



Marin Healthcare District

100B Drakes Landing Road, Suite 250, Greenbrae, CA 94904

Telephone: 415-464-2090 Fax: 415-464-2094

Website: www.marinhealthcare.org / Email: info@marinhealthcare.org

FINANCE AND AUDIT COMMITTEE

Closed Session & Regular Meeting

February 27, 2018, 5:30pm

Regular Meeting Minutes

I. Call to Order & Roll Call

- A. Call to Order - Following adjournment of the Closed Session, Chair Bedard called the Regular Meeting to order at 5:40pm.
- B. Roll Call - Committee Members Present: Larry Bedard, MD (Chair); Jennifer Rienks, PhD.
Staff Members Present: Jean Noonan (Controller), Michael Lighthawk (EA).
- C. Approval of Agenda. **Agenda Approved.**
- D. Approval of Minutes of the Special Study Session of the full Board of Directors with the Finance and Audit Committee of November 28, 2017. **Minutes approved.**
- E. General Public Comment – **No public.**

II. Review / Recommend Approval of Items Discussed in Closed Session (Action)

- A. Recommendation for the MHD Board of Directors to approve of 1st Amendment & Extension to assign Napa Valley Urology Associates Lease to 3250 Beard LLC on behalf of Dr. James Yu on condition of verifying details discussed in closed session.
So moved by Chair Bedard. Seconded by Member Rienks. All ayes. **Motion passes.**
- B. Recommendation for the MHD Board of Directors to approve the sublease of office space/services at Cardiovascular Associates of Marin, 2 Bon Air Road, by The Regents of the University of California, San Francisco ("UCSF") (for Dr. Scot Merrick).
Chair Bedard tabled the agenda item to the MHD Board of Directors due to a conflict of interest with Member Rienks. **Agenda item tabled to the full board.**

III. Finance

A. Financial Report – December 31, 2017

Balance Sheet - Jean Noonan highlighted significant changes in the Balance Sheet. Tax Revenues Receivable was down \$7M in December due to receipt of Property Tax Assessments from County of Marin. Assets Limited to Use - Bond Funds went up \$6.8M offsetting the property tax expenses. Hospital Construction Costs are up \$24M as expected. There is also a corresponding increase in accrued expenses incurred due to assets booked but not yet paid. The District is currently undergoing the 2017 Audit early as planned to accommodate the issuance of Revenue Bonds. Committee Review and Board approval of the 2017 Independent Audit are being held in special meetings on April 19 and 24 respectively.

Income Statement - The District incurred a loss of \$101K against a budget of \$129K for December. Member Rienks asked what Accounting Fees are for. Ms. Noonan stated those fees are for the Audit and a corresponding expansion of the balance sheet because of the extra costs associated with



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hospital construction. For these reasons we authorized the fees to go up to \$30K. Advertising fees were for the Annual Report to the community. Member Rienks asked if we can call the advertising fees "Communications" instead. Controller Noonan agreed to make that change.

Clinic Summary – For the month of December we were off budget by \$380K against a budget of \$739K and actual of \$1.1M. Variances were due to lower volume in December. West Marin Medical Center will be disaffiliated in August but we will still see income from West Marin due to previous AR before disaffiliation.

B. Financial Report – January 31, 2018

Balance Sheet – Changes in cash payouts for expenses fluctuates month to month due to timing of payments and reimbursements. Hospital construction costs continue to rise as incurred. Changes in Assets Limited to Use - Bond Funds since December are due to construction requisitions being paid. Discussion ensued regarding effectiveness of the new vendor for the clinics, CHMB (California Healthcare Medical Billing). Ms. Noonan responded by saying we have more than monthly calls with them looking at collection and charge activities, metrics, and appointments that yield data points that we can analyze and use to increase efficiency in clinic operations.

Clinic Summary – January's Total Clinics' variance of (\$1.1M) was under budget by (\$60K). Work RVU's were down a little and CHMB is looking into possible missed charges.

IV. MGH Audit Committee Update

Internal Audit

Payroll Practices Findings – One of the initial audit findings was that documented payroll practices were not being enforced. Finance has been working with HR now for over a year to determine the best way to strengthen the enforcement of time keeping policies. We are encountering more of a culture change than anything else so, we are documenting non-compliance, disciplining where necessary, increasing education and reinforcing policy in the New Employee Orientations.

HIPAA Privacy Audit – One finding was a need to update policies with the current HIPPA Regulations. Another was the HIPPA Privacy Notice not posted in the right place. We are currently in the process of finalizing the findings and management's action plan. The Contracting & Payer Relations Department is updating all of their forms and templates. Additionally, we are now examining all high-risk contracts to make sure the proper BAA is in place.

Billing and Collections – As of December 1, 2017, the credentialed billing staff and front office employees moved over to CHMB and Prima from MMPC. Ms. Noonan stated we are engaged with looking at what Prima Management and CHMB are doing to oversee the denials process and billing workflow. So far, there are no patient complaints about the transition or change in agency. Prima payroll and accounting has been integrated with the MGH Finance Department.



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Regarding the ongoing Moss Adams Internal Audit & Risk Assessment, Ms. Noonan pointed out that the previously audited areas of risk (Physician Payments, Construction, HIPAA, etc.) are now in a 3 year plan for assessment as risk parameters are changing and we may need Moss Adams to revisit their previous assessment in these areas.

V. Investment Sub-Committee Report

Noonan

The MGH Investment Sub-Committee met with Canterbury Consulting on February 13, 2018. For 2017, our net investment earnings was \$56K on a \$1M portfolio (not Bond funds). These are very conservative parameters. Overall, the District portfolios made 3.6% better than the policy index as stated in the Investment Policy.

VI. Agenda Items for Next Meeting

Bedard

- Travel Policy Review

VII. Adjournment

Bedard