

**TARRANT COUNTY HOSPITAL DISTRICT (TCHD)
d/b/a JPS HEALTH NETWORK**

**JPS Health Network
1500 S. Main Street, Fort Worth, TX 76104
3rd Floor Outpatient Conference Rooms**

MEETING OF BOARD OF MANAGERS

**Thursday, August 9, 2018
Meeting Minutes**

The Tarrant County Hospital District ("District") Board of Managers met Thursday, July 12, 2018, JPS Health Network, 1500 S. Main Street, 3rd Floor Outpatient Conference Rooms with the following members present:

Charlie Powell, Board Chair
Rev. Ralph Emerson, Immediate Past Board Chair
Charles Webber, M.D., Vice Chair
D.T. Nguyen, Board Secretary
Dorothy DeBose
Steve Montgomery
Trent Petty
Steven Simmons, D.O.

Board Members Absent:

Roger Fisher
Rex Hyer, M.D.
Warren Norred

Others Attending:

Robert Earley, President, Chief Executive Officer
Bill Whitman, Senior Executive Vice President, Chief Operating Officer
Zelia Baugh, Executive Vice President, Behavioral Health
Lara Burnside, Senior Vice President, Strategy, Chief Patient Experience Officer
Kenneth Carr, Senior Vice President, Network Operations
Sharon Clark, Executive Vice President, Chief Financial Officer
Melinda Costin, Senior Vice President, Chief Information Officer
Karen Duncan, M.D., Executive Vice President, Community Health
Tricia Elliott, M.D., Vice President, Academic & Research
Michael Hochberg, M.D., President, Chief Medical Officer, Acclaim Physician Group
Timothy Kremer, M.D., Senior Vice President, Chief Medical Officer
J.R. Labbe, Vice President, Communications and Community Affairs
Timothy Niacaris, M.D., Vice President, CMIO, Health Informatics & Analytics
Wanda Peebles, Executive Vice President, CNO Acute Care
Jaime Pillai, Vice President, Support Services
Dianna Prachyl, Senior Vice President, Chief Operating Officer, Acclaim Physician Group
Scott Rule, Vice President, Chief of Staff
Trudy Sanders, Vice President, Patient Care Services
Chet Schrader, M.D., President, Medical Staff
Pia Walker, Senior Vice President, Human Resources
Kathleen Whelan, Vice President, Operations
Neal Adams, General Counsel
Suzanne Barnes, Recording Secretary

Guest:

G.K. Maenius, Tarrant County Administrator

I. CALL TO ORDER – Charlie Powell called the meeting to order at 1:10pm

II. OPENING PRAYER & PLEDGE

III. CITIZENS WISHING TO ADDRESS THE BOARD – No citizens wished to address the Board.

IV. APPROVAL OF MINUTES

A. July 12, 2018

Action: Rev. Ralph Emerson motioned to approve the June 14, 2018 minutes, seconded by DT Nguyen, motion passed unanimously.

V. BOARD CHAIR REPORT

Summary: Mr. Powell updated the Board on the following

- JPS Talent Show – Thanked all who participated

VI. CEO REPORT

Summary: Robert Earley updated the Board on the following:

- Charlie Powell was announced as the 2018 recipient of the Dallas-Fort Worth Hospital Council's (DFWHC) Distinguished Health Service Award. He will be recognized at the DFWHC's 70th Annual Awards Luncheon on Wednesday, October 17th at Arlington Convention Center.
- Telehealth – As a system, we are working on a telehealth strategy, specifically around improving access, securing payment for such services, and deploying consistent processes and technologies around the various services which may leverage telehealth delivery
- Pathway to Excellence – Wanda Peebles reported that JPS Health Network nursing team was recognized by the American Nurses Credentialing Center with its prestigious Pathway to Excellence designation. Pathway to Excellence is the premier designation a nursing program can receive, showing a positive nursing practice environment and the structural foundation of a healthy workplace.

VII. RESOLUTION IN SUPPORT OF CALLING A BOND ELECTION

A. Consider Approval of the Resolution in Support of a Bond Election for the Purpose of Acquiring, Constructing, Improving, Equipping or Enlarging Facilities in the Tarrant County Hospital District system - C. Powell, R. Earley, and N. Adams

Action: Trent Petty motioned to approve the Resolution in Support of a Bond Election for the Purpose of Acquiring, Constructing, Improving, Equipping or Enlarging Facilities in the Tarrant County Hospital District system, seconded by Rev. Ralph Emerson, motion passed unanimously.

VIII. REPORT FROM MEDICAL EXECUTIVE STAFF COMMITTEE REQUIRING DISCUSSION(S), UPDATE(S), DELIBERATION(S), ACTION(S) AND/OR APPROVAL – C. Schrader

- A. Consider Approval of the Moderate Sedation Clinical Privileges

Action: Charles Webber, M.D., motioned to approve the Moderate Sedation Clinical Privileges, seconded by Steven Simmons, D.O., motion passed unanimously.

IX. REPORT FROM ACCLAIM PHYSICIAN GROUP, INC, REQUIRING DISCUSSION(S), UPDATE(S), DELIBERATION(S), ACTION(S) AND/OR APPROVAL – Dr. Hochberg

Summary: No report

X. COMMITTEE REPORTS AND ACTION

- A. Finance Committee Report and/or Action – Steve Montgomery, Chair
Thursday, July 26, 2018

Summary: Sharon Clark presented the Financial Summary report

XI. OTHER MATTERS REQUIRING BOARD DISCUSSION(S), UPDATE(S), DELIBERATION(S), ACTION(S) AND/OR APPROVAL

- A. Consider Approval of Customer Order under the Master Agreement between Tarrant County Hospital District d/b/a JPS Health Network and Care Fusion Solutions, LLC with an effective date of February 18, 2016 and the First Amendment to the Master Agreement. – (568068) W. Peebles

Action: Steve Montgomery motioned to approve Customer Order under the Master Agreement between Tarrant County Hospital District d/b/a JPS Health Network and Care Fusion Solutions, LLC with an effective date of February 18, 2016 and the First Amendment to the Master Agreement, seconded by Rev. Ralph Emerson, motion passed unanimously.

XII. CONSENT AGENDA: ALL CONSENT AGENDA ITEMS WERE DISCUSSED IN BOARD COMMITTEE MEETINGS AND MAY REQUIRE LITTLE OR NO DELIBERATION BY THE BOARD OF MANAGERS, BUT REQUIRE BOARD APPROVAL.

Action: Dr. Webber, M.D., motioned to approve the Consent Agenda, seconded by Dorothy DeBose, motion passed unanimously.

- A. Consider Approval of Acceptance of June 2018 Unaudited Financial Report – S. Clark
- B. Consider Approval of Annual Contribution to JPS Pension Plan for Plan Year October 1, 2017 to September 30, 2018 – S. Clark
- C. Consider Approval of Annual Contribution to Tarrant County Hospital District Governmental Excess Benefit Arrangement (GEBA) for the Plan Year October 1, 2017 to September 30, 2018 – S. Clark
- D. Consider Approval of Proposed Fourth Modification to Office Lease Agreement between Tarrant County Hospital District d/b/a JPS Health Network and Andrews-Dillingham Properties, Ltd. (135539) – S. Rule

- E. Consider Approval of Proposed First Amendment to Employee Pharmacy Benefit Management Services Agreement between Tarrant County Hospital District d/b/a JPS Health Network and MaxorPlus, Ltd. (552118) – P. Walker
- F. Consider Approval of Proposed Agreement between Tarrant County Hospital District d/b/a JPS Health Network and ThyssenKrupp Elevator Corporation regarding elevator modernization construction and related services for TCHD’s elevators located in the JPS Hospital Parking Garage (563935) – J. Pillai
- G. Consider Approval of Proposed GME Formula Funding Agreement between Tarrant County Hospital District d/b/a JPS Health Network and University of North Texas Health Science Center (502556) – Dr. T. Elliott
- H. Consider Approval of Proposed First Amendment to Medical Education Affiliation Agreement between Tarrant County Hospital District d/b/a JPS Health Network and Acclaim Physician Group, Inc. – Dr. T. Elliott

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

- A. Neal Adams reported there were 24 contracts negotiated on behalf of the Tarrant County Hospital District d/b/a JPS Health Network that are under \$200,000 in value.
- B. Mr. Adams reported there were 5 contracts negotiated on behalf of the Tarrant County Hospital District d/b/a JPS Health Network that are between \$200,000 and \$500,000 in value.

XIV. DELIBERATE AND CONSIDER ACTION REGARDING 2019 FISCAL YEAR DRAFT BUDGET AND PROPOSED FISCAL YEAR 2019 AD VALOREM TAX RATE – S. Clark

FY2019 budget combined income statement is comprised of the Hospital, Acclaim Physician Group, and JPS Foundation budgets with excess of revenue over expense listed below:

Hospital	\$23,094,866
Acclaim Physician Group	(\$23,610,135)
JPS Foundation	\$ 786,299
Combined System Total	\$ 271,030

A. Fiscal Year 2019 Tarrant County Hospital District Operational Budget – S. Clark

Total Operating Revenue	\$1,025,696,951
Total Operating Expenses	\$1,018,894,539
Non-Operating Revenue	\$ 16,292,454
Excess of Revenue over Expenses	\$ 23,094,866

Action: Mr. Powell called for a motion to approve the Fiscal Year 2019 Tarrant County Hospital District Operational Budget as presented. Steve Montgomery made a motion for approval; motion was seconded by D.T. Nguyen as presented and carried unanimously.

Summary: Sharon Clark presented the Hospital’s Operational Budget to the Board.

Key inpatient statistics were reviewed. Admissions are anticipated to increase by almost 5% compared to the FY18 Projected, while Patient Days are anticipated to increase by 2% compared to the FY18 Projected Budget. Urgent Care visits are anticipated to increase by 2% while the Emergency Department is not anticipated to experience growth in FY19. Surgical Cases are anticipated to increase by 2% attributed mainly due to additional utilization at the ambulatory surgical center in Arlington.

Budgeted outpatient statistics include an increase of approximately 2% in community health visits. Key behavioral statistics include patient days and psychiatric emergency department visits and are anticipated to remain constant compared to the FY18 Projected. Behavioral Health clinic visits are anticipated to decrease by 1% compared to FY18 Projected.

The Hospital's FY19 operating income was reviewed and is comprised of:

- 42.9% Collections for Patient Services Revenue
- 40.3% Ad Valorem (property) tax revenue
- 11.7% Supplemental State and Federal payments
- 5.1% Other Revenue

FY19 net patient revenue is budgeted at an 8% increase compared to FY18 Projected.

FY19 budgeted Ad valorem tax revenue slide was reviewed and reflected a 10% increase compared to FY18 Projected, which is a 5.1% effective tax rate increase.

Other operating revenue was reviewed and includes UC, DSH, DSRIP, grants, and other non-patient revenue. Because of a decrease in federal funding from the State, both Projected 18 and Budget 19 reflect a decrease from anticipated UC of \$16.2 million and \$13.3 million, respectively.

The Hospital's FY19 expenses were reviewed and discussed

Salaries and wages are projected to experience an overall increase compared to the FY18 Projected. Increases include an employee average merit of 2% and filling vacant positions reducing contract labor expense and the impact of market adjustments. Decreases compared to the FY18 Projected include limited sell back of paid time off. Benefits are projected to experience an overall decrease compared to the FY18 Projected with increases in the employee contribution for covered spouse and an increase in employee pension contribution from 1% to 2% of annual salary. In addition, a high deductible health plan with an HSA will be a new coverage option in FY19. FTE's per adjusted patient day is budgeted at 5.72.

Professional fees are budgeted to increase 7% compared to FY18 Projected. The increase is due to dental services transition to Acclaim and additional surgical services coverage.

Purchased services is budgeted to increase by 12% compared to FY18 Projected, largely because of additional increases included from software licensing expansion and IT maintenance, purchase service agreements for medical equipment with expiring warranties and mobile mammography budgeted to being in January 2019.

Medical supplies are budgeted by almost 7% increase compared to FY18 Projected. The increase is partially due to the addition of nine progressive unit beds, a 3% anticipated inflation rate on medical supplies, and a pharmaceutical inflation factor of 10%.

Other expenses were increased by approximately 11% because of an increase in Public Health and MHMR services, minor medical equipment, computer replacements, and administrative expenses for the 340B. Depreciation includes a \$33 million capital spend.

Non-operating revenue is anticipated to increase by 36% compared to the budgeted FY18 Projected. Based on market trends investments being budgeted to experience higher yields. The Hospital income statement was reviewed showing a projected FY19 budgeted operating margin of \$6.8 million, with an operating margin of .7% and \$23 million Excess of Revenue Over Expenses.

B. Fiscal Year 2019 Tarrant County Hospital District Capital Budget – S. Clark

Equipment	\$18,823,000
Information Technology	\$ 7,929,000
Facilities & Renovations	\$ 5,448,000
Capital Contingency	\$ 500,000
Master Facility Projects/JPS Future Fund	\$ 7,000,000
Total	\$39,700,000

Action: Mr. Powell called for a motion to approve the Fiscal Year 2019 Tarrant County Hospital District Capital Budget as presented. Mr. Montgomery made a motion for approval; motion was seconded by Trent Petty as presented and carried unanimously.

Summary: Ms. Clark presented the Capital FY19 Budget to the Board.

- Total proposed capital budget of \$39.7 million is requested
- Budgeted facilities and renovations were proposed at \$5.4 million.
- Maintenance capital was proposed at \$27.3 million and includes equipment, information technology, strategic capital, and capital contingency.
- \$7 million is allocated as an anticipated addition to the JPS Future Fund.

C. Fiscal Year 2019 Acclaim Physician Group Budget – S. Clark

Total Operating Revenue	\$121,988,315
Total Operating Expenses	\$145,598,450
Excess of Revenue over Expenses	(\$ 23,610,135)

Action: Mr. Powell called for a motion to approve the Fiscal Year 2019 Tarrant County Hospital District Acclaim Physician Group Budget as presented. Mr. Montgomery made a motion for approval; motion was seconded by Ms. DeBose as presented and carried unanimously.

Summary: Ms. Clark presented the FY19 Acclaim Physician Group budget to the Board.

Advantages of a hospital-owned physician group were reviewed. Acclaim currently has approximately 434 physicians who provide oversight of patients.

Strategic initiatives included in the Acclaim's budget are the full year impact onboarding 24 additional providers late in FY18, growth of the urology department to improve access of care, expansion of maternal fetal medicine services, planned decrease of academic funding, transition dental providers from JPS to Acclaim, and continued focus on revenue cycle improvements.

Budgeted Acclaim employee statistics include 458 providers, 50 clinical staff, and 109 administrative staff.

Projected encounters for FY19 are budgeted to increase by 6% over the FY18 Projected encounters. The increase is largely in Obstetrics and Gynecology, Surgical Services and Internal Medicine.

Net Patient Review is projected to increase by 3% over the FY18 Projected based on the addition of providers.

Other operating revenue increased 12% mainly due to the GME and professional services agreement revenue and Connection group quality incentive.

Salaries and wages are projected to increase by 12% compared to FY18 Projected because of onboarding surgeons, transition of dental from JPS, the impact of full year salaries for providers, reduction in Physician Remuneration and benefits based on personal growth. Physician remuneration is projected to decrease in FY19 by almost 22% over FY18 Projected. Several contracted providers are transitioning to employment within Acclaim.

Other operating expenses are anticipated to increase in FY19 by 19% over FY18 Projected. Other operating expenses include the revenue cycle strategies, coding software, online appointment scheduling software and lease and rental facilities.

Acclaim capital expenditures include \$35,000 for EMG Testing Equipment. These costs are included in the overall capital budget.

Acclaim Physician Group's Income Statement is projecting a FY19 loss of \$23.6 million, or \$51,551 per provider. The National MGMA median loss per provider is \$158,306.

D. Fiscal Year 2019 JPS Foundation Budget – S. Clark

Total Operating Revenue	\$4,081,108
Total Operating Expenses	\$3,304,608
Non-Operating Income	\$ 9,799
Excess of Revenue over Expenses	\$ 786,299

Action: Mr. Powell called for a motion to approve the Fiscal Year 2019 Tarrant County Hospital District Foundation Budget as presented. Mr. Montgomery made a motion for approval; motion was seconded by Ms. DeBose as presented and carried unanimously.

Summary: Ms. Clark presented the JPS Foundation budget to the Board.

The JPS Foundation activities support the Hospital's operating budget through fundraising and grant activities.

There are three major functions that flow through the JPS Foundation:

- Operating activities and unrestricted donations
 - 12 employees are funded by the Hospital supporting fundraising and grant activities
 - The Foundation receives unrestricted donations from employee giving, community organizations, and retail sources to benefit patients
- Donor restricted
 - These dollars are received from various donors who have a specific purpose designated
- Connection Supplement
 - Provides financial assistance to eligible residents of Tarrant County for assistance with deductibles and co-pays as services are accessed through the JPS Network

The JPS Foundation FY19 operational budget with the three major functions detailed was reviewed reflecting Excess of Revenue Over Expenses of \$786,299.

E. Fiscal Year 2019 Ad Valorem Tax Rate Notice – S. Clark

Action: Mr. Powell called for a motion to approve the tax rate at \$0.224429 with no recommended change from prior year. Mr. Montgomery made a motion for approval; motion was seconded by Ms. Debose as presented and carried unanimously

Summary: Ms. Clark reviewed the ad valorem tax revenue slide.

XV. **RECONVENE IN EXECUTIVE SESSION PURUANT TO CHAPTER 551, TEXAS GOVERNMENT CODE FOR THE FOLLOWING:**

The Board reconvened in Executive Session at 3:45pm

XVI. RECONVENE IN OPEN SESSION FOR DELIBERATION(S) AND/OR ACTION(S) DEEMED NECESSARY REGARDING ANY MATTER LISTED ON THE EXECUTIVE SESSION AGENDA, PARAGRAPHS XV. A, B, C, D, E, AND F.

The Board reconvened in Open Session at 3:55pm

Summary: Consider Approval of Privileges/Appointments and Reappointments to the Medical Staff as presented – C. Schrader, M.D.

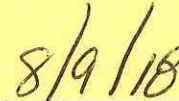
Action: Charles Webber, M.D., motioned to approve the Privileges/Appointments and Reappointments to the Medical Staff as presented, seconded by Steven Simmons, D.O., motioned passed unanimously.

XVII. ADJOURN

Action: There being no further business, the meeting adjourned at 3:55pm.



Charlie Powell, Board Chair



Date