



Hi-Desert Memorial Health Care District dba
Morongo Basin Healthcare District
BOARD OF DIRECTORS REGULAR MEETING MINUTES
May 7, 2026 at 6:30 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 – not present
- Director Evans
- Director Markle-Greenhouse
- Director Stiemsma
- Jacqueline Todd

Administrative Staff:

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

Guests

- Linda Evans, Chief Strategy Officer, Desert Care Network (*remote*)
- Julie Brown, Facilitator, Hi-Desert Chapter, Laundry Love Program
- Liz Neff, volunteer, Laundry Love Program
- Marc Greenhouse, CHC board member

CALL TO ORDER

Director Greenhouse called the meeting to order at 6:30 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.

PUBLIC COMMENT

None presented.

APPROVAL OF THE MEETING AGENDA

CEO Cindy Schmall requested to remove approval of policy FN-GA-106 Grants and Compliance Cost Principles as it does not require board approval; it is a procedure, not a policy.

- **Motion 26-28:** Director Evans motioned to approve the amended meeting agenda; second by Director Todd, motion passed by unanimous vote.

APPROVAL OF THE CONSENT AGENDA

- **Motion 26-29:** Director Stiemsma motioned to approve the minutes of April 2, 2026 regular monthly business meeting and April 7, 2026 special ad hoc committee meeting, second by Director Todd. Motion passed by unanimous vote.

PRESENTATION

LAUNDRY LOVE PROGRAM – *Julie Brown, Facilitator, Hi-Desert Chapter*

Ms. Brown introduced the Laundry Love Program. She spoke about the social pressure people experience that comes with lack of access to laundry services. “Laundry Love brightens the lives of thousands of people every single year through love, through dignity, and through detergent. It’s



three ingredients. Love is the reason. Dignity is the hope that every person will be seen and heard as a human being. And detergent is the means. Clean and comfortable feels good on everybody.”

Laundry Love is a nationwide program that began in California in 2023. The national organization now has 4,000 chapters. Once a chapter is established with the national organization, a team of committed, local, trustworthy volunteers, partners with local laundromat owners to provide access to laundry machines. Volunteers orchestrate a schedule for participating families to access resources to do their laundry once a month. Detergent and money for the machines are managed by the program. In the Morongo Basin, Laundry Love is working with local social workers to identify ten families who will be allotted a monthly appointment for one year.

This local chapter is recruiting financial partners to support the program with a minimum one-year pledge of \$400 per month which provides eight loads of laundry per family once a month. The national program requires a minimum one-year pledge. This Hi-Desert Chapter will expand to additional families as funding becomes available. Laundromat costs can be from \$4.00 to \$8.00 a load, depending upon the size of the machine used. 30-minutes of dryer time is about \$2.50 a load. All financial donations are through the national organization, a 501c3 corporation.

She stated, “We are starting with students and senior citizens, targeting the most vulnerable populations.”

Director Greenhouse asked that the HDMHCD Foundation discuss this program at their next meeting.

ACTION ITEMS

APPROVAL OF POLICIES – *Cindy Schmall, CEO and Debbie Anderson, CFO*

CEO Cindy Schmall and CFO Debbie Anderson reviewed the policies and explained why the policies were presented for approval. There were no questions or discussions.

- FN-AP-101 Cash Disbursements and Accounts Payable
- FN-AP-104 Levels of Authorization
- FN-AP-105 Federal Grants Procurement
- FN-AP-106 Purchasing Non-Capital Supplies and Equipment
- FN-AP-107 Contracting for Public Works without Federal Funds
- **Motion 26-30** Motion by Director Evans, second by Director Todd, to approve the above listed policies as presented. Motion passed by unanimous vote.

APPROVAL OF CAPITAL EXPENSE – *Cindy Schmall, CEO*

Ms. Schmall explained the ongoing issues with the Yucca Valley campus south side sewer line. Calcification in the old iron pipes creates burrs. Rather than replacing the old lines, the plumbers recommend coating the pipes with epoxy to create an internal sheath in the pipe. This is the cheapest option for resolving the chronic problem.

- **Motion 26-31** Motion by Director Stiemsma, second by Director Evans, to approve the capital expense of \$13,001.87 to rehabilitate the Yucca Valley health center south side sewer line. Motion passed by unanimous vote.

APPROVAL OF AD HOC COMMITTEE RECOMMENDATION – *Director Greenhouse*

- **Motion 26-32** Motion by Director Evans, second by Director Stiemsma, to approve the recommendation of the annual ad hoc CEO performance committee to award Cindy Schmall, CEO, a 4.25% salary increase, and a \$5,000 one-time bonus as per board policy BD-003, for achieving assigned goals. Motion passed by unanimous vote.



FY26-27 OPERATIONS BUDGET – Debbie Anderson, CFO

- **Motion 26-33** Motion by Director Evans, second by Director Stiemsma, to instruct staff to proceed with the final development of the FY26-27 operations budget.

After the presentation, the motion and second were amended to add \$200,000 to the capital budget for a Yucca Valley campus project, and to approve the 2026-27 operating and capital budgets as amended. Motion passed by unanimous vote.

Ms. Anderson presented an overview of the proposed fiscal year 2026-27 operating budget. She reminded the Directors that the budget is an estimate. Budget assumptions, the logic for the assumptions, the budget categories, and specific challenges facing the organization that impact the operating budget were reviewed. Proposed budgets for clinical, district non-clinical, and a consolidated budget were reviewed in detail. She explained how the overhead support departments (HR, IT, finance, etc.) were allocated throughout the budget. A capital budget was included in the overview. There was discussion throughout the presentation.

BUDGET ASSUMPTIONS

- Payer funding mix remains consistent with prior year funding mix.
- Average billing rates & contractual/write-off rates have been calculated based on historical average rates multiplied by visits
- Capitation fees, 340B revenue, medical records, and interest income have all been projected based on trending amounts tempered by historical information
- Quality is based on latest information from managed care websites
- Cost reconciliation adjustments are based on projected revenue tempered by historical information.
- Grant Funding is estimated based on known amounts currently
- Budgeted FTEs remain filled the entire year and benefits don't cease due to staff turnover
- Physician fee amounts are based on units of service that determine underlying revenue AND assume the payer mix will remain consistent (IE: the mix between contracted and employed).
- Expenses with known contracted amounts are budgeted based on those amounts. Known increases are also factored into the budget.
- Expenses that are variable (physician fees based on units, outside billing service based on collections, etc.) are based on the underlying data.
- QAF income of \$2,500,000 has been estimated and is not guaranteed.

BUDGET CHALLENGES AND CONSIDERATIONS

- It is hard to get replacement providers due to national shortages, aging/retirement of existing providers, & unrealistic salary expectations by new doctors. We are in a rural area which increases the difficulties of getting qualified providers. The conversion to managed care means annual visits are longer because of all the requirements mandated by the managed care providers, so doctors aren't as productive as they were previously.
- HRSA FQHC base grant dollars stay the same at \$1,532,907. This amount has remained static since 2019.
- Health benefits continue to increase year after year (14% increase last year).
- The Directors & Officers/Employment Practices liability policy has a 20% + increase this year & with the new building bought, the property policy will have a significant increase also.
- IT needs are continuously emerging in this age of AI. IT vulnerabilities constantly evolve, and have to be addressed, which forces IT projects and additional costs.
- Software costs continue to rise. Software is predominantly subscription based (including our EHR).
- We have projected significant losses for the clinics for several years now. However, these losses have not come to fruition due to PPS retro payments, COVID grants, increased quality payments, and higher capitation amounts.
- However, each of these unanticipated revenues are not likely to offset future losses. We have no more PPS retro adjustments on the horizon, COVID grants are completed, quality dollars are being reduced from the managed care organizations, and capitation amounts have leveled out.



- Due to new Medi-Cal rules, and higher premiums on the California marketplace, we are anticipating reductions of patients on Medi-Cal and covered CA. Since we have a high concentration in these areas of patients served, this will likely affect frequency of visits by our patients as well as a reduction in PPS payments as patients shift from being insured to uninsured.

In this new budget, patient revenue is less than last year based on visit volume and reduced provider staff. Medi-Cal reconciliation is a variable, but the projection is based on historical patterns. Expenses continue to increase (government mandated increased minimum wage, employee benefits, IT security, insurances, etc.).

Consolidated bottom line project \$2.8 million to the good.

The capital budget was presented. There was discussion about adding \$200,000 for the Yucca Valley campus plumbing issues which had been missed in the proposed budget. Director Evans amended her motion, and Director Stiemsma concurred.

STAFF REPORTS

ANNUAL QUALITY PROGRAM REVIEW – *Tricia Gehrlein, CAO*

Tricia Gehrlein presented an overview of the UDS report that is submitted annually to HRSA. UDS data is based on patients seen in the health centers. She reported that staff had improved their data collection for the prescribed measures set by HRSA. Many of the goals were exceeded. The Quality Committee increased some target goals to improve the quality outcome.

She presented data for the Press Ganey 2025 patient satisfaction surveys. The survey scores increased by 25% which Tricia credited to the financial services department because of their follow-up with patients. The phone system failure was reflected in the results for Ease of Contacting. Patient Grievances come to us through IEHP. Tricia Gehrlein said she works with staff to improve the patient experience. The data reflects their efforts and success. We hosted a celebration to acknowledge their success.

Director Evans acknowledged the best practices reflected in this success. “I think you're doing great, too, and I appreciate all your work.” Director Greenhouse thanked both Tricia and Cindy Schmall and asked them to thank staff on behalf of the board.

FINANCIAL REPORT - *Cindy Schmall, CEO*

Debbie Anderson, CFO, presented the monthly financial report. Consolidated financials for the month of March 2026 show income loss of \$(158,634) and year to date income of \$3,006,770. Non-clinic financials for March show income loss of \$(174,837) and a year-to-date income of \$2,388,782. The health center financials for the month of March show income of \$16,203 and year to date income of \$617,988.

Of the \$617,988 income, \$147,026 is attributable to income recognized for a grant, but the corresponding expense isn't included because it was a capital item. Additionally, the 340B service line has only made \$115,934. The drug manufacturer restrictions along with the carve out for Medi-Cal Rx have both cut into the income that this program used to make. Chiropractic, adults and peds all show income whereas the dental and behavioral health show losses.

In FY 24-25, we estimated the cost report payback to be about \$1.7 million, and it ended up being closer to about \$2 million. This means as we review the revenue above, it is likely we will need to further adjust the cost payment reconciliation liability by another \$262,500.



The investments for the District showed losses, so this caused the non-clinic financials to show losses for the month. However, year to date, the non-clinic financials continue to do better than budgeted.

She then spoke to the sliding fee program as it relates to dental services with variables related to the cost of the materials and service being provided. After further discussion, Director Evans requested a presentation of the sliding fee data for medical and dental services.

Motion 26-34: Director Stiemsma motioned to accept the financial report as presented, second by Director Todd; motion passed by unanimous vote.

CEO STAFF REPORT

- Ms. Schmall referred the Directors to the ACHD confirmation that the District has been recertified for transparency in governance for another three years.
- Joshua Basin Water District, who manages the Hi-Desert Medical Center wastewater reclamation, has advised that the Colorado Mojave Water Regional Board has requested an additional monitoring station at a significant cost. The District will begin working with JBWD to develop and implement a plan.
- The Registrar of Voter sent the election documents for certification by the District. Directors Evans and Stiemsma are up for election.
- The CHC board is out of HRSA membership compliance. Staff is recruiting to replace the vacant seat.

CALENDAR REVIEW AND COORDINATION

Calendars for May and June were reviewed. Discussion about moving the June meeting but no change was made to the calendar.

DIRECTOR COMMENTS

- DIRECTOR EVANS: “Happy Nurses Week”
- DIRECTOR STIEMSMA: Thanked staff for the presentations and reports.
- DIRECTOR TODD: “Good to see everyone.”
- DIRECTOR GREENHOUSE: She thanked Linda Evans for attending the meeting. “The health fair was great, lots of good comments. Thank you, staff, for another successful event.”

ADJOURN TO CLOSED SESSION

The open session was adjourned to closed session at 8:50 p.m., pursuant to Section 32106 of the Health and Safety Code: report involving trade secret. This is continuance of the February 5, 2026 closed session.

They reconvened to open session at 9:10 p.m. Director Greenhouse reported that the Board of Directors authorized CEO Cindy Schmall to consolidate District services in Yucca Valley to the existing site located at 58295 29 Palms Hwy and to dispose of surplus properties owned by the District:



- APN-0595-192-30-0000
- APN-0595-192-31-0000
- APN-0601-201-36-0000

This is full disclosure for closed session meetings on February 5 and May 7, 2026.

ADJOURN MEETING

The meeting was adjourned at 9:10 p.m.



Heidi Stiemsma, Secretary of the Board

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