REGULAR MEETING OF THE BOARD OF MANAGERS

Tuesday, April 24, 2007
6:00 p.m.
Board Room, University Center for Community Health
701 S. Zarzamora
San Antonio, Texas

MINUTES

BOARD MEMBERS PRESENT:

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

OTHERS PRESENT:

George B. Hernández, Jr., President/Chief Executive Officer, University Health System
Leroy Bernal, Administrative Director, Surgical Services, University Hospital
Yolanda Cantu, Director, Radiology Services, University Health System
Francine Crockett, Vice President, Purchased Resources, University Health System
Peggy Deming, Executive Vice President/Chief Financial Officer, University Health System
Theresa De La Haya, Vice President, Community & Women’s Health Services
Steve Enders, Senior Vice President, Ambulatory Services, University Health System
Roe Garrett, Vice President/Controller, University Health System
Edward Grab, President/CEO, UT Medicine
Chase Guion, Administrative Resident, Office of the President/CEO, University Health System
William Henrich, M.D., M.A.C.P., Dean, School of Medicine, UTHSCSA
Carlos Jaen, M.D., Professor and Chair, Family and Community Medicine, UTHSCSA
Charles Kight, President/CEO, Community First Health Plans, Inc.
Leni Kirkman, Executive Director, Corporate Communications, University Health System
Cervando Martinez, M.D., Professor, Department of Psychiatry, UTHSCSA
Gabriel Martyak, D.O., M.B.A., Associate Dean for Clinical Affairs, Office of the Medical Dean, UTHSCSA
Karen McMurry, Vice President, Legal Services & Risk Management, University Health System
Gary McWilliams, M.D., Senior Executive Vice President/Chief Ambulatory Services Officer, University Health System
Mary Ann Mote, Vice President/Chief Revenue Officer, University Health System
Pamela Otto, M.D., President, Medical/Dental Staff, Medical Director, Radiology Services, University Health System; and Associate Professor, Department of Radiology, UTHSCSA
Bill Phillips, Executive Director/CIO, Information Services, University Health System
Nancy Ray, R.N., M.A., Associate Administrator, University Hospital
CALL TO ORDER AND RECORD OF ATTENDANCE: - ROBERT JIMENEZ, M.D.:  

Dr. Jimenez called the meeting to order at 6:12 p.m.

INVOCATION & PLEDGE OF ALLEGIANCE:

Rev. Calvin Copeland said the invocation and Dr. Jimenez led the pledge of allegiance.

SPECIAL RECOGNITION:

<table>
<thead>
<tr>
<th>Professional</th>
<th>Debra Luna</th>
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<tr>
<td>(Nursing)</td>
<td>Staff Nurse III, Pediatrics ICU</td>
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<tr>
<td>Professional:</td>
<td>Polly Barnes</td>
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<tr>
<td>(Non-Nursing)</td>
<td>Licensed Professional Counselor, Detention Health Care Services- Juvenile</td>
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<td>Management:</td>
<td>Michael Sanchez</td>
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<td>Material Team Manager, Operating Room, Operations Support</td>
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<td>Technical:</td>
<td>Cheryl Burns-Brown</td>
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<td>Nurse Care Coordinator, Team Leader, Community First Health Plans</td>
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<td>Clerical:</td>
<td>Rosalinda Rivera</td>
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<td>Outpatient Customer Service Rep., Adult Diabetes Clinic - UCCH</td>
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<td>Service:</td>
<td>Hermelinda DeLeon</td>
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<td>Environmental Team Leader, Environmental Services</td>
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<td>Volunteer:</td>
<td>David Paredes</td>
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<td>Volunteer, Volunteer Services</td>
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<td>Physician:</td>
<td>Gianina Gomez</td>
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<td></td>
<td>Resident, House Staff, Psychiatry</td>
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<td>Team:</td>
<td>Printing Services</td>
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<td>Elida Barraza, Gilbert Moncada</td>
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All of this year’s quarterly recipients will be special honored guests at the Annual Recognition Awards Ceremony. Employees of the Quarter receive a Lucite plaque, logo-embossed pen and an opportunity to select one of numerous awards valued at $100 on the Employee Recognition website.

**CTIZEN PARTICIPATION** - None.

**APPROVAL OF MINUTES OF PREVIOUS MEETING OF THE BOARD OF MANAGERS:**

**MARCH 20, 2007 (SPECIAL MEETING) and MARCH 27, 2007 (REGULAR MEETING) – DR. JIMENEZ**

**SUMMARY:** The minutes of the special meeting of March 20, 2007, and the regular meeting of March 27, 2007, were presented for approval.

**RECOMMENDATION:** Dr. Jimenez recommended approval of the minutes as submitted.

**ACTION:** A MOTION for approval of the minutes was made by Mr. Adams, SECONDED by Ms. Rivas, and PASSED UNANIMOUSLY.

**EVALUATION:** None.

**FOLLOW-UP:** None.

**REPORT FROM THE PRESIDENT OF THE HEALTH SCIENCE CENTER – DR. FRANCISCO CIGARROA**

**SUMMARY:** Dr. Cigarroa echoed Reverend Copeland’s sentiments regarding the tragedy at Virginia Tech; he prays for God’s protection of students and faculty every day. Dr. Cigarroa reported on the re-dedication of the Children’s Cancer Research Institute, which took place in recognition of the Greehey Foundation’s $25 million contribution to UTHSCSA. The Health Science Center is now home to the Greehey Academic and Research Campus and the Greehey Children’s Cancer Research Institute. Dr. Henrich introduced Lew Greenberg, M.D., Vice Dean for Clinical Affairs. Dr. Greenberg’s diverse background in group practice management makes him an expert in his field and adds new dimension to the team. Dr. Pam Otto acknowledged the physician leaders present.

**RECOMMENDATION:** None.

**ACTION:** None.

**EVALUATION:** None.

**FOLLOW-UP:** None.

**REPORTS OF STANDING COMMITTEES** – None.

**UNFINISHED BUSINESS** – None.

**NEW BUSINESS**

**A. Consent Agenda – Dr. Jimenez**

**Action Items:**

1. Report from the Medical/Dental Staff – Pam Otto, M.D., President of the Medical/Dental Staff
   (a) Consideration of Medical/Dental Staff Recommendations Regarding Staff Membership
2. Consideration of Purchasing Activities (See Attachment A) – Francine Crockett
Information Only Items:

3. Report on Improving Operating Room Efficiency – Greg Rufe
4. Report on 1st Quarter Progress on 2007 Strategic Priorities - Theresa Scepanski
5. Report on 1st Quarter Investments – Roe Garrett
6. Report on Federal and State Legislative Activity – Christine Yanas

RECOMMENDATION: Staff recommended approval of the items listed on the consent agenda.

ACTION: A MOTION for approval of this recommendation was made by Mr. Briseño, SECONDED by Mr. Engberg, and PASSED UNANIMOUSLY.

EVALUATION: None.
FOLLOW-UP: None.

ITEMS RELATED TO PLANNING & OPERATIONS – IRA SMITH, CHAIRMAN, PLANNING & OPERATIONS COMMITTEE

CONSIDERATION OF EXTENDING THE LETTER OF INTENT (LOI) WITH CENTRO DEL BARRIO REGARDING A SOUTHSIDE DIALYSIS FACILITY – STEVE ENDERS

SUMMARY: Mr. Enders reported that last week he had informed the Planning & Operations Committee that development of the overall project to locate a UHS renal dialysis service within El Centro Del Barrio’s planned new facility on Commercial Avenue on San Antonio’s Southside, which was approved one year ago by the Board of Managers via a Letter of Intent (LOI), has been slower than originally contemplated due to difficulties in securing financing for the project.

Centro Med has now decided to seek tax-exempt bond financing through the Bexar County Health Facilities Development Corporation through Bexar County Commissioners Court. (Note: The bonds would be payable from CentroMed operational revenues and payments under a letter of credit secured by CentroMed, not from public funds.) Securing a letter of credit commitment is taking longer than anticipated. CentroMed’s current financing schedule calls for closing the bond issue in early Fall, 2007.

The current LOI with Centro will terminate on May 1, 2007 and Centro will have to return the $100,000 already paid to the Health System unless the long-term lease is executed by May 1, 2007 (which will not be possible) or the May 1, 2007 date is extended by mutual agreement of the two parties. Centro has requested that the LOI termination date be extended to December 1, 2007.

Staff is confident that Centro will be able to secure financing through the Bexar County Health Facilities Development Corporation and secure a letter of credit. The Health System’s long-term need for additional dialysis stations (as anticipated in last year’s business plan) remains. There is some concern however about the escalating costs of construction due to the delay in the project. Given the time lapse, it is possible that
we will need to seek some additional funding for this project, but this will not be known until after the design phase when a detailed construction estimate can be developed. However, if construction begins this year, staff may still be able to work closely with Centro during the design phase to plan and build a cost effective facility which could remain within the cost parameters approved by the Board.

RECOMMENDATION: The Planning & Operations Committee recommends approval of the extension of the termination date in the LOI with Centro Del Barrio from May 1, 2007 to December 1, 2007 in accordance with the First Amendment to Letter of Intent.

ACTION: A MOTION for approval of this recommendation was made by Mr. Smith, SECONDED by Mr. Adams, and PASSED UNANIMOUSLY.

EVALUATION: Mr. Adams expressed concern that staff did not present an estimated amount in the increase for construction costs due to the delay. It is not good stewardship for the Board of Managers not to know these numbers. He asked that staff return with a definite number, and that staff communicate the Board’s desire for collective timeliness on this project to Centro staff.

FOLLOW-UP: Staff will return with a periodic progress reports and convey the Board of Manager’s concerns to Centro staff.

REPORT ON THE MASTER FACILITY PLANNING INFORMATION GATHERING & ANALYSIS AND APPROPRIATE ACTIONS ON RESULTS ON GOALS SETTING PROCESS – JEAN SETZER

SUMMARY: The Health System’s mandated mission to provide medical and hospital care to needy residents has evolved over the last 50 years in ways that enhance value in the community. The Health System has build upon its foundation as the safety net provider and academic medical center to promote the good health and to provide tertiary care to the entire community, thus strategically reinvesting in the community by:

- Teaching the Next Generation of Health Professionals;
- Supplementing revenue to sustain the Health System’s fiscal strength;
- Generating new knowledge through best practices research; and
- Expanded access through partnerships.

The University Health System is engaged in a Master Facility and Business Plan to assure adequate facilities to support the mission and its key strategic initiatives and partnerships.

Dr. Setzer explained that the Master Facility planning process resembles more a series of overlapping circles than a straight line. Activities in each phase inform and shape the outcomes of other related planning tasks. The preliminary goal statements guiding functional planning were reviewed in detail with the Board. The statements (Customer Satisfaction, Best Practices, Efficient & Effective Operations, Facilities to Support Mission & Strategies, Fiscal Sustainability, Strengthened Partnerships, Community Health, and Fiscal Strength) were condensed
and reformatted to depict their relationship to the UHS Mission (Appendix B) as recommended by the Planning & Operations Committee. The 5 phases of the process were also reviewed in detail and Broaddus & Associates Consultants presented preliminary findings on three critical elements or tasks of the Information Gathering & Analysis Phase:

Task 1: Need/Demand Study & Market Share Model  
Task 2: Preliminary Site & Capacity Analysis  
Task 3: Initial Condition Assessment of University Hospital & University Health Center Downtown

Dr. Setzer explained that today’s presentation was intended to provide the foundation for upcoming tasks and phases. Critical to these are decisions affirming staff’s recommendation to focus on four tertiary services that meet the criteria of Beacon or Featured Services. Beacon services are those that the Health System and its physician partners at The University of Texas Health Science Center at San Antonio have achieved a distinctive level of regional excellence and now attract funded patients. These include Trauma, Cardiopulmonary, Neurosciences, and Transplant. As part of the Master Facility Plan, consideration will be given to assuring capacity to grow and sustain their clinical prominence. During the next two months, staff and consultants will continue to refine and bring to the Board of Managers operational, financial and functional space analyses assessing how to best support these clinical Beacons. The consultant’s presentation summarized a preliminary site analysis and described the initial conditional assessment for University Hospital and the University Health Center Downtown.

Staff proposed that the Board of Managers review the results of these critical data gathering and analyses on programs recommended for expanded support. Today’s report included the results of the site and facilities’ assessments. Additionally, staff proposed a need/demand model for projecting activity and space needs, as well as review of the results of the best practices teams addressing nursing models, materials management, people movement and way finding, and ambulatory services.

**RECOMMENDATION:** The Planning and Operations Committee recommends that the Board of Managers approve the UHS Mission and Underpinnings or guiding principles, as shown in Appendices A & B; and affirm that the staff move forward to assess the operational, financial and functional space requirements for the four Beacon services.

**ACTION:** Mr. Adams made a **MOTION** to endorse the approach being used by staff and the Broaddus consultants and encouraged staff to flesh out the recommendation on the four Beacon services to consider ambulatory issues. Additionally, Mr. Hernandez will assure that Bexar County Commissioners Court is briefed at a point when there is generalized agreement among the Board, since there has not been a clear and precise discussion on how the Beacon services were reached. This **MOTION** was **SECONDED** by Mr. Briseño.

**EVALUATION:** A detailed discussion ensued between Board members, consultants and staff regarding the service Beacons, underpinnings and mission statement
of the University Health System. Mr. Engberg stated that his preference for the master facility planning process is to have staff continue its quality work and present findings to the Board of Managers as a Committee of the Whole so that all Board members can move collectively, with the same level of knowledge, through this process. Messrs. Adams and Briseño agreed.

FOLLOW-UP: Staff will return with additional information to support their recommendation on service Beacons and will better describe how ambulatory issues are being taken into account. Special Board meetings will be called in lieu of committee meetings during the various phases of the master facility planning process.

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

CONSIDERATION OF SELECTED PURCHASING ACTIONS RECOMMENDED BY THE BUDGET & FINANCE COMMITTEE – GEORGE HERNANDEZ


RECOMMENDATION: The Budget & Finance Committee recommends the Board of Managers approve and authorize the President/CEO to enter into a construction contract with Jamail & Smith Construction in the amount of $1,525,000.00 to build a third angiography suite and expanded recovery room for Phase 2 of this project.

ACTION: A MOTION for approval of this recommendation was made by Mr. Engberg, SECONDED by Mr. Adams, and PASSED UNANIMOUSLY.

EVALUATION: None.

FOLLOW-UP: None.

CONSIDERATION OF FINANCIAL/OPERATIONS REPORTS FOR MARCH 2007 – PEGGY DEMING

SUMMARY: In March activity was up 1.2% for the Clinical Services (as measured based on discharges adjusted for outpatient activity). This is the second month that improvements have been noted in patient lengths of stay. The improvements are directly attributed to actions taken by staff and our physician partners to improve the timing of patient discharges when medically appropriate. Community First Health Plan (CFHP) fully-insured membership was down 2.1% for the month. When consideration is given to the significant level of retroactive enrollment figures for Medicaid and STAR members provided in April that should have been reflected in the March enrollment figures, the fully-insured membership would have been in line with budget. From operations, the Health System experienced an $848,000 gain which was a $1.7 million positive variance from the budgeted loss of $838,000. The positive operating performance was due to higher operating revenue. Investment income exceeded budget by $577,000 and included a $1,000 realized loss on the prepayment of mortgage backed securities. An unrealized loss of
$62,000 was reflected due to higher interest rates resulting from concern that strength in the economy will lead to inflation. The bottom line for the month reflected a gain of $2.8 million which was $2.2 million better than budget. Included in the above results is CFHP which experienced a $32,000 loss from operations and a bottom line gain of $115,000 ($3,000 better than Budget) in March. Ms. Deming reviewed notable increases and decreases in the Consolidated Balance Sheet and dialoged with the Board members regarding the Health System’s financial performance.

**RECOMMENDATION:** Ms. Deming recommended acceptance of the financial reports subject to audit.

**ACTION:** A MOTION for approval of this recommendation was made by Mr. Briseño, SECONDED by Ms. Rivas, and PASSED UNANIMOUSLY.

**EVALUATION:** None.

**FOLLOW-UP:** None.

**ERNST & YOUNG RESULTS AND COMMUNICATIONS OF UNIVERSITY HEALTH SYSTEM FINANCIAL STATEMENTS FOR 2006 – PEGGY DEMING**

**SUMMARY:** A draft of the audited financial statements for the year ended December 31, 2006 was provided to the Budget and Finance Committee at its April 17, 2007 meeting. Members of the Ernst & Young audit team reviewed the scope and results of the audit. Ernst & Young will be issuing an unqualified or clean opinion of the 2006 financial statements. In addition, Ernst & Young noted that there was no material internal control weakness identified during the course of their audit, and a final version of the audit was provided at the Board of Managers meeting.

**RECOMMENDATION:** Staff recommended acceptance of the audit results and communications of University Health System financial statements for 2006.

**ACTION:** A MOTION for approval of this recommendation was made by Mr. Briseño, SECONDED by Mr. Enberg, and PASSED UNANIMOUSLY.

**EVALUATION:** The audit results were discussed in detail and specific questions by the Board members were answered by the auditors and/or staff. Discussion also took place regarding Ernst and Young’s diversity policy in the workplace. Mr. Adams encouraged the independent auditors to contact Mr. Engberg as chairman of the Budget & Finance Committee for an affirmation discussion regarding this year’s results and any ideas and/or comments that may have come up during the course of their audit.

**FOLLOW-UP:** The auditors will contact Mr. Engberg. Staff will contact Mr. Smith to clarify additional questions he posed during the audit discussion.

**CLOSED MEETING**

The closed meeting pursuant to TEX. GOVT CODE Section 551.074 (Vernon 2004) to evaluate the performance and duties of the President/CEO was rescheduled to May 22, 2007, due to inclement weather.
COMMUNICATIONS

• A reception and community program celebrating the 10th anniversary of CareLink was held on Thursday, April 12 at the San Fernando AT&T Centre. Dr. Jimenez and Mr. Smith’s presence at this event was very meaningful to the staff in attendance.

• In celebration of Administrative Professionals Week, UHS Learning Resources will present a special live-on-web educational seminar, Winning in a Changing World, Tuesday, April 24 in the UH Foundation Room from noon - 2 p.m.

• UHS is partnering with General Motors and the National Safe Kids Coalition to hold a press conference on April 26 in the parking lot at University Hospital to provide education on the danger of leaving children in parked vehicles, especially during the Spring & Summer months. Six children in Texas died last year due to hyperthermia.

• Nurses Week will be celebrated the week of April 30. Events include a fitness walk on the UTHSC track from 1 – 4 p.m. on April 30 and a Nursing Showcase in the lobby on May 1.

• University Health System will host a tour and reception for the Van Courtlandt Society on Monday, April 30 from 6 – 8 p.m. at University Hospital.

• UHS has purchased a table at the UTHSC Friends of the School of Nursing Annual Luncheon at Oak Hills Country Club on May 2 from 11:30 a.m. – 1:30 p.m. Please let Sandra know if you would like to attend.

• Applied Suicide Intervention Skills Training will be held May 2 - 3 in the 5th floor Learning Resources Classroom at University Hospital.

• We are working with the Greater San Antonio Hospital Council to hold a community-wide press conference on May 4 to discuss the local impact of the national nursing shortage and to recognize the critically important role of nursing in our hospitals. Judge Wolff is scheduled to speak at this event.

• UHS will join hospitals across the nation in honoring the 4.5 million people who work in U.S. hospitals May 6 – 12 during National Hospital Week.

• The annual UHS Employee & Wellness Health Fair will be held on Tuesday, May 8 in the UH Foundation Room from 9 a.m. – 3 p.m.

• UHS has purchased a table at the annual AVANCE San Antonio – Mother of the Year Luncheon to be held at the Westin Riverwalk on May 10 at 11:30 a.m. Please let Sandra know if you are interested in attending.

• The UHS Foundation will hold its 2nd annual Medical Miracles Gala Thursday, May 10 at the Westin Riverwalk Hotel. For information on purchasing tables please contact the Foundation at 358-9860.

• Salsa Recipe for Healthy Living aerobics classes will be held at University Hospital on Mondays and Wednesdays for eight weeks beginning on May 14. The classes will be held from 5:30 – 7 p.m. For more information call 358-7355.
• The 2007 Graduation Ceremony of the School of Medicine will be held on Saturday, May 19, 2007, at 9 a.m. in Laurie Auditorium at Trinity University. George Hernandez will be a member of the Platform Party and all Board members are invited to attend the ceremony.

• A “Safety Whys” babysitter training course will be held Wednesday, June 13 at University Hospital. The class is open to boys and girls ages 11-17. These courses are held at the start of every summer and are very well attended.

ADJOURNMENT

There being no further business, Dr. Jimenez adjourned the public meeting at 9:40 p.m.

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Robert Jimenez, M.D., F.A.P.A.   Ira Smith
Chairman, Board of Managers   Secretary, Board of Managers

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Sandra D. Garcia
Recording Secretary