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

Tuesday, June 25, 2013
6:00 p.m.
Board Room
University Health System - Texas Diabetes Institute
701 S. Zarzamora
San Antonio, Texas 78207

MINUTES

BOARD MEMBERS PRESENT:

James R. Adams, Chair
Rebecca Q. Cedillo, Secretary
Roberto L. Jimenez, M.D., Immediate Past Chairman
Robert Engberg
Alex Briseño
Ira Smith

BOARD MEMBERS NOT PRESENT:

Linda Rivas, Vice 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
Tim Brierty, Chief Executive Officer, University Hospital
Ted Day, Vice President, Strategic Planning & Business Development, University Health System
Peggy Deming, Executive Vice President/Chief Financial Officer, University Health System
Roe Garrett, Vice President/Controller, University Health System
Greg Gieseman, President/Chief Executive Officer, Community First Health Plans, Inc.
Barbara Holmes, Vice President/Chief Financial Officer, Community First Health Plans, Inc.
Michael Hernandez, Vice President/Chief Legal Officer, University Health System
Leni Kirkman, Vice President, Strategic Communications and Patient Relations, University Health System
Francine Wilson, Vice President, Materials Management, University Health System
Virginia Mika, Ph.D., Executive Director, CareLink Financial Assistance Program, University Health System
Priti Mody-Bailey, M.D., President, Community Medicine Associates
Nancy Ray, Vice President/Chief Nursing Officer, University Health System
Richard Rodriguez, Vice President/Facilities, University Health System
Theresa Scelpanski, Senior Vice President/Chief Administrative Officer, University Health System
CALL TO ORDER AND RECORD OF ATTENDANCE: JAMES R. ADAMS, CHAIR, BOARD OF MANAGERS

Mr. Adams called the meeting to order at 6:05 p.m.

INVOCATION AND PLEDGE OF ALLEVIANCE:

Ms. De La Torre introduced Mr. Jesse Tovar, Prince of Peace Catholic Church, for the invocation, and Mr. Adams led the pledge of allegiance.

SPECIAL RECOGNITION:

The Board of Managers recognized Sergeant Bobby Maxwell as the 2013 Recipient of the Frank Tejeda Officer of the Year Award. He has been with the Bexar County Hospital District Police Department since 2005 and has demonstrated an outstanding commitment to his profession while continually motivating other employees to emulate his exceptional law enforcement practices.

CITIZEN PARTICIPATION:

Lou Miller, Bexar County resident, addressed the Board of Managers in support of a full service clinic and/or hospital for the Eastside. He urged the Board’s favorable consideration in examining what the health care facilities in that area offer. Mr. Miller informed the Board that some funding through the Department of Housing and Urban Development’s (HUD) new Choice Neighborhoods Initiative (CNI) had become available for the Eastside community. The CNI promotes a comprehensive approach to transforming distressed areas of concentrated poverty into viable and sustained mixed-income neighborhoods by linking housing improvements with a wider variety of public services, including schools, public transit and employment opportunities, and supports positive outcomes for families who live in the target development and the surrounding neighborhood, particularly outcomes related to residents’ health, safety, employment, mobility and education. Mr. Miller was accompanied by Dr. Lilly Martin.

APPROVAL OF MINUTES OF PREVIOUS MEETING:

April 30, 2013 (Regular Meeting)

SUMMARY: The minutes of the regular meeting of Tuesday, April 30, 2013, were presented for the Board’s approval.

RECOMMENDATION: Mr. Adams recommended approval of the minutes as submitted.

ACTION: A MOTION to approve the minutes as submitted was made by Mr. Engberg, SECONDED by Ms. Cedillo, and PASSED UNANIMOUSLY.

EVALUATION: None.

FOLLOW-UP: None.
REPORT FROM THE HEALTH SCIENCE CENTER – WILLIAM HENRICH, M.D.,
PRESIDENT:

SUMMARY:

Dr. Gonzalez-Scarano expressed appreciation to the Emergency Center staff for the emotional rescue efforts of Dr. Patrick Lindner, a clinical assistant professor in the Department of General Medicine at UT School of Medicine. Dr. Lindler passed away after being struck by a vehicle near the intersection of Wurzbach Road and Merton Minter Street on Monday, June 24, 2013. He reported a very successful graduation for the School of Medicine on Sunday, May 26, 2013, and thanked Mr. Hernandez for his participation. He also thanked the UHS leadership team for the UT Kids Practice welcome and mariachi reception on Monday, June 17, 2013. The gesture was very warm and UTHSCSA leadership reciprocated by ordering pizza for the entire UHS staff at RBG the following day. Dr. Gonzalez–Scarano acknowledged the physician leaders present, and Dr. Tom Mayes expressed his appreciation for the staff’s extraordinary spirit during preliminary transition efforts. The entire pediatrics faculty team is looking forward to completing the transition.

At this time, Mr. Adams invited Dr. Bruce Adams to provide an update on University Hospital’s Emergency Center. Dr. Adams reported that ten newly-graduated doctors are making history in San Antonio, as the very first group of civilian doctors in training to become specialized emergency room physicians. The new three-year emergency medicine residency program started with ten first-year residents on July 1. The ten were selected from a pool of 389 applicants. Ten additional doctors will be added each year, for a total of 30 ER physicians in-training at University Hospital by 2015. Teamwork is essential in a busy ER, so the first lesson for these new doctors will be to "walk a mile" in the shoes of an ER nurse. Throughout their training, they will take care of patients under the direct supervision of board-certified emergency medicine physicians. Dr. Gonzalez-Scarano interjected that Emergency Medicine is also now a full academic department at UTHSCSA School of Medicine and is chaired by Dr. Adams. Dr. Adams is pleased with the improvements made thus far in the Emergency Center since his arrival, but feels we have a long way to go to reach the long term vision he has previously shared with the Board. Dr. Adams expressed excitement about the selection of Rudy Jackson as executive director for the Emergency Center. He is especially pleased with Mr. Jackson’s military background, which is similar to his, and is confident they will work well together to make University Hospital the emergency room of choice for San Antonio.

RECOMMENDATION: This report was provided for informational purposes only.

ACTION: None.

EVALUATION: Mr. Smith asked about the feasibility of a birthing center at the RBG campus. Mr. Adams reminded Mr. Hernandez that he would like for Dr. Adams to provide Emergency Room updates to the Board of Managers on a regular basis.
FOLLOW-UP: Mr. Hernandez will brief Mr. Smith individually on the licensing requirements for a birthing center. Board members look forward to receiving a full update on the metrics being used for improvement in the Emergency Room.

CONSENT AGENDA – JIM ADAMS, CHAIR

A. Consideration and Appropriate Action Regarding Medical-Dental Staff Recommendations for Staff Membership – John G. Myers, M.D., President, Medical/Dental Staff

B. Consideration and Appropriate Action Regarding Appointment/Reappointment to the Board of Trustees, The Center for Health Care Services—Rebecca Cedillo, Chair, Nominating Committee

C. Consideration and Appropriate Action Regarding a Resolution for the Re-Designation of University Hospital as a Comprehensive (Level 1) Trauma Facility in Trauma Service Area-P—Tracy Cotner-Pouncy/Karen Bryant

D. Consideration and Appropriate Action to Approve the Close-Out of the Guaranteed Maximum Price for Construction of the Imaging Prep/Recovery Suite at University Hospital (GMP#15a-Renovation 1)—Mark Webb

E. Consideration and Appropriate Action to Amend the Professional Services Contract with Perkins+Will for Additional Architectural Services Associated with Modifications of the 7th Floor to a Pediatrics Unit and Conversion of Various Rooms on the 9th Floor of the New Hospital Tower—Mark Webb

F. Consideration and Appropriate Action Regarding Purchasing Activities (See Attachment A) – Kourtney Mosby/Francine Wilson

SUMMARY: The items above listed on the consent agenda were presented for the Board’s approval.

RECOMMENDATION: Staff recommended approval of the items on the consent agenda.

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

EVALUATION: None.

FOLLOW-UP: None.

ACTION ITEMS:

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

UNIVERSITY HOSPITAL:

CONSIDERATION AND APPROPRIATE ACTION TO APPROVE A PROFESSIONAL SERVICES CONTRACT WITH TRG HEALTHCARE FOR PATIENT CLINIC ASSESSMENT AND CO-LOCATION STRATEGY SERVICES FOR HOSPITAL-BASED CLINICS AT UNIVERSITY HOSPITAL—TED DAY
SUMMARY: This professional services contract is for a clinic co-location project for the following outpatient clinics located on the third floor of University Hospital: Employee Health, Hydrotherapy, Hyperbaric, Pediatric Specialties, Pulmonary Function, Neurosurgery, Rehab, Transplant, Trauma, and Vascular. It is a new initiative with operational and financial implications, as well as potential business office space needs. The Health System seeks assistance from an outside firm to develop operational and financial analyses of the relationship between the Health System and UTHSCSA in the identified clinics. Additionally, shared responsibilities such as registration, scheduling, billing, staffing models, and sources of expenses such as non-physician staffing, rent, operating costs, will be examined. The Health System has separately engaged consultants to assemble demographic data for each clinic and to provide simulations that focus on patient flow, space needs, and room utilization. The scope of services for this engagement will include three key tasks:

1. Development of ideal condition vision based on best practices nationally;

2. Documentation of current conditions and financial realities; and

3. Development of a plan for future condition development, including financial implications and timeline.

The recommended vendor for this initiative is TRG considering their experience in this arena. Staff has found their work on the Heart Station Agreement development to be effective and have noted that they are well-recognized for their work in developing service lines and aligning with the associated physician services. The cost associated with the proposed TRG consulting agreement is an amount not to exceed $142,000 without Health System approval, not including reimbursable out of pocket expenses, and would be funded solely by University Health System.

RECOMMENDATION: Staff recommends Board of Managers approval of funding from the Capital Improvement Program in the amount of $142,000 for consulting services provided by TRG for clinic business model and consolidation consulting.

ACTION: A MOTION to approve staff’s recommendation was made by Mr. Engberg and SECONDED by Ms. Cedillo. Mr. Briseno voted NO. MOTION CARRIED.

EVALUATION: Mr. Briseno expressed concern that the RFP process was not used to select this firm. Discussion ensued regarding the firm’s experience - over 100 years’ experience and over 250 client projects in successful service line and hospital physician alignment consulting. Additionally, TRG has a positive working history with the Health System and an excellent reputation of working with physicians, both of which should ensure a successful and expedient project. Staff assured the Board that the extent of the work to be provided by TRG was fully described today. This project involves retrofitting of an area of the old hospital built in
1968 that will be renovated after the new tower is complete. This project is hospital-based only and part of the overall completion of the CIP at University Hospital. Mr. Hernandez informed the Board that he had made an executive decision to bypass the RFP process due to the short timeline. Additionally, the staff continues to learn more about the planning and design process on a daily basis.

**FOLLOW-UP:**
Mr. Adams reminded staff of the Board’s preference for RFPs and advanced planning as much as possible.

**CONSIDERATION AND APPROPRIATE ACTION TO APPROVE THE FOLLOWING CONTRACTS FOR TRANSITION OF UNIVERSITY HEALTH SYSTEM'S CHILDREN'S HEALTH SERVICES:**

**CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH PHILIPS FOR PICU MONITORS – MICHELLE RYERSON**

**SUMMARY:** To facilitate the safe progression of care necessary, hardwired intermediate levels of physiologic monitoring in the inpatient setting on the 9th floor Pediatric Transition Unit (PTU) must be increased. Additional monitoring capability will allow the provider team to progressively downstage the intensity of care to a lower level as patients’ clinical conditions improve. This will enable the hospital to better leverage existing pediatric transition unit for higher acuity patients, thus reducing the need for additional capital expense. Adding this intermediate level of care between intensive and acute medical/surgical care will also allow the Health System to control labor costs by safely increasing the nurse to patient ratio during hospital stays as the patient progresses toward discharge. The request is for 17 new monitors and one central monitor. Total cost of the additional monitors will be $515,729. Staff has discussed several different purchase options with the RTKL consulting/purchasing group. To keep our transition timelines on schedule, equipment should be purchased and operational by September 1, 2013.

**RECOMMENDATION:** Staff recommends Board of Managers approval for the purchase of 17 Pediatric Physiologic Intermediate Care Monitors in the amount of $515,729.

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

**EVALUATION:** Ms. Vasquez provided a brief update regarding recent inpatient pediatric activity as well as ongoing collaboration regarding the transition efforts downtown.

**FOLLOW-UP:** None.

**CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH PHILIPS FOR CATH LAB EQUIPMENT UPGRADES – TED DAY/MARK WEBB/KAREN BRYANT**

**SUMMARY:** University Health System staff, supported by pediatric specialist physician input, and consulting expertise, reviewed a number of options
to address both current capacity needs for adult catheterization lab services and additional needs for pediatric patients and determined that most cost efficient and operationally effective solution was to upgrade the existing Catheterization Laboratory #3. The lab, which was installed in February 2003 and is fully depreciated, has experienced an increased number of corrective maintenance occurrences in recent years and diminished use because of its older technology/lack of full functionality. Because the effective life expectancy of the current equipment is five to eight years it is recommended that this lab be upgraded regardless of the pediatric program to provide the best quality of care service and accommodate continued growth in the adult program. However, one of the benefits of upgrading the lab now is the ability to meet the needs of the Children’s Heart program. Once the upgrade, which takes approximately 5 – 6 weeks, is completed the lab will be used to serve pediatric and adult needs. Once the new tower is complete an operating room will be upgraded to include a biplane catheterization laboratory which will allow the Children’s Heart program to move into the new tower and to create capacity in the upgraded catheterization laboratory to further grow the adult program. Staff outlined the costs associated with the Philips FD 10/10 catheterization laboratory catalyst upgrade as follows: Equipment - $1,057,135; Room Preparation $215,256; Hem Dynamic System $113,341, for a total of $1,385,732. The estimated construction costs for a pre and post treatment area necessary to support pediatric patients is approximately $750,000. This cost is covered in another board item that is being considered by the Board this evening. The funding source for the catheterization laboratory upgrade is through a combination of $1,005,339 from the remaining fund balance in 2012 Routine Capital Account and $380,393 from available funds associated with rebalancing of reserves after the 2012 audit. The negotiation of this purchase has been coordinated with MedAssets.

RECOMMENDATION: Staff recommends Board of Managers approval to process the purchase request with Philips Healthcare Imaging for the Biplane Conversion and Hemo Dynamics System in the amount of $1,385,732.

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

EVALUATION: None.
FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION TO APPROVE A GUARANTEED MAXIMUM PRICE FOR THE CONSTRUCTION OF PEDIATRIC OUTPATIENT DIALYSIS, CATH LAB, AND PATIENT BED AREA IMPROVEMENTS; AND PROCUREMENT OF FURNITURE, FIXTURES, AND EQUIPMENT FOR PEDIATRIC OUTPATIENT DIALYSIS, HEART/CONGENITAL HEART PROGRAM, DIAGNOSTIC EQUIPMENT, EQUIPMENT UPGRADES, AND INFORMATION TECHNOLOGY SUPPORT AT UNIVERSITY HOSPITAL (GMP #17C) - MARK WEBB

SUMMARY: On February 26, 2013, the Board approved an agreement with UT-Medicine for Children’s Transition Services. Staff continued to execute its strategy to expand the reach and effectiveness of its ambulatory
network and inpatient pediatric services to serve the pediatric populations. Since the Board approval of the original GMP, work has progressed in developing 23 pediatric beds at University Hospital for the Children’s Health program. Prior to construction of the beds beginning, a clinic, several offices, and call rooms have to be relocated from the 5th and 11th floors of the 1968 building. Many of the moves have taken place, while others are scheduled to be completed later this month. The beds are scheduled to be operational in the September/October timeframe. Additionally, subsequent to the Children’s Health program and associated construction/equipment budgets being approved by the Board in February, improvements that enhance service delivery and capabilities have been recommended that affect the schedule and originally contemplated budget. These enhancements to service delivery include Pediatric Outpatient Dialysis, Children’s Heart Program, Emergency Services, as well as equipment changes to increase flexibility and capability in providing care. These service enhancements will improve the patient experience; improve quality and outcomes by including a more comprehensive offering of services, as well as providing key services (e.g., dialysis) that support other programs; reduce cost through the expanded reach of the ambulatory network by offering more services including subspecialties; and improve access to high quality medical care and services. Although there are additional costs associated with these service enhancements, the Children’s Transition Business Plan continues to forecast a positive contribution margin associated with the additional volumes projected with the new service lines. Specifically, the scope for this work includes construction and medical equipment. ZVL (construction manager), in conjunction with RTKL (equipment planners) and the project team, have thoroughly reviewed the GMP provided for the work and equipment associated with this package and recommend approval as indicated below:

Construction work and costs:
- Original 5th and 11th floor changes not originally contemplated including ADA renovation, nurse call changes, additional medical air outlets, oxygen system piping replacement, and active IT - $1,385,000
- Outpatient Dialysis and miscellaneous area changes - $1,750,000
- Pre/Post Op area for Pedi Cath services - $750,000

Subtotal: $3,885,000

Scope for equipment and costs:
- 5th & 11th floor changes - $276,996
- Outpatient Dialysis - $118,500
- Children’s Heart/Congenital Heart Program - $1,034,967
- Echocardiography, Anesthesia, Bronchoscopy, Transport, and Respiratory Therapy - $1,412,150
- New Tower 7th Floor additional beds & equipment - $291,688
- Emergency Center - $42,710
- IT Support - $700,000

Subtotal: $3,877,011

Total: $7,762,011
The proposed GMP #17c in the amount of $7,762,011 will be paid from 2013 Routine Capital funds in the amount of $5,781,549. Various scheduled 2013 projects will be postponed, or re-prioritize, to start in 2014 to provide funding for this initiative. In addition, the remaining $1,980,462 will be paid from available funds associated with the rebalancing of reserves after the 2012 audit. The community outreach participation goal for SMWVBE is 40% and the local participation goal is 80%. To date, SMWVBE participation of awarded construction projects is 39.4% and local participation is 75%. This does not include the dollars associated with the Construction Manager’s Fee or other project administrative costs (i.e., insurance, bonds, permit fees, etc.).

Mr. Webb reviewed the SMWVBE numbers achieved for all construction GMPs to date. GMP dollars awarded to date is $519,931,385. GMP dollars remaining to procure is $42,046,192.

RECOMMENDATION: Staff recommends Board of Managers approval to execute the amendment to the Zachry Vaughn Layton Construction Management Agreement in the amount of $7,762,011 for GMP #17c.

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

EVALUATION: Ms. Deming estimates that approximately $27 million will be available for rebalancing the reserves this year. Discussion ensued regarding the amounts available for capital eligible projects in 2014, which is approximately $6 million. Mr. Engberg cautioned staff that it is important for the Board of Managers to be aware of the specific projects the staff plans to post-pone as well as the significance of each of the projects. An example cited by Mr. Webb of a re-prioritized project is the replacement of air handlers at University Hospital. Mr. Engberg and Mr. Briseno requested an updated capital project list for 2014 at the next meeting.

FOLLOW-UP: Staff will provide an updated list of pending capital projects for the Board’s review.

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS

CONSIDERATION AND APPROPRIATE ACTION TO APPROVE THE FOLLOWING CONTRACTS FOR EMPLOYEE BENEFITS – THERESA SCEPANSKI

THIRD PARTY ADMINISTRATION SERVICES FOR PPO DENTAL BENEFITS:

SUMMARY: A contract for Third Party Administration Services for the PPO Dental benefit for regular full and part-time staff, house staff and retirees was competitively bid via RFP– 213-02-007-SVC. A total of fourteen (14) bid responses were received and were reviewed for RFP specifications. The bids were then equally weighted by administrative and financial criteria. Delta Dental Insurance Co., through National Benefits Group provided the best value for the following reasons: (1) greater provider discounts, (2) extensive services offered via on-line website, and (3) competitive administrative fees. Delta Dental Insurance Co. (through National Benefits Group) is the vendor recommended to provide third
party administration services to University Health System. Delta Dental Insurance Co, is the current vendor for this benefit. Based on current utilization, the estimated cost to University Health System will be $88,570.80 annually for a total of $265,712.40 for a three-year period. This is a 9% ($8,602.20) annual decrease compared to the current contract. This is a planned expense and funding will be included in the Year 2014 Annual Operating Budget. The contract shall be for a three-year term beginning January 1, 2014 and ending December 31, 2016, unless earlier terminated pursuant to the University Health System Standard Purchase Terms and Conditions.

RECOMMENDATION:  
Staff recommends Board of Managers approval of a contract for Third Party Administration Services for the PPO Dental benefit with Delta Dental Insurance Co., in the estimated amount of $88,570.80 annually for a total of $265,712.40 for a three-year period.

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

EVALUATION:  None.
FOLLOW-UP:  None.

AMERICAN GENERAL LIFE INSURANCE COMPANY TO PROVIDE UNIVERSAL LIFE INSURANCE BENEFITS:

SUMMARY:  
A contract for Universal Life Insurance Benefit for regular full and part-time staff was competitively bid via RFP-213-02-005-SVC. A total of twelve (12) responses were received and reviewed for responsiveness for RFP specifications. The bids were then equally weighted utilizing both administrative and financial criteria. American General Life Insurance Company (AIG) through The Benefits Source, Inc. is the vendor recommended to provide the above mentioned services to University Health System. AIG is the current contracted vendor for this benefit. Based on current utilization, the total estimated cost for the Universal Life Insurance benefit for the new contract period is $341,784.96 annually for a total contract amount of $1,025,354.88 for a three-year period. There is no change to the current premium rate. The contractual value is 100% contributory in nature and is accrued through employee premiums. The Health System does not incur a cost in relation to this contract as the policies are individually held by the employee participating in the plan. The contract shall be for a three-year term beginning January 1, 2014 and ending December 31, 2016, unless earlier terminated pursuant to the University Health System Standard Purchase Terms and Conditions.

RECOMMENDATION:  
Staff recommends Board of Managers approval of a contract for Universal Life Insurance benefits with American General Life Insurance Company (AIG) through The Benefits Source, Inc. in the estimated amount of $341,784.96 annually for a total contract amount of $1,025,354.88 for a three-year period.
ACTION: A MOTION to approve staff’s recommendation was made by Mr. Briseno, SECONDED by Ms. Cedillo, and PASSED UNANIMOUSLY.

EVALUATION: Mr. Adams is pleased with the negotiation of multi-year contracts for employee benefits. He appreciates the locked-in rates as a value that is being passed on to the workforce.

FOLLOW-UP: None.

RELIANCE STANDARD TO PROVIDE SHORT-TERM AND LONG-TERM BENEFITS AND GROUP LIFE INSURANCE BENEFITS:

SUMMARY: A contract for disability and term life insurance benefits for regular full and part-time employees and house staff was competitively bid via RFP-213-03-018-SVC. A total of eleven (11) bid responses were received and reviewed for RFP specifications. The bids were then equally weighted by administrative and financial criteria. Reliance Standard through Insurance Point/MedAssets is the vendor recommended to provide the above mentioned services to University Health System. Reliance Standard is the current vendor for this benefit.

Short-Term Disability:
There are currently 3,104 regular staff participants in short-term disability. The short-term disability for regular employees’ contractual value is 100% contributory in nature and is accrued through employee premiums. Based on current utilization the estimated cost will be $583,681 annually, a 10% ($64,853) reduction in employee premium rates compared to our current contract. The estimated cost over a three-year period is $1,751,043. There are currently 685 house staff participants in the short-term disability. The estimated short-term disability for house staff cost to the Health System will be $34,739.28 annually over a three-year period for a total of $104,217.84. There is no change in the premium rate compared to the current contract.

Long-Term Disability:
There are currently 4,654 participants in long-term disability. Based on current participants the estimated cost to the Health System will be $627,633 annually, an 8.7% ($60,109) reduction in cost. The estimated cost over a three-year period is $1,882,899.

Supplemental Life Insurance:
There are currently 2,442 regular staff participants in supplemental life insurance. The supplemental life insurance for regular employees’ contractual value is 100% contributory in nature and is accrued through employee premiums. Based on current utilization, the estimated cost will be $749,967.54 annually, a 4.7% ($37,498.38) reduction in employee premium rates compared to our current contract. The estimated cost over a three-year period is $2,249,902.62.
Dependent Life Insurance:
There are currently 1,470 participants in dependent life insurance. The dependent life insurance contractual value is 100% contributory in nature and is accrued through employee premiums. Based on current utilization, the estimated cost will be $58,172.40 annually over a three-year period for a total contract value of $174,517.20. There is no change in the premium rate compared to the current contract.

Basic Life Insurance:
There are currently 5,315 participants in basic life insurance. Based on current utilization, the estimated cost to the Health System will be $30,020.00 annually for a total of $90,060 over a three-year period. There is no change in the premium rate compared to the current contract.

The total value of the contract is $2,077,177.00 in employer premiums and $4,175,642.00 in employee premiums for a three-year period. This is a planned expense and funding will be included in the 2014 Annual Operating Budget. The contract shall be for a three-year term beginning January 1, 2014 and ending December 31, 2016, unless earlier terminated pursuant to the University Health System Standard Purchase Terms and Conditions.

RECOMMENDATION: Staff recommends Board of Managers’ approval of a contract for Disability and Term Life Insurance benefits with Reliance Standard through Insurance Point/MedAssets for the estimated premium cost to the Health System of $692,392.28 annually for a total of $2,077,176.84 and a total estimated premium cost to employees of $1,391,820.94 annually for a total of $4,175,462.82.

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

EVALUATION: Board members urged staff to liberally emphasize the value of long term and short term disability benefits, especially for females of child-bearing age. Staff was also encouraged to stress the value of life insurance benefits during open enrollment.

FOLLOW-UP: As indicated above.

CONSIDERATION AND APPROPRIATE ACTION REGARDING REPORT FOR MAY 2013
FINANCIAL STATEMENTS—ROE GARRETT/PEGGY DEMING

SUMMARY: For the month activity was up 3.5% 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%. From operations, the Health System experienced a gain of $2.6 million which was $1.5 million higher than the budgeted gain of $1.1 million due to higher operating revenue. Meaningful use incentive of $158,000 was recorded for the achievement of incentive awards for the electronic medical record implementation. Investment income was under
budget by $6,000 due to slightly lower interest rates than budgeted. An unrealized market loss of $617,000 was recorded in the month due to an increase in interest rates during May. The bottom line gain excluding debt service was $2.4 million which was $922,000 higher than the budgeted gain of $1.5 million. CFHP reflected bottom line gain of $725,000 which was $59,000 off from a budgeted gain of $784,000. Estimated DSRIP Revenue of $2.4 million was recognized which included the receipt in May of $2.0 million higher DSRIP Year 1 funding over what was estimated in the 2012 financial statements. In addition revenue to offset the actual cost of $400,000 for DSRIP projects costs incurred through May was recorded. Debt Service Revenue was $3.5 million which is equal to the budgeted portion of the Debt Service payment of $3.5 million. Notable increases or decreases from the Consolidated Balance Sheet were discussed in detail with the Board.

**RECOMMENDATION:** Staff recommends acceptance of the financial reports by the Board of Managers subject to audit.

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

**EVALUATION:** An in-depth discussion ensued regarding the Health System’s payer mix and patient acuity levels, and the increased level of emphasis on documentation among health care providers for appropriate reimbursement. Board members agreed with the importance of having proper measures in place to correctly track the acuity level of the patients served. Mr. Adams encouraged staff to “get it right” to maximize reimbursement, and for accurate patient acuity comparison purposes against other hospitals.

**FOLLOW-UP:** Dr. Jimenez requested a report which compares the Health System to other academic medical centers as well as non-academic health systems. He is interested in reviewing the costs of being affiliated with UTHSCSA.

**PRESENTATIONS AND EDUCATION:**

**REPORT ON THE 83RD LEGISLATURE, REGULAR SESSION—ANDREW SMITH**

**SUMMARY:** Mr. Smith provided a detailed written report on the 83rd Legislature. At the meeting, he provided a recap summarizing the following items for the Board:

**State Budget—**
- House Bill 10 (effective 3/13/13) – Supplemental appropriations bill for State Fiscal Year 2012-2013 biennium; funded $4.5 billion shortfall in Medicaid.
- SB 1 (effective 9/1/13) - $197 billion appropriated for State Fiscal Year 2014-2015; 3.7% increase over the current biennium; $500 million below Constitutional spending limit; $30.8 billion in general revenue for HHS program ($2.3 billion increase over the current biennium)
State Budget DSH –
- HB 1025 (effective 6/14/13)
- SB 1 – Rider 86 (formerly Rider 70)
- HHSC development of a plan to improve the system for providing Medicaid payments to hospitals)
- State Fiscal Year 2012 – 8 large public hospital funded $502 million with Intergovernmental Transfers (IGT)
- State Fiscal Year 2013 – 6 large public hospitals to IGT ~$318 million; $138 million state funds provided in HB 1025
- State Fiscal Year 2014 – 6 large public hospital to IGB ~$300 million; $160 million state funds provided in SB 1
- State Fiscal Year 2015 – 6 large public hospital to IGT ~$285 million; $140 million state funds provided in SB

State Budget – Medicaid
- Funding increased by $16.1 billion over state fiscal year 2012-2013 levels
- Program Growth - $1,158,500,000 in general revenue over spending in the current biennium dedicated to caseload and cost growth, primary care provider rates increases, utilization and interest list expansion
- Rider 51 – HHSC Cost Containment Initiatives

Trauma Funding
- SB 1 - $59 million in general revenue appropriated for SFY 2014 and 2015

Driver Responsibility Program
- HB 104 – Called for moratorium on fees collected, would replace existing fee system with another revenue source, made restoration of the program optional. Died in House Calendars

Medicaid Expansion
- HB 3791 – provides a block grant for the state to spend on its Medicaid program. Establishes a Medicaid Reform Task Force to advise HHSC on implementing the bill’s reforms and implementing the block grant. Will leverage federal funds to purchase private market health plans for adults at or below 133% federal poverty level, implement cost sharing requirement to prioritize personal responsibility, and benefit tax payer by providing local tax relief.

Workforce – Advanced Practice Registered Nurses/Physician Assistants/Graduate Medical Education
- SB 406
- HB 701
- HB 581
- SB 1 and HB 10205 includes funding to support and maintain current residency programs while generating up to 100 new first-year residency slots.
Women’s Preventive Health
  o SB 1 includes $71.3 million in general revenue dedicated in the next biennium to Texas Women’s Health Program for family planning services, sexually transmitted infection treatment and screening, breast and cervical cancer screening. Adds $32.1 million in general revenue to the Texas Family Planning Program to replace Title X grant funds.
  o Rider 73 stipulates prospective payment system at a per visit rate, not to exceed three payments during a calendar year.
  o Rider 96 addresses the loss of the 340B drug pricing for family planning providers.

Conclusion
  o Governor had until June 16 to veto or sign legislation. He signed 1,573 bills and vetoed 26. Fourteen (14) bills became law without signature.

Recommendation: This report was provided for informational purpose only.
Action: No action required.
Evaluation: On behalf of the Board of Managers and the citizens of Bexar County, Mr. Adams thanked Mr. Smith for his work in Austin during this legislative session.
Follow-up: Dr. Jimenez requested a briefing by the staff on Health Insurance Exchanges and Mr. Smith requested an update on the Affordable Care Act and its impact to the Health System. They would like to know where the Health System stands, what to expect, and specific timelines in an effort to be better prepared.

INFORMATION ONLY ITEMS:

REPORT REGARDING YEAR 2013 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

Summary: Mr. Adams directed the Board’s attention to the three reports above. He encouraged his Board colleagues to review them and to contact staff with questions.
Recommendation: None.
Action: None.
Evaluation: None.
Follow-up: None.
ADJOURNMENT:

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

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James R. Adams                  Rebecca Q. Cedillo
Chair, Board of Managers        Secretary, Board of Managers

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Sandra D. Garcia, Recording Secretary