



BEXAR COUNTY HOSPITAL DISTRICT BOARD OF MANAGERS

Tuesday, July 30, 2024
6:00 pm
Cypress Room, University Hospital
4502 Medical Drive
San Antonio, Texas 78229

MINUTES

BOARD MEMBERS PRESENT:

Jimmy Hasslocher, Vice Chair
Margaret Kelley, MD, Secretary
Anita L. Fernandez
Patricia (Pat) Jasso
Dianna Burns, MD
David J. 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
Brian Freeman, Executive Director, Capital Improvements, University Health
Dr. Bryan Alsip, Executive VP, Chief medical Officer, University Health
Andrea Casas, Vice President, Chief Human Resources Officer, University Health
Robert Hromas, MD, Acting President, President and Professor of Medicine, Vice President for Medical Affairs, UT Health San Antonio
Francisco Cigarroa, Acting Dean, School of Medicine, Professor of Surgery and Director, Alvarez Transplant Center, UT Health SA
Michael Little, MD, President, Medical/Dental Staff, University Health; and Associate Professor, Department of Anesthesiology, UT Health SA
Andrew Smith, Executive Director, Government Relations and Public Policy
Horacio Vasquez, Executive Director, Supply Chain Management, University Health
Elizabeth Allen, Director, External Communications, Corporate Communications, University Health
Katherine Reyes, Sr. Vice President, Pre-Acute Services, University Health
Dr. Monika Kapur, President, CEO, University Medicine Associates, University Health
Josh Nieto, Chief Compliance, HIPPA Officer, 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
Theresa Scepanski, President and CEO, Community First Health Plans

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Carol Huber, Deputy Chief Public Health & Equity Officer
Jennifer Rodriguez, Vice President, Chief Pharmacy Officer, Pharmacotherapy & Pharmacy Services
Larry Wallis, Director, Internal Audit, University Health
Trey Wineglass, Administrative Resident, University Health
Dr. Ian Mitchell, Surgeon-in-Chief, Pediatrics, University Health, Assistant Professor of Pediatric Surgery, UT Health San Antonio
And other attendees.

CALL TO ORDER:

Mr. Hasslocher called the Board meeting to order at 6:03 pm and extended a message from Mr. Adams as he is home recuperating from a small accident.

INVOCATION AND PLEDGE OF ALLEGIANCE — JIM ADAMS, CHAIR

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

Mr. Hasslocher led the pledge of allegiance.

PUBLIC COMMENT: Dr. Roberto Villarreal, Sr. Vice President, Chief of Public Health Officer expressed his gratitude to the staff, his colleagues and the Board of Managers for all the collaborations during his years at University Health as he prepares to retire on Friday, August 2, 2024.

SPECIAL REPORT: Quarterly Employee Recognition Awards - (*Andrea Casas/Leni Kirkman*)

SUMMARY: The winners of for the Quarterly Employee Recognition were announced as follows:

Professional: (Nursing)	Raquel Escobar, Nurse Case Manager II, CareLink Administration
Professional:	Donna Hall, Clinical Pharmacist I, Outpatient Pharmacy
Management:	Denise Descoteaux, Mental Health Services Director, Adult Detention Healthcare Services
Technical:	Heather Loeffler, Ambulatory Licensed Vocational Nurse III, Community Outreach
Clerical:	Marie Gaitan, Service Coordinator, Population Health Management, Service Coordination
Service:	Randy Gonzales, Public Safety Lead, Protective Services
Volunteer:	Laura Anguiano, Volunteer, Volunteer Services
Provider:	Ibiyinka Ladapo, M.D., Staff Physician, University Medicine Associates Southwest
Team:	The Cochlear Team - JoMarie Cervantez, Verlecsia Lee, Renee Palacios, Joseph Perez, Omar Qassom, Robin Tellez, Alexia Williams

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This year's quarterly recipients will be 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.

APPROVAL OF MINUTES OF PREVIOUS MEETING: July 30, 2024 (Regular Meeting)

SUMMARY: The minutes of the Board meetings of Tuesday, July 30, 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 Dr. Burns, and **PASSED UNANIMOUSLY**.

EVALUATION: None

FOLLOW UP: None

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

SUMMARY: Dr. Hromas provided an update on the new UT Multidisciplinary hospital to open September 2025 and will house the Alzhiemers Center. The building will have 65 offices, 70 exam rooms and a PET MRI to look at areas of the brain, the only on in South Texas funded thru an Alzhiemers Grant. Additionally, UT has a new Research Building called Science I, going up behind Floyd Curl ground-breaking in 6 weeks to be completed in 2 years. The School of Public Health starts this August and it has accepted 40 students. The Dental School rankings UT Dental was listed as 14 in the nation. Physicians Assistants rankings listed UT Health as 41 in the nation and lastly, CRNA School will start this Fall with 50 students. Dr. Cigarroa commented on the White Coat Ceremony recognizing 240 new First-year Medical Students. The new Chair of Nuerology search is ongoing and nearing the selection of the final candidate and UT Health is continuing the search for another Department Chair as Dr. Carlos Jaen, Professor and Chairman of Family and Community Medicine has announced retirement on January 1, 2025. Dr. Little commented on how busy it has been and is grateful to the Professional Staff Services Department for their assistance in on-boarding the new staff.

NEW BUSINESS – CONSENT AGENDA – JIMMMY 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 June 24, 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 July 2, 2024, the Executive Committee of the Medical-Dental Staff recommended approval of the Credentials Committee Report.

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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 June 24, 2024 and reviewed proposed revisions to Delineation of Privilege and the Professional Performance Evaluation Report and forms. In its meeting of July 2, 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 Appointments to The University Health Foundation Board of Directors — Jimmy Hasslocher, Chair, Nominating Committee

SUMMARY: The University Health Foundation is a 501(c)(3) charitable organization founded in 1984 to solicit, receive and maintain funds exclusively for the benefit of University Health and the community served through its charitable mission. The Board of Managers, as the governing body, shall approve appointments to the Board of Directors of the Foundation.

Due to his dedication to University Health and the Foundation, it is requested that the Board of Managers consider the appointment of George B. Hernandez Jr to his first term as a community member on University Health Foundation's Board of Directors.

The recommendation is to appoint this individual to University Health Foundation Board of Directors, effective July 1, 2024 through June 30, 2027.

Consideration and Appropriate Action Regarding the Payment for Utility Impact and Connection Fees to San Antonio Water System for the University Health Palo Alto Hospital and University Health Vida — Don Ryden

SUMMARY: The University Health Palo Alto Hospital and University Health Vida projects are both in the early construction phase. Preliminary design reviews by Authorities Having Jurisdiction (AHJ) support the commencement of construction permit applications for each.

The permitting process includes payment for various permits, plan reviews, and impact fees. In the case of permanent utility connections, these fees are paid directly to the AHJ or permitting authority by the facility Owner, not the contractor.

San Antonio Water System (SAWS) requires upfront payment of connection and impact fees associated with new facility construction projects. Impact fees are imposed against new developments to recover the costs of new water and sewer infrastructure that is associated with the growth and development of San Antonio. SAWS has completed their Project review and their estimate for connection and impact fees and sent an invoice for both water and sewer impact fees.

Public utilities (such as SAWS) are exempt from procurement competition requirements as sole-source providers.

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Staff recommends authorization and payment to SAWS for the cost of the Impact Fees. Impact Fees are calculated on the water consumption and sewer drainage impact of the project. For water consumption, the fees are calculated on the number and size of the water meters required to support the building and the site. The sewer drainage fee calculation is based on building occupancy type. Other conditions taken into consideration include water accessibility difficulty, capacity necessary for growth, and existing infrastructure with available capacity.

The cost of impact fees for University Health Palo Alto Hospital is: \$2,864,000
The cost of impact fees for University Health Vida is: \$ 406,833

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

- University Health Palo Alto Hospital \$217,754,850
- University Health Vida \$ 27,852,640

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

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

Staff have worked with Marmon Mok, ESa, Pape-Dawson Engineers and CPS Energy (CPS) to determine the best solutions to deliver power to the facilities while maintaining a functional site plan. Once designed, CPS requires payment up front for the primary equipment such as transformers and switchgear as well as service cabling that will eventually be installed at the sites. This payment also releases the construction drawings that the Contractors will use to install the underground conduits, manholes, and foundations needed for CPS equipment and cabling.

Public utilities (such as CPS) are exempt from procurement competition requirements as sole-source providers. Staff recommends authorization and payment to CPS for the cost of the engineering, equipment, and cabling. The total cost of this CPS work is \$3,444,100. Funding requirements are summarized below.

University Health Retama Hospital Cable and Equipment	\$ 660,000
University Health Palo Alto Hospital Cable and Equipment	\$1,870,000
University Health Vida Cable and Equipment	\$ 914,100
	\$3,444,100

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

University Health Retama Hospital	\$217,585,496
University Health Palo Alto Hospital	\$216,760,850
University Health Vida	\$ 28,359,907

Consideration and Appropriate Action Regarding an Assignment, Assumption and Amendment of a Lease Agreement for 16723 Huebner Road, San Antonio Texas 78248 with Huebner I Ltd. — Ted Day / Edward Banos

SUMMARY: In June 2024, University Health staff were notified that Pediatrix Medical Services, Inc. announced the pending closure of its existing Pediatric Otolaryngology (ENT) practice in San Antonio, putting at risk the continuation of such services from that practice.

As discussed in the February 27, 2024 Board of Managers meeting, there is a national shortage of pediatric ENT specialists and great demand for these services locally. The Women’s & Children’s Hospital opened in December 2023, and the demand for outpatient and inpatient-supporting pediatric services like these within University Health continues to grow. Current physician capacity for this specific service is not sufficient to meet both the outpatient and inpatient care needs for the community’s growing population. University Health is currently leasing 2.2 FTE of pediatric ENT physician services and 0.88 FTE of pediatric ENT advanced practice provider services from UT Health San Antonio. The opportunity to incorporate the practice operations of the existing Pediatrix ENT practice expands that bandwidth by an additional two full-time physicians and two full-time advanced practice providers (APPs) and potentially some further part-time provider support. Furthermore, integration of this existing practice into University Medicine Associates (UMA) helps strengthen breadth of services and assures that these highly sought-after providers remain within our community.

The Pediatric ENT practice was originally established in the community in 1989, then expanded in 1992. The partners built a freestanding medical office building, located at 16723 Huebner Road, in 2002.

The building is comprised of approximately 6,207 square feet of space, which includes six exam rooms and two audiology booths. Additionally, this site provides over 6 parking spaces per 1,000 square feet, which exceeds the ratios of most properties on the market.

This parking ratio will ensure sufficient parking spaces for patients and staff. The assumption and amendments incorporated within this two-year lease agreement with Huebner I Ltd., enable University Health to seamlessly transition the current practice location into UMA’s ambulatory operations, with enough lead time to ensure that the space, IT infrastructure, and operational environment meet University Health standards. The physicians, APPs, and most of the staff have signed employment arrangements with UMA that will support a quick startup of this clinic under the UMA banner.

University Health will enter into a two-year lease agreement with a fixed monthly base rent of \$12,667.70, plus taxes and property operating expenses. Additionally, this lease provides University Health with the Right of First Refusal to purchase the property. The parties will evaluate lease renewal or purchase in advance of the two year window. The total base rent obligation for the initial two-year period amounts to \$304,025, which will be budgeted utilizing operational funds.

Dates	Rent/SF	Monthly Rent	Total
8/1/24 – 7/31/26	\$24.49	\$12,667.70	\$304,025
Total			\$304,025

In addition, University Health will be responsible for Taxes, Insurance and Property Operating Expenses during the two-year term of the lease. Estimates for covering Property Operating Expenses for the initial two-year term of the lease is approximately \$148,968. Annual operational expenses will be budgeted to include janitorial, landscaping, utilities, repair and maintenance of the premises.

The building will require minor renovations, signage and information technology expenditures to prepare the space to operate as a University Health Clinic. The project costs are referenced below, and will be funded through Routine Capital for clinic expansions.

Project Costs:

Renovation and Signage Costs	\$300,000
IT Costs	<u>\$299,300</u>
Total	\$599,300

Consideration and Appropriate Action Regarding Ratification of an Independent Contractor Agreement for CRNA Anesthesia Services — *Edward Banos*

SUMMARY: University Health has continued to grow and expand its surgical and obstetric patient care service lines. In recent years, University Health has added additional operating rooms and opened the Advanced Diagnostic Clinic. Additionally, we will soon be opening the Multi Assistance Center ASC at Morgan’s Wonderland, our third Ambulatory Surgery Center. The Department of Anesthesia at the University of Texas Health Science Center at San Antonio (UT Health) has worked diligently to increase the number of anesthesia providers available for our patients. In spite of these efforts, UT Health has been unable to provide adequate coverage all University Health facilities and service lines.

Contracting with third parties to provide anesthesia services to provide Certified Registered Nurse Anesthetist (CRNA) coverage at University Health facilities will relieve pressure on anesthesia services currently being provided by UT Health at University Hospital, increase surgical volume and enhance throughput of surgical services.

University Health leadership has met with a retired military CRNA who is ready and able to provide additional anesthesia services for University Health patients. As retired military, this individual has earned and received full benefit packages from the United States government. Because of this status, the provider will work as an independent contractor for University Medicine Associates, and as such will receive no employment benefits, i.e. health care coverage, retirement benefits, etc. He will also be fully responsible for his self-employment and income taxes as well as his malpractice and worker’s compensation insurance coverage.

The term of the contract began July 15, 2024 and continues through May 31, 2026. The contract is with a Professional Limited Liability Company owned by the individual CRNA provider as set out below:

Grey Bluff Anesthesia, PLLC, Brett Rush, CRNA: Total contract amount: \$737,029
These are planned expenses and are included in the 2024 Annual Operating Budget.

Consideration and Appropriate Action Regarding Agreements, Funded through the Texas Department of State and Health Services in Support of Various Programs Serving HIV-Affected Clients, with Alamo Area Resource Center and San Antonio AIDS Foundation — *Anna Taranova, M.D.*

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SUMMARY: The purpose of this Agreement is to provide funds to Alamo Area Resource Center (AARC) and San Antonio AIDS Foundation (SAAF) for medical and support services for people affected by HIV/AIDS. This funding is made available directly to Bexar County from the State Services funds that are administered by the Texas Department of State Health Services (DSHS) and allow eligible people with HIV access services. The funding is provided as part of the Ryan White HIV/AIDS Program (Ryan White), the most extensive federal program, to improve HIV health care and support services. The State HIV/Housing Opportunities for Persons with AIDS (HOPWA) funds are administered by DSHS and finance services that allow eligible people with HIV and their households to access available Bexar County housing services. The allocated funding will allow AARC and SAAF to provide access to RW HIV health care and support services; and will also allocate funds to AARC to provide housing services to persons affected by HIV and AIDS who live in the San Antonio Health Service Delivery Area.

AARC and SAAF are local non-profit 501(c)3 organizations and long-term partners of University Health on ending the HIV epidemic and providing care and services for people affected by HIV/AIDS and their families. They offer a range of wraparound services and continuum of care for people affected by HIV/AIDS in Bexar County and surrounding areas.

AARC and SAAF offer a wrap-around care model with a holistic approach to treatment. This includes medical providers, a provider, social workers, mental health counselors, housing specialists, and supportive services on-site. They help clients by managing all aspects of living with HIV through counseling, nutritional advice, and transportation support. They also provide an on-site pharmacy.

This partnership allows for a seamless continuum of care for persons living with HIV/AIDS and those affected by HIV/AIDS in Bexar County and surrounding areas. AARC and SAAF are subject to the Department of Health and Human Services Standard Terms and Conditions of Award for HRSA/HAB Grantees, Department of State Health Services HIV Program manuals, DSHS policy manuals, standards, guidelines, and regulations. AARC is also subject to following the DSHS HOPWA Program manual and DSHS HOPWA monitoring tools. University Health and all sub awardees will abide by the HIV/AIDS guidelines for care and testing services and the HRSA HIV/AIDS Bureau policy and performance measures.

The overall impact of the program and the sub-award agreement with AARC and SAAF is budget neutral. The activities for the State Services Agreement are funded through the DSHS. The DSHS contract number is HHS001317000001. The activities for the HOPWA Agreement are funded through the DSHS. The DSHS contract number is HHS001317100001.

Source of Funding FY24-25	Overall Budget	Allocated Funds
State Services 09/01/2024-08/31/2025	\$1,400,989.00	AARC: \$564,872.00 SAAF: \$443,147.00
HOPWA 09/01/2024-08/31/2025	\$348,967	AARC: \$338,967

Consideration and Appropriate Action Regarding an Amendment to the Agreement with Forvis Mazars, LLP (Formerly Forvis, LLP) for Financial Audits and Tax Returns for 2023 — Reed Hurley

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SUMMARY: Securing an annual audit of University Health's financial records is an important fiduciary responsibility of the Board of Managers. The audit serves as an outside review to ensure the proper recording of financial transactions in accordance with Generally Accepted Accounting Principles (GAAP). The annual financial audits are required and reviewed by various outside organizations including bond rating agencies, bond investors, banks, governmental payers, Bexar County, Pension Review Board, and other regulatory and oversight entities.

In June 2022 BKD, LLP merged with Dixon Hughes Goodman, LLP dba DHG another large regional firm to become Forvis, LLP (Forvis), and ranked 8th on Inside Public Accounting's list of the top U.S. firms. The 2023 audit will be the eleventh annual audit engagement for Forvis, they are currently engaged to perform the audits on all University Health entities including University Health (Consolidated), Community First, Foundation, University Health System Services of Texas, Inc., Pension Plan, OPEB Plan, Financial Assistance programs (Single Audit), the Foundation Form 990 and all other required tax returns.

In June 2024 Forvis, LLP (formerly BKD, LLP) merged with the U.S. unit of Mazars as part of a new international partnership. This will allow the firm to grow both globally and domestically here in the U.S. and position itself as one of the top 10 global accounting firms. The accounting firm's new name will be Forvis Mazars, LLP.

During the eleven previous years, accounting guidance has increased the level of reporting of the Pension Plan and OPEB Plan in the consolidated report at the same time the Pension Plan has diversified its investment portfolio to assets that are more complicated and are more difficult to value. Using one firm to complete all audits and tax returns is more efficient than using multiple firms by enhancing the coordination of fieldwork, interaction with University Health accounting staff and preparation of audited financial statements. Forvis Mazars, LLP will be required to engage the assistance of a local, small, women, minority, or veteran owned accounting firm to provide fieldwork staff. This will expose the small, local firm to a larger firm's processes and technology. The smaller firm will provide 20% of hours on the audits similar to the current contract. Having Forvis Mazars, LLP select and manage the minority firm will assure that the audit work is well planned and staffed appropriately. Forvis Mazars, LLP is currently assisting staff with the implementation of GASB 96 relative to Subscription-Based Information Technology Arrangements (SBITA's) are required for the 2023 audit.

Forvis Mazars, LLP is a large global, well-respected, accounting firm and is currently the accounting firm of choice for the majority of the large public health systems in the State of Texas. Having a high quality accounting firm available to consult on very complex accounting issues is a huge benefit for University Health's accounting and finance staff. Having a high quality annual audit report provides assurance for the Board of Managers, bond rating agencies and other outside reviewers that University Health's finances are reported appropriately.

The addendum includes fees of \$114,140 for Financial Assistance Program Audit of \$71,140, Travel of \$28,000 and GASB 96 assistance of \$15,000 that were not accounted for in the original agreement yet is necessary to provide a consolidated, high quality audit and associated analysis. This addendum will take the total cost of the annual engagement to \$576,992 from the original amount requested of \$462,852.

Consideration and Appropriate Action Regarding a Resolution in Support of an Application for the Naloxone Program Grant Issued by the Texas Opioid Abatement Fund Council and Related Actions

— *Anna Taranova, MD*

SUMMARY: The State of Texas has participated in settlement agreements with different companies to resolve legal claims against the companies for their role in the opioid crisis. From these settlement agreements, a portion of the distribution for Texas is deposited in the Opioid Abatement Trust Fund and is allocated to fund strategies in response to the opioid crisis. Opioid overdose can lead to respiratory depression, hypoxia, and even death. Naloxone is a medication that reverses the effects of opioids. It can quickly save the life of someone suffering from an overdose.

The Centers for Disease Control and Prevention currently recommend that patients at increased risk for opioid overdose should have access to naloxone in the event an overdose occurs. The 87th Texas Legislature in Senate Bill 1827 created the Opioid Abatement Fund Council to ensure that money recovered through a statewide opioid settlement agreement is spent to remediate the opioid crisis in the state through efficient and cost-effective methods to mitigate the opioid-related harms. University Health responded to the notice of funding availability to perform statewide distribution of naloxone and training of entities on administering it.

As a condition of this Grant Award, University Health must designate an authorized official and have a place a resolution from the Grant Applicant's governing body that designates an authorized official to act on the Grant Applicant's behalf.

As a recipient of State and Federal grant awards, University Health has a proven track record of successfully executing a statewide distribution program, working with community partners for local bulk distribution, and delivering to individual Texas residents. For this grant proposal, if awarded, University Health has the required expertise, infrastructure and the networking capacity to leverage the distribution of naloxone statewide in a timely and efficient manner. Overall, the funding will improve health of our community. Moreover, the overdose education and naloxone distribution has been shown to increase the reversal of potentially fatal overdoses. Additionally, the community distribution of naloxone has been shown to be cost-effective in mitigating the opioid crisis and associated with reduced opioid overdose deaths.

This is a revenue generating agreement. All the expenditures will be covered by the grant. The anticipated total award amount is \$25,000,000 for the two year period. The final amount will be determined by the Opioid Abatement Fund Council. Responding to this notice of funding opportunity emphasizes University Health's commitment to promoting the community's good health and improving the delivery of patient care.

Consideration and Appropriate Action Regarding the 2nd Quarter Investment Report — Reed Hurley

SUMMARY: The Investment Portfolio Summaries for University Health and Community First invested funds for the second quarter of 2024. In total, the value of all invested funds as of June 30, 2024, was \$2,291,410,368 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 \$29,111,210 of interest income during the second quarter, a decrease of 3% from the previous quarter's \$ 29,912,135, but still 23% more than the same period a year ago as higher interest rates extend their influence on investment income. With interest rates beginning to fall, we expect to see income fall in the future. The portfolio's unrealized loss decreased during the second quarter as interest rates declined modestly.

As of June 30, 2024, the University Health portfolio for operations (excluding Community First and the debt related funds) was valued at \$1,861,740,177. The portfolio, consisting of the Operating, Emergency Reserve, Capital and M&O Tax Funds, earned \$22,330,520 during the quarter, had a weighted average yield of 4.66% and a weighted average maturity of 329 days. The portfolio trails behind the 6-month Constant Maturity Treasury (CMT) benchmark, which yielded 5.34%, and is below the 1-year CMT benchmark's 5.16% yield. Performance has lagged due to the longer-term nature of the Emergency Reserve and Capital Funds.

As of June 30, 2024, proceeds from the Series 2022 bonds have been completely expended as project costs were reallocated to take advantage of an exemption from arbitrage rebate requirements.

Proceeds from the Series 2023 bonds were also reallocated, and remaining proceeds are now held primarily in the TexPool and TexPool Prime local government investment pools, which provide full liquidity. The funds were valued at \$84,844,063 with a weighted average yield of 5.37% as of June 30th.

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 June 30, 2024, was \$29,301,090 with a weighted average yield of 5.25%. The I&S Tax Fund monies are held in highly liquid, short-term investments for debt service payments on August 15, 2024.

University Health operates a Local Provider Participation Fund (LPPF) which is financed by mandatory payments assessed on private hospitals. As of June 30, 2024, the balance in this account is \$18,604,355. The funds are held in highly liquid, short-term investments to process intergovernmental transfers when required. The weighted average yield for these funds is 5.24%.

A cautious approach by Fed officials is warranted. Central Bank credibility is at stake. It's still far too early to declare victory in the inflation battle. Labor remains in short supply and housing is scarce. This signals continued pressure on both wages and shelter costs, the two primary drivers of U.S. price pressure.

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 July 2024 includes 18 proposed contracts for Board of Managers action. The total requested Board of Managers approval for these 18 contracts is \$15,032,921. Additional Presented contracts during the July 2024 Board of Managers meeting total \$909,197,520 and are considered for approval separate from the Purchasing Consent.

RECOMMENDATION: Staff recommends Board of Manager's approval of:
1) Purchasing Consent Agenda Items; and,
2) Purchasing Consent Attachment "A" in the amount of \$15,032,921

COMMENTS /DISCUSSIONS: None.

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

Action Items:

Consideration and Appropriate Action Regarding Selected Purchasing Items:

Consideration and Appropriate Action Regarding the 2024 Bexar County Hospital District Tax Rate Recommendation to Commissioners Court in Support of the District's Operating and Capital Budget and Debt Service Outlook for FY 2025 — *Reed Hurley/Edward Banos*

SUMMARY: The mission of University Health is to improve the good health of the community through high quality compassionate patient care, innovation, education and discovery. With the support of Bexar County Commissioners Court and the Hospital District Board of Managers, University Health staff continuously pursue improvement in all four areas of the Triple Aim Plus. Our vision is to be one of the nation's most trusted health institutions. Examples of awards, recognitions, and certifications achieved in 2024 are detailed in the attached Schedule A.

In response to increasing property values, staff have worked with the Board of Managers and the Commissioners Court to implement various exemptions to help mitigate the impact to property owners. In 2022 the Over 65 Exemption was increased from ten to thirty thousand dollars. In 2023, a 5% Voluntary Homestead Exemption was implemented and in 2024 this exemption has been approved to increase to the maximum of 20%. The 20% Voluntary Homestead Exemption will benefit tax payers this tax year (tax year 2024) which will impact University Health's tax revenue in Fiscal Year 2025.

The large Capital Projects of the new 300 bed Women's and Children's Hospital which opened in late 2023 has increased the services provided to our community's women and children. Patients, visitors, physicians and staff now have a world class facility for great patient care. This new facility has increased patient volumes and patient satisfaction, and will allow for continued growth of services over the coming years.

Two new community hospitals are under construction, the University Health Palo Alto Hospital located on the South side and the University Health Retama Hospital on the North East side with planned opening dates in early 2027. Each of these hospitals will open with 166 beds and will be expandable to 286 beds. Each new hospital will have a large medical office building attached which will provide space for various physician specialties. Additionally, there are also two Public Health buildings under construction which are being funded by an ARPA grant from Bexar County. The Vida Building located on the University Health Palo Alto Hospital campus is designed to provide primary care, mental health, and pharmacy services as well as a home for the Institute for Public Health. The Wheatley Building located on the East side of Bexar County will provide primary care, urgent care, and pharmacy services. The public health buildings should be operational by late 2025.

While University Health financials trend in a positive direction, labor shortages, wage inflation and price inflation for goods and services will continue to impact University Health's operating expense outlook in the coming year. The good news is the rate of inflation is starting to moderate which will slow the dramatic price increases seen over the past two years. The bad news is that the rates paid by insurance companies to University Health and other providers have not kept up with the increases in operating expenses which negatively impacts financial performance.

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In summary, the primary areas of concern which will have an impact on financial performance in 2025 are:

- Increasing demand for health care services,
- Health care worker shortages and increased labor costs,
- Price inflation for goods and services, and
- Changes in supplemental funding programs

The current 1115 Medicaid Waiver remains in place until 2030, giving Texas hospitals some stability in supplemental funding programs. The Waiver has historically supported Uncompensated Care (UC) funding and Delivery System Reform Incentive Program (DSRIP) funding. The DSRIP program was not renewed for 2022 which provided roughly \$80 million in funding per year prior to 2022. Other programs called Direct Payment Programs (DPP's) have been implemented to help offset the lost DSRIP revenue.

The Accountable Care Act (ACA) had built-in reductions to Medicaid Disproportionate Share Hospital Funding (DSH) payments due to the planned expansion of Medicaid coverage. These reductions were originally scheduled to start in 2014, however Congress has delayed implementation of the cuts every year for various reasons. The most recent delays were related to the COVID-19 Public Health Emergency. If Congress does not act to further delay the planned reductions under the current rules, University Health's Medicaid DSH payment for 2025 will be reduced by \$35 million. Advocacy efforts by multiple hospital groups are underway to continue to delay the implementation or remove these cuts from the ACA rules.

Direct Payment Programs (DPPs) are designed to increase rates for Managed Medicaid payments. There are multiple programs that fall into the DPP category and these programs can change on an annual basis. For example, some programs start off as a simple add on to Managed Medicaid rates then convert to include an at risk component related to quality metrics. The Hospital Augmented Reimbursement Program (HARP) implemented in 2022 increases traditional Medicaid rates.

These programs help to partially offset the operating losses related to the Medicaid shortfall. However, University Health must fund these programs by an intergovernmental transfer (IGT). These additional programs were originally put in place to help offset the lost revenue from the DSRIP program which terminated in 2022. The combined net benefit of the four programs in place for 2024 is \$119 million. In 2025 there will be five programs in place estimated to produce \$145 million in net revenue. The Disproportionate Share (DSH) funding is projected to decrease by \$35 million.

Since 2020, the average hourly rate for University Health staff has increased from \$31 to \$41 a 30% increase. This increase is driven by many factors including market increases, increased use of overtime, extra shift incentives, and the use of agency staffing. University Health has implemented various strategies to help recruit and retain staff including salary increases for many clinical staff and an increase in the living wage to \$17.55/hour. University Health staff are working with various colleges to increase overall enrollment as well as programs which will direct more new graduates to work for University Health. The implementation of the actions above has improved staff recruitment and retention and helped level off the post pandemic wage inflation. Staff projects that labor expense will increase by 10% or \$84 million for 2025, approximately half of this increase is driven by growth in services.

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The 2024 total Certified Market Values increased by \$15.5 billion to \$304.8 billion which is 5.4% higher than the 2023 values. Sixty-one percent (61%) of the increase is driven by increased value on existing properties an increase of \$9.4 billion and 39% related to new properties which added \$6.1 billion in Market Value.

Property values taxable by University Health decreased by \$4 billion to \$239.8 billion, or 1.7% lower than 2023 taxable values. The decrease in taxable values is a result of the increase in the Optional Homestead Exemption, which was increased from 5% to 20%. The 2024 average homestead taxable value of \$261,308 decreased by \$23,132 (or 8%), again primarily driven by the increased Optional Homestead Exemption. Truth in Taxation legislation requires taxing entities to post several different variations of the tax rate. One is named the “No-New-Revenue Tax Rate” which would reflect the tax rate that would produce no new revenue for existing properties. The other required tax rate is called the “Voter-Approved Tax Rate” which for Hospital Districts caps the increase in M&O rate for existing properties at 8%.

Staff are still pending final information from the Tax Assessors Office to calculate the two rates mentioned above. Due to the increase in Optional Homestead Exemption we are confident our existing total tax rate of **\$0.276235** per \$100 of valuation will be lower than both the required published rates. For the reasons noted in the Analysis above, University Health staff recommends the Board of Managers request the Commissioners Court set the 2024 combined *ad valorem* tax rate at **\$0.276235** which is equal to the existing rate. This recommendation will support an Interest and Sinking Fund (I&S) tax rate of **\$0.0420604**. This rate is \$0.002 or 4.74% higher than the existing I&S tax rate of \$0.0399. The I&S tax rate increase is related to the 2023 issuance of \$200 million of Certificates of Obligation to fund the construction costs for two community hospitals on the East and South sides of Bexar County. The recommendation also supports an M&O tax rate of **\$0.234175**. This rate is conversely lower than the existing M&O rate by \$0.002 or 0.85% to support operations.

The recommended total tax rate for 2024 yields a projected \$655.8 million in property tax revenue, specifically I&S tax revenue of \$99.8 million and M&O tax revenue of \$555.9 million. This is a decrease in tax revenue to University Health of \$10 million. Additional tax revenue of \$16.5 million for new properties and \$26.4 million for increased valuations of existing properties is completely offset by the increase in the Optional Homestead Exemption.

RECOMMENDATION: Staff recommends Board of Managers’ request Commissioners Court to set the 2024 total tax rate in support of University Health’s operating, debt service and capital requirements for 2025 at a total tax rate of \$0.276235 per \$100 property valuation.

COMMENTS /DISCUSSIONS: Ms. Fernandez commented on the voter approved exemption upping it to \$100,000 is still in courts and not implemented yet on what this Board voted on in November for the state and upping the homestead exemption from \$30,000 to \$100,000 in terms of the Value. This does not impact the school districts but will it have to be considered if the tax rate does increase. Mr. Fernandez also asked how is our tax rate compared to other hospital districts, how do we look? Mr. Reed commented that the four big districts are all in the same category. Further discussion ensued.

ACTION: A **MOTION** to **APPROVE** staff’s recommendation was made by Ms. Fernandez, **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 a Contract Renewal for Professional Services with UT Health San Antonio (Sponsored Care Provider Agreement) — Edward Banos

SUMMARY: The Sponsored Care Provider Agreement has been in effect since 2001 to provide reimbursement to UT Health San Antonio (UT Health) for healthcare services provided to unfunded patients in the University Health emergency center. This agreement will facilitate payment to UT Health for these services for a twelve month period beginning September 1, 2024 through August 31, 2025. Payments for healthcare services are negotiated at 65% of the current Medicare rate. Sponsored Care is intended to cover urgent and emergent medical conditions. These patients receive services through the emergency center for the treatment of their urgent/emergent conditions as well as follow up services at University Health facilities and UT Health clinics to assure the condition has responded appropriately to treatment.

To qualify for sponsored care services from UT Health, a person must meet the income and resources requirements established by University Health and must reside in Bexar County. Currently, persons at or below 75% of the federal poverty level qualify. This definition includes the homeless and inmates or detainees at facilities operated by Bexar County provided they meet the eligibility requirements established by University Health.

This Agreement requires the deduction of charges for services rendered pursuant to the Master Healthcare Services Agreement (MSA) [formerly Bexar County Clinical Services (BCCS)] or the CareLink/UT Health Provider Agreement. Payment under this agreement will only be made for professional services that are not covered under the MSA, the CareLink/UT Health Provider Agreement or any other third party payer including payment made directly by the patient. The purpose of this Agreement is to continue to cover urgent and emergent medical services to unfunded patients and inmates who are provided health care within University Health. The anticipated payments to UT Health for the twelve month period beginning September 1, 2024 and ending August 31, 2025 are \$3,400,000 or \$283,333 per month. This is the same amount as the current twelve month agreement, and is based on the current activity run rate.

RECOMMENDATION: Staff recommends the Board of Managers approve the Sponsored Care Provider Agreement with UT Health for a twelve month period beginning September 1, 2024 to August 31, 2025 in the amount of \$3,400,000.

COMMENTS /DISCUSSIONS: Dr. Kelley asked how long is the patient eligible for Sponsored Care? Mr. Banos explained that the patient receives Continuation of Care (CoC) if a Patient comes in for a stroke as long as they are receiving the Stroke care and it is continuation of care they are eligible for Sponsored care it is disease specific and patient is cared of patient until disease is cared for fully recovered. Dr. Cohen asked if a patient in not eligible again if the patient falls ill again. Mr. Banos explained that the patient goes to Methodist for an illness, the Sponsored Care does not qualify thru another provider. Further discussion ensued.

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

EVALUATION: None.

FOLLOW UP: None

Consideration and Appropriate Action Regarding a Contract Renewal for Professional Services with UT Health San Antonio School of Dentistry (Sponsored Care Provider Agreement) — Edward Banos

SUMMARY: The Sponsored Care Provider Agreement has been in effect since 2001 to provide reimbursement to UT Health San Antonio School of Dentistry (UT Health) for healthcare services provided to unfunded patients in the University Health emergency center. This agreement will facilitate payment to UT Health for these services for a twelve month period beginning September 1, 2024 through August 31, 2025. Payments for healthcare services are negotiated at 100% of the current Medicaid allowable rate for Dental and OMS services. Sponsored Care is intended to cover urgent and emergent medical conditions. These patients receive services through the emergency center for the treatment of their urgent/emergent conditions as well as follow up services at University Health facilities and UT Health School of Dentistry clinics to assure the condition has responded appropriately to treatment.

To qualify for sponsored care services from UT Health, a person must meet the income and resources requirements established by University Health and must reside in Bexar County. Currently, persons at or below 75% of the federal poverty level qualify. This definition includes the homeless and inmates or detainees at facilities operated by Bexar County provided they meet the eligibility requirements established by University Health.

This agreement requires the deduction of charges for services rendered pursuant to the Master Healthcare Services Agreement (MSA) [formerly Bexar County Clinical Services (BCCS)] or the CareLink/UT Health Provider Agreement. Payment under this agreement will only be made for professional services that are not covered under the MSA, the CareLink/UT Health Provider Agreement or any other third party payer including payment made directly by the patient.

The purpose of this Agreement is to continue to cover urgent and emergent medical services to unfunded patients and inmates who are provided health care within University Health. The anticipated payments to UT Health School of Dentistry for the twelve month period beginning September 1, 2024 and ending August 31, 2025 are \$250,000 or \$20,833 per month. This is the same amount as is in the current agreement, and is based on the current activity run rate. This is a planned expense and funding has been included in the 2024-2025 Operating Budgets.

RECOMMENDATION: Staff recommends Board of Managers approval of the Sponsored Care Provider Agreement for a twelve month period beginning September 1, 2024 to August 31, 2025 with UT Health School of Dentistry in the amount of \$250,000.

COMMENTS/DISCUSSIONS: None

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

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

SUMMARY: Historically, the UT Health San Antonio (UT Health) Department of Anesthesia has provided professional services at University Health supported through the Master Health Care Services Agreement. In January 2023, UT Health and University Health agreed to modify the Master Health Care Services Agreement to increase salaries for Anesthesiologists and Certified Registered Nurse Anesthetists (CRNAs). Effective September 1, 2023, University Medicine Associates (UMA) and UT Health executed a Professional Services Agreement (PSA) whereby UMA would lease the vast majority of the providers employed by the Department of Anesthesiology, totaling approximately 100 FTEs. Additionally, UT Health agreed that in return, University Health would oversee the scheduling of staff, utilization of CRNAs to work at the top of their license according to current state regulations, and define resident and MD supervision. The current PSA expires August 31, 2024.

The shortage of anesthesia providers had affected the ability of University Health to grow surgical and procedural volumes in the University Health operating room, advanced diagnostic center, and ambulatory surgery centers (ASCs). It had also resulted in extended lengths of stay for inpatients and extended wait times for outpatients requiring surgery or procedures.

With the changes in practice noted above, and stability with the anesthesia workforce University Health has seen marked improvement in each of the areas over the last year. Additionally, University Health has been able to expand the anesthesia labor force available for clinical care for increased volume of surgical and obstetric procedures within University Hospital and its associated ambulatory surgery locations.

The annual support paid to UT Health San Antonio for the past year through the current Professional Services Agreement is \$41,999,676. After billing collections for anesthesia services, the net cost to University Health is \$24,846,000. In 2024, the surgical and procedural volumes within University Health operating room, advanced diagnostic center and ambulatory surgery centers increased 8% from the same time period in 2023. Additionally, live births from January to June 2024 increased 36% from the same time period in 2023. In July 2024, University Health also terminated the anesthesia coverage provided by Sound Anesthesia at the MARC, RBG, and for OB CRNA coverage.

With the above mentioned changes, UT Health anesthesia cost of coverage will increase to an amount not to exceed \$47,740,965 annually. This cost will be offset by UMA collections for professional anesthesia services at an annual amount of \$18,150,000. There is an additional savings of \$2,874,956 with the elimination of Sound Anesthesia, and a savings of \$1,250,000 in CareLink anesthesia payments. The lease cost minus aforementioned offsets reduces the overall cost to University Health to \$25,466,009. This is a net increase to the annual cost to the anesthesia arrangement by \$620,009, or 2.5%. In comparison to the 2023 Master Health Care Service Agreement payment of \$28,800,000 for anesthesia coverage, this is a savings of \$3,954,000.

RECOMMENDATION: Staff recommends the Board of Managers approve to enter into this Professional Services Agreement with UT Health San Antonio to provide anesthesia services for a one-year term from September 1, 2024 through August 31, 2025 at an annual cost not to exceed \$47,740,965.

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COMMENTS/DISCUSSIONS: Dr. Cohen asked what does “the Lease” mean if we are collecting the bill but then paying the school. Mr. Banos explained the payment mode for the doctors and CRNAs while still getting their paychecks as an employee from UT, we enter into a Lease with the department thru a special Service Agreement and those Doctors get credentialed under University Medicine Associates under our Tax ID number and then we, University Health gets to bill and collect for those professional services. Further discussion ensued.

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

EVALUATION: None.

FOLLOW UP: None

Consideration and Appropriate Action Regarding Professional Services Agreement between University Medicine Associates and UT Health San Antonio for the following:

- a. **Pediatric Surgical Services** — *Edward Banos/Monika Kapur, M.D.*

SUMMARY: University Health currently accesses pediatric surgical services through two Professional Service Agreements (PSAs) between University Medicine Associates (UMA) and UT Health San Antonio (UT Health) for Dr. Katie Wiggins and Dr. Ian Mitchell, and a third party agreement with Pediatrix Medical Services, Inc.

The current PSA for Dr. Mitchell expires August 31, 2024. In order to continue the process of building a pediatric surgery service line, University Health proposes to renew the current agreement. University Health and UMA have historically collaborated with the UT Health Departments of Pediatrics, OB/GYN, Otolaryngology and Surgery by leasing physicians to assure high quality care in neonatology, general pediatrics, hematology/oncology, obstetrics/gynecology, pediatric otolaryngology and pediatric surgical services. This partnership has facilitated the recruitment of board-certified primary care and pediatric specialists and provided a mechanism for UMA to bill for these services and collect professional services revenue.

Entering into this agreement between UMA and UT Health will ensure that there are a sufficient number of qualified providers in this subspecialty available to provide high quality pediatric surgical care to the neonates and children seen at University Health. UMA will compensate UT Health an amount not to exceed \$922,856 per year, which includes salary and fringe benefits for Dr. Mitchell. This is an increase of \$212,262 over the annual cost of the current agreement. The terms of this agreement allow University Health to bill for the professional services provided by the physician and to collect and retain all payments as an offset to the lease payments. Due to the expiration of contractual restraints on Dr. Mitchell’s ability to provide surgical services, the professional fee collections for his services will offset the majority of this increase. This expense will be included in the 2024 operating budget.

RECOMMENDATION: Staff recommends the Board of Managers’ approval to execute a twenty-two month agreement with UT Health San Antonio for 1.0 FTE pediatric surgical services for a total amount not to exceed \$1,691,903 for the period beginning September 1, 2024 and ending June 30, 2026. UMA will retain 100% of professional fee collections as a partial offset to these expenses.

COMMENTS/DISCUSSIONS: None

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

EVALUATION: None.

FOLLOW UP: None.

b. Obstetrics/Gynecology Outpatient Services — Edward Banos/Monika Kapur, M.D.

SUMMARY: During 2014, University Health, University Medicine Associates (UMA) and the Department of Obstetrics/Gynecology of UT Health San Antonio (UT Health) collaborated to provide the highest quality OB/GYN healthcare for Bexar County patients in need of these specialty services. The partnership allows board-certified OB/GYN physicians to provide specialty outpatient services while creating a mechanism for UMA to bill for these services and collect patient revenue.

Services under the agreement consist of prenatal, postpartum and gynecology services rendered by UT Health physicians to our patients at University Health outpatient clinics. These physicians are employed by UT Health and leased by UMA. Under the current agreement, UMA leases 5.0 board-certified OB/GYN physician FTEs. UMA bills and collects all professional fees generated by the UT Health providers for women's health services rendered. The current agreement expires August 31, 2024.

The opening of our new, state-of-the-art Women's and Children's Hospital has increased demand for these specialty services. This physician coverage has kept pace by providing increased access to specialty women's health services, including ultrasound and gynecology procedures, and reduce the need for patients to travel to the Robert B. Green Campus for comprehensive low-risk care. Continuing the partnership with UT Health's Department of OB/GYN will maintain the ability of University Health to provide women's health care in the most convenient outpatient setting.

Under the terms of the proposed new agreement, the goal is to continue to provide access to high quality obstetric and gynecological care, and to grow the women's and children's service line. The physician coverage will provide obstetric and gynecological services at seven University Health outpatient facilities: Naco Perrin Clinic, Zarzamora Clinic, Kenwood Clinic, South Flores Clinic, Southwest Women's Health Clinic, Westgate Women's Health Clinic and the Dr. Robert L. M. Hilliard Center.

The annual lease payment to UT Health will be \$2,306,656 for 5.0 total FTEs. UT Health physicians will provide 2,600 sessions, which equates to 31,200 patient visits per year. UMA collections for the professional fees generated by the UT Health providers are anticipated to be \$680,000 per year, making the annual net cost \$1,626,656. This is a planned expense and is included in the 2024 operating budget.

RECOMMENDATION: Staff recommends the Board of Managers' approval to execute the Professional Services Agreement for Obstetrics and Gynecological Services with UT Health for a two-year term from September 1, 2024 through August 31, 2026, at a total amount not to exceed \$4,613,312.

COMMENTS/DISCUSSIONS: Dr. Kelley asked last year if there were any expectations for what revenue should be collected? The offset of those is when the patient comes into the hospital to deliver their baby that comes into the Master Service agreement because that is the Hospitals services that is the laborist service as well as the doctors working in there, that baby that has been followed for 9 months we are getting

some dollars but we don't get the delivery because the school bills for, but when we look at the Master Service Agreement we are taking into consideration that the Doctor who is working in the clinic, maybe that is a .4 of a Doctor when they are working .6 or .8 in the hospital delivering those services, that follow under the Master Service agreement and we are paying 80% of their salary when they are here in the hospital and that salary minus the collections goes under the old agreement that we have with the school which is the old Master Service Agreement. They take all the expenses of the Doctors while they are in the hospital and any money that comes in from the school the Surgery Revenue, the Delivery Revenue and the others that is were we Net that side of it. Further discussions ensued

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

EVALUATION: None.

FOLLOW UP: None.

c. General Pediatric Outpatient Services — Edward Banos/Monika Kapur, M.D.

SUMMARY: In June 2013, University Health and the UT Health San Antonio (UT Health) Department of Pediatrics collaborated to transition the general outpatient pediatric residency clinic from Children's Hospital of San Antonio to University Health and University Medicine Associates (UMA). The partnership allowed pediatric faculty and residents to continue required clinical training while providing services to meet patient demand for general pediatric health care services in Bexar County.

General services consist of direct patient care rendered to University Health pediatric patients through physician faculty employed by UT Health and residents enrolled in the UT Health Pediatric Residency Program. The General Pediatric Residency Clinic at Robert B. Green Clinical Pavilion offers primary pediatric and walk-in care Monday through Thursday during traditional daytime business hours. Additionally, the Chronic Complex Care clinic (CCC) provides care to chronically ill and medically complex patients at both University Hospital and Robert B. Green locations.

Under the current agreement, which expires August 31, 2024, UMA leases 3.5 physician FTEs to provide general pediatric services and 1.3 physician FTEs to provide chronic complex care. University Health provides clinic space and support staff at no cost to UT Health. UMA bills and collects all professional fees generated by the UT Health physicians in these clinics.

The faculty and residents within the general pediatric and CCC clinics provided 15,963 patient visits from July 1, 2023 to June 30, 2024. This is an increase of 6.1% over the previous twelve-month period. The primary goal of these clinics is to continue to increase clinical access for general pediatric and chronic complex pediatric patients, thereby reducing unnecessary or inappropriate ER utilization and hospitalizations for this patient population.

UMA will compensate UT an amount not to exceed \$1,542,000 per year for 4.8 total FTEs (General Pediatrics Residency clinic and CCC combined at \$321,250 annually per FTE). The anticipated cash collections for professional fees are \$986,846 per year, which results in a net cost to UMA of \$555,154 annually. This is a planned expense and is included in the 2024 operating budget.

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RECOMMENDATION: Staff recommends the Board of Managers' approval to execute an agreement with UT Health for 4.8 pediatric physician FTEs at an amount not to exceed \$1,542,000 for the period from September 1, 2024 through August 31, 2025. UMA may also renew this agreement for an additional one-year period under the same terms and conditions for an amount not to exceed \$1,542,000 for the renewal period.

COMMENTS /DISCUSSIONS: Dr. Kelley had a question unable to hear question due to back ground noise

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

EVALUATION: None.

FOLLOW UP: None.

d. Pediatric Hematology/Oncology Services — Edward Banos/Monika Kapur, M.D.

SUMMARY: During 2014, University Health, University Medicine Associates (UMA) and the Department of Pediatrics, Division of Pediatric Hematology/Oncology of UT Health San Antonio (UT Health) collaborated to provide the highest quality care to the pediatric population of Bexar County needing hematology/oncology specialty services. The partnership allows board-certified pediatric hematologists, oncologists, and specialty trained advanced practice providers to provide specialty inpatient and outpatient services while creating a mechanism for UMA to bill for these services and collect patient revenue.

Services under the agreement consist of direct patient care rendered to University Health pediatric hematology/oncology patients through physicians and advanced practice providers employed by UT Health and leased by UMA. Under the current agreement, UMA leases 5.2 physician FTEs and 1.8 advanced practice provider FTEs. Additionally, University Health provides physical space and support staff at no cost to UT Health. UMA bills and collects all professional fees generated by the UT Health providers for pediatric hematology/oncology services rendered. The current agreement expires August 31, 2024. Patient satisfaction ratings are expected to be in the top 25% for pediatric hematology/oncology services. Physicians must also meet a minimum score of 90% on quality metrics as established and mutually agreed upon between UMA and UT Health. UMA will compensate UT Health an amount not to exceed \$1,994,748 per year for 7.0 total FTEs. This expense is offset by annual professional fee collections generated by the leased providers of \$597,805, which results in a net cost to UMA of \$1,396,943 per year. This is a planned expense and is included in the 2024 operating budget.

RECOMMENDATION: Staff recommends the Board of Managers' approval to execute an agreement with UT Health for 7.0 pediatric hematology/oncology provider FTEs at an amount not to exceed \$1,994,748 for the period from September 1, 2024 through August 31, 2025. UMA may also renew this agreement for an additional one-year period under the same terms and conditions for an amount not to exceed \$1,994,748 for the renewal period.

COMMENTS /DISCUSSIONS: None

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.

Consideration and Appropriate Action Regarding Guaranteed Maximum Price Proposals for the Construction Manager at Risk Agreements for Exterior and Interior Finishes and Final Site Work with the following:

- a. **Turner/Byrne/Straight Line Management Joint Venture at University Health Palo Alto Hospital (GMP #7)**
- b. **Layton Construction Company, LLC at University Health Retama Hospital (GMP #7)**

— *Don Ryden*

SUMMARY: In March 2023, Broaddus & Associates (BA) began to provide Owner’s Representative and project management (PM) services for the Project as an extension of University Health staff.

Also in March 2023, the Board approved University Health’s recommendations for Construction Managers (CMs) to collaborate with the A/E during the design phase and to provide pre-construction services as advisors and estimators. Turner-Byrne-Straight Line (TBS) Joint Venture was assigned as the CM for the University Health Palo Alto Hospital and Layton Construction Company (Layton) will serve as CM for the University Health Retama Hospital. Both CMs collaborated with the A/E and hospital leadership during the design phase and on-boarded key trade partners to help in achieving a cost-effective final design. Each CM continues to provide recommendations and solutions in the construction phase to mitigate consistently increasing construction costs. Early release design packages allowed preliminary work to commence in late 2023 while the design was being finalized.

The final Construction Documents (CDs) were published in March 2024 and have since been updated to incorporate additional constructability and jurisdictional review comments. Construction completion is expected in late 2026.

Staff therefore recommend approval of GMP #7 for TBS and GMP #7 for Layton per their proposals for a combined total of \$838 million in Board approved funding. The remaining total project cost will be paid in monthly increments over the next 30-36 months.

The proposed value of TBS GMP #7 is \$437,761,287 including direct and indirect construction costs and appropriate reserves and will increase the Construction Cost Limitation (CCL) established in their CM Agreement to include this new work. The proposed value of Layton’s GMP #7 is \$400,136,192 including direct and indirect construction costs and appropriate reserves and will increase the construction Cost Limitation (CCL) established in their CM Agreement to include this new work.

The total cost of both new GMP proposals combined is therefore \$837,897,479; Staff propose utilization of Board-approved funds for the Project to issue each GMP. Approval of these increases in commitment of Project funding will raise the previously Board approved total Project obligations of \$431,816,345 by \$837,897,479, to a new total of \$1,269,713,824.

RECOMMENDATION: Staff recommends the Board of Managers’ approval of the addition of GMP #7 to the CM Agreement with Turner Byrne Straight Line JV and GMP #7 to the CM Agreement with Layton Construction Company, LLC and authorize the President/Chief Executive Officer to execute the appropriate contract actions thereto in amounts not to exceed \$837,897,479:

TBS GMP #7	\$437,761,287
Layton GMP #7	\$400,136,192

COMMENTS/DISCUSSIONS: None

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

EVALUATION: None.

FOLLOW UP: None.

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

SUMMARY: University Health's consolidated bottom line for the month of June 2024 reflects a gain of \$24.2 million, \$20.3 million better than the budgeted gain of \$3.8 million. This gain to budget is primarily due to patient activity driving positive net patient revenue of \$10.0 million, and higher than budget DSH revenue of \$3.1 million.

In June, clinical activity (as measured by inpatient patient days) was up by 11.7% and inpatient discharges were higher than budget by 17.0%. Volumes exceeded budget across all key service delivery areas.

Community First experienced a bottom line gain of \$2.4 million, which was \$0.8 million higher than the budgeted gain of \$1.5 million. Although Community First fully insured membership was down 18.0% to budget due to faster than anticipated Medicaid disenrollment, the gain to budget was driven by a lower than budgeted claims expense.

Year to Date Operating Revenue

- Net patient revenue is over budget \$84.1 million driven by high patient volumes, acuity of inpatient services, and the continued growth of retail pharmacy volumes.
- Supplemental revenue is over budget \$31.4 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 under budget \$63.7 million related to lower than budgeted Medicaid membership which was impacted by the State's disenrollment process.

Year to Date Operating Expense

- Purchased Services are under budget \$22.2 million related to the reclass of year to date software maintenance contract expense to lease amortization expense.
- Supplies are over budget \$22.7 million due to \$16.7 million in higher pharmaceuticals expense from the retail pharmacy programs and \$6.1 million in higher medical supplies from the operating room and procedural departments.
- Community First claims expense is under budget \$55.0 million primarily driven by the lower than budgeted Medicaid membership.

Year to Date Non-Operating Expense

- Investment income of \$46.3 million was higher than budget by \$14.1 million.
- An unrealized gain of \$10.7 million was higher than a budgeted zero.

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Consolidated Balance Sheet

- Days Revenue in Patient Accounts Receivable: 37.5 days on a budget of 38.0 days. Improved cash collections and AR cleanup has moved this metric in a positive direction.
- The Women's and Children's Hospital and associated projects has a budget of \$838 million, \$773 million has been paid to date leaving a balance of \$65 million. A large portion of the remaining balance is encumbered and expected to be paid on the project.
The Community Hospitals project with a preliminary budget of \$1.2 billion currently has a reserved cash balance of \$818 million. The budget is now being trued-up based on final design development drawings, site conditions, projected workforce shortages in the skilled trades and other inflationary factors. University Health has paid out \$99 million to date on this project.
- Unencumbered funds reserved for future capital needs has a balance of \$19.0 million.
- University Health's Net Asset Value has increased \$185.6 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 June 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.

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

EVALUATION: None.

FOLLOW UP: None

Presentations and Education: None at this time

Information Only Items:

- A. Update on the Women's and Children's Hospital and Associated Projects — *Don Ryden*
- B. Update on the Community Hospitals and Associated Projects — *Don Ryden*
- C. University Health Foundation Update — *Sara Alger*
- D. Report on Recent Recognitions and Upcoming Events — *Leni Kirkman*


Adjournment: — *Jimmy Hasslocher, Vice Chair*

BCHD Board of Managers Meeting

Tuesday, July 30, 2024

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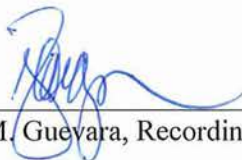
There being no further business Mr. Hasslocher adjourned the public meeting at 7:52pm., for a closed session.



James R. Adams
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.

Closed Meeting: A closed meeting will be held to evaluate the quality of medical, health care services and/or professional conduct as permitted by Section 161.032 of the TEXAS HEALTH & SAFETY CODE.

The Board Vice Chair, James C. Hasslocher, announced at 7:51 p.m. that the meeting will be closed to the public to evaluate the quality of medical, health care services and/or professional conduct as permitted by Section 161.032 of the TEXAS HEALTH & SAFETY CODE.

After discussion, no action was taken in closed session.

The Vice Chair, James C. Hasslocher, announced that the closed meeting ended at 8:03 p.m., on the 30th day of July 2024.



**MEETING OF THE BEXAR COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS CERTIFIED AGENDA**

Tuesday, July 30, 2024

The following is an agenda of a closed meeting of the Board of Managers of the Bexar County Hospital District d/b/a University Health, held pursuant to the Texas Open Meetings Act, TEX. GOV'T CODE § 551.001 et seq. (Vernon 2004).

The Board Vice Chair, James C. Hasslocher, announced this meeting closed to the public at 7:51 p.m., on the 30th day of July 2024 with the following Board members present:

James C. Hasslocher, Vice Chair
Margaret A. Kelley, M.D., Secretary
Anita L. Fernández, Member
Dianna M. Burns-Banks, M.D. Member
David J. Cohen, M.D., Member
Pat Jasso, Member

Also present were Mr. Edward Banos, President/Chief Executive Officer, Bryan Alsip, M.D., Executive Vice President/Chief Medical Officer, Michael Little, M.D., President/Medical/Dental Staff and Serina Rivela, Vice President/Chief Legal Officer.

A closed meeting was held to evaluate the quality of medical, health care services and/or professional conduct as permitted by Section 161.032 of the TEXAS HEALTH & SAFETY CODE.

After discussion, no action was taken in closed session.

The Vice Chair, James C. Hasslocher, announced that the closed meeting ended at 8:03 p.m., on the 30th day of July 2024.

I certify that this agenda kept pursuant to TEX. GOV'T CODE, §551.103 (Vernon 2004) is a true and correct record of these proceedings.

Jimmy Hasslocher
James C. Hasslocher, Vice Chair
Board of Managers