

**Nocona General Hospital
Board of Directors Meeting
December 17, 2019**

Board Members Present:

Charles May, President
Ken Koontz, Vice-President
Chris Keck, Secretary
Melissa Murphey
Ron Brown
Kristal Ferguson
Cris Lemon

Absent:

None

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 12:37 PM.

Approval of Previous Minutes

Ron Brown made a motion to accept the minutes from the November 19, 2019 board meeting. Chris Keck seconded. Motion carried unanimously.

Community Input: None

Old Business: None

New Business:

Discussion and Possible Vote on November 2019 Financial Statements

Lance presented the following report for the month of November:

The hospital had 35 admissions, including 2 swing beds, 466 outpatient discharges, including 9 surgeries, 233 ER visits, 52 ambulance calls, 396 home health visits, and 1609 clinic visits. Additionally, there were 19 observation admissions. The average daily census was 5.9 patients overall including 3.9 average acute patients. The average daily census for the year is up 0.7 patients resulting in a 15% increase in patient days. Admissions and discharges are running about the same as last year. Outpatient discharges are up 15%, ambulance calls are up 15%, observation admissions are up to 67, a 56% increase over last year. Outpatient surgeries are up 13%, but that number will decrease with the loss of Dr. Aujla. While Dr. Khaira has agreed to perform surgeries locally, please remember only those that our medical staff refer to him will be done here. He will continue to utilize Gainesville for his own patients.

This utilization resulted in gross revenue of \$1,688,276, right on budget for the month, while the yearly gross income currently exceeds budget by about 2%. As with any budget there are always variances. Thus far this year the inpatient income is about 4.5% under budget. On the outpatient side, EMS, ER, and physical therapy

have come in well over budget, while the surgical department (as expected with the loss of Aujla) and the clinic's income have missed budget significantly. Comparing to last year, gross revenue is up 31%, helped with the new clinic revenue, but also seeing almost all departments increasing in some amount.

On the net revenue front the hospital benefited from the QIPP year 2 4th quarter payments of about \$350,000 with about \$280,000 hitting in November. The rest had been previously booked into the prior fiscal year. Allowances were over budget by a combined \$90,000 as the A/R aged unexpectedly.

Overall expenses were also right on budget with variances among each line item. Obviously with the addition of the clinic year to date comparisons are skewed, but they are up 32% from last year.

Ken Koontz made a motion to approve the financial report as presented, and Cris Lemon seconded. Motion passed unanimously.

Discussion and Possible Vote on Lot Sales:

- a. Lot 27, Block 1 – Oak Shores
- b. Lot 48, Block 1 – Oak Shores
- c. Lot 87, Block 1– Oak Shores
- d. Lot 178, Block 1– Oak Shores
- e. Lot 207, Block 1– Oak Shores
- f. Lot 241, Out of Blocks 35 & 36 – Oak Shores
- g. Lot 250, Block 1– Oak Shores
- h. Lot 251, Block 1– Oak Shores
- i. Lot 272, Block 1– Oak Shores
- j. Lot 290, Block 1– Oak Shores
- k. Lot 537, Block 1– Oak Shores
- l. Tract 1, Lot 10, Block 1; Tract 2, Lot 10A, Block 1– Oak Shores
- m. Tract 1, Lot 337, Block 1; Tract 3, Lot 538– Oak Shores
- n. Tract 2, Lot 531– Oak Shores

Ron Brown made a motion to accept all lot sales as presented, and Chris Keck seconded. Motion passed unanimously.

Convene to Executive Session for the Following Purpose:

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

Dismissed to Executive Session at 12:59 PM.

Reconvene to Open Session and Take Action as Follows:

- (a) Discussion and Possible Vote on Matters Related to Consultation with Attorney

Reconvened to Open Session at 1:07. No action taken.

Administrative Report

Lance presented the following report to the Board:

The cost report for FY2019 was submitted at the end of November. As reported, the hospital has been subsidizing the clinic operations to the tune of \$50,000-\$100,000 per month. It was projected that the cost report settlement, once the new all-inclusive Medicare rate was calculated, would offset those transfers. Unfortunately, the settlement only came in at about \$100,000, far below the \$250,000 projection. The bad news is that the Medicare percentage of clinic visits is much lower than the original information provided. Although the all-inclusive rate is now \$153/visit, that rate only applies to traditional Medicare. Commercial payors, including Medicare Advantage, are paid based on a contract, resulting in much lower pay rates. A bit of good news is that we will be able to reprocess about 2 months' worth of Medicare visits that were originally paid under the clinic's old provider number. Due to this, they were not included in the PS&R reports that CMS uses to calculate the settlement. Hopefully once they are reprocessed that will add approximately

another \$60-75,000 to the settlement. Once we are able to obtain copies of the reimbursement contracts, we will begin the process of renegotiating the contracts based off of the new all-inclusive rate hopefully.

QIPP IGT

The IGT for the 2nd half of QIPP year 3 was about \$3.2M. \$1,750,000 was drawn on the Legend Bank line of credit at 6% currently. As stated previously, as the monthly component 1 payments are received, the intent is to use those funds to repay the LOC on a monthly basis.

SCU Remodel

I am still working with the architects to line up quotes from the contractors. I should have something for the January meeting.

Medicaid Fiscal Accountability Rule

In the past my conservative nature tended to look at many rulings/regulations/reimbursement changes and the like as potential death knells for rural hospitals.

NONE OF THEM COMPARE TO THE DEVASTATION THAT MFAR WOULD BRING IF IMPLEMENTED!

MFAR is a proposed CMS rule that would drastically alter the ability of hospitals to IGT and thus receive these payments including potentially QIPP, uncompensated care, DSRIP, UHRIP, disproportionate share funds, etc. A rough estimate of these programs' yearly benefit to us is well over \$2 million and most likely closer to \$2.5 million. For fiscal year 2019 the hospital's net patient revenues were \$7.7 million. We receive another \$2.3 million from the above programs and our bottom line finished at about \$800,000. Without those funds you can see where we would stand. I have included an email from TORCH, so please take the time to read John's comments and his concerns as well as review the attachments. Although some consultants believe there is no way it survives, without an organized rebuttal to the rule anything could slip by. I haven't asked in the past to submit public comments, but I definitely believe this is the one time where we all need to do just that. I most likely will prepare comments but will need for each board member to submit them separately. Hopefully I will have additional information for you by meeting time.

Medical Staff Report

Nothing to report.

Other Business: None

Meeting was adjourned at 1:28 PM.

Charles May, President

Chris Keck, Secretary