

**Nocona General Hospital
Board of Directors Meeting
May 17, 2022**

Board Members Present:

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

Absent:

Paula Webb

Hospital Administration:

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

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

Ron Brown made a motion to approve the minutes of the April 19, 2022 meeting and Chris Keck seconded. Motion passed unanimously.

Community Input: None

Old Business: None

New Business:

Department Update

Director Mandy Smith, RN, presented an update to the board on the Home Health department.

Conduct Oath of Office for Newly-Elected Trustees

Rebecca Hamilton conducted the Oath of Office for the three re-elected NGH Directors: Ron Brown, Charles May, and Cris Lemon.

Discussion and Possible Vote on Election of Officers

Ron Brown made a motion that the current slate of officers remain the same: President, Charles May; Vice-President, Ken Koontz; and Secretary, Chris Keck. Cris Lemon seconded the motion, and the motion carried unanimously.

Discussion and Possible Vote on April 2022 Financial Statements

CEO Lance Meekins presented the following report to the board:

For April the hospital finished with 25 admissions; 594 outpatient discharges, including 11 surgeries; 279 ER visits; 70 ambulance calls; 373 home health visits; and 1571 clinic visits. Additionally, there were 14 observation admissions. This utilization resulted in gross revenue of \$1,885,800, exceeding budget by about 3%. The average daily census was 3.4 patients with an average length of stay of 4.2 days. These utilization numbers, combined with the expenses and allowances, resulted in a \$382,571 loss from operations.

For year over year comparison:

- Gross revenue is exceeding budget by about 21.5% this year and up about 11.6% over last year. Net revenue is up only 2.3%, expenses are about 2.1%.
- The ADC is up slightly from last year.
- Admissions are up 5%.
- The ALOS is the same.
- Outpatient discharges are up 10%.
- ER visits are up 20%.
- Ambulance calls are up 16%.
- Obs admissions are down 3%.
- O/P surgeries are up 33%.
- Clinic visits are up 10%.
- FTEs are unchanged from this time last year.

Net Revenue exceeded budget as it appears, for now, our allowances are caught up and the accounts receivable dropped slightly at month end. Of note regarding expense, you will see a rather large number for salaries. We were able to include the employee retention payments in the April financials. That number also includes an additional accrual of almost \$100,000 which will be reversed in May so that the May salaries will be well below budget. The system automatically accrues to salary expense an approximate amount for the days worked but not paid at month end. With us running an additional payroll for the month it performed this action twice based on 7 days worked but unpaid at month end. So basically, salaries are overstated by \$100,000. The non-patient revenue line item includes the payment from the State that we used for the retention payments. The remainder was QIPP money and the county ambulance subsidy.

Ken Koontz made a motion to accept the financial report as presented. Kristal Ferguson seconded, and the motion carried unanimously.

Discussion and Possible Vote on Access Control Door Locks

Lance presented a request to purchase new door locks that would better-control access to the building. He stated that the quote was for \$17,882.00 and would include the Clinic employee entrance, ER and Nurses Station med rooms, the front door of the business office, and both employee doors on the south side of the building. This will also have the ability to add wireless locks in the future. By excluding the south doors, the quote is reduced by \$3285.00. He explained that the software has the ability to program times, schedules, locking and unlocking, and staff access rights. He also stated that Director Todd Sutton is working on an expanded quote that would include lockdown features and additional doors, as well as panic button features. As it seems to be the case with most things these days, that quote has been delayed in arriving due to the vendor's inability to receive materials. He was hoping to have the expanded quote by the meeting time, as he has delayed presenting this to the Board for several months, but this was not yet available. Lance pointed out that the request for this level of security was initiated by employees concerned with outsider access to the building.

The board expressed interest in seeing the expanded quotes; therefore, the item was tabled.

Convene to Closed Session for the Following Purposes:

a) Texas Government Code Section 551.071 – Consultation with Attorney

The board convened to Closed Session at 1:23 PM.

Reconvene to Open Session for the Following Purposes:

b) Texas Government Code Section 551.071 – Consultation with Attorney

The board reconvened to open session at 1:29 PM. No action was taken.

Administrative Report

Lance presented the following report to the board:

Parking Lot Addition

We are still waiting on the soil sample report to come back to determine if we will need to add the rock base. Most likely we will need to, so the project should run about \$230,000. All the documents have been signed. The contractor should be visiting in the near future to determine what current areas of the parking lot will need to be roped off so we can plan on where to relocate some of the parking. We are hoping for the project to begin before the end of the month.

Budget

The Fiscal Year 2023 operating budget has been slow to develop. I will need to convene a meeting of the Finance Committee soon. I have met with each of the department directors to discuss any potential changes operationally that could affect the upcoming budget.

Preliminary Tax Values

I have also included our 2022 preliminary tax values showing that the district's appraisals have increased from last year's certified numbers. There currently is an increase of about \$130 million, or about 28%. Again, these are preliminary numbers and most likely will decrease once the appeals process is completed. The district's 2021 tax rate was \$0.184.

Legislative Update

A couple of items of note:

- The low volume adjustment is set to expire in October. There will be a bill filed soon to permanently extend it and the Medicare Dependent Programs permanently. The yearly LVA benefit to the hospital is approximately \$500,000.
- CMS rescinded its objections to Texas' 10-year 1115 Waiver which allows for QIPP and the new directed payment programs. You all know what the QIPP program benefits are for the hospital, but the DPPs also provide a small benefit as well. They are still new so I can't tell you the exact number, but it will most likely be in the \$50-100,000 range. Please remember that although the waiver has been extended 10 years (retro to 2020), each of the programs have to be renewed and approved by CMS each year.
- A bit of bad news is that sequestration is back. Prior to the pandemic CMS implemented a sequestration (or withholding) of 2% of all Medicare payments in an effort to reduce Medicare spending and balance the budget back in 2013. CMS temporarily suspended it during the pandemic but has once again implemented it at 1%. This summer it will return to 2% and is set to rise to 4% next year.

- I've included a link to an OIG report on Medicare Managed Care since we talk at length about its hazards. The report found that MA plans are incentivized to deny prior authorization for medically necessary services. What a shock!
- Another bit of bad news. HHSC finalized the recoupment of 2018 Uncompensated Care payments due to a change in interpretation of what was allowed and not allowed for the program. Unfortunately for us, as well as for every rural hospital in the state, the result of the change and the ensuing lawsuit (reason for the delay in recoupment) resulted in large recoupments. For us it was about \$313,000.

CMS/State Survey

State surveyors showed up on Monday the 2nd. They were here for about 2 ½ days. Overall, it was a solid survey, especially since our last one was back in 2015. I will share the findings and our plan of correction at the meeting.

Coronavirus Update

- 72 Tests performed (73 March; 152 February; 484 January; 309 December)
- 0 Positive (2 March; 32 February; 313 January; 74 December; 25 November).
- On a discouraging note, we do continue to have supply chain issues. I have included a memo from our Central Supply department to our department heads detailing the issues.

May Update thus far: 1 positive

Press Ganey Survey – April 2022

Lance highlighted the April PressGaney survey for the board's attention.

Medical Staff Report: Nothing to Report

Other Business: None

Meeting was adjourned at 1:43 PM.

Charles May, President

Chris Keck, Secretary