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

Tuesday, October 20, 2015
2:00 p.m.
Cypress 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
James C. Hasslocher

BOARD MEMBERS ABSENT:

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

OTHERS PRESENT:

George B. Hernandez, Jr., President/Chief Executive Officer, University Health System
Bryan Alsip, MD, Executive Vice President/Chief Medical Officer, 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 & Business Development, 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.; and Vice President, Managed Care, University Health System
Michael Hernandez, Vice President/Chief Legal Office, University Health System
Reed Hurley, Executive Vice President/Chief Financial Officer, University Health System
Sherry Johnson, Vice President/Integrity Officer, Integrity and Regulatory Services, University Health System
Leni Kirkman, Vice President, Strategic Communications and Patient Relations, University Health System
Mark Webb, Chief Executive Officer, Pediatric Services, University Health System
Brian Wheeler, Director, Health Care Analytics, Community First Health Plans, Inc.
Melinda Rodriguez, Contractor
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 2:03 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE:

Mr. Adams introduced Chaplain Fabian Juarez of Tres Angeles Seventh-Day Adventist Church for the invocation, and he led the pledge of allegiance.

APPROVAL OF MINUTES OF PREVIOUS MEETING(S): AUGUST 25, 2015 (REGULAR MEETING)

**SUMMARY:** The minutes of the regular bi-monthly meeting of Tuesday, August 25, 2015, were submitted for approval.

**RECOMMENDATION:** Staff recommended approval of the minutes as submitted.

**ACTION:** A MOTION to approve the minutes was made by Mr. Hasslocher. There being NO OBJECTION, the MOTION CARRIED.

**EVALUATION:** None.

**FOLLOW-UP:** None

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE SELECTION OF A COMPREHENSIVE BRANDING AND MARKETING SERVICES CONSULTANT—LENI KIRKMAN/TED DAY

**SUMMARY:** As directed by the Board of Managers, in the Fall of 2014, staff engaged a strategic healthcare marketing consultation firm with extensive experience working with large academic health systems. Lewton, Seekins, Trester (LST) conducted a comprehensive assessment of the current state and future opportunities, including an extensive audit and analysis of local healthcare consumer research and patient experience survey data, four consumer focus groups, and 75 one-on-one interviews with leadership, physicians and external influencers. The Marketing Assessment and Planning Report, developed by LST in collaboration with the department of Corporate Communications & Marketing and the Strategic Planning function, was presented to the Board of Managers on February 17, 2015. The report and updated research reveal that, while awareness and preference for University Health System has been consistently trending up for the past four years, competing hospitals continue to dominate in the minds of many consumers. The plan’s core recommendations highlight the need for a concerted, focused, multifaceted effort that brings together all available marketing, communications and relationship tools, to deploy messages that are strategically crafted and clearly differentiate University Health System to all key audiences, showcasing the assets of an academic medical center and defining them as benefits to consumers and referrers. It also recommended bringing in a branding firm with experience and success in repositioning organizations in similar situations, with similar aspirations.
The Health System issued a Request for Proposals (RFP) for a Comprehensive Branding/Advertising Services in July of 2015. Responsibilities for this firm include working with the Corporate Communications & Marketing department to create and execute a comprehensive institutional brand awareness and reputation campaign. Additionally, this firm will update the Health System's current branding and graphic design standards manual, integrate the co-branded University Health System/UT Medicine Children’s Health service line into the new master brand, and help develop an expanded pediatric service line campaign. A total of 13 firms responded to the RFP. Following an initial assessment of capabilities, experience and results for large academic medical centers, four finalists were invited to present to the evaluation committee in person. The evaluation committee included representatives from University Health System and UT Health Science Center. The firm determined to be the best fit for University Health System is Neathawk, Dubuque & Packett (ND&P). Headquartered in Richmond, Virginia, ND&P is a full-service marketing, advertising and public relations firm specializing in healthcare. They have been in business for 30 years and been strategic partners to more than 600 hospitals, health systems and medical groups. Funding for the initial steps of developing the 2016 campaign – including an orientation to University Health System, finalizing goals and objectives, assessing existing research, solidifying the scope of work, developing campaign timelines and budgets – is included in the 2015 Corporate Communications & Marketing (CC&M) budget. With Board approval to pursue a relationship with ND&P, a two-year contract with a one year renewal option will be negotiated based on outcomes of the steps outlined above, and brought back to the Board of Managers for approval along with a summary of the recommended campaign strategy and budget. Estimated funding for the ND&P contract as well as campaign implementation and media spend is included in the CC&M 2016 budget request.

**RECOMMENDATION:** Staff recommends Board of Managers’ approval for staff to begin the process of developing a 2016 brand campaign outline with timelines and budgets, and negotiating a two-year contract with ND&P to provide comprehensive branding and marketing services.

**ACTION:** A MOTION to approve staff’s recommendation, with the understanding that there will be a strong focus in collaborating with UTHSCSA to use the same firm for marketing and branding purposes, was made by Mr. Hasslocher, SECONDED by Mr. Smith, and PASSED UNANIMOUSLY.

**EVALUATION:** Mr. Hernandez reported that staff’s intent was to run this effort parallel with the search for a senior marketing executive. However, the individual selected did not accept the job due to illness, but the recruitment effort will continue. In light of the newly signed affiliation agreement and joint work on various services lines, marketing and branding must be conducted with UTHSCSA as partners, and the staff sees this as an opportunity to do so. Mr. Engberg expressed support for the recruitment of a senior marketing executive, which he described as critical to this process. Mr. Adams asked the staff for an estimate of the costs associated with retaining ND&P; however, the staff will narrow down those costs once the scope of work is negotiated. Ms. Kirkman’s
best cost estimate at this time is approximately $700,000 per year. Currently, the Health System spends about $300,000 with a local firm, Creative Civilization. The Health System’s 5-year contract with Creative Civilization ends December 2015. If the Board approves the negotiation of a contract with ND&P, they will be asked to work with a local firm that knows the San Antonio and Bexar County community. Staff has a Request for Proposals ready to issue based on the Board’s decision today; a fee for service contract that provides an opportunity for a local firm to grow their health care experience. The total cost, including engagement of a local firm, is approximately $500,000. However, Mr. Day interjected that total cost amounts will depend on how much is spent on media buy.

Discussion ensued regarding co-branding with UTHSCSA. Mr. Smith maintained the importance in upholding the Health System’s individual, corporate identity. Although this will be a collaborative effort, there must be a unique identification brand for the Health System for two reasons: 1) UHS is Bexar County’s health system and 2) UHS reports to the Bexar County Commissioners Court. Mr. Hernandez reiterated that it is for these same reasons that UHS must work closely with UTHSCSA so that the respective identities do not suffer. After years of being confused with UTHSCSA, the staff wants to ensure the Health System’s brand is strong. At the same time, as health care changes and the Health System has a physician component, a hospital component, and joint signature services, the organizations must advertise together, which will require some co-branding, such as with the University Transplant Center. Mr. Adams agreed and cited the children’s health service line. Currently, we have Children’s Health and UT Kids - two different names which cause confusion for the public. Branding is about having the UHS name mean more. Mr. Engberg asked if the staff might have some basis to gauge the forward movement with appropriate speed in a joint project such as this. From a marketing and communications perspective, Ms. Kirkman reported a strong relationship with UTHSCSA that is getting stronger. Dr. Carlos Rosende’s enthusiasm when he served as a member of the marketing firm evaluation committee is her best gauge that this initiative will move quickly. Dr. Rosende is the Vice Dean for Clinical Affairs and Executive Director of UT Medicine San Antonio. Dr. Alsip interjected that the first meeting of the Joint Conference Council, as required by the new affiliation agreement, was held on October 14, 2015. He noted that these kinds of items will continue to be part of that agenda. As such, Mr. Hernandez stressed that working with UTHSCSA is not optional; the staff must figure out a way to work together on branding, which will be a topic for future Joint Conference Council meetings and other meetings as well. It is imperative to integrate and do things as a team if we are to be successful; the goal is to develop a cohesive team. Mr. Day interjected that the staff has not studied the effects of the successes and failures of co-branding, but we now have the resources, particularly with LST, to review case studies.

Mr. Hasslocher cautioned the staff to be cognizant of language barriers that might exist when marketing UHS services. Dr. Burns agreed that
co-branding must be a collaborative effort with UTHSCSA otherwise, we will end up where we started. Mr. Smith suggested sharing the cost of the marketing firm with UTHSCSA, as well as sharing the work effort.

**FOLLOW-UP:** Mr. Adams asked Mr. Day to provide the best estimate of the total for incremental costs involved when the staff returns for approval of the contract. The Board needs to understand what has been spent in the past on marketing and what will be spent in the future.

At this time, Mr. Adams distributed an updated roster regarding Board roles, responsibilities, and subsidiary Board appointments. Transparency, trust and teamwork are critical for effective operation of this model. He urged the staff to work closely with the appropriate Board liaisons as needed. Board roles are to assist the staff, not to supervise the staff’s management style.

**CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH OPTUM FOR CONSULTING SERVICES REGARDING THE BUNDLED PAYMENTS FOR CARE IMPROVEMENT INITIATIVE—TED DAY/JAMES BARKER, M.D.**

**SUMMARY:** The Health System issued a Request for Proposals (RFP-214-12-055-SVC) on January 5, 2015, for consulting services to assist in the development of a specific strategy around bundled services/products and to analyze which bundled services might be most appropriate in the context of the collaboration between the Health System and its academic partner UTHSCSA and in the payer environment in which both organizations currently operate. A total of nine vendors responded to the RFP and were evaluated based on a number of factors, including their breadth of experience, implementation timeline, and size/stability of their organization. The UHS Evaluation committee invited UTHSCSA representatives to join presentations by the most qualified respondents based on preliminary scores. Based on the information presented, the Evaluation Committee determined that it was necessary to refine the scope of the engagement and requested the top two respondents to provide a revised proposal, including their best and final offer on pricing by May 5. The revised scope focuses on development of a strategic approach specific to our organization and regional payer environment, associated gap analysis, and detailed tactical plan for the Health System for bundled payment approach and infrastructure development. Thus it does not include expenses for the full implementation of all aspects of bundled payments with a variety of procedural bundles. Therefore, staff may request additional funds in the future specific to elements of infrastructure that may be needed for full implementation. Ultimately, the Evaluation Committee selected Optum as the top vendor due to its experience and reputation within the industry, its proven ability to execute on these types of engagements, its data platform, complimentary reference checks, and affordability for the price of the initial engagement. The new proposed contract with Optum is for a twelve-week period at a cost not to exceed $300,000 for the initial phase of consultant work, plus travel expenses estimated at $45,000 (not to exceed 15 percent of the total cost of the consulting services provided), for a total contract of $345,000. This was a planned expense, included in the 2015 budget. Optum has a total of 862 employees; the workforce composition data was provided for the Board’s review.
RECOMMENDATION:  Staff recommends Board of Managers’ approval to negotiate and execute an Agreement with Optum in an amount not to exceed $345,000.

ACTION:  A MOTION to approve staff’s recommendation, to engage a consultant for development of a specific strategy and tactical plan only, was made by Mr. Hasslocher, SECONDED by Dr. Burns, and PASSED UNANIMOUSLY.

EVALUATION:  As previously reported to the Board, the Centers for Medicare and Medicaid Services (CMS) is requiring hospitals in 75 cities (currently not San Antonio) to participate in a bundled payments program. The new model is predicted to take effect January 1, 2016, for the most common procedures received by Medicare beneficiaries. Up to this point, bundling of certain services has been voluntary. This program will give hospitals an incentive to work with physicians to make sure these patients get coordinated care and reduce avoidable hospitalizations and complications. Mr. Adams asked about the extent of UTHSCSA’s involvement up to this point, to which Mr. Day replied that certain Department Chairs have been very engaged and both Dr. Henrich and Dr. Gonzalez are aware of the initiative; however, UTHSCSA has not been asked to share in the cost of hiring a consultant. Dr. Burns agreed that this must be a collaborative effort with UTHSCSA because physicians control costs; however, the Health System must align these costs. Further, does the Health System know its costs of care as they relate to risk contracting? The physicians play a key role in these costs. Mr. Engberg questioned the unpredictable landscape of health care and whether standardizing charges is feasible for the Health System. Whether the Health System is amiable to bundling or not, Dr. Alsip reiterated that CMS drives healthcare and this is a fundamental change. The places that are doing this sort of thing well standardize for high quality output. From a hospital standpoint, staff knows the costs per patient, per diagnosis, which gives us the basics. There are a lot of other parts that will need to be added, such as administrative overhead. Mr. Banos assured the Board that staff will look closely at the true direct costs so that we can educate the physicians. This analysis will give physicians the opportunity to drive down their costs and help us to align Health System costs.

FOLLOW-UP:  The Board of Managers wishes to be involved in the determination of moving forward with the bundling initiative. Mr. Adams asked the staff to provide a strategy on how the Board can best participate. Dr. Burns asked for a definition of the joint partnership vision for a better understanding of the relationship with UTHSCSA.

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH HARMONY TO PROVIDE CARE MANAGEMENT SOFTWARE FOR THE STAR KIDS PROGRAM—GREG GIESEMAN

SUMMARY:  On October 1, 2015, the Texas Health and Human Services Commission (HHSC) awarded the STAR Kids contract to Community First Health Plans (CFHP) for the Bexar Service Area (BSA) with an operational date of September 1, 2016. The effective date has since been delayed by HHSC to November 1, 2016. CFHP is one of two managed care organizations (MCO) that were awarded the contract for the BSA. The
STAR Kids managed care program is designed to service children that receive either Supplemental Security Income (SSI) Medicaid or are enrolled in the Medically Dependent Children Program (MDCP). Staff estimates that CFHP will enroll 7,000 STAR Kids members representing $108 M in annual revenue. In preparation for this contract, CFHP must fully meet HHSC’s readiness requirements no later than June 1, 2016.

The STAR Kids program requires systems and processes that emphasize Information Technology integration points both internally and externally – particularly with many subcontractors. Developing business competencies to perform several critical operations relies on systems components that CFHP does not currently possess. To implement its software system to meet clinical, operational, information management and reporting requirements, staff recommends that CFHP engage Harmony Information Systems, Inc. The Harmony solution will interact with DST Amisys (CFHP’s core enterprise system), TCS Acuity (CFHP’s care management system) and HealthX (CFHP’s member and provider portal) to support the entire STAR Kids workflow: member referral and enrollment, planning, service authorization, member approval of care plans, data sharing, verifying rendered services and paying providers. In addition, Harmony will develop necessary extracts and interfaces for its solution to communicate with CFHP’s core systems: Amisys, Acuity and HealthX. The implementation and selection of the Harmony solution is a joint effort with Driscoll Health Plan (Corpus Christi), Texas Children’s Health Plan (Houston) and Cook Children’s Health Plan (Fort Worth). The CFHP implementation fee for the Harmony solution is a fixed rate of $1,118,000, to be expensed over a 14-month period. Fees are billable by Harmony according to the completion and acceptance of defined deliverables. Ongoing support fees for a 3-year term are estimated at $182,000 per year, assuming 7,000 STAR Kids members. The pricing structure is the result of leveraging the total projected STAR Kids membership of Driscoll Health Plan, Texas Children’s Health Plan, Cook Children’s Health Plan and CFHP. The contract was presented and approved by the CFHP Board of Directors on September 25, 2015.

RECOMMENDATION: Staff recommends Board approval to contract with Harmony Information Systems, Inc. to provide support for the STAR Kids program with fixed implementation fees of $1,118,000 and ongoing fees for a three year contract of $ 2.17 pmpm ($182,000 per year based on projected membership).

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

EVALUATION: In addition to the business growth potential, this program and the capabilities to support it helps prepare CFHP for future product lines, reimbursement methodologies and network models, including value-based reimbursement and patient centered medical homes (PCMH).

FOLLOW-UP: None.
CONSIDERATION AND APPROPRIATE ACTION REGARDING OPERATIONS,
PRELIMINARY BUDGET AND FINANCIAL REPORT FOR SEPTEMBER 2015—ROE
GARRETT/REED HURLEY/EDWARD BANOS

SUMMARY: In September clinical activity (as measured based on discharges adjusted for outpatient activity) was up 13.8% for the month compared to budget. Community First Health Plan (CFHP) fully insured membership was down 5.6% due to lower membership in STAR Medicaid and CHIP. The bottom line gain excluding debt service was $2.7 million, $3.9 million better than budget and was due to higher operating revenues. Debt Service Revenue was $3.7 million which is equal to the budgeted portion of the Debt Service payment of $3.7 million. Mr. Hurley reviewed notable increases and decreases from the Consolidated Balance Sheet with the Board in detail. September 2015 payer mix was 71.7 percent funded; 9.1 percent CareLink; 3.0 percent UHS; and 16.2 percent unfunded. Mr. Hurley informed the Board that his written report inadvertently included information regarding August’s financial performance, and he provided a corrected document noting September’s financial performance. Total operating revenue was $103 million up, or $5.6 million (5.7 percent from budget) primarily for higher net patient review, higher premium revenue and higher Disproportionate Share/Uncompensated Care and DSRIP. Total operating expenses were $93.1 million up $3.7 million or 4.2 percent from budget. Employee compensation, supplies and medical claims expense was over budget. Depreciation expense was moved to non-operating revenue (expense). Total non-operating revenue was $-6.2 million up $815k or (15 percent) from budget due to higher depreciation. Bottom line gain of $3.6 million was $1.4 million better than the budgeted gain of $2.5 million in higher operating revenue. CFHP bottom line was $1.2 million, a gain $219k better than budget due to higher premium revenue. Mr. Banos provided the following year to date operations report:

- Worked with Reed Hurley, Ted Day, and Dr. Bryan Alsip, on the service line structure with the goal of having financial, quality and patient satisfaction and operational improvement in one standardized format. We have developed four pilot service lines to mirror our very mature service line, Transplant.
- Met with Cardiologist and Cardiovascular surgeon for the planning of the Heart and Vascular Institute, strategic plan, market share, recruitment and upgrade of our facilities and equipment.
- Exploring information technology-ways to improve Emergency Room physician door to doctor time with radio frequency documentation when they enter the patient room.
- Working with UT and Chartis (external consulting company) to:
  - Clarify and define those services to be included within the relative agreements, specifically for: (1) Hospital and Critical Care; (2) OB/GYN and Maternal Fetal Medicine; (3) Pulmonary Medicine; and (4) Neurology;
  - Size and scope of program including staffing levels, hours of operations and costs reflective of the needs of UHS to serve the patients and meet regulatory requirements for the services and align with long term planning goals of UHS;
Clarify expectations and performance against specific clinical and financial metrics;
Review of administrative services rendered by UTHSCSA for UHS including a review of all Medical Director job descriptions included in the AOA/BCCS;
Any relevant program leadership and management processes; and
The impact of clinical model/operations on key hospital operational, quality, patient engagement and financial metrics

RECOMMENDATION: Staff recommended acceptance of the financials subject to audit.
ACTION: A MOTION to accept the financial reports subject to audit was made by Mr. Engberg, SECONDED by Mr. Smith, and PASSED UNANIMOUSLY.
EVALUATION: None.
FOLLOW-UP: None

ADJOURNMENT:
There being no further business, Mr. Adams adjourned the public Board meeting at 4:06 p.m.

James R. Adams
Chair, Board of Managers

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

Sandra D. Garcia, Recording Secretary