CONCHO COUNTY HOSPITAL DISTRICT
MEETING MINUTES

STATE OF TEXAS
COUNTY OF CONCHO

I. Call to Order

The Concho County Hospital District Board of Directors met in Eden, Texas at the Concho Medical Clinic Lobby, 551 Eaker Street, on Tuesday, August 8, 2024, at 5:30 p.m.

II. Board of Directors

Julie Jones, President
Rosa Schreiber, Vice President
Brandi Gloria, Secretary
Anita Aguilar, Member
Elizabeth Eureste, Member
Priscilla Aguirre, Member

Others present at the table:

Melissa Wilson, CEO
Trent Krienke (CCH Legal counsel)
Michelle Saucedo, Director of Nursing
Jerry Pickett, Interim CFO

Guests present at the gallery:

Sunny Sifuentes, Laboratory Manager
Mackenzie Hopkins, Radiology Manager
Deborah Fort, IT Liaison
Sheri Lowe, HR Manager
Antonio Aguilar, Guest
Lesa Grumbles, Guest
Layla Castleberry, Guest
Kelly Eaves, Guest
Zoe Camarillo, Guest
Lori Nunn, Guest

III. Public Comments Regarding Agenda and Non-Agenda Items (limited to 5 minutes)

Speaker#1 is Antonio Aguilar. He spoke about talking in the last board meeting about paraphrasing what was said in the meeting in the minutes. He states he disagrees with it and wants it done verbatim because he believes these meetings will all end up in court. He also states that all reference accounts notices, minutes and operations of the district make available to the public at reasonable times. He said the Secretary of the Board is responsible to have all Board records, minutes and reports available and is also the custodian of all funds. He states he would like to know where this office is and would like to know the reasonable hours for people to exchange.

Speaker #2 is Layla Castleberry. She spoke about her mother's experience in the ER and how she got good service, but when she tried to pick up a prescription at CCH Pharmacy, the pharmacy gave her a roadblock because the Dr who prescribed the prescription didn't put an address, instead only had a PO Box. She states that the same Pharmacy filled the prescription before with no issues but is now refusing to refill her mother's pain medication for broken ribs because CCH Pharmacy insists the prescription must have a physical address and the prescription was not filled. Layla Castleberry states she is upset that this has happened, and the fact that her mother did not have pain medication for 4 days for broken ribs. She states that she transferred her mother's prescription, just as it is, to Walgreens with no problems, got the medicine 2 days later. She also states that she doesn't want to go to Walgreens and would rather go here but she had to. She states she filed a complaint to the CEO and was told that the pharmacist wants to do it his way.

Speaker #3 is Lesa Grumbles. She states that a copy of the DEA rules regarding the address requirement was sent to the CEO and it states a PO Box is sufficient. She states that from the agenda we will be learning about the CEO's resignation. She states that she "hopes that a new CEO will be chosen without the blatant discrimination between the whites and the Mexicans." She said she would like for the public to know the Board president's email address so "when we email stuff we can include not only the CEO but the president as well." She says she doesn't know why there is no video here tonight. That if it's started, we should be consistent with it.

(The board meeting was at the time being broadcast by live video feed on Facebook)

Speaker #4 is Trent Krienke (CCH lawyer). He wanted to comment on the DEA issue. He said Melissa reached out to him, so he researched it. He stated that the statute "does not say PO Box or physical address, but just "address" but standard practice is, if it's a controlled substance, most pharmacists will require a residential/physical address, they do not accept PO Boxes". He said that "at the end of the day, it is the pharmacist's license that is at risk". He said he can't speak for what the hospital policy is, or if it was changed, nor why the prescription was filled before. He said he can't speak for Walgreens, but for controlled substances, pharmacies across the United States require a physical address instead of a PO Box.

Layla Castleberry asked if she could reply since it was her complaint and was granted permission. She states that when you pick up your prescription, you show your ID which will show your physical address. She says the Dr does not have to put the physical address; the pharmacy asks for your ID each time.

Trent Krienke says he respectfully disagrees with her legal conclusion.

(Layla Castleberry walks out of the meeting at this point.)

Trent Krienke said that Melissa (CEO) looked into it and a response was drafted and that Layla Castleberry had every right to be upset or frustrated. He states it is permissible for the pharmacy to require physical address on controlled substances.

Anita Aguilar then asks if the same pharmacist filled this same prescription before, and if it is, why the sudden change in rules.

Julie Jones stated she had always had to put a physical address on her prescriptions and didn't understand why it was a big issue.

Elizabeth Eureste states "it's because you haven't been here for the last 50 years", and Julie Jones replies "no just in general."

Brandi Gloria said why wouldn't you want to have your physical address?

Priscilla Aguirre states that per Layla Castleberry's public comment, it's not the patients not giving the physical address, it's the providers. And she states having worked in the pharmacy, the Drs don't want to mess with it. She asked Trent Krienke if he is saying that it is left up to the pharmacists, to protect his license, but not a requirement.

Trent Krienke said the statute just says address, but the common practice in Texas requires physical address for a controlled substance.

Melissa Wilson states that last time it was announced to the public and the Board that it's going to be a requirement so they can start spreading the word and that it's sometimes helpful for the patient to reach out to the provider because it's much easier and the providers respond much better than if the pharmacy does.

Elizabeth Eureste states that the main thing is this prescription has been filled here prior, it's not a new medicine. It's (medicine), that is not a controlled substance, that's why doctors prescribe it instead of (other medicine).

Priscilla Aguirre asks Melissa Wilson if we have sent correspondence out to patients to let them know this is happening.

Melissa Wilson states we did at the Board meeting but does not remember if we sent something out. She said she thought we were going to put something out on Facebook but doesn't know if we did.

Priscilla Aguirre states "we have all their addresses so why wouldn't we do a mailer to all our patients saying this is coming before dropping the hammer on them and have very unhappy people as a result."

Melissa Wilson states that as with Elizabeth Eureste and Anita Aguilar's comments, we're only assuming it was filled previously, we don't actually know, and it will not be discussed here because of HIPAA.

Julie Jones said we had enough discussion on this issue and moved on to ask Jerry Pickett about the budget.

Brandi Gloria asked Trent Krienke if he could discuss the discrimination accusation.

Trent Krienke said that there was a Change.org petition to terminate the pharmacist that alleged fraud. He said he had no knowledge of fraudulent activity in the pharmacy. He said he wanted to caution the public when alleging fraud without evidence. That it is defamatory and slanderous and could lead to legal action. And same when you allege people are racist. He said he couldn't speak for everybody in the room, but he hasn't heard or seen any activity related to the fraud at the pharmacy or racist behavior by the CEO. "So, I would just hope everyone in the Community can be a little more careful with their words when they're throwing out these accusations, especially when there's not any evidence to support it or they're not willing to bring forth any evidence, you know, just to support it. I just think it's damaging and none of us want to be accused of fraud or accused of being a racist."

Elizabeth Eureste asked if the petition had a reason or incidence and if we can see the petition.

Trent Krienke replied that it was broadly written, he will share it with her and she can make her own conclusions. That it was on change.org and is a petition to get the CEO and the Board to fire the pharmacist. That it is unusual to ask for an employee to be fired in a public forum and when we have bad experiences with a vendor, we just take our business elsewhere.

IV. Budget Training (Jerry Pickett)

Jerry Pickett: "This is going to be the shortest freshman level class and there are two slides. The two slides are what does CMS require us to do as a board and as the management fee? Annually and I require a capital budget which is a three-year projection and the planned annual capital equipment. Is loosely defined. Was loosely defined as an item that cost over $5000 and is expected to last at least one year. I say loosely defined because you can aggregate several small items that you were furnishing in the office and each item was less than $5000. You can aggregate that, put it on your capital budget. And. Depreciated over four or five years. However long the equipment lasts, and most of us do not do that because it's advantageous for the cost report to expense the equipment if it's small. In the same year, we're fine. One is a half million dollar CT scanner. We usually capitalize those without question. But if we're buying desk chairs and desks, we usually expense that during the year. The other requirement is our operating budget, which is the projection of how we expect the hospital to perform in the coming year. Medicare doesn't specify how we do the budget. That's up to us. As long as it's for a year. And has some reasonable basis. Because you guys were making, but they basically made. And the last slide is the types of operating budgets. There's flexible budget, which is a great tool if you have the horsepower to do it, each budget line is tied to some piece of service whether it's a patient day or a lab test, and each one of those lines. When you come to the end of the month, you use that unit cost and multiply it

times your actual cost and that gives you a great guidance as to whether or not have your current level spent. Too much or spend less than you expected to. The perpetual budget is each month as you end one month, you tack on a new month at the end, so you always have the 12 month rolling budget. That saves the exercise that we're about to go through a zero based budget, which is a great tool. Everything zeroes out every year you don't get to claim that just because you get that money last year, it's spending this year too. Again, that takes an awful lot of time and labor and involvement of our managers. There's a detailed fixed budget which is where I would like us to go so each account will be reviewed in detail, that team members being engaged to look at that detail of, say, all of the contracts paid for that year. Do we need each one of those uniform each employee? How much? How often did they work? How many hours did they put in that year? How many do we expect from that position for the coming year? Right now what I've got is a summary budget where I took each account, all 800 of them. What we spent through end of June, annualize that, kind of estimate where we're going to be at the end of the year. And then looked at that and took out some of the things that I don't think we're going to or didn't at that time that we're going to repeat, such as that $700,000 Medicare settlement we got. I've since learned that it may repeated at some form. It took out some other things and used a little bit of what we knew from other budget processes and inflated our expenses. Like I put a little bit of a raise for all of the employees and they're just in summary. I didn't look at each employee at this time, putting in a 3% increase on supplies, 5% increase on drugs and about a 10% increase in insurance with the. Same like all of those are going up. And that is what I have on 101 budget and I'm hoping to any questions that you guys may have.

Julie Jones asked if there were any questions at this time.

Priscilla Aguirre asked if we are not gonna discuss the budget.

Elizabeth Eureste asked if Jerry Pickett is going to have meetings with department heads to go over their expenses and also to review contracts

Priscilla Aguirre said that's what's historically been done, and she didn't get the items she requested.

Melissa Wilson said they were requested from Sheri. "First of all I want to make sure that everybody at this table is aware most of our contracts have confidentiality statements and have confidentiality clauses in them and with discussion with Trent, it's safest based on security of the hospitals. Reputation. It's the best thing for the board of directors. It's best thing for our contract folks and it's the best thing for the community if we make sure that these are kept confidential and the best way right now to keep them confidential is for you to be able to come in and review them actually in an office. Not take any pictures, not take any

copies or anything so that we don't risk anything getting out there in the public, especially based on everything that's been going on in the past several years. So the request came in at almost. 4:00 on Friday afternoon. I was sick, so I couldn't even respond to the request came or or something else came in. I can't remember if it was Monday or Tuesday, but I can tell you that Sherry worked on the payroll from Monday through Wednesday to make sure that our employees got paid. So it was a choice basically based on our ability to fill positions right now on. Have you come in and sit there or pay our employees? It really was as simple as that and I understand"

Priscilla Aguirre stated she would've understood that.

Melissa Wilson said "We had very little time to do that. I let Julie know what was going on. That's why she was primarily communicating at some point and so thankfully our employees to get paid in time. Which is good. So and one of the other reasons why it didn't creep up a little bit higher on the priority list, which it should because you've got every right to it, is because we're not doing a detailed review right now, so do we need a detailed review to to answer Liz's question and concern absolutely. This year, this fiscal year was not the year to do it. We had so many frustrations between Rosa and James of even just asking for a review. Renewed reevaluated budget, which never came. So. we did what we could and this is what we could do was with our Interim CFO at least get you some training. We also got the staff some detailed training that it seemed like they hadn't received before, whether it happened or not, I don't know. I can't speak to that. I wasn't here, but we wanted to make sure that it happened the best that it could for this fiscal year. That's why the fixed summary was the method chosen to provide you as best a budget as we could. It's basically called a volume roll forward. So we take this past year's numbers, we apply them to this next fiscal year. We make any adjustments for visits or costs or anything else that we need to plus inflation. And any other changes that we know are coming up and that's the budget that we present later on in the fiscal year. Do we absolutely want to go to a more detailed budget and is it necessary? Yes, it has been a priority of mine to get into and Sherry hopefully can vouch for this. To get into the weeds and seeds of each and every contract to do exactly what you said to make sure that we actually need that contract going forward. But this year, as you all know, and I'll remind you again was insanely crazy I had seven key positions for a good part of the year that have been vacant. I still have four key positions that are vacant right now. It makes it very challenging, never mind all the Freedom of Information Act public information requests that have come through that have taken more man hours than you can even imagine to try to do whatever with our people, able to request that information, sure, but as board members, no. And please, it makes it very challenging for any of our folks to do what they're supposed to do on a daily basis just to see patients, never mind trying to answer things like. Never mind, I'm not going to go there, but anyway it makes it very, very difficult. So we've had the this whole year that I've been here, we've had to pick and choose what makes it to the top of the priority list and and what is right underneath or way far down. And we do the best

that we can to communicate. Again, I apologize because I know I was sick. I've been trying to catch up. I tried to keep up. Leave them while I was sick. Which is why I had asked Julie to help step in to try to make sure that everything was communicated properly."

Priscilla Aguirre stated that the items she requested were specific to the budget and was needed.

V. Discuss and approve Tax rate

Extensive discussion about the proposed tax rate and what to adopt.

Rosa Schreiber makes a motion for a proposed tax rate of 0.134411, a 2% increase.

The motion was seconded by Brandi Gloria.
Motion passes 4-2
Voted for the motion: Julie Jones, Elizabeth Eureste, Rosa Schreiber and Brandi Gloria
Voted against the motion: Anita Aguilar and Priscilla.Aguirre

VI. Discuss and approve Budget Items for FY 2025 (Action Item)
A. Capital equipment

Extensive discussion about capital equipment.

Elizabeth Eureste made a motion to table this issue for the next scheduled board meeting.

Priscilla Aguirre seconded.

Motion passes 6-0

B. Operating budget

Jerry Pickett presented a proposal for the 2025 budget. There was an extensive discussion about marketing, school physicals. Additionally, discussions about our per diem rate which is presently being reviewed by the people doing our cost report.

Jerry Pickett reports we can add $240,000 in our 2025 budget for Medicaid Supplement disproportionate share from HHSC.

Melissa Wilson discussed the charge master being updated will increase our patient revenue. Last update on our chargemaster was in 2017.

A motion to defer action on Item B, operating budget, was made by Priscilla Aguirre,

Seconded by Anita Aguilar.

Motion passes 6-0

C. Property

Discussion about our 33 acre property was had and Melissa Wilson states that the $500,000 bond that the HHSC required from us will not be pulled by HHSC even if we are not able to proceed with the action items with regards to building the new nursing home. She additionally states that the 45 beds allocated and approved for CCH will just go back to the HHSC pot for nursing bed application and approval if benchmarks are not met on schedule.

Elizabeth Eureste requested a copy of the nursing home needs assessment for her and everyone's perusal.

Anita Aguilar asked about the property that was the old clinic on Hwy 87.

Melissa Wilson advised everyone to wait for the new CEO before they take action on the said properties.

Rosa Schreiber made a motion to defer decisions on the said hospital properties at a later date.

Seconded by Anita Aguilar.

Motion carries 6-0

D. CDs

Melissa Wilson discussed the CDs we have to date. (2) $500,000 and (1) $232,000. Jerry Pickett states that one of the $500,000 is encumbered by the letter of credit to HHSC. No further action required.

E. Physician fill

Extensive discussion regarding physician and decided there are no actions taken on this item.

VII. Acknowledge receipt of CEO resignation and discuss future steps

Anita Aguilar states the board should form a search committee for a new CEO. She asks the chairperson to contact TORCH.

This was followed by extensive discussion about how to appoint a new CEO.

A motion was made by Anita Aguilar that a CEO search committee be formed and nominates Julie Jones, Priscilla Aguirre, and Elizabeth Eureste to the committee.

Brandi Gloria seconds. Motion passes 6-0

Anita Aguilar makes a motion to formally accept Melissa Wilson's resignation from the CEO position.

Elizabeth Eureste seconds.

Motion passes, 6-0

VIII. Consider and take action, if any, on retention of interim CEO placement

No action taken on the interim CEO placement.

Extensive discussion on how to best receive information requested by the Board members.

Julie Jones requests every board member to be respectful when requesting information as there are several factors that affect collecting the information requested. The board members were informed that Sheri Lowe is not the contact person for any items requested by the board.

It was decided that any items the board members require are to be requested through the CEO or the president of the board, preferably sent to both individuals for easier facilitation.

Rosa Schreiber requests the board members to support the upcoming CEO.

Julie Jones states the negative comments on social media make the board of directors and the hospital look bad and to have more positive things out in the community.

Elizabeth Eureste states a need for a community liaison officer to handle complaints, communications etc.

IX. Executive Session

The Board did not go into Executive session.

X. Action from Executive session

N/A

XI. Meeting Adjournment

Motion for adjournment was made by Elizabeth Eureste.

Motion was seconded by Brandi Gloria.

Motion passes 6-0.

Meeting adjourned at 8:09 pm Aug 8, 2024.

The next board meeting is scheduled on August 27, 2024, at 5:30 p.m. at Concho Medical Clinic.

Julie M. Jones — 10/2/2024

Concho County Hospital Board President — Date