



**BEXAR COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS**

Tuesday, February 28, 2023
6:00 pm
Cypress Room, University Hospital
4502 Medical Drive
San Antonio, Texas 78249-4493

MINUTES

BOARD MEMBERS PRESENT:

James R. Adams, Chair
Jimmy Hasslocher, Vice Chair
Margaret Kelley, MD, Secretary
Anita L. Fernandez
Pat Jasso
Dianna M. Banks-Burns, MD

OTHERS PRESENT:

George B. Hernández, Jr., President/Chief Executive Officer, University Health
Elizabeth Allen, Director, External Communications/Corporate Communications, University Health
Bryan J. Alsip, MD, Executive Vice President/Chief Medical Officer, University Health
Darrel Bacon, Director, Financial Decision Support, Financial Services,
Edward Banos, Executive Vice President/Chief Operating Officer, University Health
Ted Day, Executive Vice President, Strategic Planning/Business Development, University Health
James Freeman, Executive Director, Project, Design & Construction, University Health
Latifah Jackson, Manager, Supply Chain Management/Procurement Services, University Health
Rob Hromas, MD, Dean, Long School of Medicine, UT Health San Antonio
Carol Huber, DrPH, MBA, Deputy Chief Public Health & Equity Officer, Institute of Public Health,
University Health
Reed Hurley, Executive Vice President/Chief Financial Officer, University Health
Leni Kirkman, Executive Vice President/Chief Marketing, Communication, & Corporate Affairs Officer,
University Health
Shelley Kofler, Senior Public Relations Manager, Corporate Communications, University Health
Robert Leverage, MD, Vice Dean, Office of Clinical Affairs and Chief Medical Officer/Long School of
Medicine, UT Health SA
Joshua Nieto, Chief Compliance/HIPAA Officer, University Health
Irene Puente, Team Lead, Epic/Information Services, University Health
Bill Phillips, Executive Vice President/Chief Information Officer, University Health
Serina Rivela, Vice President/Chief Legal Officer, University Health
Don Ryden, Vice President/Project, Design & Construction, University Health
Christopher Sandles, President, Hospital Operations, University Health
Irene Sandate, Assistant Chief Nursing Officer, Women's and Children's Health, University Health
Judy Shumway, DO, Senior Vice President/Clinical Services, University Health
Horacio Vasquez, Executive Director, Supply Chain Management, University Health
Roberto Villarreal, MD, Senior Vice President/Chief Public Health Officer, University Health

Larry Wallis, Director, Internal Audit Services, University Health
Tom Milligan, CMQMT Consultants
And other attendees.

CALL TO ORDER:

Mr. Adams called the Board meeting to order at 6:04 pm.

INVOCATION AND PLEDGE OF ALLEGIANCE — JIM ADAMS, CHAIR

Ms. Julie Rowe, University Health Chaplain, said the invocation, and Mr. Adams led the pledge of allegiance.

PUBLIC COMMENT

APPROVAL OF MINUTES OF PREVIOUS MEETING(S): JANUARY 31, 2023 (REGULAR MEETING)

SUMMARY:	The minutes of the regular Board meeting of Tuesday, January 31, 2023 were submitted for the Board's review and approval.
RECOMMENDATION:	Staff recommends approval of the minutes as submitted.
ACTION:	A MOTION to APPROVE staff's recommendation was made by Ms. Fernandez, SECONDED by Mr. Hasslocher, and PASSED UNANIMOUSLY .
EVALUATION:	None.
FOLLOW UP:	None.

REPORT FROM UT HEALTH SAN ANTONIO — WILLIAM HENRICH, M.D., PRESIDENT

SUMMARY: The 88th Texas Legislature convened in January will be in session for 140 days and is constitutionally required to pass one bill, the budget amendment bill. There now have been over 10,000 bills filed this session. On the educational front, UT Health is asking for several things that would directly or indirectly benefit the relationship between UT Health and University Health. The first is an increase in per capita funding for the formula that funds administrative costs in teaching all students at UT Health facilities. The per capita funding has not been increased since 2001. The legislature has increased funding for the growth in student enrollment in higher education, but it has not increased the per capita funding. This has created a burden for mature institutions of the state which cannot grow at the rate of which new institutions that appear on-line grow. The state has an estimated budget surplus of \$32.7 billion according to the controller, Mr. Glenn Hegar. In addition, the state will have between \$12 and \$14 billion in the rainy day fund. There are ARPA funds from the federal government available to the state somewhere between \$4 and \$6 million. If you add these up, it looks like a banner year for higher education. But it is not a certainty that this will happen. Actually, the budget surplus issue is on the agenda and there is talk about amending property taxes which will return to consumers some of the money that they would ordinarily spend. UT Health is trying to make the case that health-related education is pivotal

to the state's future. In addition to the per capita increase, UT has asked for support for its School of Public Health, as well as mission-specific funding, which would fund the growth of the UT Health's research enterprise. Every dollar that researchers bring to UT Health in federal money has a multiplier of \$9 to \$12 in commerce for the State of Texas, an incredibly good deal. The legislature passed the mission-specific bill two sessions ago but did not fund it. UT Health has also asked for \$60 million to help restore old buildings on the campus which includes renovation costs for new laboratories in the Long School of Medicine for the research teams that have been recruited. Finally, we have asked for the cost of a research building for this growing enterprise, which is needed this calendar year. The asks of UT Health SA are very much in line with other health-related institutions in the state and certainly its peer institutions within the UT System; they blend in well with what other health care providers are asking for as the state continues its growth. When comparing biennium to biennium it may appear that some things are static, however, they are growing so rapidly that the need to meet health care related challenges continues to expand almost in a linear manner. For example, with certain diseases, such as cancer, a 35 percent increase is predicted in the next decade for the state of Texas. Or, with Alzheimer's disease, and other neurological diseases, it is very important to the community that UT Health and University Health have the infrastructure necessary to expand as services as needed. He asked Mr. Hernandez to keep this in mind as he also makes presentations around the community. Dr. Henrich then yielded the floor to Dr. Hromas, who reported that he was honored to attend University Health's Annual Staff Recognition Awards Banquet the prior Thursday and was very touched by the dedication and commitment of the staff. Without such staff there would not be a Long School of Medicine. He described the term microbiome as the microorganisms that live in or on a particular part of the body, such as the gastrointestinal tract. He stated that researchers can now predict if a person will get cancer and how a person can recover from stroke by studying human waste, and therefore UT Health's The Center for Mucosal & Microbiome Biology was established to spearhead research and educational initiatives focused on the role of the microbiome and the associated metabolites in health and diseases.

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

NEW BUSINESS

CONSENT AGENDA –JIM ADAMS, CHAIR

Mr. Adams pulled Item G., from the Consent Agenda, for more detailed discussion regarding the wide range of partnerships involved in local HIV/AIDS initiatives, as requested by Dr. Kelley. Further elaboration was provided by Roberto Villarreal, MD, as noted below.

CONSIDERATION AND APPROPRIATE ACTION REGARDING MEDICAL-DENTAL STAFF MEMBERSHIP AND PRIVILEGES — MICHAEL LITTLE, M.D., PRESIDENT, MEDICAL/DENTAL STAFF

SUMMARY: The Credentials Committee met on January 30, 2023, and reviewed the credential files of the individuals listed on the Credentials Report and the Professional Performance Evaluation Report provided to the Board. In its meeting of February 7, 2023, the Executive Committee of the Medical-Dental Staff approved the Credentials Committee Report in accordance with University Health's credentialing and privileging process. The Executive Committee, in turn, recommends final approval by the Board of Managers.

CONSIDERATION AND APPROPRIATE ACTION REGARDING MEDICAL-DENTAL STAFF RECOMMENDATIONS FOR PROFESSIONAL PRACTICE EVALUATIONS AND DELINEATION OF PRIVILEGES — MICHAEL LITTLE, M.D., PRESIDENT, MEDICAL/DENTAL STAFF

SUMMARY: The Credentials Committee met on January 30, 2023, and reviewed proposed revisions to Delineation of Privilege and the Professional Performance Evaluation Report and forms. In its meeting of February 7, 2023 the Executive Committee of the Medical-Dental Staff approved the Delineation of Privileges and Focused/Ongoing Professional Performance Evaluation Report, which was provided for the Board's review, and in turn, recommends approval by the Board of Managers.

CONSIDERATION AND APPROPRIATE ACTION REGARDING A RESOLUTION SUPPORTING THE RE-VERIFICATION OF UNIVERSITY HOSPITAL AS A LEVEL IV NEONATAL INTENSIVE CARE — IRENE SANDATE/ DINA PEREZ-GRAHAM

The purpose of the Neonatal Levels of Care Designation is to comply with the Texas Health and Safety Code, Subchapter H, Hospital Level of Care Designations for Neonatal and Maternal Care, Sections 241.181 - 241.187. University Hospital Neonatal Intensive Care Program was assigned to Trauma Service Area P, a twenty two (22) county area with 26,000 square miles, one of the largest and most diverse service areas in the state. Since initial designation as a Level IV Neonatal Center in 2017, University Hospital has also achieved designation as a Level IV Maternal Center in 2019. Jointly these programs accounted for over 14,318 OB/Gyn Emergency Room visits, 4,037 deliveries in Labor and Delivery, 280 maternal transports, 875 neonatal intensive care admissions, and 145 neonatal transports in 2022. Designation for neonatal level of care is an eligibility requirement for Medicaid reimbursement. Level IV is the highest level of designation for neonatal care. Staff recommends approval of a Resolution of Support by the Board of Managers for re-designation as a Level IV Neonatal Intensive Care Program.

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE RENEWAL OF THE LEASE WITH HEALTHCARE REALTY TRUST, INC., FOR THE TRANSPLANT PROGRAM AT 125 HAGUE, SUITE 120, EL PASO, TX 79902 — DON RYDEN

In January 2018, UT Health at San Antonio entered into a Lease Agreement with HTA-Providence, LLC, for clinical space to care for transplant patients in west Texas. The lease of 1,751 sq. ft. with HTA commenced on April 1, 2018 with a five (5) year term. In May 2021, University Health was assigned the lease for the remainder of the term. The Lease Agreement terminates March 30, 2023 but has an option for a five (5) year extension; staff recommends exercising this option and amending the lease. In 2022, HTA merged with Healthcare Realty Trust, Inc. The proposed Amendment is for 60 months commencing April 1, 2023. The Modified Gross Base Rent for the initial year is \$24.05 per sq. ft. with 3 percent annual escalation. The quoted rate is a 3 percent increase from the current rate. This Amendment is the only and final option offered by the landlord. Should University Health remain in this location beyond March 30, 2028, a

new amendment will require negotiation at that time. The agreement is based on a Modified Gross Rent of which expenses are included for the base year 2023. Any excess of operating expenses over the base year will be allocated on a pro-rata share basis. The lease costs will be a budgeted operational expense. Healthcare Realty Trust, Inc. is a healthcare real estate investment trust and their workforce composition is pending receipt by University Health. Staff recommends the Board of Managers approve the Amendment to the Lease Agreement with Healthcare Realty Trust, Inc. and authorize the President/Chief Executive Officer to sign the agreement. The five (5) year cost of the lease expense is \$223,576.

CONSIDERATION AND APPROPRIATE ACTION REGARDING AN AMENDMENT TO THE LEASE WITH DML PROPERTY GROUP LLC, FOR 126 W. RECTOR STREET, SUITE 116, SAN ANTONIO, BEXAR COUNTY, TEXAS — DON RYDEN

University Health's CareLink has multiple offices in San Antonio, but has been at the 126 West Rector (aka – Rector Plaza) location since 2013. In May 2021, DML Property Group LLC purchased Rector Plaza. In May 2022, University Health amended the lease for a one (1) year term with two options for one (1) year extensions. The short term of the lease was due to consideration of relocating CareLink and the North Clinic to a new location, which will no longer happen. The Rector Plaza location is 2,128 sq. ft. and located within a quarter mile of University Health's North Clinic. The current lease terminates on April 30, 2023. Since CareLink will not be relocating, staff is recommending an amendment to extend the term for an additional year which will terminate on April 30, 2024. This will be the first of two options to extend the lease for one (1) year. The annual rent expense for the CareLink space leased at Rector Plaza beginning May 1, 2022 will be \$41,496 which is a 2.6 percent increase from the current rate. The space for this renewal is Suite 116. The proposed renewal term is one (1) year, May 1, 2023 through April 30, 2024, with one (1) – one (1) year option remaining to extend the lease. The rental rate is on a triple net basis indicating the tenant (CareLink) will pay as additional rent its pro rata share of real estate taxes, common area maintenance (CAM) charges, and insurance. Currently, CareLink's allocated annual share of these operating expenses is \$14,964 (\$1,247 per month) or \$7.03 per sq. ft. DML Property Group LLC, is a single purpose real estate entity and has zero (0) employees. Staff recommends the Board of Managers approve the renewal of the lease agreement for a new one (1) year term with DML Property Group LLC, for a total of \$56,460 inclusive of rent and operational expenses and authorize the President/Chief Executive Officer to sign the agreement.

CONSIDERATION AND APPROPRIATE ACTION REGARDING PARTICIPATION IN THE SEVENTH YEAR OF THE QUALITY INCENTIVE PAYMENT PROGRAM FOR SKILLED NURSING FACILITIES WITH LICENSES OWNED BY UNIVERSITY HEALTH AND MANAGED BY TOUCHSTONE COMMUNITIES AND AUTHORIZING ALL ACTIONS IN SUPPORT THEREOF — TED DAY/BRYAN ALSIP, M.D.

University Health currently owns the licenses for four skilled nursing facilities managed by Touchstone Communities and has participated in the Quality Incentive Payment Program for Skilled Nursing Facilities (SNF QIPP) since September 1, 2017. The SNF QIPP program is designed to incentivize nursing facilities to improve quality and innovation in the provision of nursing facility services to Medicaid recipients, using the Centers for Medicare & Medicaid Services (CMS) Five-Star Quality Rating System as its measure of success. The primary financial obligation for the health system under this partnership arrangement is to provide the Intergovernmental Transfer (IGT) funds to support the state portion of the supplemental Medicaid payment. The funds are then returned to University Health through the payments made by the participating managed care organizations (Amerigroup, Molina, and Superior HealthPlan). The health system recoups the IGT funds as well as 50 percent of supplemental payments paid to the partnership. The other fifty percent of the supplemental payments are paid to Touchstone. These funds are at risk, tied to quality and access measure performance described above. Estimates for IGT funds required for participation in the seventh year have not yet been released by HHSC. The total statewide pool amount for

Year 6 was set at \$1.1B. Pool size for Year 7 has not yet been released by HHSC. Staff will receive notification of IGT fund requirements by mid-April, and will accommodate that IGT request according to the schedule set by HHSC. The University Health and Touchstone partnership could potentially receive slightly higher reimbursement under the program depending on the number of program participants across the state. University Health will receive a return of 10 percent on the IGT amount submitted and will receive the IGT funds back within several months. Staff recommends that the Board of Managers approve participation in the seventh year of the Quality Incentive Payment Program (QIPP) for Skilled Nursing Facilities with Licenses owned by the Health System and managed by Touchstone Communities and authorize the President/Chief Executive Officer to execute all actions in support thereof.

CONSIDERATION AND APPROPRIATE ACTION REGARDING PROFESSIONAL SERVICES AGREEMENTS WITH ALAMO AREA RESOURCE CENTER, BLACK EFFORT AGAINST THE THREAT OF AIDS COALITION TRUST, CENTROMED, AND SAN ANTONIO AIDS FOUNDATION IN SUPPORT OF THE RYAN WHITE PART A AND MINORITY AIDS INITIATIVE PROGRAMS, SERVING HIV-AFFECTED CLIENTS AND FUNDED THROUGH THE HEALTH RESOURCES AND SERVICES ADMINISTRATION. — ROBERTO VILLARREAL, M.D.

The purpose of this Agreement is to provide funds to local non-profits Alamo Area Resource Center (AARC), Black Effort Against the Threat of AIDS Coalition Trust (BEAT AIDS), and San Antonio AIDS Foundation (SAAF) for medical and support services for people affected by HIV/AIDS. El Centro del Barrio, Inc. d/b/a CentroMed is a federally qualified health center. The Ryan White HIV/AIDS Program is the most extensive federal program designed to provide outpatient care and support services to individuals affected by HIV. The program is administered by the Health Resources and Services Administration (HRSA) and is divided into five parts, following the legislation. The activities for the Part A Agreements are funded through HRSA Ryan White Part A Formula, Part A Supplemental and Minority AIDS Initiative Program. This is a cost-reimbursement contract, and HIV services shall be invoiced monthly and reimbursed for actual costs incurred. The Ryan White Program is a payer of last resort and provides financial and social services to those not covered by other resources, ensuring continuity of services and emphasizing the public health benefit to reduce HIV transmission rates and end the HIV epidemic. Below is the funding breakout for the period March 1, 2023 to February 23, 2024:

Source of Funding	RWP Overall Budget	Allocated Funds
Ryan White Part A Formula	\$3,591,611	AARC: \$980,378; BEAT AIDS: \$168,870; CentroMed: \$572,757 SAAF: \$558,734
Ryan White Part A Supplemental	\$1,894,925	AARC: \$521,814; BEAT AIDS: \$91,560; CentroMed: \$306,384 SAAF: \$298,525
Ryan White Part A/ Minority AIDS Initiative	\$578,661	AARC: \$216,616; BEAT AIDS: \$93,503; CentroMed: \$66,647 SAAF: \$77,223

These organizations offer a range of wraparound services and continuum of care for people with HIV/AIDS and other underserved patient populations. The workforce composition for the organizations was provided for the Board’s review. Staff recommends approval of new agreements with the entities identified above as sub-recipients of Ryan White HIV/AIDS Program funds, to enhance services for Ryan White-eligible patients.

Dr. Roberto Villarreal addressed Dr. Kelley’s request for additional information regarding Consent Agenda, Item G at this time. In 2017, University Health was asked to take over Bexar

County's Ryan White program, at which time there were only two clinics involved in fighting the HIV/AIDS epidemic, CentroMed and University Health's FFACTS clinic, with \$8.7 million in federal funding. Bexar County held total of 16 sub-agreements with 30 year terms each. Today, there are five clinics in town that take care of approximately 6,500 individuals dealing with HIV/AIDS and University Health has since secured additional funding for the program and executed 16 contracts with 5 year terms each. University Health strengthened its relationships with these organizations by asking them to develop their systems of care and add pharmacies (or contract with CVS or Walgreens) so that they are able receive 340B drug pricing and the benefits that come with that. When University Health took over the program, there was approximately 60 percent compliance among these clients, and about 60 percent of the people living with HIV were undetectable. Today, the rate for undetectable is at 90 percent. This is important because if they are undetectable, that means there is so little virus in the blood that a lab test cannot measure it. University Health in collaboration with UT Health Infectious Diseases is conducting several clinical trials with vaccines for HIV, and has performed several bone marrow transplants, which eliminate HIV. Every year University Health applies for supplemental funding and this year applied along with Dr. Barbara Taylor from the Long School of Medicine for a grant that will allow University Health to study HIV/AIDS in all of the regions in the State of Texas to include Ft. Worth, Dallas, Houston, and San Antonio. Recently, University Health and Bexar County did not have any new cases of Hepatitis B in its HIV population compared to Houston, Dallas, and Ft. Worth.

A **MOTION** to approve staff's recommendation after Dr. Villarreal's presentation was made by Dr. Kelley, **SECONDED** by Ms. Fernandez, **PASSED UNANIMOUSLY**.

CONSIDERATION AND APPROPRIATE ACTION REGARDING PURCHASING ACTIVITIES
(SEE ATTACHMENT A) — REED HURLEY/TRAVIS SMITH

University Health's Purchasing Consent attachment for the month of February 2023 includes 18 proposed contracts for Board of Managers' action. The total requested Board of Managers approval for these 18 contracts is \$13,318,269. Additional presented contracts during the February 2023 Board of Managers meeting total \$17,766,330 and are considered for approval separate from the Purchasing Consent. Staff recommends Board of Manager's approval of Purchasing Consent items in the amount of \$13,318,269.

CONSENT

RECOMMENDATION: Staff recommends approval of the consent agenda.

CONSENT

ACTION: A **MOTION** to approve the consent agenda as recommended by staff, **minus Item G.**, was made by Mr. Hasslocher, **SECONDED** by Dr. Kelley, and **PASSED UNANIMOUSLY**.

CONSENT

EVALUATION: Consent Agenda, Item G, additional information requested by Dr. Kelley, see above.

CONSENT

FOLLOW UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING A GUARANTEED MAXIMUM PRICE (GMP #17) PROPOSAL FOR THE WOMEN'S AND CHILDREN'S HOSPITAL PEDIATRIC CATHETERIZATION LABORATORY BUILD-OUT FOR THE CONSTRUCTION MANAGER AT RISK AGREEMENT WITH JOERIS+JE DUN, A JOINT VENTURE — DON RYDEN

SUMMARY:

In November 2022, the Board approved the early procurement of medical equipment and certain mechanical and electrical equipment to support the pediatric catheterization treatment room to mitigate the impact of extensive fabrication and delivery lead-times that risk timely completion of the proposed relocation work. In collaboration with the Construction Manager, Staff have identified additional medical equipment requirements to support the full build-out. Additionally, because the new work will be completed on a later schedule than the work on the new hospital, the Commissioning Agent will be required to perform additional services once the mechanical and electrical equipment have been installed. The total estimated cost to build-out pediatric catheterization spaces within remaining shell space is \$22.1 million. Approximately \$13.5 million of the total budget has been designed or validated and is ready to proceed. Staff has identified budget adjustments utilizing project savings and remaining funds that will enable the new defined scope to be added to the Project without an increase in Board-approved Project funding. Mr. Ryden summarized the pediatric catheterization build-out, medical equipment, and other outfitting items and installation services that may be ordered as soon as procurement authority is granted:

Build-out construction management services. Vendor: Joeris+JE Dunn (CM)	\$ 12.817
Commissioning services. Vendor: Engineering Economics, Inc. (CxA)	\$ 0.083
Catheterization equipment. Vendor: Philips	\$ 0.315
Respiratory Therapy Equipment. Vendor: VapoTherm	\$ 0.318
Total	\$ 13.533

The currently validated cost of the proposed build-out is \$13,533,283. Staff has confirmed that this can be funded from unallocated Board-approved Project funds and from project savings identified through earlier procurements. The estimated consultant, FFE, and active IT costs to support the build-out construction are available within existing budgets. Planned budget realignments for the GMP direct costs and for the remaining medical equipment purchases include reductions from the tower furniture, fixtures and equipment and medical equipment budgets and encumbrance of currently unallocated funds. The purchase of all identified items and services will be funded from existing Board-approved Project funds. The total Project budget remains unchanged at \$837.9 million. The workforce composition data for the proposed vendors was provided for the Board's review.

RECOMMENDATION: Staff recommends the Board of Managers approve the construction of pediatric catheterization spaces, supporting consulting services and medical equipment and associated installation services and authorize the President/Chief Executive Officer to execute the following contracts thereto in amounts not to exceed \$13,533,283: JJED GMP #17 \$12,817,143; EEI (Commissioning) \$83,000; Philips (MEQ mods); and \$314,732; Vapotherm (RT MEQ) \$318,408.

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

EVALUATION: Dr. Kelley appreciates and understands the expenditure, but does not understand what service line(s) will be affected. She questioned the number of pediatric catheter procedures performed per year at University Hospital. Mr. Sandles replied that last year, over 100 procedures were performed, about 120, but the volume has been artificially deflated because pediatric interventional radiology does not have adequate, dedicated space. Over the last two years, there has been a significant uptick tied to the pediatric catheter lab move to the Advanced Diagnostic Center, which caused the move of adult cases to the operating rooms. Mr. Sandles expects that volumes will continue to rise, with a projection of 150 pediatric catheter procedures with the opening of the new hospital. The patient population will be comprised of pediatric referrals from throughout the region. The referrals from within Bexar County from maternal fetal medicine specialists and neonatal specialists are at this time controlled by Mednax, Inc., (now known as Pediatrix Physician Group). This group provides neonate and pediatric interventional cardiology services across town, with one of those key physicians at University Hospital. Staff tracks the referrals from private physicians, such as those from Dr. Husain in El Paso, Texas. Mr. Banos noted that there has been a growth in pediatric catheter procedures at University Hospital primary linked to the arrival of the Abarbanells, as they develop their respective practices. Dr. Aaron Abarbannel is a congenital thoracic surgeon; and Dr. Ginnie Abarbannel is a pediatric cardiologist. Mr. Banos also shared that the limiting factor at this time is the recruitment of pediatric specialty trained nurses, and when University Hospital has been very busy, it has been unable to accommodate pediatric elective cases. However, Ms. Irene Puente continues to build up nurse staffing, and is aggressively filling those vacancies. Ms. Puente addressed the Board regarding staffing challenges and assured them that the staff is making slow, steady progress finding highly specialized nurses to meet the volume demands. Mr. Sandles re-emphasized that the Advance Diagnostic Center was established for adult procedures and that a dedicated pediatric catheter lab will give University Health more space to conduct the adult business, since at the present time, the ADC is being used for pediatric procedures as well. This capital expenditure is in University Health's master space plan. Mr. Hasslocher stated that with the opening of the new Women's & Children's Hospital he anticipates all 33 surrounding counties will be looking at the many different health care components available at University Health, which will bring in additional business from throughout South Texas. Dr. Burns is confident that the new, state of the art facility will be part of the staff's strategy to attract new patients and nurses with the development of new

advertisements and outreach strategies. Dr. Kelley thanked the staff for the additional information.

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE FINANCIAL REPORTS FOR JANUARY 2023 — REED HURLEY

SUMMARY:

University Health's consolidated bottom line for the month of January 2023 reflects a gain of \$24.6 million, \$20.5 million better than the budgeted gain of \$4.1 million. This gain to budget is primarily due to patient activity driving positive net patient revenue of \$4.4 million, purchased services expense under budget by \$5.4 million and combined investment income over budget by \$9.9 million. In January, clinical activity (as measured by inpatient patient days) was up by 8.9 percent and inpatient discharges were higher than budget by 9.1 percent most of the overage to budget was driven by high Neonatal Intensive Care Unit (NICU) census and high activity in the Obstetrics area Emergency Department visits were over budget 3.4 percent. Community First Health Plans, Inc., experienced a bottom line gain of \$3.6 million, which was \$3.6 million better than the budgeted gain of \$14 thousand. Community First fully insured membership was down 3.6 percent to budget. Net patient revenue over budget \$4.4 million driven by high patient volumes, acuity of inpatient services, and the continued growth of retail pharmacy volumes. Community First premium revenue under budget \$15.2 million related to budgeting for additional Health Insurance Exchange (HIE) members that did not materialize. Medical services under budget \$1.7 million due to lower than budgeted school costs of \$792 thousand and lower CHIRP IGT expense \$545 thousand. Purchased services under budget \$5.4 million primarily related to lower than budgeted transplant volumes of \$1.9 million, professional services audit fees of \$1.2 million, and equipment repair of \$1.3 million. Community First claims expense under budget \$14.2 million primarily driven by the lower than budgeted HIE membership. Investment income of \$5.4 million was higher than budget by \$4.4 million. An unrealized gain of \$4.7 million was \$5.4 million higher than the budgeted loss of \$0.7 million. These unrealized gains and losses are created due to marking our investments to current market prices each month. No actual gains or losses will be incurred if the investments are held to maturity which is our standard practice. Mr. Hurly reviewed the Consolidated Balance Sheet in detail with the Board members.

RECOMMENDATION:

Staff recommends approval of the finance reports subject to audit.

ACTION:

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

EVALUATION:

In reviewing last year's financials, Mr. Hasslocher noted that University Health had a significant, good year. He is looking forward to more good things this year and thanked the staff for doing an excellent job. Mr. Adams added that the crosswalk report shared by Mr. Hurley at the end of his presentations has real value, it summarizes each month at a glance.

FOLLOW UP:

None.

PRESENTATIONS AND EDUCATION:

SUPPLIER DIVERSITY 4TH QUARTER/END OF YEAR REPORT - LATIFAH JACKSON/HORACIO VASQUEZ/TRAVIS SMITH

SUMMARY:

During the 4th Quarter of 2022, University Health's Supplier Diversity program staff continued working on various initiatives that will provide enhancements to the SMWVBE community through various outreach events and furthering partnership with local small and minority business leaders. Mr. Horacio Vasquez and Ms. Latifah Jackson provided the following update on supplier diversity:

University Health Commitment

Supplier Diversity: To Improve the Business Outcomes for Our Community

- Aligned with the Triple Aim Plus
- Elevate local businesses
- Support diversity across multiple business categories
- Focusing on Small, Minority, Women and Veteran owned Business Enterprises (SMWVBE)
- Aspirational Goal

Supplier Diversity Initiatives - Four Major Components

- Outreach to Local Vendors
- Internal Education of UH stakeholders
- Provide Tools for Success
- Measure Outcomes

SMWVBE Support: Outreach to Local Vendors

- Quarterly Outreach
- Let's Get Certified Events
- Understanding Government Contracting
- 148 Capability Meetings
- 36 Outreach Events

SMWVBE Support: Internal Education

- Supplier Diversity Committee includes partnership of Bexar County's Ms. Renee Watson
- Internal initiatives include meetings to discuss progress, upcoming education opportunities and internal strategies of inclusion across the organization.
- Reviewing equitable approaches for doing business
- SMWVBE External round table includes internal University Health stakeholders to understand perspective and hurdles needed to be overcome.

SMWVBE Support: Provide Tools for Success

- Process Enhancements to benefit small diverse businesses
- Electronic Bidding
- Vendor Registration Processes
- Certification Agency Relationships
- Increasing relationships with partners such as South Texas Business, Southside First, San Antonio for Growth on the Eastside (SAGE), and local Chambers

Measure Outcomes: Women's & Children's Hospital

- Project Target Goals
- SMWVBE – 35 percent
- Local – 75 percent
- Achieved – Contracted Amounts through GMP 16 (January 2023)
- WMWVBE 35.9 percent
- Local 81.8 percent
- Diverse contracted amount: \$161M
- Local contracted amount: \$366M

Certified Diverse SMWVBE Spend

Measure Outcomes: University Health Diverse Spend

(Not including Women’s & Children’s Hospital)

- 2019 - \$26.7 million
- 2020 - \$27.8 million
- 2021 - \$28.5 million
- 2002 - \$56.6 million

Credit to improvement in other initiatives: Outreach, Internal Education, and Tools for Success

Measure Outcomes: Local Vendor Spend

- 2020 - \$2453.4 million
- 2021 - \$381.3 million
- 2022 - \$484.0 million

Measure Outcomes: Not-for-Profit Partner Spend

- 2020 - \$194.0 million
- 2021 - \$237.7 million
- 2022 - \$242.4 million

Ms. Jackson and Mr. Vasquez opened the floor for questions and thanked the Board of Managers for their support.

RECOMMENDATION:

This report was provided for informational purposes only.

ACTION:

No action was required by the Board of Managers.

EVALUATION:

Dr. Burns observed that the staff presented data in percentages and dollar amounts and noted the she would actually prefer to see this data one way because if the dollar amount that is being spent as a whole by University Health is with minorities, their business numbers would also increase. The current format does not give her the necessary information and data she needs to evaluate how University Health’s SMWVBE program is doing. San Antonio is a minority town and to her, having 3.4 to 4 percent minority vendors is not as impressive as it should be. Also, there is a difference between diversity and inclusion. When we look at the employees of University Health, it can be said that it has a diverse population but that does not describe the inclusion part. Minorities are often given a position but are not included in the organization. This is an opportunity for University Health to connect the norms of the organization. It would be nice to know how minority populations view themselves because most times minorities end up adjusting in order to be included. Mr. Adams asked how much of the certified diverse SMWVBE spend for 2022 was for construction, to which Mr. Vasquez replied that the \$56.6 million reflected in his presentation is exclusive to what was spent at University Hospital for services, supplies, and minor construction projects, and does not include construction expenditures for the Women’s & Children’s Hospital. In response to Mr. Adams’

question on his thoughts regarding the SMWVBE program moving along the right track, Mr. Vasquez acknowledged the tremendous success in 2022 and pledged to build upon that success because the staff wants to help local SMWVBEs. Mr. Hernandez stated that the staff has had some difficulty in their reporting because a lot of what is purchased for University Hospital cannot be purchased locally, such as medical equipment, which is purchased from national and international companies. The staff has had to really target and be creative in how to include local vendors in the various projects. He explained another dilemma in that University Health is very pro non-profit. The Interlocal Government Act encourages local government entities to work with other local government entities in contracting and that is the denominator that hurts University Health. All of the business that University Health conducts with The Center for Health Care Services, the Battered Women's Shelter, other non-profits, and the Federally Qualified Health Centers, does not count. Staff wanted to show the Board the non-profit partner spend and the SMWBE local spend side by side, as in slide number 9. SMWVBEs must be for profit to be included. The staff is working the program from all angles and when SMWBVE minority vendors do not register their business with University Health, for various reasons, it distorts the numbers. Reasons for not registering include lack of required documents, the complicated process, and it is often scary for small businesses. The main reason, staff believes, is because registration is not required. If the staff knows in advance of upcoming projects, Ms. Latifah Jackson will help SMWVBEs register their businesses, help them get educated, and help them find partnerships. As a small business owner, Ms. Fernandez appreciates the outreach and the evolution of the program since she first joined the Board of Managers in 2020. Mr. Adams congratulated the staff for making great progress in the SMWVBE program.

FOLLOW UP:

None.

INFORMATION ONLY ITEMS:

88TH TEXAS LEGISLATIVE SESSION UPDATE — ANDREW SMITH

NURSE STAFFING ADVISORY COMMITTEE REPORT —DINA PEREZ-GRAHAM

UPDATE ON THE WOMEN'S AND CHILDREN'S HOSPITAL AND ASSOCIATED PROJECTS — DON RYDEN

UNIVERSITY HEALTH FOUNDATION REPORT — SARA ALGER

REPORT ON RECENT RECOGNITIONS AND UPCOMING EVENTS — LENI KIRKMAN

SUMMARY:

Mr. Adams directed his Board colleagues' attention to the four informational reports above and asked that they review on their own time.

RECOMMENDATION:

These reports were provided for informational purposes only.

ACTION:

No action was required by the Board of Managers.

EVALUATION:

None.

FOLLOW UP: None.

CLOSED SESSION:

Pursuant to the Texas Open Meetings Act, TEX. GOV'T CODE § 551.001 et seq. (Vernon 2004), Mr. Adams announced this meeting closed to the public at 7:04 pm. Present for the closed session were: Mr. Adams, Dr. Kelley, Ms. Fernández, Mr. Hasslocher, Dr. Burns-Banks, and Ms. Jasso. Also present were Mr. George B. Hernández, Jr., President/Chief Executive Officer and Ms. Rivela, Vice President/Chief Legal Officer. Mr. Hernández departed the meeting at 7:07 pm and a closed meeting was held to evaluate the performance and duties of the President/CEO. After discussion, no action was taken in closed session. Mr. Adams announced the closed meeting ended at 7:28 pm, and public meeting promptly reconvened.

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE ANNUAL EVALUATION OF THE PERFORMANCE AND DUTIES OF THE PRESIDENT/CHIEF EXECUTIVE OFFICER — JIM ADAMS, CHAIR

SUMMARY:

Ms. Anita Fernández was appointed by Mr. Adams to chair an ad hoc committee with the charge of performing the annual evaluation of the President/CEO. Ms. Fernández and the members of the ad hoc committee comprised of both Mr. Hasslocher and Mr. Adams met on multiple occasions and actively solicited input from all members of the Board during the process. The ad hoc committee further reviewed and considered Mr. Hernández's exemplary performance in exceeding the 2022 goals which included the development of the Institute for Public Health, University Health's strategic plan for community hospitals, and University Medicine Associates' expansion initiatives. The committee also considered the accolades and national recognition University Health received for its Hospital at Home Program as well as his leadership in preserving supplemental federal funding. In addition, the Ad hoc committee reviewed compensation levels paid by similarly situated organizations, both taxable and tax-exempt, for functionally comparable positions; the availability of similar services in Texas; and two current compensations surveys prepared by independent firms. The findings of the ad hoc committee have been reviewed and discussed with the full Board of Managers in Executive Session. Both the ad hoc committee and the Board of Managers are composed entirely of individuals without a conflict of interest with respect to the determination of the compensation to be paid to the President/CEO.

RECOMMENDATION:

The ad hoc committee recommends that Mr. Hernández's base salary increase to \$826,000.00 annually. In addition, the ad hoc committee, in recognition of Mr. Hernández's performance, recommended that Mr. Hernández receive a one-time \$200,000.00 bonus, for a total compensation of \$1,026,000.00 for this year. Based on the detailed analysis the committee has performed, the ad hoc committee believes that this total compensation level is reasonable.

ACTION:

After due discussion and consideration, a **MOTION** to increase Mr. Hernández's annual salary to \$826,000.00 and a one-time annual incentive payment in the amount of \$200,000.00 was made by Ms.

EVALUATION: Fernández on behalf of the ad ho committee, **SECONDED** by Mr. Hasslocher, and **PASSED UNANIMOUSLY**. Mr. Adams personally recognized Mr. Hernández for his visionary and executor leadership style. Mr. Hernández thanked the Board of Managers for their consideration. He accepted the Board’s commendation of his performance as recognition of the great work of the talented and dedicated staff at University Health.

FOLLOW UP: Discussion pertaining to Mr. Hernández’s 2023 goals will be reviewed during the March Board meeting.

ADJOURNMENT:

There being no further business, Mr. Adams adjourned the public meeting at 7:31 pm.

James R. Adams
Chair, Board of Managers

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

Sandra D. Garcia, Recording Secretary