UNIVERSITY HEALTH SYSTEM

SPECIAL MEETING
OF THE BEXAR COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS

Wednesday, February 25, 2015
6:00 p.m.
Board Room
Texas Diabetes Institute
701 S. Zarzamora
San Antonio, Texas 78207

MINUTES

BOARD MEMBERS PRESENT:

James R. Adams, Chair
Dianna M. Burns, M.D., Secretary
Roberto L. Jimenez, M.D., Immediate Past Chair
Robert Engberg
Ira Smith
Robert A. Gilbert
James C. Hasslocher

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
James Barker, M.D., Medical Director, Clinical Services, University Health System
Erik Bednarz, Executive Director, Fiscal Services - Ambulatory, Robert B. Green Campus
Sergio Farrell, Senior Vice President, Ambulatory Services, Robert B. Green Campus
Roe Garrett, Vice President/Controller, University Health System
Andrew Garza, Director, University Family Health Center-Southwest
Brian Gibson – Director, Ambulatory Call Centers, Robert B. Green Campus
Michael Hernandez, Vice President/Chief Legal Officer, University Health System
Barbara Holmes, Vice President/Chief Financial Officer, Community First Health Plans, Inc.
Reed Hurley, Executive Vice President/Chief Financial Officer, University Health System
Sherry Johnson, Vice President/Integrity & Regulatory Services, University Health System
Monika Kapur, M.D., President/Chief Executive Officer, Community Medicine Associates
Leni Kirkman, Vice President, Strategic Communications & Patient Relations, University Health System
Ted C. Lemon, Deputy Chief Information Officer, University Health System
Priti Mody-Bailey, M.D., Vice President/Senior Medical Director, Community First Health Plans, Inc.
Virginia Mika, PhD, Executive Director, CareLink, University Health System
Bill Phillips, Vice President/Chief Information Officer, University Health System
Kristen A. Plastino, M.D., President, Medical/Dental Staff, UT Medicine, San Antonio
Richard Rodriguez, Vice President, Assets and Property Management, University Health System
CALL TO ORDER AND RECORD OF ATTENDANCE: JIM ADAMS, CHAIR, BOARD OF MANAGERS

Mr. Adams called the meeting to order at 6:07 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE:

Mr. Adams introduced Ms. Tracey Carrizales for the invocation, and he led the pledge of allegiance. Mr. Adams introduced and welcomed Mr. James Hasslocher, to his first Board of Manager’s meeting. Mr. Hasslocher was appointed by Commissioner Chico Rodriguez, to replace Ms. Linda Rivas.

CITIZENS’ PARTICIPATION:

Ms. Jane Gonzalez, Founder and now President/CEO of MEDwheels, Inc., a locally-based, woman-owned company addressed the Board of Managers. MEDwheels, Inc. is a medical equipment and device company that has been in business for 10 years. Ms. Gonzalez commended the Board for their efforts in allowing procurement opportunities for small and locally-owned businesses by creating collaboration and partnership opportunities, and for understanding the contributions small businesses can make. Ms. Gonzalez expressed enthusiasm for the Board’s passion, success and motivation. She congratulated Mrs. Wilson and Mr. Alvarez for reaching the $1 Billion mark in SWMBE outreach opportunities. She attributes the success of her business to the Small Business Opportunity Academy sponsored by University Health System in partnership with 15 other local organizations. In the past, her small business could not compete with the large medical device manufacturers. However, one year ago, with the help of Mrs. Wilson and Mr. Alvarez, her company secured a cooperative contract with MedAssets, and is now in the position to better assist the Health System, and her company now has national visibility. Later this year, MEDwheels will present at the MedAssets annual conference in Las Vegas, an opportunity she feels her business was afforded due to the Health System’s efforts.

APPROVAL OF MINUTES OF PREVIOUS MEETING(S): None at this time.

REPORT FROM THE HEALTH SCIENCE CENTER – KRISTEN A. PLASTINO, M.D., FOR WILLIAM HENRICH, M.D.

SUMMARY: Dr. Plastino introduced the physician leaders present. No other announcements or reports were provided.

RECOMMENDATION: None.

ACTION: None.
NEW BUSINESS:

CONSENT AGENDA – JIM ADAMS, CHAIR

CONSIDERATION AND APPROPRIATE ACTION REGARDING MEDICAL-DENTAL STAFF RECOMMENDATIONS FOR STAFF MEMBERSHIP – KRISTEN A. PLASTINO, M.D., PRESIDENT, MEDICAL/DENTAL STAFF

CONSIDERATION AND APPROPRIATE ACTION REGARDING APPOINTMENT TO UNIVERSITY HEALTH SYSTEM FOUNDATION BOARD OF DIRECTORS—ROBERT ENGBERG, CHAIR, NOMINATING COMMITTEE

CONSIDERATION AND APPROPRIATE ACTION REGARDING PURCHASING ACTIVITIES (SEE ATTACHMENT A) – FELIX ALVAREZ/FRANCINE WILSON

EVALUATION: None.
FOLLOW-UP: None.

SUMMARY: The items above were presented for the Board’s consideration
RECOMMENDATION: Staff recommended approval of the consent agenda items by the Board of Managers.
ACTION: A MOTION to approve staff’s recommendation by Mr. Engberg, SECONDED by Mr. Gilbert, and PASSED UNANIMOUSLY.
EVALUATION: Regarding purchasing activities, Mr. Reed informed the Board that PO No. 21109204F, Contract Modification #6 for pharmacy blood clotting factors would actually be awarded to Prodigy Health Supplier Corporation, not Neuropace, Inc., as indicated on page 2 of Attachment A. Prodigy is a small business enterprise with an office in San Antonio. The correction was noted.
FOLLOW-UP: None.

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

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH PRESIDIO TO PROVIDE IT INFRASTRUCTURE AND INTERMEDIATE DISTRIBUTION FRAME (IDF) UPGRADES FOR THE 10TH & 12TH FLOOR OFFICES IN THE RIO TOWER AT UNIVERSITY HOSPITAL—MARK WEBB

SUMMARY: This project is for Information Technology (IT) Network improvements to provide upgraded Data/Telecom services to appropriately accommodate the administrative functions moving from Corporate Square. Included in the move are Research & Information Management, Finance, and Integrity to the 10th floor Rio Tower and Legal Services, Center for Learning Excellence, Strategic Planning & Business Development, and Facilities Development to the 12th floor Rio Tower. The overall plan is the expansion and upgrade of the Intermediate Distribution Frame (IDF) Rooms on floors 6 through 12 in the Rio Tower. The existing IDF Rooms, as originally designed with related cabling and switching, are inadequate to support the administrative offices located in what was originally designed as patient floors. The proposed 10th and 12th floor work will be
performed in the first and second quarters 2015. The IT Infrastructure and IDF upgrades will support the plan for relocation and aggregation of offices to the 10th and 12th floors in Rio Tower and will allow staff to better meet the goals of Triple Aim Plus to improve patient care experience, quality and outcomes, efficiency, and access by continuing the implementation of the long range Master Facility Plan. The project manager has reviewed and negotiated the following fees and recommends approval:

- IT Infrastructure and IDF Upgrades for the 10th Floor Offices - $363,527
- IT Infrastructure and IDF Upgrades for the 12th Floor Offices - $351,415

The total cost is $714,950, and will be paid out of CIP project funds.

This infrastructure upgrade is consistent with the implementation of the long range Master Facility Plan and the Rio Tower Occupancy Plan for Vacated Areas that staff presented to the Board during the November 18, 2014 meeting. The following represents the current buyout for the IT Upgrades:

<table>
<thead>
<tr>
<th></th>
<th>Tower Floor</th>
<th>Sq. Ft. Involved</th>
<th>Estimated IT Upgrades</th>
<th>Actual IT Upgrade Costs</th>
<th>Board Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>6th</td>
<td>4,000</td>
<td>$250,000</td>
<td>$239,343</td>
<td>January 2015</td>
<td></td>
</tr>
<tr>
<td>7th</td>
<td>11,000</td>
<td>$520,000</td>
<td>$520,691</td>
<td>December 2014</td>
<td></td>
</tr>
<tr>
<td>10th</td>
<td>19,200</td>
<td>$430,000</td>
<td>$363,537</td>
<td>February Submittal</td>
<td></td>
</tr>
<tr>
<td>11th</td>
<td>11,000</td>
<td>$530,000</td>
<td>$459,125</td>
<td>January 2015</td>
<td></td>
</tr>
<tr>
<td>12th</td>
<td>15,000</td>
<td>$400,000</td>
<td>$351,413</td>
<td>February Submittal</td>
<td></td>
</tr>
<tr>
<td>Total Per Work Type</td>
<td></td>
<td>$2,130,000</td>
<td>$1,934,109</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The proposed vendor is Presidio, a local firm. Presidio has previously worked on infrastructure at Robert B. Green as well as the Sky Tower. They have an office in San Antonio.

**RECOMMENDATION:** Staff recommends Board of Managers’ approval of a contract with Presidio in the amount of $714,950 for IT Network improvements.

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

**EVALUATION:** None.

**FOLLOW-UP:** None.

**CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH BRANDT COMPANIES TO PROVIDE AND INSTALL TWO (2) NEW BOOSTER PUMPS FOR THE DOMESTIC COLD WATER AND SOFT COLD WATER IN THE BASEMENT OF THE SKY TOWER —MARK WEBB**

**SUMMARY:** Since the opening of the Sky Tower loss of water pressure to the building has occurred on several occasions causing the inability to get domestic
water up to the patient floors. The Sky Tower was designed and built with the expectation that San Antonio Water System (SAWS) would provide uninterrupted domestic water at a minimum design pressure, thus providing coverage to all patient floors. This project is for the procurement and installation of two domestic water booster pumps to be located in the basement of the Sky Tower to prevent the loss of water to the upper floors when the pressure drops below the required minimum. The scope of this work includes the cost to provide and install two new booster pump packages, modification of the domestic cold water piping, building automation controls, and electrical hook up for a total of $159,983. The proposed vendor is Brandt Companies, a local firm. The addition of the two booster pumps will allow for a loss of water pressure from SAWS while still providing the delivery of domestic water to all patient floors; which in turn will reduce the cost of additional labor and resources to supplement the loss of water during the pressure loss. The addition of the booster pumps will also increase patient safety and satisfaction. The project manager has reviewed and negotiated the fees and recommends approval. These costs will be paid out of CIP project funds. The selected booster pump packages are consistent and compatible with what is currently in the Sky Tower.

RECOMMENDATION: Staff recommends Board of Managers’ approval of a contract with Brandt Companies in the amount of $159,983.

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

EVALUATION: Staff will seek appropriate reimbursement from Zachry Vaughn Layton for this design issue.

FOLLOW-UP: As indicated above.

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH CHANDLER ESTATE HEALTHCARE, TOUCHSTONE COMMUNITIES, CANTEX CONTINUING CARE NETWORK AND LEGEND HEALTHCARE FOR SKILLED NURSING FACILITY CARE — MARY ANN MOTE

SUMMARY: Patients who are discharged from University Hospital may be discharged to home, to home with home health care, to a skilled nursing facility (SNF), to a rehabilitation facility, or to a long term acute care facility (LTAC). Insured patients have many of these options available to them at time of discharge whereas the uninsured, including CareLink patients, are limited to home discharge unless the services are funded by the Health System. In the fall of 2014 the Health System successfully added a post-acute long term care project to the approve list of Delivery System Reform Incentive Payment (DSRIP) projects. This particular project provides for placing uninsured and Medicaid patients in SNF’s and LTAC’s demonstrating the cost effectiveness of the step down in care process to return the patient to home or other final place of care. Four vendors responded to a Request for Proposals (RFP #214-12-054-SVC) for Skilled Nursing Facility Services: Chandler Estate Healthcare, Cantex...
Continuing Care Network, Legend Healthcare and Touchstone Communities. The proposals were evaluated by the Directors of Admissions, Hospital Care Coordination, Ambulatory Care Coordination, and Business Legal Services. Based on the evaluation of the responses, staff recommends that the RFP be awarded to all four respondents. The four components evaluated were (1) completeness of the RFP response (2) quality metrics (3) readmission rate and (4) pricing. The scoring indicates all four entities (1) provided sufficient information in response to the RFP (2) quality metrics were provided and in 96% of the indicators the SNFs exceeded the state and national levels (3) readmission rates were similar for all facilities in the range of 16 to 22% as compared to the national readmission rate of 21% and (4) pricing was competitive between the facilities. The reason for awarding this contract to multiple nursing homes in the San Antonio area is to allow (1) timely access to a SNF and (2) to provide location options in close proximity to a patient’s home whenever possible. Ms. Mote provided a map with the various locations of the SNFs, and described in detail the follow up process, to include medical oversight requirements, that will help ensure optimal care and good communication between the Health System, the Skilled Nursing Facility and the patients. Further, she reported that monthly meetings with the respective facilities will occur to discuss patients, identify opportunities for improved communication and quality metric review. The key metrics to be monitored are readmissions, influenza, vaccination rate, urinary tract infection rate, and psychotropic drug use. All involved have agreed to pursue Quality Metrics as well as Best Practice Protocols, which will be reviewed and directed by CMA and CMO office leadership. Finally, Ms. Mote reported that daily costs for post-acute nursing home care is approximately $400. It is estimated that 15 patients a month (to be funded by the Health System) will need placement in a SNF for an average length of stay of 15 days at an estimated annual cost of $1,080,000. This DSRIP project will provide sufficient funds to support this initiative for the next two years. Placement of the patients in the facilities will be based on bed availability at the time of discharge and proximity to the patient’s family/home whenever possible. Ms. Mote provided a breakdown of the workforce composition data for all four facilities.

**RECOMMENDATION:** Staff recommends Board of Managers’ approval to award a two year contract in the amount of $2,160,000, to the four SNFs described above, with the option to renew for an additional two year period.

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

**EVALUATION:** Detailed discussion ensued regarding patient acuity levels, primary care providers, and medical oversight.

**FOLLOW-UP:** None.
SUMMARY: The purpose of this agreement is to continue to secure primary care and specialty care services for CareLink members to include radiation therapy, surgical procedures and both inpatient and outpatient care. In 2013, services were provided to 36,384 members, at a cost of $22,912,665. In 2014, services were provided to 29,486, at a cost of $18,261,750. The term of the new contract is for one year period beginning January 1, 2015 through December 31, 2015. Staff anticipates the cost for 2015 will be at $19,500,000 due to the decrease in CareLink members, with an incentive amount of $800,000 that will transition next year to a Hospital Based metrics program and will not be included in the CareLink contract in 2016. The total amount requested for approval in 2015 is $20,300,000.

Over the past 12 months there have been no unresolved patient satisfaction concerns or quality of care issues. This agreement includes performance standards that address quality of care, access, appropriate utilization, and patient satisfaction. This contract supports the Health System’s strategic aim of improving access to care and community health by giving CareLink members access to necessary medical services. Dr. Mika provided a breakdown of the workforce composition for UTHSCSA in her written report.

RECOMMENDATION: Staff recommends Board of Managers’ approval to execute an Agreement with The University of Texas Health Science Center at San Antonio through its Department of UT Medicine for a total estimated contract amount of $20,300,000.

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

EVALUATION: Mr. Adams reiterated the importance of measurable metrics and incentives in physician service contracts.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING OPERATIONS AND FINANCIAL REPORT FOR JANUARY 2015 – REED HURLEY

SUMMARY: In January clinical activity (as measured based on discharges adjusted for outpatient activity) was up 3.9% for the month compared to budget. Community First Health Plan (CFHP) fully-insured membership was down 3.7% due to lower membership in STAR Medicaid and CHIP. The bottom line loss excluding debt service was $1.8 million, $1.4 million better than budget and was due to lower operating expense and an unrealized gain on investments. Debt Service Revenue was $3.7 million which is equal to the budgeted portion of the Debt Service payment of $3.7 million. Mr. Hurley reviewed notable increases and/or decreases from the Consolidated Balance Sheet in detail with the Board.

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

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

EVALUATION: Mr. Day provided an oral update on the NAIP projects submitted in partnership with Community First Health Plans, Inc., and Superior HealthPlan, Inc., that may impact the 2015 budget. Out of the 14 new projects submitted, six are renewals. Potential net amount of
Intergovernmental Transfer (IGT) and Managed Care Organization (MCO) administrative expense is $52 million in over 12 months. These projects have not been approved by the State, however, the Health System will receive feedback in about 60 days.

FOLLOW-UP: None.

AMBULATORY MATTERS – CENTRALIZED CALL CENTER – SERGIO FARRELL/ROXANNE ROSA/BRIAN GIBSON:

SUMMARY: Mr. Farrell provided some background information and described an opportunity to enhance the customer experience and decrease costs/inefficiencies through enhancements to the existing call center structure. Current challenges include a 4 percent increase in annual call volume (approximately 67,200 calls), daily and seasonal peaks in calls, staffing shortages related to absences and vacancies, and multiple decentralized call centers (currently 16 within ambulatory services). During 2014, patients contacting services within the ambulatory setting experienced an average call wait time of 3 minutes and 48 seconds for their call to be answered. Additionally, 30% of customers discontinued their call before speaking with a representative. To address the current challenges, a Director of Ambulatory Call Centers was hired to lead process improvement and strategic planning efforts. Mr. Farrell introduced Mr. Gibson and Ms. Rosa for the remainder of the graphics presentation:

In-House versus outsourced cost per minute
- Centralized $1.24
- Outsourced $1.65

In-House versus Outsourced Comparisons
In-House:
- Greater influence on customer experience
- Adaptability to market changes
- Better control/management
- More cost efficient

Outsourced:
- More difficult to control results and costs
- Terms governed by contract
- Continually updated software
- Vendor provides maintenance, support, and repairs
- Avoids obsolete equipment
- Shift resources to third party

Centralized Call Center Benefits
- Larger Pool of Resources
- Call Center Tools
- Management

Centralized Call Center Triple Aim Outcomes
- Patient Experience
- Efficiencies
Quality/Access

Cost Variance – Current versus Centralized

- Third party cost off set of ($714,000)
- Centralized annual operating cost variance of $313,280
- Majority of the costs are related to staffing/Maintenance/IT annual operating costs to service the equipment purchased, and lease.
- Staffing: (management, 20 percent increase in Community First call volume, and incremental staffing due to growth in call volume of 4 percent)
- Considered space currently owned by UHS; not large enough footprint and cost prohibitive. Lease being considered for a location near the medical center - space that was formerly used as a call center was abandoned includes cubicles/furniture (savings of approximately $150,000 in the business plan). Maintenance/IT costs in servicing.
- Maximize benefit to patients and health system while minimizing cost implications.

Network Access Improvement Program (NAIP) Funding Opportunity - Primary care facilitation through integrated ambulatory call center and nurse advice line service

- Community First Health Plans and University Health System are partnering to propose a program to expand University Health System’s current Nurse Link advice line and integrate it with a comprehensive ambulatory call center that assists current patients with making appointments, communicating with their health care provider and assists new patients and providers access care within the Health System.
- Project Valuation: $6.6 Million from March 2015-August 2016
- Funding restrictions: NAIP payments go to general operating funds upon achieving milestones.

5 Year Business Plan – 2015-2020 - NAIP revenue, expenses, offset expenses, net variance before depreciation, capital depreciation, and bottom line projections were reviewed with the Board.

Project Timeline through June 2016 - Staff reviewed the project timeline in detail from current state to project completion. The NAIP funding period was noted as being March 2015 through August 2016 in the amount of $6,606,708. Call center to become operational by June 2016. Other significant milestones include ending the contract with BerylHealth for the pediatric service line by 2016 and ending the contract with TeleVox no later than June of 2016. Staff will present lease and capital expenditures for Board’s consideration in March 2015.

Recap and Next Steps - Staff presented concept and seeks Board guidance and expertise. Staff recommends a centralized in-house call center which is more cost effective over the long term ($1.24 vs $1.65). Benefits include:

- Improved customer experience
- Staff efficiencies
- Maintain control
- Improved communication and marketing
• Improvement in no show rate by ~3%
• Improved care coordination
• Ability to leverage NAIP ($6.6 Million) funding to offset the cost of capital

RECOMMENDATION: This report was presented for informational purposes only.
ACTION: None.
EVALUATION: None.
FOLLOW-UP: As indicated in project timeline above.

INFORMATION ONLY ITEMS:

REPORT REGARDING MEDICAL-DENTAL STAFF COMMITTEES AND DEPARTMENTS — KRISTEN A. PLASTINO, M.D., PRESIDENT, MEDICAL/DENTAL STAFF

UPDATE ON CAPITAL IMPROVEMENT PROGRAM ACTIVITIES — MARK WEBB

REPORT ON RECENT RECOGNITIONS AND UPCOMING EVENTS — LENI KIRKMAN

4TH QUARTER AND YEAR 2014 SUPPLIER DIVERSITY REPORT — FRANCINE WILSON

STATUS REPORT ON THE 84TH LEGISLATIVE SESSION — ANDREW SMITH

SUMMARY: Mr. Adams directed the Board’s attention to the five (5) written reports above. He urged his colleagues to contact staff with specific comments, questions, or suggestions.
RECOMMENDATION: These reports were provided for informational purposes only.
ACTION: No action by the Board of Managers was required.
EVALUATION: None.
FOLLOW-UP: None.

ADJOURNMENT:

There being no further business, the public meeting adjourned at 8:05 p.m.

James R. Adams
Chairman, Board of Managers

Dianna M. Burns, M.D.
Secretary, Board of Managers

Sandra D. Garcia, Recording Secretary