

**WVSOM Board of Governors  
Finance and Audit Committee  
Friday, August 23, 2024  
Minutes**

**Attendees:**

Ms. Sharon Hall, Committee Chair	Dr. Drema Hill	Stella Dodrill
Dr. Randall Belt	David Meadows	Daniel Hamrick
Dr. Ryan Fitzwater	Leslie Bicksler	Brian Lutz
Dr. Michael Muscari	Stephanie Braham	Dr. James Nemitz

The August Finance Committee meeting was called to order by Sharon Hall at 9:00 am with Dr. Randall Belt, Dr. Ryan Fitzwater, and Dr. Michael Muscari in attendance.

Dr. Belt motioned to approve the June 21, 2024 meeting minutes with Dr. Muscari seconded the approval.

**Committee Items**

**WVSOM FY 2023-2024 Financial Update as of June 30, 2024** *(Meadows)*

Mr. Meadows presented the WVSOM FY 2023-2024 Year End Summary financial report, noting that the numbers reported are unaudited. As of June 30<sup>th</sup>, WVSOM is ending the year on the operating side by returning approximately \$3.2 million to our overall fund balance, which is an outstanding accomplishment for the institution.

Mr. Meadows noted that there is a \$768,000 negative variance within the Tuition & Fees line, primarily due to the number of student withdrawals during the course of the academic year. Mr. Meadows will look to find better ways to more accurately reflect withdrawal historical variances into the tuition and fee budget in the next budget cycle.

Mr. Meadows noted that it was an outstanding year again returning \$3.2 million back to WVSOM. WVSOM's actual cash as of June 30 was \$32.8 million in the state treasury and \$48 million of funds invested externally and held at the WVSOM Foundation. He noted that the WVSOM total fund balance of \$80.4 million is a reflection of the excellent job of the entire institution, the leadership team, and Dr. Nemitz.

Dr. Muscari asked about the travel expenditure and how it compares with previous years. Mr. Meadows noted that travel expenses were significantly lower in FY24 compared to the budget, however, some expenses will hit in FY25 and funding to cover these costs will accrue to the new fiscal year. The travel expenditure of roughly \$530,000 is consistent with previous years. Ms. Hall noted that the travel budget was almost double the actual expenditures. Mr. Meadows will work with spending units to better budget this expenditure for a more accurate number as budget inflation can potentially result in limiting funds from other, more critical initiatives including deferred maintenance projects.

Ms. Hall inquired about the approval process for faculty and staff travel. Mr. Meadows noted that the responsibility falls on the spending unit managers and direct supervisors to pre-approve employee travel. WVSOM reimburses based on the Federal GSA travel per diem rates. Employees utilize PCards for advance charges (i.e. airline, travel tickets, overnight accommodations, and conference registration fees.)

Ms. Hall inquired about the personnel services line item. Mr. Meadows noted that his number is below budget due to unexpected vacancy savings, unfilled positions/delays in recruitment of budgeted positions, and the related benefits costs or changes to employee benefit selections. Mr. Meadows will continue to research how to better obtain realistic numbers, research where those savings were and then work with WVSOM Cabinet members to understand how WVSOM can more accurately budget.

## **Robert C. Byrd Clinic Update**

### **Finance Update as of June 30, 2024** *(D. Meadows)*

Mr. Meadows referenced the RCBC Income Statement PowerPoint slide while noting that RCBC operated FY 2024 without a budget and the numbers listed are the actuals to actuals on a year over year. A few RCBC highlighted points include \$12.3 million in gross patient revenue versus last year which is an approximate gain of \$714,000. Some of the RCBC challenges that Mr. Meadows noted are on the discounts and allowances side. Even with gross patient revenue 6% growth year over year, discounts and allowances have reduced the impact growing at an 11% year-over-year basis. Mr. Meadows and Dr. Hill have realized real changes through operational and billing improvements including adding billing staff to review AR balances.

Mr. Meadows is pleased with the \$2.7 million in restricted contributions and grants that RCBC saw in FY 2024 relative to last year. Mr. Meadows credited Dr. Hill and her initiatives in bringing in new grants to RCBC.

Mr. Meadows also pointed out the Leases and Rentals expenditure line which is required by the RCBC auditors to be listed on the financials to place a value on the market value of the cost of leasing the RCBC building from WVSOM. Mr. Meadows also pointed out the Award and Grant Expenses expenditure line is related to grant expenses that correlated back to restricted contributions.

The RCBC net operating loss of \$1.3 million was expected. Mr. Meadows pointed out that that loss is lower than the loss reported of previous year. Mr. Meadows is confident that RCBC will have a small marginal operating surplus at the end of Fiscal Year 25 if RCBC holds its expenses. Mr. Meadows noted that a portion of RCBC's success should be accredited to the actions of the WVSOM BOG and the Finance and Audit Committee during the year.

Mr. Meadows' slide titled Key RCBC Financial Updates highlighted other RCBC Challenges. Mr. Meadows pointed to June's cash flow challenges due to Coronis. Coronis has not ramped up as quickly as Mr. Meadows hoped but there have been conversations with Coronis and Mr. Meadows expects this to improve.

Ms. Hall noted that due to Mr. Meadows and Dr. Hill's work, RCBC's deficit has been cut in half over the past 6 months. She thanked Mr. Meadows and Dr. Hill and noted that RCBC is very fortunate in their efforts.

### **Operational Update** *(D. Hill)*

Dr. Hill noted in her slides a timeline for the transition from RHC (Rural Health Clinics) to FQHC (Federally Qualified Health Centers) if RCBC receives this HRSA (Health Resources and Services Administration) Grant. Funding for the FQHC designation would start in the 2025-2026 fiscal year. RCBC has submitted the first of two grant packages. Dr. Hill has hired a grant-writing consultant who has successfully written 12 of these types of grants. Ms. Hall questioned the realistic potential of RCBC receiving the FQHC designation. Dr. Hill noted that in a recent conference call, there were approximately 700 people of which only 77 will be appointed for the grant. There is stiff competition but the hired grant writer believes that RCBC's chances are good.

RCBC is missing the 340B compliance portion of the FQHC grant. Dr. Hill has communicated with CAMC to inquire about a partnership between CAMC and RCBC. The other missing requirement is a potential Dental services partner.

Dr. Fitzwater inquired about other FQHC in our local region. Dr. Hill noted the other FQHC is Rainelle Medical Center, which focuses on school-based health with the majority of its satellite offices within community schools. Dr. Fitzwater asked if RCBC would be hurt by the proximity to Rainelle Medical Center. Dr. Hill noted that HRSA has eliminated the proximity limitation with the designations now being based on the amount of need in an area and the service population. Once we have received the FQHC designation, it cannot be pulled due to a change in the need numbers or population. RCBC must meet the proposed 2% growth noted in their application but Dr. Hill feels that this growth estimate is reasonable for the local community.

Dr. Muscari inquired if residency reimbursement through an FQHC is higher versus a hospital residency reimbursement. Dr. Hill will follow up with the committee regarding this reimbursement and what the regulations would be for RCBC if they receive the FQHC designation.

Dr. Fitzwater asked why some board members (as reported by Dr. Hill) did not favor FQHC designation for RCBC. Dr. Hill noted a recent conversation with Dr. Muscari. Dr. Hill did want the committee to know that just because RCBC is applying for the grant they are not obligated to accept the designation if, during further research, RCBC board feels it is not the best option for RCBC. Ms. Hall requested Dr. Hill to provide more information regarding the primary benefits and what other models have been looked at that may be more advantageous for RCBC. Dr. Hill expects to hear about the results of the FQHC grant/designation by the first of the year.

Dr. Hill noted that during the current RCBC board transition, documentation including the RCBC Board Bylaws and the Article of Incorporation had to be redrafted and approved by the Secretary of State. The current RCBC Board members have agreed to resign once those documents are approved. Dr. Hill has presented a new roster of RCBC Board members willing to serve. The next RCBC Board meeting will be on September 17. The previous RCBC Board members will resign and new members instated. (Dr. Hill requests that the previous RCBC Board members not retire until this September in case there is an emergency needing a board-approval vote.) Dr. Hill's list of new RCBC Board members was included in the committee documentation. Dr. Boyd, WVSOM Dean, will remain as a non-voting member. Dr. Hill will attend representing Dr. Nemitz, President of WVSOM. According to the RCBC Board Bylaws, the WVSOM President or his designee, will provide oversight of the board. Mary Paige Nemcik, RCBC's CEO and Executive Director, will also be a non-voting member of the board.

Ms. Hall commented on the separation of the WVSOM and RCBC Boards given WVSOM's investment in the interest of RCBC. Ms. Hall noted that one of the issues around the current structure is the actual control or influence of WVSOM in the long term. Even though WVSOM is legally separate from RCBC, WVSOM is essentially the parent institution. Continued discussion is needed to ensure that the RCBC Board can make decisions that benefit RCBC as a clinic while representing the WVSOM student learning and interests of WVSOM. The Committee noted that representation of WVSOM is important to be certain that RCBC current structure can handle the FQHC or the RHC structure or if it is best to go an alternative route.

Dr. Fitzwater noted that WVSOM became involved financially with RCBC when RCBC was unable to meet payroll and this responsibility fell to WVSOM. He reiterated that WVSOM should have some oversight in RCBC because it will be WVSOM who will be financially responsible.

Dr. Muscari continued discussing the responsibility of this committee and the WVSOM Board of Governors. WVSOM Board of Governors is able to monitor but is not able to direct the RCBC Board towards any particular action. Dr. Hill noted that the WVSOM staff including the new director, Mary Page Nemcik would positively embrace any involvement and partnership from the WVSOM Board of Governors.

Dr. Hill mentioned another goal included the preparation of the RCBC strategic plan which is projected for completion by mid-September. With Mary Page taking over the RCBC Director duties, Dr. Hill will complete the RCBC Clinical Analysis. Dr. Hill is working on how RCBC will deliver the quality metrics piece. Dr. Hill's committee documents also included an update on the residency program for review.

Dr. Fitzwater questioned RCBC's total billing and collection percentage on every dollar. Dr. Hill will provide that information at a later date.

Dr. Fitzwater inquired about RCBC's first denial claim percentage. Dr. Hill noted that the first denial claims have been reduced to below 10% (down from 70% of claims). Dr. Hill noted that there is approximately \$3 million sitting in AR and that over the next 3 months they are planning to tackle this project.

Dr. Fitzwater also inquired about RCBC's implementation of a clinical documentation improvement program and auditing the charts. Dr. Hill noted that the billers are meeting with physicians and the chart error rate has decreased since they have implemented a program with the help of the Coronis program. Dr. Fitzwater asked about the auditing process to monitor the upcoding with the process. Dr. Hill will reach out to Coronis to figure out an audit and training plan.

### **Facilities Update** (*Meadows*)

Due to time constraints, the Committee deferred the Facilities update for presentation to the full board following this committee meeting.

### **Chair Discussion Topics**

Ms. Hall introduced additional discussion topics regarding RCBC:

- Dr. Nemitz and Mr. Meadows have proposed that the Finance and Audit Committee should be the primary conduit on behalf of the WVSOM Board of Governors (BOG) for review of RCBC operational updates and reports.
- The WVSOM Board of Governors should receive an annual RCBC Financial Audit presentation.
- The engagement of a consultant should be considered to review RCBC's operational performance issues since WVSOM is heavily invested financially in RCBC.
- The committee should reflect and make recommendation on how to strengthen the linkages between the WVSOM Board of Governors and the RCBC Board.

Ms. Hall opened these topics to the committee for discussion.

Committee members agreed that the Finance and Audit Committee should review operational metrics and reports from RCBC. Dr. Muscari noted that it would not be appropriate to bypass the Committee with these issues. Ms. Hall suggested that the Committee should provide a summary report and/or, at its discretion, refer key items to the BOG. It was noted that the WVSOM President and/or WVSOM Chief Financial Officer may also bring RCBC items as deemed necessary directly to the Board.

Mr. Meadows and Dr. Hill will continue their RCBC duties until October 31, 2024. The Finance and Audit Committee believes that RCBC will need continued oversight. Mary Paige Nemicik will be the new CEO and Executive Director and Kayla Trent will be the Finance Director. Ms. Hall inquired whether the RCBC has adequate staff and resources to meet the expectations upon the departure of Dr. Hill and Mr. Meadows. Dr. Hill and Mr. Meadows noted that additional administrative and financial resources may be required which would need to be aligned with the RCBC budget by the next budget cycle

At Ms. Hall's recommendation, the Committee agreed that an annual financial audit presentation be made to the WVSOM Board of Governors by the RCBC auditor. During this presentation, the RCBC's auditor will present key findings from the RCBC financial audit and the 990 overview to the BOG..

Dr. Hill also recommended that the current auditor, Eide Bailly, provide a mid-year presentation (6 months into the fiscal year) to the WVSOM Board of Governors. Dr. Fitzwater recommends more frequent updates from RCB administration to the Finance and Audit Committee which help make RCBC's finances more closely monitored. The Committee agreed that RCBC's finances should be a standing agenda item at each Committee meeting for the coming months.

To strengthen communication and oversight, the Finance and Audit Committee, recommended that a member of the WVSOM Board/Finance and Audit Committee be appointed to the RCBC Board. At this time, Dr. Fitzwater volunteered his time (based on the ability to attend RCBC's board meetings virtually) to fill this recommendation on the RCBC's Board. As Dr. Fitzwater expressed an interest in serving in this capacity, the Committee, with Chairman Belt's

support, agreed to recommend appointment of Dr. Fitzwater to represent the BOG Finance and Audit Committee to serve on the RCBC Board of Directors.

**Next Committee Meeting Date**

Friday, November 1, 2024, at the John Manchin, II, D.O., Conference Center, Clinical Evaluation Center, Lewisburg, WV

Dr. Muscari motion for the meeting to be adjourned at 9:56 am and Dr. Belt seconded the motion.

Approved on November 1, 2024

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Sharon A. Hall, Chair