University Health

BEXAR COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS

Tuesday, October 27, 2026
6:00 pm
Cypress Room, University Hospital
4502 Medical Drive
San Antonio, Texas 78229

MINUTES

BOARD MEMBERS PRESENT:

Jimmy Hasslocher, Chair
Anita L. Fernández, Vice Chair
Beverly Watts Davis
Melinda Rodriguez, PT, DPT.
David Cohen, MD
Max Navarro, Sr.

OTHERS PRESENT:

Edward Banos, President/Chief Executive Officer, University Health
Bill Phillips, Executive Vice President/Chief Operating Officer, University Health
Reed Hurley, Executive Vice President/Chief Financial Officer, University Health
Dr. Bryan Alsip, Executive VP, Chief medical Officer, University Health
Francisco Cigarroa, MD., Sr. Executive Vice President for Health Affairs & Health System, UT Health San Antonio
And other staff attendees.

CALL TO ORDER:

Mr. Hasslocher called the Board meeting to order at 6:10pm.

INVOCATION AND PLEDGE OF ALLEGIANCE — *Jimmy Hasslocher, Chair*

Invocation – Julie Rowe, University Health Chaplain — *Jimmy Hasslocher, Chair*

Mr. Hasslocher led the pledge of allegiance.

COMMENTS /DISCUSSIONS: Mr. Hasslocher stated that Ms. Jasso was unable to attend todays meeting and Welcomed new Board Member, Mr. Max Navarro, Sr., a very distinguished businessman in our community. Mr. Hasslocher and the board look forward to close working relationship with the other board members.

PUBLIC COMMENT: Mr. Lowell Unruh

SUMMARY: Mr. Lowell Unruh addressed the members of the board expressing his ongoing concerns with certain information pertaining to his medical records. Mr. Unruh added that when he requested his medical records it took an extended period for him to receive them. He also stated that he was extremely concerned by the fact that certain information, in his opinion, needed correcting. While he was extremely grateful for the care provided to him during his hospitalization, he had several concerns that he came to address in hopes of obtaining results and added that he intended to return to every future board meeting until his issues were resolved.

Approval of Minutes of Previous Meeting(s): August 25, 2026 (*Regular Meeting*)
September 22, 2026 (*Regular Meeting*)

SUMMARY: The minutes of the Board meeting of Tuesday, August 25, 2026 and Tuesday, September 22, 2026 were submitted for the Board's approval.

RECOMMENDATION: Staff recommends approval of the minutes as submitted.
COMMENTS /DISCUSSIONS: None

ACTION: A **MOTION** to **APPROVE** staff's recommendation was made by Ms. Rodriguez, **SECONDED** by, Ms. Watts Davis and **PASSED UNANIMOUSLY**.
EVALUATION: None
FOLLOW UP: None

Report from UT Health San Antonio — *Francisco G. Cigarroa*, M.D., EVP/Health Affairs and Health System.

SUMMARY: Dr. Cigarroa commented that Dr. Scott Wall, who was named the newest Director of Medical--School next, worked very closely with his leadership on the highest award of the American College of Education which is the Parker J. Palmer Courage Award. I just want to congratulate and thank him publicly and he's also retiring this year. It has been a privilege to work with him.

Dr. Little mentioned the assistance Christopher Copeland and the Professional Staff service department provides during the On-boarding process and has repeatedly acknowledged them in the past. Additionally, he is proud of the well-defined specific roles the staff carries and how well everyone works as on the same mission.

COMMENTS /DISCUSSIONS: None

Quarterly Employee Recognition Awards — *Leni Kirkman/Andrea Casas*

SUMMARY:
Nursing Professional: Mathew Perry
Staff Nurse I, Psychiatry

Health Care Professional:	Kristi Traugott Lead Pharmacist, Pharmacy Inpatient
Business Professional:	Rachael Verastiqui Contracts Manager, Legal Services
Management:	Polly Smith Executive Director of Perianesthesia Services, Post Anesthesia Care Unit
Technical:	Juan Perez, Medical Assistant, UMA-Vida Behavioral Health
Clerical:	Elsa Gutierrez, Patient Access Coordinator, Mammography
Service:	Isidro Estrada, Controls Technician, Facilities Management
Volunteer:	Crystal Duran, Volunteer, Volunteer Services
Advanced Practice Provider:	Sarah Wright Nurse Practitioner, UMA-North
Physician:	Luisa Bonilla Hernandez, UMA Staff Physician, UMA-Zarzamora
Team:	The Detention Health Care Emergency Response Team

All of this year's quarterly recipients will be our special honored guests at the Annual Employee Recognition Awards Ceremony. 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.

Consideration and Appropriate Action Regarding Commissioning of Peace Officers for Bexar County Hospital District — *Chief Sherrie King/Edward Banos*

SUMMARY: University Health is authorized under the Texas Health and Safety Code to appoint peace officers to protect patients, visitors, staff, and facilities. These officers' authority is limited to University Health-owned or controlled property and adjacent streets, rights-of-way, or easements. The Chief of Police reviewed credentials and training of Jorge Guerra, Elijah Hernandez, Rumaldo Abonce and Lorraine Salinas and determined that they meet all requirements to serve as a University Health peace officers. Their appointments would fill an authorized, budgeted full-time position.

COMMENTS /DISCUSSIONS: Mr. Hasslocher and the Board of Managers congratulated and welcomed the newly appointed Peace officers.

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

EVALUATION: None

FOLLOW UP: None

Consideration and Appropriate Action Regarding the Nomination and Election of the Secretary of the Board of Managers — *Jimmy Hasslocher, Chair*

SUMMARY: Pursuant to the Board of Managers' Bylaws, officers are elected annually in the fall. On September 22, 2026, the Chair appointed a Nominating Committee composed of Dr. Margaret A. Kelley, Ms. Pat Jasso, and Dr. David Cohen. The Board subsequently elected Dr. Kelley to serve as Secretary. Following Dr. Kelley's departure from the Board, the office of Secretary became vacant. In accordance with Article IV of the Bylaws, the Board considered the nomination and election of a Secretary from among its members to serve the remainder of Dr. Kelley's unexpired term. Ms. Melinda Rodriguez and Ms. Pat Jasso expressed interest in serving in the position.

RECOMMENDATION: Elect a Secretary from among the Board's members to serve the remainder of Dr. Kelley's unexpired term. Ms. Pat Jasso and Ms. Melinda Rodriguez were the candidates considered for the position.

COMMENTS /DISCUSSIONS: Mr. Hasslocher publicly thanked Dr. Kelley for her many years of service and contributions to the Board. He acknowledged her medical expertise and knowledge of the medical school and University Health and noted that her contributions would be missed.

ACTION:	The Board elected Ms. Melinda Rodriguez as Secretary by private ballot, effective immediately, to serve the remainder of Dr. Kelley's unexpired term. Ms. Rodriguez will serve alongside Mr. Jimmy Hasslocher, Chair, and Ms. Anita Fernández, Vice Chair.
EVALUATION:	None
FOLLOW UP:	None

BUDGET PRESENTATIONS:

Consideration and Discussion Regarding Community First Health Plans, Inc., Preliminary Operating and Capital Budgets for Fiscal Year 2027 — *Daverick Isaac*

SUMMARY:

Fiscal Year Community First Health Plans presents its preliminary Fiscal Year 2027 operating and capital budgets for review and discussion by the Bexar County Hospital District Board of Managers. The plan emphasizes membership growth, operational expansion, financial performance, and continued delivery of member-centered healthcare services.

Average consolidated membership is projected at 224,571, an increase of 26,065 members or 13.1 percent over the FY 2026 Outlook. Priorities include maintaining Medicaid and CHIP market share, expanding Medicare Advantage, D-SNP, and Marketplace membership, growing the Third-Party Administrators business, evaluating Medicare performance, strengthening integration with University Health, expanding analytics, and improving member, provider, and medical outcomes.

Total FY 2027 revenue is budgeted at $1.3B, a 9.5 percent decrease from the FY 2026 Outlook, while medical expense is budgeted at $1.1B, a 13.6 percent decrease. The projected Medical Loss Ratio is 85.3 percent, with medical costs developed from historical trends, utilization, costs, and service categories. Administrative expense is budgeted at $188.7M, approximately 14 percent of revenue and 29.7 percent above the FY 2026 Outlook.

The budget includes 752 full-time equivalent positions, including 66 additional positions supporting Marketplace and Third-Party Administrators expansion. Capital spending is budgeted at $1.2M for information services and routine facilities projects, while investment income is projected at $5.8M.

Community First's budget was approved by its Board of Directors on October 23, 2026. Staff is scheduled to present the consolidated operating, debt service, and capital budgets to the Board of Managers for approval in November 2026, followed by final approval consideration by the Bexar County Commissioners Court in December 2026.

COMMENTS /DISCUSSIONS: Ms. Watts Davis was very pleased with the presentation and the phenomenal management CFHP does in the community that has resulted in these positive outcomes. Mr. Navarro asked, is Community First a separate entity from the hospital? Mr. Hurley stated it is a wholey owned subsidiary, the Medicaid (MCO or Managed Care Organization) plan is a non-profit company, the Market place and the PPA are for profit. Further discussions ensued.

Consideration and Discussion Regarding Bexar County Hospital District d/b/a University Health's Preliminary Operating, Debt Service and Capital Budgets for Fiscal Year 2027 — *Edward Banos/Reed Hurley*

SUMMARY: University Health's preliminary 2027 budget supports expanded services while emphasizing cost control, efficiency, and quality care. Guided by the Triple Aim Plus framework and shaped by legislative uncertainty, new facilities, supplemental Medicaid funding, changing patient volumes, and ongoing efficiency efforts. The proposal is presented for review and discussion before the proposed consolidated budget is submitted for approval in November and final county approval planned for December 15, 2026.

Planning addresses quality, safety, patient outcomes, patient experience, operational efficiency, access to care, legislative impacts, facility openings, Medicaid funding changes, major projects, and patient-volume changes. A federal law enacted July 4, 2025, is expected to reduce federal healthcare spending by $1 trillion over 10 years, potentially lowering reimbursement and enrollment, although University Health's precise impact remains uncertain and implementation may change through litigation or future legislation. Supplemental Medicaid payments may be claim-based or lump-sum; the former are reported as net patient revenue and the latter as separate income. University Health estimates approximately $387.8 million in supplemental funding for 2027, which is $24.7 million above the 2026 projection.

The $1.53 billion Community Hospitals project includes University Health Retama and University Health Palo Alto, scheduled to open in February and April 2027. The project has $1.45 billion in current funding and will receive additional cash reserves in 2027; each hospital is expected to require approximately 500 employees. University Health also plans to renovate and relicense the former Christus facility as University Health Babcock Specialty, while the University Hospital Lab and Pathology expansion is expected to cost approximately $55 million over multiple years. University Health plans to expand retail and specialty pharmacy services, build a centralized pharmacy distribution center, and pursue initiatives involving care transitions, emergency services, surgical services, and other clinical and nonclinical areas. University Hospital discharges are budgeted at 47,885, Community Hospitals at 13,510, total discharges at 61,395, and outpatient ambulatory clinic volume is projected to increase 17.4 percent over 2026 activity.

The recommended routine capital budget is $45.3 million, $0.6 million below the 2026 budget, with requests ranked as essential, important, or proactive. Principal and interest payments on outstanding bonds are expected to total $98.6 million in 2027, $1.3 million below the 2026 requirement, primarily because of payment-structure changes for Community Hospitals bonds issued in 2022 and 2023.

Management will focus on improving operating efficiency, growing strategic service lines, controlling expenses, improving patient quality and safety scores, and pursuing new federal and state funding sources. Staff will present the proposed consolidated fiscal year 2027 budgets to the Board of Managers on November 17, 2026, for approval and endorsement to Bexar County Commissioners Court.

COMMENTS /DISCUSSIONS: Ms. Rodriguez asked about on the revenue side we have a joint venture with PAM Health, this goes under new revenues making roughly between $3 – $4 million a year. Ms. Watts Davis commented on the CHCS contract and the modifications to complete the contracts. One of the things Ms. Watts Davis is concerned with is the Diversion Center, there is a key piece missing to make a diversion center work and that is the Ancillary and recovery support services, treatment of a person to stabilize the body, it is the recovery services that helps them to the other side. She wants to ensure when this is looked at whole picture as it may not be listed in the budget. Mr. Banos replied that one of the things being done as the budget is being worked on is adding placeholders dollars so when the budget is presented with a bottom line dollar amount then return stating that additional dollars that could be future approved projects. Further discussions continued.

LPPF

Consideration and Appropriate Action Regarding a Resolution Creating Rules and Authorizing Bexar County Hospital District to Conform Mandatory Payment(s) to Requirements to Maintain Eligibility for Federal Matching Funds — *Edward Banos/Reed Hurley*

SUMMARY: Staff informed the Board that on September 17, 2026, the Texas Health and Human Services Commission ("HHSC") issued notice of forthcoming policies governing the acceptance of intergovernmental transfers ("IGTs") funded through mandatory payments. HHSC formally adopted the policies at a public meeting on October 6, 2026. Compliance with these requirements is necessary to maintain eligibility for federal matching funds. Effective October 1, 2026, HHSC will accept IGTs supported by mandatory payment revenue deposited into a Local Provider Participation Fund ("LPPF") only if mandatory payments are assessed separately and exclusively on net patient revenue attributable to inpatient hospital services and outpatient hospital services. In accordance with HHSC's policies and guidance, University Health must submit supporting documentation to HHSC by November 18, 2026. Required documentation includes an attestation that future IGTs from the Bexar LPPF will comply with HHSC requirements, documentation of the Board of Managers' adoption of local rules and procedures governing the Bexar LPPF. Staff has established a separate LPPF depository account for mandatory payments attributable to assessment periods beginning on or after October 1, 2026, as required by HHSC. The new account is separate from the existing account used for mandatory payments attributable to assessment periods beginning on or before September 30, 2026. Staff also intends to ensure that all future LPPF mandatory payments and related IGTs comply with HHSC's policies and guidance.

Accordingly, staff presents the attached resolution for the Board of Managers' consideration and approval to formalize the required local rules and procedures and affirm the District's compliance with HHSC's requirements.

RECOMMENDATION: Staff recommends that the Board of Managers adopt the attached Resolution creating Bexar LPPF local rules and authorizing the Bexar County Hospital District's response to HHSC's new policies and requirements for future IGT to be eligible for federal matching funds.

COMMENTS /DISCUSSIONS: Mr. Navarro asked if for-profit hospitals are being taxed under the mandated payment plan. Ms. Fernandez stated that it may help to give a little background on the indigent care and why we are pulling money from different systems. Mr. Hurley provided a brief explanation and further discussions ensued.

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

EVALUATION: None

FOLLOW UP: None

Public Hearing of Proposed Mandatory Payment for the Bexar County Hospital District Local Provider Participation Fund for Fiscal Year 2027 — *Jimmy Hasslocher, Chair*

SUMMARY: The Chair opened the public hearing at 7:35 p.m. and closed at 7:36 p.m. The transcript indicates no speakers.

COMMENTS /DISCUSSIONS: None

Consideration and Appropriate Action Regarding a Resolution Setting the Maximum Rate of Mandatory Payment(s) for the Bexar County Hospital District's Local Provider Participation through Fiscal Year 2027 — *Edward Banos/Reed Hurley*

SUMMARY: The report recommends a maximum annual assessment rate of 6.0% on inpatient net patient revenue and, separately, 6.0% on outpatient net patient revenue for Bexar County private hospitals. These are separate revenue bases—not a combined 12.0% assessment on the same revenue. The rate establishes a ceiling, not a fixed amount to be collected. Actual mandatory payments invoiced during calendar year 2027 will depend on intergovernmental transfer (IGT) funding requirements as the year progresses. Payments will be due at various times during 2027 as IGT funding is needed. Collections through the Local Provider Participation Fund (LPPF) support IGT funding for Bexar County private hospitals and eligibility for federal matching funds.

According to the report, HHSC's new requirements beginning October 1, 2026 such as Inpatient and outpatient net patient revenue must be assessed separately. Payments for assessment periods beginning on or after that date must be deposited into a new, separate LPPF depository account. Required compliance documentation—including an attestation, adopted local rules and procedures, and account setup information—must be submitted to HHSC by November 18, 2026.

RECOMMENDATION: Staff recommend adopting both the compliance-related local rules resolution and the resolution authorizing the 2027 assessment rates of up to 6.0% for each revenue category, following the required public hearing. The report states that the levy has no impact on District taxpayers, and paying providers may not add a surcharge to patient bills.

COMMENTS /DISCUSSIONS: None

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

EVALUATION: None

FOLLOW UP: None

NEW BUSINESS:

Consent Agenda — *Jimmy Hasslocher, Chair*

Consideration and Appropriate Action Regarding Medical-Dental Staff Membership and Privileges — *Michael Little, M.D., President, Medical/Dental Staff*

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* **Consideration and Appropriate Action Regarding Medical-Dental Staff Recommendations of Facility Officer Positions** — *Michael Little, M.D. President, Medical-Dental StaffBryan Alsip, M.D.*

Consideration and Appropriate Action Regarding Telemedicine Privileges — *Bryan Alsip, M.D.*

Consideration and Appropriate Action an Amendment to University Medicine Associates Bylaws – *Monika Kapur, M.D.*

Consideration and Appropriate Action Regarding an Amendment to the Professional Services Agreement between University Medicine Associates and UT Health San Antonio for Orthopedic, Pediatric Hematology Oncology, and Gynecologic Oncology Services — *Monika Kapur, M.D./Kristen Plastino, M.D.*

Consideration and Appropriate Action Regarding the Ratification of an Amendment to the Medical Transportation Services Agreement with Acadian Ambulance Service of Texas, LLC — *Reed Hurley*

Consideration and Appropriate Action Regarding a Lease Amendment with HCP San Antonio TX MOB, LLC for the Pediatric Cardiology Clinic Located at 502 Madison Oak, San Antonio, Texas 78258 — *Christa Olvera*

Consideration and Appropriate Action Regarding Construction Consultant Services with Ackerman & Co. LLC for Renovations of the Women's Health Clinic within Tower I of the Babcock Towers, Suite 438, located at 2829 Babcock Road, San Antonio, Texas 78229 — *Christa Olvera* **Consideration and Appropriate Action Regarding New Policy No. 2.08.04, Intellectual Property** — *Serina Rivela/Anna Taranova, M.D.*

Consideration and Appropriate Action Regarding a Contract Between Community First Health Plans, Inc., and Chamoy Creative for Marketing and Advertising Services – *Theresa Scepanski*

Consideration and Appropriate Action Regarding a Contract Between Community First Health Plans, Inc., and Not Your Typical Media, L.L.C., for Media Planning and Buying Services – *Theresa Scepanski*

Consideration and Appropriate Action Regarding the 3rd Quarter 2026 Investment Report — *Reed Hurley*

Consideration and Appropriate Action Regarding Purchasing Activities (See Attachment A) — *Reed Hurley/Horacio Vasquez*

SUMMARY: University Health's Purchasing Consent package consists of new contracts or modifications to existing contracts that require Board of Managers approval. The items are generally supply and third-party service contracts that support routine, day-to-day business operations.

The Consent Agenda is typically approved through one motion and vote; however, the Board may select or pull individual items for separate discussion and action. The package is organized into two sections. "Attachment A" provides the list of each item under consideration by the Board. The subsequent numbered pages correspond to the reference numbers shown in Attachment A and provide supporting details for each proposed contract included in the Purchasing Consent agenda.

University Health's Purchasing Consent attachment for September 2026 includes 24 proposed contracts requiring Board of Managers action. The total approval amount requested for these 24 contracts is $41,754,129. All other Board of Managers' agenda items and contracts will be addressed and approved separately by the Board.

RECOMMENDATION: Staff recommends Board of Manager's approval of:

1) Purchasing Consent Agenda Items; and,
2) Purchasing Consent Attachment "A" in the amount of $41,754,129

COMMENTS /DISCUSSIONS: None

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

EVALUATION: None

FOLLOW UP: None

Presentations and Education:

90th Texas Legislative Session Overview – *Andrew Smith*

SUMMARY: University Health's legislative agenda centers on protecting access to care, sustaining hospital and Medicaid financing, preserving local healthcare authority, strengthening mental health and public health services, and supporting the healthcare workforce. The briefing outlines state budget and policy developments that may affect University Health through the remainder of 2026, the 90th Texas Legislature, federal Medicaid implementation, and local government initiatives.

The 90th Texas Legislature will convene on January 12, 2027, for a 140-day regular session and is scheduled to adjourn on May 31, 2027. Key issues expected to shape the session include the 2028–29 state budget, healthcare costs, Medicaid spending and oversight, the Texas Health and Human Services Commission sunset review, and implementation of federal Medicaid and healthcare changes.

The Legislature must adopt a balanced budget for the 2028–29 biennium. The process will be shaped by two primary factors, before each session, the Texas Comptroller estimates the state revenue available for the next two-year budget. Constitutional and statutory limits restrict growth in certain categories of state spending. These limits use measures such as economic growth, inflation, and population growth, which may prevent the Legislature from appropriating all available revenue. These factors will affect funding for Medicaid, mental health, healthcare workforce programs, and other state-supported health priorities. Major revenue sources include sales and business taxes, oil and natural gas taxes, federal funds, motor vehicle taxes, fees, and other state revenue.

A House Select Committee on Health Care Affordability and the Senate Health and Human Services Committee are examining the causes of rising healthcare and insurance costs. Although proposed policies are intended to reduce costs, University Health plans to emphasize the need for sufficient funding for essential services and to account for the increasing costs of caring for uninsured and underinsured patients.

The Senate is studying fraud, waste, and abuse in Medicaid and other health and human services programs. The resulting policy changes could affect Medicaid administration, provider payment, managed care operations, and provider oversight. Because University Health serves substantial Medicaid and uninsured populations, such changes could have significant financial and operational effects.

Property-tax relief is expected to remain a major issue. Governor Greg Abbott and Lt. Governor Dan Patrick have proposed additional tax relief and tighter limits on local government taxes and spending. Legislative committees have also examined homestead exemptions, appraisal practices, local government spending and debt, and additional property-tax relief proposals.
Interim Senate work addresses mental health crisis services, homelessness, addiction, competency restoration, and inpatient and outpatient commitments. Increased state investment could expand treatment options and help patients receive care in appropriate settings, while reductions in community services could increase demand on hospital emergency departments.

The state's sunset process periodically evaluates agencies to determine whether they should continue and what operational, programmatic, or statutory changes may be needed. The Texas Health and Human Services Commission is undergoing review during the 2026–27 cycle for consideration during the upcoming legislative session.

University Health will assess proposed changes affecting Medicaid, managed care, hospital financing, access to care, and requirements imposed on healthcare providers. The Sunset staff report is scheduled for release on October 28, followed by legislative hearings in early December. University Health seeks to protect primary, specialty, maternal, pediatric, trauma, and other essential services, particularly for Medicaid beneficiaries, uninsured patients, and underserved areas. The organization supports adequate, predictable, and sustainable funding for hospital and Medicaid services, including Medicaid reimbursement, directed payments, uncompensated care, and appropriate local financing mechanisms.

A specific priority is renewal of the Bexar County Local Provider Participation Fund. The fund includes all Bexar County hospitals and helps draw down federal Medicaid funds through intergovernmental transfers. University Health supports managed care policies that improve access, quality, care coordination, and accountability while preserving fair participation for hospital district-owned and locally accountable health plans, including Community First Health Plans. The organization seeks to balance property-tax relief with the need to maintain essential health services and infrastructure. It also seeks to preserve reasonable financial and operational flexibility for hospital districts to fulfill their statutory responsibilities. University Health states that local authority and resources are necessary to provide essential services, make long-term investments, and respond to local healthcare needs. Changes to property-tax policy or hospital district authority could affect those capabilities.

University Health supports policies and partnerships addressing maternal and infant health, chronic disease prevention, health promotion, and barriers to healthcare access. Proposed approaches include partnerships and value-based payment strategies addressing food insecurity, financial and housing instability, and transportation.
The organization supports a complete continuum of mental health and substance-use services, including prevention, crisis response, inpatient and outpatient treatment, workforce development, and integration of mental and physical healthcare. The briefing links gaps in mental health services to additional pressure on emergency departments, hospitals, and other healthcare settings. A stronger continuum of care is intended to help patients receive appropriate care at the right time and in the most suitable setting.

During the 90th Legislature, University Health will work with the Texas Hospital Association and Teaching Hospitals of Texas on shared hospital priorities and legislation affecting healthcare. It will also advocate independently when necessary to represent the needs of Bexar County, University Health, and its patients.

Federal agencies have issued rulemakings related to H.R. 1, described in the briefing as the One Big Beautiful Bill and the 2025 federal budget reconciliation law. The law made significant changes to Medicaid, taxes, and other federal programs. University Health has submitted comments on federal policies involving:

- **Medicaid directed payments**, which provide additional funding to hospitals and other providers.
- **Medicaid 340B**, which allows eligible providers to purchase outpatient drugs at discounted prices.
- **Hospital outpatient reimbursement**, which affects payment for care delivered in outpatient departments.

Federal rulemaking will establish many operational details for implementing H.R. 1's Medicaid provisions in Texas. University Health has also advocated for a federal definition of "frontline hospitals" that recognizes hospitals serving large numbers of uninsured and underinsured patients. Such a designation could help account for these hospitals' distinctive roles and financial pressures in future funding and regulatory decisions. Locally, University Health leadership has met with Bexar County and City of San Antonio leaders about trauma services, detention health, and mental health. The briefing states that these discussions will continue through the fall.

COMMENTS /DISCUSSIONS: A comprehensive presentation was provided to the Board covering key updates, data, and initiatives. The Board members reviewed the information in detail, engaged in discussion, and sought clarification as needed. Upon completion of the discussion, the Board accepted the report as presented.

Action Items:

Consideration and Appropriate Action Regarding Selected Purchasing Items:

Consideration and Appropriate Action Regarding a Funding Agreement with El Centro Del Barrio d/b/a CentroMed for Expansion of Healthcare for the Homeless — *Abby Lozano, M.D./Ted Day*

SUMMARY: Centromed is a nonprofit federally qualified health center founded in 1973. Its mission is to provide integrated primary care to the community's most vulnerable residents through 22 clinical sites across Bexar, Comal, and Guadalupe counties. It serves people experiencing homelessness, women and children fleeing domestic violence, and people living with HIV or aids. Centromed operates three healthcare for the homeless primary care clinics within haven for hope, the lifetime recovery substance abuse treatment facility, and the battered women's shelter. services include medical visits, laboratory services, prescription medications through a class d pharmacy, substance use counseling, outreach, and case management. in 2025, the program delivered 28,045 primary care visits to 7,969 people experiencing homelessness.

The funding request focuses on the Sarah E. Davidson clinic, which is located next to Haven for Hope; the clinic was named on June 29, 2011, in honor of Sarah e. Davidson, a nurse and former person experiencing homelessness who advocated for homeless individuals and families. The Sarah E. Davidson Clinic served 10,557 patients through 38,029 encounters in 2023. A data breach in 2024 disrupted CentroMed's financial and staffing situation, and clinic activity is rebuilding through existing staff and weekday-only operations. The projected 2026 activity is 8,049 patients through 28,326 encounters. Grant-supported supplemental staff would be hired and trained to begin providing designated services on March 1, 2027.

For the 10-month operating period in 2027, funding of up to $1.025 million would support incremental services for 2,010 patients involving 5,512 encounters. This would bring the projected 2027 total to 10,059 patients and 33,838 encounters. For calendar year 2028, funding of up to $1.23 million would support continuation and expansion of services, with targeted overall volumes of 10,461 patients and 34,941 encounters.

RECOMMENDATION: Staff recommends that the Board of Managers approve and authorize the President/CEO to execute a funding agreement with El Centro del Barrio d/b/a CentroMed for Healthcare for the Homeless services for an amount not to exceed $2,255,000 over a two-year term.

COMMENTS /DISCUSSIONS: A comprehensive presentation was provided to the Board covering key updates, data, and initiatives. The Board members reviewed the information in detail, engaged in discussion, and sought clarification as needed. Upon completion of the discussion, the Board accepted the report as presented.

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

EVALUATION: None

FOLLOW UP: None

Consideration and Appropriate Action Regarding a Contract with Alta Architects, Inc. for University Health-North Clinic Renovation located at 302 W. Rector, San Antonio, Texas 78216 — *Brian Freeman*

SUMMARY: University Health proposes a comprehensive renovation of North Clinic, located at 302 W. Rector Street, to maximize use of the existing 29,572-square-foot facility and expand access to care. Opened in 1977 and last renovated in 2000, North Clinic provides Adult Primary Care, Pediatric Care, and Laboratory Services and served approximately 65,000 patients last year. As patient demand and healthcare delivery needs have evolved, the existing configuration has become increasingly constrained and no longer fully supports the desired clinical capacity, patient flow, or operational efficiency.

The project will repurpose approximately 6,592 square feet of underutilized storage and vacant space for clinical and administrative functions while renovating the entire facility, including the exterior façade. The reconfiguration will add exam space, improve separation and flow for patients and staff, and create a more efficient and accessible care environment. The project also will add an on-site pharmacy, improving convenience and access to medications at the same location where patients receive care.

The multi-year renovation will modernize the 29,572-square-foot facility, repurpose 6,592 square feet, expand clinical capacity, improve patient flow, and add a pharmacy without enlarging the building footprint. The clinic served approximately 65,000 patients last year. The pharmacy, planned for Phase 2, is conservatively projected to capture approximately $2 million annually in prescription revenue currently leaving the system.

RECOMMENDATION: Staff recommends the Board of Managers approve the award of a contract to Alta Architects, Inc., in an amount not to exceed $1,169,020 for professional architectural and engineering design services associated with the University Health–North Clinic Renovation project.

COMMENTS /DISCUSSIONS: The Board reviewed the presentation in detail, which included comprehensive information and updates on the topic. Following discussion and clarification of key points, the Board members acknowledged the report and accepted it as presented.

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

EVALUATION: None

FOLLOW UP: None

Finance Agenda – *Jimmy Hasslocher, Chair*

Consideration and Appropriate Action Regarding the Financial Report for September 2026 — *Reed Hurley*

SUMMARY: The September 2026 financials showed University Health's consolidated bottom line for the month to reflect a gain of $169.1 thousand, $35.3 thousand better than the budgeted gain of $133.7 thousand. 5.5 million.

In September, clinical activity (as measured by inpatient days) was down by 4.2% and inpatient discharges were higher than budget by 4.2%. September average length of stay of 5.9 days continues to improve compared to budget of 6.4 days and prior year of 5.9 days. Other volumes exceeded prior year's performance across most key service delivery areas.

Community First experienced a bottom-line loss of $1.5 million, which is $141 thousand less than the budgeted loss of $1.4 million. Community First membership is down 4.3% compared to Budget.

Operating Revenue:

- Net patient revenue is over budget by $125.6 million, 9.1% driven higher patient volumes, increase in commercial patients and the continued growth of retail pharmacy volumes.
- Supplemental revenue is over budget by $8.9 million, 4.9%.
- Community First premium revenue was under budget $2.3 million, 0.2%.

Operating Expense:

- Medical Services are below budget by $4.6 million.
- Supplies are over budget by $28.3 million, 5.9% primarily related to increased retail and specialty pharmacy volumes
- Community First medical expenses are over budget by $25.8 million, 2.7%.

Non-Operating Expense:

- Investment income of $51.1 million is over budget by $3 million, 6.2%.
- A net unrealized loss of $6.3 million has been recorded.

Consolidated Balance Sheet Report:

- Days Revenue in Patient Accounts Receivable: 34.7 days on a budget of 35.0 days.
- The Community Hospitals project has $1.53 billion in board approved contracts. Total payments of $1.10 billion have been paid to date leaving $360 million encumbered.
  $1.45 billion in cash and bond proceeds have been funded for the project and additional cash reserves will be allocated next year to fully fund the project.
- The Babcock Specialty Hospital & MOB project has a total expected and approved budget of $195.6 million of which $127.7 million has been spent.
- Unencumbered funds reserved for future capital needs has a balance of $79.4 million.
- University Health's Net Asset Value has increased $169.3 million, year to date, on a Generally Accepted Accounting Principles (GAAP) basis including debt service revenue and interest expense on bonds.

RECOMMENDATION: Staff recommends approval of the September 2026 Financial Report subject to audit.

COMMENTS /DISCUSSIONS: None

ACTION:	A **MOTION** to **APPROVE** staff's recommendation was made by Ms. Fernández, **SECONDED** by Ms. Watts Davis, and **PASSED UNANIMOUSLY**.
EVALUATION:	None
FOLLOW UP:	None

Information Only Items:

A. Update on the Community Hospitals — *Brian Freeman*
B. University Health Monthly Foundation Update – *Sara Alger*
C. Report on Recent Recognitions and Upcoming Events — *Leni Kirkman*

Adjournment: — *Jimmy Hasslocher, Chair*

There being no further business, Mr. Hasslocher adjourned the public meeting at 8:14pm.

Jimmy Hasslocher
Chair, Board of Managers

Melinda Rodriguez, PT, DPT.
Secretary, Board of Managers

Janie M. Guevara, Recording Secretary

The Board of Managers may recess during the open meeting in order to hold a closed meeting. Alternatively, a closed meeting may be held before the open meeting or after its adjournment.

Closed Meeting: A closed meeting will be held pursuant to TEX. GOV'T CODE, Section 551.085 to receive information regarding pricing, market data and/or financial and planning information relating to the arrangement or provision of proposed new services and/or product lines.

Closed Meeting: A closed meeting will be held pursuant to TEX. GOV'T CODE, Section 551.085 to receive information regarding pricing or financial planning information relating to a bid or negotiation for the arrangement or provision of services or product lines to another person if disclosure of the information would give advantage to competitors of the hospital district.