

**Nocona General Hospital
Board of Directors Meeting
November 18, 2025**

Board Members Present:

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

Meeting was called to order by President, Charles May at 12:30 PM.

Approval of Previous Minutes

Paula Webb made a motion to approve the minutes of the October 21, 2025 Regular Meeting. Kristal Ferguson seconded, and the motion carried unanimously.

Community Input

None

Old Business

None

New Business

Discussion and Possible Vote on October 2025 Financial Statements

Lance presented the following report on the October 2025 Financials:

For October the hospital finished with 21 admissions; 592 outpatient discharges, including 6 surgeries; 282 ER visits; 61 ambulance calls; 360 home health visits; and 1794 clinic visits. Additionally, there were 7 observation admissions. This utilization resulted in gross revenue of \$2.5M, exceeding budget by 12.25%, significantly helped by OR utilization for pain management. The average daily census was 2.8 patients with an average length of stay of 4.1 days. These utilization numbers, combined with the expenses and allowances, resulted in a \$211,000 loss from operations, an improvement over the average. Net operating revenue was about 28% over budget, while expenses were 1.4% under budget.

For year over year comparison:

- Gross revenue is exceeding budget by about 6% and up 27% from last year. Net revenue is also up about 256% from last year. Expenses are up only 0.5%.

- The ADC is up about 1 patient.
- Admissions are up 27%.
- The ALOS is about the same.
- Outpatient discharges are down 5%.
- ER visits are up 15.7%.
- Ambulance calls are up 5.7%.
- Obs admissions are up 18%.
- O/P surgeries are down slightly.
- Clinic visits are the same.
- FTEs are up 4.8 mainly in nursing and EMS.
- Days Cash on Hand is down 9.6% from last year.

October is the first month for the tax collections to increase, as we saw about \$54,000 paid. We also had the benefit of about \$195,000 in DSH payments.

Our next large QIPP IGT for year 9 will be in early December. I have placed an item on the agenda for your consideration. With the shutdown, renovation payments, and the QIPP Year 8 4th quarter payments not expected until late December at the earliest, I believe it would be prudent to establish QIPP Secured loan from Legend.

Ron Brown made a motion to accept the October financials as presented, and Ken Koontz seconded. Motion carried unanimously.

Discussion and Possible Vote on Approval of 2025 Tax Totals

Ron Brown made a motion to approve the 2025 tax totals. Ken Koontz seconded, and the motion carried unanimously.

Discussion and Possible Vote on Employee Health Insurance Renewal for 2026

Lance presented the following information concerning the 2026 health insurance renewal for the board's consideration:

I have included the presentation from our third-party administrator, IMS. Please note the current year's numbers are only for 9 months and not pro-rated. Fixed costs are up 7% (as expected based on last year's proposal), while the claims costs are projected to decrease by about 18% once reinsurance reimbursements are subtracted. Page 9 of the presentation (page 7 of the document) is where you will find the multiple options.

A few things to point out from PDF page 7:

Option 1 (as-is renewal):

- Fixed costs are increasing about 6%. Most of that increase is for keeping the specific deductible at \$50,000 per employee.
- There are no changes to the aggregate factors (claims funding dollars) or attachment point (max claims spend).
- If we look at the max liability, the as-is renewal is a 1.8% increase or about \$18,920 annually.

Options 2 and 3:

- Option 2 shows numbers for raising the spec deductible to \$55,000 and brings the fixed cost increase to 1%.
- Option 3 shows numbers for raising the spec deductible to \$60,000 and brings the fixed costs to a 3% decrease.

- o Raising the spec deductible every few years is recommended to bring down the leveraged trend that stop loss carriers see as the cost of medical care increases.

Options 4, 5, and 6

- These options show \$50, \$55, and \$60k spec deductibles, but include adding a full drug plan through CVS Caremark. We talked about looking at these options again during the mid-year review after the change in Gibbs ownership.

It is most likely time to increase the specific deductible from \$50,000 to \$55,000 or \$60,000. 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 will move some of cost increase from the hospital to the employee.

Ken Koontz made a motion to select Option 3 as presented, and Chris Keck seconded. Motion carried unanimously.

Discussion and Possible Vote on Employee Retention Payments

Paula Webb made a motion to approve \$250,000 toward employee retention payments. Kristal Ferguson seconded, and the motion carried unanimously.

Discussion and Possible Vote on QIPP Secured Loan from Legend Bank for Upcoming IGT

Lance explained that this loan would be a closed-end line of credit instead of revolving line of credit since the main source of loan repayment is going to be QIPP payments. The closed-end line of credit would not revolve. If the loan was up to \$6 million, and \$2 million was drawn, we would have availability of \$4 million even after the initial \$2 million was paid back for the length of the loan, most likely 12 months. All of this is subject to approval and underwriting. The interest rate would Prime + 0.25%, which today would be 7.50%, and it would adjust daily with the market, so if prime decreased the rate would as well. Interest would only accrue on the amount we would need to access. Additionally, there would be an origination fee of half a percent of the loan amount.

Paula Webb made a motion to approve the line of credit loan through Legend Bank to not exceed \$5 million, and authorize Lance to utilize at his discretion. Ron Brown seconded, and the motion carried unanimously.

Discussion and Possible Vote on Renovation Project Change order #8: Lab Finishes

Lance explained this change order would allow contractors to update the lab finishes (flooring, etc.) in the public areas of the lab to carry over the new look from the hallway into the lab. The estimated cost is \$23,000.

Chris Keck made a motion to approve Change Order #8. Ken Koontz seconded, and the motion carried unanimously.

Discussion and Possible Vote on CPSI Collections Module Purchase

Lance stated that hospital/clinic operations manager, Kelly Cope, has requested that the board consider moving the hospital's self-pay collections to CPSI from our current vendor, RMP. Included in the proposal is their 1-Pay module. As stated in the proposal in your packet, this module provides patients easy access to account balances, statements, and payment information. Patients can make full, partial, or recurring payments in real time, on multiple accounts. Payments are posted automatically to the patient's accounts, cutting down on labor for our staff. Because the website is accessible 24 hours a day, 7 days a week, patients can make payments when it's most convenient for them. The collection charge is the same as the previous vendor but with a \$3000 a month guarantee. Based on current collections, we are paying about \$500 on \$5,000 average collections. If collections go up to about \$8,000 (which should be doable with the enhanced process CPSI will use) the net collections would be the same. In addition, this is a much more patient friendly process used by many facilities.

Ken Koontz made a motion to approve the purchase of the CPSI Collections Module. Paula Webb seconded, and the motion carried unanimously.

Convene to Closed Session for the Following Purposes:

a) Texas Government Code Section 551.071 – Consultation with Attorney

The board adjourned to closed session at 1:27 PM.

Reconvene to Open Session and Take Action as Follows:

a) Discussion and Possible Vote on Matters Related to Consultation with Attorney

The board reconvened to open session at 1:36 PM.

Administrative Report

Lance gave the following update:

Clinic/ER renovation

By the time of the meeting, we will have hopefully passed the 80% inspection for phase 2B (the firewall). If accomplished, we have the 100% inspection for both phase 2A and 2B set for the middle of December. We are finishing up the details for the renovated portion of the clinic, and it should be fully operational in the next few weeks. Phase 3, which encompasses only the 2 remaining exam rooms in the ER and the dirty linen area, will take minimum time to complete, but the timing to get both the 80% and 100% inspections scheduled could be a delaying factor.

Shutdown Issues

Due to the government shutdown, several of our rural add-on payment programs either ended or reverted to previous rules that carved NGH out. The primary one is the Low Volume add-on which increased DRG payments by about 23% for us. Without legislative action to maintain the current rule that allows up to 800 admissions (reverts to 200 admits) the hospital reduced payments will be upwards of \$500,000. The hope is, once the shutdown ends, legislative action will allow once again a change in the rules allowing us to qualify for LVA back to October and CMS will reprocess claims. Additionally, DSH cuts, which have been on the schedule for years and continuously pushed back by legislative action, will now take effect. The DSH payment referenced in the financials reflects the cuts. Since we are new to the program I do not currently have what the impact of the cuts were to that payment.

Additionally, and most problematic, is the QIPP program could be impacted. The State utilizes Nursing Home Compare to calculate many of the metrics. NH compare is a federal website; thus, it was shut down as well. QIPP Yr 8 Quarter 4 was completed at the end of August with calculations and payments due in late December. Currently, we are on hold. In addition, there has been no discussion of delaying the early December IGT for QIPP year 9 since it is handled by the State.

Update on Cyber Attack

Lance updated the board on recent information concerning the cyber attack a couple of years ago. Our IT Consultant, Craig Stallcup, received notification from the FBI of an arrest and scheduled hearing in regard to the individual responsible for our cyber-attack. Charges have been filed against defendant Oleksii Lytvynenko. This individual was also responsible for quite a few other hospitals. He is Ukrainian and was extradited from Ireland. The initial hearing takes place in December in Nashville, TN federal court.

The Conti ransomware group had over 1,000 victims and made over 150 million from ransomware payments in crypto currency. He also victimized the Ireland health insurance system and is facing charges there, but

Ireland acknowledged the extradition request from the US. He and at least once other group member face US charges that could result in 25 years in prison.

Craig will receive updates on occasion, but the hospital does not have a role or have to appear or respond in any way.

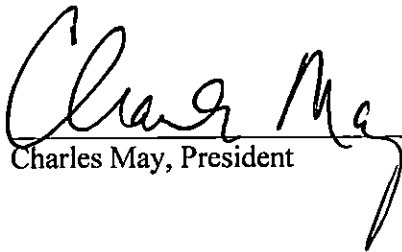
Medical Staff Report

Nothing to Report.

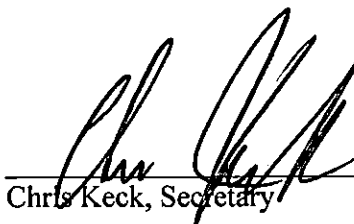
Other Business

None.

Meeting was adjourned at 1:46 PM.



Charles May, President



Chris Keck, Secretary