

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

**DATE:** Tuesday, January 26, 2016

**TIME:** 12:00 to 2:00 pm

**PLACE:** MetroHealth Medical Center  
K107, Business Services Building

**COMMITTEE TRUSTEES:** Mr. McDonald and Dr. Silvers

**ADDITIONAL TRUSTEES:** Ms. Dee and Mr. Spain

**STAFF:** M. Bechtle, K. Botros, A. Connors, M.D, G. Himes, W. Jones, J. Kerkay, M. Kline, D. Lewis, B. Licht, M. Phillips, D. Reichert, C. Richmond, T. Rose and M. Stern

**GUESTS:** J. Mylen (KPMG)

Dr. Silvers called the regular meeting of the Finance Committee to order at 12:09 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 December 15, 2015 were approved as presented.

**II. INFORMATION ITEMS**

Jim Mylen, Partner, Advisory Services KPMG LLP opened the meeting with a review of the 2016 Internal Audit Plan. Mr. Mylen provided an overview and status of the integrated risk assessment process being utilized to develop the System's 2016 internal audit plan. Next steps will include an updated internal audit charter and reporting process, finalizing the internal audit risk universe, aligning internal audit risk assessment activities with other departments and then validating the risk based internal audit plan. Mr. Mylen discussed the 2016 proposed internal audits that covered the following categories: operational, financial, people and culture, external, regulatory and compliance, IT/technology, quality and safety, and strategic.

Craig Richmond, Chief Financial Officer provided a review of the unaudited December 2015 financial statements. Mr. Richmond discussed the Statement of Operations and Volume Metrics stating the December operating income was \$5.8 million which was \$5.1 million favorable to budget. Year-to-date operating income was \$29.8 million and \$13.5 million favorable to budget. Due to the adoption of GASB Statement No. 68 – Accounting and Financial Reporting for Pensions, a \$6.7 million non-cash accounting change was reflected within December's results.

Net patient revenue was \$65.9 million and \$0.6 million favorable to budget for the month of December. Discharges, emergency room and surgical volumes were below budget by (1.7%), (2.6%) and (11.9%), respectively. Year-to-date net patient revenue was \$808.1 million and \$1.3 million favorable to budget.

Mr. Richmond provided a year-over-year review of the System's case mix index to further explain how the mix of inpatient medical and surgical cases impacts the net patient revenue. In addition, Mr. Richmond showed how MetroHealth's case mix index compares to other local hospitals and other essential hospitals across the nation.

Mr. Richmond proceeded with discussing other operating revenue that was \$13.0 million and \$3.1 million favorable to budget for the month. Year-to-date other operating revenue was \$125.6 million and \$9.9 million favorable to budget. Additional contracted pharmacy locations have contributed to the overall 2015 operating revenue results.

Mr. Richmond mentioned total operating revenue for the month of December was \$78.8 million which was \$3.8 million favorable to budget. Year-to-date total operating revenue was \$933.7 million and \$11.2 million favorable to budget.

Total operating expenses are \$73.0 million and \$1.3 million favorable to budget for the month. Year-to-date operating expenses were \$903.9 million and \$2.4 million favorable to budget. For the month, salaries and benefits are \$46.7 million and \$2.1 million favorable to budget and department expenses are \$24.7 million and (\$4.4) million unfavorable to budget.

Mr. Richmond and Jeff Kerkay, Treasurer presented an overview of the December Statement of Net Position highlighting the changes from 2015 year-end within patient accounts receivable, other receivables, current and long-term liabilities. Mr. Kerkay discussed the Restricted / Unrestricted Cash & Investments, highlighting the Restricted Build America Bond Project Fund. Mr. Kerkay also discussed the System's financial covenants which were all well in compliance at fiscal year-end.

### **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 to approve changes to the Hospital and Professional Charge Description Master (CDM) file

The Committee unanimously approved the recommendation for full Board action.

- C. A recommendation to approve the continued engagement of KPMG LLP as the System's Internal Audit consultants

The Committee unanimously approved the recommendation for full Board action.

- D. A recommendation for the on-going assistance of Kaufman Hall as the System's financial Advisor for Transformation

The Committee unanimously approved the recommendation for full Board action.

- E. A recommendation for the purchase of Stop Loss coverage from Medical Mutual of Ohio (MMO) at an individual Stop Loss deductible of \$1,000,000 per enrollee for the self-insured employee medical/prescription plan

The Committee unanimously approved the recommendation for full Board action.

- F. Approval of the continuing Engagement of KPMG LLP for the Conduct of a Special Investigation

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 1:30 p.m.

Respectfully submitted,

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a horizontal line and a large, oval-shaped flourish.

Craig Richmond  
Chief Financial Officer