



**BEXAR COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS**

Tuesday, October 25, 2022
6:00 pm
Tejas Conference Room
University Health Business Center 2
5959 Northwest Parkway
San Antonio, Texas 78249

MINUTES

BOARD MEMBERS PRESENT:

James R. Adams, Chair
Margaret Kelley, MD, Secretary
Jimmy Hasslocher
Anita L. Fernandez
L.P. Buddy Morris
Pat Jasso
Dianna M. Banks-Burns, MD

OTHERS PRESENT:

George B. Hernández, Jr., President/Chief Executive Officer, University Health
Elizabeth Allen, Director, External Communications/Corporate Communications, University Health
Edward Banos, Executive Vice President/Chief Operating Officer, University Health
Bryan J. Alsip, MD, Executive Vice President/Chief Medical Officer, University Health
Andrea Casas, Vice President/Chief Human Resources Officer, University Health
Ted Day, Executive Vice President, Strategic Planning/Business Development, University Health
James Freeman, Executive Director, Capital Improvement Projects, University Health
Juan Garza, MD, Vice President/Epic Enterprise Physician, University Health
William Henrich, MD, President, UT Health San Antonio
Reed Hurley, Executive Vice President/Chief Financial Officer, University Health
Daverick Isaac, Chief Financial Officer, Community First Health Plans, Inc.
Leni Kirkman, Executive Vice President/Chief Marketing, Communication, & Corporate Affairs Officer,
University Health
Sherrie King, Deputy Chief, Protective Services, University Health
Joshua Nieto, General Counsel, Chief Compliance/HIPPA Officer, University Health
Serina Rivela, Vice President/Chief Legal Officer, University Health
Travis Smith, Deputy Chief Financial Officer, University Health
Rajeev Suri, MD, Interim Chair and Professor, Department of Radiology, UT Health, San Antonio; and
President, Medical-Dental Staff, University Health
Theresa Scepanski, President/Chief Executive Officer, Community First Health, Plans, Inc.
Horacio Vasquez, Executive Director, Supply Chain Management, University Health
Roberto Villarreal, MD, Senior Vice President/Chief Public Health/Innovation & Equity Officer,
University Health
Larry Wallis, Director, Internal Auditor, University Health
And other attendees.

CALL TO ORDER:

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

INVOCATION AND PLEDGE OF ALLEGIANCE:

Mr. Adams introduced Ms. Tiffany Dale, Talent Development Consultant, University Health, Center for Learning Excellence, for the invocation and he led the pledge of allegiance. After the pledge of allegiance Mr. Adams called upon Ms. Andrea Casas to describe the role of University Health's Center for Learning Excellence.

PUBLIC COMMENT: None.

APPROVAL OF MINUTES OF PREVIOUS MEETING(S): SEPTEMBER 20, 2022 (REGULAR MEETING) AND SEPTEMBER 27, 2022 (REGULAR MEETING)

SUMMARY:	The minutes of the regular meetings on September 20, 2022 and September 27, 2022, were submitted for approval.
RECOMMENDATION:	Staff recommends approval of two sets of minutes as submitted.
ACTION:	There being NO OBJECTION , the minutes were APPROVED as submitted.
EVALUATION:	None.
FOLLOW UP:	None.

SPECIAL RECOGNITION: QUARTERLY EMPLOYEE RECOGNITION AWARDS (LENI KIRKMAN/Z, JR./BOARD MEMBERS)

Professional: (Nursing)	Kathleen Kent Nurse Educator, Ambulatory Education
Professional: (Non-Nursing)	Julie Rowe Chaplain, Spiritual Care
Management:	Roger Samson Jr. Service Operations Manager, Patient Relations
Technical:	Susanne Picon Technical Supervisor, CORE Laboratory
Clerical	Lisa Wienckowski Navigator, Robert B. Green, ASC
Service:	Tareq A. Mohammed Lead Security Ambassador, Protective Services
Volunteer:	Huey Boulet Volunteer, Volunteer Services
Provider:	Dr. Elizabeth Balyakina Staff Physician, University Medicine Associates University Family Health Center – Southeast

Team: Critical Response Team
Allen Davis, Fernando Padron, Thomas Valdez

All of this year's quarterly recipients will be special honored guests at the Annual Employee Recognition Awards Ceremony in 2023. Employees of the Quarter receive a plaque, embossed pen and an opportunity to select one of numerous awards valued at \$100 on the Employee Recognition website.

REPORT FROM UT HEALTH SAN ANTONIO — WILLIAM HENRICH, MD, PRESIDENT

SUMMARY: Dr. Henrich reported that Dr. Hromas was unable to join the Board of Managers this evening due to illness. He noted that UT Health San Antonio has grown substantially over the last several years with 2,000 clinical faculty members across 6 schools, and not enough space. He estimated that collectively, UT Health San Antonio, is conducting \$400 million worth of research this year with no fewer than 5 drugs in clinical trials, and a new anti-aging drug with hopes of a clinical trial in 2023; and various grants from the National Cancer Institute with 70 open clinical trials in Dementia. There have been major scientist recruits this year, and he highlighted various the faculty members who lead national associations in their field of specialization, a point of personal pride, such as James Nelson, PhD, Gerontological Society of America; Carlayne Jackson, MD – President, Association of American Neurologists; John Calhoun, MD – President, Society of Thoracic Surgeons; and Marsha Kinney, MD – Next year's president of the American Society for Clinical Pathologists, the oldest pathology organization in the country.

RECOMMENDATION: None.
ACTION: None.
EVALUATION: None.
FOLLOW UP: None.

NEW BUSINESS:

CONSENT AGENDA – JIM ADAMS, CHAIR

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

SUMMARY: The Credentials Committee met on September 26, 2022, 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 October 4, 2022, 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 approval by the Board of Managers.

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

SUMMARY: The Credentials Committee met on September 26, 2022, and reviewed proposed revisions to Delineation of Privilege and the Professional Performance Evaluation Report and forms. In its meeting of October 4, 2022, the Executive Committee of the Medical-Dental Staff approved the Delineation of Privileges and Focused/Ongoing Professional Performance Evaluation Report and forms provided for the Board's review, and in turn, recommends approval by the Board of Managers.

**CONSIDERATION AND APPROPRIATE ACTION REGARDING MEDICAL-DENTAL STAFF
RECOMMENDATIONS OF OFFICER POSITIONS — RAJEEV SURI, M.D., PRESIDENT,
MEDICAL/DENTAL STAFF**

SUMMARY: The University Health Bylaws of the Medical-Dental Staff outline the process and description of Officer Positions of the Medical-Dental Staff. These recommendations require the approval of the Board of Managers. University Health System's Professional Staff Services Department is responsible for facilitating the annual process for the election of new Officers. The Officers of the Staff shall be the President, Past President, Vice-President, Secretary, and the Members-at-Large of the Executive Committee. Officers must be members in good standing of the Active and Provisional Staff at the time of nomination and election, must be approved by the Board of Managers, and must remain members in good standing during their term of office. Failure to maintain such status shall immediately create a vacancy in the office involved. Nominees must possess the ability and experience required to fill such positions and be willing to devote the time and effort needed to fulfill the responsibilities of office, for a term of two (2) years. The Medical-Dental Staff via ballot are submitting the following Officers for 2022-2023 for Board of Managers approval:

President of the Medical Dental Staff – Dr. Michael Little
(Anesthesiology)

Vice-President - Dr. Brian Eastridge (Trauma & Emergency Surgery)

Secretary - Dr. Jason Bowling (Infectious Disease)

Members-At-Large - Dr. Georgia McCann (Obstetrics/Gynecology)
Dr. Kelsey Sherburne (Pediatrics)
Dr. Mark Sparkman (Emergency Medicine) 1 year

CONSIDERATION AND APPROPRIATE ACTION REGARDING TELEMEDICINE PRIVILEGES — *BRYAN ALSIP, MD*

SUMMARY: The Board of Managers has approval authority for the appointment of clinical providers to the Medical-Dental Staff, and the granting of clinical privileges for overseeing the quality of care and provision of treatment to patients. In accordance with section 3.7, Telehealth, of the Bylaws of the Medical-Dental Staff, 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. Board members were provided a listing of clinical providers which has been reviewed and verified by Professional Staff Services that all required elements from the distant site have been met in accordance with the Medical-Dental Staff Bylaws and Joint Commission Medical Staff standards (13.01.01). Staff recommends Board of Managers' approval of Radiology Telehealth privileges for one provider from Austin Radiology.

CONSIDERATION AND APPROPRIATE ACTION REGARDING RESCISSION OF POLICY 6.01.02, CAPITAL IMPROVEMENT PROGRAM APPROVAL AUTHORITY, AND COMBINING IT WITH POLICY 6.01.01, ALTERNATIVE CONSTRUCTION PROJECT DELIVERY AND PROCUREMENT METHODS — *REBECCA CEDILLO*

SUMMARY: During the process of reviewing and updating corporate policies, Policy no., 6.01.02 was identified by the Executive Policy Review Committee as being redundant to two other established policies. Policy 6.01.01, discusses alternative construction project delivery and procurement methods, and many of these projects are considered capital by definition. Staff recommends combining appropriate elements within Policy 6.01.02 into Policy 6.01.01, resulting in a comprehensive policy of capital projects that incorporates the technical, operational, fiscal, and procurement aspect of associated projects. The Executive Policy Review Committee requests Board approval to rescind Policy no. 6.01.02—Capital Improvement Program Approval Authority in accordance with University Health Policy No. 11.01.

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT EXTENSION FOR AMBASSADOR SERVICES IN SUPPORT OF THE WOMEN'S AND CHILDREN'S HOSPITAL AND ASSOCIATED PROJECTS WITH HEALTHCARE HOSPITALITY GROUP LLC D/B/A CYPRESS HEALTHCARE VALET — *DON RYDEN*

SUMMARY: The initial planning phases of the Women's and Children's Hospital clearly identified the need to have additional resources available to visitors and guests to ensure efficient wayfinding on the main campus during all phases of the construction process. This agreement ensures that the Ambassador Services Program will have approximately 20 FTEs to assist patients and visitors 24/7/365 during the construction project. University Health issued a request for proposals (RFP) for the Hospital Ambassador program in July 2019 Healthcare Hospitality Group LLC dba Cypress Healthcare Valet (aka Onsite Healthcare) was selected in September 2019 based on criteria that included evaluation of pricing,

interest and qualifications, references, and staffing resources. Staff identified the specific job posts and hours of service required for this critical patient/visitor facility access project. Staff routinely meets with Cypress Healthcare Valet to address any questions, and emphasizes the importance of patient access to services. Cypress Healthcare Valet is a company that provides services exclusively for healthcare facilities. They understand the healthcare culture through patient experience and how services impact patient satisfaction scores. The current contract with Cypress Healthcare Valet expires October 31, 2022. This is a nine month extension of the contract for a total amount of \$829,047. The contract is a temporary contract which is being extended for 9 months from November 2022 until July 2023 to coincide with the completion of the Women's and Children's Hospital construction. This is a budgeted operational expense. The workforce composition data for Cypress Healthcare Valet was provided for the Board's review. Staff recommends the Board of Managers approve the extension of the Ambassador Services Program contract with Healthcare Hospitality Group LLC dba Cypress Healthcare Valet from November 2022 through July 2023 for a total of \$829,047.

CONSIDERATION AND APPROPRIATE ACTION REGARDING PROFESSIONAL SERVICES AGREEMENT WITH UNITED MEDICAL CENTERS IN SUPPORT OF THE TEXAS RURAL MATERNITY AND OBSTETRICS MANAGEMENT STRATEGIES PROGRAM — ROBERTO VILLARREAL, M.D.

SUMMARY:

In October 2019, the federal agency Health Resources and Services Administration, the U.S. Department of Health and Human Services, awarded Bexar County Hospital District \$2,270,647 in funding to implement the Texas Rural Maternity and Obstetrics Management Strategies Program (TX-RMOMS Program). TX-RMOMS is a four-year program to improve access to and coordinate maternal and obstetrics care within a rural network of hospitals and clinical providers. The TX-RMOMS program improves access to a comprehensive and integrated continuity of maternal and obstetrics care for the rural racial and ethnic minority women of childbearing age in Uvalde, Edwards, Kinney, Zavala, Real, and Val Verde County. This request focuses on one partner, United Medical Centers (UMC), whose prior contracts were below the threshold and, after the funding reallocation, will exceed the University Health procurement threshold.

FY 2019-2020	-----
FY 2020-2021	- \$140,442
FY 2021-2022	-\$91,279
FY 2022-2023	- \$54,113 (this request)
Total	- \$285,834

UMC is a Federally Qualified Health Center serving three counties and governed by an eleven-member board of directors that reside in the tri-county service area of Maverick, Kinney, and Val Verde Counties. UMC has nine service sites offering various medical services, including primary and preventive health care, woman's health services, support, diagnostic, and nutrition services. As partners in the HRSA funded TX-RMOMS

program, UMC will establish a referral protocol for preconception, labor and delivery, and postpartum services. In addition, UMC will focus their efforts in the program to increase access to preconception services to, labor, delivery and postpartum services and improve the maternal and neonatal clinical outcomes and quality of care, and healthy behaviors among program participants. They will also demonstrate the cost-effectiveness of implementing University Health’s model. Staff recommends approval of this new agreement with United Medical Centers as a sub-recipient of the TX-RMOMS Program funds, to implement program strategies and enhance obstetrics and postpartum services for expectant mothers in Central and South Texas counties for Fiscal Year 2022-2023 (estimated) beginning September 1, 2022 through August 31, 2023, in the amount of \$54,113, or a total amount of \$285,834 over the life of the program.

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT BETWEEN COMMUNITY FIRST HEALTH PLANS, INC., AND HEALTHMINE SERVICES, INC., FOR A MEMBER ENGAGEMENT PLATFORM WITH SHORT MESSAGING SERVICES — THERESA SCEPANSKI

SUMMARY:

The contract for a Member Engagement Platform with Short Messaging Services (SMS) was competitively bid on July 1, 2022. A total of five (5) responses were received including bids from Healthmine Services, Inc., mPulse Mobile, Sagitech Health, Welltok Virgin Pulse, and Zipari. The bids were compared utilizing a decision matrix and reviewed for responsiveness to the request for proposal (RFP) specifications. The bids were then equally weighed based on administrative and financial criteria. After careful consideration and review of the proposals submitted, Healthmine Services, Inc. provided Community First with the best overall value and solution based on the following key strengths: (1) well-designed solution that meets all specifications and requirements, (2) Member engagement and SMS solutions, (3) extensive implementation support, (4) implementation timeline meets requirements, (5) platform capabilities exceed Community First deliverables, (6) National Committee for Quality Assurance (NCQA) Accredited and; (7) highly competitive fees. Ms. Scepanski detailed the expertise and technology-enabled services offered by Healthmine Services, Inc., in her written report. The proposed contract with Healthmine Services Inc. is for a three-year period for a total estimated cost of \$3,564,200 (including one-time implementation fees) as follows:

One-time Implementation Fee	\$200,000	\$200,000
Member Engagement & Experience, Health Risk Assessments, Single Sign-On	\$1,121,400	\$3,364,200
TOTAL	\$1,321,400	\$3,564,200

This is a planned expense and funding is included in the Annual Operating

Budget. The workforce composition data for Healthmine Services Inc., was provided for the Board's review. The Board of Directors of Community First Health Plans, Inc., recommends Board of Managers' approval of a contract with Healthmine Services, Inc., for a Member Engagement Platform with Short Messaging Services for an estimated amount of \$3,564,200 over a three-year period.

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE 3RD QUARTER 2022 INVESTMENT REPORT — ROE GARRETT/REED HURLEY

SUMMARY:

The Investment Portfolio Summaries for University Health and Community First Health Plans, Inc., for the third quarter of 2022, were provided separately for the Board's review. In total, the value of all invested funds as of September 30, 2022 was \$1,623,188,898 consisting of University Health, Project, Certificate, Local Provider Participation Fund (LPPF) and Community First Funds. The reports include all information required by the Texas Public Funds Investment Act. The portfolios earned \$7,156,596 in interest income in the third quarter, a dramatic 464 percent increase from \$1,268,220 in the same period a year ago as higher interest rates take hold. While the dramatic increase in interest rates during 2022 has resulted in a sizable unrealized loss, no realized losses are anticipated to be incurred and University Health is benefitting from much greater investment income. As of September 30, 2022, the University Health portfolio for operations (excluding Community First and the debt related funds) was valued at \$1,184,169,866. The portfolio, consisting of the Operating, Contingency, Capital and Tax Funds, had a weighted average yield-to-maturity of 2.07 percent and a weighted average maturity of 295 days. The portfolio's yield has fallen behind the 6-month Constant Maturity Treasury (CMT) benchmark, which yielded 2.43 percent, but remains well above the 1-year CMT benchmark's 1.68 percent yield. This report was provided for Board of Managers' approval.

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

SUMMARY:

University Health's Purchasing Consent attachment for the month of October 2022 includes 10 proposed contracts for Board of Managers action. The total requested Board of Managers approval for these 10 contracts is \$10,603,281. Additional Presented contracts during the October Board of Managers meetings total \$14,820,302 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 \$10,603,281.

CONSENT

RECOMMENDATION:

Staff recommends approval of the items listed on the consent agenda.

CONSENT

ACTION:

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

Equipment Description/Proposed Vendor	Cost (millions)
WIFI Phones, chargers, and batteries/Netsync	\$ 0.713
Configuration and staging of computers, monitors and peripherals/MTS	\$ 1.056
Visitor Management System- software, licensing and maintenance/HID SAFE	\$ 0.203
Visitor Management System hardware, programming and installation/CDW/MultiLink	\$ 0.118
Total	\$ 2.090

The medical planner obtained competitive price quotes from various vendors per the coordinated medical equipment and furnishings list. These vendors include Drager, Hill-Rom, Thermo Fisher, Philips and Boehringer. Staff has determined that the total quoted price for medical equipment and furnishings is within the Board-approved project budget line amounts. The following summarizes equipment and installation services that may be ordered as soon as procurement authority is granted:

Equipment Description/Proposed Vendor	Cost (millions)
Ventilators/Drager	\$0.601
Portable Scales/Hill-Rom	\$0.413
Refrigerators & Freezers/Thermo Fisher	\$0.293
Electrocardiogram & Ultrasound/Philips	\$0.280
Suction Regulators/Boehringer	\$0.719
Total	\$2.306

The workforce composition for the vendors proposed was provided for the Board's review. Remaining vendors for smaller purchases under \$250,000 will be procured using Group Purchasing Organization contracts when available or through competitive bids per University Health procurement guidelines and policies.

RECOMMENDATION: Staff recommends the Board of Managers approve the procurement of technology infrastructure installation services, active IT equipment, medical equipment and furnishings and installation services in an amount not to exceed \$4,396,109.

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

EVALUATION: The workforce composition for the large, specialized vendors proposed was provided for the Board's review. Remaining vendors for smaller purchases under \$250,000 will be procured using Group Purchasing Organization contracts when available or through competitive bids per University Health procurement guidelines and policies. Specialized

vendors, such as Hill-Rom and Philips, are not local; however the vendors for smaller purchases will be local vendors.

FOLLOW UP:

None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING A LEASE AGREEMENT WITH BUILDING TWO OAKS, LLC AND APPROVAL OF ASSOCIATED INFORMATION TECHNOLOGY, FURNITURE, FIXTURES AND EQUIPMENT, AND TENANT IMPROVEMENT EXPENSES FOR THE CARELINK OFFICE LOCATED AT 12451 NETWORK BLVD., BLDG. II, SAN ANTONIO, TEXAS 78249 — DON RYDEN

SUMMARY:

The CareLink staff being considered for relocation is currently comprised of 84 people in the historic Robert B. Green building downtown. With the deteriorating condition of the historic building, University Health has been decanting the facility. CareLink will relocate to a location currently occupied by Community First Health Plans, Inc., in University Park, which will accommodate the entire staff. Community First will be moving into a new location in December, allowing a relocation of CareLink in February 2023. University Health proposes to lease 17,832 sq. ft., which will accommodate all CareLink staff and allow expansion space for CareLink or another small department. Benefits of this location include the space is finished-out requiring minor renovation and existing Community First furniture and computer cabling will remain in place. The location provides an adequate ratio of parking for staff. The proposed Lease Agreement is for seven (7) years plus two (2) months of abated rent commencing on approximately February 1, 2023 or when the Landlord’s work is complete and the space is ready for occupancy. (Commencement date will be adjusted to reflect actual occupancy date). The base rent for the initial year is \$18.72 per sq. ft. plus operating expenses estimated at \$10.22 per sq. ft. University Health has two (2) renewal options of five (5) years each with nine months’ notice. Base rent will increase by 4 percent every two and one half (2.5) years. The agreement is based on a triple net lease which includes a common area maintenance (CAM) charge for the tenant pro-rata share of taxes, insurance and other related real estate expenses. Assuming a 2% escalation per year in operating expenses, the following additional rental expenses will be incurred:

CAM Expenses:

Dates	Expense/SF	Monthly Expense	Total
2/1/23-3/31/23	\$0.00	\$0.00	\$0
4/1/23-9/30/25	\$10.22	\$15,186.92	\$455,608
10/1/25-3/31/28	\$10.73	\$15,946.27	\$478,388
4/1/28-3/31/30	\$11.27	\$16,743.58	\$401,846
		Sub-Total	\$1,335,842
		Total Rent & CAM Expenses	\$3,760,408

The space being leased is currently finished-out but will need minor renovations. As part of the lease agreement, the landlord will provide a \$15.25/sq. ft. tenant improvements (T.I.) allowance. The project costs for the expansion space are identified below:

Design and Construction	\$297,000
Less: T.I. Allowance	<u>(\$272,000)</u>
Net Design and Construction	\$ 25,000
Furniture, Fixtures & Equipment	\$275,000
Information Technology	\$390,000
Security/Access Control	\$ 30,000
Moving	\$ 15,000
Signage	<u>\$ 10,000</u>
Total	\$745,000

RECOMMENDATION: Staff recommends the Board of Managers approve the Lease Agreement with Building Two Oaks, LLC and authorize the President/Chief Executive Officer to sign the agreement. The seven (7) year cost of the lease expense is \$3,760,408. In addition to the lease agreement, staff recommends the Board of Managers approve the project costs and other associated costs therein not to exceed \$745,000 to be funded from the Board Designated Capital Account for a total cost of \$4,505,408.

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

EVALUATION: Mr. Ryden informed the Board University Health has standardized current and future buildouts for all clinics and office furniture for continuity purposes.

FOLLOW UP: None.

DISCUSSION AND APPROPRIATE ACTION REGARDING COMMUNITY FIRST HEALTH PLANS, INC.’S PRELIMINARY OPERATING AND CAPITAL BUDGETS FOR FISCAL YEAR 2023 — THERESA SCEPANSKI/DAVERICK ISAAC

SUMMARY: Throughout Fiscal Year 2023, Community First Health Plans, Inc., will manage the healthcare needs for an expected average consolidated membership of 205,586 members while delivering a budgeted net income of \$8,478,781. The budgeted underwriting income (excluding Investment Income and Premium Deficiency Reserve amortization) is budgeted to be \$6,667,777. Mr. Daverick Isaac provided the following insight into the development of the FY 2023 budget:

2023 Strategic Priorities

Business Development

- Increase market share in the STAR, CHIP and STAR Kids lines of business as it relates to membership.
- Expand Medicare Advantage and Health Insurance Exchange.
- Continue development and implementation of advanced alternative payment models and expansion of the provider incentive program.

Operational Efficiencies

- Enhance and expand coordination and integration with University Health in support of ongoing evolution towards an industry leading integrated delivery and financing system.
- Enhance and expand advanced financial and medical economic

analytics, including predictive modeling and risk score optimization.

- Continue to improve member and provider satisfaction, and quality medical outcome measures.

Member Months (DRAFT)	2023 Budget
STAR	2,076,563
CHIP	27,120
CHIP Perinate	6,636
STAR Kids	100,650
Commercial	24
Medicare	2,400
HIE	5,596
Total “at risk” Member Months	2,218,989
ASO (Family Care Plan)	248,043
Total Member Months	2,467,032

Revenue (DRAFT)

- Total Revenue FY 2023 is budgeted at \$951.9M.
- This includes consideration for Experience Rebate, which total \$25M.
- This represents an increase of 11.8% over the FY 2022 Outlook.
- FY 2023 revenues were based on rate information provided by HHSC.

Revenue in Millions

2017	\$500,000
2018	\$550,000
2019	\$575,000
2020	\$600,000
2021	\$625,000
2022	\$850,000
2023	\$950,000

Medical Expense (DRAFT)

- 2023 Medical Expense budget was developed:
 1. Specific by line of business
 2. Separated into inpatient, outpatient, physician, pharmacy, and ancillary categories
 3. Based on historical actual average unit costs and utilization
- Total Medical Expense for FY 2023 is budgeted at \$844.8M, an increase of 14.9 percent over the FY 2022 Outlook.
- This represents a Medical Loss Ratio (MLR) of 86.5%.

Administrative Expense (DRAFT)

- Computer licensing and maintenance increased approximately \$2.6M due to the continue enhancement of application systems.
- Postage and Printing increased approximately \$800K due to enhanced marketing and outreach.
- Consulting increased approximately \$5.8M due to departmental support in Executive, Information Systems, and Business Development for enhancements and implementation of services.

Note: 2023 budgeted administrative expense for STAR, CHIP, and STAR Kids are compliant with HHSC rate development formulas which regulate a portion of premium allocated for administrative expense spending.

Administrative Expense (DRAFT)

Total 2023 budgeted Administrative Expense is \$100.5 million, which represents an increase of 27.8% over the 2022 Outlook and an Administrative Expense Ratio of 10.3 percent

<u>Administrative Expense</u>	<u>2023 Budget</u>
Salaries & Wages	35,375,547
Benefits Expense	6,684,418
Consulting Expense	13,838,934
Electronic Processing Expense	1,508,600
Employee Development Expense	297,585
Meeting & Travel Expense	330,337
Publications/Dues Expense	523,973
Postage/Supplies Expense	1,859,680
Computer Maint/License Expense	10,212,688
Telephone/Utilities/Rent	3,146,714
Provider Incentive/Interest Expense	36,000
Marketing Expense	6,211,346
Insurance/Depreciation/Amort/Taxes	19,469,347
All Other	1,032,366
Total Administrative Expense	100,527,535

Summary Income Statement

2023 Budget (DRAFT)	Total
Member Months	2,467,032
Revenue	
Premium revenue	976,993,544
Experience Rebate	(25,000,000)
Other Revenue	
Total Revenue	951,993,544
Expenses	
Medical Expenses	844,798,231
Administrative Expense	100,527,535
Total Expenses	945,325,767
Underwriting Gain/(Loss)	6,667,777
Investment Income	500,000
Premium Deficiency Reserve	1,311,004
Net Income	8,478,781
PMPM Summary	Total
Premium Revenue (pmpm)	396.02
Medical Expenses (pmpm)	342.44
NAIP-UH Pass	
Thru Payments (pmpm)	9.55
Administrative Expenses (pmpm)	40.75
MLR %	86.47%
ADMIN %	10.29%

RECOMMENDATION: This report was provided for informational purposes only.
ACTION: No action was required by the Board of Managers.
EVALUATION: Mr. Isaac described the various Medicaid products:
Medicaid Star - traditional Medicaid
Star Kids – serves vulnerable children based on acuity
Star Plus – serves adult population
Chip – serves children ages 0 to 18
Chip Perinate serves women who are not eligible for Medicaid with income up to 200 percent of the Federal Poverty Level. Also, to increase market share, Community First now offers an Exclusive Provider Organization - University Community Care Plan - a network comprised of nationally recognized UT Health specialty providers and outpatient health care centers across Bexar County, including University Health Texas Diabetes Institute, in addition to the Level I Trauma Center, University Hospital. Mr. Isaac announced that CareLink members whose household income falls between 150 and 250 percent of the Federal Poverty Level, are eligible to transfer to one of three plans in the EPO, which calls for 70 percent of the premium to be paid by the federal government with the remainder 30 percent premium to be paid by University Health. The Board of Directors of Community First Health Plans, Inc., will meet on Friday, October 28, 2022 for final review and appropriate action regarding the 2023 operating budget. Community First's budget will return to the Board of Managers for approval when Mr. Hurley presents University Health's consolidated budget for 2023 on Tuesday, November 15, 2022. Mr. Hernandez will present University Health's consolidated budget for 2023 to Bexar County Commissioners Court for final approval on Tuesday, December 13, 2022.

FOLLOW UP: As noted above.

DISCUSSION AND APPROPRIATE ACTION REGARDING BEXAR COUNTY HOSPITAL DISTRICT D/B/A UNIVERSITY HEALTH'S PRELIMINARY OPERATING, DEBT SERVICE AND CAPITAL BUDGETS FOR FISCAL YEAR 2023 — GEORGE B. HERNÁNDEZ, JR./REED HURLEY

SUMMARY: The preliminary 2023 budget incorporates many known or expected changes for 2023. These include supply chain issues, inflation, labor shortages, and changes in Medicaid supplemental funding. To address these issues, University Health continues to improve operational efficiency and reduce expenses wherever possible without sacrificing quality of care. At the Board meeting, staff will present additional information on the preliminary 2023 Operating, Debt Service, and Capital budgets.

Guiding Principles – Triple Aim Plus

- Improving Quality, Safety and Outcomes
- Improving the Patient Experience
- Improving Efficiencies
- Improving Access

FY 2023 Budget Process

- 2022 Continued Impact by COVID-19

- Supply Chain & Labor Market Disruptions
- Volume Volatility
- Received input from operational leaders
- Metric-driven variance reviews
- Budget review meetings
- Focus on University Health initiatives
- Prioritization of Needs and Strategic Goals

Major Projects for 2023

- Women's & Children's Hospital – Opening August 2023
- Design phase for Community Hospitals and Public Health buildings
- Manage through labor shortages and supply inflation
- Pharmacy Growth – Specialty Pharmacy & Meds to Beds
- UMA Physician Investment
- Building Renovation & Repairs – Rio Tower and Ambulatory Clinics
- Continue Epic Optimization

Labor and Supply Inflation

- Labor Market Disruptions
- Staff shortages driving wage inflation
- Planned \$21M Agency Staff reduction
- Supply Chain Disruptions and price Inflation

Retail & Specialty Pharmacy

- Improved Management of CareLink/Grant patients
- Employee prescription fill growth: \$0 copay
- Expand service to insured patients: 548% increase
- 2023 Financial Impact
 - \$21M Additional Revenue
 - Offset by \$19M Expense

Outpatient Pharmacy Dispense Trend

- Insurance and private pay - 214 percent growth from January 2018 through September 2022

Physician Investment

- UMA Provider Recruitment
- 2022 Baseline: 157 Providers
- 2023 Planned Recruitment:
 - 2 Primary Care
 - 6 Inpatient Service
 - APP for Transplant ICU
 - 8 Specialists
 - Detention Psychiatrist
 - Oncologist
 - Nephrologist

Facility Repairs and Upgrades

- Rio Tower – Fallen Plaster
- Texas Diabetes Institute – Soil movement and settlement
- 2023 Total Repairs & Renovation Estimates: \$10M

Clinic Volume by Location – 2023 Budget

Primary/Urgent Care – 562,063 visits

Specialty Care – 514,478 visits; 82129 treatments; 21,371 procedures

Preventive Care/School-Based Clinics – 773,499 visits

Mammography – 39,456 procedures

Emergency Center – 103,899 visits

University Hospital – 31,672 discharges

Governmental Funding Update

- End of COVID-19 PHE
- Enhanced FMAP: \$29M Benefit in 2022
- CMS: \$6M Medicare Reduction (2% Sequestration & HRSA)
- HARP & CHIRP/UHRIP Programs
- Delayed Approval Overinflated 2022 Benefit
- 2023 Budget Impact
 - \$12.6M Reduction: HARP
 - \$15.5M Reduction: CHIRP/UHRIP
- Property Tax
 - New Properties & Increased Valuations
 - \$51.6M to M&O

Clinical Services Division – 2023 Revenue Budget

Property Taxes, \$524.5M – 27.1%
 DSH, \$34.5M – 1.8%
 HARP - \$30.8M – 1.6%
 NAIP, \$36.4m, 1.9%
 UC, \$115.2m, 5.9%
 SNF, \$42.2m, 2.2%
 Other Revenue, \$108.1M, 5.6%
 NPR - \$1,043.7M, 54%

2023 UH less CFHP Revenue Budget – Preliminary Budget

Revenues \$1,043,725
 Net Patient Service Revenue

Property Texas M&O	\$524,495
Disproportionate Share Revenue	\$34,500
HARP Revenue	\$30,755
DSRIP Revenue	----0-----
NAIP Revenue	\$36,383
SNF Revenue	\$42,170
Uncompensated Care Revenue	\$114,179
TIPPS Revenue	\$3,528
Graduate Medical Education Revenue	\$13,419
Tobacco Settlement Fund	\$9,346
Other Revenue	\$81,851
Total Operating Revenue	\$1,934,350

Clinical Services Division – 2023 Total Operating Expenses \$1.81B

Supplies - \$376.5M, 20.8%
 Purchased Services - \$321M, 17.7%
 Salaries - \$737.8M, 40.7%
 Benefits - \$126.4M, 70%
 Medical Services - \$252.5M, 13.9%

Operating Expense 2023 Preliminary Budget

Gain (Loss) from Operations	\$120,131M
Bottom Line Excluding Debt Service	\$17,355M

Debt Service Budget

Debt Service					
Dollars in millions	2022 Projected	2023 Preliminary Budget	Variance from Projected	% Variance	
Debt Service I&S Tax Funds	\$ 69.2	\$ 87.5	\$ 18.3	26.4%	
Debt Service Payment	\$ 69.2	\$ 87.5	\$ 18.3	26.4%	
Net Debt Service Revenue	\$ -	\$ -	\$ -	0.0%	

2023 Routine Capital Budget Requirements

Total	Mandated	Replacement	New Svcs
Clinical Services	\$10,186,408	\$30,803,084	\$3,839,904
	Grand Total: \$44,829,396		

Aged Equipment & Infrastructure Replacement Plan = \$12.9M

Operating Room Integration Technology = \$10.4M

Interventional Radiology Suite: \$2.8M

** Additional Detail of Capital Requests on Exhibit 8*

FTE WALKFORWARD

2022 Projected FTE	8,955.3
Preliminary 2023 Budget, Total Paid FTE	9,625.5
FTE Variance	670.2
FTE % Growth	7.5

Drivers of FTE Increase – growth of retail & specialty pharmacy programs, growth of ambulatory clinic providers, growth in pediatric and neonatal volume across all service line requires additional staff, Women’s & Children’s Hospital opening in August 2023

<u>Inpatient Activity Summary</u>	<u>2023 Budget</u>
Subtotal Adult Discharges	29,397
Var. Budget 2023 to Projected	629
Variance %	2.2%
Subtotal Pedi Discharges	2,275
Var. Budget 2023 to Projected	104
Variance %	4.8%
Subtotal Adult Days	188,786
Var. Budget 2023 to Projected	3,250
Variance %	1.8%

Subtotal Adult ADC	5,172
Var. Budget 2023 to Projected	8.9
Variance %	1.8%
Total Days	203,987
Var. Budget 2023 to Projected	3,937
Variance %	2.0%
Total ADC	558.9
Var. Budget 2023 to Projected	10.8
Variance %	2.0%
Total ALOS	6.44
Var. Budget 2023 to Projected	(0.03)
Variance %	-0.4%

Outpatient Activity Summary

	<u>2023 Budget</u>	<u>Var. Bud 2023</u>	<u>Var%</u>
		<u>To Projected</u>	
Subtotal – Adult EC	66,846	731	1.1%
Subtotal – Ob/Gyn EC	14,080	358	2.6%
Subtotal – Pedi EC	15,023	123	0.8%
Subtotal Trauma EC	7,949	(83)	-1.0%
Total EC	103,899	1,129	1.1%
Subtotal –			
UH Adult Surgery	18,419	546	3.1%
Subtotal –			
UH Pedi Surgery	2,510	73	3.0%
Total UH Surgery	20,929	619	3.0%
Subtotal –			
Obs – UHS (Days)	6,936	(2)	0.0%
Total Other Vol:			
(EC, Surg & Obs)	131,764	1,746	1.3%

Ambulatory Surgery Center Volume and other Outpatient Visits
(Includes PHCs)

Subtotal – Op Clinics			
Adult	849,728	97,526	13.0%
Subtotal – Op Clinics			
Pedi	108,884	7,246	7.1%
Total Other Vol: (OP ASCs			
OP Clinics, PHCs)	958,612	104,772	12.3%
Total Outpatient			
Volume	1,090,376	106,518	10.8%

Revenue Walk Forward	<u>Variance</u>	<u>Variance</u>
	<u>From Projected</u>	
	<u>2022</u>	

2022 Projected Total Operating Revenue	\$1,887.2M	
Net Patient Revenue	\$21.2M	2.1%
Other Operating Revenue	\$26.1M	0.3%
Changes to total operating revenue	\$47.3M	2.5%
Total Operating Revenue	\$1,934.4M	

	<u>Variance</u>	<u>Variance</u>
	<u>From Projected</u>	
	<u>2022</u>	
2022 Projected Total Operating Expense	\$1,674.2M	
Salaries	\$70.6 M	10.6%
Benefits	\$15.1M	13.6%

Expense Walk Forward	<u>Variance</u>	<u>Variance</u>
	<u>From Projected</u>	
	<u>2022</u>	
Medical Services	\$17.3M	7.3%
Purchased Services	\$15.5M	5.1%
Supplies	\$21.5M	6.1%
Changes to Total Operating Expense	\$140.0	8.4%
2023 Preliminary Budget		
Total Operating Expense	\$1,814.2	

RECOMMENDATION:

This report was provided for informational purposes only.

ACTION:

No action was required by the Board of Managers.

EVALUATION:

Some discussion ensued regarding federal revenue after Mr. Hurley reported that that the estimated benefit from this program for 2023 is \$34.5 million, which is \$11 million less than the 2022 projection. Dr. Kelley asked Mr. Hurley to explain the Disproportionate Share Hospital Program, which he explained are payments to hospitals that serve a disproportionately large number of Medicaid and low-income patients. The cut is a result of scheduled DSH reductions at the Federal level from the initial passage of the Affordable Care Act. The reductions will take effect in 2023 unless Congress delays the cuts again. As far as next steps in the budget process, Mr. Hurley will present a consolidated budget at the next meeting on Tuesday, November 15, 2022, for Board approval and for endorsement to Bexar County Commissioners' Court on December 13, 2022.

FOLLOW UP:

None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE FINANCIAL REPORT FOR SEPTEMBER 2022 — REED HURLEY

SUMMARY:

University Health's consolidated bottom line for the month of September 2022 reflects a gain of \$37.6 million, \$38.9 million better than the budgeted loss of \$1.4 million. This gain to budget is a combination of positive net patient revenue of \$19.2 million and supplemental revenue of \$31.3 million, offset by employee compensation expense over budget by \$8.5 million. In September, clinical activity (as measured by inpatient discharges) was up 2.0 percent for the month compared to

budget and inpatient days were up by 2.9 percent. Surgical cases and Emergency Department visits were both over budget 2.4 percent and 12.0 percent respectively. Community First Health Plans, Inc., experienced a bottom line gain of \$1.0 million, which was \$3.0 million better than the budgeted loss of \$1.9 million. Community First fully insured membership was up 18.5 percent to budget. For the month, net patient revenue over budget \$19.2 million driven by an improvement in payer mix, high acuity of inpatient activity, and higher outpatient procedural volumes. Supplemental revenue over budget \$31.3 million due to the late approval of the FFY22 HARP program at \$35.8 million offset by the loss of DSRIP revenue of \$5.1 million related to the unapproved status of the program in 2022. Community First premium revenue over budget \$7.1 million related to additional UHRIP program payments of \$6.0 million and other premium revenue of \$7.9 million offset by \$6.7 million in experience rebate expense. Mr. Hurley reviewed significant items in the Monthly Consolidated Statement of Revenues and Expenses in detail with the Board.

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

INFORMATION ONLY ITEMS:

DETENTION HEALTH AND CIVIL BEHAVIORAL HEALTH BED AND PROGRAMMING NEEDS ASSESSMENT PERFORMED BY MEADOWS MENTAL HEALTH POLICY INSTITUTE — TED DAY/SALLY TAYLOR, M.D.

ANNUAL CARELINK REPORT — VIRGINIA MIKA, PH.D./ROBERTO VILLARREAL, M.D.

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. Adams directed his Board colleagues' attention to the three reports above, and urged them to review on their own time.
RECOMMENDATION: None.
ACTION: None.
EVALUATION: None.
FOLLOW UP: None.

ADJOURNMENT:

There being no further business, Mr. Adams adjourned the public meeting at 7:54 pm.

James R. Adams
Chair, Board of Managers

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

Sandra D. Garcia, Recording Secretary