



University Health System

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

Tuesday, June 27, 2017
6:00 p.m.
Board Room
Texas Diabetes Institute
701 S. Zarzamora
San Antonio, Texas 78207

MINUTES

BOARD MEMBERS PRESENT:

Ira Smith, Vice Chair
Dianna M. Burns, M.D., Secretary
Robert Engberg
James Hasslocher

BOARD MEMBERS ABSENT:

James R. Adams, Chair
Roberto L. Jimenez, M.D, Immediate Past Chair
Janie Barrera

OTHERS PRESENT:

George B. Hernández, Jr., President/Chief Executive Officer, University Health System
Bruce Adams, MD, Medical Director, Emergency Department, University Health System; and Professor
and Chair, Emergency Medicine, UT Health, San Antonio
Bryan Alsip, M.D., Executive Vice President/Chief Medical Officer, University Health System
Tommye Austin, Chief Nursing Officer, University Health System
Awoala Banigo, Senior Vice President, Operations/Chief Revenue Officer, University Health System
Edward Banos, Executive Vice President/Chief Operating Officer, University Health System
Tracy Burns, Supply Diversity Coordinator/Procurement Services, University Health System
Andrea Casas, Executive Director, Human Resources, University Health System
Ted Day, Executive Vice President, Strategic Planning and Business Development, University Health
System
Theresa De La Haya, Senior Vice President, Health Promotion/Clinical Prevention, University Health
System
Sergio Farrell, Senior Vice President, Chief Ambulatory Services Officer, University Health System
Robert B. Green Campus
Donald Finley, External Communications Director/ Corporate Communications, University Health
System
Roe Garrett, Vice President/Controller, University
Greg Gieseman, President/Chief Executive Officer, Community First Health Plans, Inc.
William Henrich, MD, President, UT Health, San Antonio
Barbara Holmes, Vice President/Chief Financial Officer, Community First Health Plans, Inc.

Reed Hurley, Executive Vice President/Chief Financial Officer, University Health System
Michelle Ingram, Vice President/Chief Quality Officer, University Health System
Monika Kapur, MD, President/Chief Executive Officer, University Medicine Associates
Karen Krueger, Contract Specialist, Procurement Services, University Health System
Leni Kirkman, Senior Vice President, Strategic Communications and Patient Relations, University Health System
Karen McMurry, Interim Vice President/Chief Legal Officer, University Health System
Virginia Mika, Ph.D., Executive Director, CareLink Financial Assistance Program, University Health System
Bill Phillips, Senior Vice President/Chief Information Officer, Information Services, University Health System
Kirsten Plastino, M.D., President/Medical Dental Staff, University Health System; and Professor, Department of Obstetrics and Gynecology, UT Health, San Antonio
Allen Strickland, Vice President/Hospital Administration, University Health System
Michael Roussos, Hospital Administrator, University Health System
Armando J. Sandoval, Chief of Police, University Health System
Theresa Scepanski, Senior Vice President/Chief Administrative Officer, University Health System
Andrew Smith, Director, Government Relations & Public Policy, University Health System
Travis Smith, Deputy Chief Financial Officer, University Health System
Sally Taylor, M.D., Senior Vice President/Chief, Behavioral Services, University Health System
Roberto Villarreal, M.D., Senior Vice President, Research and Information Management, University Health System
Emily Volk, M.D., Vice President/Clinical Services, University Health System
Mark Webb, Chief Executive Officer/University Children's Health, University Health System
Jim Willis, Vice President, Associate Administrator, University Hospital
Francine Wilson, Senior Vice President, Supply Chain Management, University Health System
William T. Avila, Esq., Partner, Bracewell, LLP
Joe A. Garcia, Garcia Group Government Affairs Consulting
Don Gonzalez, CPA Managing Director, Estrada Hinojosa & Co., Inc.
Chris Traylor, Principal, Christopher R. Traylor LLC, Consulting
And other attendees.

CALL TO ORDER AND RECORD OF ATTENDANCE: IRA SMITH, VICE CHAIR, BOARD OF MANAGERS

Mr. Smith called the meeting to order at 6:10 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE

Mr. Smith introduced Mr. Blayne Riley, Resident, University Hospital Chaplain Program, for the invocation, and he led the pledge of allegiance.

CITIZENS' PARTICIPATION: None.

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

SUMMARY: Dr. Henrich announced that two weeks ago, Ruben A. Mesa, M.D., was named director of the UT Health Cancer Center, beginning in August 2017. Dr. Mesa is professor of medicine and chair of the Division of

Hematology & Medical Oncology at the Mayo Clinic in Arizona, and deputy director of the Mayo Clinic Cancer Center, a National Cancer Institute Comprehensive Cancer Center. Dr. Mesa is an international expert and will bring with him a sizeable patient-centered research program to San Antonio. Dr. Mesa began his career in 1991 at the Mayo Clinic in Rochester, Minnesota, where he worked for 18 years before moving eight years ago to the Mayo Clinic in Arizona. He was named deputy director of the Mayo Cancer Center in 2012. During his tenure, the organization developed Arizona's largest stem cell transplant program.

UT Health, SA, is in its final stages for recruiting a Director for the Bigg's Alzheimer's Institute. Two finalists are coming in for third visits during the month of July. A selection will be made soon after the visits.

There are seven semi-finalists for the medical dean position, all are coming to San Antonio beginning July 10 through the end of August for second visits. The count will then be narrowed down to three or four, and they will return with spouses for a more detailed campus visit.

For the last year or so, Dr. Henrich, Mr. Hernandez, Dr. Bruce Adams have discussed throughput problems in the Emergency Department. At the suggestion of interim Dean Rodriguez, a study will be undertaken to identify where there are lesions in throughput and concrete recommendations made as what we can do to improve. It's not as simple as it seems because there are multiple moving parts to emergency departments' throughput, it's constant in terms of flow, and there are all sorts of challenges to it. The physician team is eager to fix those issues, however. The Emergency Department is the front door to much of the physician practice, and in many ways, the front door to our community. The kind of service rendered in the Emergency Department is reflected in how people view the Health System.

RECOMMENDATION: None.
ACTION: None.
EVALUATION: None.
FOLLOW-UP: None.

CONSENT AGENDA –IRA SMITH, CHAIR

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

CONSIDERATION AND APPROPRIATE ACTION REGARDING COMMISSIONING OF A POLICE OFFICER FOR BEXAR COUNTY HOSPITAL DISTRICT—CHIEF A.J. SANDOVAL, III/EDWARD BANOS

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE APPOINTMENT/REAPPOINTMENT TO THE CENTER FOR HEALTH CARE SERVICES BOARD OF TRUSTEES—ROBERT ENGBERG, CHAIR, NOMINATING COMMITTEE

CONSIDERATION AND APPROPRIATE ACTION REGARDING UHS POLICY NO. 7.05.04, RESERVE POLICY—REED HURLEY

CONSIDERATION AND APPROPRIATE ACTION REGARDING RATIFICATION OF APPROVAL TO MODIFY THE CONTRACT WITH LUBY'S FUDDRUCKERS RESTAURANTS, LLC—MICHAEL ROUSSOS

CONSIDERATION AND APPROPRIATE ACTION REGARDING PURCHASING ACTIVITIES (SEE ATTACHMENT A) —FRANCINE WILSON

SUMMARY: The items listed above were presented for the Board's consideration as consent items.

RECOMMENDATION: Staff recommends approval of the items listed on the consent agenda.

ACTION: A **MOTION** to approve the items on the consent agenda was made by Mr. Engberg, **SECONDED** by Dr. Burns, and **PASSED UNANIMOUSLY**.

EVALUATION: Chief Sandoval introduced Police Officer candidate Jonathon Avila. He graduated from the Alamo Area Council of Governments Police Academy in June 2016, and received basic peace officer certification. His personal references describe him as dedicated, motivated, considerate with customers, and honest. As required of all Health System peace officers, Mr. Avila will attend the 40-hour crisis intervention training immediately following his commissioning. The course is sponsored by The Center for Healthcare Services, San Antonio Police Department, Bexar County Sheriff's Office, and the University Health System.

FOLLOW UP: None.

ACTION ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING ADOPTION OF RESOLUTIONS RELATED TO CERTIFICATES OF OBLIGATION FOR THE BENEFIT OF BEXAR COUNTY HOSPITAL DISTRICT--REED HURLEY/GEORGE B. HERNÁNDEZ, JR.

RESOLUTION OF THE BOARD OF MANAGERS OF THE BEXAR COUNTY HOSPITAL DISTRICT REQUESTING THAT BEXAR COUNTY COMMISSIONERS COURT TAKE ALL ACTIONS REQUIRED TO AUTHORIZE THE ISSUANCE OF LIMITED TAX REFUNDING BONDS IN ACCORDANCE WITH SPECIFIED PARAMETERS; AUTHORIZING THE DISTRICT'S STAFF, CO-FINANCIAL ADVISORS AND BOND COUNSEL TO COORDINATE THIS MATTER WITH THE COUNTY STAFF; AUTHORIZING ALL OTHER REQUIRED AND RELATED ACTIONS

SUMMARY: The "Refunding Resolution" will allow the Hospital District to request permission from the Bexar County Commissioners Court to refinance all or a portion of the remaining 2008 bonds. After the advanced refunding in 2016, there were approximately \$15 million in 2008 bonds that were not refunded to allow for future flexibility. It is anticipated that these

2008 bonds will be refinanced in the near future potentially at the same time as the new bonds are issued.

RECOMMENDATION: Staff recommends Board of Managers' approval of the Refunding Resolution.

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

EVALUATION: At a subsequent Board meeting, staff will bring a parameters resolution recommending actual approval by Bexar County Commissioners Court of a Parameters Order. The Order sets "parameters" under which the Certificates of Obligation can be sold in support of the Project.

FOLLOW-UP: None.

REIMBURSEMENT RESOLUTION EXPRESSING INTENT TO FINANCE EXPENDITURES TO BE INCURRED

SUMMARY: The "Reimbursement Resolution" allows Hospital District to reimburse itself for capital fund expenditures incurred in support of the Project from bond proceeds.

RECOMMENDATION: Staff recommends Board of Managers' approval of the Reimbursement Resolution.

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

EVALUATION: None.

FOLLOW-UP: None.

RESOLUTION OF THE BOARD OF MANAGERS OF THE BEXAR COUNTY HOSPITAL DISTRICT REQUESTING THAT THE COMMISSIONERS COURT OF BEXAR COUNTY, TEXAS APPROVE A RESOLUTION AUTHORIZING THE PUBLICATION OF A NOTICE OF INTENTION TO ISSUE CERTIFICATES OF OBLIGATION FOR THE BENEFIT OF THE BEXAR COUNTY HOSPITAL DISTRICT; AND AUTHORIZING ALL OTHER REQUIRED ACTIONS ON BEHALF OF THE DISTRICT

SUMMARY: The "Requesting Resolution," officially requests the Bexar County Commissioners Court authorize the publication of notice of its intention to issue Certificates of Obligation for the benefit of the Hospital District.

RECOMMENDATION: Staff recommends Board of Managers' approval of the Requesting Resolution.

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

EVALUATION: None.

FOLLOW-UP:

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE FOLLOWING CONTRACTS FOR EXPANDING CAPACITY OF THE WEST PARKING GARAGE: DESIGN SERVICES CONTRACT WITH RVK ARCHITECTS AND PROJECT MANAGEMENT CONTRACT WITH PROJECT CONTROL OF TEXAS —MARK WEBB

SUMMARY:

This is a request for the design, project management, and ultimately construction of an 875 space addition to the West Parking Garage that was constructed as part of the Sky Tower project. Once the garage addition is completed, the North Parking Garage can be demolished to create the footprint for the new tower. A recent evaluation of the 30+ year old North Parking Garage revealed the need for approximately \$3.7M in repairs. The proposed garage expansion will eliminate the need for the costly repair work. Staff provided a site plan indicating the location of the West Parking Garage expansion. Renderings of the garage expansion were also provided. Staff is recommending use of the same design firm used for the West Parking Garage. While part of the Perkins+Will team on the Sky Tower project, RVK was the lead designer for the garage. Utilizing RVK will ensure consistency of design, design cost savings, and speed to market. This is also a request to secure project management services from Project Control of Texas for cost saving ideas and schedule enhancements for the project. The estimated cost of the 875 space parking addition is approximately \$19,977,522. Funding for this project is available through the Board designated capital account, which staff recommends be reimbursed by bond proceeds once bonds are issued for the larger Women's and Children's Tower capital project. Appropriation of funds for the project is requested with this Board Action. RVK and Project Control are both local firms. Health System staff, along with the project management team, will work to maximize local and SMWVBE participation during the construction of the project. RVK has a total of 58 employees and Project Control of Texas, along with all other divisions of Raba-Kistner has a total of 362 employees. The workforce composition data was provided for the Board's review.

RECOMMENDATION:

Staff recommends Board of Managers' approval of total project funding in the amount of \$19,977,522; approval of a design services contract with RVK Architects in the amount of \$1,085,549; and a project management contract with Project Control of Texas in the amount of \$431,000.

ACTION:

A **MOTION** to approve staff's recommendation was made by Mr. Engberg, **SECONDED** by Mr. Hasslocher, and **PASSED UNANIMOUSLY**

EVALUATION:

Texas law prohibits the Health System from competitively bidding for architectural services. These fees are competitive based on the dollar amount associated with them; the architectural firm was selected based on qualification. There is no demolition involved in putting up the new garage, it is a straight add on to the existing garage. Once a construction manager is hired, we are looking at about 12 months of construction, and 4-6 months for the design and selection of a construction manager. The time line for the garage is 16 to 18 months for completion. The garage, which is an enabling project, will go up fairly fast. It will be completed before construction of the women's tower begins. We are looking at

duration of 4.5 years for total project completion. The sequence of events is as follows: build new garage, demolish old garage, build new women's tower. Staff estimates the Heart and Vascular Institute will be completed in approximately two years and will be constructed concurrently with the new garage expansion. The expansion will impact the heliport that is located on top of the garage, however, staff will work out those details directly with AirLife staff. The other piece of some disruption with the garage project, is that construction will take place on an employee surface lot; however, there is additional capacity to accommodate that staff in the existing garage. Any other logistical issues will be addressed as the project moves along. Physicians and staff will be notified as appropriate.

FOLLOW-UP: A construction manager for the project will be recommended to the Board for consideration after a thorough Request for Proposals process has been completed.

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE FOLLOWING CONTRACTS FOR EMPLOYEE BENEFITS - THERESA SCEPANSKI

COBRA AND FLEXIBLE SPENDING ACCOUNT ADMINISTRATION—TOTAL ADMINISTRATIVE SERVICES CORPORATION (“TASC”);

SUMMARY: This contract is to secure Flexible Spending (FSA) and COBRA benefits for regular full and part-time staff, house staff and departing employees. It was competitively bid on RFP-217-02-006-SVC. A total of nine (9) responses were received including bids from Benefit Resource, Inc., Wage Works, Inc., ConnectYourCare, Trion Group, Ameriflex Business Solutions (through Benefit Source), National Benefit Services, LLC, Benefit Connection, LLC, HealthSCOPE Benefits, and Total Administrative Services Corporation (TASC) (through Benefit Source). TASC (through Benefit Source) was the lowest bidder, providing the best value for the following reasons: (1) competitive administrative fees; (2) enhanced administrative services; and (3) three-year rate guarantee. The proposed FSA and COBRA third party administration fees for the three-year period for regular full and part-time and house staff employees are as follows:

Flexible Spending Administrative Fee (Monthly)	\$3,985
COBRA Administrative Fee (Monthly)	\$3,825
Renewal Fees - Waived	
Set up Fees - Waived	
Annual Total Cost	\$93,720
3-Year Total Cost	\$281,160

This is a planned expense and funding will be included in the 2018 Annual Operating Budget. The contract shall be for a three-year term beginning January 1, 2018 and ending December 31, 2020, unless earlier terminated pursuant to the University Health System Standard Purchase Terms and Conditions. Total Administrative Services Corporation (TASC) (through Benefit Source) has a total of 786 employees. The workforce composition data was provided for the Board's review.

RECOMMENDATION: Staff recommends Board of Managers' approval of a contract for Flexible Spending and COBRA third party administration with Total

Administrative Services Corporation in the estimated amount of \$93,720 annually for a total of \$281,160 for a three-year period.

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

EVALUATION: None.

FOLLOW-UP: None.

**SHORT TERM AND LONG TERM DISABILITY AND TERM LIFE INSURANCE—
RELIANCE STANDARD (THROUGH GALLAGHER BENEFIT SERVICES, INC);**

SUMMARY: This contract is to secure disability and term life insurance benefits for regular full and part-time employees and house staff physicians. It was competitively bid on RFP-217-02-005-SVC. A total of twelve (12) bid responses were received. Reliance Standard Life Insurance Company (through Gallagher Benefit Services, Inc.) was the lowest bidder offering best value based on the comprehensive services offered.

Short Term Disability – Estimated cost over a three year period for 3,936 regular employee participants is \$2,907,975, with a slight annual increase of 11 percent in employee premiums, or \$1 per month coverage, based on an enhanced offering of a 15-day elimination period compared to 30 days. This benefit is voluntary, 100 percent contributory in nature accrued through employee premiums. Estimated cost for 748 house staff participants over a three year period is \$115,029, and no change in premium.

Long Term Disability – Estimated cost over a three year period for 3,706 regular employee participants is \$1,593,705, an annual 11 percent reduction in cost. Estimated cost for 748 house staff physicians is \$117,843, with a 31 percent annual reduction in cost. Estimated cost for 635 regular employee participants in the voluntary benefit is \$891,762, an 8 percent annual reduction in cost, 100 percent contributory in nature accrued through employee premiums.

Supplemental Life – Estimated cost over a three year period for 3,212 regular employee participants is \$2,422,770, a 32 percent annual reduction in employee rates. 100 percent contributory in nature accrued through employee premiums.

Dependent Life – Estimated cost over a three year period for 1,949 regular employee participants is \$270,462, 100 percent contributory in nature accrued through employee premiums, no change in premium rate. Estimated cost for 155 house staff participants is \$7,206.

Basic Life – Estimated cost for a three year period for 7,321 regular staff and house staff participants is \$81,486, a 54 percent annual reduction in cost to the Health System. The basic life coverage for regular staff provided by the Health System has been increased from \$4,000 to \$25,000.

Total estimated cost for short and long-term disability and term life insurance to the Health System over a three-year period is \$1,908,063. This is an estimated savings to the Health System of \$257,271 over the life of the contract. The total estimated cost for short and long-term disability and term life insurance to employees over a three-year period is \$6,500,175. This is an estimated savings to employees of \$512,670 over the life of the contract. This is a planned expense and funding will be included in the 2018 Annual Operating Budget. Reliance Standard Life Insurance Company (through Gallagher Benefit Services, Inc.) has a total of 1,917 employees. The workforce composition data was provided for the Board's review.

RECOMMENDATION: Staff recommends Board of Managers' approval of a contract for Short and Long-Term Disability and Term Life Insurance benefits with Reliance Standard through Gallagher Benefit Services for the estimated premium cost to the Health System of \$636,021 annually for a total of \$1,908,063 and a total estimated premium cost to employees of \$2,166,725 annually for a total of \$6,500,175 for a three-year period, beginning January 1, 2018, and ending December 31, 2020.

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

EVALUATION: What is the broker fee, or commission structure for these products? This rate is typically five percent; however, Ms. Scepanski did not have the information readily available. She will follow up with Mr. Hasslocher. Mr. Engberg asked for clarification regarding increases/decreases in short and long term disability insurance. The employee pays premiums for short term disability. Long term disability is also purchased by employees, except for a group of grandfathered participants for whom the Health System pays a portion of the premium. Mr. Smith asked for the total value of benefits purchased by the Health System, per employee. Ms. Scepanski did not have the information readily available. She will follow up with Mr. Smith. Ms. Scepanski reiterated the increase in basic life coverage for regular staff provided by the Health System from \$4,000 to \$25,000, effective January 1, 2018. Employees are allowed to purchase coverage beyond that amount. She noted that one of the biggest selling points to potential employees is the benefit package and low premiums offered. Human Resources staff receives feedback from the workforce during open enrollment, as well as during the recruitment process. Mr. Hasslocher invited Ms. Scepanski to return 3-4 months after open enrollment in 2018 with a snap shot of employee selections and preferences. Dr. Burns would like to know what percentage of the workforce goes outside of the Health System's network, as well as those costs, in light of the Health System's self-insured status.

FOLLOW-UP: As indicated above for Messrs. Hasslocher, Smith, and Dr. Burns.

UNIVERSAL LIFE INSURANCE—TRUSTMARK INSURANCE COMPANY;

SUMMARY: This contract is to secure Universal Life Insurance benefit for regular full and part-time staff. It was competitively bid on RFP-217-02-009-SVC. A total of fifteen (15) responses were received. Trustmark Insurance Company offers the lowest premium rates and the best value based on the comprehensive benefits included: coverage amounts; optional riders; coverage option availability for employees and their family members; and monthly premiums. Employee premiums are determined by age, coverage amount, smoker and non-smoker. Based on current participation, the total estimated cost for Universal Life Insurance benefits is \$781,445 annually for a total of \$2,344,335 for a three-year period. 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. This is a planned expense and funding will be included in the 2018 Annual Operating Budget. Trustmark Insurance Company (through Benefit Source) has a total of 4,003 employees. The workforce composition data was provided for the Board's review:

RECOMMENDATION: Staff recommends Board of Managers' approval of a contract for a Universal Life Insurance benefit with Trustmark Insurance Company (through Benefit Source) in the estimated amount of \$781,445 annually for a total of \$2,344,335 for a three-year period beginning January 1, 2018 and ending December 31, 2020.

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

EVALUATION: None.

FOLLOW-UP: None.

PPO DENTAL INSURANCE—THE GUARDIAN LIFE INSURANCE OF AMERICA (THROUGH BENEFIT SOURCE)

SUMMARY: This contract is to secure PPO Dental Insurance for regular full and part-time staff, house staff, COBRA participants and retirees. It was competitively bid on RFP- 217-02-007-SVC. A total of thirteen (13) bid responses were received. The Guardian Life Insurance Company of America (through Benefit Source) offers the lowest premium rates for an enhanced plan, as requested in the RFP, offers maximum coverage of \$2,000 annually with the ability to roll-over unused benefits to the next calendar year. There are currently 4,097 participants. The contractual value is 100% contributory in nature and is accrued through employee premiums. There is a slight increase in monthly premiums, (19% average), as the new plan will offer enhancements in coverage to include adult orthodontics, higher annual maximum allowable from \$1,000 to \$2,000, and implants. Ms. Scepanski provided the new monthly premiums for employee, employee and spouse, employee and children, and employee and family. Based on estimated participation, the annual cost is \$2,773,797; \$8,321,392 over a three-year period. The Guardian Life Insurance Company of America (through Benefit Source) has a total

of 4,829 employees. The workforce composition data was provided for the Board's review.

RECOMMENDATION: Staff recommends Board of Managers' approval of the contract for PPO Dental Insurance with The Guardian Life Insurance Company of America (through Benefit Source) in the estimated amount of \$2,773,797 annually for a total of \$8,321,392 for a three-year period beginning January 1, 2018 through December 31, 2020.

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

EVALUATION: None.

FOLLOW-UP: None.

SUPPLEMENTAL DISABILITY INSURANCE—PRINCIPLE FINANCIAL GROUP (THROUGH BENEFIT SOURCE)

SUMMARY: This contract is to secure supplemental disability insurance for regular full and part-time employees and house staff. It was competitively bid on RFP-217-02-008-SVC. A total of four (4) bid responses were received. Principal Financial Group (through Benefit Source) provides the best value for the following reasons: (1) flexibility of plan customization; (2) extensive education and communication material; (3) plan portability at no rate increase; and (4) simplified underwriting. Each participant will have the option to customize their benefit coverage to meet their personal goals and financial needs. There are currently 266 participants. 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. Based on the current and estimated enrollment, the contract is valued at an estimated amount of \$156,894 annually for a four-year period. This is a planned expense and funding will be included in the 2018 Annual Operating Budget. Principal Financial Group (through Benefit Source) has a total of 9,878 employees. The workforce composition data was provided for the Board's review.

RECOMMENDATION: Staff recommends Board of Managers' approval of a contract for supplemental disability insurance with Principal Financial Group (through Benefit Source) in the estimated amount of \$156,894 annually for a total of \$627,576 for a four-year period beginning January 1, 2018 and ending December 31, 2021.

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

EVALUATION: None.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH SAN ANTONIO EXTENDED MEDICAL CARE, INC. D/B/A MED MART—AWOALA BANIGO/VIRGINIA MIKA, PHD

SUMMARY:	University Health System has contracted with San Antonio Extended Medical Care Inc., d/b/a Med Mart since 2005 for respiratory and durable medical equipment for Carelink members including oxygen tanks, oxygen concentrators, suction canisters, and other associated equipment. All of these items require pre-authorization and must meet established medical criteria. Items covered for care coordination purposes are continuous positive airway pressure (CPAP) machines, biphasic positive airway pressure (BiPAP) machines, nebulizers, oxygen tanks, and durable medical equipment such as walkers, canes, hospital beds, and wheelchairs. This is a request to exercise the last modification of the contract to extend for two additional years beginning July 1, 2017 and ending June 30, 2019. The medical equipment has been provided without any issue, and is provided on a fixed schedule of benefits and is paid at 90 percent of the current Medicare rate. As of March 31, 2017 (last month of completed claims data available due to our 90 day lag on claims) CareLink has paid Med Mart \$38,169.53. Staff anticipates the 2017 approved claims for CareLink members will be \$152, 680. Based on 2017 utilization, the CareLink portion of the contract is estimated at \$305,360 for a period of two years. Based on 2016 utilization, the care coordination portion of the contract is estimated at \$700,000 for a period of two years. Med Mart has a total of 42 employees, and the workforce composition data was provided for the Board's review.
RECOMMENDATION:	Staff recommends Board of Managers' approval to execute a two year extension to the Agreement with San Antonio Extended Medical Care Inc., D/B/A Med Mart for an estimated annual contract amount of \$502,680, an estimated total amount of \$1,005,360, for a two year period, July 1, 2017 through June 30, 2019.
ACTION:	A MOTION to approve staff's recommendation was made by Mr. Hasslocher, SECONDED by Dr. Burns, and PASSED UNANIMOUSLY .
EVALUATION:	Having ready access to this equipment for patients improves the Health System's ability to discharge inpatients in a timely manner and facilitates a smoother transition experience for the patient.
FOLLOW-UP:	None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING RENEWAL OF THE LEASE AGREEMENT FOR SPACE AT CORPORATE SQUARE TOWER LOCATED AT 4801 NW LOOP 410—REED HURLEY

SUMMARY:	On Tuesday, June 20, 2017, the Board of Managers approved consolidation of Bexar County and Health System Ryan White programs for oversight by University Health System. As a result of this transition, Bexar County staff that coordinate the Ryan White Grant programs will become employees of the Health System. Suite 1111 at the Corporate Square Building offers space to house the new staff and is in close proximity to other Health System departments within the same area of Administration. The suite provides approximately 2,952 rentable square feet and is available to accommodate the new staff from Bexar County. This is a request for a three year lease agreement at Corporate Square. The landlord will provide a Tenant Improvement Allowance of \$15 per square foot or \$44,280 which is inclusive of architectural, engineering
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and code consultant to build-out. The lease costs for the three year term is approximately \$187,000 which will be covered by the Ryan White grants. Mr. Rodriguez provided the lease rates for Suite 111 in his written report. The commencement date for this additional space will be the earlier of substantial completion of Tenant Improvements or August 1, 2017. Currently, the Health System leases 18,079 square feet of office space on the second floor of Corporate Square. This is comprised of the Human Resources department (8,468 square feet) and Grants Management (9,611 square feet). Under the existing lease, the current base rent per square foot is \$20 through September 30, 2017 and \$20.50 through September 30, 2018. The common area maintenance costs account for an additional \$0.79 per square foot. The annual rental cost for all Health System space currently leased at Corporate Square is approximately \$375,000. Mr. Rodriguez reviewed the base rent and monthly rent under the new proposed lease, for the existing space of 18,079 square feet. The cost per square foot will decrease by \$0.05 to \$19.95 through September 30, 2017 and \$0.04 to \$20.46 for the twelve months ended September 30, 2018. The lease rates beyond the original termination date of September 30, 2018 will be \$21.00 and \$21.50 a square foot or an average increase of 2.6 percent per year.

RECOMMENDATION: Staff recommends Board of Managers' approval of a three year lease agreement for the office space at Corporate Square Tower located at 4801 NW Loop 410 for the purpose of transitioning the Ryan White Grants program. The proposed term for Suite 111 is thirty-six months commencing on August 1, 2017 thru July 31, 2020 and the term of the existing leases will be extended by twenty-one months to be coterminous with the new addition.

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

EVALUATION: None.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH SATELLITE HEALTHCARE INCORPORATED TO PROVIDE INPATIENT BEDSIDE DIALYSIS—EDWARD BANOS

SUMMARY: In July 2013, the Board of Managers approved the initial contract with Satellite Healthcare for inpatient bedside dialysis. The terms of the original contract were for two years with two optional one-year extensions. This is a fee per service contract, in which the Health System pays per dialysis treatment provided. We have utilized Satellite Healthcare for all inpatient bedside dialysis services over the past four years. Since the inception of the initial contract, the volume of dialysis treatments has increased by 50percent. This is driven by a 30 percent increase in inpatient volume and a 25 percent increase in Emergency Department (ED) dialysis visits over the same period. This is a request for a 12 month contract at the cost of \$1,825,000 to continue supporting inpatient dialysis at the patient bedside. The Health System currently has \$2,353,066 budgeted for this service in 2017. The Health System is in the process of renovating space so that we can internally provide

inpatient dialysis services once again. The renovated space will not be ready until early/mid 2018 so we are requesting a short term 12 month contract to cover us during the renovation period. The contract will include an out clause so we can cancel when renovation is complete. Staff's written reported proved quality clinical indicators for the period January through May 2017 for the Board's review.

RECOMMENDATION: Staff recommends that the Board of Managers approve the 12 month contract with Satellite Healthcare in the amount of \$1,825,000 for inpatient dialysis services at University Hospital, for the period June 1, 2017 through May 31, 2018.

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

EVALUATION: None.

FOLLOW-UP: None.

PRESENTATIONS AND EDUCATION:

QUALITY REPORT FOR MAY 2017— BRYAN ALSIP, M.D.

SUMMARY: Dr. Alsip provided a graphics presentation regarding Quality Core Measures, all which contribute to the CMS Hospital Star Ratings and the Hospital Inpatient Quality Reporting Program. The Core Quality Measure Collaborative is comprised of the following: America's Health Insurance Plans (AHIP), Center for Medicare and Medicaid Services (CMS), National Quality Forum (NQF), Physician organizations, and employers and consumers. The goal is to promote evidence-based measurement and generate information for quality improvement on consumer decision-making, value-based payment and purchasing, and reduction in the variability in measures. Dr. Alsip reviewed a core quality measures inventory and provided three core measure examples:

- Severe sepsis and septic shock management bundle (SEP 01)** -
Measure of inpatients age 18 and over with sepsis, severe sepsis or septic shock for whom compliance to multiple life-saving interventions were performed and documented within specific timeframes
- Compliance with Surviving Sepsis Guidelines
 - Within 3 hours
 - Initial lactate measurement
 - Obtaining blood cultures
 - Administering broad spectrum antibiotics
 - Within 6 hours
 - Fluid resuscitation
 - Vasopressor administration
 - Reassessment of volume status and tissue perfusion
 - Repeat lactate
 - Compliance with this measure is directly related to
 - Decreased organ failure
 - Overall reduction in hospital mortality
 - Reduction in hospital length of stay
 - Reduction in costs of care

Dr. Alsip reviewed sepsis performance metrics and indicators for the period December 2016 (44 percent) through April 2017 (8 percent). Goal is 40 percent and above, with higher percentages being better. He also reviewed clinical outcomes and mortality rates as compared with 400+ bed hospitals and teaching facilities for the period April 2016 (20 percent) through March 2017 (over 40 percent). All were in the 95th percentile except for August through November 2016. Lower percentages are better.

Sepsis Clinical Improvement Initiatives

Multidisciplinary sepsis working group

- UHS quality and clinical leadership
- Physician champions

Sepsis First Response ED working group

Code Sepsis Implemented in ED

- ED team to Quality for real time abstraction and feedback

Standardized goal-directed therapy order sets

- Launching July 2017
- Education to faculty and house staff with roll out lead by UT Physician Champions

Thrombolytic Therapy (STK-04) - Hospital compare measure of stroke patients who received appropriate medicine (thrombolytics) to break up a blood clot within 3 hours after symptoms began. Manually abstracted data from sampled medical records is sent to CMS

Dr. Alsip reviewed thrombolytic performance metrics and indicators for the period April 2016 (50 percent) through April 2017 (60 percent). Goal is 100 percent, with higher percentages being better. He also reviewed clinical outcomes and ischemic stroke mortality rates as compared with 400+ bed hospitals and teaching facilities for the period May 2016 (4 percent) through February 2017 (4.5 percent). May, August, September were in the 5th percentile. Lower percentages are better.

Thrombolytic Therapy Improvement Initiatives

Optimize data abstraction with input from quality team

Ensure 100% compliance with Last Known Well time documentation

Reconcile CMS metrics with the “Get With the Guidelines” Stroke program

- Eric Dahl, interim lead for stroke performance
- Deadline for action plan, 1 August 2017

Incidence of Potentially Preventable Venous Thromboembolism (VTE-6)

- Hospital compare measures number of patients who developed a blood clot while in the hospital who did not get treatment that could have prevented it
- Manually abstracted data from sampled medical records sent to CMS

Dr. Alsip reviewed clinical outcomes of blood clots for the period April 2016 (zero percent) through June 2017 (zero percent), with a spike in October, 2016 (34 percent). Goals is zero percent, lower percentages are better.

OPERATIONS REPORT - EDWARD BANOS:

Mr. Banos provided an update regarding the operating room (OR) performance metric to improve turnover time in the Sky Tower ORs (weekdays only). The target is 40 minutes.

- Decrease of 3 minutes in turnaround time for April from 51 minutes to 48 minutes
- Daily huddles with staff began February, 2017 with daily engagement by OR leadership. Discussion of challenges/successes as well as controllable delays
- More cases second and third floors have eliminated some delays. Before had to take elevator to recovery on second floor
- Dr. Maureen Sheehan communicating with any surgeon delay daily via email or phone call
- Performance Leadership Academy attendance for OR management will assist with this project
- New OR Director began late March, will be focus point for OR process improvement

RECOMMENDATION: This report was provided for informational purposes.
ACTION: No action was required by the Board of Managers.
EVALUATION: Dr. Bruce Adams joined Dr. Alsip for the portion of the presentation regarding emergency department matters. Physicians are committed to drive patient satisfaction in the ED, as evidenced by the scores today as compared to five years ago.
FOLLOW-UP: None.

85TH REGULAR SESSION LEGISLATIVE RECAP—ANDREW SMITH

SUMMARY: The 85th Texas Legislature convened on Tuesday, January 10, 2017, for its 140 day biennial regular session, and adjourned Sine Die on May 29. The House and Senate filed 6,631 bills during the 85th Legislative Session. At the close of the session 1,211 bills, approximately 18.26% of the bills filed were passed by both the House and Senate. Over 1,000 of the bills filed were healthcare-related and impact how we care for patients, serve our community and operate on a daily basis. However, legislation needed to keep several state agencies operating in the interim, including the Texas Medical Board which licenses physicians, failed to pass the Senate. Therefore, the Governor has called a special session to begin on July 19, 2017, to deal with this issue, and he has indicated he will add 19 other issues to the special session. Mr. Smith introduced and yielded the floor to two government and public affairs consultants engaged by the Health System to assist in tracking medical and hospital related legislation during the 85th Texas Legislature: Mr. Joe A. Garcia, The Garcia Group, and Mr. Christopher R. Traylor, Chris Traylor, LLC, and former Executive and Chief Deputy Commissioner for the Texas

Health and Human Services Commission (2012 to 2016). Messrs. Garcia and Traylor provided a Texas budget overview, noting in particular, that the state budget for 2018-2019 maintains two Medicaid rate enhancements for hospitals: 1) Safety-Net Hospital Add-On – \$129 million in state funding (\$300 million all funds) for a Medicaid rate add-on for safety net hospitals – those hospitals that treat high percentages of Medicaid and low-income, uninsured patients; and 2) Trauma-designated hospital add-on – \$153 million in state funding (\$356.5 million all funds). These funds will be matched through the Medicaid program and provide over \$650 million in all funds for Texas hospitals over the biennium. About two-thirds of the appropriated funds for the increased Medicaid rates come from Account 5111, the designated trauma and EMS account, which is fed from surcharges from the Driver Responsibility Program. The other third comes from state general revenue. Maintaining these rate enhancements took on particular urgency as negotiations were ongoing between the federal government and the Texas Health and Human Services Commission over the future of the Medicaid 1115 Transformation Waiver, and the Medicaid shortfall long has been a concern for the Centers for Medicare & Medicaid Services. Medicaid reimbursement rates for Texas hospitals are well below cost. Most Texas hospitals are reimbursed at less than 60 percent of costs for providing inpatient health care to those in the Medicaid program. The result is increased reliance on a shrinking pool of hospital supplemental payments and a health care safety net straining to meet the needs of a growing population. The budget includes \$350 million GR (\$830 Million AF) in funding reductions for Medicaid and cost containment in Article II, HHSC, Rider 34. Rider details that may impact hospitals include:

- Incentivizing appropriate NICU utilization and coding (also in Article II, HHSC, Rider 164),
- Implementing fee-for-service payment changes and managed care premium adjustments that
- Incentivize the most appropriate and effective use of services,
- Adjustments to managed care premiums following an independent audit,
- Evaluating methodologies used to develop trend factors and growth assumptions, and
- Competitive procurement process with price as one component of the procurement evaluation.

Managed Care Organizations will also see a reduction in their risk margin funding of \$77.1 million GR (\$193.7 million AF) – this reduction (reducing the risk margin in managed care premiums from 2.0% to 1.5% for STAR and STAR Health and from 2.0% to 1.75% for STAR+PLUS and STAR Kids.) may be passed on to providers (Article II, HHSC, Rider 158).

Article II, HHSC, Rider 220 also directs HHSC to contract with an independent organization to conduct a comprehensive evaluation of managed care in the Texas Medicaid Program, including a review of the current delivery system, performance of managed care - costs, cost

savings, cost trends, impact of caseload growth, cost containment, and contractual mandates.

Mr. Smith provided a brief update on key issues monitored closely by the Health System during the regular legislative session: Trauma funding, behavior health care system, mental health parity, restoration of Medicaid benefits, maintenance of specialty board certification, telemedicine and telehealth, women's health, fetal tissue remains, and property taxes. Finally, Mr. Smith informed the Board that the upcoming special legislative session will include Sunset legislation. He explained that Texas law requires state agencies to undergo a sunset review process that evaluates whether an agency should be continued. The Sunset Commission recently performed an extensive review of the Texas Medical Board (TMB) and made recommendations to maximize efficiency and government spending. Some of those recommendations, including one to continue the agency functions with modifications until 2029, were proposed to the Legislature in the form of a bill by Sen. Juan "Chuy" Hinojosa (McAllen). Because of the addition of several broad amendments, the bill ultimately was whittled down significantly to only include language to strengthen TMB's oversight of opioids and passed without a date continuing the agency. Without this date, the TMB could cease to exist at the end of the fiscal year in August. Several legislators attempted to add language extending the agency's life to other bills. Aware of the importance of this language, Lt. Gov. Dan Patrick killed the bills to which the extension date language was attached in order to compel Gov. Greg Abbott to call a special session. The TMB sunset bill is priority number one on the list of items to be discussed during the special session. The Governor added 19 other items to the list of issues the legislature may be able to consider during the special session, and Mr. Smith provided the summer legislative agenda for the Board's review.

RECOMMENDATION: This report was provided for informational purposes only.
ACTION: No action was required by the Board of Managers.
EVALUATION: None.
FOLLOW-UP: None.

INFORMATION ONLY ITEMS:

UPDATE ON THE ROBERT L. M. HILLIARD CLINIC PROJECT—MARK WEBB
UPDATE ON FACILITIES DEVELOPMENT ACTIVITIES—MARK WEBB
REPORT ON RECENT RECOGNITIONS AND UPCOMING EVENTS—LENI KIRKMAN

SUMMARY: Mr. Smith directed the Board members' attention to the three (3) written reports above. He urged his colleagues to contact staff with specific comments, questions, or suggestions.

RECOMMENDATION: These reports were provided for informational purposes only.
ACTION: No action by the Board of Managers was required.
EVALUATION: None.
FOLLOW-UP: None.

ADJOURNMENT:

There being no further business, Mr. Smith adjourned the Board meeting at 8:10 p.m.

Ira Smith
Vice Chair, Board of Managers

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

Sandra D. Garcia, Recording Secretary