University Health

BEXAR COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS

Tuesday, October 28, 2025
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
Margaret Kelley, MD
Beverly Watts Davis
David Cohen, MD
Melinda Rodriguez, PT, DPT.
Patricia (Pat) Jasso

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 G. Cigarroa, M.D., EVP/Health Affairs and Health System, Ut Health San Antonio
Robert Hromas, MD, Dean and Professor of Medicine, UT Health San Antonio
And other staff attendees.

CALL TO ORDER:

Mr. Hasslocher called the Board meeting to order at 6:04 pm.

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

Invocation – Robert Kiser, MD., UIW SoM Faculty — *Jimmy Hasslocher, Chair*

Mr. Hasslocher led the pledge of allegiance.

PUBLIC COMMENT: NONE

*****NOTE: The Quarterly Employee Recognition Awards presentation was tabled to allow the CHCS Staff to present their budget. Immediately thereafter the Employee Recognition Awards were announced.*****

SPECIAL REPORT:

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

SUMMARY: Andrea Casas and Leni Kirkman presented the winners of the Quarterly Employee Recognition Awards. 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.

Professional: (Nursing)	Becky Salas - Senior Coordinator of Care, Coordination of Care
Professional:	Ernest Cavazos - Senior Sourcing & Contracting Specialist, Procurement Services
Management:	Khalid Ratrut - Pharmacy Programs Manager, Wheatley Outpatient Pharmacy
Technical:	Jessica Ortiz - Dental Technician Supervisor, Detention Healthcare- Adult
Clerical:	Norma Sanchez - Administrative Assistant, Liver Transplant
Service:	Ricardo Saucedo - Painter, Facilities Management
Volunteer:	Sue Adkins - Volunteer, Volunteer Services
Provider:	Brittany Durment - Nurse Practitioner, University Medicine Associates, School Based Programs- Harlendale
Team:	Healing Hands Team: Jacqueline Rojas, Taylor Cecil

APPROVAL OF MINUTES OF PREVIOUS MEETING: September 30, 2025 (*Regular Meeting*)

SUMMARY:	The minutes of the Board meetings of Tuesday, September 30, 2025 was 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 Dr. Cohen **SECONDED** by Ms. Fernández, and **PASSED UNANIMOUSLY**.
EVALUATION:	None
FOLLOW UP:	None

Report from UT Health San Antonio — ***Robert Hromas, MD.,*** Dean and Professor of Medicine, UT Health San Antonio provided comments on behalf of *Francisco G. Cigarroa, M.D., EVP/Health Affairs and Health System.*

SUMMARY: Dean Hromas commented Stephanie Levine was appointed as Master Pulmonologist by the Pulmonology Society. The Oncology Program was listed among the Top 100 in the nation. This weekend marks the beginning of the American Association of Medical Colleges (AAMC) Conference her is San Antonio Convention Center and is expected to have approximately 15,000 attendees from all over the country.
Dr. Little added on the positive collaborative atmosphere he sees day in day in patient care from the entire staff.

BUDGET PRESENTATIONS :

Center for Health Care Services (CHCS) Budget Presentation — *Jelynne LeBlanc Jamison*

SUMMARY: Ms. Jelynne LeBlanc Jamison, Chief Executive Officer of the Center for Health Care Services (CHCS), presented the Fiscal Year 2026 (FY26) budget and an overview of the agency's financial and operational position. She reported that the CHCS Board approved a total FY26 budget of approximately $160 million. The funding structure consists of roughly 48 percent state funds, with additional sources from federal programs (including Medicaid), service revenue, and local government partners. University Health provides a $5.8 million local match, which is essential for CHCS to leverage state funds. The City of San Antonio contributes $1.9 million, and Bexar County provides $3.4 million, supporting specific mental health and substance use programs. Service revenue — the only component directly within CHCS control — is budgeted at $18.6 million. Salaries account for 56 percent of total expenditures, reflecting CHCS's labor-intensive clinical and community outreach operations.

Jamison explained that FY25 brought an overall $7 million reduction in funding, largely due to federal cuts. The first two funding losses, totaling approximately $2.4 million, reduced general mental health services and impacted about 1,000 consumers. The substance use disorder category sustained another $2.1 million reduction, resulting in the loss of care for approximately 300 individuals. Additional losses at the Bexar County Jail Intake Center meant the elimination of assessment services for approximately 20,000 individuals annually. To absorb the impact, CHCS implemented a workforce restructuring resulting in 85 positions being eliminated, of which 58 displaced employees were successfully placed elsewhere. The organization also closed or consolidated certain IDD day programs due to low reimbursement rates and reduced its primary care clinics from five to three to align staffing with sustainable caseloads.

Despite the financial tightening, CHCS made key investments to enhance productivity and patient access. Initiatives include expanding same-day and next-day scheduling, improving the centralized scheduling department (which manages roughly 700 appointments per day with a 90% attendance target), and implementing artificial intelligence tools for claims management and clinician support. One tool focuses on reducing claim denials and ensuring 95% of claims are accepted on first submission. CHCS also received $1.5 million from the State of Texas to launch a Youth Crisis Outreach Team, adding clinicians and peer specialists to serve families in crisis in the field. The peer support program, described as one of the fastest-growing business areas, expanded from three positions to over forty within two years, showing high return on investment and improved consumer outcomes.

Looking forward, CHCS plans to evaluate mid-year whether to establish a Chief Clinical Officer position to unify practices across all clinics. Ms. Jamison also confirmed that CHCS is currently undergoing its triennial community needs assessment, required for Certified Community Behavioral Health Clinic (CCBHC) recertification, which will preserve eligibility for federal CMS waiver dollars. CHCS expects confirmation of recertification by December. Ms. Jamison emphasized that financial prudence, workforce realignment, and targeted reinvestment have positioned CHCS to maintain service quality while weathering state and federal funding volatility

COMMENTS /DISCUSSIONS: Ms. Watts Davis expressed her appreciation for Ms. Jamison's report and for her vision in her effort to ensure the assistance is available.

Ms. Fernández also thank Ms. Jamison for the presentation and the insight that takes place day to day and asked if CHCS has collaboration models with non-profits that are also addressing Mental Health issues within the community. Ms. Rodriguez asked if there is any reports that can be shared with the board. A robust discussion ensued.

Consideration and Discussion Regarding Community First Health Plans, Inc., Preliminary Operating and Capital Budgets for Fiscal Year 2026 — *Theresa Scepanski/Daverick Isaac*

SUMMARY: Theresa Scepanski and Daverick Isaac, Chief Financial Officer presented the Community First Health Plans (CFHP) preliminary Operating and Capital Budgets for Fiscal Year 2026. The presentation focused on fiscal assumptions, membership projections, and financial performance trends.

Community First's FY26 total revenue projection is approximately $1.4 billion, continuing a pattern of steady growth from roughly $680 million in 2020 to $1.2 billion in the prior fiscal year. The budget has been approved by the Community First Board of Directors and is now presented to University Health's Board for review and incorporation into the system-wide consolidated budget. CFHP anticipates a 5% membership increase driven by Medicaid/CHIP enrollments, the STAR+Plus program, and new entrants from marketplace realignments. The team reported that CFHP has positioned itself to benefit from the federal marketplace transition, expecting to capture members who are changing plans during the new enrollment cycle.

Financially, the FY26 plan projects net income of approximately $17.6 million and includes a tax provision of about $552,000. The organization described its budget as conservative but reflective of stable market growth and risk-based performance targets. CFHP continues to emphasize diversification through product lines including Medicare Advantage and the Health Insurance Marketplace, while maintaining its core Medicaid business as the largest source of revenue. Ms. Scepanski and Mr. Isaac noted that CFHP's operational scale has more than doubled since 2020, and the plan is strengthening administrative infrastructure to support its expanding population.

The presenters discussed key cost drivers including medical claims expense, utilization management, and investment in technology for member services. They reported that membership churn due to eligibility redeterminations have slowed, stabilizing cash flow. CFHP also identified ongoing strategic initiatives: strengthening business development to expand STAR, CHIP, and STAR+ lines of business; reinforcing data analytics capacity for predictive care management; and optimizing care coordination with University Health's clinical network. CFHP's plan includes modest administrative cost increases tied to IT upgrades and marketplace marketing activities.

Community First highlighted collaboration with local nonprofit partners to enhance outreach, particularly among uninsured or recently displaced Medicaid members. The FY26 capital plan includes technology investments designed to improve member experience and compliance tracking. The organization will continue leveraging its strong relationship with University Health to ensure operational alignment and to integrate its financial reporting within University Health's consolidated accounting structure.

Finally, CFHP's leadership stressed that the preliminary FY26 budget would be merged into the University Health consolidated budget in November for final approval. The budget posture remains cautious, reflecting a focus on regulatory stability, managed growth, and sustained profitability amid dynamic healthcare policy changes. The Board acknowledged CFHP's robust growth trajectory, emphasis on efficiency, and prudent management of reserves as distinguishing strengths within the local health plan marketplace.

COMMENTS /DISCUSSIONS: Dr. Cohen asked about the Service Area the Community First Health Plans covers. Dr. Cohen has a personal patient with a very serious medical problem, has obtained Medicaid coverage. Dr. Cohen stated that he has made an attempt to get his patient insurance coverage with Community First, but because his patient lives outside of Bexar County he was not eligible for coverage thru Community First. Mr. Isaac provided an explanation of their services to Dr. Cohens' questions. Ms. Fernandez congratulated CFHP on their 30 years of provided services to the citizens of Bexar County and surrounding areas. 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 2026 — *Edward Banos/Reed Hurley*

SUMMARY: President and Chief Executive Officer Edward Banos, joined by Chief Financial Officer Reed Hurley, presented the Bexar County Hospital District (University Health) preliminary Operating, Debt Service, and Capital Budgets for Fiscal Year 2026. This presentation represented an early review of the system-wide budget framework prior to final Board approval and consolidation with Community First Health Plans.

The leadership characterized the FY26 plan as a conservative budget designed to balance substantial operational growth, workforce expansion, and community hospital development with prudent cost control.

For FY26, system-wide operating revenue for University Health (exclusive of Community First) is projected at approximately $2.8 billion, with the combined consolidated total (including Community First) estimated near $4.2 billion. Key positive revenue drivers include a $44 million increase from CHIRP supplemental funding, an additional $35 million from volume growth, and approximately $21 million from Medicare add-on payments. However, compensated care payments are expected to decline by around $17 million, partly offsetting the gains. Foundation fundraising is anticipated to grow, supported by community hospital initiatives and philanthropic campaigns.

Mr. Hurley and Mr. Banos outlined major expense categories, emphasizing that salaries and benefits represent the largest single budget increase, rising approximately $112 million (about 11%) year over year. This growth is primarily attributed to new hires, retention programs, and staffing ramp-ups for the new community hospitals, including an estimated $20 million for personnel dedicated to new facilities. The FY26 plan anticipates onboarding hundreds of employees as University Health prepares for phased openings of additional community sites. Supplies and purchased services are projected to rise modestly, reflecting both inflationary pressures and expanded clinical operations. Pharmacy expenses continue to be a key cost driver, and facility maintenance costs (roofing, elevators, utilities) are incorporated as ongoing capital maintenance obligations. Depreciation expense is forecasted to increase by about $23 million, reflecting completed and in-progress construction projects. A one-time actuarial adjustment related to post-employment benefits (OPEB) is also included.

On the capital side, routine capital expenditures are projected at approximately $45–46 million, consistent with prior years, with separate allocations planned for large projects tied to community hospitals and infrastructure. The leadership stressed continued discipline in managing debt service and maintaining a strong financial position to support expansion. University Health's budget outlook remains strong, with continued volume growth — discharge counts were reported as 13% higher than the previous year, with stable case mix index and improved discharge throughput. Financial results year-to-date were favorable, with consolidated system performance $28–95 million better than budget at the time of reporting.

Banos concluded that the FY26 preliminary budget aligns with University Health's strategic plan to expand access, strengthen workforce capacity, and uphold financial sustainability.

The Board was informed that the consolidated final budget, including Community First Health Plans, will return in November for approval and subsequent submission to the Bexar County Commissioners Court.

COMMENTS /DISCUSSIONS: Mr. Hasslocher expressed his gratitude to Reed Hurley and staff for the tremendous work on the Budget presentation and keep the momentum going. Ms. Rodiguez asked about the SNIF revenue for 2025 and the same projection for 2026, is this related to the Joint Venture with Touchstone? Reed Hurley provided a brief review of the payments and pay back to Touchstone.

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*

SUMMARY: The Credentials Committee met on September 29, 2025 and reviewed the credential files of the individuals listed on the attached Credentials Report and the Professional Performance Evaluation Report. In its meeting of October 7, 2025, the Executive Committee of the Medical-Dental Staff recommended approval of the Credentials Committee Report.

Consideration and Appropriate Action Regarding Medical-Dental Staff Recommendations for Professional Practice Evaluations and Delineation of Privileges — *Michael Little, M.D., President, Medical/Dental Staff*

SUMMARY: The Credentials Committee met on September 29, 2025 and reviewed proposed revisions to Delineation of Privilege and the Professional Performance Evaluation Report and forms. In its meeting of October 7, 2025, the Executive Committee of the Medical-Dental Staff recommended approval the attached Delineation of Privileges and Focused/Ongoing Professional Performance Evaluation Report.

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

SUMMARY: The Board of Managers of University Health has approval authority for the appointment of clinical providers to the Medical-Dental Staff, and the granting of clinical privileges for overseeing the quality of care and provision of treatment to patients. University Health's Professional Staff Services Department (PSS) is responsible for ensuring compliance regarding all applicants for the credentialing and privileging of providers, to include those approved for Telehealth privileges.

In accordance with section 3.7, Telehealth, of the Bylaws, when University Health facilities are the originating site, University Health may use the privileging and credentialing decision from the distant site to make a final privileging decision provided all required elements are met.

Consideration and Appropriate Action Regarding a Contract between Community First Health Plans, Inc., and Siftwell Analytics, Inc. — *Theresa Scepanski*

SUMMARY: Community First Health Plans, Inc. (CFHP) presented a proposed two-year contract with Siftwell Analytics, Inc. for the implementation of a prescriptive analytics and decision-support platform designed to enhance quality, financial, and population health outcomes. Prescriptive analytics uses advanced artificial intelligence to provide actionable insights that improve care coordination, identify at-risk members, and optimize interventions, enabling better health outcomes and operational efficiency.

Two vendor proposals were reviewed—Lightbeam Health Solutions and Siftwell Analytics, Inc.—with both evaluated for responsiveness, pricing, and compliance with technical and security specifications. Siftwell Analytics was determined to offer the best overall value, providing certified PHI security, extensive quality and data reporting capabilities, technical compliance, comparable performance to other managed care organizations, and competitive pricing.

The contract is valued at $925,000 over two years, including a $75,000 implementation fee and annual fees of $425,000 for each of the two years. Funding is included in the FY2026 Annual Operating Budget. Services begin January 1, 2026, through December 31, 2027.

Strategically, this partnership will strengthen CFHP's ability to target care gaps, improve risk adjustment accuracy, enhance retention, and proactively manage emerging utilization trends. Approval of this contract was recommended by the Community First Health Plans Board of Directors for Board of Managers' consideration.

Consideration and Appropriate Action Regarding a Contract Renewal Between Community First Health Plans, Inc. and Open Text — *Theresa Scepanski*

SUMMARY: Community First Health Plans, Inc. (CFHP) presented a request for approval of a three-year contract renewal with OpenText to migrate from the current on-premises RightFax system to OpenText's Core Fax cloud-based solution. The transition aims to improve scalability, disaster recovery, and business continuity while reducing hardware dependency and streamlining system administration.

The new Core Fax solution integrates seamlessly with CFHP's existing email and clinical management systems, providing secure, enterprise-level faxing and compliance with HIPAA and GDPR regulations.

An analysis comparing the existing RightFax platform and Core Fax demonstrated that the cloud version offers enhanced functionality, simplified management, and stronger security protections for member health information. Key benefits include improved user experience, faster onboarding, built-in disaster recovery, and long-term alignment with CFHP's digital transformation strategy.

The total contract amount is $422,000 over three years, which includes a one-time implementation fee of $8,000 and annual service fees of $138,000 for each year. This represents an estimated $111,000 (37%) increase over the prior contract due to growth in membership and utilization. Funding for this expense is included in the Annual Operating Budget, with the contract term running from November 1, 2025, through October 31, 2028.

The CFHP Board of Directors recommends approval of the renewal for continued secure and efficient communications infrastructure.

Consideration and Appropriate Action Regarding a Contract with Daniel Brian & Associates d/b/a Daniel Brian Advertising for Comprehensive Branding and Marketing Consulting Services — *Leni Kirkman*

SUMMARY: University Health presented a proposal to enter into a three-year contract with Daniel Brian & Associates (DBA), with two optional one-year renewals, for a total amount not to exceed $2.1 million. The purpose of this engagement is to develop and implement a comprehensive branding and marketing strategy that advances University Health's reputation and supports continued growth in patient volumes and service line expansion.

As the San Antonio and South Texas healthcare markets become increasingly competitive, University Health must continue to strengthen its brand presence, patient experience, and community engagement.

The selected firm will partner with University Health to conduct research, perform market analysis, and design integrated marketing campaigns aligned with institutional goals. Following an extensive Request for Proposals (RFP) process, 51 firms responded, with seven finalists invited to present.

Daniel Brian Advertising, a Michigan-based agency specializing in healthcare and academic medical center marketing, was selected for its proven record of improving brand preference and patient engagement for organizations such as Henry Ford Health, Penn Medicine, and Michigan Health.

Consideration and Appropriate Action Regarding a Professional Services Agreement with UT Health San Antonio for CareLink Members — *Virginia Mika*

<u>**SUMMARY:**</u> University Health presented a professional services agreement with UT Health San Antonio to continue providing comprehensive medical and dental care to CareLink members, the system's program that offers managed care services to uninsured Bexar County residents. Established in 1997, CareLink serves approximately 25,000 members and ensures access to primary and specialty care, inpatient and outpatient services, and prescription support. UT Health has partnered with CareLink since 1998, delivering a wide range of services including radiology, pathology, ophthalmology, cardiology, and internal medicine. In 2024, UT Health provided care to 10,204 members, and as of September 2025, that number had risen to 12,751 members, with the UT Health Dental School serving an additional 228 patients during the same period.

The proposed agreement covers a three-year period from January 1, 2026, through December 31, 2028, with annual renewals and compensation based on 100% of the current Medicare fee schedule. The total estimated contract value is $18 million per year and $54 million over three years. In 2024, CareLink paid UT Health $19 million, and payments through September 2025 totaled $11.9 million. The agreement includes requirements for provider credentialing, quality oversight, and adherence to utilization and eligibility review protocols, ensuring alignment with University Health's Triple Aim Plus strategy to improve community access and health outcomes.

Consideration and Appropriate Action Regarding an Amendment to the Professional Services Agreement with New Season Treatment Centers in Support of the Opioid Treatment and Recovery Services Program — *Anna Taranova,* M.D.

<u>**SUMMARY**</u>: University Health presented an amendment to its Professional Services Agreement with New Season Treatment Center to continue supporting the Opioid Treatment and Recovery Services (OTRS) Program, funded by the Substance Abuse and Mental Health Services Administration (SAMHSA). The program, launched in 2022 under a $3.7 million federal grant, focuses on reducing opioid use, dependence, and overdose deaths in Bexar County and Texas Public Health Region 8. Through this partnership, individuals receive medication-assisted treatment, outpatient counseling, case management, and access to recovery support services. Since January 2024, New Season Treatment Center has provided high-quality methadone-based treatment to University Health patients, achieving measurable success in client engagement, retention, and recovery outcomes.

The amendment ensures continuity of care for new and existing clients and increases Year 4 program funding by $94,500, with an option to extend through September 2027 for an additional $148,500, depending on Year 5 SAMHSA funding availability. Cumulatively, the Center's projected funding totals $492,000 across the program period. New Season Treatment Center, established in 1986, operates two Bexar County locations and specializes in medication-assisted treatment for opioid use disorder.

This partnership directly supports University Health's mission to expand access to behavioral health care and aligns with its Triple Aim Plus strategic goals by improving community health outcomes through coordinated, evidence-based recovery services.

Consideration and Appropriate Action Regarding an Amendment to the Consulting Agreement with Turton Healthcare Advisors, LLC — *Edward Banos*

SUMMARY: University Health presented an amendment to the existing consulting agreement with Turton Healthcare Advisors, LLC, extending professional advisory services that support operational readiness for the University Health Retama and University Health Palo Alto community hospitals.
Turton Healthcare Advisors brings extensive experience in community hospital operations, workforce planning, and Texas healthcare regulations. Since the original agreement's approval in January 2025, the firm has collaborated closely with University Health leadership to refine staffing models for both clinical and non-clinical roles and to align those models with the organization's long-term strategic vision for multi-hospital system operations.

The amended agreement expands Turton Healthcare Advisors' role to include the development of staffing plans by service line, collaboration with leadership teams to standardize operational frameworks across campuses, and continued integration of best practices to enhance efficiency and performance. The new two-year term, effective September 1, 2025, through September 1, 2027, establishes an annual fee of $450,000, with a total contract value not to exceed $900,000. Funding for the engagement is included in the 2025 and 2026 Annual Operating Budgets.

This collaboration is a key component of University Health's strategy to ensure that future community hospitals are staffed and operated efficiently while maintaining high-quality standards, fiscal responsibility, and readiness for anticipated population growth.

Consideration and Appropriate Action Regarding Physician Services and Coverage Agreement with UT Health San Antonio/Department of Family & Community Medicine for the Juvenile Correctional Facilities — *Stephanie Stiefer*

SUMMARY: University Health presented a Physician Services and Coverage Agreement with UT Health San Antonio's Department of Family and Community Medicine to continue providing pediatric medical coverage at the Bexar County Juvenile Detention Center and the Cyndi Taylor Krier Juvenile Treatment Center. The contract ensures compliance with Texas Juvenile Justice Department (TJJD) regulations by maintaining consistent physician availability for direct patient care and administrative responsibilities totaling 20 hours per week (five on-site sessions). Services include primary medical evaluations, treatment management, and participation in interdisciplinary team meetings to oversee and improve healthcare delivery to youth in detention. The agreement emphasizes collaboration between clinical and security staff to ensure safe, effective, and compassionate care within the correctional setting.

The proposed renewal establishes a two-year contract totaling $410,663, with monthly payments of $17,110.92, funded within the 2026 Annual Operating Budget.

The agreement requires participating physicians to be credentialed and board-certified, adhering to National Commission on Correctional Health Care and TJJD standards. It also includes provisions for performance monitoring, quality improvement, and compliance with utilization benchmarks. The partnership supports University Health's strategic goal of enhancing community health through access to high-quality, evidence-based care for underserved populations, particularly youth requiring specialized medical oversight within correctional environments.

Consideration and Appropriate Action Regarding the Rectification of Soil within the Utilities Trench including Replacement of Central Plant and Underground Piping at Texas Diabetes Institute — *Brian Freeman*

SUMMARY: University Health presented a project proposal addressing the rectification of soil conditions and replacement of underground piping at the Texas Diabetes Institute (TDI), located at 701 S. Zarzamora Street. Constructed in 1994, the facility has experienced significant soil heaving and movement, causing structural strain, drainage issues, and damage to utilities and paved surfaces. Assessments by engineering consultants Pape-Dawson and Terracon identified that unstable soils within the utilities trench connecting the main building and the Central Utility Plant had compromised chilled water and heating hot water piping.

Prior projects since 2024 have corrected site drainage, structural components, and surface features, but this phase is essential to fully stabilize the subsurface and utility systems to ensure the facility's long-term operational integrity.

The proposed remediation includes removing damaged piping, replacing soil with engineered backfill, and installing new pre-insulated chilled water and heating hot water piping equipped with dielectric flanges. SpawGlass Construction was selected to complete the work through a Group Purchasing Organization (GPO) contract, with a total project cost not to exceed $516,039, including $469,126 for construction and $46,913 in contingency funds. The project will take approximately nine weeks to complete and is funded through the 2025 operating budget.

This work ensures uninterrupted heating and cooling services for TDI and aligns with University Health's Triple Aim Plus strategy to maintain safe, efficient, and reliable healthcare facilities

Consideration and Appropriate Action Regarding the 3rd Quarter 2025 Investment Report — *Reed Hurley*

SUMMARY: University Health presented the Third Quarter 2025 Investment Report, detailing performance and composition of investment portfolios for both University Health and Community First Health Plans. As of September 30, 2025, the total value of all invested funds was $2.13 billion, inclusive of University Health, Project, Certificate, Local Provider Participation Fund (LPPF), and Community First accounts. Combined interest income for the quarter totaled $22.87 million, representing a 13% decline from the prior quarter due to the Federal Reserve's first interest rate cut since 2024. Despite this, portfolio performance remained strong relative to benchmarks, with diversification and maturity structures helping mitigate yield declines.

The University Health operational portfolio—covering Operating, Emergency Reserve, Capital, and M&O Tax Funds—held $1.78 billion and generated $18.94 million in earnings at an average yield of 4.17% and maturity of 276 days. The Interest & Sinking (I&S) Tax Fund, dedicated to debt service, contained $5.73 million with a 4.25% yield, while the LPPF held $24.88 million at a 4.18% yield.

The Community First Health Plans portfolio, including its Group Hospital Service Corporation PPO, closed the quarter at $316.68 million, earning $3.47 million with a 4.26% yield—outperforming both six-month and one-year Constant Maturity Treasury (CMT) rates.

The economic overview accompanying the report noted a slowdown in job growth and the Federal Reserve's September rate cut, which reduced the overnight target range to 4.00–4.25%. Although inflation showed modest increases—with year-over-year CPI rising from 2.7% to 2.9%, consumer spending and business investment remained strong, driving 3.8% GDP growth in Q2 2025. Analysts described a "K-shaped economy," where higher-income households continued robust spending while lower-income groups faced pressure from rising costs. Employment stability persisted, characterized by a "no hire/no fire" market and historically low layoffs. University Health's investment portfolios remain compliant with the Texas Public Funds Investment Act, maintaining liquidity and safety while achieving returns that exceed benchmark performance.

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

SUMMARY: University Health's Purchasing Consent attachment for the month of October 2025 includes 15 proposed contracts for Board of Managers action. The total requested Board of Managers approval for these 15 contracts is $16,487,719. 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 $16,487,719
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

Action Items:

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

SUMMARY: University Health is authorized by the Texas Health & Safety Code to appoint and commission peace officers to provide a safe and secure environment for patients, visitors, staff, and facilities. A peace officer's authority is limited to property owned or controlled by University Health, including an abutting street, right of way or easement in the property. The Texas Code of Criminal Procedure identifies persons' commissioned by the Board of Managers of University Health as peace officers.

The credentials of Eddy Garza have been reviewed by the Chief of Police as meeting all of the requirements of a University Health Peace Officer. As required of all University Health peace officers, Mr. Garza has completed all necessary training requirements. The commissioning of Mr. Garza will fill an open position due to budgeted New Full Time Employee positions.

RECOMMENDATION: Staff recommends Board of Manager's approval to commission Eddy Garza as a Bexar County Hospital District Peace Officer.

COMMENTS /DISCUSSIONS: Ms. Watts Davis asked how many Peace Officers do we have and would like to know what is the breakdown? Mr. Hasslocher offered his congratulations and welcome our new officer.

ACTION:	A **MOTION** to **APPROVE** staff's recommendation was made by Dr. Kelley, **SECONDED** by Dr. Cohen, and **PASSED UNANIMOUSLY**.
EVALUATION:	None
FOLLOW UP:	None

Consideration and Appropriate Action Regarding Selected Purchasing Items:

Consideration and Appropriate Action Regarding Final Financial Closeout for Women's and Children's Hospital & Associated Projects — *Brian Freeman*

SUMMARY: The Women's and Children's Hospital (WCH) Final Financial Closeout Report summarizes the successful completion and fiscal reconciliation of one of University Health's largest capital projects.

The report notes that the WCH and associated facilities—including the parking garage, kitchen, servery, dining spaces, Discharge Pharmacy, and Pediatric Heart Center—were fully operational between December 2023 and May 2024.

Early project savings were strategically reinvested to expand the project's scope without increasing its original budget. The Construction Manager at Risk (CMAR) delivery model and proactive staff management ensured the project was completed efficiently, below forecasted cost, and within schedule despite national and global economic challenges.

The financial reconciliation confirmed total project savings of $56.7 million against a Board-approved budget of $837.9 million. These savings include $7.6 million in additional recovered funds identified during the final accounting closeout. Detailed reconciliations include the recapture of $2.37 million from GMP #15 Sky Tower Infrastructure modifications and $3.51 million in design-related credits, with a $2.1 million reimbursement from the Design Team.

The WCH's post-occupancy operations have been stable for nearly two years, with all warranty, vendor, and contractor settlements finalized. Operationally, WCH achieved its Triple Aim Plus objectives by improving patient experience, safety, quality of care, and access to women's and children's services throughout Bexar County. The expansion of specialized programs, such as the Pediatric Heart Center, has strengthened regional healthcare capacity. The project was completed without using Board Contingency Funds, reflecting sound fiscal discipline and strong alignment with University Health's mission. Staff formally recommends that the Board of Managers approve the return of the project savings to Board Designated Funds and officially record the final financial closeout of the Women's and Children's Hospital Program.

RECOMMENDATION: Staff recommends the Board of Managers approve the returning of Project Savings of $7.6 million to Board Designated Funds and record final financial closeout of the Project.

COMMENTS /DISCUSSIONS: Dr. Kelley offered her congratulations on this remarkable project and to be able to see step by step the project come to its' completion. Mr. Hasslocher extended his appreciation gratitude for the hard work, leadership and looking forward to future greater things to come.

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

Consideration and Appropriate Actions Regarding the Selection of the Architectural Firm and a Contract with LK Design Group, Inc. to Provide Design Services for the Babcock Specialty Hospital — *Brian Freeman*

SUMMARY: The Babcock Specialty Hospital Architect Selection Report details the process and justification for engaging LK Design Group, Inc. to provide architectural and engineering design services for University Health's newest specialty hospital project.

The report opens by outlining the context: in early 2025, Christus Health announced the closure of its 45.12-acre Medical Center Hospital Campus, creating a strategic opportunity for University Health to expand its presence in the area. Given University Health's significant patient growth and high demand for specialized care, leadership identified the Christus site as an ideal location for expansion. This decision aligns with University Health's mission to improve access to high-quality care for Bexar County residents and continues its collaboration with Christus Health on patient transfers and service line coordination, particularly in neurology and complex care.

The analysis section explains that LK Design Group was selected due to its extensive familiarity with the facility, having completed the last four design projects at the Christus Medical Center site and maintaining complete CAD and electronic building files. This existing knowledge allows LK Design to efficiently assist University Health in evaluating, reconfiguring, and modernizing the facility for specialty services. The firm has already collaborated with University Health's staff to develop detailed space layouts, conduct code assessments, and confirm compliance with Texas Health and Human Services (THHS) facility requirements. Their local ownership and prior partnership experience with University Health further positioned them as the most qualified firm to deliver a seamless design-to-construction transition.

From a financial and strategic perspective, the proposed contract with LK Design Group totals $1,945,769, covering full Architectural, Mechanical, Electrical, and Plumbing (MEP) design services, contract administration, permitting, and code consulting. Funding will be drawn from Board Designated Capital Funds. The report emphasizes that this project supports University Health's Triple Aim Plus objectives—enhancing quality, safety, patient experience, and access to care—while addressing the ongoing surge in healthcare demand within the Medical Center. The staff recommends that the Board of Managers approve the contract with LK Design Group, thereby initiating design for the Babcock Specialty Hospital, a key step in expanding University Health's specialty care capacity and advancing its long-term strategic growth plan.

RECOMMENDATION: Staff recommends the Board of Managers approve a contract with LK Design Group, Inc. for an amount not to exceed $1,945,769 for design services.

COMMENTS /DISCUSSIONS: Mr. Hasslocher expressed his gratitude for the selection of the design firm. Mr. Banos added that University Health takes official ownership on Wednesday, October 29th at 11:00am and Mr. Hasslocher thanked the Board of Mangers for moving this forward.

LK Design Group is a women owned business to answer Ms. Jasso and Ms. Watts Davis inquiry.

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

Consideration and Appropriate Action Regarding the Purchase of Selective Medical Equipment, Warehousing, and Furniture for the Community Hospitals from Various Vendors — *Brian Freeman*

SUMMARY: The University Health Community Hospitals Medical Equipment, Warehousing, and Furniture Procurement Report provides a detailed breakdown of the second round of owner-furnished equipment purchases for the University Health Retama and University Health Palo Alto Community Hospitals, both scheduled for completion in 2027. Since early 2023, the projects have advanced through design and construction phases, prompting staff to align procurement schedules for Medical Equipment (MEQ), Furniture, Furnishings and non-medical Equipment (FFE), and related warehousing and technology systems.

This round of procurements ensures the timely arrival and installation of materials to maintain construction sequencing. Staff emphasized adopting a "turnkey" approach, integrating design, procurement, warehousing, and installation responsibilities under the Design Professional's scope to reduce risk and mitigate supply chain or price escalation impacts

The report recommends initiating the second series of equipment procurements immediately to support construction milestones. Validated by the Design Professional's medical equipment planner, the MEQ list adheres to operational and clinical standards and coordinates with each hospital's build schedule. Vendors were selected through the Group Purchasing Organization (GPO) for cost efficiency, and warehousing services are included to safeguard and stage materials for delivery. Adonius was selected as the warehousing vendor following a competitive process, offering local presence and experience in large healthcare programs. The FFE packages, curated by the Design Professional's interior design team, reflect the cultural identity of each community hospital and include locally sourced furniture. Early procurement was deemed essential due to long fabric lead times and global shipping delays.

The total recommended procurement package equals $62,130,575, with $29,909,119 allocated to University Health Retama and $32,221,456 to University Health Palo Alto. This amount includes $41.6 million for medical equipment, $1.3 million for warehousing, and $19.1 million for furniture and furnishings. Approval will increase the overall Community Hospitals Project budget from $1.329 billion to $1.391 billion.

The proposed purchases will be funded through previously approved project allocations, supporting University Health's Triple Aim Plus goals by improving access, safety, quality, and patient experience for underserved areas of Bexar County. Staff formally recommends that the Board of Managers approve the procurement and additional funding authorization for medical equipment, warehousing, and furnishings to sustain project schedules and ensure readiness for 2027 occupancy.

RECOMMENDATION: Staff recommends the Board of Managers approve additional funding for Owner-Furnished Equipment and storage services for Medical Equipment, Furniture and Furnishings and approve these purchases in an amount not to exceed $62,130,575.

University Health Retama Hospital	$29,909,119
University Health Palo Alto Hospital	$32,221,456

COMMENTS /DISCUSSIONS: None

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

EVALUATION: None.

FOLLOW UP: None

Consideration and Appropriate Action Regarding the Master Healthcare Services Agreement with UT Health San Antonio — *Edward Banos*

SUMMARY: The Master Health Care Services Agreement (MSA) with UT San Antonio report outlines the renewal of the long-standing academic and clinical partnership between University Health and UT San Antonio for the 2025–2026 period. The MSA ensures that UT San Antonio's faculty physicians and healthcare professionals continue to provide essential medical, surgical, and specialty coverage across University Health's facilities.

The total annual compensation under the proposed agreement is $164,966,273, reflecting a 4.1% decrease ($6.98 million) from the prior year's MSA. This decrease accounts for the transition of certain cardiology services from the MSA to a direct lease with University Medicine Associates (UMA) starting January 2026. The agreement supports University Health's academic mission by funding physician coverage, on-call services, and administrative support in a fair and legally compliant manner despite Texas' high uninsured population and low Medicaid reimbursement rates.

The report details coverage across 17 UT San Antonio departments, with the largest allocations to Medicine ($32.02 million), General Surgery/Trauma/Vascular ($22.29 million), Emergency Medicine ($15.69 million), Radiology ($14.79 million), and Neurosurgery ($12.94 million). Key funding increases include $1.17 million for a new pediatric neurosurgeon and retention pay, $798,331 for radiology faculty retention, and $593,519 for additional transplant specialists. Adjustments were made to improve alignment with patient demand and operational efficiency, including revised hospitalist staffing under MGMA benchmarks, balanced day/night Maternal-Fetal Medicine shifts, and restructuring of Emergency Medicine APP coverage. Duplication in Pediatric Hematology/Oncology coverage was corrected, and Gynecologic Oncology support was expanded for better continuity of care.

The MSA continues to reinforce University Health's "Triple Aim Plus" goals—enhancing quality, safety, patient experience, and access to care. Each department will maintain measurable performance metrics, such as timeliness of discharge orders, length of stay, radiology read times, and readmission rates, monitored monthly by leadership. Including all related academic and clinical support agreements—UMA leases, CareLink, and sponsored care—the total financial support to UT San Antonio in 2026 will reach $290,091,080.

RECOMMENDATION: Staff recommends the Board of Managers approval to enter into the 2025-2026 Master Health Care Services Agreement with UT San Antonio for the twelve-month period from November 1, 2025 through October 31, 2026 in an amount not to exceed $164,966,273 and to authorize the President and Chief Executive Officer to execute any documents necessary to consummate said agreement.

COMMENTS /DISCUSSIONS: Dr. Ms. Jasso asked about the physicians and doctors for the multi-Specialty hospital, are their services included in the Master Service Agreement? Mr. Banos provided an explanation.

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

Consideration and Appropriate Action Regarding Annual Operating Agreements with UT Health San Antonio for Medical Director Services and General Services — *Edward Banos*

SUMMARY: The Annual Operating Agreements (AOA) with UT San Antonio outline University Health's annual contracts that fund Medical Director Services and General Services to enhance system-wide clinical quality, compliance, and care coordination. These agreements ensure physician leadership participation in policy development, performance improvement, and patient safety initiatives. Medical Directors oversee the development of medical standards, quality assurance, and service line management, while General Services provide direct patient care, consultation, and residency support. The agreements are renewed yearly, and the 2025–2026 term continues University Health's long-standing academic collaboration with UT San Antonio, maintaining oversight over medical staff and aligning clinical practice with regulatory and accreditation requirements.

The proposed 2025–2026 AOAs represent a combined total of $20,680,509, marking a 3.6% increase ($715,596) from the prior year. This includes $11,189,960 for Medical Director Services—a 6.8% rise reflecting expanded support for Surgery Quality, Epidemiology, and the addition of a Reconstructive Surgery Medical Director—and $9,490,549 for General Services, which remains largely consistent with minor salary adjustments and the discontinuation of Gastroenterology H-1B fellow support. Specific recurring program costs include $800,000 for residency program support, $713,616 for house staff malpractice coverage, and $86,112 for University Medicine Associates malpractice insurance. Together, these services create a structured framework that supports leadership accountability, efficient patient navigation, and alignment between inpatient and ambulatory care settings.

Strategically, the AOAs advance University Health's Triple Aim Plus goals by improving access, safety, and clinical outcomes while ensuring consistent quality standards across its expanding hospital system. Medical Directors and UT San Antonio staff collaborate with University Health's operational leadership to monitor key performance indicators, including infection prevention, readmission reduction, and patient satisfaction. These agreements also preserve vital residency and academic pipelines, maintain compliance with CMS and Joint Commission standards, and ensure readiness for new community hospital openings.

RECOMMENDATION: Staff recommends the Board of Managers' approval and authorization for the President/ Chief Executive Officer to execute the 2025-2026 Annual Operating Agreements for Medical Director Services and General Services with UT San Antonio for the one-year period beginning October 1, 2025 and ending September 30, 2026 with the combined amount not to exceed $20,680,509.

COMMENTS /DISCUSSIONS: Dr. Cohen asked if the Chief Medical Director, he asked that it be ensured that the Chief Medical Officer for University Health not be the same for the other hospitals due to a conflict of interest. Mr. Banos provided a detailed response. Dr. Kelley commented how this report, the details and dollar amounts represents an exemplary investment and sets the Health System apart in our community through the collaborative efforts through all the departments.

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

Finance Agenda – *Jimmy Hasslocher, Chair*

Consideration and Appropriate Action Regarding the Financial Report for September 2025 — *Reed Hurley*

SUMMARY: The September 2025 financials showed University Health's consolidated bottom line for the month to reflect a gain of $17.1 million, $16.2 million better than the budgeted gain of $927 thousand.
This gain to budget is primarily due to patient activity driving positive net patient revenue of $19 million and CFHP Premium Revenue of $17.7 million.

In September, clinical activity (as measured by inpatient days) was up by 1% and inpatient discharges were higher than budget by 13.5%. Volumes exceeded prior year's performance across most key service delivery areas.

Community First experienced a bottom-line gain of $5.2 million, which was $6.2 million better than the budgeted loss of $997 thousand. Community First membership is up 4.2% compared to Budget driving up revenues as well as Medicaid Medical Claims Expense compared to budget.

Year to Date Operating Revenue:

- Net patient revenue is over budget by $169.7 million driven by high patient volumes, acuity of inpatient services, and the continued growth of retail pharmacy volumes.
- Supplemental revenue is under budget $8.3 million due to a change in estimated NAIP program revenue and DSH/UC final funding.
- Community First premium revenue exceeds budget by $73.9 million due to a 4.1% increase in insured membership compared to budget.

Year to Date Operating Expense:

- Employee Compensation is over budget by $64.3 million due to increased patient volumes requiring additional bedside staff and an increase in related health insurance expenses.
- Purchased Services are under budget by $8.1 million primarily related to timing of projects and professional services.
- Supplies are under budget by $8 million primarily due to implementation of supply savings initiatives reducing the cost per patient in procedural areas.
- Community First claims expense is over budget by $86.8 million due to higher-than-expected enrollment.

Year to Date Non-Operating Expense:

- Investment income of $63.8 million was higher than budget by $19.6 million.
- A net unrealized gain of $22.4 million has been recorded.

Consolidated Balance Sheet Report:

- Days Revenue in Patient Accounts Receivable: 37.4 days on a budget of 38.0 days.
- The Community Hospitals project has a total expected budget of $1.58 billion; of which $1.3 billion of contracts have been approved by the Board of Managers.

  Total payments of $660 million have been paid to date leaving $655 million encumbered. Of the Community Hospital's $1.58 billion budget, $1.3 billion in cash and bond proceeds have been committed for the project and additional cash reserves will be allocated over the next two years to fully fund the project.
- At the June 2025 Board meeting, $91 million was encumbered for the pending acquisition of the former Christus Medical Center hospital campus.

- Unencumbered funds reserved for future capital needs have a balance of $10.5 million.
- University Health's Net Asset Value has increased $263.4 million year to date on a Generally Accepted Accounting Principles (GAAP) basis including debt service tax revenue and interest expense on bonds.

RECOMMENDATION: Staff recommends approval of the September 2025 Financial Report subject to audit.

COMMENTS /DISCUSSIONS: Mr. Hasslocher commented on another great month and thank you Reed Hurley and staff

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

EVALUATION: None.

FOLLOW UP: None

Presentations and Education: None

Information Only Items:

A. Update on the Community Hospitals — *Brian Freeman*
B. University Health 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 7:59pm.

Jimmy Hasslocher
Chair, Board of Managers

Margaret A. Kelley, MD.
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.