

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

The Regular 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 seventy-two (72) hours prior to the opening of said meeting for 6:00 p.m. on the 20th day of June 2018, at the Winnie Community Hospital (“Hospital”)-Conference Room, Broadway, Winnie Texas (a copy of said Notice being placed amongst the files of the District).

At approximately 6:00 p.m., the meeting was convened, and the roll was called of the members of the Board, to wit:

Ed Murrell, President  
Jeff Rollo, Vice-President  
Anthony Stramecki, Treasurer  
Raul Espinosa, Secretary  
Sharon Burgess, Director

All said Board members were present with the exception of President Murrell. Also present at the public hearing were: Sherrie Norris, District Administrator; Yani Jimenez, Indigent Care Director; Hubert Oxford, IV, General Counsel for the District; Mr. David Sticker, the District’s CPA; Mrs. Stace Farrow, youth counselor for District; Mr. Mo Danishmund, Chief Financial Officer of Winnie Community Hospital; Mr. Saad Javid, Interim Administrator for Hospital; Mr. Scott Campbell with the East Chambers Independent School District; Mr. Wade Thibodeaux, the Hometown Press; Gloria Roemer, Seabreeze Beacon; and Larry Barron.

In light of the President’s absence, Vice-President Rollo presided over the meeting. After calling the meeting to order at 6:00 p.m., Vice-President Rollo asked for Public Comment. There being none, he explained that he was going to take the first two agenda item out of order to accommodate various guest. Therefore, he asked the Board to turn to Agenda Item No. 9, to discuss and take action, if necessary on considering request by the East Chambers Independent

School District to renew the healthcare agreement with the District and to present year-end report. Afterwards, he called on the East Chambers Independent School District (“ECISD”) Scott Campbell, to address the agenda item. Mr. Campbell then presented the Board with a comprehensive report. (See **Exhibit “A”**). According to Mr. Campbell, since Hurricane Harvey, over, eight percent (80%), or 1,224, of the 1,520 students at ECISD are now classified as indigent per the state and federal rules followed by ECISD because they come from families with income levels at or below 130% of the poverty level. Prior the hurricane, the indigent rate was sixty percent (60%), or 600 students. Given the increase in students that qualify as indigent, Mr. Campbell assured the Board that the District’s assistance was crucial to the ECISD ability to provide the necessary healthcare for its students. Additionally, Mr. Campbell updated the Board on the hiring of an additional nurse to serve the new elementary campus; the number of students seen for both mental and physical therapy; and the status of the hazard health insurance subsidized by the District. Details of the various services can be found in **Exhibit “A”**. In closing, Mr. Campbell thanked the District for their support and requested the renewal of the existing interlocal agreement to pay ECISD \$15,000.00 per month for twelve (12) months starting September 1, 2018. A motion was then made by Director Stramecki to renew the District’s interlocal agreement with the ECISD to provide continued funding for healthcare services to the students of ECISD for an additional year. This motion seconded by Director Espinoza and passed with the unanimous consent of all Board members present.

At the end of the extensive conversation regarding the healthcare services provided to the school children within the ECISD and the Interlocal Agreement between the ECISD and the District, Vice-President Rollo moved to Agenda Item 7 to discuss staff reports. The reports given by staff were as follows:

- a. **District Administrator:** Mrs. Norris stated that she nothing to report.
- b. **District Indigent Care Director:** Before giving her report, Mrs. Jiminez introduced Mrs. Stace Farrow to give an update on the youth counseling services. Mrs. Farrow informed the Board that she was beginning to see more children thanks to the referrals by Juvenile Justice and the counselors at ECISD. Further, in the past month, Mrs. Farrow reported that she worked with six (6) active clients of which one (1) was a severe case that involved multiple state agencies. At the end of her report, Mrs. Farrow thanked the Board for the opportunity to serve the children of the District.

Mrs. Jiminez then gave her indigent care report for May 2018. A copy of the report can be found in **Exhibit "B"**. A summary of the report is as follows:

	May				Year to Date							
# of Clients:	65				Billed Amount	Medicaid Rate	% of Services	Actually Paid	Billed Amount	Medicaid Rate	% of Services	Actually Paid
<b>Summary by Facility</b>												
Winnie Community Hospital	\$47,790.60	\$19,594.14	33.04%	\$0.00	\$303,003.60	\$126,771.35	51.96%	\$0.00				
<b>Pharmacy</b>												
Brookshire Brothers Pharmacy	\$3,882.24	\$3,499.32	5.90%	\$3,499.32	\$35,081.80	\$30,847.89	12.64%	\$30,847.89				
Wilcox Pharmacy	\$1,464.98	\$1,055.17	1.78%	\$1,055.17	\$6,934.39	\$4,534.81	1.86%	\$4,534.81				
<b>Pharmacy Total</b>	<b>\$5,347.22</b>	<b>\$4,554.49</b>	<b>7.68%</b>	<b>\$4,554.49</b>	<b>\$42,016.19</b>	<b>\$35,382.70</b>	<b>14.50%</b>	<b>\$35,382.70</b>				
<b>UTMB</b>												
UTMB Hospital	\$106,652.71	\$27,320.01	46.07%	\$27,320.01	\$254,381.19	\$62,774.83	25.73%	\$62,774.83				
UTMB Physician Services	\$17,202.00	\$6,177.99	10.42%	\$6,177.99	\$49,954.00	\$15,627.37	6.40%	\$15,627.37				
<b>UTMB Total</b>	<b>\$123,854.71</b>	<b>\$33,498.00</b>	<b>56.49%</b>	<b>\$33,498.00</b>	<b>\$304,335.19</b>	<b>\$78,402.20</b>	<b>32.13%</b>	<b>\$78,402.20</b>				
Youth Counseling	\$1,657.50	\$1,657.50	2.79%	\$1,657.50	\$3,442.50	\$3,442.50	1.41%	\$3,442.50				
<b>Grand Totals</b>	<b>\$178,650.03</b>	<b>\$59,304.13</b>		<b>\$39,709.99</b>	<b>\$652,797.48</b>	<b>\$243,998.75</b>		<b>\$117,227.40</b>				

**Summary by Service Provided**

Prescription Drugs	\$5,347.22	\$4,554.49	7.68%	\$4,554.49	\$42,016.19	\$35,382.70	14.50%	\$35,382.70
WCH Clinic	\$10,168.60	\$4,169.12	7.03%	\$0.00	\$46,576.60	\$19,096.40	7.83%	\$0.00
WCH ER	\$9,358.00	\$3,836.78	6.47%	\$0.00	\$136,164.00	\$55,827.24	22.88%	\$0.00
WCH Inpatient	\$0.00	\$0.00	0.00%	\$0.00	\$18,142.00	\$9,978.10	4.09%	\$0.00
WCH Observation	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00
WCH Labs	\$6,058.00	\$2,483.78	4.19%	\$0.00	\$23,720.00	\$9,725.20	3.99%	\$0.00
WCH Physical Therapy	\$0.00	\$0.00	0.00%	\$0.00	\$5,107.00	\$2,093.87	0.86%	\$0.00
WCH Ultrasound	\$656.00	\$268.96	0.45%	\$0.00	\$7,712.00	\$3,161.92	1.30%	\$0.00
WCH Lab/Xray	\$15,023.00	\$6,159.43	10.39%	\$0.00	\$40,151.00	\$16,461.91	6.75%	\$0.00
WCH CT Scan	\$4,977.00	\$2,040.57	3.44%	\$0.00	\$12,628.00	\$5,177.48	2.12%	\$0.00
WCH Xray	\$1,550.00	\$635.50	1.07%	\$0.00	\$10,200.00	\$4,182.00	1.71%	\$0.00
Lab/Xray readings	\$0.00	\$0.00	0.00%	\$0.00	\$2,603.00	\$1,067.23	0.44%	\$0.00
UTMB Outpatient	\$106,652.71	\$27,320.01	46.07%	\$27,320.01	\$254,381.19	\$62,774.83	25.73%	\$62,774.83
UTMB Anesthesia	\$6,734.00	\$3,339.57	5.63%	\$3,339.57	\$9,390.00	\$5,270.57	2.16%	\$5,270.57
UTMB Physician Services	\$10,468.00	\$2,838.42	4.79%	\$2,838.42	\$40,564.00	\$10,356.80	4.24%	\$10,356.80
Youth Counseling	\$1,657.50	\$1,657.50	2.79%	\$1,657.50	\$3,442.50	\$3,442.50	1.41%	\$595.00
<b>Grant Totals</b>	<b>\$178,650.03</b>	<b>\$59,304.13</b>		<b>\$39,709.99</b>	<b>\$652,797.48</b>	<b>\$243,998.75</b>		<b>\$78,997.20</b>

In addition to the Indigent Care Report, Mrs. Jiminez asked the Board for guidance on the referrals to UTMB from the Hospital. First, she reported that the District received a referral for \$23,781.21 to study a client's seizures but the client already had at least five (5) other referrals pending with UTMB that she expected to exceed the \$30,000.00 District policy level. In response, the Board recommended that Mrs. Jiminez hold the newest referral for seizures until the invoices for the other referrals were received. In addition, Mrs. Jiminez informed the Board that she expected a second referral for another patient to UTMB for the same seizure studies. The Board members then inquired about the referral process and whether there was a system in place with the Hospital to review the referrals. Mrs. Jiminez explained that she simply received the referrals and was unsure of any internal Hospital processes to review the referrals. Attorney Oxford then asked Mrs. Jiminez to prepare a HIPPA compliant report that list all referrals and pending referrals; the referring healthcare provider; and invoice amounts. He then recommended that once the information was available that a meeting with the Hospital administration be set up to develop a system for making the referrals that could serve as a checks and balance to ensure there is an actual medical necessity. Mrs. Jiminez agreed to gather the information and the Board agreed that a meeting with Hospital was necessary.

b. **District General Counsel:** Attorney Oxford briefly reported that the District had been contacted by the Texas Health and Human Services Commission ("HHSC") to serve on a special committee to assist the HHSC with developing acceptable changes to the Quality Incentive Payment Program ("QIPP"). Attorney Oxford advised that President Murrell had a conference call to discuss the invitation with HHSC but politely declined because HHSC requested that a member of the staff or a Board member attend the meetings in Austin. However, Attorney explained that HHSC was interested in the District's opinion and therefore, they set up a

conference call for June 26, 2018 with the District to discuss the QIPP program and the impact of the program on the District and nursing facilities. In anticipation of the call, Attorney Oxford presented the Board with a short PowerPoint that illustrates the disparity nursing home ownerships between rural and urban districts and the amount of intergovernmental transfer funds (“IGT”) paid by rural districts and urban districts. (See **Exhibit “C”**).

- c. LTC Report: No report was presented.
- d. Hospital Report: No report was presented.

The Board was then asked return to Agenda Item No. 4, to review and approve the minutes of the Regular Meeting held on May16, 2018. (See **Exhibit “D”**). The Board reviewed the minutes and a motion was made by Director Burgess to approve the minutes of the Regular Meeting held on May 16, 2018. This motion was seconded by Director Stramecki with the unanimous consent of all Board members.

Following, Vice-President Rollo called on the Board to consider Agenda Item No. 5, to review and approve financial reports; payment of invoices, and amend budget, if necessary. Mr. Sticker and Mrs. Norris presented the Board with a Cash and Investment Report as well as: 1) Balance Sheet as of May 31, 2018; 2) Profit & Loss Budget vs. Actual as of May 31, 2018; and 3) the check register for the District’s Prosperity Account from May 15, 2018 to June 18, 2018. (See **Exhibit “E”**).

First, Mrs. Norris discussed the Treasurer’s Report, invoices to be considered, and the upcoming payment activity from the QIPP program. According to Mrs. Norris stated the District’s net cash available following the payment of \$63,216.56 in invoices was \$1,837,817.69, not including the \$492,334.68 in the District’s Texnet account because this money was designed for upcoming interest and principle payments. Thereafter, Mrs. Norris recommended to the Board

that the District repay a portion of its line its credit by transferring \$400,000.00 from the District's Operating Account and s up to \$300,000.00 from the Interbank account after all of the income May 2018 Component 1 funds were received after the District made its Loan 12 principle payment on June 29, 2018 to the Post Oak Bank Line of Credit. If these two payments were made, Mrs. Norris stated that the balance owed on the District's \$2,700,000.00 line of credit would be \$1,504,037.10.

Once Mrs. Norris completed her presentation, Mr. Sticker presented the Balance Sheet as of May 31, 2018 and the Profit & Loss Budget vs. Actual as of May 31, 2018. Mr. Sticker advised that everything was in order and there were no line items in the Profit & Loss Budget that needed to be amended at the time. However, he did state that he anticipated upcoming amendments before the end of the year to account for changes in the Quality Incentive Payment Program ("QIPP") revenue and some corresponding individual line item expenses.

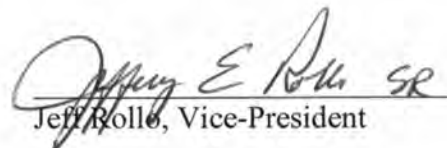
At the competition of the discussion on the District's financials, cash reports, and upcoming transactions, a motion was made by Director Stramecki to: 1) approve the District's financials; 2) pay the outstanding expenses; and 3) transfer \$400,000.00 from Prosperity Account and up to \$300,000.00 from the District's Interbank Account after it is available to repay the District's line of Credit at Post Oak Bank. (*See Exhibit "E"*). This motion was seconded by Director Burgess and approved with the consent of a Board members.

Next, Vice-President Rollo asked the Committee Chairpersons if they had anything discussed as set forth in Agenda Item No. 6. The various Chairpersons all stated that they had nothing to report. Therefore, Vice-President Rollo called on Attorney Oxford and Administrator Norris to address Agenda Item No. 8, to discuss and take action, if necessary, on approving the engagement letter with Durbin & Co., LLP to perform the District's 2017 audit. Both Attorney

Oxford and Administrator Norris informed the Board that prior to the meeting, they received the Auditor's engagement letter and list of needed documents and information from the Auditor. (See **Exhibit "F"**). They have reviewed the lists and verified that the information needed from the nursing homes has been received by the Auditor so that the past problems will not repeat themselves. But, given the prior problems, Vice-President Rollo requested that this agenda item be tabled until the July 2018 meeting so that he can confirm the auditor has all the information he needs before entering into the engagement letter. Given this request, Director Stramecki made a motion to table this agenda item. This motion was seconded by Director Burgess and approved by all Board members present.

Vice-President Rollo then called for any other such matters before the Board. There being none, Vice-President Rollo informed the Board that the next regularly scheduled meeting would take place on July 18th, 2018 at 6:00 p.m. At 8:17 p.m., a motion was made by Director Stramecki to adjourn the meeting. This motion was seconded by Director Espinosa and unanimously approved by all the Board members present.

  
Edward Murrell, President

  
Jeff Rollo, Vice-President