

MEETING MINUTES



ANTELOPE VALLEY HEALTHCARE DISTRICT BOARD OF DIRECTORS MEETING - PUBLIC SESSION

Board Room, 1600 West Avenue J, Lancaster, CA 93534

JANUARY 26, 2022

DIRECTORS PRESENT:

Abdallah Farrukh, M.D., Chair
Kristina Hong, 1st Vice Chair
Mike Rives, 2nd Vice Chair
Dr. Tuso, M.D., Secretary
Don Parazo, M.D., Treasurer

DIRECTORS ABSENT: NONE**OTHERS PRESENT:**

Edward Mirzabegian, Chief Executive Officer
Troy Schell, General Counsel
Kayla Martz, Executive Assistant

PUBLIC COMMENT: Members of the public desiring to address the Board concerning items on the meeting agenda may do so **before action is taken and after the item has been discussed by the Board**. Public comment cards are available. Time is limited to two minutes per speaker.

Reminder: Board Members must disclose any potential conflicts of interest prior to voting.

6:30PM – ESTIMATED START TIME

OPEN TO PUBLIC SESSION –7:02PM

I. REPORTABLE ACTIONS TAKEN IN EXECUTIVE (CLOSED) SESSION – Abdallah Farrukh, MD, Chair

- A. Report on Actions on Claims Filed with the District (**REPORT**)
- B. Medical Staff Recommendations (**REPORT**)

II. CONSENT CALENDAR – THE CONSENT CALENDAR, AGENDA ITEMS MAY BE ACTED UPON WITH ONE MOTION, A SECOND AND THE VOTE – Abdallah Farrukh, MD, Chair

- A. Approval of Board Public Session Meeting Minutes of December 22, 2021 (**ACTION**)
- B. Acceptance of Finance Committee Meeting Minutes of December 22, 2021 (**ACTION**)
- C. Acceptance of Retirement Advisory Committee Meeting Minutes of October 19, 2021 (**ACTION**)

MOTION: Dr. Tuso made a motion to approve the Consent Calendar; seconded by Dr. Parazo. The motion passed unanimously.

III. COMMITTEE REPORTS & RECOMMENDATIONS

- A. **Finance Committee** – Don Parazo, MD, Chair
 - 1. Approval of December 2021 - Financial Report (**ACTION**) – Fred Vitello, CFO

Mr. Vitello provided a detailed financial overview which included the following points:

- Admission Trends Graph November 2019 – December 2021: Reviewed
- Net Patient Revenue Graph December 2019 - December 2021: Reviewed
- Statement of Income – December 2021
- Total Gross Patient Revenue: -17.4% from budget /-7.7% from Last Year
- Net Patient Revenue: -17.5% from budget /-2.8% from Last Year

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Dr. Farrukh inquires as to the amount of DSH funding we have received in 2021. Mr. Vitello states that we can received roughly \$8million.

Mr. Rives inquires about the Contract Labor Reduction. Mr. Mirzabegian notes that it is better to hire and pay our own employees versus bringing on Registry/Travelers.

Mr. Vitello noting the cost savings of 3M less in Registry/Traveler cost from last year by increasing our own RN staff.

Mr. Mirzabegian adds further that AVH is offering bonus pay to RN and RT staff to pick up additional shift and provide more for our own staff rather than pay more for Registry/Tra

-Total Operating Revenue: -14.3% from budget/ -3.5% from Last Year

-Expenses: 14% under budget / -9.9% from last year

-Registry/Contacted Labor: significantly lower than last year at -73.1%

-Positive EBIDA of 17M YTD

Mr. Vitello states that finances are better than budget in EBIDA.

Statement of Income – YTD

-Total Gross Patient Revenue: +1.5% from Last Year

-Net Patient Revenue: +4.7% from Last Year/in line with October 2021

-Total Operating Revenues: -.2% from Last Year

-Expenses: -3.4% from Last Year/under budget, controlling expenses

-EBIDA: Actual 16.7/Budget Variance +15.7%/LY Variance 80.3%

FY 2022 Trend - Reviewed

Volumes – December 2021

-Adjusted Patient Days: -19.9% Budget Variance/-12.9% LY Variance

-Medicare CMI: +9.0% Budget Variance/+5.8% LY Variance

-CDI: Appropriate DRGs and appropriate coding driving appropriate payment

-Deliveries: -34 from LY

-I/P WIP Surgeries: -13 from LY

-Trauma Cases: +40 from LY

-ER Admits to Total Admits %: +3.9% Budget Variance

-Total Surgeries: -22.4% Budget Variance/ -4.4% LY Variance

Volumes – YTD

-Adjusted Patient Days: -11.0% Budget Variance/ -1.3% LY Variance

-Observation (As Patient Days): +52.5% Budget Variance/-50.5% LY Variance

-Avg Daily Census: -6.3% Budget Variance/+2.6% LY Variance

-Medicare CMI: +10.0% Budget Variance/+9.5% LY Variance

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Tracking a higher CMI due to the efforts of the CDI Team and their focus on proper coding for proper payment.

-Deliveries: -1.6% Budget Variance/-7.5% LY Variance

-Trauma Cases: +1.1% Budget Variance/+14.7% LY Variance

-ER Admits to Total Admits %: +5.0% Budget Variance/+0.9% LY Variance

-Total Surgeries: -13.7% Budget Variance/-6.1% LY Variance

Mr. Mirzabegian notes that surgeries are lower due to Insurance companies cancelling/denying cases or postponing due to the COVID Pandemic.

Payor Mix (Gross Charges) Graph - Reviewed

-Medicare: 35.5% / Medicare: 38.8% / Commercial: 22.7% / Other: 2.3% / Self Pay: .8%

Mr. Vitello discusses rise in rates/charges on March 1, 2022 by 2-2.5%. Will continue throughout the year to raise the rates/charges in increments. Her further notes the KP Contract is currently open for renegotiation.

Mr. Rives asks for a breakdown of the Payor Mix Graph.

Discussion follows regarding Medi-Cal Coverage, Supplemental Funds, DSH reimbursements.

Dr. Tusso asks about the universal healthcare push. Mr. Mirzabegian responds with how the state government single pay system/universal healthcare would work with the possible funding component. This would eliminate all other healthcare companies. Taxes would increase immensely.

Collections & Debt Requirements – December 2021 Reviewed

-Cash Collections/Net Patient Revenue: +6.5% Budget Variance / +6.0% LY Variance

-YTD Cash Collections/Net Patient Revenue: +4.1% Budget Variance/+5.7% LY Variance

-Days Cash on Hand: 173.1/Debt Service Coverage: 3.96

AVOIC

YTD CY - EBIDA: \$663,821

YTD CY - Net Income: \$60,755

Mr. Vitello notes that Phase 4 Provider Relief Fund has been received.

Mr. Rives enquires about the repayment of Medicare funding. Mr. Mirzabegian notes that the payment is being made in phases at 25% per month until April.

MOTION: Dr. Tusso made a motion to approve the December 2021 Financial Report; seconded by Dr. Parazo. The motion passed unanimously.

2. Appointment of New Finance Committee Member (**ACTION**) – Edward Mirzabegian, CEO
Mr. VonTugeln resigned from the AVCC – Bond Measure Committee after Mr. Rives questioned Mr. VonTugeln serving on both the AVCC – Bond Measure Committee and the AVHD Board Finance Committee.



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MOTION: Ms. Hong made a motion to approve New Finance Committee Member, Dr. Tusso. The motion passed unanimously.

IV. NEW BUSINESS

A. Employee Appreciation Plan (ACTION) – Edward Mirzabegian, CEO

- Mr. Mirzabegian reviews the Memo and discussed the parameters of the Employee Appreciation Plan. Employees will receive an additional \$3 per hour on productive time worked. This will not be paid on vacation time, sick time, education time, etc.

MOTION: Dr. Tusso made a motion to approve the Employee Appreciation Plan; seconded by Dr. Parazo. The motion passed unanimously. Ms. Hong noting her son works for AVH.

B. Approval of 2nd Amendment to CEO Employment Contract with AVHD (ACTION)

– Abdallah Farrukh, MD, Chair

Dr. Farrukh speaks to the accomplishments and efforts of CEO, Edward Mirzabegian. He further notes collaborative efforts with the community to including COVID testing and vaccination sites, the tremendous collaboration with Samaritan's Purse Field Hospital to provide care for COVID Patients. Dr. Farrukh pauses to thank Samaritan's Purse for their help. Further noting the ED Expansion to better serve our community. Purchasing of land for a joint venture. The increase in credit ratings with S&P and Moody's.

Mr. Mirzabegian has initiated new programs and boosted current programs and service lines. He has saw that new equipment be purchased to better serve our patients. Under his direction, he has lead service line teams to achieve awards and acknowledgements.

MOTION: Dr. Farrukh made a motion to approve the 2nd Amendment CEO Employment Contract; seconded by Dr. Tusso.

Mr. Rives states that he recommended hiring Mr. Mirzabegian 3 years ago. Mr. Rives further discusses his concerns with extending the contract from December 31, 2023 to January 26, 2026. He opposes the extension of the contract due to his concern of "tying the hands of future board members" and that he is "concerned about the fiscal responsibility of the hospital".

Ms. Hong asks Mr. Rives about his need to honor the future choices of future board members, She further notes her taking the oath of the Board to ensure security of the hospital and not to honor the wishes of past or future board members. Ms. Hong noting the need to ensure stability for credit ratings and confidence

Dr. Parazo notes that the Board members are to ensure the future and success of the hospital. He notes the importance of the responsibility of the people who lack the experience; to not ensure the security of the future is to do a great disservice to the community.

Dr. Farrukh discusses the fiduciary responsibility to secure a smart, capable CEO with a proven record.

The motion passed 4:1 with Rives nay.



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- V. **CHIEF EXECUTIVE OFFICER'S REPORT** – Edward Mirzabegian, CEO (**INFORMATION ONLY**)
- A. COVID-19 Summary & Update
- COVID numbers going down with both patients and employees
 - CT3 update
 - Bi-Plane Update
- Dr. Farrukh discusses the expansion of the Neuro/Stroke Program after a 23-year delay.
- Purchase of 10-acre parcel for AVH/Kindred Psych Rehab Hospital
- VI. **PUBLIC COMMENT ON NON-AGENDA ITEMS:**
- No Public Comment
- VII. **ADJOURNMENT: 7:47PM**

A handwritten signature in black ink, consisting of a large, stylized 'A' and 'F' intertwined, with a horizontal line extending to the right.

Abdallah Farrukh, MD, Chair