REGULAR BI-MONTHLY MEETING
OF THE BEXAR COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS

Tuesday, April 30, 2013
6:00 p.m.
Board Room
University Health System - Texas Diabetes Institute
701 S. Zarzamora
San Antonio, Texas 78207

MINUTES

BOARD MEMBERS PRESENT:

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

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
Ted Day, Vice President, Strategic Planning & Business Development, University Health System
Peggy Deming, Executive Vice President/Chief Financial Officer, University Health System
Theresa De La Haya, Senior Vice President, Health Promotion/Clinical Prevention Services, University Health System
Sergio Farrell, Senior Vice President, Ambulatory Services, University Health System
Roe Garrett, Vice President/Controller, University Health System
Greg Gieseman, President/Chief Executive Officer, Community First Health Plans, Inc.
Barbara Holmes, Vice President/Chief Financial Officer, Community First Health Plans, Inc.
Michael Hernandez, Vice President/Chief Legal Officer, University Health System
Leni Kirkman, Vice President, Strategic Communications and Patient Relations, University Health System
Kourtney Mosby, Director, Procurement Services, University Health System
John Meyers, M.D., President, Medical/Dental Staff, University Health System
Virginia Mika, Ph.D., Executive Director, CareLink Financial Assistance Program, University Health System
Priti Mody-Bailey, M.D., President, Community Medicine Associates
Nancy Ray, Vice President/Chief Nursing Officer, University Health System
Richard Rodriguez, Vice President/Facilities, University Health System
Allen Strickland, Vice President, Administration, University Hospital
CALL TO ORDER AND RECORD OF ATTENDANCE: JAMES R. ADAMS, CHAIR, BOARD OF MANAGERS

Mr. Adams called the meeting to order at 6:05 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE:

Ms. De La Torre introduced Dr. G. William Nichols, Retired Pastor, Woodland Baptist Church, for the invocation, and Mr. Adams led the pledge of allegiance.

CITIZEN PARTICIPATION:

Robert Flores, University Health System employee addressed the Board of Managers. Mr. Flores is a cook in the cafeteria at University Hospital. He loves being a cook, loves his job, and loves working for the University Health System. This is not a job that he's doing while he goes to school to learn how to do something else, this is his career, he went to school to be a cook, and has been a cook for nine years now. When he was first hired two years ago, he was assured there would be room to grow into a management position with the Health System. Four months after he was hired, the Health System entered into a contract with Sodexo, and the food service employees were informed that Sodexo was not here to replace them, but rather, to work with them. However, since the arrival of Sodexo, the food services staff have noticed that every single new kitchen manager and/or supervisor is a Sodexo employee, they are not University Health System employees. Further, about one year ago, when Mr. Flores received his first performance evaluation, he asked again if there was going to be room for him to step up into a leadership role in the food services department, and the response he received was, “please don’t leave.” Sometime this week Mr. Flores is scheduled to receive his second annual performance evaluation by a Sodexo manager who has been at University Hospital less than 5 months and works with Mr. Flores about 5 minutes per week. Mr. Flores expressed concern that the review process will not be fairly implemented for himself and other the Health System employees. He asked the Board to consider some way of re-assuring cafeteria staff that the Sodexo management contract will not close the doors of opportunity to Health System employees. Mr. Flores thanked the Board of Managers for their time.

APPROVAL OF MINUTES OF PREVIOUS MEETING:

February 26, 2013 (Regular Meeting)

SUMMARY: The minutes of the regular meeting of Tuesday, February 26, 2013, were presented for the Board’s approval.

RECOMMENDATION: Mr. Adams recommended approval of the minutes as submitted.

ACTION: Hearing NO OBJECTION, the minutes were APPROVED as submitted.
REPORT FROM THE HEALTH SCIENCE CENTER – WILLIAM HENRICH, M.D., PRESIDENT:

Dr. Gonzalez acknowledged the physician leaders present. He expressed appreciation for staff’s on-going work on the children’s hospital transition, which is not an easy process. There are many people involved and moving parts that must be addressed, such as capacity issues. He also thanked the Board of Managers for their support. Mr. Smith asked Dr. Gonzalez to provide an update on children’s services due to recent snippets of information reported by the media. Dr. Gonzalez feels that the transition is moving along smoothly, particularly with those services that will be provided at the Robert B. Green by the UT Kids Practice. As previously stated, there are lots of moving parts and the practice has opted to keep some parts from moving, specifically, Hematology, Oncology and Orthopaedics. Out of 140 pediatric faculty physicians, only of 5 or 6 physicians have opted to stay at Christus Santa Rosa. Mr. Hernandez reported that the Health System had recently received a temporary waiver of non-life safety code hospital licensing requirements which would facilitate the expedited construction on the 5th floor of University Hospital. He is pleased with the cooperation by all parties in preparing for the move to the Robert B. Green, which is a high priority item at the present time. Mr. Adams stressed that there are very few things related to children’s health services that are not public, except for those regarding to pricing, market data and/or financial and planning information. It is Mr. Adams’ opinion that the current relationship between the Health System and the Health Science Center is at a very good point and has never been better. The issues that Dr. Gonzalez did not wish to elaborate upon in public concern his physician colleagues and their desire to practice elsewhere. He did suggest that a more frank discussion could take place in executive session. Mr. Adams expressed admiration and respect for Christus Santa Rosa, a member of the San Antonio community for more than 100 years. He assured his Board colleagues that the staff would provide a detailed update in a public session very soon.

Dr. Jimenez reported a recent breakthrough by researchers at Harvard University regarding the treatment of Type II Diabetes and the production of a hormone that will eliminate the need for insulin within two years. He asked Dr. Gonzalez to consider a brief Board presentation by Dr. Ralph DeFronzo on the topic due to predictions by medical economist regarding the fiscal implications one disease will have on health systems with large Mexican American and African American communities, such as ours. Dr. Gonzalez agreed that it would be appropriate to invite Dr. DeFronzo, the Health Science Center’s diabetes expert in a couple of months, when he completes similar research. Further, he reported that as part of the Health Science Center’s efforts in the Valley, they have committed a significant amount of money to hire a
diabetes research team to work in Edinburg on the grounds of UT Pan American University.

**RECOMMENDATION:** This report was provided for informational purposes.

**ACTION:** No action was required by the Board of Managers.

**EVALUATION:** None.

**FOLLOW-UP:** Schedule children’s health services updates as needed.

**CONSENT AGENDA – JIM ADAMS, CHAIR**

Consideration and Appropriate Action Regarding Medical-Dental Staff Recommendations for Staff Membership – *John G. Myers, M.D., President, Medical/Dental Staff*

Consideration and Appropriate Action Regarding UHS Policy No. 9.22, Infant Feeding—*Nancy Ray*

Consideration and Appropriate Action Regarding UHS Policy No. 3.05, Tobacco-Free, System-Wide Campuses—*Theresa Scepanski*

Consideration and Appropriate Action Regarding 1st Quarter 2013 Investment Report—*Roe Garrett/Peggy Deming*

Consideration and Appropriate Action to Approve the Close-out of the Guaranteed Maximum Price for the Surface Lot (GMP #1)—*Mark Webb*

Consideration and Appropriate Action to Approve the Close-out of the Guaranteed Maximum Price for the Trauma Clinic, Eye Clinic, and Bronchoscopy Suite Enabling Project (GMP #8)—*Mark Webb*

Consideration and Appropriate Action Regarding Purchasing Activities (See Attachment A) – *Kourtney Mosby/Francine Wilson*

**SUMMARY:** Items listed on the consent agenda were presented for Board approval.

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

**ACTION:** A **MOTION** to approve staff’s recommendation was made by Mr. Engberg, **SECONDED** by Ms. Cedillo and **PASSED UNANIMOUSLY**

**EVALUATION:** None.

**FOLLOW-UP:** None.

**ACTION ITEMS:**

**CONSIDERATION AND APPROPRIATE ACTION REGARDING THE EXTERNAL AUDITOR’S REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR 2012—BKD, LLP/PEGGY DEMING**

**SUMMARY:** On Tuesday, April 23, 2013, the Board’s Audit Committee met with the Tom Watson, BKD audit partner, Chris Clark, BKD manager, and Milo Martinez of Martinez, Rosario & Co, who were engaged to examine the financial statements of the Health System and CFHP. Messers. Watson, Clark, and Martinez presented the required communication, a draft of the
audited financial statements and other documents. The auditors reported that the Health System and CFHP audits are substantially complete and they plan to issue an unmodified or clean opinion with no material weaknesses noted.

The CFHP audit report will be presented to their Board on May 24, 2013. Audits on three other entities, the Pension Plan, UHS Foundation, and CareLink Financial Assistance Programs are performed by Garza, Gonzalez Associates. These audits are nearing completion and staff anticipates presentation to the respective Boards of those organizations at their next scheduled meeting and to the Audit Committee in May. The Pension Plan financial statements are included in the Health System audit report which requires that the audit be complete prior to BKD issuing the Health System audit report. The Pension Plan audit report will be presented to its Board of Trustees at its meeting on May 14, 2013.

RECOMMENDATION: The Audit Committee of the Board of Managers recommends approval of the external auditor’s final report of the financial statements for 2012, subject to changes that might be required by the audit of the Pension Plan.

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

EVALUATION: Ms. Rivas thanked the auditors for their great work. She informed the Board that a preliminary review of CIP was also included in the auditors’ written report. Dr. Jimenez suggested the auditor’s graphics presentation to the Board be converted to a format that might be used for public dissemination. The presentation is concise and easy to understand. Mr. Watson offered to work with Ms. Deming and Mr. Hernandez to create a publication that is mindful of the various constituents served by the Health System. Mr. Adams reiterated that the data presented this evening is final in its form except for any changes required by the audit of the pension plan financials.

FOLLOW-UP: As indicated above.

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT AMENDMENT WITH THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT SAN ANTONIO FOR PROFESSIONAL SERVICES IN RADIOLOGY TO SUPPORT THE HEALTH SYSTEM’S BREAST HEALTH PROGRAM—THERESA DE LA HAYA

SUMMARY: The Health System operates a full-service breast health program dedicated to providing breast health education, community outreach, and navigation services into screening and diagnostic services. An integral part of this service is grant funding. This type of funding allows the opportunity to provide breast screening and diagnostic services to uninsured and underinsured women in the community, with grant funding from two separate sources: the Centers for Disease Control through the
Breast and Cervical Cancer Services (BCCS) Program administered by the Department of State Health Services and locally from the Susan G. Komen for the Cure Foundation. Screening mammograms are provided at three entry points, the RBG campus, the mobile mammography - Healthy U Express and the Cancer Therapy and Research Center (CTRC) while diagnostic services are provided at RBG and CTRC. The Health System provides the technical part of the mammography screening while UT Medicine provides the professional component (image read). Through a subcontract, the Health System reimburses UT Medicine/UTHSCSA for radiology professional services. Communicare Health Centers has recently requested that the Health System provide breast screening and diagnostic services to their grant funded patients. Since Communicare is also a recipient of BCCS and Susan G. Komen funds they plan to utilize their grant funds to pay UHS for the above requested services. A subcontract amendment between University Health System and UT Medicine/UTHSCSA is now needed to include Communicare. These program activities firmly coincide with the Health System’s efforts to address the Triple Aim of improving quality and outcomes, improving the patient care experience, improving efficiency, and improving access. The partnership with Communicare will offer patients multiple access points to receive high quality digital mammography and diagnostic services. As a Certified Participant in the National Quality Measures for Breast Centers, University Health System measures timeliness of care. The average time between an abnormal screening mammogram and a diagnostic appointment is less than two days while the average time for a biopsy is less than five days. This efficient care contributes to an improved patient care experience which encourages patients to choose University Health System as their healthcare provider when seeking services in the future. An assigned patient navigator is also an important aspect of the patient experience as they work to schedule women into their needed appointments.

The current subcontract for radiology services from UT Medicine/UTHSCSA is currently at $100,000. The partnership with Communicare will add an additional $125,000 to the total contract amount not to exceed $225,000. This will add 1,200 screening mammograms, 288 diagnostic exams and 50 invasive diagnostic exams to UHS’s annual imaging visits. Communicare will reimburse the Health System approximately $272,000 for these additional imaging services, based on DSHS reimbursement rates. UT Medicine/UTHSCSA will receive payment not to exceed $125,000 for these additional imaging services, resulting in a positive variance of $147,000. This increased activity will also contribute to meeting screening activity milestones proposed by UHS as part of its participation in the Delivery System Reform Incentive Payment (DSRIP) program designed to promote health system transformation.

RECOMMENDATION: Staff recommends Board of Managers approval of a subcontract amendment with UT Medicine/UTHSCSA in the amount of $125,000 for radiology professional services to support the Health System’s Breast Health Program. The new total amount for this agreement is $225,000.
ACTION: A MOTION to APPROVE staff’s recommendation was made by Ms. Cedillo, SECONDED by Ms. Rivas, and PASSED UNANIMOUSLY.

EVALUATION: Ms. Rivas commended the staff for working with Communicare to reach parts of the community that the Health System is unable to.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH THE CENTER FOR HEALTH CARE SERVICES FOR RESIDENTIAL DETOXIFICATION AND SUBSTANCE ABUSE SERVICES—VIRGINIA MIKA, PHD

SUMMARY: The University Health System has had an agreement with The Center for Health Care Services for intensive residential detoxification services and outpatient substance abuse treatment services for CareLink members since July 2009. These services are provided at the Roberto L. Jimenez M.D., Restoration Center on the grounds of the Haven for Hope campus. In 2012, 476 CareLink members received care from CHCS for one or more detoxification or substance abuse services. Two hundred thirty-nine (239) out of the 476 patients successfully completed the residential detoxification program and 164 patients successfully graduated from the 90 day program and transitioned to the community. The Center for Health Care Services has agreed to have at least three detoxification beds available at all times for patients who are referred by the Health System, critical services that alleviate the demands for services at University Hospital’s Emergency Center. The proposed agreement reimburses the provider on a per diem basis with a not-to-exceed maximum reimbursement of $750,000 per year, and is included in the 2013 operating budget. In the event the maximum reimbursement is reached, there will be no interruption of services for the remainder of the year for CareLink patients. Since the original agreement in 2009, there has been no increase in rates charged to CareLink. In 2012, the actual cost of services was $663,267 versus an approved budget of $750,000. The term of this agreement is for one year and shall automatically renew for up to two successive one (1) year terms. The Center for Health Care Services has a total of 865 employees, and the workforce composition data was provided for the Board’s review.

RECOMMENDATION: Staff recommends Board of Managers’ approval to execute an Agreement with The Center for Health Care Services for a total not to exceed 750,000.

ACTION: A MOTION to approve staff’s recommendation was made by Dr. Jimenez, SECONDED by Ms. Cedillo, and PASSED UNANIMOUSLY.

EVALUATION: Dr. Jimenez reminded staff that the entire Board would be interested in reviewing data related to cost savings as a result of this contract.

FOLLOW-UP: As indicated above.
CONSIDERATION AND APPROPRIATE ACTION REGARDING AN AGREEMENT WITH MEDASSETS FOR “LEAN” WORKFLOW AND ORGANIZATION SERVICES IN THE AMBULATORY SETTING—KAREN BRYANT/SERGIO FARRELL

SUMMARY: In support of the Health System’s commitment to provide high-quality, patient-centered care in the most cost efficient way throughout the organization, staff proposes expansion of the Operational Excellence program to the ambulatory setting. By increasing the scope of an existing Med Assets relationship through an engagement with their “Lean” affiliate, Healthcare Performance Partners (HPP), staff will ensure successful attainment of goals and outcomes set forth in many ambulatory focused DSRIP plans. The goals of this engagement will be to apply “Lean” tools and methods to:

- Further develop and maintain a coordinated care delivery system;
- Improve outcomes while containing cost growth; and
- Improve and prepare the health care infrastructure to serve a newly insured population

This 10 month scope of work will support the achievement of the following goals: 1) create the infrastructure to improve access for the underserved, 2) develop processes for innovation including a medical home and an improved patient experience, 3) improve the outcomes of care for chronically ill as evidenced by specific measures and improvements. The focus of this work will be in the ambulatory clinics and ancillary sites. Med Assets/HPP will support the Health System in an assessment of the current state environment within our ambulatory network as it relates to meeting the Triple Aim Plus goals (quality outcomes, patient experience, efficiencies, and access to care).

An additional deliverable of this engagement will be to assess the current state of chronic disease management that can be utilized to develop a Care Model Plan for the following diseases: 1) Diabetes, 2) Behavioral Health, 3) Pediatric Asthma, 4) Cardiopulmonary Obstructive Disorder, 5) Heart Failure, 6) Myocardial Infarction, 7) Hypertension, 8) Women’s Health and Services. This will provide clinic leadership an opportunity to review the processes in each of the disease area to observe the current state of care in the clinic setting and how that care complies with evidence based care and patient centered approaches. Improvements will be noticed in general work flow, patient flow, provider flow to improve efficiencies, and disease specific improvements to assist in disease management and care model development. Improvement roadmaps will be established within clinics and each of the diseases. One of the 23 DSRIP projects submitted under the waiver was developed to apply “Lean” process improvement methodology to improve quality and efficiency. The funding for this project was included in the 2013 budget and DSRIP funding will be recognized to offset the cost. This project implements and will serve as a catalyst to achieve many of the other ambulatory focused DSRIP plans.
RECOMMENDATION: Staff recommends Board of Managers’ approval of an agreement with Med Assets/HPP to expand the *Operational Excellence* program to the ambulatory setting in the amount of $492,000 plus travel related expenses estimated at $34,000 for a total of $526,000.

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

EVALUATION: This LEAN initiative will be implemented at all ambulatory sites. The LEAN Steering Committee will oversee success of this program which will be monitored by both Senior Ambulatory Administrators. They will “walk in the Gemba,” or visit the various locations, view progress and report back to the LEAN Steering Committee, composed of senior leadership, on a weekly basis. Each of the project owners must develop a standardized tracking mechanism. There is a lot of excitement about this initiative at University Hospital because employees are asked to be part of the solution and have ownership in the matter. As far as management and sustainability of the program, staff anticipates some resistance to this culture change throughout the organization. It is sometimes also difficult for leadership to learn of the challenges from the frontline staff. Sustainability of the program will be maintained by engaging the various stakeholders - front line staff, physicians as well as the leadership - to find solutions to those challenges. Dr. Jimenez expressed concern in that this initiative does not address the actual management of patients. Dealing with a huge number of patients in a public setting calls efficient management of the flow of those patients and segregation by various hours or days. Many low functioning patients will need case managers whereas high-functioning patients will not. For example, in India, where providers must manage large volumes of patients, they are segregated in order to avoid total chaos. Lower functioning patients who are non-compliant and/or do not keep appointments disrupt the entire schedule, and Dr. Jimenez estimates that this type of patient represents 80 percent of the population served by the Health System. Further, how will providers be matched to the various types of patients so that they are more efficient and provide better care? Ms. Vasquez informed the Board that there is a DSRIP project specific to the LEAN initiative. One of the milestones associated with that project is the implementation of this contract, and one of the outcomes is increasing the number of patients seen in the ambulatory setting. DSRIP projects call for care coordination and population management and Med Assets/HPP can help the Health System implement both. Mr. Hernandez clarified that this LEAN initiative is not a DSRIP project itself, but rather a tool that will help us succeed. This contract will be funded by operating funds that will be off set by DSRIP revenue. Mr. Adams urged staff to receive Dr. Jimenez’s input as appropriate counsel and advised that the Board will be interested in reviewing outcomes data associated with contracts of this size, to include the DSRIP projects.

FOLLOW-UP: Provide outcomes and measures data as requested by the Board.
CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS RELATED TO THE CAPITAL IMPROVEMENT PROJECT:

UNIVERSITY HOSPITAL:

CONSIDERATION AND APPROPRIATE ACTION TO AMEND THE PROFESSIONAL SERVICES CONTRACT WITH PERKINS+WILL FOR ADDITIONAL ARCHITECTURAL SERVICES ASSOCIATED WITH THE EMERGENCY CENTER, OPERATING ROOMS, AUTOMATED GUIDED VEHICLES AND NEW HOSPITAL TOWER—MARK WEBB

SUMMARY: In May 2009, the Board of Managers approved a contract with Perkins+Will to provide architectural/engineering services for the CIP projects at University Hospital. Perkins+Will was selected through a Request for Qualifications. The original agreement, with a not to exceed contract amount of $45,310,513, has been amended to include additional design for the remote parking lot, facility hardening, zoning changes, Pavilion IT, mock ups, central utility plant (CUP), payment of permit fees, approved enhancements, the Heart Center study and planning studies concerning medical equipment integration, basement excavation, loading dock revisions, blood bank and Emergency Center design, meeting room and patient room reconfigurations as well as additional designs throughout the University Hospital campus. The CIP team asked Perkins+Will to develop designs and engineered solutions for a number of issues to meet the specialized needs of University Hospital. The project manager has reviewed and negotiated the fees for services as listed below for a total amount of $131,185, which will bring the revised contract amount to $49,668,360:

<table>
<thead>
<tr>
<th>Additional Service Description</th>
<th>Amount Requested</th>
</tr>
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<tbody>
<tr>
<td>New Bulk Oxygen Yard</td>
<td>$40,555</td>
</tr>
<tr>
<td>Emergency Center Deck Modifications</td>
<td>$43,310</td>
</tr>
<tr>
<td>Renaming of New Tower &quot;Level M&quot; to &quot;Level 1&quot;</td>
<td>$9,600</td>
</tr>
<tr>
<td>Revisions to Emergency Center Medical Gasses</td>
<td>$4,240</td>
</tr>
<tr>
<td>Addition of Provisions for AGV</td>
<td>$31,200</td>
</tr>
<tr>
<td>Provisions for Operating Room Light Controls</td>
<td>$2,280</td>
</tr>
</tbody>
</table>

This contract amendment will be paid from project funds. Perkins+Will participation levels are 28% for SMWVBE and 48% local firms.

RECOMMENDATION: Staff recommends Board of Managers’ approval of an amendment to the contract with Perkins+Will in the amount of $131,185 for a revised contract amount of $49,668,360.

ACTION: A MOTION to approve staff’s recommendation was made by Ms. Cedillo, SECONDED by Mr. Engberg, and PASSED UNANIMOUSLY.

EVALUATION: In response to Mr. Adams’ point that the Perkins+Will contract is now 10 percent above the original contract amount, Mr. Webb noted that
many of the changes have been owner-requested, the biggest being an $18 million enhancement to add operating rooms. The contract with Perkins+Will will expire in approximately one year after completion of the new tower.

**FOLLOW-UP:** None.

**CONSIDERATION AND APPROPRIATE ACTION TO APPROVE THE GUARANTEED MAXIMUM PRICE FOR THE INSTALLATION OF AUTOMATED GUIDED VEHICLE INFRASTRUCTURE AND EQUIPMENT IN THE NEW HOSPITAL TOWER (GMP #13U) — MARK WEBB**

**SUMMARY:** In November 2012, staff received Board of Managers approval for a contract with Savant Automation for the purchase of an Automated Guided Vehicle (AGV) System to provide a reliable and cost effective means to move supplies and other items from the entry point into the hospital, to and from all patient floors in the new tower, as well as to the basement of the existing hospital, and to an exit point from the facility. As part of the AGV implementation, it is necessary to provide infrastructure in the 1981 Building and the New Hospital Tower (as was during staff’s presentation on November 27, 2012). This Guaranteed Maximum Price (GMP) includes only the infrastructure and installation work for the New Tower that incorporates new and modifications to door frames, hardware, drywall, and electrical modifications and additions necessary for the AGV implementation. The scope of this GMP is inclusive of installation of automated guided vehicle infrastructure and equipment in the New Hospital Tower at University Hospital. Mr. Webb reviewed twenty (20) GMPs, control estimates and amounts that have been developed to date for the new Hospital Tower project. The scope of this twenty first GMP is inclusive of the Costs for:

<table>
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<tr>
<th>Scope</th>
<th>Change Type</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>AGV Infrastructure</td>
<td>Owner’s Request</td>
<td>$1,392,026</td>
</tr>
<tr>
<td>AGV Installation</td>
<td>Owner’s Request</td>
<td>$67,248</td>
</tr>
</tbody>
</table>

The Tower Project Construction Manager has reviewed the design drawings, prepared by the AE Team, and has provided a Guaranteed Maximum Price (GMP #13t) for the work associated with this GMP package: Buyout Savings Credit, Infrastructure additions to incorporate Par Excellence, Staff Elevator Lobbies, Roof Garden Vestibule, Trauma and Pedestrian Bridge Lighting, and additional Electrical Floor Boxes and Card Readers, DPS Dispatch Office, Level 5 ICU Bed Conversions and Installation of Pneumatic Tube System to Pavilion. GMP 13u is for the Installation of Automated Guided Vehicle Infrastructure and Equipment at a cost of $1,459,274 and will be paid from owner’s construction contingency. This will decrease the owner’s contingency funds from $7,720,465 to $6,261,191. This expense to the contingency fund was contemplated and included in the projected contingency spend report to the board. The participation goal for SMWVBE is 40 percent
and the local participation goal is 80 percent. To date, SMWVBE participation of awarded construction projects is 40.6 percent and local participation is 75 percent. This does not include the dollars associated with the Construction Manager’s Fee or other project administrative costs including this GMP and insurance, bonds, permit fees, etc. Mr. Webb reviewed the SMWVBE numbers achieved for all construction GMPs by category to date. GMP dollars awarded to date is $519,139,667. GMP dollars remaining to procure is $62,478,388.

RECOMMENDATION: Staff recommends Board of Managers’ approval to execute an amendment to the Zachry Vaughn Layton Construction Management Agreement in the amount of $1,459,274 for of GMP #13u.

ACTION: A MOTION to approve staff’s recommendation was made by Mr. Smith, SECONDED by Ms. Cedillo, and PASSED UNANIMOUSLY.

EVALUATION: None.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION TO APPROVE A GUARANTEED MAXIMUM PRICE FOR THE CONSTRUCTION OF ELECTRICAL UPGRADES (GMP#17B)—MARK WEBB

SUMMARY: University Health System has developed an economically viable business plan to provide additional pediatric facilities at University Hospital until an academic children’s hospital is opened. The outpatient services will be relocated to the RBG Campus on a permanent basis. Due to the expedited nature of this work and the need to have design services provided immediately, staff recommended an amendment to the current ZVL contract and use of a design-assist architect Chesney Morales & Associates be utilized. As such, in February 2013, the Board approved Guaranteed Maximum Price (GMP) #17 for the creation of a Pediatric Inpatient Care Unit at University Hospital. During the development of the original estimate for the work to be performed, an upgrade of the electrical systems on the 11th floor of the 1968 building was not contemplated. This GMP includes the costs associated with the refined scope of work. Mr. Webb reviewed details of the previous GMP for the Board and described the scope for this additional work, which includes upgrade of the electrical systems to ensure the appropriate grounding. As other areas of the 1968 building are renovated in the future this work will need to be performed. ZVL, the tower project construction manager has provided a GMP for work associated with this package (17b), which the CIP team recommends, in the amount of $502,161, to be paid from 2013 Capital Reserves. The participation goal for SMWVBE is 40% and the local participation goal is 80%. To date, SMWVBE participation of awarded construction projects is 40.6 percent and local participation is 75 percent. This does not include the dollars associated with the Construction Manager’s Fee or other project administrative costs including this GMP and insurance, bonds, permit fees. Mr. Webb reviewed SMWVBE numbers achieved for all construction GMPs to date and provided a detailed breakdown by percentages and dollar amounts.
Chesney Morales & Associates is 100% Local, Small, and Minority owned business enterprise.

RECOMMENDATION: Staff recommends Board of Managers’ approval to execute an amendment to the Zachry Vaughn Layton Construction Management Agreement in an amount of $502,161 for GMP #17b.

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

EVALUATION: None.

FOLLOW-UP: None.

ROBERT B. GREEN CAMPUS:

CONSIDERATION AND APPROPRIATE ACTION TO AMEND THE PROFESSIONAL SERVICES CONTRACT WITH RTKL FOR DESIGN SERVICES OF THE FIRST FLOOR TO ENHANCE DELIVERY OF CHILDREN’S AMBULATORY SERVICES—MARK WEBB

SUMMARY: The Health System has developed an economically viable business plan to provide additional pediatric facilities at University Hospital until an academic children’s hospital is opened. The outpatient services will be relocated to the RBG Campus on a permanent basis. Due to the expedited nature of this work, the waiting area will be expanded to provide a larger intake/registration function and a more appropriate area for healthy and sick child waiting. Revisions to the Infusion Center will enhance the ability to improve access for care and patient outcomes. The development of these enhancements to the delivery of children’s services fits within the Delivery System Reform Incentive Payment (DSRIP) planned projects to expand existing primary care capacity and establish patient centered medical home concept to target CareLink patients. This enhancement also positively addresses the Triple Aim Plus goal of improving access to ambulatory care for pediatric patients at the RBG Campus. The fee for the proposed amendment, which has been reviewed by the project manager and staff, is $230,030. Mr. Webb reviewed previously approved RTKL cost authorizations for additional service requests totaling $3,086,368. The original contract amount with RTKL was $7,728,795. Staff recommends the fees be funded from the Capital Account after the rebalancing of reserves for audited 2012 results which includes Year 1 DSRIP funding of $11.6M, in support of our Triple Aim Plus goal of improving access to care. As negotiated in RTKL’s original contract, 25.74 percent SMWVBE and 52 percent local participation goals are expected. Staff reviewed the community outreach plan and participation levels to date, including a SMWVBE breakout by percentages and dollar amounts.

RECOMMENDATION: Staff recommends Board of Managers approval of an amendment to the contract with RTKL in the amount of $230,030 for additional architectural design services of the first floor of the RBG Clinical Pavilion to enhance the delivery of children’s ambulatory services.
ACTION: A MOTION to approve staff’s recommendation was made by Mr. Engberg, SECONDED by Ms. Cedillo, and PASSED UNANIMOUSLY.

EVALUATION:

Dr. Jimenez requested clarification regarding the re-design of the first floor and how it is related to the construction of the 6th floor. He feels that if the Health System is going to spend additional funds related to UT Medicine’s transition to the Robert B. Green, the Board of Managers ought to engage in a frank discussion and be made fully aware of those expectations. Further, it is his opinion that the School of Medicine ought to share in these re-design costs for the first floor. This is exactly what Mr. Smith alluded to when he asked Dr. Gonzalez for an update earlier in the meeting. Mr. Hernandez explained that as part of fitting the UT Medicine’s pediatric program at the Robert B. Green, they will occupy the 6th floor, which they will pay to construct, and they will also occupy portions of the 4th floor and now also some of the 1st floor, pursuant to the Board’s direction and desire for a strong ambulatory pediatric presence downtown. Staff is taking advantage of the School of Medicine’s need for additional space by placing their continuity clinic on the 1st floor in close proximity to the ExpressMed and primary care pediatric clinics. The unused space was designed as exam room space that is available for expansion purposes. Mr. Adams reminded his colleagues that in 2012 the Board of Managers collectively made it clear that Health System would focus on providing pediatric ambulatory care services. Prior to that, the Health System had not actively pursued pediatrics and lacked those services. The ambulatory pediatric network downtown is a positive beacon for our community and is what the Health System stands for. If the Board is interested in enlarging the pediatric network, the Health System is going to have to spend money to provide these services at the Robert B. Green. Ms. Rivas asked about receipt of the first payment from the School of Medicine for construction of the 6th floor, and also for clarification on the move in date. The 6th floor will not be ready for move in until January 2014. Move-in to the 1st and 4th floors will occur in July 2013. Staff was unable to confirm a scheduled first payment date (July 2013 or January 2014). If the first payment of $217,000 for the 6th floor construction is not expected until after the move in date of January 2014, Ms. Rivas suggested that staff consider an interim agreement that will offset some of the additional construction expenses that are being incurred. Mr. Smith agreed and stated that the Health System would not be taken advantage of or asked to fund all construction expenses related to this transition. Mr. Adams assured his colleagues that all of the parties are in agreement with this statement and it is understood more than ever due to the close alliance that has recently developed between the two institutions. In addition, as Dr. Jimenez pointed out, because perception is everything, the area near the front entrance on the 1st floor will be branded as University Health System Children’s Health, which the UT Kids practice is also excited about. Mr. Hernandez reiterated that the staff is implementing what is necessary for the Health System’s pediatrics ambulatory network. Blue Cottage was engaged to study the space issue on behalf of both parties and both parties are happy with the space recommendations. Ms. Deming’s preliminary estimate for the amount that will be available to re-balance,
is between $25 to $39 million. Dr. Jimenez expressed an interest in reviewing the re-design plans for the 1st floor.

FOLLOW-UP:
Confirm first payment date as requested by Ms. Rivas and return with 1st floor re-design plans.

CONSIDERATION AND APPROPRIATE ACTION TO APPROVE THE GUARANTEED MAXIMUM PRICE FOR RECONFIGURATION OF A PORTION OF THE 1ST FLOOR TO ENHANCE DELIVERY OF CHILDREN’S SERVICES (RBG-GMP#6S)—MARK WEBB

SUMMARY: University Health System has developed an economically viable business plan to provide additional pediatric facilities at University Hospital until an academic children’s hospital is opened. The outpatient services will be relocated to the RBG Campus on a permanent basis. Due to the expedited nature of this work, the waiting area will be expanded to provide a larger intake/registration function and a more appropriate area for healthy and sick child waiting. Revisions to the Infusion Center will enhance the ability to improve access for care and patient outcomes. The development of these enhancements to the delivery of children’s services fits within the Delivery System Reform Incentive Payment (DSRIP) planned projects to expand existing primary care capacity and establish patient centered medical home concept to target CareLink patients. This enhancement also positively addresses the Triple Aim Plus goal of improving access to ambulatory care for pediatric patients at the RBG Campus. Specifically, the Bartlett Cocke GMP for this proposed plan includes the following costs for renovation of the first floor for the children’s services enhancements:

- Phase One (Complete June 2013): renovations of approximately 1,600sf of 1st floor including the procurement and installation of furniture, fixtures and medical and other equipment
- Phase Two (Complete July 2013): renovations of approximately 1,400sf of the 1st floor including the procurement and installation of furniture, fixtures and medical and other equipment

Bartlett Cocke, the RBG Construction Manager, has provided a Guaranteed Maximum Price (GMP #6s) for the work associated with this package at a cost of $1,125,887. Mr. Webb reviewed all previously approved GMPs with Bartlett Cocke, control estimates, and amounts, in detail. This bring the control estimate for the amended contract with Bartlett Cocke to $71,640,213 with a grand total $85,766,232. Staff recommends the proposed GMP 6s be funded from the Capital Account after the rebalancing of reserves for audited 2012 results which includes Year 1 DSRIP funding of $11.6M, in support of our Triple Aim Plus goal of improving access to care. Additionally, the inclusion of GMP #6s increases the CM’s Construction Cost Limit (CCL) to a total of $108,564,079. This is the sixth amendment to the Bartlett Cocke CCL. Mr. Webb reviewed the participation goal for SMWVBE as being 56% and the local participation goal is 95%. To date, SMWVBE participation of awarded construction projects is 64.70% and local participation is 98.38%. This does not include the dollars associated with the
Construction Manager’s Fee or other project administrative costs (i.e., insurance, bonds, permit fees, etc.). Mr. Webb reviewed the SMWVBE numbers achieved for all construction amendments to date with the Board, including a SMWVBE breakout by category, percentages and dollar amounts.

**RECOMMENDATION:** Staff recommends Board of Managers’ approval of an amendment to the existing Bartlett-Cocke Construction Management Agreement in the amount of $1,125,887 as well as increase the Construction Cost Limit to $108,564,079 for GMP #6s.

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

**EVALUATION:** None.

**FOLLOW-UP:** None.

**CONSIDERATION AND APPROPRIATE ACTION REGARDING REPORT FOR MARCH 2013**

**FINANCIAL STATEMENTS—ROE GARRETT/PEGGY DEMING**

**SUMMARY:** For the month activity was up 6.5% for the Clinical Services (as measured based on discharges adjusted for outpatient activity). Community First Health Plan (CFHP) fully-insured membership was up 1.8%. From operations, the Health System experienced a gain of $1.3 million which was $1.6 million higher than the budgeted loss of $298,000 due lower operating expense. Meaningful use incentive of $158,000 was recorded for the achievement of incentive awards for the electronic medical record implementation. Investment income was under budget by $60,000 due to slightly lower interest rates than budgeted. An unrealized market loss of $43,000 was recorded in the month. The bottom line gain excluding debt service was $1.6 million which was $1.5 million higher than the budgeted gain of $99,000. CFHP reflected bottom line loss of $2.6 million which was $1.5 million off from a budgeted loss of $1.1 million. DSRIP Revenue of $27,000 was recognized to offset the actual cost of the same amount in March for DSRIP projects. This amount was $1.1 million less than the budget as the Health System is cautiously adding FTE’s and incurring other costs for DSRIP projects. Debt Service Revenue was $3.5 million which is equal to the budgeted portion of the Debt Service payment of $3.5 million. Notable increases and/or decreases from the Consolidated Balance Sheet were reviewed in detail with the Board.

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

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

**EVALUATION:** Ms. Deming attributed positive bottom line results to the staff’s focus on the Triple Aim Plus goal to be more efficient and achieve higher activity levels. Mr. Adams challenged the staff to achieve positive operating margin results for the first quarter to be reflected in the dashboard of key performance indicators. Mr. Engberg expressed concern with the CFHP financial situation. Regarding the discussion earlier in the meeting about the estimated amounts that will be available to re-balance reserves, Mr. Adams strongly urged staff to continue to work to be the most efficient,
customer-focused Health System anywhere. Any admonition that there are extra dollars available is inappropriate. There are tremendous funding needs within the Health System, and the objective is to break even every year. The Health System is not looking to build huge stores of cash for other purposes beyond those assigned by the tax payers and Bexar County Commissioner Court.

FOLLOW-UP: Mr. Adams asked that Mr. Gieseman review the year-end outlook for CFHP with Mr. Engberg and Ms. Rivas before the next Board of Managers meeting.

PRESENTATIONS AND EDUCATION:

REPORT ON DELIVERY SYSTEM REFORM INCENTIVE PAYMENT PROGRAM PROJECTS—SERGIO FARRELL

SUMMARY: In the interest of time, Mr. Adams asked the staff to present this item the following month.

RECOMMENDATION: None.
ACTION: None.
EVALUATION: None.
FOLLOW-UP: None.

INFORMATION ONLY ITEMS:

REPORT REGARDING YEAR 2013 MEDICAL-DENTAL STAFF COMMITTEES AND DEPARTMENTS—JOHN G. MYERS, M.D., PRESIDENT, MEDICAL/DENTAL STAFF

UPDATE ON CAPITAL IMPROVEMENT PROGRAM ACTIVITIES—MARK WEBB

ANNUAL REPORT ON PATIENT SATISFACTION—LENI KIRKMAN/CHRISTANN VASQUEZ

REPORT ON RECENT RECOGNITIONS AND UPCOMING EVENTS—LENI KIRKMAN

ANNUAL REPORT ON LEARNING AND DEVELOPMENT—JACQUE BURANDT/ThERESA SCEPANSKI

SUMMARY: Mr. Adams directed the Board’s attention to the five reports above. He urged his colleagues to review them and to contact staff with questions

RECOMMENDATION: None.
ACTION: None.
EVALUATION: None.
FOLLOW-UP: None.
CLOSED SESSION:

Mr. Adams announced the Board meeting closed to public at 8:40 p.m., pursuant to TEX. GOV’T CODE, Section 551.074 (Vernon 2004) to evaluate the performance and duties of the President/CEO. All Board members were present. Mr. Hernandez joined the Board of Managers in Executive Session at 9:07 p.m. After discussion, no action was taken in closed session, and the public meeting reconvened at 9:21 p.m.

CONSIDERATION AND APPROPRIATE ACTION REGARDING ANNUAL EVALUATION OF THE PERFORMANCE AND DUTIES OF THE PRESIDENT/CEO—JIM ADAMS

SUMMARY: Mr. Adams described the past year as having been a banner year for the University Health System under the leadership of George Hernandez. He has led the way in working on the 1115 Waiver, making the Health System a state leader and expert. He has also served as the President of the Texas Hospital Association, and actively built a succession plan for the leadership of the Health System. His salary increase and bonus recognize these achievements. And, for the first time ever, this year, Mr. Hernandez’ pay will be in the same general range as some of his counterparts. Mr. Briseno reported that in looking at other public hospital districts, this adjustment gets us closer but not quite to where the other systems are. The audit shows that over the past five years, financials have improved for the Health System, it is functioning at a lower tax burden than other systems, and that under Mr. Hernandez’ leadership, the Health System has outperformed its cohorts. The Board also recognizes the magnitude of the construction project that Mr. Hernandez has been tasked to manage. Mr. Adams agreed, stating that no other building program of this magnitude has occurred in Bexar County, and it has been managed in a way that reflects well upon the Health System, and demonstrates that the staff are being good stewards of the public’s money. Mr. Smith agreed that Mr. Hernandez’ performance for the past year has been outstanding and needs to be recognized by the Board. Further, Mr. Hernandez has recruited talented people and developed them. Patient satisfaction in this, the second biggest health system in the state, shows that patients are pleased because of the culture of this enterprise. Positive patient satisfaction indicators demonstrate that Mr. Hernandez has ensured the citizens of Bexar County are pleased with the services they receive. Mr. Adams noted that the decision on Mr. Hernandez’s compensation and performance incentive pay was not made quickly or lightly, or as a group-think decision. Each member of the Board asked themselves and exercised their own individual due diligence. The Board of Managers as a whole has tremendous respect for Mr. Hernandez, and wants to recognize him for this banner year.
RECOMMENDATION: The Compensation Committee of the Board of Managers recommends that Mr. Hernandez’ salary be adjusted to $550,000 a year, effective January 1, 2013, with a bonus of $75,000.

ACTION: A MOTION to approve the Compensation Committee’s recommendation was made by Mr. Briseno, SECONDED by Mr. Adams, and PASSED UNANIMOUSLY.

EVALUATION: None
FOLLOW-UP None.

ADJOURNMENT:

There being no further business, Mr. Adams adjourned the public meeting at 9:29 p.m.

James R. Adams
Chair, Board of Managers

Rebecca Q. Cedillo
Secretary, Board of Managers

Sandra D. Garcia, Recording Secretary