

**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 17th day of October 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

All said Board members were present. 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; Mr. Saad Javid, Interim Administrator for Riceland Hospital (“Hospital”); Mr. Mo Danishmund, Chief Financial Officer for Hospital; Mr. Wade Thibodeaux, the Hometown Press; and Gloria Roemer, Seabreeze Beacon;

President Murrell presided over the meeting. After calling the meeting to order at 6:01 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 Special Meeting held on August 29, 2018 and the Regular Meeting on September 19, 2018. The Board reviewed both sets of minutes and then a motion was made by Director Stramecki to approve the minutes of the minutes of the August 29, 2018 Special Meeting and the September 19, 2018 Regular Meeting. This motion was seconded by Director Rollo with the unanimous consent of all Board members.

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 Administrator Norris jointly presented the Board with: 1) Cash and Investment Report; 2) Balance Sheet as of September 30, 2018; 3) Profit & Loss Budget vs. Actual as of September 30, 2018; and 4) the check register for the District's Prosperity Account from September 17, 2018 through October 18, 2018. (See Exhibit "A"). Mrs. Norris and Attorney Oxford reviewed the Treasurer's report and explained that the District's net cash available following the payment of \$60,062.13 in invoices was 3,890,466.03 not including the \$88,895.05 deposited in the District's Interbank account. The Board was advised that the Line of Credit had a remaining balance of \$153,138.14 and Attorney Oxford recommended that the balance be paid because he was in discussion with Post Oak Bank regarding extending the line of credit. In addition, Attorney Oxford reported to the Board that the District was going to receive payments by Genesis and Regency Healthcare for two (2) legal invoices submitted through the Hospital District on behalf of Benckenstein & Oxford for work performed on the sale of the Hallettsville and Monument Hill facilities. The amount of the invoices were: \$2,765.00 for Genesis; and \$12,250.00 for Regency. He requested that when the payments were received by the Hospital District, staff be authorized to deposit the checks and pay the invoices. Lastly, Administrator Norris reminded the Board that the District was expected to receive QIPP Year 1, Qtr. 4, Comp. 2, 3, and Lapsing funds by the end of October and the amount of the payment was \$1,969,354.34. Once all the funds were received, the District need to make an Incentive Payment to the Managers as required by the Management Agreements. The combined total of the incentive payments was going to be \$984,677.17.

At completion of the discussion of the Treasurer's report, Mr. Sticker presented the District's Balance Sheet as of September 30, 2018 and the Profit & Loss Budget vs. Actual as of September 30, 2018. Mr. Sticker advised that everything was in order and the district's revenue and expense projects were consistent with the budget. Therefore, a motion was made by Director Stramecki to: 1) approve the Treasurer's report and reports prepared by the District's CPA; 2) pay the outstanding invoices; 3) pay off the outstanding balance on the District's line of credit; 4) give staff authority to pay Benckenstein & Oxford's legal fees after receiving payment by Genesis and Regency for work performed on the sale of the Hallettsville and Monument Hill facilities. (See **Exhibit "A"**). This motion was seconded by Director Rollo and approved with the unanimous consent of all 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 and each advised that they had nothing to report. Therefore, President Murrell moved to Agenda Item No. 7 and asked for staff reports.

- a. **Administrator's Report:** Mrs. Norris stated that she had nothing to report.
- b. **District Indigent Care Director:** Mrs. Jiminez advised the Board that the annual IHS conference was scheduled for October 29, 2018 in Conroe, Texas and she was planning on attending. She further explained that the conference was important because users of the IHS software were instructed on new features of the software and reporting tools. Otherwise, Mrs. Jiminez presented the indigent care report. A summary of the monthly report for September 2018 and year to date numbers can be found in **Exhibit "B"** and summarized below.

September				Year to Date			
66							
10							
Billed Amount	Medicaid Rate	% of Services	Actually Paid	Billed Amount	Medicaid Rate	% of Services	Actually Paid
\$48,107.90	\$19,724.24	44.24%	\$0.00	\$480,939.11	\$199,724.91	48.90%	\$0.00
\$4,960.41	\$4,601.57	10.32%	\$4,601.57	\$57,766.67	\$51,941.45	12.72%	\$51,941.45
\$6.70	\$6.70	0.02%	\$6.70				
\$1,733.16	\$1,126.32	2.53%	\$1,126.32	\$15,473.44	\$10,036.84	2.46%	\$10,036.84
\$6,700.27	\$5,734.59	12.86%	\$5,734.59	\$73,240.11	\$61,978.29	15.17%	\$61,978.29
\$53,784.68	\$12,908.31	28.95%	\$12,908.31	\$436,391.53	\$106,457.31	26.06%	\$106,457.31
\$10,696.00	\$4,839.64	10.85%	\$4,839.64	\$95,921.00	\$33,357.29	8.17%	\$33,357.29
\$64,480.68	\$17,747.95	39.80%	\$17,747.95	\$532,312.53	\$139,814.60	34.23%	\$139,814.60
\$1,381.25	\$1,381.25	3.10%	\$1,381.25	\$6,948.75	\$6,948.75	1.70%	\$6,948.75
\$120,670.10	\$44,588.03		\$24,863.79	\$1,093,440.50	\$408,466.55		\$208,741.64

\$6,700.27	\$5,734.59	12.86%	\$5,734.59	\$73,256.25	\$61,994.43	15.16%	\$61,994.43
\$6,885.00	\$2,822.85	6.33%	\$0.00	\$71,655.20	\$29,378.63	7.18%	\$0.00
\$16,781.90	\$6,880.58	15.43%	\$0.00	\$210,217.90	\$86,189.34	21.07%	\$0.00
\$0.00	\$0.00	0.00%	\$0.00	\$18,142.00	\$9,978.10	2.44%	\$0.00
\$0.00	\$0.00	0.00%	\$0.00	\$2,759.00	\$1,131.19	0.28%	\$0.00
\$0.00	\$0.00	0.00%	\$0.00	\$1,514.01	\$620.74	0.15%	\$0.00
\$7,510.00	\$3,079.10	6.91%	\$0.00	\$51,977.00	\$21,310.57	5.21%	\$0.00
\$0.00	\$0.00	0.00%	\$0.00	\$5,107.00	\$2,093.87	0.51%	\$0.00
\$1,312.00	\$537.92	1.21%	\$0.00	\$10,646.00	\$4,364.86	1.07%	\$0.00
\$3,075.00	\$1,260.75	2.83%	\$0.00	\$55,921.00	\$22,927.61	5.61%	\$0.00
\$8,980.00	\$3,681.80	8.26%	\$0.00	\$21,608.00	\$8,859.28	2.17%	\$0.00
\$3,564.00	\$1,461.24	3.28%	\$0.00	\$21,774.00	\$8,927.34	2.18%	\$0.00
\$0.00	\$0.00	0.00%	\$0.00	\$257.00	\$105.37	0.03%	\$0.00
\$0.00	\$0.00	0.00%	\$0.00	\$9,361.00	\$3,838.01	0.94%	\$0.00
\$53,784.68	\$12,908.31	28.95%	\$12,908.31	\$438,758.53	\$107,025.39	26.16%	\$107,025.39
\$3,822.00	\$2,772.00	6.22%	\$2,772.00	\$19,380.00	\$12,966.46	3.17%	\$12,966.46
\$6,874.00	\$2,067.64	4.64%	\$2,067.64	\$76,541.00	\$20,390.83	4.98%	\$20,390.83
\$1,381.25	\$1,381.25	3.10%	\$1,381.25	\$6,948.75	\$6,948.75	1.70%	\$595.00
\$120,670.10	\$44,588.03		\$24,863.79	\$1,095,823.64	\$409,050.77		\$140,977.68

c **District General Counsel:** Attorney Oxford informed the Board the District's auditor reached out to him before the meeting and informed him that he anticipated that the 2017 District Audit to be finalized and presented at the November 2018 Regular Meeting. In addition, Attorney Oxford reported that the scorecard for the fourth quarter of QIPP Year 1 Component 2, 3, and lapsing payment was received. This quarter, the District's nursing homes achieved an overall average of 88.8%, which was slightly lower than the previous quarters but still higher than the budgeted 75%. The total expected to be received for the Component 2, 3, and lapsing funds is \$1,969,762.28.

d. **LTC Report:** In addition to the monthly executive report provided each month, Attorney Oxford presented the Board with an e-mail from LTC Group that provided an update on QIPP Year 3; a scorecard update for the fourth quarter of QIPP year 1; and some highlights for the nursing homes the Board asked LTC to monitor more closely. (See Exhibit “C-1” and “C-2”).

According to LTC, on Friday, October 12th, the Texas Health and Human Services Commission (“HHSC”) published proposed rules for Year 3 of QIPP in the Texas Register. The proposed rules can be found at <https://www.sos.state.tx.us/texreg/pdf/backview/1012/1012prop.pdf>. LTC and the other stakeholders are very pleased with the proposed rule but details surrounding its implementation were not yet available. Some potential changes are as follows:

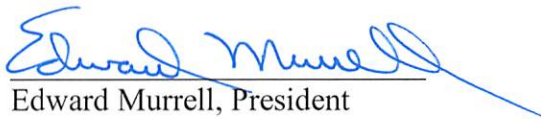
- In order to receive Component 1 payments, facilities must do more than submit the Quality Assurance / Performance Improvement (“QAPI”) forms. In addition, facilities must submit to the HHSC: 1) minutes of meeting, attendance, and sign-in sheets for each QAPI meeting; documents related to policies and procedures; records related to analysis and action; and demonstrable involvement by the NSGOs.
- Likewise, Component 2 changed from achieving four (4) measures to achieving designated staffing and workforce development measures. Nursing facilities must now establish: 1) staff development plans; 2) recruitment and retention plans; and 3) add additional hours that a registered nurse is at the facility. In addition, Component 2 payments will be made on a monthly basis if achieved. Hopefully, the monthly payments will assist with cash flow.
- Component 3 payments are now determined by a facilities achievement of three (3) measures utilized by CMS. Two of the measures were previously used for QIPP Year 1 and Year 2. These are: 1) reduced use of antipsychotic medication; and 2) reduced number of patients with pressure ulcers. The third measure requires facilities to reduce the number of residents whose ability to move independently. The purpose of the third measure is to promote independence in long term stay residence, plus, reduced mobility it increases risks of hospitalization, pressure ulcers, musculoskeletal disorders, pneumonia, circulatory problems, constipation, and reduced quality of life
- Lastly, there is now going to be a Component 4 that is only available to NSGOs. This metric is to: 1) initiate infection control programs at facilities; 2) assure flu vaccines are

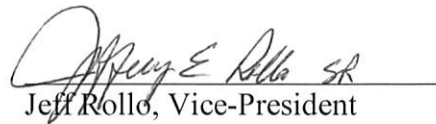
given; and 3) reduce the number of residents with urinary tract infections. The reason this Component is only available to NSGOs is to provide an incentive for nursing facilities already affiliated with an NSGO to remain a government owned facility instead of participating in the program as a private facility. With Component 4 funds available, the models suggest that it more profitable for nursing facilities to remain public facilities. Like Component 3 funds, Component 4 payments will be made quarterly.

e. **Hospital Report:** At the competition of the LTC report, President Murrell asked Mr. Javed if he had anything to report on behalf of the hospital. Mr. Javed informed the Board that on October 11, 2018, the Hospital gave 106 flu shot at no costs. Also, he announced that the clinic is going to be open on Sunday. Therefore, he hopes that residents that are unable to visit the clinic during the week will be able to get medical treatment on weekends. To conclude, he also was happy to announce that the emergency room was almost fully staffed with doctors and he hopes to have staffing completed within the next two (2) months.

President Murrell expressed gratitude on behalf of the District for his leadership and the efforts of the Hospital to provide improved healthcare for the residents of the District. He then turned to Attorney Oxford and asked him to address any matters relating to Agenda Item No. 8, to discuss and take action, if necessary, on increasing the District's Line of Credit with Post Oak Bank. Attorney Oxford reported that he was still waiting to receive a response from Post Oak Bank regarding the extension of the line credit and advised that no action needed to be taken on this agenda item.

President Murrell then called for any other such matters before the Board. There being none, President Murrell asked the Board if the next meeting could be moved from its regular date on November 21, 2018 to another time because this was the day before Thanksgiving. After some discussion, the Board agreed to hold the next meeting on November 14th, 2018 at 7:00 p.m. At 7:02 p.m., a motion was made by Director Stramecki 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