

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

**DATE:** Tuesday, July 25, 2017

**TIME:** 12:00 – 2:00 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., N. Chehade, M.D., G. Himes,  
J. Kerkay, D. Lewis, M. Phillips, C. Richmond

**GUESTS:**

Dr. Silvers called the regular meeting of the Finance Committee to order at 12:10 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 June 27, 2017 were approved as presented.

**II. INFORMATION ITEMS**

Craig Richmond, Senior Vice President and Chief Financial Officer provided an overview of the second quarter 2017 Financial Reporting Summary and the Management Discussion and Analysis, which highlights the Statement of Operations and Volume Metrics. 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 are going to be presenting and discussing the volume results. Mr. Richmond proceeded with reporting that the Adjusted Earnings before Interest, Depreciation and Amortization for the three months ended June 30, 2017 was \$25.2 million, an increase of \$3.2 million over the prior year three months which had an adjusted EBIDA of \$22 million. The adjusted EBIDA for six months ended June 30, 2017 was \$41.7 million, an increase of \$15.8 million over the prior year six months which had an adjusted EBIDA of \$25.9 million.

Mr. Richmond further reported that MetroHealth ended the second quarter with an Adjusted Operating Income of \$12.0 million, compared to \$9.7 million in the second quarter of last year, a \$2.3 million improvement in financial performance for the second quarter. He noted the year-to-date Adjusted Operating Income was \$15.4 million, compared to adjusted operating income of \$1.2 million in the previous year, a \$14.1 million year-over-year increase.

Dr. Boulanger provided an overview of the Utilization Metrics for the three and six months ended June 30, 2017. Inpatient discharges were slightly down for both periods, however; outpatient and emergency department visits, inpatient acuity, and surgical cases contributed to the improved operating performance.

Mr. Lewis provided an overview of the Access Metrics and discussed the slight increase in appointment lag time for both new and established patients stating this continues to be an area of focus for the System. The Network Service Center (NSC) continues to demonstrate significant performance improvements from the prior years. Lastly, Mr. Lewis highlighted the increase in work RVUs during the period which reflects the System's clinical productivity.

Mr. Richmond reported that the System continued to have overall improvement in payor mix during the second quarter of 2017 due to the integration and retention of former HealthSpan patients. This change contributed approximately \$1.2 and \$7.2 million in additional revenues for the three and six months ended June 2017. As a result of the renegotiated payor contracts in 2017, additional reimbursement of approximately \$2.0 and \$4.0 million was realized for the three and six months ended June 2017. Other revenues increased by \$5.1 million in the second quarter of 2017 primarily due to retail and contract pharmacy program expansion and value-based Quality Performance Incentive.

Mr. Richmond noted the System recorded adjusted expenses (adjusted for non-recurring items) of \$271.3 million for the three months ended June 2017 compared to \$255.7 million from the same period of 2016, an increase of \$15.6 million, comparing favorably to the total operating revenue increase of \$17.8 million. During a discussion of the Statement of Net Position as of June 2017, it was stated that both total assets and total liabilities increased significantly as result of the recent bond issuance.

Mr. Richmond reviewed Restricted / Unrestricted Cash and Investment balances and it was noted that the balance as of the second quarter 2017 had increased slightly compared to last year. Regarding MetroHealth's position in terms of bond covenants and rating agency median ratios it was mentioned the System's bond covenants are within compliance.

Mr. Himes provided a review of GASB 68 – Accounting and Financial Reporting for Pensions, stating the GASB 68 adjustment is recorded on an annual basis using the OPERS actuary reports. The liabilities recognized under GASB 68 meet the GASB's definition of a liability for accounting standards.

### **III. NON-CONSENT/ACTION ITEMS**

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

### **IV. CONSENT ITEMS**

- A. A Recommendation for the Engagement of Willis Towers Watson as Broker of Record for an Owner-Controlled Insurance Program

The Committee unanimously approved the recommendation for full Board action.

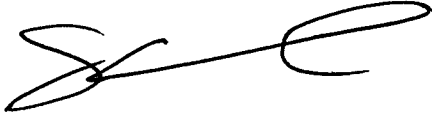
At this point in the meeting a motion was made, seconded and passed to move the Committee into Executive Session to discuss trade secrets and litigation matters. The Committee returned to regular session at 1:35 p.m.

**B. 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.

There being no further business to bring before the Committee, the meeting was adjourned at 1:52 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Craig Richmond', with a large, stylized flourish extending to the right.

Craig Richmond  
Senior Vice President and  
Chief Financial Officer