

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

MINUTES

February 25, 2025

On this 25th day of February, 2025 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
Kent Wilson
Glenda O'Neal
Arnold Gray
Tyrell Hobbs
Christina Lockhart

MEMBERS ABSENT

None

OTHERS PRESENT

Larry Price
Michael Williams
Debbie Brewer
Ashley Carroll
Catlin Samuels
Anthony Cumbie
Leeann Freeman
Jennifer Haynie
Misty Hutchison
Emily Jones
Brandy Kennedy
B. C. Lee
Allec Lincoln

Michelle Mullinnix
Adrianne Rettig
Linda Rojas
Candy Seals
Cheyenne Tanner
Mike Thompson
Hope Wallace
Julie Wilson
Christa Worley
Jean Wragge
Robert York
Cathy Knouse

CALL TO ORDER, ESTABLISH QUORUM AND EXCUSE ABSENTEES

Mr. Danny Hewitt called the meeting to order at 3:00 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.

PLEDGE TO THE TEXAS FLAG

Those present recited the Pledge to the Texas flag.

COMMENTS FROM CONCERNED CITIZENS

Mr. Arnold Gray announced that Mr. Larry Price received the prestigious Masonic Lodge Golden Trowel Award on Saturday, February 22, 2025. The Golden Trowel is the Lodge's formal recognition of a member for exceptionally devoted service.

CORRESPONDENCE

Ms. Dorothy Jones wrote a letter expressing her appreciation for the Hospital staff.

Limestone Medical Center was featured in an article in the February 13, 2025 issue of *Groesbeck Journal*. The article, entitled Limestone Medical Center partners with TimeDoc Health, Texas A&M to improve rural healthcare, addresses enhancements to care for patients with long-term health conditions.

CONSENT AGENDA ITEMS

The Board 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 Mr. Gray, seconded by Mr. Tyrell Hobbs and carried to approve the consent agenda.

FORVIS AUDIT REPORT

Mrs. Cheyenne Tanner distributed the 2024 audited results report for the fiscal year ended September 30, 2024. 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. She recognized management for taking additional measures to limit risk.

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 (Q1PP) Minimum Payment Amount Program (MPAP) results comparing years 2021, 2022, 2023 and 2024 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 431,000; UC receivable of \$0 and prepaid Comprehensive Hospital Increase Reimbursement Program (CHIRP) of \$126,000. The current year nursing home Q1PP receivable of \$15,568,000 includes prepaid Intergovernmental Transfer (IGT) of \$12,685,000 and Q1PP receivable of \$2,883,000. 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: Hospital patient days; discharges - routine; patient encounters - length of stay; net revenue trends 2017-2024; peer comparison - percent net revenue and peer comparison -percent gross revenue were reviewed. It was noted that the peer comparisons excludes the nursing homes.

Mrs. Christa Worley led a discussion concerning the health care industry updates and concerns. Costs are continuing to increase, but reimbursements are not increasing. An American Hospital Association (AHA) report reflects that hospital expenses have grown by 12.4% from 2021 to 2023, and per a PricewaterhouseCoopers (PwC) Health Research Institute report is expected to increase in 2024 by an additional 7%. Third-party payor reimbursements are not keeping pace with these increases. Per the AHA, health insurance premiums increased 6.7%, but hospital reimbursements only increased 2.6%. Rural hospital closings increase and many are at risk. The Center for Healthcare Quality Payment Reform report on Rural Hospitals At Risk of Closing, Texas, unfortunately, leads the nation with the most hospital closures (25 since 2005) and estimates that 18% {29 facilities) are at immediate risk of closure due to financial strains and losses. Medicare managed care platforms are continuing to gain market share over traditional Medicare. There are hidden costs to patients, but significant dollars are spent on advertising. There has been some negativity associated with some of the managed care plans that has drawn attention to the issue. 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. 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. This includes business associates (Change Healthcare) that can have indirect impact.

The Board members recognized management and the staff for the successful audit report.

DISCUSSION AND ACTION ON COMMITTEE APPOINTMENTS

The directors reviewed the Executive Committee/Physician Credentialing Committee, the Joint Conference/Medical Care/Long Range Planning Committee, the Financial/Building and Grounds/Ambulance Committee and Personnel Policy Review/Physician Recruitment Committee memberships. Mrs. Martha Stanton is currently named as a member of the Finance/Building and Grounds/Ambulance Committee and Personnel Policy Review/Physician Recruitment Committee. Mr. Kent Wilson succeeded Mrs. Stanton as a member of the Executive Committee/Physician Credentialing Committee upon her resignation from the position of Vice President on November 26, 2024. Ms. Christina Lockhart expressed her desire to serve on the Finance/Building and Grounds/Ambulance Committee and Personnel Policy Review/Physician Recruitment Committee. Mr. Hobbs made the motion; seconded by Mr. Kent Wilson and approved that Ms. Christina Lockhart will replace Mrs. Martha Stanton as a member of the Finance/Building and Grounds/Ambulance Committee and Personnel Policy Review/Physician Recruitment Committee.

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

Facility Wide

The Employee Return to Work Plan for Viral Respiratory Illness has been created to address the current processes for employees returning to work following a viral respiratory illness.

Human Resources

Employee Handbook policy B103

Health Care, Dental, Life Insurance, Disability, Supplemental. Full time employees of Limestone Medical Center have life insurance protection in the amount of \$50,000 coverage. Added: There are age reductions at age 65 (35% which is \$32,500) and at age 70 (50% which is \$25,000).

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

Pharmacy

The Controlled Drugs Procedures—Medication Room, ER, and Specialty Clinic were removed as these procedures are no longer applicable, each of these departments are covered under the policy for the Omnicell effective July 30, 2024.

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. Gray to approve the revised and existing policies and procedures as presented. The motion was seconded by Ms. Lockhart and approved.

QUALITY, RISK AND REGULATORY DISCUSSION AND ACTION

The February 12, 2025 minutes of the Quality Improvement Committee were presented and reviewed. Four departments have completed converting all documents to a searchable format utilizing the policy management software update. The ultimate goal is for all employees to have online access to all facility policies. Efforts continue to recruit community members to participate in the Patient Family Engagement Committee. Staff members continue the internal analysis of the health of the Hospital's patient population. Accountable Care Organization (ACO) partners will provide population health education to staff over the next year. It is anticipated that this area of focus may change with the newly elected president and congress. The CVS ACO kickoff was conducted this month. Staff will be educated with information to assist with meeting quality measures. Limestone Medical Center partners with the ACO for the Medicare Shared Savings Program. The directors reviewed the departmental reports.

FINANCIAL REPORT

Mr. Williams presented the Financial Report for the month ending January 31, 2025. Total inpatient revenues for the month of January were \$148,930.37 and the amount budgeted was \$330,012 which is 54.87% less than budget. The prior year inpatient revenues were \$304,110.81. Swingbed revenues for the month of February were \$200,947.31 and the amount budgeted was \$271,329 which is 25.94% less than budget. The prior year Swingbed revenues were \$138,822.87. Outpatient revenues for the month of February were \$5,788,144.30 and the amount budgeted was \$6,218,234 which is 6.92% less than budget. The prior year outpatient revenues were \$5,920,874.82. The total revenues for the month of January were \$7,698,518.33 and the amount budgeted was \$8,056,810 which is 4.45% less than budget. The prior year total revenues were \$7,910,102.25. Total revenue deductions for the month of January were \$4,147,995.34 and the amount budgeted was \$4,583,213 which is 9.50% less than budget. The prior year deductions from revenue were \$4,145,515.87. Expenses for the month of January were \$2,538,528.12 and the amount budgeted was \$2,696,361 which is 5.85% less than budget. The prior year expenses were \$2,372,607.33. The actual net operating profit for the month of January was \$1,011,994.87 and the amount of \$777,236 was budgeted which is 30.20% more than budget. The prior year net operating profit was \$1,391,979.05. The special item affecting the profit and loss is the prior depreciation for \$132,264.36. The net profit without the special item is \$879,730.81. A report of collections and expenses reflects that in the past twelve months collections total \$29,189,149.53 and expenses total \$30,110,379.32 and that 96.94% 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 \$78,514,196.97 invested in texpools and certificates of deposit as of January 31, 2025. 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

South Limestone Hospital District Board of Directors
February 25, 2025

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 24, 2025. The LMC Foundation members discussed the upcoming fundraiser for a \$2,500 cruise voucher. Raffle tickets will be ordered and sold for \$5 per ticket or five tickets for \$20. Foundation members will begin selling the raffle tickets at the Limestone County Fair in March. An inquiry will be made concerning the possibility of selling tickets at High School football games in the fall. The drawing for the raffle will be held Sunday, September 28, 2025, at the ex-student luncheon. An informational flyer will soon be created. LMC Foundation members donated four \$25 gift certificates to the Hospital. The gift certificates can be used at Texas Burger, Subway, Pizza Hut or Church's Chicken.

ADMINISTRATIVE REPORT

The annual employee appreciation banquet was well attended at Central Baptist Church in Thornton on Saturday, February 1, 2025.

Mr. Larry Price attended the Texas Organization of Rural and Community Hospitals (TORCH) Board of Directors meeting in Georgetown Tuesday and Wednesday, February 4 and 5, 2025. Medicare Advantage plans are not currently included in Hospital Cost Reports and the TORCH Board members discussed this in detail. It was noted that some patients do not have the ability to choose the traditional Medicare Plan due to their employer's mandate to utilize the Medicare Advantage Plan.

The annual enrollment for full-time employee benefits was conducted this month. New employee benefits through United Healthcare will begin Saturday, March 1, 2025.

IT staff and Medical Records staff have moved to the LMC Annex located at 621 McClintic Drive. With the Laboratory renovation complete, Mrs. Linda Rojas is being relocated to the office across the hall from the Laboratory patient entrance. The new equipment is in place and staff is being trained to properly use the equipment. It is expected that testing with the new equipment will begin in approximately two months.

The Laboratory has been awarded the 2025 certificate of participation in the American Proficiency Institute Proficiency Testing service.

Eduardo Gonzalez-Fernandez, M.D. has been out of the Clinic due to illness. It is expected that he will return to the Clinic on Monday, March 3, 2025.

Management is pursuing processing of the nursing home change of ownership documents for St. Joseph's Care Center in McGregor.

Management is initiating the nursing home change of ownership documents for The Brazos of Waco.

South Limestone Hospital District Board of Directors
February 25, 2025

Emily Wagner, M.D. has contacted a local realtor to begin looking for a home to purchase in Groesbeck. She will begin working at Limestone Medical Center Monday, September 1, 2025.

Christian Jacobsen, M.D. will begin working at Limestone Medical Center on Friday, August 1, 2025.

The 340B profit for January was \$49,383.23. The inpatient savings on split billing was \$669.85.

Mr. Price is continuing to work with the physician interested in assuming the position of medical director of the House Call Program.

The annual LMC Spring Fling Health Fair is scheduled for Friday, April 25, 2025, from 9:00 a.m. to 12:00 p.m.

Mr. Price recognized the staff for the successful audit results. He expressed his sincere appreciation for their hard work.

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 551.072 of the Texas Government Code "Deliberation Regarding Real Property."

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 25, 2025, at 3:00 p.m. in the Hospital's Board Room.

ADJOURN

There was no further business and the meeting adjourned at 3:47 p.m.

/s/

Glenda O'Neal
Secretary/Treasurer