

**TARRANT COUNTY HOSPITAL DISTRICT (TCHD)
d/b/a/ JPS HEALTH NETWORK
JOINT BOARD OF MANAGERS AND FINANCE COMMITTEE MEETING
Thursday, January 26, 2017**

Meeting Minutes

The Tarrant County Hospital District ("District") Board of Managers and Finance Committee met 10:00 a.m. Thursday, January 26, 2017 on the 3rd Floor, Outpatient Clinic Auditoriums, John Peter Smith Hospital, 1500 South Main Street, Fort Worth, Texas, 76104, with the following Board members present:

Charles Powell, Board Chair
Charles Webber, M.D., Board Vice-Chair
D.T. Nguyen, Board Secretary
Trent Petty, Immediate Past Board Chair
Dorothy DeBose, Member
Warren Norred, Member
Daniel Casey, M.D., Member
Daniel Ziegler, M.D., Member

Members Absent: Steve Montgomery, Committee Chair
Rev. Ralph Emerson, Member
Scott Kayser, M.D., Member

Others Attending: Robert Earley, President, Chief Executive Officer
Bill Whitman, Executive Vice President, Chief Operating Officer
Sharon Clark, Executive Vice President, Chief Financial Officer
Jeanna Adler, Vice President, Finance
Martin Gilbert, Executive Director, Budget and Decision Support
Frank Rosinia, M.D., Executive Vice President, Chief Quality Officer
James Johnson, M.D., President, Acclaim Physician Group
Dianna Prachyl, Senior Vice President, Community Health and Chief Operating Officer, Acclaim
Ronald Skillens, Senior Vice President, Enterprise Risk Management
David Mendenhall, Vice President, Chief Technology Officer
Scott Rule, Vice President, Chief of Staff
Kathleen Whelan, Vice President, Clinical and Professional Operations
J.R. Labbe, Vice President, Communications and Community Affairs
Nydia Gonzalez, Vice President, Diversity and Inclusion, Chief Diversity Officer
Michelle Green-Ford, Director, Diversity and Inclusion
Jaime Pillai, Vice President, Operations Support Service
Janet Miles, M.D., Laboratory
Neal Adams, General Counsel
Clarie Cressey, Executive Assistant

Guest Attending: Tom Stallings, Executive Administrator, Tarrant County Judge's office
Jeni McGarry, Precinct Administrator, Precinct 2 Tarrant County Commissioners Court
Dennis Killy, Tarrant Alliance for Responsible Government

I. CALL TO ORDER

Charles Powell called the January 26, 2017 TCHD Joint Board of Managers and Finance Committee meeting to order at 10:10 a.m. Members present represented a quorum to conduct committee business.

II. CITIZENS WISHING TO ADDRESS THE BOARD

There were no citizens present wishing to address the Finance Committee.

III. MINUTES

Mr. Powell asked the Committee to review minutes from the December 15, 2016 Tarrant County Hospital District Joint Board of Managers and Finance Committee meeting and called for a motion. Dorothy DeBose made a motion for approval; motion was seconded by D.T. Nguyen and carried unanimously.

IV. CFO REPORT

There were no updates from the CFO.

V. MATTERS THAT REQUIRE DISCUSSION AND REQUIRING BOARD ACTION

A. Consider Acceptance of November 2016 Unaudited Financial Report

Sharon Clark presented the Unaudited Financial Report for November 2016.

Hospital:

Inpatient Admissions were favorable by 2.5% compared to budget and Patient Days were favorable by 4% compared to budget. Case Mix Index, which shows the acuity of the patient, was favorable by 4% compared to budget. Length of Stay was favorable by 2.6% compared to the budget, directly corresponding to the Case Mix Index increase.

Outpatient Emergency Department Visits were favorable by 18% compared to the budget with 10,600 visits. Clinic Visits were unfavorable by 2% compared to budget due to the holidays. Urgent Care Visits were favorable by 5% compared to budget and Outpatient Visits were on target for the month.

Because of a reporting issue, Observation Days were overstated in October and were unfavorable in November. The reporting issue has been resolved and averaged together, October and November Observation Days were unfavorable by 2% compared to the budget. Invasive Lab Cases continue to be favorable and was 14% over the budget for the month. Inpatient Surgeries were unfavorable by 14% compared to budget and Outpatient Surgeries were unfavorable by 6% compared to budget.

Psychiatric Patient Days were slightly unfavorable compared to budget, but were higher than last year by 855 days. Psychiatric Clinic Visits continue to be favorable compared to budget and continue to trend upward. Psychiatric Emergency Visits were unfavorable by 3% compared to budget. Although Psychiatric Emergency Visits were below budget, this was

positive since JPS has been working with community partners to assist the patients in using clinics rather than the Emergency Department. Psychiatric Partial Hospitalization Days were favorable by 1% compared to budget.

Total FTEs per Adjusted Patient Day through November were unfavorable by .11 compared to budget and return to favorable in December. Days Cash on Hand was at 225 days. Net Account Receivable Days were at 47. Payor Mix remained constant. JPS Connection enrollment was at 42,800.

Financial statements reflected a \$2 million loss from operations compared to a budgeted \$944,000 gain. Net patient service revenue was on budget for the month with admissions favorable by 2% compared to budget. November had a higher percentage of non-paying patients.

Uncompensated Care (UC) was unfavorable by \$833,000 compared to budget and will continue throughout the year. Although a 7% decrease was budgeted in FY2017, there was an additional decrease due to the way UC calculates and divides the dollars between large public hospitals in Texas. Efforts will continue to discover other revenue sources and decrease expenses to assist in accommodating for the UC decrease by the end of the year.

Salaries were unfavorable compared to budget by 5%, partially because November is one of the two months each year employees may cash out their paid time off (PTO). The PTO was budgeted equally throughout the year and will correct in later months. In addition, because of increased inpatient volumes, salaries were higher because of overtime and extra shift work. Supplies were over budget by 2.6% because of the Invasive Labs and Oncology requiring high cost drugs.

Acclaim:

Acclaim's financial statements reflected a \$987,000 loss from operations compared to a budgeted \$631,000 loss from operations. The net patient service review was favorable by \$288,000 compared to budget related to previous month's catch up. Salaries were unfavorable compared to budget by \$534,000 because of call coverage retro pay.

There being no further questions or discussion, Mr. Powell called for a motion to accept the November 2016 Unaudited Financial Report. Trent Petty made a motion for approval; motion was seconded by Mr. Nguyen as presented and carried unanimously.

B. Consider Acceptance of December 2016 Unaudited Financial Report

Ms. Clark presented the Unaudited Financial Report for December 2016.

Hospital:

Inpatient Admissions were favorable by 5% compared to budget and Patient Days were favorable by 7% compared to budget.

Outpatient Emergency Department Visits were on target compared to budget. Urgent Care Visits were favorable by 2% compared to budget. Clinic Visits were unfavorable by 6% compared to budget due to the holidays.

Observation Days were unfavorable compared to budget by 6% and has now normalized for the year after the October reporting issue was resolved. Invasive Labs continue to be favorable reflecting 9% ahead of the budget for the month. Inpatient Surgeries were favorable by 7% compared to budget and Outpatient Surgeries were unfavorable by 4% compared to budget.

Psychiatric Patient Days were unfavorable by 3% compared to budget and Clinic Visits were favorable by 12% compared to budget. Psychiatric Emergency Visits were unfavorable compared to budget by 10% and Partial Hospitalization Days were unfavorable by 8% compared to budget.

FTEs per Adjusted Patient Day for total paid was favorable at 5.92 compared to a budgeted 6.01 and FTEs with exclusions was favorable at 5.35 compared to a budgeted 5.40. Days Cash on Hand was at 244 days. Net Account Receivable Days was at 51.

JPS Connection enrollment had an enrollment decrease to 41,832 and was anticipated this time of year. The decrease is in relation to the Affordable Care Act's December 31st enrollment deadline and is usually extended through January 31st. It is anticipated that by January or February of 2017 the JPS Connection enrollments will return to between 42,000 to 43,000.

Financial statements were on target reflecting a \$1.3 million gain from operations. The Uncompensated Care continues to be under budget at \$833,000 per month. Net patient service revenue was strong at \$1.5 million over the budget. The net patient overage was because of the high inpatient volumes and strong Payor mix. Other operating revenue was favorable by 4.5% because of grants that were awarded.

Salaries and related expenses were on target compared to the budget for the month. Purchased services were unfavorable by 3.5% compared to the budget because of incentive payments on the physician contracts and some of the outsourced lab areas. Supplies were unfavorable by 1.6% compared to the budget because of the volumes within Invasive Lab.

Acclaim:

Acclaim's key statistic volume comparisons are skewed year-to-date because when the Acclaim budget was developed, volumes from the JPS Physician Group and University North Texas Health Science Center (UNT) systems were used. These two systems counted volumes differently than the current EPIC system and, as a result, the volumes appeared unfavorable by approximately 20%, but the actual revenue was closer to budget.

Acclaim's financial statements reflected a \$1.4 million loss from operations compared to a budgeted \$664,000 loss from operations. Net patient service revenue was on target for the month. Other operating revenue was favorable by \$521,000 and was offset by the purchased service expense. The offset was because of physician contracts being executed.

Salaries were unfavorable by \$769,000 compared to budget. Acclaim's administrative staff cashed out some of their PTO time and should even out through the year. In addition, there were staff incentive pay, retro orthopedic call back pay, and other catch up salary items. Contract labor was unfavorable by \$121,000 compared to budget as Acclaim recruits physicians. Supplies were favorable by \$209,000 compared to budget.

Acclaim's FY2017 income loss from operations was unfavorable by \$2 million compared to budget. Part of the loss was because of receiving a one-time prior year coverage invoice from UNT after FY2016 was closed. The other portion of the loss was in salaries. As physicians were on-boarded there was a 40 hour per week per physician PTO/disability accrual that occurred. Both the coverage invoice and the PTO/disability accrual are one-time charges.

There being no further questions or discussion, Mr. Powell called for a motion to accept the December 2016 Unaudited Financial Report. Mr. Petty made a motion for approval; motion was seconded by Mr. Nguyen as presented and carried unanimously.

C. Consider Approval of Software Use Agreement between Strata Decision Technology LLC and Tarrant County Hospital District d/b/a JPS Health Network

Jeanna Adler presented the Software Use Agreement between Strata Decision Technology LLC and Tarrant County Hospital District d/b/a JPS Health Network to the Committee for consideration. Approval of this agreement will provide a Decision Support cost accounting and service line reporting application.

There being no further questions or discussion, Mr. Powell called for a motion to approve the Software Use Agreement between Strata Decision Technology LLC and Tarrant County Hospital District d/b/a JPS Health Network. Mr. Nguyen made a motion for approval; motion was seconded by Ms. DeBose as presented and carried unanimously.

D. Consider Approval of Comprehensive Pharmacy Management Services Agreement between Tarrant County Hospital District and Maxor National Pharmacy Services Company, LLC

Bill Whitman presented the Comprehensive Pharmacy Management Services Agreement between Tarrant County Hospital District and Maxor National Pharmacy Services Company, LLC to the Committee for consideration. Approval of this agreement will allow for management services to the inpatient pharmacy, correctional health pharmacy, and cancer center/infusion services.

Mr. Nguyen recused himself from voting.

There being no further questions or discussion, Mr. Powell called for a motion to approve the Comprehensive Pharmacy Management Services Agreement between Tarrant County Hospital District and Maxor National Pharmacy Services Company, LLC. Charles Webber, M.D., made a motion for approval; motion was seconded by Ms. DeBose as presented and carried unanimously.

E. Consider Approval of First Amendment to Professional Services Agreement (Pathology) between Tarrant County Hospital District d/b/a JPS Health Network and ProPath Associates

Mr. Powell announced that First Amendment to Professional Services Agreement (Pathology) was removed from the agenda.

F. Consider Approval of Tenth Amendment and Assignment of Professional Services Agreement (Surgery) between Tarrant County Hospital District d/b/a JPS Health Network, Acclaim Physician Group, Inc. and Texas Health Care, P.L.L.C.

Mr. Whitman presented the Tenth Amendment and Assignment of Professional Services Agreement (Surgery) between Tarrant County Hospital District d/b/a JPS Health Network, Acclaim Physician Group, Inc. and Texas Health Care, P.L.L.C. to the Committee for consideration. Approval of this amendment will assign the agreement to Acclaim and will temporary provide infectious disease call coverage.

There being no further questions or discussion, Mr. Powell called for a motion to approve the Tenth Amendment and Assignment of Professional Services Agreement (Surgery) between Tarrant County Hospital District d/b/a JPS Health Network, Acclaim Physician Group, Inc. and Texas Health Care, P.L.L.C. Mr. Petty made a motion for approval; motion was seconded by Dr. Webber as presented and carried unanimously.

G. Consider Approval of FY2017 Project Budget Request for Tower 9

Mr. Whitman and Angie Morgan presented the FY2017 Project Budget Request for Tower 9 to the Committee for consideration. Approval of this request will allow for capital funds for phase 1 of Tower 9 refresh project.

There being no further questions or discussion, Mr. Powell called for a motion to approve the FY2017 Project Budget Request for Tower 9. Ms. DeBose made a motion for approval; motion was seconded by Daniel Ziegler, M.D., as presented and carried unanimously.

H. Consider Approval of First Amendment to Professional Services Agreement between Acorio, LLC and the Tarrant County Hospital District d/b/a JPS Health Network

David Mendenhall presented the First Amendment to Professional Services Agreement between Acorio, LLC and the Tarrant County Hospital District d/b/a JPS Health Network to the Committee for consideration. Approval of this agreement will allow for implementation of ServiceNow's Governance, Risk, and Compliance module.

There being no further questions or discussion, Mr. Powell called for a motion to approve the First Amendment to Professional Services Agreement between Acorio, LLC and the Tarrant County Hospital District d/b/a JPS Health Network. Mr. Nguyen made a motion for approval; motion was seconded by Ms. DeBose as presented and carried unanimously.

I. Consider Approval of Extension to Software Use Agreement between Tarrant County Hospital District d/b/a/ JPS Health Network and SHI Government Solutions Microsoft EA

Mr. Mendenhall presented the Extension to Software Use Agreement between Tarrant County Hospital District d/b/a/ JPS Health Network and SHI Government Solutions Microsoft EA to the Committee for consideration. Approval will extend Enterprise Agreement for 90 days to allow time to finalize a new contract.

There being no further questions or discussion, Mr. Powell called for a motion to approve the Extension to Software Use Agreement between Tarrant County Hospital District d/b/a/ JPS Health Network and SHI Government Solutions Microsoft EA. Mr. Nguyen made a motion for approval; motion was seconded by Ms. DeBose as presented and carried unanimously.

VI. REPORT OF GENERAL LEGAL COUNSEL AND/OR LEGAL MATTERS REQUIRING DISCUSSION(S), UPDATE(S), DELIBERATION(S), ACTION(S) AND/OR APPROVAL

Neal Adams announced the monthly report listing 24 contracts under \$200,000 was posted to the board portal.

VII. RECONVENE IN EXECUTIVE SESSION PURSUANT TO CHAPTER 551, TEXAS GOVERNMENT CODE FOR THE FOLLOWING:

The Committee reconvened in Executive Session at 11:27 a.m.

VIII. RECONVENE IN OPEN SESSION FOR DELIBERATION(S) AND/OR ACTION(S) DEEMED NECESSARY REGARDING ANY MATTER LISTED ON THE CLOSED SESSION AGENDA.

The Committee reconvened in open session at 11:50 a.m.

Discussion regarding Transfusion Services Management Agreement between Carter BloodCare and Tarrant County Hospital District d/b/a JPS Health Network, with approval of a discretionary bid exemption

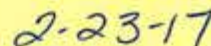
There being no further questions or discussion, Mr. Powell called for a motion to approve the Transfusion Services Management Agreement between Carter BloodCare and Tarrant County Hospital District d/b/a JPS Health Network, with approval of a discretionary bid exemption. Dr. Webber made a motion for approval; motion was seconded by Mr. Nguyen as presented and carried unanimously.

IX. ADJOURN

There being no further business of the TCHD Joint Board of Managers and Finance Committee meeting was adjourned at 11:52 a.m.



Charles Powell, Board Chairman



Date