

Nocona General Hospital
Board of Directors Meeting
December 17, 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 Dinger, MD

Others Present:

Brian Jackson, Jackson & Carter, PLLC

Meeting was called to order by President, Charles May at 12:32 PM.

Approval of Previous Minutes

Ron Brown made a motion to approve both the minutes of the November 19, 2024 Regular meeting. Chris Keck seconded, and the motion passed unanimously.

Community Input

None

Old Business

None

Convene to Closed Session for the Following Purposes:

- a) **Texas Government Code Section 551.071 –Attorney Consultation & Presentation of Quality Assurance Metrics**

Board dismissed to closed session at 12:32 PM

Reconvene to Open Session and Take Action as Follows:

- a) **Discussion and Possible Vote on Attorney Consultation & Presentation of Quality Assurance Metrics**

Board reconvened to Open Session at 12:46 PM. Ken Koontz made a motion to accept the Quality Assurance report as presented, and Paula Webb seconded. Motion carried unanimously.

New Business

Discussion and Possible Vote on November 2024 Financial Statements

Lance presented the following report on the November 2024 Financials:

For November the hospital finished with 27 admissions; 558 outpatient discharges, including 9 surgeries; 299 ER visits; 57 ambulance calls; 375 home health visits; and 1514 clinic visits. Additionally, there were 14 observation admissions. This utilization resulted in gross revenue of about \$2.1M, falling short of budget by 3.6%. The average daily census was 3.8 patients with an average length of stay of 4.4 days. All utilization stats are in the red compared to last year with the exceptions of EMS calls and clinic visits.

For year over year comparison:

- Gross revenue is under budget by about 11.2% (no pain management yet) and down 3.3% from last year. Net revenue is down 8.2% from last year as bad debt continues to climb. Expenses are down 1.6%. Although employee benefits are almost double last year, this has been offset by lower traveler cost for now and supplies being down 6%.
- The ADC is down about 0.7 patients.
- Admissions are down 25%.
- The ALOS is up 0.4 days.
- Outpatient discharges are down 4%.
- ER visits are down 9%, but we are seeing higher monthly totals over the past 2 months.
- Obs admissions are down 22%.
- O/P surgeries are down 10%.
- Clinic visits are up 1%.
- FTEs are up 0.8.
- Days Cash on Hand is up 12%.

The employee incentive retention payments are included in November's numbers causing the overage, but for the year that line item is right on budget. Just as the lack of pain management has caused the revenue to be under budget, it has caused the consultant fees to be well under budget as well. We received the specific claims reimbursement for the employee health insurance which help keep the benefits line under well under budget for the month but still greatly exceeding budget for the year.

November always sees a ramp up for tax collections. This year was no different as we collected about \$82,000. Non-patient revenue also included a good month of QIPP money as about \$723,000 was received for QIPP year 7, 4th quarter. As I have stated previously, QIPP reimbursements will be slow coming in until at least February according to Chris Dockal. I hope that in the interim we will see additional Year 7 scorecards being released such as IGT reconciliation, adjustment periods, and IGT refund. Normally these scorecards carry significant dollars. Additionally, the investment portfolio continues to produce a yield of about 4.7%, realizing about \$92,000 in income. With the release of the 2nd half IGT for QIPP year 8, this income will significantly be reduced.

Ron Brown made a motion to accept the November 2024 financial report as presented, and Paula Webb seconded. Motion carried unanimously.

Discussion and Possible Vote on the Addition of RadPartners Physician Nicholas Yurko, MD

Paula Webb made a motion to add Dr. Yurko, and Ken Koontz seconded. Motion carried unanimously.

Discussion and Possible Vote on Capital Purchase: Parking Lot

Last month the Board seemed interested in pursuing the project to concrete the parking lots on the campus. Lance presented two quotes for the project: one from JC Commercial and one from Scales Construction. JC Commercial would like to begin early next year if possible. (They have the low bid at this time). Lance noted his reservations concerning current cash flow, considering the outlay of another \$700,000 over a couple of months.

Ken Koontz made a motion to move forward with the parking lot project with JC Commercial, and Chris Keck seconded. Motion carried unanimously.

Discussion and Possible Vote to Enter into the State Quality Incentive Payment Program with Whitney Nursing & Rehabilitation Center Located at 101 N. San Marcos Street, Whitney, TX, 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 Authorization for CEO to Sign Same After Legal Approval of Needed Documents

Lance mentioned this Foursquare facility last month as a potential new QIPP partner. He had initially declined the offer, as they wanted a different split on the QIPP dollars. However, all parties agreed to push that discussion to a later date to help the CHOW process. Foursquare is purchasing this facility so CHOWing it directly into the hospital's name prevents the cost and time of 2 CHOWs. Unfortunately, this facility will not be eligible for QIPP until year 10, which starts in September 2026, and will require an active partnership beginning next June. At this time the benefit to the hospital under the current split agreement could be somewhere in the \$300,000 range.

Paula Webb made a motion to approve entering into the QIPP program with Whitney Nursing & Rehabilitation Center, and Ken Koontz seconded. Motion carried unanimously.

Administrative Report

Lance presented the following report to the Board:

Dr. Buxie

Now that it appears we have the pain management program initiated, I have turned my attention back to general surgery. Dr. Buxie reached back out to me and is still very interested in starting a practice here. I have attached a sample contract that Brian is reviewing. As a reminder, her arrangement is like the pain management in that the hospital will be responsible for billing and collecting her professional fees and paying her a per case rate (with a daily minimum potential). I am reviewing the numbers to ensure that the hospital will not be able to lose money. I should have more information at the meeting.

Pain Management

As I stated earlier, the pain management program kicked off the week of December 9th with 6 cases in the operating room and several clinic visits. In speaking with all parties, it seems to have gone smoothly. I am sure there will be some kinks to work out, but overall, I was pleased. We have set up a specific patient subtype for pain that will allow us to track the process of the claims and ensure that we are meeting the financial projections/proforma. We will soon initiate a marketing campaign to include signage and social media posts to assist in building the program. The Genesis team remains very confident that sooner than later they will need to be onsite multiple days per week.

QIPP Yr 8

As stated earlier the 2nd half of the IGT for year 8 came due, about \$9.2M. I was able to self-fund the IGT from our money market fund, which of course greatly reduced its earning power. Currently, we have approximately \$18.5M outstanding due to IGT. Chris still believes February would be an optimistic month to expect payments to begin. Please remember that Year 8 began in September, but the State changed the payment schedule from monthly and quarterly to quarterly only. We did receive banking instructions from one of the MCOs for a couple of the new facilities. The email stated they expected a payment to be sent out in January. I am more inclined to go with Chris' expectation.

Dr. Cooper

If you look at the clinic spreadsheet you will notice a significant drop in the reimbursement expectations for Cooper's patients. We recently received the new rural health clinic Medicare payment rate for Saint Jo based on the latest cost report. It lowered the rate about \$50 per visit so I adjusted the spreadsheet to reflect this change.

Lighting Project

The SECO grant lighting project has been completed. We are now in the process of uploading all the necessary paperwork to receive the grant money and pay the contractors.

New Supplemental Payment Potential

We are in the process of potentially tapping into a couple of new payment programs. The Disproportionate Share Hospital program (DSH) has now been opened to all rural hospitals. In the past hospitals had to meet certain Medicaid days thresholds to access the program. That requirement has now been eliminated, opening the potential for NGH. There are a couple of items that will need to be addressed that I will detail at the meeting. This is a program that requires a yearly application but could bring an additional \$300-\$450k to the hospital.

The other program is the Volume Decrease Adjustment (VDA). CMS will reimburse the hospital if utilization drops over 5% year over year. Again, there are certain requirements that must be met, and the reasoning for the drop must be more than "just seeing less patients," i.e. less providers, labor shortages, ER diversion, along with several other possibilities. I will be working with the auditors to complete this application and find a suitable reason for the drop. This would be for FY23, so the ER down south opening will not work. It is not a voluminous amount of money, but it should be over \$100,000 one-time payment.

Advocacy Notes from TORCH

1. Federal: LVA-DSH-MDA are in good shape and will be in the Continuing Resolution (CR) Extension Package. But as you will remember from last year, HHSC does not like the uncertainty in DC and may delay DSH payments until there is formal approval and guidance from CMS.
2. State: Gearing up for the state legislative session and have begun reviewing bills that have been filed in advance of the session:

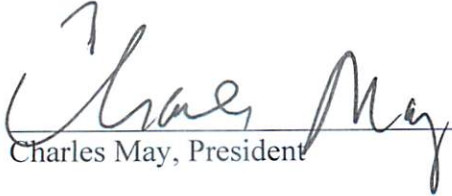
Medical Staff Report

Nothing to Report

Other Business

None

Meeting was adjourned at 1:45 PM.



Charles May, President



Chris Keck, Secretary