

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

DATE: Tuesday, June 21, 2016

TIME: 1:30 – 3:00 pm

PLACE: MetroHealth Medical Center
K107, Business Services Building

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

ADDITIONAL TRUSTEES: Ms. Dee and Mr. Spain

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

Dr. Silvers called the regular meeting of the Finance Committee to order at 1:44 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 April 26, 2016 were approved as presented.

II. INFORMATION ITEMS

Craig Richmond, SVP, Chief Financial Officer began the meeting with a review of the Key Performance Indicators for May 2016 focusing on the operating and efficiency metrics for the System. Mr. Richmond continued the meeting by providing an overview of the Statement of Operations and Volume Metrics stating the May operating loss was (\$2.2) million, which was (\$5.4) million unfavorable to budget. Year-to-date operating loss was (\$10.2) million and (\$5.3) million unfavorable to budget.

Net patient revenue was \$75.1 million and \$0.4 million favorable to budget for the month of May. Outpatient visits were above budget by 11.9%. Discharges, case mix index, emergency room visits and surgical cases were below budget by (8.7%), (2.9%), (10.1%) and (1.3%), respectively. Year-to-date net patient revenue was \$353.9 million and \$6.2 million favorable to budget.

Mr. Richmond stated other operating revenue was \$11.3 million and \$0.7 million favorable to budget for the month mostly due to higher retail/contracted pharmacy revenue and contract income. Year-to-date other operating revenue was \$55.6 million and \$2.7 million favorable to budget.

Mr. Richmond mentioned the total operating revenue for the month of May was \$86.4 million and \$1.1 million favorable to budget. Year-to-date total operating revenue was \$409.6 million and \$8.8 million favorable to budget.

Total operating expenses were \$88.7 and (\$6.5) million unfavorable to budget for the month. Year-to-date operating expenses were \$419.7 million and (\$14.1) million unfavorable to budget. For the month, salaries and benefits are \$57.9 million and (\$3.8) million unfavorable to budget primarily due to expanding access to care at several new health centers that were former HealthSpan facilities.

Mr. Richmond reviewed the May Statement of Net Position highlighting the changes from 2015 year-end within patient accounts receivable, other receivables, current and long-term liabilities. Jeff Kerkay, Treasurer briefly discussed the Restricted/Unrestricted Cash & Investments balances and noted that similar to prior months the balance as of 5/31/16 had decreased from 2015 year-end due to the timing of 2015 payments for the Upper Payment Limit and Hospital Care Assurance programs, and capital spending for the Critical Care Pavilion expansion project.

Mr. Richmond and Mr. Kerkay proceeded with discussing the Advisory Board Credit Rating Strength Diagnostic Tool which measures the System's financial metrics against benchmarks derived from hospital medians of the major credit rating agencies. Mr. Kerkay also made mention that the System's bank covenants are well in compliance, which are reviewed on a quarterly basis. Lastly, Mr. Richmond briefly discussed the System's Capital Budget Summary and provided an analysis highlighting the State/Local Support as a percent of Total Net Revenue for the top 20 America's Essential Hospitals receiving some form of financial support.

III. NON-CONSENT/ACTION ITEMS

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

IV. CONSENT ITEMS

- A. A recommendation for approval for the services of FTI Consulting, Inc. for Clinical Integration of New Practice Sites

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 3:10 p.m.

- B. A recommendation to approve changes to the Hospital and Professional Charge Description Master (CDM) file

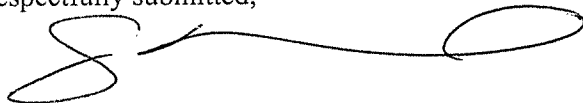
The Committee unanimously approved the recommendation for full Board action.

- C. A recommendation for the approval for capital improvements to Clinical Care and Administrative locations in Cuyahoga County, Ohio

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 3:11 p.m.

Respectfully submitted,



Craig Richmond
Senior Vice President and
Chief Financial Officer