

STATE OF NORTH CAROLINA )  
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COUNTY OF STOKES )  
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OFFICE OF THE COMMISSIONERS  
STOKES COUNTY GOVERNMENT  
DANBURY, NORTH CAROLINA  
TUESDAY FEBRUARY 5, 2019

The Board of Commissioners of the County of Stokes, State of North Carolina, met for a Special Called Meeting in the Commissioners' Chambers of the Ronald Wilson Reagan Memorial Building (Administration Building) located in Danbury, North Carolina on Tuesday February 5, 2019 at 5:00 pm with the following members present:

Chairman Ronnie Mendenhall  
Vice Chairman Andy Nickelston  
Commissioner Rick Morris  
Commissioner Jimmy Walker  
Commissioner Jamie Yontz

County Personnel in Attendance:  
County Manager Jake M. Oakley  
Assistant County Manager/Clerk to the Board Shannon Shaver  
County Attorney Ty Browder

Chairman Mendenhall called the meeting to order and welcomed those in attendance.

**INVOCATION**

Vice Chairman Nickelston delivered the invocation.

**GENERAL GOVERNMENT-GOVERNING BODY-PLEDGE OF ALLEGIANCE**

Chairman Mendenhall invited those in attendance to join the Board in the Pledge of Allegiance.

**GENERAL GOVERNMENT – GOVERNING BODY – APPROVAL OF AGENDA**

Vice Chairman Nickelston entertained a motion to approve or amend the February 5th Agenda. Commissioner Yontz moved to approve the February 5<sup>th</sup> Agenda as presented.

Chairman Mendenhall opened the floor for any discussion/questions/comments.

With no discussion the February 5, 2019 Special Called Meeting Agenda is approved unanimously.

### **LifeBrite – Request for Additional Funding**

Chairman Mendenhall turned the floor over to Hospital Administrator Pam Tillman and LifeBrite CFO Warren Binderman.

LifeBrite CFO Warren Binderman commented:

- I believe in public session at the last meeting Pam discussed the possibility of additional funding for Pine Hall.
- It has taken longer than expected to get the rural health care designation.
- We are taking a pretty severe hit at the facility.
- You were gracious enough to fund us for 3 months at \$20,000.00 per month.
- We are asking you to continue that into February for one additional month.
- We will receive a higher reimbursement once the designation is received and be able to serve the community appropriately.
- It is out of our hands now.
- We have done our part and are now just waiting on the approval.
- I would be happy to answer any questions from the Board.

Chairman Mendenhall opened the floor for any discussion/questions/comments.

Vice Chairman Nickelston commented:

- Thank you for being here to meet with us.
- How many locations do you all actually have in the county?
- How many patients do you serve?

LifeBrite CFO Warren Binderman responded:

- We have the surgical center in King.
- The Danbury facility which includes the doctor's office, hospital, ER, and, skilled nursing facility.
- Rural Hall
- Pine Hall
- The number of patients is a moving target.
- It is really hard to nail down a number.

Vice Chairman Nickelston continued:

- Exactly what would the \$20,000.00 be going towards?

LifeBrite CFO Warren Binderman responded:

- It is working capital.

- We are losing about \$30,000.00 per month.
- We are trying to keep it open.
- Otherwise we would have to shut it down.
- This is for the one location only.
- Just Pine Hall is losing \$30,000.00 per month.
- The hospital is losing a lot more than that.
- The county asked us to open up Pine Hall.
- We agreed to do it and have continued to lose a lot of cash.
- We are okay with sharing the risk but not taking it on 100 percent.
- It would not have been our choice to open Pine Hall.
- We did it because the county asked us to.

Commissioner Yontz commented:

- You said in hindsight you would not have opened up the Pine Hall Clinic.
- Do you think this was a poor business decision?

LifeBrite CFO Warren Binderman responded:

- The community it serves is not a real robust community.
- If we could do work with the copper plant it could be very beneficial.
- We have been in discussion with them for years.

Commissioner Yontz continued:

- I thought that Pam said when she was here the last time that the deal with Wieland Copper was pretty close.
- Maybe I misunderstood.

Hospital Administrator Pam Tillman responded:

- We are close.
- We are already doing some screenings for them.
- We are planning a health fair.
- For their employees that do not have a primary doctor we can do their yearly physicals and that will help them with their insurance rates.

Commissioner Yontz continued:

- With Wieland what kind of revenue source do you think you could create?

Hospital Administrator Pam Tillman responded:

- Having Wieland would enable us to have a second provider.
- The revenue brought in by that as a whole would help to almost double our revenue without having to add more staff leading to more expense.

LifeBrite CFO Warren Binderman commented:

- This would bring us to a break even status.
- We have an obligation to the county and the people to provide good service and that is what we want to do.

Commissioner Yontz continued:

- In your business model are there not funds for handling this kind of thing?

LifeBrite CFO Warren Binderman responded:

- There are funds.
- We are taking a big hit at the hospital.
- We took a big hit when we opened Pine Hall.
- Like I said we would not have taken on Pine Hall had the county not nudged us.
- If you do not want to give us the funding which is your decision, we will have to close the clinic.
- That is just a business decision.
- It is not something we would want to do.

Commissioner Yontz continued:

- How are we advertising the clinic?
- My father lives nearby and when his provider who he really liked and had been seeing at the hospital left he had to find a new doctor.
- He had never even heard of the clinic.

LifeBrite CFO Warren Binderman responded:

- We have gotten the word out in the local paper.
- We have talked to people in the community.
- It is not like we are a large hospital with a marketing budget.
- The return of investment just does not cut it in rural health care.
- Most advertising for rural health clinics is by word of mouth.

Hospital Administrator Pam Tillman responded:

- Locally we have put the banner out front by the entrance announcing the arrival of Marie, our new provider.
- We spoke with the Pine Hall Ruritans hoping that will help spread the word.
- We are planning a health fair with the copper plant.

Commissioner Yontz continued:

- That is all fine for a well-established business but for a business just getting started I think you have to take a more aggressive approach.

Hospital Administrator Pam Tillman responded:

- We have looked at some dates for an open house of the facility.
- I have also been looking at doing a mailing to the zip codes within a certain radius for advertising as well.
- We are supposed to be getting some numbers back.

Commissioner Yontz continued:

- I think it is critical to get in the schools and let parents know you are there.

Hospital Administrator Pam Tillman responded:

- We actually sent out some flyers to the schools to go home with the students advertising sports physicals.

Commissioner Yontz continued:

- That is great.
- I just want to be sure people are getting the full picture and not just thinking that is all you have to offer.

Commissioner Walker commented:

- I read in the paper some time ago about millions of dollars in lab tests being generated through our hospital.
- I remember thinking when I read this that our hospital should be in good shape for years to come.
- I am aware of the volume of lab tests that seemed to have generated at our hospital.
- I am also aware of the lucrative arrangement that rural hospitals have regarding billing for lab services.

LifeBrite CFO Warren Binderman responded:

- The total take away from what you are speaking of is about \$8 million.
- The reason lab outreach is allowed to occur because rural hospitals lose money.
- You can look at the numbers for 2018 and see that.

Commissioner Walker continued:

- Does this number include the money from the high volume of lab tests?

LifeBrite CFO Warren Binderman responded:

- It does not include that.

Commissioner Walker continued:

- Is there a reason why not?

LifeBrite CFO Warren Binderman responded:

- Because we are a private company and we extract that.
- What we want to emphasize that had it not been for lab outreach we would have lost over \$3 million dollars in 2018.
- The newspaper makes it sound like there was 75,000 tests.
- When you get a physical the lab specimen tests there may be 20 tests on one specimen.
- The newspaper makes it sound like an excessive amount of labs.
- I would like you to remember that we sued BCBS first for non-payment.
- We firmly believe they owe us.

Commissioner Walker continued:

- We operated the hospital for about 18 months.
- We lost some money for sure.

- We did reach a point where we were at a threshold of about 15 patients when we would be at a break-even level.
- I am hearing lately some numbers that sounds close to that.

LifeBrite CFO Warren Binderman responded:

- That is true.
- Again these numbers are a moving target.
- We are not staying at 15 every day.
- We are also out of network with BCBS and some billing is having to be written off.

Commissioner Walker continued:

- I was thankful when LifeBrite came along.
- We were near the hospital having to close.
- I remember specifically saying no more funding.
- It seems with the Pine Hall Center you would have had to know that you would incur expenses.
- You are not new to the hospital business.

LifeBrite CFO Warren Binderman responded:

- We actually did not want to open Pine Hall.
- The county twisted our arm.
- The county received a contribution for the facility and asked us to open it.
- We wanted to open a medical office building in King for a surgical center.
- It was a modular building.
- We sat here and discussed it and you all were in and even said consider today day one.
- Then within two or three meetings after meeting with your finance people you came back and said we cannot do this right now.
- The old building went to auction.
- The building went for about \$2 million to Novant.
- The building was worth about \$700,000.00.
- We could not pay that with the return of investment.
- It cuts both ways.
- We are committed to the hospital and to the county.
- We can't keep on losing money forever.

Commissioner Walker continued:

- There are other things too.
- There is urgent care in King.
- Those people in that part of the county have been deprived of a service they thought they were going to have.
- I don't know of many others around that don't have an ER or urgent care.
- I believe it was stated in the contract that this would be something that LifeBrite would do within 6 months of taking over the hospital.
- I specifically asked that it be in there.

- It stated you would have a plan.
- There was a facility already there.

LifeBrite CFO Warren Binderman responded:

- I don't think it says that exactly.
- We said we would evaluate this.
- Health Care has changed.
- We are not the only ones being affected by reduced reimbursements.
- Another thing I don't really understand is according to our doctor at the ER, Stokes County EMS is not bringing patients to the hospital.

Hospital Administrator Pam Tillman commented:

- We are working with EMS Director Brandon Gentry on this.

Commissioner Walker continued:

- That is something we can help with on our end.
- I know at one time our EMS was bringing about 80 patients a year to the King ER.

LifeBrite CFO Warren Binderman responded:

- When you say 80 patients a year that is not a lot in a year's time.

Commissioner Walker continued:

- I just mean that they were bringing patients there instead of taking them somewhere else.
- The ER had other patients.

Commissioner Morris commented:

- Do you remember the bullseye chart we did a while back for the clinic?
- It seems like there were 10,000 people in one of those.
- My point in asking that is the direct mailing needs to be targeted using that radius.
- It does not cost that much to do direct mailing.
- I did that in my campaign and was told that was my most effective tool.
- You have the hospital which is another big piece.
- The other big piece is King.
- How do we interact with you guys?
- You are having to make all of these agile decisions with so many changes.
- We should meet with you quarterly.
- That would help us to know what is going on.
- Things change so fast.
- I have suggested the other elected boards be involved so you only have to do it once.
- I use the hospital for about 90% of my medical care.

Hospital Administrator Pam Tillman responded:

- I do remember the bullseye.
- We will consider that when doing the direct mailings.

LifeBrite CFO Warren Binderman responded:

- We have been keeping the Board abreast on the hospital.
- We are certainly willing to provide more information.
- We have five doctors that are leasing space that want to do surgeries in King.
- We are looking at 300 to 600 surgeries.
- It would be a significant benefit to the hospital.

Commissioner Morris continued:

- If you will keep a balanced approach and keep us informed that will help in many ways.
- This will keep people happy as well.
- On the BCBS thing the big piece of stabilizing everything is getting back the BCBS piece in whatever way that looks like.

LifeBrite CFO Warren Binderman responded:

- If we do come up with some kind of agreement to keep BCBS, my guess is that it will still not be as it was.
- They have taken a hard stance on the lab outreach program.
- They do it in some states but not here.
- BCBS has the national company and affiliated companies that work under their umbrella.

Vice Chairman Nickelston requested that he be excused from the meeting.

Chairman Mendenhall noted that Vice-Chairman exited the meeting.

Chairman Mendenhall questioned County Attorney Browder on the date of the contract with LifeBrite concerning the Pine Hall Center.

County Attorney Browder responded:

- The contract is dated November 3, 2016.

Chairman Mendenhall commented:

- I am trying to take all this in.
- I was not on the Board at the time when this was done.
- Of course we only have one Board member still here that was on the Board at that time, and that is Commissioner Walker.
- We have 4 new members since this transaction.
- Commissioner Morris was the County Manager at the time.
- I guess something that has bothered me that I have heard a couple of times is that the county twisted your arm to make this Pine Hall Center happen.
- Did you go into it knowing that you were not going to be able to make a profit?

LifeBrite CFO Warren Binderman responded:

- If the provider we brought in would have been able to see the 18 patients a day as she claimed then we would have been fine.
- When you cut 1/3 out of that it cuts your ability to break even.



Chairman Mendenhall continued:

- It sounds like what I am hearing is that you did not expect this and that if the provider would have been able to see the patients originally projected you would not be here asking for this.
- I was on the Board that approved the \$60,000.00.
- How are we going to know that you aren't going to come back next month asking for \$20,000.00 again?

LifeBrite CFO Warren Binderman responded:

- I can assure you that we will not be back to ask for more funding.
- We should have the rural health care designation by the end of February.
- We have taken quite a hit on this.
- We will be able to increase rates with the rural health care designation.
- We should be able to come to a resolution on this by February 21<sup>st</sup>.
- As a CFO I will make a commitment to you that I will not be back to ask for another \$20,000.00.
- I will sign an agreement that we will not come back and ask for more funding

Commissioner Walker commented:

- I would like to see if Commissioner Morris can give some information on when this first took place if he is willing and can remember.

Commissioner Morris responded:

- This all started with Pioneer.
- They were not against doing it.
- We basically had a free building with a very friendly lease arrangement.
- We had a discussion with them and they were on Board.

Hospital Administrator Pam Tillman commented:

- We went to meet with Mr. Petree in January of 2015.
- His condition of even starting the paperwork to build the building was that someone would step up and agree to run the facility.
- At that time Pioneer did authorize me to sign the paperwork that the hospital would run the clinic.
- That is how this moved forward.
- You were going on the assumption that the hospital would operate the building.
- The bankruptcy was no one's fault.

Commissioner Morris commented:

- I think with the nice lease agreement we have and with the projection for how many patients you expected to see everybody was comfortable.
- Of course things change.
- I think this is kind of the history of the agreement.

County Attorney Browder commented:

- There were very few minor changes made when LifeBrite assumed the lease.

Commissioner Walker continued:

- When I keep hearing about the \$8 million you earned from lab tests, I am not convinced we should keep giving you money.
- You are a for profit business.

LifeBrite CFO Warren Binderman:

- The \$8 million is not pure profit.
- There are lots of costs associated with that.
- It is not like you get cash and there are no costs.
- This is the same with any business.

Commissioner Walker continued:

- Are you still operating your lab outreach program?

LifeBrite Hospital Administrator Pam Tillman responded:

- When we were busy and operating at a normal level we were doing 600 specimens a day.
- We are now lucky to get 30.
- When you hear numbers and do not look at the context it is easy to think it is just free money.
- I know these tests were being performed because I was rounding up staff and paying overtime to get the tests processed.

LifeBrite CFO Warren Binderman responded:

- In some of the articles it was stated that we were not performing all of the tests in the hospital.
- BCBS has a lot of money and staff to knock us down.
- I think we will come out of it but it will take some time.

Commissioner Walker continued:

- You say the hospital lost \$3.6 million this year.
- Where did this money come from?

LifeBrite CFO Warren Binderman responded:

- The money came from LifeBrite.

Commissioner Walker continued:

- That being said how deep are LifeBrite's pockets?

LifeBrite CFO Warren Binderman responded:

- We have pretty deep pockets.
- We are not going to continue funding something that is losing money.
- You would not do that.
- We are committed until it makes sense not to be committed.

Commissioner Walker continued:

- Should we have a Plan B in case this does not continue to work out?

LifeBrite CFO Warren Binderman responded:

- I hope that we are here for 20 years.
- Rural health care is not the most profitable venture.
- I would have a Plan B.
- That being said you should have a strategic plan or Plan B on everything.
- You never know what is going to happen.

Commissioner Morris commented:

- You are right it is always good to have a strategic plan.
- That is one reason I would like to have a quarterly update with the right information.
- School systems and Medical facilities are very important to a county.
- I think we are in good shape and will continue to monitor it.
- The previous Board approved \$60,000.00.
- I could do the other \$20,000.00 to keep it going.
- I would like to have the agreement you were offering to sign.
- When people ask are they going to get \$20,000.00 more after this, we can say no.
- We can say that because you have an agreement.

LifeBrite CFO Warren Binderman responded:

- On the quarterly update if you all would like to come up with a template we would know exactly what kind of information you are looking for.

Chairman Mendenhall commented:

- I think a template would be a great idea.
- Do any of the Commissioners have a need to go into Closed Session before I think about getting a motion on this?

Commissioner Walker commented:

- If LifeBrite were to see that this is not going to work out, is there any way you could give us a timeframe on when you would be able to give us notice on this?

LifeBrite CFO Warren Binderman responded:

- When I look at this I need to look at the whole picture together.
- If there is any kind of contribution to the bottom line we are not going to cut bait.
- When I look at the data, I am looking at the hospital separate from the other things.
- For example the surgery center it started off okay but it takes time to build up.
- We can't have the surgery center if we don't have the hospital.
- On the other hand if we have something separate like Pine Hall that is just sucking money away then we are forced to make a decision.

Commissioner Walker commented:

- Will any of what is going on affect your accreditation?

LifeBrite CFO Warren Binderman responded:

- No it has not.
- Our lab is certified.

Commissioner Yontz commented:

- I have listened to your comments regarding Pine Hall concerning the rural health care designation.
- It sounds like you feel like you are on the right track; so much so that you are willing to sign a document stating that you will not come back to ask for any additional funding.
- You eluded to Commissioner Walker that LifeBrite has pretty deep pockets.
- Why would you need to ask for \$20,000.00 to keep Pine Hall going?
- If you feel it is headed in the right direction it seems you would be willing to invest in that.
- You also stated that if you do not receive the funding you will close the facility.
- It feels like you are backing me into a corner, and I say me because I do not want to speak for the other Commissioners.
- This would be a pretty small investment if you see the potential is there.

LifeBrite CFO Warren Binderman responded:

- We have deep pockets that go to places that we can see have good return in investment.
- To give you guys some perspective, we have invested close to \$10 million from acquisition to now.
- We lost \$1.9 million in the beginning interim phase of the hospital.
- We want to keep it going.
- We think the surgery center can be very beneficial.
- Swing beds are a little tricky.
- We cannot control the census.
- There are opportunities to increase the bottom line.
- The area where we have gotten stuck is Pine Hall.
- The clinic in King was losing about the same amount of money as the facility in Pine Hall is now.
- We were losing money and there was nothing we could do to get more money.

Commissioner Yontz continued:

- From an investment stand point I am trying to find something where you persuade me.
- Something that tells me this is a smart investment.
- I am looking for a reason that you can give me for you not to invest your own money.
- This is a for profit business.
- Outside of the hospital, and King; we are focusing on Pine Hall.
- No punt intended, what stops the bleeding?

LifeBrite CFO Warren Binderman responded:

- We can't keep absorbing the loss.
- February 21<sup>st</sup> if all goes as expected we will have the rural health designation.
- In 60 to 90 days collections will start coming in we will be able to see a light at the end of the tunnel.

Commissioner Walker commented:

- Once this happens would you be willing to pay back some of the \$60,000.00 or \$80,000.00 that the county has invested?

LifeBrite CFO Warren Binderman responded:

- No.

Commissioner Walker continued:

- Is that a final no?

LifeBrite CFO Warren Binderman responded:

- Yes.

Chairman Mendenhall commented:

- I respect all of my fellow Commissioners and will certainly give up my time to them.
- I would however like a chance to ask a few more questions.
- I have listened to you talk about your rural health care designation, and how it will increase the providers and the profit.
- If I am correct I am hearing that you are losing approximately \$30,000.00 per month.
- At this point you are telling us as a Board that somewhere around February 21<sup>st</sup> should be the date that you will know about the designation.
- I think everyone has hit on this and I am going to hit it again.
- Rural health care is very complicated.
- We know what happens if you close.
- We know the time frame for opening back up.
- I was not on the Board with the Pioneer situation.
- Commissioner Walker is who I rely on in that situation because he is the only member that was on the Board at that time.
- I agree with my fellow Commissioners on that I want an update.
- It is a moving target that can change quickly.
- I don't want to walk in here next week and get a 2 or 3 day notification on closing.
- I will absolutely not go along with this if we do not have a signature from you saying that you will not be back asking for more money.

LifeBrite CFO Warren Binderman responded:

- No matter what the contract says we have to according to law give you at least either a 30 to 60 day notice.

Chairman Mendenhall continued:

- We have a few minutes before our next meeting and we need to take a vote on this.

### **ACTION AGENDA**

Chairman Mendenhall entertained a motion regarding the request from LifeBrite for the additional funding for one month in the amount of \$20,000.00 for the Pine Hall Center.

Commissioner Morris moved to approve the request from LifeBrite in the amount of \$20,000.00 with the signed statement that there will not be an additional request for additional funds for this purpose.

With no second, Chairman Mendenhall asked the Board for a second to the motion.

Chairman Mendenhall noted that the motion failed for lack of receiving a second.

LifeBrite CFO Warren Binderman requested clarification on whether the Chairman could second the motion made by Commissioner Morris if he so chose.

Chairman Mendenhall noted that he was not going to second the motion.

### **Adjournment**

There being no further business to come before the Board, Chairman Mendenhall entertained a motion to adjourn the Special Called Meeting.

Commissioner Yontz moved to adjourn the meeting.

Commissioner Morris seconded

Chairman Mendenhall opened the floor for any discussion/questions/comments.

With no further discussion the motion to adjourn is approved with a 4-0 vote.

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**Shannon Shaver**  
**Clerk to the Board**

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**Ronnie Mendenhall**  
**Chairman**