

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

DATE: Tuesday, July 26, 2016

TIME: 12:00 – 2:00 pm

PLACE: MetroHealth Medical Center
K107, Business Services Building

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

ADDITIONAL TRUSTEES: Ms. Dee

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 12:16 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 21, 2016 were approved as presented.

II. INFORMATION ITEMS

Craig Richmond, SVP, Chief Financial Officer provided an overview of the Statement of Operations and Volume Metrics stating the June operating income was \$4.6 million, which was \$1.1 million favorable to budget. Year-to-date operating loss was (\$5.6) million and (\$4.2) million unfavorable to budget.

Net patient revenue was \$80.4 million and \$6.1 million favorable to budget for the month of June. Outpatient visits, emergency room visits and surgical cases were above budget by 8.7%, 2.4% and 13.3%, respectively. Discharges were below budget by (3.1%). Year-to-date net patient revenue was \$434.3 million and \$12.2 million favorable to budget.

Mr. Richmond stated other operating revenue was \$12.1 million and \$1.5 million favorable to budget for the month mostly due to higher retail/contracted pharmacy revenue and Meaningful Use program revenues. Year-to-date other operating revenue was \$67.8 million and \$4.2 million favorable to budget.

Mr. Richmond mentioned the total operating revenue for the month of June was \$92.5 million and \$7.6 million favorable to budget. Year-to-date total operating revenue was \$502.1 million and \$16.4 million favorable to budget.

Total operating expenses were \$87.9 and (\$6.5) million unfavorable to budget for the month. Year-to-date operating expenses were \$507.6 million and (\$20.6) million unfavorable to budget. The increase in expenses for the month and year-to-date was primarily due to labor, purchased services and pharmaceutical costs associated with the expansion of the new emergency departments and health centers. Pharmaceutical costs for the year also have increased across the System.

Mr. Richmond provided an overview of the Patient Cost Estimator which is a new online tool designed to estimate the customer's out-of-pocket expenses on future scheduled services. This new tool is located on MetroHealth's external website under Patient Financial Services.

Mr. Richmond and Jeff Kerkay, Treasurer discussed 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. Richmond and Mr. Kerkay also reviewed the June Statement of Net Position highlighting the changes from 2015 year-end within several categories. Restricted / Unrestricted Cash and Investment balances were discussed and it was noted that the balance as of 6/30/16 had decreased from 2015 year-end mainly due to increased capital spending related to the Critical Care Pavilion and Brecksville Health & Surgery Center projects. Lastly, Mr. Kerkay discussed the analysis that was provided in the report through the second quarter regarding MetroHealth's position in terms of bank covenants and rating agency median ratios. Mr. Kerkay made mention that the System's bank covenants are well in compliance.

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.

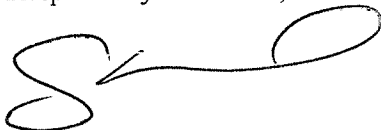
At this point in the meeting a motion was made, seconded and passed to move the Committee into Executive Session to discuss trade secrets and litigation matters. The Committee returned to regular session at 1:46 p.m.

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 1:56 p.m.

Respectfully submitted,



Craig Richmond
Senior Vice President and
Chief Financial Officer