



VVRMC Finance Committee Agenda

November 25, 2024

Time: 12:00PM Location: Admin. Board Room

1.	Welcome	Dr. Julio Otazo
2.	CFO: Financial Statement and Statistics Overview <ul style="list-style-type: none">• Oct 2024 Minutes• Oct 2024 Months End• Capital Equipment Request	-Dr. Julio Otazo -C. Falcon, CFO -C. Falcon, CFO
3.	Conclude	Dr. Julio Otazo

November 25, 2024

Finance Committee Meeting

Table of Contents

Agenda	Pg. 1
Table of Contents	Pg. 2
Finance Committee Minutes Oct 2024	Pg. 3-10
Executive Summary	Pg. 11-20
Comparative Statement	Pg. 21-23
Balance Sheet & Cash Flow	Pg. 24-25
Turn Over Data & Overtime FY24	Pg. 26
STATs CFY 2025	Pg. 27
Graphs and Additional Information	Pg. 28-34
Capital Equipment Requests	Pg. 35-43

**MINUTES OF THE FINANCE COMMITTEE OF THE
CORPORATE BOARD OF VAL VERDE REGIONAL MEDICAL CENTER
Del Rio, Texas October 21, 2024**

Pursuant to notice duly given, a meeting of the Finance Committee of the Corporate Board of Val Verde Regional Medical Center (VVRMC) was held on Monday, October 21, 2024 in the Administrative Board Room of VVRMC at 12:00 p.m.

Committee Members in Attendance:	Others:
<ul style="list-style-type: none">• Dr. Julio Otazo (via Telephone)• Dr. Lee Keenen• Dr. Aurelio Laing, III• Cris Diaz (via telephone 1:26pm) <p>Absent</p> <ul style="list-style-type: none">• Ricardo Bermea	<ul style="list-style-type: none">• Jorge Jurado, CEO• Claudia Falcon, CFO• Danielle Zimmerman• Mayra Herrera, Controller• Maricela Arreola, Executive Asst.• Sylina Contreras, Sr. Admin. Asst.

CALL TO ORDER

The meeting was called to order at 12:06 p.m. October 21, 2024. The August 2024 minutes were approved as presented.

VVHC FYE 2024 Audit Report

Danielle Zimmerman, FORVIS Auditor presented the VVHC FYE2024 Audit Report as follows:

- There were no:
 - Difficulties encountered by our team when conducting the audit
 - Disagreements with management
 - Contentious accounting issues
 - Consultations with other accountants
- Material Written Communications:
 - Audit communication letter
 - Management representation letter
- Financial Statement Disclosures
 - Revenue recognition
 - Transactions with Val Verde County Hospital District
 - Medicaid supplemental funding programs
- 1 open item- Pending legal review on the District currently IGTs

CONFIDENTIAL DOCUMENT – NOT FOR PUBLIC DISTRIBUTION

Balance Sheets:

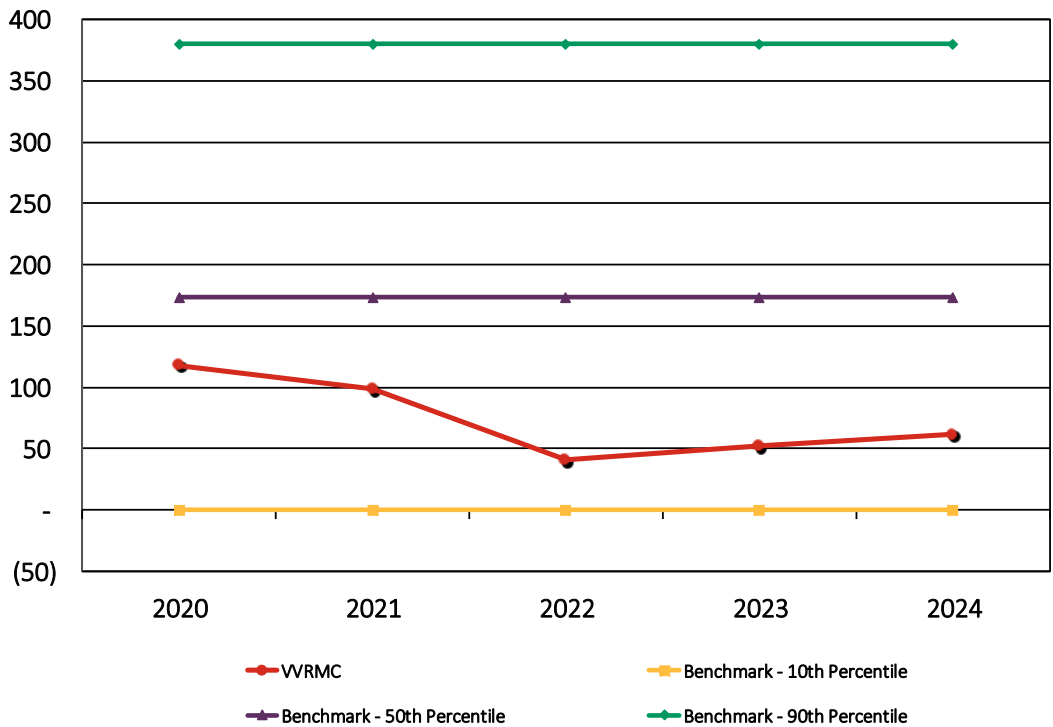
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Current Assets					
Cash	\$ 20,573,615	\$ 17,267,328	\$ 8,203,532	\$ 11,353,367	\$ 13,435,478
Accounts receivable, net	4,892,500	5,776,252	6,249,325	7,117,739	8,117,169
Due from third-party payers	6,014,598	9,209,779	9,682,633	4,454,142	2,993,530
Other current assets	2,193,613	2,512,476	3,139,548	2,899,512	3,199,550
	<u>33,674,326</u>	<u>34,765,835</u>	<u>27,275,038</u>	<u>25,824,760</u>	<u>27,745,727</u>
Capital Assets, Net	21,788,991	20,109,719	18,866,154	16,358,969	15,372,530
Lease Assets, Net	-	1,612,989.00	3,064,444	2,641,686	1,803,338
Other Assets	120,707	120,707	120,707	120,707	120,707
Subscription Assets, Net	-	-	2,486,145	1,693,412	2,901,763
	<u>\$ 55,584,024</u>	<u>\$ 56,609,250</u>	<u>\$ 51,812,488</u>	<u>\$ 46,639,534</u>	<u>\$ 47,944,065</u>
Current Liabilities					
Accounts payable	\$ 3,014,941	\$ 4,145,875	\$ 4,522,894	\$ 2,677,037	\$ 4,709,338
Accrued liabilities	3,195,099	2,947,254	3,245,876	4,131,340	4,939,908
Other current liabilities	8,103,986	8,992,313	5,259,747	2,975,557	2,577,874
Due to WCHD	1,023,765	1,884,423	2,382,036	1,307,996	419,634
	<u>15,337,791</u>	<u>17,969,865</u>	<u>15,410,553</u>	<u>11,091,930</u>	<u>12,646,754</u>
Long-term Debt	125,322	-	-	-	-
Lease Liabilities	-	1,215,743	2,349,125	1,836,270	1,138,949
Software Liabilities	-	-	684,609	393,740	1,832,329
Medicare Advance Payments	-	1,422,730	1,016,398	-	-
	<u>15,463,113</u>	<u>20,608,338</u>	<u>19,460,685</u>	<u>13,321,940</u>	<u>15,618,032</u>
Net Position	<u>40,120,911</u>	<u>36,000,912</u>	<u>32,351,803</u>	<u>33,317,594</u>	<u>32,326,033</u>
	<u>\$ 55,584,024</u>	<u>\$ 56,609,250</u>	<u>\$ 51,812,488</u>	<u>\$ 46,639,534</u>	<u>\$ 47,944,065</u>

Cash position increased from previous year (\$11.3M to \$13.4M)

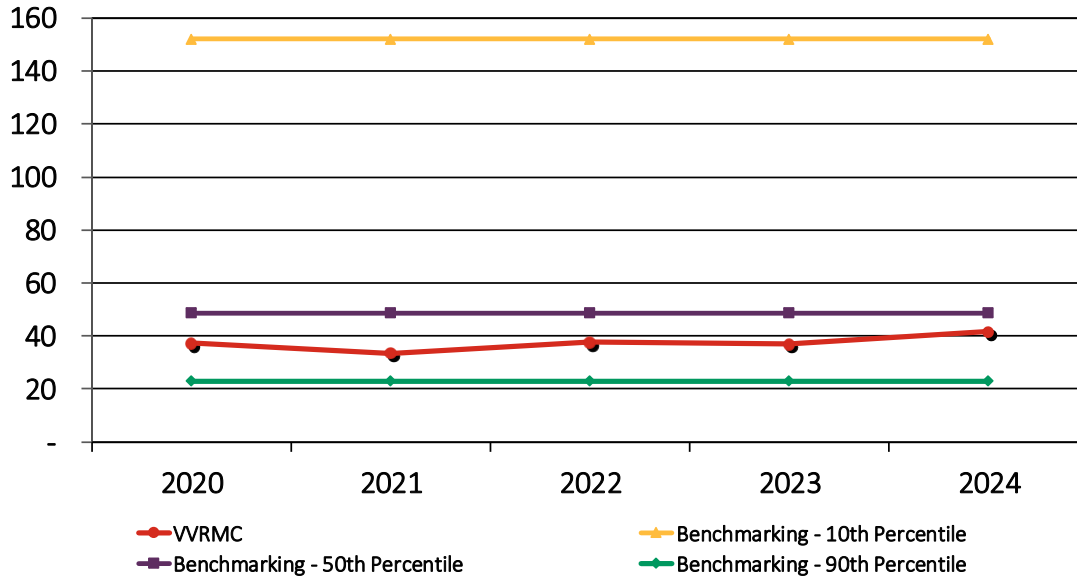
Cash Received increased from previous year (\$7.1M to 8.1M)

Net Position Ending fiscal year 2024 \$48M compared to last year \$47M

Cash On Hand



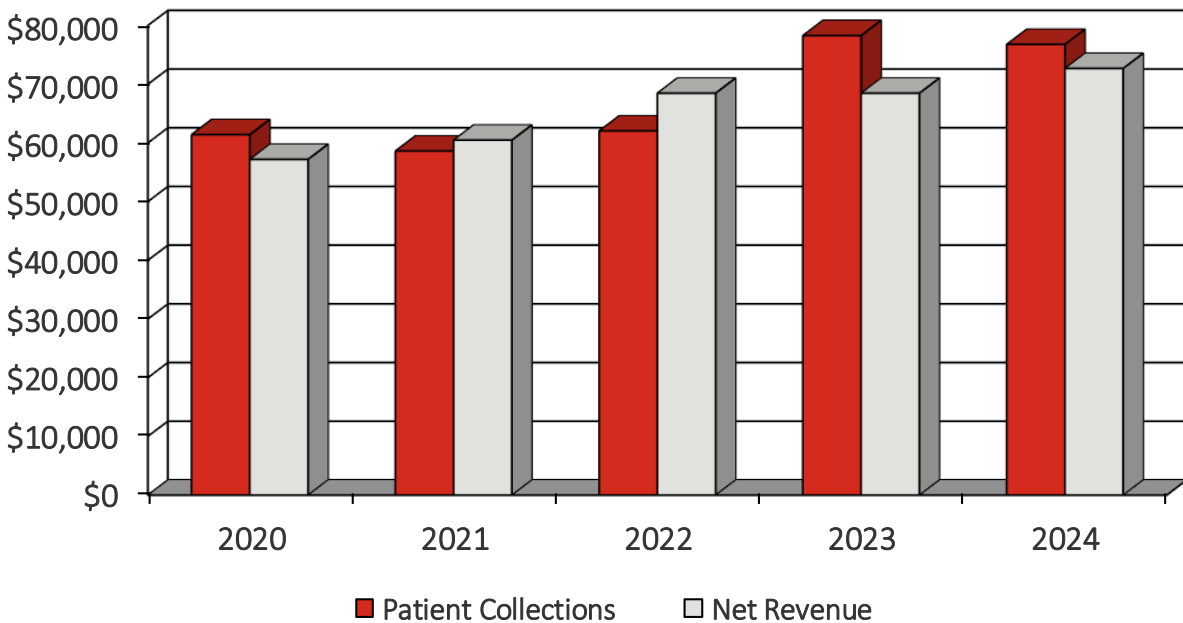
Days Accounts Receivable



Statements of Revenues, Expenses, and Changes in Net Position

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Net patient service revenue	\$ 57,193,524	\$ 60,469,075	\$ 68,470,278	\$ 77,687,929	\$ 76,285,270
Other revenue	2,341,497	2,386,878	2,200,108	1,922,606	1,948,103
	<u>59,535,021</u>	<u>62,855,953</u>	<u>70,670,386</u>	<u>79,610,535</u>	<u>78,233,373</u>
Expenses					
Salaries and employee benefits	32,675,032	30,313,016	35,597,799	38,885,527	42,927,546
Purchased services and pro fees	17,103,241	17,418,788	21,417,313	22,759,734	18,946,526
Supplies and other	14,012,891	16,441,748	16,735,873	17,771,980	17,509,624
Depreciation and amortization	3,714,506	4,884,093	5,834,269	6,248,205	5,792,471
	<u>67,505,670</u>	<u>69,057,645</u>	<u>79,585,254</u>	<u>85,665,446</u>	<u>85,176,167</u>
Operating Loss	(7,970,649)	(6,201,692)	(8,914,868)	(6,054,911)	(6,942,794)
Nonoperating Revenues (Expenses)	23,579,056	(323,547)	3,337,850	6,148,683	4,419,250
Capital Gifts	-	2,405,240	1,927,909	872,019	1,531,983
Change in Net Position	<u>\$ 15,608,407</u>	<u>\$ (4,119,999)</u>	<u>\$ (3,649,109)</u>	<u>\$ 965,791</u>	<u>\$ (991,561)</u>

Patient Collections to Net Patient Service Revenue



Patient collection to net revenue reflects that service revenue is collecting round about 103% when average is 140%.

Results of Agreed Upon Procedures (AUP)

- Employee turnover report for FY24
- AUP is not an audit
 - Lesser assurance
 - More like a checklist of procedures to perform
 - Essentially no materiality
- The finding identified in the preceding steps during the performance of Forvis Mazars’ application of agreed-upon-procedures would not differ from the annualized turnover rate calculated by the Medical Center of 14.9%
- For calendar year 2023, the national health care industry’s annual employee turnover rate was 39.6% (per the U.S. Bureau of Labor and Statistics)
- Q/A- What can VVRMC do to improve turn overate.
 - Track trends why employees are leaving
 - A suggestion was made to do “Stay Interviews instead of Exit Interviews”

New Accounting Standards

- GASB Statement No. 101 – *Compensated Absences*
 - Effective for the year ending June 30, 2025

FINANCIAL STATEMENT AND STATISTICS OVERVIEW

Claudia Falcon, CFO presented a high overview of the Financial Results for period ending Aug 2024

Volume:

Admits:

- Decreased by (7) compared to Prior Month (Aug 2024)
- Decreased by (28) or (16.4%) compared to PY same PE Sep 2023

Outpatient Visits:

- Decreased by (320) or (6%) compared to Prior Month (Aug 2024)
- Decreased by (273) or (5.7%) compared to PY same PE Sep 2023

ED Visits:

- Decreased by (128) or (5%) compared to Prior Month (Aug 2024)
 - Avg. visits per day: 77
- Increased by 89 or 2.2% compared to PY same PE Sep 2023
 - Avg. visits per day: 75

Surgeries:

- Decreased by (38) or (20%) compared to Prior Month (Aug 2024)
- Decreased by (7) or (3.2%) compared to PY same PE Sep 2023

Cath Lab :

FY 2025	Jul-24	Aug-24	Sep-24
TOTAL DIAGNOSTIC HEART CATHETERIZATION CASES	0	8	7
OUTPATIENT		4	4
INPATIENT		4	3

Patient Revenue:

- PE September 30,2024: Gross Patient Revenue (GPR) of \$24,646,544
 - Decrease of (\$1,863,320) or (7%) from the prior month: PE Aug 2024
 - Inpatient Revenue decreasing by (\$865,973) or (19%)

CONFIDENTIAL DOCUMENT – NOT FOR PUBLIC DISTRIBUTION

- Out-Patient decreasing by (\$997k) or (5%)
- Unfavorable against budget YTD by (\$14.2m) or (16%)
 - Inpatient by (\$3.7m) or (24%)
 - Outpatient by (\$10.4m) or (14%)
- Compared to PY MTD PE Sep 2023
 - Decrease of (\$841k) or (3%)
 - Inpt decreased by (\$915k) or (20%)
 - OP Increased by \$73k or 0.3%

	PE Sep 2024
Financial Class	% GPR by Payor
Blue Cross Blue Shield	17%
Champus	5%
Charity	1%
Client	0%
Commercial	15%
Medicaid	0%
Medicaid HMO	13%
Medicare	15%
Medicare HMO	24%
Self Pay	8%
State Government	2%
Workers Compensation	0%

Deductions from Revenue (DFR):

- Contractual deductions (excluding waiver funds) for the period ending September 30, 2024 are 74%, 3% favorable against budget.

Net Patient Revenue:

- MTD PE Sep 2024: \$7.4m favorable against budget by \$77k
- YTD PE Sep 2024: \$20.8m unfavorable against budget by (\$1.2m) or (5%)
 - Compared YTD at PE Sep 2023: NPR increased by \$2.1m or 11%

Expenses:

- PE September 30, 2024, Val Verde Hospital Corporation recorded Operating Expenses of \$6,963,619 indicating a favorable variance from budget by (\$547,130) or (7%) MTD and YTD by (\$1.8m) or (8%). Comparing to prior year at period ending September 30,2023, expenses have decreased by (\$719k) or (3.4%).

Expenses unfavorable against budget for PE September 30,2024 were:

- **Rental Expenses** over budget by \$37k MTD. Variance against budget related to rental of Mobile Cath Lab \$37k.

CONFIDENTIAL DOCUMENT – NOT FOR PUBLIC DISTRIBUTION

- **Contracted Services** over budget by \$7k.
- **Purchased Services** over budget by \$42k. Variance against budget related to prior month invoice expenses.
- **Legal & Professional** over budget by \$17k MTD. Variances related to unbudgeted expense for ED Operations and Throughput Consulting fees.
- **Supply/Drug** over budget by \$6k MTD. Highest variance was due to OR supplies/implants

Net Surplus Income (Loss) from Operations

- The Net Income from Operations is \$733,182 MTD and YTD \$1,018,712

Total Surplus (Loss)

- The Total Surplus is \$1,098,204 MTD and YTD \$348,545.

EBIDA

- **PE Sep 2024:** \$1,189,334 MTD and YTD \$2,401,896.

Days cash on hand: 67

- **Corporate Cash at PE September 2024:** \$13,864,957 (increase of \$1,516,913 compared to prior month)
- **District Cash at PE September 2024:** \$13,963,475
 - **District Cash at PE Sep 2024 to include outstanding QIPP IGT:** \$29,439,305
- **Combined Cash (Corporate + District + IGT outstanding):** \$43,304,262
 - Less \$15,475,830 IGT outstanding is \$27,828,432

Turnover:

- PE Sep 2024 turnover rate: 20.6%

Overtime:

- PE Sep 2024 Overtime trending at 5%

CONFIDENTIAL DOCUMENT – NOT FOR PUBLIC DISTRIBUTION

Following are the Finance Committee Recommendations to the Board of Directors:

1. Ms. Danielle Zimmerman, FORVIS Auditor presented the Val Verde Hospital Corporation Audit Report for FYE 24. Dr. Lee Keenen made a recommendation to the Board of Directors to approve the VVHC Audit Report FYE 24. Dr. Aurelio Laing seconded the recommendation; recommendation carried unanimously.
2. Financial Results for Aug. & Sept. 2024 were reviewed by the Chief Financial Officer, Claudia Falcon. Dr. Aurelio Laing made a recommendation to the Board of Directors to approve the unaudited Financials for Aug. & Sept. 2024, as presented, subject to audit. Dr. Lee Keenen seconded the recommendation; recommendation carried unanimously.

Corporate Budgeted CERs:

3. Dr. Lee Keenen made a recommendation to the Board of Directors to approve the budgeted capital equipment requests as follows:
 - (1) Centrifuge: Laboratory Dept.(total budgeted \$10K) - total est. cost \$8,719.90
 - (5) Vapotherm High Flow: Respiratory Dept.- (total budgeted \$55,689K) total est. cost \$57,648.25
 - (8) Newborn Radiant Warmers: Woman’s Health Center.(total budgeted \$178,257K) - total est. cost \$126,348.24
 - (1) Fuji Film Sonosite Ultrasound: ED Dept. (total budgeted \$54, 490K) – total est. cost \$69,675

Corporate Unbudgeted CERs:

4.
 - (1) LUCAS Pneumatic Piston Device: ICU Dept. and ED Dept.-total est. cost \$17,634.50
 - This item was included in the contingency budget (\$23,935k)
 - (1) Fuji Flim Sonosite Ultrasound: Anesthesia Dept. unbudgeted CER- total est. cost. \$83.352.00
 - (1) Arthrex-Video System Surgery Dept. (for Othro use) – total est. cost: \$104,736.01

District Unbudgeted CERs:

5. Shimadzu Cath Lab: additional expenses that included injector contrast media- \$180K and construction \$100K- total est. cost of \$280,000.00
 - o The Cath Lab was included in the contingency budget (\$1,188,410m)

Holiday Incentive

6. Dr. Lee Keenen made recommendation to approve Holiday Incentive for the following:
 - Hired before Jan. 1, 2024-\$1,600.00
 - Hired on/after Jan. 1, 2024-\$800.00
 - PT/PRNs hrs worked >1040 in FY 24 (hired before Jan. 1, 2024)-\$800.00
 - PT/PRNs hrs worked <1040 in FY 24 (hired on/after Jan. 1, 2024)-\$100
 - Total Est. Cost including payroll taxes \$830,197K

Dr. Aurelio Laing seconded the recommendation: recommendation carried unanimously.

The Finance Committee meeting adjourned at 1:47 p.m.

Val Verde Hospital Corporation
For period ending October 31, 2024

Executive Summary

Summary

For the monthly period ending October 31, 2024, VVRMC recorded a net (Loss) of (\$1,264,595) indicating an unfavorable variance from budget of (\$1,445,582). For the fourth-month period ending October 31, 2024, comparing to prior year October 2023, gross patient revenue (GPR) has decreased by (\$3.2m) or (3%).

Comparing service units to prior year 2024 at PE Oct 2023:

- Patient Days have decreased by (11.7%)
- Outpatient Services increased by 2.2%
- Emergency Room Visits increased by 6%
- Births have decreased by (9.8%)
- RHC Clinic visits increased by 2.7% and Specialty visits decreased by (30.8%)

Comparing to budget at PE Oct 2024 month to date (MTD):

Actual compared to Budget is unfavorable for:

- Admissions by (116)
- Specialty by (745)
- Surgery/Endo by (24)

Actual compared to Budget is favorable for:

- Emergency Room by 266
- OP visits by 362
- RHC clinics by 271
- Births by 0

(Note: Orthopedic, Cardiologist, and Interventional Cardiology all on-boarded in July 2024. RHC lost 1 FP in July and full-time FP Provider transitioned to part-time)

Revenues

For the monthly period ending October 31, 2024, Val Verde Hospital Corporation recognized Gross Patient Revenue (GPR) of \$25,299,858. This is an increase of \$653,314 or 3% from the prior month, with Inpatient Revenue increasing by \$194,792 or 5% and Out-Patient increasing by \$458,522 or 2%.

	PE Oct 2024
Financial Class	% GPR by Payor
Blue Cross Blue Shield	17%
Champus	5%
Charity	1%
Client	0%
Commercial	15%
Local Government	0%
Medicaid	0%
Medicaid HMO	13%
Medicare	14%
Medicare HMO	24%
Self Pay	8%
State Government	2%
Workers Compensation	1%



Contractual deductions (excluding waiver funds) for the period ending October 31, 2024 are 75%, 2% favorable against budget.

Uncompensated allowances (B/D & Charity) is under budget by \$696k MTD. As a percent of gross patient revenues, current month allowances are 10.2% compared to budget of 10.9%.

Expenses

For the monthly period ending October 31, 2024, Val Verde Hospital Corporation recorded Operating Expenses of \$7,353,062 indicating an unfavorable variance from budget by \$70,022 or 1% MTD and favorable YTD by (\$1,737,588) or (6%). Comparing to prior year at period ending October 31, 2023, expenses have decreased by (\$786k) or (3%).

Expenses unfavorable against budget for PE October 31, 2024 were:

- **Employee Benefits** over budget by \$223k MTD. Variance related to high \$ employee claims.
- **General Expenses** over budget by \$10k MTD. Variances related to Audit expenses for Financial Audit and Cost Report.
- **Maint. & Repair** Expenses over budget \$8k MTD. Variance related to Ambulance repairs.
- **Rental Expenses** over budget by \$42k MTD. Variance against budget related to rental of Mobile Cath Lab \$37k.
- **Contracted Services** over budget by \$57k. Variances related to contract services for L&D, ED, OR, PACU, and Radiology.
- **Purchased Services** over budget by \$76k. Variances related to 3rd party EMS services for transfers, Combined Dispatch, HRG (Outsourced Coding), and GE Healthcare.
- **Legal & Professional** over budget by \$10k MTD. Variances related to unbudgeted expense for ED Operations and Throughput Consulting fees.
- **Supply/Drug** over budget by \$15k MTD. Highest variance was due to RHC drug supply (i.e. fluzone) and Lab medical supplies.

Net Surplus Income (Loss) from Operations

- The Net (Loss) from Operations is (\$1,264,595) MTD and YTD (\$245,883)

Total Surplus (Loss)

- The Total Loss is (\$1,264,595) MTD and YTD (\$182,868).

EBIDA

- **PE Oct 2024:** (\$807,452) MTD and YTD \$1,594,444.

Days cash on hand: 67

- **Corporate Cash at PE October 2024:** \$14,054,543 (increase of \$189,586 compared to prior month)
- **District Cash at PE October 2024:** \$15,912,542
 - **District Cash at PE Oct 2024 to include outstanding QIPP IGT:** \$29,219,774
- **Combined Cash (Corporate + District + IGT outstanding):** \$43,274,317
 - Less \$13,307,232 IGT outstanding is \$29,967,085

Turnover:

- PE Oct 2024 turnover rate: 18.8%

FY2025 TURN-OVER DATA						
		Jul-24	Aug-24	Sep-24	Oct-24	Total
A	# FT/PT EMPLOYEES EACH MONTH	544	548	536	546	2174
B	ROLLING AVERAGE OF THE TOTAL # OF FT/PT YTD	544	546	543	544	544
C	NUMBER OF FT/PT EMPLOYEES WHO SEPARATED EACH MONTH	7	6	15	6	102
D	ANNUALIZED # of TERMS	84	78	112	102	18.8%
E	ANNUALIZED TURN-OVER RATE	15.4%	14.3%	20.6%	18.8%	
Note:						
	A	only accounts for full-time/part-time employees (excludes PRN)				
	C	only accounts for full-time/part-time employees that have separated from hospital (voluntary or involuntary) (excluding PRN's)				

Overtime:

- PE Oct 2024 Overtime trending at 5%

	OVERTIME % FY 2025			
	Jul-24	Aug-24	Sep-24	Oct-24
Overtime %	5%	6%	5%	5%

The Executive Team working on the following:

- **CEO currently working on recruitment efforts for:**
 - Family Practice
 - Both Physicians and APPs
 - Urology
- **Cath Lab/Special Procedures**
 - Mobile Cath Lab to be picked up December 17, 2024
 - Signed contract w/Schmidazu for new C-ARM
 - Expected date of installation mid-Jan/early Feb
 - SLT evaluating storage space for Cath Lab/Special Procedures supplies
 - Construction to remove/relocate built in Cabinets slated for Nov/Dec
- **RHC Clinics**
 - Associate Administrator working with Clinic Management Team and Providers on volume to ensure threshold are met
 - 1200 Clinic RHC Designation
 - Name to be changed to: Lindsey M. Terry RHC Clinic
 - NPI Application submitted 08/08/2024
 - Status Approved
 - Medicare Enrollment Application submitted 09/09/2024
 - Status: In process (as of November 22, 2024)
- **Wound Care**
 - Associate Administrator and CFO had call with Shannon Wound Care center. The Director shared policies, staffing model, and LCD (CMS medical necessity requirements).
 - Associate Administrator in contact with Texas A&M Representative regarding Wound Care training for nursing staff.
 - Senior Leader Team evaluating the clinic space for wound care services
 - Wound Care Clinic to be located in old Heart Health Clinic Area
 - Posting for Wound Care Nursing positions (RN/LVN)
 - RN Hired: start date in December 2024

- **ED Throughput**

- Rapid Design Teams (RDT) working on following initiatives
 - RDT 1: Patient Experience initial 30-seconds
 - RDT 2: Admissions (ED to Acute)
 - RDT 3: Acute to Discharge
 - RDT 4: ED Surge Protocol
 - RDT 5: MSU Staffing Matrix
 - RDT 6: ED Pull until Full

Price Strategy Analysis

- Engage Forvis to conduct Price Strategy Analysis--kicked off July 2024
 - 2019 was the last time VVRMC had conducted a Price Strategy Analysis
 - Best Practice to conduct at minimum every 2-years
 - Analysis evaluates VVRMC pricing compared to market
 - Final analysis completed
 - Projecting net revenue increase of \$726k

- **Staffing**

- Continue evaluating and restructuring departments to consolidate and align staffing with productivity needs.

Additional Updates:

Executive Order No. GA-46

- Effective November 1, 2024 Hospital providers required to:
 - Implement intake process for patients rendering Emergency Room, Inpatient, Observation services to be asked:
 - A citizen or an alien lawfully present in the United States
 - An alien not lawfully present in the United States
 - Reporting of data collected to include cost of services is to be submitted quarterly.
 - Initial reporting due March 1, 2025

OIG Notification (received Dec. 20, 2023):

- Findings from OIG received from Reed, Claymon, Meeker & Hargett (February 13,2024)
 - Estimated recoupment is \$494k (78% are for DOS 2017-2019)
 - Infusion and Critical Care charges
 - Meeting scheduled for Tuesday, February 27,2024 with Attorney's to review findings
- OIG Letter received by Reed, Claymon, Meeker & Hargett in December 2023

- Letter is regarding Infusion services administered in the Emergency Room considered not reimbursable--VVRMC received payment for the services in error from the MCO's
- Legal has advised that several hospitals have been sent the same letter and they (the attorney's) are disputing with the OIG.
- No action required by VVRMC is required at this time--Legal gathering data
- August 20,2024: Received email correspondence from Attorney's regarding the status on OIG case. Meeting is scheduled for September 4,2024
- **September 16,2024:** received email correspondence from Attorney's with update on call with OIG

This is an update on our 9/13 call with HHSC OIG regarding the ED billing initiatives.

HHSC OIG has provided this additional information:

- While OIG's standard is to settle all initiatives at once, they are willing to consider settlement of only certain initiatives and have asked that we collect the settlement proposals from each hospital and present them collectively for consideration and possible approval.
- If a hospital proceeds with a settlement of some/all outstanding initiatives, the HHSC OIG will prepare and send another file that includes data through the current time period.
 - A hospital will be able to check and confirm this new data before settling.
 - The release in the settlement will be a full release and HHSC OIG is willing to entertain some language to address potential recoupments from the MCOs (to be drafted and negotiated)
 - There was discussion of what steps HHSC OIG was taking to address things with the MCOs, but no specific resolution.
- HHSC OIG will not entertain settlement of any initiative at reduced amounts.

Given this information, could you please consider and respond:

- Is Val Verde willing to indicate to HHSC OIG that it wants to settle one or more initiatives and request bring-current amounts for those initiatives?
 - We recommend settling every initiative except I&I and possibly critical care.
 - We are not inclined, at this point, to request bring-current numbers for initiatives that a hospital is not certain it wants to settle. We are concerned this runs up the tab and potential risk exposure for the hospital.
 - Settling critical care depends on whether a hospital is prepared to stop billing Texas Medicaid for critical care going forward.
- Do you have any other questions?

We are trying to collect the information from hospitals to present a collective picture to OIG by **September 23**. If you would like to discuss, please let us know

- **Response to Attorney on September 24, 2024:**

Good afternoon Leah,

I apologize for the delay in responding to your email, I had been out on vacation the past couple of weeks.

As I mentioned on the call, I would be inclined to settle for every initiative excluding I&I—only if your firm feels that there is a high probability of the OIG overturning their decision on I&I. I don't want to hold off and the OIG uphold their decision on I&I and the organization in turn incurs additional penalty fees. If we do run the risk of incurring additional penalty fees, then I would be open to settling all initiatives.

I was hoping a decision was not needed so soon—as I was planning to update the Board at our October meeting.

- **November 8, 2024 update:**

- Emailed Attorney's VVRMC agreeing to settle
 - the duplicate ED findings for the 03/01/2017 to 02/28/2022 period for the noted amount of \$13,046.08
 - The ED/Observation findings for the 03/01/20217 to 02/28/2022 period for the noted amount of \$15,321.95

NOTE: 11/05/2024: CFO had call with Attorney regarding the OIG case and recommendations on settling. Attorney advised that the hospitals being represented by their firm were not settling the Critical Care and I&I claims.

Uncompensated Care (UC)

- DY 13 Final IGT: \$836,693
- Gross payment received 09/30/2024: \$2,099,607
- Net UC payment: \$1,262,914

Low Volume Adjustment FFY 2025

Submitted request for consideration of Low Volume Payment Adjustment for FFY 2025 effective for D/C Oct. 1st 2024 thru Dec. 31st 2024.

- Based on Cost Report FYE 2023 total discharges reported 2,184
- VVRMC met both criteria required for additional payment (d/c <3,800 and facility located more than 15 road miles to the nearest "subsection (d)" Acute Care Hospital
- VVRMC does not meet new threshold set effective Oct 1st 2024 (d/c <200)
- Payments apply at claim level
- **September 24, 2024:** VVRMC received CMS approval notice for LVA FY 2025 IPPS Low-Volume Payment Adjustment (Discharges on/after 10/01/2024 through 12/31/2024)

Volume Decline

- Forvis is reviewing Cost Report FYE 2023 to compare to FYE 2022 to determine if volume decline exceeds 5%. If so, we will move forward with submitting request for reimbursement consideration.

Wage Index FFY 2026

- Wage Index completed FFY 2026: Avg. hourly rate calculation \$40.67 based on Cost Report FYE (CRFYE) 2023 (up 8% compared to Prior CRYE 2022 \$37.52)
- Participating hospitals in database reflect an average hour wage index increase between 6%-9%
- Rural Hospitals in Texas are subdivided in quadrants--average wage index is calculated to determine PPS Reimbursement for Future Payments for each specific CBSA quadrant.
- Rate reimbursements apply in 2026
- Deadline to submit wage index data is September 3, 2024

VCAP-ET IRS Update (Term Life Insurance)

- Taxable \$'s on term life exceeding \$50k (i.e. entitled for \$55k of term life—employer and employee responsible for paying taxes on \$5k)
- VVRMC had not been taxing on excess—issue discovered in fall of 2022
- Attorneys were engaged to assist with IRS negotiations
- Liability previously recorded in the amount of \$65k (est. payable to IRS)
- Update received from Attorney on July 18, 2024:

We spoke briefly on Monday. Mr. Silva explained that the next step is for him to pass the case up to legal and have IRS counsel offer their input and then the IRS will come back to us and we can negotiate as needed. Then, once we are both in agreement, we can enter into a closing agreement and Val Verde can pay the required amount.

There were a couple of important take-aways to share:

1. Since the IRS took so long to review – it's Mr. Silva's position that tax years 2019 and 2020 are closed. Therefore, unless IRS counsel takes issue (which he did not expect) – we will only be required to resolve tax year 2021. This is great news.
2. The IRS will likely require Val Verde to account for FICA taxes in the final closing agreement. We didn't account for these in the initial application because we believed our offer was still conservative enough to make the IRS whole and the FICA taxes would have been very minimal – too minimal to calculate. We went ahead and determined that the additional FICA taxes on 2021 (accounting for the employee and employer portion (15.3%)) would have been under \$10,000.
3. The IRS may require Val Verde to use a "Gross-Up" wage calculation. Since, as part of this agreement, Val Verde would be paying income tax/FICA on behalf of employees, it would effectively create more taxable income. We also think this number would be very small but we plan to push back on this.

We are in the process of preparing a response for Mr. Silva explaining the offer that we originally made and why that offer would make the IRS whole. Even if the IRS requires Val Verde to pay the additional FICA, we think there is a strong likelihood that the balance Val Verde will be required to pay will be about \$30,000.

**VAL VERDE REGIONAL MEDICAL CENTER
COMPARITIVE STATEMENT OF REVENUES AND EXPENSES
FOR THE PERIOD ENDED OCT 2024**

Actual MTD FY 2025	PE BUD FY 2025	Prior Year MTD FY 2024		Actual YTD FY 2025	YTD BUD FY 2025	Prior YTD FY 2024
			Patient Gross Revenue			
\$ 3,910,206	\$ 5,314,220	\$ 5,420,654	Inpatient Revenue	\$ 16,075,807	\$ 21,256,889	\$ 19,278,284
\$ 21,389,652	\$ 24,891,088	\$ 22,237,270	Outpatient Revenue	\$ 85,574,546	\$ 99,564,462	\$ 85,626,661
<u>\$ 25,299,858</u>	<u>\$ 30,205,308</u>	<u>\$ 27,657,924</u>	Total Patient Revenue	<u>\$ 101,650,353</u>	<u>\$ 120,821,351</u>	<u>\$ 104,904,944</u>
			Revenue Deductions			
\$ 16,472,133	\$ 19,973,226	\$ 18,307,876	Contracted Deductions	\$ 69,802,565	\$ 79,892,923	\$ 72,451,042
\$ (173,740)	\$ (10,496)	\$ 645,642	Bad Debts	\$ 949,800	\$ (41,985)	\$ (326,487)
\$ 2,762,360	\$ 3,295,214	\$ 2,193,896	Charity Care	\$ 5,589,760	\$ 13,180,859	\$ 9,321,822
\$ 340,017	\$ (291,667)	\$ (258,419)	Waiver Funds (UC)	\$ (942,880)	\$ (1,166,667)	\$ (1,677,286)
\$ (100,000)	\$ (100,000)	\$ (100,000)	DISPRO Funds (DSH)	\$ (564,598)	\$ (400,000)	\$ (407,752)
<u>\$ 19,300,770</u>	<u>\$ 22,866,277</u>	<u>\$ 20,788,996</u>	Total Deductions	<u>\$ 74,834,647</u>	<u>\$ 91,465,130</u>	<u>\$ 79,361,339</u>
\$ 5,999,088	\$ 7,339,031	\$ 6,868,929	Net Patient Revenue	\$ 26,815,706	\$ 29,356,221	\$ 25,543,606
\$ 89,380	\$ 124,996	\$ 164,084	Other Revenue	\$ 609,516	\$ 499,998	\$ 495,374
<u>\$ 6,088,468</u>	<u>\$ 7,464,027</u>	<u>\$ 7,033,013</u>	Total Net Revenue	<u>\$ 27,425,221</u>	<u>\$ 29,856,219</u>	<u>\$ 26,038,980</u>

**VAL VERDE REGIONAL MEDICAL CENTER
COMPARITIVE STATEMENT OF REVENUES AND EXPENSES
FOR THE PERIOD ENDED OCT 2024**

Actual MTD FY 2025	PE BUD FY 2025	Prior Year MTD FY 2024		Actual YTD FY 2025	YTD BUD FY 2025	Prior YTD FY 2024
Operating Expenses						
\$ 3,046,223	\$ 3,125,214	\$ 3,214,085	Salaries	\$ 11,893,046	\$ 12,500,923	\$ 12,023,254
\$ 73,058	\$ 84,912	\$ 75,837	General Insurance	\$ 290,697	\$ 339,648	\$ 309,895
\$ 609,643	\$ 385,669	\$ 370,574	Employee Benefits	\$ 1,825,809	\$ 1,837,562	\$ 1,687,287
\$ -	\$ -	\$ -	Retention & Contingency (KPI)	\$ -	\$ -	\$ -
\$ 277,936	\$ 267,261	\$ 397,130	General Expenses	\$ 801,049	\$ 1,069,031	\$ 1,405,391
\$ 85,642	\$ 77,163	\$ 99,228	Maint. & Repair Expenses	\$ 272,856	\$ 308,652	\$ 391,128
\$ 60,329	\$ 17,535	\$ 17,361	Rental Expenses	\$ 254,012	\$ 70,137	\$ 74,697
\$ 222,620	\$ 165,314	\$ 191,738	Contracted Services	\$ 713,691	\$ 661,255	\$ 969,882
\$ 417,599	\$ 341,187	\$ 397,688	Purchased Services	\$ 1,459,097	\$ 1,369,328	\$ 1,512,835
\$ 990,307	\$ 1,170,437	\$ 1,144,129	Physician Fees	\$ 4,044,327	\$ 4,681,754	\$ 4,495,143
\$ 16,451	\$ 20,502	\$ 11,063	Travel Education	\$ 61,674	\$ 82,016	\$ 31,551
\$ 42,873	\$ 32,251	\$ 63,140	Legal & Professional	\$ 168,072	\$ 129,001	\$ 170,227
\$ 94,190	\$ 104,513	\$ 108,643	Telephone/Utilities	\$ 379,205	\$ 418,059	\$ 413,879
\$ 959,049	\$ 943,473	\$ 952,215	Supply/Drug	\$ 3,667,243	\$ 3,750,891	\$ 3,450,630
\$ 14,164	\$ 12,500	\$ 6,239	Interest Expense	\$ 55,583	\$ 50,000	\$ 28,612
\$ 442,979	\$ 535,109	\$ 371,110	Depreciation	\$ 1,784,744	\$ 2,140,435	\$ 1,493,413
\$ 7,353,062	\$ 7,283,040	\$ 7,420,181	Total Operating Expenses	\$ 27,671,104	\$ 29,408,692	\$ 28,457,823
\$ (1,264,595)	\$ 180,987	\$ (387,168)	Net Operating Income/(Loss)	\$ (245,883)	\$ 447,527	\$ (2,418,843)

**VAL VERDE REGIONAL MEDICAL CENTER
COMPARITIVE STATEMENT OF REVENUES AND EXPENSES
FOR THE PERIOD ENDED OCT 2024**

Actual MTD FY 2025	PE BUD FY 2025	Prior Year MTD FY 2024	Actual YTD FY 2025	YTD BUD FY 2025	Prior YTD FY 2024
Non-Operating/Rev/Exp					
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ 179,071	\$ -	\$ 63,015	\$ 716,287	\$ 92,671
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 350,000	\$ -	\$ -	\$ 1,400,000
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 71	\$ -	\$ -	\$ 71
\$ (1,264,595)	\$ 360,058	\$ (37,097)	\$ (182,868)	\$ 1,163,814	\$ (926,100)
\$ (807,452)	\$ 728,596	\$ (9,819)	\$ 1,594,444	\$ 2,637,962	\$ (896,818)

UNAUDITED FINANCIALS

	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
Days Cash on Hand	62	62	67	67								
	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
Days Cash on Hand	57	46	44	56	60	59	57	58	57	62	65	62
	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
Days Cash on Hand	29	46	37	51	51	47	42	53	56	53	52	52

Val Verde Reg Medical Center
FISCAL YEAR JUL 2024 - JUN 2025
BALANCE SHEET
PE OCT 2024

<u>ASSETS</u>	<u>YTD ACTUAL</u> <u>PE OCT 2024</u>
Current Assets	
Total Cash & Investments	\$ 14,054,543
Net Patient Receivables	\$ 6,731,791
Total Inventories	\$ 1,748,488
Other Current Assets	\$ 2,304,373
Total Current Assets	\$ 24,839,195
Gross PP&E	\$ 77,092,602
ACCUM DEPR-LAND IMPROVEMENTS	\$ (800,077)
ACCUM DEPR-BUILDINGS	\$ (5,074,825)
ACCUM DEPR-FIXED EQUIPMENT	\$ (3,234,790)
ACCUM DEPR-AMBULANCES/AUTO	\$ (1,340,777)
ACCUM DEPR-MAJOR MOVABLE	\$ (43,168,453)
AMP ACCUMULATED DEPRECIATION	\$ (358,622)
ACCUM AMORT-RTU ASSET	\$ (1,930,747)
ACCUM AMORT-RTU ASSET GASB96	\$ (1,832,586)
Total Accumulated Depreciation	\$ (57,740,877)
Net PP&E	\$ 19,351,725
TOTAL ASSETS	\$ 44,190,920
LIABILITIES & NET ASSETS	
Current Liabilities	
A/R CREDIT BALANCE	\$ 997,020
VVH EMS CREDIT BALANCES	\$ 90,095
RHC/SPEC CLINICS A/R CR BAL	\$ 144,218
INS FINANCED PAYABLE	\$ 72,331
IRS PENALTY	\$ 65,891
Current Portion of LTD	\$ (1,369,556)
Vendor Payables	\$ (3,152,246)
Accrued Vendor Payables	\$ (440,800)
Accrued Payroll Expenses	\$ (3,297,396)
Deferred Revenue	\$ -
3rd Party Payable	\$ 45,926
Total Current Liabilities	\$ (8,305,924)
OIG LIABILITY	\$ (524,714)
CHAT LAWSUIT	\$ (0)
LT PORTION OF MCR ACC/ADV PMT	\$ -
Total Long-term Debt	\$ (4,239,100)
TOTAL LIABILITIES	\$ (13,069,738)
AP-VVCHD	\$ (454,054)
NET ASSETS	
CLINIC FORGIVE	\$ (11,458,368)
AMP RETAINED EARNINGS	\$ (575,591)
AMP OPEN BALANCE EQUITY	\$ (7,282,519)
AMP OWNERS EQUITY	\$ 9,800,331
OPERATIONS	\$ 2,135,865
YTD NET INCOME	\$ 6,554,737
RETAINED EARNINGS	\$ 31,675,541
Unrestricted Net Assets	\$ (31,304,050)
YTD INCOME SUMMARY	\$ 182,868
TOTAL NET ASSETS	\$ (31,121,182)
TOTAL LIAB & NET ASSETS	\$ (44,190,920)

UNAUDITED FINANCIAL STATEMENT

**VAL VERDE REGIONAL MEDICAL CENTER
FY2025: CASH RECEIPTS & DISBURSEMENTS**

	Jul 24 Act	Aug 24 Act	Sep 24 Act	Oct 24 Act	Nov 24 Act	Dec 24 Act	Jan 25 Act	Feb 25 Act	Mar 25 Act	Apr 25 Act	May 25 Act	Jun 25 Act
BEGINNING CASH BALANCE	13,435,478	11,614,924	12,348,043	13,864,957	14,054,543	14,054,543	14,054,543	14,054,543	14,054,543	14,054,543	14,054,543	14,054,543

CASH RECEIPTS BY MAJOR CATEGORY

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
OPERATING													
PATIENT A/R RECEIPTS	4,527,932	6,728,359	5,681,302	5,865,345									22,802,939
POS CASH COLLECTIONS	30,044	50,375	35,235	37,065									152,719
CRNA A/R RECEIPTS (ANES)	43,209	42,303	53,530	79,496									218,538
RHC/SPECIALTY CLINIC RECEIPTS	643,560	888,601	868,716	961,743									3,362,620
EMS A/R Receipts	175,661	201,259	163,744	160,989									701,653
DISPRO / DSH		67,529											67,529
DSRIP - WAIVER													0
UNCOMPENSATED CARE - WAIVER			2,099,607										2,099,607
MEDICARE/MEDICAID SETTLEMENTS/LOW VOLUME													0
OTHER MISC INCOME	299,682	232,504	456,182	170,895									1,159,263
TOTAL OPERATING CASH RECEIPTS	5,720,088	8,210,931	9,358,315	7,275,534	-	-	-	-	-	-	-	-	30,564,869
NON-OPERATING													TOTAL
GRANTS AND CONTRIBUTIONS	500												500
PROVIDER RELIEF FUND/ARP													0
DISTRICT MONIES CAPITAL		63,015											63,015
NON-AR PAYMENTS	28,875	23,407	16,881	16,441									85,603
TOTAL NON-OPERATING CASH RECEIPTS	29,375	86,421	16,881	16,441	-	-	-	-	-	-	-	-	149,118
TOTAL CASH RECEIPTS	5,749,463	8,297,352	9,375,196	7,291,975	0	0	0	0	0	0	0	0	30,713,986

CASH DISBURSEMENTS BY MAJOR CATEGORY

	0	0	0	0	0	0	0	0	0	0	0	0	TOTAL
OPERATING													
VENDOR PAYMENTS (HOSPITAL)	4,452,128	2,778,736	3,333,314	3,310,818									13,874,996
VENDOR PAYMENTS (CLINIC)													0
EMPLOYEE PAYROLL	2,134,195	3,555,756	2,332,950	2,453,737									10,476,638
PHYSICIAN PAYROLL	888,325	1,015,340	1,071,949	949,430									3,925,044
EMPLOYEE BENEFITS	76,993	183,234	256,816	370,937									887,980
PHYSICIAN RECRUITING	3,861	3,500	3,463	3,500									14,324
CASH OVER/SHORT	(67)	13,084	(13,771)	(616)									(1,370)
REPAYMENTS TO HOSPITAL: REDUCTION OF DUE TO HOSPITAL													0
PAYMENT TO HOSPITAL - MGMT SERVICES & OTHER													0
PAYMENTS TO DISTRICT - LEASE	14,583	14,583	14,583	14,583									58,331
TRANSFER TO VVHD (DISTRICT)	0		858,978										858,978
TOTAL OPERATING DISBURSEMENTS	7,570,017	7,564,233	7,858,283	7,102,389	-	-	-	-	-	-	-	-	30,094,921
NON-OPERATING	-	JUL	JUL	-	-	-	-	-	-	-	-	-	TOTAL
CAPITAL													0
TOTAL NON-OPERATING DISBURSEMENTS	-	-	-	-	-	-	-	-	-	-	-	-	0
TOTAL CASH DISBURSEMENTS	7,570,017	7,564,233	7,858,283	7,102,389	-	-	-	-	-	-	-	-	30,094,921
NET CASH FLOW (PROVIDED/(USED))	(1,820,554.29)	733,119.51	1,516,913.43	189,586	-	-	-	-	-	-	-	-	619,065
ENDING CASH BALANCE	11,614,924	12,348,043.47	13,864,956.90	14,054,543.36	14,054,543.36	14,054,543.36	14,054,543	14,054,543	14,054,543	14,054,543	14,054,543	14,054,543	619,065
CD BALANCE	-	-	-	-	-	-	-	-	-	-	-	-	0
AVAILABLE CASH	11,614,924	12,348,043	13,864,957	14,054,543	14,054,543	14,054,543	14,054,543	14,054,543	14,054,543	14,054,543	14,054,543	14,054,543	619,065

FY2025 TURN-OVER DATA

		Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Total
A	# FT/PT EMPLOYEES EACH MONTH	544	548	536	546									2174
B	ROLLING AVERAGE OF THE TOTAL # OF FT/PT YTD	544	546	543	544									
C	NUMBER OF FT/PT EMPLOYEES WHO SEPARATED EACH MONTH	7	6	15	6									102
D	ANNUALIZED # of TERMS	84	78	112	102									
E	ANNUALIZED TURNOVER RATE	15.4%	14.3%	20.6%	18.8%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	

Note:

- A only accounts for full-time/part-time employees (excludes PRN)
- C only accounts for full-time/part-time employees that have separated from hospital (voluntary or involuntary) (excluding PRN's)

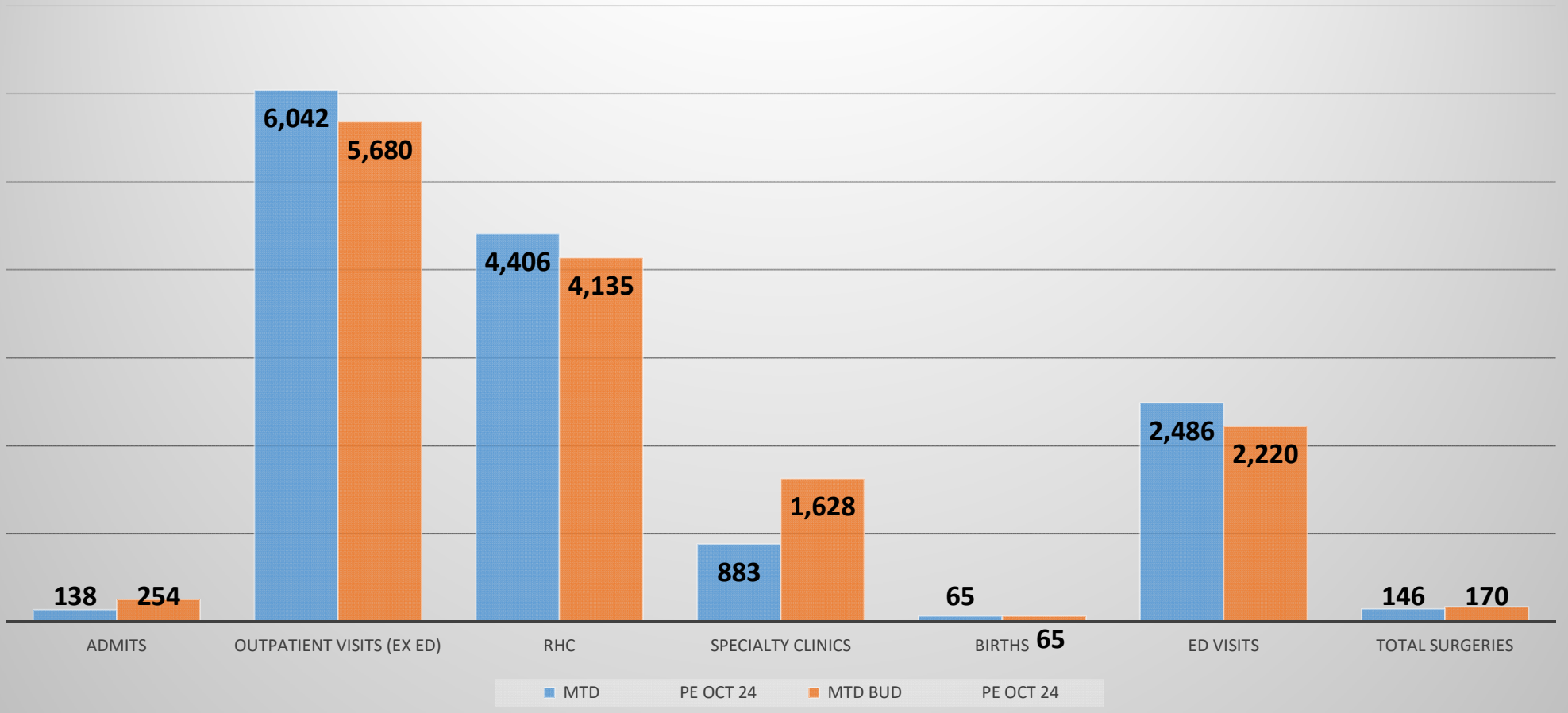
OVERTIME % FY 2025

	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	2/29/2025	Mar-25	Apr-25	May-25	Jun-25
Overtime %	5%	6%	5%	5%								

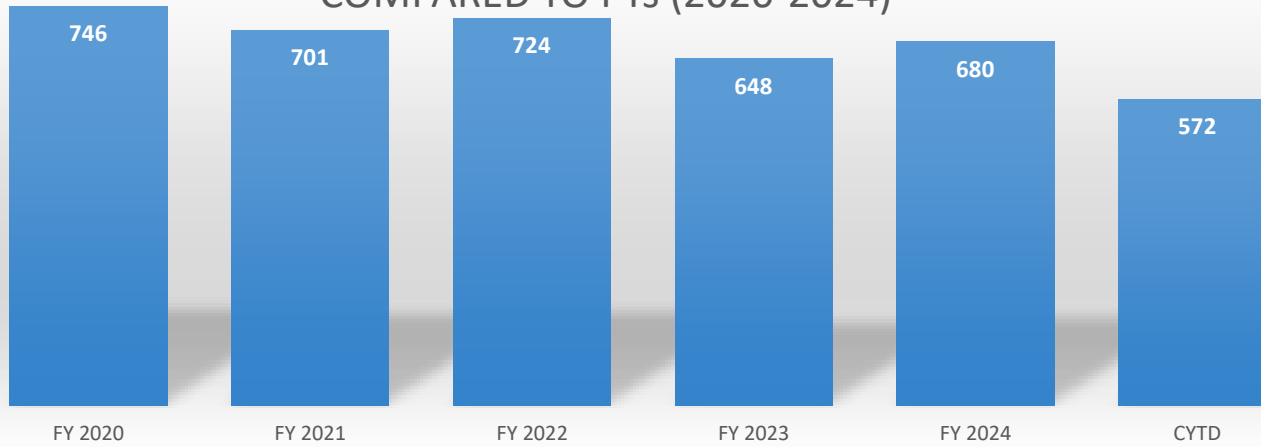
STATs CFY 2025 (Actual compared to BUD)

Statistic	MTD PE OCT 24	MTD BUD PE OCT 24	Var to Budget	Y-T-D 2025	Y-T-D BUDGET	Var to Budget
Admits	138	254	(116)	572	1,016	(444)
Patient Days	393	664	(271)	1,594	2,656	(1,062)
LOS	3	3	0	3	3	(0)
Outpatient Visits (ex ED)	6,042	5,680	362	22,638	22,720	(82)
RHC	4,406	4,135	271	15,618	13,144	2,474
Specialty Clinics	883	1,628	(745)	3,935	4,770	(835)
Births	65	65	0	248	195	53
ED Visits	2,486	2,220	266	9,319	8,880	439
Total Surgeries	146	170	(24)	631	340	291

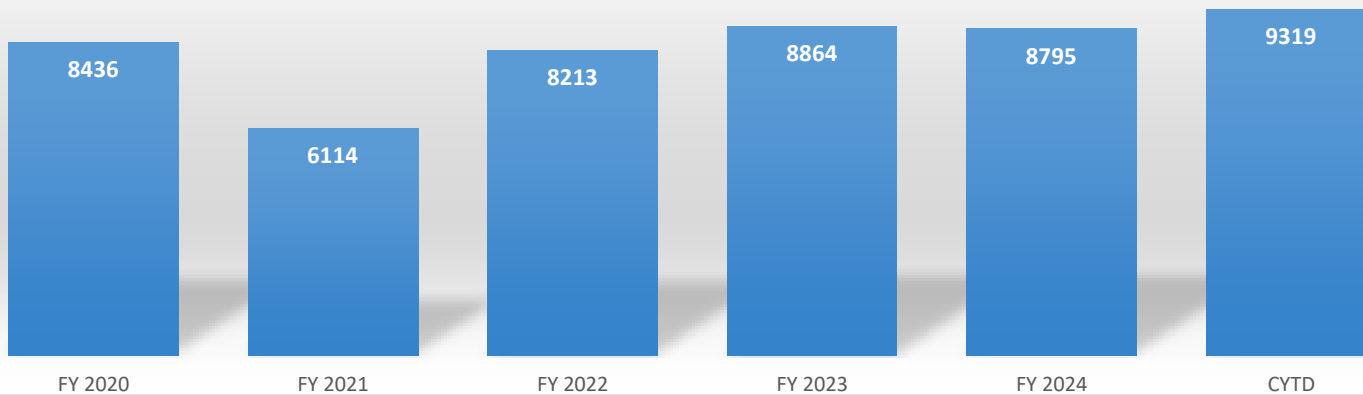
FY 2025 PE Oct 2024 Actual compared to BUDGET



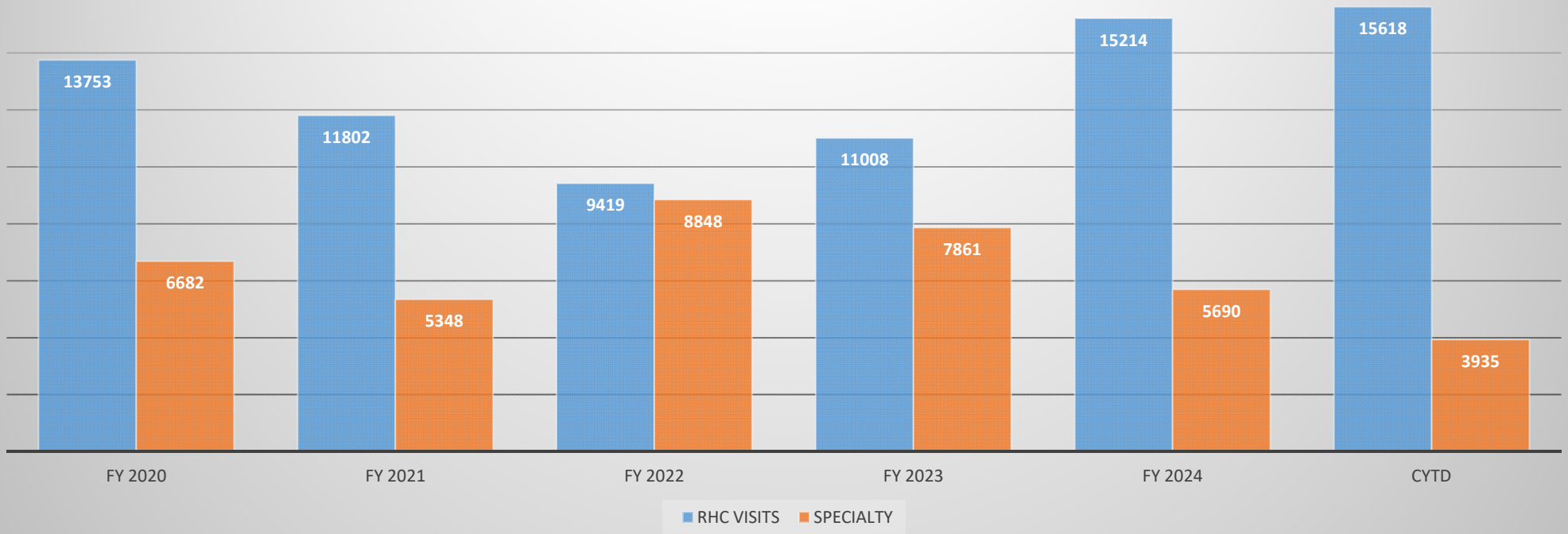
Admissions CFY 2025 COMPARED TO PYs (2020-2024)



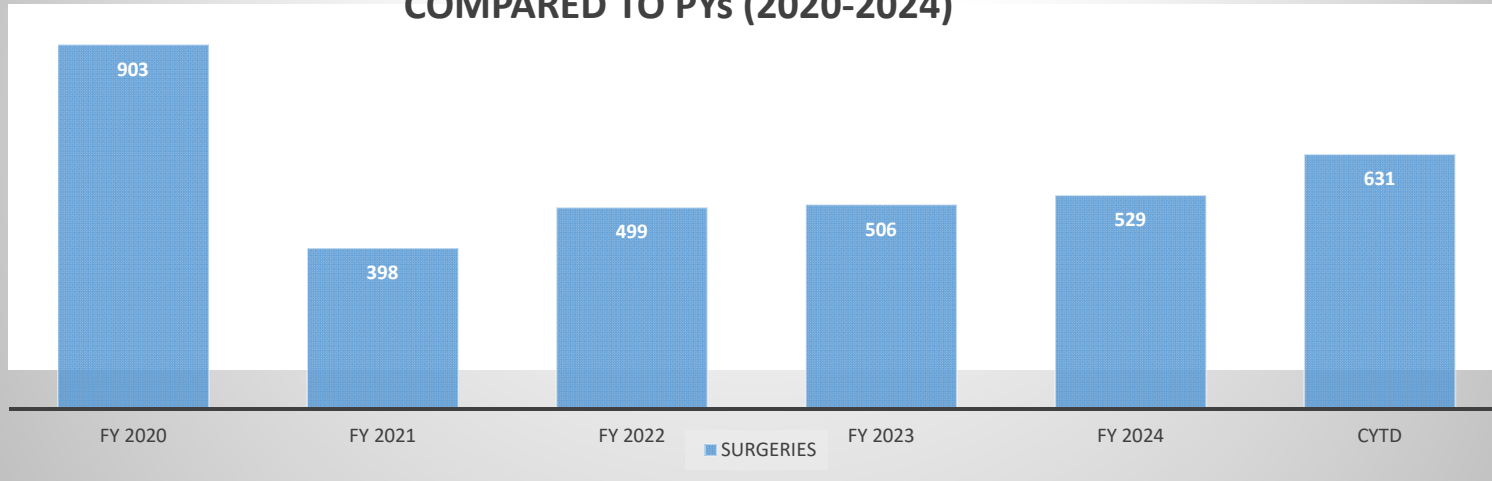
ED Visits CFY 2025 COMPARED TO PYs (2020-2024)



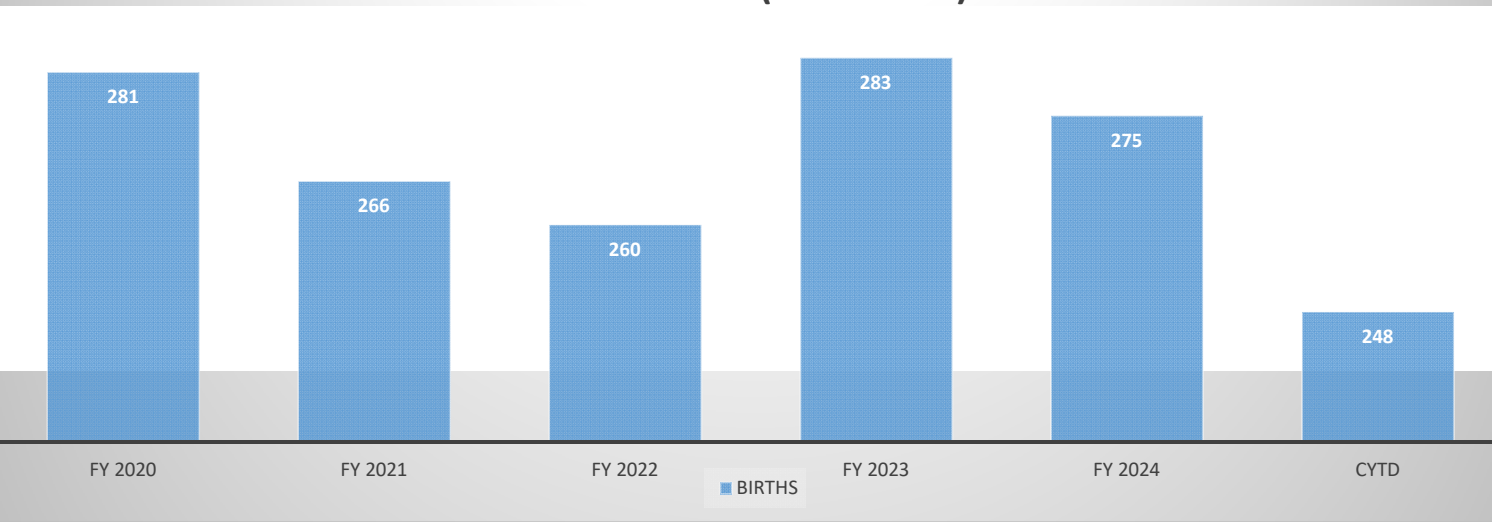
CLINIC VISITS CFY 2025 COMPARED TO PYs (2020-2024)



SURGERIES CFY 2025 COMPARED TO PYs (2020-2024)



BIRTHS CFY 2025 COMPARED TO PYs (2020-2024)





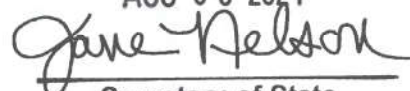
GOVERNOR GREG ABBOTT

August 8, 2024

FILED IN THE OFFICE OF THE
SECRETARY OF STATE

2:30 pm O'CLOCK

AUG 08 2024


Secretary of State

The Honorable Jane Nelson
Secretary of State
State Capitol, Room 1E.8
Austin, Texas 78701

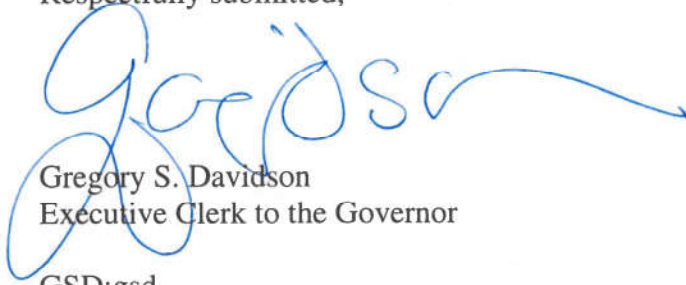
Dear Secretary Nelson:

Pursuant to his powers as Governor of the State of Texas, Greg Abbott has issued the following:

Executive Order No. GA-46 relating to the collection of information by the Health and Human Services Commission to assess costs to the Texas public hospital system imposed by the federal government's open-border policies.

The original executive order is attached to this letter of transmittal.

Respectfully submitted,



Gregory S. Davidson
Executive Clerk to the Governor

GSD:gsd

Attachment

Executive Order

BY THE
GOVERNOR OF THE STATE OF TEXAS

Executive Department
Austin, Texas
August 8, 2024

EXECUTIVE ORDER
GA 46

Relating to the collection of information by the Health and Human Services Commission to assess costs to the Texas public hospital system imposed by the federal government's open-border policies.

WHEREAS, I, Greg Abbott, Governor of Texas, issued a disaster proclamation on May 31, 2021, certifying under Section 418.014 of the Texas Government Code that the surge of individuals unlawfully crossing the Texas-Mexico border posed an ongoing and imminent threat of disaster for a number of Texas counties and for all state agencies affected by this disaster; and

WHEREAS, the surge of individuals crossing the southern border has continued, resulting in more than 11 million people—a number larger than the population of 40 different States—entering this country illegally in less than four years under the Biden-Harris Administration; and

WHEREAS, the Biden-Harris Administration has consistently adopted open-border policies that invite this mass illegal entry into Texas and other States, including by ignoring federal laws that require the federal government to secure the border, construct barrier infrastructure, detain illegal immigrants, vet would-be entrants, and swiftly remove aliens pressing frivolous asylum claims; and

WHEREAS, the Biden-Harris Administration has also taken steps to prevent States from addressing this crisis caused and aggravated by the federal government's abdication, including by destroying state barrier infrastructure and suing state officials rather than the thousands of individuals daily entering this country in violation of federal criminal laws; and

WHEREAS, federal law contributes to the growth of uncompensated medical costs by requiring that any individual must be allowed to obtain emergency medical treatment regardless of that individual's immigration status, or willingness or ability to pay for such treatment; and

WHEREAS, the State of Texas absorbs a large percentage of the costs associated with

WHEREAS, increased expenditures for Texas Hospitals providing medical care to individuals who are not lawfully present in the United States imposes burdens on the Texas healthcare system, including by predictably increasing the costs of medical care for all Texans; and

WHEREAS, the Health and Human Services Commission is responsible for ensuring the efficient use of state and local health-related resources and monitoring Medicaid and other federal funding programs supporting healthcare services, *see* Tex. Gov't Code § 531.003(1), § 531.0055(b), Tex. Health & Safety Code § 62.051, Tex. Hum. Res. Code § 32.021; and

WHEREAS, the federal government may and should be obligated to reimburse the State of Texas for the costs that its open-border policies have imposed on Texans, costs of which the State had no notice and which it could not have anticipated when agreeing to shared health funding mechanisms on the premise that the federal government would follow federal laws;

NOW, THEREFORE, I, GREG ABBOTT, Governor of Texas, by virtue of the power and authority vested in me by Article IV, Section 1 of the Texas Constitution and Section 418.015(c) of the Texas Government Code, do hereby direct the Health and Human Services Commission to:

- (1) direct Hospitals to collect information, beginning on November 1, 2024, regarding patients who are not lawfully present in the United States, including the number of inpatient discharges and emergency visits by and the cost of the care provided to such patients;
- (2) direct Hospitals to inform the patient, while collecting this information from the patient, that, as required by federal law, any response to such information requests will not affect patient care;
- (3) direct Hospitals to report such data to the Health and Services Commission quarterly, with the initial submission due to the Health and Human Services Commission no later than March 1, 2025; and
- (4) report annually, beginning on January 1, 2026, to the Governor, the Lieutenant Governor, and the Speaker of the House on the preceding state fiscal year's costs for inpatient and emergency care of patients not lawfully present in the United States as reported by Hospitals.

This executive order supersedes all previous orders in conflict or inconsistent with its terms and shall remain in effect and in full force until modified, amended, rescinded, or superseded by the Governor.

Capital Needs Committee Report

Meeting Date: November 22, 2024

Meeting Attendance

Core Committee	Department Directors	Other attendees
<ul style="list-style-type: none"> • Jorge Jurado , CEO • Claudia Falcon, CFO • Keith Willey, CIO • Terri Adam, Dir. Materials Management • Robert Carrillo, Dir. Plant Operations 	<ul style="list-style-type: none"> • Ricardo Gonzalez, Dir. Security Dept. • Chelsea Gurley, Dir. Surgery Dept. • Maria “Pina” Calderon, Dir. Radiology Dept. 	<ul style="list-style-type: none"> • Sylina Contreras, Sr. Admin. Asst.

The following CERs were reviewed by the Capital Needs Committee and were recommended for presentation to Finance Committee at the November 22, 2024 meeting.

Corporate Budgeted

Description of Project	Department	Vendor	Budgeted Amount and Actual Cost	Budget Category	Budget Justification
Meditech	Labor and Delivery	Meditech	\$78,828.00	Corporate - budgeted	
Stryker Laparoscopic Video Towers Systems	Surgery	AA Medical	\$806,456.66	Corporate - budgeted	The OR has three Olympus laparoscopic towers with compatible sets of camera heads, scopes, and other necessary accessories. After a complete evaluation of both Stryker and Olympus systems, the surgeons prefer Stryker.
Mac-Lab 6.9.6 to BT22 Upgrade	Cath Lab/Special Procedures	GE Healthcare	\$137,796.00	Corporate - budgeted	The current Mac-Lab V6.9 is at end of life (obsolete) and no longer being serviced as of March 2024. This equipment is essential for heart cauterization diagnostic and interventional procedures, as well as peripheral, Interventional Radiology and Endovascular Surgeons.
MRI Software Upgrade	Radiology			Corporate - budgeted	

Capital Needs Committee Report

Meeting Date: November 22, 2024

Meeting Attendance

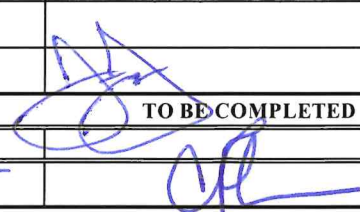
Corporate Unbudgeted

Description of Project	Department	Vendor	Cost and Time Estimate	Budget Category	Budget Justification
Fire Door MSU Hallway	Plant Ops	V & I Flooring	\$9,000.00	District Unbudgeted	Currently only the right door is in place. These are fire doors, so both are required to be in place in order to be in compliance with safety code.
Replace Inert Gas Container	Plant Ops	Western States Fire Protection	\$7,150.00	District Unbudgeted	Data center suppression system failed on our last annual inspection, one of the seven Inert gas containers failed and needs to be replaced. Currently only six of the containers are operable and systems will not function to full capacity. Damage can occur to Data Center if system does not function properly.

District Budgeted

Description of Project	Department	Vendor	Cost and Time Estimate	Budget Category	Budget Justification
Server with Dual Processor	Security	TXSD Integration	\$67,869.98	Corporate-Unbudgeted	Currently DWS servers are currently down due to hard drive failure.
Garland Natural Gas Burner	Food Service	Webstuarant	\$8,181.49	Corporate-Unbudgeted	Emergency-Kitchen fire

2025 CAPITAL EQUIPMENT REQUISITION (CER) - CORPORATE

TO BE COMPLETED BY DEPARTMENT HEAD OR DIVISION DIRECTOR				
Department Name: <u>L&D</u>		Dept#: _____		CER# <u>2025-012</u>
Project/Equipment Description: <u>Meditech Labor and Delivry Modul</u>				
Date: <u>10/16/2024</u>		Was this item budgeted? Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]		
		If yes, what is the item number? 		
Project Start Date: _____		Will this item generate cost savings? Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]		
TO BE COMPLETED BY THE CFO		If yes, attach an estimate.		Maintenance cost
Items Requested				
Description/ Manufacturer	Model Number	Quantity	Estimated Price	Total Cost
Meditech L&D Software License				56,832.00
Implementation Fee				20,694.00
Service Fee				1,302.00
				0.00
				0.00
				0.00
				0.00
Total Estimated Cost				\$ 78,828.00
Are you replacing equipment which is currently in your department?			Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]	
If yes, describe below				
Description/ Manufacturer	Model Number	Serial Number		
See Attached				
GE CPN				
Approvals	Signature	Date		
Department Head				
IT Director (Computer Related CER's)				
Biomedical Director (Clinical Equipment CER's)				
Plant Operations Director (Maintenance CER's)				
Materials Director				
Senior Leader				
Administrator				
TO BE COMPLETED BY GENERAL ACCOUNTING				
Budgeted Amount	CFO Signature		Date	
<u>\$77,526.-</u>			<u>10/30/24</u>	
TO BE COMPLETED BY MATERIALS MANAGEMENT				
Vendor's	PO Number	Date		

2025 CAPITAL EQUIPMENT REQUISITION (CER) - CORPORATE

TO BE COMPLETED BY DEPARTMENT HEAD OR DIVISION DIRECTOR

Department Name: <u>Operating Room</u>	Dept#: <u>701</u>	CER#
Project/Equipment Description: <u>Stryker Laparoscopic Video Towers System</u>		
Date: <u>11/22/2024</u>	Was this item budgeted? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	If yes, what is the item number?
Project Start Date: _____	Will this item generate cost savings? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Maintenance cost _____

TO BE COMPLETED BY THE CFO

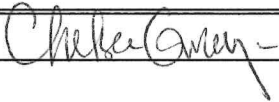
Items Requested

Description/ Manufacturer	Model Number	Quantity	Estimated Price	Total Cost
Laparoscopic tower equipment and instruments, please see quote for details				810,173.02
				7,000.00
Meditech Interface				0.00
				0.00
				0.00
				0.00
				0.00
				0.00
				0.00
Total Estimated Cost				\$ 817,173.02

Are you replacing equipment which is currently in your department? Yes No

If yes, describe below

Description/ Manufacturer	Model Number	Serial Number
See Attached for model numbers and serial numbers		

Approvals	Signature	Date
Department Head		11/22/24
IT Director (Computer Related CER's)		
Biomedical Director (Clinical Equipment CER's)		
Plant Operations Director (Maintenance CER's)		
Materials Director		
Senior Leader		
Administrator		

TO BE COMPLETED BY GENERAL ACCOUNTING

Budgeted Amount	CFO Signature	Date

TO BE COMPLETED BY MATERIALS MANAGEMENT

Vendor's	PO Number	Date

2025 CAPITAL EQUIPMENT REQUISITION (CER) - CORPORATE

TO BE COMPLETED BY DEPARTMENT HEAD OR DIVISION DIRECTOR

Department Name: Special Procedures Cathlab

Dept#: 727/427

CER#

Project/Equipment Description: Mac-Lab 6.9.6 to BT22 Upgrade

Date: 11/22/2024

Was this item budgeted? Yes No

If yes, what is the item number?

Project Start Date: _____

Will this item generate cost savings? Yes No

TO BE COMPLETED BY THE CFO

If yes, attach an estimate. Maintenance cost

Items Requested

Description/ Manufacturer	Model Number	Quantity	Estimated Price	Total Cost
BT22 AltiX Mac-Lab Hemodynamic Recording System &	P1803UD	1	151,223.05	151,223.05
				0.00
				0.00
				0.00
				0.00
				0.00
				0.00
				0.00
Total Estimated Cost				\$ 151,223.05

Are you replacing equipment which is currently in your department? Yes No

If yes, describe below

Description/ Manufacturer	Model Number	Serial Number
See Attached		
Mac-Lab 6.9.6 Hemodynamic Recording System	PN2077147-304	

Approvals	Signature	Date
Department Head		11/22/2024
IT Director (Computer Related CER's)		
Biomedical Director (Clinical Equipment CER's)		
Plant Operations Director (Maintenance CER's)		
Materials Director		
Senior Leader		
Administrator		

TO BE COMPLETED BY GENERAL ACCOUNTING

Budgeted Amount	CFO Signature	Date

TO BE COMPLETED BY MATERIALS MANAGEMENT

Vendor's	PO Number	Date

2025 CAPITAL EQUIPMENT REQUISITION (CER) - DISTRICT

TO BE COMPLETED BY DEPARTMENT HEAD OR DIVISION DIRECTOR

Department Name: PLANT OPS Dept#: 10.70830 CER# 2025-015
 Project/Equipment Description: Fire Door MSU Hallway
 Date: 11/7/2024 Was this item budgeted? Yes [] No []
 If yes, what is the item number?
 Project Start Date: _____ Will this item generate cost savings? Yes [] No []
 TO BE COMPLETED BY THE CFO If yes, attach an estimate. Maintenance cost

Items Requested

Description/ Manufacturer	Model Number	Quantity	Estimated Price	Total Cost
Install new fires doors MedSurg -		2	3,750.00	7,500.00
Labor on Installation		1	2,400.00	2,400.00
				0.00
				0.00
				0.00
				0.00
				0.00
				0.00
Total Estimated Cost				\$ 9,900.00

Are you replacing equipment which is currently in your department? Yes [] No []

If yes, describe below

Description/ Manufacturer	Model Number	Serial Number
See Attached		
WARNOCK HERSEY		WHI-040018
<i>Emergency Purchase</i>		

Approvals	Signature	Date
Department Head	<i>[Signature]</i>	11-7-24
IT Director (Computer Related CER's)		
Biomedical Director (Clinical Equipment CER's)		
Plant Operations Director (Maintenance CER's)		
Materials Director		
Senior Leader	<i>[Signature]</i>	11/6/24
Administrator		

TO BE COMPLETED BY GENERAL ACCOUNTING

Budgeted Amount	CFO Signature	Date
<i>[Signature]</i>	<i>[Signature]</i>	11/8/24

TO BE COMPLETED BY MATERIALS MANAGEMENT

Vendor's	PO Number	Date

emailed 11/8/24
Page 40

2025 CAPITAL EQUIPMENT REQUISITION (CER) - CORPORATE

TO BE COMPLETED BY DEPARTMENT HEAD OR DIVISION DIRECTOR

Department Name: FNS Dept#: 10.70800 CER# 2025-014
 Project/Equipment Description: Kitchen Fire Incident - Garland Natural Gas Burner
 Date: 11/3/2024 Was this item budgeted? Yes [] No []
 If yes, what is the item number?
 Project Start Date: _____ Will this item generate cost savings? Yes [] No []
 TO BE COMPLETED BY THE CFO If yes, attach an estimate. Maintenance cost

Items Requested				
Description/ Manufacturer	Model Number	Quantity	Estimated Price	Total Cost
Webstaurant Store: Garland G60-4G36RR Natural Gas 4 Burner 60" Range w/36" Griddle and 2 Standard Ovens -		1	7,699.00	7,699.00
Westaurant Store: 5" Swivel Plate Casters 4/set		1	482.49	482.49
				0.00
				0.00
				0.00
				0.00
				0.00
				0.00
<i>Emergency</i>				0.00
Total Estimated Cost				\$ 8,181.49

Are you replacing equipment which is currently in your department? Yes [] No []
 If yes, describe below

Description/ Manufacturer	Model Number	Serial Number
See Attached		
Kitchen Fire		

Approvals	Signature	Date
Department Head		
IT Director (Computer Related CER's)		
Biomedical Director (Clinical Equipment CER's)		
Plant Operations Director (Maintenance CER's)		
Materials Director		
Senior Leader	<i>Keith D. Wally</i>	11/6/24
Administrator		

TO BE COMPLETED BY GENERAL ACCOUNTING

Budgeted Amount	CFO Signature	Date
0	<i>[Signature]</i>	11/6/24

TO BE COMPLETED BY MATERIALS MANAGEMENT

Vendor's	PO Number	Date

2025 CAPITAL EQUIPMENT REQUISITION (CER) - CORPORATE

TO BE COMPLETED BY DEPARTMENT HEAD OR DIVISION DIRECTOR

Department Name: Security

Dept#: 10.70835

CER# 2025-013

Project/Equipment Description: Server w/Dual Processor

Date: 11/4/2024

Was this item budgeted? Yes [] No []

If yes, what is the item number?

Project Start Date: _____

Will this item generate cost savings? Yes [] No []

TO BE COMPLETED BY THE CFO

If yes, attach an estimate. Maintenance cost

Items Requested

Description/ Manufacturer	Model Number	Quantity	Estimated Price	Total Cost
Digital Watchdog Blackjack Rack 12-Bay Server w/Dual Processor , 2U, 32GB RAM, 160TB		2	33,494.99	66,989.98
Labor-Installation		8	110.00	880.00
				0.00
				0.00
				0.00
TXSD Integration	<i>Emergency Purchase</i>			0.00
				0.00
Total Estimated Cost				\$ 67,869.98

Are you replacing equipment which is currently in your department? Yes [] No []

If yes, describe below

Description/ Manufacturer	Model Number	Serial Number
See Attached		

Approvals	Signature	Date
Department Head		
IT Director (Computer Related CER's)		
Biomedical Director (Clinical Equipment CER's)		
Plant Operations Director (Maintenance CER's)		
Materials Director		<i>11/4/24</i>
Senior Leader	<i>Kirk Willey</i>	
Administrator		

TO BE COMPLETED BY GENERAL ACCOUNTING

Budgeted Amount	CFO Signature	Date
<i>0</i>	<i>[Signature]</i>	<i>11/4/24</i>

TO BE COMPLETED BY MATERIALS MANAGEMENT

Vendor's	PO Number	Date

Unbudgeted

2025 CAPITAL EQUIPMENT REQUISITION (CER) - DISTRICT

TO BE COMPLETED BY DEPARTMENT HEAD OR DIVISION DIRECTOR

Department Name: Plant Ops

Dept#: 830

CER# 2025-008

Project/Equipment Description: Replace Inert Gas Container

Date: 10/28/2024

Was this item budgeted? Yes [] No []

If yes, what is the item number?

Project Start Date: _____

Will this item generate cost savings? Yes [] No []

TO BE COMPLETED BY THE CFO

If yes, attach an estimate. Maintenance cost

Items Requested

Description/ Manufacturer	Model Number	Quantity	Estimated Price	Total Cost
Replace 1 Inert Gas Container for Data Room		1	7,150.00	7,150.00
Total Estimated Cost				\$ 7,150.00

Are you replacing equipment which is currently in your department? Yes [] No []

If yes, describe below

Description/ Manufacturer	Model Number	Serial Number
See Attached		

Approvals	Signature	Date
Department Head	<i>[Signature]</i>	11/22/24
IT Director (Computer Related CER's)		
Biomedical Director (Clinical Equipment CER's)		
Plant Operations Director (Maintenance CER's)		
Materials Director		
Senior Leader		
Administrator		

TO BE COMPLETED BY GENERAL ACCOUNTING

Budgeted Amount	CFO Signature	Date

TO BE COMPLETED BY MATERIALS MANAGEMENT

Vendor's	PO Number	Date