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

Tuesday, November 19, 2013
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
Linda Rivas, Vice Chair
Rebecca Q. Cedillo, Secretary
Roberto L. Jimenez, M.D., Immediate Past Chair
Robert Engberg
Alex Briseño
Ira Smith

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
Ted Day, Vice President, Strategic Planning & Business Development, University Health System
Peggy Deming, Executive Vice President/Chief Financial Officer, University Health System
Jose Fernandez, Director, Financial Decision Support, 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 and Regulatory Services, University Health System
Leni Kirkman, Vice President, Strategic Communications & Patient Relations, University Health System
Mary Ann Mote, Senior Vice President/Chief Revenue Officer, University Health System
Nancy Ray, Senior Vice President/Chief Nursing Officer, University Health System
Robert Rattenbury, Director, Budget & Planning, University Health System
Michelle Ryerson, Senior Vice President, CNO/COO, Pediatric Clinical Services, 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.

MEDIA:

Peggy O’Hare, San Antonio Express News
CALL TO ORDER AND RECORD OF ATTENDANCE: JIM ADAMS, CHAIR, BOARD OF MANAGERS

Mr. Adams called the meeting to order at 2:00 pm.

INVOCATION AND PLEDGE OF ALLEGIENCE:

Chaplain Tomas Hernandez introduced Mr. David Olmos of Community Bible Church for the invocation and Mr. Adams led the pledge of allegiance.

CONSENT AGENDA – JIM ADAMS

CONSIDERATION AND APPROPRIATE ACTION REGARDING UNIVERSITY HEALTH SYSTEM POLICY NO. 2.0101, RENAL DIALYSIS SERVICES OVERSIGHT—MICHELLE RYERSON/Theresa de la Haya

SUMMARY: The items listed above were presented as part of the consent agenda.
RECOMMENDATION: Staff recommended approval of the items listed on the consent agenda.
ACTION: A MOTION to approve the staff’s recommendation was made by Ms. Rivas SECONDED by Mr. Smith.
EVALUATION: Dr. Jimenez requested total costs related to the corrective actions undertaken in the renal dialysis centers as a direct result of the deficiencies cited by the state in May 2013.
FOLLOW UP: As indicated above.

REVIEW AND DISCUSSION REGARDING BEA COUNTY HOSPITAL DISTRICT D/B/A UNIVERSITY HEALTH SYSTEM'S OPERATING, DEBT SERVICE AND CAPITAL BUDGETS FOR FY 2014—George B. Hernandez, Jr./Peggy Deming

SUMMARY: Staff presented updated information to the 2014 budget which incorporated feedback obtained from the Board on November 12 as well as refinements to the original budget amounts, and an overview of strategic planning framework to support achievement of activity budgeted; pediatric initiatives in place to meet children’s health service activity levels; DSRIP monitoring and reporting initiatives; and recruitment strategy process. Staff described these initiatives as critical to assure net patient revenue (NPR) and DSRIP funding levels provided in the 2014 budget plan are achieved. The draft version of the Health System FY 2014 Operating 2014 Budget excluding Community First Health Plans reflects a gain from operations of $0.2 million. This draft of the budget reflects an increase of $5.2 million in Total Operating Revenues and an increase of $5.3 million in Total Operating Expenses. This is a net $0.1 decline in the Operating margin. A summary of the updates made to revenue and expenses is as follows:

- Net Patient Revenue (NPR) increased to include $2.4 million for Primary Care services under ACA
• DSRIP Revenue increased to include $2.8 million for costs not previously covered
• Salaries increased $6.3 million for additional positions and market rate adjustments primarily for clinical care
• Benefits decreased $136,000
• Medical Services increased $2.3 million for additional based care cost
• Supplies expense decreased $443,000
• Purchased Services decreased $2.7 million to remove expenditures for grants that had been duplicated in error and other reductions
• Interest expense (reflected in Debt Service section) decreased $3.4 million to reflect 11 months of expense

The budget report presented today includes updated Exhibits:

• Summary of Activity (Exhibit 1 and 2) now include a definition of Adjusted Discharges
• Detailed Income Statement (Exhibit 3) for changes noted above
• Changes from the Tax Budget (Exhibit 4) to incorporate changes above
• Summary of Net Patient Revenue by Service Line (Exhibit 5) was enhanced to add Exhibit 2 activity and sequence of Service Lines, activity per discharge or visit and add variance and percent variances based on activity per discharge or visit
• Exhibit 6 Impact of Legislative Changes includes CMA impact of a ACA primary care provider increase
• DSRIP impact (Exhibit 8) increased revenue to cover expense
• Walk through schedule of major changes from 2013 to Budget 2014 changed in presentation to show the 2013 Projected, 2014 Budget, Change and percent change. The number of change walk through columns was reduced from 12 to 5 to better reflect the types of changes.

The Health System has identified four major tactical areas to employ in order to achieve activity in support of the FY2014 Operating Budget. These areas are selected in light of their relative positive influence on patient service volume growth. First, leadership and staff will need to be clear on our vision and strategy even in the very dynamic healthcare environment of 2014. Second, staff will need to enhance our ability to execute our strategy through such means as lean efficiency measures and careful measurement of results against our strategic plan. Third, the Health System plans to expand targeted marketing to various stakeholders in the community, especially patient customers. Fourth and finally, Health System staff and physicians will collaborate on enhanced referral development outreach in appropriate ways and through improved tools as we focus on referring physician customers. (Attachment B)

In this update, the area of emphasis is growth initiatives for the 2014 Pediatric volume. The transition of pediatric services into the Health System will be nearly complete by year end. Capacity to care for these patients has been expanded and patient activity is increasing as we are providing greater access to high quality medical care for Bexar County children across the continuum. This update provides detail of the transition to support our projections for 2014 budgeted pediatric activity. (Attachment C)
The 1115 Waiver continues to play a vital role in 2014 in the transformation of the health care delivery system for our community. The Health System is entering DSRIP Year 3, a period which runs from October 1, 2013 through September 30, 2014. Staff continues to work toward insuring all milestones and metrics for the upcoming DY3 as well as the 2014 UHS Budget are successful and deliver the expected outcomes in Category 3. In the 2014 budget, staff accounted for 50% or the potential DSRIP revenue to cover the expenses of the 23 DSRIP projects and to meet the decreases in UC Uncompensated Care. (Attachment D)

The Health System’s recruitment strategy will contribute to attracting the best talents in the community and differentiate ourselves from other local healthcare organizations. A strong recruitment plan promotes organizational excellence and unique achievements. The Human Resources team has developed short-term and long-term strategies designed to retain our excellent staff, ensure our capability to recruit needed additional staff, and increase the pipeline of highly skilled candidates. These strategies have been developed from an analysis of staffing requirements and development of an action plan to ensure viable candidates in all professions (Attachment E).

RECOMMENDATION: This report was provided for information and discussion purposes only.
ACTION: No action was required by the Board of Managers.
EVALUATION: In advance of the budget presentation, Mr. Adams asked the Board members to identify budget items that are of particular interest to each of them, so that the staff would be prepared to elaborate on those points: Ms. Cedillo - outpatient activity projections; Mr. Smith - outpatient activity; Mr. Engberg - revenue projections across the organization, in light of the new tower’s opening four months into 2014; Ms. Rivas - 2014 new capital list, as well as a status report on 2013 capital; Mr. Briseno - year end 2013 total operating revenue and also 2014 revenue for clinical services, to include DSRIP revenue projections, legislative and regulatory assumptions impacting such, and tying/comparing the data in the tax rate data presentation to the budget document; Mr. Briseno/Ms. Rivas - FTE staffing projections. Staff members discussed occupancy rates for the new trauma tower at length and depreciation for the clinical pavilion in 2013 and the new trauma tower in 2014. Discussion also ensued regarding the DSRIP incentive potential if 100% of the metrics are met. The 23 DSRIP projects will require a set number of milestones every demonstration year. DY3 includes 108 milestones. In the event the Health System does not achieve these milestones, Ms. Rivas asked the staff if there is an alternate plan that will address the shortfall in revenue. Ms. Vasquez informed the Board that management staff foresees expense challenges in 2014 with productivity, staffing, efficiencies in length of stays, case mix index but expressed confidence in the success of all 23 projects and milestones, which managers are tracking on a daily basis. Ms. Cedillo asked the staff to consider incorporating the strategic planning vision for 2013 into the presentation to Bexar County Commissioners Court. Mr. Briseno agreed stating that it’s very important for the tax payers to know that the Health System was able to maintain the same tax rate as last year, open two new buildings, and that 78% of the CIP budget was spent in Bexar County despite all uncertainties. Mr. Adams urged the Board members to communicate directly with the staff about any points in the proposed budget document that they would like to further review.
FOLLOW UP: On behalf of the Board, Mr. Adams requested periodic, detailed DSRIP funding updates during 2014. He also requested that an operating plan for the new tower at University Hospital (i.e., occupancy plans, staff, physician costs, etc.) be provided to the Board as soon as possible.

CLOSED MEETING:

Mr. Adams announced this meeting closed to the public at 5:27 p.m., pursuant to TEX. GOV’T CODE, Section 551.085 (Vernon 2004) to receive information on and/or deliberate regarding pricing, market data and/or financial planning information relating to the arrangement or provision of proposed new services or product lines. The following Board members were present: Jim Adams, Linda Rivas, Robert Engberg, Rebecca Cedillo, and Ira Smith. The following staff was present: George B. Hernandez, Jr., Christann Vasquez, Bryan Alsip, M.D., and Michael Hernandez. After discussion, no action was taken in closed session. Mr. Adams announced that the closed meeting ended at 5:41 p.m. and the public meeting reconvened.

ADJOURNMENT:

There being no further business, the public meeting adjourned at 5:41 p.m.

Jim Adams
Chair, Board of Managers

Rebecca Q. Cedillo
Secretary, Board of Managers

Sandra D. Garcia, Recording Secretary