



**BEXAR COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS**

Tuesday, March 30, 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
Roberto L. Jimenez, M.D., Immediate Past Chair
Anita L. Fernandez
L.P. Buddy Morris
Jimmy Hasslocher

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
Ted Day, Executive Vice President/Strategic Planning & Business Development, University Health
Isaac Daverick, Vice President/Chief Financial Officer, Community First Health Plans, Inc.
Leni Kirkman, Executive Vice President/Chief Marketing, Communications, and Corporate Affairs Officer, University Health
Reed Hurley, Executive Vice President/Chief Financial Officer, University Health
Scott Jones, MD, Dean, Graduate Medical Education, UT Health San Antonio
Serina Rivela, Vice President/General Counsel, Legal Services, University Health
Carlos Rosende, Dean, Clinical Affairs, UT Health San Antonio
Don Ryden, Vice President/Project, Design & Construction, University Health
Theresa Scepanski, President/Chief Executive Officer, Community First Health Plans, Inc.
Roberto Villarreal, MD, Senior Vice President/Chief Analytics Officer, University Health
Laura Garcia, San Antonio Express-News
And other attendees.

CALL TO ORDER:

Mr. Adams called the meeting to order at 6:08 pm. Mr. Adams informed the Board members that Ms. Anita Flores would be arriving at University Hospital from a meeting in Austin, Texas around 7 this evening. There will be a closed session immediately following the public meeting.

INVOCATION AND PLEDGE OF ALLEGIANCE:

Mr. Adams introduced Ms. Rhonda Estrada, Bethesda Assembly of God, for the invocation, and he led the Pledge of Allegiance.

PUBLIC COMMENT: None.

SPECIAL RECOGNITION:

EPIC GOOD INSTALL AWARD — *BILL PHILLIPS*

SUMMARY:

Mr. Phillips presented a recording made by three of Epic's senior staff members recognizing University Health's strengths during the recent implementation. The Epic team members explained that over the years, they have observed what works and what does not work and described how they shared that knowledge with University Health staff for a successful implementation. They expressed appreciation for the commitment to best practices and the continual affirmation of that commitment by the executive team of University Health, even thru some of the most challenging work. They congratulated the University Health team for completing the third party contracting module on time. This is the first item to fall behind significantly with other hospitals, which has a great impact on the organization. In addition, University Health's commitment to use internal staff to be trained as Epic experts, including physicians, is admirable and saved considerable amounts of money. University Health maintained its high monthly score throughout the implementation, and had its physicians trained as champions so that they could personalize the Epic system to meet internal goals. Throughout all phases, University Health received a grade of 4 or 5 (out of 5) in its monthly progress report. Despite the travel lockdown during the COVID pandemic in 2020, and the number of Epic team advisors physically present on the premises, which were reduced from 250 to 21, the staff accomplished all of the tasks necessary as guided by Epic. As a result, the University Health earned a financial credit in the amount of \$1.2 million. Epic is proud of the partnership and Board members learned that it is rare for an organization to meet all requirements for the Good Install Award, which was presented to the Board virtually. Mr. Phillips thanked the Board members, Mr. Hernandez, and senior leadership for their support over the last couple of years. Mr. Adams noted that he also received progress reports directly from Epic which described as an unusual company; they are a fascinating group of people, very much data driven. On behalf of the Board of Managers, he thanked all of the staff involved in the Epic implementation. Mr. Hassloch thanked UT leadership and physician leaders for their time and effort in undertaking this major project. Dr. Jimenez asked how the Epic system lends itself to research. Staff opted to purchase a product by Epic called "Cosmos" which is a data warehouse program that gives University Health access to multiple public health research efforts over the past few years of other organizations who participate in Epic. University Health is one of 18 sights that conduct research. In addition, University Health is using Epic tools for the scheduling of COVID vaccinations at Wonderland of the Americas. Epic allows University Health to operate the vaccine hub,

improve financial outcomes, operational efficiencies, and has many more capabilities available. Dr. Jimenez was also interested in Epic's capabilities regarding population health initiatives. There are several modules specifically designed around population health. Using internal clinical data, the system will allow a query to pull certain data. Mr. Adams thanked the staff for the discussion and shared a personal word of advice with Mr. Hernandez and Dr. Henrich - that having to work with two separate health records is a nuisance. Mr. Adams has personal physicians at University Health and UT's Medical Arts & Research Center, and it is his experience that UT and University Health are not realizing the benefits of having Epic as part of the partnership. He strongly encouraged one seamless shared system.

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

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

SUMMARY: Dr. Henrich congratulated Mr. Phillips and team on the Good Install Award, it is an extraordinary accolade. Dr. Hromas is out of town and will be back in the office tomorrow day. He introduced Dr. Scott Jones, Vice Dean for Graduate Medical Education and Dr. Carlos Rosende, Dean of Clinical Affairs. The Long School of Medicine did very well at this year's Match Day, an annual event where senior medical students find out where they will spend the next 3 to 7 years. The medical profession is the only profession that does this; the future is unknown until the envelope is opened. Current senior students did very well this year and he is very proud of them. These individuals will spend the bulk of their time at University Hospital and the VA Hospital. Twenty-two (22) percent of graduating seniors elected to stay in San Antonio, a healthy rate is somewhere between 20 to 30 percent. Electing to stay where a student receives his/her medical education is the sincerest form of endorsement. Twenty-six (26) percent of the incoming residents' class will be made up of current students at the Long School of Medicine, only two positions were not filled and both were special circumstances. Internal Medicine, Obstetrics & Gynecology, Orthopaedics, Otolaryngology, Psychiatry, Anesthesiology, and Emergency Medicine, all matched a substantial number of graduates from the Long School of Medicine. These young physicians are core to the services provided at University Hospital and he is very proud of this result. Virtual groundbreaking for the new research hospital was held on Monday, March 29, 2021. He is pleased with the viewership results, and he noted that this hospital will be a new and major component of the UT University Health partnership. At this time, University Health and the School of Medicine are both thriving, and he is very proud of that. He and Dean Hromas just received word that the Long School of Medicine ranked highly in three categories in this year's U.S World and News Report on Graduate Schools. The School of Medicine would not be in this position without University Health as a partner and University Health is thriving in large part to the partnership. He is committed to

continue to help it thrive. The electronic health record is also an important component of the partnership and it is his intention to have a seamless medical record that will eliminate duplication. Duplication and not being able to obtain medical records is a problem all across the country with all healthcare organizations, which both organization have known for over ten years. Dr. Henrich also reported that he has been spending a lot of time in Austin with the Texas Legislature regarding UT Health's budget; they are at day 76 of a 140-day session.

RECOMMENDATION:

This report was provided for informational purposes only.

EVALUATION:

Dr. Kelley thanked Dr. Henrich for the insight, and recalled that she was one of those young physicians on Match Day 1998 when she found out she would be coming home to San Antonio. She addressed Dr. Henrich regarding some historical biases noted since people look at the match of medical students and residents to the Long School of Medicine in different ways. She noted that University Health recently named a new clinic on the Eastside after Dr. Robert L.M. Hilliard, one of the first African-American physicians in the South. Because the Long School of Medicine will staff the new Women's and Children's Hospital, Dr. Kelley expressed concern because she is not aware of one single African-American resident admission to the Department of Obstetrics & Gynecology in the last five years. When potential students, who follow trends and patterns over several years, visit a UT campus and see only people who look like Dr. Henrich, it becomes difficult to attract students of different backgrounds. She asked Dr. Henrich, as President of UT Health, how he addresses this issue, what measures he puts in place, and what questions does he ask about such trends? Dr. Henrich asks many questions and he invited Dr. Kelley to spend time off-line with him going through all of the elements of what his questions entail, although he cannot speak for individual departments. He does know that in this most recent issue of U.S. News and World Report, the Long School of Medicine was ranked number 16 in the country, and first in Texas, out of 150 medical schools, in diversity, which he attributed to the Hispanic majority population. Dr. Henrich served as Medical Dean for three years before he was President, and during his tenure, he started four or five major efforts to increase recruitment of African-American student applicants. However, improvement did not happen under his watch. He continues to work closely with Chiquita Collins, PhD, who came to UT Health from John Hopkins University, Dean Hromas, and other colleagues, to increase diversity in all sectors. Dr. Kelley is correct in that such diversity begins with the trainees, and the School of Medicine is successful in some areas and less successful in others. Dr. Scott Jones has a wealth of information on this topic, and the school's goal is to have a recruiting committee and a home that makes people feel welcome and included. Dr. Henrich agreed with Dr. Jimenez that there is absolutely a relationship between the composition of the faculty/admissions committee and the ability to recruit minority students. Dr. Henrich stated that he sincerely welcomes all suggestions and input on this topic, and he further agreed that there is a need to move the needle far faster and in the right direction.

FOLLOW-UP:

Mr. Adams and Dr. Kelley accepted Dr. Henrich's invitation to meet and discuss this topic off line. Both organizations will learn alot from having this open discussion.

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 Medical/Dental staff shall be made by the Board of Managers. The Board of Managers shall act on initial appointments, re-appointments, or revocation of appointments only after there has been a recommendation from the Executive Committee. The Credentials Committee met on February 22, 2021 and reviewed the credential files of the individuals listed on the Credentials Report and the Professional Performance Evaluation Reports. In its meeting of March 2, 2021, the Executive Committee of the Medical-Dental Staff approved the Credentials Committee Report and recommends approval of clinical privileges in accordance with University Health’s credentialing and privileging process by 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 Joint Commission standards, University Health’s Professional Staff Services Department 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 Joint Commission standards, the Professional Staff Services Department 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 February 22, 2021 and reviewed proposed revisions to Delineation of Privilege and the Professional Performance Evaluation Reports and Forms. In its meeting of March 2, 2021, the Executive Committee of the Medical-Dental Staff approved the Focused/Ongoing Professional Performance Evaluation Reports, and recommends Board of Managers’ approval of the proposed Delineation of Privileges and Professional Practice Evaluation Reports.

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

SUMMARY: A total of 33 contracts with a value of \$150,282,036 are being presented to the Board of Managers during the month of March 2021. The following contracts require approval by the BCHD Board of Managers: 19 consent contracts with a total value of \$27,223,419; and 14 presented contracts with a total value of \$123,058,617. During the month of March 2021, there were five (5) contracts

classified as Small, Minority, Woman or Veteran Owned Business Enterprises (SMWVBE).

CONSENT AGENDA

RECOMMENDATION: Staff recommends approval of all items listed on the consent agenda.

CONSENT AGENDA

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

CONSENT AGENDA

EVALUATION: Mr. Adams noted a \$4 million item on the purchasing consent agenda that is for time and labor software.

CONSENT AGENDA

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH PINNACLE RETAMA PARTNERS, LLC AND RETAMA DEVELOPMENT CORPORATION TO PURCHASE APPROXIMATELY 42.5 ACRES OF REAL PROPERTY LOCATED AT 15582 INTERSTATE HIGHWAY 35, SELMA, BEXAR COUNTY, TEXAS AND AUTHORIZING ALL OTHER ACTIONS IN SUPPORT THEREOF — DON RYDEN

SUMMARY:

The COVID-19 pandemic has highlighted the need for University Health to provide multiple sites of access for acute care services within Bexar County. Additional sites will help University Health to maintain its tertiary and quaternary care services, while creating capacity for the community's increase demand on medical services. University Health has made significant investment in its main hospital campus and created an extensive network of ambulatory clinics throughout San Antonio. This strategy has provided multiple points of access to residents for healthcare services. University Health engaged the healthcare consulting firm, Blue Cottage Consulting, Inc., to help develop, identify, and assess community based care delivery options in select sub-markets throughout Bexar County. Blue Cottage's market analysis and assessment indicates that there are a significant population of patients on the Northeast of Bexar County that meet the criteria for a suburban hospital environment, as well as, work with the Health System's strategic partners at the medical school and Federally Qualified Health Centers. University Health also retained a local real estate group, TAB Services, Inc., whose principals are Edward B. Kelley and Robert A. Wehrmeyer. This company has extensive experience with identifying, analyzing, and negotiating large land parcels for its clients. Accordingly, TAB was tasked to identify potential land sites for suburban hospital campus locations in key sub-markets identified by Blue Cottage. In the northeast sub-market area, an approximate 42.5 acres tract has been identified. This vacant land tract has frontage on Retama Parkway and Lookout Road. The seller also has an adjacent tract of approximately 6.4 acres that University Health could acquire a right of first offer if he determines to sell that parcel. This solution would reduce the current hospital bed average daily census by approximately 14 beds daily; thus, increasing capacity for more complex cases from around Bexar County that are done elsewhere. This tract of land is approximately 42.5 acres. The purchase

- price of \$11,570,625 is based on the net acreage of the tract. Although not anticipated, the purchase price may be adjusted by \$6.25 per sq. ft. when the final survey is completed and confirms the total acreage of the tract. Staff recommends the funding of this land acquisition from the Board Designated Capital Account. The workforce composition for Retama Development Corporation and Pinnacle Retama Partners, LLC was provided for the Board's review.
- RECOMMENDATION: Staff recommends Board of Managers' approval to execute a Purchase and Sale Agreement with Pinnacle Retama Partners, LLC., and Retama Development Corporation in the amount of \$11,570,625 as noted herein.
- ACTION: A **MOTION TO APPROVE** staff's recommendation was made by Mr. Hasslocher, **SECONDED** by Dr. Kelley, and **PASSED UNANIMOUSLY**.
- EVALUATION: Mr. Hasslocher commended Mr. Hernandez and the staff for having foresight for future needs.
- FOLLOW-UP: Dr. Kelley asked about the specific community need in that area since there is a hospital further along Interstate Highway 35 North. The demand identified by Blue Cottage was an unmet need of approximately 75 hospital beds per day given the demographics. Hospital beds would be available for women's services, general medicine, and general surgical. There is also a need by underinsured residents in that area, as well as those who are insured to help offset any loss. A new hospital in that area will help to decompress University Hospital and allow staff to provide a higher level of care at the main hospital. Dr. Jimenez asked if the property was restricted for medical use. Mr. Hernandez explained that as a health system, University Health is permitted to stay within its mission and its charge from the state. A building for doctors' offices, for example, would be permissible. Economics in that area are also suitable for what is needed.

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH FCS CREAMER, LTD. TO PURCHASE APPROXIMATELY 15.831 ACRES OF REAL PROPERTY LOCATED OFF OF N. LOOP 1604, NEAR THE NEW GUILBEAU/BRAUN EXIT, IN SAN ANTONIO, BEXAR COUNTY, TEXAS AND AUTHORIZING ALL OTHER ACTIONS IN SUPPORT THEREOF — DON RYDEN

- SUMMARY: The market analysis and healthcare assessment in multiple San Antonio based sub-markets conducted by Blue Cottage Consulting, Inc., also indicated that there is a significant population of patients on the Westside of Bexar County that meet the criteria for a suburban hospital environment, as well as, work with the Health System's strategic partners at the medical school and Federally Qualified Health Centers. This solution would be able to reduce the current hospital bed average daily census by approximately 25 beds daily; thus, increasing capacity for more complex cases from around Bexar County that are done elsewhere. University Health's local real estate representative, TAB Services, Inc., was tasked to identify potential land sites for suburban hospital campus in West San Antonio. In the west sub-market, an 80 acres land tract, which included a Development Tract of approximately 36 acres, on West Loop 1604 North and Shaenfield Road was identified and acquired by University Health last year. The seller of that tract (i.e. FCS Creamer, Ltd.) has an additional 15.831 acres tract immediately north and partially adjacent to the previously acquired 80 acres. This tract is appropriately zoned for medical uses, has over 2,000 ft. of frontage on Loop 1604, and has sufficient capacity of utilities for medical use development. It can be purchased for the same price per sq. ft. as the Development Tract of 36 acres. The total purchase is \$5,689,186. The entire tract of land consists of approximately 15.831 acres. The purchase price of \$5,689,186 is based on the

net usable acreage of the Tract. Although not anticipated, the purchase price may be adjusted by \$8.25 per sq. ft. when the final survey is completed and confirms the total acreage of the Tract. Staff recommends the funding of this land acquisition from the Board Designated Capital Account. FCS Creamer, Ltd. is a single purpose real estate entity and has no employees. It is an affiliate of Rick Sheldon Real Estate, LLC.

RECOMMENDATION: Staff recommends Board of Managers' approval to execute a Purchase and Sale Agreement with FCS Creamer, Ltd., in the amount of \$5,689,186 as noted herein.

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

EVALUATION: None.

FOLLOW-UP: None.

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

SUMMARY: In October 2019, the Board of Managers approved initial funding of the *Salud-Arte: Art of Healing* program to enable engagement with artists, community groups, and others to incorporate art into the overall design of the Project. Staff has identified the need for comprehensive guidance to the *Salud-Arte: Art of Healing* program by the Architectural/Engineering (A/E) team. The design enhancement/public art planning is underway with an initial artist engaged on one project and other artist solicitations ongoing. To ensure that artistic concepts remain aligned with the architectural design, the A/E team must coordinate with each artist. Coordination includes reviews of proposed artwork and validation of technical feasibility for art to be incorporated into the specified finishes. The integration of design enhancements needs to be further coordinated with the Construction Manager for proper ordering of materials and including design enhancement installations with the Construction Manager's construction scope. Once the artists' concepts have been reviewed for consistency with the overall architectural design and the aesthetic themes approved for use in the new buildings, the art itself must be translated into formats that can be conveyed by the approved construction materials being supplied by the Construction Manager. Staff therefore anticipates the requirement to include graphic design specialists as well as architectural and structural consultations to support *Salud-Arte: Art of Healing* proposals. Art Program Integration (ASR #29): The scope of these additional meetings, reviews, reports, and coordination with the CM to integrate installation schedules is not currently included in the A/E team's Agreement with University Health. Staff therefore recommends the A/E's scope of work be amended to include this effort and ensure complete integration of the *Salud Arte: Art of Healing* proposals. The estimated cost of this additional level of effort is \$585,435. Staff has reviewed proposals and recommends approval of the following not-to-exceed amounts for each additional service:

Art Integration – Patient Rooms, Corridors, Lobbies	\$ 339,435
Art Program – Main Donor Recognition Wall	\$ 89,000
Donor Recognition Standards and Signage	\$ 76,000

Community Outreach/Publicity Support	\$ 74,000
Structural Engineering for large/heavy Artwork	\$ 7,000
Total proposed contract increase	\$ 585,435

Fees for these additional services will be paid from current Board-approved Project funding. The A/E contract summary is: Original contract amount \$31,981,288; plus previous approved amendments \$17,643,145, plus proposed additional changes in the amount of \$585,435, for a revised total contract amount of \$50,209,868. The workforce composition for Marmon Mok|ZGF was provided for the Board's review. Out of 58 employees, Marmon Mok employs one Native American, one African American, 18 Hispanics, and 38 Whites. Mr. Ryden reiterated that this contract covers only the architectural design, and does not include artists. There will be a call for artists at a later date.

RECOMMENDATION: Staff recommends Board of Managers approval of a contract increase for architectural services to support *Salud Arte: Art of Healing* in the amount of \$585,435 and authorize the President/Chief Executive Officer to execute the amendment to the Marmon Mok L.L.P. agreement in that amount.

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

EVALUATION: Dr. Jimenez expressed disappointment regarding Marmon Mok's workforce diversification. He realizes it is difficult to change the workforce in a significant way; however, Marmon Mok has been the recipient of many University Health contracts and Dr. Jimenez does not believe they are taking the Board's concerns seriously. Mr. Smith supported Dr. Jimenez's comments – nothing happens when the Board has concerns regarding a vendor's workforce. He asked if it would it be beneficial and/or legal to pull these contracts when the vendors are not responsive to Board suggestions regarding their workforce. Mr. Hernandez believes that specifying workforce percentages in vendor contracts will be difficult to enforce and ineffective. The issue in Bexar County is that most Hispanic males are under the age of 15. The Anglo population is the opposite, it is very small in the early years and widens into the older male group. This is the reason the Hispanic community must focus on schools and education or suffer the consequences in 20-30 years. Dr. Jimenez recalled presentations by Ernst & Young auditors several years ago during which they described what they were doing to promote ethnic diversity and the equal opportunities they provide to minorities; indicating to him how responsive they were to the Board's workforce diversity suggestions. Mr. Adams would like to see the staff make two supplier diversity presentations per year to review results and have a candid discussion on what successes the Board has had in influencing the various vendors. He would then want to make a point of talking to potential vendors to let them know that this our Board and we want to do great things. Mr. Morris agreed with Mr. Hernandez's proposal that the Board of Managers is in a very good position to use their platform in talking directly to vendors and strongly encourage workforce diversity as suggested by Mr. Adams. As the newest Board member, Mr. Morris noted that this topic has been raised at every meeting he has attended thus far. The Board must be transparent by addressing the topic in public so more vendors will talk about the Board's diversity policy. There are few legal remedies to address this issue and Mr. Morris foresees progress in this area going forward. As a final comment regarding Marmon Mok, Mr. Hernandez was at the preliminary presentation made by Marmon Mok two years ago and he recalls that they had the most female representation over other vendors. Unfortunately, the

breakdown in the staff's report does not reflect that. The group of women were very much involved and in tune with the Women's and Children's Hospital project and they were by far the most diverse. Mr. Hernandez assured the Board that staff will continue to relay the Board's policy.

FOLLOW-UP: Supplier diversity presentation twice per year, candid discussion among Board members and staff.

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

SUMMARY: In February, clinical activity (as measured by inpatient discharges) was down 12.3 percent for the month compared to budget. Year to date inpatient discharges were down 10.4 percent compared to budget. Community First Health Plans (CFHP) fully insured membership was up 11.2 percent to budget. On a consolidated basis, gain from operations was \$29.3 million, \$20.8 million better than budget. The consolidated bottom line gain (before financing activity) was \$21.7 million, \$20.1 million better than the budgeted gain of \$1.6 million. Higher supplemental revenues combined with lower operating expenses resulted in performance better than budget. CFHP experienced a bottom line gain of \$5.1 million, which was \$3.9 million better than the budgeted gain of \$1.2 million. Lower claims expense and higher premium revenue accounted for the performance to budget. Debt service revenue was \$6.1 million, which matched budget. Mr. Hurley reviewed notable increases and/or decreases from the December 31, 2020 Consolidated Balance Sheet in detail with the Board of Managers.

RECOMMENDATION: Staff recommends approval of the February 2020 financials report subject to audit.

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

EVALUATION: The ice storm in early February impacted University Health's statistics. Most of the ambulatory clinics were closed for the entire week. The Southwest Clinic is still closed due to busted pipes and water damage on first and second floors. Further, renovations at Southwest were in progress so construction crew was already on site, and some work had to be re-done. Although outpatient volume is not typically a big driver of financials, the pandemic has caused University Health to run about 20 percent behind in outpatient volume, and with the ice storm, volume was down another 40 percent. Telehealth visits took place, however, so many patients were not able to physically come in. Inpatient volume has been down about 12 percent during COVID. In addition, lower acuity visits to the Emergency Departments are down, a phenomena occurring all over the country. Salaries are running below budget due to vacancies and the tight labor market. Some nurses left for agency work and more dollars since they were needed in areas like California and New York during the pandemic. Nurses in both the inpatient and ambulatory setting at University Health all cross train to deal with this issue. Cross training saves money, and there is also have an internal float pool to help during these shortages. However, the turnover rate at University Hospital is lower than the industry average. Leadership will focus on recruiting specialized staff for the Intensive Care Units, Operating Room, Emergency Department, Neonatal Intensive Care Unit, and the Catheterization Lab. Staff anticipates that 2021 will be a good year.

FOLLOW-UP: None.

PRESENTATIONS AND EDUCATION:

FIRST QUARTER QUALITY REPORT — *BRYAN ALSIP, M.D.*

SUMMARY:

University Health quality goals include hospital-based metrics that are publicly reported by the Centers for Medicare & Medicaid Services (CMS). Pay for Performance quality programs administered by CMS use data from retrospective performance periods to determine current Medicare fiscal year payments to hospitals. University Health quality metrics and patient outcomes are also represented in other publicly reported ratings including: the Leapfrog Hospital Safety Grade; the U.S. News & World Report Best Hospitals list; the CMS Hospital Compare and Star Rating; and the Vizient Quality & Accountability Score. University Health tracks 140 specific quality metrics in its effort to optimize outcomes and eliminate financial penalties. Dr. Alsip reviewed University Health's Quality Dashboard and reported that 31 quality metrics in the Quality Incentive Agreements have significant influence and are aligned with the organization's goals. He reviewed 2021 inpatient goals, baseline sources, metric baseline dates, metric baseline results, University Health internal goals, and improvement rates. He also indicated which metrics are included in the various Quality Incentive Agreements with the Long School of Medicine Departments at UT Health San Antonio (only three metrics under the patient safety category are not in the QIAs - PSI-13, Post-Operative Sepsis (per 1000) (v2020); Falls with Injury - as reported through MIDAS eRAF; and Medicaid Potentially Preventable Complications). All of the categories tracked show positive improvements across the dashboard. Dr. Alsip broke down the flow of funds stemming from Quality Incentive Agreements. The Annual Operating Agreement has a value of \$17 million, comprised of \$10 million for general support and \$7 million for medical director services. The general support portion funds administrators, nurses, pharmacists, case managers, case coordinators and analysts. The medical director services are provided by physicians. The annual potential payment to UT Health under the QIA is a maximum of \$3.5 million, and the potential penalty is \$900,000. The earned incentive for FY 2020 is \$785,714. For the year beginning August 2020 through August 2021 Dr. Alsip reviewed outcome metrics, desired metric performance direction, cumulative metric performance, minimum threshold, base line, progression goal (Level I), full improvement goal (Level II), and Penalty (5 percent penalty of metric value for performance worse than minimum threshold). Five out of 14 metrics at Level I or Level II is the target. The High Value Outcome Metrics were identified by an asterisk mark indicating a substantial gap from current baseline to progression goals and the importance of these metrics in multiple pay-for-performance programs. These metrics have higher overall metric values with higher upside for meeting or exceeding goals but also carry higher penalties for falling below minimum thresholds. Additionally, if all five High Value Outcome Metrics meet or exceed Level II goals, there will be an additional amount of \$500,000 added to the incentive earned. UT Health Incentive to date for FY 2020-2021 is \$ 85,714. Mortality is calculated as an observed to expected ratio based on national data for patient diagnoses and severity of illness. The goal for 2021 for mortality is a ratio of 0.70, equal to the current QIA Level II goal and a 16% improvement over the 2020 baseline value of 0.83. This metric is currently at a value of 0.95. Hospital readmissions are measured as an observed to expected ratio of hospital-wide readmissions within 30 days of the initial admission. The goal for 2021 for

hospital readmissions is a ratio of 0.82, equal to the current QIA Level II goal and a 15 percent improvement over the 2020 baseline value of 0.97. This metric is currently at a value of 0.55, which is better than target goal. Patient Safety Indicators (PSI) are specific, hospital-acquired patient outcomes used to measure safety. PSI-90 is a calculated, risk-adjusted observed to expected ratio determined from clinical documentation coding and is composed of ten separate metrics. The goal for 2021 for the PSI-90 metric is a ratio of 0.71, equal to the current QIA Level I goal and an 11 percent improvement over the 2020 baseline value of 0.80. This metric is currently at a value of 0.76, which is improved over baseline and is 93 percent to target goal. Performance for Catheter Associated Urinary Tract Infections (CAUTI) and Catheter Associated Blood Stream Infections (CLABSI) is measured as a Standardized Infection Ratio (SIR) benchmarked against national data and as a rate per patient day, per device day, or per procedure. Currently, device-associated infection rates for CAUTI and CLABSI are better than baseline. Healthcare-Associated *C. difficile* infections (rate per 10,000 patient days) are performing worse than baseline, at 4.05 for 2021 year to date. The goal for 2021 for the sepsis bundle compliance is 62 percent equal to the current QIA Level I goal, and a 22 percent improvement over the 2020 baseline value of 50 percent. This metric is currently better than target with compliance at 65 percent. Strategies for improvement were discussed in detail with the Board, and Dr. Alsip explained how he and staff are working closely with dedicated Medical Directors as part of those strategies and accountability, by identifying and engaging physician leads for high value and publicly reported metrics/composites; and by providing quality support (data and analysis) expanded to key metrics/composites, which includes the development of high visibility dashboard with trends and analysis at aggregate and patient levels to focus efforts on actions with immediate impact. Finally, Dr. Alsip reviewed quarterly Achieving Zero recognition program for the inpatient units, and he identified the various units by name that have achieved zero pay for performance penalties and have optimize patient outcomes at University Hospital. The most impressive score in 2020 for Achieving Zero for Four Infection Types - CAUTI, CLABSI (C. diff and MRSA for three years in a row), was the Pediatric Cardiac Care Unit (PCCU). What separates PCCU from those units not achieving zero? Many factors involved, this is a smaller unit, volume is lower, very specialized, with complex but similar patient care. In addition, this is a very select unit that competes with Methodist Hospital and Children's Hospital of San Antonio. The PCCU's medical director and the staff are very dedicated, engaged, and proud of their national ranking regarding their outcomes, so it boils down to teamwork. University Hospital committed to fund a position for a Chief Resident that will help educate house staff in this area, and that resident has done an outstanding job. Dr. Alsip feels justified in funding this position for another year, it is a great investment.

RECOMMENDATION: This report was provided for informational purposes.

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

EVALUATION: Mr. Adams noted room for to improvement. He is not comfortable that there are nearly enough incentives for the medical staff. He would like to engage in some conversations that involve incentives and disincentives. Internally, there are ways to recognize high performers and a way to tie measurements to their performance. Length of Stay, Mortality, and Infections were all specifically influenced by the pandemic in 2020 and Dr. Alsip is optimistic that these scores will get better as time goes by.

FOLLOW-UP: None.

INFORMATION ONLY ITEMS:

REPORT ON THE 87TH TEXAS LEGISLATIVE SESSION — ANDREW SMITH
UNIVERSITY HEALTH FOUNDATION UPDATE — 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 Board colleague’s attention to the four reports above, and asked that they review these materials on their own time.

RECOMMENDATION: These reports were provided for informational purposes only.

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

EVALUATION: None.

FOLLOW-UP: None.

CLOSED MEETING:

At 8:16 pm, Mr. Adams announced this meeting closed to the public pursuant to TEX. GOV’T CODE, Section 551.074 to evaluate the performance and duties of the President/Chief Executive Officer. The following Board members were present: James R. Adams, Ira Smith, Margaret A. Kelley, MD, Roberto Jimenez, MD, Anita Fernandez, James C. Hasslocher, and L.P. Buddy Morris. Also present were George B. Hernandez, Jr, and Serina Rivela, Vice President/Chief Legal Officer. After discussion, no action was taken in closed session. Mr. Adams announced the closed meeting ended at 8:45 pm, and immediately reconvened the public meeting.

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

SUMMARY: Mr. Hasslocher was appointed by Mr. Adams to chair an ad hoc committee with the charge of performing the annual evaluation of the President/CEO. Mr. Hasslocher and the members of the ad hoc committee comprised of both Dr. Kelley and Mr. Adams met on three separate occasions and actively solicited input from all members of the Board during the process. The ad hoc committee further reviewed and considered Mr. Hernández’s exemplary performance in exceeding the 2020 goals as well as going above-and-beyond during the COVID-19 pandemic. His leadership and foresight resulted in University Health being the first to offer drive through COVID testing sites throughout the community. Most importantly, the professional operation of the Wonderland vaccination hub has resulted in over 220,000 vaccinations to date including the strategic targeting of at risk populations such as healthcare workers, first responders, and teachers. Other noteworthy accomplishments included the opening of the Advanced Diagnostic Center, expansion of customer centered pharmacy service lines, creation of the Center For Life, communitywide expansion of behavioral health services, the successful transition to EPIC, Premier system and telehealth services during the height of the COVID-19 pandemic, and ongoing construction of Women’s and Children’s Hospital. Also reviewed were compensation levels paid by similarly situated organizations, both taxable and tax-exempt, for functionally comparable positions; the availability of similar services in Texas;

Board of Managers Meeting

Tuesday, March 30, 2021

Page 14 of 14

and two current compensations surveys prepared by independent firms. The findings of the ad hoc committee have been reviewed and discussed with the full Board of Managers in Executive Session. Both the ad hoc committee and the Board of Managers are composed entirely of individuals without a conflict of interest with respect to the determination of the compensation to be paid to the President/CEO.

RECOMMENDATION: The ad hoc committee recommends that Mr. Hernández's base annual salary increase from \$733,000 to \$762,000. In addition, the ad hoc committee, in recognition of Mr. Hernández's performance, recommended that Mr. Hernández receive a one-time \$170,000.00 bonus for a total compensation of \$932,000.00 for this year. Based on the detailed analysis the committee has performed, the ad hoc committee believes that this total compensation level is reasonable.

ACTION: A **MOTION** to **APPROVE** the ad hoc committee's recommendation to increase Mr. George Hernández's annual salary to \$762,000 and to **APPROVE** a one-time annual incentive payment in the amount of \$170,000 was made by Mr. Hasslocher, **SECONDED** by Mr. Smith, and was **PASSED UNANIMOUSLY** by the Board.

EVALUATION: Each member of the Board expressed their utmost respect and personal gratitude to Mr. Hernández for his leadership, dedication and commitment to University Health's mission. Mr. Hernández thanked the Board of Managers for their consideration and support.

FOLLOW-UP: None.

ADJOURNMENT:

There being no further business, Mr. Adams adjourned the public meeting at 8:50 pm.

James R. Adams
Chair, Board of Managers

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

Sandra D. Garcia, Recording Secretary