



**BEXAR COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS**

Tuesday, October 29, 2024
6:00 pm
Cypress Room, University Hospital
4502 Medical Drive
San Antonio, Texas 78229

MINUTES

BOARD MEMBERS PRESENT:

Jimmy Hasslocher, Chair
Anita L. Fernandez, Vice Chair
Margaret Kelley, MD, Secretary
Patricia (Pat) Jasso
Beverly Watts Davis
David Cohen, MD

OTHERS PRESENT:

Edward Banos, President/Chief Executive Officer, University Health
Bill Phillips, Executive Vice President/Interim Chief Operating Officer, University Health
Ted Day, Executive Vice President/Strategic Planning & Business Development, University Health
Reed Hurley, Executive Vice President/Chief Financial Officer, University Health
Serina Rivela, Vice President / Chief Legal Officer, University Health
Don Ryden, Vice President/Project, Design & Construction, University Health
Dr. Bryan Alsip, Executive VP, Chief medical Officer, University Health
Dr. Sally Taylor, Sr. Vice President, Chief of Behavioral Medicine, University Health
Dr. Juan Garza, Sr. Vice President, Chief Quality & Health Informatics Officer
Travis Smith, Sr. Vice President, Chief Financial Officer, Clinical Operations
Dr. Monika Kapur, President, CEO, University Medicine Associates, University Health
Anna Taranova, Deputy Chief of Public Health, Innovation and Equity Officer, University Health
Dina Perez-Graham, Sr. Vice President, Chief Nursing Executive, University Health
Leni Kirkman, Executive VP, Chief Marketing, Communications & Corporate Affairs Officer, University Health
Andrew Smith, Executive Director, Government Relations and Public Policy
Horacio Vasquez, Executive Director, Supply Chain Management, University Health
Ashley Windham, DO, Vice President, Quality Informatics, University Health
Awoala Banigo, Sr. Vice President, Chief Revenue Officer, University Health
Robert Hromas, MD, Acting President, President and Professor of Medicine, Vice President for Medical Affairs, UT Health San Antonio
Robert Leverage, MD, Acting Vice President of Medical Affairs
Michael Little, MD, President, Medical/Dental Staff, University Health; and Associate Professor, Department of Anesthesiology, UT Health SA

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Theresa Scepanski, President and CEO, Community First Health Plans
Daverick Isaac, Sr. Vice President and CFO, Community First Health Plans
Carol Huber, Deputy Chief Public Health & Equity Officer
Jennifer Rodriguez, Vice President, Chief Pharmacy Officer, Pharmacotherapy & Pharmacy Services
Elizabeth Allen, Director, External Communications, Corporate Communications, University Health
Josh Nieto, Chief Compliance, HIPPA Officer
Larry Wallis, Director, Internal Audit, University Health
Trey Wineglass, Administrative Resident, University Health
And other attendees.

CALL TO ORDER:

Mr. Hasslocher called the Board meeting to order at 6:05 pm.

INVOCATION AND PLEDGE OF ALLEGIANCE — JIMMY HASSLOCHER, CHAIR

Invocation – Paula King Harper, University Health Chaplain — *Jimmy Hasslocher, Chair*

Mr. Hasslocher led the pledge of allegiance.

PUBLIC COMMENT: None

APPROVAL OF MINUTES OF PREVIOUS MEETING: September 24, 2024 (Regular Meeting)

SUMMARY: The minutes of the Board meetings of Tuesday, September 24, 2024 were submitted for the Board’s approval.

RECOMMENDATION: Staff recommends approval of the minutes as submitted.

COMMENTS /DISCUSSIONS: None

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

EVALUATION: None

FOLLOW UP: None

Report from UT Health San Antonio — Robert Hromas, MD., Acting President, Acting President and Professor of Medicine, Vice President for Medical Affairs, UT Health San Antonio

SUMMARY: Dr. Hromas commented on American Medical Association has a Joy Medicine Award that is given to certain organizations that exhibit certain levels of provider and staff wellness and UT Health placed in third place, Patrick Sung, Breast Cancer Researcher has won the 2024 Basser Global Prize on October 21st. UT Health has begun its’ School of Public Health where Dr. Bryan Alsip will be an Adjunct Faculty. UT Health San Antonio ranked 12th in the U.S. in Research Impact. Lastly, UT Health is opening it Research building dedicated to aging, cancer, dementia and diabetes. Dr. Little commented on the National IV shortage and how everyone is collaboratively working to utilize the current supply.

Dr. Kelley thanked Dr. Hromas for sharing on the awards for the Medical School and asked how long is the CRNA Program. Dr. Hromas stated that it is 3 years long with the option to Specialize such as a Doctorate.

NEW BUSINESS – CONSENT AGENDA – JIMMY HASSLOCHER, VICE 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 23, 2024 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 1, 2024, 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 23, 2024 and reviewed proposed revisions to Delineation of Privilege and the Professional Performance Evaluation Report and forms. In its meeting of October 1, 2024, 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 Resolution for the Delegation of Board Committee for the Expedited Approval of Medical-Dental Staff Membership and Clinical 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. Pursuant to Article III, Section 3.3-1 of the Medical-Dental Staff Bylaws, final approval for initial appointments and reappointments to the Medical Staff and the granting clinical privileges shall be made by the Board of Managers. The Board of Managers shall act on initial appointments, reappointments, or revocation of appointments only after there has been a recommendation from the Executive Committee of the Medical-Dental Staff.

Requests for the credentialing and privileging of clinical providers are collected and reviewed by Professional Staff Services. After approval by the Credentials Committee, Chief of Medical-Dental Staff; President/CEO of University Health or Chief Medical Officer as designee; and the Executive Committee of the Medical-Dental Staff, all applicant files are sent to the Board of Managers for final approval.

The Joint Commission grants the Board of Managers authority to expedite initial appointments to membership, grant privileges, reappoint applicants for membership, and renew or modify privileges, by delegating the authority to a committee of at least two voting members of the governing body.

Consideration and Appropriate Action Regarding a Contract between Community First Health Plans, Inc. and Cotiviti, Inc. for Payment Policy Management, Coding Validation, Prospective and Retrospective Clinical Chart Validation Services — *Theresa Scepanski*

SUMMARY: Incorporating a payment integrity strategy is essential to effective claims processing, provider relations, and cost savings. To maximize payment integrity savings and reduce provider abrasion, payers must find the optimal balance for their business. Securing an integrated payment accuracy solution will facilitate Community First Health Plans, Inc. (Community First) efforts in identifying previously unrealized medical and administrative cost savings by providing integrated capabilities to review 100% of all major claim types, both pre and post-pay. Connectivity among solutions such as, payment policy management (PPM), coding validation (CV), prospective and retrospective clinical chart validation (CCV), creates a natural feedback loop, applying improvements to the right intervention type at the right time in the claim process ensuring accuracy in payment responsibility and detection of potential patterns of fraud, waste, and abuse. PPM is based on best-practice clinical and payment policies, ensuring compliance to avert or recover incorrect claim payments, validate accuracy and identify and address claim discrepancies immediately following claim adjudication and before a claim is paid. CV adds a last line of defense against costly overpayments and recoveries by applying advanced clinical and coding algorithms to edits and flags claims before final adjudication. CCV provides a comprehensive review of prospective and retrospective claim reviews of inpatient DRGs, short stays, and readmissions, eliminating the need to wait for medical records and reducing administrative burden for providers.

After careful consideration, Cotiviti, Inc., (Cotiviti) provided Community First with the best overall value and solution based on the following key strengths: (1) offers innovative technology that supplies industry-leading capabilities resulting in best-in-class payment accuracy results; (2) determinations are based on evidence-based clinical payment policies; (3) interfaces with Cognizant's QNXT core operating system ; (4) successfully supports other Texas Medicaid managed care organizations; (5) maintains a HITRUST certification; and (6) provides a robust suite of account management reporting and data analytics that support the ongoing effectiveness of the application of payment policies.

Cotiviti will provide self-service training to Community First staff on policy determination and support processes as well as end-user training on claims inquiry tools. At the time of initial implementation, and as needed once policy application commences, Cotiviti will provide hands-on training that can be customized to address the needs and perspectives of different user groups at Community First.

Cotiviti will employ a collaborative, partnership approach supported by a shared savings business model. This model mutually aligns our objectives, creating a collaboration to ensure the claims review process is both efficient and effective while delivering value to Community First. Cotiviti projects \$13.6 million in annual savings for Community First by implementing PPM, CV, and CCV, without disruption to our current claim processes and workflows.

In year-one, Cotiviti estimates \$14M in annual savings by using PPM, CV, and CCV services. Subsequent years will result in slight savings reductions based on billing and claim payment improvements. The contract with Cotiviti is based on a percentage of savings model, excluding the one-time implementation fees of \$300,000. The fee rate to Cotiviti is 29% of actual annual savings to Community First.

The requested contract with Cotiviti is for a three-year period. Fees and net savings are illustrated below:

	YEAR 1	YEAR 2	YEAR 3	3-YEAR TOTAL
One-time Implementation Fee	\$300,000			\$300,000
Estimated Annual Savings	\$14,000,000	\$11,900,000	\$10,710,000	\$36,610,000
Estimated Fee Rate (29%)	\$4,060,000	\$3,451,000	\$3,105,900	\$10,616,900
Net Savings to Community First	\$9,640,000	\$8,449,000	\$7,604,100	\$25,693,100

Consideration and Appropriate Action Regarding an Appointment to The Center for Health Care Services Board of Trustees — Jimmy Hasslocher, Chair, Nominating Committee

SUMMARY: The current Sponsorship Agreement for The Center for Health Care Services (the Center) between Bexar County and University Health establishes a Center Board composed of nine (9) Trustees. Commissioners Court appoints five (5) Trustees, one appointed by each Court member. The Board of Managers appoints four (4) Trustees. The Sponsorship Agreement staggered the Trustee terms so that only two of the four University Health’s appointments are due in any one year.

With the recent passing of Mary Rose Brown, a long-time servant on the Center Board, a vacancy currently exists. Travis Smith, who has been with University Health in financial leadership since 2016, is willing to step into that vacant role. Mr. Smith currently manages Supply Chain, Decision Support/Budget, and Financial Operations teams, emphasizing collaboration with clinical executives and colleagues at UT Health to enhance the financial performance of University Health operations. He is a Fellow of both HFMA and ACHE and holds Masters degrees in Healthcare & Business Administration from the University of Houston – Clear Lake. Prior to joining University Health, Travis served as an Entity Chief Financial Officer for the Baylor Scott & White Health System.

Travis brings a wealth of experience and looks forward to providing meaningful contributions to the Center Board’s mission and efforts. Because he would be filling a vacant position, his term—if appointed—would begin October 29, 2024 through June 30, 2026 and just short of the full appointment period.

Consideration and Appropriate Action Regarding an Authorization to CPS Energy for Secondary Feeder Equipment and Service Cabling at University Health Palo Alto Hospital and University Health Retama Hospital — Don Ryden

SUMMARY: The University Health Palo Alto Hospital and University Health Retama Hospital projects are all in the early construction phase and CPS Energy has been preparing engineered drawings for the permanent electrical service that will be installed to deliver power to each of these facilities.

Staff coordinated with the design team and CPS Energy (CPS) to determine the best solutions to deliver power to the facilities without requiring significant changes to the existing site plan and layout. In July CPS provided pricing for the primary fees serving the Hospital which was approved by the Board.

This coordination clarified University Health’s intent to request CPS to provide redundant electrical service feeds to improve the resiliency of the new facilities. As a result, CPS has now provided their engineering and installation estimates for these secondary service feeds.

The total increased cost of the CPS work is \$3,213,000. Funding requirements are summarized below.

University Health Retama Hospital Cable and Equipment	\$1,200,000
University Health Palo Alto Hospital Cable and Equipment	<u>\$2,013,000</u>
	\$3,213,000

Approval of this increase in allocated Project funding results in total obligated Project budgets of:

University Health Retama Hospital	\$620,186,444
University Health Palo Alto Hospital	\$658,134,380

This purchase will be funded from the overall project budget.

Consideration and Appropriate Action Regarding a Job Order Contract with Jamail & Smith Construction LP for the Storm Water Drainage and Pollution Plan at 6200 Northwest Parkway, San Antonio, Texas 78249 — *Bill Phillips*

SUMMARY: In June 2024, University Health purchased the property at 6200 Farinon Drive, identified as Business Center 3. During the due-diligence process, staff discovered that the south face and southeast corner of the facility had some differential settlement. It was suspected at the time, that there may be structural issues with this part of the building. A structural engineer was engaged to investigate the issue and confirmed that settlement was localized to the aforementioned area, determining that the storm water drainage system is the cause.

The current system is too small and cannot quickly disperse storm water from accumulating on the foundation. The impervious parking lot to the east of the facility directs water to the building, accumulating water at the exterior eastern foundation, leading to differential settling due to inadequate drainage. Furthermore, the storm drains are located at the bottom of the sloped landscaping next to the facility, which allows debris from soil erosion, rocks, and leaves to block the water flow.

University Health contracted with Pape-Dawson, a geotechnical engineering firm, to design a robust drainage system to address the issue. This new system will collect storm water from the parking lot, even during heavy rain, and redirect it away from the facility. The goal of the new drainage system is to collect most of the water shed before reaching the existing storm drains.

The cost of the drainage work can be offset by utilizing rent payments University Health receives through leasing a portion of the second floor to United Healthcare. United Healthcare currently pays \$201,935 a month to run their call center as they transition to their new location at the end of the year. Additionally, University Health purchased the property at \$2,097,500 below the appraisal price.

This purchase is being made through the TSAB Buy Board #728-24 job order contract and is therefore considered competitively bid. Planning, Design and Construction is requesting a purchase order be awarded to Jamail and Smith for \$645,054.00 to provide construction services based on the designs provided by Pape-Dawson.

Consideration and Appropriate Action Regarding Additional Funding for a Professional Services Agreement between University Medicine Associates and UT Health San Antonio for University Hospital Based Anesthesia Services — *Edward Banos*

SUMMARY: Over the past two years, UT Health San Antonio has struggled to recruit anesthesiologists and certified registered nurse anesthetists (CRNAs), primarily due to UT Health's inability to pay market competitive salaries. The shortage of anesthesia providers has affected the ability of University Health to grow surgical and procedural volumes in the operating room, advanced diagnostic center, and ambulatory surgery centers (ASCs). It has also resulted in extended lengths of stay for inpatients and extended wait times for outpatients requiring surgery or procedures.

Effective September 1, 2023 UT Health San Antonio and University Health agreed to enter into a Professional Services Agreement (PSA) whereby University Health would lease the Department of Anesthesiology for hospital based anesthesia. At the July 30, 2024 meeting, the Board of Managers approved the renewal of this agreement for an additional one-year term beginning September 1, 2024.

When the original PSA was entered into, University Health and UT Health leadership agreed to a monthly base payment which was to be reconciled at the end of the agreement for the additional amounts owed due to the extra shifts provided by UT Health providers. The surgical and procedural volumes within the University Health operating rooms, advanced diagnostic center and ambulatory surgery centers increased 8% over the previous twelve-month period. Additionally, live births increased 36% over the same time period. Third party anesthesia services provided by Sound Anesthesia at the MARC, RBG and for OB CRNA coverage was reduced during this period and then finally terminated July 1, 2024.

The original PSA authorized by the Board provided annual support of \$41,999,676 to UT Health San Antonio for anesthesia services. Due to the volume increases and the need for additional shifts, the reconciliation of the cost of additional services provided by UT Health Anesthesia is \$4,683,296. (Note: The agreement approved by the Board of Managers effective September 1, 2024 includes the reconciled increased costs.)

The increase in surgeries and live births generated over \$15,000,000 in additional net patient revenue for University Health. The additional anesthesia professional fees billed and collected by UMA pursuant to the original PSA were \$2,500,000. The cost of third party anesthesia services provided by Sound Anesthesia was \$326,988 under budget. Each of these items contribute to fully offset the additional cost of anesthesia services.

Consideration and Appropriate Action Regarding a Professional Services Agreement Funded through the Substance Abuse and Mental Health Services Administration Minority AIDS Initiatives with Rosetta's Key in Support of the Substance Use Treatment Program — *Anna Taranova, M.D.*

SUMMARY: The purpose of this Agreement is to provide funds to Rosetta's Key for outpatient substance use treatment services for individuals with a substance use disorder (SUD) or co-occurring substance use and mental health disorder (COD) at-risk or living with HIV/AIDS. This funding was awarded directly to Bexar County from federal funds that are administered by the Substance Abuse and Mental Health Services Administration (SAMHSA) Minority AIDS Initiative to increase access to care among underrepresented populations. The allocated funding will allow Rosetta's Key to provide access to outpatient substance use treatment services.

Rosetta's Key is a local non-profit 501(c)3 organization and existing partner of University Health, focused on increasing health equity and providing care and services for people affected by HIV/AIDS and their families. They offer outpatient, trauma-informed, evidence-based substance abuse treatment for people with SUD or COD in Bexar County and surrounding areas.

This partnership allows for a comprehensive continuum of care for persons living with HIV/AIDS and those at risk for HIV/AIDS in Bexar County and surrounding areas. These strategic and ongoing collaborations represent a cost-effective use of public resources.

Rosetta's Key is subject to the Department of Health and Human Services (HHS) Standard Terms and Conditions of Award for SAMHSA Grantees, relevant State and Federal statutes and regulations, and applicable administration requirements set out in Uniform Guidance 2 Code of Federal Regulations (CFR) § 200 as codified by HHS at 45 CFR § 75; HHS Grants Policy Statement; and SAMHSA Additional Directives.

These services make a significant impact in reducing the spread of HIV, achieving engagement in care, affording optimal health outcomes, and contribute to ending the HIV epidemic. This collaboration emphasizes University Health's commitment to promoting the community's good health and improving the delivery of patient care.

Consideration and Appropriate Action Regarding a Professional Services Agreement Funded through the Centers for Disease Control and Prevention with Texas Health Institute in Support of a Comprehensive Public Health Approach to Suicide Prevention — *Anna Taranova, M.D.*

SUMMARY: In June 2023, the Centers for Disease Control and Prevention (CDC) awarded Bexar County Hospital District \$3,797,672 in funding to implement the Comprehensive Suicide Prevention Blueprint for Adults and Youth (CoSPLAY) Program. CoSPLAY is a four-year program to implement a comprehensive public health approach to suicide prevention with the aim to reduce overall suicide morbidity and mortality.

Texas Health Institute, Inc. has long-standing track record of accessing and analyzing the Vital Statistics Data and working with community organizations on conducting complex data analyses from national data sources.

Their work includes analyzing population-based surveillance data, including National Vital Statistics System, National Violent Death Reporting System, identifying the disproportionately affected populations using surveillance data, describing circumstances of suicide, and analyzing the emergency department syndromic surveillance data for tracking and monitoring suicide morbidity, including the suicide attempts and ideations.

Because of the Texas Health Institute’s epidemiological experience in mental and behavioral health, University Health CoSPLAY program has partnered with the organization on the mission to improve suicide awareness in our community and schools, provide surveillance of syndromic morbidity and mortality data in support of CoSPLAY’s goals.

The overall program impact, including the agreement with Texas Health Institute, is budget neutral. The activities included in this agreement are part of the CoSPLAY program and are funded entirely by the CDC Award No. 1 NU50CE002607-01-00. The table below reflects the funding that has been allocated to the Texas Health Institute throughout the life of the program to reduce suicide attempts and deaths for persons, 15 to 44 years old, residing in Bexar County.

Period/Year	CoSPLAY Program Overall Budget	Texas Health Institute Allocated Funds
Y1: FY 23-24 09/15/2023-9/14/2024	\$949,418	\$80,000
Y2: FY 24-25 09/15/2024-9/14/2025	\$949,418	\$80,000
Y3: FY 25-26 09/15/2025-9/14/2026	\$949,418*	\$80,000
Y4: FY 27-28 09/15/2026-9/14/2027	\$949,418*	\$80,000
TOTAL : 9/15/2023-9/14/2027	\$3,797,672	\$320,000

Note:

* Budget is received on a yearly basis. Exact amount is contingent on overall programmatic budget approved by CDC.

Consideration and Appropriate Action Regarding the 3rd Quarter 2024 Investment Report — Reed Hurley

SUMMARY: Attached for your approval are the Investment Portfolio Summaries for University Health and Community First invested funds for the third quarter of 2024. In total, the value of all invested funds as of September 30, 2024, was \$2,335,584,383 consisting of University Health, Project, Certificate, LPPF and Community First Funds. The reports include all information required by the Texas Public Funds Investment Act. In addition, the University Health and Community First portfolio reports have been provided separately. The portfolios earned \$26,837,123 of interest income during the third quarter, a decrease of 8% from the previous quarter’s \$29,111,210, but still 6% more than the same period a year ago.

With interest rates declining this quarter and the Federal Reserve kicking off a series of rate cuts, we expect to see income fall in the months ahead. The portfolio’s unrealized loss flipped to an unrealized gain in the third quarter as falling interest rates translate to higher market values on existing positions.

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As of September 30, 2024, the University Health portfolio for operations (excluding Community First and the debt related funds) was valued at \$1,984,966,520. The portfolio, consisting of the Operating, Emergency Reserve, Capital and M&O Tax Funds, earned \$22,108,420 during the quarter, had a weighted average yield of 4.62% and a weighted average maturity of 292 days. The portfolio trails behind the 6-month Constant Maturity Treasury (CMT) benchmark, which yielded 5.16%, and is below the 1-year CMT benchmark's 4.93% yield. Performance has lagged the benchmarks in recent quarters due to rapid rise in market rates. However, the longer-term nature of the Emergency Reserve and Capital Funds will contribute to outperformance in the future as the benchmarks turn lower along with market rates.

Proceeds from the Series 2022 bonds have been completely expended and proceeds from the Series 2023 bonds are being spent rapidly with the fund balance falling nearly \$50 million in the third quarter to \$35,238,467. All remaining proceeds are now held in local government investment pools or money market mutual funds, which provide full liquidity. The weighted average yield as of September 30th was 5.18%.

University Health also collects property taxes for debt service which are segregated into the Interest & Sinking (I&S) Tax Fund. The amount held in this account as of September 30, 2024, was \$3,175,083 with a weighted average yield of 5.16%. The I&S Tax Fund monies are held in local government investment pools and money market mutual funds in order to make debt service payments on February 15, 2025. University Health operates a Local Provider Participation Fund (LPPF) which is financed by mandatory payments assessed on private hospitals. As of September 30, 2024, the balance in this account was \$8,184,353. These funds are held in local government investment pools and money market mutual funds in order to process intergovernmental transfers when required. The weighted average yield was 5.09%.

The Community First Health Plans, Inc. portfolio (including Community First Group Hospital Service Corporation PPO) was valued at \$304,019,459 as of September 30, 2024. Community First's portfolio earned \$3,574,407 during the quarter and ended the period with a weighted average yield of 4.66% and a weighted average maturity of 398 days. The portfolio's yield trails the 1-year CMT's at 4.93%.

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 2024 includes 18 proposed contracts for Board of Managers action. The total requested Board of Managers approval for these 18 contracts is \$18,762,051. Additional Presented contracts during the October 2024 Board of Managers meeting total \$211,313,549 and are considered for approval separate from the Purchasing Consent Attachment A.

RECOMMENDATION: Staff recommends Board of Manager's approval of:
1) Purchasing Consent Agenda Items; and,
2) Purchasing Consent Attachment "A" in the amount of \$18,762,051

COMMENTS /DISCUSSIONS: None

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

EVALUATION: None.

FOLLOW UP: None

Action Items:

Consideration and Appropriate Action Regarding Community First Health Plans, Inc.'s Preliminary Operating and Capital Budgets for Fiscal Year 2025 — Theresa Scepanski/Daverick Isaac

COMMENTS/DISCUSSIONS: *Mr. Reed Hurley provided a brief introduction regarding the presentation of the Fiscal Year 2025 Budgets. The budgets are presented in phases, Theresa and Daverick will present the Community First Health Plans, Inc. budgets; followed by Reed Hurley presenting the clinical services division budgets for University Health; we will not ask for approval of the presented budgets tonight as in November's meeting those budgets will be combined those budgets and ask for approval of the Consolidated Budgets.*

SUMMARY: Throughout Fiscal Year (FY) 2025, Community First will manage the healthcare needs for an expected average consolidated membership of 166,523 members while delivering a budgeted net income of \$13,151,988. The budgeted underwriting income (excluding Investment Income, Premium Deficiency Reserve, and Federal Income Tax) is budgeted to be an underwriting gain of \$3,931,268. The executive management team has considered and incorporated into the preliminary FY 2025 Budget all necessary resources that will enable Community First to achieve its financial targets while still delivering operational excellence and providing quality care. The goals and strategic priorities include:

- 1) Expand market share in the STAR, STAR Kids, STAR+PLUS and CHIP lines of business as it relates to membership.
- 2) Increase membership in Medicare and Marketplace.
- 3) Continue development and implementation of advanced alternative payment models (APM) and expansion of the provider incentive program.
- 4) Enhance and expand coordination and integration with University Health in support of ongoing evolution towards an industry-leading integrated delivery system.
- 5) Enhance and expand advanced financial and medical economic analytics, including predictive modeling and risk score optimization.
- 6) Continue to improve member and provider satisfaction, and quality medical outcome measures.

Total Revenue for FY 2025 is budgeted at \$1.14B. This represents an increase of 26.63% over the FY 2024 Outlook. The table below represents the change in revenue per member per month (PMPM) between the FY 2025 Budget and September 2024 year-to-date (YTD) actuals.

Product	FY 2024 Revenue - PMPM	FY 2025 Revenue - PMPM	Inc / (Dec)	% Change
STAR	380.94	372.42	(8.52)	-2.3%
STAR KIDS	2,404.82	2,406.05	1.23	0.1%
STAR+PLUS	2,483.94	2,483.94	-	0.0%
CHIP	170.16	160.52	(9.64)	-6.0%
CHIP PERINATE	454.86	473.42	18.56	3.9%
MEDICARE ADVANTAGE	930.55	1,125.92	195.37	17.4%
MEDICARE DSNP	1,695.58	2,085.21	389.63	18.7%
MARKETPLACE	813.88	801.90	(11.98)	-1.5%
COMMERCIAL	995.00	995.00	-	0.0%
ASO	20.00	30.00	10.00	33.3%

FY 2025 revenues were based on rate information provided by HHSC for STAR, STAR Kids, STAR+PLUS, and CHIP. Medicare and Marketplace rates are based on rates calculated by Community First external actuaries and approved by the Centers for Medicare and Medicaid Services (CMS) and the Texas Department of Insurance (TDI), respectively.

RECOMMENDATION: This information is presented for review and discussion. The Community First Operating and Capital budget was presented and approved by the Community First Health Plans, Inc., Board of Directors on October 25, 2024. Staff will present the proposed, consolidated Operating, Debt Service and Capital Budgets for Fiscal Year 2025 to the Board of Managers in November 2024, for approval and endorsement for Bexar County Commissioners Court for their final approval in December 2024.

COMMENTS /DISCUSSIONS: Mr. Banos suggested presenters to highlight the use of Insurance Brokers. They are key to help enroll potential members in Medicare, they are local in San Antonio. While there are several people capable of enrolling online, there are people who need assistance during the open enrollment period. Mr. Hasslocher thanked Theresa and Daverick for their presentation and for their hard work.

ACTION: This information is presented for review and discussion only. No Board of Managers action needed at this time.

EVALUATION: None.

FOLLOW UP: None

Consideration and Appropriate Action Regarding Bexar County Hospital District d/b/a University Health’s Preliminary Operating, Debt Service and Capital Budgets for Fiscal Year 2025 — Edward Banos/Reed Hurley

SUMMARY: The preliminary 2025 budget was developed using the Triple Aim Plus as our guiding principles. Improving quality, safety and outcomes, improving the patient experience, improving efficiencies, and improving access to care, were all taken into consideration during the budget planning process. The preliminary 2025 budget incorporates many known or expected changes for 2025. These include inflation impacts, changes in Medicaid supplemental funding, major projects, and changes in patient volumes.

To address these issues, University Health continues to improve operational efficiencies and reduce expenses wherever possible without sacrificing quality of care. At the Board meeting, staff will present additional information on the preliminary 2025 Operating, Debt Service, and Capital budgets.

University Health and health care systems across the country are being impacted by inflation on wages, supplies, and many purchased services. This inflationary environment is squeezing margins as costs are increasing faster than reimbursements. Governmental payers such as Medicare and Medicaid have processes for increasing payment rates but these processes can take years to catch up to quickly escalating expenses. Commercial insurance companies have multi-year contracts with health care providers like University Health, which normally have annual escalators in the three percent range. Health care providers will be under financial stress until payment rates catch up to current expense levels.

There are a number of large projects with budget implications that staff and leadership will focus on during 2025. The opening of the new Women's and Children's Hospital in December 2023 has provided additional capacity for Pediatric and Women's services which have grown dramatically during 2024. The Labor and Delivery area has increased over 25%. We anticipate continued growth in deliveries, pediatric admissions, and increased census in the Neonatal Intensive Care Unit (NICU) during 2025.

The Community Hospitals project consisting of two similar facilities one in Northeast Bexar County and one in South Bexar County broke ground in 2024. Although these projects will require significant time and effort from staff, there will be minimal impact to the operating budget until the facilities come on line in early 2027. The total estimated project cost is \$1.5 billion. Staff acquired \$300 million of bond funding in September 2022 and \$200 million in August of 2023 to help fund the project. Combined with \$620 million of cash reserves the project fund has a current funded balance of \$1.1 billion. Additional cash reserves will be allocated to the project over the next few years during the construction phase.

On October 11, 2022, Bexar County Commissioners Court awarded \$40 million in ARPA funding for the construction of two public health facilities in underserved areas of Bexar County. One facility will be located on University Health property near Texas A&M - San Antonio named the University Health Vida and the other on land at I-10 east and East Houston Street named the University Health Wheatley. Similar to the Community Hospitals Project, the public health facilities are under construction and will have minimal impact to the 2025 operating budget. These facilities should start seeing patients in late 2025.

The Capital Committee, working with the area Vice Presidents, prioritized the 2025 capital request. The capital budget for 2025 is recommended at \$46.0 million, which is \$0.7 million lower than the 2024 routine capital budget. In prioritizing the capital needs for 2025, the Capital Committee met and focused on items that were considered as "Essential: Cannot Function Without," "Important: Necessary for Improvement," and "Proactive: Necessary to Avoid Problems." A summary of the capital by priority category is in the following table:

2025 Routine Capital Requirements

Priority	Mandated (Regulatory Safety & Required Maintenance)	Replacement	Strategic (New Service / Expansion)	Grand Total
Essential: Cannot Function Without	\$ 6,767,671	\$ 14,319,259	\$ 3,616,218	\$ 24,703,148
Important: Necessary For Improvement	\$ 539,778	\$ 4,269,585	\$ 8,532,323	\$ 13,341,686
Proactive: Necessary To Avoid Problems	\$ 1,060,000	\$ 5,380,460	\$ 1,528,204	\$ 7,968,664
Total Clinical Services	\$ 8,367,449	\$ 23,969,304	\$ 13,676,745	\$ 46,013,499

Debt Service Requirement:

The required principal and interest payments on University Health’s outstanding bonds due in 2025, is \$99.8 million. This amount is \$3.4 million higher than 2024 debt service. The increase is due to the additional bonds issued in 2022 and 2023 for the Community Hospitals project.

RECOMMENDATION: This information is presented for review and discussion only. On November 19th, Staff will present the proposed consolidated Operating, Debt Service and Capital Budgets for Fiscal Year 2025 to the Board of Managers for approval and endorsement to Bexar County Commissioners Court for final approval on December 10, 2024.

COMMENTS /DISCUSSIONS: Several questions on various topics were brought up and multiple discussions ensued. Mr. Hasslocher commented to the Board on having a December 10th Board of Managers meeting and asked they mark their calendars.

ACTION: This information is presented for review and discussion only. No Board of Managers action needed at this time.

EVALUATION: None

FOLLOW UP: None

Consideration and Appropriate Action Regarding Selected Purchasing Items:

Consideration and Appropriate Action Regarding a Renewal of the Memorandum of Understanding for a Local Match with The Center for Health Care Services for State Fiscal Year 2025 — Sally Taylor, M.D.

SUMMARY: The Center for Health Care Services (“the Center”) is a Community Center for Mental Health and Mental Retardation and provides an array of mental health, intellectual/developmental disability, and drug/alcohol related treatment services at locations throughout Bexar County. It is the Local Mental Health Authority (LMHA) for Bexar County.

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In the late 1990s, the Center was reorganized and Commissioners Court asked University Health to serve together with Bexar County as one of the Center’s two sponsoring agencies. In May 2000, Bexar County and University Health jointly executed a Sponsorship Agreement in support of the Center. This Sponsorship Agreement replaced the original agreement establishing the Center in 1966.

Changes in State law in 2005 resulted in a change in how mental retardation services, now referred to as Intellectual and Developmental Disability Services (IDD) were delivered in Texas. This resulted in the Alamo Area Council of Governments (“AACOG”) assuming the role of the Local IDD Authority and the Center becoming an IDD service provider. The local funding previously provided by University Health to the Center for the Local IDD Authority was redirected to AACOG and funding to the Center as the LMHA continued. University Health’s Board of Managers makes four appointments to the Center Board of Trustees and one appointment to the AACOG Board of Directors.

This Memorandum of Understanding provides for a direct monetary contribution to the Center in accordance with the Sponsorship Agreement and this funding serves as the local governmental commitment necessary for the Center to receive State funding. This MOU does not create an employment relationship, partnership, or joint venture between the Center, its subcontractors or employees and University Health.

This Memorandum of Understanding (MOU) renews the agreement that provides payment of a direct monetary contribution as the local match requested by HHSC for State Fiscal Year 2025 (SFY25) in furtherance of University Health’s sponsorship commitment. The current renewal covers SFY25, September 1, 2024 – August 31, 2025, with two successive one-year automatic renewals.

The renewal of the SFY25 Local Match MOU facilitates payment of a direct monetary contribution for the local match in connection with University Health’s sponsorship obligation. University Health has determined its level of support for SFY25 as \$2,782,665, payable in four (4) equal installments of \$695,666.25 each quarter beginning September 1, 2024 through August 31, 2025. This amount derives from the HHSC formula based on Bexar County’s per capita income and the level of General Revenue (GR) allocation from HHSC to Bexar County (calculated at nine percent of GR). The SFY25 local match increased by \$56,615 from SFY24. The cost of this agreement is included in University Health’s 2025 budget.

RECOMMENDATION: Staff recommends the Board of Managers approve and authorize the President/CEO to execute a renewal of the Local Match Memorandum of Understanding with the Center for Health Care Services in the amount of \$2,782,665 for State Fiscal Year 2025 (September 1, 2024 – August 31, 2025), payable quarterly, and to include two successive one-year renewals for a total cost of \$8,347,995 for the three year period.

COMMENTS /DISCUSSIONS: Ms. Fernandez asked about the Children’s Mental Health Services there is a possibility of a proposed decrease. Dr. Taylor that the state target for 2024 CHCS did not fund the states target and not sure if that affected the 2025 target is unknown. Further discussions ensued.

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

EVALUATION: None.

FOLLOW UP: None

Consideration and Appropriate Action Regarding a Renewal of the Memorandum of Understanding for a Local Match with the Alamo Area Council of Governments for State Fiscal Year 2025 — Sally Taylor, M.D.

SUMMARY: The Alamo Area Council of Governments (AACOG) is a voluntary association of local governments that works to enhance the quality of life of residents in the Alamo Area. AACOG offers various services including Aging and Disability, Veterans and Caregiver Resources, along with Transportation and Weatherization Assistance. AACOG also serves as the single point of access for authorization of services and supports for individuals with Intellectual and Developmental Disabilities (IDD) in Bexar County.

In 1966, local governmental entities (not including University Health), established the Center for Health Care Services (“the Center”) to provide mental health and mental retardation services in Bexar County according to State law. In the late 1990’s, the Center was reorganized and Commissioners Court asked University Health to serve together with Bexar County as one of the Center’s two sponsoring agencies. In May 2000, Bexar County and University Health jointly executed a Sponsorship Agreement in support of the Center.

This Memorandum of Understanding provides for a direct monetary contribution to AACOG in accordance with the Sponsorship Agreement and the funding serves as the local governmental commitment necessary for AACOG to receive state funding as the LIDDA. This agreement does not create an employment relationship, partnership, or joint venture between AACOG, its subcontractors or employees and University Health.

This Memorandum of Understanding (MOU) renews the agreement that provides payment of a direct monetary contribution as a local match requested by HHSC for State Fiscal Year 2025 (SFY25) in furtherance of University Health’s sponsorship commitment. The current renewal covers SFY25, September 1, 2024 – August 31, 2025, plus two successive one-year automatic renewals.

Since SFY2020, the Local Match added the provision for one full-time equivalent of AACOG personnel as an in-hospital liaison at University Hospital. The liaison provides care coordination including communication with families and community providers, and support for patients with complex behavioral and medical needs at University Hospital. The liaison also provides guidance and training for hospital staff in caring for this patient population. In March 2022, AACOG increased access by providing a psychologist to evaluate patients at University Hospital to facilitate eligibility/intake for services.

The renewal of the AACOG Local Match MOU facilitates payment of a direct monetary contribution for the local match required for University Health’s sponsorship obligation. University Health has determined its level of support for SFY25 as \$315,202, payable in four (4) equal installments of \$78,800.50 each quarter beginning September 1, 2024 through August 31, 2025. This amount derives from the HHSC formula based on Bexar County’s per capita income and the level of General Revenue (GR) allocation from HHSC to Bexar County for purposes of supporting IDD services (calculated at nine percent of GR). The SFY25 local match amount is unchanged from SFY24. The cost of this agreement is included in University Health’s 2025 budget.

RECOMMENDATION: Staff recommends Board of Managers’ approve and authorize the President/CEO to execute a renewal of the Local Match Memorandum of Understanding with the Alamo Area Council of Governments in the amount of \$315,202 for State Fiscal Year 2025 (September 1, 2024 – August 31, 2024), payable quarterly, and to include two successive one-year renewals for a total cost of \$945,606 for the three year period.

COMMENTS /DISCUSSIONS: Mr. Hasslocher commented on how he has served on the ACOG Board for many years along with Ms. Fernandez as his back up, adding there is no conflict.

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

EVALUATION: None.

FOLLOW UP: None

Consideration and Appropriate Action Regarding the Financial Report for September 2024 — *Reed Hurley*

SUMMARY: University Health's consolidated bottom line for the month of September 2024 reflects a gain of \$35.2 million, 31.2 million better than the budgeted gain of \$3.9 million. This gain to budget is primarily due to patient activity driving positive net patient revenue of \$14.9 million, and higher than budget grant revenue of \$18 million.

In September, clinical activity (as measured by inpatient patient days) was up by 13% and inpatient discharges were higher than budget by 11.8%. Volumes exceeded budget across all key service delivery areas. Community First experienced a bottom line gain of \$18.0 million, which was \$16.3 million higher than the budgeted gain of \$1.7 million. This increase is due to Community First receiving a one-time net pickup of \$16.1 million from an after the fact 2024 State fiscal year rate adjustment. Community First started participating in the STAR+PLUS Medicaid program in September which increased revenue and expense over prior months.

Year to Date Operating Revenue

- Net patient revenue is over budget \$122.0 million driven by high patient volumes, acuity of inpatient services, and the continued growth of retail pharmacy volumes.
- Supplemental revenue is over budget \$50.0 million due to the deferral of DSH cuts, an unexpected increase in the HARP program for 2024 and the reconciliation payment of FFY 2023 TIPPS.
- Community First premium revenue is below budget by \$59 million related to Medicaid disenrollments in the first half of the year. The revenue trend should improve with the new STAR+PLUS contract.

Year to Date Operating Expense

- Purchased Services are under budget \$28.2 million related to the re-class of year to date software maintenance contract expense to lease amortization expense.
- Supplies are over budget \$44.2 million due to \$31.1 million in higher pharmaceutical expense from the retail pharmacy programs and \$13.1 million in higher medical supplies driven by high volume in the operating room and procedural departments.
- Community First claims expense is under budget \$64.2 million primarily driven by the lower than budgeted Medicaid membership for the first 8 months of the year driven by the end of the PHE disenrollment process.

Year to Date Non-Operating Expense

- Investment income of \$67.7 million was higher than budget by \$19.4 million.
- An unrealized gain of \$31.6 million has been recorded.

Consolidated Balance Sheet

- Days Revenue in Patient Accounts Receivable: 38.4 days on a budget of 38.0 days. An increase of in-house accounts is driving the overage due to high inpatient census.
- The Women's and Children's Hospital and associated projects has a budget of \$838 million, \$780 million has been paid to date leaving a balance of \$58 million. A portion of the remaining balance is encumbered and expected to be paid on the project.
- The Community Hospitals project has a budget of \$1.55 billion, \$129 million has been paid to date with a reserved cash balance of \$1.03 billion. Additional cash reserves will be allocated to the project over the next two years.
- Unencumbered funds reserved for future capital needs has a balance of \$16.5 million.
- University Health's Net Asset Value has increased \$288.2 million year to date on a Generally Accepted Accounting Principles (GAAP) basis including debt service tax revenue and interest expense on bonds.

RECOMMENDATION: Staff's recommendation to approve the September 2024 Financial Report as presented to the Board of Managers subject to Audit.

COMMENTS /DISCUSSIONS: Mr. Hasslocher thank Reed Hurley and the staff for their hard work as we have in the past and continue to have another good month. Mr. Hurley commented that in the December meeting he will provide a Verbal update as the November Financial will not have been closed yet.

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

EVALUATION: None.

FOLLOW UP: None

Presentations and Education: NONE

Information Only Items:

- A. Update on the Community Hospitals — *Don Ryden*
- 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. Adams adjourned the public meeting at 7:57pm., for a closed session.

Jimmy Hasslocher
Jimmy Hasslocher
Chair, Board of Managers

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

Janie M. Guevara
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.