

**Nocona General Hospital
Board of Directors Meeting
December 20, 2022**

Board Members Present:

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

Absent:

Cris Lemon

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 9:30 AM.

Approval of Previous Minutes

Ken Koontz made a motion to approve the minutes of the November 15, 2022 Regular Meeting and Ron Brown seconded. Motion carried unanimously.

Community Input: None

Old Business: None

New Business:

Discussion and Possible Vote on Cardiac Rehab Telemetry System

Lance stated that the Cardiac Rehab Department is requesting a new telemetry system. The current one is 16 years old and well beyond its useful life. It constantly needs rebooting which hinders the completion of patients' therapy sessions. Department Head Kennan Fleming and Brooklyn Diaz were present to give further explanation and answer questions concerning their needs and the quotes presented.

Ron Brown made a motion to approve the request to purchase a new telemetry system from Life Systems International (LSI) as presented. Paula Webb seconded, and the motion carried unanimously.

Discussion and Possible Vote on November 2022 Financial Statements

Lance presented the following report on the November 2022 Financials:

For November the hospital finished with 36 admissions, a high for the year; 679 outpatient discharges, including 12 surgeries; 352 ER visits (another high for the fiscal year); and 1821 clinic visits. Additionally, there were 10 observation admissions. This utilization resulted in gross revenue of about \$2.2M, about 9.5% over budget. The average daily census was 4.1 patients with an average length of stay of 3.2 days. These utilization numbers combined with the expenses resulted in a \$400,000+ loss from operations. Days cash on hand dropped by 26 days from last month. Collections on patient accounts are on the same pace as last year through November. We have finally corrected the billing problem in Home Health and have begun seeing payments flowing again. It was a still a low collection month, but I predict more than normal monthly collections beginning in December for that department. I discussed last month the change in personnel to hopefully begin to increase collection efforts. Unfortunately, that plan fell apart as the employee designated to perform those duties had to relocate from Nocona. We are currently looking for a replacement. Additionally, we are discussing the possibility of outsourcing many of the business office duties to CPSI. We are in the early stages of evaluating whether the option would be viable for us. I will keep you up to date as those discussions evolve.

For year over year comparison:

- Gross revenue is down 10.5%, and expenses are up 5%.
- The ADC is down about 3 patients from last year or 45%.
- Admissions are down 27%.
- The ALOS is down 1.1 days.
- Outpatient discharges are down 12%
- ER visits are up 2%
- Observation admissions are up 14%.
- O/P surgeries are down 33%.
- Clinic visits are down 1%
- FTEs are down 4 from this time last year.

Although many of the indicators above are down from last year, November had them trending back in the right direction, and December is also trending well half way through the month. In the non-operating revenue, the hospital received QIPP payments for the 4th quarter of year 5 for about \$475,000, as well as, \$75,000 for year 6 September which helped push us into the black for the month.

Overall expenses were over budget by 18% and now sit about 1% over budget for the year. Of note for the month the Employee retention payments are booked under the salary line item. Additionally, the system accrued an additional \$80,000 in salary. The payroll system accrues an estimate at month end to account for the days worked but not paid yet. Since the retention payments were made on a separate pay run, the system made another accrual. This will be reversed in December. So, salaries are overstated by \$80,000 this month but will be understated in December by the same amount.

Ron Brown made a motion to accept the November 2022 financials as presented, and Ken Koontz seconded. Motion carried unanimously.

Discussion and Possible Vote on NGH Foundation

Ron Brown reported that the NGH Foundation had been successfully established, and that the next step would be to open a bank account.

Ken Koontz made a motion to write a check on the NGH operating account in the amount of \$25,000 to fund the foundation's new bank account. Kristal Ferguson seconded, and the motion carried 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 10:02 AM.

Reconvene to Open Session and Take Action as Follows:

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

The board reconvened to open session at 10:05 AM. No action taken.

Administrative Report

Lance presented the following report to the Board:

HCA GME Rural Family Medicine Residency Program

As you probably know we had our first resident of the program arrive in the early part of the month. Dr. Chou will be with us until December 21st. His arrival was a bit of a surprise, so we have had to utilize the physicians' sleep room for him as we furnish the apartment across the street.

Potential New QIPP Nursing Facility

Gamble Guest Care, which we partner with for one facility, is interested in bringing two additional facilities onboard with us. Oakmont Guest Care is in Hurst and Arbor Grace is in Kilgore. Our consultants at HSM are currently evaluating their financial and utilization data to determine whether to recommend adding them to our partnership. Combined the maximum annual benefit to the hospital could be about \$600,000 with a majority (75% or so) coming from the Oakmont facility. If it comes to fruition, look for items on the agenda beginning in a couple of months. Most likely they would come into the QIPP program in year 7.

I discussed last month about the possibility of adding another Foursquare facility. Unfortunately, that deal fell through as Foursquare opted not to purchase the facility.

Expansion/Renovation Project

We are nearing the completion of the schematics phase of the project. My hope is David Hartwell will have final plans for the Board to review and act on in January or February.

THA Reports

I have included a copy of reports commissioned by THA detailing the plight of rural hospitals. With nearly one in 10 Texas hospitals at risk of closure and half of all Texas hospitals operating with negative margins, hospitals are under serious financial strain. This strain can result in reduced service lines, longer wait times, and other patient impacts as hospitals work to rebuild. I encourage you to review these reports as they provide good discussion points for any public interactions you may have.

Other Items of Note:

- Nick Rose has started performing procedures in the OR. I have heard all good things and reimbursements have been close to what we were expecting.
- I recently sent the second half of QIPP Year 6 IGT to the State. Once completed I moved an additional \$2M over to the investments account as rates continue to rise.

- I will be following up with the auditors to plan a date for them to present the latest audit, most likely January or February.
- We started a new advertising campaign with Channel 3 highlighting the medical staff.
- Two employees, Jake Dinger and Chase Edwards, recently graduated paramedic school.

Medical Staff Report: Nothing to Report

Other Business: None

Meeting was adjourned at 10:20 AM.

Charles May, President

Chris Keck, Secretary