



AGENDA

**REGULAR MEETING OF THE FINANCE COMMITTEE
A COMMITTEE OF THE BOARD OF DIRECTORS**

**Tuesday, July 29, 2025
9:00 AM**

**Administration Boardroom
600 N. Highland Springs Avenue, Banning, CA 92220**

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Administration Office at (951) 769-2101. **Notification 48 hours prior to the meeting** will enable the Hospital to make reasonable arrangement to ensure accessibility to this meeting. [28 CFR 35.02-35.104 ADA Title II].

TAB

I. Call to Order

S. DiBiasi

II. Public Comment

A five-minute limitation shall apply to each member of the public who wishes to address the Finance Committee of the Hospital Board of Directors on any matter under the subject jurisdiction of the Committee. A thirty-minute time limit is placed on this section. No member of the public shall be permitted to “share” his/her five minutes with any other member of the public. (Usually, any items received under this heading are referred to staff for future study, research, completion and/or future Committee Action.) (PLEASE STATE YOUR NAME AND ADDRESS FOR THE RECORD.)

On behalf of the San Gorgonio Memorial Hospital Board of Directors, we want you to know that the Board/Committee acknowledges the comments or concerns that you direct to this Committee. While the Board/Committee may wish to occasionally respond immediately to questions or comments if appropriate, they often will instruct the CEO, or other Administrative Executive personnel, to do further research and report back to the Board/Committee prior to responding to any issues raised. If you have specific questions, you will receive a response either at the meeting or shortly thereafter. The Board/Committee wants to ensure that it is fully informed before responding, and so if your questions are not addressed during the meeting, this does not indicate a lack of interest on the Board/Committee’s part; a response will be forthcoming.

OLD BUSINESS

III. * **Proposed Action – Approval of Minutes**
• June 24, 2025, regular meeting

S. DiBiasi

A

TAB A

REGULAR MEETING OF THE
SAN GORGONIO MEMORIAL HOSPITAL
BOARD OF DIRECTORS

FINANCE COMMITTEE
June 24, 2025

The regular meeting of the San Gorgonio Memorial Hospital Board of Directors Finance Committee was held on Tuesday, June 24, 2025, in the Administration Boardroom, 600 N. Highland Springs Avenue, Banning, California.

Members Present: Susan DiBiasi (Chair), Darrell Petersen, Ron Rader

Members Absent: Steve Rutledge

Required Staff: Steve Barron (CEO), Angie Brady (CNE), Daniel Heckathorne (CFO), John Peleuses (VP, Ancillary & Support Services), Ariel Whitley (Executive Assistant)

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP								
Call To Order	Susan DiBiasi called the meeting to order at 11:09 am.									
Public Comment	No public comment.									
OLD BUSINESS										
Proposed Action - Approve Minutes May 27, 2025, regular meeting	Susan DiBiasi asked for any changes or corrections to the minutes of the May 27, 2025, regular meeting. There were none.	The minutes of the May 27, 2025, regular meeting will stand correct as presented.								
NEW BUSINESS										
Proposed Action – Recommend Approval to the Hospital Board and the Healthcare District Board Annual Insurance Renewals	<p>The Annual Insurance Renewals were presented to the committee by Dan Heckathorne, CFO. The Insurance Renewals include:</p> <ul style="list-style-type: none"> • Property and Casualty Program <p>ROLL CALL:</p> <table border="1" style="margin-left: 20px; border-collapse: collapse;"> <tr> <td style="padding: 2px;">DiBiasi</td> <td style="padding: 2px;">Yes</td> <td style="padding: 2px;">Petersen</td> <td style="padding: 2px;">Yes</td> </tr> <tr> <td style="padding: 2px;">Rader</td> <td style="padding: 2px;">Yes</td> <td style="padding: 2px;">Rutledge</td> <td style="padding: 2px;">Absent</td> </tr> </table> <p>Motion carried.</p>	DiBiasi	Yes	Petersen	Yes	Rader	Yes	Rutledge	Absent	M.S.C. (Rader/DiBiasi), the SGMH Finance Committee voted to recommend approval of the Annual Insurance Renewals to the Hospital Board and the Healthcare District Board of Directors as presented.
DiBiasi	Yes	Petersen	Yes							
Rader	Yes	Rutledge	Absent							

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP								
<p>Proposed Action – Recommend Approval to Hospital Board of Directors - Monthly Financial Report (Unaudited) – May 2025</p>	<p>Daniel Heckathorne, CFO, reviewed the Unaudited May 2025 finance report.</p> <p>The month of May resulted in a negative \$2.67M EBIDA compared to budgeted negative EBIDA of \$1.65M. Overall Surplus was negative \$1.35M compared to the budgeted Surplus of negative \$1.46M.</p> <p>ROLL CALL:</p> <table border="1" data-bbox="386 552 1211 625"> <tr> <td>DiBiasi</td> <td>Yes</td> <td>Petersen</td> <td>Yes</td> </tr> <tr> <td>Rader</td> <td>Yes</td> <td>Rutledge</td> <td>Absent</td> </tr> </table> <p>Motion carried.</p>	DiBiasi	Yes	Petersen	Yes	Rader	Yes	Rutledge	Absent	<p>M.S.C. (Rader/DiBiasi), the SGMH Finance Committee voted to recommend approval of the Unaudited May 2025 Financial Report to the Hospital Board of Directors.</p>
DiBiasi	Yes	Petersen	Yes							
Rader	Yes	Rutledge	Absent							
<p>Proposed Action – Recommend Approval to the Hospital Board and the Healthcare District Board</p> <ul style="list-style-type: none"> FYE 2026 Operating and Capital Budgets 	<p>Dan Heckathorne, CFO, presented the FYE 2026 Operating and Capital Budgets as informational. The Hospital Board will recommend approval to the Healthcare District Board.</p> <p>No action was taken.</p>									
<p>CEO Report</p>	<p>No formal report.</p>									
<p>Future Agenda Items</p>	<ul style="list-style-type: none"> None 									
<p>Next Meeting</p>	<p>The next regular Finance Committee meeting will be held on July 29, 2025 @ 9:00 am.</p>									
<p>Adjournment</p>	<p>The meeting was adjourned at 1:24 pm.</p>									

In accordance with The Brown Act, *Section 54957.5*, all reports, and handouts discussed during this Open Session meeting are public records and are available for public inspection. These reports and/or handouts are available for review at the Hospital Administration office located at 600 N. Highland Springs Avenue, Banning, CA 92220 during regular business hours, Monday through Friday, 8:00 am - 4:30 pm.

Minutes respectfully submitted by Ariel Whitley, Executive Assistant

TAB B

San Gorgonio Memorial Hospital and San Gorgonio Memorial Health Care District

To: Finance Committee, Board of Directors, and District Board

Agenda Item: For July 29, 2025 Finance Committee and August 5, 2025 Board Meetings

Subject:

Renewal of Supplemental Funding Programs (SFP) and Disproportionate Share Hospital (DSH) Agreement with SCA Consulting (formerly Steve Clark and Associates (SCA))

San Gorgonio Memorial Healthcare District & Hospital have contracted with SCA for many years for the provision of consulting services related to the Supplemental Funding Programs and DSH audits. As we are all aware, these programs provide millions of dollars to the District/Hospital each year.

SCA Consulting is also the consulting firm to the District Hospital Leadership Forum, so their firm is the premier expert on all things related to these programs for District Hospitals.

Key parts of the engagement with SGMHD are the provision of monthly meetings hosted by SCA leaders (normally Nathan Davis) with the CFO to review all things specific to the SFP programs, including establishment of timelines, program estimates, along with a general overview of financial matters impacting District Hospitals. This team is also readily available to the CFO, CEO, and CNE for ad hoc consultative services at any time.

As to the DSH consulting, SCA leads the SGMH finance and I/T team through a lengthy (many months) review process and helps the team meet the stringent DSH qualification audit requirements. There is a significant advantage to have a well-known and respected team led by the SCA consultant (David Vance) as we interact with the State's outside contracted DSH auditors.

The Term of the new Agreement is for a three-year period commencing October 1, 2025. The monthly fee will remain at \$7,500 per month (plus \$395 hourly fees and expenses, all which would require written approval in advance by San Gorgonio).

Recommended Action: To approve the SCA Consulting Agreement for Supplemental and DSH Funding for a period of 3 years at a fee of \$7,500/month.

Copies of the supporting documents are included in the packet.



950 Glenn Drive
Suite 250
Folsom, CA 95630
(916) 673-2020
www.scainc.net

June 16, 2025

Mr. Dan Heckathorne
Chief Financial Officer
San Geronio Memorial Hospital
600 North Highland Springs Avenue
Banning, California 92220

Dear Mr. Heckathorne:

We are pleased to submit this letter for your review and signature (the "*Agreement*"), which sets forth the terms according to which SCA Consulting, Inc., will provide you with certain consulting services. The term of this contract is from October 1, 2025 through September 30, 2028, subject to the termination provisions described in section "5" below. This proposal will provide on-going financial and reimbursement expertise on District Hospital supplemental funding programs, as well as monitor, identify and seek hospital participation in other funding opportunities that may become available. We look forward to working with you in reaching your objectives and ask that you review this letter to ensure that we understand and agree upon the terms governing the provision of our services. For convenience, this letter will refer to SCA Consulting, Inc., as "*Consultant*" and to San Geronio Memorial Hospital as "*Client*."

The terms and conditions of our Agreement are as follows:

- 1. Consulting Services.** Consultant agrees to provide the consulting services described on Exhibit A attached hereto. Exhibit A will be referred to as the "*Services*." Consultant further agrees to consult with Client regarding the Services during the term of this Agreement.
- 2. Performance Standards.** Consultant agrees to perform the duties required by this Agreement in good faith, and in a timely manner that Consultant believes to be consistent with the needs of the Client. Consultant is not an agent or employee of Client, and has no fiduciary duty, nor any duty of care, disclosure or inquiry, other than as expressly set forth in this Agreement. Consultant shall be entitled to rely on the completeness and accuracy of all information, documents and materials provided by Client to Consultant in connection with the Services and this Agreement.
- 3. Compensation and Expenses.** In return for the Services provided by Consultant and specified in Exhibit A, work will be billed on a monthly fee basis at the rate of \$7,500 per month for the 36-month period. Any work performed by Consultant outside

the scope of services described in Exhibit A shall be approved in advance by Client and will be billed on an hourly basis at \$395/hour and are billable in fifteen (15) minute increments for each hour or portion thereof performed by Consultant hereunder. Billable time includes all travel time, both local and out-of-town.

Client agrees to reimburse Consultant for all out-of-pocket costs incurred in the course of performance of the Services hereunder, including, without limitation, reasonable travel and lodging expenses, photocopying, mailing, messenger and delivery services, long distance telephone service, facsimile transmissions, parking, sales and similar taxes, and any other fees advanced by Consultant on behalf of Client.

4. Payment Terms. Consultant agrees to furnish to Client a monthly invoice for services rendered, including a statement of expenses. Client agrees to pay Consultant within thirty (30) days from the date of the invoice, with payment sent to Consultant at the letter-head address set forth above. If Consultant does not receive complete payment within the foregoing time frame, then Client shall be in material breach of this Agreement. In such case, Client agrees (i) that Consultant may immediately and indefinitely discontinue providing the Services hereunder; and, (ii) that all working papers, documents and materials prepared by Consultant for which payment has not been received shall be and remain the sole and exclusive property of Consultant, and shall not be released by Consultant until complete payment of all fees and expenses due hereunder has been received by Consultant. The foregoing remedies shall be in addition to (and not exclusive of) any other remedies to which Consultant may be entitled as a result of Client's breach of this Agreement.

5. Termination. Either party may terminate this Agreement at any time without cause upon the provision of thirty (30) days prior written notice to the other. Following receipt of any notice of termination without cause, Consultant may, but shall not be obligated to, continue to provide the Services to Client pursuant to this Agreement. Either party also may terminate this Agreement immediately as a result of a material breach by the other party, upon the provision of written notice to the other. If this Agreement is terminated by either party, either with or without cause, all fees and expenses due Consultant, up to and including the effective date of the termination, shall be paid immediately to Consultant. Client further agrees, if this Agreement is terminated by either party in accordance with this section, that all work papers, confidential information, literature and any other documentation acquired or developed by Consultant directly related to this Agreement, shall not be provided to Client by Consultant until all fees and expenses have been paid to Consultant.

6. Confidential Information. Client agrees to provide Consultant with all information in its possession or reasonably available to it that is necessary for Consultant to provide the Services. Consultant shall, under all circumstances, have the right to rely,

without independent investigation or verification, on all such information provided by Client to Consultant. Consultant agrees not to disclose any confidential documents or information provided to Consultant by Client pursuant to this Agreement, except: (i) to the directors, officers, employees, subcontractors and legal counsel of Consultant who have a need to know such information for the purpose of assisting Consultant in the performance of this Agreement; and (ii) when required by law to do so, but only if Consultant first notifies Client and affords Client a reasonable opportunity to oppose such disclosure by such means as Client deems necessary or appropriate. Notwithstanding the foregoing, confidential information shall not include any information which (i) is on the date hereof, or hereafter becomes, generally available to the public other than as a result of a disclosure, directly or indirectly, by Consultant; (ii) was available to Consultant on a non-confidential basis prior to its disclosure to Consultant by Client, or its representatives; or (iii) becomes available to Consultant on a non-confidential basis from a source other than Client or its representatives.

7. Representations and Warranties of Client. Client represents and warrants to Consultant that: (i) Client owns or has the legal right to use all patents, copyrights, trademarks, trade names, service marks, service names, and other intangible property or property rights relating to the Services (collectively, the "*Intellectual Property*"); (ii) each item of Intellectual Property may be disclosed to and used by Consultant within the course and scope of performing the Services on behalf of Client; (iii) Client's disclosure or Consultant's use of the Intellectual Property as permitted under this Agreement will not infringe upon, misappropriate, or otherwise conflict with any property rights of third parties; (iv) all information provided by Client shall be complete and accurate in all material respects, and not misleading; and (v) Client shall be solely responsible for the accuracy and completeness of all information provided by Client to Consultant.

8. Disclaimer of Warranties. Client acknowledges that the conduct of its business involves substantial regulatory risks, including but not limited to, risks relating to existing and future federal and state laws affecting governmental reimbursement policies. Client assumes sole responsibility for the assessment and assumption of any and all such risks, and for the compliance of its business and operations with applicable laws. Consultant warrants only that Consultant will perform the Services provided under this Agreement, in a competent manner. Except for the foregoing limited warranty, Consultant makes no warranty, express or implied, and expressly disclaims: (i) any implied warranty of merchantability or fitness for a particular purpose; (ii) any warranty of any assumption or projection; and (iii) any warranty of the results or success of any strategy or recommendation made or otherwise included as part of the Services provided by Consultant to Client.

9. Limitation of Liability. In no event will Consultant be liable to Client, or any third party, for any special damages, including any lost profits, lost savings, or other

incidental or consequential damages, even if Consultant has been advised of the possibility of such damages. Consultant's entire liability and Client's exclusive remedy for any breach of this Agreement by Consultant shall be the replacement of any materials not meeting Consultant's obligations hereunder that are returned by Client to Consultant, or if Consultant is unable to deliver replacement materials, the refund by Consultant of the fees (but not the expenses) paid by Client for the Services.

Consultant will be reimbursed by Client for any expenses or fees incurred, if Consultant is required to provide any government entity with either written or verbal information resulting from either a review or an action brought about by such government entity as it relates to Client.

10. Indemnification. Client agrees to indemnify, defend and hold Consultant harmless from and against any and all liability, loss, damage, claim, cause of action or cost (including, but not limited to, court costs and attorneys' fees) which may result directly or indirectly, from any act, error, or omission of Client, or from any information, documents or materials provided by Client.

11. Proprietary Rights. Subject to Consultant's receipt of complete and timely payment as required by this Agreement, all work products prepared for Client by Consultant shall belong exclusively to Client. All work products prepared by Consultant for others, for itself, or prior to or after the term of this Agreement, shall remain the exclusive property of Consultant.

12. Non-Exclusivity. This Agreement shall be non-exclusive. Consultant may provide consulting services to Consultant's existing clients, and to any other persons or entities that may in the future become clients of Consultant.

13. General Terms. Consultant shall act as an independent contractor and not as an agent or employee of Client and Consultant shall make no representation that it is an agent or employee of Client. Consultant is responsible for all taxes as an independent contractor. Consultant shall not have the authority to bind Client or incur other obligations on behalf of Client, unless Client so directs Consultant in writing. Either party without the written consent of the other party may not assign this Agreement. Consultant, however, may utilize the services of its Associates in providing Client services under this Agreement; however, the Consultant remains responsible for the services under this contract. This Agreement will be retroactive to the date Consultant first performed the Services for Client. California law will govern the interpretation and enforcement of this Agreement, and each party consents to the jurisdiction of the courts of California in any action or proceeding with respect to this Agreement. The prevailing party in any such proceeding shall be entitled to recover its attorneys' fees and costs of suit.

If you are in agreement with the terms of this letter of Agreement, please print out a copy of the Agreement page, sign/date and return one copy to us by e-mail.

Sincerely,



David Vance
Partner

Agree to terms of the June 16, 2025 contract proposal to engage SCA Consulting to provide on-going financial and reimbursement expertise on District Hospital supplemental funding programs and to monitor, identify and seek participation in other funding opportunities from October 1, 2025 through September 30, 2028 as specified in Exhibit A below for San Gorgonio Memorial Hospital and accepted by:

Signed: _____ Date: _____

Title: _____

EXHIBIT A

Financial and Reimbursement Oversight and Improvement Program

- **ESTABLISH REGULAR COMMUNICATION PROCESS TO DISCUSS RELEVANT HOSPITAL FINANCIAL/REIMBURSEMENT ISSUES**
 - Provide regularly scheduled calls with Hospital liaison, along with other affected staff members, to discuss relevant issues specifically impacting the hospital's reimbursement and financial levels. Agendas will be prepared in advance.
 - Ad hoc call with Hospital liaison, and other participating staff members, will also be scheduled on an as-needed basis when circumstances are warranted.
 - Assist client with supplemental funding cash flow projections, timelines, understanding and evaluating changes in funding between program phases or fiscal years, and budgeting as requested.
 - Provide education to new staff as requested by client. Consultant will also provide education/expertise to external entities as requested such as auditors, financial institutions, and/or board of directors.
- **MONITOR AND WORK WITH HOSPITAL STAFF ON COORDINATION AND DATA ANALYSIS RELATED TO ALL APPLICABLE MEDICAL SUPPLEMENTAL PAYMENT PROGRAMS**
 - Review data that affects the hospital's AB 113 funding program to ensure it is being accurately captured and reported to OSHPD before the data files are finalized for use in the AB 113 payment allocations.
 - Evaluate and advise hospital as to 'Rate Range' funding opportunities. Identify all possible rate range room with each Health Plan that may be relevant to the hospital, including within the local County, as well as with adjacent counties from which the hospital serves patients. Also, analyze all the level of funding being distributed to all providers from

which the hospital shares rate range room to determine if the hospital is receiving its “fair share.”

- Review data that affects the hospital’s QIP funding allocation to ensure it is being accurately captured and reported to OSHPD before the data files are finalized for use in the annual QIP payment allocation determinations.
- Review and modify as necessary data that will be utilized in determining the hospital’s Quality Assurance Fee (HQAF) for each program period. Monitor the IGT and payment cycle such that the facility meets deadlines.
- Evaluate and revise HCAI and other data used in both the qualification and payment process for Medi-Cal DSH funding, including post review of the CMS DSH Audit. Work directly with HCAI and DHCS staff to ensure accuracy of data and proper interpretation of new or existing legislation.
- Provide updates on all Medi-Cal supplemental payment programs including the District Hospital Directed Payment program.
- Identify other supplemental funding, interpret the opportunity, and discuss with Client.