SPECIAL MEETING
OF THE BEXAR COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS

Tuesday, November 11, 2014
12:00 p.m.
Corporate Square, Second Floor, Conference Room #1
4801 N.W. Loop 410
San Antonio, TX 78229-5347

MINUTES

BOARD MEMBERS PRESENT:

James R. Adams, Chair
Dianna M. Burns-Banks, M.D., Secretary
Roberto L. Jimenez, M.D, Immediate Past Chair
Robert Engberg
Ira Smith

BOARD MEMBERS ABSENT:

Linda Rivas, Vice Chair
Robert Gilbert

OTHERS PRESENT:

George B. Hernandez, Jr., President/Chief Executive Officer, University Health System
Tricia Aleman, Executive Director, Marketing & Corporate Communications, University Health System
Reed Hurley, Assistant Chief Financial Officer, University Health System
Ted Day, Senior Vice President, Strategic Planning & Business Development, University Health System
Sergio Farrell, Senior Vice President, Ambulatory Services, University Health System
Roe Garrett, Vice President/Controller, University Health System
Michael Hernandez, Vice President/Chief Legal Officer, University Health System
Sherry Johnson, Vice President/Integrity & Regulatory Services, University Health System
Monika Kapur, M.D., President/Chief Executive Officer, Community Medicine Associates
Leni Kirkman, Vice President, Strategic Communications and Patient Relations, University Health System
Bill Phillips, Senior Vice President/Chief Information Officer, University Health System
Nancy Ray, Chief Nurse Executive, University Hospital
Michelle Ryerson, Senior Vice President, CNO/COO, Pediatric Clinical Services, University Health System
Mark Webb, Executive Vice President/Chief Operating Officer, University Health System
And other attendees.
CALL TO ORDER, WELCOME, AND RECORD OF ATTENDANCE: JAMES R. ADAMS, CHAIR, BOARD OF MANAGERS

Mr. Adams called the meeting to order at 12:00 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE:

Mr. Adams said the invocation and led the pledge of allegiance. He invited Ms. Kirkman to share a few words regarding the Veteran’s Day ceremony held earlier in the day in the Peveto Chapel of University Hospital. Dr. Jimenez asked Mr. Hernandez to thank Chief of Police A.J. Sandoval on behalf of the Board for coordinating the ceremony.

REVIEW AND DISCUSSION REGARDING BEXAR COUNTY HOSPITAL DISTRICT D/B/A UNIVERSITY HEALTH SYSTEM’S PRELIMINARY OPERATING, DEBT SERVICE AND CAPITAL BUDGETS FOR FY 2015—GEORGE B. HERNÁNDEZ, JR./REED HURLEY

SUMMARY:

Mr. Hernandez provided a brief updated regarding ongoing efforts across the state to leverage additional funds for uncompensated health care. For example, at the present time, the total uncompensated care amount due to UHS from the state for 2014 is $70.4 million and all of those funds are tied up by the State. Another item of interest is Texas’ Medicaid Transformation and Quality Improvement 1115 waiver which will expire in 2016. Renewal of the Medicaid Transformation Waiver is critical so that hospitals and other local health care partners can continue to develop and implement projects that address unmet health care needs. Texas leaders are also working to secure funding for hospital supplemental payments since Texas hospitals provide more than $5.5 billion annually in uncompensated hospital care, while Medicaid reimbursement rates for Texas hospitals are significantly below the cost of providing care: less than 50 percent for inpatient services and 72 percent for outpatient services, which creates a major shortfall for Texas hospitals. It is also critical for public hospitals to continue collective efforts to influence the state to fully fund the Medicaid DSH program, and to more accurately reflect the cost of delivering health care.

Mr. Hernandez yielded the floor to Mr. Hurley for review of an updated Preliminary 2015 Budget (excluding Community First Health Plans). Mr. Hurley reported that efforts have been on-going to review opportunities and improve the bottom line numbers provided at last Tuesday’s meeting, November 4, 2015 - a 2015 preliminary non-operating revenue of $(81.6) million and a bottom line of $(35.3) million.

Mr. Hurley briefed the Board on the following items and a detailed discussion ensued on each topic:

- Three Year Forecast for 2015, 2016, 2017;
- State funding issues that could impact three year projections;
- Net patient revenue, how it is projected and options for the 2015 budget;
- Updated salary expense budget with vacancy credit loaded;
• Examination of historical cost for employee benefits compared to 2015 budget;
• Pension Plan funding options; and
• Savings opportunities in maintenance contracts area.

Mr. Day provided an update on marketing and outreach development plans and activities, referral development strategies and tactics, a detailed review of the service area, service area developments, referring facility analysis by selected regions and by payer mix. Mr. Day also review all transfer activity for accepted patients from January through September 2014 (all markets, all facilities) to University Hospital. He provided an alignment status for each of the service lines, as well as the resources available for each. Mr. Day reminded the Board that the staff had recently engaged a strategic marketing consultant to assist in the development of the 2015 Budget. Several board members will be interviewed by the consultants after today’s meeting. Consultants are currently evaluating tactics to integrate a comprehensive brand campaign, grassroots promotional activities and service line-specific targeted marketing campaigns with coordinated outreach efforts. Geographic-specific outreach plans will be customized as needed to support the success of targeted service lines. University Health System continues to develop and execute enhanced plans and activities for positioning the Health System and marketing its services. 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. To this end, Dr. Jimenez urged the staff to consider a project that will capture costs, savings, and benefits of educating the community regarding the control and prevention of diabetes.

Mr. Day also informed the Board about a Network Access Improvement Program (NAIP) by the Texas Health & Human Services Commission (HHSC) focused on improving the availability of, and Medicaid access to, primary care physicians staffed through public hospitals. The Health System, in partnership with Community First Health Plans, has submitted a proposal and currently awaits project approval from HHSC. He described two key items related to this program:

• The Extended Hours Primary Care program piece includes significant marketing dollars slated to inform consumers and physicians of new services available

• The Integrated Ambulatory Call Center/Nurse Line piece seeks to build an integrated call center with the capability of not only handling calls, but tracking impact of changes in requests for services (based on marketing and outreach efforts)

Regarding marketing expenditures for 2015, Mr. Day provided a summary of expenses and sources and described the impact measures that would be used during the year as metrics (call center, digital feedback via
corporate website, customer relationship management targeted campaigns and feedback.

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

**ACTION:** Board members provided guidance

**EVALUATION:** Staff will continue to fine-tune the numbers to develop a zero balanced budget to be presented to the Board prior to their meeting on November 18, 2014, at which time staff will seek approval to proceed to Bexar County Commissioners Court.

**FOLLOW-UP:** Oral feedback and guidance provided by Board during the budget work session above.

**ADJOURNMENT:**

There being no further business, Mr. Adams adjourned the Board meeting at 1:38 p.m.

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

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Sandra D. Garcia, Recording Secretary