

The MetroHealth System Board of Trustees

FINANCE COMMITTEE

May 22, 2024

1:37-3:37 pm

The MetroHealth Brooklyn Hts. Campus, 5410 Lancaster Dr. Brooklyn Hts. OH
44131, Building B, Room B-102 / Zoom <https://us02web.zoom.us/j/82877117816>

Meeting Minutes

Committee Members Present: John Moss-I, Inajo Davis Chappell-I, Sharon Dumas-I

Other Trustees Present: E. Harry Walker, M.D., -I, Inajo Davis Chappell-I, John Corlett-I, Maureen Dee-I, Ronald Dziedzicki-I, Nancy Mendez-I

Staff Present: Airica Steed, Ed. D.- R, Dr. Christine Alexander, M.D.-I, Nicholas Bernard-I, James Bicak-I, Victoria Bowser-I Chris Briddell- R, Kate Brown-I, Nabil Chehade, M.D.-I, Derrick Hollings-I, Olusegun Ishmael-I, Barbara Kakiris-I, William Lewis, M.D. -I, Laura McBride-I, Christina Morales-I, Holly Perzy, M.D.-R, Allison Poullos-I, Tamiyka Rose-I, Brad Schwartz-I, Nicholas Sukalac-R, Adam Winston-I

Guests Present: Adam Blake-I (Clearstead), Claire Shue-I (Clearstead)

Mr. Moss called the meeting to order at 1:37 pm, in accordance with Section 339.02(K) of the Ohio Revised Code.

(The minutes are written in a format conforming to the printed meeting agenda for the convenience of correlation, recognizing that some items were discussed out of sequence.)

I. **Approval of Minutes**

The minutes of the April 10, 2024, Finance Committee and Investment subcommittee meeting were approved as submitted.

I. **Information Items**

A. First Quarter 2024 Investment Performance – A. Blake, Clearstead

Mr. Blake, Senior Managing Director from Clearstead (the System's investment advisor) started by reviewing the Oversight Dashboard, which captures important



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activities required for appropriate investment portfolio management and subcommittee oversight.

Mr. Blake then provided the subcommittee with an economic and market update, and review of the investment portfolio's performance in the first quarter of 2024. Mr. Blake also provided an investment policy review.

Mr. Blake discussed the economic landscape. The first quarter of 2024 saw economic growth in terms of GDP. All equity markets were up in the quarter. With U.S. large cap doing the best, which is the largest portion of the systems non-reserve pool. Fixed income investments were down this quarter due to an uptick in inflation. The Systems fixed income investments have all been positive. Expectations are 11% earnings growth in the market for 2024. The S&P 500 gains were 10%+ in Q1; 11th strongest Q1 over the past 70 years. Services economy still expanding at a moderate pace. Manufacturing sector moving to neutral/positive. Consumer spending still strong, at near full employment. Debt building on corporate and consumer balance sheets are trending upward. Geopolitical risks have intensified.

Mr. Blake then gave a total system snapshot. Total system assets as of March 2024 were \$581 million. Select assurance captive has assets of \$102 million. Collectively the system has about \$700 million in investments. Cash flows were minimal. There were positive investment returns of about \$14 million. The total system investment portfolio is up 2.8% for the quarter, and up almost 9% on a one-year basis. Mr. Blake then gave a brief review of fixed income, Fed funds outlook, the treasury yield curve, and the system reserve pool and non-reserve pool. Markets were down in April 2024; the portfolio has recovered as of May. Everything is within compliance of the policy. Clair Shu then gave a review of the system fee structure for the portfolio.

B. First Quarter 2024 Financial Results – D. Hollings

Mr. Hollings spoke about the EBITDA for the quarter ended March 31, 2024, was \$11M, which falls short of the \$21M budget and comparable to March 31, 2023, of \$14M. Net Patient Revenue is unfavorable to budget by \$20M, this variance is driven by The Glick Center inpatient surgical cases running 19% behind budget and Behavioral Health Hospital discharges lagging behind budget by 21%. The Behavioral Health Hospital discharges have grown 68% over the same period last year. Emergency Room visit activity exceeds both budget by 12% and the same period last year by 9%. The admission rate of 14% of emergency room visits and emergency room admissions as % of total discharges equals 80% and they are unchanged between comparable

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periods. Premium Pay is also known as “overtime, shift incentives, and contract labor” unlike last year are all within budget. Full Time Equivalents and labor costs are less than budget. Salary, Wages and Benefits cost is 4% better than budget. Retail Rx volumes continue to grow, increasing 15% over the prior year while margins show shrinkage due to the Medication Inflation Reduction Act. Expenses are under control. Revenues have fallen short of expectations. Management has developed a plan focused on course correction initiatives that should help MetroHealth achieve its 2024 budget.

IV. Executive Session

Mr. Moss asked for a motion to move into executive session to discuss hospital trade secrets as defined by ORC 1333.61. Maureen Dee moved, and Dr. E. Harry Walker seconded the motion. The Board held a roll call vote with all Trustees voting to approve the motion to go into executive session for the purpose stated by Mr. Moss.

Members of the public were excused. The Board went into executive session to discuss the identified matters at 2:26 pm.

Following the executive session, the meeting reconvened in open session at approximately 3:36 pm and welcomed back the public via Zoom and those members of the public who remained in-person. Mr. Moss stated there was no further business to bring before the Committee, the meeting adjourned at approximately 3:37 pm.

Derrick Hollings,
Chief Financial Officer