SPECIAL MEETING
OF THE BEXAR COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS

Tuesday, November 14, 2017
2:00 p.m.
Encino Room
First Floor, University Hospital
4502 Medical Drive
San Antonio, Texas 78229

MINUTES

BOARD MEMBERS PRESENT:

James R. Adams, Chair
Ira Smith, Vice Chair
Dianna M. Burns, M.D., Secretary
Robert Engberg
Jimmy C. Hasslocher
Janie Barrera

BOARD MEMBERS ABSENT:

Roberto L. Jimenez, M.D., Immediate Past Chair

OTHERS PRESENT:

George B. Hernández, Jr., President/Chief Executive Officer, University Health System
Bryan Alsip, MD, Executive Vice President/Chief Medical Officer, University Health System
Tommye Austin, Senior Vice President/Chief Nursing Executive, University Hospital
Edward Banos, Executive Vice President/Chief Operating Officer, University Health System
Ted Day, Executive Vice President, Strategic Planning and Business Development, University Health System
Roe Garrett, Vice President/Controller, University Health System
Sergio Farrell, Senior Vice President/Ambulatory Services, University Health System
Greg Gieseman, President/Chief Executive Officer, Community First Health Plans, Inc.
Reed Hurley, Executive Vice President/Chief Financial Officer, University Health System
Sherry Johnson, Vice President, Integrity and Regulatory Services, University Health System
Monika Kapur, M.D., President/Chief Executive Officer, University Medicine Associates
Leni Kirkman, Senior Vice President, Strategic Communications and Patient Relations, University Health System
Karen McMurry, Interim Chief Legal Officer, University Health System
Bill Phillips, Senior Vice President/Chief Information Officer, University Health System
Maulik Purohit, M.D., M.P.H., Vice President/Chief Medical Information Officer, University Health System
Ron Rodriguez, M.D., Ph.D., Interim Dean, School of Medicine, UT Health, San Antonio
Travis Smith, Deputy Chief Financial Officer, University Health System
CALL TO ORDER AND RECORD OF ATTENDANCE: JAMES R. ADAMS, CHAIR, BOARD OF MANAGERS

Mr. Adams called the meeting to order at 2:02 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE:

Mr. Adams yielded the floor to Dr. Robert Weston, University Hospital Staff Chaplain, for the invocation, and he led the pledge of allegiance.

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT FOR PROFESSIONAL SERVICES RELATED TO COMPLIANCE AUDITING AND CODING WITH AMERICAN ACADEMY HOLDINGS, LLC D/B/A AMERICAN ACADEMY OF PROFESSIONAL CODERS (AAPC) —SHERRY JOHNSON/SALLY TAYLOR, M.D./BRYAN ALSIP, M.D./MONIKA KAPUR, M.D.

SUMMARY: This is a new contract request and the first time these services have been requested in this capacity. The service was competitively bid on RFP-217-05-031-SVC, with the following vendors responding:

- American Academy of Professional Coders (AAPC)
- Coding Aid
- The Coding Institute
- Peak Health Solutions, Inc.
- Reimbursement Management Consultants
- ROI Access Management Services dba Langley Provider Group
- Source HOV Healthcare, Inc.
- Price Waterhouse Coopers, LLC (PWC)
- United Audit Systems, Inc. (USAI)

The RFP Review Committee consisted of eleven members, including representation from UMA providers. The consensus among the review committee was that utilizing American Academy Holdings, LLC dba American Academy of Professional Coders (AAPC), will allow the education and compliance auditing efforts to be enhanced and to provide timely, provider-specific feedback. Integrity Services will oversee and manage quarterly reporting, targeted education for providers, and report overall quarterly audit findings, recommendations and improvement measures to senior leadership. The UMA compliance auditing and provider documentation/coding education services is a component of the Health System’s Compliance Program. This contract will provide auditors with expertise in coding specific to various medical specialties and comparisons nationally and in the community. AAPC utilizes automation and analytic tools to provide timely and specific feedback for ongoing improvement. The
total amount of the contract for a three year period from 1/1/2018-12/31/2020 is $1,250,300.00. Year one’s total cost is $434,500. Year two’s cost is $407,900. Year three’s cost is also $407,900. This is a planned expense and funding has been included in the 2018 Annual Operating Budget. AAPC has a total of 177 employees; their workforce composition data was provided for the Board’s review.

RECOMMENDATION: Staff recommends Board of Managers’ approval of a contract with AAPC in the amount of $1,250,300.00 for a period of three years beginning January 1, 2018 through December 31, 2020.

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

EVALUATION: None.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING BEXAR COUNTY HOSPITAL DISTRICT D/B/A UNIVERSITY HEALTH SYSTEM’S OPERATING, DEBT SERVICE AND CAPITAL BUDGETS FOR FY 2018—GEORGE B. HERNÁNDEZ, JR./REED HURLEY

SUMMARY: The Consolidated Budget reflects a gain from operations of $92.8 million, non-operating income/(expense) of ($72) million and a bottom line gain of $20.8 million. Non-operating income/(expense) includes ($80.7) million in depreciation expense and interest income of $8.7 million. The Budget includes debt service and property taxes in support of $62.2 million in debt payments due on the outstanding bonds in 2018. The recommended Capital Budget is $25.4 million funded with cash flow from operations. The Clinical Services reflects a gain from operations of $89.6 million, non-operating income/(expense) of $(72.3) million and a bottom line gain of $17.3 million. Non-operating income/(expense) includes ($79.8) million in depreciation expense and interest income of $7.5 million. The requested capital budget amount for 2018 is $24.6 million and will be funded with cash flow from operations. The Health System’s managed care organization, Community First Health Plans, Inc. (CFHP) reflects a gain from operations of $2.2 million, non-operating investment income of $1.2 million and a bottom line gain of $3.5 million. The requested capital budget for 2017 is $791,593 and will be funded with cash flow from operations. Uncertainty related to the expiration/extension of the 1115 waiver on December 31, 2017, and many unknown changes related to State and Federal funding will impact the financial performance in 2018 and beyond. Staff provided detailed budget information for the Board’s review in the following exhibits, to be attached to the 2018 operating, capital, and debt service budget document:

Exhibit 1A Consolidated Statement of Revenues and Expenses
Exhibit 1B UHS less CFHP Statement of Revenues and Expenses
Exhibit 1C CFHP Statement of Revenues and Expenses
Exhibit 2 Activity and notes
Exhibit 3 Changes to Total Operating Revenue
Exhibit 4 Legislative Changes
Exhibit 5 Changes to Total Operating Expense
Exhibit 6 FTE Change
Exhibit 7 Tax Rate Analysis
Exhibit 8 2018 Capital Request (UHS less CFHP)
RECOMMENDATION: Staff recommends Board of Managers’ approval of the proposed Operating, Debt Service and Capital Budgets for Fiscal Year 2018; and endorsement of this budget to Bexar Commissioners’ Court for their final approval on December 5, 2017.

ACTION: A MOTION to approve staff’s recommendation, with $12 million from the bottom line encumbered for EPIC and moved to operations, was made by Dr. Burns, SECONDED by Mr. Hasslocher, and PASSED UNANIMOUSLY.

EVALUATION: Employees are held accountable via the annual performance review document which is available at all levels of the organization. An average merit increase is two percent, and cost of living raises are not given. However, the Human Resources department performs market surveys and adjusts salaries on a regular basis to remain competitive, as needed. Mr. Engberg asked how the staff had reached the projected reductions in contract labor and overtime premium because year after year, the Health System has difficulty in that area. He understands why this is not predictable, but he’d like to know how these projections compare to facts. Aside from volume predictions, the staff sees labor as a controllable expense. With the growth of additional operating rooms staff was hired in an effort to grow an internal pool of people to rely on. Contract labor (nursing) is reviewed every two weeks. Ms. Tommy Austin and the three assistant chief nursing officers have been appointed as faculty at the School on Nursing and will be able to tap those nurse graduates for employment to reduce contract labor costs. Ms. Austin is working on retention in areas with high turnover – Emergency Department and 6th Floor ICU. She is working with The University of Texas consultants to develop a retention plan. Mr. Adams suggested severely limiting the number of additional people placed on the payroll, and clear direction on how these decisions are made. Control is needed in this area and the Board is somewhat concerned with increasing the number of employees. Regarding Epic, Mr. Hurley reminded the Board that at its last meeting, staff proposed to budget $3 million for the transition. However, because of the potential Epic approval in 2018, Mr. Hurley asked the Board’s preference for encumbering an amount. If the operational expense hits early to mid-year, approximately $10 million will be needed. If a set amount, i.e., $10 million, is not budgeted, there is a chance staff will return to the Board to request additional funds. A few decisions remain regarding the capital portion of Epic, which will be approximately $100 million over a three year period. About $15-20 million will be depreciated in 2018, until after full implementation. With a potential $17 million bottom line, Board members encouraged Mr. Hurley to budget more than $10 million, perhaps $12 million, with an $8 million bottom line remaining. Mr. Hernandez prefers to show this amount as an expense, pending Board approval. The amount of $12 million will be reflected in the budget document submitted to Bexar County Commissioners Court; the Health System’s presentation has been confirmed for December 5, 2017. Regarding the Women & Children’s Tower, Mr. Engberg would like to see a section in the 2018 budget document dedicated to this project. He asked about operational expectations for 2018. There are no operational expenses in 2018, everything will be capitalized. There are $82 million encumbered for capital with certificates of obligation issued at some point in the spring. Architect selection and design process are currently underway. The Health System has received 11 proposals from various firms, which staff will narrow down to six firms, then three firms for the design challenge. There will be an opportunity for the Board to view all three model designs. Mr. Adams asked the staff to keep in mind that the
business plan will need to be updated on a regular basis. The Board would like several updates between now and before breaking ground.

FOLLOW-UP: As indicated above.

PRESENTATIONS AND EDUCATION:

QUARTER 3 UNIVERSITY MEDICINE ASSOCIATES AMBULATORY UPDATE—
SERGIO FARRELL/MONIKA KAPUR, M.D.

SUMMARY: Mr. Farrell presented a dashboard for UMA operational cascading goals with a focus on access for the third quarter of 2017. He reported a 30 percent increase in the number of UMA providers, from 130 in 2015 to 170 in 2017. There has also been a 92 percent increase in UMA specialists, from 12 in 2015 to 23 in 2017. UMA specialties include Behavioral Health, Endocrinology, Skin, Rheumatology, Neurology, Cardiology, Sleep, and Pediatric Developmental. Year to date activity is 434,005 as compared to budget of 432,897. Activity for 2016 was at 419,411. The goal for next available new patient visits across the Health System is 10 days. UFHC North, Northwest, Southwest, and RBG each have a 3-day waiting period. UFHC Southeast has a 5-day waiting period, and Texas Diabetes Institute has a one day waiting period. At the present time, the Health System uses Vizient for benchmarking measures in ambulatory, which ranks clinics on how soon after the appointment is made the patient is seen. The top performing co-hort in that group is at 69 percent, while University Medical Associates is at 81 percent. Managed care guidelines say patients ought to be seen within 21 days, which UMA exceeds. Total UMA consults provided year to date is 168,372; 105,976 for 2016; and 100,108 for 2015. Specialty physicians joined UMA as follows: July 2014 – skin physician; August 2015 – three endocrinologist; June 2016 – wound care physician; August 2016 – two endocrinologists and one rheumatologist; March 2017 – cardiologist; and September 2017 – neurologist. UMA has added specialists based on need, where there are challenges to access a certain specialty.

RECOMMENDATION: This report was provided for informational purposes only.
ACTION: No action by the Board of Managers was required.
EVALUATION: Discussion ensued regarding next available, new patient appointments at the MARC. The School of Medicine uses different benchmarks to rate for access: 7 days for primary care and 4 days for specialty services. About one-third of the specialty care visits are well within that range, one-third is at the cusp, and unfortunately one-third of these have a long way to go. The School of Medicine has put together a fairly aggressive task force and program for enhancing access; they review operational efficiencies for how to improve access via daily huddles at which every clinic, specialty, and appointment slot are reviewed to find where patients are being seen and to create the needed access points. Mr. Farrell acknowledged that ambulatory staff has reviewed the School of Medicine dashboard and participate in daily huddles at the MARC. Mr. Adams agreed that the more the Health System can align itself with the School of Medicine operations, as perceived by the physicians, will be a plus. Dr. Kapur reported that UMA providers often invite UT Health providers to meetings that take place every other month so that the primary care physicians can exchange phone numbers and put faces to names. Because of the internal health information exchange system, UMA
primary care providers receive regular feedback from the UT Health providers for follow up purposes with the patient. At this point, Dr. Rodriguez informed the Board that the new Dean of the School of Medicine, Dr. Rob Hromas, is slated to start in February 2018. His official start date is March 1. Dr. Rodriguez will maintain a role in the Medical Dean’s office, and will likely continue to work closely with his colleagues at the Health System.

FOLLOW-UP: The fourth quarter update will focus on cost and effectiveness.

ADJOURNMENT:

There being no further business, Mr. Adams adjourned the Board meeting at 3:20 p.m.

James R. Adams
Chair, Board of Managers

Dianna M. Burns, M.D.
Secretary, Board of Managers

Sandra D. Garcia, Recording Secretary