



**BEXAR COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS**

Tuesday, April 28, 2026

6:00 pm

Cypress Room, University Hospital
4502 Medical Drive
San Antonio, Texas 78229

MINUTES

BOARD MEMBERS PRESENT:

Jimmy Hasslocher, Chair
Anita L. Fernández, Vice Chair
Margaret Kelley, MD
Beverly Watts Davis
David Cohen, MD
Melinda Rodriguez, PT, DPT.
Patricia (Pat) Jasso

OTHERS PRESENT:

Edward Banos, President/Chief Executive Officer, University Health
Bill Phillips, Executive Vice President/Chief Operating Officer, University Health
Reed Hurley, Executive Vice President/Chief Financial Officer, University Health
Dr. Bryan Alsip, Executive VP, Chief medical Officer, University Health
Francisco G. Cigarroa, M.D., Sr. EVP/Health Affairs and Health System, UT Health San Antonio
Robert Hromas, MD, Dean and Professor of Medicine, UT Health San Antonio
And other staff attendees.

CALL TO ORDER:

Mr. Hasslocher called the Board meeting to order at 6:03pm.

INVOCATION AND PLEDGE OF ALLEGIANCE — *Jimmy Hasslocher, Chair*

Invocation – Kristi Hargrove, PharmD, BCEMP, University Health Pharmacist — *Jimmy Hasslocher, Chair*

Mr. Hasslocher led the pledge of allegiance.

ACTION: A **MOTION** to **APPROVE** staff's recommendation was made by Dr. Kelley, **SECONDED** by, Ms. Rodriguez and **PASSED UNANIMOUSLY**.

EVALUATION: None

FOLLOW UP: None

Special Recognition: Quarterly Employee Recognition Awards — *(Leni Kirkman/Andrea Casas)*

SUMMARY:

Professional: Nursing Lauren Davis, Clinic Staff Nurse II, Pediatric Intermediate Care Unit

Health Care Professional: Michelle Pacheco, Respiratory Therapist I, Respiratory Therapy

Business Professional: David O'Brennan, Epic Business Intel Analyst, Epic Operations

Management: Leslie De La Cerda, Materials Inventory Manager, Materials Management and Inventory Control

Technical: Cesar Duron, Surgical Technician III, Operating Room

Clerical: Ana Loza, Financial Access Specialist, CareLink Member Services

Service: Eric Johnson, Food Service Technician, Gift Shop

Volunteer: Susan Delius-Martinez, Volunteer, Volunteer Services

Advanced Practice Provider: Jozett Kayser-Erfurth
Specialty Nurse Practitioner, Adult Detention Healthcare Services

Physician: Mario Martinez, Staff Physician, UMA Kenwood Clinic

Team: Medication Assisted Treatment Team: Monique Gutierrez, Jesus Jimenez,
Wendy Lin, Manuel Reynosa, Joe Scott, Heather Toomey, and Vivian Torres

Employees of the Quarter receive a plaque, embossed pen and an opportunity to select one of numerous awards valued at \$100 on the Employee Recognition website. All of this year's quarterly recipients will be our special honored guests at the Annual Employee Recognition Awards Ceremony.

NEW BUSINESS:

CONSENT AGENDA — *Jimmy Hasslocher, Chair*

Consideration and Appropriate Action Regarding Medical-Dental Staff Membership and Privileges —
Michael Little, M.D., President, Medical/Dental Staff

SUMMARY: The Credentials Committee met on March 30, 2026 and reviewed the credential files of the individuals listed on the attached Credentials Report and the Professional Performance Evaluation Report. In its meeting of April 7, 2026, the Executive Committee of the Medical-Dental Staff recommended approval of the Credentials Committee Report.

1. Claims Editing System; and
2. InterQual Exchange

— Theresa Scepanski

SUMMARY: Community First Health Plans highlighted the importance of efficient, accurate claims processing to maintain provider satisfaction and payment integrity. Ineffective editing workflows can lead to errors, inconsistent evaluations, regulatory penalties, administrative burden, and increased risk of fraud, waste, and abuse. Optum's Claims Editing System was identified as a key solution, applying industry-standard and payer-specific rules to detect billing discrepancies, ensure appropriate reimbursement, and support compliance. Despite increasing complexity due to evolving state regulations, the system has improved workflow efficiency, claims accuracy, and reimbursement management, resulting in reduced costs, strengthened compliance, and enhanced return on investment.

Since 2021, Optum has provided significant value to Community First through comprehensive claims editing for professional and facility claims, including national and Texas Medicaid-specific edits, and seamless integration with QNXT. The system generated 2–5% claims savings through enhanced regulatory and custom edits while supporting diverse payment models. Transparent editing has reduced provider inquiries and appeals. As a core component of payment integrity, the platform improves first-pass claims rates, ensures compliance with Texas Medicaid requirements, and supports scalability. Optum's Application Managed Services team provides ongoing operational support, system maintenance, regulatory updates, and validation to ensure accuracy and optimized performance.

The proposed contract reflects a \$221,500 increase (8%) over the 2021–2025 total of \$2,678,816, excluding initial shared savings. Optum's Application Managed Services (AMS) team has driven these results by managing all aspects of the claims editing system, including specialized edit development and configuration, maximizing return on investment. Over the prior contract term, Community First achieved net savings exceeding \$26 million. The expense is included in the Annual Operating Budget. The new contract term is five years, running from April 1, 2026, through March 31, 2031, with provisions for earlier termination in accordance with Community First Health Plans Purchase Terms.

Consideration and Appropriate Action Regarding a Contract Renewal Between Community First Health Plans, Inc., and the San Antonio Fútbol Club — Theresa Scepanski

SUMMARY: Community First Health Plans has strengthened brand visibility within the Bexar Service Delivery Area by renewing a three-year media partnership with San Antonio FC through Chamoy Creative. SAFC, a USL Championship team owned by Spurs Sports & Entertainment, aligns with Community First through shared community-focused values and outreach efforts, including youth clinics targeting underserved populations. Since 2024, the partnership has expanded Community First's reach to key audiences. Market data highlights soccer as the leading youth sport locally, with over 220,000 adults having children in soccer and San Antonio ranking second in Texas for soccer fan base, reinforcing the strategic value of the partnership.

The partnership package designates Community First as the Official Partner of SAFC, providing exclusive branding rights and prominent logo placement on player jerseys and training apparel. In-stadium advertising includes scoreboard displays, LED boards, signage, murals, and branded sensory and breastfeeding pods. Community First will host fan engagement activities through a South Gate activation booth with giveaways. As presenting sponsor of youth programs, its branding will appear on micro league jerseys and marketing materials, with four annual youth clinics hosted.

SUMMARY: The opioid epidemic continues to significantly impact Texas, particularly Bexar County, prompting coordinated legal action by the Texas Attorney General, Bexar County, University Health, and the City of San Antonio to hold responsible parties accountable and secure remediation funding. On November 26, 2019, University Health filed litigation against opioid manufacturers, distributors, and retailers, with Bexar County filing a parallel case. Both are pending under *In Re: Texas Opioid Litigation, MDL No. 2018-63587* in Harris County. To date, settlements with major entities have produced substantial abatement funding benefiting Bexar County, University Health, and communities across Texas.

A new National Settlement Agreement totaling \$97,625,000 has been reached with six “Remnant Defendants,” consisting of smaller regional pharmaceutical distributors not included in prior national settlements. These entities collectively agreed to contribute funds to avoid bankruptcy. One identified defendant is Associated Pharmacies, Inc. (and American Associated Pharmacies). This settlement represents an additional source of abatement funding beyond earlier agreements with major manufacturers, distributors, and pharmacy chains.

A \$97.6 million national settlement includes six regional distributors: J.M. Smith Corporation; Morris & Dickson Co., L.L.C.; Louisiana Wholesale Drug Company, Inc.; North Carolina Mutual Wholesale Drug Company, Inc.; and United Natural Foods, Inc. (and SuperValu). Only Morris & Dickson was part of the Texas litigation; others were sued nationally. Although not originally named in University Health’s case, the agreement provides additional funding opportunities. As a nationwide settlement, it is not subject to Texas allocation formulas, allowing full direct payment if a release is signed by May 4, 2026. The Remnant Defendants’ settlement provides an additional \$26,292 in unrestricted abatement funding, delivered in a single payment at the end of this year.

Consideration and Appropriate Action Regarding the 1st Quarter Investment Report — Reed Hurley

SUMMARY: As of March 31, 2026, total funds invested for University Health and Community First were \$2.21 billion, earning \$21.37 million in interest income—up 5% from the prior quarter but down 22% year-over-year due to prior rate cuts. The University Health operating portfolio totaled \$1.80 billion, earning \$17.16 million with a 3.90% yield, outperforming benchmark rates. The Interest & Sinking Tax Fund held \$27.8 million (3.67% yield) for August 2026 debt service. The LPPF balance was \$63.0 million (3.57% yield), supporting intergovernmental transfers. All reporting complies with the Texas Public Funds Investment Act.

As of March 31, 2026, the Community First Health Plans portfolio (including the PPO) was valued at \$320.2 million and generated \$3.28 million in interest income for the quarter. The portfolio achieved a weighted average yield of 3.86% and a weighted average maturity of 389 days. This yield exceeded key benchmarks, including the 6-month CMT at 3.68% and the 1-year CMT at 3.77%, indicating strong investment performance relative to market indices.

The quarter was marked by economic volatility, with geopolitical conflict in Iran driving major market shifts. Treasury yields rose sharply in March, with the two-year note increasing from below 3.40% to near 4% before ending around 3.80%, reflecting heightened inflation concerns tied to surging energy prices. Oil prices nearly doubled following disruptions in the Strait of Hormuz, significantly impacting global supply and increasing inflation expectations. Equity markets declined, with the S&P 500 falling 7% from its January peak. The Federal Reserve held rates at 3.50%–3.75%, signaling caution as elevated energy prices may delay inflation progress and limit near-term rate cuts.

Recent economic data reflects slowing labor market momentum and rising inflation. February payrolls declined by 92,000, with unemployment increasing to 4.4% and job losses extending into healthcare. Inflation worsened, with PPI rising 0.7% month-over-month and Core PCE at 3.1% year-over-year, with energy prices expected to drive further increases. GDP growth slowed to 0.5% in Q4, with modest 1–2% growth projected for Q1.

On January 27, 2026, University Health issued RFP-225-12-057-SVC for construction management services to support facility licensing and reopening. Twelve firms responded, with four finalists presenting: Joeris, Layton, Turner, and Skanska. Skanska USA Building Inc. was selected based on relevant experience, qualifications, timeline, and prior work on the facility, including a 2020 renovation. Phase one focuses on interior renovations to meet Texas regulatory requirements, including mechanical system upgrades, HVAC compliance for operating rooms, conversion to ducted returns, firestopping, repairs, interior finishes, and installation of new fixtures and window treatments to achieve inpatient recertification.

Phase I renovations include upgrades to ensure compliance with Texas Administrative Code and Texas Department of State Health Services requirements. Scope includes toilet room upgrades, radiology renovations for new imaging equipment, and locker room modifications. Additional work involves replacing damaged millwork to support infection control, and surgical suite updates on the third floor to meet Pre-Op, PACU, and staff amenity standards. Fourth-floor inpatient rooms will be enhanced with new headwalls, millwork, and wardrobes. Laboratory modifications will support new equipment requirements. The Emergency Department's 15 exam rooms will undergo minor renovations, including installation of new sink millwork and solid surface finishes.

Skanska USA Building Inc. estimated Phase I costs at \$33,158,446 for mechanical, electrical, plumbing, and design work required to reopen Babcock Specialty Hospital, based on design development drawings. This proposal was more than \$1 million lower than the next highest bid, representing a cost advantage. Additionally, Skanska included \$2 million in contingency funding to address unforeseen construction issues, strengthening the project's financial and operational readiness.

RECOMMENDATION: Staff recommends the Board of Managers approve a \$33,158,446 contract with Skanska USA Building Inc. for Phase I renovations at Babcock Specialty Hospital.

COMMENTS /DISCUSSIONS: None

ACTION: A **MOTION** to **APPROVE** staff's recommendation was made by Dr. Cohen, **SECONDED** by Ms. Fernández, and **PASSED UNANIMOUSLY**.

EVALUATION: None

FOLLOW UP: None

Consideration and Appropriate Action Regarding the Purchase of Selective Medical Equipment, Technology Equipment, Furniture, and Activation Planning for the Community Hospitals and MOB's from Various Vendors — *Brian Freeman*

SUMMARY: Since early 2023, the Community Hospitals projects have progressed from concept through design and into active construction, with completion projected for 2027. Design for Medical Office Building shell space is complete, and construction documents have been issued. Procurement and installation schedules for owner-furnished equipment—including medical equipment, FF&E, and IT systems—have been developed and aligned with construction timelines to support operational readiness. In 2025, the Board approved initial procurement phases, proactively mitigating risks related to supply chain disruptions, cost escalation, long lead times, and installation coordination.

The Design Professional's medical equipment planner collaborated with hospital staff to validate the medical equipment (MEQ) scope and costs, ensuring alignment with project design and operational needs. A structured, schedule-driven priority matrix supports phased funding to enable timely procurement, reduce schedule risk, and avoid unnecessary storage costs. This request represents the third round of MEQ procurement.

Operating Expense:

- Employee Compensation is slightly over budget by \$9.2 million or 3.2%
- Supplies are over budget by \$2.5 million or 4.5%.
- Community First medical claims expense is over budget by \$3.2 million.
- Purchase Services are over budget \$2.1 million

Non-Operating Expense:

- Investment income of \$6.3 million was higher than budget by \$478 thousand.
- A net unrealized gain of \$2.8 million was recorded in March.
- Unrealized gains and losses occur due to valuing our investments at current market prices each month. No actual gains or losses are realized if the investments are held to maturity, which is our standard practice.

Consolidated Balance Sheet Report:

- Days Revenue in Patient Accounts Receivable: 34.1 days on a budget of 35.0 days.
- The Community Hospitals project has a total expected budget of \$1.58 billion; of which \$1.4 billion in contracts have been approved by the Board of Managers. Total payments of \$907 million have been paid to date leaving \$513 million encumbered. Of the Community Hospital's \$1.58 billion budget, \$1.36 billion in cash and bond proceeds have been funded for the project and additional cash reserves will be allocated over the next two years to fully fund the project.
- The Babcock Specialty Hospital & MOB project has a total expected and approved budget of \$143 million of which \$121.6 million has been spent.
- Unencumbered funds reserved for future capital needs has a negative balance of \$(32.1) million, this account will be replenished after the audit.
- University Health's Net Asset Value has increased \$73.0 million year to date on a Generally Accepted Accounting Principles (GAAP) basis including debt service tax revenue and interest expense on bonds.

RECOMMENDATION: Staff recommends approval of the March 2026 Financial Report subject to audit.

COMMENTS /DISCUSSIONS: None

ACTION: A **MOTION** to **APPROVE** staff's recommendation was made by Ms. Fernández, **SECONDED** by Ms. Watts Davis, and **PASSED UNANIMOUSLY**.

EVALUATION: None.

FOLLOW UP: None

Presentations and Education:

University Health Foundation Annual Report — Sara Alger

SUMMARY: The Foundation launched the ROOTED campaign in March 2025, aiming to raise \$100 million over five years to support University Health priorities. Led by Robby Brown, the campaign cabinet meets bi-monthly to guide fundraising and stewardship. In 2025, the campaign raised over \$10.2 million from 1,263 donors contributing 10,664 gifts, with a 47% retention rate and improved 3.3% recapture rate. To date, ROOTED has raised over \$14.2 million from 2,000+ donors, including a historic \$7.5 million planned gift. The Foundation disbursed \$7.2 million in 2025, supporting key clinical and community programs.

Ms. Watts Davis thanked Ms. Jackson on her presentation and for continuing to be so creative to ensure that there is equal opportunities for everyone. Further discussions ensued.

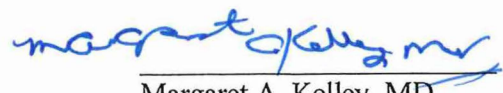
Information Only Items:

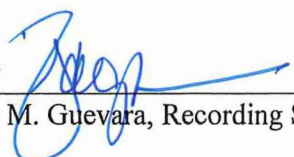
- A. Update on the Community Hospitals — *Brian Freeman*
- B. Report on Recent Recognitions and Upcoming Events — *Leni Kirkman*
- C. University Health Monthly Foundation Update — *Sara Alger*

Adjournment: — *Jimmy Hasslocher, Chair*

There being no further business Mr. Hasslocher adjourned the public meeting at 7:32pm.


Jimmy Hasslocher
Chair, Board of Managers


Margaret A. Kelley, MD.
Secretary, Board of Managers


Janie M. Guevara, Recording Secretary

The Board of Managers may recess during the open meeting in order to hold a closed meeting. Alternatively, a closed meeting may be held before the open meeting or after its adjournment.

Closed Meeting: A closed meeting will be held pursuant to TEX. GOV'T CODE, Section 551.085 to receive information regarding pricing, market data and/or financial and planning information relating to the arrangement or provision of proposed new services and/or product lines.

Closed Meeting: A closed meeting will be held pursuant to TEX. GOV'T CODE, Section 551.085 to receive information regarding pricing or financial planning information relating to a bid or negotiation for the arrangement or provision of services or product lines to another person if disclosure of the information would give advantage to competitors of the hospital district.