

**MINUTES FOR 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. January 22nd, 2020 at the Chambers County Annex Building, 211 Broadway Ave, Winnie, Texas 77665 (a copy of said Notice being placed amongst the files of the District).

At approximately 6:03 p.m., the meeting was convened, and the roll was called of the members of the Board, to wit:

Ed Murrell, President
Anthony Stramecki, Vice-President
Robert “Bobby” Way, Treasurer
Jeff Rollo, Secretary
Raul Espinosa, Director

All said Board members were present. In addition, to the above-named Board members, also present at the meeting were: Sherrie Norris, District Administrator; Patricia Ojeda, Indigent Care Director/Administrative Assistant; David Sticker, District CPA; Hubert Oxford, IV, General Counsel for the District; Mr. Steve Deatrick, Riceland Hospital (“Hospital) Administrator; Mr. Mo Danishmund, Chief Financial Officer for Hospital, Saad Javed with former Interim Hospital Administrator, and Chris Portner, General Counsel for Hospital; Mr. Tommy Davis, CPA, Durbin & Co.; and Ms. Gloria Roemer, Seabreeze Beacon.

After the introduction of the guest, President Murrell called on those present to recite the Pledge of Allegiance and the Pledge of Allegiance to the State Flag of Texas. He then asked for Public Comment. There being none, President Murrell called on the Directors to address Agenda Item No. 4, to discuss and take action on election of officers. It was agreed to by the Directors

that the current set of officers should remain in place and all the existing officers agreed to maintain their current position. Therefore, a motion was made by Director Way to nominate the following slate of officers:

Ed Murrell, President;
Anthony Stramecki, Vice-President;
Robert “Bobby” Way, Treasurer; and
Jeff Rollo, Secretary

Director Way’s motion was seconded by Director Stramecki and unanimously approved by all the Board members.

Next, President Murrell called on the Board to was none and therefore, he referred the Board to Agenda Item No. 4, to review and approve the minutes of the December 18, 2019 Public Hearing and Regular Meeting. The minutes were examined by the Board and no changes were recommended. Afterwards, Director Stramecki made a motion to approve the minutes of the December 18, 2019 Public Hearing and Regular Meeting. This motion was seconded by Director Way with the unanimous consent of all the Board members present.

The Board was then asked to turn their attention to Agenda Item No. 5, to review and approve financial reports; payment of invoices, and amend the budget, if necessary. First, President Murrell called on Mr. David Sticker to present the District’s year end 2019 Financial statements. (See **Exhibit “A”**). Mr. Sticker stated that the Balance Sheet was in order and after the Board approved the final budget amendments for 2019, the District’s Income Statement closely mirrored the end of the year actual income and expenses. Before completing his review of the Financial Statements, Mr. Sticker informed the Board that he had been looking at the internal financial controls for the District’s funds and believes there are some changes could be made. The

Board welcomed any improvements and asked Mr. Sticker to present the changes at the next meeting.

Thereafter, Attorney Oxford discussed the Treasurer's Report, check register, and outstanding invoices to be considered. (See Exhibit "B"). First, Attorney Oxford asked the Board to review the invoices to be paid. During a review of the invoices, Attorney Oxford reminded the Board that the \$28,142.97 paid to Benckenstein & Oxford, LLP was actually a pass through invoice because the District's Nursing Home Managers actually paid the District for the work performed on various HUD Loan and Accounts Receivable Loan transactions. Once the Board completed their review of the invoices, Attorney Oxford referred the Board to the funds available section of the report and explained that that the District had \$2,269,083.70 in funds available after the payment of the \$64,307.62 in expenses. He then explained to the Board that the reason the funds available dropped from the previous month was because the District paid \$540,524.23 to the Managers for the incentive fees derived from the QIPP Year 2, Intergovernmental Transfers "IGT" reconciliation payment. In addition, Attorney Oxford suggested that the Board consider, at its next meeting, to transfer \$500,000.00 in unrestricted fund to the District's Allegiance CD and increase its line of credit. When considering this, Attorney Oxford reminded the Board that the District should be receiving the QIPP Year 3, Component 3 and 4 funds for the first quarter before the next meeting and the District should net \$1,000,000.00 from this payment. Moreover, he explained that the District's cash flow needs for 2020 are not expected to be a concern because the amount of the IGTs on behalf of the Hospital for the 1115 Waiver program are expected to drop from \$1,200,000.00 in 2019 to \$140,000.00 in 2020 even though the District budgeted \$450,000.00 for IGTs. Lastly, Attorney Oxford summarized the Interbank Account Reconciliation; discussed the

QIPP expenses that occurred since the meeting; and gave the Board a preview of upcoming expenses that it expected to be incurred resulting from the QIPP program.

At the completion of the discussion concerning the financials, a motion was made by Director Stramecki to approve the financials for December 2019; Treasurer's Reports; and invoices to be paid (*See Exhibits "A" and "B"*). This motion was seconded by Director Rollo and unanimously approved by all Board members.

Following, President Murrell called on the various Committees to give their Committee Reports. President Murrell initiated the Committee reports by discussing the status of the District's new facility. According to President Murrell, the building manufacturer/installer was still in the process of completing the installation of the building. Installation of the porch, handicapped, ramp, and handicapped parking area were taking longer than expected because of the wet weather. Otherwise, the building was dried in and the District was still waiting on Entergy and Trinity Bay Conservation District to install utilities. Attorney Oxford also reported that the flood insurance and windstorm insurance for the building had been bound. Once the Building Committee report was finished, President Murrell called on the other Committees to give reports. Director Way advised that the Indigent Care Committee met, and they had recommendations to be discussed once the Board got to Agenda Item No. 9.

Consequently, President Murrell called on staff and the Hospital personnel in attendance to give their reports. The reports provided were as follows:

a. **Administrator's Report:** Mrs. Norris informed the Board that this year's THC meeting was scheduled for July 30th through August 1st in Austin, Texas. In order to avoid the problem of hotels rooms being unavailable, she asked the Board members to let her know as soon

as possible if they wanted to attend. This year, all the Board members stated they would plan on attending the conference.

b. **District Indigent Care Director:** Mrs. Ojeda presented the District’s monthly indigent care reports for January 2019 and discussed various aspects of the summary set forth below. (See Exhibit “C”).

Clients:	December				Year to Date			
	66				961			
Youth Counseled:	1				76			
Summary by Facility	Billed Amount	Medicaid Rate	% of Services	Actually Paid	Billed Amount	Medicaid Rate	% of Services	Actually Paid
Winnie Community Hospital	\$87,796.00	\$23,160.58	58.65%	\$0.00	\$755,761.37	\$309,326.39	47.19%	\$0.00
Brookshire Brothers Pharmacy Corp	\$6,415.36	\$5,759.13	14.58%	\$5,759.13	\$101,170.99	\$89,105.36	13.59%	\$89,105.36
Brookshire Brothers Pharmacy Med	\$0.00	\$0.00	0.00%	\$0.00	\$113.15	\$113.15	0.02%	\$113.15
Wilcox Pharmacy	\$2,976.93	\$1,700.02	4.31%	\$1,700.02	\$33,640.21	\$20,820.36	3.18%	\$20,820.36
Pharmacy Total	\$9,392.29	\$7,459.15	18.89%	\$7,459.15	\$134,924.35	\$110,038.87	16.79%	\$110,038.87
UTMB Hospital	\$23,164.39	\$5,559.46	14.08%	\$5,559.46	\$617,985.61	\$181,541.98	27.69%	\$181,541.98
UTMB ER- Barrier Reef Physician	\$0.00	\$0.00	0.00%	\$0.00	\$3,442.00	\$664.72	0.10%	\$664.72
UTMB Anesthesia	\$2,344.00	\$1,664.64	4.22%	\$1,664.64	\$22,662.00	\$13,795.18	2.10%	\$13,795.18
UTMB Lab/Xray	\$0.00	\$0.00	0.00%	\$0.00	\$18,887.00	\$3,974.56	0.61%	\$3,974.56
UTMB Physician Services	\$5,909.00	\$1,473.00	3.73%	\$1,473.00	\$110,316.00	\$28,616.33	4.37%	\$28,616.33
UTMB Total	\$31,417.39	\$8,697.10	22.03%	\$8,697.10	\$773,292.61	\$228,592.77	34.87%	\$228,592.77
Chambers Co Public Hosp Distr ER	\$0.00	\$0.00	0.00%	\$0.00	\$13,372.71	\$5,324.28	0.81%	\$5,324.28
Winnie-Stowell EMS	\$0.00	\$0.00	0.00%	\$0.00	\$2,152.00	\$388.90	0.06%	\$388.90
Non-Contract Emergency Services	\$0.00	\$0.00	0.00%	\$0.00	\$15,524.71	\$5,713.18	0.87%	\$5,713.18
Youth Counseling	\$170.00	\$170.00	0.43%	\$0.00	\$1,870.00	\$1,870.00	0.29%	\$1,700.00
Grand Totals	\$98,775.68	\$39,486.83	100%	\$16,156.25	\$1,681,373.04	\$655,541.21	100%	\$346,044.82

Summary by Service Provided	Billed Amount	Medicaid Rate	% of Services	Actually Paid	Billed Amount	Medicaid Rate	% of Services	Actually Paid
Prescription Drugs	\$9,392.29	\$7,459.15	18.89%	\$7,459.15	\$134,924.35	\$110,038.87	16.79%	\$110,038.87
WCH Clinic	\$6,027.00	\$2,471.07	6.26%	\$0.00	\$113,319.39	\$46,460.97	7.09%	\$0.00
WCH Observation	\$0.00	\$0.00	0.00%	\$0.00	\$60,408.00	\$24,767.28	3.78%	\$0.00
WCH ER	\$16,142.00	\$6,250.45	15.83%	\$0.00	\$244,951.00	\$100,062.14	15.26%	\$0.00
WCH Lab/Xray	\$11,730.00	\$4,656.00	11.79%	\$0.00	\$117,280.00	\$47,931.50	7.31%	\$0.00
WCH Labs	\$876.00	\$359.16	0.91%	\$0.00	\$58,900.00	\$24,149.00	3.68%	\$0.00
WCH Xray	\$12,962.00	\$5,314.42	13.46%	\$0.00	\$66,072.80	\$27,089.84	4.13%	\$0.00
WCH Inpatient	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00
WCH Outpatient Surgery	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00
WCH Physical Therapy	\$9,075.00	\$3,720.75	9.42%	\$0.00	\$40,450.00	\$16,584.50	2.53%	\$0.00
WCH Ultrasound	\$689.00	\$282.49	0.72%	\$0.00	\$9,596.00	\$3,934.36	0.60%	\$0.00
WCH CT Scan	\$0.00	\$0.00	0.00%	\$0.00	\$19,339.00	\$7,928.99	1.21%	\$0.00
WCH Optical Specialist	\$0.00	\$0.00	0.00%	\$0.00	\$2,920.00	\$1,197.20	0.18%	\$0.00
UTMB Physician Services	\$5,909.00	\$1,473.00	3.73%	\$1,473.00	\$110,316.00	\$28,616.33	4.37%	\$28,616.33
UTMB Anesthesia	\$2,344.00	\$1,664.64	4.22%	\$1,664.64	\$22,662.00	\$13,795.18	2.10%	\$13,795.18
UTMB In-Patient	\$0.00	\$0.00	0.00%	\$0.00	\$164,172.72	\$61,134.76	9.33%	\$61,134.76
UTMB Outpatient	\$23,164.39	\$5,559.46	14.08%	\$5,559.46	\$453,812.89	\$120,407.22	18.37%	\$120,407.22
UTMB Lab&Xray	\$0.00	\$0.00	0.00%	\$0.00	\$18,887.00	\$3,974.56	0.61%	\$3,974.56
UTMB ER Physician-Barrier Reef	\$0.00	\$0.00	0.00%	\$0.00	\$3,442.00	\$664.72	0.10%	\$664.72
Non-Contract Emergency Services	\$0.00	\$0.00	0.00%	\$0.00	\$15,524.71	\$5,713.18	0.87%	\$5,713.18
Youth Counseling	\$170.00	\$170.00	0.43%	\$0.00	\$1,870.00	\$1,870.00	0.29%	\$1,700.00
Lab/Xray readings for WCH	\$295.00	\$106.24	0.27%	\$0.00	\$22,525.18	\$9,220.61	1.41%	\$0.00
Grand Totals	\$98,775.68	\$39,486.83	100%	\$16,156.25	\$1,681,373.04	\$655,541.21	100%	\$346,044.82

Mrs. Ojeda highlighted the total UTMB cost for invoices received in 2019 was \$228,592.77 and she expressed concern that the District needed to study the referrals and potential alternative providers, as suggested by Director Way, in order to reduce these costs. Also, she informed the

Board that she was going to a conference at the Texas Health and Human Services Commission (“HHSC”) and she was going to discuss the issue of outpatient medically necessary requirements with the HHSC staff and other indigent care directors in order to confirm the District was implementing Chapter 61 of the Texas Health and Safety Code correctly. As for anything else, Mrs. Ojeda asked to reserve the rest of her discussion for the next agenda item.

c. **District General Counsel:** Attorney Oxford reported that he had three matters to discuss. First, he presented the Board with an amendment to the lease with the Rollo Brothers as approved at the last meeting and explained that the lease amendment extended the lease between the District and the landlord on a month to month basis and called on the District to pay excess rent payments on behalf of incoming tenant until the District was able to relocate to its new offices. (See **Exhibit “D”**). Next, he gave the Board a completed application for TORCH and asked for authority to have staff submit the application so that the District could begin receiving information from TORCH on the proposed changes to CMS rules relating to funding IGTs. (See **Exhibit “E”**). Since this was already budgeted, the Directors gave Administrator Norris authority to submit the District’s application and pay the annual dues. Before finishing, Attorney Oxford presented the Board with a draft letter to CMS to comment on the proposed rule changes regarding funding IGTs and the impact the changes would have on rural hospitals. (See **Exhibit “F”**). After a review of the document, he informed the Board that he was going to revise the letter to fit the District and ask President Murrell to sign and file before the end of the month.

d. **LTC Report:** No staff was present on behalf of LTC but the Board was given a copy of the Executive Summary for November and reviewed it. (See **Exhibit “G”**).

e. **Hospital Report:** President Murrell then asked the Hospital to give the monthly report. In December 2019, Mr. Steve Deatrick and Mr. Saad Javed reported that the number of visits to

the emergency room increased to 185 from 127; of these, nine (9) patients were converted to inpatient; and the average inpatient days rose from 0.03 to 2.43. Likewise, the number of X-rays, ultrasounds, encounters with adults and children, and behavioral health patients also increased from November. On the other hand, the two gentlemen did report that number of emergency room shifts covered by doctors decreased from ninety-three percent (93%) to seventy-four percent (74%). (See **Exhibit “H”**). In other news, Mr. Deatrick announced that the Hospital was working with UTMB to provide additional healthcare services at the Winnie Community Hospital. As for improvements to the infrastructure, Mr. Javed was happy to announce that the Hospital completed its water pump system to prevent future flooding of the Hospital and was now working on new signage and landscaping. After some discussion regarding the water pump system, the Board thanked the Hospital staff for their presentation.

Once all the staff reports were presented, President Murrell then moved to Agenda Item No. 9, to discuss and take action, if necessary, on approving the recommendations of the Indigent Care Committee and called on Mrs. Ojeda to discuss the Committee’s recommendations. Mrs. Ojeda referred the Board to **Exhibit “I”** and began reviewing the recommendations of the Indigent Care Committee. The three proposals were as follows:

1. **Engage Pharmacy Benefit Management Vendor:** A Pharmacy Benefit Manger (“PBM”) is a company that administers, or handles, the drug benefit program for your employer or health plan. PBMs process and pay prescription drug claims and are responsible for creating and updating your health plan's drug formulary. Because of eh size and volume of drugs purchased through the PBMs on behalf of their clients, the PBMs are able to demand reduced prescription drug costs.

After review of proposed cost reduction opportunities offered by three (3) different Pharmacy Benefit Management (“PBM”) companies, the approximate savings are estimated as follows: 1) Script Care of Beaumont (48-57% Savings); 2) IPM of Katy (15-25% savings); and 3) ENVOLVE of Houston (50% savings), it was clear that WSHD ICAP would greatly benefit by engaging one of these three (3) companies to process our pharmacy benefit. After review of all three (3) proposals and WSHD costs for each company, the committee recommended that District engage Script Care to

serve as the District's PBM subject to approval by Attorney Oxford of the agreement between Script Care and the District. (See Exhibit "J" for summary of three (3) proposals submitted)

2. Prescription Assistance: The Committee also considered a prescription assistance program to enable more residents of the District to participate in the District's indigent care program by being able to utilize the District's prescription drug program. The participation level would be tiered based on the level of poverty above 150% obtain and the amount the District would set for a copayment. At this point, Mrs. Ojeda suggested that it was too early to adopt the program because the Committee and staff wanted to make sure the District received the benefits by the PBM and needed to consider other potential impacts of adopting the program.
3. Community Partner Program: Mrs. Ojeda learned of the Community Partnership Program offered by the HHSC in which HHSC provides the District with a computer to be used to assist residents of the District apply for benefits. If adopted, this program would not cost the District any addition funds and she recommended that she be authorized to complete an application to partner with the HHSC and begin providing this benefit.
4. Insurance Deductible Assistance: The final program the Committee considered was to provide assistance with insurance deductibles for the District's insured residents who are were at 100% of poverty level and who satisfy the resources requirements of the District's ICAP program but do not qualify for the ICAP program because the residents were able to secure insurance. The amount of assistance discussed was one (1) month of the client's gross income. Like the extension of the prescription drug program, this proposed program needs to be studied further.

The rest of the Board thanked the Committee and Mrs. Ojeda for all their efforts. They also agreed with the concepts of providing additional healthcare to the residents of the District but appreciated the Committee's desire to study the Prescription Assistance and Insurance Deductible programs further. For now, the Board members were all in favor of the moving forward with engaging a PBM and applying for the HHSC Community Partner Program. Accordingly, Director Stramecki made a motion to engage Script Care to serve as the District's PBM subject to Attorney Oxford's approval and authorize staff to complete the application to participate in the Insurance Deductible Assistance program with through the HHSC. Director Stramecki' s motion was seconded by Rollo and unanimously approved by all the Board members.

Moving to Agenda Item No. 10, to discuss and take action, if necessary, on approving a revised agreement with the University of Texas at Galveston Medical Branch, Mrs. Ojeda reported that she hasn't received a copy of the new Agreement and asked that the agenda item be removed from the agenda until she received a contract. The Directors agreed. Therefore, she asked that no action be taken on this matter.

President Murrell moved to Agenda Item No. 11, to discuss and take action, if necessary, on re-authorizing the District's Investment Policy and Investment Officer(s). Attorney Oxford explained the Investment Policy the Board was being asked to approve was identical to the prior year's policy except that the dates had been changed. He stated that the reason for re-adopting the policy is that it had to be adopted on an annual basis. Subsequently, he reviewed the policy with the Board and explained that it was this policy that required the District to secure collateral for all its funds in the in depositories over the FDIC insured amount of \$250,000.00. (See **Exhibit "K"**). Following this explanation, a motion was made by Director Way for the Board to the proposed investment policy for the year of 2020. Director Way's motion was seconded by Director Stramecki and unanimously approved by all the Board members present.

Thereafter, the Board was directed to Agenda Item No. 12 to discuss and take action, if necessary, on adopting an Indigent Care Agreement with the Riceland Hospital. Attorney Oxford presented a draft Indigent Care Agreement that provided for the District to pay the Hospital \$140,000.00 in 2020 based on the prior nine (9) year's average costs using the Medicaid rate. (See **Exhibit "L"**). He explained that he called VMG Healthcare solutions to inquire if they could perform a fair market analysis and was informed that this is who they would arrive at a number. In response, the Hospital expressed concern about the use of nine (9) years because in 2020, their Uncompensated Care payments were dropping drastically, and they were concerned they would

need more money to provide healthcare services to the District's indigent. In light of the fact that there were questions on the payment amounts, President Murrell recommended that the agenda item be tabled so that the Finance Committee could meet with Hospital representatives to negotiate a satisfactory annual fee. In response, Director Stramecki made a motion to table this agenda item. This motion was seconded by Director Way and approved by all Directors present except Director Rollo, who abstained.

The Board was then asked to address Agenda Item No. 13, to discuss and take action, if necessary, on updating the Personnel Policy. Staff and Attorney Oxford explained that the Personnel Policy needed to be updated to provide one monthly salary payment and to clarify issues surrounding compensatory time. According to Staff, it is their desire to be paid at the beginning of the month and they would like to be able to carry forward any compensatory time accrued but unused. Attorney Oxford explained that currently, staff can carry over one week of Paid Time Off and receive payment for one week of unused paid time off but there are no provisions for being able to carry forward any unused compensatory time. As to the ability to carry forward unused compensatory time, the Board and staff discussed the issue and ultimately agreed to allow staff to carry forward eight (80) hours of unused compensatory time. However, it was agreed that any Compensatory Time above eighty (80) hours was on a use or lose basis and staff was instructed that they should use Compensatory Time before using Paid Time Off. In addition, Attorney Oxford advised that there were various sections in the policy that needed to be formatted, clarified, or deleted because they were redundant, and he would update the policy to reflect these changes at the same time as he made the other changes. Once he completed the clean-up of the policy and amendments, he was going to submit the policy to the Personnel Committee for review. The Board agreed and Director Way made a motion to amend the Personnel Policy to provide for


payment of salaries once a month and to authorize staff to carry forward up to eighty (80) hours of accumulated compensatory time from one calendar year to the next. Director Way's motion was seconded by Director Rollo and passed with the unanimous consent of all the Board members present.

President Murrell then called on Staff to present Agenda Item No. 14, to discuss and take action, if necessary, on giving staff authority to purchase office furniture for new facility. Administrator Norris informed the Board that she went to American Office Furniture in Beaumont and received a quote for a conference table and ten (10); four (4) swivel chairs; two (2) desk; and other furniture for the new office facility totaling \$8,885.00 and asked the Board for authority to purchase the furniture. (See **Exhibit "M"**). Included in the packet she presented were pictures of the furniture she proposed to buy. The Board reviewed the packet, and all concurred the prices for the various pieces of furniture were reasonable. Consequently, a motion was made by Director Stramecki made to authorize staff to purchase the furniture set forth in **Exhibit "M"** from American Office Furniture. This motion was seconded by Director Rollo and passed with the unanimous consent of all the Board members present.

Lastly, the Board was asked to turn their attention to Agenda Item No. 15, to discuss and take action, if necessary, on approving an intergovernmental transfer to Riceland Hospital for DY 9 Uncompensated Care Program. Attorney Oxford referred the Board to **Exhibit "N"** that showed the first IGT payment of DY 9 was \$38,261.49 and due on February 4, 2020. In addition, he informed the Board that he anticipated the second payment to be \$97,830.46 in August 2020 for a total of \$136,091.95 in IGTs during DY 9. Attorney Oxford stated he wanted to bring this to the Board's attention because this was a significant drop from prior year's IGTs and was nearly \$300,000.00 less than the Board budgeted for IGTs in 2020. Furthermore, Attorney Oxford

discussed his prior correspondence to the Board that addressed the change in formula and the changes to the program rules for the Uncompensated Care Program to utilize Service Delivery Areas (“SDA”) to allocate IGTs for the hospitals. (See **Exhibit “O”**). In the case of the Winnie Community Hospital, it is included in the Jefferson County SDA. At the end of Attorney Oxford’s discussion, Director Way made a motion to authorize the IGT of \$38,261.49 on behalf of the Winnie Community Hospital to participate in the DY 9 Uncompensated Care program. Director Way’s motion was seconded by Director Stramecki and unanimously approved by all the Board members.

President Murrell then called for any other such matters before the Board. There being none, President Murrell discussed the date for the upcoming meeting, and it was agreed to hold the meeting on February 22, 2020, at 6:00 p.m. at the District’s temporary offices located at 310 SH 124, Winnie Tx 77665. Thereafter, at 8:14 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


Anthony Stramecki, Vice-President