Haskell County Hospital District Board Meeting Minutes for 2/28/23

The Haskell County Hospital District Board held its regularly scheduled meeting on Tuesday, February 28, 2023, at 6:00 PM, in the Haskell Memorial Hospital Education Building, 2 North Avenue N. Haskell, Texas, per the Texas Open Meetings Act. Attending: President Robbie Peiser, Vice-President Tom Long, Member Reida Penman, Member Jenny (Elna) Camacho, Member Amy Martin, CEO Michelle Stevens, COO Mary Belle Olson, CFO Elizabeth Miller, Controller Crystal Molina, CNO Tammy Mason, ACNO Meghan Shelton, Patient Relations Nurse Carla Long.
Absent: Secretary Jerry Cannon (Health), Clinics Manager Sydney Saucedo (Maternity leave).
Guests Speakers: LeeAnne Denney and Carl Denney – TORCH MARKET DATA PRESENTATION.
Jake Lawrence - Government Capital – BOND ELECTION PRESENTATON.
General Public: Stamford Star/Haskell Star Reporter Dusty Garison, Iris Riley, Wanda Hester, Larry Schonerstedt, Missy Lewis, Todd Lewis, Cole Turner, Bret Shelton, Linda Haynes, Wanda Hester, Jamie Ferguson, Fran McCown, Lynn Dudensing, and Jerry Don Klose.

President Peiser called the meeting to order at 6:00PM. Quorum certified as present.

1.February 9, 2023, Meeting Minutes Reviewed. Approved as presented.

2.TORCH MARKET PRESENTATION - LEEANNE DENNEY

LeeAnne Denney introduced herself and her husband Carl. She stated, "we have been working with data and analytics for the State of Texas since 1988. We live in Granbury, Texas and have worked together all our married life -over 30 years. We work with TORCH to help rural hospitals. We were asked by Haskell Memorial Hospital to present data relevant to Haskell's current situation. We are not an advisory or consulting firm. Data and analytic services only. The data for this presentation comes from three main sources: Texas Health Care Information Collection (THCIC), CMS Cost Reports, and C3HIE which gives supplement volume estimates that THCIC cannot provide."

Key Data Points: Mrs. Denney reviewed the Service Area data that affects Haskell pointing out outmigration, urban market pricing and the hidden tax, demographics and projected volumes, market share, and the regional HUB potential. For the data-based service area, several things were considered. Patient origins, Interstate location, and data experience - the best service area for a new Haskell hospital to draw from is an eight-county area including: King County, Knox County, Baylor County, Stonewall County, Haskell County, Throckmorton County, Jones County, and Shackelford County. Data supports this position for a Regional HUB but would require careful strategic planning and pricing. The cost of healthcare procedures in Haskell is 282% less than the cost for the same procedures in Abilene.

Data Point Notes: A need to use the market data to your advantage. No apparent Market leader within an 8-County service area. Populations in Haskell County and surrounding counties are declining overall, which will require strategic and specific target services. A new hospital will attract business/industry/ new families to the area. The proximity to US Highway 277 is important. Hendrick is not making aggressive moves into Haskell's markets. Charges in Abilene are significantly higher, resulting in a hidden tax. Local governance of Haskell's hospital is a plus. The ability to add services currently not available in a new facility a plus. Regional hospital potential and Inpatient/Swing bed potentials are a plus.

Recommend data services (free due to grant): Good strategic pricing data, regionalization traffic counts, other hospitals' profit margins, surgical centers, clinics, freight networks, surgeons, anonymous surveys, and the ability to layer in data on any topic you need.

3. GOVERNMENT CAPITAL PRESENTATION (BOND ELECTION) – JAKE LAWRENCE

Mr. Lawrence introduced himself, reviewed bond information, and presented an update on waiting to post a Bond Election until November 2023. The deadline for that election would be mid-August. He presented tax projection charts at a 0.50% higher interest calculation for $40 million dollars for 30 years, and $45 million dollars for 30 years. Mr. Lawrence broke this information down further into the individual taxpayer's tax increases to be 0.52 cents or $520 dollars for a tax appraisal home value tax of $100,000 and $328 for the home value of $63,000 (average) for $40 million dollars over 30 years, and $590 for a tax appraisal home value of $100,000 and $372 dollars for the home value of $63,000 (average) for $45 million dollars over 30 years. Mr. Lawrence also discussed that a bond passed in November would be for sale in January and not funded until February of 2024, which would make the first payment due in February 2025.

The new tax rate would not be set until August of 2024, so the first payment would be due February 2025 consisting of one full payment and the interest accrued over the past 1 year. Mr. Lawrence also gave options to help when the tax cap is met, making the first payments more difficult. Option one is to push back the funding of the bond until mid-year so that the first payment is smaller in size. The second option is to borrow to cover the first payment that is larger, and then pay that loan off and continue with the smaller monthly payments. The first 2 years' tax rate will be higher.

Mr. Lawrence gave an example of Hall County (farm and ranch area) who was also butting up against their maximum tax rate, and they had two choices: 1)Push term of loan out for longer time frame; 2) Borrow small extra amount of capital to help smooth over the increased tax rate. Hall County chose to borrow extra capital to not bust out of their maximum tax rate. (See Handout).

When you do go out for a bond you have to give the public the highest tax rate in the projection, and once the bond is called the Hospital cannot talk about it. They can give the facts, but they can not say if they are for or against. Mr. Lawrence reviewed the sample projections for Haskell at the current interest rate which will change as the interest rates change. Hospital cannot prepay on the loan before 10 years. At 10 years, you can refinance to get lower payments and potentially get a lower interest rate. These are the best projections we can make at this time. We will continue to monitor the interest rates and update accordingly. CEO Stevens thanked Jake Lawrence for coming.

4. Board Facility Discussion: CEO Stevens informed the Board that the Administration team felt that this would be a good time to back off of the public meetings and go back to the drawing board to make sure we have looked at all the options. This was started three years ago, and we have been researching options prior to that with the whole Phase 1, Phase 2, Phase 3 plan. CEO Stevens stated they wanted to know what the board members thought about everything individually, and to make sure everyone is on the same page moving forward.

President Peiser- "This is where we want discussion from the Board Members on what they think about the hospital building situation. For myself, when we discussed the initial cost, I was very comfortable with that. I am very uncomfortable that it is going to cost so much. I am for backing off and looking at more options."
Member Jenny Comacho – "I think we need to go back to the drawing board. See what options that are out there."
Vice-President Long – "We need to be sure we are fiscally sound, and that we are doing what is in the best interest of the community, our kids, and grandchildren, as well as taxpayers and those on a fixed income. We need more involvement from the community on how to solve this very real problem, not more negativity."
Member Reida Penman- "We are going to have to do something one way or another. I am concerned the longer we wait the more it will cost, and at some point, we are going to have to bite the bullet and do what needs to be done."
Member Amy Martin –"I can see multiple sides of this issue. I agree with Reida – something has to be done. I hope we don't get into an even tougher position where we have to do something because we waited too long. I don't want to not give this the due diligence the community deserves. I am okay with backing off to go back to the drawing board to give it due diligence."
President Peiser: "We wanted to know what everyone thought because up to now we have not really had the chance to talk about how the board felt. The holidays with no meeting in December, and how things have changed from the first numbers to where we are now. We have not had the chance to talk about this before now."

5. Public Comment:

President Peiser -Introduced the Public Comment Section of the Meeting. "Fran will remember when we went to Phase 1. We had some extra money, and we had some money coming from the government. We had some money to use and apply to make some improvements to the facility. We had some money from the government, and we borrowed some to put with it. We decided to use that for the renovation of phase 1 and phase 2.

Phase 1: We had to do some work to get oxygen where we needed it to be and update some wiring.

Phase 2 was the ER renovation. It was a lot of money, but we decided to proceed to do that, and we leased the CT machine which was instantly profitable. We believe the MRI will be also. We have to do some more marketing. We had some issues at first with it breaking down, but we fixed that.

Phase 3 is updating the patient rooms and that is what we were looking into when this all started three years ago. COVID hit, and our nurses had to become ICU nurses overnight because we had people who were too sick to be in our facility, but we could not send them anywhere because the larger hospitals were not accepting transfers. We didn't have the staff or the equipment, but I am so proud of how our staff stepped up and did what had to be done. The State graciously sent us nurses and loaned us respirators to get through that time, but if you remember we had patients stacked up double in most of the rooms. It's awkward having to share a room and a bathroom with two, or four during COVID, with four people. Even more awkward to have to walk down the hall to the bathroom in front of everyone. Our ER was a two room ER with a curtain separating you from the other person and you just hoped no one would look around the curtain. There was no privacy. We needed to address that. We also needed room for the CT scanner.

Along the way we got that done, we spent $4 million on Phase 1, and $4 million on the Phase 2. We had to do phase 1 to bring parts of the building up to code before we could renovate the ER in Phase 2. Then Fran retired, and we brought someone to replace her. Now we have to address the patient rooms. That is what we were trying to do when all this started. Our PT department is also busting at the seams. We talked about moving them over here, but that was going to cost $1M, and we would have to bring this building up to code as well. We have an amazing PT staff - 5 wonderful employees over there. We looked into the cost of renovating and building, and the cost had gone up tremendously. We are going to have to work together to find the best solution. We are thankful to Wanda and Fran for meeting with us the other day on this. We will be asking others of you to meet with us too. Also ask your Dr. and their schedulers to see them or have tests done in Haskell. Those schedulers don't know to offer to schedule you in Haskell. You are going to have to speak up to direct your healthcare dollars back to Haskell.

We never called for a bond election. We never intended to over-run the public. We were not moving forward without telling anyone. We will be approaching some of you to see what you think is the next step. Let's stop chunking rocks at each other or bickering or whatever it is we are doing. Let's make sure that nothing comes out of our mouth that is "libel." We will not take "libel" lightly. We will not say anything ourselves that is "libel." We have the documentation to back up what we have said. If you have questions come see Michelle and we will pull that up for you. Make sure you don't say anything bad about us and our team or the hospital that you can't back up. We will not talk bad about others.

We want a hospital here in Haskell. We want to make sure we have as much healthcare in Haskell as we can. We got a quote on the plumbing repairs at the Hospital today of $160,000.00. The hospital will have to be shut down for 4 to 6 weeks. Local plumbers won't touch it because it is such a mess. We have all kinds of pipes under there, including sewer pipes split down the middle. The contractor for the new part of the hospital connected the new pipes to the old original cast iron pipes without filters, so now rust and debris is clogging up the new copper pipes. We have tried to contact them, but they are not answering the phone. We are going to get more quotes, and I asked Louis to let me know when they are here so I can be the bad guy and stand up for the hospital. We don't know about the future, but we have learned things we did not know before. We are going to work together to solve this problem.

Bathroom Break. 7:45PM

Session Resumed. 7:51PM - Public Comment (continued)

Lynn Dudensing – (Sagerton) "Me and my generation are part of the problem. We are the 45-65 year old baby boomers that are now having health issues which is causing a load on the federal system. Who will take care of us?"

Mr. Dudensing reviewed key points in the 'Rural Counties Face Hospital Closures' article by Jamie Falconnier, and Moran Hecht. (See handout). He pointed out that "Rural Facilities have low insurance funding and are more sensitive to economic pressures and policy changes. They will have to augment with technology changes, improving access to telehealth, and replacing ERs with better medical transport infrastructure." Mr. Dudensing asked if the hospital had looked into the 11-15 Medicaid Waiver, the Tobacco Program, and a possible Hospital Partnership with Stamford. CEO Stevens told him yes. He further stated that he "felt that building new and bringing the tax-rate up to the maximum would be financial suicide." He pointed out that there have been no rural hospital closures in 2020. "COVID funds saved rural hospitals where revenue and taxpayers are the only income." Mr. Dudensing continued - "I want to keep medical care here. Please look at more options. You have lost money on the operational side for four of the last 5 years based on Fran's numbers. Prove yourself to us – make this hospital profitable before coming to us with another big project. Fix your sewer first. Add the payroll cost to the plumbing project so you keep your good staff while the plumbing is getting fixed. Get the hospital functional and prove to us you can make it profitable- then decide how to move forward. You wanted options I am telling you your only option is to look for more options."

6. Review Patient Census: CEO Stevens reviewed the January patient census. Admissions were down from 9 in January 2022 to 6 in January 2023. Inpatient days were 20, with average length of stay up to 3.33 as compared to 1.89 in 2022. Observation admissions were up from 12 in 2022 to 21 in 2023. Observations length of stay in 2023 up to 2.41 from 0.54 in 2022. Swing bed 2023 admissions up to 7 from 2 in 2022. Swing Bed average lengths of stay down to 8.0 From 13.0 in 2022. The combined daily census was 4.32 in 2023 and 2.39 in 2022. ER visits remained basically the same and clinic visits were down to 437 in 2023 from 486 in 2022.

7. Review and approve Financial Report Including the Employee Census and AP Check Register : CFO Miller presented the Financial Report for review and approval. Cash on hand $1 M. $703K of cash is held in a CD as collateral for the MRI loan now held at First State Bank. Restructuring this loan to improve cash flow is a current agenda item. Cash is $753K less than January 2022 due to change from Athena to Cerner EMR on June 21, 2021, and change in old billing company to Senex as of October 1, 2022. Accounts receivable increased $1 M January 2023 from January 2022 to previous billing company not filing claims and posting write-offs in timely manner. Estimated collection percentage was 66% for January 2022. The estimated collection percentage is 56% for January 2023. We are working with Senex as of October 1, 2022, to collect as much as possible and write off the claims that will not be paid. Accounts Payable increased $654K. This includes Cerner invoices totaling $469K, Concord invoices totaling $218K, and TRC invoices totaling $141K. Per our attorney we will not be able to write-off the TRC invoices for 4 years. We continue to pay as many AP invoices as possible due to our decreased cash flow, focusing on paying local vendors on time and paying the 90 days and over invoices. The current amount due on the aging's increased $500K due to receipt of the invoices for the two large construction loans. We have $2.2M in current debt and $3M in long term debt as of January 31, 2023. The current debt includes the FSB MRI loan for $703K and the $870K FSB LOC. The current portion is what is due in the next 12 months for each loan per the amortization schedule. If a note is a one year note all of it is considered as part of the current portion of Notes Payable. The MRI is refinanced every year.

There was an increase in gross revenue of $150K in January 2022 over January 2023. Outpatient services increased by $117K. ER increased by $33K. Radiology by $56K, PT by $8K and Cardiac Rehab by $8K. All other increased by $71K, this includes smaller departments and Observation. HMH clinic had $75K for January 2023 up from $43K in January 2022. Walk in Clinic had $34K in January 2023 up from $6K in January 2022. Inpatient revenue and lab both decreased in January 2023. Salaries and Benefits increased $64K due to a 3% raise effective 1/1/22 along with additional raises to bring salaries in line with TORCH standards. Salaries and Benefits are down $56K from January 2022 to January 2023. Salaries and wages are down $88K while PTO expense, Workers Comp insurance and retirement increased by $29K.

Purchased services increased $142K-Audit and Accounting fees and billing company fees are in this category.
The remainder of non-payroll expenses have decreased or stayed the same.
The variance between budgeted revenues and actual revenues were immaterial. Allowances were significantly higher due to increasing the allowance to account for the issues with the previous billing company. Expenses were higher due to increases in purchased services due to Durbin accounting fees. Non-operating income and expenses are lower due to the reduction in COVID grant from #300K to actual of $190K.

CFO Miller reviewed the amount owed to Haskell Hospital from Stamford Hospital District - $940,000.00 and discussed invoice to be sent to Stamford Hospital District on this. The Employee Census and AP Check Register were presented for review and approval.

Jenny Camacho moved to approve the Financial Report including the Employee Census and AP Check Register. Tom Long seconded the motion and the motion carried.

8. Old Business:
a. CEO Stevens and CFO Miller presented the Cerner Uplift RCM Services and the $700,000 benchmark adjustment. This was discussed and Tom Long made the motion to approve the Cerner Uplift RCM Services if they agree to the $700,000 benchmark. Amy Martin seconded the motion and the motion passed.
b. Review and approve the MRI loan restructuring terms. CFO Miller reviewed the MRI Loan restructure terms. Reida Penman moved to approve the MRI Loan restructure terms, and Amy Martin seconded the motion. Motion carried.

9. New Business:
a. Review and approve Stamford Clinic OTA Invoice – CFO Miller presented the terms for the Invoice to be sent to Stamford Clinic on what they owe Haskell Hospital. She presented 60 days with approval of the terms of invoice, and a 20% discount on payment of the full amount. After discussion it was decided to give them 90 days with the approval of the terms of invoice, and 20% discount for full payment. Tom Long made a motion to approve the OTA invoice for Stamford Hospital District on what they owe Haskell Hospital with 90 days to pay with approval of the terms of the invoice, and 20% discount for payment of full amount. Amy Martin seconded the motion and the motion passed.
b. Policies and Procedures – None.
c. Medical Staff Credentials- None.

10. CNO Report – ACNO Shelton – We still need to RNs for the night shift.

11. COO Report – COO Olson reported:
a. Marketing for MRI to be increased soon.
b. Working on ways to help patients get set up to do their lab and testing and see specialists in Haskell.
c. Reminder to public to talk to their specialist and schedulers about asking to use services in Haskell.

12. CEO Report – CEO Stevens -No Executive Session Needed.

Meeting adjourned at 9:33PM.

Carla Long RN — 3/28/23
Carla Long Note Taker/Typist — Date

Robbie Peiser — 3-28-23
Board Secretary — Date

Robbie Peiser — 3-28-23
Board President — Date

Michelle Stevens — 3-28-23
CEO — Date