

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE WINNIE-STOWELL HOSPITAL DISTRICT

The meeting of the Board of Directors of the Winnie-Stowell Hospital District (“District”) was noticed and filed pursuant to the Texas Open Meetings Act a full 72 hours prior to the opening of said meeting for 6:00 p.m. on the 17th day of February 2016, at the Winnie Community Hospital (“Hospital”)-Conference Room, Broadway, Winnie Texas (a copy of said Notice being placed amongst the files of the District).

The roll was called of the members of the Board, to wit:

Elroy Henry, Chair
Jeff Rollo, Vice-Chair
Ed Murrell, Secretary
Sharon Burgess, Director
Raul Espinosa, Director

All said Board members were present with the exception of Director Burgess. In addition, to the above named Board members, also present at the meeting was: Sherrie Norris, District Administrator; Yani Jiminez, Indigent Care Director; Hubert Oxford, IV, Attorney; District; Deputy Tony King, Chambers County Sherriff’s Office; and citizens listed on **Exhibit A**.

At approximately 6:01 p.m., a quorum was established and Chairman Henry made introductions that were followed by a brief moment of silence, the Pledge of Allegiance, and then a request for public comment. There being no public comment, Chairman Henry asked the Board to consider and take action on Agenda Item No. 3, to review and approve the minutes from the following meeting:

- January 20, 2016 Regular Meeting; and
- January 25, 2015 Special Meeting.

In the Special Meeting minutes, Attorney Oxford was asked to change time of the next meeting from 6:00 a.m. to 6:00 p.m. Otherwise, Director Murrell made a motion to approve the

minutes for January 20th, 2016 Regular meeting and the January 25, 2016 Special meeting subject to the change in time of the next meeting from 6:00 a.m. to 6:00 p.m. This motion was seconded by Director Espinoza, with the unanimous consent of all Board members.

Next, Chairman Henry asked the Board to consider Agenda Item No. 4, to review and approve financial reports and payment of invoices. According to Mrs. Norris, the District had a balance of \$2,051,056.82 in its operation's account after the payment of \$25,366.81 in expenses, including \$15,000.00 for the District's second payment to East Chambers Independent School District ("ECISD"). In addition, the District had \$3,810.93 in its Texnet account at Interbank in Graham, Texas, and \$103,908.62 in a CD at Prosperity Bank and \$152,556.03 in a TexStar Account. (See **Exhibit "B"**). In addition, Mrs. Norris advised the Board that the District had received an invoice for \$6,500.00 from Durbin & Company for work on Genesis facilities to obtain the necessary information from Genesis in order to perform the 2014 audit. After much discussion, the Board agreed to pay this invoice but requested that this invoice be submitted to Genesis to repay the District. Lastly, Mrs. Norris advised the Board that the Board still had outstanding payments due to be paid between this meeting and the next meeting to: 1) Managers for Eligibility Period 1, 2nd Quarter; 2) Managers, in the amount of \$496,000.00, resulting from the excess IGT payment; 3) \$534,785.17 owed to Genesis for Eligibility Period 1, 1st Qtr; 4) August 2015 invoice from the LTC Group for \$285,594.32; and interest payments for Loans 6, 7 and 8 in the amount of \$154,665.79 due on February 29, 2016. Following a review of the invoices and account balances, Director Murrell made a motion to approve the payment of bills and the financial statements presented by Mrs. Norris, including the Durbin & Company Invoice of \$6,500.00 but requested staff request repayment of these funds from Genesis. (See

Exhibit “B”). This motion was seconded by Director Espinoza, with the unanimous consent of all Board members present.

After the presentation of the District’s financials, Chairman Henry asked the Board to return to Agenda Item No. 5 and called on the Committee Chairman to give committee reports.

The reports by each Committee Chair are as follows:

- **Building Committee:** Chairman Espinoza reported the Hwy 124 property being sold to the East Chambers Independent School District had been surveyed and the two sides were hoping to close within sixty (60) days.
- **Finance Committee:** Chairman Murrell again reported of the need to amend the budget but was waiting on the District to hire a CPA at this meeting. Otherwise, Chairman Murrell deferred to Agenda Items Nos. 7 and 8.
- **Indigent Healthcare Committee:** No report except to introduce the indigent care director, Yani Jiminez.
- **Personnel Committee:** Director Rollo asked that his report be deferred to Agenda Item No. 10.
- **Hospital Liaison:** Director Espinoza deferred to Agenda Item No. 13 but briefly reported that he and Chairman Henry had inspected the hospital rooms and confirmed the improvements reported had been completed.

Following the brief committee reports, Chairman Henry called for reports by the staff. First, Mrs. Norris advised the Board that she was going to authorize LTC be given permission to assign a token for backup in the event that Charice Finch was unavailable. Attorney Oxford explained that since was not an agenda item; it needed to be placed on the next meeting agenda in order for the Board to take action. Otherwise, Attorney Oxford presented the Board with an E-mail sent to the Texas Department of State Healthcare Services inquiring as to the meaning of the recent Texas Attorney General Opinion, KP 0059 (2016) that requires counties to provide indigent coverage to undocumented aliens and whether this opinion was applicable to hospital districts or just counties. (See **Exhibit “C”**). In addition, Attorney Oxford advised that he was

receiving unverified reports that the QIPP program was going to be delayed because CMS refused to approve of the program, as presented by the State of Texas. As a result, this would most likely result in an extension of the MPAP program pending the resolution of any issues between the State of Texas and CMS surrounding the QIPP program.

The Board was then asked to move forward to Agenda Item No. 13, to discuss and take action, if necessary on obtaining a status report by the Winnie Community Hospital on projects funded by the District. In so doing, Chairman Henry called on Director Espinoza to update the Board on status of the Indigent Care funds given to the Hospital as a result of the Indigent Care Agreement to be used for the Operating Room; reimbursement of start of costs for Partial Hospitalization Program (PHP); refurbishment of twenty-five (25) hospital rooms; and the acquisition of a CT machine. According to Director Espinoza, he, along with Attorney Oxford and Chairman Henry met with the Hospital staff to review invoices and proof of payment for the 4th Quarter of 2015 and the group was able to reconcile verify all \$425,000.00 to be spent on the PHP program and the additional \$16,450.24 allocated toward the hospital room refurbishments. Moreover, Director Espinoza explained that the Hospital submitted over \$700,000.00 in invoices for the PHP program, and the group verified the payment of all \$700,000.00. In addition, Attorney Oxford, presented the Board with a number of charts explaining the funds spent and unspent and also identifies the funds in which the invoices were reviewed. (*See Exhibit "D"*). Altogether, Attorney Oxford, reported that the District reviewed invoices and proof of payment for over \$1,900,000.00 in hospital expenses, including \$460,000.00 in expenses for items not categorized as "Other" or not designated in the Indigent Care Agreement. Lastly, Attorney Oxford reported to the Board that the Hospital still needed to acquire twenty-five (25) hospital beds which were budgeted to cost \$250,000.00 and there were \$100,000.00 in additional

expenses for the renovation of the rooms that needed to be invoiced. Following the report, no action was taken.

Chairman Henry then moved to Agenda Item No. 14, to discuss and take action, if necessary, on providing assistance to Winnie Stowell Volunteer EMS. Chairman Henry called on Jerry Hamilton, Director of the Winnie Stowell EMS who requested financial assistance from the District for the emergency services given to the District's indigent and for the uncompensated care given to the residents of the District. Attorney Oxford advised that he had reviewed the matter and report that in order to provide this assistance the District would need to amend its Indigent Care policy to provide this service to those enrolled in the District's indigent program. In addition, Attorney Oxford addressed a number of issues. They are as follows:

- (a) Medicaid Rate: In the event that the District moves forward with assisting with the emergency services provided to the District's indigent, the District will pay the EMS the rate called for by the State of Texas for Medicare patients.
- (b) Emergency Calls: The funding request would be for emergency calls only and EMS would need to take the patient to the nearest suitable facility, with preference toward the Winnie Community Hospital.
- (c) Annual Report: Each year, the EMS service would need to provide the District with an annual report showing how the District's funds were spent the prior year.
- (d) Annual Budget: Likewise, each year, EMS would need to provide the Hospital District with a budget of estimated cost to Hospital District.
- (e) Interlocal Agreement: Lastly, the two parties would need to enter into an Interlocal Agreement for the EMS to provide these services.

As for additional funding for uncompensated care, other than for the transport of indigent patients, there was some discussion on an Ambulance Services Supplemental Payment Program that was similar to the 1115 Uncompensated Care program utilized by hospitals. Attorney Oxford stated he would look into this and report back to the Board. No action was taken.

After addressing Agenda Items 13 and 14 Board was asked to return to Agenda Item No. 7, to discuss and take action on retaining a Certified Public Accountant for the District. According to the Finance Chairman, Mr. Edward Murrell, he asked to take no action on this agenda item and address it during a special meeting in between this meeting and the March meeting. No action was taken.

The Board was then asked to consider and take action, if necessary, on Agenda Item No. 8, to hire Durbin & Company, L.L.P. to perform 2015 Audit on the District. Attorney Oxford was asked to explain this matter. Attorney Oxford reminded the Board that Durbin & Company has received all the necessary information to complete its 2014 audit and after talking to Mr. Tommy Davis, the District's auditor, Mr. Davis suggested that it may be more efficient if his office were to be engaged to conduct the 2015 simultaneously with the 2014 audit. Also, Attorney Oxford advised the Board that neither Mr. Davis nor he could locate an executed 2014 Audit Engagement letter. Therefore, the proposed engagement letter covers both 2014 and 2015. (*See Exhibit "E-1"*). Lastly, Attorney Oxford presented the Board with an e-mail from Mr. Davis that suggested the cost to the two audits would be approximately \$15,000.00 per year as budgeted by the District. (*See Exhibit "E-2"*). After discussion on the Agenda Item, a motion was made by Director Rollo to approve the execution of the engagement letter by Durbin & Company to perform the 2014 and 2015 Audit of the District's finances. This motion was seconded by Director Espinoza, with the unanimous consent of all Board members present.

Next, Chairman Henry asked the Board to turn to Agenda Item No. 9, to discuss and take action, if necessary, on giving the District's administrator authority to electronically transmit funds from Prosperity account to the District's Interbank account for principle and interest payments to Neches Capital. Mrs. Norris was asked to speak to this agenda but advised the

Board that after considering the options, she felt it was best to continue with the current procedures in place of having the Board Chairman approve the invoice and then ask the Bank, in writing, to transmit the funds. No action was taken on this agenda item.

Chairman Henry then turned to Director Rollo and Attorney Oxford to address Agenda Item No. 10, to discuss and take action, if necessary on approving Personnel Manual for District. (See **Exhibit “F”**). Director Rollo initiated the discussion of the proposed Personnel Manual by explaining to the Board that the Personnel Committee had met with Attorney Oxford and the Mrs. Sherrie Norris to review the proposed Personnel Manual prepared by Attorney Oxford and all involved recommended the manual presented to the Board be approved by the Board. He then turned the conversation to Attorney Oxford for an explanation of some areas of discussion by the group. Some of the highlights discussed by Attorney Oxford are as follows:

- The personnel manual is designed to have a chain of command starting with the District’s Administrator, then the Personnel Committee, and at times, the full Board. But, given the situation, staff always has access to the Personnel Committee or Board members in order to enable staff or the Administrator to have an appropriate audience to voice concerns.
- The rules and principles in the manual apply to staff, the Board, and any one working on behalf of the Hospital District.
- Employees are given Paid Time Off (“PTO”) depending on their length of service. PTO is to be used for vacation time and sick leave time. Employees can carry forward one week of PTO from one year to the next and can also be paid for one week if there is additional time available.
- Newly hired employees are on probation for the first ninety (90) days of employment and will be evaluated after ninety (90) days to determine the employees continued employment with the District.
- Following ninety (90) days, new employees, both full time employees and regular part time employees (i.e., employee working more than thirty-four (34) hours a week but not forty (40) hours a week are entitled to benefits provided pursuant to the Personnel Manual.
- Lastly, except employees are paid a salary and entitled to compensation time and non-exempt employees are entitled to overtime payments of 1.5 times the hourly rate. The

District's Administrator is an exempt employee who is entitled to compensation time for approved time over forty (40) hours. The District's Indigent Coordinator is non-exempt employee entitled to overtime for all hours worked each week over forty (40) hours.

After Attorney Oxford's review of the highlights of the manual, several Board members had other follow up questions but ultimately, a motion was made by Director Rollo to adopt the Personnel Manual recommended by the Personnel Committee and set forth in **Exhibit "F"**. This motion was seconded by Director Espinoza, with the unanimous consent of all Board members present.

Chairman Henry turned to Agenda Item No. 11, to discuss and take action, if necessary, on hiring a payroll company to process the District's payroll and to manage the District's federal payroll tax obligations. In so doing, Chairman Henry called on Mrs. Norris to discuss this agenda item. According to Mrs. Norris, the District received two bids for payroll processing. However, before Mrs. Norris was able to get into the details of the bids, she questioned by Board members as to whether this service could be handled by the new CPA or in house using software recommended by the proposed CPA. Mrs. Norris agreed to look into both possible alternatives. No action was taken on this agenda item.

Upon the conclusion of the discussion of the issues concerning payroll processing, Chairman Henry again called on Mrs. Norris and Attorney Oxford to address Agenda Item No. 12, discuss and take action, if necessary, on obtaining a worker's compensation insurance policy for the District's employees. Mrs. Norris and Attorney Oxford explained that in the process of establishing a Personnel Manual, the need for worker's compensation insurance was questioned. Worker's compensation insurance is also provided for in the personnel manual. Therefore, Mrs. Norris requested a quote from J.S. Edwards and Sherlock for a quote and recommended the District adopt the "in-network" option provided by Texas Mutual Insurance Company in the

amount of \$574.00 per year. (*See Exhibit "G"*). Upon receipt of the recommendation, a motion was made by Director Rollo to accept the in-network worker's compensation quote provided by Texas Mutual Insurance Company for \$574.00 per year. This motion was seconded by Director Espinoza, with the unanimous consent of all Board members present.

Since the Board already addressed Agenda Items 13 and 14, Chairman Henry asked the Board to move to Agenda Item No. 15, to discuss and take action, if necessary, on initiating the CHOW process to acquire the license for the Jasper Nursing & Rehabilitation Center. Attorney Oxford was asked to discuss this matter. Per Attorney Oxford, the Jasper Nursing Home in Jasper Texas reached out to the District to partner with the District for the Quality Incentive Payment Program "QIPP" administered by the Texas Commission on Health and Human Service and if the District agreed, the District would need to agree to go forward with processing a Change of Ownership ("CHOW") as soon as possible in order to satisfy the CHOW process in time for inclusion of the facility in the QIPP program. In so doing, Attorney Oxford reminded the Board that the CHOW process takes thirty (30) days and he expected to receive additional information on the QIPP program before then. Therefore, if the issues with the QIPP program and CMS are not resolved, the District has thirty (30) days to terminate the CHOW process. Because of the thirty (30) day notice period in the CHOW process, attorney Oxford recommended going forward with the CHOW in order to preserve the District's ability participate in the QIPP program with the Jasper Nursing Home but confirmed that either the CHOW will not be filed if the QIPP program is discontinued or if it is filed, the application can be withdrawn. Upon the conclusion of Attorney Oxford's explanation, a motion was made by Director Murrell to move forward with the CHOW process for the Jasper Nursing Facility with the understanding that the application will not move forward if the QIPP program is withdrawn

by the State of Texas. This motion was seconded by Director Espinoza with the unanimous consent of all Board members present.

Moving to Agenda Item No. 16, to discuss and take action, if necessary, on establishing an indigent care card system through Indigent Care Solutions and approve amendments to the Indigent Care Solutions contract, Chairman Henry advised that no action was going to be taken on this Agenda Item because the bid received was excessive. Chairman Henry asked staff to consider other alternatives but did express an interest in needing identification cards.

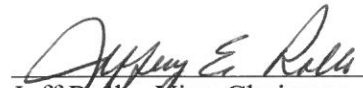
Lastly, the Board was asked to address Agenda Item No, 17, to discuss and take action, if necessary, on retaining consulting firm to perform a feasibility study on a Federally Qualified Healthcare Clinic and School Based Healthcare Clinic. Attorney Oxford was called upon to discuss this matter. Attorney Oxford reported that he had been researching Federally Qualified Healthcare Clinic "FQHCs" for another client when learned about an entity named FQHC & Associates. He continued by explaining that he reached out to the organization and discovered that the company conducts feasibility studies on FQHCs and was interested to work with the District and the Hospital on preparing an assessment. Attorney Oxford reminded the Board that he felt an FQHC was feasible, given the information learned from Chambers' Health, and explained that an FQHC could provide an additional source of revenue for the Winnie Community Hospital while at the same time reduce emergency room visits. Moreover, a FQHC could provide a more permanent solution to satisfy the healthcare mandates of the East Chambers Independent School District by creating a School Based FQHC. Also, by having an FQHC in the District, the District would be able to reach out to the undocumented alien population and be able to provide healthcare to these individuals who are not able to obtain insurance or participate in a governmental healthcare program. Attorney Oxford then presented

the Board with a proposal by FQHC & Associates to perform the study. Per the proposal, the cost of the study would be \$10,000.00 plus travel expenses. (See **Exhibit "H"**). In regard to obtaining data for the study, Attorney Oxford's reported that he had presented to the FQHC proposal to the Hospital in advance of the meeting and the Hospital, through its counsel and Chief Financial Officer, expressed an interest and willingness to provide needed information. At the conclusion of the discussion, a motion made by Director Rollo to engage FQHC & Associates to perform a feasibility study on an establishing an FQHC inside the District. This motion was seconded by Director Espinosa with the unanimous consent of all Board members present.

Upon the conclusion of all the action items, Chairman Henry advised the Board that it needed to have a special meeting on February 25, 2016 at 1:00 p.m. to address a number of matters that were not able to be addressed during the meeting. Chairman Henry then announced that the Board would meet again on March 23, 2016, not March 16, 2016, for its regularly scheduled meeting in March 2016. A motion was then made by Director Murrell at 7:40 p.m. to adjourn the meeting. This motion was seconded by Director Espinoza, with the unanimous consent of all Board members.



Elroy Henry, Chairman



Jeff Rollo, Vice-Chairman