

HARRIS HEALTH SYSTEM

HARRIS HEALTH SYSTEM

MINUTES OF THE BOARD OF TRUSTEES MEETING

Thursday, June 28, 2018

Board Room – Administration Building

Members Present:

Ms. Anne Clutterbuck, Chair
Dr. Kimberly Monday, Vice Chair
Ms. Linda Morales, Secretary
Dr. Arthur Bracey
Mr. Lawrence Finder
Dr. Ewan Johnson
Ms. Elena Marks (1:25 p.m. departure)
Mr. Art Morales
Ms. Carolyn Truesdell

Members Absent:

Others Present:

Mr. George Masi, President & Chief Executive Officer
Dr. Ericka Brown, Senior Executive Vice President & Chief Operating 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. Nathan Deal, Executive Vice President & Administrator, Ben Taub Hospital
Dr. Glorimar Medina-Rivera, Executive Vice President & Administrator, Ambulatory Care Services
Dr. Jose Garcia, General Director, Affiliated Medical Services
Dr. David Robinson, Chair, Medical Executive Board
Dr. Kenneth Mattox, Chief of Staff, Ben Taub Hospital
Dr. Tien Ko, Chief of Staff, Lyndon B. Johnson Hospital
Dr. Mohammad Zare, Chief of Staff, Ambulatory Care Services
Ms. Nicole Streeter, Vice President, Chief Governance Officer
Ms. Sara Thomas, Attorney, Harris County Attorney's Office
Mr. Vince Ryan, Attorney, Harris County Attorney's Office
Mr. Robert Soard, First Assistant County Attorney, Harris County Attorney's Office
Ms. Carole Lamont, Commissioner Steve Radack's Office
Mr. Paul Shanklin, Commissioner Jack Cagle's Office
Ms. Amber Weed, Commissioner Ellis's Office
Mr. August Williams, Commissioner Jack Morman's Office
Mr. Nicholas Rudd, Intern, Harris County Judge Ed Emmett's Office
Mr. Blake Coleman, Intern, Harris County Judge Ed Emmett's Office
Administrative Staff
Guests
(Sign-in Sheets attached to permanent record)

I. Call to Order and Record of Attendance

Ms. Anne Clutterbuck, Chair, called the meeting to order at 9:04 a.m., and noted that a quorum was present. The attendance was recorded.

II. Approval of the Minutes of Previous Meeting

The minutes for May 24, 2018 meeting will be presented at the August 30, 2018 Board meeting for approval.

III. Announcements / Special Presentations

A. Special Report from Dr. Paul E. Klotman, President and CEO, Baylor College of Medicine, and Dr. Giuseppe N. Colasurdo, President and CEO, The University of Texas Health Science Center at Houston. Dr. Klotman provided an overview of the history of Baylor College of Medicine and its affiliated relationship with Harris County. He stated that he recognize the Boards' fiduciary responsibility to manage resources and is committed to fulfilling their social agreement and partnership between Baylor College of Medicine, The University of Texas Health Science Center at Houston and Harris Health System.

B. Special Recognition – Mr. Omar Reid, Senior Vice President of Human Resources, recognized Harris Health's ranking as the 4th Healthiest Employer in the 5000+ category by the Houston Business Journal.

C. Special Recognition – Mr. Omar Reid, Senior Vice President of Human Resources, recognized the interns participating in the Harris County Precinct One Leadership Experience & Employment Program.

D. Special Recognition – Mr. George Masi, President and Chief Executive Officer, recognized Ms. Mercedes Leal for her years of service with the Harris County Attorney's Office. Ms. Clutterbuck expressed gratitude and appreciation for Ms. Leal and presented her with a service memento on behalf of the Board and Harris Health System.

E. Board Member Announcements regarding Board member advocacy and community engagement. Ms. Clutterbuck introduced Ms. Sara Thomas as the newly-appointed Interim Vice President, Chief General Counsel. She announced that Dr. Kimberly Monday and Ms. Linda Morales represented the Board at the Casa de Amigos Health Center community outreach discussion regarding the outpatient initiatives held on May 31, 2018. Ms. Clutterbuck also encouraged employees and Board members to participate in the Harris County Hospital District Foundation campaign. Ms. Morales encouraged everyone to attend the Harris County Medical Society luncheon to promote Hispanic healthcare on July 11, 2018 at Univision. Ms. Morales also announced that the Harris Health System diagnostic imaging school was scheduled to participate in the Bright Futures Fair at NRG Arena on August 8, 2018.

IV. Hear from Citizens

Ms. Cynthia Cole, Executive Director, Local #1550 – AFSCME, American Federation of State, County, and Municipal Employees, spoke regarding Harris Health retirees' concerns with the modifications of post-employment health benefits (PEHB). She presented a letter to the Board stating her concerns regarding the PEHB modifications. She inquired whether

there were other options available for the post-employment health benefits plan. Ms. Cole also asked whether Harris Health System performed an internal and external audit validating the data presented to the Board by the executive team at Harris Health.

Ms. Carolyn Barrett, Harris Health retiree, spoke regarding the PEHB modifications. She explained the challenges she endures as an amputee and was reluctant to accept the proposed healthcare plan. She expressed concern with the cost of switching to a new provider and the increased cost of her current medications. Ms. Barrett urged the Board to consider how the modifications will affect the retirees.

Ms. Angela Charles, Harris Health retiree, spoke regarding the PEHB modifications. She stated that the retirees feel dishonored after they have sacrificed many years of service to Harris Health System. She distributed letters to the Board from various retirees stating their reactions to the PEHB modifications. Ms. Charles requested that the Board keep the promise that Harris Health made to its former employees regarding the PEHB.

V. Consent Agenda Items

A. Recommended Committee Approvals

Motion 18.06-57

Moved by Dr. Ewan Johnson, seconded by Dr. Kimberly Monday, and passed that the Board approve agenda items V.A(1)a. through V.A(1)n. and V.A(1)p. through V.A.15. Mr. Lawrence Finder recused himself from the following purchasing items: A(1)a., A(1)b., A(1)d., A(1)e., A(1)f., A(1)i., A(1)j., A(1)k., A(1)m., A(1)n., A(1)r., A(1)s., A(1)t., A(1)u., A(1)v., A(1)w., A(1)x., A(1)y., A(1)z., A(1)aa., A(1)bb., A(1)cc., A(1)dd., A(1)ee., A(1)ff., A(1)gg., A(1)hh., A(1)ii., A(1)jj., A(1)ll., A(1)nn., A(1)oo., A(1)pp., A(1)ss., A(1)uu., A(1)vv., A(1)ww., A(1)xx., A(1)aaa., A(1)hhh.

Motion 18.06-58

Dr. Monday requested that consent agenda item V.A(1)o. be deferred for further discussion under section IX.A.2., Board Review and Action Items.

AGENDA ITEM TAKEN OUT OF ORDER

Motion 18.06-60

Moved by Dr. Kimberly Monday, seconded by Dr. Ewan Johnson, and unanimously passed that the Board approve purchasing item A(1)o. subject to a report to the Board within six (6) months.

1. Consideration of Purchasing Recommendations Requiring Board Approval (Items A(1)a. through A(1)hhh.)
 - a. approve purchase on the basis of guaranteed maximum price for JE Dunn Construction to provide construction services to renovate, upgrade and/or convert Unit 4B from four-bed patient rooms to two-bed semi private rooms at Ben Taub Hospital in the estimated amount of \$1,536,923 (construction price \$1,486,923 and owner contingency \$50,000).

- b. approve the fourth of four (4) renewal options for Johnson Controls, Inc. to provide maintenance and servicing of heating, ventilation and air conditioning (HVAC) building automation systems (BAS) and related items in the estimated amount of \$1,413,753 for the term August 1, 2018 through July 31, 2019.
- c. approve purchase on the basis of best proposal for JT Vaughn Construction, LLC to provide all labor, material, equipment and incidentals necessary for renovations of intensive care unit rooms at Lyndon B. Johnson Hospital in the estimated amount of \$1,308,940.
- d. approve the fourth and final renewal options for Olympus America, Inc. [PP-OR-1458] to provide full service, repair and maintenance of Olympus endoscopes and video equipment in the estimated amount of \$866,080 for the term July 30, 2018 through July 29, 2019.
- e. **REVISED**
approve additional (budgeted) funds for Page Southerland Page, Inc. to provide professional architectural and engineering services in the additional (budgeted) amount of \$600,000 for the term October 13, 2017 through October 12, 2018 (Board previously approved funds in the amount of \$400,000 for the term October 13, 2017 through October 12, 2018).
- f. approve additional (budgeted) funds for HDR Architecture, Inc. to provide professional architectural and engineering services in the additional (budgeted) amount of \$400,000 for the term September 29, 2017 through September 28, 2018 (Board previously approved funds in the amount of \$500,000 for the term September 29, 2017 through September 28, 2018).
- g. approve additional (budgeted) funds for Johnston, LLC. to provide professional architectural and engineering services in the additional (budgeted) amount of \$250,000 for the term September 29, 2017 through September 28, 2018 (Board previously approved funds in the amount of \$750,000 for the term September 29, 2017 through September 28, 2018).
- h. approve additional (budgeted) funds and an extension for Grainger to provide maintenance, repair and operation (MRO) equipment, supplies, and related items in the additional (budgeted) amount of \$372,000 for the term August 15, 2018 through December 31, 2018 (Board previously approved funds in the amount of \$769,000 for the term August 15, 2017 through August 14, 2018).
- i. approve purchase on the basis of product standardization for Hill-Rom Company, Inc. [PP-MM-397] to provide eight (8) ICU beds for Lyndon B. Johnson Hospital Intensive Care Unit expansion in the estimated amount of \$316,462.
- j. approve the third of four (4) renewal options for Carestream Health, Inc. to scheduled and unscheduled service and maintenance for Carestream portable digital X-ray systems in the estimated amount of \$287,422 for the term July 13, 2018 through July 12, 2019.

- k. approve the purchase on the basis of best contract for Philips Healthcare [PP-MM-622] to provide physiological monitoring equipment for the Lyndon B. Johnson Hospital Intensive Care Unit expansion in the estimated amount of \$264,945.
- l. approve purchase on the basis of lowest priced proposal meeting requirement for Mar Cor Purification, Inc. to provide deionized water services.
- m. approve an exemption from the competitive bid requirements and renewal for The Methodist Hospital to provide specialized services, such as PET scans, breast MRIs, gastric motility studies, and endoscopic ultrasounds in the estimated amount of \$275,000 for the term July 1, 2018 through June 30, 2019.
- n. approve additional (budgeted) funds and an extension for KCI USA, Inc. to provide negative pressure wound therapy (NPWT) for outpatient treatment in the additional (budgeted) amount of \$750,000 for the term July 15, 2018 through July 14, 2019 (Board previously approved funds in the amount of \$750,000 for the term July 15, 2017 through July 14, 2018).
- o. **DEFERRED**
approve an exemption from the competitive bid requirements for Signature Healthcare Services, LLC d/b/a Houston Behavioral Healthcare Hospital to provide for the orderly transfer of psychiatric patients from Ben Taub and Lyndon B. Johnson Hospitals to Houston Behavioral Healthcare Hospital for inpatient psychiatric treatment in the estimated amount of \$5,000,000.
- p. approve purchase on the basis of sole source for EASE Applications, LLC to provide a mobile application that allows clinicians to provide HIPAA compliant text and video updates to patient's family members before, during and after surgery in the estimated amount of \$127,000.
- q. approve the first of four (4) renewal options for Carrithers Studio LLC to provide video production services in the estimated amount of \$178,000 for term July 26, 2018 through July 25, 2019.
- r. approve first-year funding on the basis of best contracts for Ethicon, Inc. Ethicon Endo-Surgery, Inc. [PP-OR-1479] Option 2 (\$471,730 – Items 63-70) and Covidien Sales LLC [PP-OR-1478] Option 1 (\$1,360,833 – Items 12-57) to provide surgical energy products which include generators, vessel sealing units, pencils handpieces, cables, loops, disposable RF blades and grounding pads used in surgical procedures in the estimated multi-vendor amount of \$1,832,563 for term April 1, 2018 through March 31, 2019.
- s. approve second-year funding for Office Depot Inc. [AS-MM-481] to provide general office supplies, printer toner and related paper products in the estimated amount of \$1,209,588 for the term August 1, 2018 through July 31, 2019.
- t. approve the first of three (3) renewal options for Depuy Synthes Sales, Inc. to provide orthopedic implants in the estimated amount of \$1,164,619 for term August 24, 2018 through August 31, 2019.

- u. approve the first of three (3) renewal options for Depuy Synthes Sales, Inc. to provide craniomaxillofacial and neurosurgical craniofacial implants and related products in the estimated amount of \$905,000 for term August 24, 2018 through August 23, 2019.
- v. approve second-year funding for Medline Industries Inc. [PP_NS-1066] (\$148, 872) and Covidien Sales LLC [AS-NS-1067] (\$373,154) (All through Cardinal Health) to provide incontinence products in the estimated multi-vendor amount of \$522,026 for the term of August 1, 2018 through July 31, 2019.
- w. **REVISED**
approve second-year funding for ICU Medical Sales, Inc. [PP-NS-1045] (\$3,270) and Arrow International Inc. [PP-NS-1043] (\$118,948) and Edwards Lifesciences LLC. [PP-NS-1046] (\$292,078) to provide hemodynamic monitoring products and accessories in the estimated multi-vendor amount of \$414,296 for the term July 1, 2018 through June 30, 2019.
- x. approve third-year funding for Medtronic USA Inc. [PP-CA-274] (\$5,959) and Cardinal Health 200, LLC. [PP-CA-275] (\$12,930) and St. Jude Medical S.C. Inc. [PP-CA-276] (\$14,000) and Merit Medical Systems, Inc. [PP-CA-277] (\$46,039) and Abbott Laboratories Inc. [PP-CA-273] (\$105,925) and Boston Scientific Corporation [PP-CA-272] (\$206,535) to provide diagnostic interventional cardiology products in the estimated multi-vendor amount of \$391,388 for the term July 1, 2018 through June 30, 2019.
- y. approve second-year funding for Professional Disposables International (PDI) [PP-NS-1058] Becton Dickinson and Company/CareFusion 213, LLC [AS-NS-1057] (All through Cardinal Health) to provide chlorhexidine gluconate (CHG) skin prep products in the estimated amount of \$304,380 for the term August 1, 2018 through July 31, 2019.
- z. approve second-year funding for I.B.S Solutions Corporation [AS-FA-600] through W.W. Grainger Inc. to provide can liners in the estimated amount of \$290,000 for the term August 1, 2018 through July 31, 2019.
- aa. approve second-year funding for Taylor Communications (formerly The Standard Register Company) [PP-IT-161] to provide document management services for printed forms including, but not limited to, online proofing of new or revised forms, web to print technology to save distribution and storage costs, reporting to identify usage trends, and scheduled business reviews in the estimated amount of \$225,193 for the term August 1, 2018 through July 31, 2019.
- bb. approve fourth-year funding for Sanofi-Aventis U.S. LLC f/k/a Genzyme Corporation [PPPH18SNA01] to provide resorbable adhesion barrier in the estimated amount of \$187,247 for the term July 1, 2018 through June 30, 2019.
- cc. approve first-year funding on the basis of best contracts for Ambu, Inc. [PP-OR-1412] (\$2,094 – Item 1) and Smiths Medical ASD, Inc. [PP-OR-1409] (\$8,401 – Items 20-14) Vyair Medical, Inc. [PP-OR-1413] (\$145,554 – Items 2-19 and 25-39), to provide disposable anesthesia products in the estimated multi-vendor amount of \$156,049 for the term August 1, 2017 through July 31, 2018.

- dd. approve fourth-year funding on the basis of best contracts for Stryker Sales Corporation [PP-OR-1207] (\$56,940) and Merit Medical Systems, Inc./DFINE Inc.[PP-OR-1206] (\$73,203) to provide vertebral compression fracture repair products in the estimated multi-vendor amount of \$130,143 for the term July 1, 2018 through June 30, 2019.
- ee. approve first –year funding on the basis of best contracts for Medela LLC [PP-NS-1097] Option 1 (\$88,216 – Items 13-27) and Covidien Sales [PP-NS-1098] Option 2 (\$25,534 – Items 1-11) to provide neonatal specialty products in the estimated amount of \$113,750 for the term November 1, 2017 through October 31, 2018.
- ff. approve purchase on the basis of sole source for Abbott (formerly St. Jude Medical) to provide amplatzer vascular plugs in the estimated amount of \$108,510.
- gg. rescind the award of DeRoyal Industries Inc. [PP-NS-946] and approve award for EHOB, Inc. [PP-NS-940] through Cardinal Health to provide skin breakdown prevention products in the estimated amount of \$104,690 for the term July 1, 2018 through June 30, 2019. (In April 2017, the Board approved first year funding for skin breakdown products from DeRoyal Industries Inc. Since that time complaints were made regarding the DeRoyal boot relative to pressure points on patient. As a result, Harris Health discontinued purchasing the DeRoyal product).
- hh. approve corrected award amount for KCI USA, Inc. to provide negative pressure wound therapy (NPWT) treatment systems including products and services. (In December 2017, the Board approved awards to KCI USA, Inc. and Smith & Nephew, Inc. for NPWT Treatment Systems. The award amount for KCI USA, Inc. was underestimated).
- ii. approve the third of four (4) renewal options for CareFusion Solutions LLC to provide for continued rental and maintenance of automated medication and dispensing cabinets for Ben Taub, Lyndon B. Johnson and Quentin Mease Hospitals, Smith Clinic, Riverside Dialysis Clinic and Thomas Street Health Center in the estimated amount of \$1,669,300 for the term July 1, 2018 through June 30, 2019.
- jj. approve award on the basis of best proposal meeting requirement for Health Management Associates, Inc. to provide an analysis of the Harris County Sheriff's Office Medical Department.
- kk. approve the first of four (4) renewal options for SpecialtyCare Cardiovascular Resources, LLC to provide perfusion and auto transfusion services in the amount of \$205,000 for the term July 26, 2018 through July 25, 2019.
- ll. approve renewal for Foster, LLP (Immigration - \$35,000) Norton Rose Fulbright US LLP (Healthcare - \$70,000) and Norton Rose Fulbright US LLP (Pension Plan and Employee Benefits - \$100,000) and Jackson Walker, L.L.P (Medicare, Medicaid Reimbursement - \$150,000) to provide legal services for healthcare and reimbursement, employee benefits and immigration matters in the estimated amount of \$355,000 for the term July 1, 2018 through June 30, 2019.

- mm. approve fifth-year funding for US Foods [PP-DI-001C] to provide national food service distribution in the estimated amount of \$4,050,000 for the term July 1, 2018 through June 30, 2019.
- nn. approve funding for Siemens Healthcare Diagnostics [PP-LA-335] to provide integrated platform (chemistry and immunochemistry analyzers, automation, reagents, consumables and service) for the estimated amount of \$437,151 for the term July 1, 2018 through March 31, 2019.
- oo. approve the fourth and final renewal option for Gen-Probe Sales & Service, Inc. to provide GC and Chlamydia testing system including analyzer(s), reagents, consumables and services in the estimate amount of \$886,148 for the term July 14, 2018 through July 13, 2019.
- pp. approve additional (budgeted) funds and an extension for Roche Diagnostics Corporation (formerly Ventana Medical Systems, Inc.) to provide immunohistochemistry staining and special staining systems including analyzers, reagents, consumables and service for the estimated (budgeted) amount of \$570,000 for the term July 1, 2018 through December 31, 2018 (Board previously approved funds in the amount of \$3,124,541 for the term October 1, 2014 through June 30, 2018).
- qq. approve additional (budgeted) funds and an extension for Fisher Healthcare to provide quality control products for various laboratory testing in the estimated (budgeted) amount of \$107,188 for the term July 10, 2018 through July 9, 2019 (Board previously approved funds in the amount of \$164,554 for the term July 10, 2017 through July 9, 2018).
- rr. approve award on the basis of best proposals meeting requirements for Nash Holdings, Inc. d/b/a Endeavor Management WaterLight Group to build, design and instruct a leadership development program.
- ss. approve purchase on the basis of product standardization for Hewlett Packard Company [DIR-TSO-2538] to provide for continued replacement of personal computers seven (7) years of age or older, and obsolete or defective equipment in the estimated amount of 1,300,000 for the term July 4, 2018 through July 3, 2019.
- tt. approve purchase on the basis of low quote for SHI Government Solutions, Inc. [2018011-02] to provide a total of 676 printers needed to support epic beaker lab system in the estimated amount of \$614,384.
- uu. approve purchase on the basis of low quote for General Datatech, L.P. [DIR-TSO-2542] to provide Cisco routers and switches needed for the virtual patient monitoring system in the estimated amount of \$540,978.
- vv. approve purchase on the basis of low quote for General Datatech, L.P. [DIR-TSO-2542] to provide Cisco hardware, software and associated support needed for remote call center capability for voice and data that will support the work from home program in the estimated amount of \$434,921.

- ww. approve renewal on the basis of sole source for Citrix Systems, Inc. to provide maintenance and support to Citrix software that provides virtual application services across Harris Health System and to remote users in the estimated amount of \$389,000 for the term August 1, 2018 through July 31, 2019.
- xx. approve renewal for Elekta, Inc. to provide hardware maintenance and support for the Treatment Planning System (TPS - \$202,000) and software and maintenance support for the Oncology Information System for the Elekta linear accelerators at Smith Clinic in the estimated amount of \$382,000 for the term July 13, 2018 through July 12, 2019 (Treatment Planning System) and August 28, 2018 through August 27, 2019 (Oncology Information System).
- yy. approve purchase on the basis of only quote for Mark III Systems, Inc. [DIR-TSO-3997] to replace the existing data storage system that supports epic clinical applications in in the estimated amount of \$375,378.
- zz. approve purchase on the basis of only quote for Mark III Systems, Inc. [DIR-TSO-3997] to provide for expansion of existing storage capacity for multiple information systems including epic, epic clarity, oracle database, oracle identity access management, PeopleSoft and sunquest lab in the estimated amount of \$365,513.
- aaa. approve purchase on the basis of low quote for General Datatech, L.P. (DIR-TSO-2542] to provide additional hardware and software needed for the implementation of the new voice over internet protocol (VoIP) telephone system and video conferencing infrastructure in the estimated amount of \$328,195.
- bbb. approve purchase for Accudata Systems, Inc. to provide maintenance and support for websense software in the estimated amount of \$210,374 for the term August 1, 2018 through July 31, 2019.
- ccc. approve purchase on the basis of only quote for Mark III Systems, Inc. [13/068DG-27] to provide four (4) IBM switches as a part of a technology refresh to replace switches that are reaching end of life in the estimated amount of \$181,900.
- ddd. approve additional (budgeted) funds for Fibertown Houston, LLC to provide additional space and power needed at the Fibertown data center locations in Houston and Bryan, Texas in the estimated (budgeted) amount of \$140,690 for the term May 15, 2018 through May 14, 2019 (Board previously approved funds in the amount of \$731,152 for the term May 15, 2018 through May 14, 2019).
- eee. approve the first of four (4) renewal options on the basis of sole source for PeriGen, Inc. (formerly Watchchild, LLC a subsidiary of PeriGen, Inc.) to provide maintenance and support for fetal monitoring software system in the estimated amount for \$119,744 for the term August 1, 2018 through July 31, 2019.
- fff. approve purchase on the basis of only quote for Mark III Systems, Inc. [DIR-TSO-3997] to provide additional storage needed for anticipated growth of the Fujifilm synapse picture archiving and communication system (PACS) and Prosolv cardiology software applications in the estimate amount of \$106,272.

- ggg. approve purchase on the basis of sole source for Network Sciences, Inc. to provide maintenance and support for the joint eligibility software system in the estimated amount of \$370,000 for the term August 22, 2018 through August 21, 2019.
- hhh. approve renewal for The University of Texas M.D. Anderson Cancer Center to provide oncology services for the term July 1, 2018 through June 30, 2019.
- 2. Ratification of an IGT Responsibility Agreement Between Harris County Hospital District d/b/a Harris Health System and Texas Health and Human Services Commission for Participation in the Network Access Improvement Program.
- 3. Acceptance of the Medical Executive Board Report for May 2018.
- 4. Approval to Fund the 5th Lease Year with India House Houston for the Sareen Clinic Located at 8888 West Bellfort, Houston, Texas 77031 at a Monthly Rate of \$11,128.39 (\$133,540.72/Yr.) for the Term December 1, 2018 Through November 30, 2019.
- 5. Approval to Fund the 3rd Lease Year with A-S 47-Jones-Cypress N. Houston, L.P. for the Cypress Health Center Located at 12340 Jones Road, Suite 100, Houston, Texas 77070 at a Monthly Rate of \$12,943.33 (\$155,319.96/Yr.) for the Term July 15, 2018 Through July 14, 2019.
- 6. Approval to Fund the 3rd Lease Year with Hartman Highway 6, LLC. for the Bear Creek Health Center Located at 5870 N. Highway 6, Suite 108, Houston, Texas 77084 at a Monthly Rate of \$13,311.08 (\$159,732.96/Yr.) for the Term September 1, 2018 Through August 31, 2019.
- 7. Approval to Fund the 2nd Lease Year with Petereit Investments, Inc. for the E.A. Squatty Lyons Health Center Located at 1712 First Street, Suites M & N, Humble, Texas 77338 at a Monthly Rate of \$18,278.40 (\$219,340.80/Yr.) for the Term October 1, 2018 Through September 30, 2019.
- 8. Approval to Convey a Non-Exclusive Utility Easement and Right of Way to Comcast Cable Communications Management, LLC at Lyndon B. Johnson Hospital, 5656 Kelley Street, Houston, Harris County, Texas 77026.
- 9. Approval to Convey a Non-Exclusive Utility Easement and Right of Way to Level 3 Communications, LLC at Ben Taub Hospital, 1504 Ben Taub Loop, Houston, Harris County, Texas.
- 10. Approval of Affiliation Agreements Between Harris County Hospital District d/b/a Harris Health System and Ten (10) Educational Institutions.
- 11. Approval to Ratify a Data Submission Agreement Between Harris County Hospital District d/b/a Harris Health System and the American College of Obstetricians and Gynecologists for the Term Beginning June 1, 2018 and Automatically Renewing on an Annual Basis.

12. Approval to Ratify First Year Sub-Award Funding in the Amount of \$175,851 from Baylor College of Medicine to Harris County Hospital District d/b/a Harris Health System for a Lung Cancer Screening Project for FY2019 for the Term March 1, 2018 Through February 28, 2019.
13. Approval to Ratify Funding of a Mid-Year Award in the Amount of \$113,706 from the Women's Health Services Division of the Texas Health and Human Services Commission to Harris County Hospital District d/b/a Harris Health System for the Family Planning Program for FY2018 for the Term September 1, 2017 Through August 31, 2018.
14. Approval to Ratify Funding an Additional Award in the Amount of \$65,136 for a Total Amount of \$933,622 from the Women's Health Services Division of the Health and Human Services Commission to Harris County Hospital District d/b/a Harris Health System for the Breast and Cervical Cancer Services Program for FY2018 for the Term September 1, 2017 Through August 31, 2018.
15. Approval of a Grant Agreement in the Amount of \$400,725 Between Harris County Hospital District d/b/a Harris Health System and Baylor College of Medicine, Menninger Department of Psychiatry and Behavioral Science, for Project Reach to Expand Behavioral Health Services in Ambulatory Care Services Clinics for the Term July 1, 2018 Through June 30, 2020.

{End of Consent Agenda}

VI. Executive Session

At 10:06 a.m., Ms. Clutterbuck stated that the Board would enter into Executive Session under Texas Health & Safety Code §161.032, Texas Occupations Code Ann. §160.007, Texas Gov't Code Ann. §418.183, Texas Gov't Code Ann. §551.085, and Texas Gov't Code Ann. §551.074.

VII. Reconvene

At 12:16 p.m., Ms. Clutterbuck reconvened the meeting and stated that no action was taken in Executive Session.

- A. Discussion Regarding Financial Planning Information Related to the Negotiation Between the Harris County Hospital District d/b/a Harris Health System and Affiliated Medical Services for the Arrangement or Provision of Medical Services, Pursuant to Texas Gov't Code Ann. §551.085, and Possible Action Regarding This Matter Upon Return to Open Session.

No action was taken.

- B. Review and Discussion Regarding Strategies to Improve and Maximize Financial Performance and Budget Projections Under Provider Agreements, Network Relationships, and Other Strategic Means or Additional Lines of Business for Community Health Choice, Inc., Pursuant to Texas Gov't Code §551.085.

No action was taken.

- C. Report by the Senior Vice President of Corporate Compliance Regarding Compliance with Medicare, Medicaid, HIPAA and Other Federal and State Health Care Program Requirements and a Status of Fraud and Abuse Investigations, Pursuant to Texas Health & Safety Code §161.032, and Possible Action Upon Return to Open Session.

No action was taken.

- D. Report by the Chief Medical Officer Regarding the Quality of Medical and Health Care, Pursuant to Texas Health & Safety Code Ann. §161.032 and Texas Occupations Code Ann. §160.007 to Receive Peer Review and/or Medical Committee Report in Connection with the Evaluation of the Quality of Medical and Health Care Services, and Possible Action Upon Return to Open Session.

No action was taken.

- E. Discussion Regarding the Acquisition of Real Property Related to Casa De Amigos Clinic, Pursuant to Texas Gov't Code §551.072, and Possible Action Regarding This Matter Upon Return to Open Session.

No action was taken.

- F. Discussion Regarding Managing Attorney of the Hospital District Legal Office, Pursuant to Texas Gov't Code Ann. §551.074, and Possible Action Regarding This Matter Upon Return to Open Session.

No action was taken.

Motion 18.06-59

Moved by Linda Morales, seconded by Art Morales, and unanimously passed that the Board suspend the rules to address agenda items out of order. The agenda item presentation order is reflected in the sequence of the Board motions.

VIII. Strategic Discussion

A. Bed Occupancy

Ms. Maria Cowles, Vice President, System Strategic Operations, led the discussion regarding bed occupancy rates. She reported that Harris Health System is licensed by the state to utilize 700 beds, however only 675 beds are available. She stated that the difference between the licensed beds and available beds is a result of the following: 1) the use of 25 observation beds at Lyndon B. Johnson Hospital (LBJ); and 2) the semi-private room conversion at Ben Taub Hospital (BTH). She noted that upon completion of the semi-private room conversion the number of licensed beds and the number of available beds will be equivalent. Ms. Cowles reported that Harris Health System bed occupancy rate for the first quarter FY19 is 80.4%. She mentioned that staffed beds are defined as the number of beds in operation with the appropriate number of support staff. She explained that beds which remain unoccupied occur when the type of bed available does not meet the medical needs of the patient. A copy of the report is available in the permanent record.

B. CEO Update: CEO Priorities for FY2019

Mr. George Masi, President and Chief Executive Officer, led the discussion regarding CEO Priorities for FY2019. He stated that his goal is to implement the following priorities: 1) renegotiating the AMS contract by January 2019; 2) optimizing the organization platform design; and 3) expanding the intramural / extramural care coordination network. Mr. Masi stated that there are four (4) County initiatives for FY2019 which include: 1) the onboarding of jail health; 2) concept design for the Riverside Hospital development; 3) quad agency behavioral health collaborative concept design; and 4) to identify and engage selective linkage for the determinants of health.

C. Harris Health System Legislative Initiatives

1. Update, Discussion and Possible Action Regarding Activities in Austin Relating to Legislative/Regulatory Issues Impacting Harris Health System, the 85th and 86th Legislative Sessions, and the Harris Health System Legislative Platform.
2. Update, Discussion and Possible Action Regarding Pending Federal Legislative and Policy Issues Affecting Harris Health System.

Mr. R. King Hiller, Vice President, Public Policy and Government Relations, led the discussion regarding activities in Austin and pending federal legislative and policy issues affecting Harris Health System. He reported that the House Energy and Commerce committee passed several bills regarding the opioid crisis. He stated that Dr. Fred Cerise, Chief Executive Officer of Parkland Hospital, is scheduled to testify at the committee hearing. He expressed the importance of the opioid epidemic by reporting that in 2016 over 64,000 individuals have died of an overdose. He noted that Harris Health's 340B tactical team is prepared to receive the bills and provide comments to Dr. Cerise's office to be included in his testimony. Mr. Hillier reported that it is important to sustain the Senate version of the U.S. Farm Bill as it contains components of social determinants of health. He stated that the Farm Bill will promote food security, provide additional funding for food banks, offer opportunities for employment and pilot projects and enhance healthcare. A copy of the report is available in the permanent record.

IX. Board Review and Action Items

A. Joint Conference Committee Items

Motion 18.06-61

Moved by Carolyn Truesdell, seconded by Dr. Ewan Johnson, and unanimously passed that the Board approve agenda item IX.A.1.

1. Consideration of Approval Regarding the Credentialing Changes for Members of the Harris Health System Medical Staff (June 2018)

Dr. David Robinson, Chair, Medical Executive Board, presented the June 2018 credentialing changes for the members of the Harris Health System medical staff.

He reported that there were 19 initial appointments, 88 reappointments, 130 resignations, and 7 change/add privileges. He stated that the medical staff was required to undergo mandatory compliance education and staff who did not comply were allowed to submit voluntary resignation. A copy of the report is available in the permanent record.

2. Discussion Regarding the Contract Monitoring Initiatives for the Extramural Coordination of Care Agreement with Signature Healthcare Services, LLC d/b/a Houston Behavioral Healthcare Hospital.

Dr. Ericka Brown, Senior Executive Vice President & Chief Operating Officer, led the discussion regarding the contract monitoring initiatives for the Extramural Coordination of Care Agreement with Signature Healthcare Services, LLC d/b/a Houston Behavioral Healthcare Hospital. She reported that Harris Health System has a licensed 20 bed psychiatric unit that is at full capacity. She stated that this contract will help to meet the needs of our mental health patients and provide high quality care. Dr. Brown introduced Dr. Asim Shah, Chief of Psychiatry, Ben Taub Hospital to provide an update of his observation of Houston Behavioral Healthcare Hospital. Dr. Shah stated that Houston Behavioral Healthcare Hospital was the only facility that he toured and he expressed his concern whether the facility has the ability to service pediatric, mental retardation and/or patients with autism. He stated that the best option would be for Harris Health System to provide the services internally and/or to meet with other prospective hospitals. Dr. Brown confirmed that other facilities were engaged two years prior and never received any feedback. She stated that within the next year Houston Behavioral Healthcare Hospital plans to expand their capacity by an additional 70 beds and that they do accept intellectual or developmental disability (IDD) patients and geriatric patients. Mr. Masi stated that these outsourcing initiatives are an immediate solution, however further discussion will continue regarding long-term needs.

B. Performance Improvement & Patient Safety Committee Item

1. Discussion Regarding Updates from the Office of the Chief Medical Officer: Transforming Healthcare Together.

Dr. Parikshet Babber, Executive Vice President, Chief Medical Officer, led the discussion regarding updates from the office of the Chief Medical Officer: Transforming Healthcare Together. He stated that in August 2018 he will be presenting a proposal for a new scorecard, which will include an operational and quality matrix. He announced that Harris Health System received three non-conformities from the Det Norske Veritas (DNV) survey and stated that this was the best survey year to date. He recognized Harris Health System medical staff for their hard work and for reducing the number of non-conformities. Dr. Maureen Padilla, Senior Vice President and Chief Nursing Executive, reported that Harris Health System has engaged a consulting firm in their efforts to obtain Magnet designation status. She stated that in April 2018 the consulting firm held writing workshops at both LBJ and BTH. She also reported that BTH will submit a full documentation package by February 2019, LBJ by June 2019, and by the end of 2019 both facilities should have their full Magnet status.

C. Budget & Finance Committee Items

Motion 18.06-64

Moved by Dr. Arthur Bracey, seconded by Anne Clutterbuck, and unanimously passed that the Board accept agenda item IX.C.1.

1. Consideration of Acceptance of the Harris Health System May 2018 Financial Report Subject to Audit.

Ms. Carolyn Truesdell reported that Harris Health System clinic visits continue to decrease while the emergency room visits have increased. She reported that the operating income is slightly above budget. Mr. Norby stated that the net patient revenue is less than anticipated, however he is re-evaluating the evaluation methodologies to ensure that Harris Health is on target. He reported an increase in tobacco revenue resulting in net positive total revenue for the first quarter. He stated that the overall expense volumes are ahead of budget with an estimated \$2.7M ahead. A copy of the report is available in the permanent record.

Motion 18.06-65

Moved by Dr. Ewan Johnson, seconded by Dr. Kimberly Monday, and unanimously passed that the Board approve agenda item IX.C.2 and C.3.

2. Consideration of Approval to Revise a Payment in an Amount Not to Exceed \$26 Million for the Contracted Services Specified in the Harris Health System Affiliation and Support Agreement with Affiliated Medical Services for the Term November 1, 2017 Through June 30, 2018.
3. Consideration of Approval of Payment in an Amount Not to Exceed \$40.8 Million for the Contracted Services Specified in the Harris Health System Affiliation and Support Agreement with Affiliated Medical Services (AMS) for the AMS Fiscal Year July 1, 2018 Through June 30, 2019.

Mr. Michael Norby presented the revised payment for the contracted services specified in the Harris Health System Affiliation and Support Agreement with Affiliated Medical Services for the term November 1, 2017 through June 30, 2018. He stated that the contract between Harris Health System and AMS related to Delivery System Reform and Incentive Payment (DSRIP) program ended on December 31, 2017. He reported that his request for the additional \$6M is to cover physician staffing services through the end of June 2018. Additionally, Mr. Norby stated that the requested \$40.8M will provide funding for physician staffing services for the next AMS fiscal year of July 1, 2018 through June 30, 2019. A copy of the report is available in the permanent record.

4. Presentation of the Q1 2018 NAIC Filing for Community Health Choice, Inc.
5. Presentation of the Q1 2018 NAIC Filing for Community Health Choice Texas, Inc.

Mr. Brian Maude, Chief Financial Officer, Community Health Choice, presented the Q1 2018 National Association of Insurance Commissioners (NAIC) Filing for Community Health Choice, Inc. (CHC, Inc.) and the Q1 2018 NAIC Filing for Community Health Choice Texas, Inc. (CHCT, Inc.). He stated that CHC, Inc. reported an estimated \$20M

net income as a result of an increase in premiums. He indicated that CHCT, Inc. reported a \$10M deficit due to an increase in the utilization of office visits in the emergency room during flu season. Mr. Maude stated that CHC, Inc./CHCT Inc. are re-negotiating hospital contracts in order to close the gap. He reported that on a consolidated basis the year to date reporting was a \$10M net income which falls short of budget by \$7M. A copy of the presentation is available in the permanent record.

D. Planning & Operations Oversight Committee Items

Motion 18.06-66

Moved by Carolyn Truesdell, seconded by Dr. Ewan Johnson, and unanimously passed that the Board approve agenda item IX.D.1.

1. Consideration of Approval to Ratify the Cord Blood Bank Collection Agreement Between Harris Health System and The University of Texas MD Anderson Cancer Center.

Motion 18.06-67

Moved by Dr. Ewan Johnson, seconded by Dr. Kimberly Monday, and unanimously passed that the Board approve agenda item IX.D.2.

2. Consideration of Approval to Acquire an Approximately 1.4145 Acres Out of a 3.0562-Acres Tract of Land Known as Restricted Reserve "A" of Bear Hunter Plaza at 0 Fry Road, Katy, Texas 77449.

Motion 18.06-68

Moved by Anne Clutterbuck, seconded by Dr. Arthur Bracey, and unanimously passed that the Board approve agenda item IX.D.3 and D.4.

3. Consideration of Approval of the Revised Investment Guidelines for the Harris County Hospital District 401K Plan, Effective May 16, 2018.
4. Consideration of Approval of the Revised Investment Guidelines for the Harris County Hospital District Employees' Deferred Compensation 457(b) Plan, Effective May 16, 2018

Motion 18.06-69

Moved by Dr. Kimberly Monday, seconded by Dr. Ewan Johnson, and unanimously passed that the Board approve agenda item IX.D.5.

5. Consideration of Approval to Ratify a \$5,000 Service Budget Credit from Fidelity Investments, Based on Execution of the 27th Amendment to the Fidelity Management Trust Company Agreement for the 401K Plan and Execution of the 12th Amendment to the Fidelity Management Trust Company Agreement for the 457(b) Plan.

Motion 18.06-70

Moved by Dr. Arthur Bracey, seconded by Dr. Kimberly Monday, and unanimously passed that the Board approve agenda item IX.D.6.

6. Consideration of Approval to add Mr. Mark Van Elden as a Committee Member to the Harris County Hospital District 401K and 457(b) Administrative Committee, Effective August 15, 2018.

Motion 18.06-71

Moved by Carolyn Truesdell, seconded by Dr. Kimberly Monday, and unanimously passed that the Board approve agenda item IX.D.7 and D.8.

7. Consideration of Approval to Ratify the Mid-Year Award of \$682,238 to Harris Health System from the Women's Health Services Division of the Texas Health and Human Services Commission for the Family Planning Program for FY2018.
8. Consideration of Approval to Ratify the Research Subaward Agreement in the Amount of \$295,918 Between Harris Health System and The University of Texas Health Science Center at Houston for the Term August 1, 2017 Through May 31, 2019.

Motion 18.06-72

Moved by Dr. Ewan Johnson, seconded by Dr. Kimberly Monday, and unanimously passed that the Board approve agenda item IX.D.9.

9. Consideration of Approval of Amendment No. 1 in an Amount Not to Exceed \$35,000 of the Grant Agreement Between Harris Health System and the Texas Department of State Health Services for Tuberculosis Prevention and Control for the Term September 1, 2018 Through August 31, 2019.

E. Corporate Compliance & Audit Committee Items

1. Presentation of Harris Health System Financial Audits for the Fiscal Year Ended February 28, 2018.

Mr. Michael Norby, Executive Vice President & Chief Financial Officer, recognized Harris Health System accounting team for a successful completion of the financial audits. He also recognized Ms. Gwendolyn Huskey for over twenty-years of service and announced her upcoming retirement in July 2018.

Mr. Norby introduced Mr. Brad Monahan, Ms. Kimberly McKay and Ms. Carrie Hartman, BKD, LLP Auditors. Mr. Brad Monahan presented the Harris Health System Financial Audits for the fiscal year ended February 28, 2018. He reported that there were no changes to the accounting policy compared to the 2017 financial statements, no new Governmental Accounting Standards Board (GASB) standards that needed to be implemented, no difficulties encountered in conducting the audit, no disagreements with management, and he was not aware that management consulted with any other accountants during the course of the audit. He stated that BKD, LLP has no matters that need to be reported to the Board related to the management override of controls or

revenue recognition. Mr. Monahan stated that the most significant estimate is the medical claims liability and there were no adjustments required to be made as it relates to HMO audits. He reported that there were adjustments that impacted the balance sheet which were related to their reporting position in the financial statement. He explained that the items were moved out of deferred inflows and outflows of the current assets and current liabilities. He stated that there is a new GASB standard effective in 2019 that requires Harris Health System to recognize a liability for post-retirement benefit plans close to the actual estimate of that particular liability. Mr. Monahan reported an increase to cash and short-term investments of \$125M between 2017 and 2018, however there was a comparable decrease to non-current cash investments. He also stated that the overall total assets and deferred outflow of resources were comparable between 2017 and 2018. He reported that the post-employment health benefits liability increased from \$268M to \$310M, however there was a minor decrease in net position between 2017 and 2018. He also reported that Harris Health System cash on hand was 205 days, account receivables ratio was 60 days, long-term debt to capitalization ratio was 40%, and Medicaid supplemental revenue increased by \$36M between 2017 and 2018. He explained that the \$60M transfer to the HMO was a one-time entry that drove the variance of \$2M to \$62M for other revenue expenses. He stated that as a result there was a decline in net position of an estimated of \$23M. A copy of the presentation is available in the permanent record.

2. Harris Health System Audited Financial Management Letter.

Mr. Brad Monahan presented the Harris Health System Audited Financial Management Letter. He stated that BKD, LLP is responsible for providing a conclusion about the validity of Harris Health System financial statements. He stated that BKD, LLP is required to communicate significant matters related to the financial statement and compliance audits that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Mr. Monahan noted that the audit of the financial statements and compliance do not relieve management or those charged with governance of their responsibilities. A copy of the audited financial management letter is available in the permanent record.

Motion 18.06-62

Moved by Dr. Ewan Johnson, seconded by Carolyn Truesdell, and unanimously passed that the Board accept agenda item IX.E.3.

3. Consideration of Acceptance of the Harris Health System Audited Financial Statements as of and for the Years Ended February 28, 2018 and February 28, 2017.

Motion 18.06-63

Moved by Anne Clutterbuck, seconded by Dr. Ewan Johnson and unanimously passed that the Board accept agenda item IX.E.4, IX.E.5, and IX.E.6.

4. Consideration of Acceptance of the Harris Health System 401(k) Plan Audited Financial Statements as of December 31, 2017 and 2016.

5. Consideration of Acceptance of the Harris Health System Audited Pension Plan Financial Statements and Required Supplementary Information as of December 31, 2017 and 2016.
6. Consideration of Acceptance of the Audit Report on Federal and State Award Programs for the Year Ended February 28, 2018.

X. Miscellaneous Item

Motion 18.06-73

Moved by Linda Morales, seconded by Carolyn Truesdell, and unanimously passed that the Board approve agenda item X.1.

1. Consideration of Approval Regarding the Appointment of Members to the Ambulatory Surgical Center at LBJ Governing Body and Community Health Choice, Inc. and Community Health Choice Texas, Inc.

Ms. Clutterbuck appointed Dr. Bracey as a member of the Ambulatory Surgical Center at LBJ Governing Body, Community Health Choice, Inc. and Community Health Choice Texas, Inc.

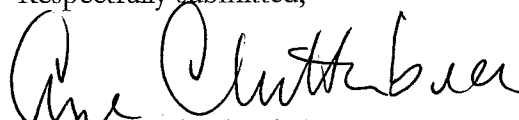
XI. Adjournment

Moved by Dr. Arthur Bracey, seconded by Dr. Ewan Johnson, and unanimously accepted to adjourn the meeting.

There being no further business, the meeting adjourned at 2:28 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 June 28, 2018.

Respectfully submitted,


Anne Clutterbuck, Chair
Board of Trustees

Linda Morales, Secretary
Board of Trustees

