

**Nocona General Hospital
Board of Directors Meeting
December 19, 2023**

Board Members Present:

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

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
Jack Martin, Chairman of the Baylor Scott & White Holdings Board of Trustees

Meeting was called to order by President, Charles May at 12:36 PM.

Approval of Previous Minutes from the November 21, 2023 Regular Meeting

Paula Webb made a motion to approve both the minutes of the November 21, 2023 Regular Meeting and Chris Keck seconded. Motion passed unanimously.

Community Input

Jack Martin, Chairman of the Baylor Scott & White Holdings Board of Trustees, (and Montague County resident) was invited to deliver remarks concerning his perspective of the state of health care today. Mr. Martin departed after his visit with the Board.

Old Business

None

New Business:

Discussion and Possible Vote on November 2023 Financial Statements

Lance presented the following report on the November 2023 Financials:

For November the hospital finished with 27 admissions; 640 outpatient discharges, including 14 surgeries; 231 ER visits; 63 ambulance calls; 245 home health visits; and 1745 clinic visits. Additionally, there were 14 observation admissions. This utilization resulted in gross revenue of about \$1.95M, slightly under budget. For the year, gross revenue overall is remarkably within 0.5% of budget. Going forward it appears we will remain close to budget but with significant differences in the line items. Clinic revenue will exceed budget due to Dr. Cooper, but it appears ER revenue will be

lower than anticipated. The budget was set with the neighboring facility reopening, but its impact on the total ER visits appears to be higher than anticipated, especially if November is a barometer of what is to come. The average daily census was 3.5 patients with an average length of stay of 3.1 days. The medical staff continues to battle the Managed Care Organizations over denied admissions. Despite these efforts several admissions per month are reduced to an observation stay.

For year over year comparison:

- As stated earlier gross revenue is exceeding budget by about 0.5% and up about 1.4% from last year but still down about 9% from 2 years ago. Net revenue is up about 12.7% 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 we are also seeing better collections. Expenses are about 11.5% higher than last year mostly due to the addition of Dr. Cooper's practice and the retention payments. 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 0.5 patients.
- Admissions are up 16%.
- The ALOS is down about 0.1 days.
- Outpatient discharges are down 4%, expecting this to reverse as Dr. Benson continues to build up his practice.
- ER visits are down 9%, and we will continue to see this downward trend continue.
- Ambulance calls are up 2%.
- Obs admissions are up 30%.
- O/P surgeries are up 22%.
- Clinic visits are down 1%.
- FTEs are down 1 from this time last year. However, we are utilizing 2 travel nurses and 2 travel therapists.

Non-operating revenue included payments for QIPP Year 6 4th quarter payments and year 7 September payments.

Ron Brown made a motion to accept the November 2023 financials as presented. Chris Keck seconded, and the motion carried unanimously.

Discussion and Possible Vote to enter into the State Quality Incentive Payment Program with Oakmont Guest Care Center, located at 2712 Hurstview Drive, Hurst, Texas 76054, including approval of all required documents to effect a change of ownership to NGH of the current nursing home license and the required management operations agreement, lease agreement, sub-lease agreement, and revenue sharing with authorizations for CEO to sign same after legal approval of needed documents

Paula Webb made a motion to enter into the State Quality Incentive Payment Program with Oakmont Guest Care Center as presented, and Ron Brown seconded. Motion carried unanimously.

Discussion and Possible Vote to enter into the State Quality Incentive Payment Program with Princeton Medical Lodge located at 1401 W Princeton Dr., Princeton, TX 75407, including approval of all required documents to effect a change of ownership to NGH of the current nursing home license and required management operations agreement, lease agreement, sub-lease agreement, and revenue sharing with authorizations for CEO to sign same after legal approval of needed documents

Paula Webb made a motion to enter into the State Quality Incentive Payment Program with Princeton Medial Lodge as presented. Ron Brown seconded, and the motion carried unanimously.

Discussion and Possible Vote to enter into the State Quality Incentive Payment Program with Landmark of Plano Rehabilitation and Nursing Center, LLC (the “Facility”), including approval of all required documents to effect a change of ownership to NGH of the current nursing home license, if needed, and new management operations agreement, lease agreement, sub-lease agreement, and revenue sharing with authorizations with new operator with authorizations for CEO to sign same after approval of needed documents

Paula Webb made a motion to enter into the State Quality Incentive Payment Program with Landmark of Plano Rehabilitation and Nursing Center, LLC as presented. Ron Brown seconded, and the motion carried unanimously.

Discussion and Possible Vote on the NGH Strategic Plan to Health Equity

Ken Koontz made a motion to adopt the NGH Strategic Plan to Health Equity as presented. 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:

QIPP, QIPP, and more QIPP

As you can tell by the agenda, the past month has been quite busy and somewhat stressful regarding the QIPP program. I will start by saying it is almost certain that the new QIPP rules proposed by HHSC will go into effect for year 8. We discussed those rules last month, but as a reminder the major changes are as follows:

- Replacing the 150-mile rule with the requirement that the facility be in the same county or contiguous county for any facility that we have owned for less than 4 years. If a facility does not meet this threshold, then the “active partnership” requirement will have to be met, requiring additional interactions and onsite visits.
- Potentially putting the hospital’s IGT at risk with a change to pay for performance instead of pay for reporting for component 1. It does appear that the metrics involved are quite standard and should be met already by the facilities.
- A positive change is the increased pool size from about \$1.1B to \$1.7B and a 3-year extension of the program.

With these changes we could potentially have 4 or 5 facilities that will now be required to meet the active partnership definition, a significant amount of new work. The danger in not meeting these requirements can be removal from the program, loss of IGT, and potential Medicaid fraud charges. This is a concern. Therefore, I made the decision to add an FTE designated as the QIPP Director to create and implement a plan that will satisfy these new requirements. The position will oversee each of the facilities QA programs, interact with them as needed, and most importantly, ensure that we meet the active partnership requirements. I am excited about the hiring (once up and going we most likely

will add responsibilities to the position) and feel that it will ensure our compliance. I will fill you in on the individual hired to fill the position at the meeting. Additionally, there are several longer-term duties that may help offset some of the cost of the position.

With this hiring, I am more confident on adding several new facilities that will fall under the new rules. I have included them on the agenda. Oakmont, located in Hurst, will be a new facility to the program. We already partner with them on one other facility. We did renegotiate the percentage split, giving them an additional 10% (which is the going rate right now) in return for adding the new facility which will more than offset the 10% change.

Princeton Medical Lodge is a Don Miller-owned facility in Princeton. We have had great success with Foursquare, so I am confident adding another facility will be worthwhile.

The last agenda item regarding Landmark is needed as the facility has gone through a purchase requiring us to sign new documents.

It is difficult to determine the amount of new IGT that will be required for the two new facilities until the pool size is finalized. Based on current pool size, the IGT would increase around \$3M per year with a return of about \$1-1.2M benefit to the hospital. This does not include the other Foursquare facility, Cheyenne, that we added a few months back.

In conclusion, we will be adding 3 new facilities for QIPP year 8: Cheyenne, Princeton, and Oakmont, and new agreements with Landmark due to a change in owner. This will bring our total number of facilities to 19.

Additionally, I have been in contact with a new owner hoping to jump into the program. They have one facility that is a potential addition as well.

SECO Grant

I have been working with E3, an energy conservation company, on and off over the past few years. They specialize in HVAC and lighting replacement along with many other types of construction. They have applied for a \$300,000 reimbursing grant with the State Energy Conservation Office (SECO) for LED lighting replacement. SECO partners with Texas local governments, county governments, public K-12 schools, public institutions of higher education, and state agencies to reduce utility costs and maximize efficiency.

We are confident it will be approved as we achieved a perfect scoring. If so, we will work with the architects to incorporate the process into the potential renovation project. If we do not proceed with the renovation, we would still be able to utilize the grant to replace the lighting.

Performance Leadership Awards 2023

I am proud to announce the hospital received several awards from Chartis for 2023. We were a top quartile performer for quality and patient perspective. The Chartis Center of Rural Health bases the results on the Chartis Rural Hospital Performance INDEX[®]. The Performance Leadership Awards honor top quartile performance (e.g., 75th percentile or above) among rural hospitals in Quality, Outcomes and/or Patient Perspective. The Chartis Rural Hospital Performance INDEX[®] is the industry's most comprehensive and objective assessment of rural hospital performance. INDEX[®] data is relied upon by rural hospitals, health systems with rural footprints, hospital associations, and state

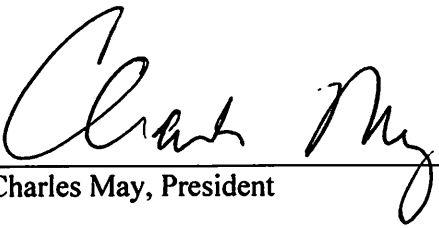
offices of rural health around the country to measure and monitor performance across several areas impacting hospital operations and finance.

Chartis is a top healthcare consulting firm. We are working on a Press Release to inform the public.

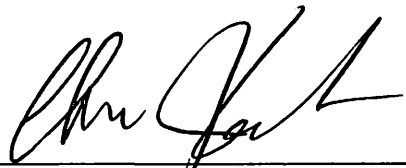
Medical Staff Report: Nothing to Report

Other Business: None

Meeting was adjourned at 2:09 PM.



Charles May, President



Chris Keck, Secretary