

**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 18th day of July 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 Directors Stramecki and Espinosa. 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; Todd Biederman and Davis Smith with LTC Group; Suggie Daigle, Director of Administrative Services for Riceland Hospital; Jeanie Martinez, Director of Nursing; Mr. Saad Javid, Interim Administrator for Hospital; Mr. Wade Thibodeaux, the Hometown Press; Gloria Roemer, Seabreeze Beacon; and Larry Barron, citizen.

President Murrell presided over the meeting. After calling the meeting to order at 6:00 p.m., President Murrell asked for Public Comment. There being none, the Board was then asked return to Agenda Item No. 4, to review and approve the minutes of the Regular Meeting held on July 18, 2018. The Board reviewed the minutes and a motion was made by Director Burgess to approve the minutes of the Regular Meeting held on July 18, 2018. This motion was seconded by

Director Rollo with the unanimous consent of all Board members. he explained that he was going to take the first two agenda item out of order to accommodate various guest.

Following, President Murrell 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 Attorney Oxford presented the Board with a Cash and Investment Report as well as: 1) Balance Sheet as of June 30, 2018; 2) Profit & Loss Budget vs. Actual as of June 31, 2018; and 3) the check register for the District's Prosperity Account from June 20, 2018 to July 18, 2018. (*See Exhibit "A"*). Attorney Oxford explained that he was assisting Mrs. Norris because she had to leave the meeting early for personal reasons. As such, according to Attorney Oxford, the District's net cash available following the payment of \$49,170.23 in invoices was \$2,441,242.33 not including the \$372,722.14 in the District's Interbank account because this money was designated for upcoming principle and interest payments. In addition, Attorney Oxford recommended to the Board that the District repay a portion of its line its credit to Post Oak Bank by transferring \$300,000.00 from the Interbank account after the receipt of the June 2018 Component 1 funds were received and following the Loan 12 principle and Interest payment on July 29, 2018. If approved by the Board, after the transfer of \$300,000.00 to the Post Oak Line of Credit was made, the District would still owe approximately \$759,008.00. Attorney Oxford also presented the Board with upcoming anticipated transactions and reminded the Board that the District was going to be receiving \$2,035,378.15 in third (3<sup>rd</sup>) quarter QIPP Component 2, 3, and lapsing funds payments in the next couple of weeks.

At completion of the discussion of the Treasurer's report, Mr. Sticker presented the Balance Sheet as of June 30, 2018 and the Profit & Loss Budget vs. Actual as of June 30, 2018. Mr. Sticker advised that everything was in order and there were no line items in the Profit & Loss Budget that

there were only a couple line items for less than \$1,000.00 that needed to be adjusted at a later date. Otherwise, Mr. Sticker reported that he has been working with staff to reconcile the District's accounts and everything was in order. Therefore, a motion was made by Director Burgess to approve the financial report; pay the outstanding invoices; and give staff authority to transfer up to \$300,000.00 from the District's Interbank account to pay down the Post Oak Line of Credit after receipt of the June 2018 Component 1 payments are received. (See **Exhibit "A"**). This motion was seconded by Director Rollo and approved with the consent of a Board members.

President Murrell then called on the various Committee Chairpersons to ask if they had any reports as set forth by Agenda Item 6. After each responded that they had nothing to report, President Murrell informed those in attendance that he was going to take two Agenda Items No. 7(e) and No. 9 out of order to accommodate the guest.

Mr. Saad Javed was called on to give the Hospital Report and he presented the Board members with a brief PowerPoint presentation. (See **Exhibit "B"**). Per Mr. Javed, Mr. Dan Yancy, prior administrator resigned so that he could help his mother and he was serving as the interim administrator until a permanent replacement can be found. Furthermore, the Hospital was in talked with physician groups and individual physicians to help support the hospital, particularly, the emergency room. Likewise, he reported that the Hospital is evaluating the construction of a small procedures room and an intensive care unit. He also explained to the Board that the Hospital has added \$600,000.00 in state-of-the-art lab equipment and has been seeing an increase in patients utilizing the Partial Hospitalization Program ("PHP) over the past three (3) years. For this, he thanked the Hospital District for the contribution to initiate the program. After the presentation, Mr. Saad responded to several questions by the Board concerning his presentation and they expressed their appreciation for his efforts to give them an update. Attorney Oxford then inquired

about the status of a meeting with the District's Indigent Care Director to discuss a procedure for referring the District's indigent clients to UTMB. Mrs. Jiminez, Mr. Javed, and Mrs. Daigle stated that they were planning a meeting in the upcoming week.

President Murrell thanked Mr. Javed for making the presentation and then turned to Agenda Item No. 9, to discuss and take action, if necessary, on renewing Service Agreement with LTC Group. Before turning the meeting over to representative from the LTC Group, President Murrell reported to the Board that he and Attorney Oxford met with the LTC Group prior to the meeting and discussed the status of their services, LTC's performance in 2017-2018 and some of their achievements. President Murrell then refreshed the Board's recollection by explaining that the contract with LTC group was for one (1) year and needed to be renewed on an annual basis (i.e., September 1, 2018) by giving notice of the District's intent to continue or terminate the agreement by August 1, 2018. He also stated that when the agreement was discussed last August 2017, both parties agreed that some other factors the District would consider for pricing in addition to the fair market value was: 1) LTC's performance; 2) the District's financial position; and 3) the prospects for the Quality Incentive Payment Program ("QIPP") to continue. Overall, Mr. Murrell felt that the Nursing Home's have out performed the District's estimates over the first three (3) quarters of QIPP Year 1 and because of this, the District was in a sound financial position. He also expressed that he was pleased with LTC's performance and efforts.

David Smith then presented the Board with a list of LTC's activities in 2017 and 2018. (*See Exhibit "C-1"*). In addition, Attorney Oxford handed gave the Board a copy of the proposed agreement and the District's performance numbers for the third quarter of QIPP Year 1. (*See Exhibit "C-2" and "C-3"*). Mr. Smith then discussed several of LTC's efforts and achievements

that the Board may not be familiar with but that have been critical to the continuation of the QIPP program and to the District:

- Coordinated with other stakeholders, to include leading efforts to unite other program participants to present a singular message when dealing with Texas Health and Human Services (“HHSC”), and the executive branch of the state government. To include participation in meetings, calls, written correspondence, etc.
- Worked with consultants hired by LTC to promote the District’s interests by helping with the following initiatives:
  - Settlement for all participants in MPAP EP 1, and 2.
  - The creation of MPAP EP 3 (Ultimately, the Commissioner of HHSC withdrew this plan)
  - Additional funding for QIPP year 2, resulting in funding being increased to \$550M.
- Spearheaded efforts among participants to address the proposed rule changes to QIPP year 2. We worked with stakeholders and HHSC to create solutions for the problems posed by the rule changes, and ultimately lead the effort among stakeholders to refuse to fund an IGT for year 2 under the proposed rule changes. This resulted in the state reversing course and withdrawing the proposed rule changes.
- Worked with other NSGO’s and consultants to prevent a provider tax from being approved during the last legislative session. This effort remains ongoing, as the provider tax is being resubmitted this year. The provider tax, while it may have positive results, could potentially supplant and replace QIPP and damage our relationships with our nursing homes.
- Currently working with stakeholders, consultants, and HHSC to formulate a new program that will address the goals of the state and safeguard participation by the NSGO’s. This effort is ongoing as we work through the formed committees to create the financial structure for the program and the clinical standards for participation and achievement.

Because of Directors Stramecki and Espinosa’s absence, after Mr. Smith’s discussion, the Board asked Mr. Beiderman and Mr. Smith if they would agree to extend the August 1, 2018 deadline to give notice of the District’s intent to renew the LTC Agreement until August 16<sup>th</sup> or 17<sup>th</sup> in order to enable the District to consider the matter at the next Regularly Scheduled meeting to be held on August 15, 2018. Mr. Beiderman and Mr. Smith agreed and then a motion was made

by Director Rollo to table this agenda item until the August 15, 2018 meeting. Director Rollo's motion was second by Director Burgess and unanimously approved by all the Board members present at the meeting.

Thereafter, President Murrell returned to the staff reports set forth in Agenda Item No. 7. Since Mrs. Norris was not there, he first called on the Indigent Care Director to give an indigent care report.

b. **District Indigent Care Director:** This month, Mrs. Jiminez gave a brief indigent care report for June 2018. A copy of the report can be found in **Exhibit "D"**.

	June				Year to Date			
# of Clients:	68				Billed Amount	Medicaid Rate	% of Services	Actually Paid
Summary by Facility	Billed Amount	Medicaid Rate	% of Services	Actually Paid	Billed Amount	Medicaid Rate	% of Services	Actually Paid
Winnie Community Hospital	\$48,645.81	\$19,944.78	54.78%	\$0.00	\$351,649.41	\$146,716.13	52.32%	\$0.00
<b>Pharmacy</b>								
Brookshire Brothers Pharmacy	\$6,494.57	\$5,896.39	16.20%	\$5,896.39	\$41,576.37	\$36,744.28	13.10%	\$36,744.28
Wilcox Pharmacy	\$2,163.13	\$1,352.84	3.72%	\$1,352.84	\$9,097.52	\$5,887.65	2.10%	\$5,887.65
<b>Pharmacy Total</b>	<b>\$8,657.70</b>	<b>\$7,249.23</b>	<b>19.91%</b>	<b>\$7,249.23</b>	<b>\$50,673.89</b>	<b>\$42,631.93</b>	<b>15.20%</b>	<b>\$42,631.93</b>
<b>UTMB</b>								
UTMB Hospital	\$21,655.16	\$5,197.24	14.28%	\$5,197.24	\$276,036.35	\$67,972.07	24.24%	\$67,972.07
UTMB Physician Services	\$6,398.00	\$2,698.82	7.41%	\$2,698.82	\$56,352.00	\$18,326.19	6.54%	\$18,326.19
<b>UTMB Total</b>	<b>\$28,053.16</b>	<b>\$7,896.06</b>	<b>21.69%</b>	<b>\$7,896.06</b>	<b>\$332,388.35</b>	<b>\$86,298.26</b>	<b>30.78%</b>	<b>\$86,298.26</b>
<b>Youth Counseling</b>	<b>\$1,317.50</b>	<b>\$1,317.50</b>	<b>3.62%</b>	<b>\$1,317.50</b>	<b>\$4,760.00</b>	<b>\$4,760.00</b>	<b>1.70%</b>	<b>\$4,760.00</b>
<b>Grand Totals</b>	<b>\$86,674.17</b>	<b>\$36,407.57</b>		<b>\$16,462.79</b>	<b>\$739,471.65</b>	<b>\$280,406.32</b>		<b>\$133,690.19</b>

**Summary by Service Provided**

	Billed Amount	Medicaid Rate	% of Services	Actually Paid	Billed Amount	Medicaid Rate	% of Services	Actually Paid
Prescription Drugs	\$8,657.70	\$7,249.23	19.91%	\$7,249.23	\$50,673.89	\$42,631.93	15.20%	\$42,631.93
WCH Clinic	\$7,622.80	\$3,125.35	8.58%	\$0.00	\$54,199.40	\$22,221.75	7.92%	\$0.00
WCH ER	\$10,457.00	\$4,287.37	11.78%	\$0.00	\$146,621.00	\$60,114.61	21.44%	\$0.00
WCH Inpatient	\$0.00	\$0.00	0.00%	\$0.00	\$18,142.00	\$9,978.10	3.56%	\$0.00
WCH Observation	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00
WCH Outpatient Surgery	\$1,514.01	\$620.74	1.70%	\$0.00	\$1,514.01	\$620.74	0.22%	\$0.00
WCH Labs	\$12,062.00	\$4,945.42	13.58%	\$0.00	\$35,782.00	\$14,670.62	5.23%	\$0.00
WCH Physical Therapy	\$0.00	\$0.00	0.00%	\$0.00	\$5,107.00	\$2,093.87	0.75%	\$0.00
WCH Ultrasound	\$656.00	\$268.96	0.74%	\$0.00	\$8,368.00	\$3,430.88	1.22%	\$0.00
WCH Lab/Xray	\$7,705.00	\$3,159.05	8.68%	\$0.00	\$47,856.00	\$19,620.96	7.00%	\$0.00
WCH CT Scan	\$0.00	\$0.00	0.00%	\$0.00	\$12,628.00	\$5,177.48	1.85%	\$0.00
WCH Xray	\$2,009.00	\$823.69	2.26%	\$0.00	\$12,209.00	\$5,005.69	1.79%	\$0.00
WCH Optical Specialist	\$257.00	\$105.37	0.29%	\$0.00	\$257.00	\$105.37	0.04%	\$0.00
Lab/Xray readings	\$6,363.00	\$2,608.83	7.17%	\$0.00	\$8,966.00	\$3,676.06	1.31%	\$0.00
UTMB Outpatient	\$21,655.16	\$5,197.24	14.28%	\$5,197.24	\$276,036.35	\$67,972.07	24.24%	\$67,972.07
UTMB Anesthesia	\$1,586.00	\$1,366.89	3.75%	\$1,366.89	\$10,976.00	\$6,637.46	2.37%	\$6,637.46
UTMB Physician Services	\$4,812.00	\$1,331.93	3.66%	\$1,331.93	\$45,376.00	\$11,688.73	4.17%	\$11,688.73
Youth Counseling	\$1,317.50	\$1,317.50	3.62%	\$1,317.50	\$4,760.00	\$4,760.00	1.70%	\$595.00
<b>Grand Totals</b>	<b>\$86,674.17</b>	<b>\$36,407.57</b>		<b>\$16,462.79</b>	<b>\$739,471.65</b>	<b>\$280,406.32</b>		<b>\$86,893.26</b>

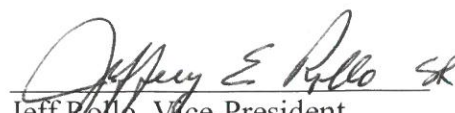
b. **District General Counsel:** Attorney Oxford didn't have anything to report except to remind those present about the upcoming election deadlines.

c. **LTC Report:** LTC presented their quarterly report but didn't have anything further to report that wasn't previously discussed. (See **Exhibit "E"**).

The last action item to be addressed was to Agenda Item No. 9, to discuss and take action, if necessary, on approving the engagement letter with Durbin & Co., LLP to perform the District's 2017 audit. The Board was reminded that this agenda item was tabled after the last meeting because President Murrell was not able to attend the meeting. President Murrell explained that he wanted to make sure language was placed in the agreement that provided for a maximum cost of \$25,000.00 for the 2017 audit and if the costs were going to exceed \$25,000.00 that the auditors present a request and explanation to exceed the maximum costs to the District's Board before they commenced the work. The rest of the Board concurred and a motion was made by Director Burgess to give President Murrell authority to execute the audit agreement letter previously presented to the Board with Durbin & Company subject to it containing: 1) a not to exceed clause of \$25,000.00; and 2) a requirement that if the audit was going to cost more than \$25,000.00 that the auditors present the Board with the reasons for the cost overruns and estimate to complete the audit before any additional work is performed. This motion was seconded by Director Rollo and unanimously approved by all Board members present.

President Murrell then called for any other such matters before the Board. There being none, President Murrell informed the Board that the next regularly scheduled meeting would take place on August 15th, 2018 at 6:00 p.m. At 7:18 p.m., a motion was made by Director Burgess to adjourn the meeting. This motion was seconded by Director Rollo and unanimously approved by all the Board members present.

  
Edward Murrell, President

  
Jeff Rollo, Vice-President