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

Tuesday, May 27, 2014
6:00 p.m.
Board Room
Texas Diabetes Institute
701 S. Zarzamora
San Antonio, Texas 78207

MINUTES

BOARD MEMBERS PRESENT:

James R. Adams, Chair
Linda Rivas, Vice Chair
Roberto L. Jimenez, M.D., Immediate Past Chair
Robert Engberg
Ira Smith
Dianna M. Burns, M.D.
Robert A. Gilbert

OTHERS PRESENT:

George B. Hernández, Jr. President/Chief Executive Officer, University Health System
Bryan Alsip, M.D., Executive Vice President/Chief Medical Officer, University Health System
Felix Alvarez, Executive Director, Procurement Services, University Health System
Ted Day, Vice President, Strategic Planning & Business Development, University Health System
Peggy Deming, Executive Vice President/Chief Financial Officer, University Health System
Don Finley, Senior Writer, Corporate Communications, University Health System
Greg Gieseman, President/Chief Executive Officer, Community First Health Plans, Inc.
Francisco Scarano-Gonzalez, M.D., Dean, School of Medicine, UTHSCSA
Michael Hernandez, Vice President/Chief Legal Officer, University Health System
Barbara Holmes, Vice President/Chief Financial Officer, Community First Health Plans, Inc.
C. Reed Hurley, Assistant Chief Financial Officer, University Health System
Leni Kirkman, Vice President, Strategic Communications & Patient Relations, University Health System
Bill Phillips, Senior Vice President/Chief Information Officer, University Health System
Nancy Ray, Senior Vice President/Chief Nurse Executive, University Health System
Michelle Ryerson, Senior Vice President/CNO/COO, Pediatric Clinical Services, University Health System
Theresa Scepanski, Vice President/Chief Administrative Officer, University Health System
Christann Vasquez, Executive Vice President/Chief Operating Officer, University Health System
Mark Webb, Senior Vice President/Facilities Administration, University Health System
And other attendees.
CALL TO ORDER AND RECORD OF ATTENDANCE: JIM ADAMS, CHAIR, BOARD OF MANAGERS

Mr. Adams called the meeting to order at 6:04 pm.

INVOCATION AND PLEDGE OF ALLEGIANCE:

Mr. Adams introduced Mr. Christopher Mack, Associate Pastor for Young Adults, Trinity Baptist Church, for the invocation, and he led the pledge of allegiance.

CEREMONIAL SWEARING IN OF DR. DIANNA M. BURNS AND ROBERT A. GILBERT – THE HONORABLE NELSON W. WOLFF, BEXAR COUNTY JUDGE

SUMMARY: Mr. Adams welcomed and introduced new Board members, Dr. Dianna M. Burns and Mr. Robert A. Gilbert. Dr. Burns is a pediatrics physician in private practice and is very well-known and well-respected in the community. Mr. Gilbert is Vice President at USAA, he has the huge task for government relations. Mr. Adams yielded the floor to Judge Nelson Wolff who was present to administer Oaths of Office to both of his Board appointees.

RECOMMENDATION: None.
ACTION: None.
EVALUATION: Judge Wolff praised the staff and thanked the Board members for their incredible their work and recent achievements. He thanked the Health Science Center for providing excellent physicians to work at Health System facilities.
FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION TO ELECT A SECRETARY OF THE BOARD OF MANAGERS TO FILL THE UNEXPIRED TERM OF REBECCA CEDILLO—JIM ADAMS, CHAIR

SUMMARY: Pursuant to Article IV, B. of the Board of Managers Bylaws, Mr. Adams yielded the floor to Mr. Smith for nomination of a Board member to fill the unexpired term of the Board Secretary position left vacant by Ms. Rebecca Cedillo effective immediately through September 30, 2014.

RECOMMENDATION: Mr. Smith nominated Dr. Dianna M. Burns.
ACTION: A MOTION nominating Dr. Dianna M. Burns to serve as Secretary was made by Mr. Smith, SECONDED by Mr. Gilbert and PASSED UNANIMOUSLY.
EVALUATION: Dr. Burns graciously accepted the nomination. This is an interim appointment until the Board’s elections in the fall.
FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING AN APPOINTMENT TO THE BOARD OF TRUSTEES OF THE CENTER FOR HEALTH CARE SERVICES – JIM ADAMS/DR. ROBERTO JIMENEZ

SUMMARY: This item was pulled by Mr. Adams. No action was taken by the Board of Managers
RECOMMENDATION: None.
ACTION: None.
EVALUATION: None.
FOLLOW-UP: None.

CITIZEN PARTICIPATION: None.

REPORT FROM THE HEALTH SCIENCE CENTER – WILLIAM HENRICH, M.D., PRESIDENT BY FRANCISCO GONZALEZ-SCARANO:

SUMMARY: Dr. Gonzalez introduced the physician leaders present. He reported that the School of Medicine’s commencement ceremony on Saturday, May 24, 2014, graduated 218 new physicians. It was a very nice ceremony with a commencement address by USAA CEO and President, General Joe Robles, Jr. Dr. David Hillis, Chairman of the Department of Medicine, will retire effective January, 2015. A search committee, which will include a UHS representative, will be charged this summer. In the mean time, an interim Chair will be appointed and announced soon. Dr. David Weiss has also announced his retirement from his position as Vice President of Research to fill the full-time position of Dean for the Graduate School of Biomedical Sciences. Construction of the new building on the main campus in San Antonio is going well and the new School of Medicine is the Rio Grande Valley is moving along as planned.

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

CONSENT AGENDA – JIM ADAMS, CHAIR

CONSIDERATION AND APPROPRIATE ACTION REGARDING MEDICAL-DENTAL STAFF RECOMMENDATIONS FOR STAFF MEMBERSHIP – JOHN G. MYERS, M.D., PRESIDENT, MEDICAL/DENTAL STAFF

CONSIDERATION AND APPROPRIATE ACTION TO APPROVE UNIVERSITY HEALTH SYSTEM POLICY NO. 9.23, DEPARTMENT OF ECMO AND ADVANCED TECHNOLOGIES FOR SCOPE OF SERVICES FOR PEDIATRIC PATIENTS – KENDRA FROEHLICH/NANCY RAY

CONSIDERATION AND APPROPRIATE ACTION REGARDING PURCHASING ACTIVITIES (SEE ATTACHMENT A) – FELIX ALVAREZ/FRANCINE WILSON

SUMMARY: The items above were presented for the Board’s consideration
RECOMMENDATION: Staff recommended approval by the Board of Managers.
ACTION: A MOTION to approve staff’s recommendation was made by Ms. Rivas, SECONDED by Mr. Engberg, and PASSED UNANIMOUSLY.
EVALUATION: None.
FOLLOW-UP: None.
ACTION ITEMS:

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

UNIVERSITY HOSPITAL:

CONSIDERATION AND APPROPRIATE ACTION TO APPROVE THE GUARANTEED MAXIMUM PRICE FOR ADDITION OF RESPONDER SYNC FOR SKY TOWER AT UNIVERSITY HOSPITAL (GMP #13CC) —MARK WEBB/BILL PHILLIPS

SUMMARY: To date, twenty-seven (27) guaranteed maximum prices (GMPs) have been developed for the new Hospital Tower project and were identified in Mr. Webb’s written report to the Board. This twenty-eighth GMP provides for the addition of Responder Sync which will maximize the Rauland Borg Responder V Nurse Call System, currently installed and fully operational in the new Sky Tower at a cost of $149,416, to be paid from project funds. The Responder Sync will allow integration with the Savant Automated Guided Vehicle communications systems and possible integration with the existing Teletracking and Philips Monitoring systems, both of which are currently operating as functional, standalone systems. The Responder Sync system provides an open-source database integration portal that allows the Responder V system to communicate with other applications and tools the Health System may choose to adopt in the future. This project addition will improve the workplace environment and provide an efficient operation, better patient care, and increase the operational efficiency of the new tower. These changes were related to the further development of design, requested by staff, and/or required due to operational changes. The participation goal for SMWVBE is 40% and the local participation goal is 80%. To date, SMWVBE participation of awarded construction projects is 38.3% and local participation is 74.2%. This does not include the dollars associated with the Construction Manager’s Fee or other project administrative costs including this GMP and insurance, bonds, permit fees, etc. Mr. Webb reviewed the SMWVBE numbers achieved for all construction GMPs to date. GMP dollars awarded to date is $532,521,737. GMP dollars remaining to procure is $14,725,160.

RECOMMENDATION: Staff recommends Board of Managers’ approval of an amendment to the Zachry Vaughn Layton Construction Management Agreement in the amount of $149,416 for GMP #13cc.

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

EVALUATION: None.

FOLLOW-UP: None.
CONSIDERATION AND APPROPRIATE ACTION TO APPROVE THE GUARANTEED MAXIMUM PRICE FOR ADDITION OF A NEW NURSE CALL SYSTEM FOR THE INTERIM OBSERVATION UNIT IN THE EXISTING EMERGENCY CENTER AT UNIVERSITY HOSPITAL (GMP#15K) —MARK WEBB

SUMMARY: To date, eleven (11) guaranteed maximum prices (GMPs) have been developed for University Hospital renovations and were described in detail in Mr. Webb’s written report. This eleventh GMP allows for materials and construction services to install a new Nurse Call System in the New Interim Observation Unit currently under construction in the former Emergency Center (EC) located on the ground level of the Horizon (‘81) Building for $61,900 to be paid from project funds. Currently, the vacated EC does not have a working nurse call system, although previous attempts have been made to correct the issue. Based on investigations, it was determined that the repairs were neither possible nor necessary due to the proximity of the patients to nursing staff and the impending move to the new Sky tower. Consequently, with the conversion of this space to the new Observation Unit, a nurse call system is required. This new system will be integrated and fully compatible with the Sky Tower’s Nurse Call System. The participation goal for SMWVBE is 40% and the local participation goal is 80%. To date, SMWVBE participation of awarded construction projects is 38.4% and local participation is 74.1%. This does not include the dollars associated with the Construction Manager’s Fee or other project administrative costs including this GMP and insurance, bonds, permit fees, etc. Mr. Webb reviewed the SMWVBE numbers achieved for all construction GMPs to date. GMP dollars awarded to date are $532,521,737. GMP dollars remaining to procure are $14,725,160.

RECOMMENDATION: Staff recommends Board of Managers’ approval to execute the amendment to the Zachry Vaughn Layton Construction Management Agreement for GMP #15k in the amount of $61,900.

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

EVALUATION: Mr. Smith briefed the Board regarding connectivity issues in the Sky Tower that were raised by physicians at the last Quality/Risk Management Committee meeting he attended. He was informed that staff can only be contacted by pager, not cellular phone, in certain areas of the Sky Tower, and that some physicians are carrying as many as three devices for communication purposes. Mr. Webb reported that this is due to a temporary system had been installed at the time the new building opened and that staff is currently working with AT&T as well as Verizon to install new antennas to resolve this particular issue. Mr. Adams acknowledged having been briefed on the issues and assured the physicians and his Board colleagues that staff is clearly focused in ironing out these wrinkles. It is his understanding that the communications system is top priority, along with other issues having to do with moving into a new one million square foot building. Another communications challenge has to do with new telephone numbers for all departments that moved into the Sky Tower. Dr. Jimenez interjected that for him, the worst problem has to do with the main UHS telephone number showing up on
caller identification, rather than individual office numbers. He goes through unbelievable hurdles to figure out whose call he has missed.

FOLLOW-UP: None.

ROBERT B. GREEN CAMPUS:

CONSIDERATION AND APPROPRIATE ACTION TO APPROVE THE CLOSE-OUT AND RETURN OF FUNDS FOR:

GUARANTEED MAXIMUM PRICE GMP #3D WITH BARTLETT COCKE FOR THE CONSTRUCTION OF THE MILAGROS PHARMACY BUILDING AT THE ROBERT B. GREEN CAMPUS (RBG – GMP 3D);

GUARANTEED MAXIMUM PRICE GMP #6V WITH BARTLETT COCKE FOR THE CONSTRUCTION OF THE CLINICAL SERVICES BUILDING AT THE ROBERT B. GREEN CAMPUS (RBG – GMP 6V);

GUARANTEED MAXIMUM PRICE GMP #6W WITH BARTLETT COCKE FOR THE CONSTRUCTION OF THE PEDIATRIC CLINIC AT THE CLINICAL SERVICES BUILDING AT THE ROBERT B. GREEN CAMPUS (RBG – GMP 6W)—MARK WEBB

SUMMARY: To date, four (4) guaranteed maximum prices (GMPs) have been developed for the Milagros Pharmacy Building at Robert B. Green Clinical Pavilion, seventeen (17) for new construction at the Robert B. Green Clinical Pavilion and three (3) for new construction of the Pediatrics Specialties Clinic. All work associated with RBG-GMP #3 Milagros Pharmacy, GMP #6 Clinical Services Building, and Pediatrics Clinic has been completed. The finish out work for the 2nd Floor to house the Toshiba Multipurpose X-Ray System was anticipated to be included with GMP #6 for $275,000. However, that work is being removed from Bartlett-Cocke’s GMP and will be accomplished by another construction contractor. Regarding the work successfully completed, the remaining funds in these GMPs will be returned to the Health System through three (3) credit amendments. Due to the competitive and diligent buy out process, the actual cost of work was less than the GMP total. Approximately $2.6M will be returned and will allow the Health System to fund and implement other projects. Bartlett-Cocke, the RBG Construction Manager (CM), has provided a final credit GMP in the amount of ($144) to close out GMP #3. Mr. Webb reviewed control estimates for GMPs 3, 3a, 3b, 3c, and 3d for a total of $3,323,387 and compared to actual amounts totaling $2,856,443.69. Bartlett-Cocke, the RBG Construction Manager (CM), has provided a final credit GMP in the amount of ($1,103,404) to close out GMP #6 Base Construction. Mr. Webb also reviewed the approved authorizations of amendments for Bartlett-Cocke for work associated with GMP 6 Base Construction (GMP 6 – GMP 6v) with a control estimate totaling $71,640,213, compared to actual GMP amounts totaling $72,709,360. Bartlett-Cocke, the RBG Construction Manager (CM), has provided a final credit GMP of pediatrics contingency savings in the amount of ($1,573,078) to be returned to the Health System’s Capital Fund and close out RBG-GMP #6 Pediatrics. Mr. Webb reviewed
previously approved authorizations for amendments with Bartlett-Cocke for work associated with this GMP 6 Pediatrics. The summarized budget below (includes all project costs-Construction, Professional Fees, FFE, etc.) for the Robert B. Green Campus and the Pediatric Project.

<table>
<thead>
<tr>
<th></th>
<th>Total Budget</th>
<th>Total Committed</th>
<th>Remaining Budget</th>
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<tr>
<td>RBG CIP Total</td>
<td>$135,165,283</td>
<td>$133,466,774</td>
<td>$1,698,509</td>
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<td>Pediatric Project</td>
<td>$12,605,219</td>
<td>$9,025,17</td>
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The participation goal for SMWVBE is 56% and the local participation goal is 95%. To date, SMWVBE participation of awarded construction projects is 61.69% and local participation is 98.56%. This does not include the dollars associated with the Construction Manager’s Fee or other project administrative costs (i.e., insurance, bonds, permit fees, etc.). The Board reviewed SMWVBE numbers achieved for all construction amendments to date.

**RECOMMENDATION:** Staff recommends Board of Managers’ approval of (3) amendments to the existing Bartlett-Cocke Construction Management Agreement in the total credit amount of ($2,676,625.31) for GMP #3d in the credit amount of ($144); GMP #6v in the credit amount of ($1,103,404); and GMP #6w in the credit amount of ($1,573,078).

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

**EVALUATION:** Ms. Rivas reminded the staff that earlier in the month she requested a complete report of CIP fund balances.

**FOLLOW-UP:** Staff will provide a complete report as requested by Ms. Rivas as soon as reserve funds are re-balanced, along with a report prioritizing capital items for 2014.

**CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS:**

**CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH ACCOUNT SERVICES COLLECTIONS, INC. D/B/A ACCOUNT SERVICES, USA FOR COLLECTION SERVICES PROVIDED TO CARELINK PATIENTS—VIRGINIA MIKA, PHD**

**SUMMARY:** The Health System contracted with Account Services Collections since November 2003, a collection agency that manages bad debt accounts for CareLink members. Accounts of CareLink A members (families below 75% of FPL) are never sent to a collection agency. Accounts of CareLink B and C members may be sent to a collection agency when the account has been inactive for at least six months with no payment activity. Account Services Collections is responsible for setting payment arrangements with the patient or receiving payment in full. There have been no complaints from the members regarding the vendor’s collection practices. Based on 2013 annualized data and the anticipation of an increase in accounts assigned to collections...
be $169,286. The term of this contract is for a two year period beginning August 1, 2014. The collection fees have been negotiated at a rate of 16.9 percent.

RECOMMENDATION: Staff recommends Board of Managers’ approval of an Agreement with Account Services Collections, Inc. d/b/a Account Services USA for a total estimated amount of $169,286.

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

EVALUATION: Mr. Adams asked the staff to ensure collection agencies under contract are aware that the Health System is not interested in harassing its patients. The agencies ought to be provided with guidelines consistent with the Health System’s mission and standards. Dr. Jimenez suggested production of a brochure that addresses itself to educating patients regarding the importance of paying their hospital bills, the history of CareLink, and how the program impacts this community.

FOLLOW-UP: Dr. Mika will visit with Dr. Jimenez to capture his ideas for the educational brochure he suggested.

CONSIDERATION AND APPROPRIATE ACTION REGARDING REPORT FOR APRIL 2014
FINANCIAL STATEMENTS—PEGGY DEMING

SUMMARY: Ms. Deming provided a graphics presentation outlining the budget challenges being faced this year. She reviewed 2014 actual bottom line amounts for January through April 2014 and compared the amounts to projected budget. She described current management challenges as lengths of stay, observations, pediatric transition plan, and revenue cycle enhancements. Ms. Deming reviewed actual length of stay data for the months of January through April and compared those numbers to the projected budget numbers. She reviewed management initiatives to address length of stay issues, such as daily hospital leadership meetings with case management and care coordination staff. This department has recently transitioned to hospital management and now reports to Mr. Brierty, the hospital administrator, and noted improved coordination with post acute providers.

A new reality for the Health System are observation stays. The year-to-date total discharges are down 577 (452 adult and 2125 pediatrics). Observation cases are up to 627 versus budget and is mainly attributed to the Medicare 2 Midnight Rule, effective October 1, 2013, which states that if the physician expects a patient to remain in the hospital less than 2 midnights, the patient should be considered an outpatient observation. Inpatient status should only be ordered if it is expected that the patient will be in the hospital at least two midnights, needing acute inpatient level of care. This is a year-to-date estimated $1.2 million negative bottom line impact. Management initiatives for observations includes grouping of observation patients in the Clinical Decision Unit, expeditious completion of the new Clinical Decision Unit (estimated mid-June), reduction of time in observation status (admit or discharge), improve turnaround time for testing and results for these patients, and change in the Department of Medicine’s rounding process.
The pediatric transition plan has presented a challenge in that activity has been lower than anticipated, with year-to-date discharges below budget by 125. Lower activity can be attributed to the recent designation of the Children’s Hospital of San Antonio as a Level 3 pediatrics trauma center. Management initiatives include the capture of hematology/oncology, and orthopaedics cases, changes in the referral/patient preference process, filling of specialty nurse positions (hired five pediatric specialty registered nurses, three registered nurses pending employment offers, and one technician hired at recent job fair).

The Health System is currently transitioning revenue cycle department to pay for value. Governmental and private payers are increasing denials due to lack of pre-certification, medical necessity, and timely filing. Management initiatives include working with MedAssets on a project to review current revenue cycle opportunities, denial prevention process (pre-authorization, medical necessity, timely filing), charge master review completed), and contract management modeling which will be complete by the end of July. Dr. Burns emphasized for her colleagues that providers are key in supplying clinical documentation as this piece also affects payment to providers.

The staff is actively engaged in maximizing supplemental revenue, such as Trauma funds, Tobacco, Uncompensated Care, and Delivery System Reform Incentive Payments (DSRIP). All April 2014 report milestones for DSRIP projects were achieved.

Discussion ensued regarding the process for resolving length of stay disputes between care coordination/case management staff and physicians, which Dr. Alsip described as collaborative. The process includes the patient’s attending physician and department chair, if necessary, as well as the Chief Medical Officer. Dr. Burns suggested that protocols in the Medical/Dental Staff Bylaws, including performance indicators and outcomes, would help in holding providers accountable in such cases, since some providers are more cautious than others. The Bylaws do not currently address length of stay or observation matters. Ms. Deming acknowledged room for improvement in the claims appeal process due to the loss of revenue that occurs when claims are denied or not timely filed.

Mr. Engberg asked about the application of solutions, since the losses are greater than staff predicted at the beginning of the year. How does the staff plan to make upward improvements? Is there a general feeling that there will be a dramatic upswing to make budget at the end of the year? Ms. Deming feels optimistic because revenue is better this month and staff is seeing improvement with length of stay issues as well as other benefits in terms of effort. The move into the new tower is complete and consumed a lot of time and resources the first quarter of the year. As things settle down after the move, Ms. Deming has a positive outlook as the Health System moves forward.
Dr. Jimenez asked for status reports regarding past issues, such as blood products and pharmaceuticals, big ticket items with a certain degree of control in terms of fluctuating prices that are expensive but necessary to the operations of the Health System. What is the staff’s best projection of what the future holds? The status reports ought to include where we are now and where are we headed.

Mr. Adams complimented the staff for providing this report. It suggests the staff understands the importance of the issues at hand. However, he looks forward to receiving future reports indicating how the issues described today are being resolved.

**RECOMMENDATION:** Ms. Deming’s written report was submitted for Board approval subject to audit.

**ACTION:** A MOTION to accept the financials subject to audit was made by Mr. Engberg, SECONDED by Ms. Rivas and PASSED UNANIMOUSLY.

**EVALUATION:** As indicated above.

**FOLLOW-UP:** Staff will provide a follow up report on blood products and pharmaceuticals as requested by Dr. Jimenez.

**PRESENTATIONS AND EDUCATION:**

**UPDATE ON CHILDREN’S HEALTH SERVICES — CHRISTANN VASQUEZ/MICHELLE RYERSON/TED DAY**

**SUMMARY:** Staff submitted a detailed, written report and provided a graphics presentation. Mr. Day reviewed a time line of the pediatric services in place at the time the Board approved the Agreement with UT-Medicine for Children’s Transition Services in February 2013:

**Outpatient Care Services** – 13 locations providing general pediatric services and specifically immunizations and well-child check-ups; 12 pediatricians employed by Community Medical Associates (6 were hired in 2012); Urgent care for Pediatrics at the Robert B. Green Campus (2012); Maternal Fetal Medicine (MFM) outreach clinics launched (2012)

**Inpatient Care Services** - Pediatric Burn Center, Neonatal Intensive Care Unit, Neonatal Transport Team (started 2010), General Pediatric Services, Level 2 Pediatric Trauma Center Designation (10/12/12)

In July of 2013, the Health System started its transition of the following pediatric specialties into the existing infrastructure:

Allergy & Immunology, Nephrology (Transplant), Cardiology, Neurology, Cardiothoracic Surgery, Neurosurgery, Complex Chronic Care, Ophthalmology, Cystic Fibrosis, Otolaryngology (ENT), Endocrinology, Pulmonary, Gastroenterology, Psychiatry, General Surgery, Transplant Surgery, Hepatology (Transplant), Urology, Nephrology Medicine
Additional support services have been established through the launch of the Pediatric “One-Call” physician referral system in November 2013, the Pediatric Critical Care Transport team in January 2014 and the Extracorporeal Membrane Oxygenation (ECMO) Service in April 2014. As of April 14, 2014, University Hospital also has the first and only dedicated Cardiac Pediatric Intensive Care Unit within Bexar County.

Mr. Day and Ms. Ryerson described the following implementation challenges:

- Dynamic environment produced recruitment challenges for nurses and other clinicians
- Cultural shift to accommodate children’s services within system, particularly within support services
- New “team” models
- Transition to Sky Tower
- Training and preparation of staff and new services while operational
- Transition to 2-Unit Intensive Care Unit model

Staff reviewed all hospital campus and ambulatory children’s health locations as well as pediatric inpatient activity from 2012 through the first quarter of 2014, actual and projected versus budgeted activity. Mr. Day also reviewed revised year-end projections for selected inpatient services:

- Cardiac Surgery – decreased volume projected
  - Perioperative/SPD transition to Sky Tower
  - Patient LOS higher than projected, consuming nursing resources
- General Surgery – decrease due to revised transition date for Oncology
- Oncology Medical – decrease due to revised transition date
- Orthopedics – increase due to unexpected transition of non-trauma orthopedics

The total net financial impact of the revised projections is $4.9 million for fiscal year 2014

Staff reviewed pediatric outpatient volume at the Robert B. Green campus actual and projected volume versus budget growth for 2014. Since the transition of General Pediatrics and Specialty Pediatrics Clinics to the Robert B. Green Campus, providers saw almost 1,600 encounters in the fourth quarter of fiscal year 2013. In the first quarter of 2014, those same clinics had over 8,000 patient encounters. With the addition of the new outpatient pediatric call center managed by Beryl Health beginning in April 2014, volumes and access are expected to improve. It is also important to note that the Health System opened a pediatric outpatient dialysis center, only the second of its kind in all of South Texas. Mr. Day reviewed strategic tactics for 2014 with the Board.

Staff highlighted the terms of the Hematology-Oncology contract approved by the Board on April 29, 2014. The contract period is August 1, 2014 – December 31, 2015. With the transition of this additional service
line, staff continues to routinely monitor the quality of service provided to patients by physicians and the clinical team through monthly meetings to review quality metrics and patient and family satisfaction. Feedback from formal patient satisfaction surveys will be reviewed and utilized to transition and deliver high quality services. Staff has also begun to introduce pay for performance quality metrics in several key areas.

**RECOMMENDATION:** This report was provided for informational purposes.

**ACTION:** No action by the Board of Managers was required.

**EVALUATION:**

With the opening of the San Antonio Children’s Hospital and Methodist children’s units, Ms. Rivas asked about the retention of patient care personnel. What are we doing to hire staff, train them, and retain them? Ms. Ryerson described the unique initiatives taking place in the recruitment of pediatric-experienced nurses. The most important thing as far as retention is to develop relationships with the staff, recognize, and promote from within as well as, create balance in the workplace. For example, this year the Health System has already made a change to the per diem rate for PRN nurses. We know that pediatric nurses throughout the city will want to work at UHS on a PRN basis, and that is a small way to incentivize.

Regarding inpatient activity and volume, staff anticipates the upward trends will continue. The revised year-end projections were reached in a collaborative fashion in consultation with the physician leaders of the respective service lines. Mr. Adams concurred with the physician involvement and commended the valuable partnerships being formed in the pediatrics arena. There is an awful lot work involved in driving up business and there is nothing more debilitating than not to be able to handle the business physicians want to bring to the Health System. Dr. Jimenez asked how the Board would be kept informed of the resources being spent to drive up the pediatric business. Mr. Hernandez agreed with Mr. Gilbert’s assessment of the need to balance resources in a way that we are able to handle the influx of business. Mr. Hernandez cited a marketing strategy by Texas Instruments in where the company targets math teachers and professors, a very effective tactic. He reported a similar approach in working with specific service line physician chiefs to make those connections. Once the physicians drum up business, the Health System has to ensure we have capacity. Staff will look at both sides and resolve both sides of any issue. The idea is not to spend money; it is how you spend money against the business that will be generated.

Ms. Vasquez added that the physicians are indeed committed to taking on outreach activities; they are making time to see patients and making those referrals. Mr. Adams reiterated that success is going to depend on the Health System stepping up its marketing activities, referral patterns, physician relations, and working with preferred providers. He emphasized the importance of recruiting marketing talent in conjunction with the School of Medicine, critical to the programs’ success. Mr. Gilbert commended the staff for getting this far in a very short period of time.
Dr. Jimenez asked Mr. Adams to consider appointing a Board representative to oversee pediatric activities and initiatives, much like the role Ms. Rivas served in overseeing the branding efforts several years ago, a campaign that totally changed the Health System’s image. We now offer a full range of pediatric services, but Dr. Jimenez is concerned that the community hasn’t been made fully aware. Mr. Adams agreed in that the Board is not interested in restricting the inflow of patients. He would like to encourage those who generate the inflow and deal with whatever issues arise effectively, even if it means cutting back and making challenging decisions at the Board level.

Dr. Jimenez also asked the staff to consider developing a means to acquaint the parents of pediatric patients with all the other services offered by the Health System as a relatively inexpensive method of advertising the adult side of the business.

**FOLLOW-UP:**
Mr. Adams asked Mr. Hernandez to consider how we can best utilize input from Dr. Burns and Ms. Rivas, in their respective areas of expertise, to provide the staff counseling on the children’s health issues. Mr. Hernandez will review opportunities for acquainting parents of pediatric children to the adult services, as suggested by Dr. Jimenez.

**UPDATE ON UNIVERSITY HOSPITAL SERVICE LINE PERFORMANCE—TIM BRIERTY/BRYAN ALSIP, MD/CHRISTANN VASQUEZ**

**SUMMARY:**
In the interest of time, Mr. Adams postponed this presentation.

**RECOMMENDATION:** None.

**ACTION:** None.

**EVALUATION:** None.

**FOLLOW-UP:** None.

**ANNUAL REPORT REGARDING CARELINK—VIRGINIA MIKA, PHD**

**SUMMARY:**
In the interest of time, Mr. Adams postponed this presentation.

**RECOMMENDATION:** None.

**ACTION:** None.

**EVALUATION:** None.

**FOLLOW-UP:** None.

**REPORT ON ALLOCATION OF RESERVES—PEGGY DEMING/REED HURLEY**

**SUMMARY:**
Staff has reviewed the provisions related to reserve balances and transfers to reserves for capital expenditures provided for under the Reserve Policy (No. 7.0504) and the Funding of Financial Reserve for Capital Expenditures Policy (No. 7.0502). The provisions of these policies have been applied and based on audited results for calendar year 2013. Staff will transfer $80.9 million in cash flow reserves to meet the provisions specified. Of the amount of the transfer, $14.4 million will be transferred to the Emergency Operating Account to meet the 90 days of cash
expenditure level provided for in Sections III.G of the Reserve Policy. The remaining $66.5 million will be transferred to the Capital Account to address future capital needs as provided for in Policy No. 7.0502. The total in the Capital Account after the transfer is $245.3 million. Of this amount, a net $218.4 million has been committed leaving an unencumbered balance of $26.9 million.

RECOMMENDATION: This report was provided for informational purposes only.
ACTION: No action was required by the Board of Managers.
EVALUATION: Mr. Hernandez informed the Board that his plan is to hold a Special Board meeting during which they will be asked to review proposed uses of the unencumbered $26.9 million. Ms. Rivas asked about the balance owed for the $120 million borrowed from reserves in 2008 for CIP expenditures. The amount owed is $100 million. Mr. Hernandez reminded the Board that since 2009, they have approved an additional $54 million for CIP enhancements and Children’s Health Services from that same fund. Ms. Rivas is concerned with the rising costs of personnel and supplies as well as the opening of the new tower at University Hospital. She suggested that the Board may wish to be more conservative this year, in order to reimburse itself and replenish reserves. Should the Health System put more into the reserves fund and work strictly from budgeted accounts? Mr. Adams asked the staff to consider ongoing expense levels to ensure the Health System has funds that can be used in multiple ways. The funds ought to be available using the right mix for current capital consumption versus building up the reserve balance. He reiterated that the Board of Managers is very interested in having a say in the priority of capital projects in a manner congruent with its strategic plan, by purchasing items or services that effect quality, efficiency, customer satisfaction, and access to health care.

In terms of background for the new Board members, Dr. Jimenez reported that in the early 1990’s, there was a lot of criticism, anger, and rage in this community about the large amount of reserve funds available. The funds were piled up high and the Health System did not provide the services it could have. The Board of Managers and Bexar County Commissioners caught a lot of heat for that, until more recently when the CEOs, including Mr. Hernandez, came to realize the Health System needed balance.

FOLLOW-UP: Staff will prepare a prioritized list of strategic projects representing the highest and best use of the unencumbered balance of $26.9 million and this list will be presented at the June Board meeting for review and consideration.

INFORMATION ONLY ITEMS:

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

UPDATE ON CAPITAL IMPROVEMENT PROGRAM ACTIVITIES—MARK WEBB

REPORT ON RECENT RECOGNITIONS AND UPCOMING EVENTS—LENI KIRKMAN
ANNUAL REPORT ON LEARNING AND DEVELOPMENT—JACQUE BURANDT/ThERESA SCELPSANSKI

2014 QUARTER 1 SUPPLIER DIVERSITY REPORT—IRENE MALDONADO/FRANCINE WILSON

SKY TOWER RECOGNITION AND APPRECIATION—TIM BRIERTY/CHRISTIANNA VASQUEZ

SUMMARY: Mr. Adams directed the Board’s attention to the 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, the public meeting adjourned at 8:00 p.m.

Jim Adams
Chair, Board of Managers

George B. Hernández, Jr.
President/Chief Executive Officer
Acting Secretary, Board of Managers

Sandra D. Garcia, Recording Secretary