

BOARD OF DIRECTORS
QUALITY AND CHARITY CARE TRUST, INC.

In Open Session

The Board of Directors of the Quality and Charity Care Trust, Inc. met on Tuesday, December 17, 2002 at 8:00 a.m. in the Jefferson Room of Grawemeyer Hall, Belknap Campus, with members present and absent as follows:

Present: Mr. Larry L. Owsley, Chairman
 Mr. W. Clarke Johnson
 Dr. Joel Kaplan
 Mr. Skipper Martin
 Mr. William Mulloy
 Ms. Beth Stenberg
 Dr. William VonderHaar

Absent: Ms. Jane Driskell
 Mr. J. Chester Porter

From University

Hospital: Mr. Bob Barbier

From the

University: Mr. Glenn Bossmeyer, Assistant University Counsel
 Mr. William Guy, Vice President for Finance Administration Office
 Ms. Susan Wilhelm, Controller's Office
 Mrs. Debbie Dougherty, Board Liaison

Others

Present: Ms. Mary McKinley, Deloitte & Touche
 Mr. Bernie Backert, Deloitte & Touche
 Mr. Jim Carpenter, Deloitte & Touche

I. Call to Order

 Having determined a quorum present, Chair Owsley called the meeting to order at 8:20 a.m.

II. Approval of Minutes

 Dr. Vonderhaar made a motion, which Mr. Mulloy seconded, to approve the minutes of July 2, 2002. The motion passed unanimously.

III. Report of the Ombudsperson

 Mr. Barbier shared the positive report of no complaints to the ombudsperson.

IV. Report of the Nominating Committee

Chairman Owlsley reported the nominating committee (comprised of J. Chester Porter, William Mulloy, and William VonderHaar) recommended the following slate of officers:

- Chairman: Larry Owsley
- Vice Chairman: William Mulloy, Sr.
- Secretary/Treasurer: Dr. Joel A. Kaplan

Dr. VonderHaar moved the above nominations be approved. Mr. Mulloy seconded the motion. The motion passed unanimously.

V. Report of the Auditors

Chairman Owsley introduced Jim Carpenter, Mary McKinley, and Bernie Backert from Deloitte & Touche. Ms. McKinley reported a clean and unqualified audit. She noted one difference in the 2002 report from past years is the inclusion of management's discussion and analysis, as required by the Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements*. GASB 34 changed the format and presentation of these financial statements. Ms. McKinley reviewed the following summary, indicating the biggest variance between the 2001 and 2002 reports was the amount of Jefferson County funding.

Statements of Assets and Liabilities		
As of June 30, 2002 and 2001		
	2002	2001
ASSETS		
Cash	\$ 87	\$ 2,744
Investments-US Government agencies	184,764	139,607
Government funding receivable from Jefferson County	1,360,400	-
Other Assets	<u>2,008</u>	<u>2,416</u>
Total Assets	\$ <u>1,547,259</u>	\$ <u>144,767</u>
LIABILITIES		
Accrued administrative expenses	\$ 10,300	\$ 10,000
Due to University Medical Center, Inc.	<u>1,536,959</u>	<u>134,767</u>
Total Liabilities	\$ <u>1,547,259</u>	\$ <u>144,767</u>

Ms. McKinley summarized the supplemental schedule of indigent care patient charges funded by the Trust; there were no questions from the Board.

Ms. McKinley reported the audit concluded no material weaknesses existed involving the Trust's internal control operations. She did note, however, that due to inaccurate computer programming logic, charges eligible for reimbursement by the Trust for certain indigent patients were inadvertently overstated by approximately \$490,000. Eligible charges were summarized by county, and certain patients were listed in more than one county (due to residence relocations, etc.). She noted the total charges for those patients were included in the totals for both counties. The Schedule of Indigent Patient Charges Funded by the Trust for the year ended June 30, 2002 was subsequently amended to correct such overstatements. She stated the total net charges eligible for Trust reimbursement exceeded the maximum eligible for reimbursement through government funding, thereby noting there was no misstatement of the Trust's financial statements as of and for the year ended June 30, 2002. Ms. McKinley verified there this no impact to the Trust on reimbursement because the government funding was lower than the total amount of charges eligible for reimbursement.

Chairman Owsley stated the charges to and disbursements from the Trust were in accordance with the Trust agreement and he confirmed charges to the QCCT were documented.

Chairman Owsley discussed funding issues, noting President Ramsey's concern about potential state reductions and an agreement with the Louisville Metro Government. In response to Mr. Martin's question concerning the status of funding, Chairman Owsley reported the resolution of previous payment issues and verified that payments are current. Mr. Owsley reported on one small item brought up during the audit. When the disbursements were calculated, the county's revenues had declined so it resulted in \$30,000 less income from the county. The auditors have indicated their reading of the Trust Agreement does not allow for a reduction. Mr. Owsley stated that as the University examines the process of reviewing this with the new Metro Government, the University will clarify. He noted that although the Trust accounts for an increase in base contributions, it does not account for a reduction. Other than that reduction, there were no other issues.

In response to Mr. Martin's inquiry concerning the number of people served by this agreement, Ms. McKinley said thousands receive care. Chairman Owsley offered to obtain more specific data, circulate the data to the QCCT board of directors, and incorporate the information in future reports. There were no questions or comments regarding the audit process. Mr. Mulloy made a motion, which Dr. VonderHaar seconded to approve the

Chairman's recommendation that the Board of Directors accept the audit report for the Quality and Charity Care Trust, Inc. for the year ended June 30, 2002 as prepared by Deloitte & Touche.

The motion passed unanimously.

VI. Other Business

Chairman Owsley said the Board would schedule its next meeting in six months.

VII. Adjournment

The meeting adjourned at 8:35 a.m.

BOARD ACTION:

Passed X

Did not pass

Other

Asst. Secretary. *Katalin M. Smith*

**RECOMMENDATION TO BOARD OF DIRECTORS OF THE
QUALITY AND CHARITY CARE TRUST, INC.
CONCERNING AUDIT REPORT FOR YEAR ENDED JUNE 30, 2002**

December 17, 2002

RECOMMENDATION:

The Finance Committee recommends:

That the Board of Directors accept the audit report for the Quality and Charity Care Trust, Inc. for the year ended June 30, 2002 as prepared by Deloitte & Touche.

BOARD ACTION:

Passed _____ X _____

Did not pass _____

Other _____

Asst. Secretary- *Katalin M. Smith*