

**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., February 19<sup>th</sup>, 2020 at the District’s Offices located at 310 SH 124, Winnie Tx 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 with the exception of Directors Jeff Rollo and Raul Espinosa. 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, and Saad Javed with former Interim Hospital Administrator; Mr. and Mrs. Andy Wilcox, interested citizens; Ms. Gloria Roemer, Seabreeze Beacon; and Mr. Wade Thibodeaux.

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 and Mrs. Gloria Roemer asked to speak. After receiving permission from President Murrell, Mrs. Roemer addressed the representatives from the Hospital and announced

that she has been hearing good things about the Hospital from an elderly person. As a result, she was going to write “good news” article about the Hospital. In response, the Hospital staff in attendance thanked Mrs. Roemer and expressed gratitude to the District for helping the Hospital make improvements.

Once the public comment concluded, President Murrell called on the Directors to address Agenda Item No. 4, to discuss and take-action on election of officers. Attorney Oxford told the Board that no action needed to be taken on this agenda item because it was addressed at the previous meeting and was left on the agenda by accident.

Next, President Murrell called on the Board to address Agenda Item No. 4, to review and approve the minutes of the January 22, 2020 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 January 22, 2020 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 consider 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 Financial statements for January 2020. (*See Exhibit “A”*). Mr. Sticker stated that the Balance Sheet was in order, but it was too early in the year to determine if the District’s budget needed to be amended. After he finished his review of the Balance Sheet, Attorney Oxford suggested that a portion of “Total 107 Graham Interbank Combined” be classified as Restricted so that it would be easier to determine the District’s true cash position. In making the request, Attorney Oxford explained that he submits the Balance Sheet to prospective lenders and as prepared, it overstates the District’s cash position because a

large amount of the money in the Graham Interbank is restricted. Mr. Sticker agreed to discuss further with Attorney Oxford to get a better understanding of his concern.

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. After the Board completed their review of the invoices, Attorney Oxford referred the Board to the funds available section of the report and explained that the District had \$5,134,151.59 in funds available after the payment of the \$61,301.18 but he wanted to review the calculations for this number because it seemed higher than it should be. However, he did state that the District received the QIPP Year 3, Component 3 and 4 payments since the last Board meeting and the District's nursing homes had a 90.3% achievement rate that produced a \$2,910,137.69 payment. Furthermore, he reviewed the transactions that occurred between the January and February meetings. Included in the invoices paid was \$1,455,068.84 to the Managers for their Incentive Payments and \$396,000.00 to LTC for their November 2019, December 2019, and January 2020 invoices.

At the completion of the discussion concerning the Financial Statements and Treasurer's Report, a motion was made by Director Stramecki to approve the financials for January 2020; Treasurer's Reports; and invoices to be paid (See Exhibits "A" and "B"). This motion was seconded by Director Way and unanimously approved by all Board members.

Before the receiving the Committee Reports, the Board was then asked to move to Agenda Item 10, to discuss and take-action, if necessary, on approving agreement to engage Script Care to serve as the District's Prescription Drug Benefit Manager. President Murrell informed the Board that after considering the Board's decision at the January 2020 Regular Meeting engage to engage Script Care to serve as the District's preferred benefits manager ("PBM"), he began to consider

the impact on local pharmacies and requested the Board to reconsider the motion that was approved before the District entered into the agreement with Script Care. The other Board members in attendance immediately agreed and expressed that they too had similar concerns. Instead, they discussed working with the two (2) local pharmacies to establish a program that was beneficial to all parties. Specifically, the Board stated that they wanted to reduce their pharmacy cost while at the same time not cutting the payments to the pharmacy to such a degree as Script Care would have paid. As an alternative, Mrs. Ojeda stated that Mr. and Mrs. Wilcox, the owners of Wilcox Pharmacy in Winne, offered to fill prescriptions for the District at the wholesale acquisition cost (“WAC”) plus fifteen dollars (\$15.00). She then reported that after receiving this offer, she asked the Brookshire Brothers Pharmacy for a similar proposal. Brookshire Brothers offered to provide the same services for the WAC plus five dollars (\$5.00). Following a lengthy discussion with the Mr. and Mrs. Wilcox it was agreed that the District would prepare an agreement for Pharmaceutical Services whereby the District would pay the WAC cost plus \$8.00 and hopefully approve the agreement at the March 2020 Regular Meeting. Attorney Oxford then intervened and reminded the Board that they needed to make a motion to rescind the motion for Agenda Item No. 9 from the January 22, 2020 Regular Meeting. Director Stramecki responded with a motion to rescind the Board’s adoption of a motion during the January 22, 2020 Regular Meeting to engage Script Care to serve as the District’s pharmacy benefits manager (“PBM”) and to instruct Attorney Oxford and staff to work on preparing a Pharmaceutical Service Agreement with the two (2) local pharmacies to be considered at the March 2020 Regular Meeting. Director Stramecki’s motion was seconded by Director Way and unanimously approved by all the Board members present.

Returning to the Committee reports, President Murrell initiated the Committee reports by discussing the status of the District’s new facility. According to President Murrell, the plumber

was coming on the Friday, February 21 to prepare sewer and water lines from the building to the Trinity Bay Conservation District (“Trinity Bay”) lines that are on the north side of Broadway. The cost to perform this work increased from \$1,800.00 to \$3,900.00 because of the distance the District was required to run the lines so that they could be connected to the Trinity Bay lines. Originally, the sewer line was going to be connected to grinder pump and this would have been cheaper. Upon the completion of this work, President Murrell stated that he anticipated Trinity Bay to bore under the highway in the first week of March 2020 to and connect the District’s water and sewer line to the Trinity Bay line.

At the end of the discussion on the building, President Murrell called for any other Committee Reports. Attorney Oxford asked to give an update on the Personnel Policy through Personnel Committee and was given permission to do so. According to Attorney Oxford, he and staff finalized the revisions to the Personnel Policy that were approved at the last meeting and provided the Board members with an abbreviated copy of the Personnel Policy that highlighted the changes made. (See Exhibit “C”). Specifically, he reviewed the portions of the policy that gave staff the ability to carry forward eighty (80) hours of unused compensatory time and instructed staff to that they should use Compensatory Time before using Paid Time Off. Furthermore, he reviewed several comments included in the draft to clarify portions of the Policy and reported that Staff was amenable to the policy as drafted. Staff stated that they understood the policy and would execute copies once the formatting was complete.

Following the Committee Reports, 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 the District was contacted by Workforce Solutions who was offering an internship program for unemployed

persons at no cost. She asked the Board if they were interested because staff could use the help with tasks such as shredding, scanning, and filing. Initially, the Board was reluctant to agree to authorize Mrs. Norris to accept the offer because of concerns with HIPPA but ultimately referred the matter to the Personnel Committee for further evaluation.

b. **District Indigent Care Director:** Mrs. Ojeda presented the District's monthly indigent care reports for January 2020 and discussed various aspects of the summary set forth below. (See **Exhibit "D"**). A summary of the District's indigent care services provided in January are as follows:

		January						Year to Date			
Clients:		Clients: 69				Clients:		69			
Youth Counseling:		Youth Counseling: 8				Youth Counseling:		8			
Summary by Facility		Billed Amount	Medicaid Rate	% of Services	Actually Paid	Billed Amount	Medicaid Rate	% of Services	Actually Paid		
Winnie Community Hospital		\$68,715.60	\$28,160.44	65.14%	\$0.00	\$68,715.60	\$28,160.44	65.14%	\$0.00		
Brookshire Brothers Pharmacy Corp		\$8,175.76	\$6,968.97	16.12%	\$6,968.97	\$8,175.76	\$6,968.97	16.12%	\$6,968.97		
Wilcox Pharmacy		\$1,935.71	\$1,144.07	2.65%	\$1,144.07	\$1,935.71	\$1,144.07	2.65%	\$1,144.07		
<b>Pharmacy Total</b>		<b>\$10,111.47</b>	<b>\$8,113.04</b>	<b>18.77%</b>	<b>\$8,113.04</b>	<b>\$10,111.47</b>	<b>\$8,113.04</b>	<b>18.77%</b>	<b>\$8,113.04</b>		
UTMB Hospital		\$22,257.33	\$5,212.60	12.06%	\$5,212.60	\$22,257.33	\$5,212.60	12.06%	\$5,212.60		
UTMB ER- Barrier Reef Physician		\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00		
UTMB Anesthesia		\$854.00	\$545.42	1.26%	\$545.42	\$854.00	\$545.42	1.26%	\$545.42		
UTMB Lab/Xray		\$126.00	\$35.28	0.08%	\$35.28	\$126.00	\$35.28	0.08%	\$35.28		
UTMB Physician Services		\$3,237.00	\$739.45	1.71%	\$739.45	\$3,237.00	\$739.45	1.71%	\$739.45		
<b>UTMB Total</b>		<b>\$26,474.33</b>	<b>\$6,532.75</b>	<b>15.11%</b>	<b>\$6,532.75</b>	<b>\$26,474.33</b>	<b>\$6,532.75</b>	<b>15.11%</b>	<b>\$6,532.75</b>		
Chambers Co Public Hosp Distr ER		\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00		
Winnie-Stowell EMS		\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00		
Non-Contract Emergency Services		\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00		
Youth Counseling		\$425.00	\$425.00	0.98%	\$425.00	\$425.00	\$425.00	0.98%	\$425.00		
<b>Grand Totals</b>		<b>\$105,726.40</b>	<b>\$43,231.23</b>		<b>\$15,070.79</b>	<b>\$105,726.40</b>	<b>\$43,231.23</b>	<b>100%</b>	<b>\$15,070.79</b>		

  

Summary by Service Provided		Billed Amount	Medicaid Rate	% of Services	Actually Paid	Billed Amount	Medicaid Rate	% of Services	Actually Paid
Prescription Drugs		\$10,111.47	\$8,113.04	18.77%	\$8,113.04	\$10,111.47	\$8,113.04	18.77%	\$8,113.04
WCH Clinic		\$8,135.60	\$3,322.64	7.69%	\$0.00	\$8,135.60	\$3,322.64	7.69%	\$0.00
WCH Observation		\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00
WCH ER		\$23,264.00	\$9,538.24	22.06%	\$0.00	\$23,264.00	\$9,538.24	22.06%	\$0.00
WCH Lab/Xray		\$5,059.00	\$2,074.19	4.80%	\$0.00	\$5,059.00	\$2,074.19	4.80%	\$0.00
WCH CT Scan		\$8,547.00	\$3,504.27	8.11%	\$0.00	\$8,547.00	\$3,504.27	8.11%	\$0.00
WCH Labs		\$9,308.00	\$3,816.28	8.83%	\$0.00	\$9,308.00	\$3,816.28	8.83%	\$0.00
WCH Xray		\$11,827.00	\$4,849.07	11.22%	\$0.00	\$11,827.00	\$4,849.07	11.22%	\$0.00
WCH Lab/Xray Reading		\$1,865.00	\$764.65	1.77%	\$0.00	\$1,865.00	\$764.65	1.77%	\$0.00
WCH Inpatient		\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00
WCH Physical Therapy		\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00
WCH Ultrasound		\$710.00	\$291.10	0.67%	\$0.00	\$710.00	\$291.10	0.67%	\$0.00
UTMB Physician Services		\$3,237.00	\$739.45	1.71%	\$739.45	\$3,237.00	\$739.45	1.71%	\$739.45
UTMB Anesthesia		\$854.00	\$545.42	1.26%	\$545.42	\$854.00	\$545.42	1.26%	\$545.42
UTMB In-Patient		\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00
UTMB Outpatient		\$22,257.33	\$5,212.60	12.06%	\$5,212.60	\$22,257.33	\$5,212.60	12.06%	\$5,212.60
UTMB Lab&Xray		\$126.00	\$35.28	0.08%	\$35.28	\$126.00	\$35.28	0.08%	\$35.28
UTMB ER Physician-Barrier Reef		\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00
Non-Contract Emergency Services		\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00
Youth Counseling		\$425.00	\$425.00	0.98%	\$0.00	\$425.00	\$425.00	0.98%	\$0.00
<b>Grand Totals</b>		<b>\$105,726.40</b>	<b>\$43,231.23</b>		<b>\$14,645.79</b>	<b>\$105,726.40</b>	<b>\$43,231.23</b>	<b>100.01%</b>	<b>\$14,645.79</b>

In addition, Mrs. Ojeda conveyed information she received while attending the recent Indigent Care Conference in Austin, Texas that was put on by the Texas Commission on Health

and Human Services (“TCHHS”). First, Mrs. Ojeda stated the District needed to make changes to its Indigent Care Policy at the next meeting. She explained, the changes to policy need to be made to bring the District’s plan into compliance with Attorney General Opinion, GA-0198 that states indigent care program cannot require residents applying for the program who are eligible for private insurance or public benefits to apply for the insurance or benefits before being accepted into an indigent care program. Attorney Oxford stated that he has reviewed the opinion, discussed it with Mrs. Ojeda, and agrees that the changes are needed. Furthermore, she and Attorney Oxford discussed the fact that they have been researching the issue of the scope of services the District was required to provide above the basic list of services found in Chapter 61 of the Health and Safety Code. The two reported that they have learned through researching the history of the statute and from talking to the staff at the TCHHS that the purpose of the Indigent Care Act was to provide basic services designed to pro-actively prevent medical problems. In light of all of this and the need to establish a program for the District pharmacy program, Mrs. Ojeda and Attorney Oxford were going to request a meeting with the Indigent Care Committee and return to the Board at the next meeting with recommendations.

c. **District General Counsel:** Attorney Oxford presented the Board with a copy of an e-mail from Scott Campbell, Superintendent with the East Chambers Independent School District, requesting a budget amendment to the District’s contribution to the School District to assist with the healthcare needs of the students. (See **Exhibit “E”**). According to the e-mail, Mr. Campbell would like to make a presentation at the March 2020 Regular meeting to request an increase in funding to the existing budget of \$45,000.00 because the School District has been experiencing a large increase in counselling services and wanted assistance with offsetting the cost. After reviewing the request, the Board requested that Mrs. Ojeda meet with Mr. Campbell

before next Board meeting to learn more and to find out if the District would be in a better position to provide these services.

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 “F”).

e. **Hospital Report:** President Murrell then asked the Hospital to give the monthly report. Mr. Steve Deatruck was happy to announce that the Hospital has returned to business and in January 2020, the Hospital had met or beat all of the statistics from the previous month except for encounters at the pediatric clinic and physical therapy. (See Exhibit “G”). In other news, Mr. Deatruck announced that the Hospital was still working with UTMB to provide additional healthcare services at the Winnie Community Hospital. As for improvements to the infrastructure, he informed the Board that the Hospital was prepared to do landscaping and was going to make updates to the signage.

Once all the staff reports were presented, President Murrell then moved to Agenda Item No. 9, to discuss and take-action, if necessary, on transferring money from the Prosperity Checking account to the CD at Allegiance Bank in order to increase the Line of Credit at Allegiance Bank. Attorney Oxford stated that he had been in talks with the District’s Lenders who both agreed that if the District could increase its line of credit before the June 2020 QIPP Year 4, Intergovernmental Transfer (“IGT”), it would be helpful due to the fact that the pool size for Year 4 was increasing from \$600 million to \$800 million. In reviewing the numbers, Attorney Oxford stated that he believed by the time the IGT is made, the District will have sufficient reserves to set aside an additional \$2.5 million and increase its line of credit from \$3.7 million to \$6.1 million. By doing this, Attorney Oxford stated that the District would be able to increase the share of IGTs it funds and lower its costs. The Board agreed, but before any transfer was made, Attorney Oxford



requested he and staff be given time to confirm the numbers and will then verify with the Finance Committee. Subsequently, a motion was made by Director Stramecki to authorize the transfer up to \$2.5 million to the District's CD at Allegiance Bank and increase its line of credit at the bank by this same amount following the confirmation of the funds and verification by the Finance Committee. Director Stramecki's motion was seconded by Director Way and unanimously approved by all the Board members present.

President Murrell moved to Agenda Item No. 11, to discuss and take-action, if necessary, on approving the District's Indigent Care Agreement with Riceland/Winnie Community Hospital. Director Stramecki reminded the Board that the proposed agreement was first discussed during the January 22, 2020 Regular Meeting and tabled at the time so that the District and Hospital could collaborate on the payment amount. After the meeting, Mr. Stramecki informed the Board that he and Director Way met with the Hospital CFO and they agreed on a method to establish the Fair Market Value for the services by establishing the annual cost of Medicaid Payment Amounts per year for the previous five (5) years; then, dropping the highest and lowest years; and averaging the remaining three years. Attorney Oxford then provided a copy of the updated agreement with the agreed formula included. (*See Exhibit "H"*). Upon review of the revised agreement, the group discussed two other necessary conditions. These additional conditions included the adoption of criteria for submitting monthly invoices; and the requirement that the District be added as an additional insured. The reason given for the need to receive invoices was that the District wanted to see the nature and scope of the healthcare being provided to their indigent clients. The Hospital staff in attendance at the meeting agreed to these additions and Attorney Oxford stated that he would work with Mrs. Ojeda to insert the requested language. Upon confirmation that the additional criteria was agreed upon, Director Way made a motion to approve the Amended

Indigent Care Agreement with the Hospital subject to the inclusion of terms that the Hospital submit monthly invoices for services and the Hospital make the District an additional insured on their insurance policies. 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 approving proposals by technology consultants. Administrator Norris presented the Board with two proposals to install high speed internet, wifi, telephone system, security system, and video cameras at the new offices. (See Exhibit "I"). After reviewing the proposals, it was recommended that this agenda item be tabled so that staff could seek a third proposal that may be less expensive. Director Stramecki then made a motion to table this agenda item. This motion was seconded by Director Way and approved by all Directors present.

Lastly, the Board was ~~then~~ asked to address Agenda Item No. 13, to discuss and take-action, if necessary, on adopting recommendations by the District's CPA to improve financial controls of District's funds. Mr. Sticker asked that this agenda item be tabled too because he has not had time to prepare the recommendations. The Board agreed and Director Stramecki then made a motion to table this agenda item. This motion was seconded by Director Way and approved by all Directors present.

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President Murrell then called for any other such matters before the Board. There being none, the Board discussed the date for the upcoming meeting, and it was agreed to hold the meeting on March 24, 2020, at 6:00 p.m. at the District's temporary offices located at 310 SH 124, Winnie Tx 77665. Thereafter, at 8:30 p.m., a motion was made by Director Way to adjourn the meeting. This motion was seconded by Director Stramecki and unanimously approved by all the Board members present.

  
Edward Murrell, President

  
Anthony Stramecki, Vice-President