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

Tuesday, August 19, 2014
2:00 p.m.
Corporate Square, 10th Floor, Conference Room A
4801 N.W. Loop 410
San Antonio, TX 78229-5347

MINUTES

BOARD MEMBERS PRESENT:

James R. Adams, Chair
Linda Rivas, Vice Chair
Dianna M. Burns, M.D., Secretary
Roberto L. Jimenez, M.D., Immediate Past Chair
Robert Engberg
Ira Smith

BOARD MEMBERS ABSENT:

Robert Gilbert

OTHERS PRESENT:

George B. Hernandez, Jr., President/Chief Executive Officer, University Health System
Bryan Alsip, M.D., Executive Vice President/Chief Medical Officer, University Health System
Felix Alvarez, Executive Director, Procurement Services, University Health System
Tim Brierty, Chief Executive Officer, University Hospital
Karen Bryant, Vice President, Hospital Operations, University Hospital
Ted Day, Senior Vice President, Strategic Planning & Business Development, University Health System
Peggy Deming, Executive Vice President/Chief Financial Officer, University Health System
Sergio Farrell, Senior Vice President, Ambulatory Services, Robert B. Green Campus
Don Finley, Senior Writer, Corporate Communications, University Health System
Roe Garrett, Vice President/Controller, University Health System
Lindsey Herman, Administrative Resident, University Hospital
C. Reed Hurley, Assistant Chief Financial Officer, University Health System
Michael Hernandez, Vice President/Chief Legal Officer, University Health System
Leni Kirkman, Vice President, Strategic Communications and Patient Relations, University Health System
Mark Webb, Executive Vice President/Chief Operating Officer, University Health System
And other attendees.
CALL TO ORDER, WELCOME, AND RECORD OF ATTENDANCE: JAMES R. ADAMS, CHAIR, BOARD OF MANAGERS

Mr. Adams called the meeting to order at 2:00 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE:

Mr. Adams introduced Ms. Lisa Sanchez, Executive Director/Patient Experience, University Health System, for the invocation, and he led the pledge of allegiance.

ACTION ITEMS:

DISCUSSION AND APPROPRIATE ACTION REGARDING THE 2014 BEXAR COUNTY HOSPITAL DISTRICT TAX RATE RECOMMENDATION TO COMMISSIONERS COURT IN SUPPORT OF THE OPERATING, DEBT SERVICE AND CAPITAL BUDGETS FOR 2015 – PEGGY DEMING/GEORGE B. HERNÁNDEZ, JR.

SUMMARY: Mr. Hernandez introduced the underlying basis for the proposed tax recommendation as the Triple Aim Plus (improving quality, safety and outcomes; the patient experience; efficiencies; and access to care). He yielded the floor to Ms. Deming for a graphics presentation and a report on the preliminary 2015 budget, which was developed to incorporate both internal and external factors, as well as significant financial drivers, including an increase in activity in the new Sky Tower by 2.8 percent. Factors include the impact of the Affordable Care Act without Medicaid expansion in Texas; continued reductions in state and federal reimbursement; operations related to opening of the new Sky Tower and Robert B. Green Campus; and enhanced Pediatric services for the community. Ms. Deming described $17 million worth of projected improvements from current management initiatives in 2014 and $19.1 million in 2015:

- $11.5 million total operating expense savings in employee compensation, supplies, purchased services, and medical services in 2014 and $12 million in 2015.

- $5.5 million total operating revenue increase in net patient revenue, and other revenue in 2014; and $7.1 million in 2015.

Ms. Deming yielded the floor to Mr. Day for a service line growth tactical summary, during which he described the re-tooling of internal approaches to growth and outreach, as well as a re-tooling of external contact approach to the referring medical community. A discussion ensued regarding the staff’s strategy to actively adopt referring providers as customers. Dr. Jimenez urged staff to develop two initiatives to focus on 1) congestive heart failure and 2) diabetes. Both would encompass development of strong relationships with local community physicians. Dr. Jimenez asked if it would be possible for the UHS Foundation to fund such high profile, ambulatory initiative to which Mr. Hernandez responded positively.
As referring physicians in private practice, both Dr. Burns and Dr. Jimenez touched upon certain barriers that exist within the Emergency Department at University Hospital, making it very difficult for them to refer patients. Mr. Adams suggested that a certain and specific marketing effort by the Health System was necessary to communicate current capabilities to referring physicians.

Ms. Deming reviewed the preliminary 2015 budget as follows:

<table>
<thead>
<tr>
<th></th>
<th>Projected 2014</th>
<th>Preliminary 2015 Budget</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Discharges</td>
<td>43,942</td>
<td>45,166</td>
<td>1,224</td>
<td>2.8%</td>
</tr>
<tr>
<td>Net Patient Revenue</td>
<td>$396,764</td>
<td>$409,275</td>
<td>$12,511</td>
<td>3.2%</td>
</tr>
<tr>
<td>Total Other Operating Revenue</td>
<td>$444,907</td>
<td>$457,293</td>
<td>$12,386</td>
<td>2.8%</td>
</tr>
<tr>
<td>Total Operating Revenues (TOR)</td>
<td>$841,671</td>
<td>$866,568</td>
<td>$24,897</td>
<td>3.0%</td>
</tr>
<tr>
<td>Total Operating Expenses (TOE)</td>
<td>$865,808</td>
<td>$896,701</td>
<td>$30,893</td>
<td>3.6%</td>
</tr>
<tr>
<td>Loss from Operations</td>
<td>$(24,137)</td>
<td>$(30,133)</td>
<td>$(5,996)</td>
<td>-24.8%</td>
</tr>
<tr>
<td>Total Non-Operating Revenue</td>
<td>$2,916</td>
<td>$1,862</td>
<td>$(1,054)</td>
<td>-36.1%</td>
</tr>
<tr>
<td>Bottom Line</td>
<td>$(21,221)</td>
<td>$(28,271)</td>
<td>$(7,050)</td>
<td>-33.2%</td>
</tr>
<tr>
<td>Unearned DSRIP</td>
<td>$20,660</td>
<td>$28,338</td>
<td>$7,678</td>
<td>37.2%</td>
</tr>
<tr>
<td>Debt Service</td>
<td>$43,108</td>
<td>$43,906</td>
<td>$798</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

Ms. Deming also reviewed the Health System’s historical and proposed tax rate in cents per $100 valuation from 2005 to present.

**RECOMMENDATION:** Staff proposes the Board of Managers recommend to Bexar County Commissioners Court that the 2014 total tax rate in support of University Health System operating, debt service and capital requirements for 2015 be set at the existing total tax rate of $0.276235 per $100 property valuation.

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

**EVALUATION:** Mr. Adams asked Mr. Day to meet with Dr. Burns and Dr. Jimenez for their feedback on “real problems” that community physicians face in referring their patients to the Emergency Department. He also urged the staff to come up with better ways to communicate with private physicians about Health System capabilities. Ms. Rivas requested the opportunity to review a list of grants funded by the Health System.

**FOLLOW-UP:** As indicated above. Dr. Roberto Villarreal will brief Ms. Rivas on grants funded by UHS.
ADJOURNMENT:

Mr. Hernandez informed the Board of Managers that the County of Bexar and University Health System will co-sponsor a Bexar County Healthcare Summit on Monday, September 22, 2014 at the Colonnade Omni Hotel. Both Judge Nelson Wolf and Mayor Ivy Taylor will provide welcome remarks. There being no further business, Mr. Adams adjourned the public meeting at 3:40 p.m.

__________________________________ ______________________________
James R. Adams    Dianna M. Burns, M.D.
Chair, Board of Managers   Secretary, Board of Managers

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Sandra D. Garcia, Recording Secretary