

**AMARILLO HOSPITAL DISTRICT
BOARD OF MANAGERS
MINUTES
July 16, 1999**

<u>Members</u>	<u>Present</u>
Ms. Lilia Escajeda, Chairman	Yes
Mr. Steve Walton, Chairman Pro Tem	No
Mr. Rick Jones, Secretary	No
Mrs. Paula Toland	Yes
Mr. John Irwin	Yes
Dr. Ronald Fortner	No
Mr. Stan Harrison	Yes

Also Present

Mr. Dean Frigo	Director of Finance-City of Amarillo
Claudia Blackburn	Public Health Director-City of Amarillo

Review of 1999-2000 Proposed Budget

Ms. Escajeda, called the meeting to order at 3:35 p.m. at City Hall, 509 East 7th Street, Third Floor, Room 306, and welcomed those in attendance. Board members also present at that time were John Irwin and Stan Harrison. Paula Toland joined the meeting at 4:08 p.m. Mr Frigo presented the Amarillo Hospital District Operating Fund Statement of Estimated Receipts, Expenditures, & Available Cash. Mr. Frigo stated that at the beginning of the current year the Amarillo Hospital District (AHD) had available funds of \$197,267,378. The AHD should receive revenue of \$13,976,200 making total available funds of \$211,243,878. Mr. Frigo said that the AHD would spend about \$553,830 in operating expenditures, \$8,072,868 for the indigent care contract; \$231,502 for Public Health; \$966,390 to fund the AHD pension plan; \$1,008,000 for pediatric support services; \$278,000 funding prior AHD liability and Worker's Compensation Claims, and \$53,746 for Expanded Children Treatment Facilities for a total of \$11,164,336. The excess of Revenue over expenditures would be about \$2,812,164 which would make ending available funds \$200,079,542.

For the 1999/00 year the AHD should receive about \$14,028,959 in revenue making available funds of \$214,108,501. For 1999/00 the AHD would spend about \$648,148 in operating expenditures and \$7,716,795 for the indigent care contract. Mr. Frigo said that the indigent care contract payment was scheduled to be reduced to the \$1.5 million per quarter plus the cumulative inflation adjustment in the last quarterly payment of 2000 budget year. Public Health cost would be about \$261,360. The AHD pension plan funding would increase to about \$996,000. Mr. Frigo stated that he had included a 5% increase in the Pediatric Support Services expenditure to reflect increasing health care costs which would increase the funding \$1,058,400. A total of \$280,000 had been included for funding of prior AHD Liability and Worker's Compensation Claims. Nothing had been included for Expanded Children Treatment Facilities since UHS does not have any expansion plans for next year. The excess of Revenue over Expenditures would be about \$3,068,259 which would make ending available funds \$203,147,801.

Individual revenue and expense line items were reviewed with the Board. Mr. Frigo stated that Tax Collection revenues were falling since the only taxes being collected were delinquent taxes. Investment income was anticipated to be about \$12,359,550. Mr. Irwin asked how the revenue estimate was determined? Mr. Frigo replied that he had obtained a revenue estimate from Amarillo National Bank (ANB) who manages the majority of the funds and extended the ANB projection to the total portfolio. Also, the ANB estimate was added to the other money managers' estimates found on their monthly reports. The above two calculations were within \$20,000 of each other and Mr. Frigo stated that he used the smaller figure. Mr. Frigo stated that the other miscellaneous revenue estimate represented recouping of prior amounts due on Medicare/Medicaid cost reports and that estimate was obtained from Certus, the consultant. The consultant also provided a fee estimate for the collection of the Medicare/Medicaid funds. The anticipated income from NWTH was reduced to \$500,000 from anticipated receipts of \$522,500 in the current year. Mr. Harrison asked about the source of this income. Mr. Frigo stated that the sales agreement with UHS requires UHS to pay AHD 15% of the net revenue over \$24 million annually for seven years. The calculation of revenue is defined in the sales agreement. Ms. Esjadia added that the revenue calculation had been independently reviewed in the past.

The expenditure budget was also reviewed in detail. The expenditure budget included \$996,000 for funding of the AHD pension plan. Mr. Harrison asked had any amount been included to terminate the pension plan. Mr. Frigo said that the amount in the budget was the amount necessary to fund AHD's portion of the plan over a 10 year period approved by the AHD Board. No amounts had been included to terminate the plan. The proposed budget also included \$2,850 for office supplies and \$12,000 for operating expense. Ms. Esjada asked about the operating expense. Mr. Frigo said that the operating expense was for storage of AHD paper records at Graham Data. Ms. Escajeda felt that there were probably better methods of storing AHD records that the Board may want to explore in the future. Ms. Escajeda asked if the \$35,000 amount in the contingency account could be used for unbudgeted items. Mr. Frigo said that City budgets do not normally have a contingency amount. The amount was put in the draft budget for small budget overruns. Mr. Frigo further stated that the AHD Board may want to obtain guidance from the City Commission as to the use of the contingency amount. Ms. Escajeda questioned the communications charge of \$850 in the budget and asked about AHD phone calls. Mr. Frigo said that there were very few phone calls and when there was an AHD phone call it would be transferred by the City switch board to him. Mr. Irwin and Mrs. Toland felt the phone should be kept in the budget and that it was justified. The Rental of Equipment account of \$150 was for the post office box rental and \$480 had been included for postage. In the draft budget \$3,000 had been included for travel; \$2,000 for tuition which would be for registration fees, and \$500 had been included for meals and local expense. Ms. Escajeda encouraged board members to present meals and other incidental out-of-pocket expenses for reimbursement.

Mr. Frigo went over the professional services account. Professional services consisted of \$46,000 for audit fee; \$275,600 for Medicare/Medicaid consulting (amount provided by the consultant); \$13,115 fiscal agent fee to the City for bookkeeping; \$5,100 to the counties for tax collection; actuary expense of \$6,000; \$38,500 for an indigent care study; \$3,000 for a portfolio review, and \$100,000 for legal fees. Mr. Harrison asked if the actuary fee was for the pension. Mr.

Frigo replied that the actuary fee included in the draft budget was for an actuarial review of the professional liability and workers compensation liability of the AHD. The pension actuarial fees and trustee fees were paid by the pension plan.

Mr. Frigo said that he had increased the Pediatric Support Services by 5% to reflect increasing health care costs. Mrs. Toland said that she felt the number was soft. Mr. Frigo said that he had not included an amount for mileage reimbursement in the draft budget since those funds had been previously used to reimburse the part-time employee for personal use of her car. Mr. Harrison felt about \$600 should be included for mileage reimbursement including Board members. The insurance and bonds amount of \$38,000 was officers and directors liability coverage. The paid claims of \$100,000 was for prior AHD liability claims, and the \$180,000 was for prior AHD workers compensation claims. The indigent care contract was scheduled to drop in the last quarter of the 2000 budget year which would decrease the amount from the current amount of \$8,072,868 to \$7,716,795. The \$66,000 amount in the fiscal agent fees was for portfolio management. Ms. Blackburn said that she felt the funding for Public Health of \$261,360 was sufficient.

Ms. Esajdea was concerned that the AHD Board still does not have a spending rule. It has not been determined how much AHD surplus funds should be added to the corpus for future indigent care and how much is available to fund other health care projects in the community. Ms. Escajeda asked Mr. Irwin if the Finance Committee could make a recommendation at the next Board meeting as to how much of the surplus is available for community healthcare projects and how much should be added to the corpus for future indigent care.

Mr. Frigo presented a separate budget for the Tobacco Settlement proceeds. The Tobacco Settlement Budget began the year with an Accounts Receivable Balance of \$2,898,147, and is expected to earn \$80,000 in investment income and pay money management fees of about \$600. In the draft 1999/00 budget the Tobacco funds would earn about \$120,000 in interest income with \$600 in portfolio management fees leaving a balance of about \$3,096,947. Mr. Frigo said that he had not been able to make an estimate of the next allocation. There were several questions as to which expenditures could be included in the annual report. AHD would need to submit a request to the Tobacco Settlement Board as to which expenditures could be included in the annual report. The annual report is the basis of allocation of future Tobacco Settlement funds.

Mr. Frigo asked Ms. Escajeda when she would like the budget filed with the City Secretary. Ms. Escajeda said that she wanted the budgeted filed after the AHD Board had approved the budget at the July 27, 1999 meeting.

The meeting adjourned at 5:00 p.m. No action was taken.



Steve Walton, Chairman Pro Tem