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

Tuesday, March 22, 2016
2:00 p.m.
Cypress Room
First Floor, University Hospital
4502 Medical Drive
San Antonio, Texas 78229

MINUTES

BOARD MEMBERS PRESENT:
James R. Adams, Chair
Ira Smith, Vice Chair
Dianna M. Burns, M.D., Secretary
Robert Engberg
James C. Hasslocher

BOARD MEMBERS ABSENT:
Roberto L. Jimenez, M.D, Immediate Past Chair
Janie Barrera

OTHERS PRESENT:
George B. Hernández, Jr., President/Chief Executive Officer, University Health System
Tricia Alemán, Executive Director, Marketing Communications, University Health System
Bryan Alsip, M.D., Executive Vice President/Chief Medical Officer, University Health System
Félix Álvarez, Executive Director, Procurement Services, University Health System
Edward Banos, Executive Vice President/Chief Operating Officer, University Health System
Sergio Farrell, Senior Vice President/Ambulatory Services, University Health System-Robert B. Green Campus
Don Finley, Senior Writer, Corporate Communications, University Health System
Brian Gibson, Executive Director, Ambulatory Services, University Health System
Michael Hernandez, Vice President/Chief Legal Officer, University Health System
Reed Hurley, Executive Vice President/Chief Financial Officer, University Health System
Leni Kirkman, Vice President, Strategic Communications and Patient Relations, University Health System
Monika Kapur, M.D., President/Chief Executive Officer, Community Medicine Associates
Kristen Plastino, M.D., President/Medical-Dental Staff, University Health System; and Associate Professor, Department of Ob/Gyn, UTHSCSA
Roxanne Rosa, Executive Director, Ambulatory Services, University Health System
Theresa Scepanek, Senior Vice President/Chief Administrative Officer, University Health System
David Wallace, Chair, Pension Plan Board of Trustees, University Health System
Mark Webb, Chief Executive Officer, Pediatric Services, University Health System
Darren James, KAI Texas
Marcus Mitchell, KAI Texas
And other attendees.
CALL TO ORDER AND RECORD OF ATTENDANCE: JAMES R. ADAMS, CHAIR, BOARD OF MANAGERS

Mr. Adams called the meeting to order at 2:08 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE:

Mr. Adams introduced Rev. Cliff Hardon, Pastor of First Baptist Church of LaCoste, Texas, for the invocation, and he led the pledge of allegiance.

APPROVAL OF MINUTES OF PREVIOUS MEETING(S): JANUARY 19, 2016 (REGULAR MEETING)

SUMMARY: The minutes of the regular bi-monthly meeting of Tuesday, January 19, 2016 were submitted for approval.
RECOMMENDATION: Staff recommended approval of the minutes as submitted.
ACTION: A MOTION to approve the minutes was made by Mr. Hasslocher, SECONDED by Mr. Smith, and PASSED UNANIMOUSLY.
EVALUATION: None.
FOLLOW-UP: None

APPROVAL OF MINUTES OF PREVIOUS MEETING(S): JANUARY 26, 2016 (REGULAR)

SUMMARY: The minutes of the regular bi-monthly meeting of Tuesday, January 26, 2016 were submitted for approval.
RECOMMENDATION: Staff recommended approval of the minutes as submitted.
ACTION: A MOTION to approve the minutes was made by Dr. Jimenez, SECONDED by Mr. Engberg, and PASSED UNANIMOUSLY.
EVALUATION: None.
FOLLOW-UP: None

APPROVAL OF MINUTES OF PREVIOUS MEETING(S): FEBRUARY 16, 2016 (REGULAR)

SUMMARY: The minutes of the regular bi-monthly meeting of Tuesday, February 16, 2016 were submitted for approval.
RECOMMENDATION: Staff recommended approval of the minutes as submitted.
ACTION: A MOTION to approve the minutes was made by Mr. Engberg, SECONDED by Mr. Hasslocher, and PASSED UNANIMOUSLY.
EVALUATION: None.
FOLLOW-UP: None

APPROVAL OF MINUTES OF PREVIOUS MEETING(S): FEBRUARY 23, 2016 (REGULAR)

SUMMARY: The minutes of the regular bi-monthly meeting of Tuesday, February 23, 2016 were submitted for approval.
RECOMMENDATION: Staff recommended approval of the minutes as submitted.
ACTION: A MOTION to approve the minutes was made by Mr. Smith, SECONDED by Mr. Hasslocher, and PASSED UNANIMOUSLY.
EVALUATION: None.
FOLLOW-UP: None
ACTION:

CONSIDERATION AND APPROPRIATE ACTION REGARDING OPERATIONS AND FINANCIAL REPORT FOR FEBRUARY 2016—REED HURLEY/EDWARD BANOS

SUMMARY: In February clinical activity (as measured based on discharges adjusted for outpatient activity) was down 0.9% for the month compared to budget. Community First Health Plan (CFHP) fully-insured membership was down 1.1% due to lower membership in STAR Medicaid and Health Insurance Exchange (HIE). The bottom line gain excluding debt service was $2.3 million, $3.2 million better than budget and was due to higher operating revenues. Debt Service Revenue was $4.5 million which is equal to the budgeted Debt Service payment of $4.5 million. Mr. Hurley reviewed notable increases and/or decreases from the Consolidated Balance Sheet in detail with the Board. Mr. Banos reported the following:

- Implemented a daily 9:30 am hospital huddle to address current issues. All departments attend for 15 minutes; bring up any type of issue.
- Revamped Physician Advisory Council to identify, address, and educate physicians about patient satisfaction survey impact on them as well as impact on overall rating as a hospital.
  - Case in point – how the residents refer to faculty rather than attending and thus perceived care is performed by students. Will work on basic talking points for residents to explain to patients.
- Heart and Vascular Institute: Working with UT to bring in three cardiologists.
  - Starting application process for Chest Pain Accreditation
- Ortho:
  - New Joint Replacement surgeon starting
  - New Sports Medicine surgeon coming in summer
- Group of physicians working on stacking plan for Sky Tower once Pediatrics moves into Horizon

RECOMMENDATION: Staff recommended Board’s acceptance of the financial reports subject to audit.

ACTION: A MOTION to accept the financials as submitted was made by Mr. Hasslocher, SECONDED by Mr. Engberg, and PASSED UNANIMOUSLY.

EVALUATION: Mr. Adams urged the staff to update the Board as needed when important elements that impact financials are addressed, as there is value in the Board understanding certain trending items. Mr. Hernandez agreed; he informed the Board that senior leadership is in the process of developing a different financial report that includes more in-depth analysis rather than bullet type reporting.

FOLLOW-UP: None.
PRESENTATIONS AND EDUCATION:

PRESENTATION ON ACTIVITY IN OUTREACH DEVELOPMENT AND MARKETING—TED DAY/LENI KIRKMAN

SUMMARY: Mr. Day and Ms. Kirkman reported that the Health System continues to make significant progress in several measures of growth, they provided details on this progress, and reviewed key metrics for measuring success including, market share growth globally and by service line, enhancements to payer mix, patients’ “would recommend” scores, website and social media analytics, consumer preference, progress in transfer center activity and return on investment reporting through eVariant. In addition, staff continues to develop and execute enhanced plans and activities for positioning the Health System and marketing its services. The theme and imagery of the proposed brand campaign developed by the new branding firm, ND&P, has been tested through a series of focus groups and will be reviewed with the Marketing Subcommittee of the Board in early April. A unified University Children’s Health logo has been developed in coordination with UTHSCSA, and will be strategically rolled-out through a mass market and new media campaign, under the umbrella of the new comprehensive UHS brand, as the new Pediatric Emergency Department opens at University Hospital. This consistency will ensure consumers and referrers can easily link University Children’s Health to the partnership, and leverage the value of this important service line to continue growing the overall brand reputation. Also, geographic-specific outreach plans are customized as needed to support the success of targeted service lines. Further, the Health System is proactively developing new and improved approaches to cultivating relationships with referring providers, seeking to treat them as customers and involving them in development of mutual success in serving common patients. Staff continues to pursue the Health System’s vision to be the premier health system in South Texas and most preferred provider in San Antonio.

RECOMMENDATION: This report was provided for informational purposes only; no action was required by the Board.

ACTION: None.

EVALUATION: None.

FOLLOW-UP: None.

PROGRESS UPDATE ON CENTRAL CALL CENTER – SERGIO FARRELL/ROXANNE ROSA/BRIAN GIBSON

SUMMARY: In February 2015, the Board of Managers approved a central call center concept that would both enhance the customer experience and decrease costs/inefficiencies throughout the ambulatory side of operations. Based on the business plan and Network Access Improvement Program (NAIP) funding through the Texas Health and Human Services Commission (HHSC), the Board approved the lease and build out of a centralized call center to create best in class call responsiveness for the residents of Bexar county and the surrounding areas that access Health System services.
Through consolidation and centralization, staff was able to leverage resources already dedicated to front-end communications to increase responsiveness, standardize processes and training, promote brand awareness and enhance the consistency of outbound communication/information. The timeline for the transition from a decentralized to a centralized model was reviewed as follows:

- March – May 2015: Search for new lease and location.
- May 2015: Lease approved by Board of Managers.
- May – October 2015: Construction and infrastructure build out.
- October 2015: AT&T connection completed.
- November 2015: Tested connectivity and relocated Access Plus and NurseLink.
- December – January 2016: Relocated ambulatory clinic call center operators.
- January 21, 2016: Centralized call center project completed (5 months ahead of schedule).

For the period January 2015 through January 2016, actual ambulatory call center service level performance exceeded the targeted goal of 92 percent and NAIP goal of 85 percent. For the period January 2014 through February 2016, the percentage of abandoned and lost calls ranged from 25 to just under 10, with the NAIP goal being at 25 to 15 percent improvement by June 2016. For the same period, the number of calls presented ranged from 10,900 to 10,000; and calls handled ranged from 8,000 to under 9,500. Average speed to answer calls ranged from almost 200 seconds in January 2014 to 50 seconds in February 2016. The NAIP goal is 50 seconds by June 2016. Average handle time ranged from 200 seconds in August 2014 to 170 seconds in February 2016. NAIP goal is 250 seconds. Opportunities and challenges were reviewed with the Board in detail. Staff briefed the Board regarding key community outbound initiatives developed and implemented by the centralized call center in 2015 and early 2016 to include: outbound calls for gastroenterology referrals, annual preventative exams and vaccinations such as colonoscopies and mammograms, “Real Men Wear Gowns,” and annual Well Child Visits as required by health plans.

RECOMMENDATION: This report was provided for informational purposes only.
ACTION: None.
EVALUATION: None.
FOLLOW-UP: None.

PROGRESS UPDATE ON THE EASTSIDE CLINIC—MARK WEBB/SERGIO FARRELL

SUMMARY: Mr. Webb introduced and yielded the floor to Messrs. Darren Jones and Marcus Mitchell of KAI Texas for a progress report on the prototype design and programming of the Eastside Clinic. They reported on the demographic findings which indicate that the area is medically underserved and has needs for geriatric, pediatric, and specialty care services. According to the Advisory Board Company’s primary care estimator, the Eastside community’s needs for primary care services will grow overall by 25 percent in the next ten years for general and family practice,
internal medicine, and pediatric services. The growth is attributed to increased visits related to an aging population ages 60 and over. Estimated growth across all ages supports initial findings of increased visits for geriatrics and pediatrics. Current healthcare providers in that community are minimal and not a single hospital exists in the vicinity. There are currently 33,765 annual visits to Health System clinics and providers from the target zip codes. The new Eastside Clinic is programmed to serve 19,422 annual visits with planned growth to 34,560. The Eastside Clinic currently has approximately 12,000 annual visits that will potentially transfer to the new Eastside Clinic in 2017. In addition, staff anticipates that approximately 7,662 visit from the Southeast Clinic will transfer to the new Eastside Clinic, as will 7,132 visits from the Robert B. Green Campus. The program for the clinic will include space for primary care, women and children’s health services, specialty care, and support spaces. The new clinic is being planned to support the current demands of the community, as well as a 10 year growth plan based on demographic studies. Key specialty care services that are projected to have significant growth include physical therapy, ophthalmology, and cardiology. While it is intended that the clinic be focused on primary care, a nominal amount of space is included in the space program to accommodate specialty services on a rotating basis. This additional space, which will be integrated into the overall clinic plan, will also be used for telemedicine as in Ophthalmology, for example. The space program is based on providing 20 exam rooms that will accommodate a total of 16 providers. To meet the near term and future requirements, through the 2027 planning horizon, approximately 25,000 square feet will be required for the clinic. Initial site studies confirm that the property will accommodate the clinic and required parking. These studies provide a basis for discussion of appropriate use of the site as it relates to the current needs and potential future growth of the clinic beyond the 2027 timeframe. Various exam rooms to provider ratio comparison scenarios were provided for the Board’s review. The initial request from staff was to start with 2.6 providers and eventually grow to 4 providers in the clinic at one time. The plan now incorporates 6 primary care providers in the clinic at one time. As with other Health System clinics, the new clinic will be a patient centered medical home model and the proposed specialty care services include Endocrinology, Pulmonology, Mental Health, Cardiology, Ophthalmology, and Physical Therapy. Specialty care 10 year growth projections were also reviewed. In the event that growth exceeds anticipated needs, options to increase capacity include extended evening and weekend hours, additional providers to extend the number of weekly clinics from 9 to 10, and physical expansion of the clinic. Three layout clinic options were reviewed with the recommended option being a two story program area totaling 25,665 square feet with a maximum area of 52,000 square feet. Parking requirements were identified as being 130 visitor spaces with a 17-space lot for staff. Building massing for the two-story building recommended option was also reviewed, and the location of land itself was discussed. In particular, there is a small parcel of City-owned real estate at 601 Rummels, which has been abandoned and preliminary discussions with City staff indicate they are willing to deed the land to
the Health System to be used for parking. Staff will continue to work with San Antonio Housing Authority about additional land that might be available for parking. The idea behind the two-story recommendation is due to potential future space. The nearest hospitals are the Baptist Hospital downtown and Methodist Metropolitan. Mr. Webb will return with a proposed contract with KAI Texas for the Board’s consideration for the remainder of design services associated with this new clinic. Additionally, staff has advertised and will be reviewing proposals for the Construction Manager at Risk, and will present to the Board for consideration in May or June, 2016. Finally, construction of the new clinic is slated to begin in September 2, 2016 and is anticipated for opening in November 27, 2017.

**RECOMMENDATION:** This report was provided for informational purposes only. No action was required by the Board of Managers

**ACTION:** None

**EVALUATION:** Dr. Burns reiterated her desire to see the UHS brand promote quality care to the Eastside community, rather than indigent care. She suggested that the staff review 10-year projected demographics because she can attest that the culture is changing, it is not an indigent population, it is a young and changing population. She does not want the staff nor the clinic programmers to assume that the Health System will be serving only the indigent or economically disadvantaged, there is a changed mentality. Mr. Smith described what is happening on the Eastside as gentrification - increased property values and displacing of lower-income families and small businesses in the area by a younger generation. Mr. Farrell acknowledged having received a 50-page Eastside profile that touches upon the topic from Dr. Roberto Villarreal and his research team. The projected demand for physical and occupational therapy are astonishing to Mr. Smith and was attributed by Dr. Kapur to the lack of providers in that area. The space that will be used by PT and OT is flex space, not dedicated space. A plan to work with existing providers in the area is under development as suggested by Dr. Burns, with an active focus on the recruitment of geriatricians by Community Medicine Associates. Regarding medical social workers, Dr. Kapur informed the Board that CMA will be directly hire them and that it takes about one year to train and prepare them to work in the health care setting. This is not acceptable to Dr. Jimenez who feels that the staff has an obligation to inform the local colleges and universities that they are not producing the type of social workers needed by the health care industry.

Mr. Adams pointed out that parking is frequently an issue at Health System facilities and urged the staff to address before it becomes a real problem. Dr. Plastino also expressed concern and agreed that the 17-space staff lot is not enough parking to begin with. Regarding the location of the clinic, Mr. Adams also urged the staff to spend some time learning how the Health System can impact the economic development in this area; he would like to see the new Eastside Clinic become an important beacon in the area.

**FOLLOW-UP:** Mr. Hasslocher reiterated the importance of parking and asked the staff to return with a plan that addresses adequate parking. Messers Hernandez and Webb will meet with the appropriate San Antonio
Housing Authority representatives to discuss the acquisition of additional property that might be available for parking.

ANNUAL REPORT ON THE PENSION PLAN TRUST—THERESA SCEPANSKI/DAVID WALLACE, CHAIR, PENSION PLAN BOARD OF TRUSTEES

SUMMARY: Ms. Scepanski introduced and yielded the floor to Mr. David Wallace, current Chair of the Pension Plan Board of Trustees, who has served on the Pension Board since 2003. Mr. Wallace provided a brief and general overview of the Health System’s retirement program which is comprised of the Pension Plan, Cash Balance Plan, 457 Retirement Savings and Employer Match Plan, Social Security, and Other Post-Employment Benefits. Mr. Wallace focused his presentation to discussion of net assets of the Pension Trust currently at $281.6 million; the current Annual Required Contribution of $17,891,000; the Funded Ratio of 64.7 percent; and review of the total defined benefit participants currently at 5,173 (vested and non-vested). The Pension Plan’s Investment Advisors are Callan Associates, Inc., and assist the Trustees in meeting their fiduciary responsibility to receive, hold and invest contributions made to the Trust Fund under the Plan. Mr. Wallace informed the Board that when hiring and monitoring investment managers, the Trustees take into consideration the risk taken by each manager, and he reviewed the return and risk parameters used by the Trustees for the investment of the Trust’s assets. He also reviewed the Target Asset Allocation, which represents the Trust’s normal risk and reward orientation. This orientation has been determined by the Trust’s ability to assume risk and the Trustee’s risk preferences. The Trust’s actual asset allocation will be rebalanced periodically. In no event should the allocation to an asset class fall outside of the stated allocation range. Callen & Associates will submit recommendations to the Trustees when there is a need to adjust the asset allocation. The Target Asset Allocation and individual asset class allocation ranges were reviewed in detail and it was reported that trust assets will be rebalanced on a periodic basis to bring the Trust’s asset allocation in line with the target asset allocation. In general, monitoring occurs monthly and rebalancing occurs quarterly or when asset market values have deviated significantly from target allocations. Performance benchmarks and peer groups were also discussed. Performance should be based on quarterly time-weighted returns, achieving a total rate of return, over several market cycles (rolling 10 years), in excess of the Fund’s actuarial interest rate on a net of fee basis. Callan & Associates provide a rolling 10-year return relative to inflation in each quarterly report. Over rolling three-year periods, the Trust should outperform the Total Fund Index. This composite index shall be composed of relevant individual indices that reflect the Trust’s largest asset allocation. The fund has exceeded the 7.50% return assumption over three years ending December 31, 2015 with a gross of fees return of 8.80% versus 8.80% for the policy index (net return was 8.46%). Over the trailing five years, the fund exceeded the return objective on a gross of fees basis returning 7.64%. The fund trailed slightly on a net of fees basis returning 7.25%. The fund lagged the policy index return of 8.04% over the period. 2015 was a volatile year with both strong up (4Q) and down quarters (3Q).
For the overall University Health System portfolio, the result was a small positive return but muted performance for the year based on the volatile environment with the market ending about where it started. The portfolio returned +1.17 net of fees for the year outperforming the policy target which returned 0.71%. The fund value as of December 31, 2015, was $281.6 million, up $10.7 million or 4% from the fourth quarter in 2014. The increase resulted primarily from investment gains, employer and employee contributions of $25.7 million exceeding benefit payments and administrative expense of $15 million. Mr. Wallace provided a chart indicating the historical growth of net assets for the Board’s review. According to the latest actuarial projection, benefit payments are expected to exceed employer and employee contributions in 2021 and beyond. Based on the change to the Cash Balance formula, the recommended contributions are expected to decline from 6.7% of pay in 2015 to 5.61% in 2021, as the plan transitions from final average pay to cash balance and as the unfunded liability is paid off. The Health System is scheduled to complete an experience study this year that will analyze the reasonableness of the actuarial assumptions currently used to determine plan liabilities, match the valuation assumptions with past experience and future expectations, minimize deviation of future costs from expectations and provide support for any recommended changes to the current actuarial assumptions. Towers Watson, the Plan Actuary, performed the annual actuarial valuation for the purposes of determining (1) the funding status for the plan year January 1, 2015 through December 31, 2015 and the funding policy contribution amount for the plan year and fiscal year January 1, 2016 through December 31, 2016; and (2) financial statement disclosure and reporting information for the fiscal year ending December 31, 2015. As of the most recent actuarial valuation (January 1, 2015) the funded ratio of the University Health System Pension Plan (ratio of the actuarial value of assets to the actuarial accrued liability) was 68.3% (compared to 68.2% in January 2014). Under GASB 68, the funded status is now reported using the market value of assets. While the most recent actuarial valuation had projected an estimated funded status of 70.7% at January 1, 2016, the actual asset performance during 2015 was 0% (resulting in an asset loss of about 7.5%). As such, we expect that the funded status at January 1, 2016 will be approximately 64.7%. The Health System will report this funded ratio in its financials as of December 31, 2016. The Health System contributed the annual recommended contribution of $17,891,000 on January 1, 2016 (compared to $17,697,000 in 2015). The recommended contribution is 6.14% of payroll as compared to 6.70% in 2015, primarily due to the adoption of the cash balance formula.

RECOMMENDATION: This report was provided for informational purposes only. No action was required by the Board of Managers.

ACTION: None.

EVALUATION: None.

FOLLOW-UP: None.
ADJOURNMENT:

There being no further business, Mr. Adams adjourned the Board meeting at 4:28 p.m.

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

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Sandra D. Garcia, Recording Secretary