

McDonough District Hospital
Board of Directors
Finance Committee

McDonough District Hospital (MDH) Finance Committee met on Thursday, January 16, 2025, at 7:00 a.m. in the third-floor Board Room. Finance Committee members present: Dr. Tim Biagini, Scott Clauson, Dr. Curt Farr, Dave Garner, Jere Greuel, Todd Lester, Kathleen Neumann, and Dan O'Neill. Hospital Administration members present: Bill Murdock, Sherri Hitchcock and Bill Corbin. Administrative Assistant: Kim Thorman. Guests: Michael Brown, RSM

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

There was no public comment

Margin Improvement Plan Update

Michael Brown from RSM shared an update on the margin improvement plan. They started in Sept 2024 with a targeted end date of late Feb 2025. RSM has been focused on the entire revenue cycle to make process improvements from the front end to the back end. Michael shared the project goals and achievements and answered questions from the committee. The committee agreed that follow-up from RSM after the project's completion would be essential.

Dr. Biagini left the meeting at 7:30 am
Michael Brown left the meeting at 8 am

2024 Audit Update

Finance committee will have a special meeting on Wednesday, February 19th, at 7 am for RSM to present the FY24 audit.

2nd Quarter Capital Spend Updates

The committee reviewed the accounts payable expenditures, capital expenditures over \$25k budgeted and unbudgeted, and the balance for construction that is in progress for Q2 FY25.

Todd Lester left the meeting at 8:05am

2nd Quarter Financial Performance Updates

Sherri Hitchcock shared the FY24 Q2 statistics and ratios which included visits and procedures across all service lines, as well as all expenses including purchased services, professional fees for contracted physicians, utilities, depreciation, employment and contracted labor. Operating margins were all reviewed. Operating income continues to be unfavorable as expenses continue to increase without increased revenue, however, it was pointed out that additional revenue opportunities continue to be explored by all departments, as are grant writing opportunities that are in the works. Non-operating income/expense continues to trend favorable to YTD budget with a large portion due to donations from the MDH Foundation account. The Q2 FY25 Bad Debt overview was shared, as were the debt service coverage and days cash on hand targets, which continue to hold steady, keeping in compliance with bond covenants, and staying above the industry standards.

Miscellaneous / Items for discussion

The group continued the discussion regarding the margin improvement plan, and additional discussions on employee retention were held. Jere thanked Scott Clauson for his work as the Chair of the MDH Finance Committee and noted that Ryan Riggins had been appointed to a 3-year term on the MDH Board of Directors, by the McDonough County board at the Wednesday, January 15th County Board meeting. The committee asked about the ERC audit and there was no update at this time.

Executive Session for the purpose of open meetings act exception 5ILCS 120/2(c)(1), 120/2(c)(2), 120/2(c)(3), 120/2(c)(11)

There was no need for executive session as there was no business to discuss.

At 9:05 a.m., there being no further business to discuss, a motion was made by Dave Garner, and seconded by Kathy Neumann to adjourn. Motion carried.

Scott Clauson
Secretary/Treasurer of MDH Board of Directors