REGULAR MEETING
OF THE BEXAR COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS

Tuesday, August 30, 2011
6:00 p.m.
Board Room, University Center for Community Health
701 S. Zarzamora
San Antonio, Texas

MINUTES

BOARD MEMBERS PRESENT:

Roberto 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
Tricia Aleman, Director, Corporate Communications and Marketing, University Health System
Bryan Alsip, M.D., Executive Vice President/Chief Medical Officer, University Health System
John Atchley, Administrative Resident, UTHSCSA
Tim Brierty, Chief Executive Officer, University Hospital
Gabriela Canales, Supplier Diversity Coordinator, Purchasing Department, University Health System
Francine Crockett, Vice President, Supply Chain Management, University Health System
Peggy Deming, Executive Vice President/Chief Financial Officer, University Health System
Theresa De La Haya, Senior Vice President, Community Health and Clinical Preventive Programs, University Health System
Sergio Farrell, Vice President, Ambulatory Services, University Health System
Andrew Garza, Administrative Fellow, University Health System
Roe Garrett, Vice President/Controller, University Health System
Greg Gieseman, President/Chief Executive Officer, Community First Health Plans, Inc., and Vice President Managed Care, University Health System
Michael Hernandez, Vice President, Legal Services and Risk Management, University Health System
Sherry Johnson, Vice President/Integrity and Regulatory Services, University Health System
Lt. Sherrie King, Protective Services, University Health System
Leni Kirkman, Vice President, Strategic Communications and Patient Relations, University Health System
Gary McWilliams, M.D., Executive Vice President/Chief Ambulatory Services Officer, University Health System
Priti Mody-Bailey, M.D., President/Chief Executive Officer, Community Medicine Associates
John Olson, M.D., Ph.D., Medical Director, Pathology Services, UTHSCSA; and Professor/Department of Pathology, UTHSCSA
Bill Phillips, Vice President/Chief Information Officer, Information Services, University Health System
Theresa Scepanski, Senior Vice President, Organizational and Strategic Development, University Health System
Sunil Sudarshan, M.D., Assistant Professor, Division of Urology, Department of Surgery, UTHSCSA
Robert Svatek, M.D., Assistant Professor, Division of Urology, Department of Surgery, UTHSCSA
Christann Vasquez, Executive Vice President/Chief Operating Officer, University Health System
Nicolas Walsh, M.D., President, Medical/Dental Staff, University Health System; and Professor/Chair, Department of Rehabilitation Medicine, UTHSCSA
And other attendees.

MEMBERS OF THE PRESS:

Richard Marini, San Antonio Express News

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

Dr. Jimenez called the meeting to order at 6:05 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE:

Ms. De La Torre introduced Mr. Marco Mendoza for the invocation and Dr. Jimenez led the pledge of allegiance.

CITIZEN PARTICIPATION: None.

APPROVAL OF MINUTES OF PREVIOUS MEETINGS OF THE BOARD OF MANAGERS:

JULY 19, 2011 – SPECIAL BOARD MEETING:
SUMMARY: The minutes of the special Board meeting of July 19, 2011, were submitted for approval by the Board of Managers.
RECOMMENDATION: Dr. Jimenez recommended approval of the minutes as submitted.
ACTION: A MOTION for approval of the recommendation was made by Ms. Cedillo, SECONDED by Mr. Smith, and PASSED UNANIMOUSLY.
EVALUATION: None.
FOLLOW-UP: None.

JULY 26, 2011 – REGULAR BOARD MEETING:
SUMMARY: The minutes of the regular Board meeting of July 26, 2011, were submitted for approval by the Board of Managers.
RECOMMENDATION: Dr. Jimenez recommended approval of the minutes as submitted.
ACTION: A MOTION for approval of the recommendation was made by Mr. Smith, SECONDED by Mr. Briseno, and PASSED UNANIMOUSLY.
EVALUATION: None.
FOLLOW-UP: None.
AUGUST 16, 2011 – SPECIAL BOARD MEETING:

SUMMARY: The minutes of the special Board meeting of August 16, 2011, were submitted for approval by the Board of Managers. 

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

ACTION: A MOTION for approval of the recommendation was made by Mr. Engberg, SECONDED by Ms. Cedillo, and PASSED UNANIMOUSLY.

EVALUATION: None.

FOLLOW-UP: None

REPORT FROM THE PRESIDENT OF THE HEALTH SCIENCE CENTER – WILLIAM HENRICH, M.D.:

SUMMARY: Dr. Henrich did not attend today’s meeting. Dr. Nicolas Walsh acknowledged the physician leaders present on his behalf.

RECOMMENDATION: None.

ACTION: None.

EVALUATION: None.

FOLLOW-UP: None.

NEW BUSINESS

CONSENT AGENDA – ROBERTO JIMENEZ, M.D.:

Consideration and Appropriate Action Regarding Medical-Dental Staff Recommendations for Staff Membership – Nicolas Walsh, M.D., President, Medical/Dental Staff

Consideration and Appropriate Action Regarding Appointment/Reappointment to the Board of Directors of Texas AirLIFE—Jim Adams, Chair, Nominating Committee

Consideration and Appropriate Action Regarding Appointment/Reappointment to the Board of Community First Health Plans—Jim Adams, Chair, Nominating Committee

Consideration and Appropriate Action Regarding Granting of an Easement Located at University Health Center-Pavilion (4647 Medical Drive) to VIA Metropolitan Transit—Michael Hernandez

Consideration and Appropriate Action to Approve the Dedication of an Easement for City Public Service Energy for Placement of Two Primary Electrical Transformers at the Robert B. Green Campus—Mark Webb

Consideration and Appropriate Action Regarding Purchasing Activities (See Attachment A) - Francine Crockett

RECOMMENDATION: Staff recommends approval of consent items listed above.

ACTION: A MOTION to approve staff’s recommendation for the items listed on the consent agenda was made by Mr. Briseño, SECONDED by Mr. Smith, and PASSED UNANIMOUSLY.

EVALUATION: Ms. Rivas requested additional information regarding purchasing item no. 32, a purchase order for collections on CareLink accounts. This is
modification #3, the original contract for $124,000 was awarded in September 2008 and included an option to renew for four additional one year terms. Modifications #1 and #2 totaling $124,000 exercised the first two renewal options. Modification # 3 exercises the third option. The total value of this contract, including Modification #3 is $329,397. The collection fee rates remain at 16.9% of cash collected. Ms. Rivas was surprised to learn that that the Health System is not seeing more bad debt or turning away patients due to non-payment during this time of economic turmoil. Dr. McWilliams informed Ms. Rivas that staff is closely reviewing claims to make sure that patients are given every opportunity to pay their bills and we are not turning over a lot of bad debt right now. All bad debt for members who fall below the 75% poverty level is being written off. Dr. McWilliams offered to sit with Ms. Rivas to review this process in detail.

Mr. Engberg noted the large number of purchases this month, many indicating a significant savings. Savings for 2012 range from 9 to 28 percent for a total of $936,000. Mr. Adams asked about physician cooperation in standardizing supplies to accomplish these cost savings. The Health System currently has an ASPEN health care supply initiative underway; staff has actively taken charge of the process and is receiving full support from the physicians to standardize. Dr. Alsip reviewed the medical product evaluation and procurement process in detail, a very structured procedure which takes into consideration the clinical information available as well as the financial information. It is possible that a restricted item will be approved for a one time purchase if the physician has a particularly difficult case that might require an implant, for example, that has been proven in value, is rare or more expensive. A determination is made soon after any request is received and emergent reviews clear the process in 1 to 2 days.

Mr. Adams was pleased to learn of the physician involvement in this process and asked Drs. Alsip and Walsh to let the physicians know that the Board of Managers appreciates their efforts and cooperation.

FOLLOW-UP: Ms. Rivas and Dr. McWilliams will review the CareLink process as indicated above.

ITEMS RELATED TO PLANNING & OPERATIONS – LINDA RIVAS, CHAIR, PLANNING & OPERATIONS COMMITTEE

UPDATE ON CAPITAL IMPROVEMENT PROGRAM ACTIVITIES – MARK WEBB

SUMMARY: Mr. Webb provided a detailed written report regarding CIP activities and developments on both campuses since last month.

University Hospital:

He reported a few heat related incidents; the CIP team continues to diligently identify and eliminate safety hazards that may affect patients,
visitors, staff, and project workers. The final forensic report on the factors that led to the collapse of the North Prow area of the West Parking Garage was released on August 17, 2011. The conclusions of the report indicate that the collapse was a result of construction procedures not being properly followed, specifically citing the lack of grout in the column connections, both beneath the base plates and inside the splice sleeves. Additionally, no supplementary bracing was provided to resist lateral forces within the North Prow structure during construction for the un-grouted condition. There were no issues related to the design/engineering of the structure or the integrity of the materials being utilized. Finally, the Health System will not bear any additional cost for the West Parking Garage Project. Total costs associated with the collapse will not be finalized for several months and at that time, the information will be presented to the Board. The responsible subcontractor will continue to work on this job at University Hospital. This was the unanimous decision of the project team because although the collapse was an unfortunate incident, the subcontractors are skilled at what they do. There are different work protocols in place to ensure this does not happen again and certain personnel have been changed out. Mr. Engberg agreed that this arrangement is within normal standards in the construction industry.

During excavation for the Central Utility Plan several days ago, hydrocarbons were located in the ground. The hydrocarbons have been there for a while and two potential sources have been identified. Additional testing will solidify the source. The work in this area is moving along and serious delays are not expected.

**Robert B. Green Campus:**

LEED Gold certification efforts are on target to achieve that goal. Staff has identified a potential opportunity to work with CPS Energy for a grant by the U.S. Department of Energy for electrical vehicle charging stations at the downtown facility. Under this two-year grant/study program, the property owner agrees to install the infrastructure and CPS will provide the electricity at no cost to the owner or the user. After the grant period, there will be a revenue-related opportunity but the details are not available at this time. Mr. Engberg is interested in learning more about the revenue side of this opportunity after the grant period expires. Additional information on this item will be provided to the Board once it is available.

Several months ago, Health System staff hosted VIA Metropolitan leadership at University Hospital and discussed a connection from the downtown facility to the Westside Multimodal Center. Results from those discussions are a bigger and improved waiting station at the downtown facility. VIA ridership incentives to encourage the workforce to use public transportation include purchase of bus passes at 100% if the employee relinquishes his parking space, or at 50% if the employee needs some flexibility.
Dr. Jimenez reiterated to staff that the downtown facility is vulnerable during construction in terms of security due to the number of people with mental illness and the homeless population near the Haven for Hope. Although the construction areas are currently patrolled and monitored by video surveillance, staff will review current protocols and take additional precautions if necessary in light of Dr. Jimenez’s concerns.

Mr. Adams thanked the staff for their work and for earning an excellent credibility in the community during the capital improvement campaign. The project managers have done a great job and we have an excellent team working together.

RECOMMENDATION: This report was provided for informational purposes only.
ACTION: None.
EVALUATION: None.
FOLLOW-UP: As indicated above.

REPORT ON THE TIER III DATA CENTER CONSTRUCTION – WILLIAM PHILLIPS

SUMMARY:
Mr. Phillips provided a graphics presentation and an in depth written report on the Tier III Data Center construction, which is summarized below:

- Phase 1 - Construction of 4,000 square feet of data center white space and supporting infrastructure.
- Phase 2 - Utilizes the second half of the whitespace, introduces the second string of uninterruptible power supplies, and additional generators.
- Phase 3 - Builds out the unfinished space and brings the total white space square footage to 6,000 square feet.

Phase 3 will be followed by the installation of servers, network infrastructure, storage and interconnectivity inside the Data Center. The Health System is also in the process of contracting for two diverse paths of fiber optic cable that will be owned by the Health System, which will enable the delivery of real time replication of data between Data Centers.

Virtualized platforms will allow for 800 virtual servers per cabinet or approximately 6,400 servers per server row. Each phase of the Data Center can support up to 12,800 virtual servers.

The network in the Tier III Data Center will have a 10 GB network can be easily increased to 40 GB and then 100 GB without having to remove and replace cabling.

Hot air containment strategies have been incorporated to dramatically reduce the costs associated with controlling the environmental aspects. The heat that is exhausted from the rear of the servers will be captured in a cabinet chimney and carried into the overhead plenum space. It is then drawn down a chimney into the Computer Room Air Conditioner (CRAC) where it is cooled and optimized before being sent under the
floor and back to the intake of the server cabinets. There are a total of ten CRAC units supporting the Data Center.

Data center construction generally progressed very well. The facility is now being commissioned, i.e., all the systems are being tested to assure their functioning as designed. All phases of the project are scheduled to be completed at the end of August.

The initial contract for construction of the data center with Structure Tone Southwest was $5,936,312. During the construction process, we encountered unexpected field conditions that had to be remediated in the amount of $344,741. Changes in the scope of work were identified to improve energy or operational efficiency, minimize future construction disruption and cost effectiveness. The cost for the changes in the scope of work totaled $210,643. The cost of the project was further reduced by identifying $49,660 in value engineering opportunity. The total cost for construction is now estimated to be $6,442,036. Equipping the data center (network infrastructure) totals $1,379,651. The aggregate estimated cost for the data center project is $7,821,687 or $178,313 below the $8 million budget.

RECOMMENDATION: This report was provided for informational purposes only.
ACTION: None.
EVALUATION: None.
FOLLOW-UP: None.

REPORT ON COMMUNITY FIRST HEALTH PLANS, INC. – GREG GIESEMAN

SUMMARY: Community First Health Plans (CFHP) is an affiliate of the Bexar County Hospital District d/b/a University Health System, with the expectation that CFHP’s role as a provider owned managed health care plan will support the UHS goal of improving the health and well-being of the people of Bexar County and surrounding areas. CFHP was issued a license to operate as a HMO in October 1995.

Under this license, CFHP currently provides health benefits on a full financial risk basis to Medicaid programs (STAR, CHIP and CHIP Perinate) and commercial payers. It also provides administrative services (ASO) to the employees of University Health System on a non-risk basis. The Plan is currently operating at a $261.1M annual revenue and provides coverage for 136,500 members. Mr. Gieseman provided a graphics presentation and an in depth, written report which is summarized below:

Provider Network - CFHP’s contracted provider network includes over 800 local Primary Care Physicians (PCPs), 2,500 specialists and 22 hospitals.

Utilization Management - CFHP staff provides authorization and management services for inpatient care and selected outpatient services. At its current membership volume, CFHP manages over 11,000
Medicaid admissions, 55% of which are for deliveries and 4% for behavioral health.

**Diversity** - CFHP is staffed by individuals from San Antonio and surrounding communities who reflect the diversity and demographics of the community serviced. CFHP develops its member materials at the appropriate reading level and in Spanish, with resources in-house to ensure the materials are culturally appropriate. Nearly every Member Services Representative in the CFHP call center is bilingual in English and Spanish. Furthermore, CFHP’s two San Antonio locations provide the opportunity for providers and members to visit in-person with a CFHP Representative. CFHP is committed to reducing health disparities and was selected to participate in the national Disparities Leadership Program sponsored by Harvard Medical School and Massachusetts General Hospital.

**Disease Management Programs** - CFHP has established three disease management programs that provide advanced care management to members with the chronic conditions of diabetes, asthma, and complicated pregnancies.

**Coordination with Community Resources** - CFHP coordinates its services with local community agencies. Members are assessed on a New Member Survey for their need for information about programs and resources in the community. Members are commonly referred to programs such as Children and Pregnant Women; Early Childhood Intervention; Supplemental Security Income; Community Living Assistance and Support Service Program; Community Based Alternatives; Texas Commission for the Blind/Targeted Case Management for Blind and Visually Impaired Children; Texas Department of Mental Health and Mental Retardation; Any Baby Can; San Antonio Metropolitan Health District; Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); and the ARC of Texas. Coordination also occurs with school-based health and education programs.

**Quality Programs** - CFHP monitors its quality operations through its Quality Management and Improvement Program (QMIP). While routine and periodic monitoring of occurs throughout the year, regulatory requirements specify an annual evaluation be conducted for review by the Board.

**Member Satisfaction** - CFHP Call center and CFHP Hotline staff handled nearly 60,000 calls from members (and over 92,000 calls from providers) over the last 12 months. Member satisfaction is measured via periodic surveys.

**Financial** – Mr. Gieseman reviewed key financial measures compared to budget through July 2011 with the Board.
Future Initiatives - CFHP has begun its strategic planning process with its Board to understand the potential opportunities for CFHP associated with Health Care Reform particularly in the areas of Medicaid expansion and health insurance exchanges. Given the potential national expansion of eligibility to 133% of the federal poverty level, the State of Texas projects 1.2 million new residents to enroll in Medicaid. CFHP estimates 110,000 legal residents will enroll in the Bexar Service Area (BSA). If CFHP maintains its current 45% market share, CFHP could add 50,000 adult lives beginning in 2014. Outreach and individual mandate (if applicable) may increase enrollment of those currently eligible but not enrolled. In addition, CFHP estimates 181,000 currently uninsured individuals in BSA will be eligible for the insurance exchange (plus small business and individuals who elect to participate). Clearly this potential is dependent upon the resolution of pending political and legal challenges/changes to the health care reform law. Mr. Gieseman reviewed other future initiatives with the Board in detail.

RECOMMENDATION: This report was provided for informational purposes only.
ACTION: None.
EVALUATION: None.
FOLLOW-UP: Board members expressed an interest in receiving similar in-depth presentations regarding the UHS Pension Plan, San Antonio AirLife, and the UHS Foundation.

ITEMS BEING RECOMMENDED BY THE BUDGET AND FINANCE COMMITTEE – ROBERT ENGBERG, CHAIR, BUDGET & FINANCE COMMITTEE

SELECTED PURCHASING ITEMS RELATED TO THE CAPITAL IMPROVEMENT PROJECT

ROBERT B. GREEN CAMPUS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING CONSIDERATION AND APPROPRIATE ACTION TO AMEND THE PROFESSIONAL SERVICE CONTRACT WITH RTKL FOR ARCHITECTURAL SERVICES TO DESIGN A SECOND OPERATING ROOM IN THE AMBULATORY SURGERY CENTER (ASC) AT THE ROBERT B. GREEN CAMPUS—MARK WEBB

SUMMARY: Modification #6 amends the Professional Services Contract with RTKL for architectural services to design a second operating room in the Ambulatory Surgery Center (ASC) at the Robert B. Green Campus. Funding is available through the CIP Project Contingency Fund. This is a fixed lump sum fee. The same level of local and SMWVBE participation goals (25.74%) as negotiated in the original contract is expected. The original contract in the amount of $7,728,795 was approved by the Board of Managers in September 2009. Modifications #1 through #5 total $1,369,898. The total value of this contract including Modification #6 is $9,173,083.
RECOMMENDATION: Staff recommends the Board of Managers approve the amendment to the contract with RTKL in the amount of $74,390 for additional architectural services at the Robert B. Green campus.

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.

UNIVERSITY HOSPITAL:

CONSIDERATION AND APPROPRIATE ACTION TO APPROVE THE GUARANTEED MAXIMUM PRICE FOR RETENTION SYSTEMS; STRUCTURAL AND CIVIL WORK ASSOCIATED WITH THE EMERGENCY CENTER, AREAWAYS, AND NORTH WALL/NORTH PARKING GARAGE AREA; COVERED WALKWAYS ALONG MERTON MINTER; AIR INTAKE PROTECTION; AND INFRASTRUCTURE INSTALLATION FOR A WATER SOFTENING SYSTEM FOR THE HOSPITAL TOWER (GMP #13J)—MARK WEBB

SUMMARY: Guaranteed Maximum Price (GMP #13j) is the tenth GMP developed for the new Hospital Tower project and includes an additional retainage system and retaining wall at the Emergency Center; construction of areaways around the perimeter of the new tower; construction of a Grade Beam at the North Parking Garage to tie the existing structure to the new tower; demolition of soldier piers; covered walkways for pedestrian safety; placement of Air Intake Protectors to ensure air quality in the existing building during construction; and installation of the MEP and structural systems to support a water softening system. Guaranteed Maximum Price for Retention Systems; Structural and Civil Work Associated with the Emergency Center, Areaways, and North Wall/North Parking Garage; Covered Walkways along Merton Minter; Air Intake Protection and Infrastructure Installation for a Water Softening System for Mintor the Hospital Tower (GMP 13j) Funding is available through the Bond Proceeds. The participation goals for local firms and SMWVBEs is 80% and 40%, respectively. To date, SMWVBE participation of awarded construction projects is 42.92% and local participation is 86.03%. 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.). The original contract in the amount of $44,451,753 was approved by the BCHD Board of Managers in September 2009. Modifications #1 through #33 total $263,637,468 and were for GMPs #1, #2, #2-R, #3a, #3b, #3c, #4, #5a, #5b, #5-R, #6, #7, #8, #8-R, #9a, #9b, #10, #11, #12, #13a, #13b, #13c, #13d, #13e, #13f, #13g, #13h, #13i, #14, #15a, #15b, #16a and #16b. The total value of this contract including Modification #36 is $309,791,253.

RECOMMENDATION: Staff recommends the Board of Managers approve the GMP 13j in the amount of $1,702,032 and authorize the President/CEO to execute the amendment to the Zachry Vaughn Layton Construction Management Agreement in an amount of $1,702,032.
ACTION: A MOTION to approve staff’s recommendation was made by Mr. Briseno, SECONDED by Ms. Rivas, and PASSED UNANIMOUSLY None.

EVALUATION: None.

FOLLOW UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH INTUITIVE SURGICAL INC. FOR THE PURCHASE OF A DA VINCI ROBOTIC SURGICAL SYSTEM—TIM BRIERTY

SUMMARY: This purchase order is for acquisition of a DaVinci Robotic Surgical System. The DaVinci Surgical System is recognized as an industry leader and the overwhelming choice of hospitals incorporating robotic technology into their surgical practice. Over the past 10 years, robotic-assisted surgery has become the standard of care for laparoscopic procedures and its expansion into various medical disciplines makes it fundamental to business development. Market research has shown that patients tend to prefer minimally invasive surgery to traditional open procedure methods and the addition of this System to the Health System's Surgery Service Line will have a positive impact on patient outcomes. All local health systems have incorporated this technology into their surgery service lines within the past several years. Year 2011 Capital Contingency funds are being requested for this acquisition. This purchase is being requested as an exempt purchase because Intuitive Surgical, Inc., is the sole manufacturer of this specialized robotic equipment. Intuitive Surgical, Inc., has an Affirmative Action Plan or Policy in effect. Intuitive Surgical, Incorporated has a total of 1,398 employees. The Workforce Composition Data was reviewed with the Board.

RECOMMENDATION: Staff recommends Board of Managers approval to purchase the DaVinci Surgical System. This equipment purchase will be made with 2011 capital contingency funds. The total cost of this equipment purchase is not to exceed $1,935,000.

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

EVALUATION: Drs. Sunil Sudarshan and Robert Svatek from the Department of Urology attended the meeting with Mr. Brierty to express support for the Health System’s procurement of the Da Vinci Robotic Surgical System. Both physicians interacted with the Board members and answered questions related to training of the system. Mr. Adams encouraged staff to develop a comprehensive list of state of the art equipment, such as the Da Vinci Surgical System, for review of the financial implications to the Health System. Mr. Smith re-stated the need for a Board strategic planning retreat. This was echoed by Ms. Cedillo.

FOLLOW UP: None.
CONSIDERATION AND APPROPRIATE ACTION REGARDING REPORT FOR JULY 2011 FINANCIAL STATEMENTS – ROE GARRETT

SUMMARY: For the month activity was down 2.9% for the Clinical Services (as measured based on discharged adjusted for outpatient activity). Community first Health Plans, Inc., fully-insured membership was down 2.3%. From operations, the Health System experienced a gain of $3.5 million which was $3.2 million higher than the budgeted gain of $228,000 due to higher operating revenue and lower medical claims expense. A new line has been added as non-operating income for meaningful use incentive award related to the use of the electronic medical record. In July, the Health System received a $3.6 million and was one of the first providers to receive this incentive award. Of this award, $1.3 million was included in operating revenue consistent with the management initiative to earn this level of funding in the 2011 Budget. The remaining $2.3 million and most future awards will be reflected as non-operating income as up to $8.2 million was appropriated to pay for equipment in the new Data Center. Investment income was under budget by $154,000 due to lower interest rates than budgeted. An unrealized market gain of $112,000 was recorded in the month. The bottom line gain in excess of expenses excluding debt service was $6.1 million which was $5.5 million higher than the budgeted gain of $64,000. Included in the above results is CFHP which experienced a $1.5 million bottom line gain ($1.3 million better than the budgeted gain of $193,000)

RECOMMENDATION: Staff recommended acceptance of the financial statements for July 2011, subject to audit.

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

EVALUATION: None.

FOLLOW-UP: None.

REPORT ON RECENT RECOGNITIONS AND UPCOMING EVENTS—LENI KIRKMAN

SUMMARY: Ms. Kirkman provided a detailed, written report on recent recognitions received by the Health System, media highlights as well as upcoming events.

RECOMMENDATION: This report was provided for information purposes only.

ACTION: None.

EVALUATION: None.

FOLLOW-UP: None.

INFORMATION ONLY ITEMS:

REPORT REGARDING YEAR 2010 MEDICAL/DENTAL STAFF COMMITTEE AND DEPARTMENTS – NICOLAS WALSH, M.D.

SUMMARY: This monthly report is submitted pursuant to a Joint Commission Medical Staff standard which states that the medical staff executive committee will review, act, and report to the Board of Managers the
activities of all Medical/Dental staff committees. Dr. Walsh informed the Board that the reports are informational in nature and that the Medical/Dental Staff Office is working to standardize the reports. Mr. Adams was particularly interested in the Annual Report from the Medical Record Committee. The report describes an issue with report capabilities not available from the electronic medical record (Sunrise), and a timeline dated June 2010 through June 2011 which describes upgrades to the Sunrise system and issues that the clinical staff are encountering.

Board members concurred that the usability of Sunrise, its features, and the flow of information must be addressed immediately in light of the large amounts of money spent on acquiring the system. It is simply unacceptable for an electronic report to turn into a 2.5 hour project. Mr. Adams asked Mr. Phillips to advise the health care IT and software solution executives at Eclipsys/Allscripts that these issues have reached the Board level and that the Board is very interested in the outcome.

RECOMMENDATION: These reports were submitted for informational purposes only.
ACTION: None.
EVALUATION: See above.
FOLLOW-UP Mr. Phillips will continue to work with the Eclipsys/Allscripts executives to address the issues described by the Medical Record Committee.

**2011 QUARTER 2 SUPPLIER DIVERSITY REPORT – FRANCINE CROCKETT**

**SUMMARY:** Ms. Crockett submitted a detailed, written report for the second quarter. The report was not discussed.

**RECOMMENDATION:** This report was submitted for informational purposes only.

**ACTION:** None.

**EVALUATION:** None.

**FOLLOW-UP** None.

**ADJOURNMENT:**

There being no further business, Dr. Jimenez adjourned the public meeting at 8:50 p.m.

__________________________________ ______________________________
Roberto L. Jimenez, M.D.   Ira Smith
Chair, Board of Managers   Secretary, Board of Managers

Sandra D. Garcia, Recording Secretary