



University Health System

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

Tuesday, February 20, 2018
2:00 p.m.

Encino Conference Room
University Hospital
4502 Medical Drive
San Antonio, Texas 78229

MINUTES

BOARD MEMBERS PRESENT:

Ira Smith, Vice Chair
Roberto L. Jimenez, M.D, Immediate Past Chair
Dianna M. Burns, M.D., Secretary
Robert Engberg
Janie Barrera
James Hasslocher

BOARD MEMBERS ABSENT:

James R. Adams, Chair

OTHERS PRESENT:

George B. Hernández, Jr., President/Chief Executive Officer, University Health System
Tommye Austin, Ph.D., Senior Vice President, Chief Nurse Executive, University Health System
Edward Banos, Executive Vice President/Chief Operating Officer, University Health System
Ted Day, Executive Vice President, Strategic Planning and Business Development, University Health System
Sergio Farrell, Senior Vice President/Ambulatory Services, University Health System
Donald Finley, Director, External Communications/Corporate Communications, University Health System
Reed Hurley, Executive Vice President/Chief Financial Officer, University Health System
Brian Lewis, Vice President, Quality, University Health System
Leni Kirkman, Senior Vice President, Strategic Communications and Patient Relations, University Health System
Joshua Nieto, Associate General Counsel, Legal Services, University Health System
Kirsten Plastino, M.D., President/Medical Dental Staff, University Health System; and Professor, Department of Obstetrics and Gynecology, UT Health, San Antonio
Don Ryden, Vice President/Project, Design, and Construction, University Health System
Serina Rivela, Associate General Counsel/Legal Services, University Health System
Michael Roussos, Hospital Administrator, University Health System
Travis Smith, Deputy Chief Financial Officer, University Health System
Emily Volk, M.D., Vice President/Clinical Services, University Health System
Jim Willis, Vice President, Associate Administrator, University Hospital

And other attendees.

CALL TO ORDER AND RECORD OF ATTENDANCE: IRA SMITH, VICE CHAIR, BOARD OF MANAGERS

Mr. Smith called the meeting to order at 2:03 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE

Mr. Smith introduced Ms. Rhonda Estrada, Bethesda Assembly of God, for the invocation and Mr. Smith led the Pledge of Allegiance.

APPROVAL OF MINUTES OF PREVIOUS MEETING(S):

NOVEMBER 14, 2017 (REGULAR MEETING)

SUMMARY: The minutes of the regular Board meeting of Tuesday, November 17, 2017, were submitted for the Board 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. Hasslocher, and **PASSED UNANIMOUSLY**.
EVALUATION: None.
FOLLOW-UP: None.

NOVEMBER 28, 2017 (REGULAR MEETING)

SUMMARY: The minutes of the special Board meeting of Tuesday, November 28, 2017, were submitted for the Board 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. Hasslocher, and **PASSED UNANIMOUSLY**.
EVALUATION: None.
FOLLOW-UP: None.

CONSENT ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING POLICY NO. 2.14.01, BREACH NOTIFICATION – SHERRY JOHNSON

CONSIDERATION AND APPROPRIATE ACTION REGARDING POLICY NO. 9.01.01, DE-IDENTIFICATION OF PROTECTED HEALTH INFORMATION AND ACTIVITIES PREPARATORY TO RESEARCH – ROBERTO VILLARREAL, M.D.

SUMMARY: The items above were presented for the Board's consideration as consent items. The following details are associated with these consent items:

Consideration and Appropriate Action Regarding Policy No. 2.14.01, Breach Notification – Sherry Johnson - This is a new policy establishing guidelines necessary to comply with the Office of Civil Rights' Breach

Notification Rule. The policy outlines the responsibilities of all Health System staff to report potential or actual breaches of unsecured PHI to the Health System's HIPAA Officer, as well as the responsibilities of the HIPAA Officer when such a report is received. This document previously existed in Policy 2.14, Uses and Disclosures of Protected Health Information, Attachment I, HIPAA Privacy Guidelines for the University Health System. Our outside consultants reviewing the Health System's HIPAA policies for compliance with the Office of Civil Rights recommended the Breach Notification guidelines be made a policy of its own.

Consideration and Appropriate Action Regarding Policy No. 9.01.01, De-identification of Protected Health Information and Activities Preparatory to Research – Roberto Villarreal, M.D. - This is a new policy that provides guidelines to all employees, affiliate staff, business associates, contractors, and subcontractors in regards to access and disclosure of PHI, including activities preparatory to research, and describes the process for de-identification and how de-identified information may be used. The policy addresses PHI and de-identification specific to research which has been expanded from policy 2.14 Uses and Disclosures of Protected Health Information-HIPAA Privacy Policy. This policy expands upon the HIPAA of 1996 specific to preparatory to research and de-identification of PHI.

RECOMMENDATION: Staff recommended approval of the items listed on the consent agenda.
ACTION: A **MOTION** to approve staff's recommendation was made by Mr. Hasslocher, **SECONDED** by Dr. Burns, and **PASSED UNANIMOUSLY**.
EVALUATION: Dr. Jimenez asked for the name of the Health System's HIPPA officer, and also, how the new policy changes the actual practice for breach notifications? Mr. Hernandez called upon Ms. Sherry Johnson who explained that she currently serves as the HIPPA officer. These HIPPA guidelines can currently be found as an attachment to another policy, and the new policy does not change actual practice. CynergisTek Incorporated consulting group recommended an individual policy, through the Integrity Services Department. Ms. Johnson then introduced Mr. Joshua Nieto, a Health System attorney, who will take over her HIPPA role upon her retirement later this month. He has worked in Legal Services for the last 8 months. Mr. Nieto addressed the Board. He lives in Seguin, Texas. His background is defense of medical malpractice cases, and he attended Texas Tech Law School in Lubbock, Texas. Dr. Villarreal reiterated that policy 9.01.01 provides guidelines for researchers and is intended to protect patients who participate in these studies.
FOLLOW-UP: None.

ACTION ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE PURCHASE AND IMPLEMENTATION OF THE EPIC ELECTRONIC MEDICAL RECORD SUITE - EDWARD BANOS/GEORGE B. HERNÁNDEZ, JR.

SUMMARY:

Given Epic's emergence as the electronic medical record (EMR) of choice at Academic Medical Centers across the country, the Health System and UT jointly hired ECG Management Consultants to assess the current state of the Allscripts EMR at Health System facilities and to help develop a future vision, guiding principles and cost of ownership of transitioning the Health System to the Epic EMR. ECG arranged for an overview of the Epic software suite to over 50 key Health System and UT Medicine staff in San Antonio on August 1-2, 2017. Subject matter areas covered by Epic included: EMR patient access, ambulatory care, patient engagement & portals, registration & billing, Epic implementation, staffing & training, Health System infrastructure overview, Epic architecture overview, and Epic hosting. On August 11 senior leadership from both UT Medicine and the Health System traveled to the Epic campus in Madison, Wisconsin to review the Epic software system with their senior leadership including its CEO and COO. These reviews included detailed information on Epic hosting as well as the advantages and disadvantage of implementing just the ambulatory care record or the entire Epic EMR system. ECG subsequently provided a total cost of ownership for several different methodologies for transitioning the Health System to the Epic software platform. After considerable discussion and review of the options, the Health System staff recommends a hosted, enterprise-wide, Epic implementation model at the Health System. This is not merely a replacement of the Allscripts EMR with the Epic EMR, but a replacement of many of the clinical, financial and niche software applications, which currently interface with Allscripts. The Epic EMR suite, as recommended by staff, includes the Epic EMR and the built-in functionality of existing legacy applications interfaced with Allscripts, in one integrated Epic software bundle. Allscripts does not provide a single integrated software solution for establishing a patient record. Instead, the Allscripts Sunrise EMR interfaces with over thirteen (13) disparate systems in creating the patient record. Examples of these include: IDX (Revenue cycle management system for scheduling, billing and collections); PICIS Perioperative Suite (An operating room, anesthesia and PACU management software which facilitates documentation and billing); TeleTracking (a patient bed tracking system); Soft ID Lab System; Radiology Information System; Trackcore (a tissue tracking system); and many more. The scope of the Epic EMR Suite Project includes one-time capital costs, one-time operating expenses and a board restricted project contingency. One-time capital expenses include the cost of the Epic license, Epic implementation team expenses, training, consulting, hardware, data conversion, network development, data archiving and staff augmentation. The estimated one-time expenses to be capitalized for the Project are **\$100.6M** (detailed in Schedule A). Expenses will be capitalized over 24 months of the project and depreciated over a 15 week-period commencing on the Epic go-live date, currently projected as July 2020. The project also incurs one-time operating expenses for legacy system support, recruitment, end user training, end user consulting and accounts receivable retirement in the amount of **\$45.3M** (detailed in Schedule B). To minimize the impact on the annual budget of any one fiscal year, the Health System proposes to implement the project over fiscal years 2018, 2019 and 2020 with the costs spread as follows:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Total</u>
Operating Costs	\$8,336,450	\$18,434,000	\$18,542,583	\$45,313,033

After consultation with ECG Management Consultants, staff also recommends a Board contingency reserve in the amount of **\$21.9 M** or 15 percent of the project. This amount is in line with other Epic projects but assumes the Health System will meet all contractual obligations in a timely manner. The total estimated project cost to the Health System is **\$167.8M**. After completion of project implementation in 2020, the annual ongoing expense for Epic is estimated at **\$13.3M**. To offset the cost of the \$13.3 million a year Epic expense, IT estimates that it will be able to **eliminate \$10.4 million** in Allscripts and third party software license fees. The automation will also reduce the need for several data abstractors, coders and manual charge entry staff for an additional **annual savings of \$935,000** (detailed in Schedule C). Lastly, staff described and recommended an approach for development of a single integrated EMR by establishing a “NewCo” that would allow the Health System and UT Health to jointly own one license. This approach will require a Memorandum of Understanding between the parties on a variety of issues, such as:

- an Epic hosted solution;
- the ability and mechanism for each partner to add third parties as affiliate licensees;
- the apportionment of costs and the payment mechanism to Epic; and
- the development of Joint Governance and management.

RECOMMENDATION: Staff recommends development of an integrated University Health System EMR with UT Health-San Antonio. Staff requests the Board authorize and direct it to begin discussions with UT Health to establish a joint venture for the purpose of creating an integrated EMR between the two entities; that staff be further directed to negotiate agreements with Epic, UT Health San Antonio and any required consultants; and take appropriate related actions in support of the Epic EMR Suite Project.

ACTION: A **MOTION** to approve staff’s recommendation, with the stipulation that staff will return to the Board of Managers with a recommendation regarding governance of the NewCo, was made by Ms. Barrera, **SECONDED** by Dr. Burns, and **PASSED UNANIMOUSLY**.

EVALUATION: Discussion ensued regarding the various alternatives for licensure and Mr. Smith specifically questioned which entity would be the decision-maker under one joint license. Mr. Hernandez cited the AirLife business model, which the Health System previously co-owned with Baptist Health System. In that arrangement, the Board of Directors consisted of the two Chief Executive Officers (CEOs), and appointments to that Board required approval by the Health System’s Board of Managers and/or the Baptist Board of Trustees. The CEO of each entity rotated the chairmanship on an annual basis and most matters required AirLife Board of Directors approval by two thirds. Discussion also ensued regarding Epic’s business health, and whether they have any existing clients/business models similar to the Health System-UT Health affiliation? Epic does not currently have

any clients that co-own one license; however, Mr. Engberg and Ms. Barrera agreed that the arrangement is doable. Mr. Tim Barker, UT Health Information Officer, addressed the Board regarding his past experiences with Epic, and spoke of many positive interactions, especially with technical support. Both Drs. Plastino and Hromas expressed their support for, and endorsed, use of the Epic EMR Suite Project, from a physician point of view. Dr. Plastino noted that since Epic has become the EMR of choice across the country, many of the house staff residents have previously trained at other institutions. Mr. Hasslocher thanked the staff for the research on this presentation.

FOLLOW-UP:

None.

ANNOUNCEMENTS:

Dr. Jimenez requested a presentation regarding the Health System's investment in continuing education for the nursing staff, in terms of direct time and in-kind contributions. All other financial/community reports he has reviewed devote an entire section on education of the staff. Education is a major responsibility of this Health System and nurses are integral part of the patient care team. Dean Hromas agreed and offered assistance, if needed, in this regard.

Mr. Hernandez reported that staff will soon be making a recommendation regarding the selection of architects to design the new women's and children's tower, the new parking garage and an integrated heart-vascular and advanced endoscopy suite on the first floor of the Sky Tower. He outlined the selection process beginning with an initial pre-RFP meeting at the Robert B. Green, where Mr. Hernandez personally stressed the importance of local participation, speed to market, and evidence-based research on children's care. A design challenge was held in December and final interviews were conducted two weeks ago. The winning team was narrowed from a field of 11 design groups seeking the contract. Marmon Mok is a 65-year-old San Antonio firm that has designed a number of the city's landmarks, including the Tobin Center and the Alamodome. ZGF will be the lead firm in this project. It is a national firm with extensive healthcare experience including the Children's Hospital of Los Angeles. The next step is price negotiation; staff hopes to reach an agreement before next week's meeting in order to make an official recommendation to the Board. Mr. Smith asked that staff keep the Board's strategic planning committee apprised of developments.

Dr. Hromas addressed the Board at this time. He strongly believes that UT Health San Antonio also has a responsibility to the community; they are here to help and make this community better. Dr. Jimenez informed Dr. Hromas that Bexar County Commissioners' Court made it very clear with the Sky Tower that they want local involvement in our capital improvement projects as much as possible. The Health System has become a model for the entire State of Texas by insisting that the wealth remain in Bexar County. Dr. Hromas also apologized for the past relationship between the two organizations and business decisions made by former UT Health leadership. He has a book on leadership due out on May 17, 2018 entitled *Einstein's Boss*. He vowed to not make poor business decisions. Any decision affecting either entity must be acceptable to both he and Mr. Hernández.

ADJOURNMENT:

There being no further business, Mr. Smith adjourned the Board meeting at 3:30 p.m.

Ira Smith
Vice Chair, Board of Managers

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

Sandra D. Garcia, Recording Secretary