Haskell County Hospital District Board Meeting Minutes – April 21, 2023

The Haskell County Hospital District held a called meeting on April 21, 2023, at 9:00 AM in the Center for Contemporary Arts training room at 220 Cypress Street, Abilene, Texas, 79601, per the Open Meetings Act.

Attending: CEO Michelle Stevens, COO Mary Belle Olson, CFO Elizabeth Miller, Controller Crystal Molina, CNO Meghan Shelton, Director of Marketing Missy Lewis, Board President Robbie Peiser, Board Vice-President Tom Long, Board Secretary Reida Penman, Board Members Amy Martin, and Jenny Camacho.

Invited Guests: Construction Manager Robbie Dewberry, retired CEO of Mitchell County Hospital; Kyle Lee, Reimbursement Consultant; Chip Whitlock, Paige Gollihar, and Kelby Sue with Parkhill; and Brent Fuller and Dalton Kimzey with Durbin & Co, LLP. LeeAnne Denney presented via Zoom.

General Public Present: Fran McCown (former Administrator), Lynn Dudensing, and Karen Lehrmann.

Meeting called to order at 9:36 AM by President Robbie Peiser. Quorum certified present.

1. No public comments were made.
2. New Business
    a. The updated banking resolution was presented by the CFO and Controller. Tom Long moved to replace Jerry Cannon with Reida Penman as the secretary and Tammy Mason with Meghan Shelton as the CNO. Jenny Camacho seconded. All voted in favor, and the motion carried.
    b. LeeAnne Denney with Lucky Dog Analytics presented the data from the employee/provider and community/board surveys. The survey is conducted on the TORCH Hub for Analytics, a free platform, and was developed as a voluntary service by Lucky Dog Analytics.
        i. The survey was launched on April 3, 2023, and will be open until May 15, 2023.
        ii. Responses are anonymous.
        iii. As of April 20, 2023, at noon, survey responses were:
            1. Internal constituents – 36 employees, 6 other, 0 physicians
            2. External constituents – 139 community members, 2 board members.
        iv. Mary Belle Olson stated the surveys are being promoted on social media (Facebook), local newspapers, and a direct mailout to drop the week of April 24, 2023.
        v. Constituents have the options of a QR code, Facebook link, or a phone number to call to receive paper copies.
    c. Chip Whitlock of Parkhill presented information about the proposed options for Haskell Memorial Hospital.
        i. Mr. Whitlock stated Parkhill was originally invited by Chris Strickland, former HMH CEO, in 2021 to provide options. The intent was to avoid spending excessive money by using existing structures. Mr. Sue stated as construction is being done, each area will be required to be brought up to current code.
        ii. Facility assessment was conducted in 2021 by Parkhill. The assessment included accessibility deficits, in addition to structural, mechanical, plumbing, architectural, and electrical insufficiencies.
        iii. Parkhill presented options for consideration:
            1. Micro-Hospital. Projected cost - $26,000,000 +1% per month inflation
                a. 30,000 sf
                b. NFPA 101 Life Safety Upgrades
                c. ADA/TAS Accessibility Upgrades
                d. Plumbing Repairs
                e. New Clinic
                f. Renovate current clinic for Administration.
                g. Central Supply Warehouse
                h. Modular MRI Addition (N/I MRI)
                i. Renovate Main Hospital

j. Renovate Patient Rooms
k. Renovate ER

2. Renovation & Expansion
    a. Projected costs do not consider loss of revenue from having to close areas of hospital during construction.
    b. Renovation/Expansion will be done in 4-5 phases.
    c. Renovation costs include some plumbing costs, but costs could exceed those estimates due to the age of the existing structure and its components.
    d. Renovation/Expansion to be done on current land footprint.
    e. All renovation/expansion options will bring facilities up to ADA/TAS standards.
        i. Option 1 – Projected cost $37,378,083 +1% per month inflation
            1. 58,579 sf
            2. Construct new hospital clinic.
            3. Renovation of existing hospital clinic building
            4. Renovation/addition to education building
            5. Maintenance/storage
            6. Renovations/additions to main hospital facility in phases
            7. Site work
        ii. Option 2 – Projected cost $39,597,640 +1% per month inflation
            1. 57,552 sf
            2. Walk-in Clinic and ED Renovation/Addition
            3. Renovation of existing hospital clinic building
            4. Renovation/addition to education building
            5. Maintenance/Storage
            6. Renovations/additions to main hospital facility
            7. Site work
3. New Construction; Projected cost $47,952, 473
    a. 66,900 sf
    b. Potential land donation from Development Corporation of Haskell off highway 277
    c. All program spaces within hospital except clinic and PT gym. Clinic and PT in separate building or attached to hospital with less expensive construction.
    d. 2400 sf prefab building for maintenance

iv. Michelle Stevens, CEO, stated inspectors came earlier in the week to inspect existing ED and Walk-in Clinic. Mr. Whitlock walked through with the inspectors. He stated there are a couple of easy fixes, such as handrails. "The big issue is the ambulance ramp. You are allowed a 2% slope, but this ramp is at 4%." Handicapped parking is also out of compliance. This is the responsibility of the original contractor. CEO Stevens stated the hospital has eight months to address them before fines are assessed. Mr. Whitlock stated fines could be $5K/day from the day of inspection. Page Gollihar stated the slope repair alone will cost greater than $100,000.
    1. Texas Department of Licensing and Registration (TDLR) had no record of this project.
    2. This inspection should have been completed within 90 days of completion of the construction.
    3. Mr. Sue stated there should have been multiple inspections before and during construction to find problems and correct them as the construction proceeded.

v. Board President Peiser clarified the purpose of this presentation was to provide a recap of the options given. No decisions have been made regarding construction or renovation. He stated it is clear the Board and Administration are faced with a decision soon regarding the current facility.

vi. Mr. Dewberry commented, "Remember that when you started this discussion three years ago, nobody anticipated COVID and the increases in the cost of construction. As a rural hospital administrator, I saw with COVID, we can take care of more patients in rural hospitals than

previously thought. Tertiary hospitals can't handle all the extra patient volume if rural hospitals close."

vii. Parkhill concluded their presentation.

d. The meeting recessed for lunch.

e. Kyle Lee presented the Pro Forma and Reimbursement Impact, asking the question, "What does the future look like with the options presented?"

i. Critical access hospitals started in 1997. Haskell was designated as critical access in 2003. Critical access hospitals have a high rate of survival.

ii. Typically, revenue increases if hospitals spend money on improvements. As much as 35% of the cost will be paid by in reimbursements from Medicare.

iii. New hospitals attract patients.

iv. Critical access is cost-based. More cost equals more reimbursement.

v. He stated he will have a formal report to present to the Board soon.

vi. Mr. Lee stated, "Reimbursement will change significantly when the hospital spends money on the hospital, whether on renovation or a new facility."

vii. Mr. Lee stated, "We have seen what is happening in this area with rural hospitals who continue conducting business as usual are going out." Haskell County has the potential to make an impact in this region by being innovative.

f. Brent Fuller presented Updates and Current Events

i. Reimbursement Law Changes

1. Location proposed for new facility

a. Critical Access Hospital (CAH) must be 35 miles from the nearest acute care, inpatient hospital when on primary roads, such as state highways.

b. Anson is 31 miles from Haskell. HMH was state designated initially, so this was not a problem. If a new facility is built in the proposed area, there might be scrutiny unless Anson's designation changes from PPS to Rural Emergency Hospital (REH). If Anson is not designated as an REH, discussions with CMS will be needed.

2. New service lines and revenue streams

a. Introducing new service lines such as IV infusion therapy, geriatric psychiatry, etc., have the potential to create increased revenue.

b. Increased services lead to increased revenue.

c. Renovation and building is about more than renovation and building. It is about providing services the community needs," Mr. Fuller stated. "It is a mentality. Sustain and grow services no matter what we do."

3. Other Rural Hospital Improvement Projects:

a. Moore County Hospital (Dumas) – A new hospital is nearing completion of its build.

b. Mitchell County Hospital (Colorado City) – This project was a renovation with a lot of new square footage.

c. Medical Arts Hospital (Lamesa) – A new hospital was completed approximately ten years ago.

d. Cogdell Memorial (Snyder) – This was a renovation primarily consisting of the existing structure.

4. Using Hospital Building Project for Reimbursement Gain

a. Services offered –Reimbursement must be considered when planning for the new building or renovations.

b. Mr. Dewberry asked, "What services do you need to expand to stay viable?" He stated technology has made it possible for people to work remotely from anywhere. Many are wanting to leave cities for the slower pace and lower cost of living of rural communities. Those people will be drawn to communities with high quality healthcare.

c. Mr. Dewberry continued, saying, "Small hospitals can provide the same quality of care as big hospitals if they have the facility and services available."

g. Mr. Peiser invited the Board into an open discussion, asking, "Where do we go from here?"
   i. Mr. Peiser stated he understand we need to expand to provide additional services, but he does not feel comfortable with the expense of a new facility.
   ii. Mr. Long agreed, stating, "We need to look at practical renovation with as little interruption to services as possible."
   iii. Mrs. Penman clarified that the estimate for replacing the existing plumbing was $326,000 from Black Plumbing. Mr. Peiser confirmed this, adding that this was a complete replacement bid, including going into the walls to replace existing pipes. The repairs could exceed the estimate, dependent upon what is found once the repairs begin (asbestos, foundation, etc.) Mr. Dewberry stated these repairs should not affect "grandfather" status of HMH unless walls are moved.
   iv. Ms. Camacho agreed we need to do something to stay open, but a new facility does not seem feasible right now.
   v. Mrs. Martin commented that the longer we wait, the more money we are going to be throwing at the building.
   vi. Mrs. Penman suggested the board determine how much longer the current building can continue to be used if doing the minimum.
   vii. Mrs. Olson stated, "Even if we choose to do the renovations, we will need funding." Ms. Stevens reminded the group that both renovation options will take around $37 million. The group discussed options for funding, including a bond and a USDA loan. Mr. Dewberry stated USDA loans are very low interest, but the application process is very slow, and the USDA prefers new builds over renovations.
   viii. CEO Stevens asked for the Board's recommendation on whether to continue discussing the donation of land with the DCOH. The group decided to have someone look at the foundation to get a better idea of the stability of the current building before moving forward. Ms. Stevens was advised to discontinue discussions with the DCOH regarding the land proposed for a new facility.
   ix. Once the foundation is inspected, the Board and Administrators will further explore options.

h. The board discussed potential board members and decided that Jenny Camacho would ask Shane LeFevre if he would be interested in being appointed. Juan Herrera is the back up candidate for appointment if Shane declines. The potential board member will be presented to Judge Kenny Thompson for the Commissioners' Court meeting scheduled for May 9th.

i. No further discussion ensued. Mr. Peiser declared the meeting adjourned at 2:57 p.m.

Carla Long RN — 4-25-23

Notes taken/typed by — Date

Reida Penman — 4-25-2023

Board Secretary — Date

Robbie Peiser — 4-25-23

Board President — Date

Michelle Stevens — 4-25-23

CEO — Date