

**Nocona General Hospital
Board of Directors Meeting
October 18, 2022**

Board Members Present:

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

Absent:

Cris Lemon
Kristal Ferguson

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 12:31 PM.

Approval of Previous Minutes

Chris Keck made a motion to approve the minutes of the September 20, 2022 Public Hearing and the September 20, 2022 Regular Meeting and Paula Webb seconded. Motion passed unanimously.

Community Input: None

Old Business: None

New Business:

Discussion and Possible Vote on Capital Purchase: EKG Machines

Respiratory Therapy Director Shelly Parker gave an update on the respiratory therapy department to the Board and presented quotes for replacing the hospital's 20-year-old EKG machines. Quotes were provided to the board for both new and used ones. Shelly explained the difference in the equipment and, thus the large differences in the pricing.

Ron Brown made a motion to purchase two new Hillrom ELI280 EKG machines and Ken Koontz seconded. Motion passed unanimously.

Discussion and Possible Vote on September 2022 Financial Statements

Lance presented the following report on the September 2022 Financials:

For September the hospital finished with 19 admissions; 615 outpatient discharges, including 9 surgeries; 326 ER visits; and 1540 clinic visits. Additionally, there were 15 observation admissions. This utilization resulted in gross revenue of about \$1.9M, about 5.5% under budget. The average daily census was 2.6 patients with an average length of stay of 4.1 days. These utilization numbers, combined with the expenses, resulted in a \$400,000 loss from operations. With these operational losses being the trend the first quarter of the year, I have moved money from savings to cover. Please note that, while still great, days cash on hand dropped by 20 days from last month. With most utilization stats down significantly for the first quarter, the ER is providing a large amount of the gross revenue. Due to this, the net revenue is seeing a large decrease. As you know the ER reimbursements, as well as outpatient reimbursements, are much lower as a percentage of gross revenue than inpatient payments. With the inpatient business being down over 35% from last year, two issues are arising. The first being the need to take another look at expenses. It is a difficult process with a significant amount of expenses being fixed. Salaries is one line item to be reviewed, but with us nearly fully staffed it is a difficult decision to trim staff, especially knowing utilization can ramp back up at any time, and we may not be able to refill those positions. An operational loss each month is almost a certainty in this healthcare finance environment, but a \$300,000+ per month operating loss is not sustainable, even with the supplemental payments currently helping to cover.

For year over year comparison:

- Gross revenue is down 11%, and expenses are about the same.
- The ADC is down 3 patients from last year or 50%.
- Admissions are down 35%.
- The ALOS is down 1.6 day.
- Outpatient discharges are down 20%.
- ER visits are down 7%.
- Obs admissions are up 27%.
- O/P surgeries are down 42%.
- FTEs are down 4.4 from this time last year.

In the non-operating revenue, the hospital received QIPP payments for June and July of year 5.

Overall expenses were under budget by 4.6%. Our employee insurance plan has seen an increase in employee health claims over the past 2 months. Our agent is currently working on the renewal which should be ready for next month. Be on the lookout for a larger than normal rate increase.

Ken Koontz made a motion to approve the financial report as presented. Ron Brown seconded, and the motion passed unanimously.

Discussion and Possible Vote on Architect Contract for Clinic/ER Project

Lance explained to the board that the contract presented by Bundy Young Simms & Potter for the Clinic/ER remodel project was a standard contract with a 9% fee based on the cost of the project. (The contract has been reviewed by counsel.) Final plans are expected to be submitted sometime in January 2023 for the board's changes and/or approval.

Paula Webb made a motion to approve the architect contract as presented, and Ken Koontz seconded. Motion carried unanimously.

Discussion and Possible Vote on 2023 Employee Health Insurance Renewal

Based on existing claims, Lance recommended staying with the \$50,000 specific deductible for 2023, which represents an approximate 11% increase in cost.

Ken Koontz made a motion to approve the 2023 Health Insurance Renewal Option 1 as recommended. 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

The board dismissed to Closed Session at 1:28 PM.

Reconvene to Open Session and Take Action as Follows:

b) Discussion and Possible Vote on Matters Related to Consultation with Attorney

No action taken.

Administrative Report

Lance presented the following report to the Board:

Roofing Project

The roof replacement is complete, and the only item left on the parking lot is striping for the handicapped parking. As a side note, the hospital's payout for the roof replacement was just under \$50,000 on a job that cost about \$675,000. Next month there will be an entry in the financials recording this asset at its cost, resulting in a large monthly gain. The asset will then be depreciated (expensed) over its useful life.

Physician Recruitment: HCA Family Medicine Residency Program

Good news! HCA has approved our status as a rural rotation site for their Family Medicine Residency Program. We are awaiting a Program Letter of Agreement.

FYE 2022 Audit

We just completed field work for the FYE2022 audit. Everything went well with no surprises. An audit presentation should be early next year.

Health Fair

The 22nd Annual NGH Health Fair is scheduled for Tuesday, October 25th from 4:30 to 6:00 PM. Once again, this will be a drive-through event in front of the hospital.

Medical Staff Report: Nothing to Report

Other Business: None

Meeting was adjourned at 2:22 PM.

Charles May, President

Chris Keck, Secretary