



University Health System

SPECIAL MEETING OF THE BEXAR COUNTY HOSPITAL DISTRICT BOARD OF MANAGERS

Tuesday, June 21, 2011
1:30 p.m.
Corporate Square, 10th Floor, Conference Room A
4801 NW Loop 410
San Antonio, Texas 78229-5347

MINUTES

BOARD MEMBERS PRESENT:

Robert L. Jimenez, M.D., Chair
Ira Smith, Secretary
Robert Engberg
Alex Briseño
Linda Rivas
Rebecca Q. Cedillo

BOARD MEMBERS ABSENT:

Jim Adams, Vice Chair

OTHERS PRESENT:

George B. Hernández, Jr., President/Chief Executive Officer, University Health System
Bryan Alsip, M.D., Executive Vice President/Chief Medical Officer, University Health System
Tim Brierty, Chief Executive Officer, University Hospital
Francine Crockett, Vice President, Materials Management, University Health System
Peggy Deming, Executive Vice President/Chief Financial Officer, University Health System
Xavier Gonzalez, RVK Architects
Michael Hernandez, Vice President, Legal Services and Risk Management, University Health System
Leni Kirkman, Vice President, Strategic Communications & Patient Relations, University Health System
Christann Vasquez, Executive Vice President/Chief Operating Officer, University Health System
Mark Webb, Vice President, Facilities and Project Development, University Health System
And other attendees.

MEDIA:

Richard Marini, San Antonio Express News

CALL TO ORDER AND RECORD OF ATTENDANCE: ROBERTO L. JIMENEZ, M.D., CHAIR, BOARD OF MANAGERS

Dr. Jimenez called the meeting to order at 1:40 p.m.

INVOCATION AND PLEDGE OF ALLEGEANCE:

Volunteer Chaplain Loretta Welsh said the invocation and Dr. Jimenez led the pledge of allegiance.

CITIZENS' PARTICIPATION: None.

NEW BUSINESS:

Mr. Hernández announced that transportation to and from the UTHSCSA School of Nursing had been arranged for a viewing of the newly re-designed patient room mock ups. The tour is expected to last about 30 minutes and all Board meeting attendees are invited after the meeting.

ITEMS RELATED TO BUDGET & FINANCE – ROBERT ENGBERG, CHAIR, BUDGET & FINANCE COMMITTEE

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH CAREFUSION FOR:

AN AUTOMATED MEDICATION DISPENSING SYSTEM – MARY ANN MOTE

SUMMARY: This contract is for upgrade of the leased Pyxis MedStation Automated Dispensing Cabinets. The current contract is due to expire in August 2012, however, the Health System has been offered the opportunity to upgrade the equipment prior to the expiration of the current contract. Additionally, a part of the newly renegotiated contract includes the addition of 24 Anesthesia System MedStations to be utilized in the Operating Rooms. There are a total of 59 currently in place in other patient care areas. Use of the Anesthesia System machines will be an integral part of the Health System's plan to improve and streamline the activities in the Operating Room. All the units will be set up and in place between now and January 1, 2012. This is a planned expense and operating funds have been included in the Year 2011 Operating Budget. As compared to the previous contract there is a 12.6% (\$451,620) net increase. The net increase is comprised of a 4.9% (\$174,780) decrease due to renegotiation of upgraded equipment coupled with a 17.5% (\$626,400) increase associated with the addition of the 24 Anesthesia System MedStations. CareFusion Solutions has an Affirmative Action Plan or Policy in effect and has a total of 6,665 employees. The Workforce Composition Data was reviewed with the Board.

RECOMMENDATION: Staff recommends approval to award the contract to CareFusion for a 5 year term that will upgrade the current MedStation 3500 system to the new MedStation 4000 system and add 24 new Anesthesia System machines. The total cost of this contract is not to exceed \$4,027,020 plus an optional amount of \$402,702 for a total of \$4,429,722. This is a negotiated contract through MedAssets and meets the competitive bid process.

ACTION: A **MOTION** to approve staff's recommendation was made by Mr. Briseno, **SECONDED** by Ms. Rivas and **PASSED UNANIMOUSLY**.

- EVALUATION:** Dr. Jimenez requested additional information from Dr. Alsip regarding adverse drug events and the reduction rates that can be attributed to use of this automated medication system. Ms. Rivas asked if any FTE positions would be affected as a result of the automation. Currently, there is one FTE pharmacist covering both Operating Room floors and two FTE technicians. Although Ms. Mote anticipates that there will be a reduced need for manual charge entries, she cannot predict at this time how the FTE's will be affected. The reason is that the carts, which are maintained in the actual Operating Rooms, will be filled after hours. However, these pharmacy positions are in demand and if it becomes necessary to reduce FTE's in this area, they can be easily placed at the main pharmacy or at another Health System location.
- FOLLOW-UP:** Additional information from Dr. Alsip regarding adverse drug event reduction rates.

PERIOPERATIVE SERVICES SUPPLY CHAIN AUTOMATION – TIMOTHY BRIERTY

- SUMMARY:** This contract is for Perioperative Services Supply Chain Automation. The benefits to be derived from automation of the Perioperative Services Supply Chain include: automated charge capture of all supplies used by the surgical team during a procedure; automated refill lists for replacement of supplies; improved inventory control and expiration date tracking and electronic tracking of user access to high cost supply items. Additionally, this system provides a mobile wireless solution for specialty supply carts at the point of care and facilitates the Health System's ability to comply with the Joint Commission standards and other governmental regulations. The installation phase will be completed within 90 days, and CareFusion will provide one dedicated FTE to manage the system at University Hospital. This is an unbudgeted expense of \$360,647 in 2011; however, capital funds are available for this acquisition which is included as a priority item on the 2011 Capital Prioritization List. The projected net return on investment is \$6.2M or 118%. The return on investment is based on supply spend reduction, inventory reduction and increased charge capture, which will be reflected in the supplies expense line item in the financial statements. The net cost of \$143K can be absorbed in this year's budget. Included in this contract is an option to add additional equipment up to 10% of the initial value of this contract for a period of one year from the initial effective date. Exercise of this option should not exceed \$283,025. There are no additional costs for maintenance, software upgrades or for upgrading obsolete equipment. CareFusion Solutions has an Affirmative Action Plan or Policy in effect and has a total of 6,665 employees. The Workforce Composition Data was reviewed with the Board.
- RECOMMENDATION:** Staff recommends Board of Managers approval of a five year agreement with CareFusion to provide supply chain automation for Perioperative Services. The total cost of this contract is not to exceed \$2,830,253, plus an optional amount of \$283,025 for a total of \$3,113,278. This is a negotiated contract through MedAssets and meets the competitive bid process.

- ACTION:** A **MOTION** to approve staff's recommendation was made by Mr. Briseno with the **PROVISO** that staff provide a cumulative report of all items that are unbudgeted, in context with the impact of legislative cuts. The **MOTION** was **SECONDED** by Ms. Rivas and **PASSED UNANIMOUSLY**
- EVALUATION:** Mr. Briseno asked Mr. Hernandez for assurance that staff had complied with due diligence regarding the competitive bid process, due to the previous long standing relationship with this vendor. Mr. Hernandez replied that he was indeed comfortable with the independence factor in the bidding process. Mr. Briseno also expressed support for the automation efforts which are in line with the article that appeared in the San Antonio Express News on Monday, June 20, 2011, stating that the Health System in about the top 3.2 percent of all the nation's health care systems in electronic medical records adoption.
- FOLLOW-UP:** Staff will provide a cumulative report of all approved, unbudgeted items for 2011.

UPDATE ON COMPREHENSIVE NETWORK TO PROVIDE CHILDREN'S SERVICES - MARK WEBB

SUMMARY: Earlier this year, University Health System and CHRISTUS Santa Rosa signed a Memorandum of Understanding (MOU) to enter into an agreement that would allow for the two health systems to establish a comprehensive network of children's services in San Antonio, including a freestanding academic children's hospital to serve our community and region.

Since that time, both health systems have been working diligently to finalize the MOU and develop finance and operational plans. Additionally, another group has initiated facility and strategic planning efforts. Although initial feasibility studies had already been completed, both systems agreed that more in-depth analysis and planning were needed to ensure a successful start of the project.

In an effort to expedite the initial planning activities, both systems agreed to interview two highly qualified & specialized industry experts that had previous working experience with health system staff members.

The facility/strategic planning group, consisting of University Health System (George Hernandez, Christann Vasquez, Mark Webb) and CHRISTUS (Patrick Carrier, Marcy Doderer, Cary Fox, Julia Fetzer) team members interviewed McManis Consulting and Blue Cottage Consulting.

McManis Consulting is a leading healthcare research and consulting firm that provides management consulting services to health systems and freestanding hospitals, academic medical centers, children's hospitals, small community and rural hospitals, medical group practices and other physician organizations with offices in Washington, D.C., Denver, and Dallas. McManis also included expertise from

ANSHEN+ALLEN/Stantec to provide facility planning services. Team members have working experience in strategic planning, clinical service lines, market analysis, business planning, governance, business and financial feasibility, and financial planning.

Recent children's hospital experience includes UCSF Children's Hospital, CS Mott Children's Hospital (University of Michigan Health System), Yale New Haven Children's Hospital, Memorial Hermann, Denver Children's and the Children's Hospital of Colorado Springs, Cook Children's Hospital, LeBonheur Children's Medical Center, Mt. Washington Pediatric Specialty Hospital, St. John's Children's Hospital, and Driscoll Children's Hospital.

Blue Cottage Consulting is an independent, woman-owned healthcare consulting firm specializing in visioning, strategy, operations, and facility planning based in Ann Arbor, Michigan. Blue Cottage has also included expertise from the Healthcare Solutions division of Jones Lang LaSalle to provide assistance in the financial analysis portion of the engagement. Team members have working experience in healthcare management, nursing, planning, and engineering, as well as certification and professional training in special skills such as lean operations, six sigma, and executive coaching.

Recent children's hospital experience includes Phoenix Children's Hospital, The Children's Hospital and The University of Colorado Hospital, CHRISTUS Santa Rosa Children's Hospital, Ann & Robert H. Lurie Children's Hospital of Chicago, Intermountain Health Care Primary Children's Medical Center, Helen Devos Children's Hospital, University of Maryland Hospital for Children, and Cincinnati Children's Hospital Medical Center.

The two firms were asked to submit detailed proposals which included cost information. After interviewing both firms and careful consideration of each firm's proposed work plan, team members, project experience, schedule, and fees, the committee chose to engage Blue Cottage Consulting. Proposed fees for each firm were within 1% of each other.

The scope of work components to be performed by the Blue Cottage team include:

Clarity of Mission – articulate the vision, strategic direction, and organizational governance of the entity, as well as network needs/enhancements, physician practice model options, clinical program development, signature programs, and destination services.

Clarity of Need and Feasibility – understand need, market, and competitive landscape in relation to the vision and strategic roadmap and apply relevant metrics and information to the site, scoping, and sizing components that follow to create a comprehensive network of children's services.

Facility Planning – establish flexible and strategic plans for facility scoping, site, massing, master programming, implementation plan, and phased facility program with defined space needs at various locations to develop the network of children’s services

The scope of work, which also includes considerable community/stakeholder outreach and involvement, is scheduled to be completed in the Fall 2011 timeframe.

University Health System staff are working with CHRISTUS Santa Rosa to finalize the partnership agreement. Additionally, staff is working to identify the appropriate amount of capital funds to support the initial planning efforts for the children’s hospital initiative. Staff will be prepared to brief the Board during the July or August meeting with recommendations for funding and partnership agreement consideration, followed by consideration of the Blue Cottage contract.

RECOMMENDATION:

This report was provided for information purposes only

ACTION:

None.

EVALUATION:

The cost of recruiting the recommended consultants will be split between University Health System and CHRISTUS Santa Rosa. Staffs of both entities have been actively involved in the process thus far and are estimating the cost for retaining these consultants will be \$638,000. Board members expressed concern in that the Children’s Hospital has been, and is still today, a sensitive and possibly a politically hot topic; they advised staff to proceed carefully by giving Board members an opportunity to provide input and to participate in the decision-making process as much as possible. Several Board members were involved in the community effort to establish a children’s hospital 15 years ago and are intimately familiar with the issues that did not allow the project to move forward. Dr. Jimenez and Ms. Rivas suggested that presentations to the Board by the various joint staff committees would be a good start in bringing the Board up to date. Further, Ms. Rivas expressed concern with a recent announcement by CHRISTUS of its intent to reduce employee hours. She is interested in learning more about the impact of this action on the community and also in knowing more about CHRISTUS’ financial stability to invest in a children’s hospital. Dr. Jimenez identified other major players as being the community physicians and the Health Science Center.

Mr. Briseno suggested that staff build upon the term “Children’s Health Network” as opposed to using the term “Children’s Hospital.” Ms. Cedillo noted that the scope of work at this point would more appropriately be for a consultant to “solicit community/stakeholder outreach and involvement,” which could then be tied to the whole aspect of a children’s health network. Dr. Jimenez agreed and reminded staff of Ms. Cedillo’s expertise in strategic planning. Her expertise is available to staff and he urged staff to consult with her regarding these types of issues. Dr. Jimenez requested additional background information on the consultants that were interviewed and are being proposed by the staff.

Board members cautioned staff about proceeding too quickly without their input. They must be prepared to answer questions from the communities they represent and must be knowledgeable of the sensitive and political projects that the Health System undertakes.

Mr. Hernandez reiterated that today's report is merely informational in nature and meant to update the Board of the project's status. He did not want to get too far along without updating the Board. He thanked the Board members for their valuable input and agreed that a special meeting in August to discuss major issues such as the children's hospital was in order. Mr. Smith urged his colleagues to make themselves available for a retreat in the near future.

FOLLOW-UP:

Staff will poll the Board members for their availability to review the estimated impact of legislative actions on the Health System, and to discuss governance issues regarding a Children's Health Network.

ADJOURNMENT:

Dr. Jimenez invited the Board members to the UTHSCSA School of Nursing to view the re-designed patient room mock up for the new Trauma Tower at University Hospital. There being no further business, he adjourned the public meeting at 2:55 p.m.

Robert L. Jimenez, M.D., Chair
Bexar County Hospital District
Board of Managers

Ira Smith, Secretary
Bexar County Hospital District
Board of Managers

Sandra D. Garcia, Recording Secretary