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

Tuesday, September 24, 2013
6:00 p.m.
Board Room
University Health System - Texas Diabetes Institute
701 S. Zarzamora
San Antonio, Texas 78207

MINUTES

BOARD MEMBERS PRESENT:

James R. Adams, Chair
Linda Rivas, Vice Chair
Rebecca Q. Cedillo, Secretary
Roberto L. Jimenez, M.D., Immediate Past Chairman
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
Tim Brierty, Chief Executive Officer, University Hospital
Kathleen Carico, Value Analysis Coordinator, Materials Management, 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
Sergio Farrell, Senior Vice President, Ambulatory Services, Robert B. Green Campus, 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.
Michael Hernandez, Vice President/Chief Legal Officer, University Health System
Sherry Johnson, Vice President/Integrity Services & Compliance, University Health System
Leni Kirkman, Vice President, Strategic Communications and Patient Relations, University Health System
Kourtney Mosby, Administrative Director, Procurement Services, University Health System
Priti Mody-Bailey, M.D., President, Community Medicine Associates
Bill Phillips, Senior Vice President/Chief Information Officer, University Health System
Richard Rodriguez, Vice President/Facilities, University Health System
Carlos Rosende, M.D., Chair of Ophthalmology; and Vice Dean for Clinical Affairs, School of Medicine, UTHSCSA
CALL TO ORDER AND RECORD OF ATTENDANCE: JIM ADAMS CHAIR, BOARD OF MANAGERS

Mr. Adams called the meeting to order at 6:02 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE:

Ms Liliana De La Torre, Director, Spiritual Care Services, introduced Health System employee Vincent Palermo from Our Lady of Perpetual Help Catholic Church for the invocation, and Mr. Adams led the pledge of allegiance.

CITIZEN PARTICIPATION: None.

APPROVAL OF MINUTES OF PREVIOUS MEETING(S): None.

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

Dr. Henrich thanked the Board of Managers for the enthusiastic and generous support of the UTHSCSA President’s Gala on September 7, 2013. The event was very successful, having raised about $600,000. Mr. Bill Greehey’s exceptional gift to the Health Science Center of $5 million will more than likely be devoted to children’s services, since he initially provided funds for research that is currently ongoing at the Greehey Children’s Cancer Research Institute. Mr. Hernandez suggested pediatric trauma, transplant, or the pediatric burn unit. The Health Science Center and the Methodist Healthcare System of San Antonio signed a memorandum of understanding (MOU) on September 6, 2013, to explore and identify opportunities to affiliate to provide pre-eminent pediatric care, academic training and research in San Antonio and the South Texas region. The MOU calls for a 90-day negotiation period that may ultimately lead to the signing of a definitive agreement to form a comprehensive children’s health care delivery system for San Antonio and South Texas. The staff members are endeavoring to continue to work out issues in terms of cooperation among the health systems in town that will lead to the de-fragmentation of children’s services. There is much work to be done on all fronts with a number of joint meetings occurring with University Health System, Methodist Healthcare System, and others. Dr. Henrich also announced the recruitment of Paolo Casali, M.D., an immunologist known for pioneering studies of processes that underpin the body’s response to
viruses, bacteria, cancer cells and tissue/organ damage in autoimmune diseases. He will join the School of Medicine in January 2014. Dr. Casali was the top candidate revealed by an extensive national search, and this community will greatly benefit from his training and research program in the field of immunology. He comes from the Institute for Immunology at the University of California, Irvine School of Medicine. On the legislative front, Dr. Henrich noted that the federal sequester continues with a lot of talk about the potential of closing down the federal government, which is not good at all for the country. Dr. Henrich recently became aware of the meritorious research projects which have already been approved for funding in the United States that will not be able to move forward because of the federal sequester. One of these projects is in the field of ovarian cancer in which researchers are getting close to finding bio-marks that will detect ovarian cancer before it spreads. This is a disease that is fatal in individuals who are 30-40 years of age, and the example illustrates his point regarding the thousands of projects that will be impacted by the sequester. With all due respect to all political positions, there is nobody who wins when research and science is compromised, it is devastating to the entire country.

RECOMMENDATION: None.
ACTION: This report was provided for informational purposes only and no action was required by the Board of Managers.
EVALUATION: Mr. Adams thanked Dr. Henrich for his report and announced to the audience that Dr. Ruth Bergreen, Director of the Center for Medical Ethics and Humanities, UTHSCSA, has put together a very fascinating series of lectures and discussion for the fall entitled Conversations About Ethics. Mr. Adams serves on the Board of the Center for Medical Ethics and Humanities.
FOLLOW-UP: None.

CONSENT AGENDA – JIM ADAMS, CHAIR

Consideration and Appropriate Action Regarding Medical-Dental Staff Recommendations for Staff Membership –John G. Myers, M.D., President, Medical/Dental Staff

Consideration and Appropriate Action Regarding Medical-Dental Staff Bylaws—Nicolas Walsh, M.D., Chair, Bylaws Committee

Consideration and Appropriate Action Regarding Ambulatory Surgery Delineation of Privilege Forms – Bryan Alsip, M.D.

Consideration and Appropriate Action Regarding the Election of Board of Managers Officers – Robert Engberg, Chair, Nominating Committee

Consideration and Appropriate Action Regarding Purchasing Activities (See Attachment A) – Kourtney Mosby/Francine Wilson

SUMMARY: Mr. Engberg pulled the item on the election of Board of Managers Officers for discussion by the Board.
RECOMMENDATION: Staff recommended approval of the remaining items on the consent agenda.

ACTION: A MOTION to approve the remaining items on the consent agenda was made by Mr. Engberg, SECONDED by Mr. Briseno, and PASSED UNANIMOUSLY.

EVALUATION: None.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE ELECTION OF BOARD OF MANAGERS OFFICERS – ROBERT ENGBERG, CHAIR, NOMINATING COMMITTEE

SUMMARY: Mr. Engberg reported that he had been tasked by Mr. Adams to chair a nominating committee charged with bringing to the Board a recommended slate of officers for the Board’s consideration. The Bylaws of the Board call for the Board to elect officers in September for the ensuing 12 months. Ms. Cedillo and Mr. Briseno were asked to join Mr. Engberg as members of the nominating committee. Mr. Adams previously encouraged Board members to make their views and interests known to the committee as they carried out their deliberations.

RECOMMENDATION: On behalf of the Nominating Committee, Mr. Engberg recommended the current slate of officers for the ensuing 12 months: Chair: James Adams; Vice Chair: Ms. Linda Rivas; Secretary: Ms. Rebecca Cedillo.

ACTION: A MOTION to approve the nominating committee’s recommendation was made by Mr. Briseno, SECONDED by Ms. Rivas, and PASSED UNANIMOUSLY.

EVALUATION: None.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION TO APPROVE RESOLUTIONS RESTATING THE UNIVERSITY HEALTH SYSTEM PENSION PLAN EFFECTIVE JANUARY 1, 2013 AND TO PROVIDE FOR A HYBRID CASH BALANCE PLAN FOR EMPLOYEES HIRED AFTER JUNE 30, 2012—THERESA SCEPANSKI

SUMMARY: Mr. Briseño introduced this item in his role as Chair of the Board’s Personnel Committee. The Personnel Committee has met several times over the past few months and has had serious discussions on this topic. The Personnel Committee reviewed several options in order to arrive at today’s recommendation to the full Board. This item has been a challenge faced by cities and public entities all over the country as part of the Governmental Accounting Standards Board (GASB) pension rules. Changes in GASB policies regarding unfunded liabilities have brought huge attention to some places, for example, overwhelming the City of Detroit to the point of bankruptcy. The Health System is fortunate that its pension plan is in pretty good shape. This recommendation today, if adopted, will move the Health System towards a very positive direction. Mr. Briseño thanked Ms. Scepanski and Mr. Lloyd Nordstrom of Towers
Watson for their expert assistance in developing plan design options considering factors such as competitiveness, sustainability, and funding assumptions that address the funded status of the Pension Plan. The Personnel Committee consists of Jim Adams, Rebecca Cedillo and Alex Briseño. Mr. Briseño yielded the floor to Ms. Scepanski for an overview of the Hybrid Cash Balance Plan for Employees.

Ms. Scepanski presented a proposed Board Resolution which would restate the University Health System Pension Plan retroactive to January 1, 2013 and provide for a Cash Balance Plan (also referred to as a “Hybrid Plan”) under the Pension Plan for employees hired by the Health System after June 30, 2012, and certain rehires.

The University Health System Pension Plan is a “defined benefit” providing employees a monthly retirement income based on final average pay and years of service. The Pension Plan is supported by employee contributions of 2 percent of pay and Health System contributions equal to the balance of the cost of the plan. In recent years the Health System contributions have been between 4.50 and 6.75 percent of covered payroll. Employee contributions to the plan are a condition of employment.

The retirement program is essential for all employees. This Plan is designed to support the recruitment and retention of a competent, committed workforce able to meet the challenges of the Health System’s strategic goals for 2013 and beyond. Health System staff and the Personnel Committee of the Board of Managers worked with Towers Watson Actuary.

A Hybrid Cash Balance Plan is a defined benefit plan that has certain characteristics normally associated with a defined contribution plan. Like the current defined benefit plan, contributions from employees and University Health System are pooled and will be managed by the Pension Board of Trustees. Unlike a defined benefit plan, the benefit is based on the amount accumulated in the cash balance account, not on a formula based on salary and years of service. Participants will receive interest credits based on actual fund performance with a minimum benefit equal to the sum of the contributions made on their behalf. Ms. Scepanski summarized key components of the Plan for new hires after June 30, 2012, as follows:

The Hybrid Cash Balance Plan is portable, since exiting participants may roll their accounts over to another plan or Individual Retirement Account (IRA).

A formula will be implemented where employees and the Health System each contribute 3% of pay.

- The formula will only apply to employees hired after June 30, 2012, and certain rehires;
Employees hired prior to June 30, 2012 will keep the current defined benefit formula (i.e., there will be two different formulas in the same plan);

Employee contributions will be mandatory in the Hybrid Cash Balance Plan; and

Investment performance will be added as interest to Cash Balance accounts.

Plan costs of the old formula, as a percentage of payroll will continue to be based on actuarial assumptions.

- The funded status will increase over time as current unfunded benefits will continue to be amortized;
- The Hybrid Cash Balance formula component will always be fully funded as the Health System will make contributions along with employees (which will be credited to the Cash Balance Participant’s account);
- Benefits are equal to the Account Balances, which include the fund’s investment performance; and
- Employee benefits will be based on employee and employer contribution credits for each year they participate in the plan and investment performance on those credits.

A long-range view of funding requirements is calculated annually through the actuarial valuation process. This long-range view shows that the estimated employer contribution will rise to 6.78 percent of covered payroll in 2014 and then decline gradually each year to approximately 4.89 percent over the next 18 years. These projections assume that experience will be in accordance with the annual actuarial assumptions. Plan experience will continue to be monitored periodically and changes to actuarial assumptions adopted as needed. Towers Watson projects the University Health System Pension Plan funded ratio on January 1, 2014 at 73.9 percent, an increase from 73.2 percent as of January 1, 2013. With the adoption of the Hybrid Cash Balance Plan, the funded ratio is estimated to achieve 85 percent in 2026. Ms. Scepanski reviewed Pension Plan Projected 2014 Valuation Results provided by Towers Watson in detail and provided a comprehensive overview on Hybrid Cash Balance Plan Participation, noting that employees with five or more years of services are 100 percent vested in the Plan. A discussion ensued regarding actuarial assumptions and the funded status of the Pension Plan, employer contribution percentages, and expected returns through 2032.

**RECOMMENDATION:**
Upon careful review and extensive deliberation of various program design options during several meetings over the last year, the Personnel Committee of the Board of Managers unanimously recommends the adoption of a Hybrid Cash Balance Plan for employees hired by the Health System after June 30, 2012, and certain rehires.

**ACTION:**
A **MOTION** to approve the Personnel Committee’s recommendation to adopt a Hybrid Cash Balance Plan was made by Mr. Briseno, **SECONDED** by Mr. Ira Smith, and **PASSED UNANIMOUSLY**.

**EVALUATION:**
Ms. Scepanski noted that one particular question came up during each of her individual presentations to the Board members over the past few weeks
having to do with the overall benefit and the outcomes of a benefit, for example, if there was a downturn in the market. If that is ever the case, the Health System wants to make sure that all of its employees, the participants, will receive interest credits based on the actual fund performance with a minimum benefit that is equal to the sum of the contribution made by the employee participant and the Health System. That rate is 6 percent. Mr. Adams thanked Mr. Briseno for ensuring that both the existing employees and new employees have such a pension plan benefit available to them. There were many questions by members of the committee on this, in very detailed fashion. Mr. Briseno added that the Committee was able to compare benchmarks against other hospital districts in the state, and against other hospitals in San Antonio, with the Health System comparing very favorably. This provides a competitive position for the Health System in the retirement, as well as in the recruitment and retention of good employees. The Personnel Committee had a difficult time understanding every aspect of this proposed plan, but the key point is, if the employee was hired before June 30, 2012, nothing changes. This is applicable only to employees hired after July 1, 2012. The new employees all received notice because this particular benefit was frozen a couple of years ago, while the staff research all of the options.

FOLLOW-UP:
None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS RELATED TO THE CAPITAL IMPROVEMENT PROJECT:

UNIVERSITY HOSPITAL:

CONSIDERATION AND APPROPRIATE ACTION TO APPROVE THE GUARANTEED MAXIMUM PRICE FOR OFFERED SAVINGS, BUILD-OUT OF SHELL SPACE WITHIN BASEMENT LEVEL TRAUMA OFFICES, NURSING UNIT CHANGES, PT GYM RELOCATION, AND THE ADDITION OF TRANSFER SERVICES AT THE NEW TOWER (GMP #13X)—MARK WEBB

SUMMARY: Shell space in the basement of the new tower was originally identified for future growth opportunities. However, it has since been determined that the Trauma Office staff and operations would be expanding. As such, the finish-out of this space will support the trauma program growth. The MedAssets team, as part of the 3P LEAN assessments with staff, has identified various changes, modifications, deletions and additions that will enhance efficiencies on the nursing floors of the new tower (levels 5 through 10). As a result, miscellaneous changes to the nursing units are being made, including expansion of the Par Excellence system, additional pharmacy receiving/control areas, and changes to respiratory therapy rooms to increase work efficiencies. The Transplant Unit/Physical Therapy Gym area is being expanded to allow medical providers added space for exam/recovery room and waiting areas adjacent to procedure areas. This change will allow for a more efficient work flow and better patient care. Originally, the Transfer services function was to remain in
its current location in the 1981 tower. However, after further review and consideration of operational issues, staff recommends relocating the function to the new tower in shell space that was originally designated for a function that is no longer needed. This change will allow for more efficient operation. Mr. Webb provided a listing of the 23 guaranteed maximum prices (GMPs) that have been developed to date for the new Hospital Tower project. The scope of this twenty-fourth GMP 13x is inclusive of the costs for: Build-Out of Shell Space within Basement level Trauma Offices, Miscellaneous Nursing Unit Changes, Exam Room on Transplant Unit/PT Gym Relocation, and the Addition of Transfer Services located on the Ground Floor, in the amount of $1,951,431, less the offered savings in the amount of $(1,000,000) for a total of $951,431, to be paid from owner’s contingency fund. This expense would decrease the owner’s contingency funds from $4,587,942 to $3,636,511. This expense to the contingency fund was contemplated and included in the projected contingency spend report to the Board. The Project Manager has reviewed the GMP and recommends approval by the Board. These project changes will improve the workplace environment to best suit the needs of patients and staff in the new tower providing for more efficient operations and better patient care. These changes were requested by staff. The participation goal for SMWVBE is 40 percent and the local participation goal is 80 percent. To date, SMWVBE participation of awarded construction projects is 37.9 percent and local participation is 74.1 percent. This does not include the dollars associated with the Construction Manager’s Fee or other project administrative costs including this GMP and insurance, bonds, permit fees, etc. Mr. Webb reviewed the SMWVBE numbers that have been achieved for all construction GMPs to date, and The new hospital tower is four months away from substantial completion.

RECOMMENDATION: Staff recommends Board of Managers approval of an amendment to the Zachry Vaughn Layton Construction Management Agreement in the amount of $951,431, for GMP #13x.

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

EVALUATION: None.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION TO APPROVE THE GUARANTEED MAXIMUM PRICE FOR OFFERED SAVINGS FROM ART ENHANCEMENT AND INFRASTRUCTURE ALLOWANCE AND RETURN OF FUNDS TO SCULPTURE AND ART LINE ITEM FOR ART PROCUREMENT AT THE NEW TOWER (GMP #13Y)—MARK WEBB

SUMMARY: Funds in the amount of $2,855,532 were included in GMP #13k of the Tower Project for the implementation and installation of design enhancements (the original funding allocation was the best estimation of staff at the time the funding split was determined). Design Enhancements are those elements designed by artists to embellish architectural design elements that are being built as part of the project. As such, these elements
would be constructed by the Construction Manager. Since the allocation of funding, approximately $2,155,532 has been spent for these costs leaving a balance of $700,000. Based on this, staff is recommending the transfer of funds from the Construction Manager’s Art Enhancement and Infrastructure Allowance to the CIP Sculpture and Art Line Item to allow funding for additional procurement of art work to further enhance the aesthetics of the new tower. The Design Enhancement and Public Art component is within budget and this item meets the overall intent of the program. To date, 24 guaranteed maximum prices (GMPs) have been developed for the new Hospital Tower project, which Mr. Webb reviewed with the Board. The scope of this 25th GMP is inclusive of the costs for the transfer from Art Enhancement and Infrastructure Allowance in the amount of $700,000 (credit). The Construction Manager has provided a deductive change order for the item associated with this GMP package. The Project Manager has reviewed the GMP and recommends approval. The proposed GMP #13y is a credit in the amount of ($700,000) and will be returned to UHS CIP Sculpture & Art Line Item for Art Procurement for the New Tower. The Design Enhancement and Public Art Program (DEPA) will have a strong positive impact on staff, patients, and visitors. Research has shown that aesthetics and the built environment have a positive impact on the healing process and can enhance the work of doctors and nurses in the hospital setting. The participation goal for SMWVBE is 40 percent and the local participation goal is 80 percent. To date, SMWVBE participation of awarded construction projects is 37.9 percent and local participation is 74.1 percent. This does not include the dollars associated with the Construction Manager’s Fee or other project administrative costs including this GMP and insurance, bonds, permit fees, etc. Mr. Webb reviewed the SMWVBE numbers achieved for all construction GMPs to date. GMP dollars awarded to date is $500,523,847. GMP dollars remaining to procure is $22,867,834.

RECOMMENDATION: Staff recommends Board of Managers’ approval of an amendment to the Zachry Vaughn Layton Construction Management Agreement in the credit amount of ($700,000).

ACTION: A MOTION to approve staff’s recommendation was made by Ms. Rivas and SECONDED by Mr. Engberg. Mr. Briseno ABSTAINED from voting.

EVALUATION: None

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION TO APPROVE A CONTRACT WITH BERYL HEALTH FOR PEDIATRIC APPOINTMENT SCHEDULING AND PHYSICIAN REFERRAL SERVICES—MICHELLE RYERSON, DNP, RN, NEA-BC, SR. VICE PRESIDENT, CNO/COO, PEDIATRIC CLINICAL SERVICES

SUMMARY: The Health System’s Triple Aim plus strategic foundation is about providing high quality care, excellent customer service, improved efficiencies, and expanded access. The focus is on providing the right level of care, efficiently in the most convenient and appropriate location. Given the increase in pediatric outpatient volume that has already been
experienced, and the growth anticipated in the coming months as more Children’s Health services are offered at Health System locations, the need to increase infrastructure to support increased call volumes and to effectively utilize new technologies to engage patients and meet their needs has become very apparent. Currently, Health System operators are handling about 300 calls per day (M-F from 8am – 5 pm) on the dedicated pediatric line, 358-KIDS. A strategic approach was taken to evaluate options for increasing capacity to appropriately provide timely appointments and physician referral services for this new and growing patient population. Staff worked with MedAssets to evaluate best practices across the country and found that most large health systems, particularly those with robust ambulatory networks, are maximizing the patient experience and improving efficiency by contracting for these services. Benefits of this approach also include enhanced quality assurance monitoring, real-time activity reports, and financial reporting that enables health systems to track the financial impact of new patients accessing services through this system. BerylHealth, based in Dallas, is the recommended vendor to support and help grow Children’s Health services through a highly integrated system offering multiple channels of communications. Services include 24/7 access to bilingual (English/Spanish) customer service advocates, appointment scheduling, chat sessions, patient call back, daily letters to callers who receive referrals to physicians, monthly summary reports by physician, real-time online reports, patient database updates and additions, and revenue reconciliation reports and analysis. The sophistication of the data collection will also support the Health System’s population health management efforts. Staff will work with Beryl to develop training criteria and quality assurance measures. Their expert trainers will incorporate cultural diversity and have a local presence in town. The contract also includes evaluation and recommendations for redesign of pediatric clinic scheduling workflows if necessary to maximize efficiency and the patient experience. Metrics for success related to accessibility, patient satisfaction, cultural competency and return on investment measures will be developed and agreed upon with BerylHealth, to include a rebate of up to 5 percent of fees for not achieving these goals. Beryl is the leader in this field and works exclusively with healthcare organizations. Client references include UCLA Health System, Omaha Children’s Hospital and Medical Center, Yale New Haven Health System, Nationwide Children’s, New York Presbyterian and Johns Hopkins Health System. This partnership with Beryl Health will offer integrated tools and processes that will enable the Health System to consistently connect children to the healthcare services they need to stay healthy through an integrated 4-step model:

- **Navigate** - Helping patients navigate through their healthcare options. BerylHealth offers a robust suite of live call and web-based solutions to help parents navigate our complex system.
- **Access** - Patients must be able to easily connect to the right providers for appropriate care. This service provides 24/7 bilingual information and appointment scheduling services.
- **Deliver** – University Health System delivers high quality care to children. This is one of the most critical components of the patient
experience. However, this phase does not stand alone in the overall patient experience.

- **Follow Up** - In many health systems, care concludes when the patient goes home with pages of discharge instruction. Follow-up calls have proven to increase HCAHPS scores, prevent unnecessary readmissions, build patient loyalty and improve overall care quality.

Providing an integrated one-contact solution for parents seeking information and appointments for their children will decrease the need for multiple patient calls, while reducing on-hold times, abandonment rates and missed calls. A positive communication experience and ease of scheduling appointments has been shown to improve financial performance. Based on an analysis of current call volumes, planned growth in Children’s Health services, and improved efficiency, the staff is projecting BerylHealth will handle just under 60,000 direct patient contacts for physician referral, appointment scheduling and general information. The length of an average contact ranges from 2 to 6 minutes, depending on the types of services provided. Taking into account the experiences of similar organizations, Children’s Health Services patient contact minutes are projected to be 274,086 over a 12-month period, resulting in a total cost of $452,242. Actual minutes will be tracked on a weekly basis and the contract will be paid monthly based on utilization. A return on this investment will be calculated every six months, based on downstream net revenue for all pediatric patients scheduled through this system.

**RECOMMENDATION:** Staff recommended Board of Manager’s approval for a 12-month not-to-exceed contract with BerylHealth for $452,242 to provide pediatric appointment setting and physician referral services.

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

**EVALUATION:** Discussion ensued regarding the benefit and potential revenue of this contract, as well as the standard termination clause that appears in all of the Health System’s contracts. The matter of open medical staff privileges was briefly discussed. The Health System is working towards some community appointments to the medical/dental staff in support of the children’s service line with the full support of Dr. Henrich and Dr. Gonzalez-Scarano.

**FOLLOW-UP:** Dr. Jimenez requested a breakdown of Beryl Health’s workforce composition. At Mr. Smith’s request, staff will return with a report on quality and the return on investment within six months (March 2014).

**CONSIDERATION AND APPROPRIATE ACTION REGARDING REPORT FOR AUGUST 2013
FINANCIAL STATEMENTS—ROE GARRETT/PEGGY DEMING**

**SUMMARY:** For the month activity was up 9.9% for the Clinical Services (as measured based on discharges adjusted for outpatient activity). Community First Health Plan (CFHP) fully-insured membership was up 2.3%. From operations, the Health System experienced a gain of $2.5 million which was $1.6 million higher than the budgeted gain of $921,000 due to higher net patient revenue. Meaningful use incentive of $123,000 was recorded for the achievement of incentive awards for the electronic medical record...
implementation. Investment income was under budget by $59,000 due to slightly lower interest rates than budgeted. An unrealized market loss of $551,000 was recorded in the month due to lower interest rates during August. The bottom line gain excluding debt service of $2.3 million which was $962,000 higher than the budgeted gain of $1.3 million. CFHP reflected bottom line gain of $982,000 which was $757,000 higher than the budgeted gain of $225,000 as significant improvements were noted in August in light of higher membership. Estimated DSRIP Revenue of $806,000 was recognized to offset actual cost in August of DSRIP related costs. Debt Service Revenue was $3.5 million which is equal to the budgeted portion of the Debt Service payment of $3.5 million. Mr. Garrett reviewed notable increases and decreases from the Consolidated Balance in detail with the Board.

**RECOMMENDATION:** Staff recommended acceptance of the financial reports subject to audit.

**ACTION:**

A MOTION to approve staff’s recommendation subject to audit was made by Ms. Cedillo, SECONDED by Mr. Engberg, and PASSED UNANIMOUSLY.

**EVALUATION:** None.

**FOLLOW-UP:** None.

**INFORMATION ONLY ITEMS:**

**REPORT REGARDING YEAR 2013 MEDICAL-DENTAL STAFF COMMITTEES AND DEPARTMENTS: ANNUAL REPORT ON MEDICAL EDUCATION — JOHN G. MYERS, M.D., PRESIDENT, MEDICAL/DENTAL STAFF**

**UPDATE ON CAPITAL IMPROVEMENT PROGRAM ACTIVITIES—MARK WEBB**

**REPORT ON RECENT RECOGNITIONS AND UPCOMING EVENTS—LENI KIRKMAN**

**UPDATE ON SUPPLIER DIVERSITY YTD JUNE 2013 –IRENE MALDONADO/FRANCINE WILSON**

**SUMMARY:** Mr. Adams directed the Board’s attention to the written reports above. He urged his colleagues 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 the meeting closed to the public at 7:42 p.m. A closed meeting was held 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 services or product lines. The following Board members present: James Adams, Linda Rivas, Rebecca Cedillo, Roberto L. Jimenez, M.D., Robert Engberg, and Ira Smith. The following staff
members were also present: George B. Hernandez, Jr.; Christann Vasquez; Ted Day; and Michael Hernandez. After discussion, no action was taken in closed session. Mr. Adams announced that the closed meeting ended at 8:01 p.m., and the public meeting was reconvened.

**ADJOURNMENT:**

There being no further business, Mr. Adams adjourned the public meeting at 8:02 p.m.

James R. Adams                                Rebecca Q. Cedillo  
Chair, Board of Managers                       Secretary, Board of Managers  

Sandra D. Garcia, Recording Secretary