

# Governing Board Meeting Agenda

## October 21, 2020 - Zoom Meeting

|       |   |                        |       |
|-------|---|------------------------|-------|
|       | <b>Agenda</b>   |                        | P. 1  |
| I.    | <b>Call to Order</b>  | <b>Michael Foster</b>  |       |
| II.   | <b>Consent Agenda</b>   | <b>Michael Foster</b>  |       |
|       | *September 2020 Board Minutes   |                        | P. 2  |
|       | *September 2020 Financial Committee Minutes                               |                        | P. 5  |
|       | *September 2020 Financials  |                        | P. 7  |
|       | *September 2020 Quality Committee Minutes                                 |                        | P. 11 |
|       | *October 2020 Strategic Planning Committee Minutes                        |                        | P. 14 |
|       | *October 2020 Executive Committee Minutes                                 |                        | P. 17 |
|       | *October 2020 MarCom Report (including approval of grants)                |                        | P. 18 |
| III.  | <b>Board Training</b>   | <b>Teri Johnson</b>    |       |
|       | New HSNT Website  |                        |       |
| IV.   | <b>CEO Report</b>   | <b>Doreen Rue</b>      | P. 18 |
|       | Dashboard   |                        |       |
|       | Provider & Staff Satisfaction   |                        |       |
| V.    | <b>Committee Reports</b>  |                        |       |
|       | <b>Executive Committee</b>  | <b>Michael Foster</b>  |       |
|       | Executive Committee Report  |                        |       |
|       | *Ratification of Sick Leave Due to COVID-19 Policy Approval               |                        | P. 32 |
|       | *Ratification of Emergency Family Medical Leave Policy Approval           |                        | P. 36 |
|       | <b>Finance Committee</b>  | <b>Dale Tampke</b>     |       |
|       | Finance Report  |                        |       |
|       | *Retirement Plan Audit  |                        | P. 41 |
|       | <b>Quality Committee</b>  | <b>Dr. Howard Shaw</b> |       |
|       | Quality Report  |                        |       |
|       | *Quarterly Policy Packet  |                        |       |
|       | <b>Strategic Planning Committee</b>                                       | <b>Dale Tampke</b>     |       |
|       | Strategic Planning Report   |                        | P. 59 |
|       | HRSA Review Topics: Contracts & Subawards and Collaborative Relationships |                        | P. 62 |
| VI.   | <b>Old Business/New Business</b>  | <b>Michael Foster</b>  |       |
| VII.  | <b>Executive Session</b>  | <b>Michael Foster</b>  |       |
|       | Anjanette Lloyd EEOC #'s 450-20109-00076, 450-2019-02768                  |                        |       |
|       | John Moyle Cause # 18-4895-393  |                        |       |
|       | Sarah Gibbons EEOC # 450-2019-04360                                       |                        |       |
|       | Progressive Auto Claim # 19-4874088, Personal Injury File # 260052        |                        |       |
| VIII. | <b>Important Dates and Adjourn Meeting</b>                                | <b>Michael Foster</b>  |       |
|       | November Board Meeting - November 18th @ 6pm                              |                        |       |

**\* Items Requiring a Vote**

**Agenda Item I:** Called to order at 6:01pm by Michael Foster

**Attendees:** Michael Foster, Dale Tampke, James Henderson, Judge David Garcia, Dr. Dean Perkins, Dr. Howard Shaw, Sara Schroeder, Lee Brown, Melissa Winans, April Powell

**Absent:** Trang Dang-Le, Hamed Husain

**Quorum was met.**

**Staff:** Doreen Rue, Pam Barnes, Debra Layman, Larry Bisno, Teri Johnson

**Guests:** Amalia Lawrence, Ana Hernandez, Frank Quintero, Pat Sherman

**Agenda Item II: HSNT Business Stakeholders Presentation**

- HSNT’s Business Stakeholders attended and made presentations to the board on their business, commitment to the community and partnership with HSNT.
- Presenters:
  - Ana Hernandez, Smile Magic
  - Pat Sherman, DATCU
  - Frank Quintero, DEX Imaging
  - Amalia Lawrence, North Texas Honda Dealers
  - Toyota of Denton and Baylor Scott & White of Denton were unable to attend.
- The board thanks HSNT’s Business Stakeholders for their partnership and support of HSNT and the community.

**Agenda Item III: Consent Agenda** - Approval of August 2020 Board Minutes, August 2020 Financial Committee Minutes, August 2020 Quality Committee Minutes, September 2020 MarCom Report (including approval of grants)

**Motion to approve all consent items:** *Dale Tampke*

**Seconded:** *Dr. Dean Perkins*

**Motion Passed Unanimously**

**Agenda Item IV: CEO Report**

- Debra Layman presenting on behalf of Doreen Rue
  - HSNT is performing well on incentive measures
    - PPP loan will continue to affect the financials until it completes the forgiveness process.
  - Patient Access 2020
    - HSNT is already seeing positive results, especially concerning the performance of the new call system.
  - The pharmacy space at Loop 288 is nearly complete.
  - HSNT is expanding its 340B program while monitoring the developments with pharmaceutical manufacturers that may affect the program.
  - Social Security Tax Deferment

- HSNT will not be participating as it will require our staff to repay the tax in 2021 and impose a large administrative burden.
  - HSNT received a HRSA Quality Award
    - The requirements for the quality awards will be modified next year.
    - HSNT is actively working on its PCMH designation and hopes to file its application by the end of 2020.

## **Agenda Item V: Committee Reports**

### **• Finance Committee – Dale Tampke Reporting**

- Meeting Report
  - HSNT’s PPP loan continues to affect the financials. Liability and payable pieces will rectify themselves once the forgiveness process is completed.
  - HSNT is seeing declining revenue with increasing encounters.
    - HSNT is seeing more uninsured patients as the pandemic continues.
  - Ryan White Grant
    - HSNT is holding two months of charges due to ongoing discussions with Dallas County concerning grant allocations.
- August 2020 Financials
  - The committee reviewed and recommends approval of the August 2020 Financials.

**The Finance Committee recommends the approval of the August 2020 Financials to the Governing Board.**

**Seconded: *Melissa Winans***

**Motion Passed Unanimously**

- Corporate Credit Card Policy
  - The policy is brief but comprehensive and works in tandem with HSNT’s other policies addressing fraud, etc.
  - The committee reviewed the policy and recommends it for approval.

**The Finance Committee recommends the approval of the Corporate Credit Card Policy to the Governing Board.**

**Seconded: *Judge David Garcia***

**Motion Passed Unanimously**

### **• Quality Committee – Dr. Howard Shaw Reporting**

- Meeting Report
  - HSNT’s patient satisfaction numbers are performing well.
  - HSNT is starting to see lower positivity rates for COVID-19 testing.
  - Quality metrics continue to improve.
  - Patient Access 2020 Update:
    - HSNT’s call abandonment rate has fallen from 41% to 10%.

- Morale among staff and patients improving.

**Agenda Item VI: Old/New Business**

- Old Business – none to report.
- New Business – none to report.

**Agenda Item VII: Executive Session**

- Anjanette Lloyd EEOC #'s 450-20109-00076, 450-2019-02768
  - No report at this time.
- John Moyle Cause # 18-4895-393
  - No report at this time.
- Sarah Gibbons EEOC # 450-2019-04360
  - No report at this time.
- Progressive Auto Claim # 19-4874088, Personal Injury File # 260052
  - No report at this time.

**Agenda Item VIII: Important Dates**

- October Board Meeting – October 21st @ 6pm – Virtual Meeting

Adjourned by Michael Foster at 6:50pm.

**Board Secretary Approval** \_\_\_\_\_ **Date** \_\_\_\_\_

**Board President Approval** \_\_\_\_\_ **Date** \_\_\_\_\_



## **Finance Committee Meeting**

Meeting Facilitator: Dale Tampke

Meeting Date: August 18, 2020

Time: 7:30 a.m.

Location: HSNT HQ ZOOM

Attendees: Dale Tampke, Lee Brown and Hamed Husain

Staff Present: Doreen Rue, Pam Barnes, Christopher Redden and Debra Layman

Regrets: none

**HSNT has moved to using Zoom for all meetings, an invitation with link to join as well as a call-in number will be sent prior to each meeting.**

### **Agenda Item I: Review and Approve July 2020 minutes**

Motion to accept: Lee Brown

Seconded: Hamed Husain

Motion Passed 3-0

### **Agenda Item II: Review and Approve July 2020 Financials**

HSNT is still experiencing decreased utilization based on provider availability. You will notice on the Statement of Activities, we have more medical payor revenue than last year to date and HSNT is providing more care than last year to date in primary care, women's health, and behavioral health. However, we added additional providers to our team last year end and because of COVID we have capacity for medical care visits. This month cash is down 9% compared to last month and our receivables are also down 3%; indicating our utilization is not at capacity. Typically, I would expect to see an increase in cash when receivables are down. However, with the SBA PPP loan and all the non billable COVID activity our medical centers are experiencing we are seeing decreased cash and decreased receivables. The good news is that HSNT is using COVID funding to restructure patient access to care by adding the appropriate staff and restructuring the model of patient care delivery, when the COVID funding is depleted HSNT will have systems in place to thrive after COVID.

Motion to accept: Lee Brown

Seconded: Hamed Husain

Motion Passed 3-0

**Agenda Item III: Ryan White Funding Update**

HSNT is currently working to restructure our Ryan White program to fit the award we received for funding year 2020-2021. We are experiencing a large administrative burden in seeking reimbursement for encounters served in the Ryan White contract as well as a large reduction in funding in outpatient medical care. HSNT is restructuring our services and still working with Dallas County Health and Human Services (DCHHS) to reorganize Ryan White funding into the service categories where HSNT can spend the dollars. HSNT was funded more than we asked for in certain categories and took a large cut in outpatient medical care. Currently, HSNT does not have enough money to continue the same level of medical care and medical case management for our existing Ryan White patient case load. HSNT is committed to serving the patients in which we have funding to pay for that care. However, what this means is HSNT will be serving less patients until we can sort out funding allocations. DCHHS has agreed to work with us but we currently do not have a plan for funding to be reallocated so that HSNT can continue services to same level of patients HSNT has been serving for over 30 years.

**Agenda Item IV: Mortgage Loan Refinance Discussion**

Pam reached out to the current mortgage lender Capital Impact. In this discovery, we learned that Capital Impact was able to provide HSNT with a low construction loan rate to build 4304 Mesa Drive at 4.75%, where local bank could not compete with that rate. However, now that our loan has converted into a mortgage loan on a building that is in operation and generating revenue, we can reach out to the local lending companies to receive a competitive refinancing rate. Capital Impact refinance rate would be 5.25%, higher than our current rate. Pam has a meeting with First United Bank with week and will continue to research refinancing options.

**Agenda Item V: Meeting adjourned at 8:00am**

July minutes include notes to the financials.

Board Treasurer Approval:   
Dale Tampke, HSNT Board Treasurer

Health Services of North Texas, Inc.  
Statement of Financial Position  
As of 9/30/2020

|                                 | Current Period      | Last Month -<br>Aug 2020 | Prior Year End -<br>Dec 2019 | \$ Chge             | % Chge          |
|---------------------------------|---------------------|--------------------------|------------------------------|---------------------|-----------------|
| <b>ASSETS</b>                   |                     |                          |                              |                     |                 |
| Current Assets                  |                     |                          |                              |                     |                 |
| Operating Cash                  | <u>2,199,861.00</u> | <u>2,227,197.76</u>      | <u>1,925,181.45</u>          | <u>274,679.55</u>   | <u>0.14</u>     |
| Total Current Assets            | 2,199,861.00        | 2,227,197.76             | 1,925,181.45                 | 274,679.55          | 0.14            |
| Other Current Assets            |                     |                          |                              |                     |                 |
| Grant Receivables               | 679,438.52          | 510,511.19               | 632,733.32                   | 46,705.20           | 7.38%           |
| 340B Receivables                | 98,343.52           | 72,345.51                | 76,577.74                    | 21,765.78           | 0.28            |
| Medical Receivables             | 391,800.17          | 350,633.21               | 396,166.32                   | (4,366.15)          | -1.10%          |
| Prepaid Expenses                | 66,707.78           | 39,793.03                | 20,571.50                    | 46,136.28           | 100.00%         |
| Deposits                        | 11,429.25           | 11,429.25                | 11,429.25                    | 0.00                | 0.00%           |
| Inventory                       | <u>0.00</u>         | <u>9,185.53</u>          | <u>9,185.53</u>              | <u>(9,185.53)</u>   | <u>-100.00%</u> |
| Total Other Current Assets      | 1,247,719.24        | 993,897.72               | 1,146,663.66                 | 101,055.58          | 8.81%           |
| Short Term Investments          |                     |                          |                              |                     |                 |
| Investment CDs                  | <u>562,996.81</u>   | <u>562,996.81</u>        | <u>559,676.71</u>            | <u>3,320.10</u>     | <u>0.59%</u>    |
| Total Short Term Investments    | 562,996.81          | 562,996.81               | 559,676.71                   | 3,320.10            | 0.59%           |
| Long Term Assets                |                     |                          |                              |                     |                 |
| Fixed Assets                    |                     |                          |                              |                     |                 |
| Medical Equipment               | 86,002.95           | 86,002.95                | 86,002.95                    | 0.00                | 0.00%           |
| Building Improvements           | 92,664.56           | 92,664.56                | 92,664.56                    | 0.00                | 0.00%           |
| 4308 Mesa Denton Office         | 308,335.28          | 308,335.28               | 308,335.28                   | 0.00                | 0.00%           |
| 4304 Mesa Medical Center        | 2,324,761.13        | 2,324,761.13             | 2,324,761.13                 | 0.00                | 0.00%           |
| Software Applications           | 112,081.41          | 112,081.41               | 112,081.41                   | 0.00                | 0.00%           |
| Telephone Systems               | 95,499.55           | 95,499.55                | 95,499.55                    | 0.00                | 0.00%           |
| IT Equipment                    | 145,853.15          | 145,853.15               | 145,853.15                   | 0.00                | 0.00%           |
| Vehicles                        | 102,255.00          | 102,255.00               | 102,255.00                   | 0.00                | 0.00%           |
| 4304 Land                       | 257,000.00          | 257,000.00               | 257,000.00                   | 0.00                | 100.00%         |
| Accumulated Depreciation        | <u>(612,783.89)</u> | <u>(600,813.90)</u>      | <u>(504,532.38)</u>          | <u>(108,251.51)</u> | <u>21.46%</u>   |
| Total Fixed Assets              | <u>2,911,669.14</u> | <u>2,923,639.13</u>      | <u>3,019,920.65</u>          | <u>(108,251.51)</u> | <u>-3.58%</u>   |
| Total Long Term Assets          | <u>2,911,669.14</u> | <u>2,923,639.13</u>      | <u>3,019,920.65</u>          | <u>(108,251.51)</u> | <u>(0.04)</u>   |
| Total ASSETS                    | <u>6,922,246.19</u> | <u>6,707,731.42</u>      | <u>6,651,442.47</u>          | <u>270,803.72</u>   | <u>4.07%</u>    |
| <b>LIABILITIES</b>              |                     |                          |                              |                     |                 |
| Current Liabilities             |                     |                          |                              |                     |                 |
| Accounts Payable                | 1,455,068.08        | 1,459,001.23             | 166,111.92                   | 1,288,956.16        | 775.96%         |
| Accrued Payroll                 | 328,017.13          | 314,369.63               | 394,494.67                   | (66,477.54)         | -16.85%         |
| Accrued Retirement              | 133,927.45          | 123,742.31               | 123,560.41                   | 10,367.04           | 8.39%           |
| Payroll Liabilities             | (45,371.59)         | (30,887.19)              | 12,244.96                    | (57,616.55)         | -470.53%        |
| Other Current Liability         | <u>308,233.73</u>   | <u>333,618.42</u>        | <u>304,244.42</u>            | <u>3,989.31</u>     | <u>0.01</u>     |
| Total Current Liabilities       | 2,179,874.80        | 2,199,844.40             | 1,000,656.38                 | 1,179,218.42        | 117.84%         |
| Long Term Liabilities           |                     |                          |                              |                     |                 |
| Capital Loan                    | 1,326,722.15        | 1,330,514.12             | 1,361,019.41                 | (34,297.26)         | 100.00          |
| Total Long Term Liabilities     | <u>1,326,722.15</u> | <u>1,330,514.12</u>      | <u>1,361,019.41</u>          | <u>(34,297.26)</u>  | <u>100.00</u>   |
| Total LIABILITIES               | <u>3,506,596.95</u> | <u>3,530,358.52</u>      | <u>2,361,675.79</u>          | <u>1,144,921.16</u> | <u>48.48%</u>   |
| <b>NET ASSETS</b>               |                     |                          |                              |                     |                 |
| Net Assets at Beginning of Year | 4,214,048.67        | 4,214,048.67             | 4,025,443.39                 | 188,605.28          | 4.69%           |
| Current Net Assets(Liabilities) | <u>(798,399.43)</u> | <u>(1,036,675.77)</u>    | <u>187,745.55</u>            | <u>(986,144.98)</u> | <u>-525.26%</u> |
| Total NET ASSETS                | <u>3,415,649.24</u> | <u>3,177,372.90</u>      | <u>4,213,188.94</u>          | <u>(797,539.70)</u> | <u>-18.93%</u>  |
| TOTAL LIABILITIES & NET ASSETS  | <u>6,922,246.19</u> | <u>6,707,731.42</u>      | <u>6,574,864.73</u>          | <u>347,381.46</u>   | <u>5.28%</u>    |

**Health Services of North Texas, Inc.**  
**Statement of Operations**  
**From 9/1/2020 Through 9/30/2020**

|                                   | Current Month       | Last Month<br>(08/01/2020 -<br>08/31/2020) | Current YTD          | Prior YTD           | FY2020 Budget        | YTD<br>Difference   | % Budge        |
|-----------------------------------|---------------------|--|----------------------|---------------------|----------------------|---------------------|----------------|
| <b>Patient Revenue</b>            |                     |  |                      |                     |                      |                     |                |
| Net Patient Rev                   | 1,502,308.69        | 1,288,363.76                               | 12,305,209.97        | 9,642,226.69        | 13,094,374.00        | 2,662,983.28        | 33.97)%        |
| Uncollectible                     | (830,296.41)        | (915,354.60)                               | (7,299,105.81)       | (4,911,431.79)      | (5,631,071.00)       | (2,387,674.02)      | 39.62)%        |
| Total Patient Revenue             | <u>672,012.28</u>   | <u>373,009.16</u>                          | <u>5,006,104.16</u>  | <u>4,730,794.90</u> | <u>7,463,303.00</u>  | <u>275,309.26</u>   | <u>57.08)%</u> |
| <b>Other Revenue</b>              |                     |  |                      |                     |                      |                     |                |
| Grants                            | 665,203.62          | 312,278.32                                 | 3,137,037.94         | 3,248,194.11        | 4,800,460.00         | (111,156.17)        | 55.34)%        |
| Other                             | 380,808.50          | 110,465.72                                 | 1,151,649.46         | 630,594.95          | 991,299.00           | 521,054.51          | 16.17)%        |
| Total Other Revenue               | <u>1,046,012.12</u> | <u>422,744.04</u>                          | <u>4,288,687.40</u>  | <u>3,878,789.06</u> | <u>5,791,759.00</u>  | <u>409,898.34</u>   | <u>74.05)%</u> |
| <b>TOTAL Revenue</b>              | <u>1,718,024.40</u> | <u>795,753.20</u>                          | <u>9,294,791.56</u>  | <u>8,609,583.96</u> | <u>13,255,062.00</u> | <u>685,207.60</u>   | <u>70.12)%</u> |
| <b>Expenses</b>                   |                     |  |                      |                     |                      |                     |                |
| Personnel                         | 637,077.76          | 608,012.49                                 | 5,679,457.40         | 5,045,532.63        | 7,878,425.00         | 633,924.77          | 72.08%         |
| Medical Services                  | 228,285.75          | 208,359.48                                 | 1,669,911.93         | 1,375,725.35        | 1,466,230.00         | 294,186.58          | 13.89%         |
| Patient Care                      | 37,057.74           | 47,806.86                                  | 333,137.11           | 384,295.23          | 560,300.00           | (51,158.12)         | 59.45%         |
| IT                                | 85,211.74           | 86,420.56                                  | 622,086.54           | 483,793.75          | 822,383.00           | 138,292.79          | 75.64%         |
| MarComm                           | 6,577.64            | 32,404.68                                  | 89,974.62            | 64,899.26           | 197,330.00           | 25,075.36           | 45.59%         |
| Occupancy                         | 41,934.09           | 46,636.81                                  | 383,252.60           | 349,455.23          | 506,182.00           | 33,797.37           | 75.71%         |
| Operating Costs                   | 443,603.34          | 121,670.89                                 | 1,315,370.79         | 991,426.82          | 1,824,212.00         | 323,943.97          | 72.10%         |
| Total Expenses                    | <u>1,479,748.06</u> | <u>1,151,311.77</u>                        | <u>10,093,190.99</u> | <u>8,695,128.27</u> | <u>13,255,062.00</u> | <u>1,398,062.72</u> | <u>76.15%</u>  |
| <b>Operating<br/>Income(Loss)</b> | <u>238,276.34</u>   | <u>(355,558.57)</u>                        | <u>(798,399.43)</u>  | <u>(85,544.31)</u>  | <u>0.00</u>          | <u>(712,855.12)</u> | <u>0.00%</u>   |
| <b>Net Assets</b>                 | <u>238,276.34</u>   | <u>(355,558.57)</u>                        | <u>(798,399.43)</u>  | <u>(85,544.31)</u>  | <u>0.00</u>          | <u>(712,855.12)</u> | <u>0.00%</u>   |



**Health Services of North Texas, Inc.**

## Statement of Cash Flows

As of 9/30/2020

|  | <u>Current Period</u> | <u>Current Year</u>   | <u>Prior Year YTD</u> |
|--|-----------------------|-----------------------|-----------------------|
| Cash Flows from Operating Activities       |                       |                       |                       |
| Medicaid                                   | 390,865.73            | 2,886,890.30          | 3,045,197.12          |
| Medicare                                   | 28,788.99             | 399,277.61            | 313,806.52            |
| Private/Commercial                         | 30,415.47             | 338,307.87            | 300,587.30            |
| Self Pay                                   | 61,412.35             | 500,142.41            | 579,899.95            |
| Program Income                             | 119,362.78            | 903,971.59            | 638,248.83            |
| Grants                                     | 470,278.28            | 2,992,550.22          | 3,599,824.25          |
| Receipts from Contributors                 | 380,808.50            | 1,148,469.87          | 628,238.10            |
| Change in Inventory                        | 9,185.53              | 9,185.53              | 0.00                  |
| Interest Received                          | 0.00                  | 3,179.59              | 2,356.85              |
| Payments to Employees & Suppliers          | <u>(1,478,694.56)</u> | <u>(8,814,498.10)</u> | <u>(8,761,658.44)</u> |
| Total Cash Flows from Operating Activities | <u>12,423.07</u>      | <u>367,476.89</u>     | <u>346,500.48</u>     |
| Cash Flows from Capital Activities         |                       |                       |                       |
| Capital Activity/Disposal of Assets        | 0.00                  | 0.00                  | (79,814.65)           |
| Capital Loan                               | <u>(9,407.35)</u>     | <u>(84,666.15)</u>    | <u>(84,666.15)</u>    |
| Total Cash Flows from Capital Activities   | <u>(9,407.35)</u>     | <u>(84,666.15)</u>    | <u>(164,480.80)</u>   |
| Change in Medical Liability                |                       |                       |                       |
| Change in Patient Refunds                  | <u>(25,384.69)</u>    | <u>(8,636.45)</u>     | <u>67,699.21</u>      |
| Total Change in Medical Liability          | <u>(25,384.69)</u>    | <u>(8,636.45)</u>     | <u>67,699.21</u>      |
| Beginning Cash & Cash Equivalents          | <u>2,768,580.30</u>   | <u>2,472,037.04</u>   | <u>1,586,753.54</u>   |
| Ending Cash & Cash Equivalents             | <u>2,746,211.33</u>   | <u>2,746,211.33</u>   | <u>1,836,472.43</u>   |

Health Services of North Texas, Inc.

Financial Ratios

September 2020

|  | FY2020<br>Goals                  | Fiscal Year To<br>Date 2020     | Fiscal Year<br>End 2019 |
|--|----------------------------------|---------------------------------|-------------------------|
| Quick Ratio<br>Current Assets/Current Liabilities  | 9:1                              | 1.80 : 1                        | 3.54 : 1                |
| Debt/Equity<br>Total Liabilities/Total Net Assets  | 13.0%                            | 102.7%                          | 56.1%                   |
| Working Capital to Expense Ratio<br>CA/CL divided by Expense/# month in Period           | 3 : 1                            | 1.63 : 1                        | 2.65 : 1                |
| Long Term Debt to Equity Ratio   | 25%                              | 38.8%                           | 32.3%                   |
| Percentage of Admin & Fundraising<br><i>included estimate of new accounting standard</i> | 25.0%                            | 15.7%                           | 15.5%                   |
| Number of Days - Cash  | 56                               | 69                              | 70                      |
| Number of Days - Liquidity   | 180                              | 101                             | 103                     |
| Accounts Receivable Days (Medical AR<br>Collection Period)                               | 50                               | 30                              | 23                      |
| Change In Net Assets to Expense<br>(Net Assets/Total Expense)                            | 3.0%                             | -7.9%                           | 1.6%                    |
| Operating Margin<br>(Change in Net Assets/Total Revenue)                                 | 0.5%                             | -8.59%                          | 1.60%                   |
| Cash Flow  | 1.5%                             | 15.3%                           | 30.5%                   |
|  | <b>FY2020</b>                    | <b>FY2019</b>                   |                         |
| Cost per Employee this month   | \$4,970.24                       | \$4,394.18                      |                         |
|  | <b>Rolling 12<br/>Month Data</b> | <b>Fiscal Year<br/>End 2019</b> |                         |
| Cost per Employee R12  | \$63,075.09                      | \$69,027.55                     |                         |
| Average Hourly Rate R12  | \$32.13                          | \$36.41                         |                         |
| Cost Per Medical Encounter *38,491   | \$986.05                         | \$301.50                        |                         |
| Cost Per Medical Patient *13,340   | \$324.39                         | \$900.80                        |                         |
| Federal Cost Per Medical Patient   | \$106.48                         | \$130.28                        |                         |

\* Cost per Medical Encounter and Cost per Patient calculations updated for 2018 year end financials moving forward.

\*Cost per Employee and Hourly Rate updated to a rolling 12 months in August 2019

## Governing Board Quality Committee Minutes 9.16.2020

Attendees: Dr. Howard Shaw, Dr. Dean Perkins, Melissa Winans, Debra Layman, Dr. Jason Siegel

Absent: Doreen Rue

Guests:

| Topic                       | Roll Call and Acceptance of Minutes   | Action              | Responsible Party | Follow-Up |
|-----------------------------|---|---------------------|-------------------|-----------|
| Welcome & Roll Call         | Called to Order at 5:00pm   | Quorum Met          |                   |           |
| Approval of minutes         | Agency Minutes from August 2020 and Committee Minutes from August 2020: Moved by Dr. Dean Perkins and seconded by Melissa Winans.   | Approved            |                   |           |
| <b>New PDSAs</b>            |   |                     |                   |           |
|                             | <ul style="list-style-type: none"> <li>• New PDSAs will be reported to the committee next month.</li> </ul>   | Report to the Board |                   |           |
| <b>Patient Satisfaction</b> |   |                     |                   |           |
|                             | <ul style="list-style-type: none"> <li>• Social Climb Snapshot               <ul style="list-style-type: none"> <li>○ Social Media Reviews                   <ul style="list-style-type: none"> <li>▪ August 2020: 4.78</li> <li>▪ YTD: 4.47</li> </ul> </li> </ul> </li> <li>• Executive Report               <ul style="list-style-type: none"> <li>○ Summary of ratings and comments.                   <ul style="list-style-type: none"> <li>▪ Shows breakdown of negative and positive comments by keywords.</li> </ul> </li> <li>○ The bar is set high for providers.</li> <li>○ Report shows an increase in mentions and comments for DSC.                   <ul style="list-style-type: none"> <li>▪ Speaks to public need and interest.</li> </ul> </li> </ul> </li> <li>• Effort and focus on patient satisfaction and service is apparent.               <ul style="list-style-type: none"> <li>○ It is important to also share the comments with the providers and clinical teams.</li> <li>○ Improving staff satisfaction as well.</li> </ul> </li> </ul> | Report to the Board |                   |           |

| <b>Update on Existing Quality Initiatives</b> |   |                     |  |  |
|---|---|---------------------|--|--|
| COVID-19 Response                             | <ul style="list-style-type: none"> <li>• HSNT is seeing a declining positivity rate for testing, mirroring the state and community wide trend. <ul style="list-style-type: none"> <li>○ 2-day average for testing results.</li> </ul> </li> <li>• COVID-19 walk-in testing clinic is experiencing increased utilization.</li> <li>• There is also a decline in COVID related sick visits.</li> <li>• HSNT is planning for cold and flu season.</li> <li>• HSNT also watching positivity rates after Labor Day and the reopening of schools.</li> </ul>  |                     |  |  |
| <b>Quality Meeting Dashboard</b>              |   |                     |  |  |
| HEDIS & UDS                                   | <ul style="list-style-type: none"> <li>• HSNT continuing to focus on increase HEDI &amp; UDS metrics. <ul style="list-style-type: none"> <li>○ Early entry into prenatal care, statin therapy, etc. are areas of focus for the team.</li> </ul> </li> <li>• Breast cancer screening numbers are looking good. <ul style="list-style-type: none"> <li>○ Factors: <ul style="list-style-type: none"> <li>▪ Mobile mammography unit seeing less patients due to COVID.</li> <li>▪ Moncrief is now funded and accepting HSNT patients.</li> </ul> </li> </ul> </li> <li>• HSNT awaiting the arrival of the flu vaccine for 2020.</li> </ul> | Report to the Board |  |  |
| Incentive Goals                               | <ul style="list-style-type: none"> <li>• Meeting 90.4% of goals.</li> <li>• Pediatrics and Women’s Health performing well.</li> <li>• Family Practice and Infectious Disease seeing some challenges. <ul style="list-style-type: none"> <li>○ Working to improve the pneumonia vaccine metric, seeing some improvement.</li> </ul> </li> </ul>  | Report to the Board |  |  |
| <b>Other Items</b>                            |   |                     |  |  |
| Patient Access 2020 Update                    | <ul style="list-style-type: none"> <li>• Phone Stats <ul style="list-style-type: none"> <li>○ The call center was decentralized, and the agents are now part of the front office team.</li> <li>○ Seeing dramatic improvements in answer rates and abandonment rates.</li> <li>○ Hold times are also decreasing.</li> </ul> </li> </ul>   | Report to the Board |  |  |

|   |   |                     |  |  |
|---|---|---------------------|--|--|
|   | <ul style="list-style-type: none"> <li>○ HSNT patients and staff are having better experiences and interactions.</li> </ul>   |                     |  |  |
| HSNT Sick Clinic                          | <ul style="list-style-type: none"> <li>● The team is concerned about the next few months with the combination of COVID and cold and flu season.</li> <li>● HSNT also has more new patient requests than we can see.</li> <li>● Plan to turn 4308 Mesa Dr. into a sick clinic. <ul style="list-style-type: none"> <li>○ Currently looking for a provider to exclusively manage sick/same day needs.</li> <li>○ This will not be an urgent care clinic, but exclusively for sick visits.</li> </ul> </li> </ul> | Report to the Board |  |  |
| Patient Centered Medical Home             | <ul style="list-style-type: none"> <li>● HSNT has restarted its PCMH initiative.</li> <li>● HSNT should be able to submit its application in December.</li> <li>● Improvements and new features in the EMR have made this process easier.</li> </ul>  | Report to the Board |  |  |
| <b>Information to Report to the Board</b> |   |                     |  |  |
|   | <ul style="list-style-type: none"> <li>● Patient Satisfaction</li> <li>● Progress on Quality Metrics and Incentive Goals</li> <li>● Patient Access 2020 Update</li> </ul>   | Report to the Board |  |  |

Meeting Adjourned: 5:40pm

Committee Facilitator: Debra Layman

Next Meeting: 10.21.20



## Governing Board Strategic Planning Committee Minutes

October 9, 2020

**Attendees:** James Henderson, Dr. Dean Perkins, Herman Oosterwijk, Sara Schroeder, Dale Tampke

**Staff:** Doreen Rue

**Quorum Met**

**Meeting Called to Order at:** 9:01am

### I. HRSA Review Topics

- Contracts and Subawards
- Collaborative Relationships
- HSNT reviewed relevant policies and partnerships and does not recommend any changes at this time.
  - i. Relevant polices were approved in June.
  - ii. Many contracts and referral arrangements were updated last year in preparation for the HRSA operational site visit.
  - iii. New relationships are mostly based in HSNT's expansion of the 340b program.

### II. Strategic Plan

- 2020 Priorities
  - i. Earned Revenue, Comprehensive Services, Emerging Technology
    - High level review of different initiatives in these categories.
    - 340b Program
      - a. Moving forward with this program through the pushback from pharmaceutical manufacturers.
      - b. HSNT is budgeting conservatively to account for upcoming challenges to this program.
      - c. HSNT has new relationships with Walmart locations, an expanded agreement with Denton Prescription Shoppe and the Loop 288 location will be opening soon.
  - CCMC
    - a. Progress on expanding primary care at this site greatly affected by the pandemic.
  - Patient Centered Medical Home
    - a. HSNT previously did not have the infrastructure to claim this designation.

- i. Changes made to the call center structure and sue to HSNT’s COVID-19 response allowed HSNT to renew work on its PCMH designation.
  - b. The application should be completed and submitted by the end of 2020.
  - c. PCMH includes a focus on comprehensive care and an individualized approach to patient care accounting for the social determinants of health.
- PrEP Program
  - a. Limited by the expense of labs and pushback from pharmaceutical companies on the 340b program.
- Comprehensive Services
  - a. HSNT working to get good data and set a baseline for retention of patients.
    - i. Particularly the transition from pediatrics to primary care.
- ii. Emerging Technology
  - Real Time Scribe
    - a. Impressed with performance and inquiring about expanding adoption.
  - Telemedicine
    - a. Visits average 20 minutes, the same length as an in person medical visit.
    - b. HSNT is continuing to see challenges with patient adoption.
- Timeline for 2021 Planning
  - i. November – finalize budget
  - ii. December – set priority list for 2021
  - iii. January – update on 2020 priorities to the full board

### **III. Community Needs Assessment Update**

- The community needs assessment is required to be performed every three years.
  - i. A draft should be ready for the committee to review next month.
- HSNT is conducting a community survey as part of the needs assessment.
  - i. We have received 250 responses so far.

### **IV. Incentive Goals Preparation**

- HSNT’s operating margin is affected by the PPP loan.
  - i. Forgiveness of the loan will correct this number.
    - HSNT meets the criteria for forgiveness, waiting on a timeline.
  - ii. HSNT is working with First State Bank.
- Days in Cash is also affected by the PPP loan.
- For 2021, we anticipate using a similar goal structure while setting new benchmarks.

### **V. Reports to the Board**

- No Action Items
- Update the board on Contracts and Subawards and Collaborative Relationships.
- 2020 Progress on Strategic Goals

- Update on Community Needs Assessment Progress
- Dale Tampke will report for Dr. Dean Perkins.

**Adjourned:** 9:46am





## **Governing Board Executive Committee Notes**

October 13, 2020

**Present:** Michael Foster, Trang Dang-Le, Dale Tampke, James Henderson, Judge David Garcia

**Staff:** Doreen Rue

**Quorum met.**

### **I. Mediation Preparation and Authorization**

- The committee met in Executive Session to discuss the mediation and preparation for EEOC Claim nos. 450-20109-00076 and 450-2019-02768.
- The committee requested consultation with HSNT's employment attorney, Shannon Norris.
  - i. After consultation with Mr. Norris on 10/14/2019 the committee authorized Doreen Rue to negotiate and settle the claim on behalf of HSNT and the Governing Board in an amount not to exceed \$20,000.

### **II. HR Policies for COVID related Time Off**

- Updated Paid Sick Leave Due to COVID-19 Policy
- Emergency Family Medical Leave Policy
- Both policies were approved by the committee and will be sent to the full Governing Board for ratification at the October meeting.

### **III. Reports to the Board**

- Authorization of Doreen Rue to negotiate in the EEOC matter.
- Recommended ratification of the HR policies.

# Grants & MarCom Monthly Report October 2020

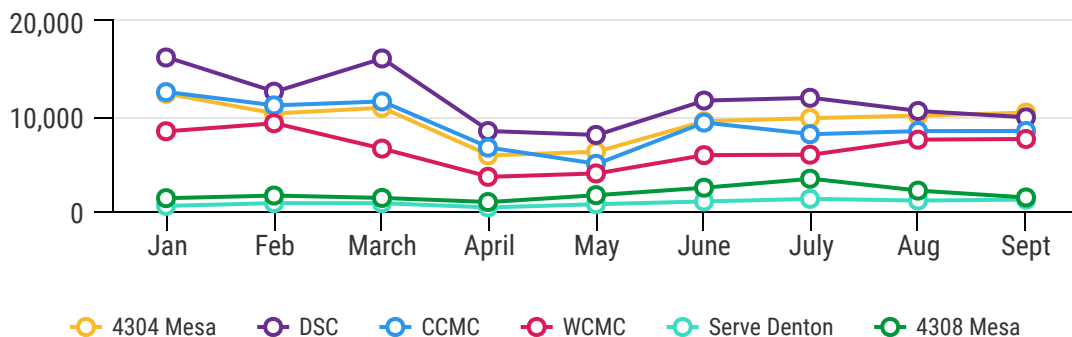
## Keeping HSNT Top of Mind & Building Relationships

- North Texas Giving Day was a success with gifts totaling \$3,200 from 20 donors!
- Our work to reach commercial payors is paying off with a 43% increase in commercial visits YTD over 2019.
- Have you seen our social media accounts recently? Take a look!
- The new website is ready for the BIG reveal! [healthservicesntx.org](http://healthservicesntx.org)

## Digital Marketing and Website

- Google My Business listings held steady in September. I've trended the information in the graph below.
- Website metrics for September- 7,266 Unique Visitors and 10,119 Sessions.
- Top 5 Service Pages in order: Psychiatric, Depression & Anxiety, STI & STD Screening, In House Lab Testing, Well Woman Exam

### Google My Business Listing Views YTD 2020



## Key Campaigns

- Pediatric Well Visit Campaign | HIV & Infectious Disease Services | Medicare
- General HSNT Awareness through board member spotlights, patient stories and provider spotlights. Check out the blog content on our new website!

## Up Next

- Lost to care campaign | Medicare Focus | HIV and PrEP Service Marketing
- Business Stakeholder development for 2021
- Identify and develop new grantors
- End of year giving campaign
- Trammell Group, Footlight Fundraising Series the first week in December, date TBA.

## Key Grant Metrics

Total Awarded in September: \$5,000  
Episcopal Health Foundation of Dallas \$5,000

4 Grant Proposals in Process  
\$187,000 Value

14 Grant Proposals Awaiting Decision  
\$895,053 Value

## Grant proposals/submissions for approval

|                             |                     |               |          |
|-----------------------------|---------------------|---------------|----------|
| Hamon Charitable Foundation | WCMC medical visits | \$10,000      | October  |
| Hearst Foundation           | Medical visits      | \$50,000      | October  |
| Budget Progress Report*     | FQHC                | Level Funding | December |

\*We will send this completed report to the board for review before submitting (expected due date is 12/11/2020)

**Year-to-date, HSNT has submitted 63 Grant Proposals, a 31% increase over 2019. 14 were to NEW funders.**

# 632

NEW PATIENTS in  
September

# 450

appointment requests  
via website in September

Established Patient: 199  
New Patient: 256

## Patient Comment

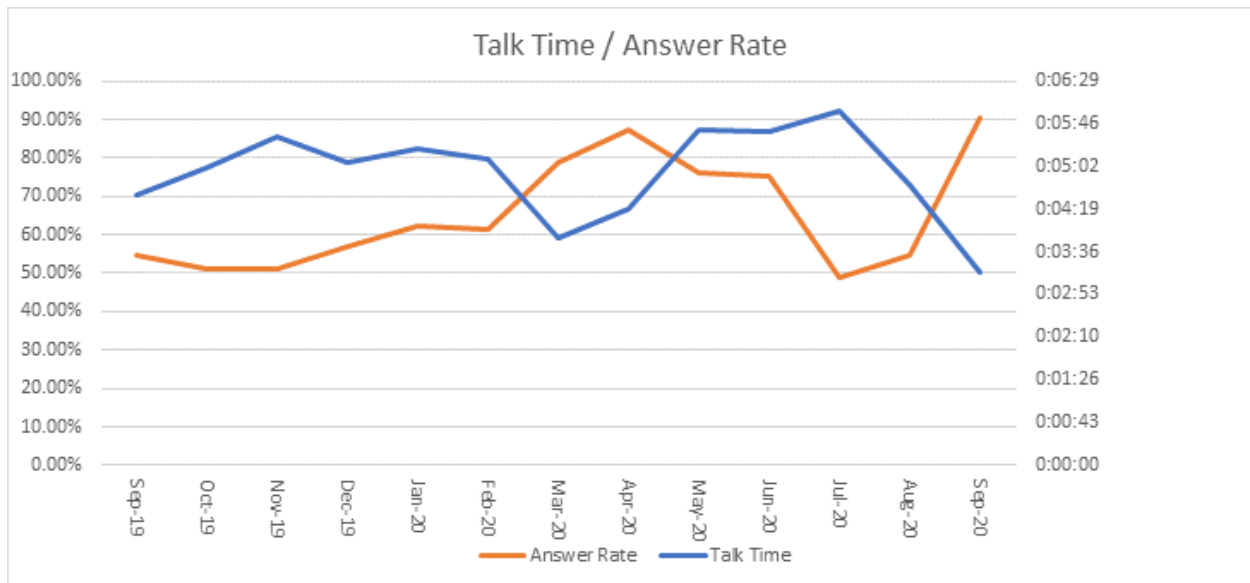
*This is an awesome place and I love, love Kerry, she pays attention to what I need. My health has gotten so much better! I also like the office contacting me about appointments. Best medical care in a while. I would recommend.*

Follow HSNT on  
Social Media

**Service Delivery Model Progress Report**

We continue to see improvements and better communication with our patients and potential patients. The new design implemented on August 18, 2020 included a decentralized and dismantled call center. As reported last month, the calls are now answered by the medical team and support staff at each location. Through a system of call queues, callers are directed to staff who can assist them, in most cases, in real time. The supplemental funding from the CARES Act allowed us to add medical support staff to facilitate this change.

Last month I reported the initial result of the changes that were implemented midmonth. Below is a 13-month report showing the dramatic impact in September 2020. We are seeing more calls answered and less time to address the caller’s need. Having the right person to answer the call decreases talk time and increases ability to answer more calls.



**Toyota’s Community Investment Program**

HSNT expressed interest in participating in the Toyota Production System Support Center (TSSC) program. This program supports nonprofits in improving processes/systems to determine better ways to

perform day to day activities that improve quality, lower costs, and reduce unproductive time. With a focus on value-add functions and reducing waste, they use their experience in manufacturing to support community organizations. Toyota has been working with Pat Smith and his team at Serve Denton and Toyota is interested in exploring a project with HSNT. In our work to define a new normal, we continue to evaluate current activities and partnering with Toyota will provide that critical, outside review of at least a few of our workflows. This has been a year of big changes and our team is excited to welcome this opportunity. Follow the link for an overview of this program <https://www.tssc.com/projects.php>. A few examples of nonprofits they have worked include: North Texas Food Bank, Cincinnati Children's Hospital Medical Center, American Red Cross, Tree of Life Clinic, Serve Denton, and many more.

### **Strategic Planning**

In spite of, and maybe because of, the challenges of 2020, HSNT is making progress with our strategic priorities set this year. Particularly regarding technology, telemedicine, and equipment. The immediate need and emergency funding helped to power these activities forward to stay connected to our patients. The strategic planning committee reviewed the September 2020 progress report, and the dashboard is included in their meeting report.

2020 accomplishments and challenges added depth to the discussions and planning for 2021 and the budget development process. The budget will be presented to the finance committee and full board in November. You will see an increase in projected revenue and investments in pediatrics and women's health.

In reviewing our property leases, we have an opportunity to explore options for our Collin County Medical Center (CCMC) as our lease expires April 30, 2021. This location is not ideal and has limited our ability to implement comprehensive services that are sustainable. I will present options to the strategic planning committee and board in early 2021.

### **340b Medication Program**

Previously, I reported on drug manufacturer's attempts to limit access to discounted pricing for medications to covered entities with contract pharmacies. This has not been resolved but there have been lawsuits filed against Health and Human Services (HHS) by HIV/AIDS Services and the National Association of Community Health Centers (NACHC) is also considering legal action against HHS to require them to use their existing authority to protect access to discounted medications for safety net providers caring for underserved populations.

We have identified the most prescribed medications at risk by these actions and provided a list to our providers in the event that they can prescribe an alternate medication. In addition, our pharmaceutical assistance program coordinator is working to enroll eligible patients impacted by these changes in other programs.

As part of our compliance program we regularly audit our set up and discounts in the 340b program to make sure that only eligible prescriptions are included in 340b. In our audit we identified an error in the set up at the pharmacy level where prescriptions totaling \$3,595.56 received a duplicate discount.

Through the self-disclosure process, we informed HRSA and Office of Pharmacy Affairs of this error. We paid the manufactures back and received a self-disclosure close out letter from HRSA. The letter is attached.

### **Updates and Information**

- Transaction TXDOT purchase of 819 sf of land has been finalized.
- Walmart and Denton Prescription Shop are now integrated into our contract pharmacy program.
- Health Center CARES Act funding (PPE, COVID testing, and supplemental funding) progress reports were submitted. We are on track for completing the activities in these grants. They are attached to this report.
- The Denton Benefit League Grant Defense interview will be held on 10/21/2020. Thank you, Michael, for participating.
- HSNT successfully negotiated a contract revision with Ryan White via Dallas County Health and Human Services (DCHHS) that better supports our cost of providing Insurance Assistance and Local Drug Assistance Program services. We continue to work with DCHHS in the reallocation process to support our funding needs with this grant.
- HSNT's health insurance benefit will increase in cost by 10.52%. This is less than anticipated. I will present the employee benefit packages for review to the personnel committee and board in November.

Thank you for your support,

Doreen Rue, CEO



October 14, 2020

Ms. Doreen Rue  
Chief Executive Officer  
Health Services of North Texas, Inc.  
HSNT Service Center  
4308 Mesa Drive  
Denton, Texas 76207

Dear Ms. Rue:

Thank you for your letter dated October 6, 2020, regarding Health Services of North Texas, Inc.'s (HSNT; 340B ID CHC24197-01) participation in the 340B Drug Pricing Program (340B Program) and non-compliance issues reported to the Health Resources and Services Administration (HRSA), Office of Pharmacy Affairs (OPA).

HRSA appreciates your stated efforts to comply with the 340B Program requirements. Based upon the information provided, we consider this matter closed. HSNT should continue working with manufacturers, and work towards repayment with any manufacturer who may be owed repayment but has thus far been unresponsive. HRSA may request assurance of your compliance with the 340B Program requirements in the future.

Thank you for your cooperation in this matter and efforts in maintaining integrity in the 340B Program.

Sincerely,

A handwritten signature in black ink that reads "Krista M. Pedley".

Krista M. Pedley, PharmD, MS  
RADM, USPHS  
Assistant Surgeon General  
Director, Office of Pharmacy Affairs

**HRSA CARES Grant Progress Report – DUE 10/12/20**

**(\$836,240)**

1. **Project status** - Less than 50% complete
  
2. **Please provide a status update on the activities supported with this funding in the following areas noted below (identify the activities that have been completed, are in progress, and/or are planned with this funding): (check all that apply)**

**Staff and Patient Safety (2000 characters)**

In Progress – HSNT has purchased additional personal protective equipment (PPE) and disinfecting supplies with these grant funds. To keep our patients and staff safe, HSNT team members are using PPE and disinfecting supplies more frequently and distributing PPE to patients before their appointments if they do not have their own mask.

Additionally, this grant is supporting the cost of quarterly antimicrobial bioshield services at all HSNT health center and administrative sites. This spray-on treatment supports patient and staff safety by disinfecting surfaces and providing 90 days of antimicrobial protection.

**Testing – N/A**

**Maintaining or increasing health center capacity and staffing levels**

In Progress – Maintaining and increasing HSNT’s capacity and staffing levels is our primary goal in order to maintain access to care in our community, particularly for the growing low-income and uninsured populations. HSNT has allocated some grant funding towards payroll expenses for the team members listed in our submitted budget narrative. We will continue to allocate additional expenses for these payroll expenses in accordance with the budget. To keep patients and staff safe, all providers listed are screening patients for symptoms of COVID-19.

As a result of this funding and the other supplemental funding we have received from HRSA, we have retained 100% of HSNT personnel and added 3 new positions to increase our capacity. HSNT has also increased the available time for contracted e-psychiatry services to increase patient access to this service.

We maximized the impact of this grant by spending our SBA loan (Payroll Protection Program) on payroll expenses prior to utilizing HRSA funds for these expenses. SBA funds were used to cover all allowable payroll expenses for May and June.

**Telehealth**

In Progress – HSNT has purchased and implemented Dragon Speak transcription through our Electronic Health Record (EHR) system in order to increase efficiency and limit staff contact with high-touch surfaces. HSNT will use grant funding to purchase the server listed in our submitted budget narrative.

HSNT is utilizing grant funding to support the cost of additional EHR fees necessary to implement telehealth visits. Additionally, we are increasing access to care and maximizing the use of telehealth by moving from a centralized call center model to a site-specific queue model. This supports the infrastructure necessary for telehealth and increases efficiency by enabling patients to quickly contact the HSNT team members who can answer their questions, assist them in setting up their patient portal, and connect them to care. This grant is supporting the cost of network services and other communication expenses related to this communication system update.

In Progress – Our Health Informatics consultant has built templates for telehealth visits in our Electronic Health Record (EHR) and trained providers on the EHR requirements related to telehealth visits. To publicize the availability of telehealth visits, we have updated our website to increase messaging to patients and patient education through our website.

**Minor A/R – N/A**

- 3. Are the implemented/planned activities described above and associated uses of funds consistent with what you submitted to HRSA in the initial post-award reporting requirement response?**

Yes

**If 'No', please describe any new and/or updated activities. For changes that impact your approved budget, please provide detail by cost category. (maximum 2000 characters)**

N/A

- 4. Are there or do you anticipate any issues or barriers in the use of the funding and/or implementing the planned activities?**

No

**If 'Yes', please describe. (maximum 2000 characters)**

N/A

**Attachments as needed or instructed by awarding agency (maximum 5) – N/A**



**HRSA ECT Grant Progress Report – DUE 10/12/20**

**(\$290,929)**

- 1. Project status – Less than 50%**
- 2. Please provide a status update on the activities supported with this funding in the following areas noted below (identify the activities that have been completed, are in progress, and/or are planned with this funding): (check all that apply)**

**Staff and Patient Safety (2000 characters)**

In Progress – HSNT has significantly expanded our COVID-19 testing program. We are using these funds to purchase personal protective equipment (PPE) and infection control supplies to support the testing program in order to minimize the risk of patients and staff contracting the virus.

**Testing**

In Progress –As of October 5, 2020, we have performed 2,011 total tests and tested 1,770 unduplicated patients (some patients were tested more than once). In addition to testing during sick visits, we offer walk-up testing Monday – Friday with no appointment necessary. This program expansion has led to a significant increase in testing. Prior to this change, HSNT was testing an average of 10 people per week. During the week of 9/28/20, we increased testing to 133 patients which represents an increase of over 1200%.

HSNT has allocated grant funds to utilities required for program operations. Additionally, to support the expanded testing program, HSNT is utilizing messages sent through the electronic health record to assess symptoms, deliver test results, and provide appropriate follow-up. We will continue to provide patient and community education/outreach regarding the testing program to expand access to COVID-19 testing.

HSNT has identified an alternative resource to support the cost of contractual laboratory testing, so this grant will make an even greater impact on our COVID-19 testing program. We will reallocate these funds to other cost categories already included in our submitted budget narrative, so our Grants Management Specialist advised that we do not need to submit any additional documentation. HSNT plans to utilize the funds previously allocated for contractual laboratory fees to support salaries of team members implementing the COVID-19 testing program and additional medical supplies needed for the program expansion.

**Maintaining or increasing health center capacity and staffing levels**

In Progress – HSNT has hired the team members needed to expand the COVID-19 testing program and the 3 computer workstations to support these additional team members.

**Telehealth** – N/A

**Minor A/R** – N/A

- 3. Are the implemented/planned activities described above and associated uses of funds consistent with what you submitted to HRSA in the initial post-award reporting requirement response?**

Yes

**If 'No', please describe any new and/or updated activities. For changes that impact your approved budget, please provide detail by cost category. (maximum 2000 characters)**

N/A

- 4. Are there or do you anticipate any issues or barriers in the use of the funding and/or implementing the planned activities?**

No

**If 'Yes', please describe. (maximum 2000 characters)**

N/A

**Attachments as needed or instructed by awarding agency (maximum 5) – N/A**

**HRSA COVID Grant Progress Report – DUE 10/20/20**

**(\$69,029)**

1. **Project status** - More than 50% complete
2. **Please provide a status update on the activities supported with this funding in the following areas noted below (identify the activities that have been completed, are in progress, and/or are planned with this funding): (check all that apply)**

**Staff and Patient Safety (2000 characters)**

In progress - HSNT has purchased additional personal protective equipment (PPE) and disinfecting supplies with these grant funds. To keep our patients and staff safe, HSNT team members are using PPE and disinfecting supplies more frequently and distributing PPE to patients before their appointments if they do not have their own masks.

**Testing** - N/A

**Maintaining or increasing health center capacity and staffing levels**

In progress – HSNT has allocated grant funding towards payroll expenses for staff working at our site designated for COVID-19 diagnosis and treatment. To keep patients and staff safe, our designated Physician and Clinical Nurse Manager are managing the utilization of PPE, disinfecting supplies, and necessary changes to workflows (e.g. separate locations for sick and well visits, temperature screenings at entrances, LVN screenings for symptoms, etc.).

We maximized the impact of this grant by spending our SBA loan (Payroll Protection Program) on payroll costs prior to utilizing HRSA funds for these expenses. SBA funds were used to cover all allowable payroll expenses for May and June.

**Telehealth** - N/A

**Minor A/R** – N/A

3. **Are the implemented/planned activities described above and associated uses of funds consistent with what you submitted to HRSA in the initial post-award reporting requirement response?**

Yes

**If 'No', please describe any new and/or updated activities. For changes that impact your approved budget, please provide detail by cost category. (maximum 2000 characters)**

N/A

**4. Are there or do you anticipate any issues or barriers in the use of the funding and/or implementing the planned activities?**

No

**If 'Yes', please describe. (maximum 2000 characters)**

N/A

**Attachments as needed or instructed by awarding agency (maximum 5) - N/A**

# Here in Your Time of Need



Nobody is ever ready for a cancer diagnosis, and nobody ever wants to hear one. So when Talia Thornton did a usual check of her body and found some strange lumps on her breast, she immediately started to worry. It couldn't be a tumor, right? But how would she know? How will she pay for this? All of these questions started swirling in her mind. When she went to the Solis Mammography Center in Denton and was told she needed a referral from a women's clinic first, that's when she found out about

Health Services of North Texas – and how HSNT could ease a little bit of that financial worry for her.

“I'm a mother of 4 girls, you know: 23 years old, 21, 15, and 5,” Talia says. “I'm a business owner – I own my own salon – but it's struggling right now with this pandemic... [so] it was great to know that I could be seen without having to spend a whole bunch of money.”

For her appointment in HSNT's women's health center at Medical City Denton, Talia saw Beverly Johnson, one of HSNT's newest nurse practitioners and someone who is passionate about the work she does.

“I enjoy [providing care to] a diverse patient population and being able to really educate patients and give them a voice,” Beverly says. “Especially women's health – women's health is one of the most

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*“It was great to know that I could be seen without having to spend a whole bunch of money.”*

---

private parts of a woman’s life, and they’re asking [me] for help. But HSNT embraces diversity and compassion, and this bond empowers our patients to be proactive.”

After her visit with Beverly, Talia had an appointment with Kerry Gamble, another nurse practitioner, at HSNT’s location in the Serve Denton Center. It was a simple visit to just draw some blood, but Talia was immediately put at ease by Kerry’s bedside manner.

“She was really kind and sweet – I really liked her,” Talia says. “She was very informative, and I think she stayed with me a little bit longer than she was supposed to, but she really listened to what I was saying and my concerns about my body.”

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*“HSNT embraces diversity and compassion, and this bond empowers our patients to be proactive.”*

---

With her salon struggling to stay afloat, Talia was most thankful that HSNT was a place she could get care without needing to worry about the cost.

“It’s affordable, it helps me be able to keep up with these appointments without worrying about having to pay hundreds of dollars.... Everybody was friendly, you have great staff who are very helpful. They helped me with the Healow app. I even had one of my daughters get her women’s checkup with Beverly, and she said her visit went well,” Talia says. “I’ll be making another appointment for my daughter soon.”



***Paid Sick Leave Due to COVID-19 Policy & Emergency FMLA***

**Summary:**

- Emergency Paid Sick Leave Due to COVID-19
  - Previously, HSNT was exempt from the federal requirements for emergency sick leave due to COVID-19. HSNT instead crafted its own policy to allow its employees to take emergency sick leave.
  - On September 16<sup>th</sup>, the exemption was removed.
    - HSNT updated its policy to more closely reflect the language of the emergency sick leave law.
    - HSNT added the childcare provision for COVID related sick leave.
    - HSNT changed the policy to allow for intermittent usage of the 80 hours of emergency sick leave.
- Emergency Family Medical Leave (EFMLA)
  - HSNT was previously exempt from the law.
  - On September 16<sup>th</sup>, the exemption was removed. However, some staff, including medical providers, are still legally exempt from this policy.
- The policies were reviewed and approved by the Executive Committee on 10/13/2020 and will be presented to the Governing Board for ratification.

**ACTION:**

**Reviewed and Approved by:**

• Brandi Ruiz, Director of Human Resources \_\_\_\_\_ Date: \_\_\_\_\_

• Doreen Rue, CEO \_\_\_\_\_ Date: \_\_\_\_\_

**Governing Board Executive Committee Approval:**

\_\_\_\_\_ Date: \_\_\_\_\_

**Governing Board Approval:**

\_\_\_\_\_ Date: \_\_\_\_\_

(President)



## Emergency Paid Sick Leave Due to COVID-19

HR011

### POLICY:

The Families First Coronavirus Response Act (FFCRA or Act) requires certain employers to provide employees with paid sick leave or expanded family and medical leave for specified reasons related to COVID-19.

#### Background

The Act took effect on 4/1/2020, and it was determined that HSNT was exempt from the Act under a blanket healthcare exemption. However, HSNT created and implemented a similar policy in observation of COVID-19 and efforts to stop the spread of the virus and provide relief to employees experiencing difficulties during the pandemic. On 9/16/2020, the Department of Labor issued a revision to the Act that narrowed the definition of a healthcare worker that impacted the blanket healthcare exemption.

The Emergency Paid Sick Leave Due to COVID-19 policy was updated to reflect the revisions that the Department of Labor enacted on 9/16/2020. HSNT opted to cover all regular employees under the sick pay policy and not exempt some staff due to their status as a healthcare worker.

#### Eligibility

All current full- and part-time employees unable to work (or telework) due to one of the following reasons for leave:

1. The employee is subject to a federal, state or local quarantine or isolation order related to COVID-19.
2. The employee has been advised by a health care provider to self-quarantine due to concerns related to COVID-19.
3. The employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis.
4. The employee is caring for an individual who is subject to either number 1 or 2 above.
5. The employee is caring for his or her child if the school or place of care of the child has been closed, or the childcare provider of such child is unavailable, due to COVID-19 precautions.
6. The employee is experiencing any other substantially similar condition specified by the secretary of health and human services in consultation with the secretary of the treasury and the secretary of labor.

Commented [KM1]: Changed to more closely reflect the language of the law and include child care provisions.

"Child" means a biological, adopted or foster child, a stepchild, a legal ward, or a child of a person standing in loco parentis, who is:

- Under 18 years of age.
- 18 or older and incapable of self-care because of a mental or physical disability.

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Denton South Center  
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Denton, TX 76210  
940-381-2313  
940-381-5249 Fax

Collin County Center  
2540 K Avenue  
Plano, TX 75047  
972-424-1480  
972-424-9117 Fax



"Individual" means an immediate family member with whom the employee has a relationship that creates an expectation that the employee would care for the person if he or she self-quarantined or was quarantined. Additionally, the individual being cared for must: a) be subject to a federal, state or local quarantine or isolation order as described above; or b) have been advised by a health care provider to self-quarantine based on a belief that he or she has COVID-19, may have COVID-19 or is particularly vulnerable to COVID-19.

#### **Amount of Paid Sick Leave**

All eligible full-time employees will have up to 80 hours of paid sick leave available to use for the qualifying reasons above. Eligible part-time employees are entitled to the number of hours worked, on average, over a two-week period.

**Commented [KM2]:** Changed to allow intermittent use of COVID related sick leave.

#### **Increments and Intermittent Use of Leave**

When working from home, employees may take emergency paid sick leave intermittently if agreed to with their manager. For example, an employee may only need 4 hours per day of leave to care for his or her child or may only need to do so on Tuesdays and Thursdays. Managers and employees are expected to be flexible in scheduling wherever possible.

For those not teleworking and currently working onsite, an employee may only take intermittent leave for reason 5 above, to care for his or her child when the school or place of care is closed, or the caregiver is unavailable due to COVID-19-related reasons. Per the regulations of the Family First Coronavirus Response Act (FFCRA), as all other reasons for emergency paid sick leave could potentially expose an employee or others in the workplace to the virus, employees taking leave for reasons 1-4 or 6 above must either use the full amount of paid sick leave or use it in full-day increments until the reason for leave is over and it is safe for the employee to return to work.

#### **Rate of Pay**

Emergency sick leave will be paid at the employee's regular rate of pay, or minimum wage, whichever is greater, for leave taken for reasons 1-3 above. Employees taking leave for reasons 4-6 will be compensated at two-thirds their regular rate of pay, or two-thirds of the applicable federal or state minimum wage, whichever is greater. Pay will not exceed:

**Commented [KM3]:** Updated to account for childcare provisions.

- \$511 per day and \$5,110 in total for leave taken for reasons 1-3 above.
- \$200 per day and \$2,000 in total for leave taken for reasons 4-6 above.

#### **Interaction with Other Paid Leave**

The employee may use emergency paid sick leave under this policy before using any other accrued paid time off for the qualifying reasons stated above.

Eligible employees on expanded FMLA leave under this policy may use emergency paid sick leave concurrently with that leave. Emergency paid sick leave may also be used when an employee is on leave under traditional FMLA for his or her own COVID-19-related serious health condition or to care for a qualified family member with such a condition.

Once emergency paid sick leave has begun, the employee and his or her manager must determine reasonable procedures for the employee to report periodically on the employee's status and intent to continue to receive paid sick time.

**Carryover**

Paid emergency sick leave under this policy will not be provided beyond December 31, 2020. Any unused paid sick leave will not carry over to the next year or be paid out to employees.

**Job Protections**

No employee who appropriately utilizes emergency paid sick leave under this policy will be discharged, disciplined or discriminated against for use of this leave.

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Board of Directors Representative**

\_\_\_\_\_  
**Date**

Revision to Policy:  
Board approved revision:

**PROCEDURE:**

1. Employees must notify their manager or the HR manager of the need and specific reason for leave under this policy either prior to leave or as soon as possible after leave commences. Verbal notification will be accepted until practicable to provide written notice. Documentation supporting the need for leave must be included with the leave request form and, such as:
  - A copy of the federal, state or local quarantine or isolation order related to COVID-19 applicable to the employee or the name of the government entity that issued the order.
  - Written documentation by a health care provider advising the employee to self-quarantine due to concerns related to COVID-19 or the name of the provider who advised the employee.
  - The name and relation of the individual the employee is taking leave to care for who is subject to a quarantine or isolation order or is advised to self-quarantine.
  - The name and age of the child or children being cared for; the name of the school, place of care, or child care provider that closed or became unavailable; and a statement that no other suitable person is available to care for the child during the period of requested leave.
2. For children over age 14, a statement indicating the special circumstances that require the employee to provide care during daylight hours.

Employees and managers should utilize the Request for Emergency Paid Sick Leave/Expanded Family Medical Leave form to capture the necessary documentation.



2. Once paid sick leave has begun, the employee and his or her manager must determine reasonable procedures for the employee to report periodically on the employee's status and intent to continue to receive paid sick time.
3. Manager will track all paid sick leave taken in Paylocity to ensure that time taken off is tracked appropriately and that the salary caps are applied.
4. Depending on the reason that paid sick leave was taken, employees may need to submit a release from his or her physician before returning to work.

## Medical Care for You



## Emergency Family Medical Leave (EFMLA)

HR012

### POLICY:

Under the Families First Coronavirus Act, HSNT provides eligible employees with up to 12 weeks of emergency family and medical leave for a qualifying need related to a public health emergency.

#### Background

The Families First Coronavirus Response Act (FFCRA or Act) requires certain employers to provide employees with paid sick leave or expanded family and medical leave for specified reasons related to COVID-19.

The Act took effect on 4/1/2020, and it was determined that HSNT was exempt from the Act under a blanket healthcare exemption. On 9/16/2020, the Department of Labor issued a revision to the act that narrowed the definition of a healthcare worker that impacted the blanket healthcare exemption.

The revision defined a health care provider to include only employees who are “employed to provide diagnostic services, preventative services, treatment services or other services that are integrated with and necessary to the provision of patient care which, if not provided, would adversely impact patient care.” Employees that are not considered healthcare providers, under the Department of Labor’s definition, must be offered emergency family medical leave.

It should be noted that emergency family medical leave and paid sick leave complement one another under the FFCRA. HSNT implemented a sick pay policy that covers all staff, regardless of position or healthcare worker status that will remain in effect with some revisions. Please refer to the Emergency Paid Sick Leave policy.

#### Eligibility

Emergency family and medical leave is available to employees that have been employed by the Company for at least 30 calendar days and are not considered healthcare providers under the Department of Labor guidelines. EFMLA will only be available to the extent that “regular” family medical leave is available to the employee (overall 12-weeks).

#### Reasons for Leave

Leave under this policy is limited to circumstances when an eligible employee is unable to work (including telework) due to the employee’s need to care for his or her minor child because the child’s school or place of childcare has been closed to in-person care or is unavailable (online school required by the school—not elected by the parent) due to reasons related to COVID-19.

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940-381-2313  
940-381-5249 Fax

Collin County Center  
2540 K Avenue  
Plano, TX 75047  
972-424-1480  
972-424-9117 Fax

**Requesting Leave**

Employees that need to take emergency family and medical leave under this policy, must provide notice as soon as possible.

Normal call-in procedures apply to all absences from work.

**Compensation**

The first 10 days (two weeks) of leave under this policy are unpaid, but employees may substitute any already accrued paid leave, including paid sick leave that they may have available. Employees are required to use any accrued paid leave during the 10-day period, if paid sick leave is unavailable.

The remaining 10 weeks are paid at 2/3 of an employee’s regular rate for the number of hours they would otherwise be scheduled to work (with a maximum payment of \$200 per day and \$10,000 total).

Intermittent time off is not available under EFMLA.

**Job Restoration**

Upon returning to work at the end of leave, an employee will generally be placed in your original job or an equivalent job with equivalent pay and benefits. Employees will not lose any benefits that accrued before leave was taken.

**Expiration**

This policy expires on December 31, 2020.

**Job Protections**

No employee who appropriately utilizes emergency paid sick leave under this policy will be discharged, disciplined or discriminated against for use of this leave.

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Board of Directors Representative**

\_\_\_\_\_  
**Date**

Revision to Policy:  
Board approved revision:

## **PROCEDURE:**

1. Employees must notify their manager and the HR Director submit documentation as soon as practicable to their manager and HR and submit the Request for Emergency Paid Sick Leave / Expanded Family Medical Leave form.
2. Once emergency family medical leave has begun, the employee and his or her manager must determine reasonable procedures for the employee to report periodically on the employee's status and intent to continue leave.
3. Manager will track all family medical leave taken in Paylocity to ensure that time taken off is tracked appropriately and that the salary caps are applied.



## Request for Emergency Paid Sick Leave / Expanded Family Medical Leave

To request emergency paid sick leave as provided under the Families First Coronavirus Response Act and Health Services of North Texas Emergency Paid Sick Leave Policy, please complete the following request form and submit to the Human Resources Department as soon as possible. Verbal notice will be accepted until a form can be provided.

Documentation supporting the need for leave must be included with this request, as described in the FMLA Leave Expansion and Emergency Paid Sick Leave policy.

Employee Name (type or print clearly):

Department:

Manager:

Requested Leave Start Date:

End Date:

The amount of emergency paid sick leave being requested is \_\_\_\_\_ hours.

**I am requesting this emergency paid sick leave due to my inability to work (or telework) because**  
(check the appropriate reason below):

- 1) I am subject to a federal, state, or local quarantine or isolation order related to COVID-19.

Name of entity issuing quarantine order: \_\_\_\_\_

- 2) I have been advised by a health care provider to self-quarantine due to concerns related to COVID-19.

Name of health provider issuing quarantine order: \_\_\_\_\_

- 3) I am experiencing symptoms of COVID-19 and seeking a medical diagnosis.

- 4) I am caring for an individual who is subject to either number 1 or 2 above.

Name of family member(s): \_\_\_\_\_

Family member(s) relationship to employee: \_\_\_\_\_

Name of government entity that issues the quarantine or isolation order to which the individual being cared for is subject OR the name health care provider who advised self-quarantine for the individual being cared for: \_\_\_\_\_

5) I am not considered a healthcare worker (under the Department of Labor’s definition) and I am caring for my child whose primary or secondary school or place of care has been closed, online schooling is required by the school (not elected by the parent), or my childcare provider is unavailable due to COVID–19 precautions; and,

I attest that no other suitable person is available to care for my child(ren) during the requested period of leave, nor will a suitable person be caring for my child(ren) during the period for which I will be taking leave.

Name of child(ren) and age(s): \_\_\_\_\_

Name of school or childcare provider: \_\_\_\_\_

I attest that special circumstances exist requiring me to provide care during daylight hours for my child(ren) over the age of 14 years old.

I wish to take leave for reason #5 below, during the following days and hours:

| <u>Monday</u> | <u>Tuesday</u> | <u>Wednesday</u> | <u>Thursday</u> | <u>Friday</u> | <u>Saturday</u> | <u>Sunday</u> |
|---------------|----------------|------------------|-----------------|---------------|-----------------|---------------|
|               |                |                  |                 |               |                 |               |

6) I am experiencing another substantially similar condition specified by the secretary of health and human services.

By signing below, I acknowledge the following:

- I have read and understand the HSNT emergency paid sick leave and expanded family medical leave policies and that I may not receive full pay depending on the reasons for my leave.
  - Sick pay is paid for reason 1-3 at 100% and capped at \$510 per day, \$5110 aggregate
  - Sick time is paid for reason 4-6 at 2/3 pay and capped at \$200 per day, \$2000 aggregate.
  - Expanded family medical leave 12 total weeks of leave: 2 weeks unpaid leave plus 10 weeks at 2/3 pay and capped at \$200 per day, \$10,000 aggregate.
  - I must make arrangements with payroll to supplement paid sick leave with additional leave, such as PTO so that I receive 100% of my pay.
- I must submit sufficient documentation to support my request for leave or it may be denied.
- During leave I am not protected from employment actions that would have affected me regardless of whether I took leave or not.
- I must keep Human Resources informed regarding any changes impacting my return date.
- Employees must return to work on the designated return to work date or provide additional documentation for continued need for leave.

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Date



**HEALTH SERVICES OF NORTH TEXAS, INC. 403B PLAN**  
**AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE**  
**DECEMBER 31, 2019 AND 2018**

**Financial Statements**

Report of Independent Auditors

Statements of Net Assets Available for Plan Benefits ..... 1

Statements of Changes in Net Assets Available for Plan Benefits ..... 2

Notes to Financial Statements..... 3

**Supplemental Schedule**

Schedule H, line 4i -- Schedule of Assets (Held at End of Year) as of  
December 31, 2019 ..... 12

## **INDEPENDENT AUDITOR'S REPORT**

Plan Administrator  
Health Services of North Texas, Inc. 403b Plan  
4401 N. I-35, Suite 312  
Denton, Texas 76207

### **Report on the Financial Statements**

We were engaged to audit the accompanying financial statements of Health Services of North Texas, Inc. 403b Plan (the "Plan"), which comprise the statements of net assets available for plan benefits as of December 31, 2019 and 2018, and the related statements of changes in net assets available for plan benefits for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### **Basis for Disclaimer of Opinion**

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified by Fidelity Management Trust Company and AXA Equitable Life Insurance Company, the Custodians of the Plan, except for comparing the information with the related information included in the financial statements. We have been informed by the plan administrator that the Custodians hold the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the Custodians as of and for the years ended December 31, 2019 and 2018, that the information provided to the plan administrator by the Custodians is complete and accurate.

## **Disclaimer of Opinion**

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

## **Other Matter—Supplemental Schedule**

The supplemental schedule of Assets (Held at End of Year) for the year ended December 31, 2019, is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule referred to above.

## **Report on Form and Content in Compliance With DOL Rules and Regulations**

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodians, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

*Durbin & Company, L.L.P.*

Durbin & Company, L.L.P.  
Lubbock, Texas  
October 13, 2020

**HEALTH SERVICES OF NORTH TEXAS, INC. 403B PLAN  
STATEMENTS OF NET ASSETS AVAILABLE  
FOR PLAN BENEFITS**

**DECEMBER 31, 2019 AND 2018**

|  | 2019      | 2018      |
|--|-----------|-----------|
| <b>ASSETS</b>                          |           |           |
| Investments, at Fair Value             |           |           |
| Mutual Funds                           | 2,240,704 | 1,658,383 |
| Pooled Separate Accounts               | 130,292   | 104,023   |
| Total Investments                      | 2,370,996 | 1,762,406 |
| Receivables:                           |           |           |
| Participants' Contributions            | 3,542     | 11,365    |
| Employer's Contributions               | 93,689    | 97,752    |
| Total Receivables                      | 97,231    | 109,117   |
| Total Assets                           | 2,468,227 | 1,871,523 |
| <br><b>LIABILITIES</b>                 |           |           |
| Net Assets Available for Plan Benefits | 2,468,227 | 1,871,523 |

**HEALTH SERVICES OF NORTH TEXAS, INC. 403B PLAN  
STATEMENTS OF CHANGES IN NET ASSETS  
AVAILABLE FOR PLAN BENEFITS**

**DECEMBER 31, 2019 AND 2018**

|   | 2019      | 2018      |
|---|-----------|-----------|
| <b>ADDITIONS</b>  |           |           |
| Additions to Net Assets Attributable to:                        |           |           |
| Investment Income:  |           |           |
| Net Appreciation (Depreciation) in Fair Value of Investments    | 344,015   | (271,727) |
| Dividends   | 108,846   | 106,560   |
| Interest on Interest-bearing Cash                               | 994       | 546       |
|   | 453,855   | (164,621) |
| Contributions:  |           |           |
| Participant   | 190,613   | 153,320   |
| Employer  | 93,689    | 97,751    |
| Rollover  | 92,104    | 192,390   |
|   | 376,406   | 443,461   |
| Total Additions   | 830,261   | 278,840   |
| <b>DEDUCTIONS</b>   |           |           |
| Deductions from Net Assets Attributable to:                     |           |           |
| Benefits Paid to Participants                                   | 229,059   | 14,627    |
| Corrective Distributions  | 3,800     | 2,426     |
| Administrative Expenses   | 698       | 550       |
|   | 233,557   | 17,603    |
| Total Deductions  | 233,557   | 17,603    |
| Net Increase (Decrease)   | 596,704   | 261,237   |
| Net Assets Available for Plan Benefits at the Beginning of Year | 1,871,523 | 1,610,286 |
| Net Assets Available for Plan Benefits at the End of Year       | 2,468,227 | 1,871,523 |

The accompanying notes are an integral part of these financial statements

**HEALTH SERVICES OF NORTH TEXAS, INC. 403B PLAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018**

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation:** The accounting records of the Health Services of North Texas, Inc. 403b Plan (the “Plan”) were prepared on the accrual basis of accounting.

**Administrative Expenses:** All expenses incurred in the administration of the Plan are paid by Health Services of North Texas, Inc. (the "Sponsor") and therefore, are not reflected as an expense of the Plan. Certain asset management fees are paid by the Plan and allocated to participant’s accounts on a quarterly basis.

**Investment Valuation and Income Recognition:** Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan’s gains and losses on investments bought and sold as well as held during the year.

**Use of Estimates:** The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

**Payment of Benefits:** Benefits are recorded by the Plan when paid.

**Notes Receivable from Participants:** Notes receivables from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on an accrual basis. Related fees are charged directly to the borrowing participant’s accounts and are included in administrative expense when incurred. No allowance for credit losses has been recorded as of December 31, 2019 and 2018. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded based on the terms of the plan document.

**HEALTH SERVICES OF NORTH TEXAS, INC. 403B PLAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018**

**NOTE 2 - DESCRIPTION OF THE PLAN**

The following description of the Health Services of North Texas, Inc. 403b Plan provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

**General:** The Plan is a defined contribution plan covering substantially all employees of the Sponsor who meet eligibility requirements detailed in the plan document. Per plan document an employee becomes eligible to participate in the elective deferral portion of the Plan on his/her first day of employment with the employer. Employees are eligible to receive matching contributions after completing 1,000 hours and one year of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). Effective on January 1, 2001, the Plan was amended as an Elective Deferral 403(b) Plan to allow for discretionary matching contributions on participant deferrals. Prior to the amendment, the Plan Sponsor did not make any contributions to the plan. The Plan was amended and restated effective January 1, 2018.

Effective January 1, 2006, the Plan Sponsor changed custodians from AXA Equitable Life Insurance Company to Fidelity Management Trust Company. As a result of the change, participants could no longer contribute to investment options offered by AXA Equitable Life Insurance Company. Additionally, no matching contributions have been remitted to AXA Equitable Life Insurance Company since 2005.

**Employer's Cash Contributions:** In accordance with the Plan terms, the Plan Sponsor may make discretionary matching contributions, determined and allocated annually. For 2019 and 2018, the Plan Sponsor made contributions equal to sum of 100% of the amount of the participant's elective deferral up to 5% of the participant's compensation.

**Participant's Cash Contributions:** Active participants may contribute up to the maximum dollar amount as set forth by the Internal Revenue Code ("IRC"). Participants have the opportunity to change the contribution percentage they have previously elected as specified in the Plan's Salary Reduction Agreement. The maximum amount a participant can contribute on a before-tax basis during the participant's taxable year is \$19,000 and \$18,500 during 2019 and 2018, respectively, in accordance with IRC Section 402(g)(3).

**Catch-up Contributions:** All employees that are eligible to make elective deferrals under the Plan and who have attained the age of 50 before the close of the plan year are eligible to make catch-up contributions in accordance with, and subject to the limitations of IRC Section 414(v). The maximum catch-up contribution that a participant could defer during the Plan's year ended December 31, 2019 and 2018 was \$6,000.

**Participant Accounts:** Individual accounts are maintained for each plan participant to reflect the participant's contributions and related matching and nonelective contributions. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

**HEALTH SERVICES OF NORTH TEXAS, INC. 403B PLAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018**

**NOTE 2 - DESCRIPTION OF THE PLAN (CONTINUED)**

**Payment of Benefits:** On termination of service due to death, disability, or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant’s vested interest in his or her account, a partial lump-sum, or receive required minimum installment distributions for a period not exceeding the life expectancy of the participant, but must begin withdrawing funds from his or her account upon attaining age 70 and one-half.

For termination of service due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution or as a qualified rollover into another plan or qualified IRA. If the value of the participant’s vested balance does not exceed \$5,000, the Participant’s entire vested account shall be distributed as of the earliest of their retirement date, the date of the participant’s death, or the date of severance.

**Forfeitures:** The Plan Administrator will allocated a Participant forfeiture attributable to all contributions types or attributable to all nonelective contributions or to all matching contributions to pay reasonable plan expenses first from all forfeitures, and allocate accordingly to terms specified in plan document. Additionally, the Plan Administrator will allocate all forfeitures in the Plan Year following the Plan Year in which the forfeitures occur. At December 31, 2019 and 2018, there was \$14,385 and \$4,202 in forfeited non-vested accounts, respectively.

**Investment Options:** The Plan offers a variety of investment options that a participant can choose from. The investment options are interest-bearing cash accounts, mutual funds and pooled separate accounts with underlying investments being primarily in the form of mutual funds.

**Vesting of Benefits:** A Participants has a 100% vested interest at all times in his/her Accounts attributable to Elective Deferrals, QNEC “Qualified Non-Elective Contribution”, Employee Contributions, Safe Harbor Contributions (other than QACA Safe Harbor Contributions), and rollover contributions. The following vesting schedules apply to Matching Contributions and to Nonelective Contributions:

| <u>Years of Service</u>  | <u>Nonforfeitable<br/>Percentage</u> |
|--------------------------|--------------------------------------|
| Less than 1              | 0%                                   |
| 1 Years, but less than 2 | 25%                                  |
| 2 Years, but less than 3 | 50%                                  |
| 3 Years, but less than 4 | 75%                                  |
| 4 Years or more          | 100%                                 |



**HEALTH SERVICES OF NORTH TEXAS, INC. 403B PLAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018**

**NOTE 2 - DESCRIPTION OF THE PLAN (CONTINUED)**

**Notes Receivable from Participants:** Participants are able to borrow from their account balances with interest charged at a rate equal to the “prime rate” plus 2%, which remains in effect for the duration of the loan. Loan terms range from 60 months for a non-residential loan to 180 months for a residential loan. The minimum loan is \$1,000 and the maximum loan is the lesser of 50% of the account value or \$50,000. The loans are secured by the participant’s account balance less any current outstanding loan balance. Principal and interest are paid ratably through payroll deductions. As of December 31, 2019 and 2018, the plan had no notes receivable from participants.

**Hardship Distributions:** The Plan provides for participant withdrawals in the event of financial hardship. Financial hardships include the participants’ purchase of a primary residence, payment necessary to prevent eviction of principal residence and certain education or medical expenses. Hardship withdrawals must be approved by the Plan Sponsor. Hardship withdrawals may only be made once per plan year and only from account funds which are 100% vested.

**NOTE 3 – TAX STATUS**

The Plan has been designed to qualify under Section 403(b) of the Internal Revenue Code (the Code). The terms of the Plan have been prepared to conform to the sample language provided by the Internal Revenue Service (IRS) in Revenue Procedure 2007-71. The Plan is required to operate in conformity with the Code to maintain the tax-exempt status for plan participants under Section 403(b). Plan management believes the plan is currently designed and operating in compliance with the applicable requirements of the IRC. Therefore, no provision for income tax has been included in the Plan’s financial statements.

Accounting principles generally accepted in the United States of America require the plan administrator to evaluate tax positions taken by the Plan and recognize a tax liability for any uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by tax authorities; however, there are currently no audits for any tax periods in progress.

**HEALTH SERVICES OF NORTH TEXAS, INC. 403B PLAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018**

**NOTE 4 – INFORMATION PREPARED AND CERTIFIED BY CUSTODIANS OF THE PLAN**

The following is a summary of the Plan’s investment information as of December 31, 2019 and 2018, and for the years then ended, included in the Plan’s financial statements and supplemental schedules, that was prepared by, or derived from, information prepared by Fidelity Management Trust Company and AXA Equitable Life Insurance Company, the Custodians of the Plan, and furnished to the Plan management. The information has been certified as complete and accurate by each entity.

|  | <u>2019</u>         | <u>2018</u>         |
|--|---------------------|---------------------|
| Investments, at fair value:                                  |                     |                     |
| Mutual Funds   | 2,240,704           | 1,658,383           |
| Pooled Separate Accounts                                     | <u>130,292</u>      | <u>104,023</u>      |
| Total Investments  | <u>\$ 2,370,996</u> | <u>\$ 1,762,406</u> |
| Net Appreciation (Depreciation) in Fair Value of Investments | <u>\$ 344,015</u>   | <u>\$ (271,727)</u> |
| Interest and Dividend Income on Investments                  | <u>\$ 109,840</u>   | <u>\$ 107,106</u>   |

**NOTE 5 - TRANSACTIONS WITH PARTIES-IN-INTEREST**

Fidelity Management Trust Company and AXA Equitable Life Insurance Company, Custodians of the Plan, manage certain Plan investments. Therefore, these transactions qualify as party-in-interest transactions and are denoted as such on the supplemental schedule of assets (held at end of year). Fees incurred by the plan for the investment management services are included in net appreciation (depreciation) in fair value of the investments as they are paid through revenue sharing rather than a direct payment. The plan made direct payments to the third party administrator of \$698 and \$550 for the years ending December 31, 2019 and 2018, respectively. The plan sponsor pays directly other fees related to the plan’s operations.

**NOTE 6 – FAIR VALUE MEASUREMENTS**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

**HEALTH SERVICES OF NORTH TEXAS, INC. 403B PLAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018**

**NOTE 6 – FAIR VALUE MEASUREMENTS (CONTINUED)**

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

**Level 1:** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

**Level 2:** Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

**Mutual Funds:** Valued at the daily closing price as reported by the fund. The mutual funds held by the Plan are deemed to be actively traded.

**Pooled Separate Accounts with underlying mutual fund investment:** Valued based on the observable NAV of the underlying investment.

**HEALTH SERVICES OF NORTH TEXAS, INC. 403B PLAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018**

**NOTE 6 – FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table sets forth by level, with the fair value hierarchy; the Plan’s carrying amounts and fair values as of December 31:

|                            | 2019                |                         |                         |                         |
|----------------------------|---------------------|-------------------------|-------------------------|-------------------------|
|                            | Carrying<br>Amount  | Fair Value<br>(Level 1) | Fair Value<br>(Level 2) | Fair Value<br>(Level 3) |
| Mutual Funds               | \$ 2,240,704        | \$ 2,240,704            | \$ -                    | \$ -                    |
| Pooled Separate Accounts   | \$ 130,292          | \$ -                    | \$ 130,292              | \$ -                    |
| Total Assets at Fair Value | <u>\$ 2,370,996</u> | <u>\$ 2,240,704</u>     | <u>\$ 130,292</u>       | <u>\$ -</u>             |

|                            | 2018                |                         |                         |                         |
|----------------------------|---------------------|-------------------------|-------------------------|-------------------------|
|                            | Carrying<br>Amount  | Fair Value<br>(Level 1) | Fair Value<br>(Level 2) | Fair Value<br>(Level 3) |
| Mutual Funds               | \$ 1,658,383        | \$ 1,658,383            | \$ -                    | \$ -                    |
| Pooled Separate Accounts   | \$ 104,023          | \$ -                    | \$ 104,023              | \$ -                    |
| Total Assets at Fair Value | <u>\$ 1,762,406</u> | <u>\$ 1,658,383</u>     | <u>\$ 104,023</u>       | <u>\$ -</u>             |

**NOTE 7 - RISKS AND UNCERTAINTIES**

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participant’s account balances and the amounts reported in the statement of net assets available for plan benefits.

**NOTE 8 – PLAN TERMINATION**

Although it has not expressed any intent to do so, the Sponsor has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their employer contributions.

**HEALTH SERVICES OF NORTH TEXAS, INC. 403B PLAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018**

**NOTE 8 – PLAN TERMINATION (CONTINUED)**

Upon such termination of the Plan, after payment of all expenses and proportionate adjustments of accounts to reflect such expenses and fund losses or profits, each participant shall be entitled to receive any amounts then credited to the participant's account in the Plan. The participants' respective interests as they exist at the time shall be deemed fully vested. Distributions of accounts shall be made in a manner permitted by the Plan as soon as practicable.

**NOTE 9 – RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500**

The following is a reconciliation of net assets available for plan benefits per the financial statements to the form 5500 at December 31:

|   | <u>2019</u>                |
|---|----------------------------|
| Net Assets Available for Plan Benefits Per Financial Statements                                 | \$ 2,468,227               |
| Less: Participant balances excluded in accordance with<br>DOL Field Assistance Bulletin 2009-02 | (30,829)                   |
| Plus: 2019 Employer's Contribution Receivable Adjustment  | <u>20,267</u>              |
| Net Assets Available for Plan Benefits Per Schedule H of Form 5500                              | <u><u>\$ 2,457,665</u></u> |

|   | <u>2018</u>                |
|---|----------------------------|
| Net Assets Available for Plan Benefits Per Financial Statements                                 | \$ 1,871,523               |
| Less: Participant balances excluded in accordance with<br>DOL Field Assistance Bulletin 2009-02 | (24,264)                   |
| Net Assets Available for Plan Benefits Per Schedule H of Form 5500                              | <u><u>\$ 1,847,259</u></u> |

The following is a reconciliation of the increase in net assets available for plan benefits per the financial statements to the form 5500 at December 31:

|   | <u>2019</u>              |
|---|--------------------------|
| Net Increase in Net Assets Available for Plan Benefits Per Financial Statements                 | \$ 596,704               |
| Plus: 2019 Employer's Contribution Receivable Adjustment  | 20,267                   |
| Less: Participant balances excluded in accordance with<br>DOL Field Assistance Bulletin 2009-02 | (6,565)                  |
| Net Increase in Net Assets Available for Plan Benefits Per Schedule H of Form 5500              | <u><u>\$ 610,406</u></u> |

**NOTE 10 – SUBSEQUENT EVENTS**

The date to which events occurring after December 31, 2019, the date of the most recent statement of net assets available for plan benefits, has been evaluated for possible adjustment to the financial statements or disclosures is October 13, 2020 which is the date on which the financial statements were available to be issued.

**SUPPLEMENTAL SCHEDULE**

**HEALTH SERVICES OF NORTH TEXAS, INC. 403B PLAN**  
**EIN #75-2252866**  
**PLAN #001**  
**SCHEDULE H, line 4i, SCHEDULE OF ASSETS (HELD AT END OF YEAR)**  
**DECEMBER 31, 2019**

| (a) | (b)  | (c)   | (d)         | (e)                 |
|-----|--|---|-------------|---------------------|
|     | Identity of Issue, Borrower,<br>Lessor, or Similar Party | Description of Investment<br>including Maturity Date,<br>Rate of Interest, Collateral,<br>Par or Maturity Value | Cost        | Current<br>Value    |
|     | <b>Mutual Funds</b>                                      |   |             |                     |
| *   | FID 500 INDEX  |   |             | \$ 12,253           |
| *   | FID BLUE CHIP GR   |   |             | 28,481              |
| *   | FID CANADA   |   |             | 71,045              |
| *   | FID CONTRAFUND   |   |             | 86,833              |
| *   | FID DIVERSIFD INTL                                       |   |             | 1,352               |
| *   | FID EMERGING MKTS  |   |             | 58,408              |
| *   | FID EMRG MKTS IDX  |   |             | 1,275               |
| *   | FID EQUITY INC   |   |             | 5,622               |
| *   | FID FDM IDX 2025 INV                                     |   |             | 2,739               |
| *   | FID FDM IDX 2030 INV                                     |   |             | 21,134              |
| *   | FID FDM IDX 2050 INV                                     |   |             | 211                 |
| *   | FID FREEDOM 2015   |   |             | 699                 |
| *   | FID FREEDOM 2020   |   |             | 171,825             |
| *   | FID FREEDOM 2025   |   |             | 132,112             |
| *   | FID FREEDOM 2030   |   |             | 20,504              |
| *   | FID FREEDOM 2035   |   |             | 51,247              |
| *   | FID FREEDOM 2040   |   |             | 207,808             |
| *   | FID FREEDOM 2045   |   |             | 175,784             |
| *   | FID FREEDOM 2050   |   |             | 405,886             |
| *   | FID FREEDOM 2055   |   |             | 61,014              |
| *   | FID GOV CASH RESERVE                                     |   |             | 61,472              |
| *   | FID GOVT MMKT  |   |             | 13,629              |
| *   | FID GOVT MMRK PRM  |   |             | 25,672              |
| *   | FID INTL DISCOVERY                                       |   |             | 4,405               |
| *   | FID INTL GROWTH  |   |             | 30,363              |
| *   | FID LEVERGD CO STK                                       |   |             | 10,450              |
| *   | FID LOW PRICED STK                                       |   |             | 2,029               |
| *   | FID MEGA CAP STOCK                                       |   |             | 13,832              |
| *   | FID OTC PORTFOLIO  |   |             | 75,125              |
| *   | FID OVERSEAS   |   |             | 60,989              |
| *   | FID REAL ESTATE INVS                                     |   |             | 9,692               |
| *   | FID SEL BIOTECH  |   |             | 31,447              |
| *   | FID SEL CONSTR/HOUSE                                     |   |             | 2,171               |
| *   | FID SEL DEFENSE  |   |             | 107,557             |
| *   | FID SEL ENERGY   |   |             | 35,288              |
| *   | FID SEL HEALTHCARE                                       |   |             | 56,583              |
| *   | FID SEL HTH CARE SVC                                     |   |             | 38,050              |
| *   | FID SEL NATURAL RES                                      |   |             | 2,812               |
| *   | FID SEL RETAILING  |   |             | 6,524               |
| *   | FID SM CAP IDX   |   |             | 20,263              |
| *   | FID STRATEGIC INCOME                                     |   |             | 2,496               |
| *   | FID TOTAL BOND   |   |             | 63,000              |
| *   | FID TOTAL MKT IDX  |   |             | 37,952              |
| *   | FID US BOND IDX  |   |             | 6,053               |
| *   | FID VALUE  |   |             | 6,619               |
| *   | AXA GLB EQTY MANAGED VOL                                 |   |             | 18,374              |
| *   | AXA INT VAL MANAGED VOL                                  |   |             | 530                 |
| *   | AXA LG CAP GRW MANAGED VOL                               |   |             | 1,184               |
| *   | AXA LG CAP VAL MANAGED VOL                               |   |             | 19,073              |
| *   | AXA MID CAP VAL MANAGED VOL                              |   |             | 12,041              |
| *   | AXA MODERATE ALLOCATION                                  |   |             | 4,108               |
|     | CHARTER MULTI-SECTOR BOND                                |   |             | 213                 |
|     | CHARTER SMALL CAP GROWTH                                 |   |             | 23,471              |
|     | EQ/BLACKROCK BASIC VALUE EQTY                            |   |             | 21,368              |
|     | EQ/CAPITAL GUARDIAN RESEARCH                             |   |             | 853                 |
|     | EQ/COM STCK INDEX  |   |             | 18,022              |
|     | EQ/EQUITY 500 INDEX                                      |   |             | 903                 |
|     | EQ/MID CAP INDEX   |   |             | 1,143               |
|     | GIA (INCLUDING FROZEN RESERVE)                           |   |             | 1,842               |
|     | MULTIMANAGER AGGRESSIVE EQUITY                           |   |             | 7,166               |
|     |  |   | <u>\$ -</u> | <u>\$ 2,370,996</u> |

\* See Note 5 to the financial statements for transactions with parties-in-interest



**HEALTH SERVICES OF NORTH TEXAS. INC. 403B PLAN**

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October 13, 2020

Plan Administrator and Board of Directors  
Health Services of North Texas, Inc. 403b Plan  
Denton, Texas 76207

We have conducted a DOL limited-scope audit of the financial statements of the Health Services of North Texas, Inc. 403b Plan for the year ended December 31, 2019 and have issued our report thereon dated October 13, 2020. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4 to those financial statements. Because of the significance of the information that we did not audit, we are unable to, and will not, express an opinion on those financial statements and supplemental schedules as a whole. We did, however, audit the form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, in accordance with auditing standards generally accepted in the United States of America and found them to be presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated April 21, 2020. Professional standards also require that we communicate to you the following information related to our audit:

Significant Audit Matters

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Health Services of North Texas, Inc. 403b Plan are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019. We noted no transactions entered into by the Plan during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in performing and completing our audit.

*Corrected & Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 13, 2020.

*Other Audit Findings or Issues*

During our audit procedures we noted that due to failure of required nondiscrimination testing, excess contributions were refunded subsequent to year-end. As such, some highly compensated employees (HCEs) were not able to defer the entire amount they elected to defer under the terms of the plan. We recommend plan management establish procedures to determine maximum percentages allowed for contributions by HCEs in order to reduce or perhaps even eliminate the need for refund of these excess amounts. In addition, we recommend plan management consider options available to them, such as amending the plan to become a safe harbor plan going forward or implementing a nonqualified deferred compensation plan to which the excess annual deferrals can be contributed. Implementation of a nonqualified deferred compensation plan will enable select HCEs to shelter the maximum amount permitted by law.

*Other Matters*

This information is intended solely for the use of the Board of Directors and Management of the Health Services of North Texas, Inc. 403b Plan and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Durbin & Company, L.L.P.*

Durbin & Company, LLP



# HEALTH SERVICES — OF NORTH TEXAS — Medical Care for You

## 2020 STRATEGIC PRIORITIES PROGRESS REPORT

### OCTOBER 2020 SUMMARY

#### PRIORITY 1: EARNED REVENUE

| TASK  | % DONE  | NOTES   |
|---|---|---|
| 340b Program Development                            | 80% of 2020 plan is complete. Future growth anticipated | This project is on-going; however, we have made huge steps this year in developing the program and organically capturing eligible claims for this program. Revenue is intended to increase access to medications and medical care. We added a TPA to manage and support compliance. Six additional contract pharmacies to better serve our patients have been implemented and one additional pharmacy will go live in October 2020. Repayment of duplicate discounts has been challenging and the current plan is to send a check VIA certified mail in October. Duplicate discount was due to initial set up of 1 contract and that was identified in our internal compliance monitoring and we worked with the pharmacy to change the set up. |
| Add Pharmacy at L288                                | 75%   | Pharmacy construction is 90% complete. The Pharmacy and HSNT provider/program team have met and many added benefits are available to our program and patients. Will explore in Q42020 and 2021.   |
| Train Providers at CCMC                             | 25%   | Providers trained on pharmacy resources and 340b. Additional training needed with expansion of contract pharmacies and resources to patients at CCMC.   |
| Recruit commercially insured patients-focus on CCMC | 50%   | We increased commercial payor mix at CCMC to 25%. Because of COVID-19, all visits at this location are currently using telemedicine, activities to promote this program has been have been limited. However, website and marketing plans are in place.  |

#### PRIORITY 2: EMERGING TECHNOLOGY

| TASK                           | % DONE | NOTES  |
|--------------------------------|--------|--|
| Test Real-time Scribe          | 100%   | Researched several solutions (live, recorded session, AI) and settled on AI. Due to benefit and cost. 1 provider successfully using full version and several others using the limited version integrated in our medical record system. |
| Outsource and automate Payroll | 100%   | Payroll transitioned to Paylocity. Staff are trained and ongoing training is needed as we add features to this system.   |

|  |  |   |
|--|--|---|
| Replace HIPAA Help Center platform- integrate more functions                                 | 100%   | Functioning as intended. 100% of staff trained. The additional functions and capabilities have supported our team and process to increase compliance. For example- automated attestations when staff comply with required activities.   |
| Telemedicine   | 80%  | Technology and systems in place, all providers trained and have utilized telemedicine to provide services. Working through access barriers and added technology support for system issues. In 2019 the only service accessed via telemedicine was psychiatric care with a total of 848 visits. In YTD in 2020 we have completed 2,422 visits with an average duration of 21 minutes. Devices, remote monitoring, workflow enhancements and patient access issues still to be addressed. Poised for expansion and full integration of visit type for future use. |
| Increase use of eCW features and functionality   | 100% for current organization capacity. 75% of available functions | HEDIS, PCMH, Scribe, population health, dashboard and data analytics. Plan to continual evaluate and incorporate features relevant to HSNT and available resources. In our experience with other health centers using eCW and eCW support staff, we are high performer in utilizing available features.   |
| Equipment replacement schedule   | 100%   | 5-year cycle- consideration in budgeting process. Ongoing evaluation of technology trends and products  |
| Increase patient utilization of Healow portal app (payments, schedule appt, messaging, etc.) | 75%  | 2019 had 12,591 patient logins in patient portal or Healow app. 2020 had 55,189 logins resulting in a 438% increase in utilization. Increased usage in these elements primarily due to use of telemedicine.<br>Accepting payments: patient portal payments are not available in Healow app yet. New website and social media push to direct patients request appointments electronically.   |

### PRIORITY 3: COMPREHENSIVE SERVICES

| TASK  | % DONE | NOTES   |
|---|--------|---|
| Patient Centered Medical Home                               | 90%    | Extensive work to close gaps in requirements to apply for PCMH. Expect to complete work and apply in November and received approval by end of 2020.   |
| Develop L288 transfer providers to build continuity of care | 70%    | COVID-19 interrupted ramp up plan for 2020. Currently 3 medical providers are practicing at L288 (2 FNP and 1 PNP). LCSW hired to backfill a position and she will join this team.  |
| Prenatal care- ongoing care for Women                       | 30%    | Women's Health providers currently at DSC will rotate and each see patients 1 day each week at L288. Introducing patients to full continuum of care. Plan in place for rotations to start 4Q2020. Evaluating expanding scope of Title X to include L288 or possibly shift from DSC to L288. |
| Prenatal care- retain babies in Pediatric Care              | 30%    | Marketing and communications regarding comprehensive care and plan to connect prenatal patients in place. Postpartum visits scheduled at 288- warm introduction to pediatric provide for child and family practice provider for mom and family members.                                     |

|  |      |   |
|--|------|---|
| Pediatric care- retain in Primary Care           | 20%  | Data analytics promotion of care through life cycle needed to determine goal for retaining patients. Comprehensive care and PCMH are necessary steps to realize this goal. Plan for 2021 to add Pediatrician in Denton to increase capacity and to meet more need while building a stronger program and transitions to adult care.  |
| Implement Primary Care at CCMC                   | 40%  | Part time FNP seeing patients at CCMC. Visits were office visits until COVID-19 and telemedicine visits are currently in place. Ramp up of this program negatively impacted because of public health emergency. Several attempts to set up transition of care process with THR Plano, to date no referrals have been made. However, through community referrals, HSNT website, and other sources we have served 194 patients with primary care in 310 visits at CCMC. |
| PrEP program                                     | 10%  | Slow to get off the ground because of COVID-19 and access to PrEP as well as cost of lab work.  |
| Marketing and Communications Program Development | 100% | New website, Social Climb-patient experience rating continues strong, revamp of patient satisfaction survey using QR code to access from patient smart phone, Business Stakeholder Partners   |

## CONCLUSIONS/RECOMMENDATIONS

Considering the challenges faced in 2020 we have made remarkable progress in these strategic initiatives. The unexpected issues with COVID-19 produced challenges but also opportunity. Strategic use of one-time funding is focused on preparing for new normal that is sustainable and focused on access and quality care. Final report in January 2021.

- 2021 Budget presented to board for consideration in November.
- 2021 priority and goals set in December 2020.

Respectfully Submitted,

Doreen Rue, CEO

## Summary of Contracts and Subawards and Collaborative Relationships

### Contracts and Subawards:

#### **Contracts: Procurement and Monitoring**

- a. The health center has written procurement procedures that comply with Federal procurement standards, including a process for ensuring that all procurement costs directly attributable to the Federal award are allowable, consistent with Federal Cost Principles.
- b. The health center has records for procurement actions paid for in whole or in part under the Federal award that include the rationale for method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. This would include documentation related to noncompetitive procurements.
- c. The health center retains final contracts and related procurement records, consistent with Federal document maintenance requirements, for procurement actions paid for in whole or in part under the Federal award.
- d. The health center has access to contractor records and reports related to health center activities in order to ensure that all activities and reporting requirements are being carried out in accordance with the provisions and timelines of the related contract (for example, performance goals are achieved, Uniform Data System (UDS) data are submitted by appropriate deadlines, funds are used for authorized purposes).
- e. If the health center has arrangements with a contractor to perform substantive programmatic work, the health center requested and received prior approval from HRSA as documented by:
  - o An approved competing continuation/renewal of designation application or other competitive application, which included such an arrangement; or
  - o An approved post-award request for such arrangements submitted within the project period (for example, change in scope).
- f. The health center's contracts that support the HRSA-approved scope of project include provisions that address the following:
  - o The specific activities or services to be performed or goods to be provided;
  - o Mechanisms for the health center to monitor contractor performance; and
  - o Requirements for the contractor to provide data necessary to meet the recipient's applicable Federal financial and programmatic reporting requirements, as well as provisions addressing record retention and access, audit, and property management.

#### **Subawards: Monitoring and Management**

- g. If the health center has made a subaward, the health center requested and received prior approval from HRSA as documented by:



- An approved competing continuation/renewal of designation application or other competitive application, which included the subrecipient arrangement; or
  - An approved post-award request for such subrecipient arrangements submitted within the project period (for example, change in scope).
- h. The health center's subaward(s) that supports the HRSA-approved scope of project includes provisions that address the following:
- The specific portion of the HRSA-approved scope of project to be performed by the subrecipient;
  - The applicability of all Health Center Program requirements to the subrecipient;
  - The applicability to the subrecipient of any distinct statutory, regulatory, and policy requirements of other Federal programs associated with their HRSA- approved scope of project;
  - Mechanisms for the health center to monitor subrecipient compliance and performance;
  - Requirements for the subrecipient to provide data necessary to meet the health center's applicable Federal financial and programmatic reporting requirements, as well as provisions addressing record retention and access, audit, and property management; and
  - Requirements that all costs paid for by the Federal subaward are allowable consistent with Federal Cost Principles.
- i. The health center monitors the activities of its subrecipient to ensure that the subaward is used for authorized purposes and that the subrecipient maintains compliance with all applicable requirements specified in the Federal award (including those found in section 330 of the PHS Act, implementing program regulations and grants regulations in 45 CFR Part 75). Specifically, the health center's monitoring of the subrecipient includes:
- Reviewing financial and performance reports required by the health center in order to ensure performance goals are achieved, UDS data are submitted by appropriate deadlines, and funds are used for authorized purposes;
  - Ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the subaward that may be identified through audits, on-site reviews, and other means; and
  - Issuing a management decision for audit findings pertaining to the subaward.
- j. The health center retains final subrecipient agreements and related records, consistent with Federal document maintenance requirements.

**Collaborative Relationships:**

- a. The health center documents its efforts to collaborate with other providers or programs in the service area, including local hospitals, specialty providers, and social service organizations



(including those that serve special populations), to provide access to services not available through the health center in order to support

- Reductions in the non-urgent use of hospital emergency departments;
  - Continuity of care across community providers; and
  - Access to other health or community services that impact the patient population.
- b. The health center documents its efforts to coordinate and integrate activities with other federally-funded, as well as State and local, health services delivery projects and programs serving similar patient populations in the service area (at a minimum, this would include establishing and maintaining relationships with other health centers in the service area).
- c. If the health center expands its HRSA-approved scope of project:
- The health center obtains letters or other appropriate documents specific to the request or application that describe areas of coordination or collaboration with health care providers serving similar patient populations in the service area (health centers, rural health clinics, local hospitals including critical access hospitals, health departments, other providers including specialty providers, as applicable); or
  - If such letters or documents cannot be obtained from these providers, the health center documents its attempts to coordinate or collaborate with these health care providers (health centers, rural health clinics, local hospitals including critical access hospitals, health departments, other providers including specialty providers, as applicable) on the specific request or application proposal.

**HSNT Policies and Other Resources:**

- AF006 Contracting Review and Approval Policy
- AF011 – Large Procurement Policy
- AF015 – Procurement Policy
- Attached List of Contracts/ MOUs/ Collaborative Relationships





## HSNT Collaborative Relationships

### MOUs:

- Access Information Network
- Callie Clinic
- Carevide
- Collin County Health Department
- Dallas County Health and Human Services
- Denton County WIC
- Giving Hope
- Homeward Bound
- THR Clinic Connect
- Upstate Physical Therapy

### Contracts and/or Referral Agreements:

- Asis Consulting Medical Services
- Denton County Health Department
- Denton Prescription Shop
- E-Psychiatry
- First Refuge Dental
- LabCorp
- Language Link
- Moncrief Cancer Center
- Noble Obstetrics and Gynecology
- Preferred Imaging
- THR Denton
- THR Plano
- Touchstone Imaging
- TWU Department of Dental Hygiene
- Wagner Communications
- Walgreen's
- Walmart
- Youth and Family Counseling

### Other:

- Collin County Epidemiology Department
- Denton Area Care Coordination
- Denton County Public Health Tobacco Event
- Denton County Public Health Communicable Disease Response Team



### Other Collaborative Relationships

**CFO Groups** – HSNT is a member of Texas Association of Community Health Centers CFO network listserv which connects all health center CFOs for questions and answers. HSNT is also part of the United Way of Denton County and Metropolitan Dallas, which also provide a network of accounting and financial personnel to collaborate with.

**Collin County Social Services Association** – HSNT attends monthly meetings to discuss and learn valuable information with service providers and community members of Collin County. The goal of this collaborative organization is to support the attending organizations and members of the community to serve those in need.

**Denton Back to School Fair** – HSNT is actively involved in this collaborative event aimed at equipping families for the start of the new school year by providing health resources, backpacks, and school supplies.

**Denton County Citizens Council on Homelessness Leadership Team** – HSNT Board Member Dale Tampke participates in this collaborative team on behalf of our organization. The team’s goal is to foster through community awareness, data-driven recommendations, and advocacy.

**Denton County Citizens Council on Mental Health Leadership Team** –The team’s goal is to implement system changes to address mental healthcare needs in the community.

**Denton County Community Health Needs Assessment Focus Group** – HSNT participated in this focus group, conducted by Baylor Scott & White Health in collaboration with Methodist Health System, to provide and hear other organizations’ insight on the healthcare needs of our community. The goal of the focus group was to walk away with innovative ideas on collective efforts that will improve community health.

**Denton Hunger Coalition** – HSNT staff attend monthly meetings, which are made up of many city, state, government, nonprofit and community agencies all dedicated to addressing the issue of hunger in Denton County. The Denton Hunger Coalition coordinates hunger relief efforts by facilitating programs that address the issue of hunger.



**Gateway Community Health Center, Inc.** – HSNT worked with this community health center to gather information about their 340b program when we were in the process of expanding our own program.

**North Texas Care Coordination Community Coalition** - HSNT staff attend quarterly meetings focused on care transitions and reducing avoidable hospital readmissions. Coalition members include hospital leadership staff, case managers, pharmacy staff, physicians, nurses, home healthcare workers, and behavioral health providers.

**North Texas Society of Human Resource Management** – HSNT staff are members of this organization, which serves the human resource professional and partners in the business community to network, educate, advance, and transform the profession. North Texas SHRM is the a valuable source of human resources learning and networking in the North Texas region.

**Ryan White Planning Council** – HSNT is a member of the Ryan White Planning Council, a group of HIV-specific service providers that collaborate to develop best practices and outcome measurement tools.

**Texas Association of Community Health Centers (TACHC)** – HSNT is a member of TACHC and CEO Doreen Rue is on the board.