



ESSENTIAL HOSPITALS INSTITUTE

Board of Directors Meeting Minutes

Monday, December 16, 2013

Meeting by Telephone

Attendees: Clifford Wang, MD; Caroline Jacobs MPH, MS Ed; Anna Roth, RN, MS, MPH; Johnese Spisso, RN, MPA; Bruce Siegel, MD; John Bluford, III; Leon Haley, MD, MHSA; Susan Moffatt-Bruce, MD, PhD; Melissa Stafford Jones
Excused: Christine Neuhoff, JD; Reuven Pasternak, MD; Donald Goldmann, MD; Alan Weil, JD; Winston Wong, MD; Richard Lofgren, MD, MPH
Staff: Linda Cummings, PhD; Rhonda Gold

Board of Directors Chair Wang called the meeting to order and stated that the agenda was for the board to review the 2013 year-end projection and approve the 2014 proposed budget. He turned the meeting to Roth, treasurer, for presenting financial materials.

Roth stated that the Institute finance committee reviewed and approved the 2013 financial projection and 2014 proposed budget. She reported that the Centers for Medicare & Medicaid Services (CMS) recently notified the Institute that the Partnership for Patients contract was renewed for option year 1. Roth said the 2013 projected financial update reflects projected unrestricted income of \$6.49 million, including \$4.14 million from CMS and \$6.36 million in expenses, leaving an unrestricted operating surplus of \$131,000. The projected surplus is \$33,000 less than last projected in October because of more uncovered staff time spent finalizing the Aetna grant. After taking into account last year's beginning net assets, staff projects total 2013 net assets of \$2.19 million, including \$1.09 million in temporarily restricted net assets. There were no questions asked.

Roth presented the 2014 proposed budget, which includes budgeted activities for 2014 to support the association's new, five-year strategic plan. She summarized the grant and contract awards reflected in the proposed budget, and stated that the budget does not include a four-year, \$910,000 proposal for a partnership with AcademyHealth. The proposed budget reflects unrestricted income of \$7.41 million and budgeted expenses of \$7.21 million, leaving an unrestricted operating surplus of \$196,000. Total budgeted net assets (restricted and unrestricted) are \$1.53 million, of which \$241,100 is temporarily restricted and \$1.28 million is unrestricted net assets. Gold offered to provide additional detail on individual budget line items.

Bluford asked the number of staff working solely on the Partnership for Patients contract, to which Gold responded 11 to 12 staff. He asked about the impact of the contract not being renewed in future years, to which Siegel responded that a contingency plan for Partnership for Patients staffing was developed six months ago. Siegel noted the significance of CMS calling this renewal "option year 1," which signals the agency's

possible intent to have future option years. Wang asked for a status update on the AcademyHealth proposal; Cummings responded that the Institute should be notified in late February to early spring. There were no other questions.

Spisso made a motion to accept the 2013 financial update, Bluford seconded the motion, and the board unanimously accepted the update. Haley made a motion to approve the 2014 proposed budget, Jacobs seconded the motion, and the board unanimously approved the 2014 proposed budget. Neuhoﬀ and Pasternak voted by email.

Gold presented a long-range financial forecast through 2017 for the association and Institute. She said the purpose of the forecast was to project the amount of revenue enhancements or expense reductions the organization would need to maintain an annual 5 percent profit margin. She reviewed the budget assumptions and stated that to achieve an annual 5 percent profit margin through revenue enhancements, expense reductions, or a combination, approximately a 2 percent to 3 percent reduction in overall annual operating expenses would need to be achieved. Siegel said this information is a guide for the leadership team. Questions were addressed and the financial forecast and budget discussions were completed.

Wang noted Cummings' retirement and thanked her for her hard work and service to the Institute. He stated that this will be Cummings' last board meeting. Cummings thanked board members for their support.

Wang adjourned the meeting.

Submitted by:

A handwritten signature in cursive script, appearing to read "Caroline Jacobs", written over a horizontal line.

Caroline Jacobs, *Secretary*