

**THE METROHEALTH SYSTEM
FINANCE COMMITTEE
BOARD OF TRUSTEES
REGULAR MEETING MINUTES**

DATE: Tuesday, March 21, 2017

TIME: 1:00-3:00 p.m.

PLACE: MetroHealth Medical Center
K107, Business Services Building

COMMITTEE TRUSTEES: Mr. McDonald, Mr. Monnolly, Mr. Schneider and Dr. Silvers

ADDITIONAL TRUSTEES: Ms. Dee and Mr. Spain

STAFF: B. Boulanger, A. Boutros, M.D., FACHE, N. Chehade, M.D., G. Himes, J. Kerkay, D. Lewis, M. Phillips, C. Richmond and M. Stern

GUESTS: J. Knorr (Bank of America), A. Lyda, C. Young (DHG), G. Wagner, M. Robbins (Kaufman Hall), M.O'Keefe (JP Morgan)

Dr. Silvers called the regular meeting of the Finance Committee to order at 1:25 p.m. Please note the minutes are written to conform to the printed agenda and are not necessarily in the order of discussion.

- I. The minutes of the regular meeting held on January 24, 2017 were approved as presented.

II. INFORMATION ITEMS

Craig Richmond, Senior Vice President and Chief Financial Officer began the meeting by introducing the new monthly reporting package which was comprised of the organization's operating performance statistics, ratios and volume metrics. The purpose of the Monthly Operating Performance Statistics and Ratios reporting package is to provide a set of metrics used to measure MetroHealth's key business processes and reflect strategic performance. As many of these metrics are focused on the efficiency of the organization's operations, both Daniel Lewis, Executive Vice President and Chief Operating Officer and Bernard Boulanger, M.D, Executive Vice President and Chief Clinical Officer will be presenting and discussing the results. Lastly, Mr. Richmond mentioned that the Financial Results will now be reported out on a quarterly basis at the Finance Committee meetings.

Mr. Lewis provided an overview of the Access Metrics. Review entailed discussion of the percent of Open Encounters which reflects the importance of chart close outs, stating there has been great improvements. Mr. Lewis discussed Appointment Lag for new patients and their ability to get into the system with a current year-to-date average of about 21 days, as well as Appointment Lag for Established patients, which they will continue to monitor. In addition, Mr. Lewis discussed No Shows for appointments either with or without cancellations stating cancellations are dropping.

Dr. Boulanger provided an overview of the Utilization Metrics results. Dr. Boulanger discussed the overall growth as well as the rise in acuity on the Inpatient Discharges, as well as, the tremendous growth in Outpatient Visits. Average Length of Stay was flat to 2016, but may in fact reflect improved performance given our increase in Case Mix Indexes (CMI). Medicare and Total Facility

CMI Indexes measure resource consumption and complexity of all patients we care for in the hospital and both were higher, generally due to surgical cases and ICU patients.

Dr. Boulanger also reviewed the Productivity Metrics discussing Total FTE's (Full time employees), Total FTE's per Adjusted Occupied Bed and wRVU's (work RVU's). Dr. Boulanger stated that every service that a physician or provider provides to a patient has a number of RVU's attached to it that is determined by the time spent, the experience required and the complexity of each, which reflects total work RVU's for all of our providers. Overall, year-to-date wRVU productivity and providers each increased by 16%.

Geoff Himes, Vice President of Finance discussed the Capital Structure Ratios (Rolling 12 Months) stating the Debt to Capitalization, Debt Service Coverage and Debt to EBIDA are all improving. Mr. Himes also discussed the Liquidity Ratios (Rolling 12 Months), the Days Cash on Hand and Cash Debt stating that cash levels are stable; however, our daily spend rate is up due to business growth. In addition, Mr. Himes discussed the Working Capital Ratios, Days in Accounts Receivable (AR) and Days in Other AR stating the days in AR rose slightly due to payer contract negotiations which have been finalized and the number should return to normal. The Days in Other AR was high last year due to a delay in our HCAP and UPL payments which has now been resolved.

Mr. Richmond remarked at the end of the discussion that a metrics definition page has been provided within the package that further explains each statistic and ratio. Lastly, Mr. Richmond mentioned that the type of metrics presented within this report will continue to be modified to best reflect MetroHealth's business and strategic performance.

III. NON-CONSENT/ACTION ITEMS

A. There are no items to report at this time.

IV. CONSENT ITEMS

A. A Recommendation for the Purchase of Certain Capital Equipment and Related Improvements

The Committee unanimously approved the recommendation for full Board action.

B. A Recommendation for Approval for Issuance and Sale of Certain Hospital Revenue Bonds, Series 2017

The Committee unanimously approved the recommendation for full Board action.

C. A Recommendation for Approval for the Engagement of Legal Counsel for the Transformation Financing

The Committee unanimously approved the recommendation for full Board action.

At this point in the meeting a motion was made, seconded and passed to move the Committee into Executive Session to discuss trade secrets and litigation matters. The Committee returned to regular session at 2:55 p.m.

D. A Recommendation to Approve Changes to the Hospital and Professional Charge Description Master (CDM) File

The Committee unanimously approved the recommendation for full Board action.

- E. A Recommendation for Approval for Acceptance of the 2016 Results Compared to the 2016 Plan Measures and Goals for Performance Based Variable Compensation Program

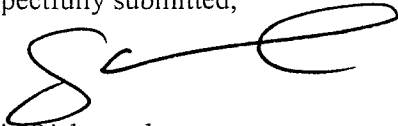
The Committee unanimously approved the recommendation for full Board action.

- F. A Recommendation for 2017 Metrics for Performance Based Variable Compensation Plan

The Committee unanimously approved the recommendation for full Board action.

There being no further business to bring before the Committee, the meeting was adjourned at 2:57 p.m.

Respectfully submitted,



Craig Richmond
Senior Vice President and
Chief Financial Officer