SPECIAL MEETING OF THE
BEXAR COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS

Tuesday, November 13, 2012
3:00 p.m.
Conference Room A
Corporate Square
4801 NW Loop 410, 10th Floor
San Antonio, Texas 78229-5347

MINUTES

BOARD MEMBERS PRESENT:

James R. Adams, Chair
Rebecca Q. Cedillo, Secretary
Alex Briseño
Robert Engberg
Ira Smith

BOARD MEMBERS ABSENT:

Linda Rivas, Vice Chair
Roberto L. Jimenez, M.D., Immediate Past Chair

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
Peggy Deming, Executive Vice President/Chief Financial Officer, University Health System
Debra Flores, Budget Director/Financial Services, University Health System
Don Finley, Senior Writer/Corporate Communications, University Health System
Roe Garrett, Vice President/Controller, University Health System
Greg Gieseman, President/Chief Executive Officer, Community First Health Plans, Inc.
Michael Hernandez, Vice President/Chief Legal Officer, University Health System
Barbara Holmes, Vice President/Chief Financial Officer, Community First Health Plans, Inc.
Leni Kirkman, Vice President, Corporate Communications & Patient Relations, University Health System
Robert Rattenbury, Manager/Budget & Financial Analysis, University Health System
Christann Vasquez, Executive Vice President/Chief Operating Officer, 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 2:00 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE:

Ms. De La Torre provided the invocation and Mr. Adams led the pledge of allegiance.

REVIEW AND DISCUSSION REGARDING BEXAR COUNTY HOSPITAL DISTRICT D/B/A UNIVERSITY HEALTH SYSTEM'S PRELIMINARY OPERATING, DEBT SERVICE AND CAPITAL BUDGETS FOR FY 2013—GEORGE B. HERNÁNDEZ, JR. AND PEGGY DEMING

SUMMARY:

Staff provided a graphics presentation, noting that the focus of the 2013 budget is transformation, which is consistent with 1115 Medicaid Waiver initiatives to improve the patient experience, improve quality and outcomes, improve efficiencies, plus improve access (known as the Triple Aim Plus). The net budget impact of the 1115 Waiver in the amount of $2.3 million was presented in detail, as was the net potential benefit of $681.1 million for Region 6 DSRIP (Delivery System Reform Incentive Payments). Staff reviewed each of the projects established within the Health System that will be used accomplish the Triple Aim Plus. The role of the University Health System as the Anchoring entity for Region 6 was described as the single Intergovernmental Transferring entity in a Regional Health Partnership (RHP) serving as the primary contact to the Health and Human Services Commission responsible for providing opportunities for public input to the development of RHP plans and coordinating discussion and review of proposed RHP plans prior to plan submission to the State. The estimated cost in 2013 to the Health System for performing these administrative functions is $.7 million.

Ms. Vasquez and Ms. Deming reviewed a consolidated budget summary with and without DSRIP projects, and a clinical services financial plan with and without DSRIP projects. Overall activity without DSRIP projects is expected to increase by 4.2 percent. Overall activity with DSRIP projects is expected to increase by 5.1 percent. Variances for 2012 projected activity and 2013 budgeted activity were discussed with the Board.

Ms. Deming conducted a brief overview of the capital, debt service and CIP budget. On-going capital budget requests increased by $2 million in light of higher depreciation and cash flow in 2013. The funding target is $27 million. Total capital items prioritized to date are $29.2 million, and debt service taxes are a $42.2 million. Mr. Webb reviewed CIP milestones for 2013 for both the Robert B. Green Campus and University Hospital. CIP cash flow at University Hospital is $27.6 million, or 29 percent of the CIP budget. Cumulative cash flow through 2013 is $776.7 million, or 83 percent of the CIP budget.
Mr. Gieseman and Ms. Holmes reviewed the CFHP budget, revenue assumptions, medical expense assumptions, and the organization’s strategic focus, goals that will position CFHP for success in the new era of healthcare reform. Mr. Gieseman noted that administrative costs for 2013 are in excess of 2012 costs. Additional costs to fund Medicaid expansion and exchange are estimated at $450,000, efforts to re-gain market share at $488,000, and quality measures for 5 percent premium at risk is $800,000. Also, preparations for 2014 changes on the horizon, such as SSI children in Medicaid and preparation of the practice for ICD-10 change over are estimated at $652,000. Ms. Holmes reviewed key indicators and necessary capital budget items.

In conclusion, staff reported that several business plans are currently under development for the Board’s review: Ambulatory Surgery Center at the Medical Arts & Research Center; Infusion Therapy Program at the Cancer Therapy and Research Center; Radiology Services at the Cancer Therapy & Research Center; and a UHS Sleep Station. Total expenditures for the Health System’s 2013 budgets exceed $1.3 billion: Operating expense budget - $994; capital outlay - $31.6 million; debt service - $42.2 million; and CIP funding from Bond proceeds - $272.6 million.

**RECOMMENDATION:** None.

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

**EVALUATION:** Discussion ensued regarding the Health System’s pediatric ambulatory network, when Mr. Briseno asked if there might be transition planning taking place that might need to be discussed with CHRISTUS Santa Rosa, considering their the downtown location. Mr. Hernandez replied that staff is sensitive to the relationships with both CHRISTUS and with UTHSCSA. Mr. Adams advised staff that part of transition planning is the manner in which the staff effectively communicates the Health System’s role. This transition is an opportunity to positively deal with some of the concerns expressed by the community about a downtown Children’s Hospital. The Health System has publicly agreed to be there during this transition, and will be there. The School of Medicine has expressed a strong desire to have a long term presence at the RBG Campus and staff continues to work closely with them. There is a lot of synergy with them, and they are impressed with the size of our network and what has been accomplished to date. In this regard, staff has put together a transition team to review the different pediatric ambulatory models that are out there, and has also developed a list of timelines as they relate to each of the programs that need to be transitioned. Ms. Vasquez reiterated to the Board that staff continues to be mindful of their guidance in discussions with the School of Medicine.

**FOLLOW-UP:** Board members requested a broad overview of the plans to achieve the various goals for 2013. The Board does not wish to be briefed about specifics of the plans, but rather, a summary version regarding expectations for 2013. Mr. Briseno requested that staff include the transitioning of capital projects in this overview.
**ADJOURNMENT:**

There being no further business, Ms. Rivas adjourned the meeting at 3:55 p.m.

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Jim Adams                      Rebecca Q. Cedillo
Chair, Board of Managers       Secretary, Board of Managers

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Sandra D. Garcia, Recording Secretary