

**FINANCE COMMITTEE
OF THE BOARD OF VISITORS
EASTERN VIRGINIA MEDICAL SCHOOL
JUNE 21, 2022
Waitzer Hall Board Room – 11th Floor
11:00 A.M.**

PRESENT

Robert J. Bianchi, Rear Adm (Ret), SC, USN, Chair
Sarah M. Bishop
Paul D. Fraim, Esq.
Chester M. Hart, Jr.
Daun S. Hester
W. Ashton Lewis, Sr.
Bruce D. Waldholtz, MD

ABSENT

Conrad M. Hall
T. Richard Litton, Jr.
Mary C. Rubino, MD

EX OFFICIO MEMBERS PRESENT

Alfred Z. Abuhamad, MD
Tammy A. Chrisman
Brant M. Cox
Helen S. Heselius

STAFF PRESENT

Victoria Dean
Brian T. Mansfield
Linda S. Speers

CALL TO ORDER

Admiral Robert Bianchi, Chair, opened the meeting at 11:00 a.m.

APPROVAL OF MINUTES

Upon a motion made and seconded, the minutes of the May 17, 2022 Finance Committee meeting were approved as distributed.

FINANCE REPORT

April 2022

Mrs. Tammy Chrisman reported that through April 30, 2022 there is an overall net excess of \$12.7 million. The Core net excess is \$1.6 million, mostly due to positive variances in salary and fringe savings from vacant positions. She stated that some positions are funded by EVMS Reserves but because the positions are vacant, the transfers were not done. She noted that the interest income is less than budget due to unrealized losses from market volatility. She reported that the Clinical Enterprises year-to-date operating margin is \$15 million, which is \$2.2 million better than budget. Department Reserves net excess of \$6.7 million is mostly due to timing of receipts in advance of spending. This includes affiliation agreement support, student fees, resident education support, NASA funding, and internal transfers for startup funding, Hague Club

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Apartment reserve funds, research, professional development and the capital campaign. She stated that the EVMS Reserves net deficit of \$600,000 is mostly due to timing of expenses on projects, and that individual projects are not allowed to spend over their total budget. Mrs. Chrisman reported that all bond covenants were met.

Estimated Year End Core Net Excess

Mrs. Chrisman reviewed the Proposed Use of Projected Core Net Excess schedule. The projected Core net excess at June 30, 2022 is \$2.5 million. After reversing the \$169,486 contingency reserve, management is expecting to transfer any amounts over \$450,000 into EVMS Reserves at year-end to be available for the President to use in future periods.

FY 2023 PROPOSED OPERATING BUDGET

Mrs. Helen Heselius reviewed the FY 2023 Proposed Operating Budget, highlighting the major changes that have been made since she reviewed the Preliminary Operating Budget with the Committee at the May 17, 2023 meeting. The changes include:

Additional State Funding: EVMS received additional funding from the Commonwealth including: One School of Public Health (\$2.5 million); Waitzer Hall Operations and Maintenance (\$520,000); Planning for potential EVMS/ODU partnership (\$250,000); Capital Projects to include Lewis Hall HVAC (\$7.2 million) and Security Enhancements (\$1.2 million).

Chesapeake Support: EVMS received notice that the City of Chesapeake was reducing their support by \$74,000. There has been subsequent discussions with the City and management is hopeful the funding will be restored.

Tuition Reduction and Additional Reserve: Due to several students going on leave of absence or withdrawing, tuition income was reduced as that will impact number of students coming in. She stated that this is a trend that has not been seen historically so an additional \$300,000 to tuition reserve was added.

Consulting expense: EVMS extended its contract with Chartis through December. The budget includes additional expense and offsetting revenue anticipating Sentara will provide some support.

Admiral Bianchi called for a vote to accept the FY 2023 Proposed Operating Budget and recommend it to the Board of Visitors for approval: Upon a motion duly made and seconded, the Committee recommends the following:

Action: **Upon recommendation of staff, the Finance Committee does hereby recommend to the Board of Visitors of the Eastern Virginia Medical School approval of the FY 2023 Operating Budget. Further, the Committee respectfully requests the Board of Visitors to consider this matter at their next board meeting on June 21, 2022.**

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STATE APPROPRIATION INDIGENT CARE APPORTIONMENT PLAN

Mrs. Heselius explained that the State Appropriation Indigent Care Apportionment Plan is a document regarding indigent care funds EVMS receives from the State. This plan lays out how the funding will be distributed including distribution to affiliated hospitals and the EVMS practice plans. She stated that Management made some administrative procedural changes to the 2022 – 2024 biennium plan to reflect how it is being managed. She stated that EVMS Internal Audit audits the plan annually to monitor compliance with established criteria including patients meeting the definition of medically indigent person outlined in the plan. She stated this document requires the Finance Committee and the BOV approval and then it is submitted on to the Virginia Department of Medical Assistance Services (DMAS) for their approval.

Admiral Bianchi called for a vote to accept the State Appropriation Indigent Care Apportionment Plan for the 2022 – 2024 biennium and recommend it to the Board of Visitors for approval. Upon a motion duly made and seconded, the Committee recommends the following:

Action: Upon recommendation of staff, the Finance Committee does hereby recommend that the EVMS Board of Visitors approve the 2022 – 2024 Biennium State Appropriation Indigent Care Apportionment Plan and respectfully requests that the Board of Visitors consider this matter at their next meeting on June 21, 2022.

LONG TERM DEBT

At the request of the Committee at a previous meeting, Mrs. Chrisman reviewed EVMS long term debt amortization schedules.

EVMS MEDICAL GROUP UPDATE

Mr. Brant Cox reported that through April the Medical Group net excess is \$13.1 million, \$2.1 million better than budget. He reported that they continue to see positive trends. The total revenues is \$63.7 million is about \$2 million less than budget and last year, largely due to the turnover in faculty positions. He stated they are seeing an increase in both the Medicaid and Medicare payor mix which has reduced the collection rate. He stated the although expenses from vacant positions are down, the reduction has been offset by equity increases paid to retain nurses and medical assistants, and temporary help needed to fill the gap in the vacant positions. Mr. Cox reported that the net days in Accounts Receivable continue to trend down.

NEW BUSINESS

Admiral Bianchi announced that Mr. Chester Hart is rotating off the Board of Visitors at the end of June. He thanked him for his years of service as Assistant Treasurer and member of the Finance Committee.

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ADJOURNMENT

With no further business to discuss, the meeting was adjourned at 11:58 a.m. The next meeting will be held on Tuesday, September 20, 2022.

Linda S. Speers

Linda Speers
Recording Secretary