated CEO Schmall and CFO Anderson on the clean audit.

Director Evans acknowledged for the public record that the large amount of funds kept by the District is a safety net should Tenet choose to terminate the lease agreement and the District would resume operations of the medical center. As Mr. Johnson noted in his report, the lease still has another 20 years remaining. While the District does invest in our community with programs, we continue to reinvest funds and retain assets to protect the community's access to healthcare.

- **Motion 26-21** Motion by Director Evans, second by Director Stiemsma, to defer the acceptance of the auditor's report of the 2024-25 financial audit to next month's meeting to provide the Directors time to review the data. Motion passed by unanimous vote.

STAFF REPORTS

CORPORATE COMPLIANCE BIENNIAL UPDATE – *Tricia Gehrlein, Corporate Compliance Officer*

This will be high level information coming out of a vigorous process. The compliance committee, comprised of the CEO, CFO, Chief Medical Officer, Director of Quality, and me, meets quarterly to review data.

Threats: This report is for 2025 third and fourth quarters.

- Malware: two IT malware attempts were caught by our software program. Both events were stopped before anything entered our network.



- HIPAA: two instances of potential HIPAA violation. Both instances were investigated thoroughly with appropriate action implemented. There was no reportable compromise.

Incident reports:

- During Q3 and Q4 there was one delay of care, three disruptive patients or destruction of property, and two patients left the health center without being seen by a provider. There were five medical emergencies where we called 911 for patient transport to a higher level of care; two potential HIPAA violations mentioned earlier; and five harmful non-violent actions towards providers or staff (heated altercations within the health center). There were a total of 36 altercations in 2025.
- There were no discernable trends identified. Staff acted appropriately in all instances. We will continue to educate staff on incident reporting, encouraging incident reporting, reinforcing HIPAA policies, and how to respond when an incident occurs, and what is the best course of action so staff feels confident they know what to do in any given situation.

Director Greenhouse clarified that the violent altercations against staff remained verbal. Director Evans inquired about the property destruction. Ms. Gehrlein noted that the vandalism events happened prior to placing the chain link fence around the Yucca Valley health center campus. There was discussion about security measures; no recommendations were made.

FINANCIAL REPORT

Ms. Anderson reported that the consolidated financials for the month of January 2026 show income of \$389,796 and year to date income of \$2,581,051. Non-clinic financials for January show income of \$32,402 and a year-to-date income of \$2,009,697. The health center financials for the month of January show income of \$357,393 and year to date income of \$571,953.

The fiscal year 24-25 audit has concluded and we have final numbers for the year. The biggest adjustments were for the patient revenue activity and the cost report liabilities. Since the cost reports were completed prior to the audit being done, we were able to use real numbers instead of estimates. As a reminder, net position for the District (non-clinics) includes investment income at \$2.6 million, and the Tenet lease monies (including the QAF funds received) at \$6.2 million. Clinics had PPS adjustments recognized for the year which helped give the clinics a positive net position.

Green: asked about the property taxes have increased to just over \$1 million.

- **Motion 26-22:** Director Stiemsma motioned to accept the financial report as presented, second by Director Todd; motion passed by unanimous vote.

CEO STAFF REPORT

Ms. Schmall gave a verbal report as follows.

- She shared the recent changes in titles and staff responsibilities that were listed in the employee newsletter. Tricia Gehrlein is now Chief Administrative Officer with an expanded role of oversight of compliance and quality. Janeen Duff has moved to the quality department as Director of Quality and will report to Tricia Gehrlein. Tela Thornett's title as Operations Manager has oversight of day-to-day operations; I remain Chief Information Officer. Dianna Anderson now manages the Wellness Wheels transportation program, and Niko Lunetta has expanded his responsibilities to include staff CPR and mask-fit training. He is also overseeing the clinic remodels. These changes distribute responsibilities more evenly and are part of a



larger strategy for better function and efficiency. Directors Stiemsma and Evans congratulated staff on their new titles and responsibilities. After further discussion, the Board requested a presentation on the new case management program.

- Ms. Schmall attended the ACHD Board of Directors meeting on February 26-27 in Sacramento. ACHD invited the California Department of Health Care Access and Information (HCAI) to speak on the removal of HPSA scores from approximately 375 rural communities in California and also about the Rural Health Transformation program.
- District staff have submitted our notice to adopt CUPCAA to the California State Controller's office and will now begin the next phase of the process. Completion of this process will allow the district to move projects along faster.
- Debbie Anderson and I met with RBC Investments February 2 to review our portfolio. No changes are recommended.
- We are still awaiting completion of the Split Rock project by Southern California Edison (SCE).
- Remodeling of the behavioral health and Yucca Valley adult departments has begun. These are capital projects and will provide better patient flow and revitalized spaces.
- We have filled a full-time LCSW and nurse practitioner role, both will start next week. We are still looking for a full-time nurse practitioner and a full-time MD.
- We have a new HRSA representative; Tricia Gehrlein, Debbie Anderson and I met with him recently.

CALENDAR REVIEW AND COORDINATION

Calendars for March, April and May were reviewed.

- March 7 and 8 Flying Doctors event at YVHS. Free care will be given to the first 50 people for vision and the first 150 for dental care. We have invited District staff to volunteer. Outreach staff will have a table at the event. SBCo will be present on Saturday for school vaccinations.
- CEO ad hoc committee: CEO Schmall noted that two board meetings on the same night is too much to add a third meeting for the ad hoc committee. She asked Directors to send Karen their available dates for a special meeting.
- May 2 is the Yucca Valley Community Health and Resource Fair, 10a-2p.
- May 25 offices are closed in observance of the Memorial Day holiday.

DIRECTOR COMMENTS

- **DIRECTOR COOPER:** She congratulated Cindy Schmall and Debbie Anderson on the clean audit.
- **DIRECTOR EVANS:** She congratulated Tricia Gehrlein on her promotion and thanked her for all she does. "And congratulations on the relatively small number of events in your compliance report. Coming from a hospital setting, hearing so few incidents is mind boggling. Kudos to you and staff."



- DIRECTOR STIEMSMA: She congratulated staff on the excellent financial audit report with no material weaknesses. She also wished Cindy Schmall and Director Evans happy birthday.
- DIRECTOR TODD: No comment.
- DIRECTOR GREENHOUSE: Thanked staff for being present.

The meeting was adjourned at 7:24 p.m.



Heidi Stiemsma, Secretary of the Board

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