

# HARRIS HEALTH SYSTEM

HARRIS HEALTH SYSTEM

MINUTES OF THE BOARD OF MANAGERS MEETING

Thursday, May 26, 2016

Board Room – Administration Building

ORIGINAL  
DO NOT REMOVE

**Members Present:**

Mr. Elvin Franklin, Jr., Chair  
Ms. Daisy Stiner, Vice Chair  
Ms. Anne Clutterbuck, Secretary (9:08 a.m. arrival)  
Dr. Donald Butts  
Mr. Lawrence Finder (12:40 p.m. departure)  
Ms. Carol Graebner  
Dr. Kimberly Monday (12:30 p.m. departure)  
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, Interim Executive Vice President & Administrator, Lyndon B. Johnson Hospital  
Dr. Jose Garcia, General Director, Affiliated Medical Services  
Dr. Maya Suresh, Chair, Medical Executive Board  
Dr. Carmel Dyer, Chief of Staff, Lyndon B. Johnson Hospital  
Dr. Kenneth Mattox, Chief of Staff, Ben Taub Hospital  
Dr. Mohammad Zare, Chief of Staff, Ambulatory Care Services  
Ms. Mercedes Leal, Attorney, Harris County Attorney's Office  
Mr. DeWight Dopslauf, Purchasing Agent, Harris County Purchasing  
Ms. Peggy Boice, Harris County Judge Ed Emmett's Office  
Ms. Carole Lamont, Commissioner Steve Radack'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 9:05 a.m., and noted that a

quorum was present. The attendance was recorded.

## **II. Approval of the Minutes of Previous Meeting**

### **Motion 16.05-44**

Moved by Mr. Lawrence Finder, seconded by Dr. Donald Butts, and unanimously passed that the Board approve the minutes of the April 28, 2016 Board of Managers meeting, subject to inclusion of the following corrections and revisions:

- Section VI.A.: Motion 16.04-33 was corrected to show that purchasing items A(1)f. and A(1)r. were pulled and not included in the approval of the remaining purchasing items
- Section VI.A.: The words “the following” were removed from purchasing item A(1)a.
- Section VI.B.: Motion 16.04-34 was corrected to show that agenda item VI.B.2. was pulled and not included in the approval of the remaining Recommended Committee Approvals.
- Section VII.B.: The second sentence in the discussion of agenda item VII.B.1.a. was revised to clarify that agenda item VI.B.2. was pulled from the consent agenda and combined with VII.B.1.a.
- Section VIII.A.: The final sentence in the discussion of agenda item VIII.A.1. was revised to clarify that Harris Health employees are not automatically enrolled in deferred compensation plans.

Mr. Elvin Franklin, Jr. requested a moment of silence to commemorate former Board member Mr. E. Dale Wortham, who passed away Thursday, May 12, 2016.

Dr. Kenneth Mattox, Chief of Staff, Ben Taub General Hospital, spoke regarding the annual Harris Health System Trauma Survivors Celebration, which was held Tuesday, May 24, 2016. He expressed pride in Harris Health’s ability to provide hope to trauma patients. Ms. Daisy Stiner stated that the event was a moving tribute to the trauma survivors and she congratulated the staff of Harris Health and thanked them for their hard work and dedication.

Mr. Franklin presented commemorative pins to Mr. Lawrence Finder, Ms. Carolyn Truesdell, Ms. Daisy Stiner, and Ms. Anne Clutterbuck in recognition of their terms of service of one (1) year or more with the Board.

## **III. Hear from Citizens**

No citizens were present to speak.

## **IV. Consideration of Approval of Recommendations and Acceptance of Consent Agenda Items**

**Motion 16.05-45**

Moved by Dr. Kimberly Monday, seconded by Ms. Daisy Stiner, and passed that the Board approve agenda items IV.A(1)a. through IV.A(1)ii. Mr. Lawrence Finder recused himself from the following purchasing items: A(1)a., A(1)b., A(1)c., A(1)d., A(1)g., A(1)h., A(1)i., A(1)j., A(1)p., A(1)q., A(1)t., A(1)u., A(1)x., A(1)y., A(1)z., A(1)aa., A(1)bb., A(1)cc., A(1)dd., A(1)hh., A(1)ii.

**A. Items Related to Purchasing**

A(1). Consideration of Purchasing Recommendations Requiring Board Approval

- a. approve the fourth and final renewal option for Elekta, Inc. to provide hardware maintenance and support for Elekta linear accelerators (3 ea.) in the estimated amount of \$504,228 for the terms May 29, 2016 through May 28, 2017 (Linear Accelerators 2 and 3) and June 16, 2016 through June 15, 2017 (Linear Accelerator 1).
- b. approve purchase on the basis of product standardization for Stryker Medical [PP-MM-413] to provide stretchers in the amount of \$348,063.
- c. ratify an emergency purchase for Hologic, Inc. to provide a mammography x-ray unit for Smith Clinic in the amount of \$248,780.
- d. approve an exemption from the competitive bid requirements for Consolidated Edison Solutions, Inc. to provide engineering services for various mechanical, electrical, and plumbing projects in the estimated amount of \$175,000 for a one-year initial term with three (3) one-year renewal options.
- e. approve the third and final renewal option for EFI Global, Inc. to provide on-call environmental and indoor air quality consulting services in the estimated amount of \$100,000 for the term June 4, 2016 through June 3, 2017.
- f. approve the third and final renewal option for Wylie Consulting Engineers to provide engineering services in the estimated amount of \$100,000 for the term June 7, 2016 through June 6, 2017.
- g. ratify second-year funding for the GPO contracts for GOJO Industries, Inc. [PP-NS-850] (\$52,637) and Ecolab Inc. [PP-NS-849] (\$299,800) to provide soaps, lotions, and waterless hand rinses in the estimated multi-vendor amount of \$352,437 for the term November 1, 2015 through October 31, 2016.
- h. ratify third-year funding for the GPO contracts for Maquet Medical Systems USA [PP-OR-1084] (\$19,673) and W.L. Gore & Associates, Inc. [PP-OR-1087] (\$88,553) to provide vascular grafts in the estimated multi-vendor amount of \$108,226 for the term April 1, 2016 through March 31, 2017.
- i. approve third-year funding for the GPO contracts for AMD-Ritmed Inc. [PP-OR-1097] (\$30,797) and Cardinal Health 200, LLC [PP-OR-1099] (\$74,266) (all through Cardinal Health) to provide lap sponges, OR towels,

and specialty sponges in the estimated multi-vendor amount of \$105,063 for the term June 1, 2016 through May 31, 2017.

- j. approve award on the basis of lowest-priced proposal meeting requirements for Covidien to provide suction canisters, yankauers, and tubing products in the estimated amount of \$142,867 for a one-year initial term with four (4) one-year renewal options.
- k. ratify renewal for Harris County Hospital District d/b/a Harris Health System to provide administrative assistance and management of Class D pharmacies for Harris County Public Health Services in the estimated revenue amount of \$30,000 for the term April 1, 2016 through March 31, 2017.
- l. approve the third of four (4) renewal options for Intelligent Retinal Imaging Systems, LLC to provide a retinal imaging system (and services) in the estimated amount of \$472,410 for the term May 22, 2016 through May 21, 2017.
- m. ratify an emergency purchase for Cotton Commercial USA, Inc. to provide water damage repair and restoration of the interior of Smith Clinic in the amount of \$118,457.
- n. ratify an emergency purchase for Cotton Commercial USA, Inc. to provide water mitigation services for the interior of Smith Clinic in the amount of \$89,022.
- o. approve provision for the Texas Department of State Health Services to provide data sharing services in the estimated amount of \$0 for the term May 1, 2016 through April 30, 2017.
- p. ratify the first of four (4) renewal options for Iron Mountain to provide off-site storage and maintenance of medical records, x-ray film, and retrieval services in the estimated amount of \$1,478,229 for the term May 12, 2016 through May 11, 2017.
- q. ratify the third of four (4) renewal options for MedAssets Net Revenue Systems, LLC to provide Web-based software for claims payment analysis in the estimated amount of \$493,613 for the term April 24, 2016 through April 23, 2017.
- r. ratify the first and final renewal option for SpecialtyCare Cardiovascular Resources, Inc. d/b/a SC SpecialtyCare Cardiovascular Resources, Inc. to provide perfusion services in the estimated amount of \$205,000 for the term April 30, 2016 through April 29, 2017.
- s. ratify an exemption from the competitive bid requirements for Patricia L. Dove to provide executive coaching services in the amount of \$120,000 for the term April 15, 2016 through April 14, 2017.
- t. approve award on the basis of best proposal meeting requirements for Midwest Employers Casualty Company through Brown & Brown Lone Star Insurance Services, Inc. d/b/a Alamo Insurance Group to provide excess workers' compensation and employer's liability insurance in the

estimated amount of \$281,287 for a one-year initial term with four (4) one-year renewal options.

- u. approve provision for the University of Houston to provide clinical neuropsychology consultation services for HIV-positive patients in the (unrestricted grant funds) amount of \$42,489 for the term June 1, 2016 through May 31, 2017.
- v. approve provision for The University of Texas Health Science Center at Houston - School of Dentistry Office of Continuing Dental Education to provide an oral health and HIV symposium in the amount of \$8,200.
- w. approve additional grant funds for PLB Dental Services, PLLC f/k/a Craven & Plummer, Inc. to provide prenatal dental services in the additional (Expanded Primary Health Care grant funds) amount of \$150,000 for the term September 1, 2015 through August 31, 2016 (Board previously approved Expanded Primary Health Care grant funds in the amount of \$240,000 for the term September 1, 2015 through August 31, 2016).
- x. approve additional (budgeted) funds and an extension for Roche Diagnostics, Inc. to provide real time PCR, HBV, HCV, and HIV viral load testing/PCR/genotyping and GC chlamydia testing in the additional (budgeted) amount of \$895,102 for the extended term August 1, 2016 through January 31, 2017 and in the additional (budgeted) amount of \$504,575 for the current extended term February 1, 2016 through July 31, 2016 (Board previously approved funds in the amount of \$4,732,580 for the term January 23, 2013 through July 31, 2016).
- y. approve the second of four (4) renewal options for Gen-Probe Sales & Service, Inc. to provide a GC and chlamydia testing system including analyzer(s), reagents, consumables, and services in the estimated amount of \$831,600 for the term July 14, 2016 through July 13, 2017.
- z. approve the fourth and final renewal option for DiaSorin, Inc. to provide fully automated infectious disease testing analyzers, reagents, consumables, and services in the estimated amount of \$508,288 for the term July 25, 2016 through July 24, 2017.
- aa. approve the fourth and final renewal option for Ortho Clinical Diagnostics, Inc. – Johnson & Johnson Health Care Systems, Inc. [PP-LA-415 f/k/a PP-LA-322] to provide blood bank analyzers and reagents in the estimated amount of \$423,474 for the term June 19, 2016 through June 18, 2017.
- bb. approve the third of four (4) renewal options for Fisher Healthcare to provide quality control products for various laboratory testing in the estimated amount of \$107,188 for the term July 10, 2016 through July 9, 2017.
- cc. approve additional (budgeted) funds and an extension for Siemens Healthcare Diagnostics, Inc. to provide hepatitis C virus (HCV)/PCR/genotyping and GC/chlamydia testing in the additional (budgeted) amount of \$54,660 for the extended term August 1, 2016

through January 31, 2017 (Board previously approved funds in the amount of \$480,059 for the term March 1, 2013 through July 31, 2016).

- dd. approve purchase on the basis of sole source for Epic Systems Corporation to provide implementation services, interface software, training, and maintenance services for Epic Beaker laboratory software in the estimated amount of \$1,653,558.
- ee. approve renewal for Emporos Systems Corporation to provide maintenance and support for the pharmacy cashing system in the estimated amount of \$201,913 for the term June 16, 2016 through June 15, 2017.
- ff. approve renewal on the basis of sole source for Greater Houston Healthconnect to provide a healthcare information exchange software system in the estimated amount of \$100,000 for the term June 27, 2016 through June 26, 2017.
- gg. approve purchase on the basis of only quote for Future Com Ltd. [DIR-SDD-1887] to provide maintenance and support of Check Point Pointsec software in the estimated amount of \$136,496 for the term June 1, 2016 through June 1, 2017.
- hh. approve additional (budgeted) funds as an exception to the Harris County Hospital District Purchasing Manual bid requirements for AT&T Corporation to provide data circuit services in the additional (budgeted) amount of \$61,715 for the extended term March 5, 2016 through March 4, 2019 (Board previously approved funds in the amount of \$562,752 for the term March 5, 2016 through March 4, 2019).
- ii. ratify additional (budgeted) funds and an extension for Bracco Diagnostics Inc. (\$19,027) and GE Healthcare Inc. (\$127,656) to provide specific pharmaceutical products (contrast media) in the additional (budgeted) multi-vendor amount of \$146,683 for the extended term May 1, 2016 through July 31, 2016 (Board previously approved funds in the amount of \$682,293 for the term May 1, 2015 through April 30, 2016).

A(2). Transmittals of Completed Items **[For Informational Purposes]**

- a. transmittal of the third and final renewal option for EFI Global, Inc. to provide engineering services in the estimated amount of \$50,000 for the term June 4, 2016 through June 3, 2017.
- b. **PULLED**  
transmittal of purchase for Neuroconnect, LLC to provide intraoperative neuromonitoring services in the estimated amount of \$50,000 for a one-year initial term with five (5) one-year renewal options.
- c. transmittal of award on the basis of lowest-priced contract for Medline Industries Inc. [PP-NS-880] – Option 1 (through Cardinal Health) to provide

personal care kits and components in the estimated amount of \$77,039 for the term August 1, 2015 through July 31, 2016.

- d. transmittal of purchase on the basis of sole source for the Texas Hospital Association to provide a patient data system in the estimated amount of \$54,350 for the term June 8, 2016 through June 7, 2017.
- e. transmittal of additional (budgeted) funds for Change Healthcare Solutions, LLC f/k/a Medifax-EDI to provide an electronic claims system in the additional (budgeted) amount of \$98,000 for the term November 12, 2015 through November 11, 2016 (Board previously approved funds in the amount of \$172,160 for the term November 12, 2015 through November 11, 2016).
- f. transmittal of the fourth and final renewal option for Advanced Technology & Diversified Products, Inc. to provide recycling services in the estimated amount of \$22,020 for the term June 29, 2016 through June 28, 2017.
- g. transmittal of the fourth and final renewal option for Trinity Biotech to provide fully automated infectious disease testing analyzers, reagents, consumables, and services in the estimated amount of \$68,253 for the term July 10, 2016 through July 9, 2017.
- h. transmittal of renewal for Oracle America, Inc. [DIR-TSO-2539] to provide Oracle database maintenance and support in the estimated amount of \$56,327 for the term June 1, 2016 through May 31, 2017.
- i. transmittal of the second of three (3) renewal options for Elsevier, Inc. to provide maintenance and support for ExitCare<sup>®</sup> software in the estimated amount of \$62,063 for the term June 16, 2016 through June 15, 2017.
- j. transmittal of the first of four (4) renewal options for General Datatech, L.P. [DIR-TSO-2543] to provide maintenance and support for Cisco wireless phones in the estimated amount of \$58,036 for the term September 4, 2016 through September 3, 2017.

## **B. Recommended Committee Approvals**

### **Motion 16.05-46**

Moved by Ms. Carolyn Truesdell, seconded by Ms. Anne Clutterbuck, and unanimously passed that the Board approve agenda items IV.B.1. through IV.B.21.

1. Approval of the 2016 Patient Safety Plan [**Annual Accountability**].
2. Approval to Transfer Funds in the Amount of \$12,495,000 to the Harris County Engineering Department to Provide Architectural, Engineering, Construction Management, and Other Related Services Required for Relocation of the Ben Taub Hospital Specialty Clinics.
3. Approval to Transfer Funds in an Amount Not to Exceed \$2,240,910 to the Harris County Engineering Department to Provide Architectural, Engineering, Construction Management, and Other Related Services Required for the Ben Taub Hospital Kitchen Basement Sewer Repair.

4. Approval to Transfer Funds in an Amount Not to Exceed \$1,150,000 to the Harris County Engineering Department to Provide Architectural, Engineering, Construction Management, and Other Related Services Required for the Lyndon B. Johnson Hospital Annex Roof and Rooftop Units Replacement.
5. Approval to Transfer Funds in the Amount of \$726,471 to the Harris County Engineering Department to Provide Architectural, Engineering, Construction Management, and Other Related Services Required for the Baytown Health Center Roof and Rooftop Units Replacement.
6. Approval to Transfer Funds in an Amount Not to Exceed \$500,000 to the Harris County Engineering Department to Provide Architectural, Engineering, Construction Management, and Other Related Services Required for the Ben Taub Hospital Elevator Modernization Project.
7. Approval of an Affiliation Agreement Between Harris County Hospital District d/b/a Harris Health System and Texas Tech University Health Science Center School of Pharmacy (Doctor of Pharmacy Program).
8. Approval of an Affiliation Agreement Between Harris County Hospital District d/b/a Harris Health System and Texas Woman's University College of Health Sciences (Masters of Science in Occupational Therapy Program).
9. Approval of an Affiliation Agreement Between Harris County Hospital District d/b/a Harris Health System and The University of Texas at El Paso College of Health Sciences (Masters of Science in Occupational Therapy Program).
10. Approval of an Affiliation Agreement Between Harris County Hospital District d/b/a Harris Health System, The University of Texas Medical Branch at Galveston, and Baylor College of Medicine (Masters of Science in Physician Assistant Studies Program).
11. Approval of an Affiliation Agreement Between Harris County Hospital District d/b/a Harris Health System and The University of Texas Health Science Center at Houston School of Nursing (Doctor of Nursing Practice – Nurse Anesthesia Program).
12. Approval of an Affiliation Agreement Between Harris County Hospital District d/b/a Harris Health System, The University of Texas Medical Branch at Galveston, and The University of Texas Health Science Center at Houston (Masters of Science in Physician Assistant Studies Program).
13. Approval of an Affiliation Agreement Between Harris County Hospital District d/b/a Harris Health System and The University of Texas MD Anderson Cancer Center (Fellowship of Interventional Radiology Program).
14. Approval of an Affiliation Agreement Between Harris County Hospital District d/b/a Harris Health System and the University of Houston School of Nursing (Masters of Science in Nursing Program).
15. Approval of an Affiliation Agreement Between Harris County Hospital District d/b/a Harris Health System and the University of Houston School of Nursing (Bachelor of Science in Nursing Program).



16. Approval of an Affiliation Agreement Between Harris County Hospital District d/b/a Harris Health System and Alvin Community College District (Associate of Applied Sciences in Respiratory Care Program).
17. Approval to Ratify the Sixth Amendment to the Fidelity Trust Agreement for the 457(b) Plan, Effective March 30, 2016, and to Ratify Replacement of the BlackRock Equity Dividend Fund with the Diamond Hill Large Cap Fund for the 457(b) Plan, Effective March 31, 2016.
18. Approval to Ratify the Replacement of the Atlanta Capital Management Company, LLC with Jennison Associates LLC as an Investment Manager and to Ratify Additional Investment Guidelines for the Harris County Hospital District Pension Plan, Each Effective March 3, 2016.
19. Approval of an Agreement Between Harris County Hospital District d/b/a Harris Health System and the Society of Thoracic Surgeons to Participate in a National Database for Adult Cardiac Surgery Patients.
20. Approval of an Agreement Between Harris County Hospital District d/b/a Harris Health System and the Johnson & Johnson Patient Assistance Foundation, Inc. to Participate in the Hospital Access Patient Assistance Program.
21. Approval of an Agreement Between the Harris Health System Central Fill Pharmacy and the Pfizer Hospital Partnership Program to Participate in the Pfizer Institutional Patient Assistance Program.

*{End of Consent Agenda}*

## **V. Board Review and Action Items**

### **A. Review Item Related to the Budget and Finance Committee**

1. Review of Transmittal of Purchase for Neuroconnect, LLC to Provide Intraoperative Neuromonitoring Services in the Estimated Amount of \$50,000 for a One-Year Initial Term With Five (5) One-Year Renewal Options [**For Informational Purposes Only**].

### **B. Action Item Related to the Planning & Operations Committee**

#### **Motion 16.05-47**

Moved by Mr. Lawrence Finder, seconded by Dr. Kimberly Monday, and unanimously passed that the Board approve agenda item V.B.1.

1. Approval of an Affiliation Agreement Between Harris County Hospital District d/b/a Harris Health System and Wilkes University Passan School of Nursing (Online Masters of Science in Nursing for Harris Health Employees Only).

## **C. Action Items Related to the Corporate Compliance Committee**

### **Motion 16.05-48**

Moved by Ms. Anne Clutterbuck, seconded by Ms. Daisy Stiner, and unanimously passed that the Board approve agenda item V.C.1.

1. Approval to Establish a Governing Body for the Ambulatory Surgical Center at Lyndon B. Johnson Hospital and Approval of the Bylaws of the Governing Body for the Ambulatory Surgical Center at Lyndon B. Johnson Hospital.

Mr. George Masi, President and Chief Executive Officer, and Mr. Terry Reeves, Senior Vice President of Corporate Compliance, presented the recommendation to establish a Governing Body for the Ambulatory Surgical Center (ASC) at Lyndon B. Johnson Hospital and consider approval of the Bylaws of the Governing Body. Mr. Reeves outlined the modifications that were made to the Bylaws according to recommendations from Ms. Truesdell. A copy of the Bylaws is available in the permanent record.

### **Motion 16.05-49**

Moved by Ms. Carolyn Truesdell, seconded by Mr. Lawrence Finder, and unanimously passed that the Board approve agenda item V.C.2.; appointment of Ms. Daisy Stiner, Dr. Donald Butts, and Dr. Kimberly Monday as members of the ASC Governing Body.

### **Motion 16.05-50**

Moved by Ms. Carolyn Truesdell, seconded by Dr. Kimberly Monday, and unanimously passed that the Board approve agenda item V.C.2.; appointment of Mr. George Masi as a member of the ASC Governing Body.

2. Discussion and Possible Action Regarding the Appointment of Members to the Governing Body of the Ambulatory Surgical Center at Lyndon B. Johnson Hospital.

Mr. Franklin led the discussion regarding the appointment of members to the ASC Governing Body at Lyndon B. Johnson Hospital. He announced that Ms. Daisy Stiner, Dr. Donald Butts, and Dr. Kimberly Monday were appointed to serve as members of the ASC Governing Body. Additionally, Mr. Reeves recommended that Mr. Masi be appointed as an additional member of the ASC Governing Body.

## **VI. Strategic Discussion Issues**

### **A. Strategic Capital for Infrastructure Priorities and Recommendation for Financing [Board Deliverable]**

Mr. Masi led the discussion regarding strategic capital for infrastructure priorities and recommendation for financing. He indicated that a number of Harris Health's hospitals and outpatient clinics have aging infrastructures which require frequent repair and replacement. Mr. Masi explained that only the most emergent repairs were completed in recent years and all other maintenance needs were deferred due to budget

constraints and that these maintenance deferrals have created an infrastructure bubble of unfunded emergent capital needs. He stated that Harris Health must determine which steps will be necessary over the next five (5) to seven (7) years to maintain the integrity of the buildings that are fundamental to Harris Health's delivery of healthcare to its patients.

Mr. Michael Norby, Executive Vice President and Chief Financial Officer, explained that for an A-rated healthcare system, the expected range of capital expenditures are 100% to 125% of depreciation expense on an annual basis. He reported that in Fiscal Year 2016 (FY2016) Harris Health spent \$36.2M for capital expenses, which was 64% of depreciation expense for the year, and that in Fiscal Year 2015 HHS spent \$44.3M in capital expenses, which was 78% of depreciation expense for the year. Mr. Norby highlighted that Harris Health currently holds an advantageous position to address its capital expenditures because the organization received delayed Disproportionate Share Hospital / Uncompensated Care distributions from the State of Texas at the end of FY2016. He announced that Harris Health's administration will propose a recommendation to the Board in June 2016 for approval of a \$25M mid-year adjustment to the Fiscal Year 2017 (FY2017) capital budget, which will carry over to the Fiscal Year 2018 (FY2018) budget. Mr. Norby explained that if the Board authorizes the \$25M adjustment, Harris Health must then obtain approval for the budget adjustment from the Harris County Commissioners Court.

Mr. David Attard, Associate Administrator of Health System Planning, Construction and Engineering, stated that Harris Health manages forty-seven (47) buildings which contain a combined total of 2.97 million square feet of space. He explained that many of the sites require structural and roofing renovations and facility support system upgrades to avoid system failures and/or interruptions of services. Mr. Attard delivered a breakdown of Harris Health's \$60M in capital distribution for FY2017. He reported that 25% of the FY2017 capital distribution is attributed to information technology (IT) expenses, 18% is attributed to infrastructure expenses, and 17% is attributed to medical capital expenses. Ms. Daisy Stiner requested that Mr. Tim Tindle, Executive Vice President and Chief Information Officer, present the proposed IT capital expenditures for FY2017 during the July 2016 Information Technology Committee meeting. Mr. Attard stated that Harris Health's hospitals have \$16.7M in urgent unfunded capital projects and the outpatient clinics have \$8.3M in urgent unfunded capital projects. He explained that addressing these unfunded capital projects now will permit Harris Health to take a proactive approach in the operation of the FY2018 routine capital budget. Ms. Stiner inquired which fiscal year will bear the greatest impact from the proposed \$25M mid-year capital adjustment. Mr. Attard stated that because many of the unfunded capital needs are long-term projects, the majority of the financial impact will occur in FY2018. Dr. Kimberly Monday requested that the Board receive information regarding Harris Health's medical capital expenses. Mr. Attard responded that he will provide a report of medical capital expenses and facilities infrastructure requirements through Fiscal Year 2019 at the July 2016 Planning and Operations Committee meeting.

**B. Compliance Education – Compliance Enforcement Trends (July 2015 – April 2016) [Board Education]**

Ms.Carolynn Jones, Administrative Director of Regulatory Compliance, delivered the presentation regarding compliance enforcement trends. She stated that the Office for Civil Rights (OCR) fined New York Presbyterian Hospital in April 2016 for violating the Health Insurance Portability and Accountability Act (HIPAA) privacy law by disclosing patients' protected health information during the filming of a television series without obtaining the patients' authorization first. Ms. Jones announced that the OCR is planning to conduct a series of random HIPAA audits in 2016 through the use of remote "desk reviews" and onsite visits. She stated that in February 2016 the Health Care Fraud and Abuse Control Program reported that the Medicare Trust Fund recovered \$2.4B from healthcare-related fraud and abuse investigations in FY2015. Ms. Jones also stated that \$300M of the \$1.9B that the Department of Justice (DOJ) obtained in fraud and false claims judgments and settlements was recovered from hospitals. She reported that the DOJ issued a memorandum in September 2015 which provided notice that the DOJ will continue its efforts to prosecute individuals for corporate wrongdoing. Ms. Jones mentioned that under the Affordable Care Act, a rule was established whereby healthcare providers are mandated to return any overpayment to the government within sixty (60) days after the overpayment is identified. She explained that questions have been raised regarding when an overpayment should be identified and the 60-day clock begins. A copy of the presentation is available in the permanent record.

## **VII. Key Performance Reports**

### **A. Committee Reports**

#### **1. Joint Conference Committee**

##### **Motion 16.05-51**

Moved by Mr. Lawrence Finder, seconded by Ms. Anne Clutterbuck, and unanimously passed that the Board approve agenda item VII.A.1.a.

##### **a. Acceptance of the Medical Executive Board Report for May 2016.**

Dr. Maya Suresh, Chairman, Medical Executive Board, presented the May 2016 Medical Executive Board Report. She reported that Ambulatory Care Services conducted a research study of 6,000 homeless patients who presented at the Emergency Centers last year. Dr. Suresh stated that care of these patients cost \$19M and the study determined that better coordination of care with the homeless clinics would result in significant cost reductions. She reported that Mr. Masi announced that the Medicaid 1115 Waiver will be extended for fifteen (15) months. Dr. Suresh stated that the Critical Care Committee approved the Brain Death Determination Policy and that the policy is being funneled through the appropriate authorization channels. A copy of the report is available in the permanent record.

##### **Motion 16.05-52**

Moved by Ms. Anne Clutterbuck, seconded by Ms. Daisy Stiner, and unanimously passed that the Board approve agenda item VII.A.1.b.

- b. Approval Regarding the Credentialing Changes for Members of the Harris Health System Medical Staff (May 2016).

Dr. Maya Suresh, Chairman, Medical Executive Board, presented the May 2016 credentialing changes for the members of the Harris Health System medical staff. She reported that there were fourteen (14) initial applications, fifty-eight (58) reappointments, two (2) resignations, and five (5) change/add privileges. A copy of the report is available in the permanent record.

## 2. Performance Improvement and Patient Safety Committee

- a. Review and Discussion Regarding Harris Health System Quality Executive Summary and Scorecard.

Dr. Parikshet Babber, Executive Vice President and Chief Medical Officer, presented the Harris Health System Quality Executive Summary and Scorecard. He reported that quality indicators for blood utilization and readmissions met or fell within 5% of the benchmark for March 2016. Dr. Babber stated that patient satisfaction measures met or fell within 5% of the benchmark with the exception of indicators for quietness of hospital and care transition. He explained that quietness of hospital measures were affected by ongoing construction and that a corrective action plan regarding care transition will be presented to the Board in June 2016. A copy of the report is available in the permanent record.

## 3. Budget and Finance Committee

### Motion 16.05-53

Moved by Mr. Lawrence Finder, seconded by Mr. Elvin Franklin, Jr., and unanimously passed that the Board approve agenda item VII.A.3.a.

- a. Acceptance of the Harris Health System April 2016 Financial Report Subject to Audit.

Mr. Norby presented the Harris Health System April 2016 Financial Report. He reported that due to a decrease in patient volume because of flooding in April 2016 and a \$1.7M shortfall in Harris Health's annual distribution of tobacco settlement funds, total revenue for the month was \$3.7M less than budget. Mr. Norby stated that total expenses for the month were \$3.1M less than budget. A copy of the report is available in the permanent record.

- b. Review and Discussion Regarding the Health Insurance Marketplace and MY Harris Health Self-Pay Program Registration [**Board Deliverable**].

Mr. Michael Hill, Senior Vice President of Revenue Cycle, and Mr. Norby led the discussion regarding the Health Insurance Marketplace (Marketplace) and the MY Harris Health Self-Pay Program registration. Mr. Norby stated that there was no change in Marketplace registration since the open enrollment period has closed and that there was slight growth in MY Harris Health registration. He announced that a detailed report regarding the first quarter utilization results for

both programs will be presented in July 2016. A copy of the report is available in the permanent record.

- c. Presentation of the April 2016 Financial Statements of Community Health Choice, Inc.

Mr. Kenneth Janda, President and Chief Executive Officer, Community Health Choice, Inc. (CHC, Inc.), presented the April 2016 financial statements for CHC, Inc. He noted that the number of commercial program members should be corrected from 88,513, as shown on the consolidated income statement, to 98,000. Mr. Janda stated that total revenue was 4% greater than budget for the month. He mentioned that he expects an average increase of 6% for CHC, Inc.'s Marketplace rates in 2017. Mr. Janda announced that CHC, Inc. gained approval to offer HMO coverage to Texas state employees in September 2016. He stated that the CHC, Inc. Board of Directors authorized \$100K for CHC, Inc. to collaborate with the Harris County Department of Public Health and Environmental Services to conduct outreach educational programs for low-income populations regarding Zika virus prevention. A copy of the report is available in the permanent record.

#### **VIII. Executive Session**

At 10:58 a.m., Mr. Franklin stated that the Board would enter into Executive Session under §161.032 of the Texas Health & Safety Code, the Texas Occupations Code Ann. §160.007, and the Texas Gov't Code Ann. §551.071.

#### **IX. Reconvene**

At 12:42 p.m., Mr. Franklin reconvened the meeting and stated that no action was taken in Executive Session.

- A. Report by 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 Section 161.032 of the Texas Health & Safety Code, and Possible Action Upon Return to Open Session.

No action was taken.

- B. Report by the Chief Medical Officer Regarding 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.

- C. Consultation with the County Attorney Session Regarding Refinancing of Harris Health's Outstanding Revenue Bonds Pursuant to Texas Gov't Code Ann. §551.071, and Possible Action Regarding This Matter Upon Return to Open Session.

No action was taken.

- D. Consultation with the County Attorney Regarding Agreement with Texas Medical Center Central Heating and Cooling Services Corporation for Chilled Water and Steam Service at Ben Taub Hospital Pursuant to Texas Gov't Code Ann. §551.071, and Possible Action Regarding This Matter Upon Return to Open Session.

**Motion 16.05-54**

Moved by Ms. Daisy Stiner, seconded by Ms. Anne Clutterbuck, and passed that the Board approve agenda item VIII.D.; five (5) in favor; one (1) opposed; three (3) absent.

- E. Consultation with the County Attorney Regarding Directors and Officers Liability Insurance Pursuant to Texas Gov't Code Ann. §551.071, and Possible Action Upon Return to Open Session [**Board Deliverable**].

No action was taken.

- F. Consultation with the County Attorney Regarding Cause No. 4:15-cv-00747; *Olusola Ajeleti-Olufadeju v. Harris County Hospital District d/b/a Harris Health System*; In the United States District Court for the Southern District of Texas, Pursuant to Texas Gov't Code Ann. §551.071, and Possible Action Regarding This Matter Upon Return to Open Session.

No action was taken.

- G. Consultation with the County Attorney Regarding Cause No. D-1-GN-16-001927; *Harris County Hospital District d/b/a Harris Health System v. Honorable Ken Paxton, Attorney General of Texas*; In the 419th Judicial District Court of Travis County, Pursuant to Texas Gov't Code Ann. §551.071, and Possible Action Regarding This Matter Upon Return to Open Session.

**Motion 16.05-55**

Moved by Ms. Carolyn Truesdell, seconded by Ms. Daisy Stiner, and unanimously passed that the Board approve agenda item VIII.G.

The Harris County Hospital District d/b/a Harris Health System (“Harris Health”), by and through its Board of Managers, approves and ratifies the filing of lawsuit Cause No. D-1-GN-16-001927; *Harris County Hospital District d/b/a Harris Health System v. Honorable Ken Paxton, Attorney General of Texas*; In the 419th Judicial District Court of Travis County, Texas regarding Open Records Request OR2016-00715.

- H. Consultation with the County Attorney Regarding Disposition of Vizient, Inc. Stock Pursuant to Texas Gov't Code Ann. §551.071, and Possible Action Regarding This Matter Upon Return to Open Session.

No action was taken.

I. **PULLED**

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.

X. **Adjournment**

Moved by Ms. Daisy Stiner, seconded by Dr. Donald Butts, and unanimously accepted to adjourn the meeting.

There being no further business, the meeting adjourned at 12:44 p.m.

I certify that the foregoing are the Minutes of the meeting of the Board of Managers of the Harris County Hospital District d/b/a Harris Health System held at the Administration Building in Houston, Texas on May 26, 2016.

Respectfully submitted,



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



Ms. Anne Clutterbuck, Secretary  
Board of Managers

Recorded by Kenya Shields