

**REGULAR MEETING OF
THE BOARD OF DIRECTORS
NACOGDOCHES COUNTY HOSPITAL DISTRICT
FEBRUARY 26, 2019 @ 5:00 P.M.**

IN ATTENDANCE:

Anita Kite, President
Patrick Kuhns, Vice-President
Ryan Head, M.D., Secretary
H. Farrar Bentley
Sean Hightower
Lisa King
James Stockman

ALSO IN ATTENDANCE:

Gary L. Stokes, Interim CEO
Rhonda McCabe, Interim CFO
Kristine Sutton, CNO
Noella Crayton, CCO
Edwin Ferren, M.D., CMO
Richard Wallace, Administrator
Jerry Baker, Legal Counsel
Ella Nobles, Executive Assistant

I. CALL TO ORDER: Ms. Kite called the regular scheduled Board meeting to order at 5:00 p.m.

II. APPROVAL OF MINUTES:

- Motion was made by Farrar Bentley to approve January 22, 2019 minutes seconded by Ryan Head. Motion carried unanimously.

III. CITIZENS COMMUNICATION: No Citizens signed in to speak.

“WOW MOMENT OF THE MONTH RECOGNITION”: Anne Ellis presented the WOW moment.

The WOW moment is a duty performed outside of the normal duties. The WOW moment this month will be recognized on a later date.

Special Recognition went out to Ella B. Nobles, Executive Administrative Assistance. Mr. Farrar Bentley and the Board recognized Ella for her due diligence and work ethics.

IV. MEDICAL STAFF REPORTS- B. Moitheennazima, M.D.: Dr. Binusha presented the medical staff report that was approved by the Credentials Committee and Medical Executive Committee. There were five reappointments, three new appointments, three withdrawal, and one change of status. Motion to approve was made by Patrick Kuhns and seconded by Farrar Bentley. The Motion carried unanimously.

V. ACTION AND PURCHASE REQUESTS

- A. Results of Operations- Rhonda McCabe:** Ms. McCabe presented the Results of Operations to the Board. Ms. McCabe reviewed the Results of Operations from January. There were 316 admissions, resulting in 1,562 patient days. 34 rehab admissions compared to 26 from the previous month. 167 total surgeries for the month, compared to 175 from the previous month. 74 GI procedures for the month, compared to 43 last month. Cath lab procedures were down to 96 from 102 last month. ER visits were 2,109, compared to 2,089 last month. There were 139 admissions for the month of January. Commercial insurance admissions went over Medicaid admissions, and self-pay has gone down. Patient revenue volume was \$25M for the month, and net revenue was \$6M. Our net operating revenue is at \$6.3M for the month. For the past year, we are at \$45 M NOR with a \$44M budget. Net margin loss for the month is \$18,000, Year to date; Net margin is \$1.81M, slightly above break-even. Days unbilled were 7 for the month. Motion to approve Results of Operations made by Sean Hightower and seconded by James Stockman. Motion carried unanimously.
- B. Compliance Report – Noella Crayton:** Ms. Crayton presented the Compliance report. Ms. Crayton discussed year 3 under our Corporate Integrity Agreement. We are under a five year CIA agreement that closed year 3 on February 10th. Year 3 began Feb. 11, 2018, and ended on Feb. 10th, 2019. Our final report is due to the government within 60 days, so April 12th. We have to report on compliance training, which is training for all employed physicians, employees, contractors for the hospital, and the board (who does health.edu training). Compared last year to this year, we have a requirement to be at least 95% compliant. With the number of employees who completed the training annually last year, we were at 96.56%. This year, we are at 99.67%. Not necessarily in our CIA but that was brought up when the OIG visited in 2017 was the exit interviews. These interviews are an opportunity to determine, when an employee is leaving, if there are any hospital-related issues to look into; particularly related to compliance matters or anything that has to do with the federal government. We had no exit interviews this year that had to do with anything related to a federal payer. We only had 7 employees that exited who participated. Our requirement is to give to every

employee who resigns the opportunity to participate, but it is up to him or her if they want to participate. Reasons for the employees who did exit interviews in year 3 leaving: One left for financial status of the hospital, two left for other employment, which might have also been tied to financial status of the hospital, another left to return to school, two retired, and one of those retirees had a spouse who worked here, so they left together.

We have to turn in a yearly report, and part of that is auditing the compliance program. We have a process in place for auditing processes in departments that have something to do with CMS, whether it is payments, medical records, management, or conditions for participation. So we have admitting data, HIM data, finance, and revenue cycle department data, HIPPA and privacy data, information and security data, and then monitoring of the Medicare participants who have been excluded from participating in CMS programs. All of those departments monitor monthly then bring that data quarterly to our hospital leadership compliance committee, and to the audit compliance committee. So we had our last committee meeting's HLCC last month, and our audit and compliance earlier this month. For the most part, we met the goals in every area that we were monitoring.

Two areas that we want to look at are 340B. We were supposed to look at that program last July, but we had some hiccups with the application process. We have now been accepted, and we will as of April 1st be participating in the 340B program, which will give us roughly \$90,000 monetary savings in the Medicaid pharmacy program. The other area is the Cath lab. We have to monitor implantable devices in the Cath lab for their compliance and medical necessity.

The risk assessment that we completed in December by an external vendor showed that we had strong policies and procedures by the departments, we had evidence of strong controls due to the probability of risk, and that overall, it reflects a substantial improvement from the 2016 risk assessment. This means we have come a long way in compliance success.

Finally, Ms. Crayton wanted to talk about our IRO. The whole purpose of the CIA was to monitor the implantable devices in our Cath lab. The primary requirement of the CIA is that we have an Independent Review Organization look at our implantable devices annually, and determine if those cases were medically necessary. In essence, that we deserve the reimbursement that we billed for. This year, our IRO Company is named Ankura. They received our data as of yesterday. Last year, they got the report out to us

about one week before the due date (April 11 last year). We have fewer cases to review this year; there were only 13 implantable devices by a federal payer. Ms. Crayton anticipated that we will get their final report sooner than the last minute, which means we will turn in our report in a timely manner.

Next steps going forward: there are a few documents still outstanding such as the IRO report, the information security annual audit, a few other reports, and the completion of the summary once we have all the data. Motion made by Farrar Bentley and seconded by Lisa King. Motion carried unanimously.

C. CAPITAL PURCHASE & EXPENDITURES

- 1. PC Connection Sales Corporations Sales Quote-Rhonda McCabe:** Motion made by Lisa King and seconded by Farrar Bentley to approve the PC Connection purchase with cash option and with the caveat that Rhonda McCabe will continue to pursue a lease option if possible. Motion carried unanimously.
- 2. Arboretum Investment Advisors Term Sheet- Rhonda McCabe:** Motion made by Sean Hightower and seconded by James Stockman. Motion carried unanimously.

D. Contracts & Agreements

- 1. Athenahealth Service Proposal Agreement.-Richard Wallace:** Motion made by Farrar Bentley and seconded by Ryan Head M.D. Motion carried unanimously.
- 2. BioSense Carto3 System Rental Agreement Renewal- Rhonda McCabe:** Motion made by James Stockman and seconded by Lisa King. Motion carried unanimously.
- 3. 3M Coding Software Agreement Renewal-Rhonda McCabe:** Motion made by James Stockman to do more research and bring it back with more information to the next Board meeting, and seconded Ryan Head M.D. Motion carried unanimously.

VI. E. Administrative Policies & Procedures

- 1. No. 1001: Life Safety Management Plan**
- 2. No. 1001: Hazardous Materials and Waste Management Plan**
- 3. No. 1002: Organizational Performance Improvement Plan**
- 4. No. 4001: Utility Management Plan**

5. No. 4052: Line Isolation Monitor System
6. No. 4060: Cleaning of Ice Machines
7. No. 4066: Water Management Program Legionella
8. No. 5001: Medical Equipment Management Plan
9. No. 5002: Patient Safety & Risk Management
10. No. 3.4: Utilization Review Plan
11. No. 3.5: Discharge Plan

Motion made by Ryan Head, M.D. to take items one thru eleven at the same time. Motion seconded by Sean Hightower. Motion carried unanimously.

VII. EXECUTIVE ADMINISTRATIVE REPORT

- A. CNO Report- Kristine Sutton:** Ms. Sutton gave an update on the Joint Commission visit in November, Joint Commission was here for the Lab Department. The Lab submitted an action plan and it was accepted. Joint Commission returned in December and did a full hospital survey, and was here for three days. No IJ's received, we did receive conditional level findings and standard level finding. We were cleared on the last finding February 15, 2019. We put a suicide policy in place for the Emergency Room and we have been following that policy. The Joint Commission will return in the spring for a full evaluation. Ms. Sutton reported on the need to increase staff in the Physical Therapy department by agency. Lastly, the Cardiac Rehab has been approved for "Silver Sneakers" location site.
- B. CEO Report- Gary L. Stokes: Introduction** – Since February 4, my first day at Nacogdoches Memorial, I wanted to update the Board and the Community on my short time spent here.
- Impressive and Committed hospital employees, Medical Staff and Governing Board Members.
 - It all starts with PEOPLE; they can make or break the Hospital!
 - Quality will be our #1 priority. Our overriding focus will be Quality Care and Patient Safety.
 - **Facilities - My initial impression:** there is a full spectrum ranging from needing attention to some very impressive State of the Art Facilities.

Unfortunately, we are in a situation that to survive we must be financially solvent; and to get there we must partner with another entity. As previously mentioned, to survive in today's health care environment, you cannot be a standalone facility. I believe the Board's decision to seek out a partner is critical and a wise choice. The

decision and progress by the Governing Board to start the process of finding a partner for Memorial Hospital and electing Juniper Advisory, LLC is right on track.

Also, the efforts by our Texas House of Representative, Travis Clardy, to leverage his legislative clout and contacts within our State with the numerous health care systems and University affiliations is appreciated and will enhance our efforts as we move forward working with Juniper to find the right fit.

For the past three weeks, I have been working with the Senior Management Team and Department Directors. I have been focusing on operations, and implementing **One on One** meetings with Board members and key physicians, and have been assisting the Governing Board in moving the partnership efforts forward.

The following is a summary of my efforts to date:

- Employee Staff Meet & Greet on 2/6/19
- 1 on 1 met with all Board Members (7)
 - Weekly meeting with Anita Kite, Board Chair
- (6) Senior management-continuing weekly Executive leadership meetings
 - Rhonda McCabe, CFO
 - Kristine Sutton, CNO
 - Ed Ferren, CMO
 - Noella Crayton, CCO
 - Richard Wallace, NMPG Administrator
 - Ashley Ortega, Human Resources Director
- Direct Reports-implemented weekly meetings (6)
 - Michelle McCollum, Support Services
 - Katy Crawford, NMH Foundation
 - Vanessa Hooper, Dietary
 - Kim Barton, Community Relations
 - David Schaefer, Pharmacy
 - LaChanda Maxie, Medical Staff Services
- Medical Staff Leadership
 - Jeremy Smith, COS on February 19
 - Ed Ferren, CMO weekly
 - Chiefs of Services (4)
- Working with Katy Crawford Physician Liaison focusing on Independent Doctors
- Goal: Is to have all Department Directors 1 on 1 by the end of March
- Instituted Safety Huddle all Hospital Director and Senior Management at 9: 00 a.m. Monday thru Friday

- Compliance Matters – Chief Compliance Officer provided overview of 3rd year in our 5-year CIA (Noella Crayton)
- Meeting & Tour with Juniper Advisory LLC
 - Review potential suitors list
 - Overall, Juniper was quite pleased with many of the state of the art facilities i.e. ED, Cath labs, ICU, IMC and Women's Services
- Hospital Rounding program is being developed for all departments weekly, for both day and night shifts
- Received confirmation that both the Hospital Pharmacy and the Clinics are back in the 340B program
- Finalized Board of Director's Retreat and Workshop with the Texas Healthcare Trustees, to be held on March 4th & 5th, 2019, presented by Shirley Robinson. This is a six-hour workshop with the full Board and Executive leadership team.

Finally, I am looking forward to dedicating more time to forming a stronger relationship with our physicians, employees and Governing Board members in stabilizing and moving NMH into the future.

VIII. CONVENE TO EXECUTIVE SESSION FOR THE FOLLOWING:

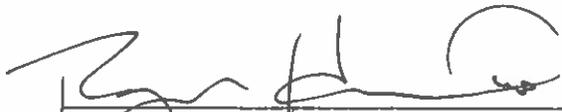
- Consultation with Legal Counsel Regarding Pending or Contemplated Litigation under Tex. Govt. Code §551.071
- Deliberate the Appointment, Employment and Duties of an Employee under Tex. Govt. Code §551.074
- Deliberation of the provision of healthcare services under Tex. Govt. §Code 551.085

X. Adjourned: Ms. Kite stated that there is no further business to consider. The meeting adjourned at 5:55 p.m.

This meeting in its entirety is available by recording in the Administration records



Anita Kite, President



Ryan Head, M.D., Secretary