McDonough District Hospital
Finance Committee of the Board of Directors
Meeting Minutes
July 15, 2026

McDonough District Hospital (MDH) Finance Committee met on Wednesday, July 15, 2026, at 12:00 p.m. in the third floor Board Room. The Finance Committee members present were Chairman Ryan Riggins, Dave Garner, Kathleen Neumann, Dan O'Neill. Non-voting committee members included Todd Lester, Mary Kathleen Lockard, and Sherri Hitchcock.
Excused: Seth Minter and Dr. Biagini

Present from MDH were Wanda Foster, Interim CEO, Patrick Osterman, VP/Business Strategy, Alexis Vonholt, Director of Fiscal Services, Gloria Bamforth, VP of MDH Medical Groups, Emily Mynatt, FNP-C, and Kim Thorman, Executive Assistant.
Media Representation: Darcie Shinberger, Community News Brief

Finance Committee Chairman, Ryan Riggins called the meeting to order at 12 p.m.

Public Comment
There were no public comments.

Ryan welcomed Emily Mynatt, FNP-C. Gloria introduced Emily to the group noting her mentorship of Emily during Emily's current enrollment in a Leadership Study Program.

4th Quarter Capital Items over $25,000 and year-end summary and 4th Quarter Financial Reports/Updates
The financial information presented was preliminary because year-end close was still in progress, including pending MDH Insurance Company entries. The books remain open until later in the summer, and figures may be subject to change until the audit is finalized.

- Capital expenditure for the quarter were reviewed and discussed in comparison to revenues and budget.
- The average age of plant was noted to be slightly above the preferred industry target.
- MDH placed several assets into service during the fiscal year.
- Fiscal-year capital spending, including items that will be treated as capital for audit purposes, was expected to remain within bond covenant limits.
- Committee members discussed contingency spending, with much of the related activity tied to prior-year project completion.
- The GI Clinic project was discussed, and it was noted that remaining construction-in-progress amounts did not appear to relate to the GI Clinic; the project was understood to be finished.
- Sherri thanked the MDH team for their efforts to reduce capital spending, compared with prior years.

4th Quarter Financial Reports / Updates

- Net operating revenue improved compared with the prior year; however, operating expenses increased at a faster pace.
- Net income and operating margin declined compared with the prior year.
- Days cash on hand decreased from the prior year.
- The debt service coverage ratio remained unfavorable, and a bond waiver from the bank will be required for the audit.
- Funds were moved from the safety reserve/rainy day account to support operations during the fiscal year.
- The safety reserve account is not currently being funded and is only earning interest. Historically, a portion of budgeted expense was allocated to the account, but funding stopped after the account exceeded its target level and because the organization has been budgeting losses.

- Cash decreased during the fiscal year, leaving overall cash and investments lower than before.
- No further update was available on the ERC distribution, though interest is expected when funds are received.
- Net days in accounts receivable remained above the preferred industry target.
- The contractual allowance percentage of gross revenue was slightly higher than the prior year. Contractual allowance was explained as the portion expected not to be collected due to contracts, contractual adjustments, bad debt, charity care, and similar adjustments.
- Cerner collection activity was reviewed, including discussion of gross and net collection rates and how stronger net collection performance would help reduce accounts receivable.
- The Cerner AR report does not include community pharmacy, pathology, home health, or hospice activity because those areas use separate systems.
- Admissions and average daily census were below budget. Discussion noted that average daily census is based on midnight census, which is industry standard but may not fully reflect inpatient workload during the day.
- Swing bed statistics are reported separately; Sherri offered to add swing beds to future reporting if desired.
- Community pharmacy scripts increased significantly compared with budget.
- MDH Medical Group clinic visits and rehab clinic activity were favorable to budget.
- Favorable revenue/statistics areas included the GI Clinic, OB, and Physical Therapy.
- Unfavorable areas included CT scans, post-anesthesia, and emergency room visits.
- CT scan volume and related revenue were below budget. Discussion noted that the second CT scanner required training and had intermittent downtime, with expectations for improved performance in the new fiscal year.
- Post-anesthesia activity was below budget. Discussion included whether the category may include certain pain-injection procedures or similar activity.
- Orthopedic clinic activity contributed to clinic visits, related revenue, and surgical activity during the fiscal year.
- Ophthalmology clinic activity contributed meaningful visit volume and revenue.
- Ophthalmology also contributed to significant OR activity and related hospital charges; it was clarified that those figures reflect hospital charges, not the physician’s personal charges.
- Optometry clinic activity also contributed visits and revenue.
- It was noted that these new service lines should continue improving as workflows are refined.
- Salary expenses continued to rise, partly due to bringing on new clinics, vacancy-factor assumptions in the prior budget, and moving certain services from contracted labor to employee salary expense.
- Contract labor was favorable for the fiscal year, though some contract labor remains, including coding, nursing, and other scattered contracts.
- EVS was brought in-house, shifting those costs from contracted labor to salary expense.
- Health insurance costs increased due to higher-than-budgeted claims activity.
- Community pharmacy drug and supply costs have increased as volume increased.
- Professional fees included areas such as surgery, OB, and Dr. Welchlin.
- Purchased services were favorable due to reduced legal fees and IT expenditures.
- MDH Insurance Company activity has not yet been included, so expense figures may change.
- Wanda requested that EBITDA be added to future packets.
- EBITDA was explained as earnings before interest, taxes, depreciation, and amortization, measuring core profitability from operations by removing debt financing, taxes, and non-cash depreciation charges.
- Even after adding back depreciation, EBITDA remained negative for the year.
- The MDH Insurance Company activity was not yet included in the statements and will affect the balance sheet, income statement, and related financial statements once added.
- Audit fieldwork with Wipfli is expected to ramp up later in the summer after books are further finalized.
- Capital grants and gifts were recorded within non-operating activity, including Fellheimer fund support and support for equipment.

- This helped reduce the reported loss; however, because it is non-operating income, it does not help the debt service ratio.
- Net income by area was rolled up into service areas to provide a shorter snapshot rather than multiple pages of department detail.
- The community pharmacy was reported as operating at a loss for the year, including depreciation for the building and related costs.
- The roll-up was viewed as a helpful bottom-line snapshot, with more detailed statistics available on subsequent pages.
- In a brief fiscal-performance summary, Sherri noted concern about cash flow erosion and emphasized that the cash decline is not being driven primarily by capital spending, which has been curtailed.
- Committee discussion emphasized the need to address operational issues, labor costs, productivity, revenue cycle performance, reimbursement opportunities, and the urgency around improving financial performance.
- It was noted that the Fellheimer support helped cash during the fiscal year but relying on restricted or trust funds was described as a temporary measure rather than a solution to operational losses.

At 12:39 p.m., a motion was made by Dave Garner and seconded by Kathy Neumann to move to Executive Session for the purpose under the complied statutes section 120/2: §2.(c)(1) ***The appointment, employment, compensation, discipline, performance, or dismissal of specific employees, independent contractors, volunteers, or legal counsel, including hearing testimony on complaints against them. And (c)(2) for collective negotiating matters between the public body and its employees or their representatives, or deliberations concerning the salary schedules for one or more classes of employees. Roll call vote was taken and motion carried.***

	Yea	Nay	Abstain
Riggins, Ryan	**x**		
Garner, Dave	**x**		
Neumann, Kathy	**x**		
O'Neill, Dan	**x**		

At 1:10 p.m., a motion was made by Dave Garner and seconded by Kathy Neumann to reconvene to Open Session. Roll call was taken and the motion carried.

	Yea	Nay	Abstain
Riggins, Ryan	**x**		
Garner, Dave	**x**		
Neumann, Kathy	**x**		
O'Neill, Dan	**x**		

Reconvening from Open session with the Committee members were Kim Thorman, Wanda Foster, Todd Lester, and Dr. Lockard. Joining the meeting for Open session were Patrick Osterman and Darcie Schinberger.

At 1:11 p.m. there being no further business to discuss, a motion was made by Dan O'Neill and seconded by Dave Garner to adjourn. Motion carried.

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Ryan Riggins
Secretary/Treasurer of MDH Board of Directors