

Nocona General Hospital
Board of Directors Meeting
March 25, 2025

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:

None

Meeting was called to order by President, Charles May at 12:33 PM.

Approval of Previous Minutes

Ken Koontz made a motion to approve both the minutes of the February 18, 2025 Regular meeting. Chris Keck seconded, and the motion carried unanimously.

Community Input

None

Old Business

None

New Business

Presentation by David Hartwell, BYSP Architects

David shared that Phase I is nearing completing, with a "move in" scheduled for early April. He noted that the hospital is approximately 42% paid for the entire project, including a retention amount of 5%. He reviewed the upcoming phase with the transitions and adjustments and suggested the possibility of addition an additional contingency. He also reviewed the plans for a proposed Ambulance Bay. He will prepare a more detailed plan for that project and the board will discuss and consider adding a contingency amount/percentage for the April board meeting.

Discussion and Possible Vote on February 2025 Financial Statements

Lance presented the following report on the February 2025 Financials:

For February the hospital finished with 29 admissions; 641 outpatient discharges, including 7 surgeries; 360 ER visits; 82 ambulance calls; 316 home health visits; and 1624 clinic visits. Additionally, there were 10 observation admissions. This utilization resulted in gross revenue of about \$2.8M, exceeding budget by 30.7% and a high for the year. Please note the significant inpatient in ancillary revenue which consisted of respiratory therapy revenue that was well above average. Although it looks good on paper, it will not impact net revenue as most of this will

be DRG based reimbursement. The average daily census was 5.7 patients, another yearly high, with an average length of stay of 5.5 days, and yes, another high for the year. All utilization stats are in the red compared to last year except for ER visits.

For year over year comparison:

- Gross revenue is under budget by about 2.3% and up 4% from last year. Net revenue is down 4.5% from last year as bad debt continues to climb. This apparent contradiction is due to the increased inpatient revenue. Expenses are down 2.2%.
- The ADC is down about 0.2 patients.
- Admissions are down 11%.
- The ALOS is up 0.3 days.
- Outpatient discharges are down 6%.
- ER visits are up 6%.
- Obs admissions are down 18%.
- O/P surgeries are down 24%.
- Clinic visits are down 2%.
- FTEs are up 0.8.
- Days Cash on Hand is down 2%. We had a significant FY24 adjusting journal entry that reduced the Prepaid IGT for QIPP.

For February there were 31 pain management procedures in the operating room with another 26 clinic visits. Reimbursement has been slow to come in, so obviously we are upside now with what we are paying out for the service in total. In reviewing the month of December, which shows most accounts paid, it does appear we cleared about \$6000. I will give it a few more months to get a better feel for the reimbursements, but at this time it does appear the payments are short of what the proforma showed. This may prompt a renegotiation of the RVU payments.

Net Revenue included and Year 14 advanced payment for uncompensated care of about \$200,000. The last audit established an additional amount for QIPP Receivable, so you will not see any QIPP revenue until Year 8 payments are released.

The supplies and expense line item was well over budget due to several departments. We played catch up in IT expenses for a couple of years of storage and virus protection. Lab continued to see additional purchases of Biofire tests for flu, COVID, etc. We purchased a slew of IV solutions, which I as I mentioned earlier increased the inpatient revenue.

Paula Webb made a motion to accept the February 2025 financials as presented, and Kristal Ferguson seconded. Motion carried unanimously.

Discussion and Possible Vote on Bank Investment Account

Lance reminded the board that Wells Fargo Advisors was closing the hospital's investment account, which consisted of Bank CDs and a money market mutual fund due to liability issues. He stated that there was another option with Wells Fargo which requires moving the investment funds to the Commercial Banking side. The hospital already has a relationship with them. Lance inquired as to the reasoning for why the commercial side could handle the investments but no longer the Advisors side. It was stated that WF Advisors was more for individuals and not organizations and that the account should have always been with commercial banking. Wells Fargo offers a similar money market mutual fund with rates currently around 4%. They also offer one-year CDs, but some small fees would be incurred. He stated that he had also spoken with Legend Bank. Legend has similar products with no fees (unless CDs were liquidated prior to maturity or if the balance fell below \$1500.)

Chris Keck made a motion to authorize the CEO to take action, at his discretion, regarding the hospital's investment account. Ken Koontz seconded the motion, and the motion carried unanimously.

Discussion and Possible Vote on Bank Line of Credit

Lance spoke with Legend about a possible Line of Credit to bridge the hospital once the next QIPP IGT comes due. With the way QIPP year 8 (see below) is being processed, he is not expecting HHSC to have 2 quarters of year 8 returned to us by the IGT due date, currently set for early June with a potential change to July. But even with this IGT delay, the 2nd Quarter will not be set for release. He reminded the board that, several years ago, we had a Line of Credit established with Legend. If the Board approves, he stated that he would like to get this established sooner than later.

Ken Koontz made a motion to authorize the CEO to establish a line of credit with Legend Bank, leaving the credit limit to his discretion, and Paula Webb seconded. Motion carried unanimously.

Discussion and Possible Vote on Change Order No. 001 for Parking Lot

Lance reported that the parking lot project is moving along quickly and should be completed in the next couple of weeks. A Change Order for this project of about \$50,000 has been included for the Board's consideration. This would allow contractors to add the second parking lot entry area off Park Road to the project. This area is already concrete, but it is fracturing in many places and most likely only get worse.

Paula Webb made a motion to approve Change Order No. 001 for the Parking Lot project, and Chris Keck seconded. Motion carried unanimously.

Discussion and Possible Vote on Landscaping, Phase 1 Furniture, and Signage for Renovation Project

Several smaller items for the project, not originally included in the construction project, are listed on the agenda for approval. For the Board's consideration: Phase 1 furniture (about \$8000) and lettering for the signs (about \$12,000). Landscaping bids came in extremely high, so for now, this will be set aside for future consideration.

Ken Koontz made a motion to approve the expenses for Phase 1 furniture and project signage as presented. Chris Keck seconded, and the motion carried unanimously.

Discussion and Possible Vote on Modification to the NGH Employee Retirement Plan

Rebecca explained that Definity, NGH Retirement Plan Consultants, are presenting an amendment that acknowledges provisions already in place due to the SECURE/CARE/CAA amendment passed in 2020 and 2021. Due to the extreme circumstances at the time, third party administrators were unable to update plan documents in a timely manner. This amendment merely notates the changes to our provisions that are already in place. The only material modification to our plan changes the "Time of Distribution" from "age 70-1/2" to "age 70-1/2 – for participants born before 7/1/1949 – or age 72 – for participants born after 6/30/1949".

Paula Webb made a motion to approve the amendment. Ken Koontz seconded, and the motion carried unanimously.

Convene to Closed Session for the Following Purposes:

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

None

Administrative Report

Lance presented the following report to the Board:

QIPP Year 8

We are getting closer to receiving at least partial Quarter 1 payments. I may have actual numbers for you by the meeting. But just to confirm my "cluster" comments from last month, the following is an email our consultant Chris Dockal sent to HHSC recently about the Quarter 1 Scorecard:

The revised files are not correct. The person who tried to correct the various errors has hard coded September month as October. Then there are mismatch formulas on the metric result-C3 &C4. The formulas are broken through out. The breakout and scorecard do not allow the providers to review the payments. If you look at "Metric Result-C3&C4" row 419, Column A is looking 'Master Comp Values'!A419 while Column B and on is looking at row 423 'Master Comp Values'!C423.

Whoever is manipulating the scorecard does not appear to understand how excel formulas work. This is so discombobulated that there is no way this can be calculating correctly.

It has increased payments, but this cannot be correct in what is earned and will likely result in some overpayments and underpayments to individual NFs. By breaking the Scorecard and Breakout tab, no one could even verify any numbers.

This file is worse than the original files released. Will these be revised again by starting with the original file where formulas may have been somewhat correct?

Thank you for your assistance,

As you can tell, even if the verbiage is confusing to you, it should not be to the individuals in charge of presenting the data. We have problems.

UPDATE: HHSC has responded to this email and stands behind the scorecard it sent out but with several metrics not calculated, Chris states the scorecard is about 80% correct. I will have the numbers for you at the meeting.

On a positive note (maybe), we have been approached by a new facility operator that wants to partner with us starting in year 10. I will have some preliminary information at the meeting, but there will not be any action required yet.

Legislative Update

We are over a 1/3rd of the way through the session. I have included several emails from TORCH regarding concerning bills in the tax rate setting process. Brian and TAPA are continuing to follow the introduced bills attempting to change the non-economic limits in liability cases.

Brian called in at 1:00 to provide additional legislative updates to the board. Call ended at 1:22


Medical Staff Report

Nothing to Report.

Other Business

None.

Meeting was adjourned at 2:24 PM.



Charles May, President



Chris Keck, Secretary