

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., June 17, 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).

This meeting was held via videoconference to mitigate the spread of COVID-19. The meeting was duly posted pursuant Texas Government Code 551.127 as modified by the May 12, 2020 Proclamation of Governor Abbott in which the Governor acted to maintain government transparency and continued government operations while reducing face-to-face contact for government open meetings. In addition, members of the public were able to participate and address the Board during the videoconference meeting and a recording of the meeting was made and is available to the public.

At approximately 6:05 p.m., the meeting was convened, and the roll was called of the members of the Board, to wit:

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

All said Board members were present, except Director Espinosa, thus constituting a quorum. In addition, to the above-named Board members, also present at the meeting were:

Mrs. Sherrie Norris	District Administrator
Mrs. Patricia Ojeda	Indigent Care Director/Administrative Assistant
Mr. David Sticker	District CPA
Mr. Hubert Oxford, IV	General Counsel for the District
Mr. Mo Danishmund	Chief Financial Officer, Hospital

Mrs. Chris Portner	Counsel for Hospital
Mr. Saad Javed	Co-Chief Operating Officer
Ms. Gloria Roemer	Seabreeze Beacon
Mr. Wade Thibodeaux	Hometown Press
Mrs. Nancy Gaudet	Irlen Specialist

2. Pledge of Allegiance

3. Public Comment

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 but there was none.

4. Review and Approve Minutes of Previous Meeting(s): May 20, 2020 Regular Meeting.

President Murrell called on the Board to address Agenda Item No. 4, to review and approve the minutes of the May 20, 2020 Regular Meeting. The minutes were examined by the Board and no changes were recommended.

Upon motion by Director Stramecki seconded by Director Rollo and the unanimous approval of all the Board members present, the Board approved the minutes of the May 20, 2020 Regular Meeting.

8. Discuss and take-action, if necessary, on adopting an Irlen (www.irlen.com) testing program.

Before reviewing the financial reports, President Murrell called on Mrs. Nancy Gaudet to discuss Irlen Syndrome and the possibility of the District establishing a program, similar to the Youth Counseling Program, to test children in the District for the disorder and to fit them with the requisite glasses to correct the problem.

Mrs. Gaude thanked the Board for asking her to present information on Irlen Syndrome and welcomed the opportunity to discuss the disorder and the impact her work has had on children after being properly diagnosed. Director Way also gave

several examples of children he has seen who were diagnosed and the profound impact the diagnoses had on their lives.

According to Mrs. Gaude, she has been a Certified Irlen Diagnostician for over a decade, including several years at the East Chambers Independent School District. Per Mrs. Gaude, Irlen syndrome is a perceptual processing disorder that inhabits the brain's ability to process visual information. It is believed that some causes of the disorder are genetics, head injuries, and inflammatory processes such as Lyme disease. Those that suffer from the disorder often struggle with reading and are often misdiagnosed as dyslexic or have attention deficit disorder. In severe cases, words can transform into a confusing, disorganized sea of letters while others see objects as closer or farther away than they are, or in different locations entirely. However, the problem is treatable through testing and ultimately, glasses with colored lenses.

Mrs. Gaude continued by explaining that she charged \$300.00 for an initial test. Then, if a client is found to suffer from Irlen syndrome, she performs a second test that is more comprehensive for \$250.00. Upon completion of the second test, Mrs. Gaude orders the lenses, which cost an additional \$250.00. However, it would be responsibility of the District or the clients to provide the frames. Altogether, if a child tests positive for Irlen syndrome the costs would be approximately \$900.00, including the frames.

In considering the potential cost to the District, Mrs. Gaude was asked what percentage of children tested have the disorder? Her response was that Irlen syndrome affects fourteen percent (14%) of the population. She further stated that if the Board agreed to sponsor the testing and if information about the testing was adequately distributed to parents of children within the District, she expected the number of children diagnosed would be less than 50.

The discussion then turned to the logistics of testing the students and President Murrell suggested that he discuss with the Superintendent of the East Chambers Independent School District ("ECISD") on ways to promote the testing. In addition, the Board offered the use of its extra office to perform the testing.

Thereafter, it was agreed to table this agenda item until the July 15, 2020 Regular Meeting so that President Murrell could discuss promoting the testing with ECISD. The rest of the Board agreed, and a motion was made by Director Way to table the agenda item until the July 15, 2020 Regular Meeting. Director Way's motion was seconded by Director Stramecki and unanimously approved by all the Board members present.

5. Review and approve financials report; payment of invoices; receive Accountants report, and amend budget, if necessary.

After a lengthy discussion on Irlen syndrome, President Murrell called on Mr. David Sticker to present the District's year Financial statements for May 2020. (*See Exhibit "A-1"*). Per Mr. Sticker, the Balance Sheet and income statements were in order. In particular, he noted that revenues were higher than the expenses by \$804,205.26. Also, Mr. Sticker reported that the audit appears to be in order and hopefully would be completed by the end of the summer.

Mr. Sticker then asked the Board to consider amending the budget and presented the Board with a summary of the proposed amendments and explained the main reason for the budget amendments was to account for the increased QIPP revenue and expenses due to receiving actual income and expenses for Year 3 and the increased pool size for Year 4. (*See Exhibit "A-2"*). In addition, he recommended amendments to a handful of expenses unrelated to the QIPP program. These included amendments to: 1) the D&O Insurance line item; 2) increased LTC cost if their proposed contract amendment is approved; 3) the establishment of line items for Telehealth expenses; and 4) payment for the Not on My Watch program. A summary of the changes is as follows:

	May 31 Actuals	Budget Amendment 1	\$ Over/Under Amended Budget 1	Budget Amendment 2	Increase or Decrease from Budget Amendment 1
Revenue					
415 Nursing Home-QIPP Programs	\$11,474,256.70	\$27,533,416.02	(\$16,059,159.32)	\$34,690,788.07	\$7,157,372.05
Expense					
550 Admin-D&O / Liability Insurance	\$9,331.00	\$12,000.00	(\$2,669.00)	\$9,331.00	(\$2,669.00)
597 Admin Flood Insurance	\$1,282.00	\$1,235.00	\$47.00	\$1,282.00	\$47.00
616 IC-Travel	\$1,161.15	\$550.00	\$611.15	\$1,200.00	\$650.00
630 NH Program - Mgt Fees	\$2,714,700.55	\$6,515,281.34	(\$3,800,580.79)	\$8,752,055.52	\$2,236,774.18
631 NH Program IGT	\$6,042,855.55	\$14,502,853.30	(\$8,459,997.75)	\$17,590,711.32	\$3,087,858.02
632 NH Telehealth Expenses	\$0.00		\$0.00	\$154,500.82	\$154,500.82
635 NH Program-LTC Fees	\$660,000.00	\$1,606,000.00	(\$946,000.00)	\$1,692,000.00	\$86,000.00
637 NH Program-Interest Expense	\$855,913.72	\$1,725,490.68	(\$869,576.96)	\$2,109,782.67	\$384,291.99
641 NH Not on My Watch			\$0.00	\$110,000.00	\$110,000.00
Net Change Increase in Expenses					\$5,947,453.01

Overall, Mr. Sticker explained that if the budget amendments were improved, revenue would be increased by \$7,157,372.05 and expenses would increase \$6,057,453.01 for a net increase of \$1,099,919.04 or \$3,337,040.38 total. See below:

	May 31 Actuals	Budget Amendment 1	Budget Amendment 2	Increase or Decrease from Budget Amendment 1
Revenue				
Total Income	\$11,803,561.41	\$28,089,216.02	\$35,246,588.07	\$7,157,372.05
Expense				
Total Expense	\$11,006,427.11	\$25,852,094.68	\$31,909,547.69	\$6,057,453.01
Net Income	\$797,134.30	\$2,237,121.34	\$3,337,040.38	\$1,099,919.04

Upon the conclusion of Mr. Sticker's presentation of the financial statement and budget amendments, Attorney Oxford was called on to discuss the Treasurer's

Report, check register, and outstanding invoices to be considered. (See Exhibit “A-3”). 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 that the District had \$4,469,198.79 in funds available after the payment of invoices and taking into account the restricted funds in the District’s Interbank Account. From there, he briefly reviewed the Interbank Account Reconciliation section of the report but then spent a considerable amount of time on the Cash Flow Report for June 2020 until January 2021.

Attorney Oxford explained the cash flow report was especially important and detailed given upcoming cash needs for the QIPP program in December weighed against the potential request for assistance by the Hospital and other upcoming expenditures. After going through the cash flow spreadsheet in detail, Attorney Oxford explained that if the District provides the anticipated funding for the Hospital to assist with operations due to Covid-19 and the Uniform Hospital Rate Increase Program (“UHRIP”), the District will need to make plans to receive a revenue note for nursing home operations of \$7,000,000.00 instead of \$6,000,000.00 on December 1, 2020 in order to have sufficient cash flow available until first quarter’s Component 3, 4, and lapsing funds are received for QIPP Year 4 in January 2021.

After Attorney Oxford’s discussion of the Treasurer’s Report and Cash Flow, Director Rollo made a motion, that was seconded by Director Way, with the unanimous approval of all the Board members present, the Board approved the financials for May 2020; the proposed budget amendments presented by Mr. Sticker; the Treasurer’s Reports; and invoices to be paid set forth in Exhibits “A-1”, “A-2”, and “A-3”.

6. Discuss and take-action on Committee Reports:

Building Committee: According to President Murrell, the District staff will be able to move into the new building after May 28, 2020 when Spectrum was scheduled to install phone lines and internet. Otherwise, he touched on several minor things that needed to be completed such as a handicapped compliant parking spot and signage. In addition, Staff informed the Board that they will need to purchase a refrigerator, microwave, and supplies for bathroom and coffee bar. Attorney Oxford

suggested a trip to Sam's should enable them to purchase almost everything they needed.

7. Discuss staff reports, if necessary, by:

Administrator's Report

Mrs. Norris advised that she had nothing to report except that she and Mrs. Ojeda completed the mandated Cyber-Security training. (See **Exhibit "B"**).

District Indigent Care Director Report

Mrs. Ojeda presented the District's monthly indigent care reports for May 2020 and discussed various aspects of the summary set forth below. (See **Exhibit "C"**). Mrs. Ojeda highlighted for the Board that the monthly invoices to be paid for UTMB medical services was only \$274.54 and for the year, the District has only paid \$45,286.40, which is well below the annual budgeted amount of \$250,000.00. Similarly, in 2020, the District budgeted \$110,000.00 for prescription drug services but spent through May 2020 was \$39,000.06 and once the District implements the Prescription Drug Program on July 1, 2020, she anticipated capturing additional savings so that at the end of the year, the budget lite item will be below budget. Lastly, Mrs. Ojeda brought to the attention the fact that the number of indigent care clients continues to decline (i.e., fifty-three clients in May) and this was part of the reason for the decreased year to date cost for indigent care. In response to questions why the numbers were declining, Mrs. Ojeda explained that she was receiving less referrals from the Hospital and this was most likely due to the fact that the patients typically referred were being treated by the Hospital as Charity Care so that the Hospital could increase its Uncompensated Care payments. Otherwise, Mrs. Ojeda referred the Board to her monthly report and the summary below and stated she would have more to discuss when the Board addressed Agenda Item No. 15.

	May				Year to Date			
Indigent Clients:	53				Clients Enrolled:	85	Average Clients:	64
Youth Counseling:	11				YC Enrolled:	13	Average Clients:	10
SUMMARY BY FACILITY								
	Billed Amount	Medicaid Rate	% of Services	Actually Paid	Billed Amount	Medicaid Rate*	% of Services	Actually Paid
Winnie Community Hospital	\$50,905.00	\$20,871.05	70%	\$20,871.05	\$264,295.57	\$108,129.05	55.23%	\$108,129.05
Pharmacy Total	\$10,437.87	\$8,164.05	27.46%	\$8,164.05	\$47,604.92	\$39,000.06	19.92%	\$39,000.06
UTMB Total	\$4,342.00	\$274.54	0.92%	\$274.54	\$199,441.41	\$45,286.80	23.13%	\$45,286.80
Non-Contract Emergency Services	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00
Contract C-Pap Provider	\$0.00	\$0.00	0.00%	\$0.00	\$400.00	\$400.00	0.20%	\$400.00
Youth Counseling	\$425.00	\$425.00	1.43%	\$425.00	\$2,975.00	\$2,975.00	1.52%	\$2,975.00
Grand Totals	\$66,109.87	\$29,734.64		\$29,734.64	\$514,716.90	\$195,790.91	100%	\$195,790.91
SUMMARY BY PROVIDER								
	Billed Amount	Medicaid Rate	% of Services	Actually Paid	Billed Amount	Medicaid Rate	% of Services	Actually Paid
Brookshire Brothers Pharmacy Corp	\$7,090.85	\$6,335.13	21.31%	\$6,335.13	\$36,073.36	\$32,173.18	16.43%	\$32,173.18
Wikox Pharmacy	\$3,347.02	\$1,828.92	6.15%	\$1,828.92	\$11,531.56	\$6,826.88	3.49%	\$6,826.88
Pharmacy	\$10,437.87	\$8,164.05	27.46%	\$8,164.05	\$47,604.92	\$39,000.06	19.92%	\$39,000.06
WCH Clinic	\$9,844.00	\$4,036.04	13.57%	\$4,036.04	\$31,649.17	\$12,825.21	6.55%	\$12,825.21
WCH Observation	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00
WCH ER	\$11,790.00	\$4,833.90	16.26%	\$4,833.90	\$82,870.00	\$33,976.70	17.35%	\$33,976.70
WCH Lab/Xray	\$0.00	\$0.00	0.00%	\$0.00	\$16,615.40	\$6,812.31	3.48%	\$6,812.31
WCH CT Scan	\$5,435.00	\$2,228.35	7.49%	\$2,228.35	\$27,611.00	\$11,320.51	5.78%	\$11,320.51
WCH Labs	\$11,362.00	\$4,658.42	15.67%	\$4,658.42	\$52,371.00	\$21,472.11	10.97%	\$21,472.11
WCH Xray	\$10,584.00	\$4,339.44	14.59%	\$4,339.44	\$40,636.00	\$16,660.76	8.51%	\$16,660.76
WCH Lab/Xray Reading	\$1,890.00	\$774.90	2.61%	\$774.90	\$8,209.00	\$3,284.51	1.68%	\$3,284.51
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	\$0.00	\$0.00	0.00%	\$0.00	\$4,334.00	\$1,776.94	0.91%	\$1,776.94
WCH	\$50,905.00	\$20,871.05	70.19%	\$20,871.05	\$264,295.57	\$108,129.05	55.23%	\$108,129.05
UTMB Physician Services	\$1,687.00	\$227.26	0.76%	\$227.26	\$27,814.00	\$4,329.37	2.21%	\$4,329.37
UTMB Anesthesia	\$0.00	\$0.00	0.00%	\$0.00	\$4,988.00	\$2,669.08	1.36%	\$2,669.08
UTMB In-Patient	\$0.00	\$0.00	0.00%	\$0.00	\$34,675.23	\$12,829.83	6.55%	\$12,829.83
UTMB Outpatient	\$197.00	\$47.28	0.16%	\$47.28	\$128,318.18	\$25,410.36	12.98%	\$25,410.36
UTMB Lab&Xray	\$2,458.00	\$0.00	0.00%	\$0.00	\$3,646.00	\$48.16	0.02%	\$48.16
UTMB	\$4,342.00	\$274.54	\$0.01	\$274.54	\$199,441.41	\$45,286.80	23.13%	\$45,286.80
UTMB ER Physician-Barrier Reef			0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00
Chambers Co Public Hosp Distr ER			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
Non-Contract Emergency Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	\$0.00
Grace Nichols	\$170.00	\$170.00	0.57%	\$170.00	\$1,615.00	\$1,615.00	0.82%	\$1,615.00
Penelope Butler	\$255.00	\$255.00	0.86%	\$255.00	\$1,360.00	\$1,360.00	0.69%	\$1,360.00
Youth Counseling	\$425.00	\$425.00	\$0.01	\$425.00	\$2,975.00	\$2,975.00	1.52%	\$2,975.00
Alliance Medical Supply (C-PAP)	\$0.00	\$0.00	0.00%	\$0.00	\$400.00	\$400.00	0.20%	\$400.00
Grand Totals	\$66,109.87	\$29,734.64		\$29,734.64	\$514,716.90	\$195,790.91		\$195,790.91

District General Counsel Report

Attorney Oxford did not have anything to report.

LTC Report

Staff provided the Board members with the LTC Report for May 2020. (See Exhibit "D"). Otherwise, there was no additional information to report by LTC.

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Hospital Report

This month, Mr. Saad Javid gave the Hospital's report and started the report by highlighting the monthly statistics for May 2020. A copy of the report is set forth below and attached as **Exhibit "E"**.

Census	2019					Average	Texas Average
	Jan	Feb	Mar	Apr	May		
ER Visits	240	183	202	206	198	190	
Conversion to Inpatient/observation	20	15	10	10	9	10	
<i>Percentage</i>	8%	8%	5%	5%	5%	5%	
Transferred out	16	12	15	11	11	10	
<i>Percentage</i>	7%	7%	7%	5%	6%	5%	
ER shifts covered by doctors	55%	61%	63%	78%	92%	79%	
Average Inpatient days per day	1.68	2.71	1.61	2.33	1.90	1.91	1.63
CTs	52	35	45	57	46	42	
Xrays	257	266	244	239	250	204	
Ultrasounds	18	33	28	28	28	23	
Encounters - Adult Clinic	673	643	618	635	616	576	
Encounters - Pediatric Clinic	334	346	320	341	287	283	
Behavioral Health patients	74	76	73	75	75	57	
Physical Therapy	8	3	4	6	5	5	
Census	2020					Average	Texas Average
	Jan	Feb	Mar	Apr	May		
ER Visits	187	178	193	147	162	173	
Conversion to Inpatient/observation	9	14	17	14	10	13	
<i>Percentage</i>	5%	8%	9%	10%	6%	7%	
Transferred out	8	14	7	13	16	12	
<i>Percentage</i>	4%	8%	4%	9%	10%	7%	
ER shifts covered by doctors	80%	82%	87%	72%	57%	76%	
Average Inpatient days per day	2.68	3.28	2.23	2.13	2.42	2.55	1.63
CTs	56	71	59	39	56	56	
Xrays	270	268	185	160	200	217	
Ultrasounds	20	20	14	8	5	13	
Encounters - Adult Clinic	638	598	592	349	360	507	
Encounters - Pediatric Clinic	274	306	221	69	95	193	
Behavioral Health patients	45	44	39	0	0	26	
Physical Therapy	0	1	2	0	1	1	

Additional Items:

*Continuing to follow through with protocol set by Chambers County.

*Doing best we can to keep patients safe and confident while they receive care from our providers

*Continuing to provide Adult and Pediatric clinic services through telemedicine along with some face-to-face.

After reviewing the report, Director Way asked the Hospital Representatives if the numbers for in patient beds included swing beds and overnight observation stays. Mr. Danishmund confirmed that it did not, but he would add these numbers to the June 2020 report. Mr. Way thanked them and explained that he was under the impression that the Hospital was staying full due to an increase in the swing beds and overnight observations.

Looking forward, Mr. Mo Danishmund asked to Board for a meeting to discuss possible additional financial assistance for the Hospital by the District due to the impacts the Covid-19 virus. President Murrell reminded the Mr. Danishmund that the District was willing to consider but they needed to arrange a meeting with the Finance Committee to discuss the Hospital's financial condition. Mr. Danishmund agreed to arrange a meeting before the next Regular Meeting.

9. Discuss and take-action, if necessary, on approving Pharmacy Benefit Service Agreement.

Staff presented a revised draft of the Pharmacy Benefit Service Agreement "Agreement" after meeting with Kay Wilcox. (See **Exhibit "F"**). According to Mrs. Ojeda and Attorney Oxford, the changes were designed to help streamline the billing process by giving the pharmacies an allowance of 10% above the Wholesale Acquisition Cost ("WAC") when submitting their invoices. After analyzing the local pharmacies WAC cost to the Medicaid WAC cost, Attorney Oxford and Mrs. Ojeda explained that they were all very close in price and by providing the allowance, the pharmacies could use the WAC cost generated by their systems rather than looking up each prescription on the state's website. In addition, the two explained that they changed up the provisions in the contract dealing with generic and name brand drugs as well as the prior approval process for name brand drugs and other non-preferred drugs.

Since the Agreement was discussed at the May 2020 Regular Meeting, the Board did not ask many questions and a motion was made by Director Stramecki, which was seconded by Director Way and the unanimously approved vote of all the Board members present, to authorize the President to execute Pharmacy Benefit Agreement set forth in **Exhibit "F"** with each of the pharmacies in the District.

10. Discuss and take-action, if necessary, on giving staff authority to engage additional youth counselors.

Staff reported that the two youth counselors contracted with the District have given notice that their regular practices have gotten too busy to allow them to take off a day or half of a day per week to travel to Winnie to see patients. The two counselors have stated they could continue to see clients if the clients could travel to Beaumont or agreed to participate in counseling sessions via Zoom. Given this situation, Staff and Attorney Oxford suggested that staff be given authority to enter into new Youth Counseling agreements with other qualified counselors to increase the pool of youth counselors that can service the needs of the children in the District. If approved, Staff would make sure that the counselors specialized in youth counseling and had the requisite licenses (i.e., LPC or LPC-I).

The Board agreed with strategy to establish a pool of qualified counselors and therefore, a motion was made by Director Stramecki, to authorize the staff to engage youth counselors with a LPC or LPC-I using the District's current Youth Counseling Agreement in an effort to establish a rotation of counselors to assist the children of the District. This motion was seconded by Director Rollo and approved with the unanimous vote of all the Board members present.

11. Discuss and take-action on making improvements to the District's new office facility.

President Murrell presented the Board with a proposal by AEJ Construction LLC to construct an Americans with Disability Act compliant handicapped parking area at the base of the ramp of the District's office. The amount of this proposal was \$3,560.00. (See Exhibit "G-1"). In addition, President Murrell presented the Board with a proposal by Simion Olvera in the amount of \$2,849.41 to buy the materials and to connect the porches on the front of the District's office building. (See Exhibit "G-2"). According to President Murrell, both proposals were for a fair price and recommended that the Board approve them.

The Board agreed and then a motion by Director Way, which was seconded by Director Rollo and the unanimous vote of all the Board members present, the Board approved the proposal by AEJ Construction LLC for \$3,560.00 to construct

an ADA compliant handicapped parking place for the District's office and the proposal by Simion Olvera for \$2,849.41 to buy materials and to join the two porches at the District's office and to cover the handicapped parking ramp.

12. Discuss and take-action, if necessary, on approving the renewal of the certificate of deposit and line of credit at Allegiance Bank.

Attorney Oxford informed the Board that the District was notified by the Allegiance Bank that they needed to renew its line of credit and certificate of deposit but then reported that the documents for the renewals were not received by the bank before the meeting. (*See Exhibit "H"*). According to Attorney Oxford explained that the interest rate for the certificate of deposit ("CD") was 1.50% while the cost of interest on the line of credit was 3.5%. For this renewal term, the rate on the certificate of deposit dropped significantly to 0.35% but so did the interest cost on the line of credit. It will now be 2.10%. Attorney Oxford informed the Board he has seen the drops by all the banks that service his clients but the good news was that the actual cost to the district decreased because the difference between the CD rate and the interest rate in the prior year was 2.00% and this year, it was going to be 1.4%.

After discussing their options and the experiences of other Districts with interest rate payments dropping, a motion was made by Director Way, that was seconded by Director Stramecki and the unanimous vote of all the Board members present, the Board authorize the Board President to execute a renewal agreement with Allegiance Bank for its line of credit and certificate of deposit.

13. Discuss and take-action, if necessary, on making Intergovernmental Transfer ("IGT") on behalf of the Hospital for the Uniform Hospital Rate Increase Program and reimbursing the Hospital for previous IGTs made on their behalf.

Attorney Oxford explained that he received an e-mail from the Hospital's staff advising that the Hospital now qualified for an Intergovernmental Transfer ("IGT") by the District for Program Year 4-Uniform Hospital Rate Increase Program ("UHRIP") and had actually been participating in the Program Year 3 through IGTs made on its behalf by another Hospital with the Jefferson County Regional

Healthcare Partnership. (See **Exhibit “I”**). Per Attorney Oxford, this program is analogous to the Nursing Home supplemental payment programs (i.e., MPAP and QIPP), where the Nursing Homes are compensated for the Medicaid shortfall, or difference between what Medicare pays and Medicaid payment.

Attorney Oxford asked the Board to table this Agenda Item because any IGT did not have to take place until August but he wanted to bring it to the Board’s attention.

14. Discuss and take-action, if necessary, on authorizing the payment to HMG for the Not on My Watch Program.

President Murrell called on Attorney Oxford to give a report. According to Attorney Oxford, he has been advised by HMG staff that they were trying to finalize the final amount owed by the District for its participation in the Not on My Watch Program. As of June 8, 2020, Attorney Oxford stated that the estimated cost was \$102,750.00 but that number has not been finalized. To expedite the payment once a final amount was received, Attorney Oxford asked the Board to authorize a payment of up to \$110,000.00 in case the June 8, 2020 estimate was slightly under the actual amount.

The Board members agreed, and thereafter, a motion was made by Director Way, that was seconded by Director Rollo, and the unanimous vote of all the Board members present, to authorize the payment of up to \$110,000.00 for the Not on My Watch Program.

15. Discuss and take-action, if necessary, on recommendations of the Indigent Care Committee regarding:

President Murrell called Director Way to give an Indigent Care Committee Report and to make recommendations for the Board to consider. According to Director Way, shortly after the last Board meeting, and as a result, the Committee had recommendations on the following three (3) issues:

- a. Use of the Medicaid rate used in the First Amended Indigent Care Agreement;

- b. Coverage of pre-paid medical expenses incurred; and
- c. Definition of medically necessary.

Regarding issue one, use of the Medicaid rate used in the First Amended Indigent Care Agreement, Director Way and the District's Indigent Care Director explained that during the process of analyzing the District's prescription payments, Mrs. Ojeda discovered that for the last decade, the District had been crediting itself forty-one (41%) of the billed amount by the Hospital as opposed to the actual Medicaid rate. Per Mrs. Ojeda, year to date, the District has been billed \$252,904.00 by the Hospital but when using the forty-one percent (41%) payment rate, there has been \$103,701.87 assessed against the \$196,669.35 paid by the District for the year. On the other hand, had the actual Medicaid rate been used, as provided for in the First Amended Indigent Care Support Agreement, the amount that would have been assessed against the District was \$59,523.22, or \$44,178.65 less than the forty-one percent (41%) payment rate.

Attorney Oxford then explained that the amounts discovered by Mrs. Ojeda were significant because when the District negotiated the Agreement, it was agreed that the annual payment amount by the District would be calculated using the last five year's average "Medicaid rate" paid and dropping the highest and lowest years. Consequently, in order to determine the actual amount that should have been agreed to could require the District to go back through all five (5) years and assign the actual Medicaid rate. Additionally, Attorney Oxford provided the Board with an e-mail sent to the Hospital advising of this discovery. (*See Exhibit "J-1"*).

Instead, it was agreed that due to the financial impacts on the Hospital due to Tropical Storm Imelda, the reduction in Uncompensated Care, and the Covid-19 epidemic, the parties would not make any alternations to the payment methodology for this year. However, this matter is something that will be taken up in December when preparing a budget for 2021.

Next, the Board was asked to consider adopting a policy on whether the District was going to continue to provide retractive coverage for clients that apply for the ICAP program and have unpaid medical bills. In addition, the Board was

asked to adopt a definition of “medically necessary” so that Mrs. Ojeda was have better guidance on what patients to refer to UTMB.

As to the first issue, the staff and Committee members explained that in the past, the District was asked to pay for healthcare treatment that took place prior to a client being enrolled in the ICAP program. For the most part, the amount of medical care received was nominal but recently, the District was asked to pay in excess of \$35,000.00 for a new client who sustained serious injuries from a moto-cycle accident and was transported to UTMB. UTMB released the client and advised that he enroll in the ICAP program and then return to receive the rest of the treatment he needed. By doing this, the District would be responsible for the medical care received before the client enrolled and then for the future medical care. Because of this situation, Staff and the Committee asked the Board to adopt a policy that the District does not cover healthcare expenses before a client is enrolled in the ICAP program.

In support of this position, Attorney Oxford provided the Board with another e-mail drafted to Mrs. Ojeda in which he explains the legal justification for this recommendation. (*See Exhibit “J-2”*). Per Attorney Oxford, there is nothing in Chapter 61 of the Health and Safety Code or the Administrative Code that that requires the retractive payment of medical bills. But, in both the THHSC Handbook and the District’s policy, it is stated that “the applicant may be retroactively eligible in any of the three calendar months before the month the identifiable application is received if all eligibility criteria are met. Since the District’s policy states “may”, it is not obligated to continue the payment of these expenses.

Turning to the next request for guidance, Mrs. Ojeda requested that the Board adopt a definition for “Medically Necessary” healthcare treatment so that she would have better guidance on referrals to UTMB. Again, she referred the Board to the e-mail from Attorney Oxford in which he renders his legal opinion on the issue. (*See Exhibit “I-2”*). According to Attorney Oxford, Section 61.028 of the Indigent Health Care Act (“Act”) provides a laundry list of healthcare services that the District is obligated to provide. In this section of the Act, the term Medically Necessary is used in conjunction with 1) inpatient care acute care; 2) outpatient services; and 3) skilled nursing facilities but never defined. In addition, Attorney

Oxford explained to the Board that the term “Medically Necessary” was used in 25 TAC § 14.201 but again, it was never defined and explained that this rule only applied to County Indigent Care Programs.

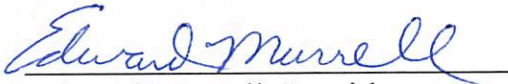
Therefore, given that the term Medically Necessary is undefined and the Texas Statutes and Texas Administrative rules, it is Attorney Oxford’s opinion that the District consider the purpose of the Indigent Care act and consider the three (3) times the term is used in Basic Services to develop a definition so that the District can provide staff with method to make consistent decisions on healthcare treatment options. In so doing, he referred the Board to the 1998 House Committee on County Affairs House Subcommittee on Indigent Health Care report in which the first recommendation of the Committee was to “[m]odify the Act to reflect the shift in focus of health care delivery from acute care to primary and preventive care.” Thereafter, in 1999, the 71st Legislature considered this report and adopted many of the recommendations in HB 1398 including the current Section 61.028 Basic Health Care Services that discussed primary and preventative services. Otherwise, put, the goal of an indigent care program should be to provide primary and preventive care as opposed to acute care.

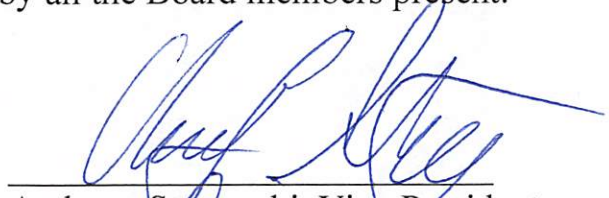
With this in mind, as it relates to inpatient and outpatient care, it was recommended to the Board that they adopt the following criteria in determining whether health care services are “medically necessary”:

1. Hospital services or care rendered both outpatient and inpatient, to a patient in order to diagnose, alleviate, correct, cure, or prevent the onset or worsening of conditions that endanger life, cause suffering or pain, cause physical deformity or malfunction, threaten to cause or aggravate a handicap, or result in overall illness or infirmity.
2. Immediate care that is necessary to prevent putting the patient's health in serious jeopardy, serious impairment to bodily functions, and/or serious dysfunction of any organs or body parts;
3. Urgent care to treat medical conditions that are not immediately life-threatening but could result in the onset of illness or injury, disability, death, or serious impairment or dysfunction if not treated within 12-24 hours.

After some discussion of the issues, the Board members agreed, and thereafter, a motion was made by Director Stramecki, that was seconded by Director Way, and the unanimous vote of all the Board members present, to adopt the recommendations by staff and Attorney Oxford regarding retroactive benefits and the criteria used to assess whether a request for healthcare treatment was “medically necessary”.

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 July 15, 2020 at 6:00 p.m. at the new offices located at 520 Broadway, Winnie Tx 77665. Thereafter, at 8:33 p.m., a motion was made by Director Stramecki to adjourn the meeting. This motion was seconded by Director Way and unanimously approved by all the Board members present.


Edward Murrell, President


Anthony Stramecki, Vice-President