



OSU Medical Trust Finance Committee Minutes

OSU Medical Authority and Trust

12/5/2024 11:15 AM CST

@ OSU-CHS, North Hall 4th Floor Boardroom, 1111 West 17th Street, Tulsa

Notice of the meeting was given in writing to the Oklahoma Secretary of State more than forty-eight (48) hours prior to the meeting, and the agenda of this meeting was posted at entrances of Oklahoma State University Center for Health Sciences, 1111 West 17th Street; twenty-four (24) hours prior to such meeting, excluding Saturdays, Sundays, and legal holidays, in compliance with the Oklahoma Open Meeting Act.

Attendance

Present:

Members: Johnny Stephens, Jay Helm, Barry Steichen, Billy Taylor

Guests: Eric Atkinson, Rick Brewster (remote), Melissa Cox, Deborah Dage, Mike Fields, Michelle Finley (remote), Catherine Gann, Michael Herndon, Finny Mathew, Jacob McDougal (remote), Eric Polak, Michael Rogers, Bill Schloss, Terri Tinkler, Erica Woolf


Absent:

Members: Doug Evans

I. Call to order (Presenters: Doug Evans)

A quorum was established, and the meeting was called to order at 11:17 AM by Johnny Stephens who is chairing the meeting on behalf of Doug Evans.

II. Approval of the minutes from the October 24, 2024 and November 21, 2024 meetings - ACTION (Presenters: Doug Evans)

 [Draft-OSU Medical Trust Finance Committee Minutes 10.24.2024 .pdf](#)

 [Draft-OSU Medical Trust Finance Committee-Special Meeting Minutes 11.21.2024.pdf](#)


Motion:

Motion to approve the minutes from the October 24, 2024, and November 21, 2024, meetings.

Motion moved by Barry Steichen and motion seconded by Billy Taylor. Aye: Taylor, Steichen, Helm, Stephens Nay: None Abstain: None

III. Finance Reports

A. Review of Month to Date and Year to Date October 2024 Financials (Presenters: Eric Atkinson, Melissa Cox)

 [OSUMC October 2024 Presentation Finance.pdf](#)

Melissa Cox for PS, LLC:

October:

- Clinic visits were under budget due to the departure of the Pain Management group, as well as a few provider PTO days.
- Clinic FTE's are under budget due to pain management clinic closure and staff open positions.
- Other revenue favorable to budget due to United Healthcare quality payments.
- Salaries are under budget due to lower FTE's.
- Supplies are lower due to vaccine cost being lower than anticipated and not purchasing pain management supplies and medications.
- Purchased services are under budget due to the closure of the Pain Management Clinic.

YTD:

- Salaries are under budget due to lower FTE's.
- Supplies are lower due to vaccine cost being lower than anticipated and not purchasing pain management supplies and medications.
- Purchased Services are under budget due to the closure of the Pain Management Clinic, as well as less expenditure with administration costs such as bank fees.

Eric Atkinson for OSUMC:

October:

- Admissions were exact to budget.
- Inpatient Observations and Observations days were higher than budget. Year to date is still trending favorable to budget.
- Outpatient visits are exceeding budget
- Total Surgeries and ER visits are right on budget.
- Favorable variances in SHOPP and DPP income are driving a variance to prior year off \$1.2 million.
- FTE's are favorable to budget but contract labor is trending up.
- Fluctuations in supplies have been recognized as OSUMC has rolled out Oracle, September was unexpectedly low. Higher IP volumes and surgical

volumes are driving a higher utilization of supplies to budget. YTD supplies are in line with budget and expectations.

- Purchased services includes the Revenue Share expense of \$560k on a budget of \$307k and \$450k variance to PY. Additional PY variance largely driven from increases related to a Guidehouse engagement and American Parking increases due to parking everyone offsite.
- Lower interest income was budgeted based on expected cash outflows for major capital projects.

YTD:

- FTE's favorable to budget
- Supplies are favorable to budget.
- Purchased services YTD variance is primarily driven from a \$1.1 million variance in Shared Services and American Parking of \$600k to PYTD.
- Rentals exceeding PYTD but in line with budget due to rental income recognized on OSUMC through January 2024 but no longer taking place.
- Cash on hand is sitting at 234 days, but it is expected that will continually come down.
- Days in Accounts Receivable is favorable to budget.
- Transfer denials are down.
- Payor Mix is consistent with prior year.

Consolidated:

- Favorable to budget by \$1.1million for the month.
- Favorable to budget by \$5million for the year.

Managed Medicare:

ACR Proforma Comparison-

Actual DPP payments outpacing what we would expect currently - but this is with logic that ALL newborns qualify for the ACR payment. This logic is being validated and will impact the actual to expected calculation negatively if this is not the case.

ERP Update:


- Oracle overall project status-working through implementation and will go live in about 45 days.
- HR and Payroll completed parallel payroll 3.
- The team has started cutover call with Alithya to prepare for the move to PROD.
- Conducting twice weekly calls with Oracle to work through key functionality required for nursing for the January 1st go live.

Total Cost of Ownership:

- Favorable to budget for total cost of project.
- B. Discussion, consideration, and possible vote to establish the budget for the hospital expansion at a base budget of \$175 million with the ability to accept up to \$25 million in additive alternates at the discretion of the Trust - ACTION (Presenters: Eric Atkinson, Finny Mathew, Eric Polak)

The acceptance of an estimated \$25 million in additive alternates will require an additional approval of the Authority after bids have been received.

Agreements between the OSUMA&T and the University are in development. Current drafts are attached for information purposes.

 [Hospital Expansion Assumptions - Finance.pdf](#)

 [Hospital Expansion - Finance.pdf](#)

Finny Mathew started the discussion. The focus for today is to:

- Review and formalize support for volume assumptions and responsible parties.
- Review and formalize confidence that we can obtain a loan to fund the full \$200M expansion.
 - OSUMA bonds through OCIA
 - OSUMA bonds through OSUMA
 - OSUMT debt issued
- Review and formalize support for contingency calculations in the estimates.

Eric Atkinson went through:

- The baseline scenario and explained each piece in detail.
- Volume assumptions with Ortho, PCP recruitment, GI recruitment, general organic growth, new OR's opening, and VA/Phsych. hospital.
 - Volume metrics are vital to the Proforma execution. Without growth, the cash flow will not be there.
- The committee discussed that any ASC strategy should consider the impact of volumes moving from the hospital OR's.
- Financing Methods through what has been funded, possible bonds, and possible debt through the Trust.
- Overall Cost Breakdown per project component with the following:
 - base project
 - Vivarium
 - 4th floor
 - central sterile
 - campus support LRF

- LRFP fees
- design fees
- equipment
- LRFP reserve
- OSUMC reserve
- He then discussed the total estimated project cost.
 - Base project of \$175M with alternates up to \$25M.
- The management team is tasked with continuing to work with banking partners to determine optimal debt structure positions. The Finance Committee was open to looking at moving deposits should that be a requirement of the financing institution.
- No decision was made on cash on hand requirements as this will be based on debt structures.

Motion:

Motion to establish the budget for the hospital expansion at a base budget of \$175 million with the ability to accept up to \$25 million in additive alternates at the discretion of the Trust.

Motion moved by Jay Helm and motion seconded by Billy Taylor. Aye: Taylor, Stephens, Steichen, Helm Nay: None Abstain: None

IV. Unfinished Business (Presenters: Doug Evans)

None

V. New Business (Presenters: Doug Evans)

None

VI. Adjournment (Presenters: Doug Evans)

Motion:

Motion to adjourn the meeting at 1:38 PM.

Motion moved by Jay Helm and motion seconded by Barry Steichen. Aye: Taylor, Stephens, Steichen, Helm Nay: None Abstain: None

Oklahoma State University Medical Trust Finance Committee



 Chairman