

**Nocona General Hospital
Board of Directors Meeting
November 21, 2023**

Board Members Present:

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

Absent:

Cris Lemon
Ron Brown

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 12:40 PM.

Approval of Previous Minutes

Ken Koontz made a motion to approve both the minutes of the October 17, 2023 Regular Meeting and Kristal Ferguson seconded. Motion passed unanimously.

Community Input: None

Old Business: None

New Business:

Discussion and Possible Vote on October 2023 Financial Statements

Lance presented the following report on the October 2023 Financials:

For October the hospital finished with 34 admissions; 595 outpatient discharges, including 13 surgeries; 275 ER visits; 73 ambulance calls; 364 home health visits; and 1649 clinic visits. Additionally, there were 16 observation admissions. This utilization resulted in gross revenue of about \$2.2M, almost 11% over budget. It was a good sign to see the inpatient revenue exceeding budget significantly due to the admissions and observation patients. The average daily census was 4.8 patients with an average length of stay of 5.1 days - a bit higher than what we would like to see but still acceptable. Overall, we are pleased with the upward utilization trends in most categories; however, they mostly remain at levels from two years ago. These utilization numbers, combined with the expenses and allowances, resulted in an operational loss of about \$231,000.

For year over year comparison:

- Gross revenue is over budget by about 1% and up about 5% from last year, but still down about 10% from 2 years ago. Net revenue is up about 19% from last year, a great sign that I hope continues as that is where the cash is. I believe it is a combination of obviously the higher utilization thus far; but also, better collections as well. Expenses are about 9% higher than last year mostly due to the addition of Dr. Cooper's practice. This overage will continue for the rest of the year due to the budget being completed prior to the agreement with Cooper. Please review Cooper's spreadsheet for where we currently stand. I will update you more at the meeting.
- The ADC is up about 0.8 patients.
- Admissions are up 29%.
- The ALOS is down about 0.5 days.
- Outpatient discharges are down 3.6%. I'm expecting this to reverse as Dr. Benson continues to build up his practice.
- ER visits are down 2%, and we will continue to see this downward trend continue. We averaged 320 monthly ER visits last fiscal year. As mentioned, we were down to 275 this month.
- Ambulance calls are up 6%.
- Obs admissions are up 28%.
- O/P surgeries are up 23%.
- Clinic visits are the same.
- FTEs are down one from this time last year. However, we are utilizing 2 travel nurses and 2 travel therapists.

Non-operating revenue included about \$300,000 in year 6 August payments and \$128,000 in uncompensated care payments.

Chris Keck made a motion to accept the October 2023 financials as presented. Kristal Ferguson seconded, and the motion carried unanimously.

Discussion and Possible Vote on Approval of 2023 Tax Totals

Paula Webb made a motion to approve the 2023 tax totals as presented, and Ken Koontz seconded. Motion carried unanimously.

Discussion and Possible Vote on the Addition of the Following RadPartners Physician: Eduardo Quinones, MD

Ken Koontz made a motion to add the RadPartners physician as presented. Chris Keck seconded, and the motion carried unanimously.

Discussion and Possible Vote on Revised NGH Personnel Policies & Employee Handbook

Ken Koontz made a motion to approve the revised NGH Personnel Policies & Employee Handbook as presented, and Kristal Ferguson seconded. Motion carried unanimously.

Discussion and Possible Vote on 2024 Health Insurance Renewal and Authorize CEO to Sign All Necessary Agreements pending Review by Counsel

Lance updated the Board on the 2024 health insurance renewal:

You will find several agenda items regarding the employee health insurance renewal for 2024. I have included my spreadsheet. You will see that the best renewal, cost wise, is the Group Resources quote, renewing with the same carriers with an overall increase of just 1.5%.

My recommendation is to move away from Group Resources. It is my opinion that they were solely responsible for the decision that cost this hospital over \$400,000 in settlement and attorney fees. I

cannot in good conscience recommend remaining a client. I value the Board's opinion on this as you must ultimately make the decision.

Our broker, Higginbotham, has worked with a different Third-Party Administrator, IMS, with several hospitals. I have vetted them with those hospitals, and they seem to be pleased with the services received. By moving to IMS and changing the PPO from PHCS to Cigna (column F on the spreadsheet), there is an increase in the cost of the quotes. By my calculations, the overall difference in cost to the plan by dropping GR and moving to the new TPA could potentially be around \$33,000. Based on current funding of claims average, the cost of the plan would increase by approximately \$42,000 from last year. By going with the GR renewal, the plan would only see a \$9,000 increase.

Additionally, as we have discussed in previous years, the plan is extremely good for the employees, with low premiums and low deductibles. We have not changed the plan in several years, but it could warrant a discussion. Any changes to employee responsibility will not change the quotes, but move some of cost increase from the hospital to the employee. One calculation you will see is in order to offset the cost of the fixed costs only, an increase of around \$50 per month per employee is needed. And lastly, the 2023 plan year has been very good thus far. You will see on the Net Costs spreadsheet, the overall cost projection to the hospital decreased over \$150,000 from 2022 as claims were much lower. This trend can obviously reverse back at any given time.

Paula Webb made a motion to engage IMS as a third-party administrator and change to the CIGNA network, with no changes to employee contributions. Ken Koontz seconded, and the motion carried unanimously.

Discussion and Possible Vote to Contract with IMS for Health Insurance Administrative Services

Paula Webb made a motion to approve, and Kristal Ferguson seconded. Motion carried unanimously.

Discussion and Possible Vote on Run-Out Claims Agreement with Group Resources

Paula Webb made a motion to approve the Run-Out Claims Agreement with Group Resources as presented, and Ken Koontz seconded. Motion carried unanimously.

Discussion and Possible Vote on Authorizing Architect to Reduce Scope of Clinic/ER Renovation Project and Revise Drawings

The building committee has met with David to review the more detailed cost estimates for the revised plan. Unfortunately, David was not able to attend this meeting, but committee members were available to answer any questions.

Ken Koontz made a motion to authorize the architect to move forward with the clinic/ER project as presented, and Chris Keck seconded. Motion carried unanimously.

Discussion and Possible Vote on Retention Payments for Employees

Lance requested funds for a special retention payment for NGH employees that included a base amount plus an additional amount for each year of the employee's continuous service to the hospital. This would be in keeping with the celebration of the hospital's upcoming fiftieth anniversary.

Paula Webb made a motion to authorize the CEO to extend employee retention payments as described in an amount of approximately \$350,000. 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

No Closed Session

Administrative Report

Lance presented the following report to the Board:

Collections Update

I wanted to give you an update on the CPSI collections efforts thus far. When comparing the first 4 months of this fiscal year to the same time frame last fiscal year, average monthly collections on patient accounts are up 8% or about \$157,000. It is probably a bit naïve to think the increase is solely due to their efforts, as many factors could contribute in some way to the increase (doctor's documentation, age of accounts, etc.). But it is encouraging to see an increase no matter the reason(s). The cost of the collections thus far has been \$52,300, so we are seeing a net benefit, at least for the first 4 months. Additionally, the total AR days, a calculation that shows the average number of days it takes to collect on an account, has decreased from 118 days in late August to 100 days at the end of October. We would like to see that number down in the 60 to 70-day range.

QIPP Year 6 Report

With year 6 completed I have included a final consultant report for review. I will go over several aspects of the report for you to document the Board's involvement. HHSC is becoming more aggressive in their review of the program, and I believe it is important, not only for Board involvement, but also documenting that involvement.

We continue to be concerned with the HHSC proposed rules moving forward with years 7 and 8. There are many concerns including the change in the requirement to document an "active partnership", with facilities that previously did not have to meet that standard. This new requirement will also impact decision making when evaluating new partnerships. I will give more detail at the meeting.

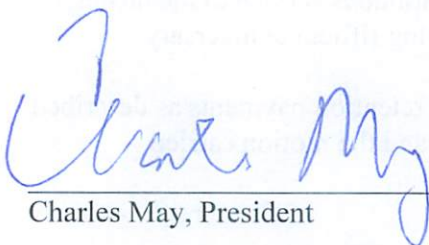
Additionally, it appears HHSC will be moving forward with new rules that would create more risk for our IGT if certain metrics are not met by the facilities. Current rules allow a full return of the IGT.

There have been many stakeholder meetings with HHSC in which concern has been expressed and changes offered regarding these proposed rule changes. Unfortunately, it appears HHSC had already basically made up their minds to implement these changes prior to any of these meetings. Concern on the viability of the program continues to rise in many circles.

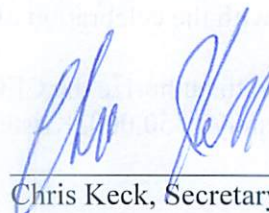
Medical Staff Report: Nothing to Report

Other Business: None

Meeting was adjourned at 2:19 PM.



Charles May, President



Chris Keck, Secretary