

**Nocona General Hospital
Board of Directors Meeting
August 17, 2021**

Board Members Present:

Charles May, President
Chris Keck, Secretary
Ron Brown
Kristal Ferguson

Absent:

Ken Koontz, Vice-President
Paula Webb
Cris Lemon

Hospital Administration:

Lance Meekins, CEO

Medical Staff:

Len Dingler, MD

Others Present:

Brian Jackson, Jackson & Carter, PLLC

Meeting was called to order by President, Charles May at 12:35 PM.

Approval of Previous Minutes

Kristal Ferguson made a motion to approve the minutes of the July 27, 2021 meeting and Chris Keck seconded. Motion passed unanimously.

Community Input: None

Old Business: None

New Business:

Discussion and Possible Vote on Annual Compliance Committee Report

Lance presented the report prepared and submitted by the Compliance Committee for Fiscal Year 2021. Chris Keck made a motion to accept the report as presented, and Kristal Ferguson seconded. Motion passed unanimously.

Discussion and Possible Vote on July 2021 Financial Statements

Lance presented the following report on the July 2021 Financials:

The hospital completed the first month of the fiscal year with 26 admissions; 572 outpatient discharges, including 17 surgeries; 332 ER visits; 353 home health visits; and 1,556 clinic visits. Additionally, there were 16 observation admissions. This utilization resulted in gross revenue of just over \$1.8M, exceeding budget by about 1.4% due to the outpatient business. Inpatient revenue was about 23% under budget. (Around 35 admissions are needed to meet the gross inpatient revenue budget.) The average

daily census was 2.5 patients with an average length of stay of 3.5 days. These utilization numbers, combined with the expenses, resulted in a \$200,000 loss from operations.

For year-over-year comparison:

- Gross revenue is about 3.5% higher than last year resulting in allowances being up about 20% due to the revenue mix. Expenses are up about 4.5%.
- The ADC is down 50% from last year.
- Admissions are down about 7%.
- The ALOS is down 2 days.
- Outpatient discharges are the same.
- ER visits are up 10%.
- Ambulance calls are down 13%.
- Obs admissions are down 16%.
- O/P surgeries are up 55%.
- FTEs are up 3.

These variances will certainly change as we are only comparing one month of the fiscal year thus far.

As stated at last month's meeting, the non-operating revenue, specifically the QIPP payments, would be significantly below budget for July as we accrued the several months' worth of payments in the previous fiscal year.

Overall expenses were under budget by about 4.25%. The hospital had 3 biweekly payrolls in the month, thus the excess payroll taxes.

Ron Brown made a motion to accept the July 2021 Financial Report as presented. Kristal Ferguson seconded, and the motion passed unanimously.

Discussion and Possible Vote on Lot Sales:

- a. Lot 30, Block 1, Oak Shores**
- b. Lot 31, Block 1, Oak Shores**
- c. Lot 283, Block 1, Oak Shores**
- d. Lot 368, Block 1, Oak Shores**
- e. Lot 274, Block 1, Oak Shores**

Chris Keck made a motion to accept the bid as offered for all lots named. Kristal Ferguson seconded the motion, and the motion carried unanimously.

Discussion and Possible Vote on 2021 Certified Tax Appraisal Roll

Ron Brown made a motion to accept the 2021 Certified Tax Appraisal Roll as presented, and Chris Keck seconded. Motion passed unanimously.

Discussion and Possible Vote to Propose the Hospital Tax Rate fo 2021 and Schedule the Required Public Hearings

Information was included in the board packet for the Board's consideration regarding setting the hospital district's tax rate. If the Board is considering a tax rate that exceeds the no new revenue tax rate (effective rate), then the vote must be recorded and public hearing(s) be set. This vote does not tie the Board to the rate proposed. This is a requirement that must be done at the August meeting. Kathryn Phillips with the Montague County tax office has calculated both the no new revenue tax rate (effective) and the voter approval tax rate (rollback tax) rates for 2021. The hospital's 2021 certified tax rolls increased approximately \$32 million. The hospital's current rate is \$0.18 producing a tax levy of close to

\$760,000. Also included in the packet is a timeline detailing the process. Kathryn will take care of publishing the hospital's notices in the paper once instructed to do so as to the rate the Board is considering. The following calculations represent a few of the options and the levies the tax rates would produce:

<u>RATE</u>	<u>LEVY</u>
.1713 (no new revenue)	\$779,000
.17729 (voter approval)	\$806,000
.18419 (unused increment rate)	\$838,000

The unused increment rate is new this year. The hospital district is allowed to add to the voter approval rate, the difference between the voter approval rate and the adopted rate from the previous 3 years, without the potential election requirement.

As a taxing district, the hospital is required to provide indigent/charity care based on a written hospital policy. A small change in the charity care policy could vastly change the identification of bad debt or charity. The tax levy is the main option to pay for those "free services". The latest tax rate booklet, which shows every hospital tax rate, is also included in the board packet. NGH is still in the lower 25th percentile for both tax rate and tax levy.

Ron Brown made a motion to propose a tax rate of \$.1840 for 2021 and schedule the required public hearing on Tuesday, September 21, 2021, at 11:45 AM in the NGH Conference Room. Chris Keck seconded the motion, and the motion passed unanimously.

Discussion and Possible Vote to Approve and Authorize CEO to Participate in a Nursing Facility Supplemental Payment Program with Midland Medical Lodge, Including Execution of CHOW Documents to Assume Facility Licenses and Management Agreements as They Are Approved by the District's Counsel

After the discussion at the last board meeting regarding Midland Medical Lodge Lance reached out to our consultants to verify the additional requirements under QIPP that must be met when adding a facility that exceeds the 150 miles; the answer being yes. Lance stated that he felt that we can meet them, and Foursquare's CFO, Shane Lewis, stated he would assist us in any way needed. Lance also found out that this is not rare, as many NSGO's and other governmental units have done the same without any negative consequences yet. With uncertainty about the future of the program always present, Lance stated that he believed we need to take advantage of the offer while we can and recommended that we proceed with the Change of Ownership, effective 10/1/21.

Ron Brown made a motion to approve and authorize CEO to participate in a nursing facility supplemental payment program with Midland Medical Lodge, including execution of CHOW documents to assume facility licenses and management agreements as they are approved by the District's Counsel. Chris Keck 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:

July Coronavirus Update

- Total of 27 positive results with 24 of those in the second half of the month

9-Nocona residents

9-Bowie

4-Saint Jo

1-each: Montague, Sunset, Terral, Decatur, Waurika

- Tested 141
- 7 COVID admissions resulting in 21 days
- Through first 11 days of August had 21 positive tests out of 60 tested

3-Nocona

6-Saint Jo

3-Ringgold

2-Bellevue

5-Bowie

1 each: Montague, Sunset

Capital Purchase Update

Over the past 18 months or so the Board approved 3 large capital expenditures that I wanted to bring you up to date on. The pharmacy dispensing system is getting closer to installation after a 15-month wait. We have the equipment onsite, but unfortunately the vendor, Omnicell, currently does not have enough available staff to implement. Ongoing meetings are occurring though.

The new telemetry system has the opposite problem: enough personnel but not enough equipment. Mindray representatives have been onsite to take measurements in preparation for when the equipment is available.

We are also still waiting on the roof replacement that have been approved. Supplies are the issue, but we are hoping for a September/October installation.

The combined cost of the three projects is about \$475,000.

Medical Staff Report: Nothing to Report

Other Business: None

Meeting was adjourned at 2:13 PM.

Charles May, President

Chris Keck, Secretary