



University Health System

REGULAR BI-MONTHLY MEETING OF THE BEXAR COUNTY HOSPITAL DISTRICT BOARD OF MANAGERS

Tuesday, May 22, 2018
2:00 p.m.
Cypress Conference Room
University Hospital
4502 Medical Drive
San Antonio, Texas 78229

MINUTES

BOARD MEMBERS PRESENT:

Jim Adams, Chair
Ira Smith, Vice Chair
Dianna M. Burns, M.D., Secretary
Robert Engberg
Janie Barrera
James Hasslocher

BOARD MEMBERS ABSENT:

Roberto L. Jimenez, M.D, Immediate Past Chair

OTHERS PRESENT:

George B. Hernández, Jr., President/Chief Executive Officer, University Health System
Bryan J. Alsip, M.S., Executive Vice President/Chief Medical Officer, University Health System
Tommye Austin, Ph.D., Senior Vice President, Chief Nurse Executive, University Health System
Edward Banos, Executive Vice President/Chief Operating Officer, University Health System
Lourdes Castro-Ramirez, President, University Health System Foundation
Ted Day, Executive Vice President, Strategic Planning and Business Development, University Health System
Donald Finley, Director, External Communications/Corporate Communications, University Health System
Roe Garrett, Vice President/Controller, University Health System
William Henrich, M.D., President, UT Health San Antonio
Rob Hromas, M.D., 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 Communication and Patient Relations, University Health System
Rosa Olivares, Health Administration, Trinity University
Bill Phillips, Senior Vice President/Chief Information Officer, University Health System
Kirsten Plastino, M.D., President, Medical/Dental Staff, University Health System; and Professor, Department of Obstetrics & Gynecology, UT Health, San Antonio
Serina Rivela, Interim Chief Legal Officer, University Health System
Don Ryden, Vice President/Project, Design, and Construction, University Health System

A.J. Sandoval, Chief of Police/Protective Services, University Health System
Theresa Scepanski, Senior Vice President/Chief Administrative Officer, University Health System
Travis Smith, Deputy Chief Financial Officer, University Health System
Allen Strickland, Vice President, Hospital Administration, University Hospital
Emily Volk, M.D., Senior Vice President/Clinical Services, University Health System
Jim Willis, Vice President, Associate Administrator, University Hospital
Chris Clark, Partner, BKD CPAs and Advisors
Tom Watson, Managing Partner, BKD CPAs and Advisors
And other attendees.

CALL TO ORDER AND RECORD OF ATTENDANCE: JIM ADAMS, CHAIR, BOARD OF MANAGERS

Mr. Adams called the meeting to order at 2:02 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE

Mr. Adams introduced Ms. Kathleen Vasquez of City Church for the invocation and he led the Pledge of Allegiance.

APPROVAL OF MINUTES OF PREVIOUS MEETING(S):

FEBRUARY 27, 2018 (REGULAR MEETING)

SUMMARY: The minutes of the regular Board meeting of Tuesday, February 27, 2018, were presented for Board approval.
RECOMMENDATION: Staff recommended approval of the minutes as submitted.
ACTION: There being **NO OBJECTION**, minutes were **APPROVED**.
EVALUATION: None.
FOLLOW-UP: None.

MARCH 20, 2018 (REGULAR MEETING)

SUMMARY: The minutes of the regular Board meeting of Tuesday, March 20, 2018, were presented for Board approval.
RECOMMENDATION: Staff recommended approval of the minutes as submitted.
ACTION: There being **NO OBJECTION**, minutes were **APPROVED**.
EVALUATION: None.
FOLLOW-UP: None.

MARCH 27, 2018 (REGULAR MEETING)

SUMMARY: The minutes of the regular Board meeting of Tuesday, March 27, 2018, were presented for Board approval.
RECOMMENDATION: Staff recommended approval of the minutes as submitted.
ACTION: There being **NO OBJECTION**, minutes were **APPROVED**.
EVALUATION: None.
FOLLOW-UP: None.

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

SUMMARY: This past weekend, UT Health graduated 700 students from all five schools on the Long campus; the first graduation event for Dr. Hromas since he arrived at UT. As to where the graduates are going, 20 percent are staying in San Antonio, and 50 percent are staying in Texas, populating all of programs at UT Health and training at University Hospital. This speaks highly of UT Health, San Antonio to be able to recruit its own graduates, in the context that they are being offered jobs all over the country. Behind this graduating class are new students that are happy to be at UT Health San Antonio. Competition for admission to all five schools has increased; the entering co-hort is outstanding, which bodes well for the future of UT Health. Dr. Henrich yielded the floor to Dr. Hromas for a School of Medicine update. UT Health's Epic license was initially placed in a 501(a), a physician billing entity that used to belong to the University Physicians Group. The Epic system license is the only asset in the 501(a) and the sole member at this time is Dr. Henrich/UT Health. Dr. Hromas and Mr. Hernandez are discussing the possibility of making Mr. Hernandez/University Health System a dual member of the 501(a). If both organizations share this one Epic instance, it will save the Health System some funding as opposed to purchasing a separate Epic license. The Health System would have dual, equal control in the 501(a) and it would save effort in establishing an equally, shared governance. He and Mr. Hernandez are trying to find an amicable way to save money on the transition to Epic. Mr. Hernandez concurs with the end result, and reiterated his interest in having one, shared Epic license with UT Health. The discussions are on track and going well. Dr. Henrich congratulated Dean Hromas in the recruitment of Patrick Sung, D.Phil., an internationally known biochemist. UT Health has received the institution's only \$6 million recruiting award from the Cancer Prevention Institute of Texas (CPRIT), which Dallas and Houston have received in the past. This is a quality award that speaks volumes for UT Health's faculty. Dr. Plastino did not have anything to add to the UT Health update at this time.

RECOMMENDATION: This report was provided for informational purposes only.

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

EVALUATION: Mr. Adams commended Dr. Henrich for one of the best radio interviews he has heard by the Rivard Report. Dr. Henrich discussed a very interesting topic – his experience with bone marrow cancer. He described the importance of certain symptoms and actions that patients go through, and laid out the process for the audience – from being scared to death after receiving the initial bad news, to the challenges faced by patients, to the satisfaction they feel when things work out. Dr. Henrich thanked Mr. Adams for the high praise.

FOLLOW-UP: None.

CONSENT AGENDA – JIM ADAMS, CHAIR:

CONSIDERATION AND APPROPRIATE ACTION REGARDING MEDICAL-DENTAL STAFF RECOMMENDATIONS FOR STAFF MEMBERSHIP – KRISTEN A. PLASTINO, M.D., PRESIDENT, MEDICAL/DENTAL STAFF

**CONSIDERATION AND APPROPRIATE ACTION REGARDING POLICY NO., 6.08,
SALUDE-ARTE: ART OF HEALING PROGRAM – LENI KIRKMAN**

**CONSIDERATION AND APPROPRIATE ACTION REGARDING PURCHASING
ACTIVITIES (ATTACHMENT A) – ANTONIO CARILLO/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:

Medical-Dental Staff Recommendations for Staff Membership –Kristen A. Plastino, 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 Policy No. 6.08, Salude-Arte: Art of Healing Program – Leni Kirkman – This is a new policy developed out of the need to protect and preserve the integrity of the art program. These policy guidelines, which follow what a standard American Association of Museums member organization or non-profit entity would be required to use to accept work or donated items. It gives the University Health System the opportunity to have a public policy preserving the quality and vision of our programming. Groups that work at Health System facilities, such as UMA and UT Health providers that work on Health System premises, will know the design standards to follow for the art program and allow University Health System to control the pieces acquired.

Consideration and Appropriate Action Regarding Purchasing Activities (Attachment A) – Antonio Carillo/Travis Smith - A total of fifteen (15) contracts with a value of \$17,425,821 are being presented to the Board of Managers during the May 22, 2018 meeting. The following contracts require approval by the Board of Managers: Ten (10) consent contracts with a total value of \$15,060,358; and five (5) presented contracts with a total value of \$2,365,463. During the month of May 2018 there are five (5) contracts that were classified as a Small, Minority, Woman, or Veteran, Owned Business Enterprises (SMWVBE). May 2018 SMWVBE Status Report reflects items being submitted for Board approval.

RECOMMENDATION: Staff recommended approval of the consent items by the Board of Managers.

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

EVALUATION: None.

FOLLOW-UP: None.

ACTION ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING EXTERNAL AUDITOR'S REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR 2017 – BKD, LLP/REED HURLEY/GEORGE B. HERNANDEZ, JR.

SUMMARY:

Mr. Engberg introduced and yielded the floor to Messrs. Chris Clark, Partner, and Tom Watson, Managing Partner, of BKD. The firm BKD, CPAs and Advisors, was engaged to examine the 2017 financial statements of the Health System and CFHP. They reported that they met with the Audit Committee of the Board of Managers on Tuesday May 15, 2018, and provided the following overview to the full Board:

BKD's Responsibility and Opinion

- Draft financial statements and related notes are being presented and we are prepared to issue an unmodified opinion
- A separate audit of CFHP was performed
- Pension plan audited by other auditors

Accounting Policies and Practices

- Consistent with accounting and industry standards

There were no:

- Difficulties encountered by our team when conducting the audit
- Disagreements with management
- Contentious accounting issues
- Consultations with other accountants

Material Written Communications:

- Audit communication letter
- Management representation letter
- We have provided separate communications to CFHP

Other 2017 Considerations include Adjustments that were proposed and recorded in the following areas:

Adjustments - Impacting change in net position

Reduction in charity care reserve (PBC)	\$	2,491,000
Recovery of overpayment in agency collection fees (PBC)		1,318,000
True-up of CFHP claims and premium deficiency reserve (PBC)		(9,603,000)
Reduction of property tax receivable due to year-end adj		(4,317,000)
Correction of various accruals - net (PBC)		1,559,000
		<u>1,559,000</u>
Impact on change in net position	\$	<u>(8,552,000)</u>

Adjustments - Impacting balance sheet only

Accounts payable and fixed assets	\$	888,000
Accounts payable and fixed assets (PBC)		1,233,000

- Government Accounting Standards Board (GASB) 74 adopted – Requires additional other post-employment benefits (OPEB) related disclosures
- Government Accounting Standards Board (GASB) 75 will be adopted in 2018 – Requires recognition of net other post-employment benefits (OPEB) obligation

The presentation included a Health System industry comparison against Dallas County, Harris County, Tarrant County, El Paso County, and Moody's analytics average for total assets, total debt, NPSR+supplemental (Net Patient Service Revenue), and total discharges. Also presented were Health System's balance sheets for prior years, with net positions ranging

from \$2,242,220 in 2013 to \$2,698,457 in 2017. Auditors reviewed days cash on hand for University Hospital; the count ranged from 267 days in 2013 to 252 day in 2017. The average days cash on hand for other hospital districts is approximately 165, while Moody's analytics ranged from 195 in 2013 to 205 in 2017. A peer comparison for most recent fiscal year ended indicates Dallas has 75 days cash on hand, Harris has 225 days, Tarrant has 225 days, and El Paso has 25 days. Net days in accounts receivable for the Health System ranged from 86 days in 2013 to 77 days in 2017, while the CareLink Financial Assistance Program ranged from 68 days in 2013 to 70 days in 2017; other hospital districts averaged 59 days in 2013 to 29 days in 2017. The 2017 statements of revenue and expenses show total revenue amount of \$1,349,164, total expenses at \$1,686,019, an operating loss at (\$336,855), and an excess of revenue over expenses in the amount of \$54,978. Uncompensated Care/Gross Revenue amount for 2017 were four (4) percent bad debt, and 20 percent charity care. Consolidated property tax revenue in 2017 was 23 percent and was compared against Dallas County at 25 percent, Harris County at 28 percent, Tarrant County at 37 percent, and El Paso was 14 percent. Capital asset investments - \$50 million purchased assets, \$75 million depreciation expense, while Moody's analytics recommends \$100 million. BKD auditors reported that the Health System and CFHP audits are complete and they will issue an unmodified or clean opinion. Mr. Engberg reported and other members of the Board's Audit committee were provided the opportunity to meet with the auditors in private without any staff present and committee members were pleased with their findings, and they support the information presented by staff during the year, indicative of continuous improvement of the financial reporting process. All of the Board members' questions were answered during today's meeting.

- RECOMMENDATION:** Staff recommends approval of the 2017 University Health System's audited financial statements.
- ACTION:** A **MOTION** to **APPROVE** staff's recommendation was made by Mr. Engberg, **SECONDED** by Dr. Burns, and **PASSED UNANIMOUSLY**.
- EVALUATION:** The CFHP audit report was presented to their Board on April 20, 2018. Audits on three other entities, the Pension Plan, Foundation and Financial Assistance Programs are performed by a Garza, Gonzalez Associates. The audits for the Pension Plan and Foundation are complete. The Pension Plan audit report was presented and approved by the Pension Trustees on May 8, 2018. The Foundation audit report was presented to the executive committee of that Board on Tuesday May 9, 2018. The Pension Plan financial statements are included in the Health System audit report which requires that the audit be complete prior to BKD issuing the Health System audit report.
- FOLLOW-UP:** Board members engaged both Mr. Clark and Mr. Watson in dialogue regarding trends in the hospital industry, number of patient lives touched and federal/state funding.

CONSIDERATION AND APPROPRIATE ACTION REGARDING AN OVER-65 PROPERTY TAX EXEMPTION RECOMMENDATION TO BEXAR COUNTY COMMISSIONERS COURT – REED HURLEY/GEORGE B. HERNANDEZ, JR.

- SUMMARY:** Historically, the Health System has not provided an exemption for individuals over the age of 65 due to the fact that these individuals utilize the Health System's resources. For taxing units like school districts, the over-65 group is much less likely to use the resources provided by the tax revenue. Due to rising property values in Bexar County, the Health System

would like to implement an over-65 exemption. A property tax exemption for individuals over 65 is not projected to have any negative impact on the ability of the Health System to provide quality services to the residents of Bexar County. In 2017 there were 124,371 property owners that would have qualified for an over-65 exemption in the Health System's existing taxable properties. If the Health System implements an over-65 exemption in the amount of \$10,000, using the existing tax rate of 0.276235, it would reduce the annual property tax collections by an estimated \$3.4 million. The \$3.4 million reduction is not an overall reduction, but would decrease the overall increase in property taxes created by rising valuations. For 2019, the Health System is estimating an increase in tax revenue of approximately \$20 million based on the existing tax rate (approximately \$10 million related to increased valuations for existing properties and \$10 million for new properties).

RECOMMENDATION: Staff recommends the Board of Managers request that Bexar County Commissioners Court provide an over-65 property tax exemption for Bexar County Hospital District ad valorem taxes in the amount of \$10,000, beginning with the 2018 valuations.

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

EVALUATION: None.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS:

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: Health System and UT Health leadership have been working to increase access to cardiology consults for patients. For both 2015 and 2016, the queue of unseen cardiology patients at the Robert B. Green (RBG) Cardiology Clinic remained at approximately 250 patients. To assist with increasing access and reducing the amount of wait time to see a cardiologist, University Medicine Associates (UMA) added a cardiologist in March 2017. From March 2017 through December 2017, this cardiologist consulted 730 patients from the queue. Despite the hiring of this additional UMA provider, the queue for the RBG remained unchanged and ended 2017 with 266 unseen patients. In addition, the number of patients seen in the RBG clinic from 2016 to 2017 decreased by 311, mostly from unfilled clinic sessions due to provider vacancies. As of May 2018, the cardiology queue is at 580 unseen patients (RBG 176 and UMA 404). Today, the average wait time for an appointment at RBG is 71 days. This is a request to contract with a third party (Cardiology Partners of San Antonio) through UMA to pilot an additional clinic at University Hospital that will relieve the queue and increase access for patients needing cardiology services and allow patients to be seen in a necessary and timely manner. In addition, UMA patients requiring further cardiac intervention or specialized cardiac treatment will be directed to an appropriate UT

Health provider. Cardiology Partners of San Antonio function independently within the community and do not have encumbrances due to employment agreements with any other healthcare system. Additional space for this clinic has been made available in the former Trauma Follow-Up Clinic on the Second Floor of the Horizon Tower. This contract will be for a twelve (12) month period beginning June 1, 2018. Compensation will be at \$287 per hour, an amount that has been 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 physicians. The total fee for this contract will not exceed \$596,000 minus the collections through UMA. This is a planned expense and is included in the 2018 Annual Operating Budget. A pro forma estimates that in the first 12 months of this contract, net clinic revenue will be approximately \$328,000. Salaries to physicians and support Health System staff are estimated at \$722,000 per year with a negative contribution margin of -\$394,000. Downstream advanced imaging revenue from this contract will generate a positive contribution margin of approximately \$418,000. The total positive contribution from this contract is estimated at approximately \$24,000 per year. The workforce composition of 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 \$596,000 for a twelve month period beginning June 1, 2018.

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

EVALUATION: Cardiology Partners will take care of any underlying heart issues and the patient will be returned to their primary care provider (typically UMA); patients will stay within the Health System, will not be referred out. Mr. Adams reported that he has had several interactions with staff about cardiology, and he agrees that the Health System should not have people waiting 71 days for any service. He asked Mr. Hernandez to provide him with a summary of all services that might have a long wait time, so that leadership to deal with them. It is not humane to keep people who are dying waiting. Dr. Henrich asked for permission to address the staff and the Board. The Heart Vascular Institute (HVI) is a collaborative effort between the Health System and UT Health. Both entities are making major investments for the future of the HVI, and one of those investments is the medical leader, or Chief of the Division of Cardiology. He would not want this contract to be an impediment to recruiting a superb person as head of the cardiology division. Dr. Henrich would not want to give the chief candidate the impression that this is not a partnership, or that the long wait que cannot be managed. The Board has every right and obligation to fill the gap that we currently have; however, we have high hopes for a full service cardiology division. He respectfully requested to re-visit the cardiology wait que at some point in the future when the new cardiology chief arrives. He asked that the Health System keep its options open as they relate to cardiology, because it is important for the partnership. Ms. Barrera agreed with Dr. Henrich that the partnership is great and important. However, she

suggested that this important point be presented as a calling card to candidates during the recruitment process; that it be posed as a challenge because cardiology is a high demand area for the Health System. She would not want to keep this point under the rug. Candidates should be aware so that we can we all work together to fix it. The high demand signal is very important, and staff must shrink this que as requested by the Board chair. Mr. Adams thanked Mr. Willis for the great presentation; informative, very well said, crisp, and to the point.

FOLLOW-UP: Provide summary of all services with long wait ques to Mr. Adams.

CONSIDERATION AND APPROPRIATE ACTION REGARDING AN AMENDMENT TO THE INTERLOCAL SERVICES AND PLANNING AGREEMENT WITH THE CITY OF SAN ANTONIO FOR PUBLIC HEALTH SERVICES – THERESA DE LA HAYA

SUMMARY: This is an Intergovernmental Agreement (IGA) that was put into place many years ago to outline specific responsibilities for University Health System and the San Antonio Metropolitan Health District (SAMHD) for the provision of preventive, clinical, and public health services. Given the transition of services from SAMHD in fiscal year 2008, and the Health System's deliberative effort to expand their scope of prevention services to the community, this agreement continues to be revised to balance the funding with services requirements provided by SAMHD. Since FY 2008, the extent of the services covered by the IGA has reduced the Health System's financial contribution from \$432,685 in Fiscal Year 2008 to \$190,768 in Fiscal Year 2018. These services include dental, sexually transmitted disease control, and tuberculosis control. These public health services as well as food and environmental services, vector control, epidemiology/surveillance, and population-based services are provided to residents in unincorporated Bexar County. Ms. De La Haya provided a spreadsheet (Attachment A) with costs for clinical services, emergency preparedness, population-based services, health education and other services, for the Board's review. No other organization in San Antonio provides the basic public health services provided by SAMHD. The Health System also assists SAMHD in the event of a major public health issue or other emergency event coordinated through the City-County Emergency Operations Center (EOC). SAMHD and the Health System plan annual joint emergency preparedness training (shelter/pod training) to prepare for such events as hurricanes and disasters, and an annual Pod exercise are performed each October. As the Health System continues to expand community/population-based services, the Health System will schedule a planning session with SAMHD to discuss options on how to reduce the funding contribution paid by the Health System to the City of San Antonio in future years. This is an amendment request to maintain the current amount of financial contribution to be paid by the Health System to the City of San Antonio as in the past seven (7) years. As services shifted over the years, the funding amount in the agreement has also changed commensurate with those modifications:

- City fiscal Year 2008 - \$432,685
- City Fiscal Year 2009 - \$310,543
- City Fiscal Year 2010 - \$239,464
- City Fiscal Year 2011 thru 2018 - \$190,768

- Currently, the percentage of clinical services used by county residents is approximately 2.5 percent while the population living in unincorporated areas of the county is 9.6 percent.
- RECOMMENDATION: Staff recommends Board of Managers' approval to execute an Amendment to the Interlocal Services and Planning agreement with the City of San Antonio for Public Health Services for the period April 1, 2018 to March 31, 2019 in the amount of \$190,678.
- ACTION: A **MOTION** to **APPROVE** staff's recommendation was made by Mr. Engberg. **SECONDED** by Dr. Burns, and **PASSED UNANIMOUSLY**.
- EVALUATION: On behalf of the Board of Managers, Mr. Adams congratulated Ms. De La Haya for recently being named a health care hero by the San Antonio Business Journal.
- FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE FINANCIAL REPORT FOR APRIL 2018 – REED HURLEY

- SUMMARY: In April clinical activity (as measured by inpatient discharges) was up 4.1 percent for the month compared to budget. Community First Health Plan (CFHP) fully-insured membership was down 0.4 percent. Gain from operations was \$7.1 million, \$1.1 million better than budget. The bottom line gain (before financing activity) was \$2.5 million, \$2.5 million better than budget and was due primarily to significantly higher patient revenue. Debt Service Revenue was \$4.7 million which is equal to the budgeted payment of \$4.7 million. There were 66,262 unduplicated outpatient visits for the month, or -3.2 percent when compared to budget of 68,470. For year-to-date, there were 276,619 unduplicated outpatient visits, or -2.3 percent when compared to budget of 273,586. Total funded payer mix month-to-date was at 75 percent, an improvement compared to budgeted funded mix of 73.8 percent. Year-to-date funded payer mix is 75.1 percent. Mr. Hurley reviewed bottom line monthly financial performance, actual versus budget, for months January through April, 2018, as well as the operating indicators. January was worse than budget, and the remainder of the year is looking positive. Days in accounts receivable was 71 days at the end of 2017. Prior to that, accounts receivable ran closer to 60 days; however, the last quarter of 2017 was very busy. At the end of April, the Health System was at 61 days, and will try to reach 60 days at the end of 2018, and 50 days by the end of 2019. It is important to reach the minimum number of days before the Health System transitions to Epic, so as to not leave money on the table. Dr. Hromas agreed and cautioned staff to have an action plan in place. It will be necessary to track, or capture each encounter, charge, and collect, possibly on a manual basis. He was with a hospital that transitioned to Epic without an action plan and it lost approximately \$10 million in collections. If he had to do it again, he would implement tighter accounting practices. Mr. Hurley reviewed notable increases and/or decreases from the consolidated balance sheet in detail with the Board. Mr. Engberg had considerable discussion with staff regarding April financials and received a good, favorable report for the month. It is a good financial year for the Health System; only the CFHP situation stands out. Discussion ensued regarding STAR Kids and CFHP's financial position for the month. Mr. Engberg suggested that a year-end

- view report for CFHP would help the Board stay abreast of the situation.
- 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: The downshift in ambulatory volume has to do with physician vacancies and productivity of providers, which will be budgeted to go up heavily in the near future. There has been improvement in this area but the volume is not there yet. For the hospital, there are length of stay and timing opportunities. Mr. Adams asked for a status report on physician incentives for University Medicine Associates. Physicians are provided incentives based on Relative Value Units (RVUs) for volume or productivity, as well as quality, and patient satisfaction. If providers meet all three metrics they receive a financial bonus incentive (quarterly). Dr. Burns asked if the incentive is a percentage of a physician's salary. Dr. Kapur responded that the incentive averages approximately 17 percent of a physician's salary. Physicians who are with UMA over 15 years can earn a maximum base salary of \$200,000, and any physician can earn up to \$32,000/year in incentives. About 2.5 years ago, the UMA upper limit was removed so that if providers do see more patients and generate more RVUs, they can be paid accordingly. A UMA policy recently implemented states that if a provider is not meeting productivity for two years in a row, that provider's annual base salary will be reduced by X percent. UMA does not wish to harbor complacency, and encourages long time providers to work hard. Mr. Adams has found that when people have objectives that are tied to paychecks, oftentimes they will meet their metrics. UMA/Health System leadership continue to look at making incentives bigger and more meaningful for the providers.
- FOLLOW-UP: Staff will provide a year-end view for Community First Health Plans, Inc., as suggested by Mr. Engberg.

ANNOUNCEMENTS:

Mr. Hernandez informed the Board of Managers that he would be in Dallas on Wednesday, May 23, 2018 for a Texas Hospital Association Meeting. Senior staff has many things on their plates; with the Women's & Children's tower taking up a lot of time and attention from the day-to-day routine. Epic is going to be transformational for both institutions, it is more than just a collaboration; it will transform both organizations into one entity. Mr. Adams is aware that the people are becoming informed of the new women's and children's tower and are excited.

Dr. Hromas alerted the Board to an issue regarding inpatient beds, which is tied to payer mix and length of stay, but is more than only a length of stay issue. He would like to collectively address the need for more inpatient beds at University Hospital. Mr. Hernandez informed the Board that he and Mr. Banos have been brain-storming to figure out if it's possible to add virtual beds, and are discussing external beds as a potential option. Both are talking to community hospitals about external beds.

INFORMATION ONLY ITEMS:

2018 QUARTER 1 SUPPLIER DIVERSITY REPORT - ANTONIO CARRILLO/TRAVIS SMITH

ANNUAL REPORT ON LEARNING AND DEVELOPMENT – THERESA SCEPANSKI

UPDATE ON PLANNING, DESIGN AND CONSTRUCTION ACTIVITIES - DON RYDEN

REPORT ON RECENT RECOGNITIONS AND UPCOMING EVENTS—LENI KIRKMAN

UNIVERSITY HEALTH SYSTEM FOUNDATION UPDATE – LOURDES CASTRO-RAMIREZ

SUMMARY:	Mr. Adams directed his colleagues' attention to the five (5) 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. Adams adjourned the public Board meeting at 3:42 p.m.

Jim Adams
Chair, Board of Managers

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

Sandra D. Garcia, Recording Secretary