

**FINANCE COMMITTEE
MEETING MINUTES
May 30, 2018**

Franklin Foundation Hospital
Franklin, Louisiana

Board Conference Room
12:00 p.m.

Members Present:

Dr. Nick Accardo
Eugene Foulcard
Clegg Caffery

Others Present:

Stephanie Guidry, CEO
Ron Bailey, CFO
Kevin Romero, Co-Director of Physician Services
& Marketing/Business Development
Sharon Procell, Exec. Asst.

I. CALL TO ORDER

With a quorum present, the meeting was called to order by Dr. Nick Accardo at 12:15 p.m.

II. OLD BUSINESS

A. Approval of Minutes – April 25, 2018

Mr. Eugene Foulcard offered a motion to approve the minutes with Mr. Clegg Caffery seconded the motion. The motion carried unanimously.

III. NEW BUSINESS

Mr. Ron Bailey requested that the agenda be amended under Discuss and Approve to add item number three (3) labeled as IGT Funding for Full Medicaid Capacity Grant. Mr. Bailey explained the hospital had been awaiting word on the grant funding under this item; the Hospital was advised late Tuesday, May 29, 2018 that the grant funding became available.

Mr. Eugene Foulcard made a motion to expand the agenda to add under Discuss and Approve as item number three (3) for IGT Funding for Full Medicaid Capacity Grant with Mr. Clegg Caffery seconding the motion. The motion carried unanimously.

A. Discuss and Approve

1. Lease Agreement – 706 Main Street, Baldwin, La.

Mr. Ron Bailey presented the contract summary for the new lease agreement for 706 Main Street in Baldwin, La. which is currently leased to Baldwin Insurance Agency, Inc. d/b/a Geiling Insurance Agency. Mr. Bailey explained that the Hospital

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assumed the lease with the acquisition of the Baldwin property in December 2017. As the original lease agreement dates back a number of years, the Hospital requested that Ms. Lanzi Meyers of the Gachassin Law Firm draft an updated lease agreement to include the current fair market value (“FMV”) rent rate as well as the terms and conditions that the Hospital currently uses in its lease agreements. He advised that the Hospital obtained a FMV rent study to determine the rental rate that would be included in the new agreement. The study indicated that the FMV rent rate was unchanged from the rental rate under the prior lease that was in effect at the time the Hospital purchased the property. Mr. Bailey discussed the main terms of the agreement, noting that the initial lease term is two (2) years from the effective date that is estimated to be June 1, 2018. Mr. Bailey advised that the proposed agreement was forwarded to the lessee for review. He noted that the lessee’s representative was out of town at the time. Mr. Bailey requested that the Finance Committee approve the lease with the understanding that should the lessee have any major concerns or issues, Mr. Bailey would bring those issues to the Committee for discussion at its next scheduled meeting.

Mr. Clegg Caffery offered a motion to approve the Lease Agreement at 706 Main Street in Baldwin, La. with Mr. Eugene Foulcard seconding the motion. The motion carried unanimously.

2. Reimbursement request from Grant Funds

Mr. Ron Bailey presented a request to reimburse the Hospital’s operating account for the cost of the Evident (CPSI) Certified Meaningful Use 3 Mandatory Software Upgrade in the amount of \$100,800.00. Mr. Bailey advised that this capital project, budgeted in the FY 2018 capital budget approved by the Board, was designated to be paid for with Full Medicaid Capacity grant funding. Mr. Bailey requested that the Committee approve the Reimbursement request from the Grant Funds.

Mr. Clegg Caffery offered a motion to approve the Reimbursement request from Grant Funds with Mr. Eugene Caffery seconding the motion. The motion carried unanimously.

3. IGT Funding for the Full Medicaid Capacity Grant

Mr. Ron Bailey explained that the Hospital was advised late Tuesday, May 29, 2018 that the gross amount of the grant funds, which total \$6 million, would be available to the Hospital pending the Hospital’s required intergovernmental transfer (“IGT”) to the Louisiana Department of Health. Mr. Bailey explained that the grant was included in the FY 2018 operating budget as a non-operating item and that the

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monthly amount was being accrued. He also noted that the Hospital had been awaiting word on when, or if, the grant funds would be available. Mr. Bailey requested that the Finance Committee approve funding the required \$2,694,510 IGT from the Board-restricted cash.

Mr. Eugene Foulcard offered a motion to approve the IGT Funding for the Full Medicaid Capacity Grant with Mr. Clegg Caffery seconding the motion. The motion carried unanimously.

B. Monthly Reports

1. Finance Report – April 2018

Mr. Ron Bailey presented the Financial Report for the month of April 2018, the seventh month of the 2018 fiscal year. He discussed the operating indicators and financial class percentages. Mr. Bailey then discussed the Statement of Revenues and Expenses where he noted that the Hospital recorded revenue in excess of expenses of \$55,389 for the month compared to the budget of \$84,108. He discussed revenues and total deductions from revenue which were both budget for the month. He noted that bad debt for the month was much lower than budget mainly due to Hospital bad debt.

Mr. Bailey discussed the expense categories noting that salaries and wages were over budget due to the payment of merit increases beginning in April 2018. He noted that the Board approved the merit increase with retroactive adjustment back to October 2017 for those employees whose rate increase would have occurred from October 2017 to March of 2018. He noted that physician fees continue to be under budget primarily due to lower hospitalist expense to budget. Mr. Bailey explained that the Hospital budgeted for this expense with the understanding that the LINCCA program would phase out in 2018. The Hospital has been advised that the LINCCA program will continue; as such it is expected that this variance will continue through the end of the fiscal year.

Mr. Bailey discussed the balance sheet noting in particular that operating cash at the end of April was \$8,031,143, an increase of \$1,284,247 over March. He explained included in April's cash activity are receipts of \$1,144,341 received under the physician UPL program which includes recovery of the \$536,643 IGT made at the end of March; \$283,721 received under the rural UPL program (formerly "DSH"); \$313,573 of reimbursement from the Full Medicaid Capacity grant funds and \$38,443 of CY 2017 millage receipts. Mr. Bailey reported that April's days' cash on

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hand results in 121.0 days of cash at the end of the month (QHR trending 3-month average) compared to 104.6 days of cash in the prior month.

2. **QHR Trend Reports**

Mr. Ron Bailey presented the QHR Trend Reports.

3. **Investment Reports**

Mr. Ron Bailey presented the Investment Income Summary Reports.

Mr. Eugene Foulcard offered a motion to approve the Monthly Reports for April 2018 with Mr. Clegg Caffery seconded the motion. The motion carried unanimously.

C. Clinic Reports

Mr. Kevin Romero reported on Clinic activities for April 2018. Mr. Romero discussed clinic visits for the month which now include comparison to the same month in the prior year. He noted that clinic visits were down over the prior month due to that two clinic providers was out for a week during the month. Mr. Ron Bailey discussed the cash collections. Mr. Bailey presented the consolidated clinic cost center report noting that net revenue was much lower given the total gross revenue. He explained that the current month contractual adjustments were higher as a result of the increase in cash collections.

Mr. Clegg Caffery offered a motion to approve the clinic report with Mr. Eugene Foulcard seconding the motion. The motion carried unanimously.

IV. EXECUTIVE SESSION

A. Strategic Planning

No items were discussed.

V. ADJOURN

Mr. Eugene Foulcard offered a motion to adjourn the meeting at 12:40 p.m. with Mr. Clegg Caffery seconding the motion. The motion carried unanimously.

Dr. Nick Accardo, Chairman of Finance

Stephanie A. Guidry, CEO