

**FINANCE COMMITTEE MEETING
OF THE
BOARD OF DIRECTORS
HOSPITAL REDWOODS ROOM**

**THURSDAY, JANUARY 29, 2019
MINUTES**

1. CALL TO ORDER:

Mr. John Redding called the Finance Committee meeting to order.

2. ROLL CALL:

COMMITTEE MEMBERS PRESENT: Mr. Kirk O'Day, Mr. Bill Scott, Mr. John Redding, Mr. Bill Knapp, Mr. Steve Lund

COMMITTEE MEMBERS ABSENT: None

STAFF PRESENT:

Mr. Mike Ellis, CFO

3. COMMUNITY COMMENTS:

- Community members made comments regarding Hospital issues.

4. ACTION: REVIEW AND APPROVAL OF JANUARY 6, 2019 FINANCE COMMITTEE MINUTES

MOTION: To approve the January 6, 2019 Finance Committee Minutes with the removal of the word "Draft" from the Audit Report

- Scott moved
- Knapp second
- Motion carried

5. INFORMATION: INTRODUCTIONS

- Existing members
 - The committee members introduced themselves and gave a brief statement of their backgrounds.
- Proposed new members
 - Dr. Kirkman has expressed an interest in joining the Finance Committee.
 - This item will be added to both the Finance and Board February agendas as action items.
 - The Finance Committee has 3 openings; anyone interested in joining the committee should contact Mr. Redding.

6. INFORMATION: NUCLEAR MEDICINE

- Nuclear Medicine has been under review for several months as it is costing the Hospital money.
 - Nuc Med is costing the Hospital money.
 - \$129,000 in approximate net reimbursement, resulting from \$285,101 in gross charges
 - \$221,000 in direct cost, of which \$165,000 is in registry cost
 - <\$92,999> approximate loss for the year
 - The entire staff of the Nuclear Med consists of only one contract registry person

- Nuclear Medicine tests are performed on an outpatient basis
- Nuclear Medicine tests are scheduled, not ordered from ED
- The nearest other Nuclear Medicine is in Ukiah, Willits does not have one
- There is a known repair bill of \$7,500 within the next few months
- Dr. Kirkman and Dr. Perry have been educating the local providers, and there has been an increase in utilization in the Nuclear Medicine Department between August & November.
- Dr. Perry made a statement in favor of keeping Nuc Med, and he presented some graphs that showed improvement in the Nuc Med Program since he and Dr. Kirkman educated the local physicians on how to utilize Nuc Med.
- A study will be done and a break even point will be established. This will be brought back to the Finance Committee.

7. ACTION/INFORMATION: REVIEW AND APPROVAL OF JANUARY 2019 INTERIM FINANCIAL & STATISTICAL REPORT MENDOCINO COAST HEALTH CARE DISTRICT: MR. MIKE ELLIS, CFO

- Mike Ellis presented the December 2018 Financial Statement.

MOTION: To recommend the Board approve the December 2018 Interim Financial & Statistical Report

- Lund moved
- O'Day second
- Motion carried

6. INFORMATION: DEPARTMENT REVIEW: MR. MIKE ELLIS, CFO

- Cal Mortgage issued the Hospital a one year waiver for being out of compliance with the ratios.
- Mr. Ellis sent Cal Mortgage an email advising them that Bob Edwards is no longer the CEO at MCDH.

7. ACTION/INFORMATION: PROPOSED CHANGE IN MEETING DATE

- Mr. Redding proposed changing the Finance Committee's meeting date. He feels that since it occurs two (2) days before the Board meeting that it is not long enough to get an item on the agenda in time for that month's meeting, and it will be another month before the Board can deal with the issue.
- Mr. Redding proposed moving the meeting to Friday the week prior to the Board meeting.
- Discussion ensued.

MOTION: To adopt this change to the Bylaws

- Redding moved
- Motion died for lack of a second

8. INFORMATION: DISCUSSION OF HOSPITAL'S FINANCIAL CONDITION AND WHAT IS TO BE DONE

- Mr. O'Day presented a financial plan. He proposed achieving a debt service coverage of 125%, which means the Hospital has to limit their expenses and increase revenues. Please see the attached report as part of these minutes.
- Discussion ensued.

9. INFORMATION: ESTABLISH COMMITTEE'S GOALS FOR 2019

Suggestions:

- a. Prepare a Strategic Financial Plan
 - ❖ The committee agreed this is necessary and is first and foremost. The plan needs to be actionable.
 - ❖ Discussed the Finance Committee be more involved as a resource in the budgeting process.
 - ❖ Develop a plan for meeting the bond covenants and for getting caught up on the deferred maintenance or making progress towards that goal.
 - b. Develop a process for eliminating a service
 - ❖ A process will be developed for elimination of a service. Ensure the department manager is notified that a process is going to take place.
 - c. Prepare a “marketing” plan
 - ❖ The committee agreed that a Marketing Plan is necessary; perhaps tap into the Mendocino Coast Clinics.
- Mr. Redding will present some ideas for these issues at the February meeting.

10. INFORMATION: AGENDA ITEMS FOR THE NEXT MEETING

- Add Prepare a Strategic Financial Plan
- Add Develop a process for eliminating a service
- Establish goals

10. COMMENTS FROM COMMITTEE MEMBERS

- Community members made comments on issues regarding the Hospital.

11. ADJOURN:

- The meeting adjourned at 5:57

John Redding, Chair

Gayl Moon, Secretary