MINUTES

BOARD MEMBERS PRESENT:

James R. Adams, Chair
Ira Smith, Vice Chair
Dianna M. Burns, M.D., Secretary
Robert Engberg
James C. Hasslocher
Janie Barrera

BOARD MEMBERS ABSENT:

Roberto L. Jimenez, M.D, Immediate Past Chair

OTHERS PRESENT:

George B. Hernandez, Jr., President/Chief Executive Officer, University Health System
Tricia Aleman, Executive Director, Marketing Communications, University Health System
Bryan Alsip, MD, Executive Vice President/Chief Medical Officer, University Health System
Felix Alvarez, Executive Director, Procurement Services, University Health System
Awoala Banigo, Senior Vice President/Chief Revenue Officer, University Health System
Michelle Arandes, M.D., Associate Professor/Clinical and Interim Chair, Department of Pediatrics, UTHSCSA
Edward Banos, Executive Vice President/Chief Operating Officer, University Health System
Ted Day, Senior Vice President, Strategic Planning & Business Development, University Health System
Sergio Farrell, Senior Vice president/Ambulatory Services, University Health System-Robert B. Green Campus
Don Finley, Senior Writer, Corporate Communications, University Health System
Roe Garrett, Vice President/Controller, University Health System
Adil Husain, M.D., Chief of Pediatric Cardiothoracic Surgery, UTHSCSA
Michael Hernandez, Vice President/Chief Legal Officer, University Health System
Reed Hurley, Executive Vice President/Chief Financial Officer, University Health System
Sherry Johnson, Vice President/Integrity Officer, Integrity and Regulatory Services, University Health System
Kathy Lewton, Principal, Lewton, Seekins, Trester
CALL TO ORDER, WELCOME, AND RECORD OF ATTENDANCE: JAMES R. ADAMS, CHAIR, BOARD OF MANAGERS

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

INVOCATION AND PLEDGE OF ALLEGIANCE:

Mr. Adams introduced Mr. Kenneth L. Malone, Volunteer Chaplain, University Health System; and member, St. Matthew Catholic Church, for the invocation, and he led the pledge of allegiance.

APPROVAL OF MINUTES OF PREVIOUS MEETING(S): NOVEMBER 3, 2015 (SPECIAL)

SUMMARY: The minutes of the regular bi-monthly meeting of Tuesday, November 3, 2015, were submitted for approval.

RECOMMENDATION: Staff recommended approval of the minutes as submitted.

ACTION: A MOTION to approve the minutes was made by Mr. Engberg, SECONDED by Mr. Smith, and PASSED UNANIMOUSLY.

EVALUATION: None.

FOLLOW-UP: None

APPROVAL OF MINUTES OF PREVIOUS MEETING(S): NOVEMBER 10, 2015 (SPECIAL)

SUMMARY: The minutes of the regular bi-monthly meeting of Tuesday, November 10, 2015, were submitted for approval.

RECOMMENDATION: Staff recommended approval of the minutes as submitted.

ACTION: A MOTION to approve the minutes was made by Mr. Engberg, SECONDED by Mr. Smith, and PASSED UNANIMOUSLY.

EVALUATION: None.

FOLLOW-UP: None

CONSENT AGENDA – JAMES R. ADAMS, CHAIR

CONSIDERATION AND APPROPRIATE ACTION REGARDING COMMISSIONING OF A PEACE OFFICER FOR BEXAR COUNTY HOSPITAL DISTRICT–CHIEF AJ SANDOVAL, III/EDWARD BANOS

SUMMARY: At the present time, there is one (1) police officer vacancy within the Protective Services Department. The credentials of Hector R. Dominguez have been examined and certified by the Chief of Police as meeting all of the requirements of a University Health System Police Officer. Mr. Dominguez is a peace officer with thirty-four (34) years of experience with the San Antonio Police Department. As required of all
Health System peace officers, Officer Dominguez will attend the 40-hour crisis intervention training immediately following his commissioning. This course is sponsored by The Center for Healthcare Services, San Antonio Police Department, Bexar County Sheriff’s Office, and the University Health System.

RECOMMENDATION: Staff recommends Board approval to commission Hector R. Dominguez as Bexar County Hospital District Peace Officer.

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

EVALUATION: With recent controversies across the country involving police officers, Mr. Smith asked if management strongly emphasizes the use of weapons as a last resort. Yes, because hand guns are a tremendous responsibility that is not taken lightly. Officers undergo intense weapons training and the Chief meets with them daily to review details regarding certain incidents that occur on the premises and around the city. Further, all BCHD officers are required to take 40 hours of crisis intervention training (sponsored by The Center for Health Care Services). Finally, Mr. George Hernández personally interviews each and every officer for the very reason raised by Mr. Smith.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING AN AMENDMENT TO THE CONTRACT WITH CHANDLER ESTATE HEALTHCARE, TOUCHSTONE COMMUNITIES, CANTEX CONTINUING CARE NETWORK AND LEGEND HEALTHCARE FOR SKILLED NURSING FACILITY CARE—AWOALA BANIGO/REED HURLEY/EDWARD BANOS

SUMMARY: In February 2015, the Board of Managers approved a contract with Chandler Estate Healthcare, Touchstone Communities, Cantex Continuing Care Network and Legend Healthcare for the provision of Skilled Nursing Facility (SNF) care for unfunded patients in the amount of $2,160,000 for a two year period (RFP #214-12-054-SVC). During the last 8 months 164 patients were placed in SNFs under this contract with an average length of stay of 26 days (or 4,264 days of care). The average daily cost for the contracted SNF care is approximately $400. It was originally estimated that 15 patients a month would be funded by the Health System for placement in a SNF, with an average length of stay of 15 days which provided an estimated annual cost of $1,080,000 or 2,700 days. Due to an increase in hospital volume, the number of patients that would benefit from the program was larger than anticipated. Thirty (30) percent of the patients sent for SNF care were on IV antibiotics therapy which increased the average LOS over the original projection. Through the fourth quarter of FY 2015, approximately 21 patients per month were sent to the various SNF’s with an average LOS of 26 days or a total of 4,264 days; all have met the required standards and expectations. The original contract, with a term of two years, was for $2.16 million. Due to
the success of the program the Health System has fully utilized the original contract amount. The cost for these patients to remain in the hospital setting is roughly $4 million.

RECOMMENDATION: Staff recommends the Board of Managers approve an amendment to the contract in the amount of $2,500,000 for the period February 2016 to March 31, 2017. Total contract value with the amendment is $4,660,000.

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

EVALUATION: Dr. Burns asked about the original 15 days length of stay projection and wanted to know what it was based on since the actual average length of stay is now 26 days. She would like to see broad data; a standard of care or a national norm to compare against. Since certain services, such as IV therapy, physical therapy, occupational therapy, and speech therapy can often be provided on an outpatient basis, she asked the staff to elaborate on the criteria used to determine which patients are discharged to a SNF. Case managers first determine the patient’s safety at home. They also assess the patient’s transportation needs and their reliability to keep outpatient appointments. IV therapy is what increased the average length of stay in the SNF (30 percent of the patients in the past 8 months). Because of the demand for therapy by inpatients at University Hospital, the $1,500 cost per day at a SNF is an inpatient cost avoidance. However, Dr. Alsip acknowledged that there is a whole other group of patients that receive such services on an outpatient basis in their own homes, and review of that data will clarify Dr. Burns’ concerns. The expense for this contract amendment is included in the 2016 DSRIP project budget, if all milestones are achieved. Mr. Adams welcomed Mr. Banigo and asked him to briefly say a few words about his background. He joined the Health System in October 2015 as the new Vice President/Chief Revenue Office in preparation for Ms. Mary Ann Mote’s retirement earlier this month. Mr. Banigo worked for Vanguard (now Tenet) since 2003 in a number of revenue cycle-related positions. For the past eight years, he served as Vice President of Business Office Services with the Baptist Health System in San Antonio. Mr. Banigo has an MBA from Saint Xavier University in Chicago and a medical degree from University of Calabar in Nigeria. A special focus for him at UHS is HIM coding and some backlog related to managed care contracts that he would like to address.

FOLLOW-UP: Staff will provide a complete follow up report that includes disposition of all unfunded patients to SNFs and/or to their home for home health care.

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH ND&P FOR CONSULTING SERVICES REGARDING COMPREHENSIVE BRANDING AND MARKETING SERVICES—LENI KIRKMAN/TED DAY

SUMMARY: University Health System issued a Request for Proposals (RFP) for Comprehensive Branding/Advertising Services in July, 2015. In October, 2015, the Board approved the selection of Neathawk Dubuque, & Packett (ND&P) and authorized staff to negotiate a contract. The Chief Marketing Officer for the UT Health Science Center San Antonio
and the President of UT Medicine actively participated in agency interviews and selection committee for this RFP, and are committed to partnering with the Health System, Corporate Communications, and the selected advertising firm to align external communications efforts for those areas where the two organizations' missions overlap. The goal is to increase awareness and preference for the higher level of care available through our unique partnership by jointly marketing strategic service line offerings under the umbrella of the brand campaign created through this contract. UT Health Science Center leadership has agreed the first joint service line initiative should be University Children's Health. The scope of work for the proposed contract includes:

- Analysis of market research
- Creative services - Campaign development to include creative briefs, art direction, graphic design, web/digital design/development, copywriting
- Traditional and digital media planning, buying, trafficking, reconciliation and reporting services
- Update of brand/graphic standards manual
- Account management

Funds for the first year of the ND&P contract, as well as campaign implementation costs and media spend for both a brand campaign and children's health service line campaign, are included in the Corporate Communications and Marketing 2016 budget. ND&P will be paid monthly for hours worked at an hourly rate of $135 for account services and $150 for creative services. The Health System will pay all third-party vendors and media outlets directly at net rates. The industry standard agency commission on media buys is 15% of net however, staff has negotiated a 10 percent rate to be paid as an agency fee covering all work hours associated with media planning, buying, analyzing and reporting results of media placements. Based on the scope of work, and the estimated hours required to perform these functions, the recommended contract total is $675,025 per year for 2016 and 2017. ND&P's workforce composition was provided for the Board's review.

RECOMMENDATION: Staff recommends Board of Managers' approval of a two-year agreement with ND&P up to a total amount of $675,025 per year for 2016 and 2017.

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

EVALUATION: The Board viewed a sample speculative media clip produced by the ND&P. Dr. Burns noted that most of the vendor's current clients are on the East coast, where there is a different culture. She and Mr. Smith asked how ND&P would work to figure out the Health System's local community. The Health System will continue to partner with one or more local agencies. An RFP is currently in process to hire a local firm with strong Hispanic/Spanish language marketing experience to work as part of the brand campaign team. The RFP will also result in one or more local agencies being selected as preferred vendors to work within updated branding guidelines to provide day-to-day graphic design services, assist in the development of digital service line campaigns, and
serve as resources for other strategic communications projects. Local vendors may respond to all of the areas named in the RFP or respond to only one. A total of 21 firms responded to the local RFP. The proposed contract with ND&P is for a two year period and is for a grand total of $1,350,000 million. The contract with the local vendor will be for a total of $300,000 per year. The process for selecting the local vendor(s) begins tomorrow, and although it falls within the President/CEO’s approval authority level, due to its importance, a recommendation will be presented to the Board for approval in February. Mr. Adams asked Ms. Kathy Lewton to reflect on the approach being used and on the firm the Health System plans to engage. The core concept is to ensure we set ourselves apart by making it clear to this community that we are not just one of the series of health care options available, but rather we are measurably better. When her firm, Lewton, Seekins, Trester (LST) met with consumers in the Fall of 2014, consumers worked their way to a point where they started to articulate, on their own, that an academic medical center is better and has some advantages. Other systems in town have been telling their story for years. In today’s media, public opinion, consumer perception, and decision-maker environment, the Health System needs to tell its story, or there will be an empty white board that others will fill in. Ms. Lewton informed the Board that her firm (LST) was involved in reviewing the RFP responses for comprehensive branding/advertising services, and staff was not interested in the least expensive firm, only the best. Mr. Adams acknowledged the candidness of LST regarding the areas where UHS was lacking. He followed up by asking her if she believed the Health System’s internal team is staffed to successfully lead in this area. Ms. Lewton was made aware of several positions were created and filled pursuant to her firm’s recommendations regarding areas that needed full-time attention. A director of internal communications is on board, as well as a director of community relations, regional outreach is covered, and a senior marketing strategy position is pending. Mr. Adams agreed that a marketing executive is absolutely critical and his preference would have been to have this position filled prior to any contract approval. In his closing remarks, Mr. Adams reiterated the value of the relationship with the Health Science Center; it could be a tremendous advantage in marketing to sell both organizations to be jointly successful in the market place. Unfortunately, the relationship has not been that way in the past. The Board would have preferred that the Health System and the Health Science Center jointly agree to use the same marketing/advertising firm, by formal arrangement. It is imperative that the staff use whatever forces are available to assure we are working together on marketing and advertising of services, it will be a challenge and a test to the new alliance. Mr. George Hernandez interjected that he has previously made it clear to Dr. Henrich how important it is to use one firm to do all of the work, and he feels the commitment is there in those areas where our services overlap.

**FOLLOW-UP:** Mr. Adams strongly encouraged the Board members not speak to any marketing/advertising representatives who may contact them. The Board has a tremendous responsibility in final approval of the selection and he asked them to inform all vendors of this.
CONSIDERATION AND APPROPRIATE ACTION REGARDING OPERATIONS AND FINANCIAL REPORT FOR DECEMBER 2015—REED HURLEY/EDWARD BANOS

SUMMARY: In December clinical activity (as measured based on discharges adjusted for outpatient activity) was up 11.5% for the month compared to budget. Community First Health Plan (CFHP) fully-insured membership was down 6.0% due to lower membership in STAR Medicaid and CHIP. The bottom line gain excluding debt service was $7.7 million, $8.9 million better than budget and was due to higher operating revenues. Debt Service Revenue was $3.9 million which is higher than 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, and provided the following year-to-date operational highlights:

- Year to date activity exceeded budget by 7.3% on adjusted discharge basis.
- Net patient revenue over budget by $28.4 million or 6.4 percent.
- Maintenance Contracts below budget by $3.4 million or 9.0%.
- Professional Services Contracts below budget by $6.1 million or 14.2 percent.
- Employee compensation over budget $10.2 million or 2.2 percent; salary expense over by $2.6 million, benefits (health insurance) over by $7.6 million due primarily to increased pharmacy expense.
- Salary cost per adjusted discharge at $7,798 below budget of $8,301 and below prior year of $8,416.
- Supply expense over budget $13.7 million or 8.9 percent in patient medical supplies and implants due to increased volume which is up 7.3 percent.
- Supply expense per adjusted discharge at $3,428 over budget of $3,380 and over prior year of $3,282.

Mr. Banos provided the following operations update:

- Finalizing Base Care contract with UT, and using Chartis consulting to allow an independent analysis of Base Care. The first specialties reviewed are: Hospitalists, Neurology, Pulmonary and OB/GYN.
- Had two meetings of new Patient Care Advisory Council. Former patients and family sharing their experience to Medical Staff members and hospital staff.
- Leadership, UT, and CMA physicians are undergoing three-day LEAN training with Baylor Scott and White LEAN experts. Sixty (60) staff, senior leaders, UT faculty, CMA physicians have completed the training with another 30 more participating in February.
RECOMMENDATION: Staff recommends acceptance of the financials subject to audit.

ACTION: A MOTION to accept the financial reports subject to audit was made by Mr. Engberg, SECONDED by Mr. Smith, and PASSED UNANIMOUSLY.

EVALUATION: December was a great collections month. Year to date bottom line was $54.8 million, a variance of $54.6 million due to four main reasons: the sale of AirLife, NAIP revenue, CFHP $9 million over budget, and $20 million operational improvements.

FOLLOW-UP: None.

CHILDREN’S HEALTH UPDATE—MARK WEBB/TED DAY

SUMMARY: Mr. Webb provided an update regarding the progress made since the last briefing to the Board in September, 2015. His graphics presentation included a timeline of accomplishments for 2014 and 2015. The 2016 and 2017 projected timeline was reviewed as follows:

- PICU Transport team stationed at Robert B. Green Campus – January 2016
- NAIP III project development for SFY 17 – February 2016
- NAIP II New urgent care clinic opens – April 2016
- Pediatric Emergency Department completed – May 2016
- NAIP II Satellite NICU Grad Clinic at University Hospital - June 2016
- Ninth Floor, PCCU (Heart Program) completed – August 2016
- Second Pedi ENT Surgeon Starts – August 2016
- NAIP II Roving Wellness/Weight Management Clinic – August 2016
- Tenth Floor, ICU completed – September 2016
- Twelfth Floor, ACU (partial) completed – September 2016
- Eight Floor, Hem/Onc Clinic completed – September 2016
- Sixth Floor, ACU (partial) – April 2017; remainder completed by November 2017
- Eight Floor, Other Pediatric Specialty Clinics - May 2017
- Eleventh Floor, PACU/ORs - May 2017
- Twelfth Floor, NICU - January 2018

A facility stacking plan for all pediatric services in the Horizon, Rio and Sky Towers, by floor, was presented. Upgrades and functions were discussed and Mr. Webb informed the Board that he had previously shared the facility plan with physician leaders in detail. Pediatric inpatient activity, as well as outpatient activity (all outpatient pediatric visits within UHS, ages 17 and under, specialty, general, outpatient surgery, emergency department, observations, and Community Medicine Associate visits) for the period 2012 through 2015 were also reviewed. Mr. Day provided inpatient pediatric market share trend data for all pediatric service lines (for patients under age of 18) including neonatology and normal newborns for quarter 1 2013 through quarter 2 2015 and compared against CHRISTUS Santa Rosa, Methodist Health
System, Southwest General Hospital, Baptist Health System, and Nix Health System. Same data for all pediatric service lines excluding neonatology and normal newborns for the same time period was also presented. Regarding the status of the partnership between UTHSCSA and the Health System, staff reported:

- Common goal setting and tactical achievement review;
- Joint program development;
- Joint outreach (in Bexar County and the region);
- Joint venture with regional hospital; and
- Joint branding development.

Contribution margin for the Children’s Health Service line for FY 2015 is $4,977,006 and is projected for FY 2016 at $3,420,716. Calculations include other revenue sources such as Uncompensated Care/Disproportionate Share, UT contributions, DSRIP and NAIP. NAIP began in March 2015 and the 2016 projection reflects decrease in Disproportionate Share, Uncompensated Care; with UT contribution to be determined. NAIP program is assumed to continue beyond September 2016. Mr. Day reviewed high-level tactics for 2016 growth:

- Marketing and referral development to improve commercial insurance payer mix;
- Outreach clinics for pediatric specialists, urgent care, primary care;
- Co-locating pediatric specialists; and
- Growing volume of primary care pediatricians.

The development of children’s services is closely integrated with the overall Health System strategic plan and ties in with Triple-Aim Plus initiatives.

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

**ACTION:** None.

**EVALUATIONS:**
Mr. Adams welcomed Dr. Adil Husain and Dr. Michelle Arandes. Dr. Husain expressed gratitude for the Board’s support in achieving Center of Excellence designations for the Congenital Heart Program at University Hospital in 2015. Dr. Arandes shared her impression that UHS and UTHSCSA are working closely together in this endeavor, which is critical if the intent is to be successful both jointly and individually. Both organizations are gaining traction and impact, not only in the community, but regionally, and on the national front, for children’s health. Although there has been a tremendous amount of engagement, she acknowledged that there is opportunity to create and drive alignment in other areas. Dr. Burns requested a breakdown of the outpatient activity to indicate the percentage of specialty referrals generated by UT primary pediatricians. Ms. Ryerson reiterated that the activity numbers presented are inclusive of all pediatric services, and she estimated that about 20 percent are referrals from UT general pediatricians. There are 17 pediatricians with Community medical Associates (CMA). Dr. Burns elaborated regarding her need to know the exact percentage because when it comes to building such a program, subspecialty visits are referrals from general pediatricians. Ms. Ryerson will follow up with a full breakdown for Dr. Burns. Further, because patient satisfaction is hard to measure but is becoming increasingly important for payers, Dr. Burns would also like to know how the staff...
will ascertain a positive patient experience, and what metrics are being used to gauge patient satisfaction. Mr. Adams agreed and informed the physician leaders that as a practicing pediatrician, Dr. Burns is the Board’s liaison for the pediatrics program. He asked them to keep her informed, listen to what she has to say, and urged the staff to consult with her as needed. In the spirit of having just honored the late Martin Luther King, Mr. Adams expressed his own dream regarding the UHS-UTHSCSA partnership; that we reach a point where both organizations are operating so well together, that we forget what side we’re on. Also, he’d like for us to offer the best, quality health care in the region. He pledged the Board’s support to the physicians and staff, he urged them to continue to be leaders among their peers, to plan and advertise together, and to achieve this seamless partnership. Mr. Smith requested a shift in focus at some point to review Geriatric Services at UHS.

FOLLOW-UP: Ms. Ryerson will provide outpatient referral breakdown and patient satisfaction data for Dr. Burns as requested.

ADJOURNMENT:

There being no further business, Mr. Adams adjourned the public Board meeting at 4:30 p.m.

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

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Sandra D. Garcia, Recording Secretary