

MINUTES OF THE HARRIS HEALTH SYSTEM BOARD OF TRUSTEES
Special Called Board Meeting
August 16, 2022
9:30 am

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
<p>I. Call to Order & Record of Attendance</p>	<p>The meeting was called to order at 9:33 a.m. by Arthur Bracey, MD, Chair. It was noted that a quorum was present and the attendance was recorded. Dr. Bracey stated while some of Board members are in the room with us today, others will participate by videoconference as permissible by state law and the Harris Health Videoconferencing Policy. The meeting may be viewed online: http://harrishealthtx.swagit.com/live.</p>	<p>A copy of the attendance is appended to the archived minutes.</p>
<p>II. Public Comment</p>		<p>There were no public speakers present.</p>
	<p>Dr. Bracey shared that Harris Health Administration will be making a presentation at the Harris County Commissioner’s Court on August 23, 2022 regarding the proposed Hospital District Tax Rate. He stated that Administration has recently received information from the Harris County Budget Office related to the proposed Hospital District Tax rate and projections that Dr. Esmail Porsa, President and Chief Executive Officer, will present as the agenda item today. Dr. Bracey mentioned after Dr. Porsa’s presentation, the Board will consider taking action to recommend a proposed tax rate to the Harris County Commissioner’s Court for the Hospital District, which will reflect the voice of the Harris Health’s governing body.</p>	
<p>III. Discussion Regarding Hospital District Tax Rate and Possible Action to Recommend a Proposed 2022 Tax Rate to the Harris County Commissioner’s Court</p>	<p>Dr. Porsa led the discussion regarding Hospital District Tax Rate and Possible Action to Recommend a Proposed 2022 Tax Rate to the Harris County Commissioner’s Court. He stated that over the past two (2) years and due to the global pandemic, Harris Health received significant funding from the Federal Government in the form of CARES Act and Health Resources and Services Administration (HRSA) reimbursement for the care of COVID-19 patients. The total amount of patient care reimbursement that Harris Health received from both sources was approximately \$250M. For the same period, Harris Health provided over \$300M worth of care to COVID patients. While Harris Health continues to care for a significant number of COVID-19 patients, these revenue sources were abruptly stopped in March of this year. Dr. Porsa stated that over the past three (3) years, Harris Health’s effective tax rate has been cut twice, resulting in an annual net revenue reduction of close to \$50M. He mentioned that costs have increased dramatically over the past two (2) years, mainly due to increased cost of labor, supplies and services. He reported that Harris Health operating expense has risen by 26%, or \$420M. Dr. Porsa shared that Harris County has the highest number of uninsured adults in Texas (currently, around 1 million people). He noted that as the number of uninsured and underinsured in Harris County continues to grow with the rest of the population, so will the cost of providing essential health services to this group.</p>	<p>Motion No. 22.08-100 Moved by Dr. Andrea Caracostis, seconded by Ms. Jennifer Tijerina, and unanimously passed that the Board approve agenda item III. Motion carried.</p>

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	<p>Compared to other hospital districts in large counties in Texas, Harris Health receives the lowest amount of tax dollars per uninsured County resident. Dr. Porsa emphasized that Harris Health is a critical resource for all residents of Harris County, not just the indigent population. He stated that Harris Health is currently confronted with an operational budget shortfall of \$45M for Fiscal Year (FY) 2023, which increases to \$150M in FY2024. With rapidly rising healthcare costs and lower reimbursement, Harris Health is in an untenable position to survive on less. While Harris Health continues to be committed to increasing efficiency and reducing costs, the current trajectory is not sustainable and will lead to an eventual reduction in public healthcare services. Dr. Porsa stated that this will result in a redistribution of the indigent and the uninsured populations who will seek needed care from the private and other providers in the community. This will in turn have a devastating impact on the health of our entire community because the health care capacity in Harris County is a zero sum situation:</p> <ul style="list-style-type: none"> • When one emergency room closes, other emergency rooms in the area become overcrowded and less able to provide timely, high quality and safe health care. • When one health care system stops or delays providing preventive health care, the entire population suffers. We are already dealing with a situation in which many people delayed necessary care during the COVID pandemic. This will only be exacerbated if Harris Health is forced to reduce services as a result of lower revenues. <p>Recommendation: Harris Health System recommends the Voter Approved Rate for FY2023.</p> <p style="text-align: center;">Impact Analysis of No New Revenue (NNR) Tax Rate Compared to Voter Approved Rate (VAR) Property Tax Year 2022 (Fiscal Year 2023)</p> <table border="1" data-bbox="428 1003 1535 1179"> <thead> <tr> <th>Tax Year</th> <th>Maintenance District Tax Rate Per \$100</th> <th>Debt Service District Tax Rate Per \$100</th> <th>Total Tax Rate Per \$100</th> <th>Harris Health Fiscal Year</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>\$0.16047</td> <td>\$0.00174</td> <td>\$0.16221</td> <td>2022</td> </tr> <tr> <td>2022 – VAR</td> <td>\$0.15931</td> <td>\$0.00154</td> <td>\$0.16085</td> <td>2023</td> </tr> <tr> <td>2022 – NNR</td> <td>\$0.14722</td> <td>\$0.00154</td> <td>\$0.14876</td> <td>2023</td> </tr> </tbody> </table> <div style="display: flex; justify-content: space-around; margin-top: 20px;"> <div data-bbox="573 1208 957 1357" style="background-color: #4CAF50; color: white; padding: 10px; border: 1px solid black;"> <p style="text-align: center;">Voter Approved Rate</p> <p>The VAR, although still lower than the current effective tax rate per \$100, will allow Harris Health to achieve a budget with no operating loss in FY 2023.</p> </div> <div data-bbox="997 1208 1381 1357" style="background-color: #F44336; color: white; padding: 10px; border: 1px solid black;"> <p style="text-align: center;">No New Revenue Rate</p> <p>The NNR will not reduce the \$45M budgeted operating loss at all and may lead to an even higher operating loss than currently budgeted for FY 2023.</p> </div> </div>	Tax Year	Maintenance District Tax Rate Per \$100	Debt Service District Tax Rate Per \$100	Total Tax Rate Per \$100	Harris Health Fiscal Year	2021	\$0.16047	\$0.00174	\$0.16221	2022	2022 – VAR	\$0.15931	\$0.00154	\$0.16085	2023	2022 – NNR	\$0.14722	\$0.00154	\$0.14876	2023	
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	<p>The Board members expressed their support regarding the Hospital District Tax Rate and for the recommendation of the Proposed 2022 Tax Rate to the Harris County Commissioner’s Court.</p> <p>Dr. Bracey emphasized that the Voter Approved Rate is the only option that allows Harris Health to overcome operational budget shortfalls. The No New Revenue Rate is not recommended for approval because it further increases Harris Health’s Operating loss in the FY 2023 budget.</p> <p>Dr. Bracey entertained motioned and a second for the following:</p> <p><i>The Harris Health Board of Trustees recommends to the Harris County Commissioner’s Court the adoption of the Voter Approved Rate as the Hospital District Tax Rate for FY 2023.</i></p>	
IV. Adjournment	<p>Moved by Dr. Andrea Caracostis, seconded by Ms. Jennifer Tijerina, and unanimously approved to adjourn the meeting.</p> <p>There being no further business to come before the Board, the meeting adjourned at 9:56 a.m.</p>	

I certify that the foregoing are the Minutes of the Harris Health System Board of Trustees Meeting held on August 16, 2022.

Respectfully Submitted,

Arthur Bracey, M.D., Chair



Andrea Caracostis, M.D., Secretary



Minutes transcribed by Cherry Pierson

Thursday, August 16, 2022

Harris Health System Board of Trustees Special Called Board Meeting – Attendance

Note: For Zoom meeting attendance, if you joined as a group and would like to be counted as present, please submit an email to:

BoardofTrustees@harrishealth.org before close of business the day of the meeting.

BOARD MEMBERS PRESENT	BOARD MEMBERS ABSENT
Dr. Arthur W. Bracey (Chair)	Professor Marcia Johnson
Dr. Ewan D. Johnson (Vice Chair)	
Dr. Andrea Caracostis (Secretary)	
Ms. Alicia Reyes	
Director Barbie Robinson	
Ms. Jennifer Tijerina	
Ms. Mia Mends	
Mr. Lawrence Finder	

EXECUTIVE LEADERSHIP
Dr. Esmaeil Porsa, President & Chief Executive Officer
Ms. Amy Smith, Senior Vice President, Transitions & Post-Acute Care
Ms.Carolynn Jones, Executive Vice President & Chief Compliance and Risk Officer
Mr. David Attard, Senior Vice President, Facilities, Construction and System Engineering
Ms. Debbi Garbade, Vice President, Patient Safety Risk & Management
Dr. Glorimar Medina-Rivera, Executive Vice President, Ben Taub Hospital
Dr. Hemant Roy, Vice Chair, Harris Health System & Ben Taub Hospital
Dr. Jackie Brock, Executive Vice President & Chief Nursing Executive
Dr. Jason Chung, Associate Chief Medical Officer & Senior Vice President, Medical Affairs and Utilization
Dr. John Foringer, Chair, Medical Executive Board
Dr. Joseph Kunisch, Vice President, Quality Programs
Ms. Kari McMichael, Vice President, Controller
Mr. Louis Smith, Senior Executive Vice President & Chief Operating Officer
Ms. Maria Cowles, Senior Vice President, Chief of Staff
Dr. Martha Mims, Vice Chair, Medical Executive Board
Dr. Maureen Padilla, Senior Vice President, Nursing Affairs & Support Services
Mr. Michael Hill, Executive Vice President, Chief Strategy & Integration Officer
Mr. Michael Nnadi, Senior Vice President, Chief Pharmacy & Lab Officer

Mr. Omar Reid, Executive Vice President, Chief People Officer
Dr. Otis Ekins, Chief Medical Officer, Harris Health Correctional Health
Ms. Patricia Darnauer, Executive Vice President, Lyndon B. Johnson Hospital
Mr. R. King Hillier, Vice President, Public Policy & Government Relations
Ms. Sara Thomas, Vice President Legal Affairs/Managing Attorney, Harris County Attorney's Office
Dr. Steven Brass, Executive Vice President & Chief Medical Executive
Dr. Anwar Mohammad Sirajuddin, Senior Vice President, Chief Health Informatics Officer

OTHERS PRESENT	
Alison Perez	Jennifer Zarate
Antoinette Cotton	Jerald Summers
April Adams, MD	Nicholas Bell
Catherine Eppes, MD	Pamela Berens, MD
Cherry Pierson	Paul Lopez
Daniel Smith	Randy Manarang
Derek Curtis	Stephanie Ramirez
Ebon Swofford	Tai Nguyen
Efua Leke, MD	Yolanda Wall
Elizabeth Winn	