REGULAR MEETING OF THE BOARD OF MANAGERS

Tuesday, April 25, 2006
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
Luis Roberto Vera, Jr., J.D
Alex Briseño
Linda Rivas

OTHERS PRESENT:

George B. Hernandez, Jr., President/Chief Executive Officer, University Health System
Yolanda Cantu, Director, CareLink Health Research & Community Development, University Health System
Francine Crockett, Executive Director, Purchased Resources, University Health System
Theresa DeLaHaya, Vice President, Prevention Services/University Center for Community Health
Steve Enders, Senior Vice President, Ambulatory Services, University Health System
Roe Garrett, Vice President/Controller, University Health System
Edward Grab, President/CEO University Physicians Group
Ernesto Gomez, Ph.D., President/CEO, CentroMed
David Hnatow, M.D., President, Medical/Dental Staff, University Health System, Medical Director, Emergency Center, University Hospital; and Associate Professor/Clinical Surgery, UTHSCSA
Vincent Huerta, M.D., Medical director, Utilization & Case Management, University Health System
Jim Girardeau, Chairman, Pension Plan Board of Trustees, University Health System
Leni Kirkman, Executive Director, Corporate Communications and Marketing, University Health System
Charles Kight, President/CEO, Community First Health Plans, Inc.
Dr. Gabriel G. Martyak, Assistant Dean, Office of the Medical Dean; and Chief of Medicine, University Physicians Group
Karen McMurry, Executive Director, Legal Services & Risk Management, University Health System
Mary Ann Mote, Chief Revenue Officer, University Health System
Randy Otto, M.D., Professor & Chair, Otolaryngology/Head & Neck Surgery, UTHSCSA
MEMBERS OF THE PRESS: None.

CALL TO ORDER:

Dr. Jimenez called the meeting to order at 6:15 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE:

Mr. Schafer led the invocation and Dr. Jimenez led the pledge of allegiance.

SPECIAL RECOGNITION:

The following employees received recognition by the Board of Managers:

**Professional:** Jenifer Perry  
Supervisor, Financial Cashier  

**Management:** Susan Marie Douglass  
Administrative Director, Patient Care Services  

**Technical:** Sandra Lee Stough  
Communications Tech  

**Clerical:** Dora J. Quiroga  
Sr. Administrative Assistant  

**Service:** Jade Ruth Gallegos  
Food Service Cook  

**Volunteer:** Veronica Wallace  
Volunteer  

**Physician:** Ronald Stewart, MD  
Trauma Medical Director  

**Team:** Medicare Part D Enrollment Team  
Mary Jane Chapa, Claudia I. Sanchez, Veronica Solis, Martin Aldaba, Martha Zarate, Joe A. Rodriguez, Anna M. Jimenez, Norma A. Cosby, Rudy Garza, Gilbert Martinez, Sonia E. De La Cruz, Magdalena Soliz, Teresa A. Gil, Rosanne T. Dominguez, Janice L. Johnson, Valerie
Gutierrez, Leticia B. Orozco, Gabriel Barfield, Debra Ann Perez, Beatrice Watters, Hermine Herrera, Brandi Kelly, Ana Morones

All of this year’s quarterly recipients will be special honored guests at the Annual Recognition Awards Ceremony. Employees of the Quarter receive a plaque, free covered parking for three months, a restaurant gift certificate, an invitation to a luncheon with the President/CEO.

CITIZEN PARTICIPATION:
None.

APPROVAL OF MINUTES OF PREVIOUS MEETING:

SUMMARY: The minutes of the regular Board meeting of March 28, 2006 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. Smith, SECONDED Mr. Briseño, and PASSED UNANIMOUSLY.

EVALUATION: None.

FOLLOW-UP: None.

REPORT FROM THE PRESIDENT OF THE HEALTH SCIENCE CENTER – FRANCISCO CIGARROA, M.D.

SUMMARY: Drs. Cigarroa and Henrich were absent due to the grand opening of a new component of The University of Texas Health Science Center - the Medical Research Division of the Regional Academic Health Center, in Edinburg, Texas. Dr. Gabe Martyak represented the Health Science Center. Mr. Vera asked about minority admission rates to the UTHSCSA. Dr. Martyak was unable to provide these statistics but will furnish the information requested by Mr. Vera as follow up data. Mr. Vera requested placement of this topic on a future Board agenda for discussion in a public forum. Mr. Smith and Dr. Jimenez agreed with this request, in light of the Health System’s investment in education.

RECOMMENDATION: None.

ACTION: This report was provided for informational purposes only. No action was required by the Board of Managers.

EVALUATION: Ms. Rivas thanked Mr. Hernandez for his help in collaborating on a grant to attract minority students to the health care field.

FOLLOW-UP: The topic of minority enrollment was deferred until Dr. Cigarroa could be present.

NEW BUSINESS

A. CONSENT AGENDA ITEMS:

SUMMARY: Four (4) action items were presented for approval on the consent agenda.
1. Report from the President of the Medical-Dental Staff – David Hnatow
   a. Consideration of Medical-Dental Staff Recommendations Regarding Staff Membership
2. Consideration of Purchasing Activities (See Attachment A) – Francine Crockett

Informational items:

3. Report on the First Quarter Investments – Peggy Deming
4. Report on Operating Rooms at University Hospital – Greg Rufe

RECOMMENDATION: Staff recommended approval of the items listed on the Consent Agenda.
ACTION: A MOTION for approval of the action items on the consent agenda was made by Mr. Briseño, SECONDED by Ms. Rivas, and PASSED UNANIMOUSLY.
EVALUATION: None.
FOLLOW UP: Mr. Adams urged staff to explore expedited and long term solutions for correcting operating room issues.

ITEMS RELATED TO PLANNING & OPERATIONS

1. REPORT ON THE CENTER FOR HEALTH CARE SERVICES DIVESTITURE OF ITS MENTAL HEALTH AUTHORITY - GEORGE HERNANDEZ/YOLANDA CANTU/CHRIS YANAS

SUMMARY: As discussed at prior meetings of the Board, The Center for Health Care Services is in the process of a major transformation. State statutes now require it to divest of either its authority role or provider role for both mental retardation and mental health services. In March 2006 the Board of Managers approved the Center’s decision to shed its authority responsibilities regarding mental retardation. Alamo Area Council of Governments has now assumed those duties. The Center is now evaluating its mental health provider and authority roles. The plan currently being considered by a joint UHS-CHCS working group provides for the Center to keep its mental health authority duties and allow other providers, including UHS to assume mental health provider responsibilities. Because of the significant integration of mental health services with primary care services in Bexar County, and increased efficiencies of providing such services, the Governor’s Office is interested in approving a pilot mental health program for Bexar County.

RECOMMENDATION: This item requires no action at this time. Final recommendations and approval by the CHCS Board of Trustees remain pending.
ACTION: This item was presented for informational purposes only, and no action was required by the Board of Managers.
EVALUATION: A business plan to support the UHS CHCS recommendation will be developed by this summer for the Board’s review.

FOLLOW UP: None.

2. CONSIDERATION OF THE LETTER OF INTENT WITH CENTRO DEL BARRIO REGARDING SOUTHSIDE DIALYSIS SERVICES - GEORGE HERNANDEZ/STEVE ENDERS

SUMMARY: Staff presented a proposed Letter of Intent (LOI) between the Health System and El Centro del Barrio to establish a Southside renal dialysis center at the site of Centro’s planned new community health center off of Commercial Avenue. While the original plan was to bring a fully developed long term lease agreement, staff has been advised by counsel (Michael Spain from Fulbright and Jaworski) that the actual lease agreement cannot be developed until the plans for the facility are completed and the specific space to be leased by the Health System is identified. However, in order to obligate funds and provide some initial cash flow for the project to Centro, the LOI will accomplish this.

The LOI calls for initial payments totaling $250,000 up to the point that the plans for the new building are completed. Thereafter, the long term lease agreement will be developed and the remainder of funds will be paid as follows:

- Upon execution of the long term lease agreement: $100,000
- Upon 25% construction completion: $233,500
- Upon 50% construction completion: $233,500
- Upon 75% construction completion: $233,500
- Completion of construction: $233,500

The sum total of payments is $1,284,000. Also to be attached to the LOI is a “Term Summary” which will outline a number of the considerations to be included in the development of the long term lease agreement. The Term Summary represents a listing of items to be covered in the lease, but the final terms of the lease agreement will be negotiated with El Centro del Barrio and are subject to the mutual agreement of both parties. The Term Summary attachment is incomplete at this time.

A Deed of Trust to Secure Performance will also be developed by the attorneys. This instrument simply serves to protect the initial $250,000 in pre-construction
payments provided to El Centro in the unexpected event that the new health center is not constructed. This document essentially becomes moot once the actual long term lease agreement is signed (probably late in 2006 when the facility plans are completed).

**RECOMMENDATION:** It is recommended that the Board of Managers approve the Letter of Intent and authorize the President/CEO to execute the agreement with El Centro del Barrio.

**ACTION:** A MOTION for approval of staff’s recommendation was made by Mr. Vera, SECONDED by Briseño, and PASSED UNANIMOUSLY.

**EVALUATION:** Mr. Adams reiterated that the relationship between the University Health System and CentroMed is a valued, professional relationship in the best interests of the patients served by the University Health System.

**FOLLOW-UP:** Staff will continue to explore needed services on the Southside of town.

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

1. **CONSIDERATION OF PURCHASING ITEMS:**

   (a) Workers’ Compensation Claims Administration and Cost Containment Contracts

   **SUMMARY:** Contract provides Workers’ Compensation Third Party Claims Administration and Medical Cost Containment Services. The function of the Third Party Administrator is to investigate, track, analyze and process all Workers’ Compensation claims. Cost Containment functions include medical and hospital bill audit, pre-authorization, utilization peer review and case management. Ms. Scepanski answered questions and provided the Board with a comprehensive analysis of data regarding vendor fees, the selection process, and saving opportunities. Hammerman & Gainer is classified as a small owned business. Medical Audit Consultants is classified as a local, small, minority women owned disadvantaged, HUB certified business.

   **RECOMMENDATION:** Staff recommended the Board of Managers approve the contracts for Third Party Claims Administration with Hammerman & Gainer and Medical Cost Containment with Medical Audit Consultants in the amounts of $485,666.52 and $352,000 respectively, for a period of three years and eight months.

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

   **EVALUATION:** None.

   **FOLLOW-UP:** None.

   (b) Agreement with Interim Health Care

   **SUMMARY:** Contract provides Home Health Care Services for CaeLink and Care Coordination departments. The Health System provides
home health services as part of the CareLink schedule of benefits and to facilitate inpatient discharges. Additionally, the Care Coordination department authorizes home health services for other Health System sponsored patients. The Board engaged Ms. Scepanski in questions regarding JCAHO accreditation requirements, performance standards, and quality of care issues.

RECOMMENDATION: Staff recommended the Board of Managers approve the contract with Interim HealthCare in the amount of $409,946, providing all clarifying Evidence of Standards Compliance have been accepted by the JCAHO Accreditation Committee by noon, April 28, 2006. If Interim HealthCare cannot demonstrate that JCAHO has found the ESC acceptable, staff recommends the Board of Managers give staff authority to award the contract to the next vendor who provides the best value to the Health System and meets the specifications as stated within the RFP. That vendor is Medical Team which is a woman owned business with HUB certification pending. Interim is classified as a local veteran owned business.

ACTION: Mr. Adams added to this recommendation by providing staff with one additional month, if necessary, based on staff’s best judgment, to address the JCAHO requirement issue. A MOTION for approval of the AMENDED recommendation was made by Mr. Adams, SECONDED by Mr. Briseño, and PASSED UNANIMOUSLY.

EVALUATION: None.
FOLLOW-UP: None.

2. **ERNST & YOUNG RESULTS AND COMMUNICATIONS OF UNIVERSITY HEALTH SYSTEM FINANCIAL STATEMENTS FOR 2005 – PEGGY DEMING/ROE GARRETT**

SUMMARY: A draft of the audited financial statements for the year ended December 31, 2005 was presented to the Budget and Finance Committee at its April 18, 2006 meeting and provided to the Board of Managers. Members of the Ernst & Young audit team reviewed the scope and results of the audit. Ernst & Young issued an unqualified or clean opinion of the 2005 financial statements. In addition, Ernst & Young noted that there were no material internal control weaknesses identified during the course of their audit. A final version of the audit was provided for the Board of Manager’s review. Board members engaged the auditors in dialogue and reviewed the results in detail.

RECOMMENDATION: Staff recommended acceptance of the audit results and communications of University Health System financial statements for 2005.

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

EVALUATION: Members of the Ernst & Young team were very complimentary of staff’s professionalism and business practices.

FOLLOW-UP: None.
3. **CONSIDERATION OF THE BEXAR COUNTY MEDICAID UPL AFFILIATION AGREEMENT – GEORGE HERNANDEZ/PEGGY DEMING**

**SUMMARY:**
In early 2005, the University Health System (UHS), Baptist Health Care System, Christus Santa Rosa Health Care and Methodist Health Care System began a process to develop a Medicaid UPL supplemental payment program for Bexar County. Under the existing Medicaid UPL rules, only a local government entity or hospital(s) “affiliated with a local government entity” can participate in a UPL program. At present, as UHS is a local government entity, it is the only health system in Bexar County that qualifies for UPL funding. The purpose of this Affiliation Agreement is to establish an affiliation with the other health systems so that the UPL program can be expanded in Bexar County.

An affiliation agreement is necessary to formalize the collaborative efforts underway to address the health care needs of the indigent population in Bexar County. A Medicaid State Plan Amendment has been submitted to the Center for Medicare and Medicaid Services (CMS) to provide for participation in the Bexar County UPL program for hospitals “affiliated with a local government entity.” CMS has reviewed the State Plan Amendment and has submitted questions to which the State is currently responding. The primary objective of this agreement is to memorialize in writing that required affiliation between the private hospitals participating in the Bexar County UPL program and a local government entity, in this case UHS. Besides establishing the affiliation, the agreement establishes the joint efforts of the hospital systems in providing care to the indigent population of Bexar County and requires the parties to participate on a needs assessment committee that will develop a plan to alleviate some of the indigent care burden that UHS currently bears. This agreement creates the framework under which UHS and the affiliated hospitals will interact and includes safeguards and incentives for both UHS and the affiliated hospitals to ensure the continued viability of the Medicaid UPL program in Bexar County.

All Medicaid UPL programs are funded using State and Federal funds. For each $0.40 financed by a transfer of funds to the State, the Federal government pays back a $1. Once CMS approves the Medicaid UPL supplemental payment program for Bexar County there is the potential for a net increase of Medicaid UPL funding for Bexar County. The dollar amount is not known at this time.

**RECOMMENDATION:** Staff recommended that the Board of Managers authorize the President/CEO to execute an affiliation agreement with the Baptist Health Care System, Christus Santa Rosa Health Care...
and Methodist Health Care System to formalize the Bexar County Medicaid UPL Program.

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

**EVALUATION:** The Board of Managers acknowledged Mr. Hernandez’s leadership and initiative at the state level in the Medicaid UPL program.

**FOLLOW-UP:** None.

4. **FINANCIAL/OPERATIONS REPORTS FOR MARCH 2006 – PEGGY DEMING**

**SUMMARY:** Clinical activity continued to be strong compared to the prior year as well as to budget (up 6.6%). Note the OR cases were up 10% in the month. Our activity levels at the end of the first Quarter are up 2.3% from budget and are 4.0% higher than the activity levels experienced last year for this same period of time. Community First Health Plan (CFHP) enrollment was up 0.6% in March and is up 2.1% to date.

From operations the Health System experienced a $1.5 million gain which exceeded budget by $1.4 million. Total Operating revenue was greater than budget by $3.2 million or 6.1%. Net patient revenue was up $2.8 million due to activity and strong commercial insurance collections. CFHP premium revenue was up $478,000 given the higher enrollment and supplemental delivery payments made for the higher number of STAR Medicaid births. On the expense side, total operating expenses were over budget by $1.8 million or 3.4%. Supplies and employee compensation exceeded budget due to the higher activity.

CFHP medical claims expense exceeded budget by $1.2 million in recognition of an accrual made for higher cost neonatal and hospital days for the STAR Medicaid product line. We are looking at ways to address this issue with CFHP.

The bottom line in the month was a gain of $2.5 million which was $1.4 million better than the planned performance level. Community First Health Plan experienced a bottom line loss of $514,000 loss in the month which was $710,000 off of plan.

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

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

**EVALUATION:** None.

**FOLLOW-UP:** None.
COMMUNICATIONS:

Dr. Jimenez reported that on April 20, 2006, Gov. Rick Perry announced the appointment of four persons to the State Health Services Council, one of them being Graciela A. Cigarroa. The council makes recommendations regarding the management, operation, policies and rules for public health, mental health and substance abuse. Mrs. Cigarroa’s term will expire February 1, 2011. Dr. Jimenez asked that staff prepare a congratulatory letter for his signature on behalf of University Health System.

Dr. Jimenez will receive the Mary Holdsworth Butt Award at the Volunteer Services State Council Conference Luncheon in Lubbock, Texas on Saturday, April 29. Recipients of this award are individuals who share Mrs. Holdsworth Butt’s vision, compassion and willingness to act on behalf of individuals with mental illness and mental retardation.

In addition, Mr. Hernández shared the following information:

April:

- Board members are invited to a Volunteer Appreciation Luncheon on Thursday, April 27, at 11:30 a.m. at the Oak Hills Hotel Medical Center, 7401 Wurzbach Road. This year’s special guest speaker is Terri Bronocco Jones, Executive Director, WINGS (Women, Involved in Nurturing, Giving, Sharing, Inc.).

- As part the 50th anniversary celebration, University Health System will have a float in the Battle of Flowers Parade on April 28 at 12:45 p.m. and the Fiesta Flambeau Night Parade on April 29 at 7:35 p.m. A raffle to benefit the UHS Nursing Scholarship Program is underway to select staff members to ride and walk in these parades. Additionally, UHS is selling 50th anniversary commemorative Fiesta medals. Proceeds from the $5 medals will go the UHS Foundation.

May:

- The 50th Anniversary Gala, hosted by the UHS Foundation, will be held on Thursday, May 11 at the Westin River Walk Hotel downtown. The theme is ‘Medical Miracles” and the emcee will be Wendy Rigby, Medical Reporter for KENS 5 TV. Key Note speaker will be Century 21 Office Shooting Survivor Jane Swanson. Co-Chairs for this event are Mrs. Tracy Wolff and Ernesto Ancira. Honorary chair is Anita Perry.

- The UHS Annual Employee Picnic will be held on May 6 from 3 – 9 p.m. at Ancira Sports Park.

- UHS will celebrate “Nurses’ Week” May 8 – 12 at all facilities and during all shifts. A fitness walk will be held on May 11 from 2 – 7 p.m.

- The annual UTHSC “Friends of the School of Nursing” luncheon will be held on May 17 at Oak Hills Country Club. Several UHS nurses will attend at a table sponsored by UHS in honor of Nancy Ray and the patient care services team.
• University Health System is a sponsor of the AVANCE “Mother of the Year” luncheon on May 18 at 11:30 a.m. at the Westin River Walk Hotel. Mrs. Graciela Cigarroa is this year’s recipient.

• UHS is a sponsor and will have a team at the annual March of Dimes “Walk America” at Brackenridge Park on May 20.

• A retirement party for Dr. John Sparks will be held on Wednesday, May 24 from 5 – 7 p.m. on the patio at UCCH.

**June:**

• A *Sombrero Blanco* luncheon, recognizing the pharmaceutical companies who have contributed millions of dollars in free medications to our patients through the Medication Assistance Program (MAP), will be held on Tuesday, June 6 at 11:30 a.m. the UHC-D Foundation Room.

• UHS will conclude its 50th anniversary celebration with a celebration to bury a 50-year time capsule. The capsule will contain items commemorating the accomplishments of the organization over the past 50 years. A plaque will request that it be uncovered in 2055, as UHS celebrates its 100th anniversary. This event is tentatively scheduled for Thursday, June 29 at 10 a.m.

**July:**

Teams are forming now for the Texas Diabetes Institute’s “Bowling for a Miracle” Fun Bowl to be held Sunday, July 16 at Country Lanes on Highway 281 and Bitters.

**ADJOURNMENT:**

There being no further business, Dr. Jimenez adjourned the public meeting at 8:45 p.m.

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

Ira Smith  
Secretary, Board of Managers

Sandra D. Garcia  
Recording Secretary