

McDonough District Hospital  
Board of Director's  
Finance Committee

McDonough District Hospital (MDH) Finance Committee met on Thursday, December 21st, 2023, at 7:00 a.m. in the third floor Board Room. Finance Committee members present: Dr. Tim Biagini, Scott Clauson, Jere Greuel, Dr. Richard Iverson, Todd Lester, Kathleen Neumann, and Dan O'Neill. Hospital Administration members present: Bill Murdock, and Brian E. Dietz. Administrative Assistants: Ronda Baker, and Kim Thorman.

Guests: Andy Baker, Dr. Curt Farr, Sherri Hitchcock, and Carol Steward. Also attending were Andrew Rouse and Ryan Caldwell from RSM, with Ryan joining virtually, and representatives of the press, Lynn Campbell, and Rich Eggers.

Scott Clauson, Chairman of the MDH Finance Committee, called the meeting to order at 7:00 a.m.

**MDH Captive Insurance Audit Presentation**

Andrew Rouse presented the clean and finalized report for MDH Captive Insurance Company. Items for review included investment positions, securities, statements of operations, revenue, expenses, net income, cash flow, financial statements, loss and loss adjustment, actuary results, and projections. Andrew offered to answer questions and thanked Bill and his team for their work. When asked if there were any recommendations for changes, Andrew said there were none. After receiving no additional questions Andrew left the meeting.

**A motion was made by Dr. Iverson and seconded by Dan O'Neill to recommend to the MDH Board of Directors the approval of the MDH Insurance audit. Motion carried.**

**Dr. Tim Biagini left the meeting at 7:30 a.m.**

**MDH FY 23 Audit Presentation**

The audit report is still in draft form with a final report to be available at the January 11, 2024 Finance Meeting. The executive summary of audit was reviewed and included required communications, management judgments and accounting estimates, audit adjustments, corrected misstatements, and internal policy/procedures, and no significant changes were noted or recommended. Details of net position, operating revenues and expenses were reviewed, and the MDH overall balance sheet was noted as strong. Challenges covered were operating income, reimbursement rates, non-operating revenue, operating loss, employee insurance and expense, changes in actuarial calculations, extraordinary recruitment costs, challenges of recruitment, shortage of manpower in healthcare, Medicare reimbursements vs. economy inflation, and Critical Access status. It was noted that MDH aligns with Becker's Healthcare report of hospital ratios and benchmarks. Ryan answered questions regarding the implementation of GASB Statement 96, and lack of communication from IRS regarding 2<sup>nd</sup> half of Employee Retention Credit. With no additional questions presented, Ryan thanked Bill, Sherri, and team for their work on the audit, and signed out of the meeting.

**Update Board Resolutions for Banking Resolutions**

The necessity of opening a separate bank account for the new Community Retail Pharmacy to avoid the comingling of funds was discussed.

**A motion was made by Dr. Iverson and seconded by Jere Greuel to recommend to the MDH Board of Directors, to approve the updated Board Resolution for banking purposes. Motion carried.**

**Community Pharmacy Line of Credit**

The needed line of credit, completing the project, generating revenue, paying this line of credit off, maintaining a strong cash position, use of the Green funds, interest expense and expectations of principal reduction were reviewed. Construction date completion for the Retail Pharmacy, projected opening date, RSM's assistance with retail pharmacy projections, and the hiring status on the Director of Retail Pharmacy position were also discussed.

**A motion was made by Dan O'Neill and seconded by Jere Greuel to recommend to the MDH Board of Directors, to approve the Community Pharmacy Line of Credit. Motion carried.**

**Verbal update on the Employee Health Insurance**

Background on the employee health insurance, being self-insured, benefits of the MDH Captive Insurance, past trends of employee health costs, utilization of employee plan, cost increase, MDH passing on a percentage of the increase to employees, record level of utilization of employee health plan, employee cost increase, employee education on this claims based process, deductibles, Health Savings Account (HSA). Minimum wage requirements were also discussed.

**Miscellaneous / Items for discussion**

Bill Murdock thanked Sherri for her work with the audit.

**At 8:46 a.m., there being no further business to discuss, a motion was made by Andy Baker and seconded by Dan O'Neill to adjourn. Motion carried.**

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Scott Clauson  
Secretary/Treasurer of MDH Board of Directors