

McDonough District Hospital
Board of Directors
Finance Committee

McDonough District Hospital (MDH) Finance Committee met on Thursday, April 17, 2025 at 7:00 a.m. in the third floor Board Room. The Finance Committee members present were Ryan Riggins, Dave Garner, Jere Greuel, Kathleen Neumann, Dan O'Neill, Dr. Tim Biagini, and Todd Lester. The Hospital Administration members present were Bill Murdock, Sherri Hitchcock, Gloria Bamforth, Sandy Hern, and Alexis Vonholt. Administrative Assistant present was, Kim Thorman.

Guests: JoEllen Pensinger, Michael Brown Director Healthcare Advisory, RSM.

Ryan Riggins called the meeting to order at 7:00 am.

Public Comment

There were no public comments at this time.

Margin Improvement Plan Update

Michael Brown, Director of Healthcare Advisory from RSM, shared a presentation to update the Finance Committee on the Margin Improvement Plan. Michael outlined key project achievements, including enhanced inter-departmental collaboration, prioritized revenue cycle processes, optimized Cerner configurations, and comprehensive staff training. He noted that RSM has guided MDH's use of the Cerner platform and Experian integrations, with the goal of boosting efficiency. Operational successes and corrective controls were implemented to maintain progress. He identified incorrect Cerner usage and registration errors as primary causes of preventable denials, while non-covered charges were noted as non-preventable. Outcomes, included reduced aging accounts receivable and improved net collection rates. Michael also discussed ongoing challenges and proposed solutions from RSM to address them. Michael concluded his presentation by addressing the board's questions and recommended quarterly check-ins to sustain long-term improvements.

Michael Brown, and Sandy Hern, left the meeting at 7:25 a.m.

At 7:25 a.m., Paul Traczek, Coordinating Audit Partner, and Ashley Berrens, Manager, both from Wipfli, LLP arrived at the meeting.

FY2025 Audit Update

Sherri introduced Paul and Ashley to the Finance Committee. Paul began with an introduction on what MDH could expect from Wipfli on their audit approach. He highlighted routine communications, Wipfli's understanding of unique business challenges, their no surprise audit services, and strong industry expertise. He went on to share their experience with small and large hospital systems, and he and Ashley's specific experience with rural hospitals. Ashley shared the procedures, expectations, timeline, schedule and the members of the Wipfli Team. She continued to share the Wipfli risk-based audit approach, the list of key controls and audit areas they would go through. Paul noted that financial statements would be presented in draft form in September. He shared that there are no new accounting pronouncements but explained a few of the new auditing pronouncements for FY25, and an update from the Federal Office of Management and Budget. There were questions from the committee regarding the length of the contract, and a few of the findings they have already found during this planning process that will be beneficial for the Rural Health clinic billing. The committee asked questions about Critical Access designation and Paul shared his experience with other hospital systems and offered a few suggestions regarding the Rural Community Hospital Demonstration. He ended by sharing he and Ashley's contact information with the committee.

Dr. Tim Biagini, Paul Traczek, Ashley Berrens, and Alexis Vonholt left the meeting at 8:01 am.

Review and Recommend Wipfli for annual audits and cost report filings for FY25, 26, and 27

Bill shared that MDH had received two other audit firm proposals, and Wipfli stood out as most impressive. Wipfli also came recommended from various collaborative partners we share in healthcare. Given the extended duration of MDH's contract with RSM as our auditors, it was our fiduciary duty to implement a change in firms.

A motion was made by Dave Garner, and seconded by Jere Greuel, to recommend the approval of Wipfli for the annual audits and cost report filings for FY25, 26, and 27, to the MDH Board of Directors. Motion carried.

3rd Quarter Financial Performance Update

Sherri shared the Finance Packet with the committee. She began the presentation by sharing a broad overview of Q3 which included operating revenue, patient volumes, clinic visits, procedures, salary expense, purchased services, and their variance to budget. The non-operating revenue was acknowledged, which included the donations received from the Foundation and The Fellheimer Trust distributions. Sherri highlighted the increase in salary expense but the decrease in contracted labor, which is a move in the right direction. The capital expenditures of Q3 were reviewed, and assets and liabilities were discussed. The group discussed the difficulties with rising costs and expenses in relation to volumes. Cash collections, denial rates and the clean claims were shared. Sherri noted the new processes put into place by the margin improvement project would be tracked and shared at future Finance Committee Meetings.

Miscellaneous/Items for Discussion

The group continued to discuss Critical Access Hospital designations, physician recruitment efforts, and the continued efforts of MDH to collaborate with our regional hospitals. The meeting wrapped up with Bill sharing about a HRSA grant that the Foundation is in process of submitting an application packet, and the status of the second half of the ERC payment.

Executive Session for the purpose of open meetings act exception 5ILCS 120/2(c)(1), 120/2(c)(2), 120/2(c)(3), 120/2(c)(11)

There was no business to discuss in Executive Session at this time.

At 9:00 a.m., there being no further business to discuss, a motion was made by Dave Garner, and seconded by Kathleen Neumann, to adjourn. Motion carried.

Ryan Riggins
Secretary/Treasurer of MDH Board of Directors