



**BEXAR COUNTY HOSPITAL DISTRICT  
BOARD OF MANAGERS**

Tuesday, January 27, 2026  
6:00 pm  
Cypress Room, University Hospital  
4502 Medical Drive  
San Antonio, Texas 78229

**MINUTES**

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**BOARD MEMBERS PRESENT:**

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

**OTHERS PRESENT:**

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

**CALL TO ORDER:**

Mr. Hasslocher called the Board meeting to order at 6:05 pm.

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

Invocation – Amira Zakaria, University Health Employee — *Jimmy Hasslocher, Chair*

Mr. Hasslocher led the pledge of allegiance.

**PUBLIC COMMENT: NONE**

**Approval of Minutes of Previous Meeting:** None at this Time

**Report from UT Health San Antonio** — Francisco G. Cigarroa, M.D., EVP/Health Affairs and Health System.

**SUMMARY:** Dr. Cigarroa provided comment on Harvey Najim presented a scholarship opportunities to help support Nurses that want to become Pediatric Nurse Practitioners, and those students that want to become come into the Pediatrics Specialty field. While the amount has yet to be disclosed, these scholarships will benefit for the next 10 years and may support approximately up to 5 individuals during the existence of the scholarships This will benefit UH and UT respectively. Dean Hromas provided an update of his third grandson who was born at UH approximately 2 ½ months ago and due to his illness required ECHMO treatments to help oxygenate his body. Dr. Aaron Abarbanel and Dr. John Calhoun operated on his grandson. Dr. Hromas was appreciative of the collaboration between University Health and the UT Health doctors in the care of his grandson.

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

**SUMMARY:** The recipients of this year’s quarterly recipients will be our special honored guests at the Annual Employee Recognition Awards Ceremony on Thursday, February 12, 2026. Employees of the Quarter receive a plaque, embossed pen and an opportunity to select one of numerous awards valued at \$100.

Professional: Angie Machado, Staff Nurse III, Recovery Room  
(Nursing)

Professional: Brian Bui, Clinical Pharmacist I, Inpatient Pharmacy

Management: Paul Lozano, Manager, Revenue Integrity, Billing/Charge Capture

Technical: Sean Milton, Medical-Surgical Technician, Patient Safety Assistants

Clerical: Jessica Aguilar, Service Coordinator, Population Health Management

Service: Micah Hoevelman, Police Sergeant, Protective Services

Volunteer: Michelle Dunn, Volunteer, Volunteer Services

Provider: Nicole Vargas, UMA Staff Physician, University Medical Associates, Inwood Clinic

Team: Pharmacy Post Exposure Prophylaxis Team, Amber Welborn and Emily Kirkpatrick

**NEW BUSINESS:**

**CONSENT AGENDA** — *Jimmy Hasslocher, Chair*

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

- B. 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***
- C. 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***
- D. Consideration and Appropriate Action Regarding Telemedicine Privileges — *Bryan Alsip, M.D.***
- E. Consideration and Appropriate Action Regarding a Resolution Supporting the Re-Verification of University Hospital as a Level IV Neonatal Intensive Care Program — *Irene Sandate***
- F. Consideration and Appropriate Action Regarding an Amendment to the Professional Services Agreement with Mission Emergency Services, PA for Emergency Medicine Services to include University Health Babcock Specialty Hospital — *Ted Day/Edward Banos***
- G. Consideration and Appropriate Action Regarding an Amendment to the Master Provider Agreement between University Medicine Associates and UT Health San Antonio for Cardiology Services — *Edward Banos/Monika Kapur, M.D.***
- H. Consideration and Appropriate Action Regarding an Amendment to the Professional Services Agreement between University Medicine Associates and UT Health San Antonio for Nephrology Services — *Monika Kapur, M.D./Edward Banos***
- I. Consideration and Appropriate Action Regarding an Agreement for Renovations to the Dialysis Treatment Areas at Texas Diabetes Institute — *Brian Freeman***
- J. Consideration and Appropriate Action Regarding the Ratification of the Establishment of Community First Third-Party Administrator (TPA) Services, Inc. — *Theresa Scepanski***
- K. Consideration and Appropriate Action Regarding the 4<sup>th</sup> Quarter Investment Report — *Reed Hurley***
- L. Consideration and Appropriate Action Regarding Purchasing Activities (See Attachment A) — *Reed Hurley/Travis Smith***

**SUMMARY:** University Health’s Purchasing Consent package consists of new contracts or modifications to existing contracts that require Board of Managers approval. The items are generally supply and third-party service contracts that support routine, day-to-day business operations. The Consent Agenda is typically approved through one motion and vote; however, the Board may select or pull individual items for separate discussion and action. The package is organized into two sections. “Attachment A” provides the list of each item under consideration by the Board. The subsequent numbered pages correspond to the reference numbers shown in Attachment A and provide supporting detail for each proposed contract included in the Purchasing Consent agenda.

University Health’s Purchasing Consent attachment for January 2026 includes 18 proposed contracts requiring Board of Managers action. The total approval amount requested for these 18 contracts is \$24,071,085. All other Board of Managers agenda items and contracts will be addressed and approved separately by the Board.

**RECOMMENDATION:** Staff recommends Board of Manager’s approval of:

- 1) Purchasing Consent Agenda Items; and,
- 2) Purchasing Consent Attachment “A” in the amount of \$24,071,085

**COMMENTS /DISCUSSIONS:** None

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

**EVALUATION:** None

**FOLLOW UP:** None

**Action Items:**

**A. Consideration and Appropriate Action Regarding Selected Purchasing Items:**

- a. *UT Health San Antonio at the University Health Palo Alto Hospital*
- b. *OBHG Texas Holdings, P.A. at the University Health Retama Hospital*

— Ted Day/Edward Banos

**SUMMARY:** University Health is expanding access through two community hospitals—University Health Retama Hospital and University Health Palo Alto Hospital—opening in 2027, which will offer maternity services closer to home while tertiary, higher-acuity care remains at University Hospital. Each new campus will include an obstetric department with six labor-delivery-recovery-post-partum rooms and will assess and treat most routine and lower-risk obstetric conditions. Patients may deliver with their own OB/GYN in many cases; when unavailable, an OB hospitalist contracted with University Health will provide delivery coverage, consistent with current community standards for 24/7 on-site obstetrical physician coverage.

To secure OB/GYN medical services for these hospitals, University Health issued RFP-225-0-024-SVC on March 21, 2025, evaluating proposals on seven criteria: quality/patient satisfaction/operational excellence, patient satisfaction, recruitment and staffing plan, financial, collaboration, scalability, and references. Three vendors responded (Angel Staffing, OBHG, UT Health-San Antonio); one was disqualified for lacking relevant experience. Following independent scoring and clarification presentations, staff selected two organizations—one per hospital.

UT Health San Antonio was recommended for Palo Alto Hospital, citing established collaboration with University Health (including Women’s and Children’s Hospital and UMA practices). The proposed three-year cost is \$4,078,098, inclusive of labor, malpractice, overhead, recruiting/moving, and start-up expenses; UT Health retains professional collections.

OBHG was recommended for Retama Hospital, citing extensive community-hospital experience. The proposed three-year cost is \$7,180,020, including labor/premium labor, overhead, malpractice, recruitment, site director stipend, incentives, taxes, and program fees; OBHG also retains collections, expected to be lower because it will not provide prenatal care to avoid competing with private OB/GYNs. Staff attributed cost differences to ramp-up assumptions (slower at Retama) versus anticipated volume shift to Palo Alto.

Both organizations commit to contracting with Texas-based managed care plans and aligning with University Health’s mission. Staff recommended Board approval of three-year agreements with both organizations.

**RECOMMENDATION:** Staff recommends the Board of Managers authorize the President/CEO to execute OB hospitalist agreements with (a) UT Health San Antonio for University Health Palo Alto Hospital in the amount of \$4,078,098 over three years and (b) OBHG Texas Holdings for University Health Retama Hospital in the amount of \$7,180,020 over three years.

**COMMENTS /DISCUSSIONS:** None  
**ACTION:** A **MOTION** to **APPROVE** staff's recommendation was made by Dr. Kelley, **SECONDED** by Dr. Cohen, and **PASSED UNANIMOUSLY**.  
**EVALUATION:** None  
**FOLLOW UP:** None

**Consideration and Appropriate Action Regarding Renewal of a Memorandum of Understanding with the Southwest Texas Regional Advisory Council and Local Health Systems for Support of the Southwest Texas Crisis Collaborative — *Abby O. Lozano, M.D.***

**SUMMARY:** The Southwest Texas Regional Advisory Council (STRAC), designated by the Texas Department of State Health Services, coordinates the regional trauma and emergency healthcare system for 22 counties (Trauma Service Area-P). In 2017, community behavioral health stakeholders and health systems formed the Southwest Texas Crisis Collaborative (STCC), a STRAC division, to address limited behavioral health access and emergency department boarding of patients in mental health crisis.

STCC programs are funded annually through a multi-party Memorandum of Understanding (MOU) supported by University Health, Methodist Healthcare, Baptist Health System, Methodist Healthcare Ministries of South Texas, Bexar County, and the City of San Antonio, with 2026 funding allocated based on net revenue market share. The 2026 MOU term is January 1–December 31, 2026. University Health's financial outlay is \$2,827,760, an increase of \$448,589 from 2025, and is included in the 2026 budget.

Key funded programs include: MEDCOM/Law Enforcement Navigation (LE NAV) with embedded CHCS Navigators to route medically stable, law enforcement–detained patients to behavioral health facilities and reduce ED boarding; Adult Psychiatric Emergency Services (PES) to stabilize patients in crisis within 48 hours and decompress EDs (all 14 PES beds at Methodist Transplant and Specialty Hospital) with CHCS liaisons supporting transitions and inpatient transfers; and the Program for Intensive Care Coordination (PICC), a multidisciplinary mobile team for high-utilization patients (including those detained >6 times/year), providing real-time hospital response, case management, and supports addressing social determinants of health. In 2025, LE NAV navigated 11,839 individuals (avg 32/day), including 1,178 children; University Hospital received 1,470 adults (12%, down from 15% in 2024), and <0.3% of potential navigation requests resulted in transport to jail. PES recorded 2,457 adult visits, including 409 (17%) transfers from University Hospital. PICC served 122 unduplicated patients with 11,393 contacts. The MOU also funds Meadows Mental Health Policy Institute strategic policy consultation and Capital Healthcare Planning analytics; a 2023 CHP LE NAV study cited ~100,000 MEDCOM calls, ~95% navigated to behavioral health facilities, and estimated \$8.6M annual cost savings.

University Health's 2026 funding includes \$2,383,759 for STCC programs, \$300,000 for enhanced MEDCOM behavioral health navigation, \$47,336 for MEDCOM navigation of SAMM Behavioral Health Transitions referrals, and \$96,665 to continue a CHCS Liaison supporting co-located UT Health Transitional Care and New Opportunities for Wellness clinics.

**RECOMMENDATION:** Staff recommends the Board of Managers approve a renewal of the Memorandum of Understanding with the Southwest Texas Regional Advisory Council in support of the Southwest Texas Crisis Collaborative, for an amount not to exceed \$2,827,760 for the period January 1, 2026 through December 31, 2026.

**COMMENTS /DISCUSSIONS:** None  
**ACTION:** A **MOTION** to **APPROVE** staff's recommendation was made by Ms. Jasso, **SECONDED** by Ms. Watts Davis, and **PASSED UNANIMOUSLY**.

**EVALUATION:** None  
**FOLLOW UP:** None

**Consideration and Appropriate Action Regarding the Behavioral Health Funding Agreement with the Southwest Texas Regional Advisory Council (“STRAC”) for San Antonio Metropolitan Ministries Behavioral Health Transitions Program — Abby O. Lozano, M.D**

**SUMMARY:** STRAC develops, implements, and maintains the regional trauma and emergency healthcare system for 22 counties in Trauma Service Area-P. To address behavioral health patients boarding in hospital emergency departments while awaiting inpatient psychiatric beds and to create alternatives to ED and inpatient settings, STRAC’s cross-sector stakeholder division, the Southwest Texas Crisis Collaborative (STCC), was formed in 2017 as an innovative public/private payer coalition that includes Bexar County health systems (including University Health), behavioral health providers, Bexar County, the City of San Antonio, the Local Mental Health Authority, philanthropic agencies, and other partners.

STCC coordinates funding for programs aimed at reducing hospital utilization when appropriate and addressing social determinants of health. The San Antonio Metropolitan Ministries Behavioral Health (SAMM BH) Transitions Program began receiving STCC funding in June 2025 (including University Health support). It launched with a 14-bed pilot in June 2025 and expanded to 55 beds effective December 1, 2025 due to successful performance with patients referred from inpatient psychiatric units. University Health’s contribution is \$310,664 annually, pro-rated from the June 2025 go-live, and the current contract ends January 31, 2026.

SAMM provides low-barrier shelter and on-site supports, including trauma-informed behavioral health treatment, primary care, and case management, and developed a step-down service for patients discharged from EDs and inpatient psychiatric/medical units who have ongoing behavioral health needs and lack stable housing. From June–December 2025, the program served 124 referred patients (118 unduplicated). Of served patients, 63% (79) were ages 18–55, 66% (82) were male, and the average length of stay was 55 days. 79% (99) accessed a mental health provider; 57% (71) also received primary care. The program recorded 1,176 case-management/goal-setting/housing action plan contacts. At admission, 49% (58) experienced chronic homelessness, 56% (66) had substance use issues, 25% (29) had a physical disability, and 8% (10) were veterans.

A proposed agreement with STRAC would continue SAMM BH Transitions for an 11-month term (Feb. 1–Dec. 31, 2026) with a maximum University Health outlay of \$273,834, included in the 2026 budget, with additional support from other STCC partners.

**RECOMMENDATION:** Staff recommends the Board of Managers authorize the President/CEO to execute an eleven-month agreement with the Southwest Texas Regional Advisory Council to support SAMM Behavioral Health Transitions Program, in an amount not to exceed \$273,834 for the term of the contract beginning February 1, 2026 through December 31, 2026.

**COMMENTS /DISCUSSIONS:** None

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

**EVALUATION:** None  
**FOLLOW UP:** None

**Consideration and Appropriate Action Regarding an Agreement with Xanitos, Inc. for Environmental Services Management — Bill Phillips**

**SUMMARY:** In January 2021, University Health implemented an Environmental Services (EVS) management services contract with HHS Environmental Services due to sustained staff turnover and the need for ongoing EVS education and competency maintenance. The contract provides operational leadership and oversight for EVS across approximately 2.8 million square feet of clinical and administrative space, including University Hospital, Women’s and Children’s Hospital, Robert B. Green Campus, Texas Diabetes Institute, and three dialysis centers, with emphasis on areas requiring high-volume, specialized cleaning. Under the model, all hourly EVS staff remain University Health employees with no reduction in force, while contracted management provides leadership oversight, operational expertise, and performance management to support systemwide standardization and alignment with patient experience and infection prevention goals. Ongoing volume growth and expansion of the clinical footprint were cited as drivers for reassessing the EVS service delivery model.

As the contract approached term end, University Health issued RFP 225-04-030-SVC to evaluate options for continued EVS management services. An interdisciplinary evaluation committee, including hospital nursing and operational leaders, reviewed submissions using a standardized scoring methodology (maximum 100 points) assessing vendor experience/qualifications; capability in comparable healthcare settings; staffing approach using existing hourly labor; ability to deliver efficient, cost-effective management aligned with University Health standards; pricing; and scope questionnaire responses.

On August 18, 2025, Procurement received six responsive proposals (ABM, Xanitos, HHS Healthcare, Aramark, Osteguin Logistics, Vanguard Resources), followed by vendor presentations on October 13, 2025. Xanitos, Inc. was identified as the best overall proposer, achieving the highest evaluation score and submitting the lowest-cost proposal. Xanitos was described as healthcare-exclusive, with experience in large acute-care environments and Texas market presence (including Memorial Hermann Health System and four Community Health Systems hospitals). Xanitos proposed a 60–90 day transition plan, deploying approximately double staffing levels during transition, implementing standardized processes, and completing training and competency validation. Xanitos will provide approximately 46 proprietary Xanitos XRO™ cleaning carts at no cost, incorporating ULPA vacuum technology and microdenier tools to support standardized workflows and reduced cross-contamination risk. Xanitos reported outcome data from comparable hospitals showing an average 15% annual reduction in *C. difficile* infections and sustained improvements in Standardized Infection Ratios (SIRs) over five years, with expected benefits to infection prevention performance and perception-of-cleanliness metrics.

**RECOMMENDATION:** Staff recommends Board of Manager’s approve an environmental management contract for three years not to exceed **\$4,824,088** with Xanitos, Inc. with the option for two one-year renewals.

**COMMENTS /DISCUSSIONS:** None

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

**EVALUATION:** None

**FOLLOW UP:** None

**Consideration and Appropriate Action Regarding Improvements to the Sky Tower Operating Rooms HVAC Systems — Brian Freeman**

**SUMMARY:** Sky Tower opened in 2014 with 24 operating rooms. University Health is now utilizing 33 operating rooms and performing roughly 26,000 procedures per month. Over the past 11 years, growth in surgeries, equipment, and personnel has strained mechanical systems needed to maintain required operating room temperature and humidity.

Maintaining these environmental parameters is a critical regulatory requirement under the Texas Administrative Code and is reinforced by Joint Commission standards, emphasizing controls that support patient safety, infection prevention, and equipment performance.

To meet these requirements, University Health is pursuing an HVAC upgrade affecting approximately 17 operating rooms, executed in four phases to minimize disruption while maintaining compliance throughout. Upon completion, the upgraded system is intended to reliably maintain 55% relative humidity at 65°F. The project includes installation of three cooling coils with ultraviolet (UV) lighting to prevent microbial growth and support consistent temperature and humidity control. Due to extended equipment lead times, a purchase order was issued to Texas Air Systems in December 2025 through the BuyBoard purchasing cooperative to secure long-lead components and mitigate potential price escalation. Texas Air Systems will complete installation through the TIPS/TAPS cooperative, leveraging favorable pricing and pre-negotiated terms to streamline procurement and reduce administrative burden.

Staff stated the project will enhance reliability of surgical environments, reduce operating room downtime risk, and support patient safety, operational continuity, and regulatory readiness, while cooperative purchasing demonstrates financial stewardship and reduces supply chain risk.

**RECOMMENDATION:** Staff recommends the Board of Managers approve the selection of Texas Air Systems and various vendors for the equipment and installation for the HVAC upgrades in Sky Tower for the proposed amount of \$3,241,798.

**COMMENTS /DISCUSSIONS:** None

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

**EVALUATION:** None

**FOLLOW UP:** None

### **Consideration and Appropriate Action Regarding the Construction and Renovation for Machine Room 1 HVAC Upgrades in the Rio Tower — *Brian Freeman***

**SUMMARY:** The electrical switchgear in Rio Tower Machine Room 1 is exposed to excessive heat (especially in summer) and recurring water intrusion from exterior sources and condensation from overhead systems. In 2019, the switchgear required full replacement due to water-related damage, demonstrating the severity and ongoing nature of the issue.

To prevent future failures and protect this critical electrical infrastructure, staff proposed corrective construction measures, including civil work around the exterior and construction of an enclosure around the existing switchgear. The scope includes improvements to surface drainage, installation of underground drainage, and tying the new drainage into the existing storm drainage network. Updated assessments determined that the project requires a dedicated wall enclosure to reduce heat and environmental exposure. The enclosure will be designed and constructed in compliance with applicable electrical, building, and fire codes, while maintaining required working clearances and access for maintenance and operations. A dedicated air conditioning system will also be installed to maintain recommended operating temperatures and ensure stable environmental conditions. All work will be performed safely and in compliance with relevant codes and standards.

Funding was originally approved in the 2024 Capital Budget, but costs are now higher than initially estimated. A multidisciplinary group evaluated vendors using published qualification criteria (including healthcare construction

experience, safety records, pricing, and timeline) and selected The Robins & Morton Group as the most responsible vendor due to relevant experience and an aggressive timeline. The proposed total cost is \$942,012. The project will be funded using previously approved routine capital funds of \$364,500 plus recommended additional operating funds of \$577,512, totaling approximately \$942,012 for the full project.

**RECOMMENDATION:** Staff recommends the Board of Managers the selection of The Robins & Morton Group for the Machine Room 1 HVAC Upgrades for the proposed amount of \$942,012.

**COMMENTS /DISCUSSIONS:** None

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

**EVALUATION:** None

**FOLLOW UP:** None

**Consideration and Appropriate Action Regarding Renovation and Equipment Purchase for Expansion of Anatomic Pathology and Histology on the Second Floor of the Rio Tower — *Brian Freeman***

**SUMMARY:** Since 2020, University Health has experienced significant growth in ambulatory and hospital-based services, increasing demand for laboratory testing and timely pathology results and straining existing lab capacity. In response, a multi-phased laboratory expansion plan was developed to add space on the 2nd and 3rd floors of both the Horizon Tower and the Rio Tower. The plan leverages vacated Rio Tower 3rd-floor cafeteria/dining space (adjacent to Pathology) and additional 2nd-floor space to expand the laboratory footprint by 50,000 square feet to support added staffing, clinicians, instrumentation, and supplies. In September 2024, the Board approved an agreement with HDR, Inc. for design services.

Phase 1 (of five) focuses on the 2nd floor of Rio Tower, relocating anatomic pathology and histology closer to the Sky Tower operating rooms and Women and Children's Hospital to improve efficiency. The 10,445-square-foot area currently used for temporary office/storage (neurodiagnostic center, radiology, transplant) will undergo full demolition and reconditioning, including life safety/fire protection and mechanical, electrical, and plumbing upgrades. The need for expansion was tied to rising volumes, expanded ambulatory services, the Women and Children's Hospital 299-bed increase, and future community hospital beds; specialized testing from the two new community hospitals will be redirected to University Hospital for standardization and financial efficiency.

University Health issued RFCSP-225-08-045-CNST on October 6, 2025, received eight responses, shortlisted three for interviews, and selected Joeris General Contractors, LLC.. Total construction cost is \$6,999,050, with equipment and furniture purchased separately. Construction and equipment installation are expected to take approximately 12 months.

**RECOMMENDATION:** Staff recommends the Board of Managers approve a construction agreement with Joeris General Contractors, LLC and project funding in an amount of \$10,534,831 for phase one of the lab expansion for the 2<sup>nd</sup> Floor Rio Pathology Department.

**COMMENTS /DISCUSSIONS:** None

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

**EVALUATION:** None

**FOLLOW UP:** None

**Finance Agenda – Jimmy Hasslocher, Chair**

**Consideration and Appropriate Action Regarding the Financial Report for December 2025 — Reed Hurley**

**SUMMARY:** The December 2025 financials showed University Health’s consolidated bottom line for the month to reflect a gain of \$43.1 million, \$41.6 million better than the budgeted gain of \$1.5 million. This gain to budget is primarily due to patient activity driving positive net patient revenue of \$50.2 million and CFHP Premium Revenue of \$24.3 million.

In December, clinical activity (as measured by inpatient days) was up by 2.0% and inpatient discharges were higher than budget by 12.1%. Volumes exceeded prior year’s performance across most key service delivery areas.

Community First experienced a bottom-line gain of \$7.6 million, which was \$8.1 million better than the budgeted loss of \$485 thousand. Community First membership is up 2.6% compared to Budget driving up revenues as well as Medicaid Medical Claims Expense compared to budget.

**Year to Date Operating Revenue:**

- Net patient revenue is over budget by \$246.58 million driven by high patient volumes, acuity of inpatient services, and the continued growth of retail pharmacy volumes.
- Supplemental revenue is under budget \$10.8 million due to a change in estimated NAIP program revenue and DSH/UC final funding.
- Community First premium revenue exceeds budget by \$129.5 million due to a 3.9% increase in insured membership compared to budget.

**Year to Date Operating Expense:**

- Employee Compensation is over budget by \$95.9 million due to increased patient volumes requiring additional bedside staff and an increase in related health insurance expenses.
- Purchased Services are under budget by \$1.9 million primarily related to timing of projects and professional services.
- Supplies are under budget by \$3.6 million primarily due to implementation of supply savings initiatives reducing the cost per patient in procedural areas.
- Community First claims expense is over budget by \$129.8 million due to higher-than-expected enrollment.

**Year to Date Non-Operating Expense:**

- Investment income of \$81.8 million was higher than budget by \$26.3 million.
- A net unrealized gain of \$23.3 million has been recorded.

**Consolidated Balance Sheet Report:**

- Days Revenue in Patient Accounts Receivable: 35.3 days on a budget of 38.0 days.
- The Community Hospitals project has a total expected budget of \$1.58 billion; of which \$1.4 billion in contracts have been approved by the Board of Managers. Total payments of \$803 million have been paid to date leaving \$613 million encumbered.  
Of the Community Hospital’s \$1.58 billion budget, \$1.4 billion in cash and bond proceeds have been committed for the project and additional cash reserves will be allocated over the next two years to fully fund the project.

- At the June 2025 Board meeting, \$91 million was encumbered for the pending acquisition of the former Christus Medical Center hospital campus. This transaction closed in December 2025 and \$71 million was expended.
- Unencumbered funds reserved for future capital needs has a balance of \$23.4 million.
- University Health's Net Asset Value has increased \$362 million year to date on a Generally Accepted Accounting Principles (GAAP) basis including debt service tax revenue and interest expense on bonds.

**RECOMMENDATION:** Staff recommends approval of the December 2025 Financial Report subject to audit.

**COMMENTS /DISCUSSIONS:** Mr. Hasslocher commented on another great month and thanked Reed Hurley and staff for their hard work.

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

**EVALUATION:** None.

**FOLLOW UP:** None

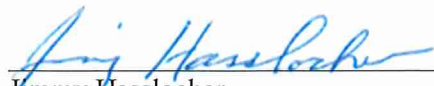
**Presentations and Education:** None at this time


**Information Only Items:**

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

**Adjournment:** — *Jimmy Hasslocher, Chair*

There being no further business Mr. Hasslocher adjourned the public meeting at 7:42pm.

  
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Jimmy Hasslocher  
Chair, Board of Managers

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

  
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Janie M. Guevara, Recording Secretary

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

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

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