



University Health System

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

Tuesday, July 19, 2016
2:00 p.m.
Cypress Room
First Floor, University Hospital
4502 Medical Drive
San Antonio, Texas 78229

MINUTES

BOARD MEMBERS PRESENT:

James R. Adams, Chair
Dianna M. Burns, M.D., Secretary
Roberto L. Jimenez, M.D, Immediate Past Chair
Janie Barrera
Robert Engberg
James C. Hasslocher

BOARD MEMBERS ABSENT:

Ira Smith, Vice Chair

OTHERS PRESENT:

George B. Hernández, Jr., President/Chief Executive Officer, University Health System
James Barker, M.D., Vice President for Clinical Services, University Health System
Felix Alvarez, Executive Director, Procurement Services, University Health System
Steven R. Bailey, M.D., Professor, Janey Briscoe Distinguished University Chair in Cardiovascular Research, Department of Medicine/Cardiology, UTHSCSA
Awoala Banigo, Senior Vice President/Operations & Chief Revenue Officer, University Health System
Edward Banos, Executive Vice President/Chief Operating Officer, University Health System
Andrea Casas, Executive Director/Human Resources, University Health System
Francisco G. Cigarroa, M.D., Carlos & Malu Alvarez Distinguished University Chair, Pediatrics Transplant Surgery, University Transplant Center
Ted Day, Senior Vice President, Strategic Planning and Business Development, University Health System
Theresa De La Haya, Senior Vice President, Health Promotion/Clinical Prevention, University Health System – Texas Diabetes Institute
Don Finley, Director, External Communications/Corporate Communications, University Health System
Roe Garrett, Vice President/Controller, University Health System
Michael Hernandez, Vice President/Chief Legal Officer, University Health System
Reed Hurley, Executive Vice President/Chief Financial Officer, University Health System
Leni Kirkman, Senior Vice President, Strategic Communications and Patient Relations, University Health System
Bill Phillips, Senior Vice President/Chief Information Officer, University Health System
Susan Gerhardt, R.N., Patient Care Services, University Hospital

Michael Roussos, Hospital Administrator, University Health System
Travis Smith, Deputy Chief Financial Officer, University Health System
Allen Strickland, Vice President/Hospital Administration-Fiscal Management, University Hospital
Armando J. Sandoval, Chief of Police, University Health System
Sally Taylor, M.D., Senior Vice President/Chief, Behavioral Services, University Health System
Mark Webb, Chief Executive Officer/Pediatric Services, University Health System
Francine Wilson, Senior Vice President, Supply Chain Management, University Health System
And other attendees.

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

Mr. Adams called the meeting to order at 2:00 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE:

Mr. Adams introduced Mr. Roger Romero of Life Point Church for the invocation, and he led the pledge of allegiance.

SPECIAL RECOGNITION:

PRESENTATION OF THE FRANK TEJEDA POLICE OFFICER OF THE YEAR AWARD - CHIEF A.J. SANDOVAL/GEORGE B. HERNÁNDEZ, JR./BOARD MEMBERS - The Board of Managers recognized Cpl. David DeLaVega for his accomplishments and for contributing to the Police Department's success by maintaining the Health System's service excellence standards and stringent recognition requirements of the Texas Police Chiefs Association. He was presented with the Frank Tejeda Officer of the Year Award for 2016. All present expressed appreciation to Cpl. DeLaVega's family for supporting his career in law enforcement given the current social climate. Mr. Adams also thanked Chief Sandoval for his leadership over the last 7.5 years.

QUARTERLY EMPLOYEE RECOGNITION AWARDS - GEORGE B. HERNÁNDEZ, JR./BOARD MEMBERS -The Board of Managers recognized the following employees:

Professional: (Nursing)	Robert Yancey Nurse Clinic Staff I, Trauma ICU
Professional: (Non-Nursing)	Susan Williams Medical Laboratory Scientist, Transfusion Service
Management:	Kelly Carter Director, Health Care Service Ambulatory/Patient Education
Technical:	Betty Cortez Licensed Vocational Nurse, Detention Health Care – Juvenile Unit
Clerical:	Joevoni Villarreal Patient Access Leader, Emergency Center Registration
Service:	Marleny Echeverry Environmental Associate, Environmental Services-UH

Volunteer: Rebecca Vargas
Volunteer, Volunteer Services

Physician: Yirielis Sanguinetti-Colon
CMA Staff Physician, North Clinic

Team: Central Resource Center Team
Brian Gibson, Kathryn Smith-Gonzalez, Angie Garza, BJ Moerbe, Juan Campos,
Herminia Cerda, Elizabeth Rodriguez, Domonique Melendez-Dunn

All of this year's quarterly recipients will be special honored guests at the Annual Recognition Awards Ceremony at the Omni on February 23, 2017. 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. Mr. Adams thanked all of the employees for making the Health System a great organization. Mr. George Hernández and Mr. Gibson with the Central Resource Center Team invited Board members to tour the Call Center.

APPROVAL OF MINUTES OF PREVIOUS MEETING(S): JUNE 21, 2016 (REGULAR MEETING)

SUMMARY: The minutes of the regular bi-monthly meeting of Tuesday, June 21, 2016 were submitted for approval.

RECOMMENDATION: Staff recommended approval of the minutes as submitted.

ACTION: A **MOTION** to approve the minutes was made by Mr. Hasslocher, **SECONDED** by Ms. Barrera, and **PASSED UNANIMOUSLY**.

EVALUATION: None.

FOLLOW-UP: None

REPORT FROM THE HEALTH SCIENCE CENTER – WILLIAM HENRICH, M.D., PRESIDENT

SUMMARY: Dr. Plastino is on vacation this week. Both Dr. Henrich and Dr. Gonzalez are unable to attend today's meeting due to clinical schedules. Mr. Adams invited Dr. Steven Baily to say a few words. He is very proud of the Heart and Vascular Institute which will be going live, borrowing from the success of the central call center that was just celebrated by the Board. There will be a chest pain center, and there are a lot of great things happening for the team. He is excited about the high level of participation and the success of the heart and vascular team. On behalf of his colleagues, he thanked the Board for its support.

RECOMMENDATION: None.

ACTION: None.

EVALUATION: None.

FOLLOW-UP: None

CONSENT AGENDA –JIM ADAMS, CHAIR

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

CONSIDERATION AND APPROPRIATE ACTION REGARDING AN APPOINTMENT/REAPPOINTMENT TO THE ALAMO AREA COUNCIL OF GOVERNMENTS—ROBERT ENGBERG, CHAIR, NOMINATING COMMITTEE

CONSIDERATION AND APPROPRIATE ACTION REGARDING 2ND QUARTER 2016 INVESTMENT REPORT—ROE GARRETT/REED HURLEY

CONSIDERATION AND APPROPRIATE ACTION REGARDING AN ADDITIONAL CONTRIBUTION TO THE HEALTH SYSTEM'S PENSION PLAN—REED HURLEY

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH ABBOTT VASCULAR FOR MITRACLIPS IN SUPPORT OF THE HEART AND VASCULAR SERVICE LINE—JAMES BARKER, M.D.

CONSIDERATION AND APPROPRIATE ACTION REGARDING PURCHASING ACTIVITIES (SEE ATTACHMENT A) —FELIX ALVAREZ/Francine Wilson

SUMMARY:	The items listed above were presented for the Board's consideration as consent items.
RECOMMENDATION:	Staff recommended approval of the items on the consent agenda.
ACTION:	A MOTION to approve the items listed on the consent agenda was made by Dr. Burns, SECONDED by Mr. Engberg, and PASSED UNANIMOUSLY .
EVALUATION:	Mr. Engberg was pleased to note the additional \$3 million contribution to the Health System's pension plan, as discussed by the Board in May 2016. Increasing the current contribution schedule by \$3 million per year is anticipated to raise the funded level to 75 percent by January 1, 2022.
FOLLOW-UP:	None

CONSIDERATION AND APPROPRIATE ACTION REGARDING SELECTED PURCHASING ITEMS:

CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH PEDIATRIX MEDICAL SERVICES, INC. FOR PEDIATRIC ENT CALL COVERAGE—TED DAY

SUMMARY:	The current agreement with Pediatrix Medical/Mednax Services expires in August 2016. The Health System proposes maintaining the same daily rates in the existing agreement, but anticipates that the annual number of days in the course of the year that the contract would be utilized would drop from an average of 2 in 3 (or 67% of the days in the year) to an average of 1 in 2 (or 50% of the days in the year). This reduction would not be automatic, nor immediate, due to the growth of the practice for the new partner starting in August of 2016. Thus a conservative assumption for call coverage costs for the first year would be that the days paid out in the first year of renewal would cost \$340,000 (Board approved amount). The actual cost, from September, 2015, through May, 2016, is \$244,000. This is a planned expense and has been budgeted for in
----------	--

- FY2016 and, upon Board of Manager's approval, will also be included in the FY2017 budget. Mednax Services, Inc. (including its subsidiaries Pediatrix Medical Services, Inc.), has a total of 11,167 employees. The workforce composition data was provided for the Board's review.
- RECOMMENDATION: Staff recommends Board of Managers' approval of a contract renewal with Pediatrix Medical/Mednax Services, Inc. for Pediatric ENT call coverage support for an additional 12 month period, renewable for an additional year, at an estimated cost of \$340,000.
- ACTION: A **MOTION** to approve staff's recommendation was made by Mr. Hasslocher, **SECONDED** by Ms. Barrera, and **PASSED UNANIMOUSLY**.
- EVALUATION: Dr. Jimenez asked about the vendor's involvement with pediatric emergency visits, to which Mr. Day replied that emergency room coverage is part of the arrangement, as are consultations for inpatients, as well as operating room and pediatric trauma patients.
- FOLLOW-UP: None.

UPDATE ON THE PROPOSED HORIZON TOWER AND PEDIATRIC PROGRAM CAPITAL IMPROVEMENT PROJECTS—MARK WEBB

- SUMMARY: Mr. Webb provided a summary description of the current pediatric program plan as it compares to the original 2015 plan. The revised plan defers approximately \$25.5M in capital spending that can be set aside for future planning purposes. Instead of spending significant capital dollars in the Horizon Tower and placing all pediatric activities in that building, staff has recommended that pediatric inpatient services (with the exception of the pediatric cardiac care unit) remain on the 7th floor of the Sky Tower. This will allow the 12th floor Horizon Tower to be utilized for adult patients with only minimal work, the 10th floor to be utilized as NICU expansion space at a significantly reduced cost from the original plan, and the 6th floor Horizon Tower rehab unit to remain in place. The pediatric projects currently underway, including the new Horizon Tower ground floor Emergency Department and the 9th floor Horizon Tower (PCCU), will be completed as originally planned. Mr. Webb provided a spreadsheet to indicate the project changes and associated financial impact of the pediatric program, pediatric enabling projects, adult programs at UH, and infrastructure work (not needed for pediatrics program). Estimates for each of these projects continue to be developed pending final resolution of scope. Revised estimates will be presented to the Board at a later date after both scope and costs have been fully vetted by staff leadership. Mr. Webb also provided stacking plans showing both the original pediatric program plan and the proposed program plan that the costs in the spreadsheet are tied to. The cost reduction of approximately \$25.5 million as a result of the proposed Horizon Tower and pediatric program plan will be made available towards meeting future facility needs of the Health System. Staff reviewed the number of pediatric beds in the original stacking plan as compared to the proposed plan:

Original

Pedi ACU Beds -- 38
Pedi ICU Bed – 25
PCCU -- 26
Total Pedi Rooms – 89
Added NICU beds to decompress 5th floor - 28

Proposed
Pedi ACU Beds -- 46
Pedi ICU Bed – 26
PCCU -- 26
Total Pedi Rooms – 98
Added NICU beds to decompress 5th floor - 25

RECOMMENDATION:

None.

ACTION:

This report was provided for informational purposes only. No action is required by the Board of Managers.

EVALUATION:

Dr. Jimenez asked if a pediatric consultant has been secured to advise on the current and long term use of the older buildings at University Hospital, due to the competitive nature of pediatrics at this time. Staff members are working with consultants regarding the current use of buildings, and also a long term strategic plan. Staff is in the midst of performing analyses and will turn those results over to the consultants. All of this work is preliminary, and one of the reasons staff pulled back from the original plan; staff is not comfortable with the image that would be portrayed for the pediatric service line. Staff wants to be crystal clear on the mission, how the Health system fits into that mission, and how the Health System will proceed after that.

FOLLOW-UP:

None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE USE OF \$1.9 MILLION PREVIOUSLY APPROVED BY THE BOARD OF MANAGERS FOR CONSTRUCTION OF A HORIZON BUILDING UTILITY SHAFT FOR OTHER PEDIATRIC PROGRAM NEEDS—MARK WEBB

SUMMARY:

In December 2015, the Board approved a budget of \$1.9 million for installation of a new utility shaft for the Horizon Tower. This was in preparation not only for an entire new IT distribution system, but also the potential for future chilled water and heating hot water piping. It now appears that this utility shaft will be not needed. There were a number of commitments made to consultants and vendors based on the original scope of the pediatric program. Staff is in the process of working with those consultants and vendors to arrive at reduced pricing due to the reduced scope of work. The anticipated project commitment reduction total is approximately \$2,317,558. Mr. Webb reviewed four estimated contract purchase order descriptions and the amount of each reduction. These funds are proposed to be used for equipment required for the pediatric program without revising the budgeting of additional capital. Due to the timing of when the funds will be available compared to equipment ordering deadlines, the staff proposes use of previously appropriated funds in the amount of \$1.9M that are no longer needed to be spent for the new utility shaft in the Horizon Tower. This would entail return of funds from the reduced pediatric program scope to the

capital fund, with no additional fiscal impact to actions previously approved by the Board of Managers.

RECOMMENDATION: Staff recommends Board of Managers' approval for the reallocation of \$1,900,000 that had been set aside for the Horizon Tower Utility Shaft to be used on other pediatric program needs. Staff will seek future approval from the Board for expenditure of the reallocated funds.

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

EVALUATION: None.

FOLLOW-UP: Mr. Adams thanked Mr. Webb for the explanation. He reiterated that the Board, as a whole, feels a very strong desire to understand the plans. Before the Board is presented with estimates, members would like to see a larger plan for what staff is trying to accomplish. He urged staff to continue to make these updates a priority.

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE CONTRACT WITH JOERIS GENERAL CONTRACTORS ACTING AS CONSTRUCTION MANAGER AT RISK TO INCLUDE GUARANTEED MAXIMUM PRICE PROPOSAL FOR INTERIOR BUILD-OUT FOR THE PHARMACY PROJECT AT UNIVERSITY HOSPITAL (GMP #6B) AND THE APPROPRIATION OF FUNDS FOR MOVABLE FURNISHINGS AND EQUIPMENT FOR THE PHARMACY—MARK WEBB

SUMMARY: The Board of Managers previously approved expanding the scope of work in the contract with Joeris General Contractors to include work related to the relocation of staff from Corporate Square back to the hospital campus and the preliminary work associated with the Pediatric Emergency Department. This request is related to the interior build-out for the new pharmacy project on the ground level of the Rio and Horizon Towers at University Hospital (GMP 6b). The 12,000 square foot pharmacy will include the following functional areas: administrative and staff offices, staff support space, receiving/stockroom, clean room suite, pre-pack compounding, secured narcotics vault, and distribution. Also included will be a new mechanical room for heating and cooling services to the pharmacy. Construction for the interior build-out will commence in August 2016 with substantial completion set for July 2017. To date, eleven (11) guaranteed maximum prices (GMPs) have been submitted for the Phase 2 Renovation projects and additional projects to support renovations and relocations at University Hospital, which Mr. Webb detailed in his written report. The proposed GMP #6b for Phase 2 Pharmacy work is \$8,124,359, and provides completion of the Phase 2 pharmacy interiors build-out package to be constructed on the ground level of the Rio and Horizon Towers. Funding will be provided through rebalancing of reserves. Further, as part of this request for GMP 6B, staff requests appropriation of funds for the procurement of moveable items to include: Active information technology equipment, furnishings, and specialized pharmacy equipment at an estimated cost of approximately \$2,310,000. Staff will bring the purchase of these items to the Board for consideration at future meetings. The original Project Construction Cost Limitation (CCL) of \$22,300,000 will have increased to \$40,552,123, and the total commitment including the upcoming

GMP#9 for \$40,872,243. The participation goal for SMWVBE is 35 percent and the local participation goal is 75 percent. To date, SMWVBE participation of awarded construction projects is 24.17 percent and local participation is 100 percent. Mr. Webb provided SMWVBE numbers achieved for all construction GMPs to date and GMP dollars awarded to subcontractors to date is \$27,511,059.

RECOMMENDATION: Staff recommends Board of Managers' approval to execute an amendment to the Joeris General Contractors, Ltd. Construction Management Agreement in the amount of \$8,124,359 for GMP #6b. Staff also recommends Board approval to appropriate funds for the procurement of moveable furnishings and equipment in the amount of \$2,310,000.

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

EVALUATION: There are a total of six floors in the old towers that do not have connectivity. Those in the Horizon Tower (built in 1990s) are getting corrected on a case-by-case basis due to some of the active programs in that building, such as the neonatal intensive care and pediatric heart programs, and staff is trying not to put any more resources into the Rio Tower (built in 1968). Mr. Hasslocher suggested it would be helpful for staff to provide an analysis letting the Board know what the needs are today, and what the future needs are, to help them better understand what is really out there - short term, long term, and costs associated with such needs. Mr. Adams reiterated the Board's interest in knowing the business plan as well as the scope. Further, since the Health System has in the past been challenged by how long it takes to fill prescriptions, Mr. Adams urged staff to also look at techniques that will improve the delivery of service. It is imperative to get more prescriptions filled, in less amount of time, for more people. Mr. Banos informed Dr. Jimenez that the inpatient units are staffed with clinical pharmacists to provide consults to patients and family members. On the ambulatory side, pharmacists are available at each pharmacy location and by telephone for consultations. Mr. Engberg asked for a point of clarification regarding the funding of moveable furnishings and equipment in the amount of \$2,310,000, which Mr. Webb confirmed will be funded through rebalancing of reserves from the "future capital needs" account.

FOLLOW-UP: As indicated above.

CONSIDERATION AND APPROPRIATE ACTION REGARDING THE CONTRACT WITH JOERIS GENERAL CONTRACTORS ACTING AS CONSTRUCTION MANAGER AT RISK TO INCLUDE A GUARANTEED MAXIMUM PRICE PROPOSAL FOR FIXED EQUIPMENT REQUIRED FOR COMPLETION OF THE 2ND FLOOR CLINICS AND PEDIATRIC EMERGENCY DEPARTMENT AT UNIVERSITY HOSPITAL (GMP#9)—MARK WEBB

SUMMARY: Currently, the work of Joeris General Contractors (Joeris) as Construction Manager at Risk is comprised of the following projects:

- Phase 2 CIP – 2nd Floor Specialty Clinics

- Phase 2 CIP – Plant Engineering Shops
- Phase 2 CIP – Relocation of offices - including construction related to moving personnel from Corporate Square back to University Hospital
- Pediatric Program – Pediatric Emergency Department including renovation of Ground Floor of Horizon and related sitework

During execution of the work staff determined that certain fixed equipment items for the Pediatric Emergency Department and specialty outpatient clinics had been assigned by the design team for procurement and installation by the Owner. Since these type items are typically installed under the supervision and control of the builder because connections by various subcontractors of the builder are required in order to complete the installation, the project team reassigned these items to the Construction Manager for purchase and installation. These items include ceiling mounted TVs, casework, medical gas booms and fixed exam lights. The overall cost for this scope of work is \$689,905. These additional items, in the amount of \$689,905, will be funded from existing project funds that were already budgeted for these projects. There is not an increase to the overall project budgets. This request does not cover funding required for active information technology, furniture, fixings, and medical equipment which has been budgeted separately. Capital funds were previously allocated to support the renovation of the Pediatric Emergency Department on the ground floor of the Horizon Tower and the new outpatient clinics on the second level of the Rio Tower at University Hospital. Staff is requesting approval to add existing project funds to cover fixed equipment required for the completion of the second floor clinics and the Pediatric Emergency Department and an amendment to the contract with Joeris General Contractors for construction labor and material in the amount of \$689,905. The commitment to date including previously approved GMPs is \$31,737,850 with a control estimate of \$32,118,337. The total commitment, including proposed GMP #9 is \$33,427,764 and the control estimate of \$32,808,242. The participation goal for SMWVBE is 35 percent and the local participation goal is 75 percent. To date, SMWVBE participation of awarded construction projects is 24.17 percent and local participation is 100 percent. This does not include the dollars associated with the Construction Manager's Fee or other project administrative costs including this GMP and insurance, bonds, and permit fees. Mr. Webb provided SMWVBE numbers achieved to date for all construction GMPs. GMP dollars awarded to subcontractors to date is \$27,511,059.

RECOMMENDATION:

Staff recommends Board of Managers' approval to execute an amendment to the Joeris General Contractors, Ltd., Construction Management Agreement in the amount of \$689,905 for GMP #9.

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.

**CONSIDERATION AND APPROPRIATE ACTION REGARDING A CONTRACT WITH
CGC GENERAL CONTRACTORS, INC. FOR PARKING LOT IMPROVEMENTS AT THE
ROBERT B. GREEN CAMPUS--MARK WEBB**

SUMMARY:

During construction of the new building at the Robert B. Green campus in 2012, several enhancements were made that furthered the original master plan beyond the original scope of the project. One such enhancement was the removal of the building at the corner of Frio and Martin. Because future use was unknown, staff negotiated with the City of San Antonio to allow construction of a temporary parking lot on the site. As a temporary lot, the city allowed the parking lot to be designed and constructed with chip seal parking surface and without additional lighting, landscaping and irrigation. This is a proposal to replace the temporary lot with a permanent surface constructed with asphalt that with proper care can be expected to last as long as 20 years. Additionally, the number of clinics and visits has increased since the grand opening of the Clinical Pavilion, and the need for patient parking has increased proportionally. This project will increase the number of patient parking spaces by 33 in the South parking lot, from 95 to 128. It will also expand the North employee parking lot another 36 spaces. A request for competitive sealed proposals (#216-05-024-CNST) was issued on June 3, 2016. One proposal was received on July 6, 2016. After evaluating the proposal, staff recommends a contract be awarded to CGC General Contractors, Inc. whose proposal was selected as providing the best value to the Health System. The proposed schedule has construction completed in phases to minimize the reduction of parking spaces at any given time. Construction of the South patient parking lot will take approximately eight weeks. Following completion and acceptance of the new South patient parking area, construction of the North staff lot will begin and take approximately three weeks. Total construction time is approximately 11 weeks. The costs are as follows:

South Patient Lot	\$550,948	(increase of 33 spaces)
North Employee Lot	<u>\$48,311</u>	(increase of 36 spaces)
Total Proposed Cost	\$599,259	

\$250,000 was included in the approved 2016 capital projects list. The remaining funding of \$349,259 will be funded through capital reserves. CGC General Contractors, Inc. is certified by the South Central Texas Regional Certification Agency (SCTRCA) as a Small Business Enterprise, a Women Owned Business Enterprise, and a Historically Underutilized Business. Subcontractors to be included in this project are as follows:

1. Dutch Construction Sitework is certified as Small Business Enterprise;
2. Eagle Enterprises Electrical is certified as Small Business Enterprise;
3. Maldonado Landscaping and Irrigation is certified as Minority Business Enterprise; and
4. Pro-Line Paving is certified as Small Business Enterprise

CGC General Contractors, Inc. has a total of 5 employees. The workforce composition data was provided for the Board's review.

RECOMMENDATION: Staff recommends Board of Managers' approval to execute a contract with CGC General Contractors, Inc., in the amount of \$599,259 for parking lot improvements at the Robert B. Green Campus.

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

EVALUATION: Cost per parking space in the North parking lot is \$1,300 which is below the norm for this type of work. Cost per parking space in the South parking lot is \$2,300 because there will be more drainage and lighting work needed. Mr. Webb provided a sketch of the parking areas at the Robert B. Green campus for the Board's review.

FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION TO APPROVE A CONTRACT EXTENSION WITH SODEXO SERVICES OF TEXAS FOR FOOD AND NUTRITIONAL, VENDING AND GIFT SHOP MANAGEMENT SERVICES—ALLEN STRICKLAND

SUMMARY: The current contract with Sodexo Healthcare will expire on August 15, 2016, unless extended. The Health System is currently engaged in a formal Request for Proposal (RFP) process with several potential service providers, including Sodexo. Because of the complexities inherent in this process, it will not be completed until later this year. In order to maintain continuity of management services, staff recommends the contract be extended through December 31, 2016 under the same terms and conditions as have existed pursuant to the original contract since August 15, 2011. The extension of this agreement will ensure that quality management services are maintained within the Health System until such time as the RFP process has been completed and, if necessary, the transition to a successor has been accomplished. The cost of extending this agreement through December 31, 2016 is \$207,375 for reimbursement of management salaries and benefits and \$84,875 for the management fee. The total additional expense is \$292,250. Sodexo has a total of 122,568 employees. The workforce composition data was provided for the Board's review.

RECOMMENDATION: Staff recommends Board of Managers' approval of an extension of the Health System's contract with Sodexo for the management of nutritional, vending and gift shop services through December 31, 2016 at a cost of \$292,250.

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

EVALUATION: Staff expects to finalize the RFP process by October, which will allow sufficient time to transition.

FOLLOW-UP: None.

**CONSIDERATION AND APPROPRIATE ACTION REGARDING CONTRACTS WITH
SELECTED BEST VALUE CONTRACTORS FOR EQUIPPING SEVEN OPERATING
ROOMS IN THE SKY TOWER AT UNIVERSITY HOSPITAL—EDWARD BANOS**

SUMMARY:

The Sky Tower was built as a state-of-the-art facility with 35 spacious Operating Rooms (ORs), a significant increase from the 18 ORs that the Horizon Tower held. Following the transition into the Sky Tower in April 2014, Perioperative Services phased in ORs as volumes increased until all 24 of the built out ORs were in use. Currently, the 24 ORs operate 24 hours per day, 7 days per week, and are well utilized. After transition to the Sky Tower, the 11th Floor Horizon Tower ORs became dedicated to pediatric surgical cases. Because of the remote location of the Horizon Tower ORs, there are existing challenges in sterile processing and staffing support of high acuity patients undergoing surgery in these ORs. As a result of the challenges in supporting the remote ORs and the continued growth of the Sky Tower surgical services, staff is recommending equipping the seven (7) ORs in the Sky Tower, with five (5) dedicated to pediatric surgical cases, which will facilitate the transition of surgical services out of the Horizon Tower. Two of the ORs will be opened to support expanded adult services. Equipping these ORs entails the purchase and installation of lights and booms, boom mounted cameras, image stream monitors and compatibility for each of the rooms; and anesthesia equipment for two of the pediatric rooms. The seven ORs selected are currently wired and ready for the installation of the lights, booms, and monitors needed to make the room functional, so expenses related to this project will be those required to move the ORs from shelled-out to functional. Due to the quickly growing needs for additional OR space and the need to support the high acuity pediatric patients, equipping these ORs is anticipated to be completed before the end of 2016. Mr. Banos reviewed Sky Tower case volumes for 2015 and 2016 in detail with the Board. In addition, the UT practice has added or will have added additional physicians, including pediatric ENT, orthopedic total joints, transplant and neurosurgery. With the increase in providers, University Hospital will continue to see surgical volume growth across perioperative service lines. Another issue is use of the robotics surgery room. Right now all services using the robotics OR must book all of their cases in that same room because of the way surgeons block their time. This is inefficient for other surgeons who want to use the robot service. The cost of equipping seven ORs is \$2,306,407.00. This cost includes the purchase and installation of lights and booms, boom mounted cameras, and image stream monitors and compatibility for each of the rooms, as well as anesthesia equipment for two of the pediatric rooms. The costs of this transition will be offset by the reduction of duplicate supply and instrument inventories as well as the ability to reallocate staffing which is currently not possible due to the remote location of the Horizon ORs. There are multiple vendors involved in this project. Vendors selected will be in accordance with the University Health System Procurement Policy and based on best value.

- RECOMMENDATION: Staff recommends the Board of Managers approve equipping seven Operating Rooms at University Hospital for a total cost of \$2,306,407.00 from the Board designated capital account, and authorize the President/CEO to execute agreements with selected best value contractors.
- ACTION: A **MOTION** to approve staff's recommendation was made by Ms. Barrera, **SECONDED** by Burns, and **PASSED UNANIMOUSLY**.
- EVALUATION: Dr. Francisco Cigarroa attended today's meeting to indicate his support for this item; all of the surgery services are working together to get this done in an efficient and effective manner. Mr. Adams thanked the practicing physicians for their support and input. The additional ORs were planned at the opening of the Sky Tower, and Board members were pleased to learn about the volume increases. With the signing of the new master affiliation agreement, Mr. Adams senses that there has been a lot of very close work between the Health Science Center and the Health System. What is particularly helpful to the Health System, is the working relationships with these physicians, such as with Dr. Plastino, she represents the medical staff very well on this Board.
- FOLLOW-UP: None.

CONSIDERATION AND APPROPRIATE ACTION REGARDING OPERATIONS AND FINANCIAL REPORT FOR JUNE 2016—REED HURLEY/EDWARD BANOS

- SUMMARY: In June clinical activity (as measured by inpatient discharges) was up 8.7% for the month compared to budget. Community First Health Plan (CFHP) fully-insured membership was down 0.9% due to lower membership in STAR Medicaid. The bottom line gain (before financing activity) was \$7.1 million, \$4.4 million better than budget and was due primarily to higher patient revenue. Debt Service Revenue was \$4.5 million which is equal to the budgeted Debt Service payment of \$4.5 million. Mr. Reed reviewed notable increases and/or decreases from the Consolidated Balance Sheet in detail with the Board. Mr. Banos provided the following operations regarding the Heart and Vascular Service line:
- Weekly updates sent at end of week to administration and physician leadership
 - Midas Tool Packs (variation in care) are being reviewed and the staff and physicians will create action plans (first time able to use information)
 - Impella 5.0 training to begin (heart failure assist device)
 - Improving preferred pharmacy and e-prescribe for Cardiology floor
 - HCAHPS patient satisfaction data
- Access to Care for the Heart and Vascular Patient:**
- Currently meeting goal for timely access for congestive heart failure patients discharged from UHS, under 7 day goal for follow-up appointment for both CHF providers
 - For the month of June, the Cardiology clinic had the highest patient visits year to date, exceeding budget by 7.5 percent
 - The queue for the Cardiology clinic is at 20 patients, lowest year to date. Started in January with 146.

- Request from vascular division for vascular screening program, will bring to next heart and vascular institute leadership meeting
- Cardiac Rehab at RBG on target to open September 1
- Hired an experienced cath lab nurse to start at end of August. Down to 1.5 open positions

Heart and Vascular Institute Patient Flow (Efficiencies)

- CT Surgery working on initiatives for discharge orders before noon
 - Cardiology discharging patients by noon 50 percent of time.
- Significant improvement from first quarter

Heart and Vascular Institute Outreach

- Outreach activity for the period July 15 through August 4, 2016, in San Antonio, Uvalde, Jourdanton, Laredo, Corpus Christi, Eagle Pass, and Kerrville

RECOMMENDATION:

This report was presented for the Board's approval, subject to audit.

ACTION:

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

EVALUATION:

There was some concern and discussion ensued regarding patient satisfaction scores on Cleanliness/Quietness and Responsiveness of Hospital Staff. Mr. Hernandez briefly reported on very recently announced state and federal funding cuts that will impact the Health System's end of year bottom line results. Effective September 1, 2016, the federal government will eliminate the Nursing Home Upper Payment Limit program, an impact of \$28 million this year. Although the federal government did not specifically cut the Network Access Improvement Program (NAIP), the state reduced funding in this area as well, except for pre-existing programs. The impact is approximately \$8 million for 2016, and \$22 million for 2017. In talking with HHSC Commissioner Charles Smith, Mr. Hernandez learned that NAIP will more than likely be re-instituted by March 2017, but payments would not start until September 2017. Because Texas hospitals rely so much on the state for supplemental funding, the federal government wants Texas to build such funding into current rates. However, the need for NAIP and Waiver supplemental funding exists because the rates are too low. Right now, according to the HHSC's own data, they only pay 57 percent of hospital costs for Medicaid. That leaves more than 40 percent below costs that hospitals are trying to supplement. At a Texas Hospital Association meeting last month, members floated a proposal for a "provider tax" for all hospitals in the state to consider selling to the Texas legislature as a way to raise those rates. Previously, hospital systems like Baylor, Scott, and White that were against a provider tax are now in favor of it because they see the writing on the wall. It was quite a surprise for the staff to learn about NAIP reductions two weeks ago. It is now even more critical for the Health System to buckle down on improving payer mix, and all metrics in terms of attracting commercial patients. Mr. Adams reiterated the challenge – how to be the most efficient while minimizing the impact of these cuts, while at the same time freeing the senior staff to work in Austin with the appropriate representatives to obtain some of the funds that are available. The Health System depends a great deal on these federal and state programs given its client mix, the programs can be cut at any moment; the Health System has been put on notice. After

discussion on state and federal funding cuts, Mr. Hurley reminded the Board that staff is cognizant of the need to reduce expenses and improve payer mix as indicated earlier this year when Ms. Francine Wilson, Senior Vice President for Supply Chain Management, accepted the Health System's Vizient (MedAssets) award for documented savings and financial improvement performance for 2015.

FOLLOW-UP: None.

INFORMATION ONLY ITEMS:

REPORT REGARDING MEDICAL-DENTAL STAFF COMMITTEES AND DEPARTMENTS—KRISTEN A. PLASTINO, M.D., PRESIDENT, MEDICAL/DENTAL STAFF

UPDATE ON FACILITIES DEVELOPMENT ACTIVITIES—MARK WEBB

REPORT ON RECENT RECOGNITIONS AND UPCOMING EVENTS—LENI KIRKMAN

QUALITY ASSESSMENT AND PERFORMANCE IMPROVEMENT—MICHELLE INGRAM/JAMES BARKER, M.D.

SUMMARY:	Mr. Adams directed the Board members' attention to the four (4) written reports above. He urged his colleagues to contact staff with specific comments, questions, or suggestions.
RECOMMENDATION:	These reports were provided for informational purposes only.
ACTION:	No action by the Board of Managers was required.
EVALUATION:	Mr. Hernandez provided several updates: The Board's Finance Committee met by teleconference last week and approved staff's recommendation to refinance bonds at this time due to market conditions, allowing staff to take advantage of historic, low interest rates. In preparation, staff conducted three conference calls with rating agencies on July 14 and 15, 2016. Mr. Hernandez reviewed the Board schedule for the month of August, with a tax rate presentation to Bexar County Commissioners' Court on Tuesday, August 23, 2016. After today's meeting, Board members were invited to tour the pediatric emergency department which is slated for a soft opening on Monday, August 1, 2016.
FOLLOW-UP:	None.

ADJOURNMENT:

There being no further business, Mr. Adams adjourned the Board meeting at 3:58 p.m.

James R. Adams
Chair, Board of Managers

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

Sandra D. Garcia, Recording Secretary