

HARRIS HEALTH ORIGINAL SYSTEM DO NOT REMOVE

HARRIS HEALTH SYSTEM

MINUTES OF THE SPECIAL CALLED BOARD OF TRUSTEES MEETING

FY2018 OPERATING AND CAPITAL BUDGET WORKSHOP

Thursday, January 12, 2017

Board Room – Administration Building

Members Present:

Mr. Elvin Franklin, Jr., Chair
Ms. Daisy Stiner, Vice-Chair
Ms. Anne Clutterbuck, Secretary
Mr. Lawrence Finder
Ms. Carol Graebner
Dr. Ewan Johnson
Dr. Kimberly Monday
Ms. Carolyn Truesdell

Members Absent:

Mr. Brandon Capetillo

Others Present:

Mr. George Masi, President & Chief Executive Officer
Mr. Michael Norby, Executive Vice President & Chief Financial Officer
Dr. Parikshet Babber, Executive Vice President & Chief Medical Officer
Mr. Tim Tindle, Executive Vice President & Chief Information Officer
Dr. Ericka Brown, Executive Vice President & Administrator, Ben Taub Hospital
Dr. Michael Gardner, Executive Vice President & Administrator, Ambulatory Care Services
Mr. Alan Vierling, Executive Vice President & Administrator, Lyndon B. Johnson Hospital
Dr. Jose Garcia, General Director, Affiliated Medical Services
Dr. David Robinson, Chair, Medical Executive Board
Dr. Mohammad Zare, Chief of Staff, Ambulatory Care Services
Ms. Mercedes Leal, Attorney, Harris County Attorney's Office
Ms. Vivian Groce, Contract Administrator, Harris County Purchasing Office
Ms. Peggy Boice, Harris County Judge Ed Emmett's Office
Mr. Paul Shanklin, Commissioner Jack Cagle's Office
Administrative Staff
Guests
(Sign-in Sheets attached to permanent record)

I. Call to Order and Record of Attendance

Mr. Elvin Franklin, Jr., Chair, called the meeting to order at 12:08 p.m., and noted that a quorum was present. The attendance was recorded.

II. Review and Discussion Regarding the Proposed Harris Health System FY2018 Operating and Capital Budget

Mr. Michael Norby, Executive Vice President and Chief Financial Officer, presented the Harris Health System Fiscal Year 2018 (FY2018) Operating and Capital Budget. He stated that the budgetary drivers for Harris Health in FY2018 include the following: 1) the lack of a Medicaid expansion program in Texas; 2) the continuing decline in Medicaid Supplemental Payment programs such as Disproportionate Share Hospital and Uncompensated Care; 3) the potential impact of the Centers for Medicare and Medicaid Services' review of Harris Health's Expense Alleviation program; 4) the renewal or extension of the Texas Medicaid 1115 Waiver after December 2017; and 5) the potential impact of the repeal and replacement of the Affordable Care Act. The Delivery System Reform Incentive Payment (DSRIP) Program is expected to continue through December 2017, and primary care and specialty care volumes will continue in FY2018 at comparable levels to Fiscal Year 2017 (FY2017). There is no planned growth in primary care or specialty care clinic visits due to Harris Health's limited resources. Harris Health's semi-private room conversion is nearing completion and the total number of available beds will remain stable in FY2018. Net patient service revenue is expected to increase from \$396M to \$416M in FY2018 as a result of continuing patient enrollment in the Health Insurance Marketplace. Although the current ad valorem tax rate of \$0.17 is expected to remain constant, Harris County property tax values are expected to increase by 4% in FY2018. Total revenue for FY2018 is projected to increase by \$32M over the total projected revenue for FY2017. Salary costs are predicted to experience a net increase of 3%. Although inflation regarding pharmaceutical costs is expected to be 6% and inflation for medical supplies is expected to be between 3% and 4%, Harris Health will utilize efficiency measures to limit the net increase in supply costs to 2%. Total expenses for FY2018 are projected to increase by \$33M over the total projected expenses for FY2017. The proposed capital budget for FY2018 is \$81.5M. An operating loss of \$8.7M is projected for the FY2018 budget. Mr. Norby stated that the final budget will be presented for approval at the Board meeting scheduled for January 26, 2017. A copy of the proposed Harris Health System FY2018 budget is available in the permanent record.

III. Adjournment

Moved by Mr. Lawrence Finder, seconded by Ms. Carol Graebner, and unanimously accepted to adjourn the meeting.

There being no further business, the meeting adjourned at 12:41 p.m.

I certify that the foregoing are the Minutes of the meeting of the Board of Trustees of the Harris County Hospital District d/b/a Harris Health System held at the Administration Building in Houston, Texas on January 12, 2017.

Respectfully submitted,

Handwritten signature of Elvin Franklin, Jr. in black ink.

Mr. Elvin Franklin, Jr., Chair
Board of Trustees

Handwritten signature of Anne Clutterbuck in blue ink.

Ms. Anne Clutterbuck, Secretary
Board of Trustees

Recorded by Kenya Shields