

**Nocona General Hospital
Board of Directors Meeting
October 15, 2019**

Board Members Present:

Charles May, President
Ken Koontz, Vice-President
Chris Keck, Secretary
Melissa Murphey
Ron Brown

Absent:

Cris Lemon
Kristal Ferguson

Hospital Administration:

Lance Meekins, C.E.O.; Rebecca Hamilton, Admin. Assistant/HR

Medical Staff:

Len Dingler, MD

Others Present:

Brian Jackson, Jackson & Carter, PLLC

Meeting was called to order by President, Charles May at 12:34 PM.

Approval of Previous Minutes

Melissa Murphey made a motion to accept the minutes from the September 17, 2019 board meeting. Ron Brown seconded. Motion carried unanimously.

Community Input: None

Old Business: None

New Business:

Discussion and Possible Vote on Semi-Annual Nurse Staffing Plan

Corrie Holcomb presented the semi-annual nurse staffing plan as required by CMS. Additionally, she brought the board up to speed on changes in the nursing administration department due to ACNO Mandi Osborne's resignation.

Melissa Murphey made a motion to accept the Semi-Annual Nurse Staffing Plan as presented, and Ken Koontz seconded. Motion passed unanimously.

Discussion and Possible Vote on Updox Contract

Kelly Cope presented for the board's consideration a contract with Updox. Updox is a digital fax system which will streamline the clinic operations by eliminating printed medical records, referrals, etc., - basically anything that would normally have to come via a fax line for privacy reasons. Ultimately, fax lines will be eliminated, which, along with the elimination of the consumable, should offset a majority of the cost of the system.

Brian Jackson pointed out his concern that the contract states that jurisdiction for any disputes would be Columbus, OH. The board agreed that this should be changed, if possible. Chris Keck made a motion to approve the contract, authorizing Lance to inquire about changing the jurisdiction, if possible. Melissa Murphey seconded the motion, and the motion passed unanimously.

Discussion and Possible Vote on September 2019 Financial Statements

Lance reported that, for the month of September, the hospital had 25 admissions (including 1 swingbed), 461 outpatient discharges (including 17 surgeries), 232 ER visits, 70 ambulance calls, 474 home health visits and 1588 clinic visits. Additionally, there were 18 observation admissions. He stated that this utilization resulted in gross revenue of \$1,454,594, missing budget by about 13%. However, he pointed out that when the clinic revenue is removed, the hospital is exceeding last year's first quarter gross income by about 12%. He noted that the average daily census was 4.1 patients overall including only 2 average acute patients.

Lance stated that, through the first quarter the average daily census is running about a half a patient higher while admissions are down about 9% and discharges are down a total of 7 resulting in the average length of stay increasing by about 1 day. He noted that, as he mentioned last month, it is difficult to compare year to year numbers due to the clinic acquisition. On a positive note, the outpatient discharges continue to outpace last year by 12% while the ER visits are up slightly.

He reported that, on the net revenue front, the hospital benefited greatly from the initial demonstration year 8 uncompensated care payment of \$368,000. This allowed net revenue to exceed budget by about 11% and keep the month from having a significant loss.

In addition, Lance reported that overall expenses came in on budget with a couple of line items being over budget including the physician expense, but he noted that this was due to 3 invoices being posted for the month which now is caught up. As he stated last month, the hospital has started to pay the Bowie clinic utility, phone, etc. bills directly instead of adding them to the lease. This will skew the budget numbers somewhat for the lease and utility line items each month. He pointed out that the employee benefit number is up as the hospital continues to see an increase in larger claims on the plan. Overall the plan is still only running at 73% of the minimum accrued attachment point that triggers an aggregate reinsurance claim. This percentage is much higher than last year's, which was about 50% of the attachment point.

Cash Position

Current Savings	\$1.45M
LOC outstanding	\$0
Outstanding QIPP IGT	\$4.1M
Outstanding QIPP IGT receivable	\$100,000 (estimate)
Outstanding QIPP receivable (Comp 2, 3 year 2,3), 3qtrs	\$1M
Current Cash Position	\$6.65M

(This position does not take into account any possible need to supplement operations with savings or vice versa.)

Ken Koontz made a motion to accept the September 2019 financial statements as presented. Ron Brown seconded, and the motion passed unanimously.

Discussion and Possible Vote on Oak Shores Lot 188

Ken Koontz made a motion to accept the resale deed presented on Oak Shores Lot 188, and Ron Brown seconded. Motion passed unanimously.

Discussion and Possible Vote to Approve all Necessary Agreements for the Refinancing of the Skyline Nursing Center in Dallas, TX, Pursuant to the State and Federal Lending Programs and the Nursing Home Supplemental Payment Programs of Which NGH is a Part, Including the Following:

- **Management Certification**
- **Management Agreement Addendum**
- **Memorandum of Sublease**
- **Operator Lease Addendum**
- **Operator Estoppel Certificate**
- **Resolution of the NGH Board of Trustees**

Lance stated that another nursing facility would like to refinance, which requires the board to amend several agreements. Brian has been working with their legal counsel on these documents.

Ron Brown made a motion to approve all agreements for the refinancing of Skyline Nursing Center, contingent upon legal approval and that no hospital assets be used as collateral. Chris Keck seconded the motion, and the motion passed unanimously.

Convene to Executive Session for the Following Purpose:

- (a) **Texas Government Code Section 551.071-Consultation with Attorney**

Convened at 1:05 PM.

Reconvene to Open Session and take action as follows:

- (a) **Texas Government Code Section 551.071-Consultation with Attorney**

Reconvened at 1:17 PM. No action taken.

Discussion and Possible Vote on Agreement with TETAF for Trauma Survey

Melissa Murphey made a motion to approve the TETAF agreement, and Chris Keck seconded. Motion passed unanimously.

Administrative Report

Lance reported that there were no surprises during the recent audit fieldwork. He asked the auditors to process and file the cost report, due November 30, as quickly as possible. Unfortunately, the hospital is at the mercy of Medicare and Medicaid to produce the payment logs that are required to complete the cost report, so he does not expect it to be filed much sooner than the 30th. He stated that his reasoning for requesting a faster filing is hopefully to receive a nice settlement due to the clinic acquisition and to reset the all-inclusive rate for Medicare clinic visits which sits at about \$92.00 right now.

Lance stated that the hospital may be taking another shot at the sole community designation. He reminded the board that the hospital was recently denied the designation due to the “like” hospital in Bowie being closer than 35 miles from NGH. However, a possible loophole has been identified in the definition of “like”. According to CMS regulations, if a facility has more than 92% of the inpatient days when compared to the other facility in question then that hospital does not meet the “like” definition. He reported that the auditors are working on finding, through

public sources, the actual days that the Bowie hospital is claiming, if any. As a reminder, the sole community designation is a payment add on. The value of it depends on utilization, but it is twice the benefit we receive from being Medicare dependent.

Medical Staff Report

As reported last month, Dr. Aujla has performed his final surgeries. The hospital is currently in the process of reaching out to potential replacements, but Dr. Len noted to the board that it could be a difficult find. Lance pointed out the time crunch involved, as the hospital needs to make two large capital purchases for the surgical department prior to the end of the year: new scopes and a new anesthesia machine. These, of course, would be dependent on the decision regarding the future of the department.

Other Business: None

Meeting was adjourned at 1:46 PM.

Charles May, President

Chris Keck, Secretary