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

Tuesday, February 25, 2014
6:00 p.m.
Board Room
Texas Diabetes Institute
701 S. Zarzamora
San Antonio, Texas 78207

MINUTES

BOARD MEMBERS PRESENT:

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

BOARD MEMBERS ABSENT:

Alex Briseño

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
Felix Alvarez, Executive Director, Procurement Services, University Health System
Ted Day, Vice President, Strategic Planning & Business Development, University Health System
Peggy Deming, Executive Vice President/Chief Financial Officer, University Health System
Don Finley, Senior Writer, Corporate Communications, University Health System
Greg Gieseman, President/Chief Executive Officer, Community First Health Plans, Inc.
Roe Garrett, Vice President/Controller, University Health System
William L. Henrich, M.D., President, School of Medicine, UTHSCSA
Michael Hernandez, Vice President/Chief Legal Officer, University Health System
Barbara Holmes, Vice President/Chief Financial Officer, Community First Health Plans
Sherry Johnson, Vice President/Chief Integrity Officer, Integrity Services & Compliance, University Health System
Leni Kirkman, Vice President, Strategic Communications & Patient Relations, University Health System
Mary Ann Mote, Senior Vice President/Chief Revenue Officer, University Health System
John G. Myers, M.D., Professor, Clinical Surgery, Department of Surgery, UTHSCSA; and President, Medical/Dental Staff, University Health System
Theresa Scopanski, Vice President/Chief Administrative Officer, University Health System
Allen Strickland, Vice President/Administration, University Hospital
CALL TO ORDER AND RECORD OF ATTENDANCE: JIM ADAMS, CHAIR, BOARD OF MANAGERS

Mr. Adams called the meeting to order at 6:00 pm.

INVOCATION AND PLEDGE OF ALLEGEANCE:

Mr. Adams introduced Ms. Veronica Ibarra of St. Ephraim the Syrian Orthodox Church for the invocation and he led the pledge of allegiance.

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

SUMMARY: Dr. Henrich introduced the physician leaders present. He reminded the Board that National Match Day will occur at 10:30 am on Friday, March 21, 2014, at Floore’s Country Store in Helotes, Texas. It is a very special day, a major rite of passage for senior medical students. The School of Medicine and the Health System’s fate is tied in many ways on the success of the match. There are approximately 17,000 medical students across the county who will be matched by a computer system to a residency program. Mr. Engberg asked Dr. Henrich to define “success” in terms of this year’s match. First of all, faculty like Dr. Henrich would like to have everyone matched. In view of the fact that many schools around the country have increased the number of medical students in class, the number of students entering the match has grown steadily. Second of all, due to direct Medicare payments which offset the cost of graduate medical education, hospitals have not increased the number of slots available for these students. It is now a very competitive process to get into medical school, and it’s possible that some students will not match. About 20 percent of the match is characterized by international medical graduates who have often times already trained in another country and want to finish their training here. Today, because of the growth of medical schools, Texas exports about 55 percent of its graduates to other parts of the country. This is an important statistic because there is a 70 percent chance of retaining a resident in the city or the state that he or she trains in. Texas loses a substantially large portion of students that will never come back. The two chief criteria that define success are therefore: 1) the number of students matched, and 2) the quality of program to which they match.

RECOMMENDATION: This report was provided for informational purposes.

ACTION: No action by the Board was required.

EVALUATION: None.

FOLLOW-UP: None.
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 the Election of New Officers of the Medical Dental Staff (Members-at-Large of the Executive Committee)—John G. Myers, M.D., President, Medical/Dental Staff

Consideration and Appropriate Action Regarding an Appointment to the University Health System Foundation Board of Directors—Rebecca Cedillo, Chair, Nominating Committee

Consideration and Appropriate Action Regarding Purchasing Activities (See Attachment A) – Felix Alvarez/Francine Wilson

SUMMARY: The items above were presented for the Board’s consideration
RECOMMENDATION: Staff recommended approval by the Board of Managers.
ACTION: A MOTION to approve the minutes as submitted was made by Mr. Engberg, SECONDED by Ms. Rivas, and PASSED UNANIMOUSLY.
EVALUATION: None.
FOLLOW-UP: None.

PRESENTATIONS AND EDUCATION:

COMMUNITY FIRST HEALTH PLANS, INC., OPERATIONS REPORT—GREG GIESEMAN

SUMMARY: In 2013, Community First Health Plans (CFHP) improved its membership and market share in governmental products over the previous year; exceeded its budget on a membership and financial basis; improved its member satisfaction scores related to overall rating of health plan to over the 50th percentile nationally and maintained high provider satisfaction scores.

Mr. Gieseman reviewed CFHP’s Medicaid market share in the Bexar service delivery area, Medicaid membership, CHIP market share and CHIP membership with the Board, and discussed 2013 consolidated financials and revenue financial drivers in detail. Medical expense drivers include hospital contract re-negotiations which was $13.8 M (11.3%) less in 2013 versus 2012 ($9.60 per member per month). For 2012 it was $122.2 M ($86.33 pmpm); and for 2013 it was $108.4 M ($76.73 pmpm). He reviewed medical expense drivers by product (STAR and CHIP) for inpatient, emergency room, and outpatient services. Other 2013 financial expense drivers:

- SIU audits, COB initiatives (including prior periods) and correct coding initiatives ($2 M greater than expected)
- Admin costs
– $2 M savings realized in staffing, marketing, physician
  incentive, software expense net of increased professional fees
  expense
– Below 2013 budget on a pmpm basis, percentage of premium
  and dollar basis
  • ($17.49 pmpm actual versus $19.12 pmpm budget)
  • 10.0% of actual premium
    – Over 2012 level $16.78 pmpm and 9.9% of premium

Medicaid data (without pharmacy) was presented for the years 2010
through 2013 in terms of revenue and expenses, as was the CHIP product
(without pharmacy). Dollar amounts paid by Christus, Methodist,
Southwest General Hospital, Baptist and University Health System for
2011 through 2013 were reviewed as were the 2013 per member per
month medical expenses.

Mr. Gieseman described Community First Health Plans 2014 initiatives
as follows:

• ICD Conversion
  – Provider and staff training
  – Implement remediation capabilities
• Implement Physician Incentive Plan
• Interim NCQA survey (March 2014)
• Upgrade claims editing capabilities
• Implement direct submission of provider claims through CFHP
  website
• Increase STAR market share by 1.6%
• Revise HIE products and pricing for 2015 enrollments
• Develop three and five year strategic IT plan
• Implement contract management system
• Improve provider office staff coding
• ER utilization reduction
  – HASA interface
• Improve and revise operational and financial performance of UHS
  ASO relationship

Mr. Gieseman provided an overview on quality, satisfaction survey
results, health care reform, and infrastructure issues:

CFHP continues to focus on 2013 quality activities on those areas in
accordance with HHSC requirements and areas of quality improvement
that have been identified as in need of improvement. The first area is to
ensure compliance with the metrics used by HHSC to determine
compliance with the HHSC 5% Premium Withhold program. Eleven
hundred (1,100) patient surveys were mailed to employer sponsored
HMO and UHS ASO members. The commercial product line for CFHP
includes both risk (HMO) and self-funded (POS) products combined.
The adjusted response rate was 32.6%. The survey is an annual event and
will be repeated in 2014 to include the Medicaid and CHIP product lines
as well as the commercial products.
In 2013, CFHP received Texas Department of Insurance and Center for Medicare Services approval to offer individual products on the federally facilitated marketplace. Given the utilization patterns of its targeted CareLink population and provider reimbursement requirements, CFHP’s products were not competitively priced. So far, 17 individuals have selected CFHP plans. Twelve of these individuals have paid their premium and are effectuated for coverage January 1, 2014. CFHP’s infrastructure efforts and investments are operational for these members and ready for the 2015 enrollment. CFHP will develop revised benefit plans and pricing in concert with its actuary, Milliman, and UHS for the 2015 open enrollment period.

CFHP selected and implemented data analytics software; implemented through contractual relationships and in house resources/staff multiple new capabilities to administer the FFM members (enrollment, eligibility, premium billing and collection from multiple sources); improved its website and member and provider portals; and implemented several capabilities related to ICD 10 conversion. From a staffing perspective, CFHP experienced a higher than usual turnover in its leadership team. The Plan filled its vacant Medical Director position, replaced the Sr. Medical Director with an internal health system transfer, replaced the Directors of IT, Compliance, and Quality who resigned from CFHP to accept higher paying positions elsewhere and replaced its Director of Clinical Services due to the retirement of the incumbent.

RECOMMENDATION: This report was provided for informational purposes only.
ACTION: None.
EVALUATION: Mr. Engberg thanked Mr. Gieseman for putting so much information together in a concise and understandable format. He was pleased to see the overall picture for CFHP is much stronger. Ms. Rivas echoed his statements, commending staff for the solid financial reporting and strategies presentation. Mr. Adams asked Mr. Hernandez to provide information at the Board’s planning session on March 21st regarding Affordable Care Act strategies that speak to the role of managed care organizations such as CFHP.

FOLLOW-UP As indicated above.

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS RELATED TO THE CAPITAL IMPROVEMENT PROJECT:

UNIVERSITY HOSPITAL

CONSIDERATION AND APPROPRIATE ACTION REGARDING ACTION TO AMEND THE PROFESSIONAL SERVICES CONTRACT WITH PERKINS + WILL FOR ADDITIONAL DESIGN SERVICES RELATED TO FURNITURE DESIGN REVISIONS AND MODIFICATIONS TO THE INTERIM MAIN ENTRY LOWER CANOPY—MARK WEBB

SUMMARY: Perkins+Will was asked by the CIP team to develop designs and engineered solutions for a number of issues to meet the specialized needs
associated with new tower project. Specifically, this item includes the addition of:

- Design services for the Trauma Services offices; at a cost of $8,550;
- Design services for modifications of the previously designed interim main entry lower canopy roof structure to include expansion of circular curb line to surround existing columns and provision of a 25 foot drive lane at the larger circular curb line at a cost of $15,995; and
- Services to assist in post-permit documentation and coordination with the final close out of the related permits with the City of San Antonio at a cost of $8,500.

Total requested with this item: $33,045

The original contract with Perkins+Will was for $45,310,513. Previously approved amendments $2,882,809. The revised contract amount is $48,226,367. Fees for this contract amendment will be paid from project funds. Perkins+Will participation levels are 38% for SMWVBE and 60% local firms.

RECOMMENDATION: Staff recommends Board of Managers’ approval of an amendment to the contract with Perkins+Will in the amount of $33,045 for a revised contract amount of $48,226,367.

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

EVALUATION: None.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION TO TRANSFER OFFERED SAVINGS FROM DEMO/MAKE READY PROJECT (GMP #9D) TO THE NORTH PARKING GARAGE/SITE DEVELOPMENT PROJECT (GMP#3I)—MARK WEBB

SUMMARY: To date, three guaranteed maximum prices (GMPs) have been authorized for the Demo/Make Ready Project and eight guaranteed maximum prices (GMPs) have been authorized for the North Parking Garage/Site Development Project. The scope of this GMP is inclusive of the Transfer of Offered Savings from the Demo Make Ready Project (GMP #9) to the North Parking Garage/Site Development Project (GMP #3) where these funds will be utilized to offset costs associated with GMP #3i. Particularly, the scope included in GMP #3i includes the following work to be performed as part of the North Parking Garage/Site Development Project:

- Vehicular Traffic Coating at Concrete Deck, Condensate Pump & Piping, Ramp Rail Revisions, Architectural Metal Screens at the Emergency Center Retaining Wall, Electrical & Fire Alarm Additions, Conduit Rough-In for Exterior Sign Lighting, Installation of Fiber Optic Cabling and Cameras, Gate and Guardrails, Traffic Striping & Parking Accessories and Signage at a cost of $327,928
The Project Construction Manager has provided a Guaranteed Maximum Price (GMP #9d) for Offered Savings in the amount of ($95,000) and a Guaranteed Maximum Price (GMP #3i) for associated work in this GMP package. Mr. Webb reviewed the scope of this third GMP with total costs at $3,503,516. The control estimate is $3,609,000. The proposed GMP #3i is in the amount of $327,928 and will be funded from Offered Savings from GMP #9d ($95,000) and project funds in the amount of $232,928. This contract will improve quality by ensuring that patients and visitors at University Hospital have easy and appropriate site and garage access. The participation goal for SMWVBE is 40% and the local participation goal is 80%. To date, SMWVBE participation of awarded construction projects is 38.4% and local participation is 74.1 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 have been achieved for all construction GMPs to date. GMP dollars awarded to date are $527,346,506. GMP dollars remaining to procure are $13,362,379.

**RECOMMENDATION:** Staff recommends Board of Managers approval of an amendment to the Zachry Vaughn Layton Construction Management Agreement in the amount of $327,928 for GMP 3i and in the amount of ($95,000) for GMP 9d.

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

**EVALUATION:** Mr. Adams reiterated the Board’s preference to grant approval of all items in advance, not after-the-fact.

**FOLLOW-UP:** None.

**CONSIDERATION AND APPROPRIATE ACTION TO APPROVE THE GUARANTEED MAXIMUM PRICE FOR CONSTRUCTION OF A TWENTY-FIVE(25) BED INTERIM OBSERVATION UNIT IN THE EXISTING EMERGENCY CENTER (GMP#15J)—**

**MARK WEBB**

**SUMMARY:** The Master Facilities Plan identified the need for renovations of various existing hospital spaces that need to be completed concurrent with the opening of the new hospital tower in order to provide seamless aesthetics and branding between the new and existing towers. Renovation projects are also being developed to support the reorganization of departments and projected increased demand, as well as improve operationally efficiency and enhance the patient/staff experience. To date, nine (9) guaranteed maximum prices (GMPs) have been developed for the University Hospital renovations. Specifically, this tenth GMP allows for materials and construction services to construct a 25-Bed, Interim Observation Unit in the existing Emergency Center (EC) located on the ground level of the 1981 Building. This work, which will commence once the EC relocates to the new patient tower, is needed to provide a fully functional Observation Unit to support the EC until a permanent Observation Unit is built adjacent to the EC in space currently occupied by Cardiac Cath. This project will be completed by July 15, 2014, and
will aggregate Observation Patients out of the EC and off the Upper Floor Nursing Units and the Clinical Decision Unit (CDU). The cost for GMP #15j is $873,191. This work will improve quality of patient care, create operational efficiencies, and reduce length of stay.

The hospital Project Construction Manager has reviewed the design drawings prepared by the AE Team, and has provided GMP #15i for the work associated with this GMP package. The total GMP amount is $29,216,442 and the control estimate is $29,902,302. Mr. Webb reviewed all of the GMPs to date and their amounts. This GMP will be paid from project funds.

The participation goal for SMWVBE is 40% and the local participation goal is 80%. To date, SMWVBE participation of awarded construction projects is 38.4% and local participation is 74.1%. 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 to date. GMP dollars awarded to date are $527,346,506. GMP dollars remaining to procure are $13,362,379.

**RECOMMENDATION:** Staff recommends Board of Managers’ approval of amendment to the Zachry Vaughn Layton Construction Management Agreement in an amount of $873,191 for GMP #15j.

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

**EVALUATION:** The interim observation unit is temporary for the next three to four years. It will serve a mix of patients from both the emergency room and/or direct clinic admissions. Patients with mental illness are currently served in a designated area and will not be held in the interim observation unit with the general patient population.

**FOLLOW-UP:** None.

**CONSIDERATION AND APPROPRIATE ACTION TO APPROVE THE GUARANTEED MAXIMUM PRICE FOR BUILDING & WAY FINDING SIGNAGE, CODE COMPLIANCE CHANGES, 9TH FLOOR HEPA FILTER ADDITIONS AND RFID TRACKING FOR P-TUBE SYSTEM IN THE SKY TOWER (GMP #13AA)—MARK WEBB**

**SUMMARY:** To date, twenty-six (26) guaranteed maximum prices (GMPs) have been developed for the new Hospital Tower project. The scope of this twenty seventh GMP (#13aa) is inclusive of the costs for Code Compliance Changes that include revisions to the two-hour exiting corridor, addition of dampers to vertical shafts, and the addition of fire alarm intelligibility speakers to all stairwells. Also included in this GMP are revisions to the interior signage package, building designation changes including revisions to exterior site signage for the inclusion of illumination, HEPA filter additions, and RFID tracking for the p-tube system at a total cost of $3,388,029. Staff proposes that $3,138,029 be funded from project funds and $250,000 be funded from 2014 routine capital funds. The Construction Manager has reviewed the design drawings, and has
provided GMP #13aa for the work associated with this GMP package. Mr. Webb reviewed the GMPs to date, descriptions, control estimates and amounts. These project changes will improve the workplace environment to best suit the needs of patients and staff in the new tower providing for more efficient operations and better patient care, as well as increase the operational efficiency of the new tower. The participation goal for SMWVBE is 40% and the local participation goal is 80%. To date, SMWVBE participation of awarded construction projects is 38.1% and local participation is 74.1%. 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 have been achieved for all construction GMPs to date. GMP dollars awarded to date is $527,346,506. GMP dollars remaining to procure is $13,362,379.

RECOMMENDATION: Staff recommends Board of Managers’ approval of an amendment to the Zachry Vaughn Layton Construction Management Agreement in the amount of $3,388,029 for GMP #13aa. Of the total amount, staff proposes $3,138,029 be funded from project funds and $250,000 be funded from 2014 routine capital funds.

ACTION: A MOTION to finance the entire amount of $3,388,029 for GMP #13aa out of CIP PROJECT FUNDS was made by Ms. Rivas, SECONDED by Mr. Engberg, and PASSED UNANIMOUSLY. The Board of Managers did NOT APPROVE use of routine capital funds for GMP #13aa.

EVALUATION: None.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION TO AMEND CONTRACT WITH HARDMAN SIGNS TO INSTALL NEW SIGNAGE AS PART OF THE RENOVATIONS IN THE EXISTING TOWERS TO MATCH THE NEW SIGNAGE IN THE SKY TOWER—MARK WEBB

SUMMARY: Hardman Signs was awarded, through the construction managers, the contract for signs for both the University Hospital and Robert B. Green campuses. Services being performed by Hardman include sign development, sign installation and associated consulting and project management to complete the installation of signage at both campuses. In order to tie all way-finding and informational signs on the entire UH campus together, it is necessary to install new signage in the existing hospital buildings as part of renovations to provide the best experience to our patients and visitors. Since some signage in the existing buildings will need to change when the new tower opens, it is necessary to procure sign development/installation services as soon as possible. Hardman Signs was originally awarded this contract through a competitively bid process; therefore staff proposes an additional scope of work to complete the installation of new signage in the existing buildings. Amendment of this contract with Hardman Signs will ensure a cohesive sign implementation throughout both campuses. Staff has been working with Hardman in the analysis of the necessary changes of interior and exterior signage in the existing structures to determine the overall project cost. This contract will improve quality by ensuring that patients/visitors at
University Hospital and the RBG campus experience a pleasant, consistent, and seamless way-finding system when visiting either campus. The new contract for signage will be awarded in a not to exceed amount of $750,000. This contract may need to be supplemented in the future, once the full scope of signage retrofit is determined. Project funds for sign replacement are available in the capital budget. Hardman Signs is a publicly held large corporation and is not classified as an SMWVBE firm. However, all signs for the Health System will be installed by A & C Plastics Products, Inc. A & C Plastics is certified as a Woman owned Business Enterprise and meets the requirements of a Texas Historically Underutilized Business program. The workforce composition data for Hardman Signs was provided for the Board’s review.

**RECOMMENDATION:** Staff recommends Board of Managers’ approval for the acquisition of signage services from Hardman Signs in an amount not to exceed $750,000.

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

**EVALUATION:** None.

**FOLLOW-UP:** None.

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**CONSIDERATION AND APPROPRIATE ACTION TO MODIFY THE CONTRACT WITH WASTE MANAGEMENT HEALTHCARE SOLUTIONS, INC., FOR EXPANSION OF SERVICES TO THE SKY TOWER—MARK WEBB**

**SUMMARY:** In October 2010, Waste Management Healthcare Solutions was awarded a 5-year contract in the amount of $5,916,960 as the single vendor for the disposal of hazardous and non-hazardous wastes for all health system facilities. Such items include pharmaceutical waste, pathological waste, destruction of confidential documents, waste petroleum, medical supply waste, and garbage. Modification of contract is required for installation of sharps containers and compactor rental in the new patient tower. Consolidation of hazardous and nonhazardous waste disposal under one vendor has resulted in a single source for accountability, more efficient recordkeeping, auditing, and cost savings. The projected savings over the 5-year contract period is estimated to be $2.8 million. As projected, actual savings of approximately $1.7 million have been achieved to date under this contract. Additionally, any changes in regulatory requirements can be enacted system wide immediately through one vendor. Procurement through a single vendor has reduced the number of service calls required for waste removal and emergency hazardous waste disposal response calls have been streamlined. Modification of the contract with Waste Management Healthcare Solutions for the inclusion of the Sky Tower will maintain a consistent level of service of waste disposal throughout the health system. This modification of contract will be for the amount of $105,400. This amount includes a one time purchase of sharps containers and a one year rental of a solid waste compactor. There is not a modification in the established monthly flat rate for expansion of service to the Sky Tower associated with this item. Funds for this contract have been allocated in the Capital Improvement
Plan budget. Mr. Webb reviewed the workforce composition data for Waste Management Healthcare Solutions, Inc.

**RECOMMENDATION:** Staff recommends the Board of Managers’ approval for the acquisition of waste disposal services from Waste Management Healthcare Solutions, Inc., for Sky Tower in the amount not to exceed $105,400.

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

**EVALUATION:** Mr. Adams requested a report of all the services that will be moved into the new patient tower as well as an operations plan so that the Board will be fully informed of the action plan.

**FOLLOW-UP:** Staff will present a staffing plan and cost of operations for the new patient tower over the next several months, starting next month.

**ROBERT B. GREEN CAMPUS**

**CONSIDERATION AND APPROPRIATE ACTION TO AMEND THE PROFESSIONAL SERVICES CONTRACT WITH RTKL FOR DESIGN OF 6TH FLOOR ADDITIONAL SPACES —MARK WEBB**

**SUMMARY:**
On September 28, 2009 the Board of Managers approved a contract with RTKL Associates Inc. (RTKL) to provide architectural/engineering services, as well as information technology design, furniture, fixtures and equipment planning services for the Robert B. Green Campus (RBG). Twenty three (23) changes to the RTKL contract have been authorized to date. The scope for this amendment includes preparation of design documents to reflect the addition of three offices, along with an open work area suitable in size to accommodate six persons and two storage rooms on the 6th floor of the Clinical Services Building. This design and interior change provides necessary support space for the staff of the Children’s Health Specialty Clinics in support of the pediatric mission. The estimated fee for the proposed amendment, which has been reviewed and recommended by the Project Manager and staff, is $36,721. This amendment will be paid from project funds. The original contract amount with RTKL is $7,728,795. Previously approved amendments total $3,768,852 and the revised contract amount if $11,534,368. RTKL is currently at 13% SMWVBE and 31% local participation. Mr. Webb reviewed participation levels to date with the Board.

**RECOMMENDATION:** Staff recommends Board of Managers’ approval of an amendment to the contract with RTKL in the amount of $36,721 for additional architectural services.

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

**EVALUATION:** If needed, the aforementioned office space can easily be converted to clinical space.

**FOLLOW-UP:** None.
CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING ACTION TO APPROVE A CONTRACT WITH TEJAS ANESTHESIA, PA FOR PROFESSIONAL SERVICES—ALLEN STRICKLAND

SUMMARY: Due to the expansion of pediatric services within the University Health System, there is an increased need for pediatric anesthesia support, which UT Medicine is unable to provide. Contracting with a third party to cover urgent, emergent, transplant, trauma, neonatal, and pediatric intensive care cases is pivotal to our mission. Currently, the Health System utilizes Tejas Anesthesia for a portion of the pediatric anesthesia needs, including pediatric cardiovascular procedures, but expansion of their specialized pediatric anesthesia services is needed. Additionally, operational and financial efficiencies are available to the Health System by contracting with Tejas to provide all anesthesia services for the Ambulatory Surgery Center at the Robert B. Green Campus, which is due to their ability to adjust staffing levels to each day’s activity in the RBG operating suites. Mr. Strickland reviewed the Health System’s annual activity and expenses for Tejas’s services for years 2010 through 2013. A contract with Tejas Anesthesia will ensure the Health System maintains access to high-quality pediatric anesthesia coverage as well as the most cost efficient anesthesia coverage for the Robert B. Green ASC. Further, Tejas anesthesiologists, especially as it relates to the Pediatric Heart Program, have outstanding technical skills and their work is of superior quality. There is no other resource in the San Antonio area that can provide this level of expertise, quality, and support for the pediatric population. The proposed contract with Tejas is for a thirty six (36) month period beginning March 1, 2014. The total fee for this contract is $4,175,000, and is a planned expense included in the 2014 Annual Operating Budget.

RECOMMENDATION: Staff recommends Board of Managers’ approval of a contract with Tejas Anesthesia for specialized pediatric and other supplemental anesthesia services in the amount of $4,175,000 for a thirty six (36) month period beginning March 1, 2014.

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

EVALUATION: The credentialing process was discussed in detail. Tejas anesthesiology providers will need to be credentialed by both the UTHSCSA Department of Anesthesiology and the Health System in order to practice at Health System facilities, and the Board of Managers will grant final approval. Dr. Henrich acknowledged that there is not a sufficient number of anesthesiologists available at the School of Medicine to cover the Health System’s needs.

FOLLOW-UP: None.
CONSIDERATION AND APPROPRIATE ACTION REGARDING ACTION TO APPROVE A CONTRACT WITH INTERMEDIX FOR BILLING SERVICES ON BEHALF OF AIRLIFE—MARY ANN MOTE

SUMMARY: This RFP # 213-01-002-SVC was issued in January 2013 for air ambulance billing in support of Airlife. Five vendors responded to the RFP: Aeromedical Collection Services, Inc., Ambulance Medical Billing, CENTRASOL LLC., Billing 911 and Intermedix. The proposals were reviewed and scored by business office staff. Based on this review, staff recommends the contract be awarded to Intermedix. Intermedix is a professional billing and accounts receivable company specializing in air ambulance billing with all payers including Medicare and Medicaid. Intermedix has provided this service for the past five years and has met the budgeted cash goals, provided requested reports and demonstrated good customer service to the patients served. Intermedix is a national company with a local office in San Antonio. The billing as a result of this contract provides approximately $8,300,000 in cash to the Health System per year. The vendor is paid three (3) percent of collections received by the Health System. The expense is included in the 2014 operating budget. The fee is a decrease of .75 percent in cost ($1,868) compared to the previous contract. Quality of service measures include meeting the cash collection budget, timeliness and detail of required reporting, patient satisfaction, management of the accounts receivable. The Health System’s Director of Patient Business Services will meet monthly with Intermedix and quarterly with Airlife staff to address any concerns regarding billing performance and to ensure communication between all parties. A one year award is recommended due to possible changes in the AirLife structure that could alter the billing process.

RECOMMENDATION: Staff recommends Board of Managers’ approval of a one year contract beginning March 1, 2014, with Intermedix in the amount of $249,000.

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

EVALUATION: Mr. Engberg asked for elaboration on the purposes of the quarterly meetings with AirLife staff. The purpose is to discuss any problematic issues, flow of paperwork, provide feedback, review differences in reimbursements, and discuss Health System expectations. The staff has been very pleased with the quality of the vendor’s work. Compared to the other RFP respondents, this vendor is by far the best, however, staff believes that there is opportunity to improve in the management of accounts receivable, especially some of the self-pay billing. In response to Ms. Rivas’ inquiry about the billing methodology, Mr. Hernandez explained that the Health System gets billed for every even-numbered flight while Baptist gets paid for every odd-numbered flight. The Baptist Health System’s billing is handled internally by their business office. Ms. Rivas requested a detailed report in the near future to better understand the billing methodology, revenue amounts for the Health System, and the possible structure changes that could alter the billing process. Mr. Adams asked how Intermedix’ ranked in the rating of all RFP responses. Scoring and ranking was based on references, experience and pricing; the Health System’s criteria was provided at the time the RFP was issued. The three percent collection fee offered by Intermedix is at mid-point. One vendor submitted a fee rate of one
percent; however, the company had no prior air ambulance billing experience. Another vendor submitted a six percent rate. Ms. Mote reiterated that Intermedix is by far the most experienced respondent. Mr. Smith cautioned that local vendors will not get the experience needed unless given the opportunity. He cited the successful CIP community outreach program as an example, where large contractors were asked to partner with small and locally-owned businesses as subcontractors for mentoring purposes.

**FOLLOW-UP:** Staff will present a detailed report regarding AirLife operations in May. Mr. Hernandez will address Ms. Rivas’ inquiries regarding possible AirLife structure changes and Ms. Mote will address additional questions or concerns by Mr. Engberg outside of the Board room setting.

**CONSIDERATION AND APPROPRIATE ACTION REGARDING ACTION TO APPROVE A CONTRACT WITH THE SAN ANTONIO AIDS FOUNDATION (SAAF) FOR PROFESSIONAL SERVICES—ROBERTO VILLARREAL, M.D.**

**SUMMARY:** The San Antonio AIDS Foundation (SAAF) is a licensed Specialty Care Facility and Residential AIDS Hospice located at 818 E. Grayson Street in San Antonio, Texas. Since 1991, the Health System has been reimbursing the SAAF on a fee for service basis for providing residential skilled nursing and hospice care for its patients with advanced HIV/AIDS. Such services include, but are not limited to: assistance with mobility and activities of daily living, IV therapy, and complex wound care, treatment of acute and chronic health problems; management of drug therapy; inpatient management of illness; and management of end of life care. By referring patients to the SAAF, staff is able to decrease costs by reducing inpatient length of stay and ensuring continuity of medical services to individuals with no other funding source. These patients would otherwise return to University Hospital’s emergency center with complications requiring admission. In 2012, SAAF spent approximately $948,747 to provide these much needed services. SAAF was reimbursed $293,810 in 2011 and $374,999 in 2012, and $375,000 in 2013, after 10.5 months of SAAF providing services, the contract limit was met resulting in SAAF providing 1.5 months of services with no reimbursement. Under the new contract, SAAF will be reimbursed on a “Fee-for Service” basis of $118.00 per acuity level 4 patient day, $101.00 per acuity level 3 patient day, and $86.00 per acuity level 2 patient day. The acuity scale was provided for the Board’s review. The term of this agreement is for a one year period, beginning January 1, 2014, for a maximum amount will not exceed $600,000. SAAF will adhere to quality management performance measures to ensure patients increase their ability for self care and that 25% of patients will be able to return to the community. The contract includes provisions for compliance with the Health System quality assurance program as well as eligibility and pre-authorization requirements. Monthly audits will be preformed to review patient care plans and acuity levels. SAAF shall comply with all State and federal certifications, regulations, or licensure requirements pertaining to the services provided. SAAF further agrees to initiate and diligently pursue accreditation as a Medicaid clinical facility during the contract period.

**RECOMMENDATION:** Staff recommends Board of Managers’ approval of a contract with San Antonio AIDS Foundation for skilled nursing care and hospice of
ACTION:
A MOTION to approve staff’s recommendation was made by Ms. Rivas, SECONDED by Mr. Engberg, and PASSED UNANIMOUSLY.

EVALUATION:
Discussion ensued regarding the average cost of a hospital stay, which is $1,500 per day. Based on 2013 discharges to SAAF, Health System savings was approximately $8,700,000. Increased hospital stays and potential AIDS associated re-admissions could have cost the Health System $9,930,000. Further, Dr. Villarreal noted that patients who are admitted to SAAF and adhere to the medical and medication regimens have increased virologic suppression improving their own health and that of the community. Of particular importance to the Health System, is SAAF’s commitment to initiate and diligently pursue accreditation as a Medicaid clinical facility during this contract period to increase their funding sources.

FOLLOW-UP:
None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING REPORT FOR JANUARY 2014 FINANCIAL STATEMENTS—ROE GARRETT/PEGGY DEMING

SUMMARY:
For the month activity was down 6.8% for the Clinical Services (as measured based on discharges adjusted for outpatient activity). Community First Health Plan (CFHP) fully-insured membership was down 1.4%. From operations, the Health System experienced a loss of $3.3 million which was $1.4 million worse than the budgeted loss of $1.9 million due to lower operating revenue. Meaningful use incentive of $53,000 was recorded for the achievement of incentive awards for the electronic medical record implementation. Investment income was over budget by $6,000 due to slightly higher interest rates than budgeted. An unrealized market gain of $610,000 was recorded in the month. The bottom line loss excluding debt service was $2.5 million which was $764,000 worse than the budgeted loss of $1.7 million. CFHP reflected bottom line gain of $58,000 which was $810,000 off from a budgeted loss of $752,000. Debt Service Revenue was $3.6 million which is equal to the budgeted portion of the Debt Service payment of $3.6 million. To meet its obligations under the Medicaid 1115 Waiver, no inter governmental transfer was made and an additional expense of $5.4 million for Medicaid Supplemental Medicaid Services was recognized. Mr. Garrett reviewed notable increases and/or decreases from the Consolidated Balance Sheet in detail with the Board.

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

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

EVALUATION:
Discussion ensued regarding details on the loss from operations and the bottom line. Total operating expenses were below budget by about $200,000. Employee compensation was over budget by $1.9 million and was attributed to overtime costs that were higher than anticipated, primarily in patient care areas. Staff is analyzing non-productive time, which was 10 percent above target. Supplies were over budget by $322,000, which was attributed to the higher costs of surgical instruments, pathology supplies, and pediatric medical supplies. Bottom
line loss of $2.5 million was up $764,000 from budgeted loss of $1.7 million due to lower operating revenue. CFHP posted a bottom line gain of $58,000 or $810,000 better than the budgeted loss of $752,000 and was due to higher premium revenues. Mr. Engberg expressed concern regarding employee compensation; he does not like starting out the year over-budget considering that operations will significantly increase in April. He would like to know how the staff projects this will impact the budget for the remainder of the year. Ms. Rivas agreed; she has always expressed concern regarding labor expenses. She asked staff to ensure that the human resources department is fully staffed due to the hiring that is taking place to prepare for the opening of the new patient tower at University Hospital. She is also concerned about the increase in the costs of pediatric medical supplies, and asked for assurance that MedAssets is involved in helping to manage this expense. Mr. Adams reiterated that the losses from operations are of substantial concern to the Board members, as indicated by their questions today. He urged the staff to find solutions for both the compensation and supplies issues. Like Mr. Engberg, he would like to know how these losses will impact the approved 2014 budget.

FOLLOW-UP
Mr. Hernandez thanked the Board for their feedback. Staff will brief the Board in March on expense and activity projections for the new patient tower.

INFORMATION ONLY ITEMS:

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

REPORT ON ACTUARIAL AUDIT OF UNIVERSITY HEALTH SYSTEM PENSION PLAN — THERESA SCEPANSKI

UPDATE ON CAPITAL IMPROVEMENT PROGRAM ACTIVITIES — MARK WEBB

REPORT ON RECENT RECOGNITIONS AND UPCOMING EVENTS — LENI KIRKMAN

4TH QUARTER AND YEAR 2013 SUPPLIER DIVERSITY REPORT — IRENE MALDONADO/FRANCINE WILSON

SUMMARY: The five written reports listed above were provided for the Board’s review. Mr. Adams urged his Board colleagues to review and provide appropriate feedback to the staff.

RECOMMENDATION: These reports were provided for informational purposes only.

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

EVALUATION: Mr. Engberg reported that the Report on the Actuarial Audit of the Health System’s Pension Plan was shared with the Pension Plan Board of Trustees at its last meeting in February. Mr. Smith asked Ms. Scepanski to elaborate on the item that was of interest to the Pension Board. The recommendation by Milliman has to do with a change in methodology for amortizing the Unfunded Actuarial Accrued Liability (UAAL). With an open 30 year period, the amortization amount should at least be
sufficient to cover the interest accruing on the UAAL. Ideally, the amortization period for recognizing the UAAL would be changed to a closed amortization period and consideration given to using both a level dollar amortization and a shorter amortization period within the Texas Pension Review Board’s preferred target of 15 to 25 years. Based on this recommendation and the closure of the Traditional Defined Benefit Plan effective June 30, 2012 the Pension Board will evaluate the appropriate amortization period going forward and make a recommendation to the President/CEO and the Board of Managers. All other recommendations by Milliman received concurrence by the Pension Plan Board of Trustees.

Dr. Jimenez asked Ms. Ray for more information about the nurse recently recognized by the International Nurses Association as indicated in Ms. Kirkman’s report. Ms. Rebecca Neu was identified as a Top Nurse in San Antonio by this association which spotlights nurses who have demonstrated success and leadership in their profession. Ms. Neu works at the Highway 90 Preventive Health Clinic under the supervision of Ms. Theresa De La Haya.

**FOLLOW-UP**

Mr. Adams asked Mr. Hernandez to recognize Nurse Rebecca Neu on behalf of the Board.

**CLOSED MEETING:**

Mr. Adams announced this meeting closed to the public at 7:55 p.m. The Board met in closed session beginning at 8:01 p.m., pursuant to TEX. GOV’T CODE, Section 551.074 (Vernon 2004) to evaluate the performance and duties of the President/CEO. The following Board members and staff were present: Ira Smith; Roberto Jimenez, M.D., Linda Rivas, Rebecca Cedillo, Robert Engberg, and George Hernandez. After discussion, no action was taken in closed session. Mr. Adams announced the closed meeting ended at 9:29 p.m., and the public meeting reconvened.

**ADJOURNMENT:**

There being no further business, the public meeting adjourned at 9:30 p.m.

Jim Adams     Rebecca Q. Cedillo
Chair, Board of Managers   Secretary, Board of Managers

Sandra D. Garcia, Recording Secretary