

Board Finance and Compliance Committee

8:00 – 9:00 a.m.

virtual

June 26, 2026

Minutes

<u>Topic</u>	<u>Presenters</u>	<u>Purpose</u>
Call to Order	Justin Gullekson	
Justin Gullekson called the meeting to order at 8:01 a.m.		
Financial Update	Ben Stevens	Information
Ben led a detailed review of May's financial results. May's gross patient revenue was approximately \$250,000 below budget, primarily due to lower inpatient volumes, while outpatient and surgical revenues performed better. Family practice volumes were also lower, attributed to seasonal factors. Ben explained that contractual allowances were negatively impacted by a reversal of some bad debt, lowering accrual from Medicaid Direct Payments and continuing to recognize the self disclosure payback resulting in a \$600,000 underperformance in net patient revenue. A significant payment reduction from Medica is also being evaluated. Expenses were well-managed, with total operating expenses \$240,000 under budget. Salaries were over budget due to staff transitions, but professional fees were under budget, and supply costs were lower due to less supply-intensive procedures. Ben noted that a \$2.2 million foundation grant was received in early June, which will be reflected as income and used to reduce debt, impacting both the income statement and cash flow. A \$250,000 overpayment related to APP billing was disclosed and repaid to CMS, with the final accrual and payment completed in June.		
Operating Budget FY27	Ben Stevens	Information
Ben presented the proposed budget for the upcoming fiscal year. Revenue increases are driven by a 3% price increase, higher surgical volumes (especially in general surgery and orthopedics), new service lines like the Pain Clinic, and additional providers in family practice and specialty clinics. The budget anticipates 27 more average daily clinic visits. The budget includes 22 incremental FTEs, with the largest increases in clinic RNs and lab assistants to support new providers and service growth. There are ongoing challenges in recruiting surgical techs and CRNAs, with locum coverage being used as needed. Contractuals are projected to increase, with a \$1.7 million rise in inpatient/outpatient and 1% in clinics, reflecting payer mix changes and Medicare fee schedules. The team is budgeting conservatively for ACO shared savings and monitoring the impact of payer exits and market shifts. Total expenses are projected to rise by \$10 million, half from salaries (including provider wage annualization and new hires), with offsetting reductions in professional fees due to less locum usage. Growth in general surgery is attributed to Dr. Brink's arrival and the introduction of robotic procedures, while orthopedic growth is supported by increased operating room efficiency and addressing backlog demand, particularly for total joint replacements. Ben discussed the significant role of grants and foundation distributions in achieving positive bottom lines, emphasizing the need for transparency and long-term planning as these are non-recurring income sources.		
Adjournment		
The meeting was adjourned at 9:13 a.m.		

Members: X = Present O = Absent

Justin Gullekson, Chair	X	Ben Stevens	X	Dave Rooney	X
Mark Jensen	X	Steve Slessor	X	Kathy Moritz	X
Dr. Thomas Marquardt	X	Andrew Bailey	X	Kelly Brickley	X
Shelly Giddings	O	Carmen Krivachek	O	Alex Peterson	X

Recording: BreAnna Sovereign, Executive Assistant