



# University Health System

## BEXAR COUNTY HOSPITAL DISTRICT BOARD OF MANAGERS

Tuesday, February 26, 2019

6:00 p.m.

Board Room

Texas Diabetes Institute

701 S. Zarzamora

San Antonio, Texas 78207

### MINUTES

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#### **BOARD MEMBERS PRESENT:**

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

#### **OTHERS PRESENT:**

George B. Hernández, Jr., President/Chief Executive Officer, University Health System  
Bryan J. Alsip, M.D., Executive Vice President/Chief Medical Officer, University Health System  
Tommye Austin, Senior Vice President/Chief Nurse Executive, University Health System  
Lourdes Castro-Ramirez, President, University Health System Foundation  
Ted Day, Executive Vice President, Strategic Planning and Business Development, University Health System  
Stacy Foremski, Special Assistant to the Chief Operating Officer, University Health System  
Roe Garrett, Vice President/Controller, University Health System  
Greg Gieseman, President/Chief Executive Officer, Community First Health Plans, Inc.  
Barbara Holmes, Vice President/Chief Financial Officer, Community First Health Plans, Inc.  
Reed Hurley, Executive Vice President/Chief Financial Officer, University Health System  
Monika Kapur, M.D., President/Chief Executive Officer, University Medicine Associates  
Leni Kirkman, Senior Vice President, Strategic Communications and Patient Relations, University Health System  
Brian Lewis, Vice President, Quality, University Health System  
Elliott Mandell, Ph.D., MBA, R.Ph., Senior Vice President/Chief Pharmacy Officer  
Bill Mundt, Deputy Chief Information Officer/Information Services, University Health System  
Joshua Nieto, General Counsel, Chief Compliance/HIPAA Officer, Integrity Services, University Health System  
Rosa Olivares, Senior Director of Operations, Hospital Administration, University Hospital  
Pauline Oyer, Director, Strategic Sourcing and Operations/Procurement Services, University Health System  
Bill Phillips, Senior Vice President/Chief Information Officer, Information Services, University Health System  
Serina Rivela, General Counsel/Chief Legal Officer, University Health System

Ronald Rodriguez, M.D., Chair, Department of Urology, UT Health San Antonio  
Carlos Rosende, Chair, Department of Ophthalmology, UT Health San Antonio  
Michael Roussos, Hospital Administrator, University Health System  
Don Ryden, Vice President/ Project, Design, and Construction, University Health System  
Armando J. Sandoval, Chief of Police, University Health System  
Theresa Scepaniski, Senior Vice President/Chief Administrative Officer, University Health System  
Allen Strickland, Vice President/Hospital Administration, Fiscal, University Hospital  
Travis Smith, Deputy Chief Financial Officer/Finance Administration, University Health System  
Rajeev Suri, M.D., Professor and Vice Chair, Department of Radiology, UT Health San Antonio; and  
President, Medical/Dental Staff, University Health System  
Sally Taylor, M.D., Senior Vice President/Chief, Behavioral Health Services, University Health System  
Gary Chance, Ed.D, Vice President, Transformational Services, Haven for Hope of San Antonio  
David Huete, LMSW, Senior Director, Transformational Services, Haven for Hope of San Antonio  
Kenny Wilson, Chief Executive Officer, Haven for Hope of San Antonio  
And other attendees.

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

Mr. Adams called the meeting to order at 6:05 p.m.

**INVOCATION AND PLEDGE OF ALLEGIANCE**

Mr. Adams introduced Fr. Casimir Dike, Chaplain, University Health System, for the invocation, and he led the pledge of allegiance.

**CITIZENS' PARTICIPATION:** None.

**REPORT FROM UT HEALTH SAN ANTONIO – WILLIAM HENRICH, M.D., PRESIDENT BY CARLOS ROSENDE, M.D.**

SUMMARY:

Dr. Hromas was not present due to an injury he suffered while exercising over the weekend, and his visit to the Emergency Department went amazingly smooth. The 2018 Blue Ridge Institute for Medical Research Rankings places the Long School of Medicine at number 54 out of 147 medical schools across the country for National Institutes of Health funding. Dr. Rosende has been with UT Health for almost 20 years, and even back then he recalls the challenge with capacity to accommodate all patients. Today, the UT practice is tackling the issue of access for patients. UT Medicine leadership established a series of initiatives in 2017 that increased new patient business significantly simply by using all of the appointment slots available on the schedule. However, they have plateaued and now propose a new series of steps to help with increasing the supply of physicians. The proposal will be presented to the UT Board of Regents next week and UT Health will be delighted to share with the Health System upon approval since “capacity” is a mutual item of interest. The proposal includes review of people, effectiveness, and speed. The challenge, however, is knowing exactly what availability providers have for clinical activity. Many of the faculty are hired thinking that they will have a certain percentage of research, clinical activity, and academia. In reality, when they do not have funds

to support their research activities, that faculty's research becomes a burden on the clinical enterprise. UT Medicine leadership will look at each department and provider to make sure that their allocation of FTEs is consistent with the sources of funding to support their salaries. This will allow the leadership to match clinical time with supported clinical FTE. Once it is known how many providers can be in the clinic at one time, their schedule templates will be optimized to determine how many patients each provider can handle in their respective specialty. The leadership is also looking at best practices across the country in search of the most efficient specialty clinic to duplicate that organizational structure and operation. The plan is to put providers in the clinics as much as possible to improve operations and maximize productivity, and then develop a 5-year plan as to the number of specialists that will be needed, when, and where they will be placed since there is more space at the Medical Arts and Research Center (MARC). At the present time, the UT practice is placing some specialty providers in existing primary clinics, outside of the South Texas Medical Center. Dr. Rosende feels this is something UT Medicine and University Medicine Associates need to do together to spread specialty coverage outside of the medical center. In response, Mr. Adams noted there would be a need for the Health System to make payments for specialty coverage costs into account. Dr. Rosende informed the Board that about 10 years, the School of Medicine was directed to develop a compensation plan for the clinical faculty based on certain principles. The plan was submitted to, and approved by, the Board of Regents, and it was distributed to all departments. One of the weaknesses of that plan is that it allowed the individual department to modify certain aspects of the plan. Consequently, the plan has been watered down in the some cases, or has been misinterpreted or not used optimally. One of the components of the new strategy is to revisit the compensation plan, and return to the original plan and ensure that all departments are following the intent as provided. It has become difficult to recruit providers because the individuals need to fulfill all three missions - clinical, research and education. Leadership will start looking at specialization of the faculty that is brought on board as to which track they can align with. Certainly, the providers will have activity in both clinical and education tracks. Dr. Rosende also reported that the transplant team has had over 100 liver transplants over the last 12 months; this is the only living donor liver transplant program in South Texas. The Liaison Committee of Medical Education (LCME) site visit went well; the Long School of Medicine received six citations, which is about average for a medical school this size. Searches for chairs of the Departments of Emergency Medicine, Anesthesia and Radiation Oncology are ongoing.

Dr. Rosende yielded the floor to Dr. Suri for a Medical/Dental Staff update. Dr. Suri recognized physician leaders present and reported that there have been a few follow up meetings as a result of the Epic discussions in held in January and February. The sessions touched faculty residents, fellows, and staff who have been part of the various committees in providing guidance to the Epic teams as to what can be done to help in the transition. He reported that staff would be

implementing a radiology decision support system at RBG campus the following Monday which will allow physicians and providers to use the best appropriate modality for the most appropriate conditions, especially now that CT scans and MRIs are so easily available, they are useful; however, at the same time add to the cost of healthcare. These are systems that the various medical societies have created as acceptable so that patients do not get unnecessary radiation and hospitals do not have those extra costs. If the pilot system works out at the RBG, the staff hopes to implement across the Health System. There will be a few departments carved out of the pilot program as we do not want to delay healthcare, especially in the Emergency Department. The decision support system is required by CMS to be up and running by 2020 and the Health System is trying to get ahead of the game to be ready in time for the Epic implementation phase.

RECOMMENDATION: This report was provided for informational purposes only.  
ACTION: No action by the Board of Managers was required.  
EVALUATION: None.  
FOLLOW-UP: None.

**CONSENT AGENDA – JIM ADAMS, CHAIR**

**CONSIDERATION AND APPROPRIATE ACTION REGARDING MEDICAL-DENTAL STAFF RECOMMENDATIONS FOR STAFF MEMBERSHIP — RAJEEV SURI, M.D., PRESIDENT, MEDICAL/DENTAL STAFF**

**CONSIDERATION AND APPROPRIATE ACTION REGARDING THE APPOINTMENT/REAPPOINTMENT(S) TO THE BOARD OF DIRECTORS OF THE COMMUNITY FIRST HEALTH PLANS, INC. — ROBERT ENGBERG, CHAIR, NOMINATING COMMITTEE**

**CONSIDERATION AND APPROPRIATE ACTION REGARDING PURCHASING ACTIVITIES (SEE ATTACHMENT A) — ANTONIO CARRILLO/TRAVIS SMITH**

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 Medical-Dental Staff Recommendations for Staff Membership — Rajeev Suri, M.D., President, Medical/Dental Staff - Monthly Credentials Committee Report (listing of providers in accordance with the Health System’s Credentialing and Privileging Process); and Focused/Ongoing Professional Performance Evaluation Reports submitted by the Executive Committee of the Medical/Dental Staff to the Board of Managers for approval.

Consideration and Appropriate Action Regarding the Appointment/Reappointment(s) to the Board of Directors of the Community First Health Plans, Inc. — Robert Engberg, Chair, Nominating Committee - The Nominating Committee of the Board of

Managers recommends the appointment of Bryan Bayles, Ph.D., MPH, to the Board of Directors of Community First Health Plans, Inc., through September 30, 2020. There are currently six members and one vacancy created by the resignation of Ms. Gloria Kemper on the Board of Directors. The Bylaws of Community First state that the Board of Managers as the governing body for the sole member of the corporation shall approve the appointment of the Board of Directors to manage the affairs of the corporation. Dr. Bayles is Curator of Anthropology and Health at the Witte Museum.

Consideration and Appropriate Action Regarding Purchasing Activities (See Attachment A) — Antonio Carrillo/Travis Smith - A total of 17 contracts with a value of \$17,862,674 are being presented to the Board of Managers during the February 26, 2019 meeting. The following contracts require approval by the BCHD Board of Managers: Seven (7) Consent Contracts with a total value of \$5,884,314; and ten (10) presented contracts with a total value of \$11,978,360. During the month of February 2019 there were four (4) contracts classified as a Small, Minority, Woman, or Veteran Owned Business Enterprises (SMWVBE). The February SMWVBE Status Report reflects items being submitted for Board approval.

RECOMMENDATION: Staff recommends approval of the items listed on the consent agenda.  
ACTION: A **MOTION** to approve all of the items on the consent agenda was made by Mr. Engberg, **SECONDED** by Dr. Burns, and **PASSED UNANIMOUSLY**.  
EVALUATION: Mr. Adams asked about the Health System's internal processes for verifying credential in collaboration with UT Health. Are procedures up to date in light of the voluminous information that is provided to the Board on a monthly basis? Dr. Alsip assured Mr. Adams that a system is in place to ensure certifications for appointments are submitted timely and reviewed at various levels of the Medical/Dental Staff structure via both the Credentials Committee and Executive Committee. Generally, providers are appointed for a two year period. The process is almost completely electronic; however, a few paper files remain. With the help of Dr. Suri and other physician leaders the staff is confident the review process by UT and the Health System. Mr. Ira Smith follows this process very closely and the Board likes being assured and comforted that they are being well-supported by the staff.  
FOLLOW UP: None.

## ACTION ITEMS

### CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING AN AGREEMENT WITH ENGINEERING ECONOMICS, INC., FOR COMMISSIONING AGENT SERVICES FOR THE WOMEN'S AND CHILDREN'S TOWER AND ASSOCIATED PROJECTS — DON RYDEN

SUMMARY:

In September 2018 the Health System issued a Request for Proposal (RFP-218-09-053-SVC) for Commissioning Services for the new Women's and Children's Tower and Associated Projects. Nine (9) respondents submitted proposals to the RFP in October 2018. The Health System's Evaluation Committee for these presentations and interviews was comprised of George Hernandez, Reed Hurley, Rebecca Cedillo, Don Ryden, Brian Lewis, Bill Phillips, and Joshua Nieto. Ex-Officio Members included Jeff Carbone (Broaddus & Associates); Josh Vanlandingham (AEI); Louis Stranahan (Design & Planning Consultant); Lorrie Elizarraraz (Facilities Department); and Ed Banos. The RFP had a two-step process, with the following selection criteria:

- Firm Qualification and level of commitment;
- Team Qualification and quality/appropriateness of staffing plan;
- Quality of methods and approaches proposed for the Design Phase;
- Quality of methods and approaches proposed for the Construction and Post Construction Phases;
- Financial/Legal/Contractual Pricing; and
- Quality of proposed SMWVBE approach.

For the first step, three firms were shortlisted based on the selection criteria and notified that they would be invited to participate in the second step presentation / interview process: Engineering Economics Inc. (EEI) with sub-consultants Pennington & Associates/Intertek/Lerch Bates; HDR with Lackey De Carvajal as its sub-consultant; and Jacobs with Jasmine Engineering as its sub-consultant. Each firm was subsequently provided follow-up questions in December 2018 to clarify the required scope of work for the project, and confirm their respective fees accordingly. The Evaluation Committee reconvened in January 2019 to review the firm's responses and finalize the selection of the Commissioning Agent. The fee structure for EEI was higher than the other two firms. The evaluation team adjusted for this difference and awarded HDR and Jacobs more points for price. Even with this adjustment, the EEI team ranked best for the following reasons:

- Overall experience in the business of hospital commissioning;
- Most recent experience and outcomes at completed project at Texas Children Hospital in Houston;
- EEI is a dedicated commissioning and energy services firm since 1984;
- The firm's support of affirmative action policies; and
- EEI's inclusion of Pennington Associates (SMWVBE), Intertek (building envelope) and Lerch Bates (elevator) as sub-consultant firms.

The Commissioning Agent's fee will be a lump sum fee combining pre-construction, construction, and warranty phases for a total of \$1,070,910. The workforce composition data for Pennington & Associates, and Engineering Economics, Inc., was provided for the Board's review. Mr. Ryden reported that EEI's approach to SMWVBE participation is partnering with Pennington & Associates Commissioning which is a Historically Underutilized Business (HUB), Minority Business Enterprise (MBE), and Small Business Enterprise (SBE).

- RECOMMENDATION: Staff recommends the Board of Managers approve Engineering Economics, Inc. as the Commissioning Agent firm for the Women & Children's Project and authorize the President/Chief Executive Officer to execute a contract with Engineering Economics, Inc. in the amount of \$1,070,910.
- ACTION: A **MOTION** to approve staff's recommendation was made by Mr. Engberg, **SECONDED** by Mr. Hasslocher, and **PASSED UNANIMOUSLY**.
- EVALUATION: Dr. Burns asked about the difference in the various bids, from lowest to highest, to which Mr. Ryden replied was approximately \$120,000. Although the EEI has stated it will work with local SMWVBE groups to gain some diversity, Dr. Burns noted the lack of female staff at Pennington & Associates; and only 13 out of 65 employees with EEI. Mr. Hernandez highlighted EEI's most recent and significant experience and outcomes with Texas Children Hospital in Houston; they are familiar with how the operation works, and this was very important to the evaluation committee. EEI has offices in Texas, however, their corporate office is in Colorado. They have a local presence in San Antonio, but not many people stationed here. Mr. Engberg agreed with the process used in considering the kind of technical construction and the size of this project. It provides a final check and allows staff to run the hospital while the tower is being built, it's a process similar to what was used when the Sky Tower was being built. Ms. Barrera informed the Board that she had been contacted by a local group called the San Antonio Fair Contracting (FCC) Coalition and on the agenda for their next meeting, is a caption for "University Health System Project Report." She emphasized the need to be mindful in the community about what the Health System is doing locally to ensure use of local and minority businesses as much as possible. Ms. Barrera requested a presentation regarding SMWVBE outreach and/or protocols so that she will be prepared to answer questions if she is approached again. Mr. Hernandez responded that the staff has been very involved in providing that report to the Fair Contracting Coalition. In addition, he personally reviewed the submission last week along with former Board member, Ms. Rebecca Cedillo who has been actively involved as well with this particular group. It is Mr. Hernandez's understanding that the County of Bexar refused to submit a report to FCC, although Mr. Hernandez believes that the Health System staff is working extremely well with them. There will be Health System representation at the FCC meeting. The staff is trying hard to clearly explain how the Health System purchases services and commodities, such as MRI equipment, CT scan machines, and other high dollar equipment, which is not available locally. The local groups are more concerned about commodities and the staff is trying to figure out how to open those doors. Mr. Hernandez reminded the Board about the strong SMWVBE representation during the first capital improvement campaign during which the Health System had outstanding results. Mr. Hurly suggested a high level overview of the Health System's SMWVBE program. A new department director with SMWVBE experience was recently hired. He is seeking new vendors and getting familiar with the existing outreach process. Mr. Smith was delighted to learn that Mr. Hernandez intends to run the new capital improvement project as he did

the original CIP. The Health System had very strong local participation during the original CIP; Robert B. Green was at about 90 percent, while University Hospital was at about 50 percent. Mr. Hasslocher cautioned staff about finding small, minority vendors who have experience to avoid predicaments that inexperienced vendors sometimes have. Mr. Smith agreed with Mr. Hernandez that foremost in completing these types of projects is quality, then locality. It is difficult for the Board to see the whole picture because the information comes to them in bits and pieces. Mr. Smith would like to see a breakdown of the SMWVBE vendors that will be involved in the Women's and Children's Tower project. Oftentimes, small, minority businesses are not able to afford bonding, so they are automatically disqualified from applying for CIP contracts unless they are engaged as subcontractors. Mr. Hernandez informed the Board that the new procurement software can now search for second tier sourcing for those suppliers that achieve minority-owned business spending goals of their customers. Mr. Adams recalled a lot of discussion on this topic during the original CIP. The Health System has a good history of working with the local community. He asked for a Board presentation on the SMWVBE participation on prior CIP. Bexar County Commissioners Court was very involved in insisting the Health System pay close attention to this issue. They sought to keep the funds in Bexar County as well as a percentage of the work. The staff was then encourage to approach the large contractors with the rules. The key were the staff, administrators, Board of Managers and community involvement. The impetus came from staff that provided objectives, not quotas. All of the contractors met their objectives because they knew how important it was to the Board, and the Health System received very strong support. This is a high priority item for the Board of Managers.

FOLLOW UP: Presentation to the Board of Managers regarding prior CIP SMWVBE results.

**CONSIDERATION AND APPROPRIATE ACTION REGARDING AN AMENDMENT TO THE PROFESSIONAL SERVICES CONTRACT WITH MARMON MOK LLP FOR ARCHITECTURAL SERVICES FOR THE WOMEN'S AND CHILDREN'S TOWER AND ASSOCIATED PROJECTS — DON RYDEN**

SUMMARY: The Board of Managers approved a contract with the architectural and engineering (A/E) team of Marmon Mok Architecture, LLP (a.k.a. Marmon Mok/ZGF) for design and planning services for the Women's and Children's Tower and Associated Projects. The A/E team commenced full A/E design services for the project in July 2018; the Project Design Phase is on schedule. The Architect is developing Construction Documents for the Heart Vascular Endoscopy Lab (HVE) and is more than 50 percent complete with the Schematic Design (SD) of the Women's & Children's Tower at this time. Mr. Ryden presented an amendment to the contract with Marmon Mok, LLP to secure additional services: Additional Service #1 - Level 8, 9, 10 & 11 Finish Out - The Women's & Children's Tower is being designed with four shell floors, totaling approximately 116,000 SF, which will accommodate the inpatient programs identified in the Blue Cottage Clinical Space Program. Additional Service #1 will allow Marmon Mok/ZGF to confirm



functional “room-by-room” space programs for each of these four floors. It is through this process that the Architect will document the programmatic differences between each floor such as Pediatric Hematology/Intermediate Care compared to a Neonatal Intensive Care. **The fee for Additional Service #1 is \$1,889,014.** Additional Service #2 Active IT Planning and Implementation Management Services - This additional service will authorize Marmon Mok/ZGF and Affiliated Engineers, Inc. (AEI) to lead the Active IT Planning Services and manage the implementation of the technology systems for the Heart, Vascular and Endoscopy Lab (HVE), the Women’s & Children’s Tower and the new Garage. Scope of Work will be coordinated with the Architect’s Schematic Design, Design Development, Construction, Documents, and Construction Administration Phases. Marmon Mok/ZGF will assemble the Health System’s hardware requirements that are to be used and manage the implementation of the technology systems, and Mr. Ryden described the process for this in detail in his written report. **The fee for Additional Service #2 is \$703,720.** Original contract amount was for \$31,870,302, Additional Services #1 and #2 requested today at an amount of \$2,592,734, for a revised contract amount of \$34,463,036. Fees for this contract amendment will be paid from Board designated funds for the Women’s & Children’s Tower project. Marmon Mok/ZGF’s workforce composition data was provided for the Board’s review. Participation levels are set at 20 percent for SWMVB.

RECOMMENDATION: Staff recommends the Board of Managers approve a contract increase for design services in the amount of \$2,592,734 and authorize the President/Chief Executive Officer to execute the amendment to the Marmon Mok LLP agreement in that amount.

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

EVALUATION: Mr. Smith asked how much of the \$34,463,036 had already been encumbered, to which Mr. Ryden replied somewhere between \$7 to \$8 million has been encumbered so far. Mr. Ryden shared computer generated models of the new Women’s and Children’s Tower with the Board of Managers.

FOLLOW UP: None.

**CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH HAVEN FOR HOPE OF BEXAR COUNTY FOR DETENTION OUTREACH SERVICES — SALLY TAYLOR, M.D.**

SUMMARY: In 2015 the Health System entered into an agreement with Haven for Hope of Bexar County to provide financial support for jail outreach services. This agreement has been renewed annually since. Through collaboration and a financial contribution initially from University Health System, The Center for Health Care Services (the Center), and Bexar County, the Haven for Hope Jail Release Program (JRP) was created to increase access to services for individuals diverted from jail. Each party contributed \$333,333 in 2015 to Haven for Hope, supporting increased outreach, housing, residential treatment services, peer support, and case management on the Haven for Hope campus. The goal was, and

continues to be, to reduce jail recidivism and possibly reduce preventable hospital inpatient admissions and emergency department visits, and to improve the quality of life of those served by the program. During 2016 and 2017, Bexar County and the Health System continued this same financial support with a contribution of \$333,333 each. In 2018, the contribution was increased to \$483,333 from each. Dr. Taylor summarized outcomes of this program for 2015 through 2018 (which included only those referred from JRP, not total patients receiving services). She emphasized that data collection regarding jail recidivism is ongoing. New arrests six months after enrollment decreased from 30 percent to 25.5 percent between 2016 and 2018. Reduced recidivism is one indicator that the client has become more stable in terms of income, employment, and/or housing, and can be an indicator of improvement in quality of life. In addition, in 2017, the program began enrolling residents into the Center Integrated Treatment Program (ITP) on the campus of Haven for Hope, which provides support to individuals seeking to address their mental health issues and/or recovery from drug use/addiction. For the 2019 contract period, Bexar County is contributing \$483,333 for this project, and the same amount is requested from University Health System. The return on investment includes improved access to mental health and addiction treatment services on the Haven for Hope campus, moving health care provided from inside the jail (the person can now bond out) to community care, and potential reduction in preventable emergency department visits and inpatient admissions. The latter continues to be addressed by the Southwest Texas Crisis Collaborative (STCC) where Haven for Hope, The Center for Health Care Services, and University Health System are currently active participants along with other health systems and community partners. The performance goals (previously reviewed with the Board) will continue to be tracked and outcomes will be provided to the Health System on a quarterly basis. Haven for Hope's workforce composition data was provided for the Board's review.

- RECOMMENDATION: Staff recommends Board of Managers' approval to renew an agreement with Haven for Hope in the amount of \$483,333 in support of this initiative. The term of this agreement is for one year beginning January 1, 2019 through December 31, 2019.
- ACTION: A **MOTION** to approve staff's recommendation was made by Mr. Hasslocher, **SECONDED** by Dr. Burns, and **PASSED UNANIMOUSLY**.
- EVALUATION: Mr. Adams introduced Mr. Kenny Wilson as an accomplished citizen of San Antonio, one of the highest thought of bankers in the city for many years. He thanked Mr. Wilson for passionately giving of his time to the cause of education and for currently doing great work in his role as President/CEO at Haven for Hope.
- FOLLOW UP: None.

**CONSIDERATION AND APPROPRIATE ACTION REGARDING A PROFESSIONAL SERVICES AGREEMENT FOR PEDIATRIC HEMATOLOGY/ONCOLOGY SERVICES BETWEEN UNIVERSITY MEDICINE ASSOCIATES AND UT HEALTH SAN ANTONIO — MONIKA KAPUR, M.D./ ALLEN STRICKLAND**

**SUMMARY:** This proposed agreement consists of direct patient care rendered to Health System pediatric hematology/oncology patients through physicians and advanced practice providers employed by UT Health and leased by University Medicine Associates (UMA). Under the original agreement, UMA leased 4.5 board-certified pediatric hematologist/oncologist FTEs and 3.4 advanced practice provider FTEs. Due to a shift in provider availability, the current leased staff is 5.2 MDs and 1.8 advanced practice providers. Additionally, the Health System provides physical space and support staff at no cost to UT Health. UMA bills and collects all professional fees generated by the UT Health providers for pediatric hematology/oncology services rendered. The current agreement expires February 28, 2019. UMA will compensate UT Health an amount not to exceed \$1,462,443 per year for 7.0 total FTEs. This amount includes future physician incentive pay after mutual agreement on metrics by both organizations. Cash collections increased in 2018 by 25 percent, reducing the net cost to UMA. This is a planned expense and is included in the 2019 operating budget. The workforce composition data of UT Health San Antonio was provided for the Board's review.

**RECOMMENDATION:** Staff recommends Board of Managers' approval to execute a one year agreement with UT Health for 7.0 pediatric hematology/oncology provider FTEs at an amount not to exceed \$1,462,443 for the period from March 1, 2019 through February 29, 2020.

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

**EVALUATION:** This agreement between UMA and UT Health ensures that there are a sufficient number of qualified providers available to deliver the highest quality specialty care to the pediatric population. Patient satisfaction ratings are expected to be in the top 25 percentile for pediatric hematology/oncology services. Physicians must also meet a minimum score of 90 percent on quality metrics as established and mutually agreed upon between UMA and UT Health. All documentation will be completed in the EMR within 72 hours of the date of service and charge submitted to include level of service provided. Dr. Jimenez asked if the pathology aspect of hematology/oncology was a separate department for dealing with children. A separate pathology area only for children does not exist.

**FOLLOW UP:** None.

**CONSIDERATION AND APPROPRIATE ACTION REGARDING THE FINANCIAL REPORTS FOR JANUARY 2019 — REED HURLEY**

**SUMMARY:** In January, clinical activity (as measured by inpatient discharges) was down 2.1% for the month compared to budget. Community First Health Plan (CFHP) fully-insured membership was down 0.2% to budget. On a consolidated basis, gain from operations was \$11.0 million, \$9.0 million

better than budget. The consolidated bottom line gain (before financing activity) was \$8.0 million, \$11.1 million better than the budgeted loss of \$3.2 million. Higher patient revenue combined with lower operating expenses resulted in performance better than budget. CFHP experienced a bottom line loss of \$3.3 million which was \$389 thousand better than budget. Lower employee compensation and purchased service expense accounted for the performance to budget. Debt service revenue was \$5.8 million which matched budget, \$162 million of debt remains outstanding. January 2019 payer mix funded is 74.2 percent and was budgeted at 74.3 percent. Gain from operations in January of \$11.0 million was \$9.0 million better than the budgeted gain of \$2.0 million. Mr. Hurley reviewed notable increases or decreases in detail from the December 31, 2018 Consolidated Balance Sheet and provided a Bond Refunding Summary as of January 31, 2019:

- Sold \$204 million in new bonds;
- Paid off \$232 million in bonds issued in 2009;
- Overall borrowing cost 3.32 percent;
- Maturities range from 2020-2039 (no change);
- Gross savings over 20 years = \$42 million; and
- Net Present Value (NPV) savings = \$26 million

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

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

EVALUATION: Mr. Adams requested an Epic update at this time from Mr. Bill Phillips, Chief Information Officer, who reported a lot of activity in the last couple of months, as Dr. Suri alluded when he spoke about the radiology decision support system earlier today. The Health System has hosted over 200 Epic direction sessions to educate staff about the foundation Epic system, with actual demonstrations of certain components. The staff is working on 19,200 pending tasks out of 72,000 that were started about two months ago. Mr. Phillips added that the number of tasks will fluctuate during the various phases. Each Epic team has tasks to complete and will be held accountable on a daily basis. The teams meet regularly and review pending versus completed items. Epic team leaders have created committees and groups (for example, the data conversion group will help assess how much data will actually need to be converted). There is also a physician user group, hardware assessment group, and an end user group. As a result of the direction sessions, the Health System has moved into the next phase, which is the build phase. This is the second day of configuring and trying to build the environment. Mr. Adams reported that according to Epic, there are report cards attached to new Epic customers and the average Epic customer score at this point in the process is 3.8 out of 5. The Health System's team has a score of 4.0 out of 5, which is a very good score. Epic appears to be a disciplined process with metric-based, data-based activities, and a very serious type of operation. Mr. Adams thanked and commended Mr. Phillips for his work. Dr. Jimenez reported that the World Health Organization published by world health statistics last week for 2018, and the United States was rated very badly. Dr. Jimenez reiterated the importance of primary health care, prevention and public

health in the United States. Although the United States excels in providing specialty care, Dr. Jimenez urged Mr. Hernandez and his Board colleagues to focus on ambulatory services to keep our community healthy.

FOLLOW UP: Board Parameters Resolution will be submitted in the near future for approval. Mr. Engberg commended the staff for the refunding results which indicates to him and the public that this is a well-run institution.

## **PRESENTATIONS AND EDUCATION:**

### **COMMUNITY FIRST HEALTH PLANS, INC., OPERATIONS REPORT — GREG GIESEMAN**

SUMMARY: In 2018, Community First Health Plans, Inc., (CFHP) recorded mixed results in achieving its strategic initiatives. Whereas the Plan was successful in meeting its goals for quality care, membership, member and provider satisfaction, care coordination, and integration with the Health System and its provider network, it was not able to meet all of its market share, and infrastructure development targets and struggled on a financial basis. For 2018, the Plan recorded significant operating losses. Mr. Gieseeman provided a 2018 Consolidated Income Statement for discussion purposes:

#### ***2018 Financial Variances – Revenue***

##### **Premium Revenue - \$24.3 Million favorable to budget**

- \$23.4 M favorable variance in premium
  - STAR Kids: \$20.9 M (\$13.6 M premium and \$7.3 M membership)
  - STAR: \$4 M (\$2.3 M membership and \$1.7 M premium)
  - CHIP: -\$2.4 M (\$-2.6M membership and \$0.5 M premium)
  - Commercial: \$0.8 M (\$0.6 M premium and \$0.2 M membership)
- \$.9 M favorable variance due to Network Access Improvement Program
  - Contributed \$19.6 M to the Health System in 2018
  - Exceeded prior year revenue performance by \$21.4 M

#### ***2018 Financial Variances – Expenses***

##### **Medical - Unfavorable variance of \$42.9 M**

- STAR Kids: \$29.3 M (\$16.1 M expense and \$13.2 M volume)
- STAR: \$12.9 M (\$10.8 M expense and \$2.1 M volume)
- CHIP: \$2.4 M positive variance (\$0.1 M expense and \$2.3 M volume)
- Commercial: \$3.5 M negative variance (\$13.3 M expense and \$0.2 M volume)

##### **Administrative – Unfavorable variance of \$2.7 M**

- Consulting expense unfavorable by \$1.2 M
- Premium Tax unfavorable by \$0.5 M
- Salaries/benefit/temp labor unfavorable by \$0.6
- Provider incentive expense unfavorable \$0.3 M

***Medical Expense Cost Drivers***

- STAR Kids – Private duty nursing, personal care services
- Medicaid – Single day admissions, ED increases, therapy utilization, Rx
- CHIP – Growth hormones, behavioral health, therapies, high cost members, Rx
- Commercial – high dollar claims, penalties and interest
- Severe flu season, high number of high dollar claims, HHSC premium adjustments, increase number of hemophiliacs

***Corrective Actions***

- Revenue enhancement effective September
- 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 to increase subject matter clinical proficiency and efficiency for clinical service reviews
- Improved coordination of benefits with other insurers for PDN services
- Further improvement in utilization and price of growth hormones
- Address deficiencies in authorization, claims payment and auditing processes
- One-day admissions
- Urgent care contracting initiative

***Underwriting Margin (\$M) by Risk Product***

- Medicaid – A key driver of financial performance for 2018, the Plan posted a \$7.8 M underwriting loss compared to budgeted \$2.8 M gain.
- StarKids - The main contributor to the Plan’s overall poor financial performance with an \$8.9 M underwriting loss compared to a budgeted \$308,000 gain.
- CHIP – This product posted an underwriting loss of \$1.2 M versus a budgeted loss \$1.3 M.
- Commercial - Produced a net underwriting \$2.2 M versus a budget of \$800,000.
- Consolidated - On an operating/underwriting basis, the plan recorded a \$20.3 M loss compared to a budgeted underwriting gain of \$2.2 M.

***Significant Improvement in Medical Loss Ratio (MLR) since September***

	January to August	September to December
Medicaid	91.9	88.8
CHIP	97.7	89.1
StarKids	93.4	78.1
Consolidated	94.1	87.9

***STAR Underwriting Margin for Texas MCOs (in \$M) HHSC FSR period SFY 2018*** - The underwriting margin for Community First Health Plans is as follows:

<b>STAR Members</b>	<b>STAR UM</b>	<b>5K Members</b>	<b>5K UM</b>	<b>Total UM</b>
108,249	-(6.5)	7,915	-(20.0)	26.3

*For comparison purposes, Mr. Gieseeman provided underwriting margin for all Texas MCOs.*

***Percent of CFHP Facility Cost by Provider***

	<u>2017</u>	<u>2018</u>
Christus	29%	29%
Methodist	21%	24%
University		
Health System	15%	17%
Baptist	10%	9 %
Other	25%	21 %

***Balance Sheet Highlights*** - Total Assets - \$152 M (7% decrease or \$11.9 M increase over prior year)

- Cash and investments decreased \$13.1 M from prior year
- Fixed assets increased \$1.6 M
- Receivables from HHSC increased \$2.1 M

Days Cash and Investments on Hand – 88 days, decrease of 29 days

Total Surplus - \$83.9 M (14 percent decrease over prior year)

Risk Based Capital – 372 percent

***2018 Government Products Membership – Market Membership/Market Share***

- As of December 2018, CFHP government product membership breakdown included 106,626 STAR members, 7,701 STAR Kids members, and 17,247 CHIP members. Total Medicaid (STAR) membership increased 1,260 members (1.2%) during 2018 despite a shrinking market (0.4% total market membership decrease). This membership increase represents a 0.5% increase in CFHP’s Medicaid market share. CFHP’s year-end market share of 41.8% trails Superior’s 45.9% with Aetna and Amerigroup comprising the remaining 12.3%.

***Consolidated Revenue Trend***

<u>2010 Actual</u>	<u>2018 Budget</u>	<u>Variance</u>	<u>2017Actual</u>	<u>2017 vs. 2018</u>
\$522,339,785	\$498,941,690	4.7 %	\$498,642,372	4.7%

***Membership/Revenue by Source***

- ASO – 11 percent/1 percent
- Medicaid – 69 percent – 55 percent
- CHIP – 12 percent, 6 percent
- STAR Kids – 5 percent, 34 percent
- Commercial – 3 percent, 5 percent

***Quality***

- CFHP maintained its position as the highest rated plan in the Bexar Service Area based on HHSC STAR ranking of how well the health plan performs

- For HEDIS 2018, 6 of 7 STAR and 3 of 4 CHIP key HHSC quality metrics meet or exceed the NCQA 50<sup>th</sup> percentile. CFHP's score improved but not enough to move to the 75<sup>th</sup> percentile
- The Plan's NCQA accreditation status was upgraded from *Accredited* to *Commendable*. CFHP was the first Texas health plan to earn *Distinction* status for the administration of long term services and supports (LTSS)

#### ***Member Satisfaction***

- 2018 CAHPS (Consumer Assessment of Healthcare Providers and Systems) scores for the metric "Rating of Health Plan"
  - 75<sup>th</sup> percentile for Medicaid children
  - 75<sup>th</sup> percentile for Medicaid adults
  - 90<sup>th</sup> percentile for Commercial adults, and
  - 66<sup>th</sup> percentile for CHIP
- 95 percent satisfaction with CFHP's disease management programs

#### ***Provider Satisfaction***

- 97.3 percent were satisfied with CFHP Medical Directors
- 88.4 percent of respondents indicated they would recommend CFHP to patients
- 88.7 percent would recommend CFHP to other providers
- 91.9 percent indicated CFHP was committed to working with them to provide quality care

#### ***Provider Integration***

- Continued pilot project for STAR Kids members with UHS critical care clinic
- Developed and implemented an alternative payment model with a large PCP group

#### ***Operations***

- Implemented new care management system on time and on budget
- Core system implementation delayed but still within project budget
- Recontracted/replaced several ancillary system agreements resulting in a \$400,000 annual savings
- Reorganized several functional areas and reporting relationships
- Implemented new provider credentialing system in concert with other state-wide MCOs
- Corrected claims/appeals process to eliminate penalties and interest
- Submitted responses to multiple HHSC RFPs for STAR/CHIP and STAR+Plus program participation

#### ***Issues/Initiatives 2019***

##### Revenue

- STAR and CHIP market share growth
- Premium enhancement
  - Premium adjustment from HHSC in Sep 2019
  - Improve risk scoring/reporting

##### Expense

- Continued medical expense initiatives especially for STAR product Business Development
- Decision on participation in STAR+Plus if awarded contract in May



- Medicare Advantage license
- Infrastructure development/costs
- Evaluate opportunities in Medicare (2021 potential operational date)
- Evaluate opportunities in small group commercial (2020 potential operational date)

***Issues/Initiatives 2019***

Operational

- Complete core system implementation
  - Implement revised staffing models
- Implement LTSS capabilities to new care management system
- Performance on HHSC P4Q program
- Exploration of enhanced relationships with other MCOs
- Provider contracting initiatives
- Further provider integration through APMs

***Issues/Initiatives 2019***

Regulatory

- Legislative issues
  - PA requirements
  - Medicaid 12 months eligibility
  - Transportation services
  - Risk adjustment STAR Kids
  - Risk Pools STAR Kids
  - MDCP Carve out
  - Rx carve out
  - MCO risk margin
  - Provider balance billing
- HHSC Service Area realignment
- STAR Health procurement

RECOMMENDATION: This report was provided for informational purposes only.

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

EVALUATION: Due to market share objectives related to the CHIP line of business, CFHP has delayed the implementation of its new core processing system. Given these delays, CFHP ALSO canceled its HHSC readiness review that was scheduled for early November. HHSC readiness review approval is necessary for CFHP to use its new systems to process governmental business. The soonest that HHSC is able to reschedule its readiness review is March 4-8, of 2019. This would lead to a new date of April 1, 2019 for running parallel systems. There are no operational business issues with an April versus a January transition date.

FOLLOW UP: None.

**INFORMATION ONLY ITEMS:**

**EPIC ELECTRONIC HEALTH RECORD PROJECT UPDATE — GEORGE B. HERNÁNDEZ, JR.**

**UPDATE ON PLANNING, DESIGN AND CONSTRUCTION ACTIVITIES — DON RYDEN**

**UNIVERSITY HEALTH SYSTEM FOUNDATION UPDATE — LOURDES CASTRO-RAMÍREZ**

**SUPPLIER DIVERSITY 4<sup>TH</sup> QUARTER/END OF YEAR REPORT — EDWARD CRUZ/ANTONIO CARRILLO**

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

**REPORT ON THE 86<sup>TH</sup> LEGISLATIVE SESSION — ANDREW SMITH**

SUMMARY:	Mr. Adams directed his colleagues' attention to the five informational reports above and asked them to provide feedback, comments, or questions directly to the staff.
RECOMMENDATION:	These reports were provided for informational purposes only.
ACTION:	No action by the Board of Managers was required.
EVALUATION:	None.
FOLLOW-UP:	None.

**EXECUTIVE SESSION:**

Mr. Adams announced this meeting closed to the public at 8:07 p.m., pursuant to the Texas Open Meetings Act, TEX. GOV'T CODE § 551.001 *et seq.* (Vernon 2004), to evaluate the performance and duties of the President/CEO. All of the Board members were present, except Mr. Robert Engberg and Dr. Roberto Jimenez. Also present was Mr. George B. Hernández, Jr., President/Chief Executive Officer. After discussion, no action was taken in closed session. Mr. Adams, announced that the closed meeting ended at 8:17 p.m., and he reconvened the public Board of Managers meeting.

**ADJOURNMENT:**

There being no further business, Mr. Adams adjourned the public Board meeting at 8:18 p.m.

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James R. Adams  
Chair, Board of Managers

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

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Stacy Foremski, Recording Secretary