

MINUTES

North Broward Hospital District Board Of Commissioners
1700 Northwest 49th Street, Suite #150, Ft. Lauderdale, 33309

**FINANCE COMMITTEE MEETING
Immediately following the Audit Committee Meeting
October 23, 2019**

1. **NOTICE**

Notice of this meeting is attached to the official Minutes as EXHIBIT I. The official Agenda for this meeting, as presented for the consideration of the Committee, is attached to the official Minutes as EXHIBIT II.

2. **CALL TO ORDER** 2:00 p.m.

3. **COMMITTEE MEMBERS**

Present: Commissioner Stacy L. Angier, Chair
Commissioner Ray T. Berry, Vice
Commissioner Nancy W. Gregoire
Commissioner Christopher T. Ure
Commissioner Marie C. Waugh

Not Present: Commissioner Andrew M. Klein

Senior Leadership

Additionally Present: Gino Santorio/President/Chief Executive Officer, Alan Goldsmith/Chief Administrative Officer, Alex Fernandez/Chief Financial Officer, Linda Epstein/Corporate General Counsel, Jerry Del Amo/ Sr. Associate, General Counsel

4. **PUBLIC COMMENTS** None

At the commencing of the Finance Committee meeting, Commissioner Angier acknowledged Chief Administrative Officer, Alan Goldsmith, and Broward Health staff for raising over \$100,000 in support of Diabetes.

5. **APPROVAL OF MINUTES**

Approval of Finance Committee meeting minutes, dated September 11, 2019.

MOTION It was *moved* by Commissioner Gregoire, *seconded* by Commissioner Waugh, to:

Approve the Finance Committee meeting minutes, dated September 11, 2019.

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Motion *carried* unanimously.

6. TOPIC OF DISCUSSION

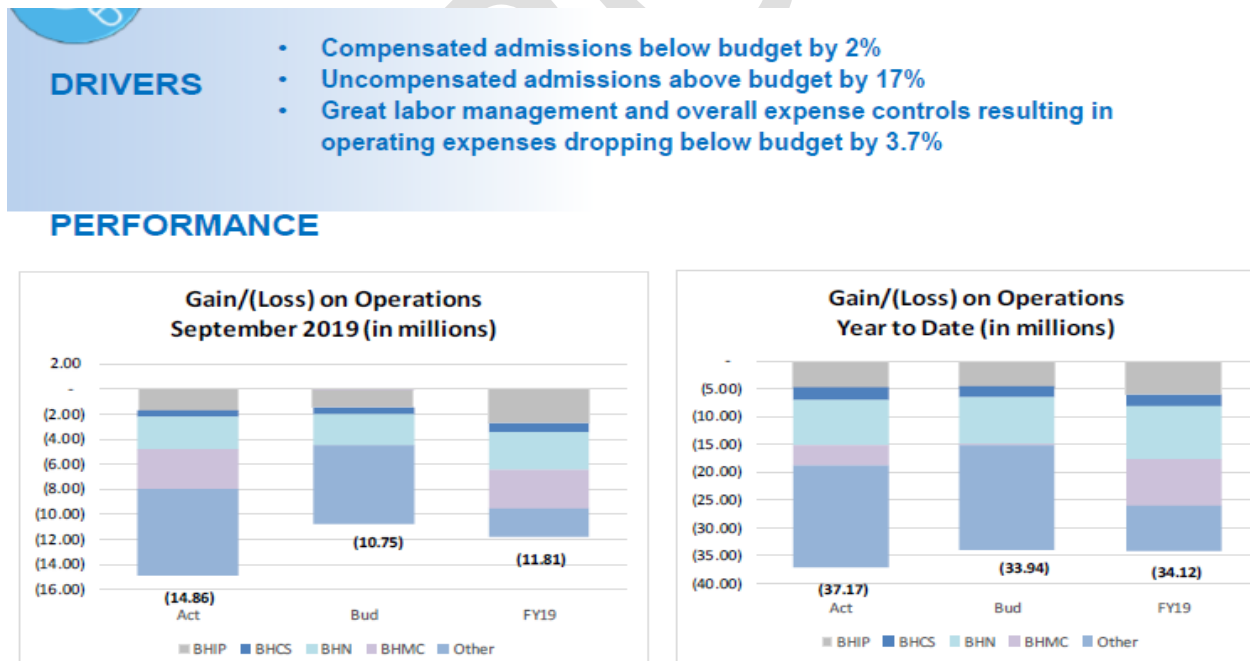
Mr. Alex Fernandez, Chief Financial Officer, shared that in the spirit of good fun and to create excitement within the finance department, he wanted to introduce Broward Health’s First Finance Gold Chain (faux necklace) Award. Ms. Jodi Halpine was recognized as the first recipient to the Award. Ms. Halpine graciously accepted the award and expressed her gratitude for being a part of the finance team.

* Please note, item 6.2. CFO Presentation, was heard prior to item 6.1. Approval of the Interim Financial Statements, followed by 6.2.1. Supply Chain Update.

6.2. CFO Presentation, End of the year financials through September, 2019

Mr. Fernandez gave the financial performance for the organization on a year to date basis.

Year to date details for Compensated Admissions versus Uncompensated Admissions were shared. Mr. Fernandez also reported on the positive labor management and overall expense controls that were put in place during this time.

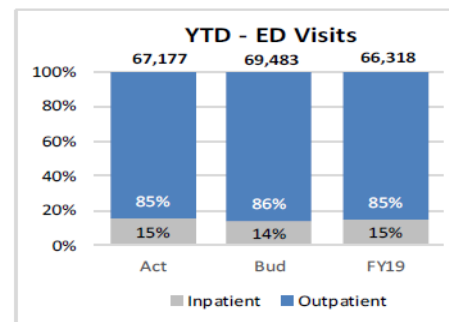
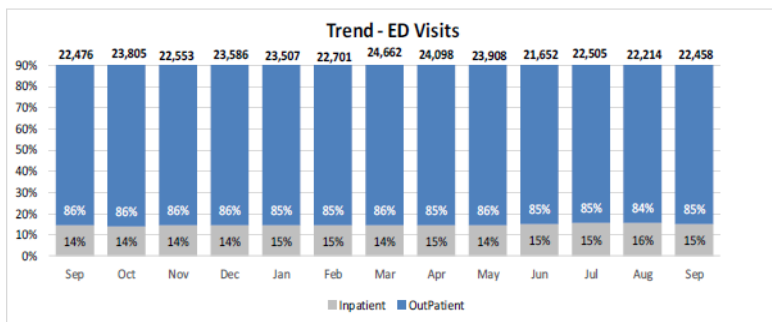
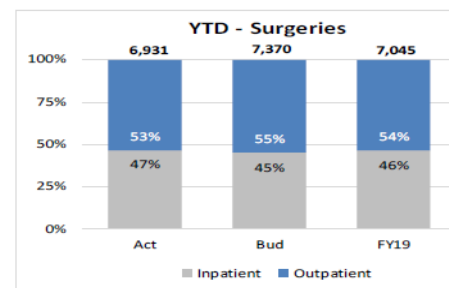
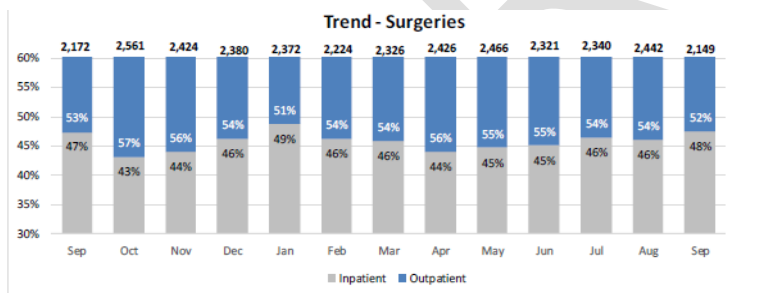
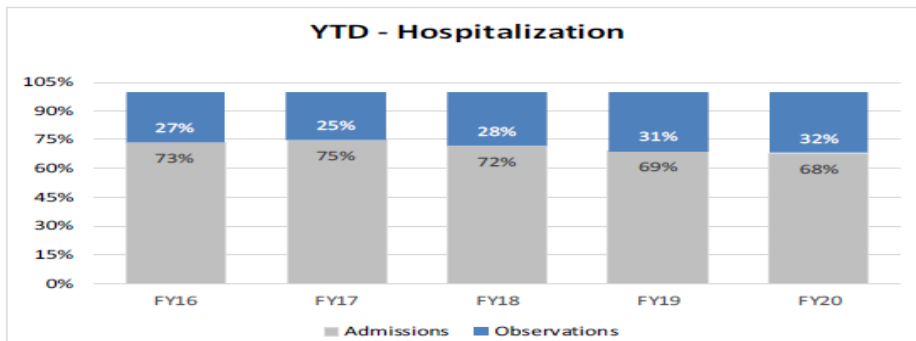
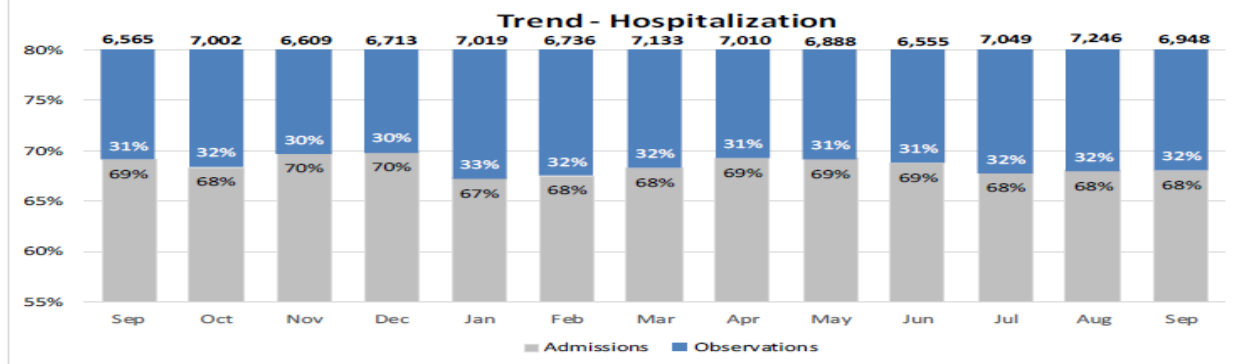


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Mr. Fernandez reported on the Trends within hospitalizations and surgeries, which were significantly down from the month prior. He did however emphasize that during the month of September, the entire country experienced similar set-backs in volume.



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Mr. Fernandez noted that Broward Health North continued to shine although they missed budget during the month of September. Drivers that contributed to their successes were further detailed.



Broward Health North

DRIVERS

- Admissions favorable to budget 59 or 5.5%
- FTE's/AOB favorable to budget 2.1%
- Supply/APD favorable to budget 6.3%
- Net Revenue unfavorable to budget due to increase in Self Pay and cash collections below goal resulted in an increase in Bad Debt for the month

PERFORMANCE

	Current Period					FYTD				
	Actual	Budget	Var	Prior Year	Var	Actual	Budget	Var	Prior Year	Var
Broward Health North										
1. Admissions	1,141	1,082	59	1,042	99	3,484	3,287	197	3,188	296
2. Observation Cases	550	612	(62)	612	(62)	1,806	1,869	(63)	1,869	(63)
3. Total Hospitalization Patients	1,691	1,694	(3)	1,654	37	5,290	5,156	134	5,057	233
4. Surgeries	542	529	13	485	57	1,724	1,662	62	1,571	153
5. ER Visits	4,903	5,232	(329)	5,105	(202)	15,296	15,683	(387)	15,303	(7)
(\$ in millions)										
6. Net Operating Revenue	\$18.2	\$18.8	(\$0.6)	\$16.7	\$1.5	\$57.7	\$56.9	\$0.8	\$52.7	\$5.0
7. SW & B	\$9.1	\$9.3	(\$0.2)	\$9.3	(\$0.1)	\$28.5	\$28.2	\$0.3	\$27.7	\$0.8
8. Supplies	\$5.3	\$5.3	(\$0.0)	\$4.6	\$0.7	\$17.3	\$16.7	\$0.6	\$15.5	\$1.8
9. Other	\$3.2	\$3.4	(\$0.1)	\$3.0	\$0.2	\$10.1	\$10.2	(\$0.1)	\$9.3	\$0.8
10. EBIDA	\$0.5	\$0.8	(\$0.3)	(\$0.2)	\$0.7	\$1.8	\$1.8	(\$0.0)	\$0.2	\$1.6
11. Depreciation & Common Service	\$3.1	\$3.3	(\$0.2)	\$2.8	\$0.3	\$9.9	\$10.2	(\$0.3)	\$9.6	\$0.3
12. Net Gain (Loss) from Operations	(\$2.6)	(\$2.5)	(\$0.1)	(\$3.0)	\$0.4	(\$8.1)	(\$8.4)	\$0.2	(\$9.4)	\$4.7

A report was given on Community Benefit, in which Mr. Fernandez shared that the goal was to have more patients qualify for government funding so that the burden on District residents be reduced.

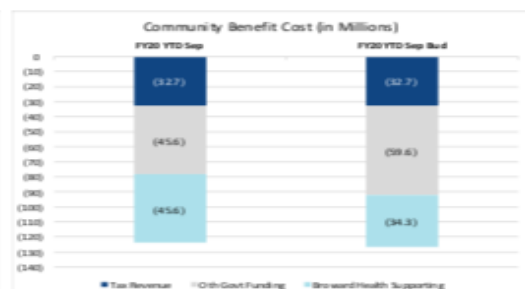
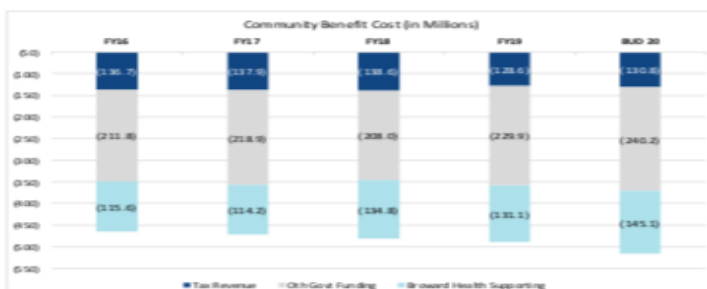


Service

DRIVERS

- Community Benefit Cost in Excess of Gov't Funding represents the amount of the unfunded costs BH subsidizes through operations
- BH Projects for 2020 to subsidize unfunded programs by \$130M
- BH has subsidized \$45.6M in unfunded programs through Sept 2019

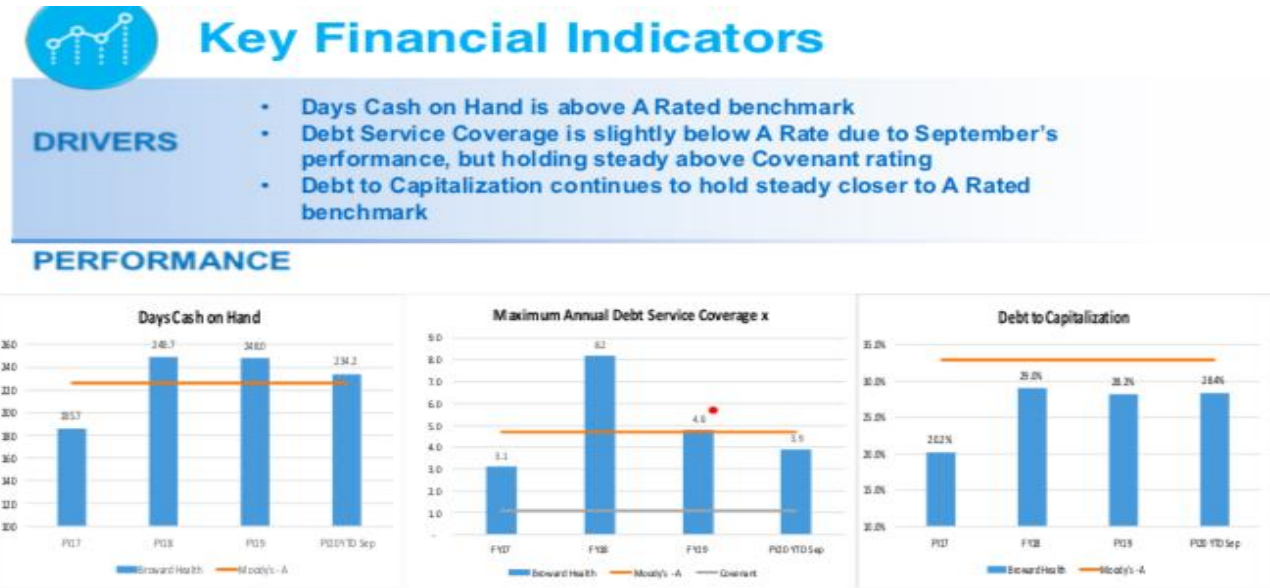
PERFORMANCE



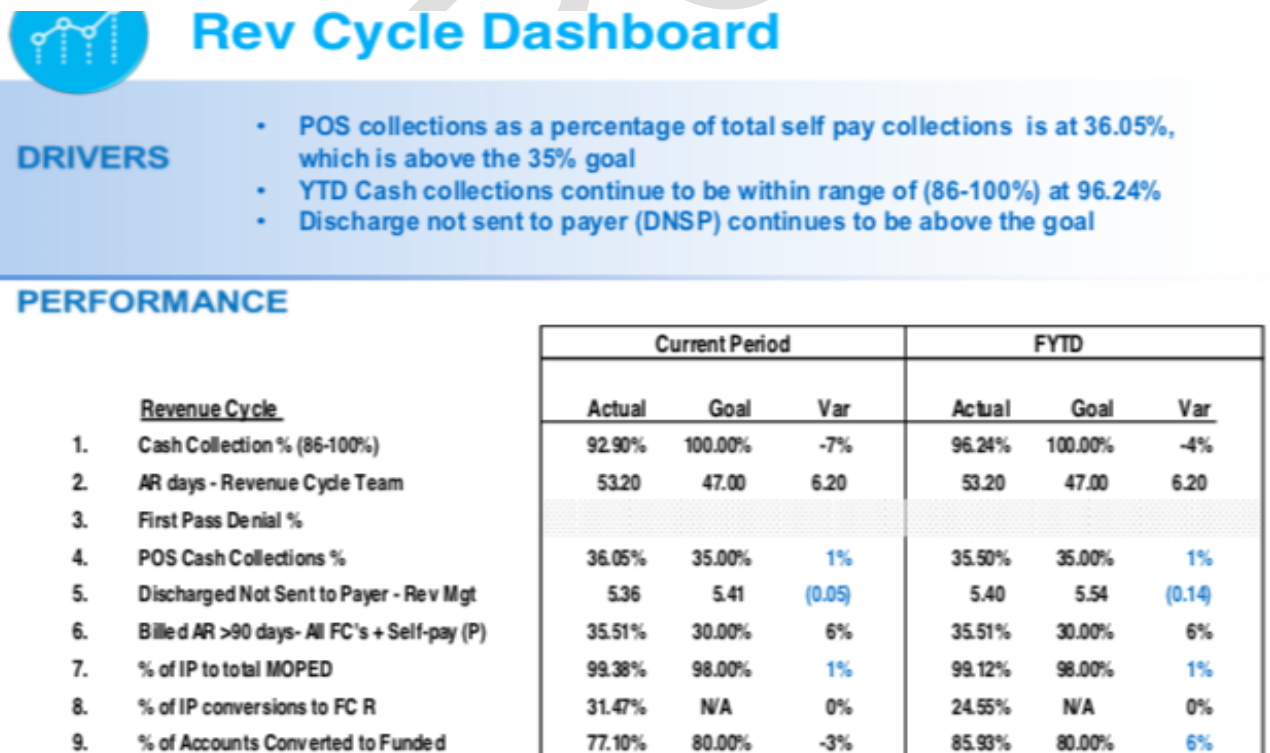
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Mr. Fernandez mentioned that the organization’s Key Financial Indicators remained solid, with a strong balance sheet.



In reporting the Revenue Cycle, a delay in cash collections was mentioned, in addition to a mitigation plan to alleviate the issue.



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A report was given on the Financial Initiative Scorecard performance detailing the efficiency for several indicators and cost saving initiatives that were being implemented. Revenue Cycle, Managed Care and Non-operating Financial Strategy was also reported on.



Mr. Fernandez closed his presentation with a brief Legal Overview for the fiscal year.

Legal Overview
FY 2019 – June 2019
(\$ in millions)

	FYTD				
	Actual	Budget	Var	Prior	Var
<u>Broward Health Total</u>					
1. Net Operating Revenue	\$1,044.6	\$1,102.9	(\$58.3)	\$1,071.2	(\$26.6)
2. Total Expenses	\$1,173.4	\$1,230.0	(\$56.6)	\$1,119.2	\$54.2
3. Net Gain (Loss) from Operations	(\$128.8)	(\$127.1)	(\$1.7)	(\$48.0)	(\$80.8)
<u>Legal/Compliance Depts:</u>					
4. 119305 - General Counsel	\$1.7	\$2.2	(\$0.6)	\$1.9	(\$0.2)
5. 119480 - Outside Litigation	\$12.2	\$6.2	\$6.0	\$6.9	\$5.3
6. 119660 - Compliance	\$7.5	\$3.9	\$3.7	\$4.2	\$3.3
7. Total Expenses	\$21.4	\$12.3	\$9.1	\$13.0	\$8.4
<u>Broward Health Revised Total</u>					
8. Net Gain (Loss) from Operations excluding Legal/Compliance Depts	(\$107.4)	(\$114.8)	\$7.4	(\$35.0)	(\$72.4)

***Note: Accrual for Bonus' equals \$3.896 Mil including FICA (\$3.620m in account 60017; \$275k in account 61030)

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6.1. Approval of the Interim Financial Statements

6.1.1. Approval of the Interim Financial Statement for the month of July, 2019

6.1.2. Approval of the Interim Financial Statement for the month of August, 2019

6.1.3. Approval of the Interim Financial Statement for the month of September 2019

MOTION It was *moved* by Commissioner Gregoire, *seconded* by Commissioner Ure, that:

The Finance Committee recommend that the Board of Commissioners of the North Broward Hospital District accept the interim financial statements for the months of July, August and September, 2019.

Motion *carried* unanimously.

6.2.1. Supply Chain Update

Mr. Fernandez invited members of the procurement department to introduce themselves and inform the committee of new initiatives and accomplishments being achieved.

Mr. Jorge Hernandez, Vice President of Supply Chain, spoke to the committee and introduced the rest of his team, as seen below. Several members of the procurement department shared details on processes, initiatives and vendor diversity.

LaRae Floyd, Manager, Material Operations & Business Development

Diana Gomez: Manger, Supply Chain Bids

Jose Hernandez, Director, Supply Chain Purchasing & Materials

Simone Bernard: Purchasing Contract Specialist

Dominique Lavelanet: Manager of Purchasing & Corporate Resource

6.3. Systemwide, Approval of Apheresis services agreement with Fresenius

MOTION It was *moved* by Commissioner Gregoire, *seconded* by Commissioner Ure, that:

The Finance Committee recommend that the Board of Commissioners of the North Broward Hospital District authorize the President/CEO to enter into a new agreement with the vendor, Fresenius, for a three (3) year cost of \$819,000.

Motion *carried* unanimously.

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6.4. Approval of Proposed Procurement Code

Mr. Fernandez invited Mr. Hernandez back to the podium with Mr. Brett Bauman, from the legal department. Mr. Hernandez and Mr. Bauman listed the differences between the current code being proposed from the code last revised in 2009.

Commissioner Angier recommended a revision be added to the policy stating that all contracts between the amounts of \$250K to \$400K be reported monthly to the board.

For further transparency, Mr. Bauman stated that he could provide redlines to changes under the Execution Authority portion of the code, and create an Informational Threshold which would be added to the Spending Threshold Policy.

Commissioner Ure moved to recommend to the board the Procurement code with the modification or revision to incorporate an informational threshold for the board at 250K.

Please note, Mr. Hernandez's audio on this portion of the video of was inaudible due to the sharing of the microphone between him and Mr. Bauman.

Commissioner Angier reiterated the motion to approve the procurement code with the amendment of informational spending purposes back to the board.

MOTION It was *moved* by Commissioner Ure, *seconded* by Commissioner Berry, that:

The Finance Committee recommend that the Board of Commissioners of the North Broward Hospital District approve the Procurement Code with the amendment to incorporate an informational threshold at \$250k.

Motion *carried* unanimously.

7. **ADJOURNMENT** 3:30 p.m.

MOTION It was *moved* by Commissioner Ure, *seconded* by Commissioner Waugh, to:

Adjourn the Finance Committee Meeting.

Motion *carried* unanimously.

Respectfully submitted,
Commissioner Stacy L. Angier, Secretary/Treasurer.