

SABINE COUNTY HOSPITAL DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES

May 27, 2015

The Sabine County Hospital District Board of Directors met for a Special Session on May 27, 2015 at 5:44 PM in the Sabine County Hospital Board Room 167.

Present

Phil Yocom, President
Mark Pearson, V.P. & Treasurer
Joe McNaughten, Secretary
Earl Willis, Member
Dr. Lana Comeaux, Member
Gary Williams, EMS Administrator
Diane Powell, District Administrator
Emily Taylor, Administrative Assistant

Others Present

Diana Taylor, Sabine County Hospital Administrator
Penny Ferguson, Sabine County Reporter

- I. Mr. Yocom called the meeting to order at 5:44 p.m.
- II. Mr. Pearson opened the meeting with prayer.
- III. Public comments:
Montez McNaughten stated that what she is about to say are her thoughts and not the thoughts of her husband Joe McNaughten who is a member of the Sabine County Hospital District Board of Directors. She stated that she feels and believes everyone would agree how critical it is to have a Hospital in Sabine County. She also stated that Sabine County Hospital has stabilized her twice then sent her on to Memorial Hospital. She feels that Preferred has done an awesome job in the hospital, as well as the nurses and doctors. She stated that she could see the changes made in the hospital with up to date equipment. Mrs. McNaughten stated the Sabine County Ambulance Service is going strong with the help of Preferred Hospital Lease agreement to her understanding. She stated that she attends the hospital board meetings regularly and she is unclear on issue that is going on. She stated that she has left the last two board meeting with the understanding that the issue was resolved, over and done with; but apparently it is not. She urges the five board members that were elected by the citizens of Sabine County to realize the community has entrusted the Board Members to meet the communities needs and fulfill there wishes for this County. She feels that the wishes of this County is to have

the hospital and for it to continue to be under management of Preferred Leasing. She stated she feels like the five elected officials and Preferred Leasing can sit down and resolve the issues once and for all. She stated that she is concerned that the issue at hand has not been resolved and the citizens of Sabine County are being held responsible for paying legal fees that are not necessary. Ms. McNaughten stated that she urges the Board to see the urgency in sending up the money in the 1115 program. She stated that today there is a growing problem with everyone involved in Medical. She stated that the money Preferred is able to secure with federal funds is helpful in daily operations at Sabine County Hospital. She stated that she would like for all the Sabine County Hospital employees to know that the issue is taken care of and they do not have to worry whether or not they will have a pay check coming next week. She also asked for the Board and Preferred Leasing to work together to restore the good will between the two parties that she saw when Preferred first came to Sabine County. Mr. Yocom thanked her for her comment.

Laura McCroskey stated she agreed with Ms. McNaughten. She stated she feels that the citizens of Sabine County had elected the five Board members to help keep a Hospital in Sabine County to help the older people. She would like the Board to realize and understand how many older people live in this County that cannot get anywhere else for medical care. She asked what would happen to Sabine County if this hospital is not here anymore. She stated that it does not only effect the employees of Sabine County Hospital. She stated that families would not be able to stay here and they would have to leave Sabine County. She asked the board to sit and think what would happen to this county if the hospital closed. Ms. McCroskey stated that she is an employee of Preferred and they have done so much. She stated that she would not say anything different because it is the honest truth. She stated that the Board members were elected by the voters and she feels the Board need to think about what kind of voters are in this county. Ms. McCroskey stated that she feels that Sabine County Hospital needs the money. She asked for the Board to stop and think about this County and all the citizen of this county. Mr. Yocom thanked her for her comment.

Ray Rocha stated this was his first Hospital Board meeting to attend. He stated he would like to thank Ms. MaNaughten for her comment and she had stated everything he was going to say. He stated that he would like the board to realize whether there is one or ten items on the agenda, the amount of people here will continue to grow until this issue is resolved. He stated that it is the duty of board members to give peace of mind to the community. Mr. Rocha stated he feels the board needs a bigger meeting area until this issue is resolved. Mr. Yocom thanked him for his comment.

Lana Comeaux stated that she too as well as Ms. McNaughten left after the last two board meeting feeling the issue was resolved. She stated that she is a little dumfounded to why there is an uproar in the community. Dr. Comeaux stated that the Board members took an oath when taking their position to do everything in their power as Board member to make sure they had good health care and to take care of the tax payer's money. She stated that the Board are the ones that brought Preferred to Sabine County. She stated that the Board enjoys Preferred and the Board has a good relationship with Preferred. Dr. Comeaux

stated that the Board is being made out to be the bad guys in the situation when they are just trying to resolve the issue. She stated someone is putting fuel on a fire that should have already been put out and the ball was in Preferred court to put that fire out. Mr. Yocom thanked her for her comment.

Earl Willis stated that this has been going on way to long. Mr. Willis stated that there was a difference among the Board and he believes that everyone is aware of the difference among the Board. He stated that he appreciated the community coming out and showing their concern. Mr. Willis stated that the discussion was going to be over the 1115 waiver. He stated that the 1115 waiver is a program where the District sends up money in an inter-governmental transfer that goes to Preferred with an increase from the federal government. Mr. Willis stated that Sabine County would get the money back in services not actual dollars. So anything the Board does will help this community out in getting services for Sabine County Hospital. Mr. Willis stated that he was not talking about sending up the last dime that the District has but the amount the Board feels was right for Sabine County. Mr. Willis stated we needed to get rid of the bad feelings and he hope after tonight everyone can. He thanked everyone for coming out. Mr. Yocom thanked him for his comment.

Joe McNaughten stated that he felt after the last meeting everything was pretty much resolved. He stated that the pressure is on to all hospitals, large and small, but especially small hospitals. Mr. McNaughten stated that a lot of days there may only be one patient or maybe none. And when it is like that there is no money coming in. He stated that it is crucial to get the federal matching money to keep the hospital running. Mr. Yocom thanked him for his comment.

- IV. Mr. Yocom asked how much money Preferred has banked that the Board could send up right then. Ms. Powell stated they had accrued Preferred had \$276,257.31. Mr. Yocom then asked once that amount was send up how much money would Preferred get back. Ms. Powell stated that if the match was still the 2.4 then Preferred would receive \$663,017.54 back. She then stated that the call was for \$462,357.58. Mr. Yocom then stated there would be a haircut on that amount. Ms. Powell then stated there was but did not know what the haircut would be. Ms. Taylor stated that she would like everyone to understand that Health and Human Services sends a dollar amount out to everyone in the state and portions out the allocations. She stated that it would say Sabine County if you fully fund what is available then we ask that you send up \$462,000.00 on this IGT call. She stated that the District has the choice on how much they choose to send up. Ms. Taylor stated that once Health and Human Services receives all the commitments back from all the governmental entities in the state, at that point then Health and Human Services looks at this and then will give that dollar amount a “haircut” depending on the available funds the state has allocated for this call. Ms. Taylor then stated that next Tuesday the District will find out exactly how much will need to be sent up. She stated it could be up to 25% less than \$462,000. Ms. Taylor stated at this point that Preferred, the District, and HHSC does not know how much of a haircut Sabine County will receive.

Mr. Yocom stated that Ms. Powell has been in contact with the attorney Mark Keene, he asked Ms. Powell what the recommendation is of the attorney. Ms. Powell stated that his recommendation is to not advance tax money at this time, because of the current Hospital District policy. Mr. Pearson stated that he disagreed. Mr. Pearson moved that the Hospital commit to the full amount needed. Mr. McNaughten seconded. Mr. Willis, Mr. McNaughten and Mr. Pearson voted Yes. Mr. Yocom voted No. From the tape recording it is unclear how Dr. Comeaux voted. After speaking with Dr. Comeaux after the meeting she stated that she abstained from the vote. Motion Passed.

V. Board Member Comments:

Mr. Willis stated he would like to thank everyone for being there and it shows how much the District needs to hear the public cry and that is what is going on. He stated that the board has to continue to be alert so that the Hospital District Board can get back on track and regain the trust of Preferred Hospital because we have lost that trust. He stated that the first step was tonight.

Mr. Pearson stated that he appreciated the public attendance. He stated that we did have a regular meeting this past Monday and there were a few people from the public in attendance. He stated that the Hospital Board meeting was every fourth Monday of the month. Mr. Pearson challenges the public to attend these meetings that are open to the public. He asked that the public not wait until there is an issue to come out. He stated as far as he is concerned the issue has been resolved and the Board would be moving forward and will continue to do what they are doing.

Mr. McNaughten stated that he agreed with everything that Mr. Willis and Mr. Pearson said. He stated he welcomed all the well-mannered people to the meetings. He stated that it was a far cry from when he first came to the Board and when there was a lot of hateful people glaring and threatened bodily harm from across the table. He stated that it took a great deal of nerves to face that group of people every meeting. Mr. McNaughten stated that he feels we need to dismiss the attorney so that Preferred does not have to employ Fletcher Brown anymore. He stated that Fletcher Brown was a good friend but when you get lawyer involved then they can take you down the wrong road. He stated that he does not think that there needs to be lawyers involved that he believes that the Board and Preferred could sit down and can work everything out that needs to be worked out. Mr. McNaughten stated that he would not blame the voters if they replaced every Board member on the board when the election came up. He feels what the Board has done was shameful and a disgrace and he apologizes for that. Mr. McNaughten stated he would like to thank everyone for coming and would like for everyone to continue coming and have their friends come as well. He stated that the Board was going to try and rebuild their relationship with Preferred and hopes to rebuild their relationship with all the nurses, X-ray tech, Lab tech and doctors.

Dr. Comeaux stated that she would like to humbly and respectfully disagree with Mr. McNaughten about the fact that the whole Board needs to be replaced. She stated she does not feel that the Board has done anything wrong. Dr. Comeaux stated that she knows she has not went and started any rumors that anyone's job was in jeopardy or that we were going to lose the contract or dismiss Preferred. She stated that was not a rumor that was started on her part and does not feel that Mr. McNaughten started it. Dr. Comeaux feels that the Board questioned what they had doubts and issues about. She does not feel that the Board has done anything wrong. She stated at the last meeting where there was a packed house that she hated that the people of our county and employees of Sabine County Hospital were fearful of losing their job, she meant that and there was no reason for that. She stated that she did not want anyone to speak on her behalf because she is not ashamed of doing what she thought should be done for the tax payers and employees. Dr. Comeaux stated that she would like to back up Ms. Taylor she feel that Preferred is doing a great job, but there was some information that missing to complete the puzzle and that is the bottom line. Dr. Comeaux stated that she hopes they can continue the relationship with Preferred. She believes that the patients and employees all love Preferred. Dr. Comeaux stated if it is a not broke don't fix it, but that does not mean it does not need to be greased every now and then. She stated that she would appreciate that if anybody was in the room that was creating the turmoil and causing anxiety amongst the citizens would rethink what they are putting out to the community because it is not right. Dr. Comeaux stated they have left meeting twice thinking things was resolved.

Chad Moody stated the turmoil and outcry of people that was at the meeting was not based on a rumor it is based on was agenda to terminate the leasing contract. Mr. Pearson pointed out the only thing that was not on tonight agenda. Dr. Moody stated that he understands it is not on tonight agenda but that is where it started. It was not based on lies and rumors it was based on an agenda item. Dr. Comeaux stated that it was a possible action.

Mr. Yocom stated that the following statement was his opinion about the current situation occurring between the Hospital District and Preferred with very little of what is being said true, and most of it coming from varied positions of personal interests. He stated that some of the comments have been professional and constructive, some have been personal and hurtful, most have been nothing but rumors, insinuation and speculation with no proof to back up what is being stated as fact. Mr. Yocom stated that as the late Senator Daniel Patrick Moynihan said, "Everyone is entitled to their opinion, but not to their own set of facts." He stated this situation has come about because in his opinion, Preferred has not been transparent with their financial information with the Hospital Board, and extension the taxpayers of Sabine County. Mr. Yocom stated that it is the sworn duty of the members of this board to protect the interests of this county and exert fiduciary responsibility in the manner in which their hard earned money is spent. He stated that the Hospital Board has been requesting from Preferred for approximately one year a detailed accounting of how your tax money is being

spent. Mr. Yocom stated that Preferred will tell you they have submitted financial statements to the Board outlining the expenditures. However, the financial statements they have submitted are so broad in nature as to not be useful in providing this Board the detailed information necessary to provide fiduciary oversight of your tax money. He stated that this Board has asked that Preferred to provide financial statements on the hospital operations only. All financial documents submitted by Preferred has included the clinics they operate here, according to them. Mr. Yocom stated this Board does not have a contract with the clinics and has no financial interest in the clinics. The only Contract we have is to operate the Hospital. He stated that it is his opinion they have repeatedly failed to provide financials on the hospital operations only. Mr. Yocom stated in order to determine the financial health of their corporation, we have requested access to their corporate books to review them to determine their financial condition. He stated that we have offered to sign a non-disclosure Agreement prior to reviewing them. Preferred has stated that those records are confidential and would not be shared. Mr. Yocom stated given the facts that they will not provide financial information on your local hospital nor on the financial of the company, this Board hired an attorney in an attempt to acquire access to these financial documents and be provided an accounting of how your tax money is being spent. Mr. Yocom stated transparency in a business relationship that involves millions of dollars is very important. He stated that he will not offer an opinion as to what has been done with your tax money, because he has not been provided adequate information to form an opinion. Mr. Yocom stated however, it is his opinion that any business relationship should be very transparent, however all the financial information provided to this Board thus far has been opaque.

VI. Meeting adjourned at 6:11 p.m.

Phil Yocom, President
Sabine County Hospital District
Board of Directors

Joe McNaughten, Secretary
Sabine County Hospital District
Board of Directors