

BOARD MINUTES
OF THE
HOSPITAL AUTHORITY OF COLUMBUS, GEORGIA
September 26, 2023

A regularly scheduled meeting of the Board of the Hospital Authority of Columbus, Georgia (HAC) was held at 11:00 AM on Tuesday, September 26, 2023. The meeting was held in the conference room at Orchard View on Whitesville Road in Columbus, Georgia, and by Zoom video conference. A notice was emailed to each member of the Board prior to the meeting. A copy of the notice was posted more than 24 hours before the meeting on the door of the building in which the meeting was held.

Present at the meeting were Chairman Ernie Smallman, members Dr. John Kingsbury, Warner Kennon, Jr., Chuck Hecht, and Mike Welch. Members Betty Tatum, Sarah Banks-Lang, and Jennings Chester were excused. Member Cynthia Jordan was unexcused.

Britt Hayes, CEO, Rick Alibozek, CFO, and Jack P. Schley, Secretary/Attorney, were also present at the meeting.

INVOCATION AND WELCOME

The meeting was called to order and Britt opened the meeting with a prayer.

DETERMINATION OF QUORUM

It was determined by Ernie that a quorum was present.

REVIEW OF MINUTES

The Minutes for the August 29, 2023 Board meeting were reviewed. Chuck moved for their approval and Dr. Kingsbury seconded the motion. The August 2023 Board Minutes were unanimously approved.

BOARD BUSINESS

Jack asked for nominations for the seat of Jennings Chester, and Chuck nominated Wayne Joiner. Chuck reported that Mr. Joiner recently retired from a career as the Director of Human Resources for Columbus Regional Hospital. Following discussion, the Board requested that Wayne Joiner be contacted and asked to submit an application.

PRESIDENT'S REPORT

Britt Hayes gave the President's report:

Ridgecrest Annual Survey Revisit: Britt reported that the surveyors returned to Ridgecrest on September 21 and returned the facility to substantial compliance. Britt commented that the designation was due to good teamwork at Ridgecrest to address the results of the initial survey in a timely manner.

Biden/CMS Staffing Mandate: Britt reported that the Biden Administration announced an intent to issue a new staffing mandate which will require 24-hour RN coverage, amongst other mandates, which would significantly impact the industry. Britt commented that the mandate was issued without advice from any committees and that it does not acknowledge the practicalities of the industry. The Administration has not announced any funding associated with the mandate, and estimates indicate it could cost the industry billions of dollars. The mandate will become effective November 6, 2023 but may be changed before that time. Britt announced that a letter writing campaign is underway, which HAC participated in, to voice concerns for the mandate to the Administration. It is estimated that if the mandate becomes effective, as written, 80% of nursing homes in the country would immediately be non-compliant. Chuck pointed out that State Representative Richard Smith is an important person to consult on the issue because he is on the

Rules Committee. Rick asked the Board members to contact their State and Federal representatives about this issue to raise awareness so that it can be changed before becoming effective.

New Initiatives: Britt reported that he met with Omnicare, which is owned by CVS, as a potential new vendor for pharmaceuticals. According to Britt, Omnicare did offer benefits including a 20% savings on pharmacy costs, twice-a-day deliveries, and two weeks of medications for patients to take home when they are discharged, which helps to prevent rehospitalization. Britt commented that he was concerned the 20% savings would only be temporary because CVS is losing money and will likely sell Omnicare in the near future. The meeting with Omnicare prompted Britt to meet with the current pharmaceutical provider, Eldercare Pharmacy, to review their plan. Eldercare reported to Britt that they are reviewing their systems and will follow-up with Britt. Also, Eldercare will now provide medications for 30 days to patients being discharged from HAC's facilities at no additional cost to HAC. Twice-a-day deliveries for medications is also possible for HAC's facilities through Eldercare. Dr. Kingsbury asked if refills after 30 days are available through HAC. Britt commented that he would look into that, but did not expect it to be an option because the physicians at HAC do not see the patients again once they are discharged.

Pursuant to the Inflation Reduction Act, Medicare is reviewing ten primary medications and will be negotiating with the manufacturers of those medications to lower the prices. Britt reported that the ten drugs under review represent 20% of HAC's pharmaceutical orders, and a reduction in price could result in significant savings for HAC. The provisions of the Inflation Reduction Act are scheduled to take effect in 2026.

Britt reported that HAC entered an agreement with Golden Carers Network to provide additional programming to residents at HAC facilities. The additional programming costs \$53 per year per facility and provides greater diversity to the list of activities available to residents.

Hazard Mitigation Disaster response plans for our metropolitan statistical area must be revisited and updated every five years, per federal requirements. HAC is working with the city, other public authorities, and public utilities to update the plan in accordance with regulations. Once completed and approved by FEMA and GEMA, Columbus, Georgia will be eligible to receive certain federal and state grants which could benefit HAC.

Britt reported that HAC is working with other local providers in the industry to improve dementia care in the area.

COVID-19 Update: Britt reported that Orchard View is in outbreak status after three residents and four staff tested positive this month. Chuck asked if masks are required inside HAC facilities. Britt responded that residents and staff are required to wear masks in common areas but not in resident rooms. Rick commented that Covid tests are administered by HAC every Monday and Thursday with an average of one positive test out of 600. Rick also commented that visitors cannot be required to wear masks. Britt reported that a sign is located at the entrance of Orchard View which indicates the facility is in a Covid outbreak.

A new booster has been approved but is not yet available. Britt reported that HAC was instructed to dispose of its vaccine doses because they are ineffective against the current strain. According to Britt the doses were disposed of and now HAC cannot administer vaccines. To address this issue, HAC entered an agreement with CVS for them to provide vaccine clinics at HAC facilities. The new vaccines are expensive but CVS can bill for them to the private providers of staff at no cost to HAC.

Census Update: Britt reported that census numbers are up for this month compared to competitors in the area with lower census numbers. Britt and Chuck discussed a business model change with orthopedic patient discharges which is having a negative effect on the census. Ernie

asked how many more residents could be accepted by HAC at current staffing levels. Britt and Rick responded that approximately fifty more residents could be accommodated across HAC's three facilities for a total census of about 320 residents. Ernie asked how to attract that many more residents, and Britt commented on the fact that many of the Medicare Advantage providers covering potential patients are not acceptable, at a rate of about 50% of all new referrals. Britt reported that HAC will accept patients covered by United Healthcare, but many other providers are in the habit of denying payment and it costs HAC too much in attorney's fees to dispute the denials. As a consequence, HAC does not accept patients covered by those providers which limits the number of referrals HAC can accept.

Insurance Renewals: Rick reported that HAC's property values have increased by 4% with insurance coverage of \$80 million which would allow HAC to rebuild all three facilities in the event of a disaster. Worker's compensation insurance has been reviewed and the numbers are low for this year. Rick commented that health insurance is next to be reviewed.

Year End Audit: Rick reported that the audit is on time for presentation in October, and that he is expecting pension information to be available soon.

Employee Retention Credit: Rick reported that HAC filed amended payroll tax returns for CY 2021 in November 2022. The IRS notified HAC that the amended returns are currently under audit. Britt and Rick commented that the audit is a good indication that the returns are being processed. HAC hired FORVIS to represent it through the audit. Rick commented that the return could yield up to \$6.1 million for HAC and the results of the audit could take up to six months to be received.

Miscellaneous: Britt reported that a recent police chase on I-185 terminated in Orchard View's parking lot while residents were sitting outside. No incidents occurred but the event caused

HAC to review its lockdown procedures. Britt reported that training for use of the emergency buttons in the facilities is underway.

Britt commented that staffing is sufficient for now and HAC is continuing in its efforts to build census, cut costs, and improve quality. Ernie and Chuck commented that private nursing homes are struggling financially and closure of private nursing homes could result in referrals to HAC. Britt and Rick commented that they do not expect census to return to the previous level of over 80%, but that 70% is achievable across all three facilities because Orchard View is currently over 70% occupied. Following up on the decision to drop the \$10 charge for private rooms with a shared bathroom, Ernie asked if there is space for one of the adjoining rooms to be left empty and for the remaining unit be advertised as a private room. Rick responded that the residents taking those rooms are long term, making it difficult to require the second room to remain empty. Rick commented further that the census increased after the \$10 charge was dropped.

Rick commented that Orchard View and Muscogee Manor broke even last month due to the increases in census. Rick reported further that an \$8 million surplus from Ridgecrest's construction fund is being reviewed to see if it could be applied to pay down the bond to save on the interest associated with the surplus from the loan.

CFO'S REPORT

Rick Alibozek presented the Financial and Statistical Reports.

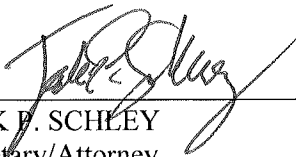
Statistical Report: Attached to these Minutes is the FY 2023 YTD Statistical Report.

Financial Report: Attached to these Minutes is the Hospital Authority of Columbus YTD Consolidated Income Statement through August 31, 2023.

NEXT MEETING

The next meeting will be Tuesday, October 31, 2023.

There being no further business the meeting was adjourned.



JACK F. SCHLEY
Secretary/Attorney



ERNEST SMALLMAN, IV
Chairman

**HOSPITAL AUTHORITY OF COLUMBUS
CONSOLIDATED SUMMARY REPORT
MONTH ENDED AUGUST 31, 2023**

	Orchard View	Home Office	Ridgecrest	Muscogee Manor	Total Nursing Home	Cobb's PCH	Muscogee Home Health	River Mill	Consolidated
BALANCE SHEET									
Cash	\$ 6,317,885	\$ -	\$ 7,576,598	\$ 8,698,624	\$ 22,593,107	\$ 16,070	\$ 275,293	\$ 2,862,439	\$ 25,746,909
Other Current Assets	2,071,194	-	544,773	1,598,248	4,214,215	505	4,917	-	4,219,637
Intercompany Balances	18,972,469	-	174,424	(9,570,439)	9,626,454	(6,386,177)	(2,317,759)	(922,518)	-
Noncurrent Assets	53,280,027	-	34,442,289	7,197,884	94,920,200	154,144	83,642	564,920	95,722,906
Total Assets	\$ 80,641,575	\$ -	\$ 42,738,084	\$ 7,974,317	\$ 131,353,976	\$ (6,215,458)	\$ (1,953,907)	\$ 2,504,841	\$ 125,689,452
Current Liabilities	\$ 1,572,939	\$ -	\$ 457,958	\$ 806,493	\$ 2,837,390	\$ -	\$ 16,038	\$ -	\$ 2,853,428
Non-current Liabilities (excluding bonds)	7,463,067	-	3,196,985	4,648,579	15,308,631	360,100	450,668	-	16,119,399
Bonds Payable	43,460,534	-	28,995,553	-	72,456,087	-	-	-	72,456,087
Total Liabilities	52,496,540	-	32,650,496	5,455,072	90,602,108	360,100	466,706	-	91,428,914
Fund Balance	28,145,035	-	10,087,588	2,519,245	40,751,868	(6,575,558)	(2,420,613)	2,504,541	34,260,238
Total Liabilities and Fund Balance	\$ 80,641,575	\$ -	\$ 42,738,084	\$ 7,974,317	\$ 131,353,976	\$ (6,215,458)	\$ (1,953,907)	\$ 2,504,541	\$ 125,689,152
INCOME STATEMENT									
Revenue	\$ 1,664,884	\$ 39,333	\$ 317,987	\$ 1,136,988	\$ 3,159,192	\$ 6,000	\$ 275,000	\$ -	\$ 3,440,192
Operating Expenses	1,863,221	134,649	384,555	1,054,226	3,436,651	699	13,392	71	3,450,813
Net Profit (Loss) before Noncash expense	(198,337)	(95,316)	(66,568)	82,762	(277,459)	5,301	261,608	(71)	(10,621)
Provision for Bad debts	-	-	-	-	-	-	-	-	-
Interest expense	(55,654)	-	(79,664)	-	(135,318)	-	-	-	(135,318)
Depreciation and Amortization	(86,306)	-	(95,354)	(10,212)	(191,872)	(377)	-	-	(192,249)
Current Month Income (loss)	\$ (340,297)	\$ (95,316)	\$ (241,586)	\$ 72,550	\$ (604,649)	\$ 4,924	\$ 261,608	\$ (71)	\$ (338,188)
YTD Income (loss)	\$ (250,665)	\$ (224,567)	\$ (471,527)	\$ 67,808	\$ (878,951)	\$ 5,043	\$ 260,325	\$ (142)	\$ (613,725)
YTD Net Income (loss)	\$ (340,297)	\$ (95,316)	\$ (241,586)	\$ 72,550	\$ (604,649)	\$ 4,924	\$ 261,608	\$ (71)	\$ (338,188)
Add: Depreciation	86,306	-	95,354	10,212	191,872	377	-	-	192,249
Add: Interest Expense	55,654	-	79,664	-	135,318	-	-	-	135,318
Add: Bond issuance costs	384,909	-	-	-	384,909	-	-	-	384,909
Less: Monthly bond payment	(194,415)	-	(130,228)	-	(324,643)	-	-	-	(324,643)
Less: Property & Equipment Additions	-	-	-	-	-	-	-	-	-
Net Cash Flow	\$ (7,843)	\$ (95,316)	\$ (196,796)	\$ 82,762	\$ (217,193)	\$ 5,301	\$ 261,608	\$ (71)	\$ 49,645

HOSPITAL AUTHORITY OF COLUMBUS
 FY 2024 YTD Statistical Report

	June	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sept	August	July	Average	Prior Year
Orchard View														
% Occupancy											71.79%	65.69%	68.74%	64.75%
Medicaid%											68.43%	71.15%	69.79%	67.57%
Medicare%											11.59%	9.11%	10.35%	10.32%
Private %											10.38%	12.52%	11.45%	12.21%
Hospice %											5.23%	4.69%	4.96%	7.03%
ADV %											4.36%	2.53%	3.45%	2.87%
Daily Medicare and ADV Census											22.91	15.29	19.10	17.12
Employment (Full Time Equivalents)											169.66	167.04	168.35	173.94
Ridgecrest														
% Occupancy											29.03%	31.64%	30.34%	28.46%
Medicaid%											49.07%	48.18%	48.63%	41.44%
Medicare%											16.67%	27.67%	22.17%	22.09%
Private %											24.07%	18.81%	21.44%	24.80%
Hospice %											3.31%	1.70%	2.51%	4.59%
ADV %											6.88%	3.64%	5.26%	7.09%
Daily Medicare and ADV Census											5.74	8.32	7.03	7.00
Employment (Full Time Equivalents)											34.24	32.69	33.47	33.48
Muscooke Manor														
% Occupancy											50.53%	50.25%	50.39%	54.26%
Medicaid%											87.13%	88.60%	87.87%	89.86%
Medicare%											4.85%	4.68%	4.77%	1.98%
Private %											1.01%	1.02%	1.02%	1.73%
Hospice %											6.58%	5.70%	6.14%	5.61%
ADV %											0.42%	0.00%	0.21%	0.83%
Daily Medicare and ADV Census											5.23	4.61	4.92	3.03
Employment (Full Time Equivalents)											123.69	122.86	123.28	124.26

HOSPITAL AUTHORITY OF COLUMBUS
12 MONTH MOVING STATISTICAL REPORT

	Aug-23	Jul-23	Jun-23	May-23	Apr-23	Mar-23	Feb-23	Jan-23	Dec-22	Nov-22	Oct-22	Sep-22	Aug-22	13 Mth Average	Prior Year Avg.
Orchard View															
% Occupancy	71.73%	65.69%	66.60%	64.92%	64.70%	66.10%	64.96%	63.37%	62.16%	64.08%	68.05%	66.07%	63.27%	65.32%	64.63%
Medicaid%	68.43%	71.15%	66.82%	67.40%	66.28%	71.79%	63.04%	64.70%	64.59%	66.11%	65.32%	68.56%	72.90%	67.50%	67.89%
Medicare%	11.59%	9.11%	9.81%	13.03%	10.10%	13.03%	12.81%	9.52%	10.61%	12.02%	12.32%	10.42%	4.99%	10.46%	10.38%
Private %	10.38%	12.52%	14.11%	12.83%	12.71%	16.02%	13.77%	12.76%	11.42%	9.13%	7.70%	7.29%	8.02%	12.51%	11.88%
Hospice %	5.23%	4.69%	5.51%	5.85%	5.87%	0.00%	6.54%	9.65%	10.48%	9.13%	7.70%	7.29%	8.02%	6.51%	7.08%
ADV %	4.36%	2.53%	3.75%	3.95%	4.92%	2.46%	1.59%	2.37%	1.56%	1.64%	2.74%	3.20%	3.01%	2.98%	2.81%
Daily Medicare and ADV Census	22.91	15.29	18.07	16.90	19.44	20.49	18.71	15.06	15.13	17.50	21.16	18.00	10.13	17.60	17.03
Employment (Full Time Equivalents)	169.66	167.04	168.33	163.52	166.73	166.53	180.11	177.36	171.00	168.76	171.00	183.37	182.03	171.62	175.21
Ridgecrest															
% Occupancy	29.03%	31.64%	32.74%	29.95%	29.52%	28.93%	31.12%	29.95%	27.73%	24.72%	29.38%	26.23%	26.73%	29.06%	28.26%
Medicaid%	45.07%	48.18%	50.81%	49.14%	45.70%	49.14%	44.10%	44.10%	44.60%	48.96%	36.34%	34.95%	26.72%	48.49%	40.10%
Medicare%	16.07%	27.67%	23.15%	16.28%	23.12%	19.21%	22.13%	22.18%	16.07%	18.30%	32.55%	23.75%	23.28%	21.87%	22.81%
Private %	24.07%	18.61%	19.59%	24.78%	21.37%	24.24%	24.86%	23.85%	22.47%	22.47%	16.60%	23.90%	31.61%	29.29%	25.60%
Hospice %	3.31%	1.70%	0.00%	2.05%	4.03%	0.00%	3.83%	3.97%	4.29%	4.82%	7.32%	9.08%	8.91%	4.10%	4.59%
ADV %	6.89%	3.66%	6.59%	5.90%	7.78%	7.02%	15.03%	5.90%	6.65%	5.45%	7.19%	8.32%	9.48%	7.25%	6.90%
Daily Medicare and ADV Census	5.74	8.32	8.17	5.58	7.16	6.49	9.72	7.66	4.93	4.93	9.80	7.06	7.36	7.13	7.07
Employment (Full Time Equivalents)	34.24	32.69	34.42	34.91	34.29	34.43	35.01	36.89	32.35	31.72	32.16	31.72	28.75	33.73	33.59
Muscogee Manor															
% Occupancy	50.53%	50.25%	50.61%	52.19%	53.25%	53.80%	55.10%	53.83%	53.18%	54.52%	56.20%	57.50%	55.88%	53.60%	54.29%
Medicaid%	87.13%	88.60%	90.49%	89.25%	89.40%	96.02%	92.09%	88.17%	90.96%	90.74%	88.67%	84.65%	88.43%	89.58%	89.65%
Medicare%	4.85%	4.68%	2.65%	2.14%	1.66%	1.62%	1.32%	0.34%	0.34%	1.97%	3.13%	4.53%	2.85%	2.51%	2.05%
Private %	1.01%	1.03%	1.01%	2.59%	2.87%	2.36%	-0.10%	2.84%	2.63%	1.87%	1.00%	0.98%	1.27%	1.66%	1.66%
Hospice %	6.58%	5.70%	5.85%	6.02%	6.07%	0.00%	6.28%	6.85%	5.97%	4.99%	5.42%	5.97%	6.88%	5.36%	5.55%
ADV %	0.42%	0.00%	0.00%	0.00%	0.00%	0.00%	0.46%	0.09%	0.09%	0.44%	1.78%	3.87%	0.82%	0.88%	0.80%
Daily Medicare and ADV Census	5.23	4.61	2.63	2.19	1.73	1.71	1.93	2.25	0.45	0.45	5.47	5.47	3.80	3.38	3.09
Employment (Full Time Equivalents)	123.69	122.86	119.62	114.88	116.09	117.23	125.47	130.44	132.62	127.04	130.04	130.77	125.51	124.33	124.52