



University Health System

BEXAR COUNTY HOSPITAL DISTRICT BOARD OF MANAGERS

Tuesday, October 29, 2019
6:00 p.m.
Board Room
Texas Diabetes Institute
701 S. Zarzamora
San Antonio, Texas 78207

MINUTES

BOARD MEMBERS PRESENT:

James R. Adams, Chair
Ira Smith, Vice Chair
Roberto L. Jimenez, M.D, Immediate Past Chair
Robert Engberg
James C. Hasslocher

BOARD MEMBERS ABSENT:

Dianna M. Burns, M.D., Secretary
Janie Barrera

OTHERS PRESENT:

George B. Hernández, Jr., President/Chief Executive Officer, University Health System
Bryan J. Alsip, MD, Executive Vice President/Chief Medical Officer, University Health System
Tommye Austin, PhD, Senior Vice President/Chief Nurse Executive, University Health System
Edward Banos, Executive Vice President/Chief Operating Officer, University Health System
Awoala Banigo, Senior Vice President/Chief Revenue Officer, University Health System
Antonio Carrillo, Executive Director, Procurement Services, University Health System
Lourdes Castro-Ramirez, President, University Health System Foundation
Theresa De La Haya, Senior Vice President, Health Promotion/Clinical Prevention, University
Health System Texas Diabetes Institute
Ted Day, Executive Vice President/Strategic Planning, University Health System
Roe Garrett, Vice President/Controller, University Health System
William Henrich, MD, President, UT Health San Antonio
Reed Hurley, Executive Vice President/Chief Financial Officer, University Health System
Monika Kapur, MD, President/Chief Executive Officer, University Medicine Associates
Leni Kirkman, Senior Vice President, Strategic Communications and Patient Relations, University
Health System
Brian Lewis, Vice President/ Quality, University Health System
Elliott R. Mandell, PhD, MBA, RPh, Senior Vice President/Chief Pharmacy Officer, Department of
Pharmacotherapy and Pharmacy Services, University Health System

Joshua Nieto, General Counsel, Chief Compliance/HIPAA Officer, Integrity Services, University Health System
Teresa Nino, Director/Epic Communications/Corporate Communications, University Health System
Bill Phillips, Senior Vice President/Chief Information Officer, Information Services, University Health System
Serine Rivela, Vice President/Chief Legal Officer, University Health System
Carlos A. Rosende, MD, Chair, Department of Ophthalmology, UT Health San Antonio
Don Ryden, Vice President/Projects, Design, and Construction, University Health System
Irene Sandate, Vice President/Assistant Chief Nursing Officer, Women & Children, University Health System
Crystal Senesac, Executive Director/ Marketing Communications, University Health System
Theresa Scepaniski, Senior Vice President/Chief Administrative Officer, University Health System
Travis Smith, Deputy Chief Financial Officer, University Health System; and Chief Operating Officer, Community First Health Plans, Inc.
Rajeev Suri, MD, Professor/Department of Radiology; and Vice President/Medical-Dental Staff, University Health System
Sally Taylor, MD, Chief, Behavioral Health Services, University Health System
Daniel Vichich, Assistant Director, Facilities Management, University Health System
Ricardo Villarreal, President/Chief Executive Officer, Community First Health Plans, Inc.
Jim Willis, Associate Administrator, University Hospital
William T. Avila, Partner, Bracewell, LLP
Jacqueline A. Garza-Rothrock, Associate, Bracewell, LLP
Jane H. Macon, Partner, Bracewell, LLP
Jacob Ulczynski, Division Director, Intellectual & Development Disabilities Services, Alamo Area Council of Governments
Raul Villaseñor Managing Director, FirstSouthwest, a Division of Hilltop Securities Inc.
And other attendees.

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

Mr. Adams called the meeting to order at 6:00 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE

Mr. Adams introduced Ms. Jeanene Atkinson, Chaplain, University Hospital, for the invocation, and he led the pledge of allegiance.

SPECIAL RECOGNITION - QUARTERLY EMPLOYEE RECOGNITION AWARDS - (GEORGE B. HERNÁNDEZ, JR./BOARD MEMBERS)

Professional: Allison Moreno, RN
(Nursing) Maternal Transport Specialist, Labor & Delivery

Professional: Ruby Vasquez
(Non-Nursing) Navigator, Oncology Services Administration, Texas Diabetes Institute

Management: Luis Santos
Social Work Manager, Behavioral Health Services

Technical: Juana A. Flores

Medical Surgical Technician, Medicine Acute

Clerical: Denise Martinez
Member Services Representative, Community First Health Plans

Service: Henry Davis Jr.
Maintenance Specialist, Facilities Management

Volunteer: Selina Colon
Volunteer, Volunteer Services

Physician: Andrea Alvarez Eslava, MD
University Medicine Associates, Texas Diabetes Institute - Endocrinology

Team: The Junior Explorer Law Enforcement Team
Edwin Bell, Jesse Rodriguez, Ernest Ramirez

All of this year's quarterly recipients will be special honored guests at the Annual Employee Recognition Awards Ceremony at the Omni Hotel on February 27, 2020. 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. Dr. Jimenez addressed the staff on behalf of the Board of Managers, he thanked them for their hard work and reiterated at the Health System's mission.

CITIZENS' PARTICIPATION: None.

REPORT FROM NOMINATING COMMITTEE FOR THE ELECTION OF OFFICERS, BOARD OF MANAGERS — JAMES C. HASSLOCHER, CHAIR, NOMINATING COMMITTEE

SUMMARY: Earlier this month, Mr. Adams asked Mr. Hasslocher to chair the Nominating Committee for the Election of Offices along with Dr. Diana Burns and Ms. Janie Barrera.

RECOMMENDATION: After speaking to each member of the Board, the Nominating Committee recommends the following slate of officers for the upcoming year (2019/2020):

Chair – James R. Adams
Vice Chair - Ira Smith
Secretary – Dr. Diana Burns

ACTION: A **MOTION** to approve the nominating committee's recommendation was made Mr. Hasslocher, **SECONDED** by Mr. Engberg, and **PASSED UNANIMOUSLY**.

EVALUATION: No other names were brought forward. Mr. Adams invited Board members to review the most recent roster of Board responsibility roles and subsidiary committee appointments. If there are areas of interest or additional committee work that is preferred by Board members, please notify Board chair.

FOLLOW-UP: None.

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

SUMMARY:

Dr. Hromas is in New York for onsite visit with the Accreditation Council for Graduate Medical Education (ACGME) which takes place once every 5 to 7 years. He brings a new perspective to that committee. In the spirit of partnership, Dr. Henrich reminded the Board that Dr. Allen Anderson arrives shortly as the head of the Heart Vascular Institute at University Hospital. The HVI can be a shining jewel in the San Antonio Crown; it is a generous and a considerable investment by University Health System. Dr. Ralph Riviello, Chair, Department of Emergency Medicine, arrives on November 1, 2019. The School of Medicine is comprised of 24 departments, therefore; at any given time there are three to four chair searches ongoing. Dr. Jimenez asked about a new medical school in Ft. Worth that was recently profiled on National Public Radio. The Dean there says the medical school has a revolutionary, non-traditional curriculum, quite different, and students are doing clinical work on their very first day. Since Dr. Hromas is toying around with new ideas in medical education, Dr. Jimenez asked for Henrich's thoughts. Innovation is going to be a beacon that will attract people to their medical school. However, as everyone knows, there is certain content in medicine that must be mastered. The curriculum at UT Health, San Antonio is a model for other medical schools and is being copied by more places than ever before. First year medical students do have patient contact during week one. Using the word "innovation" gets attention. There are high hopes for such, and they will need to meet the goals they set. It involves more than innovation, a lot of work and no substitute. Dr. Henrich will look into the curriculum at Ft. Worth Medical School. The same was said about the education model used by Dell Medical School in Austin, Texas. It is certainly true that Austin has a lot to offer, however, the faculty and mentors in San Antonio take great pride in working with medical students. There is no other place in the city other than the Health System and Veteran's Administration (VA) that carry these programs. Dr. Jimenez followed up on his request for a presentation by UT Health San Antonio medical students. He would like to know how they feel about practicing at University Hospital and have open dialogue on what they have learned, and seeks general feedback about University Hospital. Mr. Hernandez suggested that presentation take place during the day Board meeting at University Hospital. Dr. Henrich yielded the floor to Dr. Suri for a brief update on Medical-Dental staff issues. Dr. Suri acknowledged the physician leaders present. He reported that the interview process for medical students started in mid-September and applicants always get excited to tour University Hospital and the Sky Tower, which in turn, helps to attract rising stars. Every year approximately 1,000 trainees will walk through the lobbies of the Sky Tower and University Hospital during medical school interviews, at the VA and other places around the city. The medical program is pivotal for the success of the hospital. Dr.

Henrich is thrilled and inspired to work with these students when he is attending faculty in renal service, it's very competitive.

RECOMMENDATION: None.
ACTION: None.
EVALUATION: None.
FOLLOW-UP: Invite medical students from the Long School of Medicine to present at a day Board meeting.

NEW BUSINESS:

CONSENT AGENDA – JIM ADAMS, CHAIR

CONSIDERATION AND APPROPRIATE ACTION REGARDING MEDICAL-DENTAL STAFF RECOMMENDATIONS FOR STAFF MEMBERSHIP — RAJEEV SURI, M.D., PRESIDENT, MEDICAL/DENTAL STAFF

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE 3RD QUARTER 2019 INVESTMENT REPORT — ROE GARRETT/REED HURLEY

CONSIDERATION AND APPROPRIATE ACTION REGARDING RATIFICATION OF AN AGREEMENT WITH CLEAVER BROOKS SALES & SERVICE FOR BOILER REPAIRS — ED BANOS

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

SUMMARY: Consideration and Appropriate Action Regarding Medical-Dental Staff Recommendations for Staff Membership — Rajeev Suri, M.D., President, Medical/Dental Staff - Monthly Credentials Committee Report (listing of providers in accordance with the Health System's Credentialing and Privileging Process); and Focused/Ongoing Professional Performance Evaluation Reports submitted to the Board of Managers for approval.

Consideration and Appropriate Action Regarding the 3rd Quarter 2019 Investment Report — Roe Garrett/Reed Hurley – University Health System and Community First Health Plans, Inc., Investment Portfolio Summaries for the invested funds for the third quarter of 2019, indicating a total value of all invested funds as of September 30, 2019, was \$1,271,992,960 and is comprised of Health System, Project, Certificate, and CFHP Funds. The reports include all information required by the Texas Public Funds Investments Act. The Health System and CFHP portfolio reports were provided separately for the Board's review. The portfolio earned \$7,466,175 in interest income in the third quarter, a 21 percent increase over \$6,154,895 in the same period a year ago. The portfolio's unrealized gain declined slightly to \$1,910,580. This information was presented for the Board's approval.

Consideration and Appropriate Action Regarding Ratification of an Agreement with Cleaver Brooks Sales & Service for Boiler Repairs — Ed Banos - Through annual inspection of the Central

Utility Plant it was discovered that Boilers #1 and #4 are currently nonfunctional. Boiler #2 is currently functional, but there was an immediate need to complete emergent repairs in order for it to remain functional, and Boiler #3 was recently re-tubed and known to be in good working order. On September 30, 2019, an emergency request was presented and approved by the President/Chief Executive Officer for a contract with Cleaver Brooks in the amount of \$338,820 to expedite the manufacturing of parts to complete the emergent repairs of this critical system. A failure would inhibit or halt operation of the sterilizers and disrupt the processing of sterile equipment for operating room cases, as well as the heater function needed for the comfort of patients, visitors and staff across all towers. All materials and labor will be supplied by the vendor and work will begin immediately. Cleaver Brooks Sales and Services (CBSS) is the Original Equipment Manufacturer (OEM) of the boilers. The necessary repairs and certification of the boilers is estimated to be complete by December 20, 2019. Staff requests ratification of the emergency procurement of certified and professional services from Cleaver Brooks Sales and Services, Inc., in the amount of \$338,820. The funds are available from the operating budget for Facilities Management.

Consideration and Appropriate Action Regarding Purchasing Activities (See Attachment A) — Antonio Carrillo/Travis Smith - A total of 14 contracts with a value of \$166,985 are presented to the Board of Managers during the October 29, 2019 meeting. The following contracts require approval by the Board of Managers: Eight (8) consent contracts with a total value of \$3,864,477; and six (6) presented contracts with a total value of \$163,121,229. During the month of October 2019, there were five (5) contracts awarded to Small, Minority, Woman or Veteran-Owned Business Enterprises (SMWVBE). This status report reflects all items submitted for Board approval this month.

RECOMMENDATION: Staff recommends approval of items on the consent agenda.
ACTION: A **MOTION** to approve staff's recommendation was made by Mr. Hasslocher, **SECONDED** by Mr. Engberg and **PASSED UNANIMOUSLY**.
EVALUATION: None.
FOLLOW-UP: None.

ACTION ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING A RESOLUTION OF THE BOARD OF MANAGERS OF THE BEXAR COUNTY HOSPITAL DISTRICT REAFFIRMING AND RATIFYING ITS REQUEST THAT

BEXAR COUNTY COMMISSIONERS COURT TAKE ALL ACTIONS REQUIRED TO AUTHORIZE THE ISSUANCE OF CERTIFICATES OF OBLIGATION INCLUDING PUBLICATION OF A NOTICE OF INTENTION TO ISSUE CERTIFICATES OF OBLIGATION; RATIFYING, APPROVING AND CONSENTING TO COMMISSIONERS COURT'S AUTHORIZATION AND APPROVAL OF THE ISSUANCE OF CERTIFICATES OF OBLIGATION IN ACCORDANCE WITH SPECIFIED PARAMETERS AND THE PREPARATION AND USE OF A PRELIMINARY OFFICIAL STATEMENT; AUTHORIZING THE DISTRICT'S STAFF, CO-FINANCIAL ADVISORS, AND BOND COUNSEL TO COORDINATE THIS MATTER WITH THE COUNTY STAFF; AND AUTHORIZING ALL OTHER REQUIRED AND RELATED ACTIONS ON BEHALF OF THE DISTRICT — GEORGE B. HERNÁNDEZ, JR./ REED HURLEY

SUMMARY:

On August 20, 2019 the Bexar County Commissioners Court approved a resolution authorizing publication of a notice of intent to issue certificates of obligation in the name of the Hospital District to pay costs of (1) acquiring, purchasing, constructing, reconstructing, improving, renovating, rehabilitating or equipping a building or buildings, purchasing technology equipment and related hardware and software, and the purchase and improvement of the necessary sites therefor, for the District's hospitals, clinics, and other health care facilities, and buildings at and around the University Hospital Campus, the downtown campus and throughout Bexar County, including (a) parking garages and parking facilities in the vicinity of the Sky Tower Project, downtown and throughout Bexar County, (b) the Women's and Children's Hospital and expanded podium connected thereto, (c) a Heart and Vascular Institute, (d) Advanced Endoscopy Services facilities, and (d) other hospitals, clinics, and other health care facilities and buildings, and (2) acquiring materials, supplies, equipment, machinery, land, rights-of-ways and other interests in real property, and related parking and infrastructure, and (3) the payment of professional services related to the acquisition, design, construction, project management and financing of the aforementioned projects, which was published in the *San Antonio Express News* on August 27, 2019 and September 3, 2019. On October 1, 2019, Commissioners Court approved an order authorizing the issuance of the certificates of obligation to pay costs of the project and authorizing the Hospital District to take all necessary actions to issue up to \$170 million in bond financing. Mr. Hurley provided a Board Resolution to reaffirm and ratify the actions taken by Commissioners Court on August 20, 2019 and on October 1, 2019, and further authorizes the Audit Committee of the Board of Managers, the President/Chief Executive Officer, and the Executive Vice President/Chief Financial Officer to work with the Health System's Co-Financial Advisors, Bond Counsel, and Bexar County staff to coordinate the sale of certificates at the lowest, possible interest rates. Based on current data and assumptions, we anticipate completing the transaction in 2020. The ad valorem tax rate was approved by the Bexar County Commissioners on September 10, 2019 which includes sufficient debt service funding to cover the new certificates of obligation issuance. Current

market conditions including interest rates remain favorable. Staff will continue to work closely with Co-Financial Advisors to monitor the bond markets for any indications that might impact the pending transaction.

RECOMMENDATION: Staff recommends the Board of Managers approve the attached Resolution and to further authorize staff to take all required and related actions in support of the financing of the Project.

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

EVALUATION: None.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING A MASTER HEALTHCARE SERVICES AGREEMENT WITH UT HEALTH SAN ANTONIO — ED BANOS/ALLEN STRICKLAND

SUMMARY: Mr. Hernandez pulled this item from the Board agenda this evening. It will be returned for Board review and approval in the near future.

RECOMMENDATION: None.

ACTION: None.

EVALUATION: None.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING A MASTER HEALTHCARE EMERGENCY DEPARTMENT SERVICES AGREEMENT WITH UT HEALTH SAN ANTONIO — ED BANOS/ALLEN STRICKLAND

SUMMARY: This agreement replaces the prior Bexar County Clinical Services (BCCS) arrangement that had been in place since 2006. BCCS was set up as a non-profit corporation formed by local private hospitals, entered into agreements with UT Health San Antonio to provide medical care to uninsured Bexar County patients under a community benefit model. The Center for Medicare & Medicaid Services now considers this a violation of CMS regulations, even though it approved this arrangement in 2006. Creating a Master Healthcare Services Agreement directly with UT Health San Antonio ensures that qualified medical professionals are available 24/7/365 to diagnosis and treat patients in the Health System's Emergency Department. The maximum base compensation payable to UT Health SA during a one-year term from September 1, 2019 through August 31, 2020 is an amount not to exceed \$14,300,000. The Health System will compensate UT Health SA between September 1, 2019 and February 29, 2020 at the current 2019 contractual rate. The new Chairman is expected to start November 1, 2019 and will have four months to work with the department to align productivity with the national benchmark set by the Academy of Administrators in Academic Emergency Medicine (AAAEM). The Health System pledges to fully support Emergency Department needs to maximize medical services to patients during this period. Effective March 1, 2020, the Health System will compensate UT Health SA at a rate

appropriate for performance when compared with the AAAEM standard. UT Health SA's workforce composition data was provided for the Board's review.

RECOMMENDATION: Staff recommends Board of Managers' approval to execute the Master Healthcare Adult and Pediatric Emergency Services Support and Coverage Agreement with UT Health San Antonio in a total amount not to exceed \$14,300,000.

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

EVALUATION: None.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING A RENEWAL OF THE LOCAL MATCH AGREEMENT WITH THE ALAMO AREA COUNCIL OF GOVERNMENTS (AACOG) FOR STATE FISCAL YEAR 2020 — SALLY TAYLOR, M.D.

SUMMARY: Dr. Taylor welcomed and introduced Mr. Jacob Ulczynski, of the Alamo Area Council of Governments who attended the meeting to any answer questions Board members might have. On May 2, 2000, the County of Bexar and the Health System executed an Inter-local Agreement regarding sponsorship of The Center for Health Care Services, which promotes coordination of mental health and mental retardation services, creates funding stability by considering the needs in the Sponsoring Agencies' budgetary cycle on an annual basis and maintains continued accountability to an elected governmental body with county-wide jurisdiction. The purpose of renewing this Local Match Agreement is to facilitate payment of a direct monetary contribution as part of the local match requested by the Texas Health and Human Services Commission (HHSC) in furtherance of the Health System's sponsorship commitment. The Health System has determined its level of support for AACOG's SFY20 to be the sum of \$307,076.00 payable in four (4) equal installments of \$76,769.00 each quarter beginning September 1, 2019 through August 31, 2020. The local match amount is derived from a HHSC formula based on Bexar County's per capita income in relation to the State of Texas per capita income and the level of General Revenue allocation from HHSC to Bexar County for purposes of supporting intellectual and development disabilities services, and is calculated at nine percent of General Revenue funding. The cost of this agreement has been incorporated into the Health System's 2020 budget. The SFY20 local match is unchanged from SFY19. Local match dollars for 2020 will be allocated as follows: Forensic Services (33%); Crisis Intervention and Crisis Respite Services (23%); Preadmission Screening and Resident Review (24%); and University Health System Hospital Liaison (21%), which is a new service for SFY20. The workforce composition data for AACOG was provided for the Board's review.

RECOMMENDATION: Staff recommends Board of Managers' approval to execute an Agreement with the Alamo Area Council of Governments in the amount of \$307,076.00 for AACOG's Fiscal Year 2020, September 1, 2019 through August 31, 2020.

ACTION: A **MOTION** to approve staff's recommendation was made by Mr. Engberg, **SECONDED** by Mr. Smith, and **PASSED UNANIMOUSLY**. Mr. Hasslocher abstained.

EVALUATION: This Local Match Agreement for State Fiscal Year 2020 will now include the provision for one AACOG intellectual and development disabilities in-hospital liaison at University Hospital to provide care coordination and discharge planning to include communicating with individual, family and community providers, to provide support for patients with complex behavioral and medical needs who present to the emergency department or who are admitted to hospital inpatient units, and to provide guidance and training for hospital staff in caring for this patient population. This agreement does not create an employment relationship, partnership, or joint venture between the Alamo Area Council of Governments (AACOG), its subcontractors or employees and the Health System.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE FINANCIAL REPORT FOR SEPTEMBER 2019 — REED HURLEY

SUMMARY: In September, clinical activity (as measured by inpatient discharges) was up 0.6% for the month compared to budget. Community First Health Plan (CFHP) fully-insured membership was down 1.2% at 136 thousand members. On a consolidated basis, gain from operations was \$11.4 million, \$3.6 million better than budget. The consolidated bottom line gain (before financing activity) was \$6.6 million, \$3.8 million better than the budgeted gain of \$2.7 million. Higher net patient revenue and supplemental revenue resulted in performance better than budget. CFHP experienced a bottom line gain of \$1.2 million which was \$1.1 million below budget. Higher premium revenue was offset by higher medical claims expense resulting in operating gain that was flat to budget. The recognition of a premium deficiency reserve for 2019 resulted in an expense of \$1.3 million in September that will be amortized over the next twelve months. Debt service revenue was \$5.3 million which was \$126 thousand above budget. Mr. Hurley reviewed notable increases and/or decreases from the December 31, 2018 Consolidated Balance Sheet.

RECOMMENDATION: Staff recommends acceptance of the financial reports subject to audit.

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

EVALUATION: Upon discussion of net patient revenue, Dr. Jimenez asked whether staff would be able to pull costs related to complicated opioid patient cases and other morbidities for research and reimbursement purposes. Although Mr. Hernandez believes it is easier to identify costly neonates rather complicated adult cases, he informed Dr. Jimenez that the Board of Managers had approved an opioid legal representation agreement with the law firm of Phipps, Deacon, Purnell, PLLC, on a contingency basis back in July, 2019. The law firms that will represent the Health System are uniquely positioned to take on the complex task of pursuing opioid litigation on behalf of University Health System. Staff will provide the Board with

periodic updates regarding this law suit. Mr. Engberg complimented the staff for another good financial month; the crosswalk is a nice indication to understanding significant items.

FOLLOW-UP:

None.

ITEMS FOR REVIEW AND DISCUSSION:

REVIEW AND DISCUSSION REGARDING BEXAR COUNTY HOSPITAL DISTRICT D/B/A UNIVERSITY HEALTH SYSTEM'S EPIC ELECTRONIC HEALTH RECORD PROJECT OPERATING BUDGET FOR FISCAL YEAR 2020 — GEORGE B. HERNÁNDEZ, JR./ REED HURLEY

SUMMARY:

On September 25, 2018, the Board of Managers approved the recommendation to transition the Health System to the Epic Electronic Health Record (EHR) Suite. Mr. Hurley provided the following presentation regarding the project's operating budget for fiscal year 2020:

Epic Project Financial Review:

Total Original Project Budget: \$170.8 million
One-Time Capital Expense: \$104.5 million
One-Time Operating Expense: \$41.4 million
Contingency: \$25 million
Annual Ongoing Expense After Implementation: \$27.4 million
Epic Hosting, License & Maintenance Fees: \$7.1 million
Third-Party Software Maintenance Fees: \$3.6 million
UHS Support Team and Infrastructure: \$9.0 million
Annual Depreciation: \$7.7 million
Go-Live Scheduled for May 9, 2020

Epic Project: 2020 Financial Impact:

Epic Operational Expense Impact	Projected 2019	Budget 2020	Variance
Employee Compensation	-	18,844,655	(18,844,655)
Purchased Services	2,123,075	39,808,375	(37,685,300)
Supply Expense	37,573	16,000	21,573
Total Operating Expense	\$ 2,160,648	\$ 58,669,030	\$ (56,508,382)
Depreciation Expense	-	5,164,609	(5,164,609)
2020: Epic Bottom Line Impact	\$ 2,160,648	\$ 63,833,639	\$ (61,672,991)

Epic Project: 2020 Operational Budget:

Employee Compensation: Total \$18.8 million
Epic Project Team: 86 Team Members hired October 2018
Annual Compensation Amount: \$9.0 million
2020 Operational Budget: \$5.6 million
38%, \$3.4 million, Capitalized to the Project Build
Pre-May 9 go-live
62%, \$5.6 million, Expensed to 2020 Operations

Post-May 9 go-live
Employee Compensation: Total \$18.8 million (cont'd.)
Epic Go-Live Training: \$13.2 million
\$3.8 million: 9,000 end users totaling 76,956 hours
\$3.8 million: 630 Super Users totaling 63,000 hours
\$4.0 million: 70 Trainers totaling 67,200 hours
\$0.3 million: 100 Subject Matter Experts (SMEs) totaling 6,000 hrs
\$1.3 million: Overtime Premium Expense for trainees/trainers
Purchased Services: Total \$39.8 million
One-Time Project Expense: \$33.3 million
Consulting & Travel: \$11.7 million
Legacy System Support: \$5.7 million
Accounts Receivable Collection Fees: \$2.0 million
Data Conversion: \$0.6 million
Contingency \$13.3 million
Ongoing Software Maintenance Expense: \$6.5 million
Epic: \$4.6 million
Third-Party Software: \$1.9 million
Depreciation: \$7.7million annual expense
2020 Impact: \$5.2 million

May 9, 2020 to end of year 2020:

Hardware expense Depreciated over 5 years
Development and Build expense Depreciated over 15 years

2020 Bottom Line Spread: Epic Operational Impact

Standard Epic implementations return to financial baseline 3 to 6 months post go-live
Risk mitigation efforts underway

RECOMMENDATION: This report was provided for information and discussion purposes only.
ACTION: No action by the Board of Managers is required.
EVALUATION: Mr. Engberg noted that the EPIC EHR is a net \$15 million per year expense. Dr. Jimenez's concern regarding any risks in protecting data was also briefly addressed, since Epic will be a hosted product.
FOLLOW-UP: None.

PRESENTATIONS AND EDUCATION:

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

SUMMARY: Mr. Ryden reported at this time that the staff had completed a review of the current project planning scope in conjunction with the Master Facility Plan for University Hospital campus and determined that it is appropriate at this time to incorporate the long range planning of a Podium expansion. This expansion of the Podium would allow for future support services (i.e. kitchen, dining, lab, interventional radiology, etc.) to be located within that structure and ultimately closer and more efficient to the patients.

Consequently, staff recommended the commencement of design for the core and shell of this Podium expansion in order for the Architectural/Engineering team to fully integrate the design development of University Hospital with this proposed expansion of the Podium. In addition, as the Health System plans for future inpatient growth, the Architectural/Engineering team has determined that the Women's and Children's Hospital infrastructure under the current design specifications will accommodate an additional floor to the new hospital with minor modifications. The planning of this additional (12th) floor would provide for thirty (30) private inpatient beds, which could be constructed at a later date. He provided the following progress report:

Heart/Vascular and Endoscopy Center

- Construction commenced in June 2019
- The Transfusion Services enabling project was completed on October 11, 2019

Women's & Children's Hospital

- Re-routing of utilities began in August 2019, and will be completed in October 2019
- Retro-Commissioning of Central Utility Plant
- Design Development is 100% complete – October 25
- Meetings with City of San Antonio Regarding Next Phases:
 - Excavation
 - Drilling Piers
 - Retention Walls
 - Mud Slab
- Enabling projects prior to the demolition of the North Parking Garage which will begin November 15 through March 2020.

Work in Progress Includes:

- Underfloor Plumbing
- Demolition of Existing Walls, & Mechanical VAVs / Ductwork
- Pneumatic Tube Relocation & Installation

Parking Update

- Beginning November 1, patients and visitors will park in the West Parking Garage through fourth quarter of 2022
- Employee, Patient, and Visitor Parking is intermingled on levels G – 6
- Shuttle service available to transport patients/visitors to Sky Tower lobby
- Dedicated concierge team on each patient floor to assist with wayfinding

RECOMMENDATION: This report was provided for information and discussion purposes only.

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

EVALUATION: Groundbreaking for the new hospital will be held on November 2, 2019, at 10 am.

FOLLOW-UP: None.

INFORMATION ONLY ITEMS:

EPIC ELECTRONIC HEALTH RECORD PROJECT UPDATE — BILL PHILLIPS/GEORGE B. HERNÁNDEZ, JR.

UNIVERSITY HEALTH SYSTEM FOUNDATION UPDATE — LOURDES CASTRO RAMÍREZ

REPORT ON RECENT RECOGNITIONS AND UPCOMING EVENTS — LENI KIRKMAN

SUMMARY:	Mr. Adams directed his colleague's attention to the three informational reports above and urge them to contact staff members directly with questions and/or comments.
RECOMMENDATION:	These reports were provided for informational purposes only.
ACTION:	No action was required by the Board.
EVALUATION:	None
FOLLOW-UP:	None.

ANNOUNCEMENTS:

Ms. Kirkman announced that the book commemorating the Bexar County Hospital District's 100th birthday in 2017 had arrived earlier in the day. The book is titled *University Health System at 100: A Journey from Charity Hospital to Academic Medical Center* and will be made available to Board members, Bexar County Commissioners Court, other city officials, and staff in the very near future.

Dr. Jimenez asked Ms. Kirkman to elaborate on a 50's Sock Hop gala event hosted by the San Antonio Clubhouse at the Omni Hotel honoring George Hernandez, President/CEO, on Friday, October 26, 2019, with the first-ever Paul Elizondo Community Mental Health Champion Award. The San Antonio Clubhouse is a local nonprofit community center serving local adults with mental illness. Your support provides opportunities for these

ADJOURNMENT — JIM ADAMS, CHAIR

There being no further business, Mr. Adams adjourned the Board meeting at 8:05 pm.

James R. Adams
Chair, Board of Managers

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

Sandra D. Garcia, Recording Secretary