REGULAR MEETING
OF THE BEXAR COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS

Tuesday, March 29, 2011
6:00 p.m.
Board Room, University Center for Community Health
701 S. Zarzamora
San Antonio, Texas

MINUTES

BOARD MEMBERS PRESENT:

Robert L. Jimenez, M.D., Chair
James R. Adams, Vice Chair
Ira Smith, Secretary
Robert Engberg
Alex Briseño
Linda Rivas
Rebecca Q. Cedillo

OTHERS PRESENT:

George B. Hernández, Jr., President/Chief Executive Officer, University Health System
Tricia Aleman, Director, Corporate Communications and Marketing, University Health System
Antonio Arrey, Special Assistant to the President/CEO, University Health System
Bryan Alsip, M.D., Executive Vice President/Chief Medical Officer, University Health System
Tim Brierty, Chief Executive Officer, University Hospital
Francine Crockett, Vice President, Supply Management, University Health System
Vivian Casas, Director, Laboratory Services, University Health System
Peggy Deming, Executive Vice President/Chief Financial Officer, University Health System
Theresa De La Haya, Senior Vice President, Community Health and Clinical Preventive Programs, University Health System
Sergio Farrell, Vice President, Ambulatory Services, University Health System
Roe Garrett, Vice President/Controller, University Health System
Francisco Gonzalez-Scorano, M.D., Dean, School of Medicine, UTHSCSA
Greg Gieseman, President/Chief Executive Officer, Community First Health Plans, Inc., and Vice President Managed Care, University Health System
William Henrich, M.D., President, UTHSCSA
Michael Hernandez, Vice President, Legal Services and Risk Management, University Health System
Sherry Johnson, Vice President/Integrity and Regulatory Services, University Health System
Regular Meeting of the Board of Managers  
Tuesday, March 29, 2011  
Page 2 of 16

Gary McWilliams, M.D., Executive Vice President/Chief Ambulatory Services Officer, University Health System  
Mary Ann Mote, Senior Vice President of Operations/Chief Revenue Officer  
John Olsen, Ph.D., Medical Director, Pathology Services; and Professor, Department of Pathology, UTHSCSA  
Bill Phillips, Vice President/Chief Information Officer, Information Services, University Health System  
Nancy Ray, Vice President, Chief Nursing Officer, University Health System  
Richard Rodriguez, Vice President, Facilities Management, University Health System  
Theresa Scepanski, Vice President, Organizational Development, University Health System  
A.J. Sandoval, Chief of Police, Protective Services, University System  
Andrew Smith, Director, Government Relations, University Health System  
Christann Vasquez, Executive Vice President/Chief Operating Officer, University Health System  
Mark Webb, Vice President, Facilities Development & Project Management, University Health System  
Dave Mulvany, Jacobs Engineering  
Bob Muroz, Broaddus Associates  
Jef Johnson, Zachry Vaughn Layton  
Allen Kilsheimer, President  
And other attendees.

MEMBERS OF THE PRESS:

Richard A. Marini, San Antonio Express-News

CALL TO ORDER AND RECORD OF ATTENDANCE: ROBERTO L. JIMENEZ, M.D., CHAIR, BOARD OF MANAGERS

Dr. Jimenez called the meeting to order at 6:05 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE:

Ms. De La Torre introduced Mr. Larry Boudreau for the invocation and Dr. Jimenez led the pledge of allegiance.

CITIZEN PARTICIPATION: None.

APPROVAL OF MINUTES OF PREVIOUS MEETINGS OF THE BOARD OF MANAGERS:

FEBRUARY 15, 2011

SUMMARY: Dr. Jimenez presented the minutes of the special Board meeting of February 15, 2011 for approval.

RECOMMENDATION: Dr. Jimenez recommended approval of the minutes as submitted.

ACTION: A MOTION for approval of the recommendation was made by Mr. Smith, SECONDED by Ms. Cedillo, and PASSED UNANIMOUSLY.

EVALUATION: None.

FOLLOW-UP: None.

FEBRUARY 22, 2011
**SUMMARY:** Dr. Jimenez presented the minutes of the special Board meeting of February 22, 2011 for approval.

**RECOMMENDATION:** Dr. Jimenez recommended approval of the minutes as submitted.

**ACTION:** A **MOTION** for approval of the recommendation was made by Mr. Smith, **SECONDED** by Ms. Cedillo, and **PASSED UNANIMOUSLY**.

**EVALUATION:** None.

**FOLLOW-UP:** None.

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

**SUMMARY**

Dr. Henrich acknowledged the physician leaders present. He briefed the Board regarding national match day on Thursday, March 17, when more than 200 students were joined by friends, family and School of Medicine faculty to learn where they have been accepted to complete their medical residencies. The match was a strong success, with all the program slots getting filled, except for a few surprises. Medicine and surgery are very strong although surgery slots across the country have become somewhat of a challenge to fill, but not in San Antonio, Psychiatry was also a popular choice, with 16 senior students from this class going in to the Psychiatry specialty. Dr. Henrich continues to work with the 82nd legislature and other elected officials regarding proposed Medicaid cuts and higher education issues. Dr. Gonzalez-Scorrano arrived shortly after Dr. Henrich’s remarks.

**RECOMMENDATION:** This report was provided for information purposes only.

**ACTION:** None.

**EVALUATION:** None.

**FOLLOW-UP:** None.

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**NEW BUSINESS**

**CONSENT AGENDA – ROBERTO JIMENEZ, M.D.**

A. Consideration and Appropriate Action Regarding Medical-Dental Staff Recommendations for Staff Membership – **Nicolas Walsh, M.D., President, Medical/Dental Staff**

B. Consideration and Appropriate Action Regarding the Recommendation of the Executive Committee to Appoint Spencer W. Redding, DDS, as Interim Chair, Hospital Dentistry - **Nicolas Walsh, M.D., President, Medical/Dental Staff**

C. Consideration and Appropriate Action Regarding Purchasing Activities (See Attachment A) - **Francine Crockett**

**RECOMMENDATION:** Staff recommended approval of the consent agenda.
ACTION: A MOTION to approve staff’s recommendation regarding the items listed on the consent agenda was made by Mr. Smith, SECONDED by Mr. Engberg, and PASSED UNANIMOUSLY.

EVALUATION: None.

FOLLOW-UP: None.

ITEMS RELATED TO PLANNING & OPERATIONS – LINDA RIVAS, CHAIR, PLANNING & OPERATIONS COMMITTEE

UPDATE ON CAPITAL IMPROVEMENT PROGRAM ACTIVITIES – MARK WEBB

SUMMARY: Mr. Webb reported that the second construction worker who was injured during the collapse on February 14, 2011, was released from the hospital earlier today. Safety continues to be a major concern. University Hospital, daily “Patient First” and weekly group safety walks are being conducted by the construction manager, project manager, lead program manager, and Health System staff to identify any safety hazards that may occur throughout the campus. Most items identified to date involve protective barriers, way finding, and signage. Leadership in Energy and Environmental Design (LEED) efforts at both campuses are still in line to achieve a Gold level certification. Current estimates have the LEED program achieving 44 credit points at University Hospital and 41 points at the RGG campus. The team at the RBG Campus continues to track credits and is in the process of submitting a Credit Information Request (CIR) for energy use to request a variance for the exterior art in public places lighting scheme.

15.3 millions pounds of total waste has been diverted from a landfill and recycled to date and is equivalent to 96% of total construction waste to date.

Total recycled material in the West Parking Garage is 50%. 94% of all steel has come from recycled sources within; with 91% of materials coming from sources within. The capital improvement team coordinated a blood drive targeting the construction workers on site on April 7 from 2 to 7 pm at University Hospital. Appreciation/incentive gifts are available.

Mr. Webb provided additional details as requested by Ms. Rivas regarding the status of the Milagros Building at the RBG campus. The building is currently occupied by the Bexar County Pretrial Services Division. Once this group is relocated to the nearby Toudouze Building (estimated to be in September 2011), the purchase of the Milagros building will be completed and then renovated for use as the new pharmacy. The Milagros Building provides 16,457 gross square feet of space with approximately 4,000 sf. to remain as shell space.
West Parking Garage Incident Summary:

Mr. Webb, along with representatives from Zachry Vaughn Layton, Jacobs, Broaddus+Munoz, and Perkins+Will submitted a joint written report on the findings thus far regarding the incident that occurred on February 14, 2011 at University Hospital. These findings will be released to the public at a press conference on Wednesday morning, March 30, 2011:

After considerable review of the construction documents, field reports, test reports, as well as numerous field inspections, four of the forensic experts identify the following as the primary factors that led to collapse of the North Prow area of the West Parking Garage, which was independent structure from the main garage.

- Repair and post repair bracing of a column in the North Prow
- Timing and sequence of grout installation during erection between columns or in column
- Extent of lateral bracing utilized during erection
- Extent of diagonal bracing utilized during erection
- Erection procedures and sequence
- Pier extension that only occur in the North Prow

The issues above are all probable causes and are in no specific order. There are a total of 13 forensic experts involved and today’s report is a consensus of the independent experts hired by each of the parties involved.

Although it will be several months before the North Prow investigation is complete, the construction manager, project manager, program manager, and forensic experts are in agreement that construction activities on the unfinished portion of the garage (west side, not the North Prow area) should resume. The existing columns 1 and 2 on the west end of the garage were thoroughly reviewed, resulting in some remedial work to those columns, and there are no indications that re-building should not continue.

As construction resumes, the Construction Manager and Project Manager will implement the following to ensure safety of construction.

- ZVL to ensure a comprehensive temporary bracing plan is utilized, including daily inspections
- ZVL to observe all grouting, foundation, and pier cap installation procedures, have appropriate independent testing entities take necessary samples for testing, and provide daily written reports
- Broaddus+Muñoz to confirm compliance before the next day’s work and submit daily written reports to Jacobs and UHS staff
Mr. Webb introduced Allyn Kilsheimer, the forensic expert retained by the Health System. He is with KCE Structural Engineers and has been doing this type of work for 53 years. He has studied 200 collapses, including 30-40 pre-cast garages such as the one at University Hospital. Mr. Kilsheimer emphasized how fortunate everyone involved was in that nobody was killed during the collapse. He commended the parties involved for their cooperation and helpfulness during this phase of the investigation. The engineering review process evaluates one cause at a time and eliminates one item at a time from the list of many possibilities. In his experience, the way pre-cast garages are designed, there will be at least 50 things that could have caused the collapse, except in those cases involving terrorist activity or natural disasters.

RECOMMENDATION: This report was provided for information purposes only.

ACTION: None.

EVALUATION: Mr. Adams thanked Mr. Kilsheimer for the candid report. Board members were pleased to learn that the parties are all willing to cooperate. Mr. Adams emphasized the importance of maintaining the Health System’s highly respected reputation by providing open and transparent information. Board members agreed that the most important objective is to find the reason for the collapse.

Dr. Jimenez expressed concern with Mr. Kilsheimer’s analogy which compared the building of a pre-cast garage to a deck of cards – that if something goes wrong the entire thing will come down. Since various factors come into play at any particular moment, it raises the issue of people having different views and how these views play into each other. He questioned how the final forensic report would be helpful to the contractors in preventing this from happening again with so many views to consider. Mr. Kilsheimer pointed out that pre-cast garages are designed with a redundant process in mind. If one step is omitted, something can go wrong. In this case, the grout was not there so the redundancy was broken. He assured Dr. Jimenez with the technology available today, the final report will be helpful to the contractors in preventing this from happening again.

Dr. Jimenez asked about the costs involved for corrections and safety measures that will need to be implemented as a result of the expert findings. The clean up will have costs associated but neither the cleanup nor the safety items will impact the Health System.

Mr. Engberg asked if there was any indication at this point that there is a need to adjust the work crew or the parties involved in the construction of the garage. Mr. Johnson with Zachry Vaughn Layton reminded the Board that this particular crew built nearly 800,000 square feet of parking structure in 6 months. This is a tremendous effort and they are very good at what they do. However, when the review process is closer to determining the specific causes he will make some careful selections based on those observations. He assured the Board that they continue to
evaluate the crew and their individual responsibilities on an on-going basis. Mr. Johnson will keep the Board informed, through Mark Webb, on this particular issue.

Mr. Briseno asked that the term “pier extension” be explained. A pier extension is a cylinder piece of concrete structure with reinforcing steel inside of it that projects from the ground. Mr. Briseno asked why the written report had not been signed by Perkins+Will. Mr. Milner replied that the lack of signature was a matter of logistics, not report content. He offered to sign the written report upon the conclusion of the Board meeting.

**FOLLOW-UP:** Mr. Webb will provide monthly updates on the investigation as part of the CIP update. In addition, Ms. Rivas asked that he provide a detailed report on any remedial corrections/improvements on the west parking garage, and any costs associated with that work, if any. Also, she asked to be informed if at any time there are changes to the crews or the contractors who are performing the work due to the experts’ findings. Finally, Ms. Rivas asked to be provided with a list of the 13 experts – their names, companies, and who they represent.

**UPDATE REGARDING THE ROBERT B. GREEN CAMPUS DESIGN ENHANCEMENT PUBLIC ART PROGRAM TO INCLUDE WORKS CREATED BY THE LATE ARTIST, CHUCK RAMIREZ – MARK WEBB**

**SUMMARY:** This item was tabled by staff until the April meeting.

**RECOMMENDATION:** None.

**ACTION:** None.

**EVALUATION:** None.

**FOLLOW-UP:** This item will be presented to the Board Return for the Board’s consideration in April.

**REPORT ON SYNTHESES SPINAL IMPLANTS – PHYSICIAN PREFERENCE ITEM COST REDUCTION INITIATIVE - FRANCINE CROCKETT/CHRISTANN VASQUEZ PDATE ON**

**SUMMARY:** In January 2006, a Value Analysis Program (VAP) was developed within the Health System to help control and address escalating supply costs. Value Analysis Coordinators were hired to coordinate, facilitate and implement the various aspects of the Program. Components of the VAP includes the utilization of Product Evaluation Committees, standardization, identification of supply cost savings opportunities, identification of items that were currently being ordered “off” contract and will provide more value and savings to the Health System by being placed on contract, identification of contract consolidation opportunities, reduction in the cost of physician preference items and to overall act as a liaison between the Purchasing department, Administration, Physicians and the Clinical staff to ensure cost effective assessment and utilization of products.
In May 2010, the Health System entered into a contract with Aspen Healthcare Metrics, a national, hospital consulting company that focuses on operating margin enhancements within clinical service lines. The Health System’s project involves the consultants engaging the physicians to work in partnership with administration and vendors to achieve sustainable, effective efforts to improve care and achieve savings through the cost reduction of Physician Preference Items (PPI). PPI items are the largest single cost in specialty clinical services and can be defined as implants and/or implantable devices, as well as expensive disposable items used during surgical procedures (i.e. stents, catheters, heart valves, pacemakers, leads, total joint implants, spine implants and bone products).

Throughout the process, the goal is not to limit physician choice but for the Health System to reduce cost through achieving better pricing on PPI choices. To achieve this goal, Aspen consultants work closely with “physician champions” to gain physician support and consensus, to renegotiate and solidify cost savings associated with PPI, and to implement the identified savings opportunities.

In December 2010, the Health System sent an Authorization of Participation (AOP) to various spinal implants vendors. An AOP is different from the customary Invitation for Bid and Request for Proposal because an AOP has established base/target prices that gives the vendor the right to compete with other vendors who are willing to meet the base/target prices; pricing may be lowered from this base, but not increased. Those who meet the base/target prices or offer a lower price are offered an opportunity to participate in the Health System’s procurement opportunity for the designated PPI item(s). Synthes USA Sales, LLC complied with the terms of the AOP.

As compared to the previous contract, there is a 26.2% or $691,502 savings. These savings are the result of the Aspen Healthcare Metrics Initiative whereby the AOP methodology was utilized and physician champions worked in partnership with administration to achieve the identified savings from the vendor. Additionally, this is an identified Year 2011 Value Analysis Accountable Management Action to Reduce the Cost of Physician Preference Items.

**RECOMMENDATION:**

This report is provided for information purposes only.

**ACTION:**

None.

**EVALUATION:**

None.

**FOLLOW-UP:**

This 2011 value analysis accountable management action to reduce the cost of physician preference items will return for consideration and appropriate action by the Board of Managers as outlined above in April.
ITEMS BEING RECOMMENDED BY THE BUDGET AND FINANCE COMMITTEE - ROBERT ENGBERG, CHAIR, BUDGET & FINANCE COMMITTEE

ITEMS RELATED TO THE CAPITAL IMPROVEMENT PROJECT:

UNIVERSITY HOSPITAL

CONSIDERATION AND APPROPRIATE ACTION TO AMEND THE PROFESSIONAL SERVICES CONTRACT WITH PERKINS+WILL FOR ARCHITECTURAL SERVICES FOR MODIFICATIONS TO PATIENT ROOM DESIGN FOR THE TRAUMA TOWER – MARK WEBB

SUMMARY: During the March 22, 2011 Board of Managers meeting staff was directed to negotiate a one third fee reduction with Perkins+Will for the costs associated with the modifications to the patient room design with the remaining two thirds being paid equally to Perkins+Will by the Project Manager – Broaddus+Muñoz and the Health System. Staff is requesting to revisit the item with the Board based on additional information:

During the design challenge, conceptual design phase, and schematic design phase there were numerous discussions between staff, design team, and project manager regarding the design of the patient rooms. As part of the process, staff identified key criteria which were then utilized by the design team to develop the patient room concept and layout. This process yielded a patient room design that had the patient head wall and bathroom on the same side of the room. While this design improved patient self-help and safety, the design did not provide the patient with easy access to his or her family nor maximized natural light, an important criterion for patient wellness. Unfortunately, this was not completely recognized until the initial patient room mock ups were completed. The timing of the room mock up could have been earlier but staff did not anticipate any major changes would be required in the patient room design and opted to move quickly toward construction of the new tower to take advantage of the current favorable construction market. While this has been advantageous to the Health System on construction costs, it shortened our ability to catch design matters before significant design work had been completed. However, the shortened time frame did allow us to catch the patient room design issue significantly in advance of construction so no construction cost impact exists.

After review of the patient room mock ups, Perkins+Will was directed by the CIP team to perform studies and develop designs based upon a reprioritization of criteria previously provided by the Health System making outside views from the patient bed most important. As a result of the studies, the patient rooms were redesigned. The new patient room
design provides a reconfigured patient room with a foot wall/outboard toilet arrangement, redesigned toilet room configuration, relocated furniture and medical equipment away from the family side of the patient bed and a family zone located closer to the patient. The new plan offers increased daylight, views to the outside, and clarity of a defined family zone with a direct view of the patient.

Since this design change requires significant architectural and engineering redesign effort affecting major mechanical and electrical systems, Perkins+Will initially indicated the redesign fee could exceed $900,000. However, understanding the significance of the change and the desire to make the room improvements, Perkins+Will re-evaluated their fee, and through negotiations with staff and the Project Manager, reduced the fee increase to $334,460. Because these changes happened at this stage of the design process, there was no impact to the construction budget.

Modification #8 amends the Architectural Services contract with Perkins+Will to design the Patient Rooms located in the new Trauma Tower located at University Hospital. Funding is available through the University Hospital project contingency fund approved by the BCHD Board of Managers. To date, of the $24.5M project contingency contained in the UH project budget, $2.8M has been allocated by the Board for use with approximately $1.5M or 6.1% appropriated for expenditure to date.

Participation goals for this contract remain at 29% for SMWVBE and 60% for local firms. The original contract in the amount $45,310,513 was approved by the Board of Managers in July 2009. Modification #1 through #7 total $3,397,257. The total value of this contract including Modification #8 is $49,042,230.

**RECOMMENDATION:** Staff recommends the Board of Managers approve a contract increase for design services in the amount of $334,460 and authorize the President/CEO to execute the amendment to the Perkins+Will agreement in that amount. At this time Mr. Webb informed the Board that Perkins+Will had made a gesture to grant an additional 10% discount to this amount.

**ACTION:** A **MOTION** to approve 90% of the $334,460 fee was made by Mr. Briseno, **SECONDED** by Mr. Smith, and **PASSED UNANIMOUSLY**.

**EVALUATION:** Mr. Briseno reported that he met with staff after last week’s meeting and was informed that the initial fee was $900,000, and that staff had successfully negotiated a reduction to $334,460. This information was not provided on March 22. During his meeting with staff, Mr. Briseno shared the following concerns and guidance with staff: First, the importance of focusing staffs’ attention on all matters surrounding this very public project. Secondly, staff’s need to assure the Board that they are taking steps to preclude this from happening again. This is the largest public project in Bexar County, we had a very visible collapse in the
initial stages of the construction at University Hospital, and the Board has already approved half of one million dollars in additional changes. The Board’s job is to communicate to the public that they are “watch dogs” for their money. Right now, the Health System is vulnerable in terms of a lack of confidence in how we do business. We started with a design team at $45 million, approved an additional $3 million in changes, and a total of $68 million in professional service fees at University Hospital, plus $16 million for the program managers to oversee the downtown and medical center projects. All of these folks are experts. The Board needs to have confidence in their work because they are getting paid a lot of money to do this for us.

Mr. Briseno feels that it’s very important for the Board to provide a message that it will not be a rubber stamp. The Board is not going to approve anything and everything that is brought before it. The Board needs to ensure that 1) this job is getting done right; and 2) if there are mistakes, that we learn from those mistakes and take steps to preclude them from occurring in the future. The Board’s job is to create an awareness that they are looking to the experts for that responsibility and accountability.

Mr. Engberg was in agreement stating that we should have made the corrections earlier in the process. The oversight was on our part and on the experts’ part and at some point we signed off on it.

Dr. Jimenez thanked Mr. Briseno for taking the lead on this matter. It demonstrates to the Board that these things can and will happen. He thanked staff for doing a great job despite having to move very quickly, while addressing various issues and ensuring that the facility remains operational. The Board acknowledged that building a facility of this magnitude involves a lot of technology, issues and resources.

FOLLOW-UP: As indicated above.

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH THE MEDICAL TEAM TO PROVIDE HOME HEALTH PROFESSIONAL SERVICES - RICHARD RODRIGUEZ

SUMMARY: Modification #3 exercises the option to renew the contract with The Medical Team, Inc., for Home Health Services (i.e. skilled nursing visits, physical therapy, occupational therapy, speech therapy, social work and home health aides). Home Health Services are provided as part of the CareLink schedule of benefits to facilitate inpatient discharges and to reduce length of stay. Additionally, through the Care Coordination department, this contract provides authorized Home Health Services to Health System sponsored patients. This is a planned expense and operating funds have been included in the Year 2011 Operating Budget. The original contract was approved by the Board of Managers in May 2008 and included an option to renew for two additional one-year terms.
Modification #1 was an administrative modification correcting the vendor's address. Modification #2 in the amount of $315,000 exercised the first renewal option and Modification #3 exercises the second and final option. The total value of this contract including Modification #3 is $1,341,829. As compared to the previous contract, there is no change in the contracted rate which continues to be based on a negotiated fee for services rate that is approximately 95% of the Medicare fee schedule. The allocation of the contracted dollars are CareLink $256,829 and Sponsored Care $100,000. This contract includes performance standards that address quality of care, access, appropriate utilization and customer satisfaction. The Medical Team, Incorporated is classified as a Woman Owned Business Enterprise (WBE). The Medical Team, Incorporated has an Affirmative Action Plan or Policy in effect. The Medical Team, Incorporated has a total of 95 employees. The Workforce Composition Data was reviewed with the Board.

RECOMMENDATION: Staff recommends Board of Managers approval for an agreement with The Medical Team in the amount of $356,829 for a one year period, based on a fee for service rate that is approximately ninety-five percent (95%) of the Medicare fee schedule.

ACTION: A MOTION to approve this contract based on a fee for service rate that is approximately ninety percent (90%) of the Medicare fee schedule was made by Mr. Adams, SECONDED by Mr. Briseno, and PASSED UNANIMOUSLY.

EVALUATION: Ms. Rivas initiated a discussion regarding standard negations with all vendors who provide patient care services at 90% of the Medicare fee schedule. Staff was directed to re-negotiate this contract at 90% of the Medicare fee schedule if at all possible, and to resubmit for the Board’s consideration if the rate it is not negotiable.

FOLLOW-UP: As indicated above.

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH EL CENTRO DEL BARRIO D/B/A CENTRO MED TO PROVIDE PRIMARY CARE PROFESSIONAL SERVICES – VIRGINIA MIKA, PH.D./GARY MCWILLIAMS, M.D.

SUMMARY: As part of the CareLink schedule of benefits, this contract provides Primary Care Services to CareLink members. Services to be included under this contract include physician office visits, family planning, immunizations, nutritional and dietetic counseling and preventive care. This is a planned expense and operating funds have been included in the Year 2011 Operating Budget. This is a fee for service agreement which is based on 95% of the current Medicare fee schedule. This contract shall automatically renew for up to four successive one (1) year terms unless either party gives notice of non-renewal not less than 90 days prior to the expiration date. This contract includes provisions for compliance with the Health System utilization review and quality assurance programs,
eligibility verification, and CareLink pre-authorization requirements. Centro Med does not have an Affirmative Action Plan. However, a copy of their Equal Employment Opportunity Statement and Policy was provided. Centro Med has a total of 418 employees. The Workforce Composition data was reviewed with the Board.

RECOMMENDATION: Staff recommends Board of Managers approval for an Agreement with El Centro Del Barrio d/b/a CentroMed for a total estimated amount of $1,663,052 for a one year period based on ninety-five percent (95%) of the current Medicare fee schedule.

ACTION: A MOTION to approve this contract based on a fee for service rate that is approximately ninety percent (90%) of the Medicare fee schedule was made by Mr. Adams, SECONDED by Ms. Rivas, and PASSED UNANIMOUSLY.

EVALUATION: A discussion ensued regarding standard negations with all vendors who provide patient care services at 90% of the Medicare fee schedule. Staff was directed to re-negotiate this contract at 90% of the Medicare fee schedule if at all possible, and to resubmit for the Board’s consideration if the rate it is not negotiable.

FOLLOW-UP: As indicated above.

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH THE CENTER FOR HEALTH CARE SERVICES TO PROVIDE PSYCHIATRIC PROFESSIONAL SERVICES – VIRGINIA MIKA, PH.D./GARY MCWILLIAMS

SUMMARY: As part of the CareLink schedule of benefits, this contract provides professional Psychiatric Services to CareLink members. Services include pharmacologic management, psychiatric diagnostic interviews and individual psychotherapy. This is a planned expense and operating funds have been included in the Year 2011 Operating Budget. This is a fee for service agreement which is based on 90% of the current Medicare fee schedule. This contract includes provisions for compliance with the Health System utilization review and quality assurance programs, eligibility verification, and CareLink pre-authorization requirements. The Center for Health Care Services does not have an Affirmative Action Plan. However, a copy of their Equal Employment Opportunity Statement and Policy was provided. The Center for Health Care Services has a total of 792 employees. The Workforce Composition Data was reviewed with the Board.

RECOMMENDATION: Staff recommends Board of Managers approval of an Agreement with The Center for Health Care Services for a total estimated contract amount of $588,424 for a one year period based on 90% of the current Medicare fee schedule.

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

EVALUATION: None.
CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH MCKESSON HEALTH SOLUTIONS TO PROVIDE CLAIMS EDITING SOFTWARE – GREG GIESEMAN

SUMMARY: Contract provider Community First Health Plans will provide Claims Editing Software (i.e. scrubbing, auditing, and editing). This is a planned expense and operating funds have been included in Community First Health Plans 2011 Operating Budget. The Board of Community First Health Plans approved this item at their March 17, 2011 meeting. This application saves CFHP approximately $630,000 per year in medical expenses. This agreement has automatically renewed for one year at the current prevailing rate of $519,000; the annual rate for 2010 was $207,000. However, after successful negotiations, McKesson Health Solutions has agreed to a two year agreement at a cost of $458,200. This is an annual cost of $229,100 which is 10.7% higher than the 2010 rate and a $289,000 or 140% reduction from the current prevailing rate. McKesson Health Solutions has an Affirmative Action Plan or Policy in effect. McKesson has a total of 1259 employees. The Workforce Composition Data was reviewed with the Board.

RECOMMENDATION: The Board of Directors of Community First Health Plans, Inc., recommends approval of the two year renewal agreement with McKesson for a total value of $458,200.

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

EVALUATION: None.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING REPORT FOR FEBRUARY 2011 FINANCIAL STATEMENTS – PEGGY DEMING

SUMMARY: For the month, activity was equal to the budget for the Clinical Services (as measured on the discharges adjusted for outpatient activity). Community First Health Plan (CFHP) fully-insured membership was down 1.0%. From operations, the Health System experienced a $1.8 million gain which was $203,000 better than the budgeted loss of $1.6 million due to lower operating expense. Investment income was above budget by $98,000 due to higher interest rates than budgeted. An unrealized market loss of $388,000 was recorded due to an increase in interest rates as the economy is showing signs of slow growth. The bottom line gain in excess of expenses excluding debt service was $1.9 million for the month which was $87,000 lower than the budgeted gain. Included in the above results is CFHP which experienced a $965,000 bottom line gain ($619,000 better than the budgeted gain of $346,000). Debt service revenue was $3.6 million which is equal to the budgeted
debt service payment of $3.6 million. Ms. Deming reviewed notable increases and/or decreases from the consolidated balance sheet in detail.

RECOMMENDATION: Staff recommends acceptance of the February financial statements subject to audit.

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

EVALUATION: None.

FOLLOW-UP: None.

**REPORT ON RECENT RECOGNITIONS AND UPCOMING EVENTS—LENI KIRKMAN**

**SUMMARY:** Ms. Tricia Aleman provided a detailed written report on recent recognitions received by the Health System and media highlights as well as upcoming events. She informed the Board that Ms. Rebecca Cedillo was inducted to the San Antonio Women’s Hall of Fame on Saturday, March 26. She was selected to receive this significant honor for her service in the area of Civic Leadership. In addition, today *U.S. News & World Report* released its Best Hospitals rankings for 52 metropolitan areas across the United States. University Hospital is ranked FIRST in the San Antonio metropolitan area.

RECOMMENDATION: This report was provided for information purposes only.

ACTION: None.

EVALUATION: None.

FOLLOW-UP: A copy of the U.S. News &World Report article which appeared in the San Antonio Business Journal will be provided to the Board of Managers tomorrow.

**INFORMATION ONLY ITEMS:**

**UPDATE ON THE 82ND LEGISLATIVE SESSION – ANDREW SMITH**

**SUMMARY:** Mr. Smith submitted a written update on the 82nd legislative session.

RECOMMENDATION: None.

ACTION: None.

EVALUATION: None.

FOLLOW-UP None.

**Closed Meetings:**

The public meeting of the Board of Managers recessed at 8:00 p.m. for a closed session to evaluate the quality of medical and/or health care services as permitted by Section 161.032 of the Texas Health & Safety Code. (Vernon Supp. 2008). The closed session ended at 8:19 p.m.
A second closed meeting followed at 8:20 p.m. pursuant to TEX. GOV’T CODE, Section 551.074 (Vernon 2004) to evaluate the performance and duties of the President/CEO. The closed meeting ended at 9:50 p.m.

Dr. Jimenez reconvened the public meeting of the Board of Managers at 9:51 p.m.

CONSIDERATION AND APPROPRIATE ACTION REGARDING ANNUAL EVALUATION OF THE PERFORMANCE AND DUTIES OF THE PRESIDENT/CEO—JIM ADAMS

SUMMARY: Mr. Adams reported that Dr. Jimenez had appointed a Compensation Review Committee consisting of himself, Alex Briseno and Rebecca Cedillo to complete an extensive evaluation of the performance of the President/CEO. The committee met earlier today and has discussed its recommendation with the full Board in closed session.

RECOMMENDATION: Based on Mr. Hernandez’ performance and accomplishments, the committee recommends that Mr. Hernandez’ salary for 2011 be adjusted to $445,000 annually, retroactive to January 1, 2011. Further, as incentive compensation earned for his performance during 2010, the Committee recommends a one time payment of $65,000.

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

EVALUATION: None.

FOLLOW-UP None.

ADJOURNMENT:

There being no further business, Dr. Jimenez adjourned the public meeting at 9:52 p.m.

__________________________________ ______________________________
Roberto L. Jimenez, M.D., F.A.P.A.  Ira Smith
Chairman, Board of Managers   Secretary, Board of Managers

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Sandra D. Garcia, Recording Secretary