

Minutes of the Board of Trustees Meeting of the Health and Hospital Corporation of Marion County, Indiana

March 19, 2002

The meeting of the Board of Trustees ("Board") of The Health and Hospital Corporation of Marion County, Indiana ("HHC"), was held, March 19, 2002, in the Administrative Conference Room "A", Fourth Floor, Ott Building, Wishard Health Services, 1001 West Tenth Street, Indianapolis, Indiana. Members present: Mr. West, Dr. Miner, Mr. Gutwein, Mrs. Journey, Ms. Brougher, Mr. Pfeifer. Members absent: Dr. Bock

Matthew R. Gutwein, Chairman of the Board, called the meeting to order and proceeded with roll call.

Mr. Gutwein then asked if there were any additions to, corrections to or comments regarding the minutes from the Board meeting of February 19, 2002. There being none he asked for a motion to approve the minutes. Mrs. Journey made the motion to approve the minutes. Mr. Pfeifer seconded the motion. The minutes for the February 19, 2002 annual Board meeting were unanimously approved.

The next agenda item was Resolution No. 1-2002, "Authorization for Execution of Public Employees' Retirement Fund (PERF) Forms." Mr. Gutwein requested that Ms. Hebenstreit read the resolution. Ms. Hebenstreit read Resolution No. 1-2002, that states certain individuals are fully authorized to act on behalf of and in name of The Health and Hospital Corporation of Marion County as its agents to accept pension liability, pursuant to IC 5-10.2-3-1 and further to execute and deliver documents related to the Public Employee's Retirement Fund (PERF) of Indiana. Ms. Hebenstreit asked for approval of Resolution No. 1-2002. Ms. Brougher made the motion to approve. Dr. Miner seconded the motion. Resolution No. 1-2002 was unanimously approved.

Resolution No. 2-2002, "Adoption of Health and Human Service Federal Poverty Guidelines" was next on the agenda. Mr. Gutwein asked Ms. Hebenstreit to read Resolution No. 2-2002 that states "The Board hereby adopts the updated federal guideline on poverty as published by the Department of Health and Human Services and set for in Exhibit B, which shall supersede all previously adopted poverty guidelines. The Chairman and the Executive Director are authorized and directed to take all steps necessary to give effect to this resolution." Ms. Hebenstreit asked that the Board approve Resolution No. 2-2002. Mrs. Journey made the motion for approval. Mr. West seconded the motion. Resolution No. 2-2002 was unanimously approved.

At this point Mr. Gutwein requested the March 2002 Treasurer's Report. Mrs. O'Laughlin began the report by stating that there are several changes in the January Budget Basis Revenue and Expenditure reports. The Operating Transfer from Health and Hospital Corporation to support operations of the Wishard Enterprise Fund is now included in the "Other Services and Charges" category. An additional change is that HHC and Public Health Grant Funds are now included within the General Fund to report all revenue on one statement. Prior year figures have been restated to reflect this change because comparative numbers are more meaningful.

Public Health Revenues of \$1,047,989 are \$303,822 (24.0%) over budget. Food license fees are due by March 1, and collections have been high in January. Headquarters Revenues of \$202,824 are over budget by \$102,824 (102.8%). Interest income is the main source of this revenue and is high due to a higher fund balance available for investing. Personal Service of \$2,681,865 is \$68,854 (2.6%) over budget. In 2002 all employee benefits were moved into the personal services category. Travel, mileage reimbursement, and tuition assistance have historically been included in the contractual services budget. The January total of these expenses was \$98,700. Supplies of \$342,870 are \$56,203 (19.6%) over

budget. The Clinical Lab encumbered a \$125,000 standing order for chlamydia cultures in January. Other Services and Charges of \$11,689,972 are over budget by \$523,305 (4.76%). This includes the operating transfer of \$10,500,000 made in January from the Health and Hospital Corporation General Fund to support operations of the Wishard Enterprise Fund. This amount was \$878,000 higher than the original budgeted amount due to changing needs at Wishard. HHC normally encumbers contracts for the first quarter of the year during January, but with the implementation of SAP, most payments were made this month for current obligations only. Capital Outlays of \$18,876 are under budget by \$481,124 (96.2%). Mrs. Journey asked would reimbursements show in the budget for the areas where expenses are over budget. Mr. Elwell stated that expenses are budgeted over a 12-month period and reimbursements are posted on an as received basis. He also stated that grants were budgeted at \$10 million and were actually \$16 million. The changes will be reflected. Mrs. O'Laughlin asked that the January Budget Revenue and Expenditure Report be accepted. Mrs. Journey made the motion to accept the report. Mr. Pfeifer seconded the motion. The January Budget Revenue and Expenditure Report was unanimously accepted.

The February Cash Disbursement Report is attached to the memo for review. At \$37.5 million, February cash disbursements are above the 2001 average of \$32.1 million. This total includes \$6.3 million in revenue recognized in the 2001 financial statements. Mrs. O'Laughlin asked for approval of the February Cash Disbursement Report. Mr. Pfeifer made the motion to accept the report. Mr. West seconded the motion. The February Cash Disbursement Report was unanimously approved.

Mrs. O'Laughlin ended her report by stating that the State of Indiana settled the 2001 Enhanced DSH and Medicaid Safety Net on January 16, 2002. Health and Hospital paid \$60.6 million as a match and received \$85.7 million, netting \$25.1 million. In September 2001, Health and Hospital received an advance on this settlement of \$43.2 million. This total of \$68.3 million is revenue recognized in the 2001 financial statements.

Next, Mr. Gutwein called on Mr. King to review the January financials for Wishard Health Services. Mr. King noted that on a consolidated basis Wishard had met the budget for the month. Midtown's outpatient revenue was \$800,000 below budget due to vacancies in care delivery staff and this negative variance was partially offset by a positive labor costs variance of \$350,000. Midtown has begun to recruit the staff needed to bring outpatient revenue up to the budgeted level. Other expenses were tracking close to budget. Lockefield Village also had a negative revenue variance for the month due to a combination of a lower patient census and a larger than budgeted write-off for uncompensated services. With the exception of Pharmacy, expenses were showing positive variance for the month. The pharmacy variance is attributed to the rising acuity of patients receiving care in Lockefield. Lockefield management and Wishard pharmacy management are planning to achieve pharmacy costs savings later this year by partially replacing the current outside vendor with in-house services. For the remaining service areas, volumes were lower than budgeted with the exception of the specialty and primary care clinics resulting in a \$850,000 negative variance in gross charges. These two negative variances were partially offset by a \$1.5 million favorable variance in contractual allowances making the net revenue variance a negative \$2 million. Write-offs for uncompensated care exceeded the budget by \$2.5 million for the month. Mr. King noted the driver of the uncompensated services variance was self-pay services that have been rising during the past six months. These are patients whose income exceeds the maximum Wishard Advantage eligibility standard of 200% of federal poverty level and who have no other coverage. He noted the increasing trend of self-pay services was identified as a risk factor in the budget and management was responding by rolling out the front desk registration/cash collection program along with increased training and accountability measures for financial counselors. It was noted during discussion that no patients are being refused service. Mr. King then pointed out the \$2.6 million favorable variance in expenses, noting that some of the variance may be due to delays entering expenses under the new SAP financial system and therefore, the favorable variance for January may not be sustainable.

The next agenda item was Wishard Health Services Medical Staff Appointments and Reappointments. Mr. Gutwein asked that Dr. Jones submit the appointments for approval. Dr. Jones stated that there is a list that has been approved by the

medical staff executive council in the Board packet and asked the Board approve the appointments. Mrs. Journey moved for approval and Mr. West seconded the motion. The Wishard Health Services Medical Staff

Appointments for the month of March 2002 were unanimously approved.

Standing Committee reports began with Mr. West's report on the Public Health Committee Meeting. He stated that there was a presentation on HIV/AIDS reduction. Also included at this meeting was a update on the Healthy People 2010 initiative and a food borne disease presentation by Alan Moberly, Bureau Chief, Environmental Health. Mr. Gutwein reported that the Hospital Committee meeting included a 2002 Wishard Budget presentation by Gordon King. He also reported on the Planning Committee meeting that included discussions on budget and personnel matters. Dr. Howard indicated that the Quality Committee would meet before the next Board meeting.

Mr. Elwell began his report by stating that work continues on additional revenue as related to the I. U. School of Medicine and the Medicaid program. He reported that the Citizen's Health Center budget is in the Board packet. He asked that the Board review this budget and that it be approved at the next meeting. Several individuals from Citizens attended the National Association of Community Health Centers (NACHC) meeting in Washington, D.C. His report included a discussion on legislative issues. He stated that changes would be made to Medicaid that will allow hospitals to take advantage of additional funds. Leah Mannweiler stated that there are also exceptions to open record rules that enable hospitals to better conduct business. Dr. Miner indicated that he felt that Health and Hospital is in the position to provide care that is beneficial for future insurance coverage.

Dr. Caine began her report with statistics on HIV. In 1995 there were 300 cases reported and in 2000, 175 cases were reported. This indicates improvement, however, there is an increase in the cases reported for women. The Marion County Health Department (MCHD) will implement a program that will identify patients earlier enough to benefit from treatment. She distributed a Public Health Month packet that included a calendar of events. She announced that Staff Day will be on April 24, 2002 and will be held at the Indiana State Fairgrounds. The theme for this year is "Strategies for a Balanced Community and Personal Success: Define It, Energize It and Maintain It." She concluded her report by presenting Alan Moberly with a plaque for his thirty years of service in public health.

Next Dr. Jones began by reporting that the telethon for the burn unit was a success. There was \$188,831 in funds raised before the match. There are videos of the telethon available for the Board members. He announced that Judy, McTiernan, vice president of clinical services resigned and that Lisa Sorenson would be the interim vice president.

The meeting concluded with the following announcements: (1) Mr. Elwell announced that the Indianapolis Business Journal chose Dr. Caine as a Public Health Hero, and (2) Mr. Porter announced that the Public Health Awards Dinner to support the George H. Rawls Scholarship Fund will be held on April 17, 2002. Invitations for the dinner were distributed to each Board member.

Mr. Gutwein asked if there was any other business that needed to be addressed.

There being no further business the meeting was adjourned.

The next meeting will be held at 1:30 p.m. on Tuesday, April 16, 2002 in the Administrative Conference Room "A", Fourth Floor, Ott Building, Wishard Health Services, 1001 West Tenth Street, Indianapolis, Indiana.