REGULAR MEETING OF THE BOARD OF MANAGERS

Tuesday, January 23, 2001
Board Room
University Center for Community Health
701 S. Zarzamora

Minutes

BOARD MEMBERS PRESENT

Robert Jimenez, M.D., Chair
James R. Adams, Vice Chair
Jeff Judson, Secretary
Mary Beth Williamson
Robert Engberg
Luis Roberto Vera, Jr., J.D.
Joe D. Edmonson

BOARD MEMBERS ABSENT

None.

OTHERS PRESENT

Jeff Turner, President/Chief Executive Officer, University Health System
Francisco Cigarroa, M.D., President, UTHSCSA
Linda Boyer-Owens, Vice President, People & Organizational Development
  Theresa DeLaHaya, Vice President, University Center for Community Health and
  Prevention Services
Steve Enders, Senior Vice President for Ambulatory Services, University Health System
Joshua Freeman, M.D. Professor and Deputy Chairman, Department of Family Practice,
  UTHSCSA
George B. Hernandez, Jr., Executive Vice President/Assistant Administrator, University
  Health System
Celia Kaye, M.D., Professor & Chair, Department of Pediatrics, UTHSCSA
Charles Kight, President/Chief Executive Officer, Community First Health Plans, Inc.
Gary McWilliams, M.D., Medical Director, CareLink Financial Assistance Program,
  University Health System
Mary Ann Mote, Director, Materials Management, University Health System
Joe Naples, Professor & Chairman, Department of Anesthesiology, UTHSCSA
Nancy Ray, Associate Administrator, University Hospital
Richard Rodriguez, Assistant Administrator, University Hospital
Jim Rogers, M.D., Vice President, Quality & Cost Improvement
MEMBERS OF THE PRESS

Nicole Foye, Staff Writer, San Antonio Express/News

CALL TO ORDER

Dr. Jimenez called the meeting to order at 6:07 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE

Ms. Diane Thrush provided the invocation and Dr. Jimenez led the pledge of allegiance.

SPECIAL RECOGNITION:

(A) **EMPLOYEE OF THE 4TH QUARTER AWARDS**

The following Employees of the Quarter received recognition at the Board meeting:

**Professional:** Dawn G. Belscamper, Case Manager, Trauma System, University Hospital

**Management:** Rosa C. Garcia, Manager, Pharmacy Services, University Hospital

**Technical:** Edward Aguilar, Coordinator, Appointment System, Central Appointments, University Health Center – Downtown

**Clerical:** Marie P. Escamilla, Senior Clerk, Clinical Quality Improvement/Risk Management, University Hospital

**Service:** Mandy Lu Benavidez, Financial Access Specialist, Organ Transplant, University Hospital

(B) **RESOLUTION HONORING FERNANDO GUERRA, M.D.**

On behalf of the Board of Managers, Mrs. Williamson and Mr. Turner presented Dr. Guerra with a Resolution recognizing him for his service and commitment to
the people of Bexar County during his distinguished 30-year career in the field of medicine.

CITIZEN’S PARTICIPATION

Dr. Trevino urged the Board of Managers to take actions that would help to decrease the rate of diabetes nationally. He thanked the Board for the opportunity to make a difference towards this effort.

APPROVAL OF MINUTES OF PREVIOUS MEETINGS

CONCLUSION: The minutes of the special Board meeting of December 28, 2000 were presented for approval.
RECOMMENDATION: Dr. Jimenez recommended approval of the minutes as submitted.
ACTION: A MOTION for approval of the recommendation was made by Mrs. Williamson and SECONDED by Mr. Vera.
EVALUATION: None.
FOLLOW-UP: None.

REPORT FROM THE PRESIDENT OF THE HEALTH SCIENCE CENTER – DR. FRANCISCO CIGARROA

CONCLUSION: Dr. Cigarroa reported that the last three months have been exceedingly informative for him. He has had the opportunity to learn about both of our institutions’ strengths and weaknesses and re-establish avenues of communications between both entities. Drs. Wartman and Mayes have been very active in working with UHS staff in developing the contracts that will be presented this evening. The Board of Regents approved the final plans for The University’s Cancer Research Center at their last meeting, a very exciting time for South Texas. Dr. Wartman reported that Dr. Chip Dodd has been selected to serve as the new chair of the department of radiology and additional chairpersons will be named shortly. He proudly reported that in the last three years, three medical students have been selected as Howard Hughes scholars and that only 45 are selected annually across the nation. The students are each awarded nine-month stipends to work at the National Institutes of Health alongside internationally renowned scientists and researchers.

RECOMMENDATION: None.
ACTION: This report was presented for information and no action was required.
EVALUATION: Mr. Edmonson thanked Dr. Mayes for providing a tour of the Janey Briscoe Children’s Center at University Hospital, a state-
of-the-art and highly impressive unit. Mr. Edmonson urged staff to showcase this unit to the people of Bexar County.

FOLLOW-UP: None.

REPORTS OF STANDING COMMITTEES

None.

UNFINISHED BUSINESS

None.

NEW BUSINESS

A. CONSIDERATION OF APPROVAL OF RECOMMENDATIONS AND ACCEPTANCE OF REPORTS IDENTIFIED AS CONSENT AGENDA ITEMS:

CONCLUSION: Five (5) items were presented for approval on the consent agenda:

1. Report from the President of the Medical-Dental Staff - William E. Strodel, M.D.
   (a) Consideration of Medical-Dental Staff Recommendations Regarding Staff Membership
   (b) Consideration of Recommendations of the Nominating Committee
   (c) Approval of Gerald D. Dodd, III, M.D., as Chairman, Department of Radiology, UTHSCSA

2. Consideration of Medical/Dental Staff Policies:
   (a) Exposure to Bloodborne Pathogens (No. 5.031) – Linda Boyer-Owens
   (b) EMTALA Reporting Policy (No. 8.0301) – George Hernandez
   (c) Emergency Detention and Involuntary Mental Health Services (No. 9.03) – Nancy Ray
   (d) Cardiopulmonary Resuscitation (CPR) (No. 9.09) – Jim Rogers, M.D.
   (e) Moderate (Conscious) Deep Sedation and Analgesia (No. 9.12) – Jim Rogers, M.D.


5. Purchasing Activities - Mary Ann Mote.
RECOMMENDATION: Staff recommended approval of the items listed on the consent agenda. Mr. Judson pulled items no. 3 and 5 for discussion:

DISCUSSION:  

**Item No. 3** - Mr. Judson is pleased with the progress indicated in the Emergency Center report. He asked if there are cost savings anticipated by dealing with people in a non-emergency setting, with the launching of the acute care center (ACC) that is now being operated in the space previously occupied by UPG. The center is intended to serve needs outside and beyond the EC by finding medical homes for patients and encouraging use of the nurse telephone triage system. Mr. Adams is also pleased with the progress but would like to see plans for operating the ACC moved and implemented at a faster pace to handle more patients in a better manner.

**Item No. 5.** - Mr. Judson stressed concern regarding the contract to provide replacement of the roof at the University Health Center – Downtown and the B elevator penthouse at University Hospital, in that it was awarded to the “lowest bidder.” Staff assured Mr. Judson that although the contract was indeed awarded to the lowest bidder, the bid specification calls for high quality materials and workmanship, and that the internal review process for bids is continuously being monitored for improvement opportunities to avoid change orders on such projects.

Dr. Wartman introduced the UTHSCSA Medical School department chairpersons that were present, including Dr. Joe Naples, Professor of Anesthesiology; Dr. Joshua Freeman, Professor of Family Medicine; Dr. Celia Kaye, Professor of Pediatrics; and Dr. William Strodel, Professor of Surgery.

**ACTION:** A MOTION for approval of staff’s recommendation was made by Mr. Adams and SECONDED by Mrs. Williamson.

**FOLLOW-UP:** None.

B. **ITEMS RELATED TO PLANNING & OPERATIONS**

1. **CONSIDERATION OF OFFICE SPACE LEASE FOR COMMUNITY FIRST HEALTH PLANS, INC. – JEFF TURNER/CHARLES KIGHT**

**CONCLUSION:** Mr. Turner and Mr. Kight provided a written report that described building deficiencies in current office space leased by CFHP, including a shifted foundation evident by exterior and interior wall cracks and roof leaks and poor air quality due to moisture retention, and unreliable heating and air conditioning systems.
The current annual lease rent is $14.15 per square foot plus $0 per square foot in operating cost overruns. Recent foundation work may increase this cost if the owner deems the work a repair expense (which would increase the monthly lease cost). In addition to building deficiencies, Mr. Kight cited the rapid membership growth (from 32,400 in December 1999 to 59,000 in January 2001) as timely consideration of a lease renewal a necessity.

A property that meets Community First’s criteria for office space has been recently identified. The two-story building is at 5414 Fredericksburg Road (above 410 and south of Medical in the Mockingbird Plaza) and was recently occupied by an insurance company. The criteria identified by staff includes:

a) Lease rental rates per square foot comparable to our current and 2001 budgeted expense
b) Sufficient size to absorb probable membership growth over new lease term;
c) Sufficient parking;
d) Location on major thoroughfare for signage and for accessibility by office visitors (the vast majority of member contact is via phone; face-to-face contact with our members (over 5,000 last year) is weighted 120 to 1 in favor of staff meeting members in the community as opposed to members visiting our office; and
e) Sound structure and productive work environment.

The prospective leasor has agreed to accommodate Community First’s early departure from the Blanco location with rent free months during 2001 on Fredericksburg. In addition, the lease rates proposed on Fredericksburg are comparable to those required to renew the lease on Blanco.

The Fredericksburg Road owner has provided to Community First a tenant finishout allowance of $8.50 per square foot to be used for general tenant improvements, telephonic and data cabling costs, and architectural and engineering costs.

Out-of-pocket expenses to Community First to undertake a move of operations are estimated at about $70,000, which will be funded by favorable variances in the $10 million overall administrative budget for 2001 and potential savings through avoiding cost overruns on Blanco.

RECOMMENDATION: The Community First Board at its special-called meeting of January 11 voted unanimously to request of the Board of Managers their approval of: (a) The lease proposal of office space at 5414 Fredericksburg; and, (b) Authorization of Community First
President/Chief Executive Officer to execute the lease, under the Members’ Rights clause of Community First bylaws regarding any lease exceeding $200,000.

**ACTION:** A MOTION for approval of the recommendation was made by Mrs. Williamson and SECONDED by Mr. Adams.

**EVALUATION:** None.

**FOLLOW-UP:** None.

2. **APPOINTMENT OF MEMBER TO THE BOARD OF COMMUNITY FIRST HEALTH PLANS, INC.– JEFF TURNER/CHARLES KIGHT**

**CONCLUSION:** Mr. Kight presented the name of Mr. Johnny Lovejoy, II, for consideration to serve on the CFHP Board beginning January 24, 2001, through September 30 2002, or until replaced by the Board of Managers.

**RECOMMENDATION:** Mr. Turner recommended approval of staff’s recommendation.

**ACTION:** A MOTION for approval of the recommendation was made by Mrs. Williamson and SECONDED by Mr. Edmonson.

**EVALUATION:** Mrs. Williamson expressed gratitude for Mr. Lovejoy’s willingness to serve on a subsidiary Board of the Health System.

**FOLLOW-UP:** None.

C. **ITEMS RELATED TO BUDGET & FINANCE**

1. **CONSIDERATION OF AGREEMENTS WITH UNIVERSITY PHYSICIAN GROUP FOR SERVICES TO CARELINK PATIENTS AND OTHER PROFESSIONAL HEALTH CARE SERVICES SUPPORT – JEFF TURNER**

**CONCLUSION:** Staff proposed seven (7) contracts with an estimated value of $27 million annually ($81.6 million over three years) between the Health System and the University Physicians Group (UPG), as follows:

1) Carelink Contract - Proposed for a three-year term (2001-2003). Will pay UPG for services provided to Carelink numbers on a fee-for-service basis. Payments will be based on 100% of Medicare rates. Contract includes monthly penalties of 10% of these payments for clinical areas or physicians that are not in compliance with certain NCQA standards (commonly used by managed care plans in the community) for access and availability that are referenced in the contract. Standards include routine appointment availability within two weeks and waiting times of no more than 30 minutes for scheduled appointments. For services provided under the sponsored care contract in 2000 to Carelink patients, it is
estimated that the UPG will be paid $14,592,000 (November and December claims are still being adjudicated). Since Carelink will now be using a claims adjudication process for the entire year, it is estimated that payments of $13,580,000 will be made under this contract for 2001. Estimates for 2002 and 2003 based on Carelink enrollment projections are for payments of $14,259,000 and $14,972,000 respectively. That brings the total three-year estimated value of the Carelink agreement with UPG to $42,811,000.

2) UHS-Based Physician Contracts - Six UHS-based physician agreements are proposed. Contracts are for physician services to be provided in clinical areas of the hospital and clinics where the costs of services cannot be expected to be sufficiently covered by fees available through the sponsored care agreement and/or other payors. This may be due to the fact that the service is still in a start-up phase, is a service requiring continuous staffing even during periods of low activity, and/or is a service with extraordinarily low billing potential. The six contracts are as follows:

- Department of Medicine, $3,061,400
- Department of Pediatrics, $2,351,380
- Department of Surgery, $4,505,220
- Department of Ob/Gyn, $365,000
- Department of Family Practice, $1,535,150
- Multi-Department (Diabetic Eye Clinic/TDI, Hyperbaric Medicine/TDI, Psychiatric/EC, Radiology/EC, Night Weekend anesthesiology Coverage), $697,200

In 2000, UPG was paid approximately $10.4 million for UHS-based care services. The proposed increase is due to activities, which were only partially funded during 2000 (and are now covered for a full year), as well as the following new/expanded services:

- Increased providers for Neonatal ICU
- Pediatric Neurosurgery coverage for EC
- Additional Trauma Surgery coverage
- Physician assistant for UHC-D Hepatitis Clinic

The proposed contract is also for a three-year term with an estimated total value of $38.8 million. The actual services and payment to be provided will be reviewed and renegotiated annually. It is expected that based services provided in “start-up” locations would be dropped from this contract in future years as they are established and can be financially sustained from both Carelink payments and other third party payers.
Although these contracts represent the largest part of the 2001 UHS financial commitment to the UPG, representatives from both entities are continuing to meet to structure the agreement for UPG financing of practice expenses provided by the UHS. This includes items such as support staff (nurses and clerks), supplies, equipment, and space provided to the UPG office practice in UHS facilities. The cost of these services to UHS in 2000 was $9.4 million.

RECOMMENDATION: Staff recommended that the Board of Managers authorize the President/Chief Executive Officer to execute the seven proposed contracts.

ACTION: A MOTION for approval of the recommendation was made by Mr. Engberg and SECONDED by Mrs. Williamson.

FOLLOW-UP: An agreement for provision of and payment for practice expense services (for both 2000 and 2001) will be presented to the Board in February, as will an agreement for services provided to indigent, non-Carelink patients by UPG who gain access to surgical and hospital care through our emergency and urgent care settings.

EVALUATION: Mr. Adams noted that a process for dealing with issues that could be harmful to either institution, aside from arbitration and the process outlined in the master affiliation agreement, is probably necessary. Mr. Turner and Dr. Cigarroa pledged to resolve any issue that may arise by personally and immediately addressing the conflict. Mr. Engberg noted that contracts call for good management of funds and is pleased with the references made this evening to the affiliation agreement. Mr. Adams thanked the UTHSCSA chairs and representatives for their interest in this evening’s Board meeting.

2. FINANCIAL/OPERATIONAL REPORTS FOR MONTH AND YEAR-ENDED DECEMBER, 2000 – PEGGY DEMING

CONCLUSION: Ms. Deming reviewed revenues, expenses, fund balances, and adjustments made during the December 2000. She reported an operating loss of $5.6 million, activity up by 2.7%, patient revenue down but other revenue up, operating expenses continued to exceed budget, and market adjustments on investment favorable. For the year, she reported an operating loss of $28.1 million, activity was down .3%, patient revenue was down $6.6 million, supplies and purchased services contributed $16.7 million to the $22.5 million expense variance, and investment income up $5.7 million ($4.8 market adjustment). To address 2001 targets, Ms. Deming reported that
Mr. Turner has implemented weekly financial performance cabinet meetings consisting of accountable executives. In addition, a balanced budget committee has been established to address actual variances to break even and set targets for staff. The group has so far developed a plan for reducing days in account receivables. Finally, staff has selected a new benchmarking program at 1/3 of the cost of the program previously used.

RECOMMENDATION: Staff recommended that the Board accept these reports subject to audit.

ACTION: A MOTION for approval of the recommendation was made by Mr. Engberg and SECONDED by Mrs. Williamson.

FOLLOW-UP: None.

COMMUNICATIONS

Dr. Jimenez provided members of the Board with copies of an executive summary of the Surgeon General’s Report on Youth Violence, which was recently released. He noted that Dr. Fernando Guerra was one of the first to advocate for recognition of youth violence as a public health issue.

Mr. Turner announced that the move from UFHC-Basse to the new UFHC-North would occur over the weekend. The Family Health Center will be open for business on Monday, January 28, 2001, with a grand opening event planned for late February or early March.

Mr. Judson requested a strategic plan update at the next meeting. Dr. Jimenez requested a joint report by the Health System and the Medical School regarding emergency room occupational hazards.

ADJOURNMENT

There being no further business, the public meeting adjourned at 8:04 p.m. The Board of Managers then went into a closed session to evaluate the quality of medical and/or health care services as permitted by Section 161.032 of the TEXAS HEALTH & SAFETY CODE.