



University Health System

BEXAR COUNTY HOSPITAL DISTRICT BOARD OF MANAGERS

Tuesday, June 25, 2019
6:00 p.m.
Board Room
Texas Diabetes Institute
701 S. Zarzamora
San Antonio, Texas 78207

MINUTES

BOARD MEMBERS PRESENT:

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

BOARD MEMBERS ABSENT:

James R. Adams, Chair

OTHERS PRESENT:

George B. Hernández, Jr., President/Chief Executive Officer, University Health System
Bryan J. Alsip, M.D., Executive Vice President/Chief Medical Officer, University Health System
Edward Banos, Executive Vice President/Chief Operating Officer, University Health System
Awoala Banigo, Senior Vice President/Chief Revenue Officer, University Health System
Antonio Carrillo, Executive Director, Procurement Services, University Health System
Lourdes Castro-Ramirez, President, University Health System Foundation
Ted Day, Executive Vice President, Strategic Planning and Business Development, University Health System
Sergio Farrell, Senior Vice President/Chief Ambulatory Services, University Health System Robert B. Green
Campus
Greg Gieseeman, President/Chief Executive Officer, Community First Health Plans, Inc.
Roe Garrett, Vice President/Controller, University Health System
Rob Hromas, MD, Dean, Long School of Medicine, UT Health San Antonio
Reed Hurley, Executive Vice President/Chief Financial Officer, University Health System
Leni Kirkman, Senior Vice President, Strategic Communications and Patient Relations, University Health
System
Monika Kapur, MD, President/Chief Executive Officer, University Medicine Associates
Shelley Kofler, Manager, Public Relations/Corporate Communications, University Health System
Brian Lewis, Vice President/Quality, University Health System
Joshua Nieto, General Counsel, Chief Compliance/HIPAA Officer, Integrity Services, University Health
System
Teresa Nino, Director, Epic Communications, University Health System
Bill Phillips, Senior Vice President/Chief Information Officer, Information Services, University Health System

Serina Rivela, Vice President/General Counsel, Legal Services, University Health System
Carlos Rosende, MD, FACS, Executive Vice Dean for Clinical Affairs, UT Health
Michael Roussos, Hospital Administrator, University Hospital
Don Ryden, Vice President/Projects, Design, and Construction
A.J. Sandoval, III, Chief of Police/ Protective Services, University Health System
Theresa Scepaniski, Senior Vice President/Chief Administrative Officer, University Health System
Andrew Smith, Director, Government Relations & Public Policy, University Health System
Travis Smith, Deputy Chief Financial Officer, University Health System
Allen Strickland, Vice President/Hospital Administration, Fiscal, University Hospital
Sally Taylor, MD, Chief, Behavioral Health Services, University Health System
Jim Willis, Associate Administrator, University Hospital
Joe Garcia, Garcia Consulting, Government and Public Affairs Consulting
Geraldine Garcia, Andrade/Van de Putte
And other attendees.

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

Mr. Smith called the meeting to order at 6:06 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE:

Chaplain Julie Rowe said the invocation and Mr. Smith led the pledge of allegiance.

CITIZENS' PARTICIPATION: None.

APPROVAL OF MINUTES OF PREVIOUS MEETING(S): Tuesday, May 21, 2019 (Regular Meeting)

SUMMARY:	The meeting minutes for the Board meeting of May 21, 2019, were submitted for the Board's approval.
RECOMMENDATION:	Staff recommended approval of the minutes as submitted.
ACTION:	A MOTION for APPROVAL of staff's recommendation was made by Mr. Hasslocher, SECONDED by Dr. Burns, and PASSED UNANIMOUSLY .
EVALUATION:	None.
FOLLOW-UP:	None.

At this time, Mr. Smith took a moment of privilege to report on a press conference he attended earlier in the day which was hosted by Bexar County and University Health System. The press conference was held to promote a diversity and inclusion trade partner event hosted by the Health System's construction manager, Joeris+JE Dunn, on Saturday, June 29, 2019 at St. Philip's College. The partner event will engage SMWVBE organizations in learning more about opportunities to participate in the construction of University Health System's new Women's and Children's Hospital. Mr. Smith also took a moment to congratulate Mr. Hasslocher and Dr. Burns:

- Mr. Hasslocher's family-owned business, Frontier Enterprises, was recognized by the San Antonio Business Journal for the second-generation success of Jim's Restaurants, classic coffee shops named for his father and founder, Mr. G. Jim Hasslocher, who started the company in 1947.
- Dr. Burns will be honored by Clarity Child Guidance Center at a luncheon on Thursday, July 25, 2019, as Clarity's 2019 Community Leader Honoree. The lunch will take place at the Hyatt Hill Country Resort.

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

SUMMARY: Dr. Henrich thanked Mr. Hernandez and Mr. Hasslocher for their assistance with the Texas legislature regarding the mission-specific funding for academic medical centers from which UT San Antonio was inadvertently omitted. The funding amount is tied to the number of students enrolled in the school of medicine and is a big victory for UT San Antonio. Dr. Henrich acknowledged the work of Dr. Steven Pliszka, Chairman, Department of Psychiatry for his role on the SA State Hospital Executive Committee. The 86th Legislature awarded supplemental appropriation funding (SB 500) in the amount of \$445.4 million from the Economic Stabilization Fund for the biennium for continuing improvements to state hospital facilities. Specifically, \$190.3M was allotted to begin construction of a 300-bed replacement campus of the San Antonio State Hospital. He noted, and Board members agreed, that the Austin State Hospital is in dire need of such improvements. The UT Health President’s Gala will be held on Saturday, September 21, 2019, and will celebrate the School of Nursing’s 50th anniversary. Mr. Mike Black will retire from his position as Chief Operating Officer effective September 30, 2019. Ms. Andrea Marks will continue in her role as Chief Financial Officer but will also serve as interim Chief Operating Officer until a suitable replacement is appointed. There will be a farewell reception for Mr. Black on September 23. UT Health San Antonio’s new Barshop Institute for Longevity & Aging Studies is on schedule with construction expected to be complete by December 2019.

Dr. Henrich yielded the floor to Dr. Rob Hromas for an update on School of Medicine activities. Dr. Hromas again expressed appreciation for the political contacts on his behalf regarding the mission-specific funding. He acknowledged the physician leaders present. He reported that CMS recently approved membership of 24 community physicians to the UT Health Regional Physician Network (Accountable Care Organization-ACO); they will provide coordinated high-quality care to Medicare patients to improve health outcomes in South Texas’ diverse community.

Dr. Hromas yielded the floor to Dr. Carlos Rosende for an update on a process improvement project regarding access for patient appointments for UT Health physicians at the Medical Arts and Research Center (MARC). He had previously described a series of initiatives taking place to increase new patient business significantly by using all of the appointment slots available on the clinical schedule. One of the challenges has been the availability, and lack of, clinical faculty physicians. The arrival of new clinical faculty this summer, along with the implementation of the physician ACO network, is expected to alleviate existing access issues.

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

NEW BUSINESS:

CONSENT AGENDA – IRA SMITH, VICE CHAIR

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

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE FOLLOWING CONTRACTS FOR EMPLOYEE BENEFITS — THERESA SCEPANSKI

VISION BENEFIT SERVICES WITH EYEMED VISION CARE, LLC (THROUGH BENEFIT SOURCE)

CANCER, DREAD DISEASE AND ICU INSURANCE BENEFITS WITH ALLSTATE (THROUGH NATIONAL BENEFITS GROUP OF AMERICA, INC.)

HMO DENTAL BENEFITS WITH GUARDIAN LIFE INSURANCE COMPANY OF AMERICA (THROUGH BENEFIT SOURCE)

EMPLOYEE ASSISTANCE PROGRAM WITH DEER OAKS EAP SERVICES, L.L.C.

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

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

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

Consideration and Appropriate Action Regarding the Following Contracts for Employee Benefits — *Theresa Scepanski*

Vision Benefit Services with EyeMed Vision Care, LLC (through Benefit Source) - This contract with EyeMed Vision was competitively bid on RFP-219-01-006-SVC. EyeMed Vision Care, LLC (through Benefit Source) for vision benefit services to regular full and part-time staff, house staff, retirees and COBRA participants. In addition to premium rates, factors that were considered and which impacted selection, Ms. Scepanski provided the detailed criteria in her written report, as well as the vision services offered, and a chart for in-network member costs and out-of-network reimbursement costs. There is no increase in the premium rates for the 2020 – 2023 benefit plan years. The contractual value is 100 percent contributory in nature and is accrued through employee premiums. Based on current utilization, the contract is valued at an estimated amount of \$668,201 annually (\$2,672,804 over a four-year period). The contract shall be for a four-year term beginning January 1, 2020 and ending December 31, 2023. The workforce composition data was provided for the Board's review. Benefit Source is

the selected broker and their workforce composition data was also provided. Staff recommends the Board of Managers approve the four-year contract with Eyemed Vision Care, LLC (through Benefit Source) for a total estimated amount of \$668,201 annually (\$2,672,804 over a four-year period).

Cancer, Dread Disease and ICU Insurance Benefits with Allstate (through National Benefits Group of America, Inc.) - This request exercises a one-year renewal option to regular full and part-time staff and the estimated cost for cancer, dread disease and ICU insurance benefits for the 2020 plan year. The contract with Allstate (through National Benefits Group of America, Inc.) was competitively bid on RFP-216-02-006-SVC in 2016. Ms. Scepanski provided a detailed list of covered services in her written report. There are currently 1,973 participants. Overall participation in this voluntary benefit offering has positively increased 57 percent over the current term of the contract. There is no premium increase in premium rates to the participants for the 2020 plan year. The contractual value is 100 percent contributory in nature and is accrued through employee premiums. This is a planned expense and funding will be included in the 2020 Annual Operating Budget. Based on current utilization, the contract is valued at an estimated amount of \$728,390 for the one-year period, beginning January 1, 2020 and ending December 31, 2020. The workforce composition for Allstate (through National Benefits Group of America, Inc.) was provided for the Board's review. Staff recommends the Board of Managers approve the contract for cancer, dread disease and ICU insurance benefits with Allstate (through National Benefits Group of America, Inc.) for an estimated amount of \$728,390 for a one-year period.

HMO Dental Benefits with Guardian Life Insurance Company of America (through Benefit Source) – Guardian Life Insurance Company of America (through The Benefit Source, Inc.) offers a one-year contract renewal option. The HMO dental benefit is provided to regular full and part-time staff, house staff, COBRA participants and retirees. The contract was competitively bid on RFP-216-02-005-SVC in 2016. Ms. Scepanski described the reasons this vendor provides best value, and also described the services and coverages in her written report. There are currently 2,483 participants. Overall participation in this voluntary benefit offering has positively increased 9 percent over the term of the contract. There is a 2 percent increase in the premium rates for the 2020 plan year resulting in an average monthly increase of .41 to the membership. Dental premiums have not experienced a rate change since 2015. The contractual value is 100 percent contributory in nature and is accrued through employee premiums. This is a planned expense and funding will be included in the 2020 Annual Operating Budget. Based on the current enrollment, the contract is valued at an estimated amount of \$599,619 for the one-year period, January 1, 2020 and ending December 31, 2020. The workforce composition for Guardian Life Insurance of America (through The Benefits Source, Inc.) was provided for the Board's review. Staff recommends the Board of Managers approve the contract for HMO dental benefits with Guardian Life Insurance Company of America (through The

Benefit Source, Inc.) for an estimated amount of \$599,618 for a one-year period.

Employee Assistance Program with Deer Oaks EAP Services, L.L.C. - The Health System contracts for Employee Assistance Program (EAP) benefits for regular full and part-time employees and house staff with Deer Oaks EAP. The EAP provides confidential counseling resources for employees and their covered dependents whenever problems having an adverse effect on personal well-being or successful job performance arise. The contract was competitively bid on RFP#217-04-015-SVC. The bids received were compared utilizing a decision matrix and reviewed for responsiveness to the request for purchase specifications. The bids were then equally weighed based on administrative and financial criteria. Deer Oaks Employee Assistance Program Services was the lowest bidder and provides best value and includes all specifications for the RFP. Ms. Scepanski provided the schedule of benefits and plan components for the Board's review in her written report. Staff recommends the Board of Managers approve the contract with Deer Oaks Employee Assistance Program Services in the estimated amount of \$111,419 annually for a total cost of \$222,838 for the two-year extension period.

Consideration and Appropriate Action Regarding Purchasing Activities (See Attachment A) — Antonio Carrillo/Travis Smith - A total of 18 contracts with a value of \$21,953,321 were presented to the Board of Managers during its regular June, 2019, meeting. The following contracts require approval by the BCHD Board of Managers: Nine (9) Consent contracts with a total value of \$6,214,852; and nine (9) presented contracts with a total value of \$15,738,469. During the month of June, 2019, there were zero contracts classified as a Small, Minority, Woman, or Veteran Owned Business Enterprises (SMWVBE). The June 2019 SMWVBE Status Report reflects items submitted for Board approval).

RECOMMENDATION: Staff recommends approval of the items listed on the consent agenda.
ACTION: A **MOTION** to approve staff's recommendation was made by Ms. Barrera **SECONDED** by Dr. Burns, and **PASSED UNANIMOUSLY**.
EVALUATION: None.
FOLLOW-UP: None.

ACTION ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING A GUARANTEED MAXIMUM PRICE PROPOSAL FOR UNDERGROUND UTILITY REROUTE (GMP #3) FOR THE CONSTRUCTION MANAGER AT RISK AGREEMENT WITH JOERIS/DUNN JOINT VENTURE FOR THE WOMEN'S AND CHILDREN'S TOWER AND ASSOCIATED PROJECTS — DON RYDEN

SUMMARY: The existing sanitary sewer, storm sewer and fire water lines are located within the footprint of the future Women's and Children's Tower and Garage

and must be relocated at this time. Consistent with the Health System’s construction strategy of multiple design packages, Joeris+JE Dunn GMP#3 includes the relocation of approximately 1,330 linear feet of underground utilities including sanitary sewer, storm sewer, and water. Due to the complexity of existing site conditions and traffic circulation, the relocation of the underground utilities will require five sequential construction phases with an overall project duration of 17 weeks. This Project will require temporary re-routing of vehicular access to the West Garage, North Garage and Medical Drive access. Temporary site signage and wayfinding graphics will be installed in addition to providing uniformed police officers who will assist in traffic control. Joeris+JE Dunn GMP#3 – Underground Utility Reroute is a Guaranteed Maximum Price (GMP) not to exceed \$3,878,000.

GMP#1 Transfusion Services	\$ 726,234
GMP#2 Heart Vascular Endoscopy Center Early Release	\$ 6,396,000
GMP#3 Underground Utility Reroute\$	<u>\$ 3,878,000</u>
Total Contract Value	\$ 11,000,234

Costs for this GMP will be paid from the budgeted funds within the CIP. The workforce composition data for Joeris+JE Dunn was provided for the Board’s review. Joeris+JE Dunn participation levels are 35 percent for SWMVBE.

- RECOMMENDATION: Staff recommends the Board of Managers approve Joeris+JE Dunn GMP#3 Underground Utility Reroute in the amount not to exceed \$3,878,000 and authorize the President/Chief Executive Officer to execute the amendment to the Joeris+JE Dunn agreement in that amount.
- ACTION: A **MOTION** to **APPROVE** staff’s recommendation was made by Mr. Hasslocher, **SECONDED** by Ms. Barrera, and **PASSED UNANIMOUSLY**.
- EVALUATION: Underground utility re-route for GMP #3 will begin in August, or sooner, if the appropriate permits are acquired.
- FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING A PROFESSIONAL SERVICES AGREEMENT WITH MEDICAL CENTER CARDIOLOGY, PLLC D/B/A CARDIOLOGY PARTNERS OF SAN ANTONIO FOR OUTPATIENT CARDIOLOGY SERVICES — JIM WILLIS

SUMMARY: In July 2018, the Board of Managers approved a one-year agreement with Cardiology Partners of San Antonio to provide outpatient cardiology consult services as a pilot program. Prior to this agreement, cardiology consult services had been solely provided by UT Health San Antonio. In March 2017, University Medicine Associates (UMA) hired a dedicated cardiologist to support cardiac consults. By May 2018, the cardiology queue of unseen patients had peaked at 580 unseen patients with an average wait time of 71 days for the next available appointment. Today, the combined cardiology queue (UMA and UT Health San Antonio) is approximately 60 unseen patients with an average wait of seven days for the next available appointment. This is a request for a renewal of the UMA contract with Cardiology Partners of San Antonio. The contract will allow UMA to provide eight hours of physician coverage per day, Monday through Friday, excluding

hospital holidays. This clinic has treated approximately 2,300 patients during the first year of operations and in addition to providing primary cardiac care; the clinic has generated 105 cardiac catheterizations, 500 stress tests, and 810 cardiac ultrasounds. The UT Health San Antonio staffed cardiology clinic continues to see patients at the Robert B. Green campus. The contract with Cardiology Partners of San Antonio will be for a period of 12 months beginning July 8, 2019. Contractual terms remain unchanged from the previous contract at \$287 per hour. This amount was confirmed to be at or below fair market value by VMG Health, an independent valuation consultant. The Health System, through UMA, will bill and collect for all services provided by Cardiology Partners of San Antonio physicians. The total annual fee for this contract will not exceed \$640,000. This contract is a planned operational expense off set by professional collections and corresponding hospital revenue. The workforce composition data for Cardiology Partners of San Antonio was provided for the Board's review.

RECOMMENDATION: Staff recommends Board of Managers' approval of a contract with Cardiology Partners of San Antonio to provide outpatient cardiology services in the amount of \$640,000 for a 12-month period beginning July 9, 2019.

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

EVALUATION: The improvements and current ques were discussed in detail with the Board. Those patients with malignant hypertension are also referred to the cardiology service.

FOLLOW-UP: None.

REPORT ON THE TEXAS 86TH REGULAR SESSION LEGISLATIVE RECAP — ANDREW SMITH

SUMMARY: Mr. Andrew Smith greeted the Board members and introduced Mr. Joe Garcia, legislative consultant; he has covered four legislative sessions for University Health System. The 86th Texas Legislature adjourned *sine die* on Monday May 27, 2019. In the 140 days lawmakers were in session they passed a \$250.653B budget, a 16 percent overall increase in spending from the previous biennium, reformed both the property tax system and the school finance system in Texas, and passed over 1,400 other pieces of legislation. At the conclusion of the 140-day regular session the Governor sent a message declaring the session a success. He had no intention at that time to call a special session. Messers Smith and Garcia provided the following recap:

Session Overview:

Leadership Priorities – Big 3

- Property Tax Reform – Senate
- School Finance Reform - House

Revenue Estimates

- Jan. 7 – \$119.1 billion in revenue available for general-purpose spending during the 2020-21 biennium (8.1 percent increase from 2018-19)
- May 14 – Revised estimate added approximately \$550 million for SFY 2020-21

Economic Stabilization Fund (Rainy Day Fund) - \$15.4 billion

Budget Overview

SB 500 – Supplemental Budget

- SB 500 totals \$9.862 Billion in All Funds
- \$4.15 Billion All Funds - Medicaid Shortfall in 2019
- Economic Stabilization Fund (ESF) or “Rainy Day” fund = \$6.1 billion
- \$445.3 Million from ESF for continuing improvements to state hospital facilities – SASA= \$190m
- Provided a budget overview of funding by article, all funds for total of \$250,652 million; and funding by article of General Revenue Funds for a total of \$118,859 million

SFY 2020-21

- \$250.7 billion two-year budget
- 16 percent spending increase from the 2018-19 budget
- No ESF

Medicaid

- \$66.5 Billion in All funds, including \$24.7 Billion in General Revenue for the Texas Medicaid Program.
- This is an increase of about \$0.8 Billion in All Funds from the previous session.
- Funding supports caseload growth but maintains fiscal year 2019 average costs for most services.
- Does not include full funding for anticipated increases in costs due to medical inflation, higher utilization, or increased acuity
- General Revenue funding was decreased by \$987.6 Million (2.8 percent) from the previous biennium.
- A more favorable Federal Medical Assistance Percentages (FMAP) resulted in the Article II being funded with a higher proportion of Federal Funding.
- Safety-Net Hospital add-on of \$180 million
- Trauma-designated hospital add-on - \$150 million
- Matched through the Medicaid program to provide over \$720 million in all funds for Texas hospitals over the biennium.
- Cost Containment Rider = \$350 million over the biennium

System Issues

- Local Provider Participation Fund (LPPF) –
SB 1545 – Signed to the Governor
- Property Tax Reform
SB 2 – Carves out Hospital Districts – Signed by the Governor
- Trauma Funding – DRP Repeal and Replace
HB 2048 – Signed by the Governor
- Stop the Bleed
HB 496 – Signed by the Governor
- Healthcare Access – Amend and Extend
CHIP and Medicaid Continuous Coverage

Public Health Bills

Texas Child Mental Health Care Consortium

SB 11 – Sent to the Governor – Develop policies, procedures, and measures for school safety and mental health promotion in public schools

Texas21

Legal age to purchase tobacco products from 18 to 21

Opioids – Several bills were filed which were aimed at finding ways to address the opioid epidemic:

- HB 2174 –limiting opioid prescriptions to 10-days for acute pain
- HB 3285 – requires Texas Health & Human Services Commission to create a program to expand telehealth treatment for substance use disorders
- SB 340 creates a grant program to provide financial assistance to law enforcement agencies to purchase opioid antagonists (naloxone) address an opioid overdose
- HB 2454 would require certain licensed physicians, advanced practice registered nurses, physician assistants, and dentists to complete 2hrshours CME regarding safe and effective pain management for the prescription of opioids and other controlled substances

Conclusions/Q&A

- Final budget, without ESF funds, was significantly higher than the previous two budgets
- Big 3’s two top legislative priorities, school finance reform and property tax relief, “successes”
- 7,324 Bills Filed - 1,429 Passed, 6 Vetoed

Our partners

- Teaching Hospitals of Texas tracked 544 bill
- Texas Hospital Association tracked 1536
- Along with these bills the system tracked 200 bills.

Now that the 86th Texas Legislature has adjourned, the next set involves state agency rulemaking for many of the laws passed. System staff will work to ensure that laws are implemented as intended. This will require analysis of proposed rules and submitting written comments when necessary. There are also several challenges at the federal level that will require University Health System’s full attention: surprise billing, Medicaid DSH cuts, and determining the future of supplemental payments under the Medicaid 1115 Waiver.

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

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE CREATION OF A BEXAR COUNTY HOSPITAL DISTRICT LOCAL PROVIDER PARTICIPATION FUND AND RELATED ACTIONS — REED HURLEY

SUMMARY: Last year the Health & Human Services Departmental Appeals Board (DAB) released its decision in a Dallas and Ft. Worth provider donation case, in which CMS challenged charity expansion provided in a hospital owned by a governmental entity. The charity program in Dallas and Ft. Worth is similar to the charity program operated since 2006 through the Bexar County Collaborative. The program entailed the Health System voluntarily making intergovernmental transfers (IGTs) for private hospitals participating in the Bexar County Collaborative. This is facilitated through a nonprofit corporation called Bexar County Clinical Services, voluntarily executing contracts with UT Medicine for medical services needed by the Health System. To rectify this concern by CMS, the legislature passed SB 1545 to establish an alternative, CMS-approved, mechanism for private hospitals to

secure IGTs. This is important because without an IGT, a private hospital is unable to participate in available supplemental Medicaid programs. SB1545 provides a modest reimbursement of up to \$184,000 per year to the Hospital District for administrative services required to operate the LPPF in Bexar County. There is a mechanism for additional funding if it can be justified to the paying providers. There is no impact to Bexar County Hospital District taxpayers from the LPPF levy and paying providers may not add a surcharge to a patient bill.

RECOMMENDATION: Staff recommends that the Board of Managers' adopt the attached Resolution authorizing the Bexar County Hospital District's establishment of a Health Care Provider Participation Program for Bexar County and to take all required actions in support thereof.

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

EVALUATION: None

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING AFFILIATING NON-GOVERNMENTAL HOSPITALS WITH THE BEXAR COUNTY HOSPITAL DISTRICT LOCAL PROVIDER PARTICIPATION FUND AND EXECUTION OF RELATED DOCUMENTS – REED HURLEY

SUMMARY: In order to maintain the provision of health care services to the uninsured population of Bexar County and the surrounding area, it is necessary for the Health System to change to a Local Provider Participation Fund (LPPF) model. The Bexar County Hospital District LPPF will charge a fee, based on net revenue, to all qualifying hospitals in Bexar County. Per HHSC's rules the LPPF funding will be used to cover the IGT requirements for all eligible hospitals in the Bexar Service Delivery Area (SDA), there are two hospitals that are out of Bexar County but inside the Bexar SDA that will be affiliated. The revenue from the fees collected will be deposited into a distinct LPPF bank account and held separately from the Health System's other assets. These funds will be used to make the InterGovernmental Transfer (IGT) requirements for non-governmental hospitals. The creation of the new affiliation agreements to support the newly created Bexar County Hospital District LPPF, will continue a long standing tradition of Bexar market hospitals working together to improve access to healthcare for uninsured persons residing in the community through participation in the Medicaid program including the Medicaid supplemental payment program implemented pursuant to the authority enacted with Senate Bill 1545. The Texas Health and Human Services Commission recently announced that in order for the Bexar County Hospital District LPPF to fund Uncompensated Care (UC) Pool payments, the Health System must have new executed Indigent Care Affiliation Agreements with private, non-governmental hospitals.

RECOMMENDATION: Staff recommends that the Board of Managers' adopt a resolution in support of new affiliation agreements with the non-governmental hospitals and to further direct the President/Chief Executive Officer, or his designee, to enter into all agreements and arrangements necessary to implement and carry out the LPPF.

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

EVALUATION: None

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE FINANCIAL REPORT FOR MAY 2019 AND THE REALLOCATION OF RESERVES REPORT—REED HURLEY

SUMMARY: In May, clinical activity (as measured by inpatient discharges) was down 2.3 percent for the month compared to budget. Community First Health Plan (CFHP) fully-insured membership was down 1.2 percent to budget. On a consolidated basis, gain from operations was \$13.0 million, \$6.1 million better than budget. The consolidated bottom line gain (before financing activity) was \$11.3 million, \$9.5 million better than the budgeted gain of \$1.8 million. Higher patient revenue, lower operating expenses and higher non-operating revenue resulted in performance better than budget. CFHP experienced a bottom line gain of \$706 thousand which was \$643 thousand better than budget. Higher non-operating revenue drove the positive performance to budget, while higher premium revenue and lower employee compensation offset higher medical claims expense. Debt service revenue was \$5.8 million which matched budget. Mr. Hurley reviewed notable increases and/or decreases from the December 31, 2018 consolidated balance sheet (page 2 of the monthly financial report). Specifically discussed was the fact that 27 transplants were performed in May, as compared to a budget of 7. Graduate Medical Education (GME) revenue was up \$646 thousand for May and up \$3.2 million year to date. This is a new supplemental revenue program approved in February by the State. Mr. Hurley presented the staff's re-allocation of reserves, and based on audited results for calendar year 2018, \$148 million in cash flow reserves will be transferred as provided for under the Reserve Policy, No. 7.0504, and Funding of Financial Reserve for Capital Expenditures Policy, No. 7.0502. Of the amount of the transfer, \$24 million will be transferred to the Emergency Operating Account to meet the 90 days of cash expenditure level provided for in Sections III.G of the Reserve Policy. The remaining \$124 million will be transferred to the Capital Account to address future capital needs as provided for in Policy No. 7.0502. After the transfer, the total in the Emergency Operating Account will be \$299 million. The total in the Capital Account will be \$302 million, of this amount \$251 million has been committed leaving an unencumbered balance of \$51 million.

RECOMMENDATION: Staff recommends acceptance of the financial reports subject to audit.

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

EVALUATION: None

FOLLOW-UP: None.

PRESENTATIONS AND EDUCATION:

SECOND QUARTER QUALITY REPORT — BRYAN ALSIP, M.D.

SUMMARY:

The Health System quality composite metric includes four performance categories: mortality; hospital readmissions; safety (hospital-acquired infections and patient safety); and process (core measures). These four categories represent the majority of items that comprise the publicly reported Centers for Medicare & Medicaid Services (CMS) Hospital Star Rating. The following is a summary of the Health System's year to date performance for each category through April 2019.

Mortality - The year to date performance of 0.66 is currently 9 percent better than the targeted goal for 2019.

Hospital Readmissions - The all acute-care readmission rate is trending downward (lower is better) for the first four months of 2019. Readmissions for CABG patients are also below target year to date, however the other readmission categories (CHF, PNE, Stroke, AMI, COPD, THA/TKA) are currently above target.

Patient Safety - For the year to date, performance is currently below target (lower is better) and has improved in all six healthcare associated infection categories from the 2018 baseline, 0.96 to 0.84 year to date. Specific year to date infection reductions include of 13 percent for CLABSI, 35 percent for CAUTI, 38 percent for CDI, 10 percent for MRSA, and 51 percent for SSI colon. Year to date, zero hysterectomy patients have developed a surgical site infection. The safety composite metric also includes performance on Patient Safety Indicator outcomes (PSI-90). Current performance for the PSI-90 metric has improved by 19 percent over 2018 performance with a downward trend (lower is better), however it is still above the 2019 target. (PSI-90 is a calculated, risk-adjusted composite metric determined from clinical documentation coding and is composed of ten separate metrics which Dr. Alsip identified in his written report.

Quality Processes - Four CMS-defined patient core measures have been selected to comprise the Health System process composite metric, which include: sepsis bundle compliance, stroke intervention compliance, influenza vaccination, and early elective delivery. The sepsis bundle compliance (SEP-1) metric is by far the most complicated core measure requiring multiple patient interventions at specific time intervals. Performance has improved by 20 percent over 2018 baseline performance; however, we have not yet reached the goal for 2019.

Leapfrog Safety Grade - The Leapfrog Group is a national nonprofit health care ratings organization that assigns a safety letter grade of A, B, C, D, or F to over 2,600 U.S. hospitals nationwide twice per year. This grade is based on performance in preventing medical errors, infections, and other harms using 28 measures of publicly available hospital data. On May 15, 2019, University Health System was awarded a hospital safety grade of B by the Leapfrog Group, an improvement over the previous C grade in 2018.

Continued progress with all metrics above will help to achieve improvement in the CMS Hospital Star Rating and the goal of receiving a Leapfrog safety grade of A.

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

INFORMATION ONLY ITEMS:

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

UPDATE ON PLANNING, DESIGN AND CONSTRUCTION ACTIVITIES — DON RYDEN
UNIVERSITY HEALTH SYSTEM FOUNDATION UPDATE — LOURDES CASTRO-RAMÍREZ

REPORT ON RECENT RECOGNITIONS AND UPCOMING EVENTS — LENI KIRKMAN

REPORT ON THE 86TH LEGISLATIVE SESSION — ANDREW SMITH
ANNUAL LEARNING AND DEVELOPMENT REPORT — THERESA SCEPANSKI

SUMMARY: Mr. Smith directed his colleagues' attention to the four (4) informational reports above and asked them to provide feedback, comments, or questions directly to the staff.

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

ADJOURNMENT:

There being no further business, Mr. Smith adjourned the Board meeting at 7:26 p.m.

Ira Smith, Jr.
Vice Chair, Board of Managers

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

Sandra D. Garcia, Recording Secretary