

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

**1500 S. MAIN STREET
FORT WORTH, TX 76104
OUTPATIENT BUILDING, 3rd FLOOR AUDITORIUMS**

**JOINT BOARD OF MANAGERS AND FINANCE COMMITTEE MEETING
10:00 A.M. THURSDAY, OCTOBER 25, 2018**

MEETING MINUTES

The Tarrant County Hospital District ("District") Board of Managers and Finance Committee met at 10:00 a.m. Thursday, October 25, 2018 on the 3rd Floor, Outpatient Clinic Auditoriums, John Peter Smith Hospital, 1500 South Main Street, Fort Worth, Texas, 76104, with the following Board/Committee members present:

Charles Powell, Board Chair
Charles Webber, M.D., Board Vice-Chair
D.T. Nguyen, Board Secretary
Dorothy DeBose
Roger Fisher
Chet Schrader, M.D.

Members Absent: Rev. Ralph Emerson, Immediate Past Board Chair
Steve Montgomery, Committee Chair
Daniel Ziegler, M.D.
Trent Petty, Past Board Chair

Others Attending: Bill Whitman, Senior Executive Vice President, Chief Operating Officer
Sharon Clark, Senior Executive Vice President, Chief Financial Officer
Scott Rule, Vice President, Chief of Staff
Dr. Cheryl Hurd, Program Director, Behavioral Health, Acclaim
Michael Hochberg, M.D., President, Chief Medical Officer, Acclaim
Timothy Kremer, M.D., Senior Vice President, Chief Medical Officer
Kenneth Carr, Senior Vice President, Network Operations
Kathleen Whelan, Vice President, Operations
Wanda Peebles, Executive Vice President, Acute Care, Chief Nursing Officer
Ron Skillens, Senior Vice President, Enterprise Risk Mgt, Chief Compliance Officer
Zelia Baugh, Executive Vice President, Behavioral Health Administrator
Melinda Costin, Senior Vice President, Chief Information Officer
Dianna Prachyl, Senior Vice President, Chief Operating Office, Acclaim
Karen Duncan, M.D., Executive Vice President, Community Health
Suzanne Fleming, Executive Director, Financial Strategy
Michelle Green-Ford, Interim Vice President, Diversity and Inclusion
J.R. Labbe, Vice President, Communications and Community Affairs
Tricia Swift, Vice President, Chief Quality Officer
Diana Singer, Director, Academic Affairs
Michelle Atkins, Director, Internal Audit (arrived at 10:20 am)
Erana Hughes, Manager, Enterprise Risk Management

Karl Janik, Manager, Supply Chain
Allan Graves, General Counsel
Lee Ann Gilly, Executive Assistant
Guest Attending: Jeni McGarry, Precinct 2 Administrator, Tarrant County Commissioners Court
Chandler Merritt, Chief of Staff, County Judge, Tarrant County

I. CALL TO ORDER

Charlie Powell called the October 25, 2018 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 September 27, 2018, Tarrant County Hospital District Joint Board of Managers and Finance Committee meeting and called for a motion. Dr. Charlie Webber made a motion for approval; motion was seconded by Dr. Chet Schrader and the motion carried unanimously.

IV. CFO REPORT

Sharon Clark communicated to the Board that BKD, LPP has begun the TCHD FY18 audit and the preliminary audit report is schedule to be presented at the December 13, 2018 JPS Board of Managers Meeting.

V. MATTERS THAT REQUIRE DISCUSSION AND BOARD ACTION

A. Consider Approval of September 2018 Unaudited Financial Report

Ms. Clark presented the September 2018 and FY18 Unaudited Financial Reports to the Committee.

Hospital:

Inpatient Admissions were slightly ahead of budget with 2,709 admissions during September. Patient Days were favorable by almost 14% compared to budget. Length of Stay was unfavorable by 7% compared to the budget. Case Mix was unfavorable by approximately 3% compared to budget.

Outpatient Emergency Department visits were favorable by almost 2% compared to budget, with 9,749 visits during September. Urgent Care Visits were 11% unfavorable to budget, with 4,023 visits during September. Total Primary Clinic Visits finished strong for September with 26,273 visits. Specialty Clinic Visits were favorable by approximately 7% compared to budget with 19,366 visits during September.

Observation Days were unfavorable by 18% compared to the budget. Inpatient Surgeries were favorable by approximately 2% compared to budget. Outpatient Surgeries were

favorable by approximately 1% compared to budget. Invasive Lab Cases continues to grow and was favorable by almost 9% compared to the budget, with 668 cases during September.

Psychiatric Patient Days were favorable by more than 9% compared to the budget. Psychiatric Clinic Visits were unfavorable by more than 5% compared to budget. Psychiatric Emergency Visits were unfavorable by 15% compared to the budget. Psychiatric Partial Hospitalization Days were unfavorable by approximately 18% compared to the budget.

Year-to-date FTEs per Adjusted Patient Day were favorable at 5.58 compared to a budgeted 5.80. Days Cash on Hand was 158 days. Net Account Receivable Days were at 51. Payor Mix year-to-date remained constant.

JPS Connection enrollment increased slightly for a total of 39,381 at the end of September.

The Hospital's three-year trend slides were reviewed:

Inpatient Admissions increased by more than 4% from FY17 to FY18. Patient Days were greater than 7% from FY17 to FY18.

Emergency Department visits decreased slightly by almost 2% from FY17 to FY18. An average of 332 patients were seen per day during FY17, and 316 patients on average were seen per day during FY18. Total Clinic Visits increased by 6% from FY17 to FY18.

Total number of surgeries for decreased by 5% from FY17 to Fy18.

Psychiatric Patient Days increased by 4% from FY17 to FY18.

Impacting the month-end results, Net Patient Service Revenue was favorable by 12% compared to budget because of increased patient volume and the increased reimbursement for Managed Medicaid Plans effective March 1, through the UHRIP Program. Disproportionate Share and 1115 Waiver revenue was lower than budget as previously discussed and was partially offset by increased DSRIP achievement. Other Operating Revenue approximated budget.

Salaries were greater than budget by 10% due to increased patient volume. However, FTE's per APD were 4% lower than budget.

Purchased Services were 24% over budget for the year. Purchased Services includes regional IGT, contract services, professional fees and physician coverage fees. The year-to-date unfavorable variance primarily related to the unbudgeted discontinuation of the TCICC IGT offload arrangement which was effective October 1, 2017 and the unbudgeted IGT payments for the UHRIP Program since March 1, 2018. There is also offsetting UHRIP payments in Net Patient Revenue.

For the month, income from operations was \$1.5 million compared to a budgeted income from operations of \$560,000.

The year-to-date income from operations was \$1.1 million compared to a budgeted income from operations of \$4.2 million, Significant changes to budgeted operation results were related to the change in the way IGT's are made for other community partners and changes

in regulations creating significant cuts to public hospitals in Federal and State Funding. Year-to-date net income was \$13.3 million compared to a budgeted net income of \$14.6 million.

Acclaim:

The Acclaim Physician Group Income Statement was reviewed.

Net Patient Service Revenue was unfavorable by 33% due to a lower than budgeted encounter volume.

Other Operating Revenue was unfavorable primarily due to the DSRIP change in metrics in the amount of \$4.4 million. This is partially offset by funding for grand rounds from an external customer and Meaningful Use dollars received.

For the month, Acclaim's financial statements reflected a \$7.0 million Loss from Operations compared to a budgeted \$660,000 Loss from Operations. FY18 Loss from Operations was \$17 million compared to a budgeted loss from operations of \$12.3 million. The main reason was due to DSRIP metrics that were budgeted in Acclaim, but subsequently not allowed by the State. When the impact of this DSRIP revenue is removed, the operation margin was \$300,000 below budget. The year-to-date Net Loss was \$17.0 million compared to a \$12.3 million Budgeted loss.

The Combined Income Statement FY18 was reviewed and reflected a net loss for the year of \$15.2 million. The Combined Balance Sheet FY18 was reviewed and reflected \$1.1 billion of total liabilities and nets assets.

There being no further questions or discussion, Mr. Powell called for a motion to accept the September 2018 Unaudited Financial Report. D.T. Nguyen made a motion for approval and the motion was seconded by Roger Fisher as presented and carried unanimously.

B. Consider Approval of Purchase Agreement between CareFusion Solutions, LLC and the Tarrant County Hospital District d/b/a JPS Health Network.

Ms. Clark presented the Purchase Agreement between CareFusion Solutions, LLC and Tarrant County Hospital District d/b/a JPS Health Network. Approval of this agreement will supply IV pump sets for the patients of the District.

There being no further questions or discussion, Mr. Powell called for a motion to approve the Purchase Agreement between CareFusion Solutions, LLC and Tarrant County Hospital District d/b/a JPS Health Network. Dr. Webber made a motion for approval; motion was seconded by Dorothy DeBose as presented and the motion carried unanimously.

C. Consider Approval of Interlocal Member Participation Agreement between My Texas Direct and Tarrant County Hospital District d/b/a JPS Health Network.

Mr. Skillens presented the Interlocal Member Participation Agreement between My Texas Direct and Tarrant County Hospital District d/b/a JPS Health Network. Approval of this agreement will assist with administering Worker's Compensation Claims for the employees of JPS Health Network.

There being no further questions or discussion, Mr. Powell called for a motion to approve the Interlocal Member Participation Agreement between My Texas Direct 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 the motion was carried unanimously.

D. Consider Approval of Clinical Review Services Agreement between Sound Physicians Advisory Services, Inc. and Tarrant County Hospital District d/b/a JPS Health Network.

Wanda Peebles presented the Clinical Review Services Agreement between Sound Physicians Advisory Services, Inc. and Tarrant County Hospital d/b/a JPS Health Network. Approval of this agreement will provide the District with Physician advisory services for utilization reviews and denials.

There being no further questions or discussion, Mr. Powell called for a motion to approve the Clinical Review Services Agreement between Sound Physicians Advisory Services, Inc. and Tarrant County Hospital d/b/a JPS Health Network. Ms. DeBose made a motion for approval; motion was seconded by Dr. Schrader as presented and the motion was carried unanimously.

E. Consider Approval of Maintenance Agreement between Varian Medical Systems, Inc. and the Tarrant County Hospital District d/b/a/ JPS Health Network

Kathleen Whelan presented the Maintenance Agreement between Varian Medical Systems, Inc. and Tarrant County Hospital District d/b/a JPS Health Network. Approval of this agreement will provide service coverage for the Linear Accelerator located in the Cancer Center for the Tarrant County residents.

There being no further questions or discussion, Mr. Powell called for a motion to approve the Maintenance Agreement between Varian Medical Systems, Inc. and the Tarrant County Hospital District d/b/a JPS Health Network. Mr. Fisher made a motion for approval; motion was seconded by Ms. DeBose as presented and carried unanimously.

F. Consider Approval of Interlocal Cooperation Agreement for Operations of School Based Health Center HEB ISD by and between the Tarrant County Hospital District, d/b/a JPS Health Network and the Hurst-Eules-Bedford Independent School District

Karen Duncan presented the Interlocal Cooperation Agreement for Operations of School Based Health Center HEB ISD by and between the Tarrant County Hospital District, d/b/a JPS Health Network and the Hurst-Eules-Bedford Independent School District. Approval of this agreement will provide services to the HEB ISD residents of Tarrant County.

There being no further questions or discussion, Mr. Powell called for a motion to approve the Agreement for Operations of School Based Health Center HEB ISD by and between the Tarrant County Hospital District, d/b/a JPS Health Network and the Hurst-Eules-Bedford Independent School District. Mr. Nguyen made a motion for approval; motion was seconded by Ms. DeBose as presented and carried unanimously.

G. Consider Approval of Interlocal Cooperation Agreement for the Purchase of Motor Vehicle Fuel, by and between Tarrant County and the Tarrant County Hospital District d/b/a JPS Health Network

Kenneth Carr presented the Interlocal Cooperation Agreement for the Purchase of Motor Vehicle Fuel, by and between Tarrant County and the Tarrant County Hospital District d/b/a

JPS Health Network. Approval of this agreement will provide fuel at the current rate for the residents of Tarrant County during times of a catastrophic event.

There being no further questions or discussion, Mr. Powell called for a motion to approve the Interlocal Cooperation Agreement for the Purchase of Motor Vehicle Fuel, by and between Tarrant County and the Tarrant County Hospital District d/b/a JPS Health Network. Mr. Nguyen made a motion for approval; motion was seconded by Dr. Schrader as presented and carried unanimously.

H. Consider Approval of Proposed Third Amendment to Medical Education Affiliation Agreement between Tarrant County Hospital District d/b/a JPS Health Network and Integrative Emergency Services Physician Group, P.A.

Dr. Tricia Elliott presented the Proposed Third Amendment to Medical Education Affiliation Agreement between Tarrant County Hospital District d/b/a JPS Health Network and Integrative Emergency Services Physician Group, P.A. Approval of this agreement will provide programmatic support for the Emergency Medicine Residency Program for Tarrant County.

There being no further questions or discussion, Mr. Powell called for a motion to approve the Proposed Third Amendment to Medical Education Affiliation Agreement between Tarrant County Hospital District d/b/a JPS Health Network and Integrative Emergency Services Physician Group, P.A. Dr. Webber made a motion for approval; motion was seconded by Ms. DeBose as presented. Dr. Schrader abstained from voting. The motion was carried unanimously.

I. Consider Approval of FY19 Contract between Tarrant County, Tarrant County Hospital District d/b/a JPS Health Network and MHMR of Tarrant County for Countywide MHMR Services.

Zelia Baugh presented the FY19 Contract between Tarrant County, Tarrant County Hospital District d/b/a JPS Health Network and MHMR of Tarrant County for Countywide MHMR Services. Approval of this agreement will provide after care services for Countrywide MHMR Services.

There being no further questions or discussion, Mr. Powell called for a motion to approve the FY19 Contract between Tarrant County, Tarrant County Hospital District d/b/a JPS Health Network and MHMR of Tarrant County for Countywide MHMR Services. Ms. DeBose made a motion for approval; the motion was seconded by Dr. Webber as presented and carried unanimously.

J. Consider Approval of Interlocal FY19 Agreement between Tarrant County and Tarrant County Hospital District for Funding of Specified County Programs.

Ms. Baugh presented the Interlocal FY19 Agreement between Tarrant County and Tarrant County Hospital District for Funding of Specified County Programs. Approval of this agreement will provide continued mental health services to the Tarrant County jails.

There being no further questions or discussion, Mr. Powell called for a motion to approve Interlocal FY19 Agreement between Tarrant County and Tarrant County Hospital District for Funding of Specified County Programs. Dr. Schrader made a motion for approval; the 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

Allan Graves announced the monthly report listing 30 contracts negotiated under \$200,000 and 4 contracts under \$500,000. This report has been posted to the board portal.

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

There were no items for executive session.

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

IX. ADJOURN

There being no further business of the TCHD Joint Board of Managers and Finance Committee meeting was adjourned at 11:15 a.m.



Steve Montgomery, Finance Committee Chairman

11/15/2018

Date