SPECIAL MEETING
OF THE BEXAR COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS

Tuesday, November 15, 2016
2:00 pm
Board Room, 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
Roberto L. Jimenez, M.D, Immediate Past Chair
Robert Engberg
James C. Hasslocher
Janie Barrera

OTHERS PRESENT:
George B. Hernández, Jr., President/Chief Executive Officer, University Health System
Bryan Alsip, M.D., Executive Vice President/Chief Medical Office, University Health System
Felix Alvarez, Executive Director, Procurement Services, University Health System
Edward Banos, Executive Vice President/Chief Operating Officer, University Health System
Ted Day, Senior Vice President, Strategic Planning and Business Development, University Health System
Sergio Farrell, Senior Vice President/Ambulatory Services, Robert B. Green Campus
Don Finley, Director, External Communications/Corporate Communications, University Health System
Roe Garrett, Vice President/Controller, University Health System
Greg Gieseman, President/Chief Executive Officer, Community First Health Plans, Inc.
William Henrich, M.D., President, UTHSCSA
Barbara Holmes, Vice President/Chief Financial Officer, Community First Health Plans, Inc.
Reed Hurley, Executive Vice President/Chief Financial Officer, University Health System
Leni Kirkman, Senior Vice President, Strategic Communications and Patient Relations, University Health System
Karen McMurry, Interim Chief Legal Officer, University Health System
Kristen Plastino, M.D., President, Medical-Dental Staff, University Health System; and Associate Professor, Department of Ob/Gyn, UTHSCSA
Michael Roussos, Hospital Administrator, University Health System
Travis Smith, Deputy Chief Financial Officer, University Health System
Allen Strickland, Vice President/Hospital Administration, Fiscal – University Hospital
Armando J. Sandoval, Chief of Police, University Health System
Sally Taylor, M.D., Senior Vice President, Chief/Behavioral Health Services, University Health System
Mark Webb, Chief Executive Officer/Pediatric Services, University Health System
Francine Wilson, Senior Vice President, Supply Chain Management, University Health System
Richard L. Reed, Director, Coats Rose, P.C.
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:

Mr. Adams introduced and yielded the floor to Chaplain Pam Hailey of Westover Hills Assembly of God, for the invocation, and he led the pledge of allegiance.

APPROVAL OF MINUTES OF PREVIOUS MEETING(S):

OCTOBER 25, 2016 (REGULAR MEETING)

SUMMARY: The minutes of the regular bi-monthly meeting of Tuesday, October 25, 2016 were submitted for approval.
RECOMMENDATION: Staff recommends approval of the minutes as submitted.
ACTION: A MOTION to approve the minutes was made by Mr. Hasslocher, SECONDED by Ms. Barrera, and PASSED UNANIMOUSLY.
EVALUATION: None.
FOLLOW-UP: None.

NOVEMBER 1, 2016 (SPECIAL MEETING)

SUMMARY: The minutes of the special meeting of Tuesday, November 1, 2016 were submitted for approval.
RECOMMENDATION: Staff recommends approval of the minutes as submitted.
ACTION: A MOTION to approve the minutes was made by Mr. Hasslocher, SECONDED by Mr. Engberg, and PASSED UNANIMOUSLY.
EVALUATION: None.
FOLLOW-UP: None.

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

SUMMARY: Dr. Plastino acknowledged the physician leaders present. As Chief of Staff, she reported working with UHS leadership on Emergency Department issues, Medical/Dental Staff Bylaws, and with Dr. Robert Leviton of Allscripts to make Sunrise more efficient for the providers. She thanked UHS leadership for making Dr. Leviton available to assist faculty. Also, earlier in the month, she attended a 3-day Lean transformation class. It was an interactive course that will prove to be useful as staff reviews length of stay issues, as well as metrics. As a result of the Lean course, she is now actively engaged in a 100-day improvement project to discharge obstetrics and gynecology patients by 12 noon on a daily basis. Upon his arrival, Dr. Henrich provided a status report on currently vacant, or soon to be vacated, leadership positions. The search for Medical Dean will commence in December 2016, and the Health System will be asked to appoint a representative. The search for CTRC director is underway by Meyer Consulting, and the search for director of the Alzheimer’s Institute is also underway.
CONSIDERATION AND APPROPRIATE ACTION REGARDING MEDICAL-DENTAL STAFF
RECOMMENDATIONS FOR STAFF MEMBERSHIP –KRISTEN A. PLASTINO, M.D.,
PRESIDENT, MEDICAL/DENTAL STAFF

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE ELECTION OF NEW
OFFICERS OF THE MEDICAL-DENTAL STAFF—KRISTEN A. PLASTINO, M.D.,
PRESIDENT, MEDICAL/DENTAL STAFF

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE APPOINTMENT OF
DR. THOMAS MAYES AS CHAIR, DEPARTMENT OF PEDIATRICS—KRISTEN A.
PLASTINO, M.D., PRESIDENT, MEDICAL/DENTAL STAFF

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

SUMMARY: The items listed above were submitted for the Board’s review.

RECOMMENDATION: Staff recommended approval of the items on the consent agenda as submitted.

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

EVALUATION: None.

FOLLOW-UP: None.

ACTION ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED
PURCHASING ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING RENEWAL OF THE
LOCAL MATCH AGREEMENT WITH THE ALAMO AREA COUNCIL OF
GOVERNMENTS FOR STATE FY 2017—TED DAY/DR. SALLY TAYLOR

SUMMARY: University Health System has contracted with the Alamo Area Council of Governments (“AACOG”) since 2006 to promote coordinated intellectual and developmental disabilities (IDD) services. The purpose of the local match renewal agreement is to facilitate payment as required by the Department of Aging and Disability Services (“DADS”), in furtherance of the Health System’s sponsorship commitment. This agreement does not create an employment relationship, partnership, or joint venture between AACOG, its subcontractors or employees and the Health System. Staff has determined the level of support for AACOG’s state fiscal year 2017 to be $307,076 payable in four (4) equal installments each quarter beginning on September 1, 2016 and shall continue until...
August 31, 2017. The 2017 match is unchanged from 2016, and the match amount is derived from a DADS formula based on Bexar County’s per capita income in relation to the State of Texas per capita income and the level of general revenue allocation from DADS to Bexar County for purposes of supporting IDD services. The cost of this agreement is included in the 2017 operating budget.

**RECOMMENDATION:** Staff recommends Board of Managers’ approval to execute a renewal agreement with the Alamo Area Council of Governments in the amount of $307,076, for one year, effective September 1, 2016.

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

**EVALUATION:** None.

**FOLLOW-UP:** None.

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**CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH HEALOGICS WOUND CARE & HYPERBARIC SERVICES, INC. FOR THE PROVISION OF OUTPATIENT HYPERBARIC OXYGEN THERAPY AND WOUND CARE THERAPY—REED HURLEY/ED BANOS**

**SUMMARY:** The UTHSCA Rehabilitation Medicine Department recently lost two of their wound care physicians and is unable to provide these services going forward. After a thorough review, Health System leadership and UTHSCSA Rehab Department have determined that to achieve optimal performance in these areas, the best solution is to retain Healogics to provide management services for these therapies. Healogics will provide Medical Director services, clinical practice guidelines, digital imaging to support EMR documentation, operating policies and procedures, program director, reimbursement cycle support, quality improvement systems and initiatives, physician and staff training and education, marketing and referral development programs, and other services and support necessary to enhance and maintain these services. In addition, Healogics will provide new hyperbaric oxygen chambers and pneumatic treatment chairs to replace aging equipment. The Health System will provide clinical and non-clinical staff at current staffing levels, workspace, furniture and supplies, coding, billing and collecting services and the cost of media placement. For the first six months of the contract term, the monthly service fee is $15,000. Thereafter, the Health System will pay Healogics a fee for treatment for each patient receiving hyperbaric oxygen or wound care therapy services. The current net patient revenue generated by hyperbaric oxygen and wound care services will be enhanced by documentation and coding upgrades provided by Healogics over the term of the contract in the amount of $3,756,500, which will cover the cost of the management fees. Healogics will update existing wound care equipment with $532,230 in new hyperbaric chambers and other patient care equipment. They will purchase the four existing hyperbaric chambers which have been purchased over the past 10 years at current fair market value approximately, $175,000.
Healogics has a total of 3,159 employees, and their workforce composition was provided for the Board’s review.

**RECOMMENDATION:** Staff recommends Board of Managers’ approval of the execution of this agreement with Healogics for a period of five years at an estimated annual cost of $736,448 with the total amount not to exceed $3,682,239.

**ACTION:** None.

**EVALUATION:** The contract with Healogics has not been finalized; it is still being negotiated. Mr. Hernández asked that this presentation take place to provide the Board with important background information regarding the management and regulation of these therapies, which has become more specialized and creates difficulties in the day to day delivery of these services, as well as documentation in the Electronic Medical Record and subsequent billing of the services provided. Upon finalization of contract terms, staff will return with a consent item for Board approval.

**FOLLOW-UP:** None.

**CONSIDERATION AND APPROPRIATE ACTION REGARDING THE FOLLOWING WORKERS’ COMPENSATION CONTRACTS:**

**WORKERS’ COMPENSATION CLAIMS ADMINISTRATION CONTRACT WITH 1-2-1 CLAIMS, INC.; AND**

**SUMMARY:** This contract was competitively bid as RFP-216-05-019-SVC. Four (4) bid responses were received for third party claims administration: 1-2-1 Claims, Inc.; AS&G Claims Administration; Inc., TRISTAR Risk Management; and York Risk Services Group, Inc. Each bid was reviewed for responsiveness to the RFP specifications. 1-2-1 Claims, Inc. provides the best value for the following reasons: (1) three-year rate guarantee, (2) unchanged premium rates, (3) unchanged administrative services and (4) industry experience and knowledge. Other benefits to the Health System includes: documentation of injured employees, investigation of claims, filing of state mandated forms, and payment for medical/disability/lost time claims. A third party claims administration process is required under state workers’ compensation guidelines. This contract includes costs for third party claims administration in an estimated amount of $387,000.00 for a period of three years (3). To determine the best value a decision matrix was utilized scoring responses related to expert knowledge, reporting functionality, customer communication, performance, pricing, rate guarantee, and references. Third party claims administration monthly fees of $10,750.00 will remain constant for the duration of the new contract period, January 1,
2017 to December 31, 2019. There is no change in the annual price from the previous contract. There will be no third party claims administration fee for run-off claims (tail) for the life of the contract. This is a planned expense and funding has been included in the 2017 annual operating budget. The contract may be terminated early pursuant to Health System standard purchase terms and conditions. The term shall have an option to renew for one (1) year thereafter unless either party give notice of non-renewal to the other. 1-2-1 Claims, Inc. is a local, small, woman owned business enterprise (SWBE), is HUB-certified, and has a total of 16 employees. The workforce composition data was provided for the Board’s review.

RECOMMENDATION: Staff recommends Board of Managers’ approval of a contract for third party claims administration with 1-2-1 Claims, Inc. at $129,000.00 annually for a total amount of $387,000.00 for a period of three years.

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

EVALUATION: Mr. Adams objected to staff’s use of the term “best value” as a justification because it does not specify whether the vendor is the lowest bidder. The Board’s preference is for staff to list all vendors who respond to an RFP and their respective bid amounts. Dr. Jimenez asked Ms. Scepanski to share a report with the Board regarding the types of claims submitted, education provided to staff, and other information relevant to workers compensation claims. Ms. Scepanski reported that the Health System has earned a rating grade of “A” in workers’ comp claims and she is pleased that the severity of the types of injuries has gone down significantly; the Health System is below the national average. Also, in the near future, staff will implement a new model of our own network for the Health System, which will in turn, save a significant amount of money.

FOLLOW-UP: Ms. Scepanski will provide the report requested by Dr. Jimenez.

WORKERS’ COMPENSATION COST CONTAINMENT CONTRACT WITH MEDICAL AUDIT CONSULTANTS—THERESA SCEPANSKI

SUMMARY: This contract was competitively bid as RFP-216-05-020-SVC. Six (6) bid responses were received for cost containment services: Medical Audit Consultants, Inc.; Injury Management Organization, Inc.; Argus Claims Services, Inc.; Trinity Review Services, Inc.; Xerox Commercial Services, LLC; and York Risk Services Group, Inc. Each bid was reviewed for responsiveness to the request for proposal specifications. Medical Audit Consultants provides the best value for the following reasons: (1) three-year rate guarantee, (2) unchanged premium rates, (3) unchanged cost containment services and (4) industry experience and knowledge. Medical Audit Consultants, Inc. will provide injured employees with prompt and effective medical treatment. Other benefits to the Health System include access to quality medical and preferred provider organization networks, regulatory compliance and medical dispute support, web-based access with bill tracking and opportunities for improvement and appropriate use of physician review of impairment ratings to prevent overpayment of indemnity benefits. This contract
includes costs for medical cost containment and claims management fees at an estimated cost of $315,000 for a period of three years, January 1, 2017 through December 31, 2019. To determine the best value a decision matrix was utilized scoring responses related to expert knowledge, reporting functionality, vocational rehabilitation services, customer communication, performance, pricing, rate guarantee, and references. The primary services for medical cost containment vendor fees include percentage of savings opportunities for medical and hospital bill audits, pre-authorization of services, physician peer reviews, utilization reviews, case management, and vocational rehabilitation. Medical Audit Consultants, Inc., will provide the Health System with a customized program to maximize savings within a cost effective fee structure. Medical cost containment includes the customary monthly fees of $8,750.00 for the duration of the contract period. As compared to the previous contract, there is no change in the annual price. This is a planned expense and funding has been included in the 2017 operating budget. The contract may be terminated early pursuant to Health System standard purchase terms and conditions. The contract shall have an option to renew for one (1) year thereafter unless either party gives notice of non-renewal to the other. Medical Audit Consultants, Inc. is a local, small, woman-owned business enterprise (SWBE), HUB Certified, and has a total of 12 employees. The workforce composition was provided for the Board’s review.

**RECOMMENDATION:** Staff recommends Board of Managers’ approval of the contract for medical cost containment services with Medical Audit Consultants, Inc. at an estimated $315,000.00 for a period of three years.

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

**EVALUATION:** Medical Audit Consultants, Inc., provides excellent value and was the lowest bidder. Dr. Jimenez asked about needle stick claims, to which Ms. Scepanski replied that the Health System has experienced great success with safety needles, which are needle-less devises. Historically, the Health System sees a spike in these numbers in July, which is when new house staff physicians arrive, and also in the operating room and with Pediatrics, where this type of needle is not used.

**FOLLOW-UP:** None.

**CONSIDERATION AND APPROPRIATE ACTION REGARDING THE FOLLOWING CONTRACTS FOR PROFESSIONAL SERVICES FOR CARELINK MEMBERS:**

**CONTRACT WITH THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER DENTAL SCHOOL — VIRGINIA MIKA, PHD/ALLEN STRICKLAND:**

**SUMMARY:** The Health System, through its CareLink Program, provides its members with oral and maxillofacial surgery, maxillofacial prosthetics services, and on-call coverage in the Emergency Department and operating room in support of trauma and emergency services. The Health System has contracted with UT Health, San Antonio Dental School since 2004. In 2015, the Dental School provided services to approximately 1,329
CareLink members, and during the first 6 months of 2016, has provided services to approximately 645 members. The contract includes provisions for compliance with the Health System’s utilization review and quality assurance programs as well as eligibility verification and pre-authorization requirements from CareLink. The providers must be credentialed and board certified. This agreement includes standards which address quality of care, access, appropriate utilization and patient satisfaction. Vendor performance and quality assurance will be reviewed annually to ensure customer satisfaction. The previous agreement with the Dental School was based on 100 percent of the current Texas Medicaid fee schedule for physician services and 70 percent of the current Medicare fee schedule for maxillofacial prosthodontic procedures services. The new rate will be the Resident Fee schedule used by the Dental School for all cash paying patients. It is approximately 35 percent more than the Medicaid fee schedule, but is only slightly higher than the actual cost of the supplies incurred by the Dental School. The previous agreement was paid at a lower rate because the Health System was providing all supplies and assuming all overhead fees for the dental clinic. The estimated annual impact is approximately $145,000 in increased payments, if patient volume remains stable. The emergency call coverage rate is $51 per hour. Based on 2015 annualized data, staff anticipates the value of the CareLink portion of the contract for one year to be $675,000. The value of emergency call coverage for one year is $344,895. The total combined amount for one (1) year is $1,019,895 and $3,059,685 for three (3) years. UT Health, San Antonio Dental School has a total of 556 employees, and the workforce composition was provided for the Board’s review.

RECOMMENDATION: Staff recommends Board of Managers’ approval of a contract with UT Health, San Antonio Dental School at an estimated cost of $3,059,960 over a three (3) year period effective January 1, 2017.

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

EVALUATION: None.

FOLLOW-UP: None.

CONTRACT WITH THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER, SAN ANTONIO — VIRGINIA MIKA, PHD/ROBERTO VILLARREAL, M.D.; AND

SUMMARY: The Health System, through its CareLink Program, provides primary care and specialty services to its members, and has contracted with UT Medicine for these services since 1998. This is a fee for service contract, and is a planned expense. In 2015, UT Medicine provided services to approximately 19,543 CareLink members at a cost of $13,584,229. As of July 2016, they have provided services to approximately 13,336 CareLink members at a cost of $7,483,575. This agreement includes standards which address quality of care, access, appropriate utilization and patient satisfaction. Vendor performance and quality assurance will be reviewed annually to ensure customer satisfaction. This agreement
shall be renewed for up to two successive one (1) year terms if UT Medicine meets all performance standards, patient satisfaction and quality risk management standards. UT Medicine has a total of 5,245 employees, and the workforce composition was provided for the Board’s review.

RECOMMENDATION: Staff recommends Board of Managers’ approval to execute an Agreement with The University of Texas, San Antonio through its Department of UT Medicine at a total estimated contract amount of $39,000,000 over a three (3) year period, effective January 1, 2017.

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

EVALUATION: This is a fee for service contract, however, the specific rate is not provided in staff’s written report. Dr. Mika clarified that the fee for service is paid at 100 percent the Medicare rate. Also, this contract description does not speak to incentives and/or metrics, valuable tools in building a stronger working relationship with the School of Medicine. Mr. Banos explained that from a population management point of view, staff has only recently started to see some stabilization of the CareLink membership on a global basis, this past year. Further, new CareLink patients are often much sicker, with a higher acuity level, and many times are enrolled while they are inpatients. Staff does not feel it has a good handle on these issues for incentives to be built into the contract. At the present time, staff is looking at departmental quality metrics that are truly measureable in other contracts. Mr. Hernandez confirmed that the CareLink program is restricted to care provided at UHS facilities. The Health System has in the past, contracted with community physicians, for services to CareLink patients. Another reason to keep CareLink patients at the Health System is due to the collection of data in the electronic medical record. Dr. Jimenez noted that term “indigent” continues to have negative connotations and urged staff to replace use of that term.

FOLLOW-UP: None.

CONTRACT WITH COMMUNITY MEDICINE ASSOCIATES D/B/A UNIVERSITY MEDICINE ASSOCIATES FOR PROFESSIONAL SERVICES—VIRGINIA MIKA, PHD/ROBERTO VILLARREAL, M.D

SUMMARY: The Health System, through its CareLink Program, provides medical services to its members, and has contracted with Community Medicine Associated d/b/a University Medicine Associates (UMA) since 2003. Services include family planning, immunizations, inoculations, nutritional and dietetic counseling and preventative care. This is a fee for service contract. In 2015, UMA provided services to approximately 19,755 members, at a cost of $5,301,023. As of July 30, 2016, UMA provided services to approximately 15,246 members, at a cost of $3,376,726. UMA will provide professional services within established appointment standards, allowing for more expedited and appropriate follow-up care. The contract includes provisions for compliance with Health System utilization review and quality assurance programs as well as eligibility verification and pre-authorization requirements from
CareLink. The providers must be credentialed and board certified. This agreement includes standards which address quality of care, access, appropriate utilization and patient satisfaction. UMA provider performance and quality assurance will be reviewed annually to ensure customer satisfaction. This Agreement is based at 100 percent of the current Medicare fee schedule for all professional services. The value of this the contract is estimated to be $5,300,000 for a period of one year for a total contract value of $26,500,000 over the five (5) year contract period. UMA has a total of 83 employees, and the workforce composition was provided for the Board’s review.

**RECOMMENDATION:** Staff recommends Board of Managers’ approval to execute a contract with UMA at a total estimated cost in the amount of $26,500,000 over a five (5) year period effective January 1, 2017.

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

**EVALUATION:** None.

**FOLLOW-UP:** None.

**CONSIDERATION AND APPROPRIATE ACTION REGARDING THE FOLLOWING CONTRACTS FOR COMMUNITY FIRST HEALTH PLANS:**

**MULTI-YEAR CONTRACT WITH ZEOMEGA FOR A CARE MANAGEMENT SYSTEM – GREG GIESEMAN**

**SUMMARY:** The emerging progression of clinical management requires capabilities that CFHP’s eight year old Care Management (CM) system - TCS’ Acuity – does not provide. In April 2016, CFHP engaged Change Healthcare (CHC, formerly HTMS) to assist in identifying a new CM system that aligns with CFHP’s defined business requirements, future needs and goals. Following discussions with seven vendors and subsequent onsite demonstrations by three, CFHP staff recommends ZeOmega’s Jiva as the system to replace TCS’ Acuity. The Jiva implementation will begin around February 2017 and last 12 months. The objective is to make Jiva operational before the NCQA recertification process in mid-2018. The system has an expected useful life of approximately 12 years. The contract was presented to and approved by the CFHP Board of Directors on September 23, 2016. The one time cost for initial implementation is $535k. The ongoing annual operating cost is $570k for hosting, maintenance and support. CFHP is the funding source for all associated costs; expenses applicable to 2017 are included in CFHP’s 2017 operating budget - no money is requested from University Health System. ZeOmega meets the established requirements of the State of Texas Historically Underutilized Business (HUB) Program; they have provided a copy of their Equal Opportunity plan in lieu of workers composition data.

**RECOMMENDATION:** Staff recommends Board of Managers’ approval to enter a 5-year service contract with ZeOmega at a sum not to exceed $3,385,000.
ACTION: A MOTION to approve staff’s recommendation was made by Mr. Engberg, SECONDED by Ms. Barrera, and PASSED UNANIMOUSLY.

EVALUATION: None.

FOLLOW-UP: None.

MULTI-YEAR CONTRACT WITH TRIZETTO/QNXT FOR A CORE MANAGEMENT SYSTEM – GREG GIESEMAN

SUMMARY: The evolving managed care environment requires capabilities that CFHP’s current “core system,” DST’s AMISYS Advance (AMISYS), doesn’t provide. Following discussions with six vendors and subsequent onsite demonstrations by three (DST, HealthEdge and TriZetto) CFHP believes that TriZetto's QNXT is the best system to replace AMISYS and enable CFHP’s pursuit of long-term objectives. QNXT meets all of CFHP’s needs and has a solid strategic roadmap. Other potential systems on the market appear to be less capable than QNXT, and other vendors are less familiar with Texas Medicaid managed care. The QNXT implementation will begin around August 2017 and last 18 months. The objective is to have QNXT operational for health insurance exchange (HIX) products that are effective January 2019. The decision to begin in August 2017 represents a deliberate delay to allow for both (i) contract negotiation with TriZetto, as well as (ii) the intense design, development, and configuration stages of the new Care Management system implementation. The one-time perpetual license fee for QNXT is $3,300,000. One-time implementation fees from TriZetto are $3,400,000. Annual costs, including hosting, support and maintenance, are $2,100,000 per year. The 5-year total contract value (TCV) is $17,200,000. The actual systems cost is $6.7M (perpetual license fee plus implementation fees). This is a one-time cost. In addition to license and implementation fees, the annual operating cost is $2.1M for hosting, maintenance and support. CFHP is the funding source for all associated costs; expenses applicable to 2017 are included in CFHP’s 2017 budget. Monies to pay for QNXT will come from operating expense - no money is requested from University Health System. Cognizant is TriZetto’s parent company, and they have provided a copy of their Equal Opportunity plan in lieu of their workers composition data. This contract was presented to, and approved by, the CFHP Board of Directors on October 28, 2016.

RECOMMENDATION: Staff recommends Board of Managers’ approval to enter a service contract with TriZetto with a 5-year contract sum not to exceed $17,200,000.

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

EVALUATION: None.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION TO AMEND THE CONTRACT WITH SP PLUS HEALTHCARE SERVICES (SP PLUS) TO PROVIDE GARAGE MANAGEMENT
SERVICES FOR AN ADDITIONAL YEAR FOR THE UNIVERSITY HOSPITAL CAMPUS—
MARK WEBB

SUMMARY: In February 2013, the Health System issued a Request for Proposal for garage management services at University Hospital. SP Plus Healthcare Services (SP Plus) was selected to provide the garage manager services, and the current contract became effective January 1, 2014. The original contract amount with SP Plus was $671,595 for the initial 3 year term. The contract was amended in 2015 by $46,478 (7% increase from original contract) to add remote management services and staff a full-time manager to provide better customer service. In 2016, the contract was amended a second time in the amount of $15,234 (2% increase from amended contract) to provide three months of gate monitoring staffing in support of a raised gate operation that allows staff faster access into the garage during morning and evening shift changes. The continuation of the changes from amendments 1 and 2 are recommended for 2017. This is a request to amend the contract in the amount of $338,464 for 2017, which includes a small increase in management fees due in year four of the contract, plus a full 12 months of gate monitoring services. The 2017 garage contract reflects a 19% increase over the 2016 garage manager contract, mostly due to the addition of gate monitoring services. Net parking revenue for 2016 is projected to be $1,466,874 as compared to 2015 actual net parking revenue, which was $1,599,502. This expense is included in the 2017 operating budget and will be offset by the net parking revenue, estimated to be $1,500,000. SP Plus Healthcare Services (Standard Parking) is a publicly held large corporation and is not classified as a SMWVBE; however, all positions created by the management contract are filled from the local labor market. The local workforce composition was provided for the Board’s review.

RECOMMENDATION: Staff recommends Board of Managers’ approval of a contract amendment with SP Plus in the amount of $338,464 to provide garage management services for an additional year (2017) at University Hospital.

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

EVALUATION: None.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING ACCEPTANCE OF AN OFFER OF SETTLEMENT ON CERTAIN CLAIMS ASSERTED BY THE HEALTH SYSTEM ON THE MEDICAL CENTER CAPITAL IMPROVEMENT PROJECT —MARK WEBB

SUMMARY: Construction of the Sky Tower at University Hospital was completed in April 2014. Since that time, there have been a number of routine design/construction issues that have arisen during the one year warranty that have been corrected and are no longer of concern. However, there are other issues that have not been fully resolved. In August 2016, the Board approved the engagement of Jacobs Construction Management to work the claims management process due to the fluid nature of the work
and the unknown duration associated with the work. In addition to Jacobs, staff also utilized the expertise of outside design/construction industry experts and outside counsel for due diligence and to perform an end of warranty period review to ensure no other issues existed and to assist, as necessary, in the resolution of these claims in an equitable manner. The total cost for use of outside experts is $1,454,666. Because there remained questions related to accountability between Perkins and Will (PW) and Zachry Vaughn Layton (ZVL) for the issues, as well as reasonableness of claims compared to industry standards for construction defects and error/omissions, the Health System Team went to mediation with PW and ZVL in an effort to resolve the claims. Typical projects have a certain level construction defects and errors/omissions that get corrected through the use of contingency funds and insurance. This project was below 1 percent. Mr. Webb detailed the claims and amounts covered by this settlement agreement in his written report, in addition to the cost of outside legal and expert fees, for a total of $2,858,587. During the course of the investigation and proposed resolution of the claims, staff and the outside experts have worked diligently to ensure that the root cause of each claim or potential claim was identified and that the proposed resolution of each item is appropriate. Based on the results of the medication, the recommended settlement amount is $1,375,000. The settlement amount does not cover the full cost of the work. However, if the settlement amount is not accepted, the next step is alternative dispute resolution (as required by the contracts with PW and ZVL), followed by litigation if resolution is not achieved during the dispute resolution process.

RECOMMENDATION: Staff recommends Board of Managers’ approval of the settlement agreement with Perkins+Will and Zachry Vaughn Layton for certain claims asserted by the Health System on the Medical Center Capital Improvement Project in the amount of $1,375,000.

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

EVALUATION: Mr. Engberg agreed with the staff’s recommendation. From a business perspective, the costs to move this claim forward to dispute resolution, and/or litigation, will outweigh potential gains, if any. He further expressed great confidence in Mr. Rick Reed, the Health System’s outside counsel on this matter.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING OPERATIONS AND FINANCIAL REPORT FOR OCTOBER 2016—REED HURLEY/EDWARD BANOS

SUMMARY: In October clinical activity (as measured by inpatient discharges) was up 3.0% for the month compared to budget. Community First Health Plan (CFHP) fully-insured membership was down 2.9% due to lower membership in STAR Medicaid. Gain from operations was $10.4 million, $2.3 million better than budget. The bottom line gain (before financing activity) was $4.1 million, $3.2 million better than budget and
was due primarily to lower medical claims expense at CFHP. Debt Service Revenue was $4.5 million which is equal to the budgeted Debt Service payment of $4.5 million. Mr. Hurley reviewed notable increases and/or decreases from the Consolidated Balance Sheet in detail.

RECOMMENDATION: Staff recommends acceptance of the financial reports as presented today, subject to audit.

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.

ITEMS FOR REVIEW AND DISCUSSION:

REVIEW AND DISCUSSION REGARDING BEXAR COUNTY HOSPITAL DISTRICT D/B/A UNIVERSITY HEALTH SYSTEM'S PRELIMINARY OPERATING, DEBT SERVICE AND CAPITAL BUDGETS FOR FY 2017—GEORGE B. HERNÁNDEZ, JR./REED HURLEY

SUMMARY: Mr. Hernandez reviewed 2017 financial impact items and yielded the floor to Mr. Banos for review of operational focus areas, and Mr. Hurley for a summary of the proposed budget:

2017 FINANCIAL IMPACTS:
• Reduction of NAIP funding ($20 Million)
• BCCS (Expanded Charity Care) program ending in February 2017 ($26 million) increase in Medical Services expense
• Change in Pension Plan accounting ($9.5 Million)
• Unknown changes to funding for 2018 due to the expiration of the current 1115 Waiver ending Dec. 31, 2017
• Changes due to a Republican administration in Washington

OPERATIONAL FOCUS AREAS:
• Key Performance Indicators (KPI’s) will be presented at Board meetings with historical and industry comparisons
• Action plans will be developed and shared for underperforming indicators
• Examples of focus KPI’s
  – Emergency Department Throughput
  – Operating Room Throughput
  – Length of Stay
  – Labor Expense Management
  – Supply Expense Management
  – Publicly Reported Quality Metrics
  – Patient, employee, and physician engagement
### UHS Clinical Services Budget:

<table>
<thead>
<tr>
<th></th>
<th>2016 Projected</th>
<th>2017 Preliminary</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Operating Revenue</td>
<td>$1,104.4</td>
<td>$1,143.5</td>
<td>$39.1</td>
</tr>
<tr>
<td>Total Operating Expense</td>
<td>$1,000.0</td>
<td>$1,058.8</td>
<td>($58.7)</td>
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<tr>
<td>Gain/(Loss) from Operations</td>
<td>$104.4</td>
<td>$84.7</td>
<td>($19.7)</td>
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<tr>
<td>Depreciation</td>
<td>$79.3</td>
<td>$81.3</td>
<td>($2.0)</td>
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<tr>
<td>Meaningful Use Incentive</td>
<td>$00.0</td>
<td>$00.0</td>
<td>($0.0)</td>
</tr>
<tr>
<td>Non-Operating Revenue</td>
<td>$3.1</td>
<td>$2.5</td>
<td>($0.6)</td>
</tr>
<tr>
<td>Unrealized Gain/Loss</td>
<td>$0.7</td>
<td>$0.0</td>
<td>($0.7)</td>
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<tr>
<td>Total Non-Operating Revenue/Expense</td>
<td>($75.5)</td>
<td>($78.8)</td>
<td>($3.4)</td>
</tr>
<tr>
<td>Bottom Line excluding Debt Service</td>
<td>$28.9</td>
<td>$5.9</td>
<td>($23.0)</td>
</tr>
</tbody>
</table>

### Community First Health Plans, Inc.

**2017 Preliminary Budget:**

- Total Operating Revenues: $509,643
- Total Operating Expenses: $504,720
- Gain (Loss) from Operations: $4,922
- Total Non-operating Revenue (Expense): ($231)
- Bottom Line Excluding Debt Service: $4,691

### UHS Consolidated:

<table>
<thead>
<tr>
<th></th>
<th>2016 Projected</th>
<th>2017 Preliminary</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Operating Revenue</td>
<td>$1,531.3</td>
<td>$1,653.1</td>
<td>$121.8</td>
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<tr>
<td>Total Operating Expense</td>
<td>$1,415.6</td>
<td>$1,563.5</td>
<td>($147.9)</td>
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<tr>
<td>Operating Gain</td>
<td>$115.84</td>
<td>$89.6</td>
<td>($26.1)</td>
</tr>
<tr>
<td>Non-operating Revenue/(Expense)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Depreciation/Amortization</td>
<td>$80.0</td>
<td>$82.2</td>
<td>($2.2)</td>
</tr>
<tr>
<td>Meaningful Use Incentive</td>
<td>$0.0</td>
<td>$0.0</td>
<td>($0.0)</td>
</tr>
<tr>
<td>Investment Income</td>
<td>$3.7</td>
<td>$3.2</td>
<td>($0.6)</td>
</tr>
<tr>
<td>Unrealized Gain/Loss</td>
<td>$0.8</td>
<td>$0.0</td>
<td>($0.8)</td>
</tr>
<tr>
<td>Total Non-Operating Revenue</td>
<td>($75.5)</td>
<td>($79.1)</td>
<td>($3.6)</td>
</tr>
</tbody>
</table>
Bottom Line excluding Debt Service  $40.3  $10.6  ($29.7)  

| Debt Service Revenue | 53.8 | 56.8 | 3.0 |
| Debt Service          | 53.3 | 56.8 | 3.0 |
| Net Debt Service      | 00.0 | 00.0 | 00.0 |
| Capital Requirements  | 30.4 | 29.8 | 1.6 |

**Projected Reserve Rebalancing Board Designated Accounts:**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital – Encumbered</td>
<td>54</td>
<td>54</td>
<td>54</td>
</tr>
<tr>
<td>Capital – Future Needs</td>
<td>67</td>
<td>111</td>
<td>153</td>
</tr>
<tr>
<td>Emergency Operating Account</td>
<td>213</td>
<td>247</td>
<td>261</td>
</tr>
<tr>
<td>Self Insurance Account</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>End of Year Balance</td>
<td>339</td>
<td>416</td>
<td>473</td>
</tr>
</tbody>
</table>

**Recommendation:** Staff recommends Board approval of the UHS Proposed Operating, Debt Service and Capital Budget for Fiscal Year 2017, and favorable recommendation to Bexar County Commissioners’ Court on December 13, 2016.

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

**Evaluation:** The Center for Health Care Services (CHCS) budget was pulled for a separate vote by the Board given Dr. Roberto Jimenez’s role as Chief Medical Officer at CHCS. Funding for Fiscal Year 2017 is as follows:

- Local Match Direct Contribution (estimated) $2.4 million
- CareLink Detoxification and Substance Abuse Services $750,000
- CareLink Provider Agreement $257,000
- Pharmacotherapy Services (Opioid Program) $225,000
- Mommies Program Contract $207,885
- **Total** $4.13 million

**Recommendation:** Staff recommends Board approval of the proposed CHCS budget outlined above for Fiscal Year 2017, for a total of $4.13 million.

**Action:** A MOTION to approve staff’s recommendation of the CHCS budget was made by Ms. Barrera, SECONDED by Dr. Burns, and PASSED UNANIMOUSLY. Dr. Jimenez ABSTAINED.

**Follow-up:** The 2017 budget presentation to the Bexar County Commissioners Court will take place on Tuesday, December 13, 2016, time to be determined. Board members will be polled for a possible Board meeting that same day in the downtown area.
PRESENTATIONS AND EDUCATION: None at this time

AMBULATORY MATTERS: None at this time

INFORMATION ONLY ITEMS:

REPORT REGARDING MEDICAL-DENTAL STAFF COMMITTEES AND DEPARTMENTS —KRISTEN A. PLASTINO, M.D., PRESIDENT, MEDICAL/DENTAL STAFF

UPDATE ON FACILITIES DEVELOPMENT ACTIVITIES—MARK WEBB

REPORT ON RECENT RECOGNITIONS AND UPCOMING EVENTS—LENI KIRKMAN

2016 QUARTER 3 SUPPLIER DIVERSITY REPORT—FRANCINE WILSON

SUMMARY: Mr. Adams directed the Board’s attention to the four (4) written reports above. He urged them 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.

CLOSED MEETING:

Mr. Adams announced this meeting closed to the public at 4:37 p.m., to evaluate the quality of medical and/or health care services as permitted by Section 161.032 of the TEX. HEALTH & SAFETY CODE. The following Board members were present: Jim Adams, Chair; Ira Smith, Vice Chair; Dr. Dianna M. Burns-Banks, Secretary; Roberto L. Jimenez, M.D., Immediate Past Chair; Janie Barrera, Member; Robert Engberg, Member; James Hasslocher, Member. Staff present: George B. Hernández, Jr.; Ed Banos; Bryan Alsip, M.D.; Karen McMurry, and Dr. Kristen Plastino. Dr. Burns exited the briefing at 4:55 p.m. After discussion, no action was taken in closed session. Mr. Adams announced the closed meeting ended at 5:14 p.m. and at that time, reconvened the public meeting.

ADJOURNMENT:

There being no further business, Mr. Adams adjourned the public Board meeting at 5:15 p.m.

__________________________________ ______________________________
James R. Adams    Dianna M. Burns, M.D.
Chair, Board of Managers   Secretary, Board of Managers

Sandra D. Garcia, Recording Secretary