REGULAR MEETING
OF THE BEXAR COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS

Tuesday, July 29, 2014
6:00 p.m.
Board Room
Texas Diabetes Institute
701 S. Zarzamora
San Antonio, Texas 78207

MINUTES

BOARD MEMBERS PRESENT:
Linda Rivas, Vice Chair
Dianna M. Burns, M.D., Secretary
Roberto L. Jimenez, M.D., Immediate Past Chair
Robert Engberg
Ira Smith
Robert A. Gilbert

BOARD MEMBERS ABSENT:
James R. Adams, Chair

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
Francisco Scarano-Gonzalez, M.D., Dean, School of Medicine, UTHSCSA
William Henrich, M.D., President, UTHSCSA
Michael Hernandez, Vice President/Chief Legal Officer, University Health System
C. Reed Hurley, Assistant Chief Financial Officer, University Health System
Leni Kirkman, Vice President, Strategic Communications & Patient Relations, University Health System
Monika Kapur, M.D., President/Chief Executive Officer, Community Medicine Associates
Mary Ann Mote, Senior Vice President/Chief Revenue Officer, University Health System
Nancy Ray, Senior Vice President/Chief Nurse Executive, University Health System
Theresa Scepanski, Vice President/Chief Administrative Officer, University Health System
Allen Strickland, Vice President, Hospital Administration/Fiscal Management, University Hospital
Roberto Villarreal, M.D., Senior Vice President, Research and Information Management, University Health System
Mark Webb, Executive Vice President/Chief Operating Officer, University Health System
CALL TO ORDER AND RECORD OF ATTENDANCE: LINDA RIVAS, VICE CHAIR, BOARD OF MANAGERS

Ms. Rivas called the meeting to order at 6:00 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE:

Ms. Rivas introduced Mr. Darren Ballinger of Woodland Baptist Church for the invocation, and she led the pledge of allegiance.

QUARTERLY RECOGNITION AWARDS

The following employees were recognized by the Board of Managers:

- **Professional (Nursing)**: Flerida De Veas, Patient Care Coordinator, 9th Floor Sky Tower-Trans/CT Acute
- **Professional (Non-Nursing)**: William Madkins, Jr., Senior System Administrator, Clinical Systems
- **Management**: Martha Rodriguez, Senior Director, Detention Health Care Service
- **Technical**: Katy Knudson, Senior Phlebotomist, Phlebotomy
- **Clerical**: Yvonne Medellin Aguayo, Outpatient Customer Service Representative, Hyperbaric Medicine-TDI
- **Service**: Tracy Bosmans, Environmental Services - UH
- **Volunteer**: Beverly Oakes, Volunteer, Volunteer Services
- **Physician**: Leticia Aguilar, MD, Medical Director, Community Medicine Associates - North
- **Team**: DHCS Magistrate’s Office Clinical Nursing Team - Sonia Ortiz, Veronica Garcia, Yarleth Gutierrez, Elva Villarreal, Elizabeth Arguello, Inez Polanco, Angelo Garcia, Shari Taylor, Martha Lozano, Katherine Whiteley, Lois Petersen

All of this year’s quarterly recipients will be special honored guests at the Annual Recognition Awards Ceremony at the Omni Hotel on February 26, 2015. Employees of the Quarter receive a plaque, embossed pen and an opportunity to select one of numerous awards valued at $100 on the Employee Recognition website. Mr. Smith addressed the employees on behalf of the Board. He thanked them for their service and reiterated that the Board of Managers depends heavily on them. All of the awards bestowed upon the Health System, such as U.S. News & World Report’s #1 hospital in San Antonio, are in recognition of the employees and what they have done. He thanked them for being part of UHS.
PRESENTATION OF THE FRANK TEJEDA OFFICER OF THE YEAR AWARD:

Chief A.J. Sandoval introduced Officer David Hapney as the recipient of the 2014 Senator Frank Tejeda Officer of the Year Award. He described Officer Hapney’s life saving actions on April 13, 2013; his prompt actions and unselfishness in rendering aid and assistance resulted in saving a person’s life at the University Hospital campus.

CITIZENS’ PARTICIPATION: None.

APPROVAL OF MINUTES OF PREVIOUS MEETING (JUNE 30, 2014) - LINDA RIVAS, VICE CHAIR

SUMMARY: Minutes of the special meeting of the Board of Managers for Monday, June 30, 2014 were presented for approval.

RECOMMENDATION: Staff recommended approval of the minutes as submitted.

ACTION: A MOTION to approve the minutes was made by Mr. Gilbert SECONDED by Dr. Jimenez, and PASSED UNANIMOUSLY

EVALUATION: None.

FOLLOW-UP: None.

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

SUMMARY: Dr. Henrich reported that The UT System Board of Regents was meeting late this afternoon to name a successor for Dr. Francisco Cigarroa as Chancellor of the UT System. As previously announced, Dr. Cigarroa has accepted a position at UTHSCSA as head of Pediatric Transplant Surgery. He is happy to be returning to San Antonio towards the end of this year or early next year to pursue his passion, the practice of medicine. Timing depends on when the new incumbent arrives in Austin. The entire UTHSCSA/UHS community is delighted to have him back.

Dr. Gonzalez acknowledged the physician leaders present. He reported that the 18th Annual School of Medicine Convocation and White Coat Ceremony for the Class of 2018 took place on Sunday, July 20, 2014, in the Holly Auditorium. More than 200 students entering the School of Medicine were presented white coats, which symbolize their journey to becoming physicians. At the end of the ceremony, the students recite The Physician’s Oath of Hippocrates. Fifteen (15) of these medical students are officially on the South Texas Track Program, which means they will leave San Antonio at the end of their third year and spend the remainder of their medical school career in the Rio Grande Valley. The percentage of female students in each class has consistently been at about 50/50 for the last several years. Dr. Gonzalez thanked Health System staff for participating in the medical school admission interviews.

Dr. Henrich announced the UTHSCSA President’s Gala honoring Tom and Patricia Frost will be held on Saturday, September 13, 2014 at the Grand Hyatt San Antonio Hotel. The fundraising event will establish an endowment to advance cancer research and education while commemorating the 40th Anniversary of the Cancer Therapy and Research Center.
RECOMMENDATION: None.
ACTION: None.
EVALUATION: Ms. Rivas took a few moments to welcome Mark Webb to his new role as Executive Vice President/Chief Operating Officer. Mr. Hernández thanked Mr. Webb for accepting the role on an interim basis; he has been with the Health System since 2008 and done an outstanding job leading the Capital Improvement Program. Since 2012 he has taken on additional leadership responsibilities over Protective Services, Facilities, Plant Engineering, Environmental Services and Emergency Preparedness. Mr. Hernández described Mr. Webb as collaborative, strategic, energetic, and a great communicator—all traits that will serve him well in this important role and help ensure a smooth transition. Mr. Hernández expressed gratitude for having a top notch staff. Mr. Webb thanked the Board for their support and looks forward to the challenges.
FOLLOW-UP: None.

CONSENT AGENDA – LINDA RIVAS VICE CHAIR, VICE 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 TO APPROVE UNIVERSITY HEALTH SYSTEM POLICY NO. 6.01.04, TRAVEL PAID BY THIRD PARTIES—FRANCINE WILSON

CONSIDERATION AND APPROPRIATE ACTION REGARDING AN APPOINTMENT TO THE BOARD OF TRUSTEES OF THE CENTER FOR HEALTH CARE SERVICES—LINDA RIVAS, VICE CHAIR/DR. ROBERTO JIMENEZ, IMMEDIATE PAST CHAIR

CONSIDERATION AND APPROPRIATE ACTION REGARDING COMMISSIONING PEACE OFFICER FOR BEXAR COUNTY HOSPITAL DISTRICT—MARK WEBB

CONSIDERATION AND APPROPRIATE ACTION REGARDING 2ND QUARTER 2014 INVESTMENT REPORT—ROE GARRETT/PEGGY DEMING

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 of the consent agenda items by the Board of Managers.
ACTION: A MOTION to approve staff’s recommendation with his suggested change to Policy 6.01.04 was made by Mr. Smith, SECONDED by Mr. Engberg, and PASSED UNANIMOUSLY.
EVALUATION: Mr. Smith suggested that proposed University Health System Policy No. 6.01.04, Travel Paid by Third Parties, indicate that it specifically applies to employees, as well as Board members, consultants, and any others representing the Health System on travel paid by third parties. Chief Sandoval introduced Officer John Paul Diaz to the Board of Managers.
FOLLOW-UP: Ms. Wilson will make Mr. Smith’s suggested changes to the policy.
ACTION ITEMS:

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

UNIVERSITY HOSPITAL:

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONSTRUCTION MANAGER SERVICES CONTRACT WITH JOERIS GENERAL CONTRACTORS, LTD, FOR THE DESIGN PHASE AND CONSTRUCTION MANAGEMENT SERVICES FOR THE PHASE 2 RENOVATIONS AT UNIVERSITY HOSPITAL—MARK WEBB

SUMMARY: University Hospital’s Phase 2 Renovation projects consist of renovations to the original 1968 building (Rio Tower) and 1981 building (Horizon Tower). The projects which are included in this Construction Manager Services scope are comprised of:

1. Follow-up Clinics – 2nd Floor, Rio Tower (1968 Building)
2. Pharmacy and Adjacent Corridors – Ground Level Rio Tower and Horizon Tower (1968 and 1981 Buildings respectively)

The overall projected budget for these projects is approximately $30M. Solicitations were issued on Monday, April 14, 2014 and on Tuesday, May 20, 2014, five proposals were received from the following firms:

1. Balfour Beatty Construction
2. Joeris General Contractors, LTD
3. Skanska-Byrne-Banks Joint Venture
4. Turner Construction Company
5. JT Vaughn Construction, LLC

All five firms proposing were identified as having relevant experience and qualifications for this project. Interviews with each of these firms were held on Friday, June 13, 2014. Each firm’s proposal was evaluated on its completeness, logic, use of industry best practices, and overall quality. Mr. Webb reviewed the 10 pieces of selection criteria with the Board.

The Construction Manager at Risk will provide Design Phase and Construction Phase Services that will optimize the use of available funds while providing the highest quality construction within established project schedules. The participation goal for SMWVBE is 60% and the local participation goal is 80%. Joeris General Contractors is a local company.

RECOMMENDATION: Based on (1) the ranking of the Respondents by the Selection Committee using the selection criteria with a total maximum grade of 100, (2) the Proposed Man Hours (3) Cost, and (4) Best Value Formula based on an evaluation of the proposed fees relative to the ranking through application
of a Best Value Formula, the selection committee recommends Board of Managers approval of a contract with Joeris General Contractors, Ltd., in the amount of $1,545,699, to be paid from project funds, for GMP #1.

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

**EVALUATION:** Mr. Webb introduced Mr. Gary Joeris to the Board. Ms. Rivas thanked him for setting a 60 percent local participation goal, a very important initiative for the Board of Managers. Mr. Engberg inquired about the company’s background. The company is a family owned commercial general contractor, founded by his father in 1967. The company has grown from $50 million to $390 million in the last 12 years. From a construction safety perspective, the company has five full time safety workers, with one being a past Associated General Contractors (AGC) safety director. Safety is a very important aspect to Joeris, having received an Accident Compensation Corporation (ACC) award for the past 4 or 5 years. Mr. Engberg asked Mr. Webb for an estimated remaining balance for the University Hospital project fund. At the present time, there is a balance of $30 million in the University Hospital project fund. For the RBG project fund, Mr. Webb does not have a final tally but expects a $2.5 million balance once the fund closes out in August.

**FOLLOW-UP:** None.

**CONSIDERATION AND APPROPRIATE ACTION TO AMEND A CONTRACT WITH PERKINS+WILL FOR DESIGN GUIDELINES FOR UNIVERSITY HOSPITAL—**MARK WEBB

**SUMMARY:** The original agreement for architectural/engineering services with Perkins+Will for the CIP project at University Hospital, with a not to exceed contract amount of $45,310,513, has been previously amended to include additional design for the remote parking lot, facility hardening, zoning changes, Pavilion IT, mock ups, central utility plant (CUP), payment of permit fees, approved enhancements, the Heart Center study and planning studies concerning medical equipment integration, basement excavation, loading dock revisions, blood bank and Emergency Center design, meeting room and patient room reconfigurations, as well as additional designs throughout the University Hospital campus. Staff asked Perkins+Will to develop a single facility reference tool. A comprehensive document that establishes appropriate material selections for all area types within the hospital and guidelines for current design standards of department/area types including layout of spaces and placement of design elements. The Guidelines are a reference tool for ongoing renovations that preserve the best practices for a modern healthcare facility (in terms of good planning, material performance and industry knowledge), Evidence-Based Design knowledge, and patient (and staff) centered care in order to be used by future design teams at any of the current or new facility locations. These standards will be tailored to University Health System based on the specific performance requirements for materials and details at this health system, based on how this facility operates, is maintained, its priorities and the mission of the healthcare system. The benefits of interior guidelines include establishing
consistency in the facility, reduced effort on decision-making processes and how to evaluate new standards for materials or applications in the future. An example is the performance metrics that must be met on all upholstery on furniture per department and usage. The long term benefits to having the design guidelines in place are setting a high standard of design and execution for successful renovations and maintenance in the future of the healthcare system.

Specifically, the guidelines will:

- Encourage continuity with the health system brand.
- Reduce time required of leadership to revisit past decisions. This includes the C-suite, Environment Services, Infection Control, and Engineering.
- Assist new personnel and project team transitions.
- Minimize quantity and diversity of facility maintenance programs.
- Adhere to project goals regarding sustainability and target LEED rating.

The benefit design guidelines would provide to patients and visitors a seamless transition from one facility or department to the next. By reinforcing brand through wayfinding practices it makes it easy for patients and visitors to navigate spaces, which eases stress, especially when visiting other health system departments or locations. Also, the guidelines would protect their welfare and safety ultimately by having good standards in place for things such as infection control and safety (such as millwork details that don’t allow dust to collect or products made without harmful chemicals that may outgas). This proposed contract is for the development of design guidelines at a cost of $124,000. 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 $124,000 for the development of design guidelines. The revised contract after this amendment is $48,342,147.

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

EVALUATION: None.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH MPS CONSTRUCTION AND DESIGN, LLC FOR CONSTRUCTION SERVICES AT THE ZARZAMORA CLINIC —MARK WEBB

SUMMARY: The intent of this request is to purchase labor and materials to renovate the existing Preventive Health Care Clinic – Zarzamora Clinic, located at 4503 South Zarzamora Street, or completion of renovation plans as
previously approved by the Board. From the clinical perspective, the renovation of the clinic will offer an enhanced and updated look to the clinic. The Preventive Health Care Clinic remodeling at the Zarzamora Clinics will involve renovation to the front reception area of the clinic, public restrooms and staff restrooms. The work also includes demolition, asbestos abatement, new wall systems, insulation, new flooring and rubber base, new ceilings, drywall, painting, new doors, new millwork, new solid surface countertops, new sinks and faucets, new lighting, power and data, HVAC, replacement of exhaust fans, new security cameras, telephone, data and new plumbing. The project will be accomplished in several phases in an effort to minimize distraction to clinical operations. This renovation plan coincides with Health System efforts to address the Triple Aim Plus initiative to improve patient care experience, quality and outcomes, efficiency, increase access to services, and will enhance revenue opportunities. The original estimate associated with the revised Zarzamora Clinic plan was $700,000. Staff solicited bids for the work under RFCSP#214-04-026 CNST. Thirteen (13) construction firms attended the mandatory pre-bid meeting and five (5) firms submitted proposals:

1. MPS Construction-Design at 140 calendar days, $757,991,
2. Bandy Constructors at 180 calendar days, $774,380,
3. Breda Construction at 150 calendar days, $791,390,
4. F.A. Nunnelly Co. at 312 calendar days, $856,331,
5. Valla Construction, Inc. at 220 calendar days, $899,671

Proposals were evaluated and found MPS Construction, Inc. to be the preferred bidder at $757,991 with 140 calendar days to complete this project. The fees associated with this item will be funded from routine capital contingency. MPS Construction - Design is classified as a local small business, and has previously worked with the Health System, a project that was completed in September 2013 on budget with no change orders. The staff and crew demonstrated their construction experience working in a health care facility.

**RECOMMENDATION:** Staff recommends Board of Managers’ approval of a contract with MPS Construction-Design for construction services in the amount of $757,991 for the Preventive Health Care Clinic Renovations at Zarzamora clinic. The term of this contract is for 140 calendar days.

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

**EVALUATION:** Dr. Jimenez asked about the existence of a formal mechanism to obtain consumer input for the community clinics. Ms. De La Haya reported that an informal process exists through the Health System’s Community Advisory Group, a group composed of 51 percent consumers. Ms. Rivas informed the Board that she will be working with Ms. Kirkman and others on an outreach program to find out how well the ambulatory clinics connect to University Hospital in terms of referrals and usage. Mr. Smith expressed an interest in the outreach project described by Ms. Rivas and asked to be kept informed. Mr. Webb was asked to approach the City of
San Antonio regarding the possibility of parking arrangements for the Zarzamora Clinic at a nearby park. Ms. Rivas suggested a walkthrough of the clinic for the Board of Managers once the renovation work is completed.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE RENEWAL OF A CONTRACT FOR PROFESSIONAL SERVICES WITH PEDIATRIC EAR, NOSE & THROAT INSTITUTE OF SOUTH TEXAS, P.A.—TED DAY

SUMMARY: The proposed agreement with Pediatric Ear, Nose, and Throat Institute of South Texas, P.A., will be for a one-year renewal effective September 1, 2014, with an option to extend for one additional year. The anticipated annual outlay for the initial contract period for September 2013 through August 2014 was $330,000; however, after the first ten months of the agreement, the Health System projects an annual spend of approximately $340,000. Assuming the same complement of UT physicians on staff, the Health System would anticipate the same level of expenditure for the renewal period. The number of ENT physicians on staff with either UT or Community Medicine Associates (CMA) will drive the amount of outside coverage required. This is a planned expense and is included in the Pediatric Transition Business Plan. Staff anticipates that if the financial accountability for the services considered in this agreement shifts, in full or in part, to another entity that financial underwriting of this agreement would follow that shift in a consistent matter. Entering into this agreement with Pediatric Ear, Nose, and Throat Institute of South Texas, P.A., enables the Health System to ensure that the Pediatric Program will have a sufficient number of qualified physicians available to provide the highest quality health care to the pediatric patients at UHS.

RECOMMENDATION: Staff recommends Board of Managers approval of a contract renewal with Pediatric Ear, Nose, and Throat Institute of South Texas, P.A., for specialized pediatric services in the amount of $340,000 for an additional 12 month period.

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

EVALUATION: The physician group bills for the actual number of patients seen. Board members asked what it would take for the ENT physicians to admit patients to University Hospital. The physicians do not have admitting privileges; however, they have active privileges and are on-call, critical in support of the pediatric trauma designation. The physicians are very interested in honing their trauma skills and like being busy, they’ve asked staff not to recruit physicians who will take away future business. They’ve left the door open for future discussions to this topic.

FOLLOW-UP: Mr. Hernandez will invite the ENT physicians to attend the UTHSCSA President’s Gala at the UHS table.
CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH SAN ANTONIO EXTENDED MEDICAL CARE, INC. D/B/A MEDMART FOR RESPIRATORY SERVICES AND DURABLE MEDICAL EQUIPMENT—VIRGINIA MIKA, PHD/ALLEN STRICKLAND

SUMMARY: Since 2005 the Health System has contracted with San Antonio Extended Medical Care Inc., d/b/a MedMart for respiratory services and durable medical equipment. To ensure that the Health System continues to get the best value from its contracts and as a good steward of its resources, a Request for Proposal (RFP – 214-04-025-SVC) was issued for respiratory services and durable medical equipment on June 13, 2014. This RFP was composed of two parts:

1) To secure services and equipment for unfunded patients who receive care at University Hospital - continuous positive airway pressure (CPAP) and biphasic positive airway pressure (BIPAP) machines, nebulizers, oxygen tanks, and durable medical equipment such as walkers, canes, hospital beds, and wheelchairs.

2) To secure respiratory equipment for CareLink members - oxygen tanks, oxygen concentrators, CPAP and BIPAP machines, suction canisters, and associated equipment.

These services and equipment require pre-authorization and must meet established medical criteria. Ready access to this equipment by patients improves our ability to discharge inpatients in a timely manner and facilitates a smoother transition experience for the patient.

The Health System received two responses to this RFP and after thoughtful analysis and discussion, staff recommends award of the contract to Extended Medical Care Inc., d/b/a MedMart for the following reasons:

1) MedMart is able to support the seven surrounding counties that patients come from, in addition to Laredo, Eagle Pass, Del Rio, Corpus Christi, Brownsville, Kerrville, and New Braunfels. MedMart has a robust network of locations in this region and can support patients closer to their homes.

2) MedMart was able to present evidence of service and support to medically indigent patients. Access to this equipment can act as a barrier for discharge of indigent patients, since many companies require complete payment prior to issuance.

3) MedMart’s pricing for respiratory and durable medical equipment is consistent with prior expenditures and very competitive.

The CareLink portion of this contract is estimated at $243,000 annually or $729,000 for a period of three years beginning August 1, 2014 and ending June 30, 2017. The cost is based on 2013 utilization. The care coordination portion for unfunded patients is estimated at $455,255 annually or $1,365,764.40 for the same time period. This is based on a projected 10 percent increase over 2013 utilization, due to increased capacity in the Emergency Center and trauma units. The total combined
amount of the contract for the three year period is $2,094,765. Providing these services ensures that patients have access to the equipment that they need to transition from the hospital to an outpatient setting. There have been no patient satisfaction, quality of care, or access concerns associated with these services since inception of the original contract in 2005, and reviewed MedMart’s workforce composition with the Board in detail.

RECOMMENDATION: Staff recommends Board of Managers’ approval of an Agreement with San Antonio Extended Medical Care Inc, D/B/A Med-Mart for a total estimated contract amount of $2,094,765, for a three year period.

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

EVALUATION: None.
FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING OPERATIONS AND FINANCIAL REPORT FOR JUNE 2014—CHRISTANN VASQUEZ

SUMMARY: For the month activity was down 3.9% compared to budget and up 12.1% from June 2013 for the Clinical Services (as measured based on discharges adjusted for outpatient activity). Community First Health Plan (CFHP) fully-insured membership was up 2.4% due to positive market share growth. From operations, the Health System experienced a gain of $1.8 million. This is a $5.6 million improvement (including the experience rebate) from May operations and is attributed to recognition of $4.0 million in UC/DSRIP funding earned as well as improvements in supply utilization and employee compensation made in June. An unrealized market loss of $37,000 was recorded in the month. The bottom line gain excluding debt service was $2.0 million and was due primarily to the bottom line gain of $1.7 million from CFHP. The Experience Rebate shown last month below the bottom line has been reflected as a reduction of premium revenue for June of $1.2 million and Year to Date of $3.4 million, to be consistent with how it will be presented in audited financial statements. The rebate is an estimated amount that health plans must return to the State when their profits are above a certain level. Debt Service Revenue was $3.6 million which is equal to the budgeted portion of the Debt Service payment of $3.6 million. Ms. Deming reviewed notable increases and decreases from the Consolidated Balance Sheet in detail with the Board. During her graphics presentation, Ms. Deming reviewed drivers in support of financial improvement for 2014, such as:

- Management initiatives (other revenue sources, salaries, benefits, supplies, purchased services, productivity) - $11 million
- Earned waiver and uncompensated care funding - $6 million
- Increased activity – $3 million

Other ongoing initiatives include:

- Daily monitoring by management and accountability for activity, charges, and timely dissemination of information in terms of costs
- Span of control review in response to the pressures to decrease costs and improve efficiencies
- Efficiency of care delivery model, to include review of services and hours in the ambulatory setting

**RECOMMENDATION:** Staff recommends approval of the financial reports as submitted subject to audit.

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

**EVALUATION:** Mr. Engberg asked how the $20 million worth of initiatives means for the last six months of 2014. Is there a plan and specific accountable actions to accomplish those initiatives? Mr. Engberg requested a follow up report that breaks down the major elements of those plans and outlines how the staff is attacking the problems. Specifically, how the operations staff are addressing the issues to achieve the $20 million savings. A discussion regarding ambulatory health care ensued. Medicaid reimbursement for ambulatory care is approximately 50 cents on the dollar. For a $50 visit, reimbursement is about $5. Approximately 55 percent of charges accrued by the Health System are for inpatient services (85 to 90 percent), with the remainder being outpatient. The ambulatory clinics occasionally send patients to other hospitals, primarily when University Hospital does not have a specialty service available. About 89 percent of admission referrals from the ambulatory clinics are to University Hospital; unfortunately some specialty services do have coverage issues. The remaining 11 percent that do not end up at University Hospital are 911 calls that are diverted by EMS to the nearest hospital. All of the ambulatory prenatal patients deliver at University Hospital, which is due to community outreach efforts by the staff. Further, through DSRIP the Health System has the potential to earn another $17 million by the end of 2014; we have achieved 100 percent objectives for the first half of 2014 on 23 DSRIP projects. However, the staff is not counting on DSRIP or any other state funding to meet budget this year. Mr. Hernandez noted that the 2014 budget has only 50 percent of the DSRIP revenue built in to it because receipt of these funds is not certain. Mr. Smith and Mr. Gilbert asked to be kept informed of marketing and outreach efforts for the ambulatory clinics. Mr. Hernandez reminded the Board that the finance staff is currently working on its tax budget for 2015. He informed them that a special Board meeting would be required in early August, with a special presentation to Commissioners Court soon thereafter.

**FOLLOW-UP:** Mr. Hernandez will provide the Board members with potential dates for the special meeting on the tax budget, as well as the time line for presentations and public hearings required at Commissioners Court. Staff will provide a follow up report on management initiatives and accountable actions as requested by Mr. Engberg, and a report on marketing and outreach efforts as requested by Mr. Gilbert.
PRESENTATIONS AND EDUCATION:

INFORMATION ONLY ITEMS:

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

UPDATE ON CAPITAL IMPROVEMENT PROGRAM ACTIVITIES—MARK WEBB

REPORT ON RECENT RECOGNITIONS AND UPCOMING EVENTS—LENI KIRKMAN

ANNUAL REPORT ON MEASURABLE IMPROVEMENT TARGETS FOR ADVERSE EVENTS AND MEDICATION RECONCILIATION—MARY ANN MOTE

SUMMARY: Ms. Rivas directed the Board’s attention to the written reports above. She urged her 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.

__________________________________ ______________________________
Linda Rivas     Dianna M. Burns, M.D.
Vice Chair, Board of Managers   Interim Secretary, Board of Managers

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Sandra D. Garcia, Recording Secretary