



**BEXAR COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS**

Tuesday, July 27, 2021
6:00 p.m.
Cypress Room, University Hospital
4502 Medical Drive
San Antonio, Texas 78229

MINUTES

BOARD MEMBERS PRESENT:

James R. Adams, Chair
Ira Smith, Vice Chair
Margaret Kelley, M.D., Secretary
Anita L. Fernandez
Jimmy Hasslocher

BOARD MEMBERS ABSENT:

Roberto L. Jimenez, M.D., Immediate Past Chair
L.P. Buddy Morris

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
Edward Banos, Executive Vice President/Chief Operating Officer, University Health
Andrea Casas, Vice President/ Chief Human Resources Officer, University Health
Ted Day, Executive Vice President, Strategic Planning/Business Development, University Health
William Henrich, MD, President, UT Health San Antonio
Reed Hurley, Executive Vice President/Chief Financial Officer, University Health
Leni Kirkman, Executive Vice President/Chief Marketing, Communication, and Corporate Affairs
Officer, University Health
Charles Reed, Assistant Chief Nursing Officer, Clinical Excellence & Ancillary Services, University
Health
Serina Rivela, Vice President/General Counsel, Legal Services, University Health
Anna G. Taranova, MD, Deputy Chief Analytics Officer/Innovation and Discovery, University Health
And other attendees.

CALL TO ORDER:

Mr. Adams called the meeting to order at 6:03 pm.

INVOCATION AND PLEDGE OF ALLEGIANCE:

Mr. Adams introduced Ms. Julie Rowe, Chaplain, University Health, for the invocation, and he led the Pledge of Allegiance.

PUBLIC COMMENT: None.

SPECIAL RECOGNITION: QUARTERLY EMPLOYEE RECOGNITION AWARDS (GEORGE B. HERNÁNDEZ, JR./BOARD MEMBERS)

The Board of Managers recognized the following employees:

Professional: (Nursing)	Algernon De Jesus Staff Nurse, Inpatient Renal Dialysis
Professional: (Non-Nursing)	Victoria Conlu Epic Team, Epic Operations
Management:	Aurora Manlapaz Patient Care Coordinator, Inpatient Renal Dialysis
Technical:	Mary Hathaway LVN Specialist, Detention Health Care Services
Clerical	Belinda Hilario Patient Access Leader, Admissions
Service:	Mariana Baldazo Team Leader, Environmental Services
Volunteer:	Oswaldo Dilan Volunteer, Volunteer Services
Provider:	Brett Steelman, Physician Assistant Family Health Center - Southeast
Team:	The NICU Interdisciplinary Specialty Team Revi Hawley, Bethany Bradshaw, Samantha Sloan Kristin Navarro, Jennifer Goldberg

All of this year's quarterly recipients will be special honored guests at the Annual Employee Recognition Awards Ceremony. Employees of the Quarter receive a plaque, embossed pen and an opportunity to select one of numerous awards valued at \$100 on the Employee Recognition website.

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

SUMMARY: Dr. Henrich reported that Dr. Hromas has fully recovered after a brief contagious illness during which he isolated for one week. Mr. Richard Nuttal has been selected to serve as Vice Dean for Finance, he will monitor physician practice revenue and expenses. Dr. Deborah Conway of the Ob/Gyn Department has been selected to serve as Vice Dean for

Undergraduate Medical Education. In this role, she is responsible for 220 new medical students, which was the largest applicant pool reflective of most competitive classes this year. Mobile vaccine efforts continue by the School of Nursing in partnership with the Metropolitan Health District, for those with access issues. Unfortunately, they are averaging only 10 to 15 vaccines per day.

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

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

SUMMARY: Pursuant to Article III, Section 3.3-1 of the Medical-Dental Staff Bylaws, initial appointments and reappointments to the staff shall be made by the Board of Managers. The Board of Managers shall act on initial appointments, reappointments, or revocation of appointments only after there has been a recommendation from the Executive Committee. The Credentials Committee met on June 28, 2021, and reviewed the credential files of the individuals listed on the Credentials Report and the Professional Performance Evaluation Report provided to the Board. The Executive Committee of the Medical-Dental Staff met on July 3, 2021, and approved the credential files and professional performance evaluations reports. The Executive Committee, in turn, recommends approval of clinical privileges for the list of the providers presented to the Board of Managers.

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

SUMMARY: As part of continuous quality improvement, and in alignment with The Joint Commission standards, University Health's Professional Staff Services Office monitors the clinical privileges of all privileged providers through the Professional Practice Evaluation process. Professional Practice Evaluation is a process whereby Medical-Dental staff member(s) are evaluated in regards to his/her competency and professional performance. New privileges, results of Peer Review, and assessment of Supervision are all examples of Professional Practice Evaluation. Also in alignment with The Joint Commission standards, the Professional Staff Services Office maintains Delineation of Privileges (DOP) for the Medical-Dental Staff. The Delineation of

Privileges is a process in which the organized Medical-Dental staff evaluates and recommends an individual practitioner be allowed to provide specific patient care services with well-defined training criteria. The Credentials Committee met on June 28, 2021, and reviewed proposed revisions to Delineation of Privilege and the Professional Performance Evaluation Report and forms. In its meeting of July 3, 2021, the Executive Committee of the Medical-Dental Staff approved the following, and recommends approval by the Board of Managers:

1. Focused/Ongoing Professional Performance Evaluation Report
2. Delineation of Privileges
 - A. University Health
 - i. Orthopaedics/Surgical First Assist (New)
 - ii. Radiology
 - B. Ambulatory Surgery Center – Medical Center
 - i. Orthopaedics/Surgical First Assists (New)
 - ii. Radiology (Revised)
 - C. Ambulatory Surgery Center – Robert B. Green
 - i. Radiology

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH OMNICELL FOR PHARMACY AUTOMATED CABINETS — ELLIOTT MANDELL

SUMMARY:

University Health currently has automated dispensing cabinets in multiple locations throughout University Hospital and ambulatory environments. Procedural areas such as the operating rooms, catheterization labs, interventional radiology and gastroenterology suites use smaller desk top models, while the main patient care areas at University Hospital and the Advanced Diagnostic Center all have large units with multiple auxiliary towers which include refrigeration. There are currently a total of 133 main units and 64 desk top models across University Health under a five-year lease with BD-Carefusion® for Pyxis equipment. This lease expires January 1, 2022. Since this equipment interfaces with several departments, a multidisciplinary team of Nursing, Pharmacy, Physicians, IT, Finance, Procurement, Biomedical Engineering and Administration analyzed two manufacturer's cabinets and it was determined that the Omnicell® product has operating features that will enhance clinical practice and safety within University Health. The terms associated with acquisition of this equipment were analyzed to identify the best value for University Health. Staff recommends to purchase the fleet of pharmacy cabinets and enter into a ten-year agreement with Omnicell for \$18,750,232. The total contract amount includes \$9,858,058 of capital to be funded from the Board Designated account. The remaining \$8,892,174 will be operational expense over the next ten years to support ongoing maintenance, support, and optimization of the pharmacy cabinets. As compared to the current \$2.5 million annual pharmacy cabinet expense, the proposed agreement will save University Health approximately \$625,000 annually. Omnicell is committed to workforce diversity and supporting continued efforts to expand diversity among its Board and team members through a Diversity Governance body and an appointed executive head of Diversity & Inclusion. Staff recommends the Board

of Managers authorize the President/Chief Executive Officer to enter into an agreement with Omincell for the purchase of Automated Dispensing Cabinets for an amount not to exceed \$18,750,232 with \$9,858,058 funded from the Board Designated Capital account and the remaining expense supported by ongoing operations.

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE 2ND QUARTER INVESTMENT REPORT — ROE GARRETT/REED HURLEY

SUMMARY:

Investment Portfolio Summaries for University Health and Community First Health Plan, Inc., for the second quarter of 2021 were presented to the Board of Managers. In total, the value of all invested funds as of June 30, 2021 was \$1,542,104,280 consisting of University Health, Project, Certificate and Community First Funds. The reports include all information required by the Texas Public Funds Investment Act. University Health and Community First portfolio reports were provided separately. The portfolios earned \$1,388,097 in interest income in the second quarter, a 66 percent decline from \$4,122,229 in the same period one year ago, reflecting the decline in market rates over the past year. The portfolio's unrealized gain stood at \$2,325,031. As of June 30, 2021, the University Health portfolio for operations (excluding Community First and debt-related funds) was valued at \$974,619,985. The portfolio, consisting of the Operating, Contingency, Capital, and Tax Funds had a weighted average yield-to-maturity of 0.49 percent and a weighted average maturity of 361 days. The portfolio's yield is well ahead of the 6-month Constant Maturity Treasury (CMT) benchmark, which yielded 0.05 percent, and the one-year CMT benchmark's 0.10 percent yield. With interest rates pegged just above zero, this portfolio's yield should continue to exceed like maturity benchmarks in the coming months. This information was provided for the Board's approval.

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

SUMMARY:

A total of 14 contract with a value of \$41,905,354 are being presented to the Board of Managers during the month of July. The following contracts require approval by the BCHD Board of Managers: Seven (7) consent contracts with a total value of \$6,650,122; and seven (7) presented contracts with a total value of \$35,250,232. During the month of July 2021, there were four contracts classified as Small, Minority, Woman, or Veteran-Owned Business Enterprises (SMWVBE). The July 2021 SMWVBE Status Report reflects items being submitted for Board approval.

**CONSENT AGENDA
RECOMMENDATION:**

Staff recommends approval of the items on the consent agenda, as submitted.

**CONSENT AGENDA
ACTION:**

MOTION to APPROVE staff's recommendation was made by Mr. Hasslocher, **SECONDED** by Ms. Fernandez, and **PASSED UNANIMOUSLY**.

CONSENT AGENDA

EVALUATION: None.

CONSENT AGENDA

FOLLOW-UP: None.

ACTION ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING A JOINT VENTURE WITH POST ACUTE MEDICAL, INC., AND AUTHORIZATION OF ALL OTHER RELATED ACTIONS IN SUPPORT THEREOF — TED DAY/ ED BANOS

SUMMARY:

An increasingly important segment of the post-acute continuum of care are those services some patients need upon discharge from the acute environment. One key area of post-acute is skilled nursing facility care. The Health System has developed and benefitted from a strong, collaborative partnership with Touchstone Communities for collaborative management of skilled nursing facilities for a number of years with University Health owning the licenses of four of those facilities through the Skilled Nursing Facility Quality Improvement Program (SNF QIPP). Another key area of post-acute care is inpatient rehabilitation services. University Health has run its own unit for these services for many years. An opportunity has arisen to partner with an organization that has expertise in providing that care in a way that both extends options for our patients and enables University Health to open up more inpatient medical or surgical beds to address that increasing demand. Post-Acute Medical (PAM) also known as PAM Health, operates a large number of health care facilities across the country and operates five locally in San Antonio, including three inpatient rehabilitation hospitals and two long-term acute care hospitals. The three rehabilitation hospitals that they operate are branded as Warm Springs Rehabilitation, which have strong volume and a strong market recognition and appreciation of that brand. PAM nationally has a strong record of successful joint-venture partnerships with two operating currently in Texas (with Ascension Seton Health in Kyle and in Round Rock), three in other parts of the country (including one with an academic medical center at the University of Kansas and another in Delaware with three hospitals involved), with others under development. Staff engaged VMG Health, a reputable valuation firm from Dallas to assess the value of the current University Health and the value of the current Post Acute Medical inpatient rehabilitation operations. Both organizations felt comfortable with the outcome and the suggested figures of this valuation work. Based on the cash flows of both current operations, if combined, University Health would have a 10.6 percent stake in joint venture operations. Both organizations would like to see University Health have a larger stake in the venture though, preferably at a 33.0 percent ownership level. The proposed joint venture would consolidate University Health's 19 inpatient rehabilitation beds into the 139 existing PAM rehabilitation

beds across its three campuses with the result of options for placing patients being discharged from University Hospital and requiring inpatient rehabilitation. Patient and family choice would be preserved in such an arrangement. The venture would also allow for placement of CareLink and unfunded patients in PAM facilities unwritten by University Health when such patients require inpatient rehabilitation. The VMG valuation analysis quantified the proposed cash investment of \$16.77M by University Health into PAM to the desired 33.0 percent level of ownership in the venture. Financial analysis has been completed concerning the impacts of future volumes and revenues for this investment and ownership structure. A worst case scenario of investment with no-reuse of the existing University Hospital inpatient rehabilitation beds for other purposes would likely yield a positive financial result for University Health of just \$15K annually. In contrast, a best case scenario of reuse of those beds for funded inpatient surgical cases would yield a positive result of \$3.3M at the end of each year. The most likely scenario is somewhere in between best and worst cases. The intention of the Health System is to use those beds for medical and/or surgical patients to gain an additional 19 private beds long-term as one means to help address bed shortage.

RECOMMENDATION:

Staff recommends Board of Managers' approval of a joint venture with Post Acute Medical, Inc., and authorization for the President/Chief Executive Officer to execute all other and related actions in support of thereof.

ACTION:

A **MOTION** to **APPROVE** staff's recommendation was made by Mr. Hasslocher, **SECONDED** by Ms. Fernandez, and **PASSED UNANIMOUSLY**.

EVALUATION:

According to Mr. Banos, inpatient rehabilitation is a very competitive market; both the Baptist Health System and the Methodist Health System offer inpatient services. Dr. Henrich pointed out that the Reeves Rehab Inpatient Unit is a major training site for residents of UT Health and raised the following issues – Does the inpatient medical director, Dr. Monica Verduzco-Gutierrez (also Chair of the Department of UT Rehabilitation Medicine) agree with this major change? Is Dean Hromas aware? Does Post-Acute Medical, Inc., have a reputation as sterling as that of the Reeves Rehab Unit? It is important to pay attention to education attributes. Drs. Verduzco-Gutierrez and Hromas are fully aware of the proposed joint venture and Dr. Gutierrez was approached about serving as the program's medical director. The staff at Post-Acute Medical, Inc., would like to continue the teaching mission, and Mr. Hernandez noted that the podiatrists on their staff trained at UT Health and University Health. Dr. Nicolas Walsh, formerly the Chair of Rehabilitation Medicine, has worked with Post-Acute Medical for over 20 years, so they have previously worked with residents. They have been in this business for over 35 years and are a high quality, high performing organization. Mr. Hasslocher commended the staff for thinking outside of the box regarding this critically important service. Mr. Adams appreciates that the joint venture will free up much needed inpatient beds at University Hospital and gets University Health closer to its goal of providing every service needed for its patients.

FOLLOW-UP:

None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING ON-CALL ARCHITECTURAL SERVICES FOR SMALL PROJECTS — DON RYDEN

SUMMARY:

University Health pre-selects Architects and Engineers (A/E's) to be available to act on an On-Call basis for small projects. A Request for Qualifications (RFQ-220-06-032-SVC) was issued on November 8, 2020 with thirteen (13) firms responding to the solicitation and proving statements of qualifications. An evaluation committee was assigned to score the proposals based on criteria included in the RFQ and, based on final scoring, the evaluation committee recommends the following firms for On-Call Architectural Services: H. Munoz and Company, Inc.; Chesney Morales Partners, Inc.; O'Connell Robertson and Associates Inc. dba O'Connell Robertson; and HDR Architecture, Inc. **H. Munoz and Company, Inc.** is the largest minority-owned design firm in Texas, and is recognized as a community-based practice focused on cultural expression. The firm's diverse architectural practice has a proven expertise working on a variety of healthcare projects. This firm is currently engaged in the master planning initiative of the Robert B. Green campus. **Chesney Morales Partners, Inc.** is a local architectural and interior design firm. Founded in 1977, among various sectors of project design services, the firm has developed a significant expertise in a broad spectrum of healthcare design. This includes numerous projects completed for University Health for over 24 years. **O'Connell Robertson** is a full service architectural and engineering firm that specializes in healthcare facility planning and design. With offices in both San Antonio and Austin, their healthcare team offers a single-source solution. This firm has efficiently designed numerous renovation projects for University Health in not only the hospital, but several ambulatory clinics as well. **HDR Architecture, Inc.** is a national architectural firm with a San Antonio office. The HDR team has designed more than 75 million square feet of healthcare design in the last five years. They have a proven track record of delivering planning and design solutions for healthcare facilities in an efficient and sustainable context. This is a request for approval to pre-select these firms in order that staff may contract with any of them on an as-needed basis to provide design services for any small projects during the next three (3) years with the option to renew for two (2) one-year terms. Historically, A/E contracts for small projects have had an annual fiscal impact over the least three (3) years in the range of \$300,000 to \$400,000. Staff estimates that over the next three (3) succeeding years this annual expenditure will be in the range of \$500,000 to \$750,000. Any contract entered into under this pre-selection process will be handled in terms of pre-established approval limits that have been established for executives and the Board of Managers. No funds are being appropriated at this time. All the work will be awarded based on capability of a firm to provide services on a specific project and availability of their staff at the time the services are needed. The workforce composition data for H. Munoz and Company, Chesney Morales Partners, Inc., O'Connell Robertson and Associates, and HDR Architecture, Inc., was provided for the Board's review.

RECOMMENDATION:

Staff recommends the Board of Managers approve this pre-selected listing of A/E firms to serve as an on-call pool from which staff can draw from to perform minor projects without requiring individual RFQ

processes. Furthermore, staff recommends that the President/Chief Executive Officer be authorized to execute a Master Services Agreement with each firm as a basis for engaging the firms on an as needed basis to provide Architectural services for small projects at University Health facilities.

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

EVALUATION: The Director of Projects, Design and Construction is a non-practicing architect and assists the project managers and other staff in scoping projects.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING A PROFESSIONAL MEDICAL SERVICES AGREEMENT WITH UT HEALTH SAN ANTONIO ("SPONSORED CARE PROVIDER AGREEMENT") — ED BANOS

SUMMARY: The purpose of this Agreement is to continue to cover urgent and emergent medical services to unfunded patients and Bexar County inmates who are provided health care within University Health. The anticipated payments to UT Health for the 12-month period beginning September 1, 2021 and ending August 31, 2021 are \$3,400,000 or \$283,333 per month. The most recent annual rate for processed payments made by University Health is \$3,356,000 or \$279,666 per month. The 1.3% increase is based on anticipated additional activity. University Health shall pay UT Health for contracted healthcare services provided to Sponsored Patients at 65% of the current Medicare allowable rate at the time the services were provided. The contract value for the 12-month period from September 1, 2021 through August 31, 2022 is estimated at \$3,400,000. This is a planned expense and funding has been included in the 2021/2022 Operating Budgets. The workforce composition data for UT Health was provided for the Board's review.

RECOMMENDATION: Staff recommends Board of Managers' approval of the Sponsored Care Provider Agreement with UT Health for a 12-month period beginning September 1, 2021 to August 31, 2022 in the amount of \$3,400,000.

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

EVALUATION: To Dr. Kelley's question about how lifelong-care patients are handled under this agreement, Mr. Banos reiterated that these patients initially receive services through the Emergency Department and are followed by University Health or UT Health for the treatment of the current, urgent/emergent condition for which they presented to the Emergency Department, to assure the condition has responded appropriately to treatment. In the event the current condition becomes a life-long ailment, University Health will assist in qualifying the unfunded patient for Medicare, Medicaid or CareLink. Mr. Adams referenced the current incentive process and urged the staff to think about how this arrangement can be made to work better for both organizations, as this particular contract does not fall under the Quality Incentive Agreement between University Health and UT Health.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING A PROFESSIONAL DENTAL SERVICES AGREEMENT WITH UT HEALTH SAN ANTONIO SCHOOL OF DENTISTRY (“SPONSORED CARE PROVIDER AGREEMENT”) — ED BANOS

SUMMARY: The purpose of this Agreement is to continue to cover urgent and emergent medical services to unfunded patients and inmates who are provided health care within the Health System. The anticipated payments to UT Health for the 12-month period beginning September 1, 2021 and ending August 31, 2021 are \$200,000 or \$16,667 per month. The most recent annual rate for processed payments made by University Health is \$188,000 or \$15,667, per month. The 6.4 percent increase is based on anticipated additional activity. University Health shall pay UT Health for contracted healthcare services provided to Sponsored Patients at 100 percent of the current Medicaid allowable rate at the time the services were provided. The contract value for the 12-month period from September 1, 2021 through August 31, 2022 is estimated at \$200,000. This is a planned expense and funding has been included in the 2021/2022 Operating Budgets. The workforce composition data for UT Health was provided for the Board’s review.

RECOMMENDATION: Staff recommends Board of Managers’ approval of the Sponsored Care Provider Agreement with UT Health San Antonio School of Dentistry for a 12- month period beginning September 1, 2021 to August 31, 2022 in the amount of \$200,000.

ACTION: A **MOTION** to **APPROVE** staff’s recommendation was made by Mr. Hassloch, **SECONDED** by Mr. Smith, and **PASSED UNANIMOUSLY**.

EVALUATION: None.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE 2021 BEXAR COUNTY HOSPITAL DISTRICT TAX RATE RECOMMENDATION TO COMMISSIONERS COURT IN SUPPORT OF THE DISTRICT’S OPERATING AND CAPITAL BUDGETS AND DEBT SERVICE OUTLOOK FOR FY 2022 — REED HURLEY/GEORGE B. HERNANDEZ, JR.

SUMMARY: Mr. Hernandez explained University Health’s tax setting and budget planning processes for the benefit of the newer Board members, and he yielded the floor to Mr. Hurley for his annual presentation regarding University Health’s tax rate recommendation for 2022 to Bexar County Commissioner’s Court.

Guiding Principles – Triple Aim Plus Improving Quality Safety and Outcomes

- Improving the Patient Experience
- Improving Efficiencies
- Improving Access

Financial Changes Projected for 2022

- Major reductions in supplemental funding = \$133 million
- Loss of DSRIP funding - \$82 million projected for 2021
- Loss of enhanced FMAP - \$26 million projected for 2021

- Loss of CARES Act Funding - \$25 million projected for 2021
- Many changes to other supplemental funding programs underway, financial impact unknown at this time
- Operational program growth and other improvements projected to be offset by wage inflation

2022 Summary Outlook (UH less Community First)

UHS Less CFHP (Dollars are in Thousands)	2019 Actual	2020 Actual	2021 Budget	2021 YEV	2022 Outlook	Variance 2022 Outlook vs 2021 YEV	% Variance
Total Operating Revenues	\$1,428,472	\$1,600,798	\$1,592,729	\$1,702,092	\$1,636,772	(\$65,320)	(3.8%)
Total Operating Expenses	\$1,267,195	\$1,384,769	\$1,500,413	\$1,500,031	\$1,545,557	(\$45,526)	(3.0%)
Gain (Loss) from Operations	\$161,278	\$216,029	\$92,317	\$202,061	\$91,215	(\$110,846)	(54.9%)
Total Non-operating Revenue/Expense	(\$38,973)	(\$59,142)	(\$83,930)	(\$83,993)	(\$84,913)	(\$920)	(1.1%)
Bottom Line Excluding Debt Service	\$122,305	\$156,887	\$8,387	\$118,068	\$6,302	(\$111,766)	(94.7%)

2022 Outlook (Less Community First)

UH Less CFHP (Dollars are in Thousands)	2020 Actual	2021 Budget	2021 YEV	2022 Outlook	Variance 2022 Outlook vs 2021 YEV	% Variance
Revenues						
Net Patient Service Revenue	\$736,214	\$817,773	\$818,386	\$862,957	\$44,570	5.4%
Property Taxes M & O	\$413,817	\$425,979	\$436,031	\$469,831	\$33,800	7.8%
Disproportionate Share Revenue	\$45,766	\$26,942	\$38,577	\$37,532	(\$1,046)	(2.7%)
DSRIP Revenue	\$98,153	\$68,099	\$82,380	\$0	(\$82,380)	(100.0%)
NAIP Revenue	\$43,853	\$33,107	\$47,318	\$41,640	(\$5,678)	(12.0%)
SNF Revenue*	\$47,874	\$33,909	\$46,409	\$46,409	\$0	0.0%
Uncompensated Care (UC) Revenue	\$108,096	\$86,360	\$109,258	\$78,001	(\$31,257)	(28.6%)
Tobacco Settlement Fund	\$9,037	\$8,756	\$8,883	\$8,883	\$0	0.0%
Other Operating Revenue	\$97,988	\$91,804	\$114,849	\$91,519	(\$23,330)	(20.3%)
Total Operating Revenues	\$1,600,798	\$1,592,729	\$1,702,092	\$1,636,772	(\$65,320)	(3.8%)
Expenses						
Salaries	\$545,008	\$580,942	\$578,167	\$600,512	(\$22,345)	(3.9%)
Benefits	\$109,990	\$128,748	\$127,552	\$132,611	(\$5,058)	(4.0%)
Medical Services	\$195,029	\$222,848	\$217,458	\$222,848	(\$5,390)	(2.5%)
Supplies	\$264,770	\$301,389	\$300,130	\$321,837	(\$21,707)	(7.2%)
Purchased Services	\$269,972	\$266,485	\$276,724	\$267,749	\$8,975	3.2%
Total Operating Expenses	\$1,384,769	\$1,500,413	\$1,500,031	\$1,545,557	(\$45,526)	(3.0%)
Gain (Loss) from Operations	\$216,029	\$92,317	\$202,061	\$91,215	(\$110,846)	(54.9%)
Non-operating Revenue/(Expense):						
Depreciation and Amortization	(\$77,819)	(\$89,214)	(\$88,295)	(\$90,419)	\$2,125	(2.4%)
Other Non-operating Revenue	\$18,676	\$5,285	\$4,302	\$5,507	\$1,205	28.0%
Total Non-operating Revenue/Expense	(\$59,142)	(\$83,930)	(\$83,993)	(\$84,913)	(\$920)	1.1%
Bottom Line Excluding Debt Service	\$156,887	\$8,387	\$118,068	\$6,302	(\$111,766)	(95%)

Report on Property Values

- 2021 Property values increased to \$196.8 billion
- Overall value increased \$10.9 billion or 5.8%
- Existing property increased \$6.4 billion or 3.5%
- New property had a value of \$4.4 billion or 2.3%
- The average home value increased to \$243,709 or up 6.4% over 2020
- Annual UH property tax on the average home for 2021 = \$673.21 or \$56 month

Proposal to Keep the Existing Tax Rate

Cents/per \$100	M&O	Debt Service	Total Rate
Existing Tax Rate	23.68	3.95	27.62
Recommended Tax Rate	24.09 ¹	3.54 ¹	27.62
(Increase/Decrease)	(0.41)	0.41	0.00
\$ In Millions	M&O	Debt Service	Total Rate
Net 2022 Tax Revenue	\$473.9 ¹	\$69. ¹	\$543.5
(\$ Increase/Decrease)	\$33.8 ²	(\$3.7) ²	\$30.1

¹ Based on preliminary property values of July 10, 2021, subject to change

² Based on estimated revenue for 2021 and 20222

Next Steps

August 10, 2021: Tax Rate recommendation presented to Commissioners' Court

September 14, 2021: Commissioners Court to vote on University Health's recommended Tax Rate

RECOMMENDATION: Staff recommends the Board of Managers request Commissioners' Court set the 2021 total tax rate in support of University Health's operating, debt service and capital requirements for 2022 at the current tax rate of \$0.276235 per \$100 property valuation.

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

EVALUATION: None.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE FINANCIAL REPORT FOR JUNE 2021 — REED HURLEY

SUMMARY: In June, clinical activity (as measured by inpatient discharges) was down 8.2 percent for the month compared to budget. Community First Health Plans, Inc., (Community First) fully insured membership was up 21.0 percent to budget. On a consolidated basis, gain from operations was \$23.3 million, \$14.2 million better than budget. The consolidated bottom line gain (before financing activity) was \$16.1 million, \$13.8 million better than the budgeted gain of \$2.3 million. Higher net patient revenue and supplemental revenues combined with flat expenses resulted in performance better than budget. Community First experienced a bottom line gain of \$7.0 million, which was \$4.5 million better than the budgeted gain of \$2.4 million. Higher premium revenue in addition to lower claims expense resulted in performance better than budget. Mr. Hurley also reviewed notable increases or decreases from the December 31, 2020 Consolidated Balance Sheet in detail with the Board.

RECOMMENDATION: Staff recommends approval of the financial report subject to audit.

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

EVALUATION: None.

FOLLOW-UP: None.

PRESENTATIONS AND EDUCATION:

UPDATE ON THE ACUTE CARE HOSPITAL AT HOME PROJECT — ED BANOS

SUMMARY:

The Hospital at Home model was developed in 1995, but the lack of reimbursement options from the Centers for Medicare and Medicaid Services (CMS) restricted its initial adoption. Mr. Hernandez yielded the floor to Mr. Banos, who introduced Dr. Anna Taranova and Dr. Charles Reed to the Board of Managers, and who provided the following presentation:

The Hospital at home (HaH) Model

Hospital at home (HaH) is a model of care that provides acute-level services in the home. HaH has been shown to optimize bed utilization, reduce readmissions and improve quality and patient satisfaction.

- In November 2020, CMS announced that providers can apply to waive §482.23(b) and (b)(1) of the Hospital Conditions of Participation.
- The HaH Model Requires-
 - Two in-person nurse visits per day at the patient’s home;
 - One in-person or telemedicine physician visit per day;
 - The University Health Plan for HaH has been approved by CMS and the Texas Department of Health.

Opportunities for University Health

- Pilot project – Postpartum care after normal vaginal deliveries.
- Expanded opportunity for COPD, CHF, Asthma, Pneumonia

Transfer from Inpatient and Direct Admission from ED

- Opportunity to better address social determinants of health

General Medicine Opportunity

	2019		2020		Monthly Avg	
	#	%	#	%	#	Average LOS
Total COPD	172	0.7%	121	0.5%	Total COPD	12 5.4
Total Asthma	100	0.4%	57	0.2%	Total Asthma	7 2.9
Total Pneumonia	561	2.2%	587	2.5%	Total Pneumonia	48 7.0
Total CHF	733	2.9%	661	2.8%	Total CHF	58 6.4
Total Pts w/ eligible Dx	1566	6.1%	1426	6.1%	Total Pts w/ eligible Dx	125 6.4

Leading Edge on HaH

To date 66 systems, 145 hospitals in 32 states have been approved for Hospital at Home programs.

RECOMMENDATION:

This report was provided for informational purposes.

ACTION:

No action was required by the Board of Managers.

EVALUATION:

University Health has previously piloted the program with a new mom and her newborn baby, 28 hours after delivery. There is a 2-day minimum insurance rule for deliveries and therefore, Mr. Banos emphasized that a patient in the Hospital at Home program does not constitute a discharge, it is a continuation of the patient’s hospitalization.

Dr. Alsip noted that the Audie Murphy VA Hospital runs a successful Hospital at Home program with 24 patients enrolled, freeing up much needed hospital beds. Discussion then ensued about University Health's liability and safety of staff, to which Ms. Rivela replied that the liability would be the same as if the staff was working on site. However, she agreed that protocols and protective measures ought to be in place for the safety of the staff. Mr. Banos assured the Board that Chief Sandoval has produced a safety program that will be helpful in this regard. Staff will be provided with a special mobile phone from which they will be expected to check in upon arrival, and again upon departure from a patient's home. In addition, the staff will use clearly identifiable University Health vehicles equipped with GPS tracking devices so that protective services can monitor the staff members as needed. Mr. Adams asked that the staff provide regular updates on the Hospital at Home program with enough time allotted for questions by the Board. Mr. Hernandez thanked the staff involved; several interdisciplinary teams worked on the proposal and the program could not occur without their input.

FOLLOW-UP: Staff will provide the Board with regular updates.

INFORMATION ONLY ITEMS:

ANNUAL CARELINK REPORT — VIRGINIA MIKA, PH.D./ROBERTO VILLARREAL, M.D.
UNIVERSITY HEALTH SYSTEM FOUNDATION REPORT — SARA ALGER
REPORT ON RECENT RECOGNITIONS AND UPCOMING EVENTS — LENI KIRKMAN
UPDATE ON THE WOMEN'S AND CHILDREN'S HOSPITAL AND ASSOCIATED
PROJECTS — DON RYDEN

SUMMARY: Mr. Adams directed his colleagues' attention to the five (5) informational reports above, and asked them to review on their own time.
RECOMMENDATION: These report are for informational purposes only.
ACTION: No action is required by the Board of Managers.
EVALUATION: None.
FOLLOW-UP: None.

ADJOURNMENT:

There being no further business, Mr. Adams adjourned the public meeting at 7:38 pm.

James R. Adams
Chair, Board of Managers

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

Sandra D. Garcia, Recording Secretary