

**Nocona General Hospital
Board of Directors Meeting
June 18, 2024**

Board Members Present:

Charles May, President
Ken Koontz, Vice-President
Chris Keck, Secretary
Paula Webb
Ron Brown
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 12:30 PM.

Approval of Previous Minutes from the May 21, 2024 Regular Meeting

Ron Brown made a motion to approve the minutes of the May 21, 2024 Regular Meeting, and Paula Webb seconded. Motion carried unanimously.

Community Input

None

Old Business

None

New Business

Discussion and Possible Vote on Fiscal Year 2025 Operating Budget

Lance reported that the finance committee met, and a draft of the proposed fiscal year 2025 operating budget and 3-year capital budget are presented for board review and approval.

He presented the following information to the board:

NGH has experienced nine consecutive years of overall financial success that 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 program, 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 2025 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 may not be made if not for the program. This is reflected by the large operational loss (net revenue less expenses) that is reflected in the budget. I will provide greater detail on the specifics of the budget at the meeting.

The finance committee members were asked to share their thoughts from the meeting.

Ron Brown made a motion to approve the Fiscal Year 2025 Operating Budget as presented. Paula Webb seconded, and the motion carried unanimously.

Discussion and Possible Vote on Fiscal Years 2025-2027 Capital Budget

Paula Webb made a motion to approve the Fiscal Years 2025-2027 Capital Budget. Ken Koontz seconded, and the motion carried unanimously.

Discussion and Possible Vote on May 2024 Financial Statements

Lance presented the following report to the board:

For the month of May, the hospital had 20 admissions; 597 outpatient discharges, including 7 surgeries; 283 ER visits; 354 home health visits; and 1694 clinic visits. Additionally, there were 9 observation admissions. This utilization resulted in gross revenue of about \$2.2M, exceeding budget by about 9.7% while exceeding the yearly budget through 11 months by 2.0%. The average daily census was a low 3.5 patients with an average length of stay of 4.6 days. These utilization numbers combined with the expenses and allowances resulted in a \$319,054 loss from operations. Although patient volumes are up slightly, we continue to be unable to generate enough volume both on an inpatient and outpatient basis to offset the expenses that unfortunately continue to increase at a higher rate.

For year over year comparison: (11 months)

- Gross revenue is up 3.2% from with last year but down 7.75% from FY22.
- Net revenue is up 19.6% (increased collections), and up 4.5% from FY22.
- The ADC is up 0.3 patients from last year but down 1.5 from 2022.
- **Admissions are up 2% but down 20% from FY22.**
- The ALOS is the up slightly.
- **Outpatient discharges are up 5% compared to last year but down 8% from 2 years ago.**
- ER visits are down 12%.
- Ambulance calls are up 13%.
- **Obs admissions are up 17%.**
- O/P surgeries are up 14%.
- Clinic visits are up 4%.
- FTEs are up 1.7.
- Receipts of patient accounts are up 17% for hospital accounts, up 32% for home health, and up around 2.5% in the clinics when Cooper's stats are removed.

Net operating revenue exceeded budget by 22% for the month but only exceeded the yearly budget by around 17%.

Overall expenses were over budget by about 8.5% for the month and about 10% over budget for the year, mostly due to supplies, Cooper, and consultant fees.

Non-operating revenue included \$835,000 of QIPP receipts, net of expenses, and \$70,000 in investment income.

So, in summary, utilization stats have improved slightly from last year but remain below FY22 levels. The increase in net revenue is good, but it has not kept pace with the increase in expenses. The operational loss, while only slightly greater than last year, is still a major concern. It continues to be offset by the supplemental payment programs and investment income.

Ken Koontz made a motion to accept the May 2024 financials as presented, and Paula Webb seconded. Motion carried unanimously.

Discussion and Possible Vote on Genesis Pain Management Agreement

NGH has initiated the anesthesia contract with Genesis with some hiccups that Lance reviewed with the Board. The company is requesting approval of the pain management contract to initiate those services. Lance stated that there are still some logistical issues to overcome as far as time in the clinic and approval by insurance contracts to add them as providers.

Paula Webb made a motion to approve the agreement with Genesis Pain Management contingent on acceptance of the following change: (1) Section 4.2 – termination may be made at any time by either party **without** cause, and (2) Section 4.2 – allow NGH CEO flexibility to extend the 30 days written notice to 90 days, if necessary. Ken Koontz seconded the motion, and the motion carried unanimously.

Discussion and Possible Vote on Credentialing Chelsea Jutila, CRNA, with Genesis Wellness & Pain

Chris Keck made a motion to extend both anesthesia and pain management credentials to Chelsea Jutila, CRNA, pending Medical Staff approval. Ron Brown 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 additional information to the Board:

Renovation Project

Currently, June 24, 2024 is the target date for construction to begin.

QIPP Concerns

Year 8 preparations continue to proceed, and we are confident that all the steps have been completed and that no further changes to nursing home agreements will be needed. The two outliers are the Grace Care Centers in Nocona and Henrietta where another change of operator is in process.

The greed and ignorant decisions by other facilities is beginning to create some issues with year 7. The significant number of private NF that have elected to be public NFs during QIPP Year 7 has created a substantial reduction in the Comp 1 to IGT'ing public NFs. Currently through the April

scorecard the Comp 1 payments have resulted in only 55% of the IGT recovery through 8 months. This reduction indicates that only 83-85% of the IGT will be funded through the August scorecard. There are 59 private NFs to public NFs which has caused a reduction in Comp 1 payments by \$34.6 million, of which \$12.2 million will be accepted by the new NSGO and the remainder will go into undispersed funds for reallocation. Confusing, I know. Bottom line for us, we will need to "reserve" component funds that would normally be distributed to the NFs, which I am sure will upset them, until our full IGTs are returned. Once the year is completed and reviewed, the undispersed funds may be available to the NFs and make up the difference.

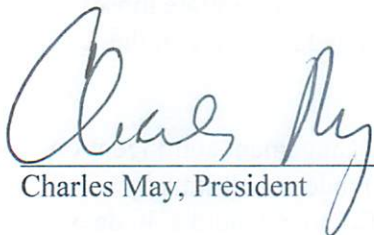
Medical Staff Report

Nothing to Report.

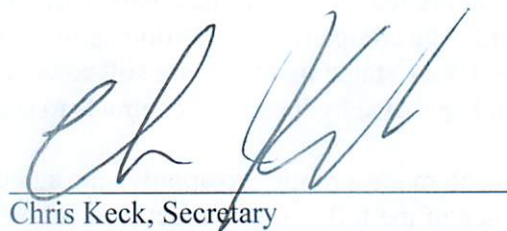
Other Business

None

Meeting was adjourned at 2:24 PM.



Charles May, President



Chris Keck, Secretary