

**SOUTH LIMESTONE HOSPITAL DISTRICT
LIMESTONE MEDICAL CENTER
701 McCLINTIC, GROESBECK, TX 76642**

MINUTES

February 27, 2024

On this 27th day of February, 2024 the Board of Directors of South Limestone Hospital District convened at the regular meeting place of said District. The meeting, open to the public, and notice of said Board in said District giving the date, place and subject thereof, has been posted as described by Article 6252-17, Section 3A,V.A.T.C.

MEMBERS PRESENT

Danny Hewitt
Martha Stanton
Glenda O'Neal
Arnold Gray
Tyrell Hobbs
Christina Lockhart
Kent Wilson

MEMBERS ABSENT

None

OTHERS PRESENT

Larry Price
Michael Williams
Debbie Brewer
Shelton Chapman
Leeann Freeman
Cheryl Hardin
Courtney Harryman
Jennifer Haynie
Misty Hutchison
Samantha Bourgeois
Michelle Mullinnix

Adrianne Rettig
Melanie Richard
Cheyenne Tanner
Mike Thompson
Corey Tunnell
Hope Wallace
Julie Wilson
Christa Worley
Jean Wragge
Robert York
Cathy Knouse

CALL TO ORDER, ESTABLISH QUORUM

The meeting was called to order by Mr. Danny Hewitt at 3:02 p.m. A quorum was present.

INVOCATION

Mr. Larry Price offered the invocation.

PLEDGE TO THE FLAG

Those present recited the Pledge of Allegiance to the United States flag.

COMMENTS FROM CONCERNED CITIZENS

There were no concerned citizens in attendance.

CORRESPONDENCE

Letters of appreciation for the care that was provided to her family member were received from Mrs. Ellen Stewart.

Mutual Assistance Group has donated \$1,000 to LMC EMS for the purchase of uniforms.

CONSENT AGENDA ITEMS

The Board minutes, Executive Committee minutes, Accounts Receivable report, Compliance report, Family Medicine Center report, Infectious Disease report, Kosse Community Health Clinic report, Marketing report, Nursing report, Nursing Semi-Annual Staffing Plan, Patient Safety/Risk Management/Workplace Violence Committee minutes. Plant Operations Report, Rettig Family Health Care report, Rucker Clinic report and Inservice were presented. The motion was made by Mrs. Glenda O'Neal, seconded by Mr. Tyrell Hobbs and carried to approve the consent agenda.

DISCUSSION AND ACTION ON CERTIFICATION OF UNOPPOSED CANDIDATES AND CANCELLATION OF BOARD OF DIRECTORS GENERAL ELECTION

The Certification of Unopposed Candidates for Other Political Subdivisions was presented and reviewed. Board of Directors Position 3 is currently held by Mr. Tyrell Hobbs; Board of Directors Position 6 is currently held by Mrs. Martha Stanton and Board of Directors Position 7 is currently held by Mr. Kent Wilson. Board of Directors Position 4 is vacant and Ms. Christina Lockhart is the only applicant for the Board of Directors election. The motion was made by Mr. Arnold Gray, seconded by Mrs. O'Neal and carried to cancel the election scheduled to be held on Saturday, May 4, 2024 in accordance with Section 2.053(a) of the Texas Election Code.

APPOINTMENT AND OATH OF OFFICE FOR POSITION 4

Statement of Elected/Appointed Officer was given to Ms. Christina Lockhart and she was given the oath of office and sworn into position 4 on the Board of Directors.

FORVIS AUDIT REPORT

Mrs. Cheyenne Tanner distributed the 2023 audited results report for the fiscal year ended September 30, 2023. Mrs. Tanner spoke briefly concerning the Hospital's financial condition, comparisons with previous years and other hospitals and what is going on in the community hospital industry.

The auditors are issuing an unmodified, or "clean" opinion. Qualitative components of the audit include the review of significant accounting policies and comparisons to industry practice; review of financial statement disclosures for completeness and accuracy and the methodologies for developing accounting estimates were challenged and recorded estimates were reviewed for reasonableness and evidence of management bias.

While conducting the audit, there were no difficulties encountered by the audit team; there were no disagreements with management; there were no contentious accounting issues and there were no consultations with other accountants. The management letter and management representation letter are included with the audit.

Mrs. Tanner provided a report on internal controls that reveals that a deficiency exists in the segregation of duties; however, it was noted that this is typical of rural hospitals similar in size. Other matters addressed Governmental Accounting Standards Board (GASB) Statement No. 100 effective September 30, 2024 and GASB Statement No. 101 effective September 30, 2025.

The Balance Sheets were reviewed and there was discussion concerning Hospital assets, liabilities and net position along with the statement of changes in net position. Mrs. Tanner provided an overview of the Nursing Home Quality Incentive Payment Program (QIPP) Minimum Payment Amount Program (MPAP) results comparing years 2020, 2021, 2022 and 2023 with regard to resident revenue, management expenses, provider relief funds, program income, quality incentives to managers and the net retained by the Hospital District. Third party settlements include the current year Medicare receivable in the amount of \$613,000; UC receivable of \$835,000 and prepaid Comprehensive Hospital Increase Reimbursement Program (CHIRP) of \$106,000. The current year nursing home QIPP receivable of \$10,820,000 includes prepaid Intergovernmental Transfer (IGT) of \$5,763,000 and QIPP receivable of \$5,057,000. It was noted that the numerous special projects that management has pursued have greatly benefitted the Hospital. Without these additional revenues, the Hospital would experience a financial shortfall and would depend upon tax revenues for Hospital operations.

Graphs demonstrating operating income/loss excluding nursing home trends as a percentage of Gross Patient Service Revenue (GPSR); liquidity; days cash on hand; net days in A/R – Hospital only; average payment period; Hospital patient days; discharges – routine; patient encounters – length of stay; net revenue trends 2016-2023; peer comparison – percent net revenue and peer comparison – percent gross revenue were reviewed.

Mrs. Christa Worley led a discussion concerning the health care industry updates and concerns. The economic challenges of wage pressures are not declining. Nursing wages and contract fees are not as accelerated, but other technicians are pressuring for increases similar to nurses. Medicare managed care platforms are continuing to gain market share over traditional Medicare. Many of the managed care plans are expending significant funds for advertising. There has been some negativity associated with some of the managed care plans and larger hospital systems are declining to accept these plans due to lower reimbursement, pre-certifications and high denials. Settlements under new supplemental program (UC/DSH) calculations are beginning with accompanying demand letters for overpayments. This causes continuing issues for hospitals to accurately report and estimate potential overpayments. Texas Health & Human Services Commission's methods cause significant timing delays from the time interim payments are received to the determination of final actual benefit.

Price transparency continues to be a hot topic for the federal government with new penalties being issues and hospitals requiring significant costs to either meet the requirements, pay penalties or appeal penalties. Penalties could be up to \$110,000 per year and can be retroactive. There has been an increase of over 300% in health care data breach and ransomware attacks. These cybersecurity issues are extremely concerning with potential HIPAA violations. There is the potential for significant class action settlements that may exceed insurance limits.

Mr. Hobbs recognized the staff for the data submitted and reports as presented and expressed appreciation on behalf of the Board members for the work that is being performed by the staff.

DISCUSSION AND ACTION ON NEWLY CREATED AND REQUESTED CHANGES TO POLICIES AND PROCEDURES

Business Office

- ER Bad Debt/Charity policy was removed due to current “Presumptive Charity” policy.
- A change was made to the “Employee Billing for Medical services” policy to clarify payroll deduction change.

There are no changes to the Marketing/Public Relations policies and procedures.

There are no changes to the Purchasing policies and procedures.

The members of the Board examined each policy and procedure and the motion was made by Mr. Kent Wilson to approve the revised and existing policies and procedures as presented. The motion was seconded by Mr. Hobbs and approved.

QUALITY, RISK AND REGULATORY DISCUSSION AND ACTION

The February 14, 2024 minutes of the Quality Improvement Committee were presented and reviewed. All departments that provide direct patient care are encouraged to implement satisfaction surveys. Patient satisfaction surveys are invaluable in gaging performance in meeting patient, visitor and provider needs.

DISCUSSION AND ACTION ON SUB-LEASE AGREEMENT FOR RUCKER CLINIC

The proposed Sub-Lease Agreement for Rucker Clinic was presented and reviewed. The agreement by and between South Limestone Hospital District provides for the sub-leasing of the premises to Waco-McClennan County Public Health District, by and through the City of Waco for the Women, Infants and Children’s Program (WIC). Office space at Rucker Clinic located at 200 N. Pearl Street, Mart, Texas 76664-1142 will be sub-leased for the purpose of administering the WIC Program. Sub-lease rights were conveyed to South Limestone Hospital District in the original lease dated January 5, 2023. The sub-leased space is being provided to WIC Program in kind and there is no damage deposit. The motion was made by Mrs. Martha Stanton to approve the Sub-Lease Agreement by and between South Limestone Hospital District and Waco-McClennan County Public Health District, by and through the City of Waco for the WIC Program. The motion was seconded by Mr. Wilson and approved.

DISCUSSION AND ACTION ON PURCHASE OF CARDIOPULMONARY COMPUTER AND SLEEP EQUIPMENT

The computer being used for cardiac and pulmonary rehabilitation recently became inoperable. The computer was purchased in 2015 and Life Systems International (LSI) has provided the Hospital with a computer to use during the interim period. Following a thorough review of submitted bids, management is recommending the LSI eight patient monitoring and clinical documentation system. The quote for the eight channel HTS820 TransCenter Telemetry System totals \$49,990. A 12-month extended care warranty is included with the purchase. The motion was made by Mr. Gray, seconded by Mr. Wilson and approved to purchase the LSI eight channel HTS820 TransCenter Telemetry System for \$49,990.

The equipment currently being used for sleep studies was purchased in 2018 and has reached end of life. Following a thorough review of submitted bids, management is recommending the Cadwell Easy III PSG System. The quote for the Easy III PSG 54 channel system totals \$80,768 with \$31,435.20 in included discounts for the grand total of \$49,782.80. The motion was made by Mr. Hobbs, seconded by Mr. Gray and approved to purchase the Easy III PSG 54 channel system for \$49,782.80.

FINANCIAL REPORT

Mr. Williams presented the Financial Report for the month ending January 31, 2024. Total inpatient revenues for the month of January were \$467,731.68 and the amount budgeted was \$293,177 which is 58.52% more than budget. The prior year inpatient revenues were \$465,929.32. Swingbed revenues for the month of January were \$266,035.63 and the amount budgeted was \$256,865 which is 3.57% more than budget. The prior year Swingbed revenues were \$328,874.88. Outpatient revenues for the month of January were \$6,078,638.63 and the amount budgeted was \$5,132,295 which is 18.44% more than budget. The prior year outpatient revenues were \$5,091,185.34. The total revenues for the month of January were \$7,896,933.37 and the amount budgeted was \$6,680,790 which is 18.20% more than budget. The prior year total revenues were \$6,831,147.20. Total revenue deductions for the month of January were \$4,568,028.91 and the amount budgeted was \$4,040,753 which is 13.05% more than budget. The prior year deductions from revenue were \$3,847,441.89. Expenses for the month of January were \$2,601,214.68 and the amount budgeted was \$2,397,769 which is 8.48% more than budget. The prior year expenses were \$2,262,995.14. The actual net operating profit for the month of January was \$727,689.78 and the amount of \$242,268 was budgeted which is 200.37% more than budget. The prior year net operating profit was \$720,710.17. There were no special items affecting the profit and loss statement.

A report of collections and expenses reflects that in the past twelve months collections total \$26,375,738.41 and expenses total \$27,768,148.17 and that 94.99% of Hospital expenses are covered by collections.

The directors reviewed the most recent Quality Incentive Payment Program (QIPP) report.

INVESTMENT REPORT

The South Limestone Hospital District invested funds report was presented by Mr. Michael Williams. The Hospital has a total of \$77,123,449.23 invested in texpools and certificates of deposit as of January 31, 2024. Currently the Hospital has three texpool accounts, two for the general fund and one for the ambulance. The Hospital has five certificates of deposit in terms of 12 months or less. The year-to-date interest is calculated beginning with the first day of the Hospital's fiscal year October 1. The Hospital is in compliance with its investment strategy and the Public Funds Investment Act.

LMC FOUNDATION REPORT

Mr. Price reported that the LMC Foundation members met on Monday, February 26, 2024. LMC Foundation members are hosting a cash raffle fundraiser on Saturday, April 27, 2024, at 6:00 p.m. Foundation members are selling 250 tickets for \$100 apiece. There will be the option to purchase \$30 insurance on the tickets. If insurance is purchased, the winning ticket holder is eligible to have his or her ticket in the drawing for one additional draw. The event will be held at Groesbeck Convention Center beginning at 6:00 p.m. with a meal for two individuals and games. Stretch tickets will be sold.

ADMINISTRATIVE REPORT

Mr. Price met with Mr. Mark Massey, Interim Chief Executive Officer, Parkview Regional Hospital on Thursday, February 1, 2024.

Mr. Price reported concerning the progress of the Texas Organization of Rural and Community Hospitals (TORCH) Rural Health Clinic vaccine grant. The term of the grant expires Sunday, June 30, 2024. Grant funds are being utilized to purchase equipment and supplies for the Rural Health Clinics. Mrs. Carrie Ruiz, with TORCH, was at the Hospital Friday, February 2, 2024 to conduct an audit and the results of that audit were very successful. She will be returning in April for another audit and to attend the Hospital's health fair.

Emergency Medical Services underwent a virtual Texas Department of State Health Services compliance survey on Tuesday, February 6, 2024. There are minor policy updates to be made.

The Hospital is leasing an ambulance for 90 days while one truck is being fitted with a new box and while another ambulance is being repaired. The new unit is expected to be completed in June.

The annual enrollment for full-time employee benefits was conducted this month.

Limestone County Dialysis Center is now complete and awaiting Centers for Medicare and Medicaid Services (CMS) certification. Kidney 360 management will continue to lease Hospital apartment 4 for Kidney 360 staff to use while traveling from Houston to Groesbeck. Kidney 360 team members are assembling a schedule to interview candidates to fill open positions.

The expansion of Kosse Community Health Clinic is ongoing.

David Fedro, D.O. is assuming medical directorship of Bremond Nursing and Rehabilitation Center. Dr. Fedro contacted Mr. Price to indicate his preference that the nursing home patients from this facility that require laboratory tests or Emergency Room services be treated at Limestone Medical Center.

Mr. Price and Mr. Robert York met with Mr. Andrew Crawford and Mr. Doug Kirkley, E3, design-build contractors. E3 provides holistic facility solutions that reduce energy usage, create comfortable environments and improve operational efficiency. There was discussion concerning converting the Hospital lighting to LED. Management will apply for grant funds to offset the lighting upgrade expenses. E3 staff will conduct a lighting audit at the Hospital, Medical Arts Building, Family Medicine Center and the clinic located at 621 McClintic Drive.

Referencing the successful audit results, Mr. Price stated that management makes every effort to apply for grant funds to purchase equipment and continue to be good stewards.

Mr. Price commented that management is still awaiting a response from the insurance company with regard to covered repairs for the building roofs and HVAC units following the hailstorm last summer.

Mr. Price commented concerning the three newly acquired nursing homes. Mrs. Melanie Richard recently conducted an onsite visit at two of the facilities. One of the facilities was experiencing a high COVID outbreak and visitors were prohibited.

EXECUTIVE SESSION

The Board of Directors of South Limestone Hospital District did not enter into Executive Session pursuant to Section 551.071 of the Texas Government Code "Consultation with Attorney."

The Board of Directors of South Limestone Hospital District did not enter into Executive Session pursuant to Section 551.074 of the Texas Government Code "Personnel Matters."

The Board of Directors of South Limestone Hospital District did not enter into Executive Session pursuant to Section 551.085 of the Texas Government Code "Governing Board of Certain Providers of Health Care Services."

SETTING OF NEXT REGULAR BOARD MEETING

The next regular meeting of South Limestone Hospital District Board of Directors was set for Tuesday, March 26, 2024, at 3:00 p.m. in the Hospital's Board Room.

ADJOURN

There was no further business and the meeting adjourned at 4:05 p.m.

/s/
Glenda O'Neal
Secretary/Treasurer