



**BEXAR COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS**

Tuesday, May 23, 2023
6:00 pm
Cypress Room, University Hospital
4502 Medical Drive
San Antonio, Texas 78249-4493

MINUTES

BOARD MEMBERS PRESENT:

Jimmy Hasslocher, Vice Chair
Margaret Kelley, MD, Secretary
Anita L. Fernandez
Pat Jasso

BOARD MEMBERS PRESENT:

James R. Adams, Chair
Dianna M. Banks-Burns, MD

OTHERS PRESENT:

George B. Hernández, Jr., President/Chief Executive Officer, University Health
Bryan J. Alsip, MD, Executive Vice President/Chief Medical Officer, University Health
Edward Banos, Executive Vice President/Chief Operating Officer, University Health
Andrea Casas, Vice President, Chief Human Resources Office, University Health
Ted Day, Executive Vice President, Strategic Planning/Business Development, University Health
Michael Gardner, MD, Vice President, Women's & Children's Hospital, University Health
James Garcia, Vice President/Controller, University Health
Rob Hromas, MD, Dean, Long School of Medicine, UT Health San Antonio
Carol Huber, DrPH, MBA, Deputy Chief Public Health & Equity Officer, Institute of Public Health,
University Health
Reed Hurley, Executive Vice President/Chief Financial Officer, University Health
Leni Kirkman, Executive Vice President/Chief Marketing, Communication, & Corporate Affairs Officer,
University Health
Shelley Kofler, Senior Public Relations Manager, Corporate Communications, University Health
Katherine Reyes, Senior Vice President, Pre-Acute Services, Robert B. Green Campus
Bill Phillips, Executive Vice President/Chief Information Officer, University Health
Serina Rivela, Vice President/Chief Legal Officer, University Health
Don Ryden, Vice President/Project, Design & Construction, University Health
Christopher Sandles, President/Hospital Operations, University Health
Judy Shumway, DO, Senior Vice President/Clinical Services, University Health
Andrew Smith, Executive Director, Government Relations & Public Policy, University Health
Sally Taylor, MD, Senior Vice President/Chief, Behavioral Health
Travis Smith, Chief Financial Officer, Clinical Operations, University Health
Horacio Vasquez, Executive Director, Supply Chain Management, University Health

Larry Wallis, Director, Internal Audit Services, University Health
Tom Milligan, CMQMT Consultants
Chris Clark, Audit Partner, Forvis
Habin Chub, Senior Auditor, Forvis
Joe Kolka, Senior Auditor, Forvis
George Simon, Audit Partner, Forvis
Danielle Zimmerman, Audit Managing Director, Forvis
And other attendees.

CALL TO ORDER:

In the Chairman's absence, Mr. Hasslocher called the Board meeting to order at 6:00 pm.

INVOCATION AND PLEDGE OF ALLEGIANCE — JIM ADAMS, CHAIR

Dr. Naresh B. Talathoti, Lutheran Church of Missouri Synod, said the invocation and Mr. Hasslocher led the pledge of allegiance.

PUBLIC COMMENT: None.

APPROVAL OF MINUTES OF PREVIOUS MEETING(S): APRIL 25, 2023 (REGULAR MEETING)

SUMMARY:	The minutes of the regular Board meeting of Tuesday, April 25, 2023 were submitted for the Board's review and approval.
RECOMMENDATION:	Staff recommends approval of the minutes as submitted.
ACTION:	A MOTION to APPROVE staff's recommendation was made by Ms. Fernandez, SECONDED by Ms. Jasso, and PASSED UNANIMOUSLY .
EVALUATION:	None.
FOLLOW UP:	None.

REPORT FROM UT HEALTH SAN ANTONIO — WILLIAM HENRICH, MD, PRESIDENT; BY ROB HROMAS, MD, DEAN, LONG SCHOOL OF MEDICINE

SUMMARY:	UT Health SA hosted an all-school commencement at the Alamodome on Sunday, May 21, 2023. More than 1,100 students applied for graduation from all five schools: School of Dentistry, School of Nursing, School of Health Professions, Graduate School of Biomedical Sciences and the Long School of Medicine. The commencement address was provided by National Women's Hall of Fame and International Space Hall of Fame inductee Mae C. Jemison, MD. Dr. Jemison is the first woman of color astronaut. The most recent chair appointment was made in April, 2023; Daniel Lodge, PhD, Chairman of the Department of Pharmacology. Dr. Hromas thanked the Board of Managers and senior staff for joining UT Health at the inaugural President's Luminary Honors event at the Tobin Center for Performing Arts on Wednesday, May 17, 2023. Proceeds from this year's President's Luminary Honors will be used to establish the Presidential Awards UT Health San Antonio Hospital Fund, which will support activities of the new UT Health San Antonio Multispecialty & Research Hospital.
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RECOMMENDATION: None.
ACTION: This report was provided for informational purposes only.
EVALUATION: None.
FOLLOW UP: None.

NEW BUSINESS: CONSENT AGENDA – JIM ADAMS, CHAIR

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

SUMMARY: The Credentials Committee met on April 24, 2023 and reviewed the credential files of the individuals listed on the Credentials Report and the Professional Performance Evaluation Report provided to the Board. In its meeting of May 2, 2023, the Executive Committee of the Medical-Dental Staff approved the Credentials Committee Report in accordance with University Health’s credentialing and privileging process. The Executive Committee, in turn, recommends final approval by the Board of Managers.

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

SUMMARY: The Credentials Committee met on April 24, 2023, and reviewed proposed revisions to Delineation of Privilege and the Professional Performance Evaluation Report and forms. In its meeting of May 2, 2023, the Executive Committee of the Medical-Dental Staff approved the Delineation of Privileges and Focused/Ongoing Professional Performance Evaluation Report, which was provided for the Board’s review, and in turn, recommends approval by the Board of Managers.

CONSIDERATION AND APPROPRIATE ACTION REGARDING TELEMEDICINE PRIVILEGES – AUSTIN RADIOLOGY — BRYAN ALSIP, M.D.

SUMMARY: In accordance with the Medical/Dental Staff Bylaws, Section 3.7, Telehealth, when University Health facilities are the originating site, University Health may use the privileging and credentialing decision from the distant site to make a final privileging decision provided all required elements are met. Dr. Alsip provided a list of providers reviewed by Professional Staff Services, in accordance with Medical/Dental Staff Bylaws and The Joint Commission Medical Staff Standards 13.01.01, for Radiology telehealth privileges, and recommended approval by the Board of Managers.

CONSIDERATION AND APPROPRIATE ACTION REGARDING TWO RE-APPOINTMENTS TO THE CENTER FOR HEALTH CARE SERVICES BOARD OF TRUSTEES — JIMMY HASSLOCHER, CHAIR, NOMINATING COMMITTEE

SUMMARY: The current Sponsorship Agreement for The Center for Health Care Services (Center) between Bexar County and the University Health System establishes a Center Board composed of nine (9) Trustees. Commissioners’ Court appoints five (5): one by each Court member on a prescribed schedule that occurs every two years. The Bexar County Hospital District Board of Managers appoints the remaining four (4) trustees, two at a time every other year. The terms of two trustees, Ms. Mary Rose Brown and Judge Polly Jackson Spencer will expire on June 30, 2023. After thoughtful deliberation, as chair of the Nominating Committee, Mr. Hasslocher recommends the re-appointments of Ms. Mary Rose

Brown and Judge Polly Jackson Spencer to The Center for Health Care Services Board of Trustees, for a two-year term, effective July 1, 2023 through June 30, 2025.

CONSIDERATION AND APPROPRIATE ACTION REGARDING REVIEW AND APPROVAL OF INVESTMENT POLICY NO. 7.05 — REED HURLEY

SUMMARY: University Health Investment Policy, No. 7.05, governs the investment of all funds with the exception of funds trusted by other parties, such as Pension, Other Post-Employment Benefits (OPEB), and University Health Foundation Endowment funds and was last modified in December 2017. The proposed version of Investment Policy no. 7.05, has been updated to reflect the current language and guidelines in the Public Funds Investment Act. In addition, the proposed policy incorporates University Health Foundation funds under its scope. The policy is designed to preserve the safety of principal and ensure liquidity to meet all obligations in a timely manner. The Investment Policy must be submitted to the governing body annually for review and approval. Executive Policy Review Committee requests Board approval of Investment Policy, No. 7.05, in accordance with Chapter 2256 of the Texas Government Code, known as the Public Funds Investment Act.

CONSIDERATION AND APPROPRIATE ACTION REGARDING A RESOLUTION DESIGNATING INVESTMENT OFFICERS PURSUANT TO THE TEXAS PUBLIC FUNDS INVESTMENT ACT — REED HURLEY

SUMMARY: University Health is required by the Texas Public Funds Investment Act (PFIA) to follow certain investment guidelines designed to safeguard the assets of governmental entities. One requirement is to have designated Investment Officers approved by the governing board. All Investment Officers are further required to receive PFIA training within six months of appointment and every two years thereafter. Once appointed, Investment Officers serve until their appointment is either revoked or when the individual is no longer employed by University Health. New Investment Officers have been identified as James Garcia, Vice President/Controller; and Daverick Issac, Chief Financial Officer/Community First Health Plans, Inc. Existing Investment Officers include Reed Hurley/Chief Financial Officer; Travis Smith/Chief Financial Officer/Clinical Services; John Henigan, Director/Corporate Accounting; and Cory Cofield, Manager/Treasury Services. Staff recommends approval of a Resolution authorizing the appointment of the new Investment Officers and ratification of the existing Investment Officers.

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

SUMMARY: University Health's Purchasing Consent attachment for the month of May 2023 includes 21 proposed contracts for Board of Managers action. The total requested Board of Managers approval for these 21 contracts is \$31,641,792. Additional Presented contracts during the May 2023 Board of Managers meeting total \$7,152,003 and are considered for approval separate from the Purchasing Consent. Staff recommends Board of Manager's approval of Purchasing Consent items in the amount of \$31,641,792.

CONSENT

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

CONSENT

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

CONSENT
EVALUATION: None.

CONSENT
FOLLOW UP: None.

ACTION ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE EXTERNAL AUDITOR'S REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR 2022 — FORVIS, LLP/REED HURLEY

SUMMARY: The Board's Audit Committee met with the Forvis audit partners on Thursday May 18, 2023. Forvis presented the required communication, a draft of the audited financial statements and other documents to the Board's Audit Committee, and reported that University Health's audit is complete and that they plan to issue an unmodified or clean opinion. The Audit Committee voted unanimously to recommend approval of the 2022 Independent Auditors Report and Financial Statements. Forvis also performs seven other audits including: Community First Health Plans, Community First Insurance Plans, Pension Plan, Other Post-Employment Benefits (OPEB) Plan, Foundation, University Health System Services of Texas and the Financial Assistance Program (Grants) audit. Mr. Hurley introduced the Forvis team comprised of Chris Clark, Audit Partner; George Simon, Audit Partner; Danielle Zimmerman, Audit Managing Director; Habin Chub, Senior Auditor; and Joe Kolka, Senior Auditor. Mr. Hurley yielded the floor to Mr. Clark for the following presentation:

FORVIS' Responsibility & Opinion

- ✓ Draft financial statements and related notes are being presented and we are prepared to issue an unmodified opinion
- ✓ Separate audits of Community First, the Foundation, UHSST, the Pension Plan and OPEB Plan were performed
 - Unmodified opinions were issued on each audit
- ✓ FORVIS had assistance from the staff of Garza-Gonzalez & Associates

Accounting Policies and Practices

- ✓ Significant accounting policies described in Note 1
- ✓ Consistent with accounting and industry standards
- ✓ Adoption of GASB Statement No. 87, *Leases* – Applied retrospectively to 2021

Independence

- ✓ FORVIS has complied with all relevant ethical requirements regarding independence.

University Health Participation

- ✓ FORVIS received full cooperation and assistance from the management and finance teams in completing the audit engagements.

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 the governing boards of Community First, the Foundation, UHSST, and the Pension and OPEB Trusts
- ✓ The Single Audit is in progress and will be issued shortly after the UH financial statement audit

Key Disclosures

- ✓ Medicaid supplemental funding programs
- ✓ Property tax revenue
- ✓ Medical claims expense
- ✓ Net Pension & OPEB liabilities
- ✓ CARES Act Funding

Risk Area

- Management Override of Controls – *no matters are reportable*
- Revenue Recognition – *no matters are reportable*
- Information Technology – *FORVIS IT Specialists tested general and access controls related to financial statement applications at University Health and Community First. No matters were noted.*

Management Estimates

- Allowance for contractual and uncollectible account adjustments – *No adjustment was required*
- Estimated third-party payer settlements, including Medicaid Waiver related receivables – *No adjustment was required*
- Accrual for malpractice, workers’ compensation and health insurance claims – *No adjustment was required*
- Allowances for uncollectible property taxes and deferred property tax revenue - *No adjustment was required*
- Net Pension Liability
- Net OPEB Liability – *No adjustment was required*
- Reserve for Community First medical claims liability – *No adjustment was required*

Industry Comparison

	<u>Total Assets*</u>	<u>Total Debt*</u>	<u>Total Equity*</u>	<u>NPSR + Supplemental*</u>
Bexar County	\$4,292,145	\$1,259,377	\$1,904,682	\$1,396,759
Dallas County***	\$3,518,737	\$584,024	\$1,901,234	\$1,918,740
Harris County***	\$2,523,927	\$312,928	\$961,442	\$1,385,014
Tarrant County***	\$1,776,485	\$24,738	\$1,487,058	\$869,572
Moody’s Average	N/A	\$514,964	\$1,202,957**	\$1,286,988

Balance Sheets

	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021</u>	<u>2022</u>
Current Assets					
Cash and short-term investments	\$ 472,114	\$ 489,244	\$ 499,296	\$ 531,055	\$ 671,177
Property taxes receivable, net	246,097	242,075	248,805	385,760	468,012
Patient accounts receivable, net	127,922	134,774	138,606	150,865	181,278
Other current assets	<u>192,008</u>	<u>224,755</u>	<u>226,436</u>	<u>233,901</u>	<u>183,860</u>
	1,038,141	1,090,848	1,113,143	1,301,581	1,504,327
Noncurrent Cash and Investments	827,766	929,939	1,190,953	1,106,301	1,432,950
Capital Assets, Net	1,140,849	1,164,943	1,306,709	1,458,751	1,684,532
Other Assets	10,609	11,618	12,089	49,937	62,924
Deferred Outflows of Resources	<u>71,169</u>	<u>85,494</u>	<u>109,617</u>	<u>117,573</u>	<u>115,218</u>
	<u>\$ 3,088,534</u>	<u>\$ 3,282,842</u>	<u>\$ 3,732,511</u>	<u>\$ 4,034,143</u>	<u>\$ 4,799,951</u>
Current Liabilities	\$ 320,880	\$ 347,630	\$ 357,572	\$ 345,606	\$ 564,197
Net Pension Liability	128,144	166,730	147,006	112,262	64,219
Net OPEB Liability	25,409	32,033	59,195	78,777	78,060
Long-term Debt	916,091	878,253	1,008,598	968,618	1,223,642
Other Liabilities	5,484	5,173	10,082	33,404	36,595
Deferred Inflows of Resources	483,483	493,365	540,234	592,907	697,159
Net Position	<u>1,209,043</u>	<u>1,359,658</u>	<u>1,609,824</u>	<u>1,902,569</u>	<u>2,136,079</u>
	<u>\$ 3,088,534</u>	<u>\$ 3,282,842</u>	<u>\$ 3,732,511</u>	<u>\$ 4,034,143</u>	<u>\$ 4,799,951</u>

* Not restated for the adoption of GASB Statement No. 87, Leases

Days Cash on Hand	2018	2019	2020	2021	2022
University Health	248	264	273	273	272
Districts	158	165	235	222	226
Moody's	210	201	203	253	265

Days Revenue in Receivables

	2018	2019	2020	2021	2022
University Health	71	67	69	60	60
UH w/o CareLink	65	61	62	55	56
Districts	48	46	47	46	48
Moody's	48	46	47	46	48

Long-Term Debt to Capitalization

	2018	2019	2020	2021	2022
University Health	47%	40%	39%	33%	38%
Moody's	35%	35%	33%	32%	29%

Statements of Revenue and Expenses

	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021</u>	<u>2022</u>
Net Patient Service Revenue	\$ 880,387	\$ 964,529	\$ 1,085,957	\$ 1,239,782	\$ 1,396,759
Premium revenue	517,460	553,402	599,969	614,741	823,460
Other Revenue	<u>90,453</u>	<u>92,863</u>	<u>98,173</u>	<u>122,385</u>	<u>117,519</u>
	<u>1,488,300</u>	<u>1,610,794</u>	<u>1,784,099</u>	<u>1,976,908</u>	<u>2,337,738</u>
Expenses					
Salaries and employee benefits	590,788	633,901	686,086	736,998	853,336
Medical claims expense	474,658	496,662	471,028	507,004	697,307
Supplies and other	676,787	717,700	797,798	870,553	978,797
Depreciation	<u>80,791</u>	<u>77,505</u>	<u>79,477</u>	<u>92,117</u>	<u>91,248</u>
	<u>1,823,024</u>	<u>1,925,768</u>	<u>2,034,389</u>	<u>2,206,672</u>	<u>2,620,688</u>
Operating Loss	(334,724)	(314,974)	(250,290)	(229,764)	(282,950)
Property Tax Revenue, Net	426,516	454,415	483,377	512,245	542,219
Provider Relief Fund Revenue	-	-	19,759	32,285	-
Other Revenue (Expense)	<u>3,830</u>	<u>10,986</u>	<u>(2,680)</u>	<u>(22,021)</u>	<u>(25,759)</u>
Change in Net Position	<u>\$ 95,622</u>	<u>\$ 150,427</u>	<u>\$ 250,166</u>	<u>\$ 292,745</u>	<u>\$ 233,510</u>

* Not restated for the adoption of GASB Statement No. 87, Leases

Uncompensated Care/Gross Revenue

	2018	2019	2020	2021	2022
Bad Debt	2%	3%	3%	2%	3%
Charity	23%	22%	22%	23%	22%

Property Tax Revenue

University Health	19%
Dallas	21%
Harris	18%
Tarrant	35%

Capital Asset Investment

	2018	2019	2020	2021	2022
Asset Purchases	\$50K	\$100K	\$225K	\$240K	\$315K
Depreciation Expense	\$75K	\$75K	\$75K	\$77K	\$75K
Moody's	\$95K	\$95K	\$95K	\$98K	\$75K

Industry Highlights

Post COVID Challenges

- Staffing shortages
- Wage pressures
- Inflationary cost increases
- End of Public Health Emergency declaration

Supplemental Payment Programs Update

- Waiver extension thru September 30, 2030
- DSRIP sunset and expansion of Directed Payment Programs
- UHRIP transition to CHIRP
- Introduction of HARP
- DSH and UC Pool Allocation
- Continued OIG scrutiny over the LPPF funding model

New Accounting Standards

GASB Statement No. 96 – Subscription Based Information Technology Arrangement - Effective for the year ending December 31, 2023

RECOMMENDATION:

Staff recommends Board approval of the external auditors report.

ACTION:

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

EVALUATION:

None.

FOLLOW UP:

None.

CONSIDERATION AND APPROPRIATE ACTION ON REGARDING A HOMESTEAD PROPERTY TAX EXEMPTION RECOMMENDATION TO BEXAR COUNTY COMMISSIONERS COURT — REED HURLEY

SUMMARY:

At the present time, University Health provides a \$30,000 over 65-tax exemption but no homestead exemption and Mr. Hurley provided a document labeled "Schedule A" detailing the exemptions and tax rates for taxing entities in Bexar County. The granting of a homestead exemption by a taxing unit is optional except for school districts. An optional

homestead exemption is set on a percentage reduction of the taxable value of a property claimed as a homestead. By statute, homestead exemptions can range from 0.01 to 20 percent but regardless of the approved percentage, a \$5,000 minimum exemption or “floor” is mandatory. Staff has analyzed internal financial projections, the growth in property values and the exemptions provided by other local taxing units in Bexar County and advises that the increase in local taxable values justify a homestead exemption for University Health *ad valorem* taxes. Approximately 373,323 property owners qualify for the proposed homestead exemption. Assuming University Health maintains the existing tax rate of 0.276235, the proposed homestead exemption would reduce annual property tax collections by an estimated \$16.1 million. The \$16.1 million reduction is not an overall reduction, but it would decrease the overall increase in property taxes created by rising *ad valorem* valuations. The exact amount of the savings to taxpayers cannot be confirmed until the 2023 valuations are certified which is estimated to occur on or about July 25, 2023.

RECOMMENDATION: Staff recommends the Board of Managers set an initial homestead exemption at five percent (5%). This rate can be evaluated and adjusted each year with the ultimate goal of reaching the maximum rate of twenty percent (20%). Upon concurrence by the Board of Managers, the proposed homestead tax exemption of five percent (5%) will be forwarded to the Bexar County Commissioners Court.

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

EVALUATION: Ms. Fernandez read a letter of enthusiastic support addressed to the Board of Managers by The Honorable Justin Rodriguez, Bexar County Commissioner, Precinct 2 (attached hereto and incorporated herein as Attachment A). Dr. Kelley wondered what brought about the proposal for a homestead exemption this year as opposed to last year, to which Mr. Hernandez replied that the staff has been looking for ways to minimize the impact of high appraisals on Bexar County residents over the past year. University Health is blessed to have the support of the Bexar County Commissioners Court regarding its strategic plan to reduce property taxes. The staff briefed the Board’s Audit Committee, as well as Commissioners Court, to ensure University Health could carry this forward without any issue and was met with overwhelming support, since Bexar County has maximized its exemptions.

FOLLOW UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING AMENDED AND RESTATED BYLAWS OF THE BOARD OF MANAGERS — MARGARET KELLEY, M.D., CHAIR, BYLAWS AD HOC COMMITTEE/SERINA RIVELA

SUMMARY: Mr. James Adams appointed a Bylaws Ad Hoc Committee with Dr. Margaret Kelley as Chair, Ms. Pat Jasso and Mr. Adams as members. Dr. Kelley thanked Ms. Serina Rivela for her guidance and stated that the Ad Hoc Committee’s overall objective was to ensure that the Bylaws complied with current federal and state laws; that proposed changes improved efficiencies of both the Board and University Health operations; and that the provisions accurately reflected contemporary practices. She

yielded the floor to Ms. Rivela for a summary of the most significant changes:

Adoption of gender-neutral language, minor editorial changes to include University Health and renumbering for consistency and correction are made throughout the document, and are so noted.

Article III. Membership of the Board - Clarified that a newly appointed Board member may submit a previously acquired Open Government Training certificate in lieu of taking the Open Government Training again. Emphasized the high standards of the Board whom are in trusted positions serving in the best interest of University Health and for the public good. Revised the requirement for filing a disclosure statement for gifts to Board members and/or a Board member's family and included exceptions to disclosure so that it is consistent with Section 176 of the Texas Local Government Code.

Article IV. Officers - Clarified that the President/CEO will automatically serve in the absence of the Secretary.

Article V. Duties And Responsibilities Of The Board Of Managers - Added duties of the Board to include considering recommendations of the Budget and Finance Committee and other standing and ad hoc committees.

Article VI. Meetings of the Board - Updated the agenda order of business so that it is consistent with current practice. Removed the swearing in of newly appointed officers at the annual meeting since this occurs soon thereafter the Commissioners Court approves the Board appointment. Revised the Emergency Meeting posting requirements so that it refers to Open Meetings Act, as amended. Updated the Robert's Rule of Order to reflect the 12th edition. Revised the Board Member's attendance requirements so that it is consistent with Commissioners Court's policies. Added that a Board member's attendance concerns may be forwarded to the Executive Committee for consideration and appropriate action.

Article VII. Committees of the Board - Revamped the Budget and Finance Committee's duties to include General Budget and Finance Duties; Financial Reporting and External Audits; Internal Audit Responsibilities and Oversight; and Compliance and Integrity Services Program. The Planning and Operations Committee was removed as a standing committee throughout the document. Standardized the posting notification in accordance with the Texas Open Meetings Act.

Article VIII. Medical-Dental Staff - Minor changes made throughout to refer to the University Health Medical-Dental Staff Bylaws for guidance on appointments and reappointments for Medical Staff.

Article XI. Conflict of Bylaws - Clarified that provisions within the Bylaws will control in the event of a conflict with the Medical-Dental Staff Bylaws.

RECOMMENDATION: The Bylaws Ad Hoc Committee of the Board of Managers recommend approval of the proposed changes and authorize the Board of Managers' Chair and Secretary to execute the amendments to the Board of Managers Bylaws.

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

EVALUATION: Mr. Hasslocher thanked Mr. Adams, Ms. Jasso and Dr. Kelley for their work.

FOLLOW UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING CERTAIN SETTLEMENTS AND RELEASE OF CLAIMS IN RE: TEXAS OPIOID LITIGATION, MDL NO. 2018-63587 — SERINA RIVELA

SUMMARY: Recently, Texas Attorney General Ken Paxton agreed to a \$120.6 million statewide opioid settlement agreement with the Allergan Defendants to be paid over 7 years beginning in August of 2023. This follows the October 2021 statewide settlement with Janssen, the January 2022 statewide settlement with Endo/Par, and the February 2022 statewide settlements with Teva and the Big 3 Distributors. The Janssen and Endo settlements have been deposited in the accounts established under Chapter 403 (Tex. Gov't Code Ch. 403) relating to the use and allocation of opioid settlements. The Teva and Big 3 settlements have been deposited in the Chapter 403 accounts for Payment Years 1 (Teva) and Payment Years 1 and 2 (Big 3 Distributors), with the remainder to be paid over 13 years and 16 years, respectively. The current Allergan settlement is conditioned upon 80 percent of governmental entities agreeing to participate in the settlement by releasing its claims before June 1, 2023, at least 90 percent by June 7, 2023, and at least 96 percent by June 30, 2023. The settlement funds are to be disbursed to the participating state, regional, and local governments in a manner and method consistent with Chapter 403 to fight the opioid epidemic and mitigate the harm it has caused. Chapter 403 also calls for the creation of a fourteen member Texas Opioid Abatement Fund Counsel to determine distribution of seventy percent of the settlement funds. Per the legislation, hospital districts would benefit from a fifteen percent direct allocation of funds distributed to the Opioid Abatement Fund. The remaining portions of this abatement funding is earmarked for opioid abatement purposes on an open grant-like application basis. To further ensure hospital districts are represented in an appropriate distribution of those funds for their intended purpose, the law further requires that at least two of the fourteen member Texas Opioid Abatement Fund Counsel be hospitals district employees and that 15 percent of the abatement fund be designated for hospital districts as a direct share. The Opioid Council was formed in 2022, but has yet to finalize governing rules for grant-based programs or the allocation of the 15 percent of the abatement funds designated for hospital districts. In addition to monetary payment, the settlement agreements contain industry-changing injunctive relief as to each defendant group. The settling defendants will be enjoined from manufacturing, selling, and promoting opioids for ten years. In addition, distributors are required to establish a centralized clearinghouse

and are further required to take certain measures to detect suspicious orders. On May 16, 2023, Bexar County Commissioners Court are expected to approve settling its pending litigation against the Allergan Defendants for an estimated \$845,268 in direct funds over 7 years. Bexar County has previously pledged its direct funds towards opioid and substance abuse treatment programs in Bexar County. In addition, the settlement agreements include approximately \$6.5 million in abatement funds within the Bexar County region after the hospital district share is deducted. Currently the 15 percent hospital district allocation in the Allergan Settlement is estimated to be \$12,666,083.69, with each hospital district's share determined by the Opioid Council. In addition to its portion of the 15 percent hospital district allocation, University Health will be eligible to submit requests for funding from the approximately \$84.4 million abatement funds for proposed opioid related education, prevention, and treatment programs specially tailored to address the recovery needs in Bexar County. Upon the advice and recommendation from outside counsel, staff agrees that this is a fair and equitable settlement of the outstanding claims against the Allergan Defendants.

RECOMMENDATION: Staff recommends the Board of Managers' approval of the settlement agreements and release of its claims against the Allergan Defendants in the matter of *In Re: Texas Opioid Litigation*, MDL No. 2018-63587, and authorization of all related actions thereto.

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

EVALUATION: Ms. Fernandez asked if any additional companies would be brought to suit, and Ms. Rivela confirmed that there are active discussions taking place regarding certain manufacturers, distributors and pharmacies and future settlements are anticipated; they are dependent on negotiations by the Texas Attorney General's Office.

FOLLOW UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING A SUBLEASE AGREEMENT WITH MULTI ASSISTANCE CENTER MANAGEMENT COMPANY FOR OPERATION OF AN AMBULATORY SURGICAL CENTER AT MORGAN'S WONDERLAND AND RELATED FURNITURE, FIXTURES, EQUIPMENT AND INFORMATION TECHNOLOGY CONTRACTS WITH VARIOUS VENDORS — EDWARD BANOS

SUMMARY: This item was pulled from this evening's agenda by Mr. George Hernandez citing additional details needing review. The staff is excited about the opportunity to work with Morgan's Wonderland and will return this item for Board approval in June 2023.

RECOMMENDATION: None.

ACTION: None.

EVALUATION: None.

FOLLOW UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH SUSTAINABLE MODULAR MANAGEMENT, INC., FOR THE PURCHASE AND CONSTRUCTION OF A MODULAR BUILDING FOR THE UNIVERSITY HEALTH SOUTH FLORES CLINIC CAMPUS — EDWARD BANOS

SUMMARY:

The University Health South Flores Clinic is located in an underserved area of Bexar County and provides expanded services to include primary and acute care for all ages, in addition to Gynecology, Women’s Health, and prenatal clinical services. Mr. Banos shared photographs of the existing facility (acquired from the City of San Antonio in 2008) to demonstrate update and repair needs. RFP no. 222-11-067 for a turnkey modular building that includes the demolition of the existing clinic and construction of a modular clinic on the South Flores property was recently released. The expectations outlined in the scope included the accommodation of ten exam rooms and two procedure rooms, along with the appropriate support staff work area for a clinic of this size. The evaluation criteria reviewed by staff was Statement of Interest and Qualifications, Turnkey Project Management Approach, Pricing, Proposed Project Schedule, and Financial/Legal/Contractual/Insurance. There were three respondents to the RFP:

Respondent Name	Project Timeline	Cost
Azteca Designs and Construction	365 days	\$1,835,000
Sustainable Modular Management Inc. (SMM)	239 days	\$3,067,062
Mobile Modular Management Corp.	293 days	\$4,015,454

Azteca Designs and Construction had the longest project timeline of the bid submissions, and provided no previous experience of design and construction of modular buildings. Mobile Modular Management Corp. had the second longest project timeline of the bid submissions, and provided previous projects of similar scope in a healthcare setting; however, the cost of the project was the highest among all respondents. Sustainable Modular Management Inc. provided multiple clinical examples of previous projects similar in size and scope in response to the RFP, and provided the overall best project timeline of 35 weeks from initial clinic closure to opening. Additionally, the project cost was the lower of the two most qualified respondents. Moreover, Sustainable Modular Management, Inc., provided qualifications that dedicated staff to this project with design, construction management, and project management expertise in healthcare settings. After careful review of the bid submissions, based on comparing the three respondents, staff recommends to award a contract to the most responsible party to complete the project, which is Sustainable Modular Management, Inc. The total cost of the project to fully remove the existing South Flores Clinic and replace it with a modern modular clinic with expanded clinical and procedural space is:

Description	Cost
Modular building design and installation; demolition of existing building	\$ 3,067,062
IT hardware, software, programming, and installation	\$ 250,000

Description	Cost
Exam and Procedural Room medical equipment	\$ 150,000
Total	\$ 3,467,062

Sustainable Modular Management Inc., has submitted written notice to five certified SMWVBE sub-contractors that if awarded, would commit 98 percent of this project to the various local SMWVBE sub-contractors. In addition, SMM has advertised subcontracting opportunities for this project on the Hispanic Contractors Association de San Antonio and Texas Associations of African American Chamber of Commerce.

RECOMMENDATION: Staff recommends the Board of Managers approve a contract with Sustainable Modular Management, Inc., for the purchase and construction of a modular building for the University Health South Flores Clinic Campus and the associated equipment for a total project amount not to exceed \$ 3,467,062.

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

EVALUATION: None.

FOLLOW UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING AN AMENDMENT TO PHYSICIAN PROVIDER AGREEMENT BETWEEN UNIVERSITY MEDICINE ASSOCIATES AND UT HEALTH SAN ANTONIO FOR OBSTETRICS/GYNECOLOGY SERVICES — MONIKA KAPUR, MD/EDWARD BANOS

SUMMARY: This agreement between University Medicine Associates (UMA) and UT Health allows board-certified OB/GYN physicians to provide specialty outpatient services while creating a mechanism for UMA to bill for these services and collect patient revenue. Services under the agreement consist of prenatal, postpartum and gynecology services. These physicians are employed by UT Health and leased by UMA. The current agreement between the parties expires August 31, 2023. Due to the final stages of construction of the new, state-of-the-art Women’s and Children’s Hospital, and to support the increased demand for these specialty services, UMA desires to amend the current agreement to increase the number of physicians leased from 3.5 FTEs to 5.0 FTEs and to update the total cost of the lease to reflect the current salaries of the physicians providing these services. The expanded physician coverage will increase access to specialty women’s health services, including ultrasound and gynecology procedures, and reduce the need for patients to travel to the Robert B. Green Campus for comprehensive low-risk care. Continuing the partnership that originated in 2008 with UT Health’s Department of OB/GYN will increase the capacity of University Health to provide women’s health care in the outpatient setting. Since the current agreement expires in just over three months, it is prudent to extend the agreement by an additional one-year term, making the new expiration date August 31, 2024. The amended annual lease payment to UT Health will be \$2,306,656 for 5.0 total FTEs. UT Health Physicians will provide 2,600 sessions, which equates to 31,200 patient visits per year. UMA collections for the professional fees generated by the UT Health providers are

anticipated to be \$680,000 per year. This is a planned expense and is included in the 2023 operating budget. The workforce composition for UT Health SA was provided for the Board's review.

RECOMMENDATION: Staff recommends Board of Managers' approval to amend the current Professional Services Agreement with UT Health to increase FTEs from 3.5 to 5.0; to increase the lease rate to reflect the current salaries of the providers and to extend the term through August 31, 2023, at a total amount not to exceed \$3,267,763 for the 17-month period from April 1, 2023 through August 31, 2024.

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

EVALUATION: Dr. Kelley questioned the feasibility of leasing physicians versus hiring. She asked what other services these physicians would be providing to augment their salaries, as well as the composition/type of patient loads. Dr. Kapur informed the Board that most OB/GYN physicians want to provide both inpatient and outpatient care. The faculty OB/GYN physicians will oversee the work of advanced nurse practitioners, complementing what the physicians do. Composition of the 12 patients they will see in a 24-hour period includes pre-natal care, gynecological care, and post-natal care. The physicians will also read ultrasounds and perform gynecological surgery, which Mr. Banos noted is now occurring at the Robert B. Green Campus Ambulatory Surgery Center. The continuity of care for obstetrics/gynecology patients is different than for other types of patients. For example, deliveries at University Hospital are typically performed by the faculty on call or OB/GYN residents, not necessarily the OB/GYN physician who followed the patient in clinic. Dr. Kelley noted that there are no benchmarks outlined in the contract for the number of surgeries or procedures performed and Mr. Banos replied that the contract guarantees physicians will provide 85 percent of their time in clinic to assure access and continuity of care. The contract has evolved since the initial version and is based on Association of American Medical College (AAMC) standards. Mr. Hernandez clarified that the biggest issue in women's health has been continuity of care, and he acknowledged the help of Dr. Kristen Plastino in standardizing the OB/GYN teams. Dr. Kapur acknowledged that expectations might be different if UMA hired its own OB/GYN physicians, but as is, UT faculty teach residents and bring medical students with them to clinic, and Dean Hromas noted that that in 2022 there were close to 5,000 deliveries performed at University Hospital, 25 percent. Mr. Banos thanked Dr. Kelley for the excellent points she raised today. University Health has explored options over the years and every year the staff tries to push the bar. The staff will continue to work with UT Department of OB/GYN improve; and Dr. Kapur stated there is always room for collaboration.

FOLLOW UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE FINANCIAL REPORT FOR APRIL 2023 — REED HURLEY

SUMMARY: University Health's consolidated bottom line for the month of April 2023 reflects a gain of \$14.1 million, \$7.1 million better than the budgeted gain

of \$7.0 million. This gain to budget is primarily due to patient activity driving positive net patient revenue of \$11.1 million and investment income of \$4.1 million. In April, clinical activity (as measured by inpatient patient days) was up by 10.1 percent and inpatient discharges were higher than budget by 5.9 percent. Volumes exceeded budget across all key service delivery areas. Community First Health Plans, Inc., experienced a bottom line gain of \$6.1 million, which was \$2.4 million better than the budgeted gain of \$3.7 million. Community First fully insured membership was down 4.1 percent to budget but the bottom line gain was driven by lower than expected expenses and a pick-up from interest income. Mr. Hurley reviewed significant items to note from the Monthly Consolidated Statement of Revenues and Expenses in detail with the Board, such as, employee compensation, which is over budget \$8.8 million related to \$4.4 million in higher labor expense due to volumes and temporary labor premium and \$2.7 million in pension expense. Supplies (pharmaceuticals) are over budget \$1.9 million due to growth in retail pharmacy programs.

RECOMMENDATION: Staff recommends approval of the financial report subject to audit.
ACTION: A **MOTION** to **APPROVE** staff's recommendation was made Ms. Fernandez, **SECONDED** by Ms. Jasso, and **PASSED UNANIMOUSLY**.
EVALUATION: None.
FOLLOW UP: None.

PRESENTATIONS AND EDUCATION:

COMMUNITY FIRST HEALTH PLANS, INC., 2022 ANNUAL OPERATIONS REPORT — THERESA SCEPANSKI

SUMMARY: Ms. Scepanski reported that in 2022, Community First Health Plans, Inc. achieved strong results associated with high quality and operational performance outcomes, some of which she highlighted during her presentation:

Membership

Increased membership by 14.40 percent in STAR (from 153,175 to 175,230). There was a slight decrease of 0.84 percent in STAR Kids (from 7,835 to 7,769), and 44.26 percent in CHIP (4,677 to 2,607). The Public Health Emergency continues to have an impact on membership and enrollment extensions through April 2023.

Claims Adjudication Performance

- Improved claims auto-adjudication rate from 82 to 85 percent, attributed to significant process improvement efforts in the Claims Department.
- Continue to exceed the minimum requirement resulting in **100 percent timeliness of clean claims adjudicated within 30-days** from initial receipt of the claim. The current turn-around time is averaging 7-days.

Distinguished Provider Program

Community First's approach is strengthened by the effective collaboration between its staff and Network Providers. Community First collaborates with, and supports Providers, by developing innovative Alternative

Payment Models enhancing Provider satisfaction and promoting high-value care for our Members. Community First recognizes and rewards Providers who actively partner with Community First and our Members
Distinguished Provider: *Partner in Care* - Alternative Payment Models paying incentives for high performance on quality measures
Distinguished Provider: *Partner in Efficiency* - Alternative Payment Models aimed at administrative simplification
Distinguished Provider: *Partner in Health* - Alternative Payment Models supporting care coordination

Community First remains the most widely favored plan scoring the HIGHEST in overall Provider satisfaction in the Bexar Service Delivery Area with 90 percent of respondents stating they would recommend us to other Providers.

Ensuring Cultural Sensitivity

Community First is committed to providing effective, equitable, understandable, and respectful quality care and services, following the National Standards for Culturally and Linguistically Appropriate Services. Under the leadership of the Director of Health Equity and Health Equity Council, Community First is seeking the National Committee for Quality Assurance Health Equity Accreditation further enhancing our strategies to reduce disparities across all programs, demonstrating a proactive approach to outreach and education regarding Community First Members' management of their services and supports that are culturally and linguistically appropriate, accessible, and responsive to their needs.

Teleservices

One of many priorities for Community First is to assess current provision of Teleservices and identify opportunities to increase value through use of this modern of care. The need for providing equipment to Community First members, assuring access to broadband connectivity in rural areas, a standard service platform for continuity of care, and the potential of sourcing provider groups to assure the availability of health care when it is needed most, are all opportunities Community First will build on to expand health care services for our members. Community First's objective in the use of Teleservices is to increase access to care, improve member engagement with providers, and achieve high-quality care, with a focus on health equity.

Year End Financials

Generated Net Income at year-end of \$50,075,732 compared to budgeted Net Income of \$3,483,856, representing a favorable variance of \$46,591,876. Membership exceeded budget by 28 percent or 45,035 members.

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

INFORMATION ONLY ITEMS:

88TH TEXAS LEGISLATIVE SESSION UPDATE — ANDREW SMITH

2023 QUARTER 1 SUPPLIER DIVERSITY REPORT — LATIFAH JACKSON

UPDATE ON THE WOMEN’S AND CHILDREN’S HOSPITAL AND ASSOCIATED PROJECTS
— DON RYDEN

UNIVERSITY HEALTH FOUNDATION UPDATE — SARA ALGER
REPORT ON RECENT RECOGNITIONS AND UPCOMING EVENTS — LENI KIRKMAN

SUMMARY: Mr. Hasslocher noted the informational reports above and asked his colleagues that they review 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.

ADJOURNMENT:

There being no further business, Mr. Hasslocher adjourned the public meeting at 7:47 pm.

James C. Hasslocher
Chair, Board of Managers

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

Sandra D. Garcia, Recording Secretary