MEETING MINUTES

**Stoughton Hospital Association Finance Committee**

Friday, November 22, 2024 | 7:15 a.m. – 8:30 a.m.

MS Teams Link: [Click here to join the meeting](https://teams.microsoft.com/l/meetup-join/19%3Ameeting_MjMzN2ZlZDMtMDdkMS00OGU4LTg3OGUtNDQxYzE0YjQ3NGQ5%40thread.v2/0?context=%7b%22Tid%22%3a%22367b5c1b-0570-438f-89d9-f701fb549e26%22%2c%22Oid%22%3a%22be3212bb-d10e-4597-b89a-85f8d35f20b9%22%7d) | Meeting ID: 254 629 133 046 | Passcode: pFjUQw

Or call in (audio only): 1-608-383-6164 | Phone Conference ID: 364 644 194#

# **Committee Function and Members**

**Committee Function:** Maintain general financial oversight of hospital finances, including corporation’s budget, and report to the Board. Examine monthly financial reports and supervise the management of hospital funds. Have the general responsibility to make recommendations to the Board of Directors concerning the purchase of additional property, replacement thereof as well as repair and maintenance of said property and equipment; review all prospective purchases of equipment which exceed a value established by resolution of the Board of Directors.

\* Must be Secretary/Treasurer

\* Directors may not serve on Finance and Audit Committees simultaneously

**Meeting Attendees:** Glenn Kruser | Donna Olson | Tim Rusch | Kris Krentz | Dr. Aaron Schwaab | Matt Kinsella (virtual) | Dawit Tesfasilassie (virtual) | Steve Peotter (virtual) | Dr. Rawal (virtual) | Sue Vanderbilt (virtual) | Michelle Abey | Dan DeGroot | Amy Hermes | Mary Hermes | Laura Mays | Angie Polster | Chris Schmitz

**Guest:** Matt O’Neill (ZCM Advisory Group)

|  | Item | Discussion | Presenter |
| --- | --- | --- | --- |
|  |  | Call to OrderMr. Kruser called the November 22, 2024 Finance Committee meeting to order at 7:14 a.m. | Glenn Kruser |
| A |  | Review and Approval of August 16, 2024 Finance Committee Meeting Minutes ***Action: Ms. Olson made a motion to approve August 16, 2024 Finance Committee meeting minutes. Mr. Peotter seconded the motion. Motion carried.***   | Glenn Kruser |
| A |  | October 2024 FinancialsMs. Abey provided an overview of October 2024 Financials, which can be found in the November 22, 2024 Finance Committee packet. She shared October operating income was $690,981 which was more than budget by $241,565. Ms. Abey shared inpatient revenues were more than budget by approximately $253,000, primarily related to a higher census on the medical/surgical unit than budgeted. She shared outpatient revenues were more than budget by approximately $638,000. Ms. Abey noted this is related to Medical Imaging, particularly CT scanning, which was $433,000 over budget. She shared the team increased the budget this year (versus last year’s budget), but departmental volumes continue to be above budget. Ms. Abey shared MRI and Echocardiogram were slightly under budget by ($187,000) and ($78,000) respectively.  Ms. Abey shared Surgical Services is ahead of budget by approximately $103,000 from a gross revenue perspective. She noted Ortho and General Surgery are 7 and 10 cases ahead of budget for the month, respectively. Ms. Abey noted on the expense side, salaries and benefits were under budget, but we expect this to level out over time. She added more contracted staff are being used than what was budgeted. Ms. Abey shared purchased services are under budget by approximately $21,000 which can be attributed to timing differences for recruitment costs. She stated October was a particularly good month financially and good start to the fiscal year.Ms. Abey provided an overview of October budget to actual by location for emergency and urgent care services. She noted ER is slightly above budget at 665 visits. Cottage Grove Urgent Care has seen 56 patients since they opened October 22, 2024 (approximately 5.6 patients per day). Oregon is slightly under budget for the month, but that location has seen additional volumes in November relative to winter colds, COVID, RSV and other illnesses. ***Action: Ms. Olson made a motion to recommend approval of the October 2024 financials to the Governing Board. Mr. Kruser seconded the motion. Motion carried.***  | Michelle Abey |
|  |  | November Month-to-Date Financial Update Ms. Abey provided a snapshot of November month-to-date gross revenues. She noted from a gross revenue perspective, Oregon Urgent Care and Cottage Grove Urgent Care are projecting to be ahead of budget for the month. She shared McFarland Urgent Care and total inpatient are slightly behind budget.  | Michelle Abey |
| A |  | Financial Assistance Policy (FAP) Ms. Abey provided an overview of the Financial Assistance Policy (FAP), which is required to stay compliant with 501R regulations. She shared it was put in place with the Affordable Care Act (ACA) and became effective October 1, 2016 as part of regulations that affect a hospital’s tax-exempt status. Stoughton Health was reviewed by our attorneys to ensure compliance with these regulations when we issued tax-exempt bonds in 2023 for funding the Stoughton Health Outpatient Center (SHOC). Ms. Abey shared penalties for non-compliance include:* Loss of federal tax exemption.
* Loss of $50,000 excise tax.
* Loss of our ability to accept charitable contributions.
* Loss of property tax exemptions.
* Loss of ability to issue tax free bonds.

Ms. Abey shared the information about financial assistance. In fiscal 2024 there were 281 unique records written off totaling an estimated $600,000 in gross charges. Ms. Abey shared presumptive eligibility is given to patients with the following: * Food Stamp Program recipients
* Medicaid program
* Women, Infants & Children (WIC) nutrition assistance
* Deceased with no known estate.
* Approved by the court for bankruptcy.
* Homeless or receives care from a homeless clinic.

Mr. DeGroot asked what percentage of patients are in collections, and Ms. Abey shared bad debt is approximately 1.5% of gross revenues. She noted eligibility is determined on a case-by-case basis, and the criteria used includes the patient having limited or no health insurance, who demonstrate a financial need, and who reimburse the hospital for any monies paid directly to them by insurance, among other criteria. Ms. Abey shared if a patient has no health insurance to add to their account, there is a 39% uninsured discount applied. She noted the financial assistance documents are available online, and the summary uses plain language, which is clear, concise, and easy to understand. Ms. Abey shared the billing and collection policy Stoughton Health follows is included in the financial assistance policy (FAP). This billing and collection requirement means Stoughton Health may not engage in extraordinary collection actions before “reasonable efforts” have been made to determine whether an individual is eligible for assistance.***Action: Mr. Peotter made a motion to recommend approval of the Financial Assistance Policy 2.10 to the Governing Board. Ms. Olson seconded the motion. Motion carried.***  | Michelle Abey |
| A |  | EMTALA Policies Ms. Hermes provided a brief overview of EMTALA policies and noted the policy governs the medical staff and nursing practice at Stoughton Health. She shared this was put in place in 1986 and is meant to prevent diversions of uninsured patients to other facilities’ emergency departments. The policy requires our facility to assess and stabilize the patient to the best of its ability, and to ensure there is an accepting facility and provider prior to transfer. Ms. Hermes added all these things are well-documented in our Emergency Department to ensure processes are followed. ***Action: Ms. Olson made a motion to recommend approval of the EMTALA policies to the Governing Board. Mr. Kinsella seconded the motion. Motion carried.***  | Amy Hermes |
| A |  | Community Health Needs Assessment (CHNA) Ms. Mays shared the 2025-2027 Community Health Needs Assessment (CHNA) summary and noted this assessment requires Governing Board approval. She noted the CHNA takes place every three years to:* Improve overall community health.
* Promote collaboration and partnerships to address top community health needs.
* Improve communication across health sectors.
* Reinforce a commitment that the people’s health is the hospital’s top priority.

Ms. Mays shared Stoughton Health’s work on the CHNA began in January 2024 and it took approximately ten months to complete. She noted it is a requirement and hospitals could receive a $50,000 fine if they do not complete the assessment. She shared requirements for the CHNA include conducting the assessment, making it widely available, adopting strategies and finally, reporting to the IRS on Form 990 Schedule H. Ms. Mays added Stoughton Health started doing the Community Health Needs Assessment (CHNA) in 2013. Ms. Mays shared the priority health outcomes revealed by the 2025-2027 CHNA include:1. Chronic Conditions
2. Injury and Safety
3. Mental Health and Substance Use
4. Reproductive Justice

 Ms. Mays shared Stoughton Health is part of the Healthy Dane Collaborative, and noted work is done in conjunction with Public Health, SSM Health, UW Health, UnityPoint, and Group Health Cooperative of South-Central Wisconsin. ***Action: Ms. Olson made a motion to recommend approval of the Community Health Needs Assessment (CHNA) for 2025-2027 to the Governing Board. Mr. Kruser seconded the motion. Motion carried.***  | Laura Mays |
| A |  | Capital Request: * Infusion Pump Replacement

Ms. Abey provided a brief summary of the capital request for Infusion Pump Replacement, which can be found in the November 22, 2024 Finance Committee packet. She noted the new pumps would include automatic drug library updates, an electronic pump finder, and prime backs to reduce air bubbling in tubing. Ms. Abey stated the cost to purchase the new pumps is $132,000 plus implementation, with a useful life of 7 years. Finally, she shared the purchase is expected to result in a savings of approximately $525,000 over the life of the pumps.***Action: Mr. Peotter made a motion to recommend approval of $140,000 of Fiscal Year 2025 capital for the purchase and implementation of Ivenix infusion pumps. Ms. Olson seconded the motion. Motion carried.***  | Michelle Abey  |
|  |  | Investment Review, ZCM Advisory Group Mr. Matt O’Neil from ZCM Advisory Group provided an investment review for Stoughton Health. He stated with the new administration coming in, the stock market increased approximately 5% once the election results were known, but since then has leveled out to 2%. Mr. O’Neil noted the market is optimistic, but it is too early to know how aggressive the new administration will be. He shared the Federal Reserve Open Markets Committee has cut the Fed Funds rate by a total of 0.75% so far in 2024, and another 0.25% cut is expected in December 2024. Mr. O’Neil shared ZCM has been managing Stoughton Health’s portfolio since 2017. He stated our total investments are $16.6M and the investment policy allows up to 65% to be invested in equities. As of October 31st, the portfolio has 60.3% in equities. Mr. O’Neil noted there was a big run in the stock market last year versus this year, adding this is not something you expect over the long-term. He shared despite average intra-year declines of 14.2, annual equity returns were positive in 39 of 44 years. Finally, he stated the expected rate of return should be closer to 5-7%. | Matt O’Neil |
|  |  | Open Discussion | All |
| A |  | Adjournment***Action: Ms. Olson made a motion to adjourn the November 22, 2025 Finance Committee meeting at 8:30 a.m. Mr. Kruser seconded the motion. Motion carried.***  | Glenn Kruser |

Respectfully submitted,



Glenn Kruser

Secretary/Treasurer