

**Nocona General Hospital
Board of Directors Meeting
June 16, 2021**

Board Members Present:

Charles May, President
Ken Koontz, Vice-President
Chris Keck, Secretary
Paula Webb
Ron Brown
Kristal Ferguson

Absent:

Cris Lemon

Hospital Administration:

Lance Meekins, CEO; Rebecca Hamilton, Admin. Assistant/HR

Medical Staff:

Len Dingler, MD (arrived at 12:55)

Others Present:

None

Meeting was called to order by President, Charles May at 12:37 PM.

Approval of Previous Minutes

Ron Brown made a motion to approve the minutes of the May 18, 2021 meeting and Paula Webb seconded. Motion passed unanimously.

Community Input: None

Old Business: None

New Business:

Discussion and Possible Vote on Fiscal Year 2022 Operating Budget

Lance reported that the Finance Committee met, and the drafts of a proposed Fiscal Year 2022 Operating Budget and 3-year Capital Budget were included in the board packet.

He stated that NGH had experienced six consecutive years of overall financial success, which was put back into the facility, and adding that there would hopefully be more to come. NGH was assisted mightily by the numerous supplemental payment programs along the way, including the Nursing Home UPL program along with its successors the MPAP program and QIPP program. Additionally, the hospital benefitted from the Low Volume Program, the Sole Community Program, and the 1115 Waiver allowing for uncompensated care payments along with several other smaller programs. Lance stated that he believed that the board should continue to cautiously monitor expenses and admissions over the next few months to determine if changes in operations were needed. Reiterating from their lengthy discussion in May, he stated that the importance of admissions couldn't be understated, and that the last 1 ½ months showed a troubling trend downward. Additionally, Lance reported that the reporting

requirements for the CARES Act payments were coming up, adding that it will be difficult to ascertain if or how much of the stimulus payments will have to be returned as the rules still are not clearly defined.

With that, and due to the inherent uncertainty of healthcare reimbursement, especially on a federal level, Lance reported that the proposed Fiscal Year 2022 Operating Budget reflects a conservative nature, while still attempting to provide the necessary resources to continue to provide quality and compassionate healthcare to the community.

Ken Koontz made a motion to adopt the Fiscal Year 2022 Operating Budget as presented, and Chris Keck seconded the motion. Motion passed unanimously.

Discussion and Possible Vote on Fiscal Years 2022-2023 Capital Budget

Paula Webb made a motion to adopt the Fiscal Years 2022-2023 Capital Budget as presented. Ron Brown seconded, and the motion passed unanimously.

Discussion and Possible Vote on May 2021 Financial Statements

Lance presented the following report concerning the May 2021 Financials:

For May the hospital finished with 14 admissions, 495 outpatient discharges, including 8 surgeries, 309 ER visits, 379 home health visits and 1502 clinic visits. Additionally, there were 10 observation admissions. This utilization resulted in gross revenue of about \$1.8M, slightly exceeding budget overall. The inpatient gross revenue was only about 50% of budget, resulting in the need to increase allowances to account for the heavier outpatient/ER revenue. The average daily census was 1.5 patients with an average length of stay of 3.0 days. These utilization numbers combined with the expenses resulted in a rather large \$300,000 loss from operations.

For year-over-year comparison:

- Gross revenue is about 13.5% higher than last year resulting in allowances being up about 15% due to the revenue mix and longer length of stays. This also explains the reason for net patient revenue being down 15.7%; expenses are up 8.6%.
- The ADC is down 15% from last year.
- Admissions are down about 7%.
- The ALOS is down .4 days.
- Outpatient discharges are up 25%.
- ER visits are up 14%.
- Ambulance calls are similar.
- Obs admissions are down 18%.
- O/P surgeries are down 35%.
- FTEs are down slightly.

On the non-operating revenue front the hospital benefited from QIPP payments from the payments for Year 4 March and April. For the month the hospital recorded a \$363,000 benefit from QIPP. These payments are included near the bottom of the income statement now under non-patient revenue.

Overall expenses were close to budget for the month. Supplies and expenses were still about 30% over budget, mostly in the pharmacy, lab, and blood bank. Consultant fees were over budget due to the utilization of travelers in physical therapy and radiology. I was able to take a month off of accruing employee health benefits, as the liability account for it is sufficiently funded at this point.

Despite the extremely low inpatient numbers the hospital was able to show a profit for the month due to QIPP.

Overall, the loss from operations of over \$2.4M has been offset by the supplemental payments (QIPP, UC, DSRIP) of almost \$4.2 M.

Ken Koontz made a motion to accept the May 2021 Financial Report as presented, and Kristal Ferguson seconded the motion. Motion passed unanimously.

Discussion and Possible Vote on Physician Removal (R) and Addition/Credentialing (A):

- | | | |
|------------------------|---------------------------|---------------------------|
| a) Lillian Cavin (R) | b) Jack Drew (R) | c) Stephani Font-Diaz (R) |
| d) Jose Arjona (A) | e) Peter Chang (A) | f) Kevin Ching (A) |
| g) Gregory Downing (A) | h) Jason Fox (A) | i) Michael LaPointe (A) |
| j) Benoit Luyckx (A) | k) Sunthosh Madireddi (A) | l) Linda Petrovich (A) |
| m) Uma Reddy (A) | n) Jennifer Rude (A) | o) Omar Samarah (A) |
| p) John Sandoz (A) | q) Mario Vela (A) | r) Adina Weis (A) |
| s) Elaina Zabak (A) | t) Joseph Zerr (A) | |

Chris Keck made a motion to accept the removal and additions of these physicians as presented. Ron Brown seconded the motion, and the motion passed unanimously.

Convene to Closed Session for the Following Purposes:

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

No Closed Session.

Administrative Report

Lance presented the following report to the Board:

Legislative Session

I am waiting on TORCH’s end-of-session report to share with you. I can say overall it was a good session for rural hospitals (a good session normally means no payment cuts and no additional unfunded mandates). The biggest win was the inclusion of additional budget money to pay rural hospitals at full cost for Medicaid services (a promise finally kept by the State after several sessions). Texas rural hospitals will be receiving an additional \$123.5 million in Medicaid payments across the next two-year state budget period. With the additional money, most Texas rural hospitals will be able to recover their cost to treat Medicaid beneficiaries, no longer losing money for providing the service.

On average each rural hospital will receive approximately an additional \$350,000; however, our share will be much less due to lower Medicaid numbers. Our biggest benefit will come on the lab and x-ray side where payments could increase about 60%.

TAPA succeeded in achieving its primary goal of providing liability protections for healthcare facilities treating COVID. Brian assisted greatly in the process and will bring you up-to-date next month as he will not be able to attend this month.

A big concern that carried over from the last legislative session was the attempt to prevent “taxpayer funded lobbying”. Legislators wanted to ban governmental entities from using taxpayer funds, in their words, to lobby for higher taxes. This was primarily aimed at larger counties and cities but would have included the hospital. This potentially could have prevented THA, TORCH, etc. from lobbying on our behalf. This would have significant negative results for us as those organizations stay on top of the

thousands of filed bills and testify on our behalf. Although it was a priority for the Speaker of the House and Lt. Governor, those bills did not come up during the session. There is talk that they could be included in a future special session though.

1115 Waiver

HHSC resubmitted a waiver extension request to CMS and scheduled 3 public hearings for June 2, June 10 and June 15th. I may call upon you to submit written testimony in the near future.

Ransomware Attack Update

As of June 6, IDX had received 109 calls from patients and had enrolled 164 for the credit monitoring. The Office of Civil Rights contacted me to discuss, and they will shortly begin their investigation with a rather large data collection request.

Medical Staff Report: Nothing to Report

Other Business: None

Meeting was adjourned at 1:38 PM.

Charles May, President

Chris Keck, Secretary