



University Health System

SPECIAL MEETING OF THE BEXAR COUNTY HOSPITAL DISTRICT BOARD OF MANAGERS

Tuesday, August 14, 2018
2:00 p.m.
Cypress Conference Room
University Hospital
4502 Medical Drive
San Antonio, Texas 78229

MINUTES

BOARD MEMBERS PRESENT:

Jim Adams, Chair
Ira Smith, Vice Chair
Robert Engberg
Janie Barrera
James Hasslocher

BOARD MEMBERS ABSENT:

Dianna M. Burns, M.D., Secretary
Roberto L. Jimenez, M.D, Immediate Past Chair

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
Tommye Austin, Ph.D., Senior Vice President, Chief Nurse Executive, University Health System
Priti Mody-Bailey, Medical Director, Community First Health Plans, In.
Edward Banos, Executive Vice President/Chief Operating Officer, University Health System
Tracy Cotner-Pouncy, RN, TCRN, Senior Director, Trauma Services, University Hospital
Ted Day, Executive Vice President, Strategic Planning and Business Development, University Health System
Donald Finley, Director, External Communications/Corporate Communications, University Health System
Roe Garrett, Vice President/Controller, University Health System
Greg Gieseeman, President/Chief Executive Officer, Community First Health Plans, Inc.
Russell Higgins, M.D., Medical Director, Pathology Services, University Health System; and Associate Professor/Clinic, Department of Pathology, UT Health San Antonio
Barbara Holmes, 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 & Patient Relations, University Health System
Elliott Mandell, Senior Vice President/Chief Pharmacy Officer, University Health System
Virginia Mika Ph.D., Executive Director, CareLink Financial Assistance Program
Teresa Nino, Director, Epic Communications, University Health System

Rosa Olivares, Administrative Resident, Trinity University
Bill Phillips, Senior Vice President, Chief Information Officer, University Health System
Kirsten Plastino, M.D., President, Medical/Dental Staff, University Health System; and Professor,
Department of Obstetrics & Gynecology, UT Health, San Antonio
Maulik Purohit, M.D., Vice President, Chief Medical Information Officer, University Health System
Serina Rivela, Interim Chief Legal Officer, University Health System
Michael Roussos, Administrator, University Hospital
Travis Smith, Deputy Chief Financial Officer, University Health System
Stephanie Whitehead, Executive Director, Pathology Services, University Health System
Roberto Villarreal, M.D., Senior Vice President, Research & Information Management, University Health System
And other attendees.

CALL TO ORDER AND RECORD OF ATTENDANCE: JIM ADAMS, CHAIR, BOARD OF MANAGERS

Mr. Adams called the meeting to order at 2:02 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE

Mr. Adams introduced Mr. Norberto Casas, Jr., Our Lady of Guadalupe Catholic Church, Helotes, Tx, for the invocation and he led the Pledge of Allegiance.

APPROVAL OF MINUTES OF PREVIOUS MEETING(S): JULY 24, 2018; AND JULY 31, 2018

SUMMARY:	Minutes of previous meetings on Tuesday, July 24, 2018; and Tuesday, July 31, 2018, were submitted for the Board's approval.
RECOMMENDATION:	Staff recommended approval of the minutes as submitted.
ACTION:	A MOTION to APPROVE staff's recommendation was made by Mr. Engberg, SECONDED by Mr. Smith, and PASSED UNANIMOUSLY .
EVALUATION:	None.
FOLLOW UP:	None.

NEW BUSINESS:

CONSENT AGENDA – JIM ADAMS, CHAIR

CONSIDERATION AND APPROPRIATE ACTION REGARDING FOUR REAPPOINTMENTS TO THE COMMUNITY FIRST HEALTH PLANS BOARD OF DIRECTORS — ROBERT ENGBERG, CHAIR NOMINATING COMMITTEE

CONSIDERATION AND APPROPRIATE ACTION REGARDING POLICY 10.04.01: USE OF CLINICAL SPECIMENS FOR LABORATORY QUALITY AND EDUCATIONAL ACTIVITIES – STEPHANIE WHITEHEAD/ RUSSELL HIGGINS, M.D.

CONSIDERATION AND APPROPRIATE ACTION REGARDING A RESOLUTION SUPPORTING DESIGNATION OF UNIVERSITY HOSPITAL AS A LEVEL I ADULT & PEDIATRIC TRAUMA CENTER - TRACY COTNER-POUNCY

SUMMARY: Consideration and Appropriate Action Regarding Four Reappointments to the Community First Health Plans (CFHP) Board of Directors — Robert Engberg, Chair Nominating Committee - Four CFHP Board members have terms that will expire September 30, 2018. The Nominating Committee of the Board of Managers led by Mr. Robert Engberg recommends the re-appointment of Mr. Rene Escobedo, Ms. Gloria Kemper, Mr. Paul Nguyen, and Ms. Penny Wallace for two-year terms beginning October 1, 2018 through September 30, 2020. All have expressed an interest and a willingness to continue to serve, and each brings a wealth of knowledge and expertise to the organization.

Consideration and Appropriate Action Regarding Policy 10.04.01: Use of Clinical Specimens for Laboratory Quality and Educational Activities – Stephanie Whitehead/ Russell Higgins, M.D. - This is a new policy regarding the internal and external transfer of clinical specimens. It was written to establish and provide guidelines for the Health System’s internal use or external transfer of clinical specimens for use other than the original diagnostic purpose. Following their diagnostic evaluation, these specimens can be used to support clinical, research, and educational activities. The revised policy conveys the Health System’s obligation to continuous improvement, education, and quality within the Health System.

Consideration and Appropriate Action Regarding a Resolution Supporting Designation of University Hospital as a Level I Adult & Pediatric Trauma Center - Tracy Cotner-Pouncy - University Health System is recognized in the surrounding community for providing the highest level of comprehensive trauma care for adult and pediatric patients. Trauma accounts for 7,288 Emergency Department visits, 4,419 admissions, and over 4,500 transfer patients accepted from trauma service area “P” and beyond in 2017. An essential requirement for verification by the American College of Surgeons is written support by the Health System’s governing body, as institutional commitment and dedication are critical to the success of a trauma center. Due to participation, University Hospital is able to receive money from the State of Texas for Uncompensated Trauma Care. University Hospital has participated in the regional trauma system since its inception in the 1980’s. The hospital participates in the regional trauma transfer program, MEDCOM, and is part of the regional response to local, regional, and state disasters.

RECOMMENDATION: Staff recommends approval of the items listed on the consent agenda.

ACTION: A **MOTION** to approve staff’s recommendation was made by Mr. Engberg, there being **NO OBJECTION**, the **MOTION CARRIED**.

EVALUATION: Mr. Adams expressed appreciation for CFHP Board of Directors; their willingness to continue to serve is admirable. Dr. Higgins addressed the Board in support of the proposed policy regarding the internal and external transfer of clinical specimens, a policy he assured the Board incorporates all related legal requirements. The Medical Director’s signature will be required on all specimen request forms.

FOLLOW UP: None.

ACTION ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING COMMISSIONING OF A PEACE OFFICER FOR BEXAR COUNTY HOSPITAL DISTRICT — CHIEF A.J. SANDOVAL, III/EDWARD BANOS

- SUMMARY:** The credentials of Victor Byrd have been examined and certified by the Chief of Police as meeting all of the requirements of a Health System Police Officer. Mr. Byrd will be filling a position that was vacated due to the resignation of Nathaniel Lombard. Mr. Byrd has completed CPR first aid training, holds a Mental Health Officer certification, and as required of all Peace Officers, has completed all the certification requirements by attending the 40-hour crisis intervention training course, which is sponsored by The Center for Healthcare Services, San Antonio Police Department, Bexar County Sheriff's Office, and the University Health System.
- RECOMMENDATION:** Staff recommends approval to commission Mr. Victor Byrd as a Health System Peace Officer.
- ACTION:** A **MOTION** to approve staff's recommendation was made by Ms. Barrera, **SECONDED** by Mr. Engberg and **PASSED UNANIMOUSLY**.
- EVALUATION:** Chief Sandoval introduced Mr. Byrd to the Board of Managers. Mr. Byrd is honorably retired from the United States Army after 28 years of service. The Protective Services workforce is comprised of 33 certified peace officers and 38 security ambassadors. Mr. Byrd received a round of applause.
- FOLLOW UP:** None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH BAXTER HEALTHCARE CORPORATION FOR LEASING OF INFUSION PUMPS — TOMMYE AUSTIN/ELLIOT MANDELL

- SUMMARY:** The Health System currently has 1,150 pumps that do not have the latest smart pump technology that is available in the health care industry today. The replacement of the current fleet of pumps used at University Hospital would aid in the use of the drug library and help prevent miscalculations or incorrect programming. In addition, the inability of existing pumps to provide data on start and stop times complicates patient care related to fluid balance and renal activity. Nursing, pharmacy, and selected medical staff reviewed vendors that provide advanced technology pumps and recommend the Spectrum-IQ® pumps for the following reasons: Drug Library Compliance; Automated Pump Programming; Drug Library Updates; Standardized Tubing Sets; Auto Documentation of Start/Stop Times; and Radio-frequency identification (RFID) tracking system. This is a request for a five (5) year contract in the amount of \$6,617,576, for 1,545 new Spectrum IQ® infusion pumps for the administration of large volume intravenous solutions. The monthly lease amount of \$94,059.60 for the pumps is a planned expense in the 2018 operational budget. However, this expense will be offset by savings associated with decreased cost in the use of a standard tubing set, as well as lowered tier discounted pricing in other areas

as we bundle the acquisition of these pumps and tubing sets with IV solutions, certain pharmaceuticals and other items in the Premier Group Purchasing Agreement. The actual savings over the term of the five year contract is \$8,185,858 and exceeds the total cost to acquire these pumps, providing a net savings of \$1,568,282. The workforce composition data for Baxter Healthcare was provided for the Board's review.

RECOMMENDATION: Staff recommends the Board of Managers approve the funding in the amount of \$6,617,576.00 and authorize the President/Chief Executive Officer to execute a contract with Baxter for the acquisition of Spectrum IQ® Infusion Pumps.

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

EVALUATION: Mr. Engberg asked about the pump's experience out in the field. Dr. Mandell noted that the Food and Drug Administration (FDA) approved the new version of the device in June 2018 and, it is basically an extension of the pre-existing pump with new safety modifications. By the time the Health System purchases and installs the pumps, it will be late fall; this will be the 10th or 12th system to be up and running. Staff commissioned a study on utilization for system-wide use, and that is how they came up with 1,545 pumps, due to growing census and high acuity patients; some patients require 3 – 4 pumps. The savings that are produced are verifiable since the Health System has received top tier pricing based on utilization over a five year period. Regarding, training for the nurses, and/or ease of use, the major change for nursing staff is the ability to scan a bar code label on a bag that comes from the pharmacy along with the patient's wrist band. Bar code technology has been a great addition to safety technology over the past decade. The new EMR system will automatically document for the nurses into the EMR, and physicians will be able to make real time decisions to better influence outcomes.

FOLLOW UP: None.

At this time, Mr. Adams asked Dr. Plastino to provide an update as President of the Medical/Dental Staff. The Joint Commission's unannounced site visit took place last week. The site visit highlights the UT Health/Health System partnership, faculty physicians received emails both from Dr. Alsip and Dean Hromas in real time announcing the visit and providing updates. That was really nice and appreciated by the faculty. As soon as the final report arrives Mr. Hernandez will share with the Board. Mr. Adams was impressed with the staff's interest in the results, everything he heard at the exit conference was very positive. Several administrators were on vacation and returned for the site visit. Faculty physicians continue to work with hospital administration on quality metrics, Dr. Alsip and Mr. Banos are moving toward real metrics that physicians can achieve. Physicians look forward to having their improvements reported to the Board.

DISCUSSION AND APPROPRIATE ACTION REGARDING THE 2018 BEXAR COUNTY HOSPITAL DISTRICT TAX RATE RECOMMENDATION TO COMMISSIONERS COURT IN SUPPORT OF THE OPERATING AND CAPITAL OUTLOOK FOR FY 2019 — REED HURLEY/GEORGE B. HERNÁNDEZ, JR.

SUMMARY: The underlying basis for the proposed tax recommendation is the Triple Aim Plus. These are improving quality, safety and outcomes; improving the patient experience; improving efficiency; and improving

access to care. These aims are the foundation of healthcare industry transformation. Mr. Hurley and Mr. Hernandez presented the following information in support of the staff's recommendation:

Texas 1115 Waiver Renewal

- Renewed in December, 2017 (October 2017 – September 2022)

Delivery System Reform Incentive Program (DSRIP) \$53 million

- The rules have changed and payments are based on outcomes vs. projects
- Funding will be phased out
- 6 percent decrease October 2019
- 20 percent decrease October 2020
- No funding starting October 20

Uncompensated Care (UC) \$50 million

- The rules have changed
- 2018 funding amount still unknown
- "Medicaid Shortfall" no longer included-2020
- Moving from UC Tool to Medicare S-10
- Debate between Texas and CMS \$3.1B vs \$2.7B
- 2018 & 2019 may be lower but 2020 and beyond look favorable

Uniform Hospital Rate Increase Program (UHRIP)

- Lots of time and effort to get this started
- Pilot program starting Dec 1, 2017 (Bexar & El Paso)
- Benefits most hospitals in Bexar SDA
- Started Statewide March 2018
- Estimated annual benefit of \$12 million

Pressure on Affordable Care Act (ACA)

- Pre-existing condition coverage
- Federal support to insurance companies
- Uncertainty about what's next
- CareLink population has declined to 24,000 from 50,000 in 2013
- \$2,800 a year to support each CareLink member
- A 10,000 member increase will cost \$28 million

Cuts to DSH funding

- Disproportionate Share Hospital Funding (DSH)
- ACA planned reductions in DSH as coverage expanded
- Originally scheduled for 2014
- Congress has delayed implementation multiple times
- Will have negative annual impact starting October 2019 of \$13 million

Bexar County Clinical Services (BCCS)

- BCCS has been operating since 2006
- BCCS is a "Burden Alleviation" model
- Provides Uncompensated Care funds for other hospital in San Antonio
- In 2016 CMS disallowed some federal matching funds related to programs in other markets
- HHSC appealed this disallowance to the Departmental Appeals Board (DAB)
- On August 8 the Health System received notice that the DAB agreed with CMS
- How will this impact University Health System? Will impact the Health System by \$10 million.

2019 Operations

- Projecting 2 percent growth in services
- Improved Emergency Department (ED) and inpatient throughput
- Epic implementation will be major focus
- Planning and design for the new tower
- Potential to refinance 2009 Bonds
- Continued focus on improving operations

UHS Less CFHP	2016 Actual	2017 Actual	2018 Budget	2018 YEV	2019 Outlook	Variance 2019 Outlook vs 2018 Budget	% Variance
(Dollars are in Thousands)							
Total Operating Revenues	\$1,141,311	\$1,179,980	\$1,233,424	\$1,257,043	\$1,315,172	\$81,748	6.6%
Total Operating Expenses	<u>\$1,027,818</u>	<u>\$1,078,391</u>	<u>\$1,155,811</u>	<u>\$1,154,643</u>	<u>\$1,218,595</u>	<u>(\$62,784)</u>	<u>(5.4%)</u>
Gain (Loss) from Operations	\$113,493	\$101,590	\$77,613	\$102,400	\$96,578	\$18,965	24.4%
Total Non-operating Revenue/Expense	<u>(\$73,607)</u>	<u>(\$72,532)</u>	<u>(\$72,316)</u>	<u>(\$60,571)</u>	<u>(\$64,738)</u>	<u>\$7,579</u>	<u>10.5%</u>
Bottom Line Excluding Debt Service	<u>\$39,886</u>	<u>\$29,058</u>	<u>\$5,297</u>	<u>\$41,829</u>	<u>\$31,840</u>	<u>\$26,543</u>	<u>501%</u>

Tax Rate Recommendation

- Staff proposal is to keep the existing tax rate
- Existing tax rate will produce \$458M in 2019 revenue a \$26.9M increase over 2018
- \$10M from new properties and \$16.9M from increased values on existing properties
- \$393M for Maintenance & Operations (M&O) and \$65M for debt service (I&S)
- The Health System will receive approximately \$3.4 million less due to the implementation of the \$10,000 exemption for over 65

2018 Tax Rate Summary

Tax Rate Description	Total Tax Rate Per \$100 Of Value	Increase in Tax Revenue Over Last Year
Effective Tax Rate	\$0.266754	\$11,213,703
2017 Adopted Tax Rate	\$0.276235	\$26,931,486
2018 Proposed Tax Rate	\$0.276235	\$26,931,486
Rollback Rate	\$0.285652	\$42,543,168

RECOMMENDATION: Staff recommends that the Board of Managers request Commissioners Court set the 2018 total tax rate in support of University Health System's operating, debt service and capital requirements for 2019, at the current tax rate \$0.276235 per \$100 property valuation.

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

EVALUATION: Mr. Hurly reiterated the uncertainty in federal supplemental funding, with Uncompensated Care being the most variable of the pools. In addition, he cautioned that other programs can be phased out at any given time. However, senior management is certain that the Health System can survive during these uncertainties, because the staff does not rely on these revenue streams. If the staff is aware of scale down dates with any supplemental funding program in 2018 or 2019, those projections are included in the outlook. Mr. Hernandez thanked the Board for providing feedback regarding the presentation for Commissioners Court on August 24, 2018; it will not have as much detail as today's presentation. Mr. Hernandez reminded the Board that the Bexar County Commissioners asked him to

return in one year after the Board has the opportunity to consider an additional property tax exemption for those over 65. Mr. Adams expressed concern regarding the lack of rooms and capacity at University Hospital, and would like to find a solution for this problem sooner rather than waiting for the Women's and Children's Tower.

FOLLOW UP: As indicated above. At this time, Mr. Hernandez announced that the presentation to Commissioners Court was rescheduled from Tuesday, August 21, 2018 to Friday, August 24, 2018. Mr. Hernandez's staff will confirm this change in writing *via* email.

PRESENTATIONS AND EDUCATION:

ANNUAL CARELINK REPORT — VIRGINIA MIKA, PH.D./ROBERTO VILLARREAL, M.D.

SUMMARY: The CareLink Annual Report for 2017 coincides with an important milestone for the CareLink program, as it celebrated 20 year anniversary. CareLink was created in 1997 to address the issue of the uninsured among the working poor of San Antonio. The program provides a comprehensive schedule of benefits to Bexar County residents within a defined provider network. Members make payments based on their income and family size. When someone applies for CareLink they are asked to provide proof of identification, proof of income and proof of Bexar County residency. Once they are enrolled, they select a Primary Care Provider (PCP) based on the list of available providers we have so every member has a PCP who helps guide their care. Every CareLink member has a medical home and access to an array of primary, preventive, specialty, hospital and pharmaceutical services. For over two decades CareLink has assisted more than 430,000 unique members. Furthermore, ten members of the CareLink staff have been with the Health System since the inception of the program. Within Bexar County, 17.2 percent or 313,406 individuals are living in households with income below the Federal Poverty Level (FPL). Approximately 15 percent of those individuals are black, 21 percent are Hispanic, and 16 percent are non-Hispanic White. The FPL indicator is relevant because poverty creates barriers to access including health services, healthy food, and other necessities that contribute to poor health status. Socioeconomic status is one of the key predictors of disease, disorder, mortality, and injury. All of this data points to the need to get the uninsured and poor access to healthcare. In 2017, Bexar County had approximately 308,676 individuals who were uninsured. In the last few years the Health System has seen the rate of uninsured in the United States decrease due to the Affordable Care Act (ACA). Texas and Bexar County have seen this decline as well, but these rates remain higher than the national average primarily because Texas did not expand Medicaid to cover adults. Consequently, there are a significant number of people without health insurance – approximately 5,114,811 in Texas and 36,700,246 in the United States. The Health System saw significant decreases in enrollment after the implementation of the ACA as people moved to insurance. Geographically, when staff looks at the uninsured, we see high rates in the central and southern parts of the county. Dr. Mika provided a breakdown of total number of CareLink members by zip code of residence. CareLink members live throughout the county, but there are greater numbers living

within the Loop 410 area. The density of the CareLink population closely matches the density of the uninsured through Bexar County. CareLink has four (40) service centers located throughout the city to serve the community. Lack of health insurance is considered a *key driver* of health status. This indicator is relevant because lack of insurance is a primary barrier to healthcare access including regular primary care, specialty care, and other health services that contribute to poor health status. Enrollment has been steady for the last few years with the largest group being CareLink B members (approximately 13,000 in 2017), are those individuals who fall between 76 and 138 percent of the FPL. Staff continues to offer enrollment assistance to those people who qualify for the Marketplace. Staff also tends to see lower CareLink enrollment when the economy is doing well and when unemployment rates are lower (currently at about 3.5 percent). CareLink members average about five (5) PCP visits per year, but only about 4 percent have Emergency Department visits and 8 percent get admitted. These rates again are better than a Medicaid member in terms of Emergency Department (ED) utilization and admissions. Staff monitors ED visits and admissions on a weekly basis to identify patients who need to be case managed. The Health System has been able to meet the majority of the medical needs of CareLink members; only 48 patients were sent out of the Health System and those were primarily for allergy services. Dr. Mika defined the term “SuperUtilizer” as a patient who has had three (3) or more admissions, or more than nine (9) Emergency Department visits (or some combination of the two) per Health System criteria.

Pharmacy Services

CareLink patients received an average of 12 prescriptions per member per year:

- Provided 360,982 prescriptions
- Prescription costs were about \$2.8 million (\$9.40 pmpm)
- Member co-pays were over \$2.1 million

<u>30 day Rx</u>	<u>90 day Rx</u>	
CareLink A (75% & below)	\$5.00	\$10.00
CareLink B (76%-138%)	\$10.00	\$20.00
CareLink C (139-200%)	\$15.00	\$20.00

Since 1999, the Health System’s Medication Assistance Program (MAP) has helped CareLink members apply for and receive over \$240 million worth of free medications from pharmaceutical companies. This is tremendous savings to the Health System and tax payers of Bexar County and it enables CareLink members to access therapies that would otherwise not be available. The increase in 2017 savings is a reflection of non-340B savings when a prescription from an outside, non-Health System clinic (e.g. Center for Healthcare Services, UT, etc.) is obtained through the MAP. There was not an increase in MAP applications or drugs obtained only costlier drugs for this reason. Some reasons for the increase in MAP savings include formulary addition of many expensive, specialty drugs for oncology, neurology, rheumatology, and ophthalmology uses. These costly medications are not subsidized by CareLink, but made available to CareLink members through the MAP. In addition, the Health System is

obtaining more medications through MAP that are not eligible for the 340B program (e.g. antipsychotics prescribed by The Center for Healthcare Services). Savings calculations are higher for these prescriptions since the Health System's cost would be higher to purchase these medications outside of the 340B program.

Outreach and Education

Staff was busy this year reaching and educating the community about CareLink and Medicaid/CHIP. The purpose of this is to let the community know about the Health System's CareLink program and to help families get coverage they may qualify for. Through a federal grant called *Connecting Kids to Coverage*, staff has worked very hard to educate and assist families with Medicaid enrollments and re-enrollments. Staff has learned that families often have missing documents or information and do not get enrolled. The staff follows up with families to ensure they received their acceptance letter, or denial letter. The school districts have been very welcoming and have allowed the Health System to conduct enrollment events at the schools to help get the children covered. Staff has found that more than 50 percent of families assisted by CareLink, end up having a visit within the Health System after they receive their funding.

- Participated in 104 community health fairs and events
- Reached over 16,000 individuals and educated nearly 13,000 community members
- Created new partnerships with local school districts

Partnerships

Dr. Mika highlighted a new partnership with the San Antonio Food Bank. Staff from the Food Bank comes on-site to the Robert B. Green once per week, where CareLink staff refers members or other Health System who need food assistance. While the staff is able to complete a food stamp application on behalf of the patient, the Food Bank can actually certify the member and the member can walk away with a card they can use that day. If they do not qualify, patients are referred to a local food pantry where they can receive food items. This has been a great experience for the staff is very well-received by our CareLink members, staff is helping to get them healthy and meet their immediate needs. On August 28, staff will begin the first distribution of fresh vegetables, a Food Bank-sponsored event.

Other Initiatives

- Scheduling PCP visits
- Screening for all funding available
- Medicaid/CHIP – 6,000 applications
- Healthy Texas Women/Family Planning – 15,000
- Hosting blood drives – 485 units collected
- Several on-going initiatives including collaborating with the local utilities so that every family is screened for their affordability discount programs. Many times our members use their CPS or SAWS bills to prove their residency so we have the information readily available and are able to complete the application for the discount programs for them. Last year we helped enroll over 4,000 members for the CPS affordability discount program, over 5,000 for the Casa Verde program (provides energy efficiency upgrades for homes) and over 3,000 into the SAWS affordability program.

- Staff continues scheduling PCP visits for new members to orient them to how the process works and what information will be requested from them as well as screening for all funding the family might qualify for including Medicaid, entitlement programs, grant programs, etc. We submitted over 6,000 applicants for Medicaid or CHIP and over 50 percent of those people have appointments within the Health System after receiving funding. Staff qualified over 14,000 individuals for the Healthy Texas Women program or Texas Family program.
- With assistance from the Blood Donor Services, six (6) CareLink blood drives were held during 2017. Members, their families, and their friends were encouraged to donate blood and received a \$25 incentive towards the member's CareLink balance. These blood drives resulted in 485 units of blood collected and resulted in a cost savings of \$108,378 for the Health System. Since May 2009, when the CareLink Blood Drives were initiated, the drives have generated approximately 3,382 units of blood resulting in a total cost savings of \$751,956 for the Health System.
- In April of 2017, CareLink celebrated its 20th anniversary. Dr. Mika shared a photo of the 10 staff members who have been with CareLink since the program started. They are caring and compassionate staff member who want to do what they can to assist those coming to CareLink offices.

CareLink continues to be a resource for the community

- Continue to monitor and respond to inquiries regarding the ACA;
- Continue to seek ways to assist our members so they may achieve optimal health;
- Continue to monitor changes to the ACA to respond with the most appropriate services and resources for the Bexar County community; and
- Continue to seek ways to improve services to improve the health status of CareLink members.

RECOMMENDATION: This report was provided for informational purposes only.

ACTION: No action was required by the Board of Managers.

EVALUATION: Board members made several suggestions regarding partnership opportunities, for example, VIA Metropolitan for CareLink member transportation and/or interior bus advertisements that target the uninsured. Ms. Barrera asked Dr. Mika to consider promoting CareLink with the various school districts, i.e., back to school campaigns, and Mr. Hasslocher recommended the Texas Restaurant Association, as he has an employee who is very grateful for the CareLink assistance. Mr. Adams cautioned the need for a continuous balancing act with CareLink membership as there are costs involved. He also commended Dr. Mika for her empathy and compassion which was evident during her presentation.

FOLLOW UP: As indicated above.

COMMUNITY FIRST HEALTH PLANS, INC., BI-ANNUAL REPORT— GREG GIESEMAN

SUMMARY: Mr. Gieseeman presented an operations report for the first six months of 2018; Community First Health Plans, Inc., (CFHP) has been successful on

most of its 2018 strategic operational and quality initiatives and is on target to meet these objectives by year end.

What's Going Well

- Quality
 - CFHP is the highest rated plan in Bexar Service Area based on HHSC STAR ranking
 - 2018 CAHPS (Consumer Assessment of Healthcare Providers and Systems) scores indicate that CFHP has improved its scores in metric “Rating of Health Plan” for all lines of business except CHIP and (compared to 2017 scores) ranks nationally in the
 - 75th percentile for Medicaid children,
 - 75th percentile for Medicaid adults,
 - 90th percentile for Commercial adults, and
 - 66th percentile for CHIP

Infrastructure upgrades - On budget, on schedule

Membership - Consolidated membership ahead of budget - All product lines, except CHIP, ahead of budget

Responses to HHSC RFPs - STAR+Plus response submitted on time, preparing resubmission due August 23; and Medicaid/CHIP response submitted on time

CFHP Summary Income Statement
 For the period ending June, 2018
 ALL LOB NEW (W/ GHSC)

Income Statement	Year-To-Date				Fav/(Unfav) Variance
	Actual	% of Premium	Budget	% of Premium	
Member Months	935,280		929,360		5,920
Revenue					
Premium Revenue	255,306,821		250,641,167		4,665,653
Experience Rebate	0		0		0
NAIP and Other Revenue	9,909,337		9,841,964		67,373
Total Revenue	265,216,157		260,483,131		4,733,026
Expenses					
Medical Expenses	242,599,662	95%	227,049,986	91%	(15,549,676)
NAIP - UHS Pass Thru Payments	9,704,330		9,642,000		(62,330)
Admin Expenses	31,090,482	12%	30,746,771	12%	(343,712)
Total Expenses	283,394,475		267,438,757		(15,955,718)
Underwriting Gain / (Loss)	(18,178,318)	-7%	(6,955,626)	-3%	(11,222,692)
Investment Income	1,044,605		553,500		491,105
Premium Deficiency Reserve	4,538,201		0		4,538,201
Net Income	(12,595,512)		(6,402,126)		(6,193,387)

PMPM Summary	Fav/(Unfav) Variance		
	Actual	Budget	Variance
Premium Revenue (pmpm)	272.97	269.69	3.28
Medical Expenses (pmpm)	259.39	244.31	(15.08)
NAIP - UHS Pass Thru Payments (pmpm)	10.38	10.37	(0.00)
Admin Expenses (pmpm)	33.24	33.08	(0.16)

Medical Expense Drivers - STAR Kids (SK) – Private duty nursing (PDN), personal care services (PCS), offset by reductions in therapies, single day admissions

- Medicaid – Single day admissions, ED increases, therapy utilization, Rx
- CHIP – Growth hormones, behavioral health, therapies, high cost members, Rx
- Commercial – high dollar claims, penalties & interest

Incremental Cost of Non-forecasted Items Over Prior Period (\$M)

Flu Season	2.8
Increase in high dollar claims	1.9
Increase in hemophiliac members	0.9

– Increase from 23 in 2017 to 17 YTD		
Increase in prior year claims		<u>1.3</u>
		6.9
HHSC retro 2017 Rx premium recoupment		2.5
Reduction in admin premium (Sep 18)		<u>0.25</u>
		<u>2.75</u>
	Total	9.7

<u>Year End Outlook</u>	<u>6/30/2018</u>	<u>Projected</u> <u>12/31/2018</u>
Underwriting Margin	(18.2)	(17.9)
Interest	1.0	1.8
PDR 2017 Release	4.5	6.0
PDR 2018 Accrual		(2.9)
Net Income	(12.7)	(13.0)

Population Health Management Initiatives

- Review and “tightening” of CFHP authorization policies and processes
- Medical director review of all PDN authorizations
- Increased integrated onsite member management programs with facilities and providers
- Reassessment and changing population health management (PHM) staff skill sets in certain areas to increase subject matter clinical proficiency and efficiency for clinical service reviews, i.e., specialty clinicians in therapy, PDN and behavioral health
- Participation in statewide discussion with all SK MCOs on the lessons learned around managing PDN as well as discussions with non-profit SK MCOs

Cost Saving Initiatives – Short Term (\$3.1 M 2018 impact)

- Improved coordination of benefits with other insurers for PDN services - \$1.3 M
- Further Navitus findings for growth hormones – initial price reductions offset by utilization increases due to more members receiving the hormones
- Addressed deficiencies in authorization, claims payment and auditing processes
 - \$20,000 in acute care services
 - \$300,000 in PDN and PCS services
 - \$250,000 in ER and IP cost per visit increase – audit initiative
 - \$945,000 in others mostly LabCorp
- One-day admissions (\$1 M to possibly \$3 M annually)
- Urgent care contracting initiative – \$420,000 annual

Cost Saving Initiatives – Longer Term

- Durable Medical Equipment (DME) preferred network - \$280,000
- Alternative Payment Models (APM)
- Inpatient steerage away from Christus (through panels, etc.)

Premium Revenue Improvement

- Continued discussions with HHSC re: premium sufficiency directly as CFHP and through state trade associations – Texas Association of Health Plans (TAHP) and Texas Association of Community Based Health Plans (TACHP)

- Improvements in claims coding and encounters to increase risk scores
- Discussions with HHSC re: risk model and risk scores

Issues for Remainder of 2018

- Premium rate increases effective Sep 2018
- Impact of new director level staff
- NCQA survey in September
- Core system implementation
 - HHSC readiness reviews
 - Dual systems in early 2019
- Formalization of vendor management program
- Improved audit functions
- External review of operations

2019 Look Ahead

- Premium
 - Full year of Sept. 2019 increase (\$19 M)
 - Continued efforts to impact Sep 2019 rates
 - Focus of marketing efforts on profitable risk groups
 - Improved focus on membership eligibility in high premium risk groups
- Medical Expense
 - Probable less severe flu season
 - Probable reduction in number of high dollar claims
 - Full year of contracting initiatives
 - Impact of coordination of benefits (COB) and audit initiatives
- Administrative Costs (min \$4.0 M reduction)
 - \$750,000 annual reduction in premium
 - \$4.7 M reduction in expenses
 - \$3.5 M in reduced consultant infrastructure implementation costs in 2019
 - Administrative efficiencies of new systems
 - \$600,000 reduction in printing/postage
 - Reduced staffing costs of \$175,000 after stabilization
 - \$400,000 in reduced expense due to revised contracts, electronic claims payment, provider claims submission and improved COB service
 - Elimination of penalties and interest associated with late claims processing

Mr. Gieseman provided three listings ranking both for-profit and non-profit Managed Care Organizations (MCO) in the State of Texas for the period September 2017 to February 2018:

MCOs Ranked by Total Profitability - Texas Children's Hospital led this category with an average membership of 362,615 and Net Income Before Taxes (NIBT) of \$3.6m. CFHP was no. 8 on the list with an average membership of 107,513 and NIBT of (5.2). United Health was last on the list as no. 18 with an average membership of 141,260 and NIBT of (20.5).

MCOs Ranked by Per Member Per Month (PMPM) Profitability - Texas Children's Hospital led this category with an average membership of 362,615; NIBT of \$3.6m; and NIBT \$PMPM = 1.65. CFHP was no. 6 on the list with an average membership of 107,513; NIBT (5.2); and NIBT \$PMPM = (8.06). Christus was last on the list

as no. 18 with an average membership of 5,326; NIBT (5.1) and NIBT \$PMPM (159.59). Statewide NIBT \$PMPM averages (8.22).

MCOs by Total Medical Loss Ratio (MLR) - El Paso First Health Plans led this category with a total MLR of 92.3; Medical MLR at 72.8; and RX MLR at 19.5. CFHP was no. 5 on the list with a total MLR of 96.3; Medical MLR at 76.0; and RX MLR at 20.3. Christus was last on the list as no. 18 with a total MLR of 161.1; Medical MLR at 139.4; and RX MLR at 21.7. Statewide total MLR averages 97.0; Medical MLR at 78.5; and RX MLR at 18.5.

MCOs by Adjusted Community Rating (ACR) - Amerigroup led this category with an average membership of 551,366; and an ACR of 5.3. CFHP was no. 8 on the list with an average membership of 107,513; and an ACR of 7.4. Sendero was last on the list as no. 18 with an average membership of 14,984; and an ACR of 19.6

Statewide Performance

- All plans are losing money in 6 of 13 service areas
- 31 of 45 (69%) MCOs in a service area are losing money

Bexar Service Area Performance (September 2017 to Feb 2018)

	Avg Membership	NIBT	Total MLR	Medical MLR	Rx MLR
Aetna	24,257	1.00	89.2	69.2	20.0
Amerigroup	10,117	1.86	80.8	59.5	20.9
CFHP	107,513	(5.15)	96.3	76.0	20.3
Superior	120,322	4.50	92.2	77.2	15.0

RECOMMENDATION: This report was provided for informational purposes only.

ACTION: No action was required by the Board of Managers.

EVALUATION: Mr. Smith was pleased to learn that there are a number of initiatives that will address CFHP’s bottom line. He asked that future presentations include: 1) a statement identifying the issue at hand, 2) the manner in which the issue at hand will be addressed, and 3) the desired result (or “target”). Mr. Smith asked for clarification regarding Mr. Gieseman’s statement about CFHP’s bottom line at the end of the calendar year. At the present time, staff predicts that at the end of 2018, things will look pretty much the same as they are now. Once staff implements the initiatives reviewed today, things will look better by the end of the year. Odds are that CFHP will not have a profit at the end of the year; the number will not get any worse, and that, Mr. Adams added, is a fairly substantive change. Mr. Engberg commended the staff for concurrently attacking a lot of the issues and acknowledged the complex situation for CFHP. Regarding the 2019 outlook, any indication of the magnitude after a tough 2018? If all of the savings initiatives reviewed today occur, with a full year of premium increases, CFHP is looking at a breakeven year. Staff believes there are other things that need to occur to impact a breakeven year. For one, some of the issues that occurred in 2018 will not occur next year. Unfortunately, they all occurred at the same time. The premium increase equals \$15 million per year for CFHP. The Health and Human Services Commissions tells managed care organizations what the premiums will be every year. From September 2018 to August 2019 premiums are fixed at \$19 million. Mr. Engberg trusts that CFHP will breakeven next year, an indication that the bleeding has stopped. He expressed appreciation for Mr. Gieseman’s great work, and also for the CFHP Board of Directors. He is confident that CFHP will pull through.

Mr. Adams asked if CFHP has the ability to offer products that are tied only Health System facilities; however, Mr. Gieseeman reported that when selling a product on the health insurance market place on a group basis, choice becomes an issue. He believes a product for the Health System and one other local hospital system in it would be an easier sale. Several years ago CFHP and Mr. Ted Day conducted an analysis that concluded that employers would require a certain discount for offering a benefit that includes only Health System facilities. At that time, a 15 percent discount was assumed and the reimbursement rate to the hospital would be approximately 75 percent of Medicare rates, which does not make sense for the Health System. Mr. Gieseeman thanked the Board of Managers for its support and acknowledged that staff has a lot of work to do.

FOLLOW UP:

Mr. Adams requested that Mr. Gieseeman's next presentation include CFHP'S biggest challenge and let the Board know what progress has been made, and in what way the Health System can help make an impact. He cited private duty nursing as one of the challenges.

ADJOURNMENT:

There being no further business, Mr. Adams adjourned the public Board meeting at 3:20 p.m.

Jim Adams
Chair, Board of Managers

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

Sandra D. Garcia, Recording Secretary