

**BAY AREA HOSPITAL  
FINANCE COMMITTEE MEETING MINUTES  
April 22, 2025  
Myrtle Conference Room / Microsoft Teams**

**CALL TO ORDER**

Chairperson Barbara Taylor called the meeting to order at 5:15 pm; there was a quorum in attendance.

**FINANCE COMMITTEE MEMBER ATTENDANCE**

Barbara Taylor; Tom McAndrew, MD; Eric Farm; Jim Hough and Taylor Cribbins.

**ABSENT** (*excused*)

Fred Messerle

**BAHD BOARD OF DIRECTORS ATTENDANCE**

Patrice Parrott and Troy Cribbins

**STAFF ATTENDANCE**

Brian Moore, CEO; Mitch Watson, CFO Interim; Jenn Collins, CNO; Kelli Dion, CQO; Gretchen Nichols, COO; Karen Miller, Controller and Shanna Sheaffer, Executive Assistant.

**LEGAL COUNSEL**

Megan Kronsteiner, Esq.

**PUBLIC ATTENDANCE**

Public was in attendance via Teams and in person.

**COMMITTEE and BOARD BUSINESS – Ms. Barb Taylor, Chairperson & Mr. Troy Cribbins, BAH Board Chair**

**Resignation and Appointments – Finance Committee and BAH Board**

Ms. Barb Taylor has formally submitted her resignation from both the BAH Board and the Finance Committee, citing personal reasons. In her resignation, Ms. Taylor expressed her desire to continue contributing by serving as a community member of the Finance Committee.

Mr. Troy Cribbins accepted Ms. Taylor's resignation and subsequently appointed her as a community member of the Finance Committee. He also introduced Ms. Arlene Roblan, who was present at the meeting, and announced his intention to appoint her to the BAH Board.

**FOLLOW UP ACTION ITEM FOR THE BOARD**

Additionally, Mr. Cribbins appointed Dr. Tom McAndrew as the acting Chair of the Finance Committee for the evening and noted the need for a future discussion regarding the selection of a permanent chair.

**APPROVAL OF FINANCE COMMITTEE MINUTES – Mr. Tom McAndrew, MD, Chairperson****Action taken by the Finance Committee**

Mr. Jim Hough moved to approve the Finance Committee minutes for March 19, 2025, as presented in the packet, Ms. Barb Taylor seconded. The motion carried on call of vote.

**Deschutes – Financial Market Overview - Mr. MacGregor Hall**

- Mr. Hall provided a comprehensive update on the current financial market environment.
- He emphasized the importance of exercising caution due to ongoing market volatility and uncertainty.
- Noted that international equities have recently outperformed U.S. equities for the first time in an extended period, attributing this trend to perceptions of overvaluation in the U.S. market.
- Described the current downturn as an *event-driven bear market*, primarily influenced by policy changes rather than underlying economic fundamentals.
- Highlighted the uncertainty surrounding the duration of current market conditions.

**Deschutes - Defined Benefit Plan Update – Mr. MacGregor Hall**

Mr. Hall discussed the impact of market volatility on the defined benefit portfolio.

- Recommended immunizing cash flow needs for plan beneficiaries over the next two to three years.
- Proposed investing in short-term U.S. Treasury bills to ensure liquidity and reduce exposure to market fluctuations.

**NEW BUSINESS****Financial and Operational Updates – Presented by Brian Moore and Mitch Watson***Financial Performance – March Overview*

Mr. Moore reported that net revenue for March was below expectations, primarily due to:

- A \$337,000 impact from a rack audit.
- A \$400,000 decline in 340B revenue, attributed to reduced spending during the month.

He emphasized the importance of continuing efforts to structure the organization for long-term financial sustainability.

*Bank Negotiations and Audit Readiness*

Mr. Moore provided an update on ongoing discussions with the bank, noting:

- The need for a forbearance agreement.
- The critical importance of maintaining a clean audit.
- The bank's understanding of the organization's current position and continued engagement in negotiations.

*Orthopedic Hospitalist Program*

Mr. Moore addressed concerns regarding the Orthopedic hospitalist program:

- Acknowledged the program's essential role in providing coverage.
- Identified the need to improve access to elective procedures.
- Noted that efforts are underway to address these access issues.

#### *Labor Relations*

Mr. Moore announced the successful negotiation of a new contract with UFCW.

- Highlighted the collaborative tone of the negotiations.
- Emphasized the importance of maintaining market competitiveness.

#### *Revenue Cycle Outsourcing*

Mr. Watson discussed the performance of the revenue cycle outsourcing initiative:

- Confirmed that contractual obligations are being met.
- Noted that anticipated improvements in revenue collection have not yet materialized.
- Shared that evaluation and remediation efforts are ongoing to address performance gaps.

### **FINANCIAL PRESENTATION – Mr. Mitch Watson, CFO**

Mr. Watson updated the committee on End of Month Financial results, Key Performance Indicators (KPI) and a Capital Update as presented in the packet. Key highlights are below.

**Overall**, Bay Area Hospital reported a loss of (\$4.7M) in March, against budgeted gain of \$219K. March Gross Revenue was \$63M and Net Revenue ended the month at \$19M, with a Net to Gross Revenue Margin of 30.3%.

#### **Gross Revenues**

**March Gross Revenue** totaled \$62.2M, (\$2.2M) decrease to budget and increase of \$1.8M to prior year. Emergency Room showed higher than budgeted gross revenue for the month, an increase of \$770K. Departments with large deficits to budget include Operating Room, Cardiac Cath Lab, and Pharmacy-Infusion.

Gross Revenue Variance of (\$2.2M) vs budget is driven by unfavorable volume decrease of (\$8.5M) offset by favorable rate increase of \$6.3M.

#### **Net Revenues**

Net Revenue for the month is below budget by (\$3.6M) and down on the previous year by (\$881K) (\$19M vs. \$22.6M vs. \$19.9M).

YTD is below budget by (\$17.8M) and up to prior year by \$872K (\$181.9M vs. \$199.8M vs. \$181.1M).

#### **Balance Sheet**

Cash and Cash Equivalents are \$9M at the end of March and Assets limited to use are \$36.5M for an overall cash balance of \$45.6M. Overall cash and investments decreased about (\$3.1M) over last month. **Days Cash on Hand is 65 days.** Account Receivable (net) decreased (\$1.3M) from the prior month to end at \$28M. Current liabilities decreased by (\$570K) compared to the prior month. The Current Ratio is 2.82 and Debt to Capitalization is 40.1%.

### **CAPITAL PROJECT FOR THE CANCER CENTER**

Mr. Moore and Mr. Watson discussed the Capital Project for the Cancer Center. This encompasses the use of \$250,000 in donated funds for various projects, including ADA improvements and upgrades to the center. They emphasized the importance of honoring the donor's intent and ensuring the projects are completed.

**Action taken by the Finance Committee**

Ms. Barb Taylor moved to approve the release of these funds with no changes, Mr. Jim Hough seconded the motion. The motion carried on call of vote. Questions were asked and answered.

**GOOD OF THE ORDER**

Next meeting will be May 27, 2025, at 5:15 p.m.

**ADJOURNMENT**

There being no further business, the Finance Committee was adjourned at 6:35 p.m.



Tom McAndrew, MD,  
Acting Finance Committee Chairperson

Date: May 27, 2025