

**Nocona General Hospital
Board of Directors Meeting
June 20, 2023**

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
Don Miller

Meeting was called to order by President, Charles May at 12:26 PM.

Approval of Previous Minutes

Ron Brown made a motion to approve the minutes of the May 16, 2023 Regular Meeting and Chris Keck seconded. Motion carried unanimously.

Community Input:

None

Old Business:

None

New Business:

Discussion With Don Miller Regarding the NGH/Foursquare Nursing Facility Partnership

Don Miller, Foursquare owner, updated the board on the nursing home industry. Specifically, he spoke about the five facilities that NGH partners with him in the QIPP program.

Discussion and Possible Vote on Accepting Proposal for Clinic/ER/Lab Addition and Renovation

Lance reminded the board that the estimate for the project, without all the soft costs, was about \$5.7M. With the additional soft costs and FF&E, the estimate was about \$6.8M. He noted that the hospital received verification that the State has approved the plans. This came as a surprise as the thought was it would take 90-120 days for approval. On a bad note, he stated that delays for potential equipment are already being experienced. For instance, electrical panels have a one-year wait as of now.

Three bids for this project were presented, ranging from \$8,397,777 to \$9,574,000. Architect David Hartwell offered several possible explanations for the extreme difference in the estimate and the bids.

After lengthy discussion, Chris Keck made a motion to reject all bids, and Ken Koontz seconded. Motion carried unanimously.

Discussion and Possible Vote on Fiscal Year 2024 Operating Budget

The Finance Committee has met, and Lance included the draft of a proposed fiscal year 2024 operating budget and 3-year capital budget in the board's packet. He gave the following update to the board:

NGH has experienced 8 consecutive years of overall financial success which we have been able to plow back into the facility with hopefully more to come. As you know, we were assisted mightily by the numerous supplemental payment programs, and we continue to benefit from the QIPP, Uncompensated Care programs, low volume adjustment program, and the Sole community program.

Due to this inherent uncertainty of healthcare reimbursement, especially on a federal level, the proposed Fiscal Year 2024 Operating Budget reflects a conservative nature while still attempting to provide the necessary resources to continue to provide quality and compassionate healthcare to our community. I will note that the QIPP program certainly allows for operational decisions/purchases that would not be possible if not for the program. This is reflected in the budget by the large operational loss (net revenue less expenses).

Ron Brown made a motion to adopt the Fiscal Year 2024 Operating Budget as presented, and Ken Koontz seconded. Motion carried unanimously.

Discussion and Possible Vote on Fiscal Years 2024-2026 Capital Budget

Paula Webb made a motion to approve the Fiscal Years 2024-2026 Capital Budget as presented. Ken Koontz seconded, and the motion carried unanimously.

Discussion and Possible Vote on May 2023 Financial Statements

Lance presented the following report on the May 2023 Financials:

For May the hospital finished with 26 admissions; 552 outpatient discharges, including 11 surgeries; 340 ER visits; 62 ambulance calls; 254 home health visits; and 1595 clinic visits. Additionally, there were 6 observation admissions. This utilization resulted in gross revenue of \$1,774,800, under budget by about 11.25%. The average daily census was only 2.9 patients with an average length of stay of 3.0 days. These utilization numbers, combined with the expenses and allowances, resulted in a \$513,188 loss from operations.

For year over year comparison:

- Gross revenue is under budget by about 2% this year and down about 10.6% from last year. Net revenue is down 12.6% from last year; expenses are about 0.4% higher.
- The ADC is down almost 2 patients or 34% from last year.
- Admissions are down 18%.
- The ALOS is down 1 day.
- Outpatient discharges are down 12%.
- ER visits are down 2%.
- Ambulance calls are the same.
- Obs admissions are the same.
- O/P surgeries are down 14%.
- Clinic visits are up 1%.

- FTEs are down 2.5 from this time last year. However, we are utilizing two travel nurses and 2 travel therapists.

Net Revenue was under budget again by almost 20% due to the lower-than-expected admissions again. Expenses were about 6% over budget as we continue to utilize travel nurses and therapists. May was a productive month for QIPP payments as the hospital collected about \$2.1M in payments from Year 5 IGT refund, year 5 IGT reallocations, and Year 6 March payments.

Ken Koontz made a motion to accept the financial report as presented, and Ron Brown seconded. Motion carried unanimously.

Discussion and Possible Vote on Amendment to 2023 NGH Health Plan

An amendment to the NGH Health Plan was presented which would allow the hospital to grant additional time off as a “reasonable accommodation” for an employee who has exhausted the 12 weeks allowed under the Family Medical Leave Act. This will bring the plan into compliance with the ADA and other state and federal laws. The amendment language was supplied by NGH legal counsel and approved by the health insurance carrier.

Ron Brown made a motion to adopt the amendment to the 2023 NGH Health Plan. Paula Webb seconded, and the motion carried unanimously.

Discussion and Possible Vote on Revised NGH Prescription Plan

The NGH Prescription Plan was updated to reflect current practice, includes changes such as removing the formulary (adding language that requires prescriptions to be “medically necessary”) and removing all references to prescriptions being filled at the NGH pharmacy, as this is no longer done. An additional section was added to allow employees to obtain medications from pharmacies other than the NGH-designated pharmacy when they are only available through such avenues (and obtain reimbursement per policy).

Ken Koontz made a motion to adopt the revised NGH Prescription Plan as presented, and Chris Keck seconded. Motion carried unanimously.

Discussion and Possible Vote on Granting Pathology Privileges to Susan Strait, MD and Jerry San Diego, MD

Ron Brown made a motion to extend pathology privileges to Drs. Susan Strait and Jerry San Diego. Ken Koontz seconded, and the motion carried unanimously.

Convene to Closed Session for the Following Purposes:

a) Texas Government Code Section 551.071 – Consultation with Attorney

There was no Closed Session

Administrative Report

Lance presented the following report to the Board:

Medicare Advantage Information Campaign

We speak often about the misinformation surrounding Medicare Advantage, and we are not alone. It is a growing problem across the state, so TORCH has initiated a campaign that we will partner with in hopes of providing a better message to our community. To help educate our patients, communities, and elected officials on the disadvantages for hospitals and patient access to timely, local care and to support patient decision making during open enrollment, TORCH is working with Groundswell Health over the next six months to implement a grassroots education and advocacy campaign. This effort has two components:

1. content for each member hospital to customize and use in their local markets, and
2. content for TORCH to use as part of a statewide rural hospital initiative.

Each component is intended to reinforce the other and create a greater understanding among decision-makers of the challenges rural hospitals experience with Medicare Advantage.

As part of the campaign, TORCH will provide us the following member benefits:

1. Op eds and letters to lawmakers and staffers
2. Community-focused PPTs
3. Digital assets for social media
4. Web content
5. Print collateral, such as posters and handouts

Angie Sutton will serve as our point of contact.

Legislative Session

A hard-fought legislative session came to an end recently, although several special sessions are anticipated. There were many wins, specifically stopping the rate setting bills and outpatient facility fees banning bills which would have been devastating to rural hospitals. There were a couple of losses as well. These are summarized for you below.

Bills that Passed:

Unless the Governor vetoes the following bills, they will become effective on September 1st.

SB 25 – Senator Kolkhorst’s (R-Brenham) bill, which was also a priority for the Lt. Governor, provides state support for nurse faculty training including expansion of grants, scholarships, and loan repayment programs. The bill also makes part-time nurses eligible for loan repayments and extends the repayment program through 2027, and was funded at \$25m in the budget.

SB 29 – Senator Birdwell’s (R-Granbury) bill passed, which prohibits governmental entity implementation or enforcement of a vaccine mandate, mask requirement, or private business or school closure to prevent the spread of COVID-19. This bill was pivotal because there were misaligned dates between the federal public health emergency and the Governor’s emergency declaration. Governor Abbott made it clear he would not lift emergency orders unless/until state lawmakers acted to prohibit local governments from enacting mask and vaccine mandates. The bill uses language to exempt hospitals and avoid conflict with CMS requirements.

SB 240 – Senator Campbell’s (R-New Braunfels) and Representative Howard’s (D-Austin) workplace violence bill requires hospitals to establish a workplace violence prevention committee including at least one nurse to develop a prevention plan. This bill has already been signed by the Governor, so it will take effect on September 1st of 2023. The hospital’s plan/policy must be in place by September 1, 2024.

SB 401 – Senator Kolkhorst’s bill creates a chapter in the Health and Safety Code to prohibit medical staffing agencies from charging hospitals and other healthcare facilities, including nursing homes, exorbitant fees during a declared disaster, and creates a fee for violations.

SB 490/HB 1973 – Beginning in September hospitals will be required to make itemized statement of charges available to patients – an unfunded mandate that is not wanted or requested by most patients. Representative Harris’ (R-Round Rock) and Senator Hughes’ (R-Tyler) itemized billing

legislation passed despite opposition from providers. Both refused clarifying amendments around the timing of statements, but in question and answer on the House floor Rep. Harris said it applies to third-party debt collection. And on the Senate floor, Senator Hughes said, “I want to make it clear ... this bill's intent regarding debt collection, which was also discussed on the House floor. To prevent any confusion for health care providers to implement this legislation, SB 490 applies to third-party debt collection,” So although it is not called out as part of the bill that passed, this will become an important guidance distinction for the agency (HHSC) that will be tasked with enforcement.

SB 840 – Senator Royce West’s (D-Dallas) and Representative Anchia’s (D-Dallas) bill makes assaults on hospital workers a third-degree felony. This bill was filed to honor the 2 nurses who were killed at a Dallas hospital last year, and has already been signed by Governor Abbott.

HB 12 – Several Medicaid expansion bills were filed, but none got a committee hearing this session. Representative Rose’s (D-Dallas) legislation to extend Medicaid coverage to women for 12 months after the birth of a child was the most significant coverage legislation of the session. As a reminder, HB 133 from the 2021 session extended coverage for mothers from 2 to 6 months, but since the bill called for 6 months rather than 12, the state could not submit a simple State Plan Amendment (SPA) and instead had to submit a waiver request to CMS. To date, CMS has yet to approve the waiver, so the law could not be implemented, and new Texas moms continue to receive only 2 months of postpartum Medicaid coverage. Because HB 12 aligned with SPA template language, it drew a bipartisan list of 65 authors and co-authors and was endorsed by more than 160 outside groups. It zoomed through the early process, but was held up in the Senate until an abortion amendment was added to make it clear a pregnancy must end with giving birth or natural loss to qualify. The bill ultimately passed, but it remains uncertain due to the amendment if it will allow Texas to implement – in a manner similar to other states – a full year of continuous coverage for Medicaid mothers.

HB 711 – Representative Frank’s (R-Wichita Falls) bill was supported by the health insurance industry. The legislation would have prohibited the use of “anti-steering” clauses in contracts, which prohibit a health insurer from directing enrollees to specific providers, such as through a discount. It also prohibits “anti-tiering clauses” that keep insurers from ranking providers within a network. The legislation also prohibits gag and most-favored nation clauses. THA requested making the effective date of the law December 31, 2023, and Senate author (Kolkhorst) amended to make the application prospective, which moved the industry to neutral because it won’t affect current agreements.

HB 3162 – The advanced directive/end of life bill was highly negotiated among stakeholder groups and carried by Representative Klick through the House and a combination of Senators Hughes, Kolkhorst, and Springer (R-Meunster) through the Senate. The bill ultimately passed with rare universal support. The bill clarifies and improves procedures surrounding the Texas Advance Directives Act’s dispute resolution process and the law governing in-hospital do-not-resuscitate orders. It passed the House by a 136-1 vote, passed the Senate by a 31-0 vote, and is sitting on Governor Abbott’s desk for signature.

HB 3191 – Representative Spiller’s (R-Jacksboro) bill brings hospital districts in line with current election code, sets out term limits and attendance requirements for elected board members, and clarifies construction contracts. This bill moved through the House because it wasn’t controversial, ran right up to the deadline, and took a couple interesting turns, before passing the Senate late last night. It is headed to the Governor.

Bills that Failed:

Although they didn’t make it through to passage, the following bills are important because it is likely they will be filed and considered again.

SB 1193 – Senator Schwertner’s (R-Georgetown) original bill would have required 24/7 physician coverage in free-standing emergency centers, but a substitute rolled in chapter 241 (all hospitals) and was met with resounding opposition from rural hospital leaders. After noting the legislation would be in direct opposition to previous state legislation that allows rural hospitals in counties with under 30,000 population to meet Level IV trauma designation through telehealth coverage, the bill stalled and died.

HB 633 – After lawmakers raised several procedural points of order on HB 633 by Rep. Frank, the author asked for consideration of the bill to be postponed until well after session ended, which essentially brought the bill’s run to an end. The final amended bill would have capped hospital payments from cash pay patients at the lowest contracted commercial rate plus 10%. Physicians, freestanding emergency centers, and ambulatory care centers were carved out. Opponents argued HB 633 would de-incentivize having insurance and reminded the committee hospitals have publicly available prompt-pay discount policies that are below the lowest contracted rate. An interesting theme of the session was how willing truly conservative lawmakers were to get into private market transactions.

HB 1692/SB1275 – This was Representative Frank’s highly controversial bill related to facility fees charged by certain health care providers. In its original form, the bill would have eliminated all facility fees, and drew fierce criticism from all hospital stakeholders. Following testimony in opposition to the bill from TORCH and member hospital CEO’s, a substitute version would have limited its application to facility fees for rural telemedicine visits. Although the legislation got stuck and languished in committee, there is a significant national push, so we will continue to oppose. It’s also worth noting that although there was talk of an interim study on this issue, we have found nothing in the budget requiring it.

HB 5186 – Representative Bonnen’s (R-League City) would have established a state health benefit plan reimbursement review board to set reimbursement for health care services or supplies provided under certain state-funded health benefit plans. Under Representative Bonnen’s bill, a 10-member committee of state legislators would have had authority to set individual payment rates that Texas hospitals would receive from the health plan administrator of four state agencies: the Employee Retirement System (ERS), Teacher Retirement System of Texas (TRS), the University of Texas System, and the Texas A&M University System. Despite efforts from hospital stakeholders – combined with opposition from the Texas Association of Business (TAB) and health plans – the bill passed the House and made it to calendar committee, but didn’t get set prior to deadline and failed.

Clearly, the summaries above are not all-inclusive, veto possibilities will have impact, and rulemaking really does matter.

Medical Staff Report: Nothing to Report

Other Business: None

Meeting was adjourned at 2:24 PM.

Charles May, President

Chris Keck, Secretary