CONCHO COUNTY HOSPITAL

Concho County Hospital Board Meeting
June 27th, 2023
(Recording 103)

Transcription Content Table:

- Recognition of an employee, Mario, for his efforts in maintenance, landscaping, and safety drills.
- Discussions and debates on the process for submitting items for the board package and meeting agenda, citing specific examples of overlooked concerns.
- Interpretation of bylaws and past practices for delivering items, with suggestions for adjusting current practices for improved transparency and efficiency.
- Approval of minutes from previous meetings with corrections, followed by a query regarding the update on the bank's signature cards.
- Decision to propose Michelle Saucedo as the replacement for Priscilla on all bank accounts, a motion made and approved.
- Overview and assessment of ActionCue, a system for monitoring hospital performance improvement measures, and the role of staff member Amy in this process.
- Detailed discussions and clarifications regarding recorded data, including reasons for blank spaces, zero entries, and the relationship between corporate benchmarks and hospital scores.
- Explanation of specific terminologies used in the data, highlighting areas for potential training and system improvements.
- Detailed review of the hospital's financial reports, including aging summaries, inpatient and outpatient admissions, clinic admissions, and payments by patient class, with a particular focus on claims from the prison system and ICE.
- Discussion on staffing changes affecting the prison billing process, the validity of figures presented, and the impact of cash collections from previous months on covering current expenses.
- Analysis of the significant gap between the hospital's collections and expenses, with an acknowledgment of using reserves to cover costs.

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- Overview of the hospital's bank balances, fund shuffling processes across different accounts for making payments, and the strategy of cashing in a Certificate of Deposit (CD) to aid with these payments.
- Detailed financial report highlighting total expenses, cash on hand, deficit for the year, and additional revenue from a cost report adjustment and an Intergovernmental Transfer (IGT).
- Discussion on the impact of delayed payments by Congress due to recurring debt ceiling issues, and the anticipation of a significant employee retention tax credit that could improve financial standing.
- Decision to invest the expected Employee Retention Tax Credit (ERTC) in United Bear Stearns(UBS), despite the liquidity constraint for six to twelve months, but all the while maintaining a cash reserve for two months of expenses.
- Evaluation of potential funding opportunities from a new Payroll Protection Plan, a potential COVID grant for rural health clinics, and an exploration of possible expansion to new areas like Paint Rock and Menard.
- Recognition of high costs associated with agency nurse staffing and escalating legal costs, triggering discussions about financial sustainability and potential mitigation strategies.
- Comparisons between agency nurse costs and doctor fees lead to suggestions for aggressive local nurse recruitment, alongside strategies like sign-on bonuses, new contracts with travel agencies, and hiring of full-time local nurses.
- Schedule set for detailed scrutiny of invoices for the Chase Southwest credit card and a review of substantial financial losses from previous pharmacy issues, paired with optimism about financial recovery due to corrective actions.
- Extensive discussions about the 340B pharmacy program as a potential revenue source, including the appointment of a data-analytic savvy pharmacist to manage it and the positive outlook for its future contribution to hospital finances.
- Deliberation over staff appointments, particularly in the radiology department, along with measures to improve the organization of the appointment schedule and safekeeping of sensitive meeting materials.
- Discussion on local Fourth of July event specifics, including leadership responsibilities and impact of potential burn ban on fireworks.
- Introduction of the Pyxis system, a medication dispensing mechanism that tracks access to medications through fingerprint recognition.

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- Approval of motion to enhance staff appointments, confirmation of bylaws discussion completion, and scheduling of the Chief Executive Officer Report discussion.
- Transition of the meeting into a closed session under section 551.071 of the Texas government code to discuss pending legal matters.

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Attendees:

1. Brian Lady - CEO
2. Anita Aguilar
3. Donna Magill
4. Leah Brosig
5. Melanie Lozano
6. Priscilla Aguirre
7. Elizabeth Eureste
8. Wade Ellison
9. Brent Frazier
10. Michelle Saucedo

Speaker-Action Dynamics

- Public Comments are started by Leah Brosig.
- A maintenance tech named Mario was given praise for his landscaping work.
- Minute approvals for the 4th 16th and 25th with corrections are approved and carried by the board.
- Mel brings up the need for another board member or hospital staff member to be the one who signs checks. Michelle is chosen as the successor.
- A motion is made to replace Priscilla on all the accounts with Michelle Saucedo for the purpose of signing the checks.
- The nursing director launches into the monthly performance agenda. She talks about every department being brought into the ActionCue performance metric improvement system. She says when numbers are at 100 then the metric needs to be adjusted, replaced, or changed so that the hospital is continually improving the way it self-regulates itself.
- Anita Aguilar questions how the payroll is made when there are palpable negative ratios of expenditures to income and Brian Lady and other board members explain how the movement of monies from one account to another, plus other strategies of maintaining liquid cash flow is maintained so that the hospital stays operational.

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- Brian Lady explains the financial structure of how the Hospital stays operational. He explains the cycle of the budget, the ideal ranges that should be had, the months when there are usual losses, and how programs, subsidies, and account movements keep the hospital afloat. Check the content summary for a more in depth explanation.

- Brian Lady explains that this is the hospital's first foray into government securities and how there is a 6-12 month tie up.

- Brian Lady talks about the rural caucus and who attended: Texas department of agriculture, TORCH, CPA ADVISORY STAFF, and others. He explains how states can't do much with covid grants and supplements due to conflicts with Federal stipulations. This sort of purgatory of the funds he says is due to the language of the applications having to be within the confines of the guidelines for the grants and how this specificity is delaying receivership and ability to use the money.

- Brian Lady notes how the agency staffing condition is hurting the hospital's employment strategies.

- Brian Lady talks about a specialty referral program. When someone is referred to the hospital's pharmacy and doctors it allows the pharmacy program administration fees to be transacted. Other benefits are explained.

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Potential actions:

- Obtain an update on the Eden State Bank and the first State app.
- Review and update the bank's signature cards, specifically for Eden State Bank and Paint Rock.
- Continue monitoring and improving hospital performance through ActionCue and work with relevant departments to ensure compliance. 13
- Remove unused items from the system and correct errors in the blood culture process.
- Understand the discrepancy between the corporate benchmark and the actual performance measures.
- Review and discuss the financial revenue cycle forms and address any questions or concerns.
- Follow upon the letter received two weeks ago to address any outstanding matters.
- Consider investing excess funds in UBS at a rate of around five and a quarter percent.
- Review the legal issues surrounding a spike in attorney fees in April and May.
- Conduct a thorough examination of invoices for the Chase Southwest credit card from January to May for further analysis and discussion.

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Time approximated content summary (0:00-10:03):

The hospital board meeting on June 27th began at 5:30pm, with all the members present including Anita, Liz, Donna, Mr. Lady, Melanie, Chrissy, Brent, Michelle, Wade, and the speaker. Initial discussion focused on acknowledging the work of employees, specifically Mario, for his efforts in reducing repair expenses and taking care of landscaping duties. In addition, he was recognized for his diligence in conducting fire drills and other responsibilities.

Subsequently, a board member requested that any items for the board package and meeting should be submitted to the office of the administrator, signed and dated. This suggestion sparked a debate over the correct process for submission of items for the agenda. Concerns were raised about certain matters not making it onto the agenda, with questions about a grant/loan, and community concerns regarding the clinic being cited as examples.

A conversation ensued about the handling of certain concerns, with the implication that they might be better suited for discussion during closed session, the CEO's report, or in alignment with bylaws. The decision-making process for what appears on the agenda was explained, with two board members typically handling this task.

The issue of where to submit items for inclusion in the board agenda led to further discussion about the interpretation of bylaws. A board member noted that past practices involved delivering items to the secretary's home, which she deemed inappropriate. It was agreed that items should be delivered to the hospital instead, and adjustments were suggested for current practices.

Recognition of outstanding employees was brought up again, with questions about how the board typically handles such recognition. It was clarified that the board does not usually give anything apart from approving raises, but personal thanks are often extended to high-performing employees.

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The group moved on to approve several sets of minutes, with corrections being made to the notes from the meetings on May 4th, 16th, and 26th. The corrected minutes were then motioned and seconded for approval.

Towards the end of this section, an update was requested on the bank's signature cards.

Time approximated content summary (10:00-17:22):

The meeting continues with the discussion about updating the signing authorities for Eden State Bank and the Paint Rock account due to Priscilla's departure. The existing signatories are Brent, Donna, and Mr. Lady. The board considers adding another individual from the hospital to the list as they generally have hospital personnel sign checks over $1000. There are some restrictions, however, on who can be added, for audit purposes. A decision is made to propose Michelle Saucedo as the replacement for Priscilla on all bank accounts. A motion for this change is made and approved.

The conversation moves on to the monthly performance review, with a particular focus on ActionCue, a system for monitoring performance improvement measures within the hospital. Areas such as medicine, radiology, pharmacy, physical therapy, and finance are currently being assessed and/or trained for ActionCue. The goal is to identify aspects of the hospital that need improvement and to monitor them until they meet a certain benchmark. Amy, a member of the staff, works closely with different departments to identify and track these measures.

Several questions arise about the recorded data, with board members expressing confusion over blank spaces, zero entries, and discrepancies between corporate benchmarks and the hospital's scores. The speaker explains that blank or zero entries usually signify no recorded incidents, such as patient readmissions or patients leaving against medical advice. However, these blanks can also be the result of overlooked entries, which a newly hired quality control officer named Will Jones will address.

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There are further clarifications provided on certain terminology used in the data. OSTs are explained as clinic copays being monitored, while a daily census reflects the number of patients in the hospital each day. The term "benchmark" comes up again in the context of culture samples collected in the hospital - if a sample is returned because it wasn't filled properly, it signifies a failure to meet the benchmark. Some errors in the recorded data are also highlighted and attributed to a need for training or system improvements.

In conclusion, the hospital's performance measures, benchmarks, and data recording methods are subjects of scrutiny, leading to fruitful discussion on data interpretation and areas for potential improvement.

Time approximated content summary (17:25-25:01):

In this portion of the meeting, the group discussed various reports related to the hospital's finances. The first subject discussed was a review of aging summaries by financial class, where the hospital seems to be making progress with claims from the prison system. There were issues earlier, but the CEO confirms they have been keeping on top of it.

The financial reports included inpatient and outpatient admissions, clinic admissions, and other admissions like observation statuses, swing beds, and physical therapies. Emergency room admissions and year-to-date payments by patient class were also included in these reports. The speaker noted that the majority of the over 120 days segment was made up of payments from ICE (acronym needs clarification), and once those payments start coming in, they should be quite up-to-date.

There was some conversation about a change in staff affecting the prison billing process but they are optimistic about it as the person handling the prison billing is familiar with the process. There was also a question about the validity of the figures being presented, with the CEO clarifying that the figures were actual cash collected at the hospital.

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The group then moved onto discussing expenses and the shortfall between income and outgoings. There was concern raised about the apparent million-dollar difference between the hospital's collections and expenses. The CEO and other members acknowledged the gap and explained how cash collection from the previous month often helps cover expenses, particularly emphasizing the importance of inpatient and swing bed cash collections. There was a mention of using reserves to cover expenses.

The CEO then discussed bank balances, explaining the processes used to shuffle funds between different accounts to ensure payments, including payroll, can be made. There was also discussion about cashing in a CD (Certificate of Deposit) to help with payments. The funds from the CD were deposited into the payroll account, and then redistributed to other accounts as necessary to cover issued checks.

Time approximated content summary (25:05-33:01):

In this portion of the meeting, there's a discussion of financial matters pertaining to the company. The representative reports that for May, the total expenses were $981,000 and the cash on hand was $861,000, putting the company about $1.1 million down for the year in terms of cash to expenses. However, they received $172,000 in additional revenue, mainly due to a lump sum adjustment from a cost report received in the current month.

While they expect the actual cost report settlement, they forecast it will be close to a million dollars, potentially zeroing out the current deficit. In addition to this, they received an $85,000 payment which included an Intergovernmental Transfer (IGT) of about $20,000, with another payment close to $200,000 expected by the end of the month.

The team highlights that their financial standing is impacted by the delay of payments by Congress due to recurring debt ceiling issues. They calculate that the total of these delayed payments, coupled with the expected income, will put them ahead financially. This is further augmented by an upcoming

employee retention tax credit which will be between $787,000 and $1.03 million.

The group then discusses investment options for the employer attention credit they expect to receive. The preference is to invest it in United Bear Stearns, given its interest rate of approximately 5.25%, even though it will tie up the cash for six to twelve months. This decision is made with the assurance that the company maintains enough cash to cover two months of expenses.

There is also mention of a new Payroll Protection Plan that provides $26,000 per employee, but it's not clear whether the company will be able to apply for it due to its financial standing. At a recent rural health caucus, there was discussion about a potential COVID grant that could provide about $2.4 million for their rural health clinic. While the grant's language is still being finalized by government authorities, the company is optimistic that this grant will fund expanded hours, staffing, services, and mobile clinics. However, they will need to lease all the necessary resources, as the grant doesn't permit them to own anything directly.

Despite some uncertainty with the payroll protection plan and the upcoming grant, the general sentiment is positive about the organization's financial future.

Time approximated content summary (33:10-44:00):

In this portion of the meeting, Anita Aguilar initiates the discourse by expressing gratitude to Mel and Mr. Lady for their insightful explanations concerning the financial statements during a private meeting, which stemmed from the board member's questions during the last board meeting. The conversation transitions to the high costs associated with agency nurse staffing, which hit $120,000 in the current month for just a few nurses. This issue raises concerns about the hospital's financial sustainability at such expenditure rates.

Another point of concern raised by the board member relates to the escalating legal costs encountered in April and May, a matter they hope will

be addressed in the section of the meeting dedicated to legal issues. In comparing the agency cost of $120,000 and the considerably lower doctor fees at $85,000 per month, the board member encourages aggressive local nurse recruitment, alluding to community concerns about out-of-town hires when there are local nurses seeking employment.

In discussing potential solutions to high agency nurse costs, the board member refers to newly introduced sign-on bonuses and a new contract with a travel agency offering significantly lower rates. They also mention the prospect of bringing on full-time local nurses to replace some of the travel nurses.

Next, the board member (Anita Aguilar) expresses her intention to scrutinize the invoices for the Chase Southwest credit card, scheduling a meeting with Mel and Mr. Lady for a later date. The conversation then shifts to financial losses stemming from pharmacy issues until December, which resulted in approximately $755,000 in lost revenue for the hospital. Despite the substantial loss, the board members are optimistic about the financial recovery due to multiple corrective measures and initiatives.

Specific attention is given to the work put into the 340B pharmacy program, which is expected to boost future revenue. With the recent appointment of a data-analytic savvy pharmacist to oversee the program, the board members are hopeful. A significant part of the conversation is dedicated to the benefits and future potential of the 3 40 B program, emphasizing its proper management as a substantial cash generator, particularly beneficial for rural America.

The board members commend Priscilla's dedication and expertise in managing the 340B program over 19 years and express hope that her successor will be just as knowledgeable and committed. The meeting then transitions into the policy review portion, led by another board member.

Time approximated content summary (44:02-54:05):

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In the last part of the meeting, the team discusses various topics. First, they cover the topic of staff appointments, discussing existing lists of staff appointments, and indicating that some of these appointments are related to radiology. It's noted that some staff members' privileges have expired, and there are changes in the radiology department, including extensions and additions. The group has been working to organize the staff appointment schedule over the last 6 to 8 months, with an emphasis on a regular, evenly distributed schedule. The discussion moves onto the safekeeping of meeting materials containing potentially sensitive information, and the necessity of making copies for all attendees.

Attention shifts to a local event, specifically the Fourth of July celebrations. There's a query about who's in charge of the event and if the burn ban affects the fireworks. It's clarified that fireworks are not usually included in a burn ban and that the city has never imposed a burn ban within city limits.

Subsequently, the meeting proceeds to a discussion on a medication dispensing system called the Pixes system. It is described as a large lockbox for medication that operates using fingerprints, thereby tracking who accesses the medications and when.

Finally, they make a motion to improve staff appointments which pass. The members acknowledge that they have already discussed bylaws and have no further questions on that topic. The Chief Executive Officer Report is then slated for discussion. The meeting transitions to a closed session under the section 551.071 of Texas government code to discuss pending litigation with an attorney.

Leah Bruns CCH Board Sec
8-22-23