

BOARD OF TRUSTEES

Budget and Finance Committee

Thursday, May 11, 2023
9:00 A.M.

BOARD ROOM
4800 Fournace Place, Bellaire, Texas 77401

The meeting may be viewed online at: <http://harrishealthtx.swagit.com/live>

Notice: Some Board Members may participate by videoconference.

Mission

Harris Health is a community-focused academic healthcare system dedicated to improving the health of those most in need in Harris County through quality care delivery, coordination of care, and education.

AGENDA

- | | |
|---|-----------------------------------|
| I. Call to Order and Record of Attendance | Mr. Lawrence Finder 2 min |
| II. Approval of the Minutes of Previous Meeting | Mr. Lawrence Finder 2 min |
| • Budget and Finance Committee Meeting – November 10, 2022 | |
| III. Financial Matters | Mr. Lawrence Finder 40 min |
| A. Consideration of Acceptance of the Harris Health System March 2023 Quarterly Financial Report Subject to Audit – Ms. Victoria Nikitin | <i>(10 min)</i> |
| B. Consideration of Acceptance of the Harris Health System First Quarter Calendar Year 2023 Pension Plan Report – Ms. Victoria Nikitin | <i>(10 min)</i> |
| C. Consideration of Acceptance of the Harris Health System Second Quarter Fiscal Year 2023 Investment Report – Ms. Victoria Nikitin | <i>(10 min)</i> |
| D. Update Regarding Harris Health Credit Rating – Ms. Victoria Nikitin | <i>(10 min)</i> |
| IV. Adjournment | Mr. Lawrence Finder 1 min |

HARRIS HEALTH SYSTEM
MINUTES OF THE BOARD OF TRUSTEES
BUDGET & FINANCE COMMITTEE MEETING
Thursday, November 10, 2022
9:00 AM

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
I. Call to Order and Record of Attendance	<p>Mr. Lawrence Finder, Chair, called the meeting to order at 9:06 a.m. It was noted there was a quorum present and the attendance was recorded. Mr. Finder announced that while some board members are in the room, others will participate by videoconference as permissible by state law and the Harris Health Videoconferencing Policy. Only participants scheduled to speak have been provided dial in information for the meeting. All others who wish to view the meeting may access the meeting online through the Harris Health website: http://harrishealthtx.swagit.com/live.</p>	
II. Approval of the Minutes of Previous Meeting Budget and Finance Committee Meeting – August 11, 2022		<p>Moved by Dr. Ewan Johnson, seconded by Dr. Arthur Bracey, and unanimously approved the minutes of the previous meeting.</p>
III. Financial Matters		
A. Consideration of Approval of Subsidy Payments to Community Health Choice, Inc. for the Health Insurance Marketplace Non-Federal Premium Payments for Eligible Harris Health Patients for Calendar Year 2023	<p>Ms. Victoria Nikitin, Executive Vice President & Chief Financial Officer (CFO) introduced Ms. Pollie Martinez, Associate Administrator, Patient Access. Ms. Martinez stated that the projected cost of \$3M for 2023 is substantially lower than previous year. This is attributed to Community Health Choice plan pricing that was much closer to the price of the Benchmark plan for Harris County than in 2022 and earlier years. Ms. Martinez shared that the benchmark plan is a term used to describe the second lowest cost Silver plan in our market arena. Additionally, Ms. Martinez noted that the Advance Premium Tax Credit (APTC) amount that was increased in 2021 as part of the American Rescue Act is being carried forward in year 2023. She explained that the APTC is a tax credit that is paid to the insurer on behalf of the patient to offset the cost of the premiums.</p>	<p>Moved by Dr. Ewan Johnson, seconded by Professor Marcia Johnson, and unanimously accepted that the committee recommends that the Board approve item III.A.</p>

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
	<p>Ms. Martinez noted that the addition of the subsidy program and the increase in Harris Health subsidized members has grown the commercial payor mix to roughly 16.5 percent of the overall payor mix, enhancing reimbursement for services, and easily covering the cost of the subsidy payments. In addition, the Community Health Choice Marketplace plans offer participating patients access to timely healthcare services anywhere in the contracted provider network for the plans, helping to mitigate the physical capacity limitations of existing Harris Health facilities and services. Dr. Bracey inquired regarding the commercial payor mix. Dr. Porsa, President and Chief Executive Officer, stated that Harris Health is providing subsidies to this group of patients however, that provides them access not only to Harris Health services but all community providers. He explained that if it happens that Harris Health patients, 150 percent of the federal poverty limit (FPL) and below, happen to raise the percentage of insured patients to higher number that will be a welcomed opportunity for Harris Health. Dr. Porsa stated that the goal is to expand access and the portion of patients who return to Harris Health is more than paying for the entire program. In addition, Dr. Porsa shared that although the patients can go elsewhere, this is bringing forth economic power to the community that would otherwise not have been afforded to the community. The committee discussed the commercial payor mix and its growth projections. An executive summary is available in the permanent record.</p>	
<p>B. Consideration of Acceptance of the Harris Health System September 2022 Financial Report Subject to Audit</p>	<p>Ms. Nikitin delivered a presentation of Harris Health System September 2022 Financial Report Subject to Audit. She noted that the fiscal year transition is required to align the related tax rate approval process in September—October 2022 with the new fiscal year October 2022—September 2023. In addition, this report will cover the stub period of March to September 2022. Ad valorem tax revenue was \$477.1M less than budget due to the change in the accounting practice (revenue recognition) by Harris County and Harris Health System. Ms. Nikitin provided an overview of the funds received from the Comprehensive Hospital Increase Reimbursement Program (CHIRP) and Hospital Augmented Reimbursement Program (HARP). As a result, the System posted \$237.6M in HARP revenues under Medicaid Supplemental programs. At September 30, total expenses of \$1,241.6M were \$73.0M or 5.6 percent less than budget.</p>	<p>Moved by Dr. Ewan Johnson, seconded by Ms. Tijerina, and unanimously accepted that the committee recommends that the Board approve item III.B.</p>

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
	<p>Ms. Nikitin noted due to the fiscal year transition, annual actuarial valuations were recorded for benefit plans (pension plan and post-employment health benefit) resulting in a net decrease of \$38.8M favorable to budget. Other favorable trends were noted in purchased services and supplies. She reported an operating loss for the short fiscal year ended September 30 was \$145.6M compared to budgeted income of \$26.2M. Ms. Nikitin delivered a brief overview of Harris Health’s performance ratios as of September 30, 2022. She shared that the System’s capital expenditures is 174.9 percent for the current year compared to the prior year at 133 percent. The average age of plant (years) decreased from 12.9 to 10.7 for the current year. Mr. Finder inquired regarding unrestricted cash and cash on hand. Ms. Nikitin explained that the unrestricted cash can be used for operations or any purpose that the System sees a need. The committee discussed unrestricted cash, cash on hand and its regulatory requirements. The System has \$822.8M in unrestricted cash, cash equivalents and investments, representing 146.8 days cash on hand. Harris Health has \$114.9M in net accounts receivable, representing 62.0 days of outstanding patient accounts receivable at September 30, 2022. A copy of the Harris Health System September 2022 Financial Report is available in the permanent record.</p>	
<p>C. Consideration of Acceptance of the Harris Health System Second Quarter Stub Year 2022 Investment Report</p>	<p>Ms. Nikitin presented the Harris Health System Second Quarter Stub Year 2022 Investment Report. She shared that the interest rates are going up and that Harris Health is expecting a 4 percent return on its investment. A copy of the Harris Health System Second Quarter Stub Year 2022 Investment Report is available in the permanent record.</p>	<p>Moved by Dr. Ewan Johnson, seconded by Dr. Arthur Bracey, and unanimously accepted that the committee recommends that the Board approve item III.C through III.D.</p>
<p>D. Consideration of Acceptance of the Harris Health System Third Quarter Calendar Year 2022 Pension Plan Report</p>	<p>Ms. Nikitin presented the Harris Health System Third Quarter Calendar Year 2022 Pension Plan Report. A copy of the Third Quarter Calendar Year 2022 Pension Plan Report is available in the permanent record.</p>	<p>Moved by Dr. Ewan Johnson, seconded by Dr. Arthur Bracey, and unanimously accepted that the committee recommends that the Board approve item III.C through III.D.</p>
<p>IV. Executive Session</p>	<p>At 9:41 a.m., Mr. Finder stated that the Budget and Finance Committee would enter into Executive Session as permitted by law under Tex. Gov’t Code Ann. §551.071 and Tex. Gov’t Code Ann. §551.085.</p>	

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
<p>A. Discussion Regarding the 2023 Operating Budget for Community Health Choice Texas, Inc. and Community Health Choice, Inc.; and Review of the 2022 Financial Performance for the Nine Months Ending September 30, 2022, Pursuant to Tex. Gov't Code Ann. §551.085 and Tex. Gov't Code Ann. §551.071, Including Consideration of Approval of the 2023 Operating Budget for Community Health Choice Texas, Inc. and Community Health Choice, Inc. Upon Return to Open Session</p>	<p><i>The Harris Health Board of Trustees hereby approves the 2023 Operating Budget for Community Health Choice Texas, Inc. and Community Health Choice, Inc.</i></p>	<p>Moved by Dr. Ewan Johnson, seconded by Dr. Arthur Bracey, and unanimously accepted that the committee recommends that the Board approve item V.C.</p>
<p>V. Reconvene</p>	<p>At 10:08 a.m., Mr. Finder reconvened the meeting in open session; he noted a quorum was present. He shared that the Board will take action on Item "A" of the Executive Session agenda.</p>	
	<p>Dr. Porsa is pleased to announce that Ms. Lisa Wright, President & Chief Executive Officer, Community Health Choice, was recognized by Modern Healthcare magazine as one of 2022's Top Diversity Leaders. Ms. Wright has expanded multi-language outreach and communications to prioritize cultural competency and also developed a road map to foster a workplace culture of belonging.</p>	

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
VI. Adjournment	Moved by Dr. Ewan Johnson, seconded by Dr. Arthur Bracey, and unanimously approved to adjourn the meeting. There being no further business, the meeting adjourned at 10:08 a.m.	

I certify that the foregoing are the Minutes of the Meeting of the Budget and Finance Committee of the Board of Trustees of the Harris Health System held on November 10, 2022.

Respectfully submitted,

Lawrence Finder, Chair

Recorded by Cherry Pierson

Thursday, November 10, 2022

Harris Health System Board of Trustees Board Meeting – Budget & Finance Committee 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.

BUDGET & FINANCE COMMITTEE BOARD MEMBERS PRESENT	BUDGET & FINANCE COMMITTEE BOARD MEMBERS ABSENT	OTHER BOARD MEMBERS PRESENT
Mr. Lawrence Finder (<i>Chair</i>)		Ms. Alicia Reyes
Dr. Arthur Bracey (<i>Ex-Officio</i>)		Ms. Jennifer Tijerina
Dr. Ewan D. Johnson		Ms. Barbie Robinson
Ms. Marcia Johnson		

EXECUTIVE LEADERSHIP
Dr. Esmail Porsa, President & Chief Executive Officer
Ms. Lisa Wright, President & Chief Executive Officer, Community Health Choice, Inc.
Ms. Amy Smith, Senior Vice President, Transitions & Post-Acute Care
Ms. Anna Mateja, Chief Financial Officer, Community Health Choice, Inc.
Ms. Carolynn Jones, Executive Vice President & Chief Compliance and Risk Officer
Mr. DeWight Dopslauf, Purchasing Agent, Harris County Purchasing Office
Ms. Errika Perkins, Chief Assistant County Auditor, Harris County Auditor’s Office
Dr. Esperanza (Hope) Galvan, Senior Vice President, Chief Health Officer
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. Jennifer Small, Executive Vice President, Ambulatory Care Services
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
Ms. Olga Llamas Rodriguez, Vice President, Community Engagement & Corporate Communications
Dr. Steven Brass, Executive Vice President & Chief Medical Executive

OTHERS PRESENT	
Antoinette Cotton	Julie Thompson
Daniel Smith	Matt Reeder
Danielle Zimmerman (<i>FORVIS</i>)	Matt Schlueter
Derek Curtis	Nicholas Bell
Ebon Swofford	Paul Lopez
Jennifer Zarate	Randy Manarang
Jerry Summers	Tai Nguyen

Thursday, May 11, 2023

Consideration of Acceptance of the Harris Health System March 2023
Quarterly Financial Report Subject to Audit

Attached for your review and consideration is the March 2023 Financial Report for the quarter and six months fiscal year-to-date ended March 31, 2023.

Administration recommends that the Board accept the financial report for the period ended March 31, 2023, subject to final audit.



Financial Statements

As of the Quarter Ended March 31, 2023



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Financial Highlights Review

As of the Quarter Ended March 31, 2023

Operating income for the quarter ended March 31, 2023 was \$94.3 million compared to budgeted loss of \$6.7 million.

Total quarterly net revenue for March of \$633.6 million was \$62.5 million or 10.9% more than budget. Medicaid Supplemental programs were \$21.2 million greater than expected primarily due to the updated Hospital Augmented Reimbursement Program projections received from the State. Improved investment returns contributed \$20.8 million to the positive variance. The Foundation contributed \$10.5 million more than budgeted in capital gifts and endowments.

Total quarterly expenses of \$539.3 million were \$38.5 million or 6.7% less than budget. Staff costs were \$22.3 million under budget as a result of a reduction in contract labor utilization and lower salaries expense. Physician services were \$2.9 million less than projected mostly due to the unfilled faculty vacancies. Purchased services for medical insurance subsidies decreased \$9.8 million due to the Marketplace plan pricing effective for calendar year 2023. The change in the Community Health Choice plan pricing, and a corresponding decrease in subsidy, was discussed with the Board of Trustees in November 2022.

For the second quarter, total patient days and average daily census increased 5.0% compared to budget. Inpatient case mix index, a measure of patient acuity, was 1.8% higher while length of stay was 3.3% higher than budget. Emergency room visits were 2.3% lower than planned for the quarter. Total clinic visits, including telehealth, were 8.9% higher compared to budget. Births were up 7.2%.

Total cash receipts for the quarter were \$465.5 million. The System has \$1,787.7 million in unrestricted cash, cash equivalents and investments, representing 309.2 days cash on hand. Harris Health System has \$145.8 million in net accounts receivable, representing 71.9 days of outstanding patient accounts receivable at March 31, 2023. The March balance sheet reflects a combined net liability position of \$73.2 million under the various Medicaid Supplemental programs.

Income Statement

As of the Quarter Ended March 31, 2023 (In \$ Millions)

	QUARTER-TO-DATE			YEAR-TO-DATE				
	CURRENT YEAR	CURRENT BUDGET	PERCENT VARIANCE	CURRENT YEAR	CURRENT BUDGET	PERCENT VARIANCE	PRIOR YEAR	PERCENT VARIANCE
REVENUE								
Net Patient Revenue	\$ 184.4	\$ 178.9	3.1%	\$ 369.1	\$ 361.8	2.0%	\$ 398.2	-7.3%
Medicaid Supplemental Programs	174.2	153.1	13.8%	341.1	306.1	11.4%	215.3	58.4%
Other Operating Revenue	31.5	29.1	8.3%	60.6	56.7	7.0%	27.1	123.5%
Total Operating Revenue	\$ 390.2	\$ 361.0	8.1%	\$ 770.8	\$ 724.6	6.4%	\$ 640.7	20.3%
Net Ad Valorem Taxes	209.2	207.8	0.7%	417.0	415.5	0.4%	355.5	17.3%
Net Tobacco Settlement Revenue	-	-	0.0%	-	-	0.0%	-	0.0%
Capital Gifts & Grants	9.5	-	0.0%	9.5	-	0.0%	45.9	-79.3%
Interest Income & Other	24.7	2.3	997.1%	34.8	3.5	895.2%	39.9	-12.8%
Total Nonoperating Revenue	\$ 243.4	\$ 210.0	15.9%	\$ 461.3	\$ 419.0	10.1%	\$ 441.3	4.5%
Total Net Revenue	\$ 633.6	\$ 571.1	10.9%	\$ 1,232.2	\$ 1,143.7	7.7%	\$ 1,082.0	13.9%
EXPENSE								
Salaries and Wages	\$ 213.2	\$ 235.1	9.3%	\$ 429.0	\$ 455.9	5.9%	\$ 416.0	-3.1%
Employee Benefits	71.8	72.2	0.6%	137.9	145.4	5.2%	127.6	-8.1%
Total Labor Cost	\$ 284.9	\$ 307.3	7.3%	\$ 566.9	\$ 601.2	5.7%	\$ 543.6	-4.3%
Supply Expenses	72.1	69.5	-3.8%	145.0	139.4	-4.0%	136.1	-6.6%
Physician Services	104.2	107.1	2.7%	204.8	215.0	4.7%	183.7	-11.5%
Purchased Services	56.7	71.5	20.6%	123.2	138.4	10.9%	134.8	8.6%
Depreciation & Interest	21.4	22.5	4.8%	42.9	45.4	5.6%	37.9	-13.3%
Total Operating Expense	\$ 539.3	\$ 577.7	6.7%	\$ 1,082.8	\$ 1,139.4	5.0%	\$ 1,036.0	-4.5%
Operating Income (Loss)	\$ 94.3	\$ (6.7)		\$ 149.4	\$ 4.3		\$ 46.0	
Total Margin %	14.9%	-1.2%		12.1%	0.4%		4.2%	

Balance Sheet

As of March 31, 2023 and 2022 (in \$ Millions)

	CURRENT YEAR	PRIOR YEAR
<u>CURRENT ASSETS</u>		
Cash, Cash Equivalents and Short Term Investments	\$ 1,787.7	\$ 1,527.8
Net Patient Accounts Receivable	145.8	122.0
Net Ad Valorem Taxes, Current Portion	23.6	12.7
Other Current Assets	131.4	100.2
Total Current Assets	\$ 2,088.5	\$ 1,762.7
<u>CAPITAL ASSETS</u>		
Plant, Property, & Equipment, Net of Accumulated Depreciation	\$ 417.0	\$ 433.4
Construction in Progress	195.6	122.9
Right of Use Assets	43.1	45.5
Total Capital Assets	\$ 655.8	\$ 601.8
<u>ASSETS LIMITED AS TO USE & RESTRICTED ASSETS</u>		
Debt Service & Capital Asset Funds	\$ 40.1	\$ 46.0
LPPF Restricted Cash	7.5	7.3
Capital Gift Proceeds	46.3	45.0
Other - Restricted	1.0	1.9
Total Assets Limited As to Use & Restricted Assets	\$ 94.8	\$ 100.3
Other Assets	42.9	27.5
Deferred Outflows of Resources	188.5	152.7
Total Assets & Deferred Outflows of Resources	\$ 3,070.5	\$ 2,644.9
<u>CURRENT LIABILITIES</u>		
Accounts Payable and Accrued Liabilities	\$ 662.7	\$ 270.7
Employee Compensation & Related Liabilities	123.2	133.1
Estimated Third-Party Payor Settlements	15.4	13.6
Current Portion Long-Term Debt and Capital Leases	20.5	12.9
Total Current Liabilities	\$ 821.8	\$ 430.2
Long-Term Debt	316.3	341.7
Net Pension & Post Employment Benefits Liability	595.1	599.5
Other Long-Term Liabilities	7.8	18.1
Deferred Inflows of Resources	218.7	218.7
Total Liabilities	\$ 1,959.7	\$ 1,608.2
Total Net Assets	\$ 1,110.8	\$ 1,036.8
Total Liabilities & Net Assets	\$ 3,070.5	\$ 2,644.9

Cash Flow Summary

As of the Quarter Ended March 31, 2023 (In \$ Millions)

	QUARTER-TO-DATE		YEAR-TO-DATE	
	CURRENT YEAR	PRIOR YEAR	CURRENT YEAR	PRIOR YEAR
CASH RECEIPTS				
Collections on Patient Accounts	\$ 194.1	\$ 152.3	\$ 351.0	\$ 360.6
Medicaid Supplemental Programs	398.1	292.8	860.1	521.6
Net Ad Valorem Taxes	602.6	571.1	806.6	792.6
Tobacco Settlement	-	-	-	-
Other Revenue	40.8	17.2	107.6	56.8
Total Cash Receipts	\$ 1,235.6	\$ 1,033.3	\$ 2,125.2	\$ 1,731.6
CASH DISBURSEMENTS				
Salaries, Wages and Benefits	\$ 355.2	\$ 247.4	\$ 668.3	\$ 515.6
Supplies	77.4	66.8	151.2	136.3
Physician Services	102.8	93.8	199.2	184.5
Purchased Services	60.2	51.5	112.8	101.9
Capital Expenditures	31.8	19.5	64.3	45.3
Debt and Interest Payments	18.1	17.6	19.0	18.5
Other Uses	(46.0)	13.8	(54.5)	54.1
Total Cash Disbursements	\$ 599.5	\$ 510.5	\$ 1,160.3	\$ 1,056.3
Net Change	\$ 636.1	\$ 522.9	\$ 964.9	\$ 675.3
Unrestricted Cash, Cash Equivalents and Investments - Beginning of year			\$ 822.8	
Net Change			964.9	
Unrestricted Cash, Cash Equivalents and Investments - End of period			\$ 1,787.7	

Performance Ratios

As of the Quarter Ended March 31, 2023

	QUARTER-TO-DATE		YEAR-TO-DATE		
	CURRENT YEAR	CURRENT BUDGET	CURRENT YEAR	CURRENT BUDGET	PRIOR YEAR
<u>OPERATING HEALTH INDICATORS</u>					
Operating Margin %	14.9%	-1.2%	12.1%	0.4%	4.2%
Run Rate per Day (In\$ Millions)	\$ 5.8	\$ 6.2	\$ 5.7	\$ 6.0	\$ 5.5
Salary, Wages & Benefit per APD	\$ 2,282	\$ 2,761	\$ 2,277	\$ 2,663	\$ 2,490
Supply Cost per APD	\$ 577	\$ 624	\$ 583	\$ 618	\$ 623
Physician Services per APD	\$ 834	\$ 962	\$ 823	\$ 952	\$ 841
Total Expense per APD	\$ 4,318	\$ 5,191	\$ 4,350	\$ 5,048	\$ 4,746
Overtime as a % of Total Salaries	3.6%	2.1%	3.7%	1.9%	3.2%
Contract as a % of Total Salaries	4.8%	7.5%	5.3%	7.3%	7.9%
Full-time Equivalent Employees	9,840	10,294	9,853	10,230	9,322
<u>FINANCIAL HEALTH INDICATORS</u>					
Quick Ratio			2.5		4.0
Unrestricted Cash (In \$ Millions)			\$ 1,787.7	\$ 1,117.4	\$ 1,527.8
Days Cash on Hand			309.2	192.1	276.5
Days Revenue in Accounts Receivable			71.9	54.0	55.8
Days in Accounts Payable			47.4		47.3
Capital Expenditures/Depreciation & Amortization			173.5%		139.6%
Average Age of Plant(years)			11.2		12.3

Harris Health System Key Indicators



Statistical Highlights

As of the Quarter Ended March 31, 2023

	QUARTER-TO-DATE			YEAR-TO-DATE				
	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	PRIOR YEAR	PERCENT CHANGE
Adjusted Patient Days	124,882	111,290	12.2%	249,362	225,735	10.5%	218,307	14.2%
Outpatient % of Adjusted Volume	60.7%	61.5%	-1.2%	60.4%	61.8%	-2.2%	62.1%	-2.8%
Primary Care Clinic Visits	134,354	120,369	11.6%	265,828	241,343	10.1%	231,502	14.8%
Specialty Clinic Visits	61,489	57,122	7.6%	121,866	115,112	5.9%	113,640	7.2%
Telehealth Clinic Visits	33,147	32,697	1.4%	65,613	67,742	-3.1%	87,665	-25.2%
Total Clinic Visits	228,990	210,188	8.9%	453,307	424,197	6.9%	432,807	4.7%
Emergency Room Visits - Outpatient	32,025	33,308	-3.9%	64,916	66,556	-2.5%	63,082	2.9%
Emergency Room Visits - Admitted	5,574	5,174	7.7%	10,984	9,851	11.5%	8,672	26.7%
Total Emergency Room Visits	37,599	38,482	-2.3%	75,900	76,407	-0.7%	71,754	5.8%
Surgery Cases - Outpatient	2,931	3,189	-8.1%	5,496	6,370	-13.7%	4,652	18.1%
Surgery Cases - Inpatient	2,456	2,765	-11.2%	4,831	5,445	-11.3%	4,423	9.2%
Total Surgery Cases	5,387	5,954	-9.5%	10,327	11,815	-12.6%	9,075	13.8%
Total Outpatient Visits	379,239	360,371	5.2%	745,332	724,466	2.9%	764,289	-2.5%
Inpatient Cases (Discharges)	7,653	6,909	10.8%	15,945	14,493	10.0%	13,359	19.4%
Outpatient Observation Cases	2,394	3,699	-35.3%	4,813	7,294	-34.0%	6,908	-30.3%
Total Cases Occupying Patient Beds	10,047	10,608	-5.3%	20,758	21,787	-4.7%	20,267	2.4%
Births	1,294	1,207	7.2%	2,801	2,451	14.3%	2,545	10.1%
Inpatient Days	49,062	42,873	14.4%	98,728	86,239	14.5%	82,668	19.4%
Outpatient Observation Days	7,770	11,247	-30.9%	15,457	22,152	-30.2%	21,573	-28.4%
Total Patient Days	56,832	54,120	5.0%	114,185	108,391	5.3%	104,241	9.5%
Average Daily Census	631.5	601.3	5.0%	627.4	595.6	5.3%	572.8	9.5%
Average Operating Beds	681	681	0.0%	681	681	0.0%	684	-0.4%
Bed Occupancy %	92.7%	88.3%	5.0%	92.1%	87.5%	5.3%	83.7%	10.0%
Inpatient Average Length of Stay	6.41	6.21	3.3%	6.19	5.95	4.1%	6.19	0.1%
Inpatient Case Mix Index (CMI)	1.737	1.706	1.8%	1.697	1.706	-0.5%	1.820	-6.8%
Payor Mix (% of Charges)								
Charity & Self Pay	43.8%	46.2%	-5.2%	45.2%	46.7%	-3.3%	46.3%	-2.5%
Medicaid & Medicaid Managed	24.0%	23.5%	2.0%	23.5%	22.7%	3.4%	21.3%	10.0%
Medicare & Medicare Managed	11.4%	11.6%	-1.4%	11.1%	11.0%	1.3%	12.0%	-7.3%
Commercial & Other	20.8%	18.7%	11.1%	20.2%	19.5%	3.7%	20.3%	-0.4%
Total Unduplicated Patients - Rolling 12				248,593			259,948	-4.4%
Total New Patient - Rolling 12				86,466			84,720	2.1%

Harris Health System

Statistical Highlights

As of the Quarter Ended March 31, 2023

Cases Occupying Beds - Q2

Actual	Budget	Prior Year
10,047	10,608	10,045

Cases Occupying Beds - YTD

Actual	Budget	Prior Year
20,758	21,787	20,267

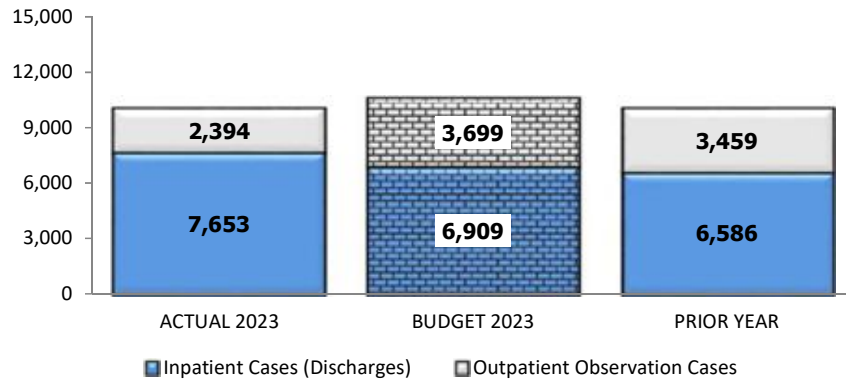
Emergency Visits - Q2

Actual	Budget	Prior Year
37,599	38,482	36,655

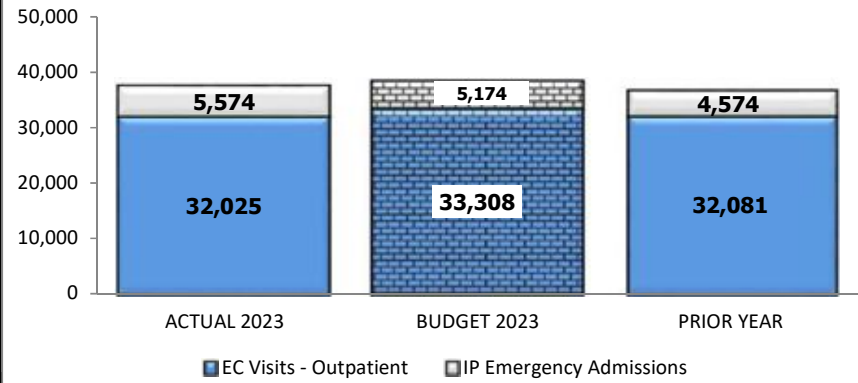
Emergency Visits - YTD

Actual	Budget	Prior Year
75,900	76,407	71,754

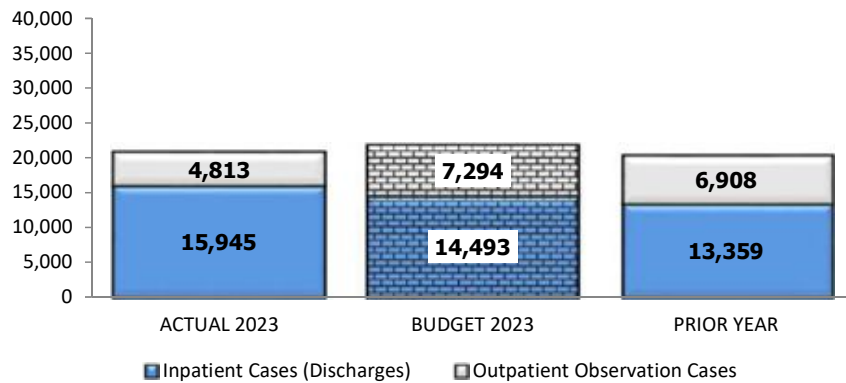
Cases Occupying Beds - Quarter End



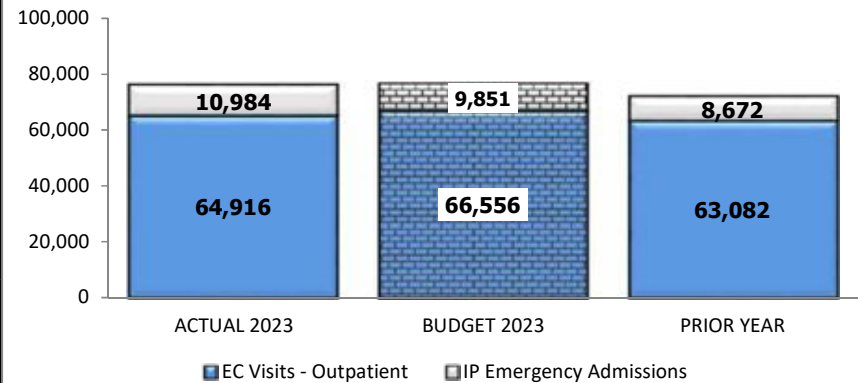
Emergency Visits - Quarter End



Cases Occupying Beds - YTD



Emergency Visits - YTD



Harris Health System

Statistical Highlights

As of the Quarter Ended March 31, 2023

Surgery Cases - Q2

Actual	Budget	Prior Year
5,387	5,954	4,620

Surgery Cases - YTD

Actual	Budget	Prior Year
10,327	11,815	9,075

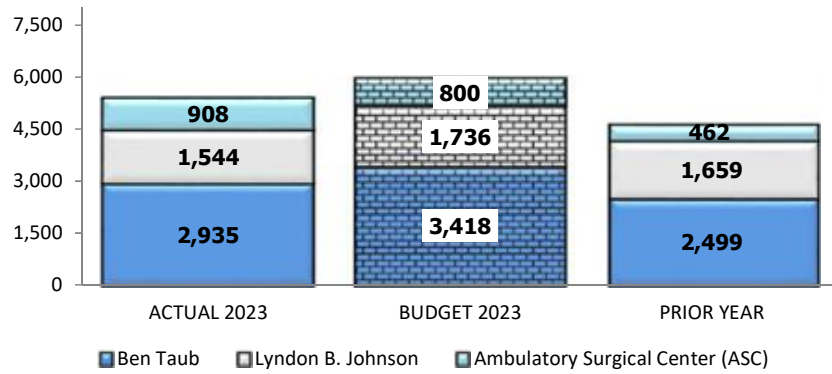
Clinic Visits - Q2

Actual	Budget	Prior Year
228,990	210,188	210,492

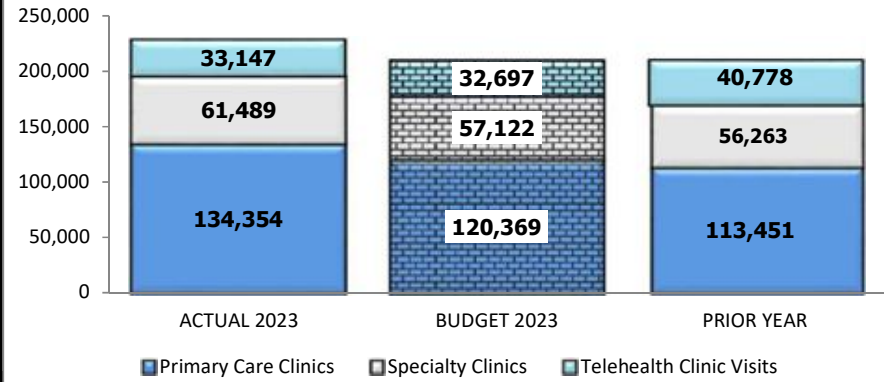
Clinic Visits - YTD

Actual	Budget	Prior Year
453,307	424,197	432,806

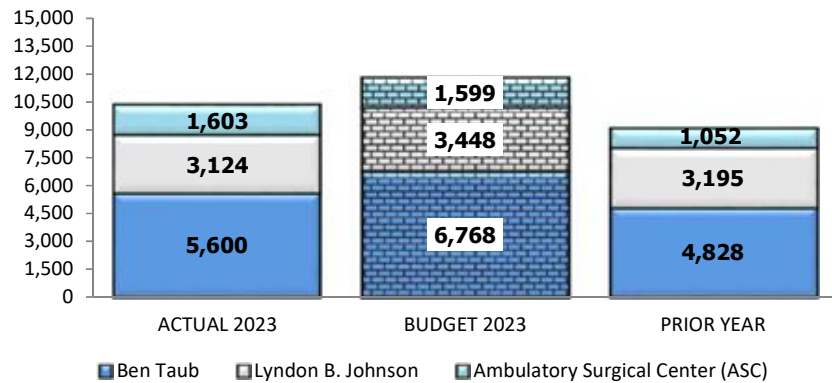
Surgery Cases - Quarter End



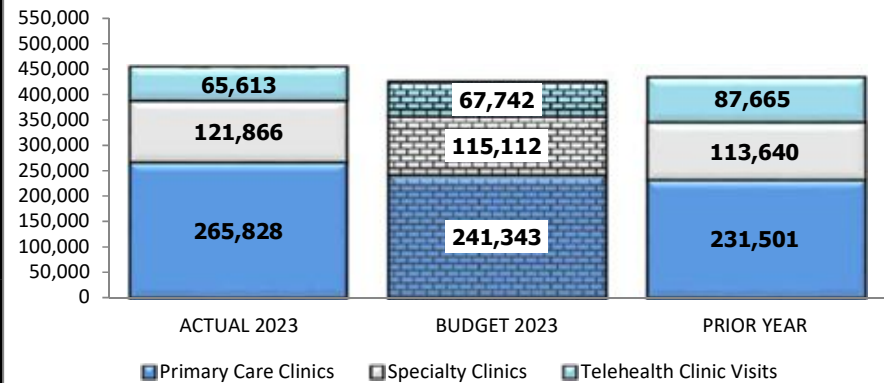
Clinic Visits - Quarter End



Surgery Cases - YTD



Clinic Visits - YTD



Harris Health System

Statistical Highlights

As of the Quarter Ended March 31, 2023

Adjusted Patient Days - Q2

124,882

Adjusted Patient Days - YTD

249,362

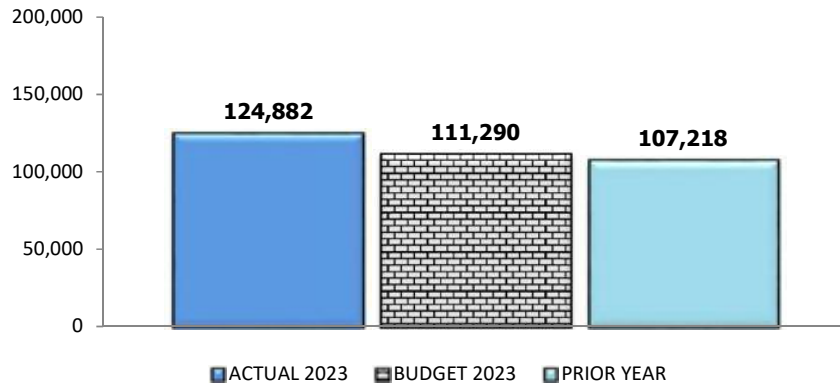
Average Daily Census - Q2

631.5

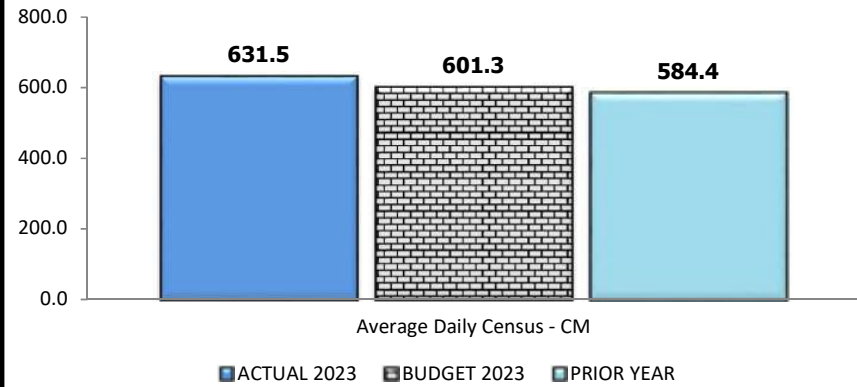
Average Daily Census - YTD

627.4

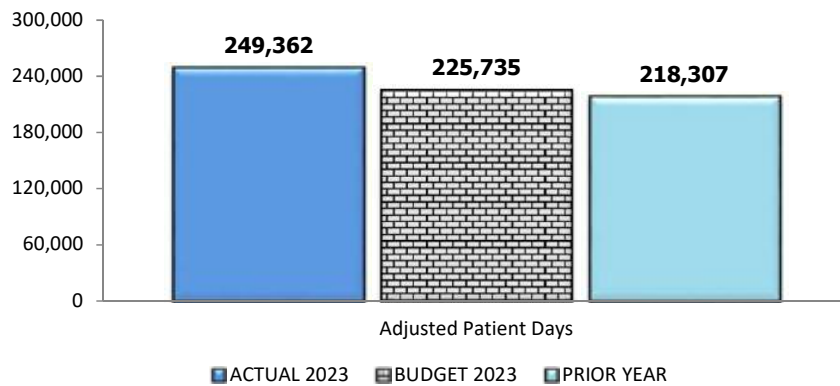
Adjusted Patient Days - Quarter End



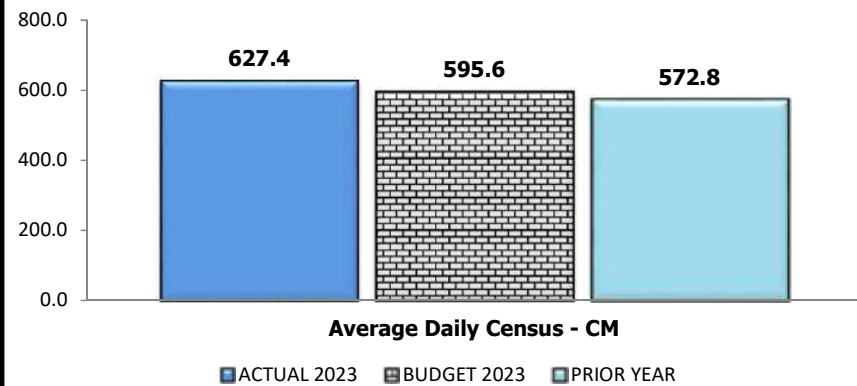
Average Daily Census - Quarter End



Adjusted Patient Days - YTD



Average Daily Census - YTD



Harris Health System

Statistical Highlights

As of the Quarter Ended March 31, 2023

Inpatient ALOS - Q2

6.41

Inpatient ALOS - YTD

6.19

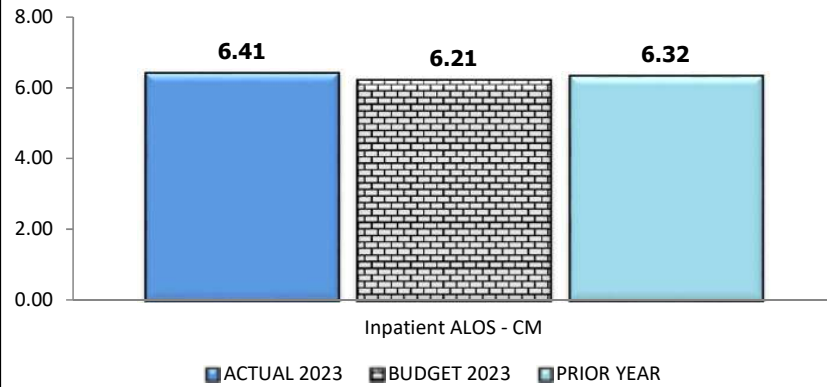
Case Mix Index - Q2

Overall	Excl. Obstetrics
1.737	1.913

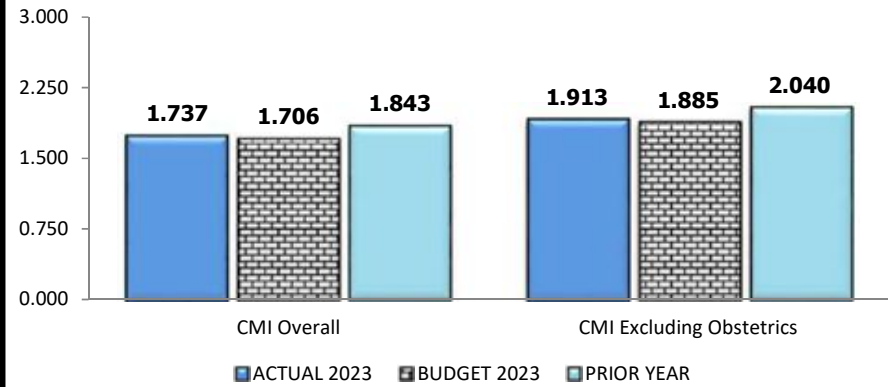
Case Mix Index (CMI) - YTD

Overall	Excl. Obstetrics
1.697	1.876

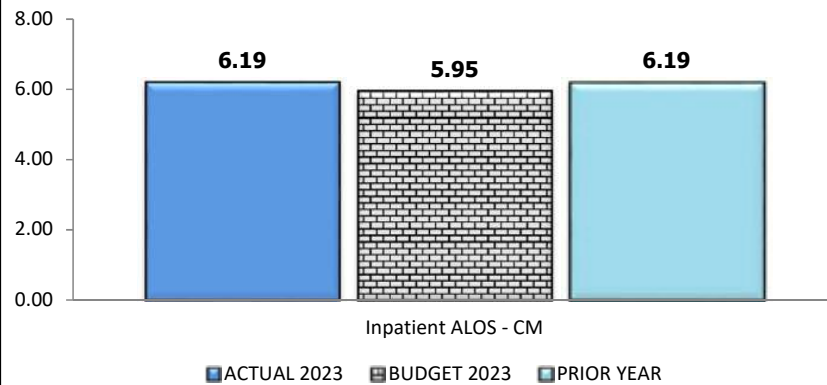
Inpatient ALOS - Quarter End



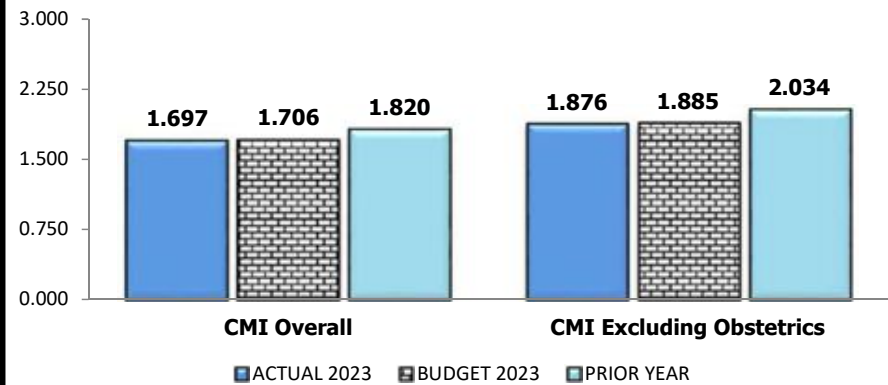
Case Mix Index - Quarter End



Inpatient ALOS - YTD



Case Mix Index - YTD



Harris Health System

Statistical Highlights - Cases Occupying Beds

As of the Quarter Ended March 31, 2023

BT Cases Occupying Beds - Q2

Actual	Budget	Prior Year
5,985	6,357	5,894

BT Cases Occupying Beds - YTD

Actual	Budget	Prior Year
12,309	12,812	12,112

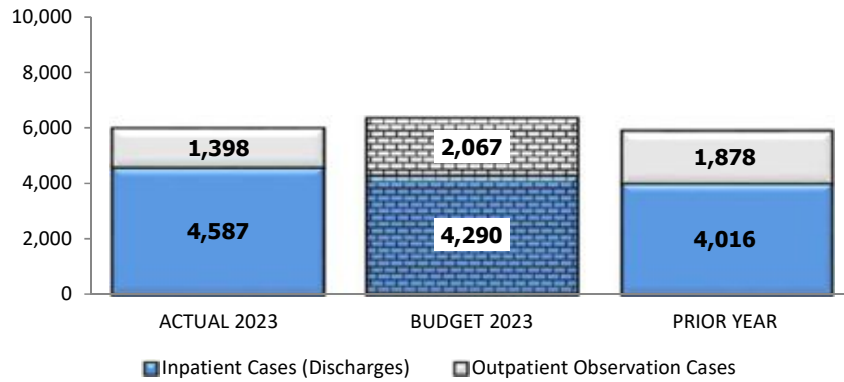
LBJ Cases Occupying Beds - Q2

Actual	Budget	Prior Year
4,062	4,251	4,151

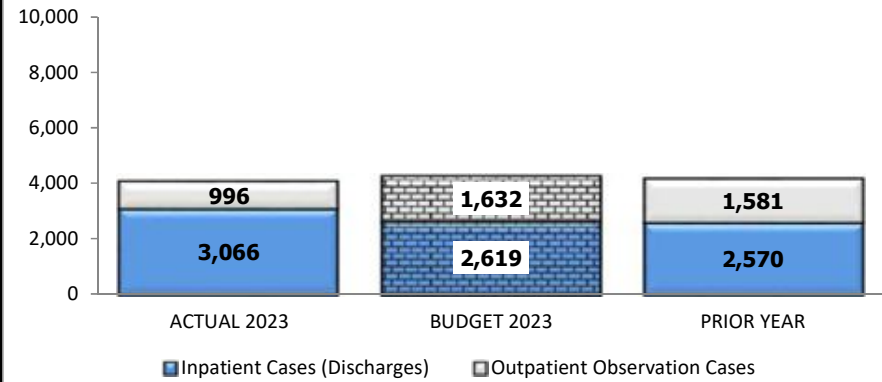
LBJ Cases Occupying Beds - YTD

Actual	Budget	Prior Year
8,449	8,975	8,155

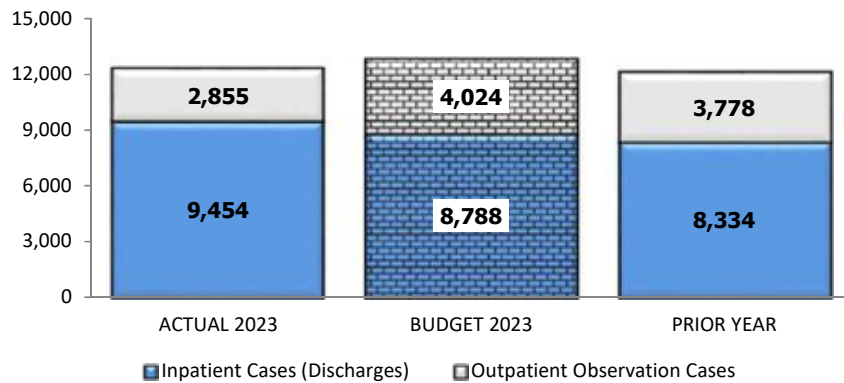
Ben Taub Cases - Quarter End



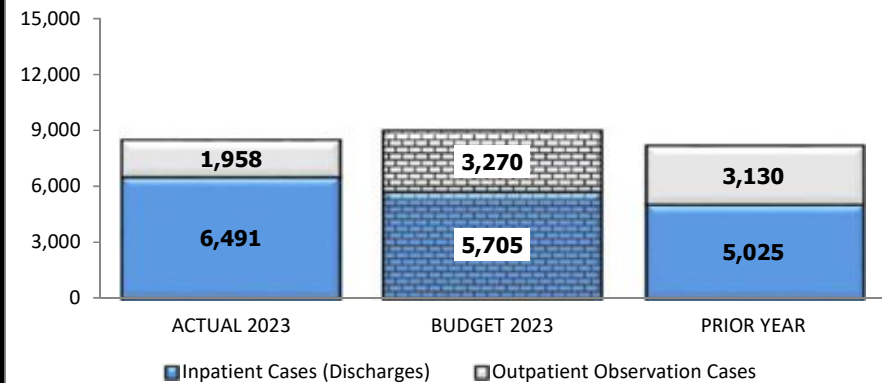
Lyndon B. Johnson Cases - Quarter End



Ben Taub Cases - YTD



Lyndon B. Johnson Cases - YTD



Harris Health System

Statistical Highlights - Surgery Cases

As of the Quarter Ended March 31, 2023

BT Surgery Cases - Q2

Actual	Budget	Prior Year
2,935	3,418	2,499

BT Surgery Cases - YTD

Actual	Budget	Prior Year
5,600	6,768	4,828

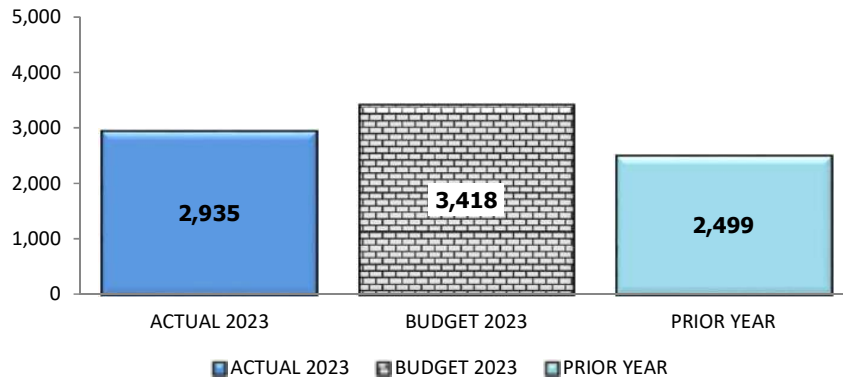
LBJ Surgery Cases - Q2

Actual	Budget	Prior Year
2,452	2,536	2,121

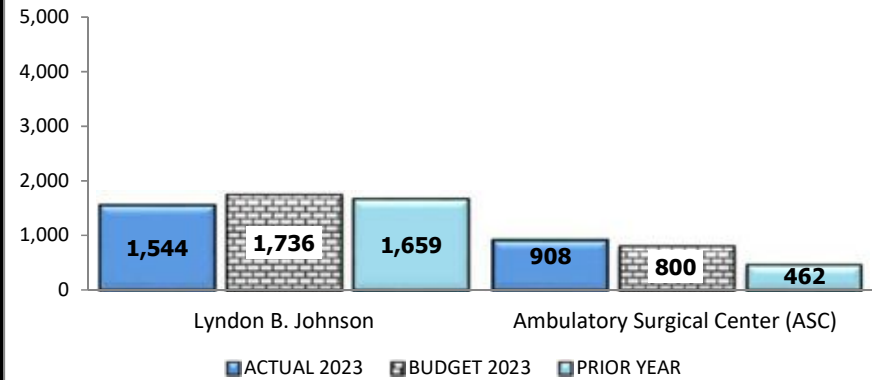
LBJ Surgery Cases - YTD

Actual	Budget	Prior Year
4,727	5,047	4,247

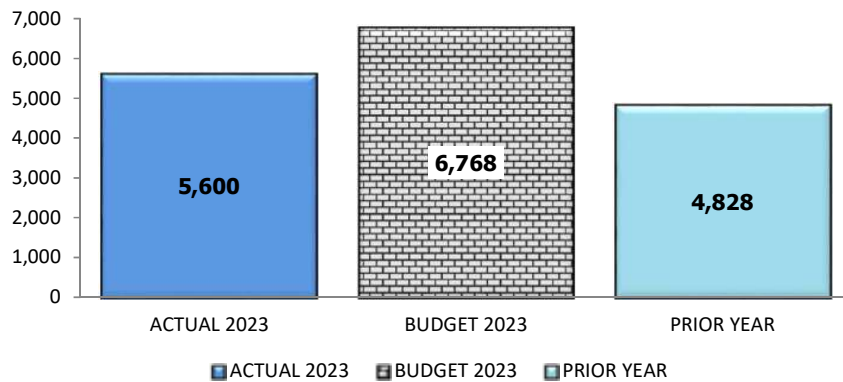
Ben Taub OR Cases - Quarter End



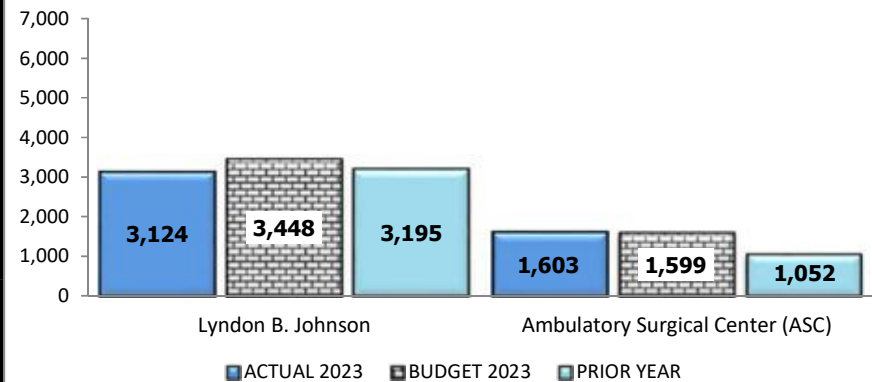
Lyndon B. Johnson OR Cases - Quarter End



Ben Taub OR Cases - YTD



Lyndon B. Johnson OR Cases - YTD

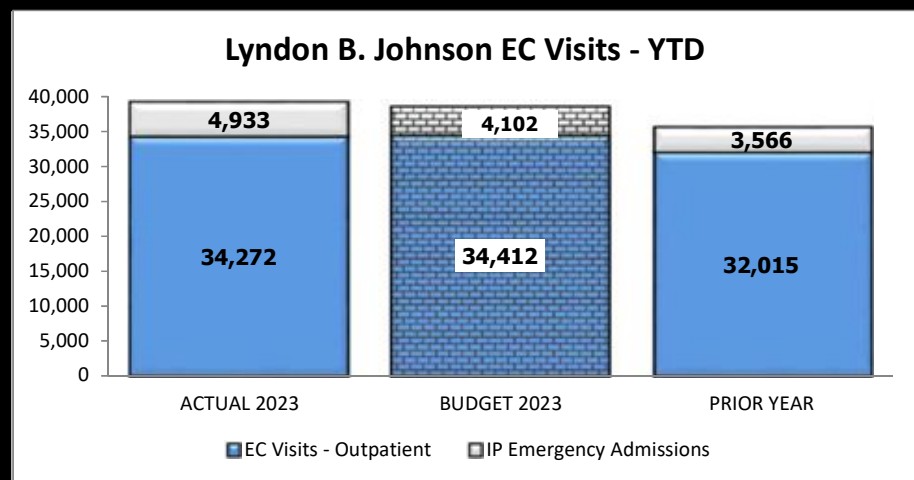
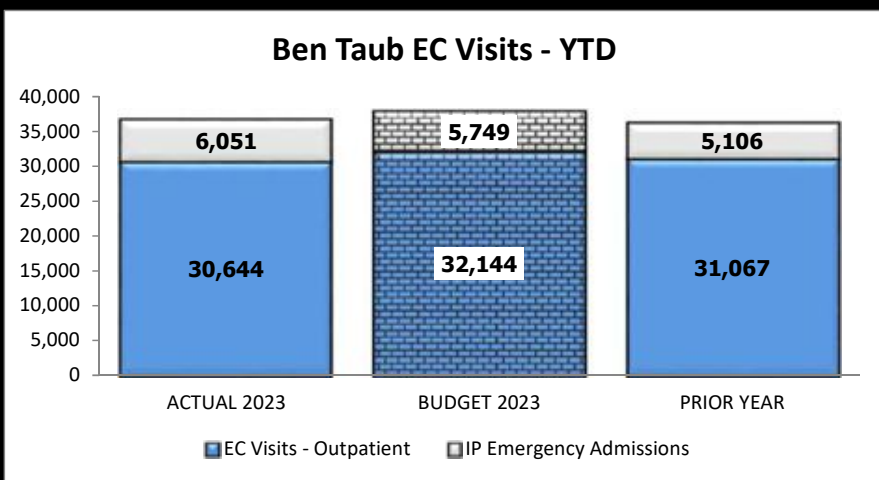
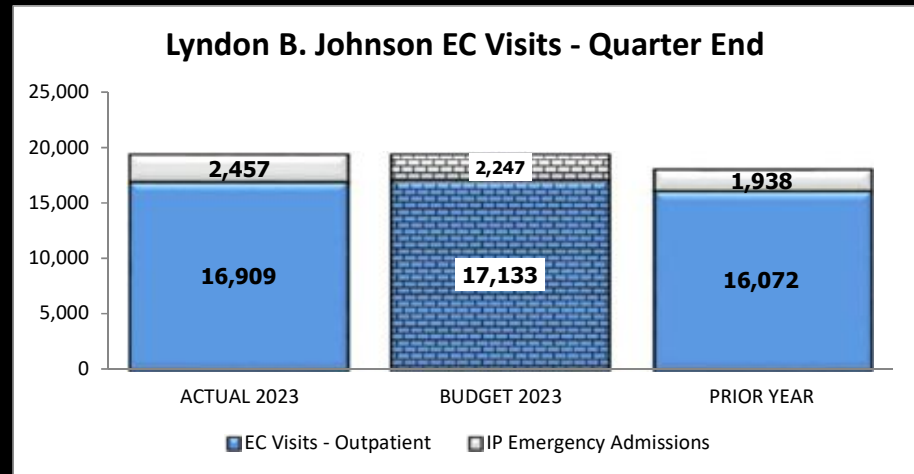
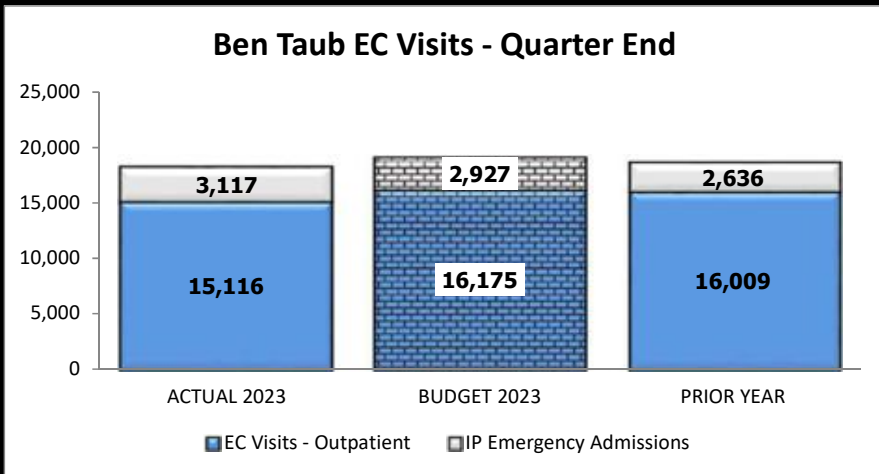


Harris Health System

Statistical Highlights - Emergency Room Visits

As of the Quarter Ended March 31, 2023

<u>BT Emergency Visits - Q2</u>			<u>BT Emergency Visits - YTD</u>			<u>LBJ Emergency Visits - Q2</u>			<u>LBJ Emergency Visits - YTD</u>		
Actual	Budget	Prior Year	Actual	Budget	Prior Year	Actual	Budget	Prior Year	Actual	Budget	Prior Year
18,233	19,102	18,645	36,695	37,893	36,173	19,366	19,380	18,010	39,205	38,514	35,581



Harris Health System

Statistical Highlights - Births

As of the Quarter Ended March 31, 2023

BT Births - Q2

Actual	Budget	Prior Year
755	707	651

BT Births - YTD

Actual	Budget	Prior Year
1,663	1,433	1,451

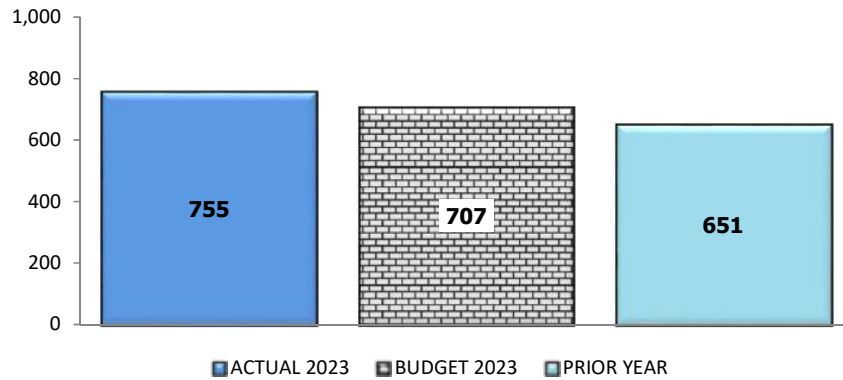
LBJ Births - Q2

Actual	Budget	Prior Year
539	500	523

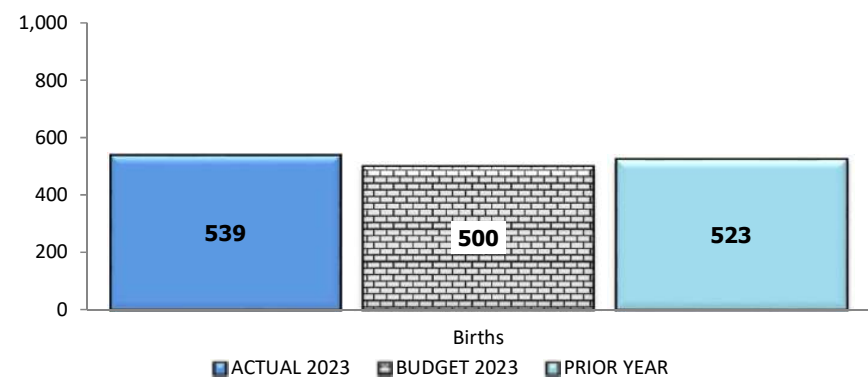
LBJ Births - YTD

Actual	Budget	Prior Year
1,138	1,018	1,094

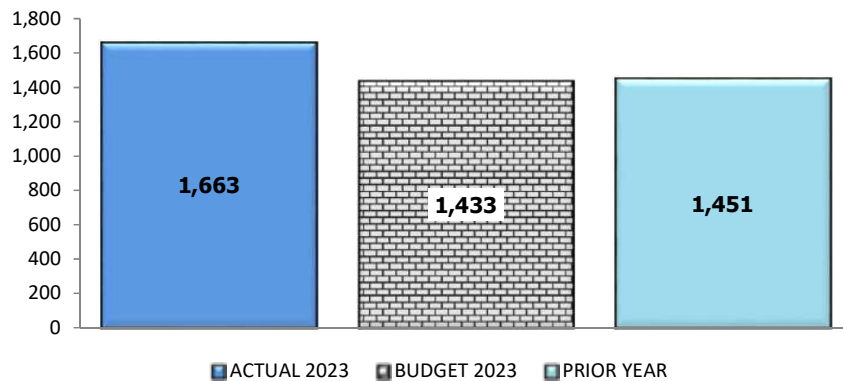
Ben Taub Births - Quarter End



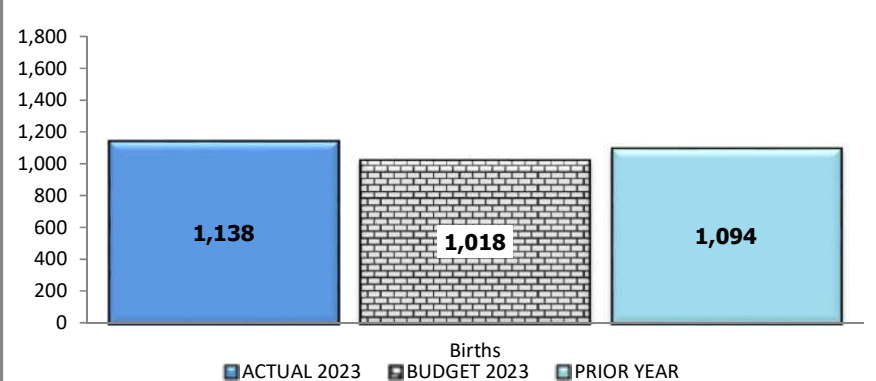
Lyndon B. Johnson Births - Quarter End



Ben Taub Births - YTD



Lyndon B. Johnson Births - YTD



Harris Health System

Statistical Highlights - Adjusted Patient Days

As of the Quarter Ended March 31, 2023

BT Adjusted Patient Days - Q2

61,990

BT Adjusted Patient Days - YTD

123,387

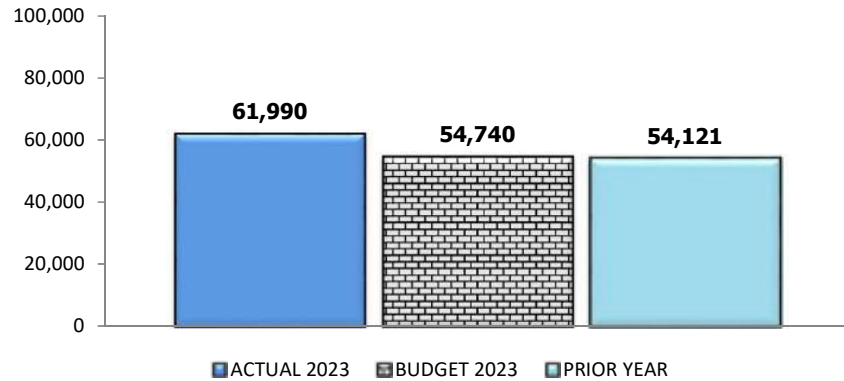
LBJ Adjusted Patient Days - Q2

39,185

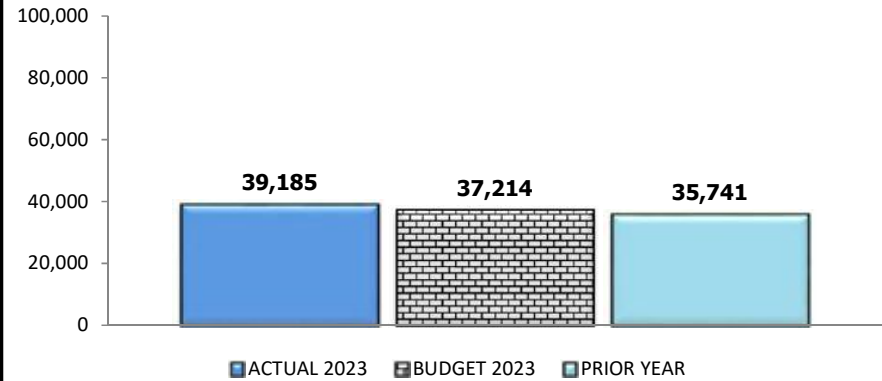
LBJ Adjusted Patient Days - YTD

78,406

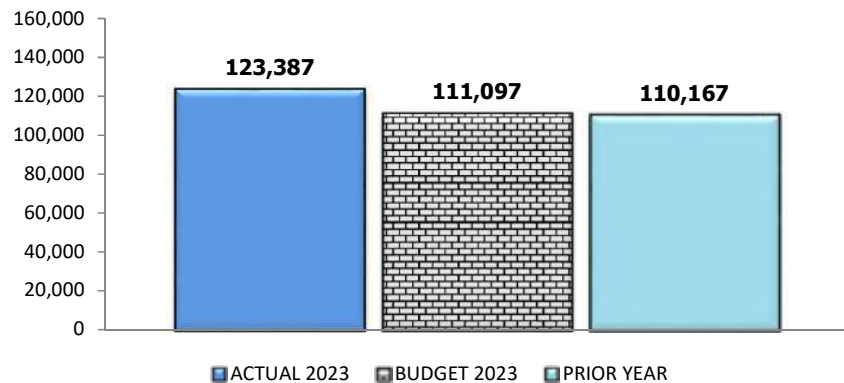
Ben Taub APD - Quarter End



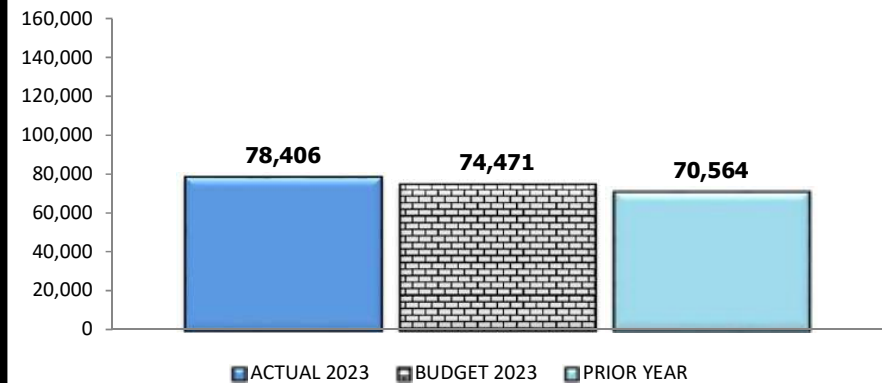
Lyndon B. Johnson APD - Quarter End



Ben Taub APD - YTD



Lyndon B. Johnson APD - YTD

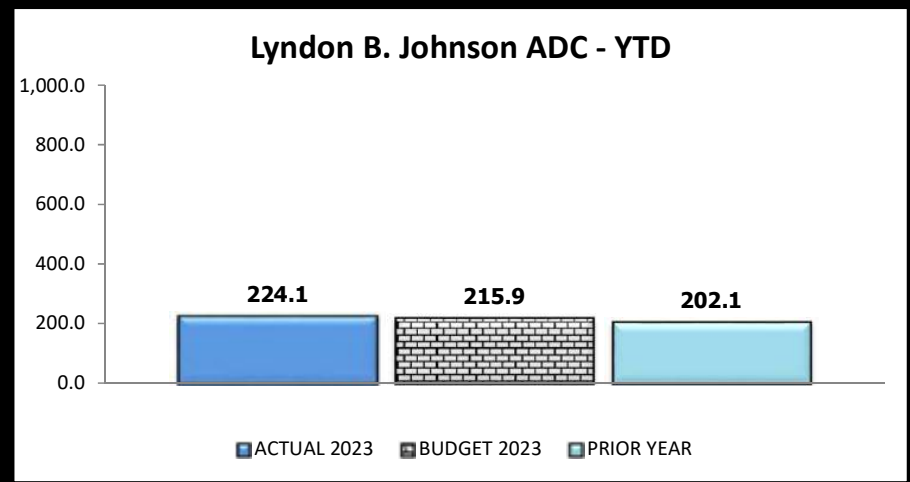
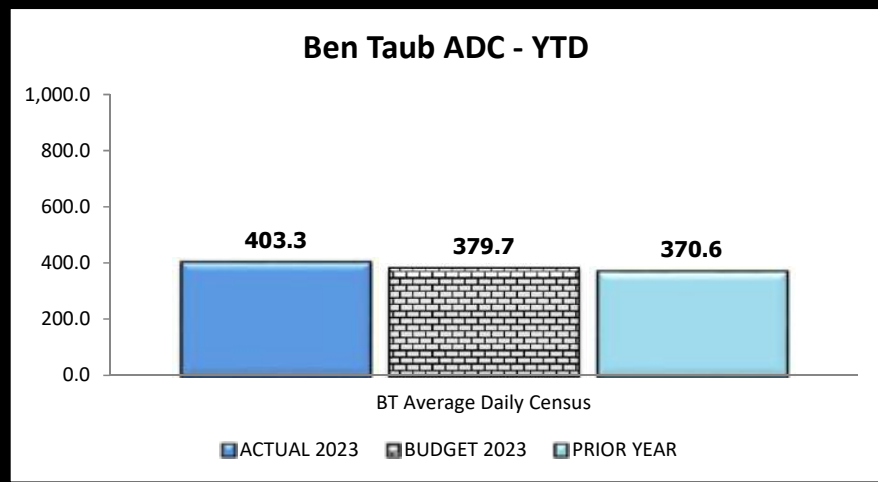
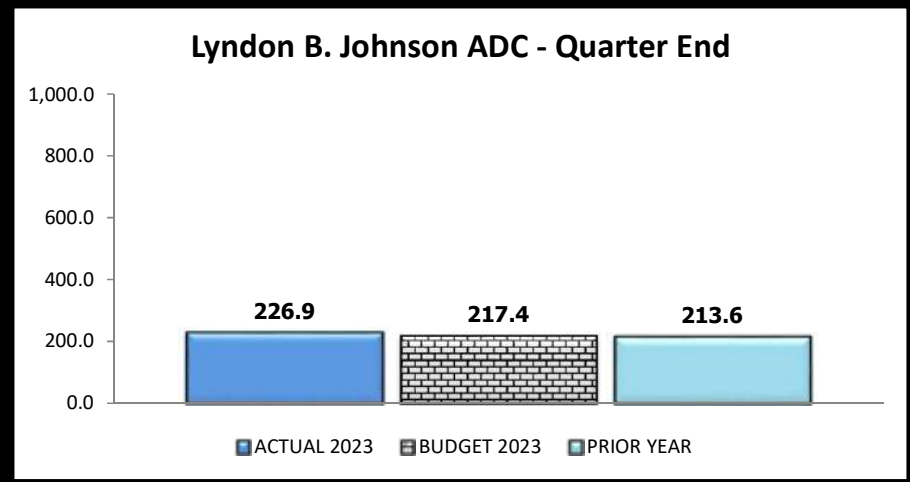
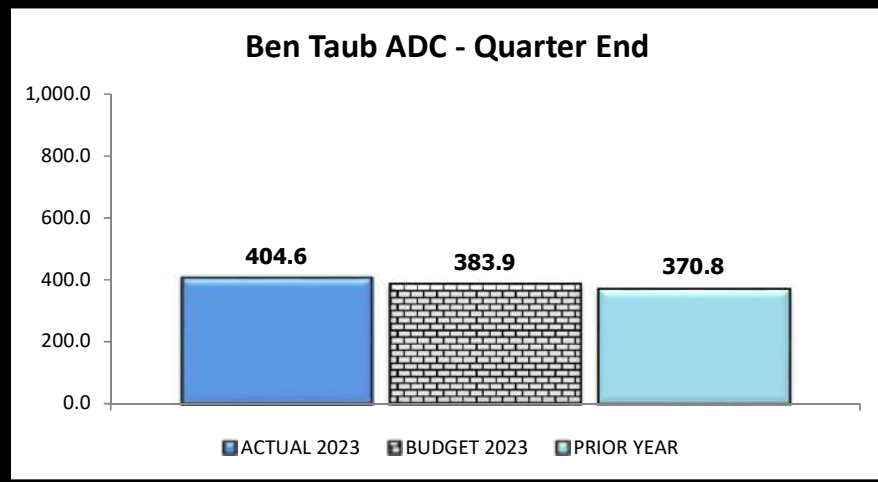


Harris Health System

Statistical Highlights - Average Daily Census (ADC)

As of the Quarter Ended March 31, 2023

<u>BT Average Daily Census - Q2</u>	<u>BT Average Daily Census - YTD</u>	<u>LBJ Average Daily Census - YTD</u>	<u>LBJ Average Daily Census - YTD</u>
404.6	403.3	226.9	224.1



Harris Health System

Statistical Highlights - Inpatient Average Length of Stay (ALOS)

As of the Quarter Ended March 31, 2023

BT Inpatient ALOS - Q2

6.91

BT Inpatient ALOS - YTD

6.74

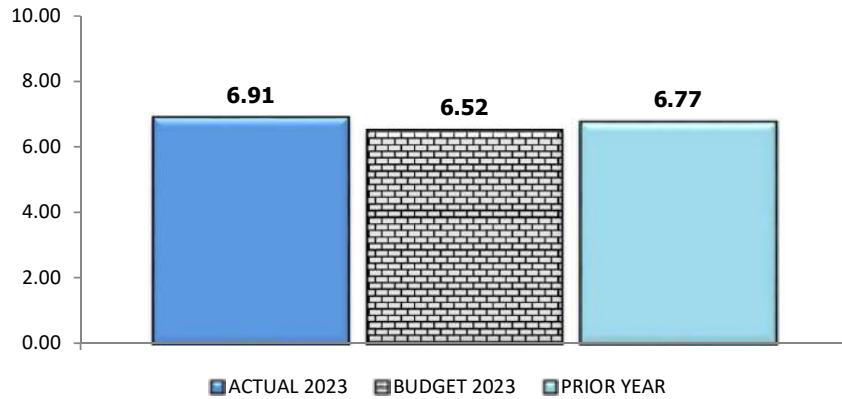
LBJ Inpatient ALOS - Q2

5.67

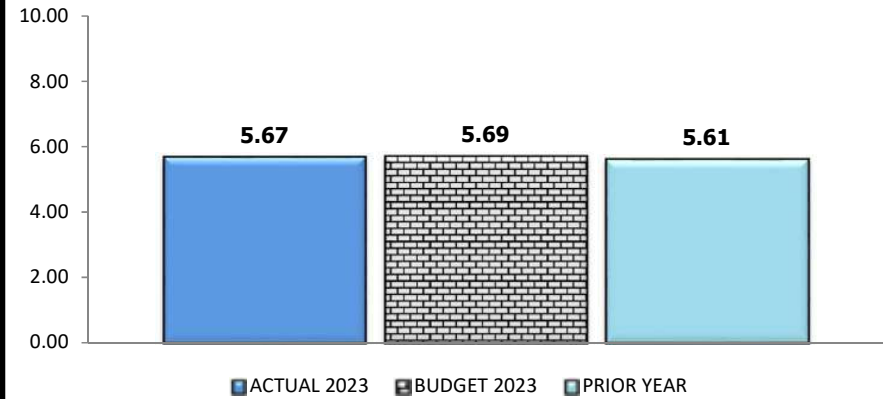
LBJ Inpatient ALOS - YTD

5.40

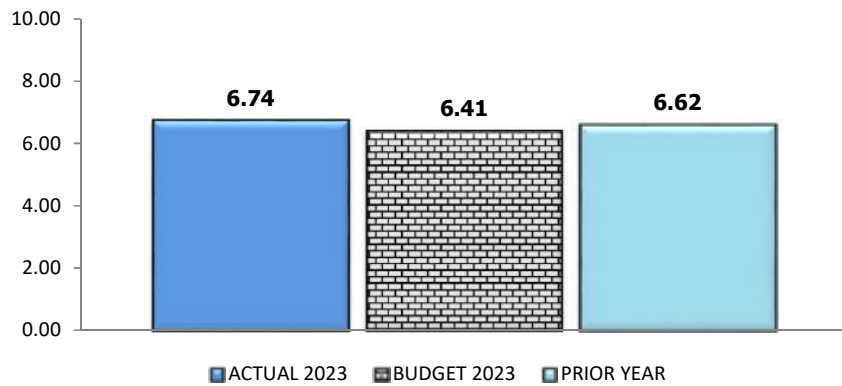
Ben Taub ALOS - Quarter End



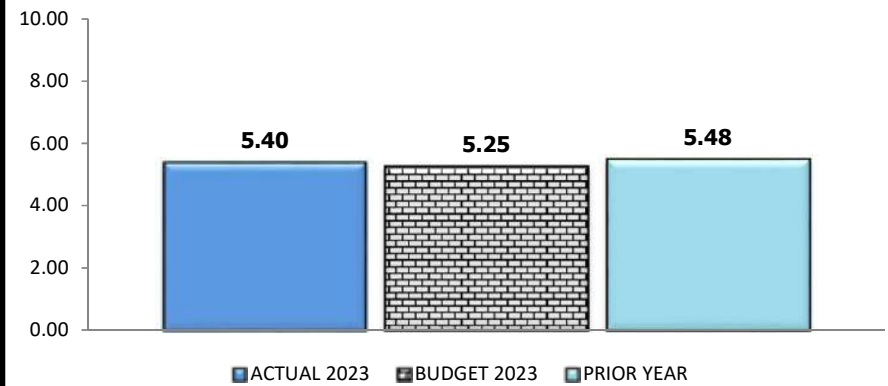
Lyndon B. Johnson ALOS - Quarter End



Ben Taub ALOS - YTD



Lyndon B. Johnson ALOS - YTD



Harris Health System

Statistical Highlights - Case Mix Index (CMI)

As of the Quarter Ended March 31, 2023

BT Case Mix Index (CMI) - Q2

Overall	Excl. Obstetrics
1.872	2.064

BT Case Mix Index (CMI) - YTD

Overall	Excl. Obstetrics
1.813	2.012

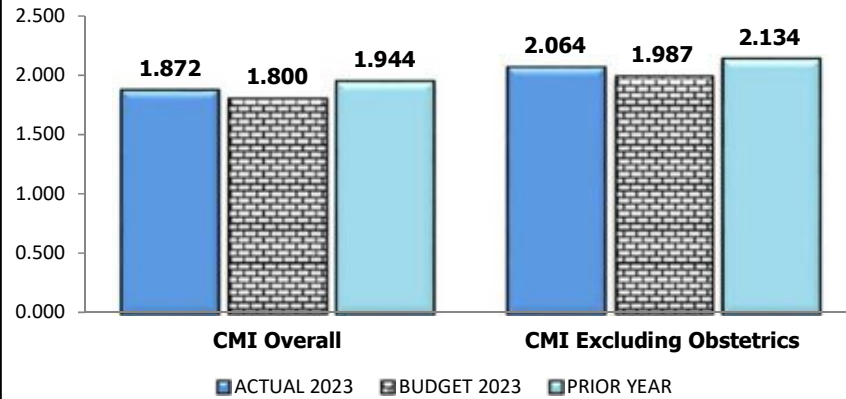
LBJ Case Mix Index (CMI) - Q2

Overall	Excl. Obstetrics
1.534	1.683

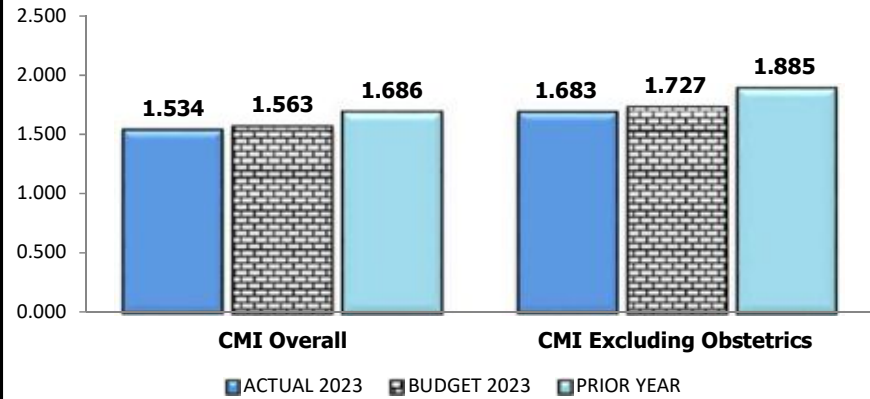
LBJ Case Mix Index (CMI) - YTD

Overall	Excl. Obstetrics
1.528	1.677

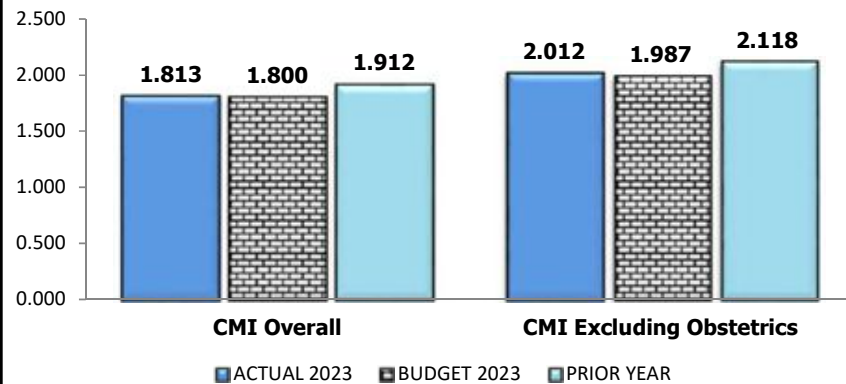
Ben Taub CMI - Quarter End



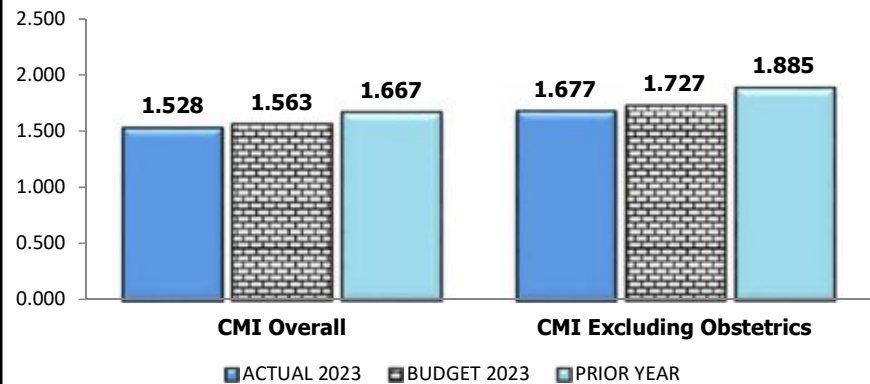
Lyndon B. Johnson CMI - Quarter End



Ben Taub CMI - YTD



Lyndon B. Johnson CMI - YTD



Thursday, May 11, 2023

**Consideration of Acceptance of the Harris Health System First Quarter
Calendar Year 2023 Pension Plan Report**

Attached for your review and acceptance is the First Quarter Calendar Year 2023 Pension Plan Report for the period January through March 2023.

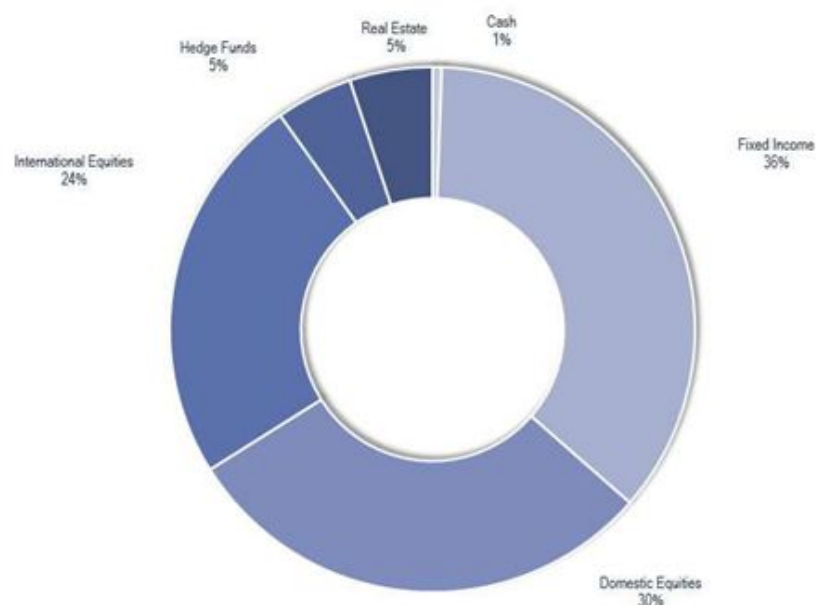
Administration recommends that the Board accept the First Quarter Pension Plan Report for the period ended March 31, 2023.

Pension Plan Summary

For the Quarter Ended and Year to Date March 31, 2023

	YEAR-TO-DATE 12/31/22	QUARTERLY 03/31/23	YEAR-TO-DATE 03/31/23
Investment Return	-16.3%	0.2%	0.2%
Market Value of Assets (in millions)	\$ 821.2	\$ 821.0	\$ 854.6
Employer Contributions (in millions)	\$ 60.0	\$ 15.2	\$ 15.2
Benefit Payments (in millions)	\$ 56.6	\$ 16.2	\$ 16.2
Funded Ratio	71.6%	71.2%	71.2%

Current Asset Allocation:



Market Updates:

The market value of the Plan assets decreased \$159 thousand this quarter and since the beginning of the calendar year. Investment return was 0.2% for the quarter ended March 31, 2023, due to the following market conditions:

- In the first quarter of 2023, equity markets rose as high-interest rate concerns abated. Volatility fell throughout the quarter, falling below its 20-year average of 19.3, and bond yields trended lower, with major central banks slowing the pace of monetary tightening.
- Somewhat surprisingly, global equities showed strength as investors had to contend with a hawkish Fed, turmoil in the banking sector, and declines in corporate earnings. Global equities brought solid gains as developed ex-U.S. equities and U.S. equities led the way, while emerging market equities delivered a lower, but still strong return.
- Globally, major central banks continued to move forward with tighter monetary policy but at a slower pace. U.S. Treasury yields fell significantly across maturities except at the shortest end of the curve. These conditions led to a rise in the credit markets amid risk-taking sentiment.

*The Plan was in compliance with target asset allocations per the Board approved Pension Plan Investment Policy.

Thursday, May 11, 2023

**Consideration of Acceptance of the Harris Health System Second Quarter
Fiscal 2023 Investment Report**

Attached for your review and acceptance is the First Quarter Fiscal Year 2023 Investment Report for the period January to March 2023.

Administration recommends that the Board accept the Second Quarter Investment Report for the period ended March 31, 2023.

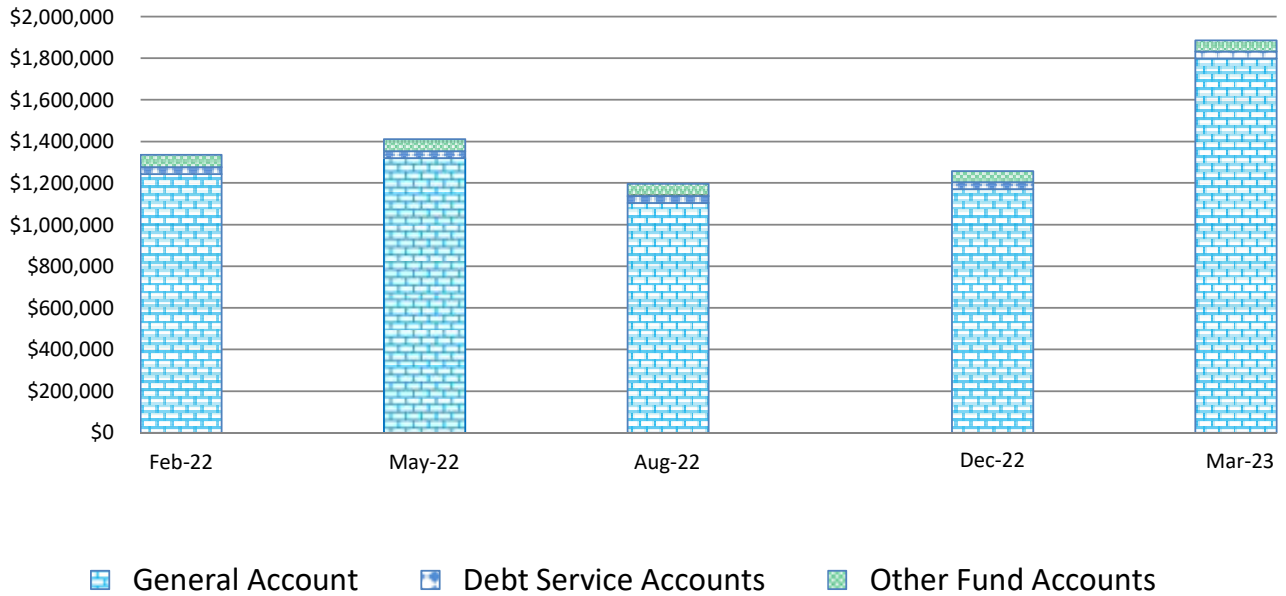
**HARRIS COUNTY HOSPITAL DISTRICT
dba HARRIS HEALTH SYSTEM**

INVESTMENT REPORT

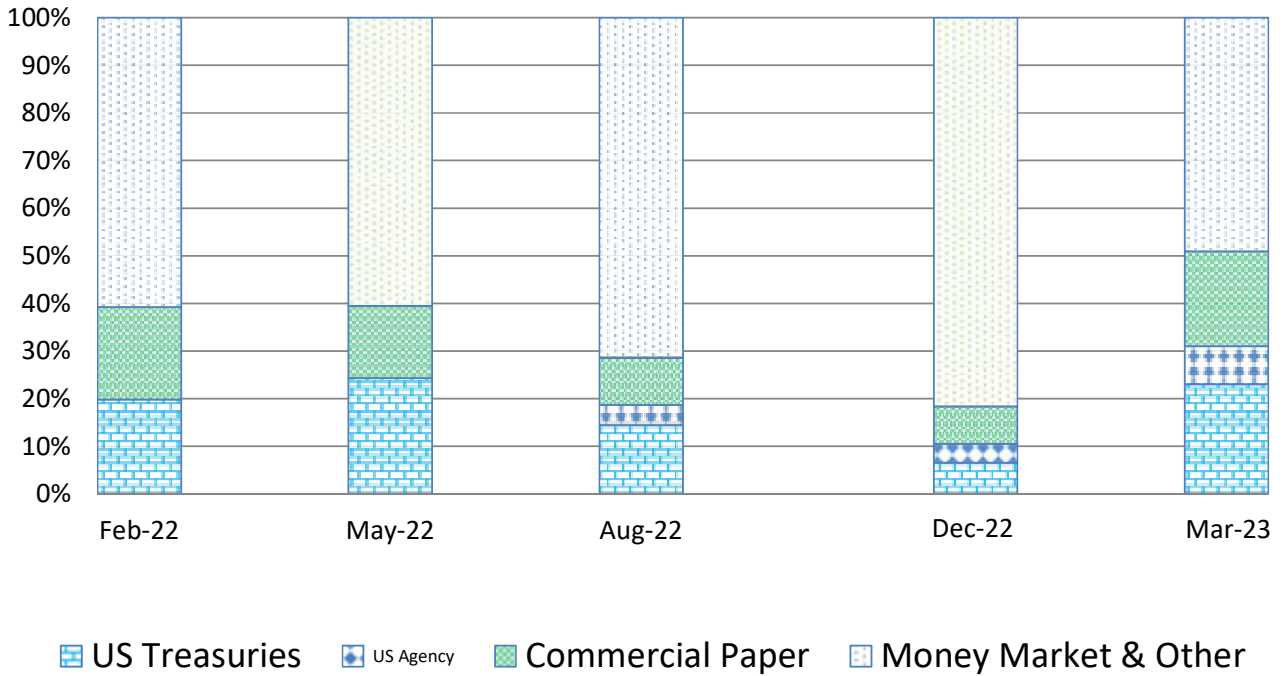
As of March 31, 2023

- Executive Summary Charts and Quarterly Trend Schedule for Harris Health System
- Quarter End Investment Report from Harris County Office of Financial Management

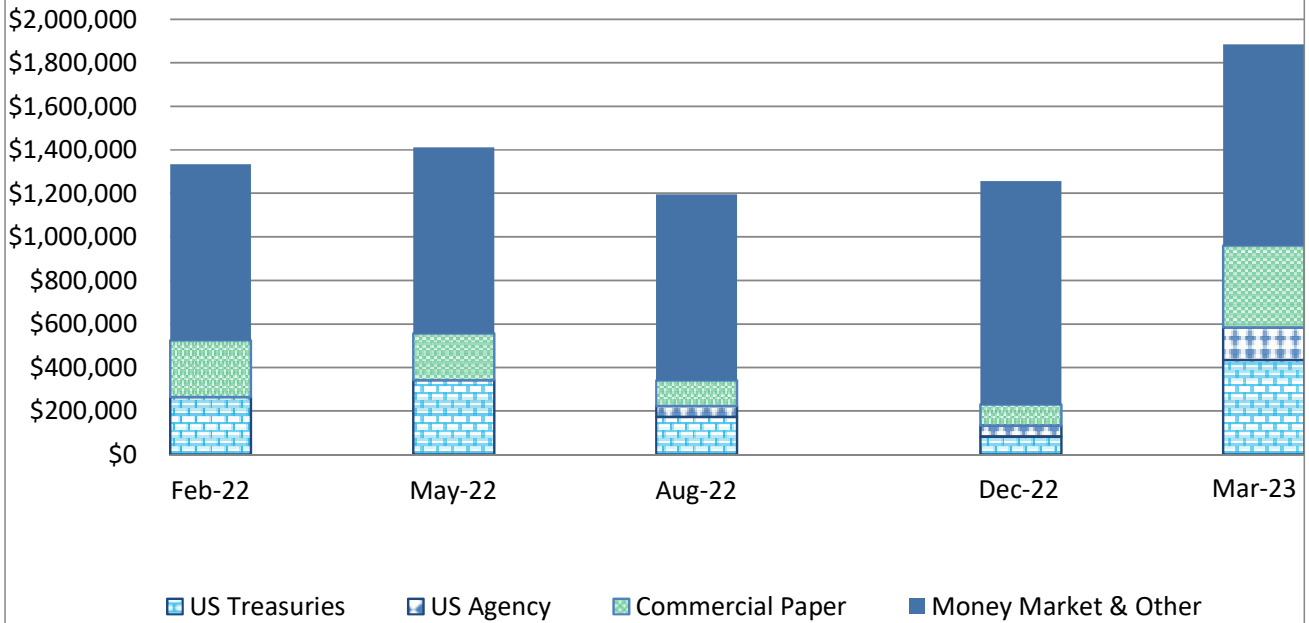
Harris Health - Quarterly Investment Balances (\$000's)



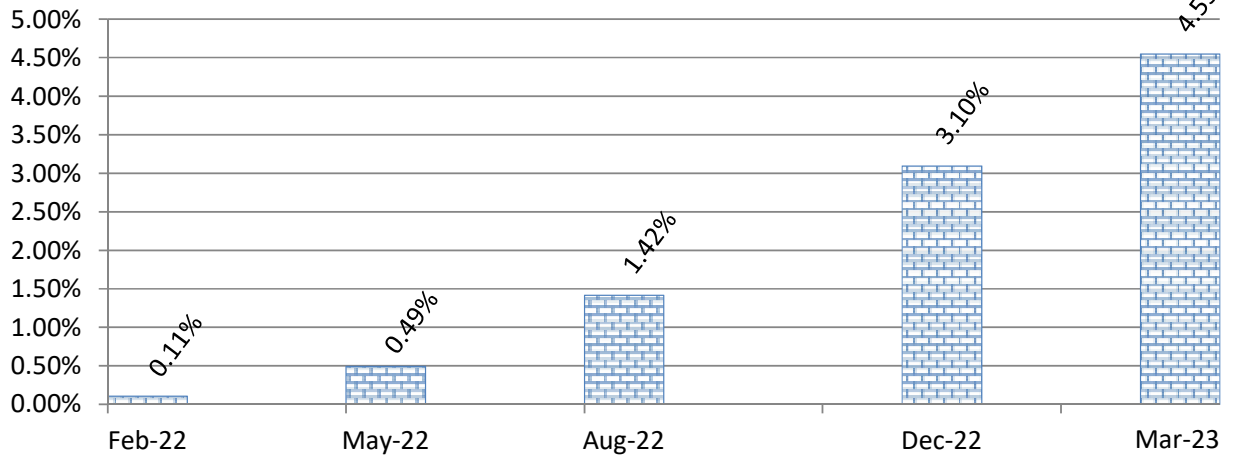
Harris Health - Quarterly Portfolio Composition



Harris Health - Quarterly Earnings (\$'000's)



Harris Health - Quarterly Average Earnings %



HARRIS HEALTH SYSTEM

QUARTERLY INVESTMENT REPORT SECOND QUARTER 2022-2023

PREPARED BY:
OFFICE OF MANAGEMENT AND BUDGET
FINANCIAL MANAGEMENT

The report is presented in accordance with the Texas Government Code - Public Funds Investment Act, Section 2256.023. Financial Management certifies that to the best of our knowledge that Harris Health System is in compliance with the provisions of Government Code 2256 and with the stated policies and strategies of Harris Health System.



Amy Perez

Deputy Executive Director, OMB



Diana Elizondo

Investment Manager



Mark LaRue

Financial Analyst

Table of Contents

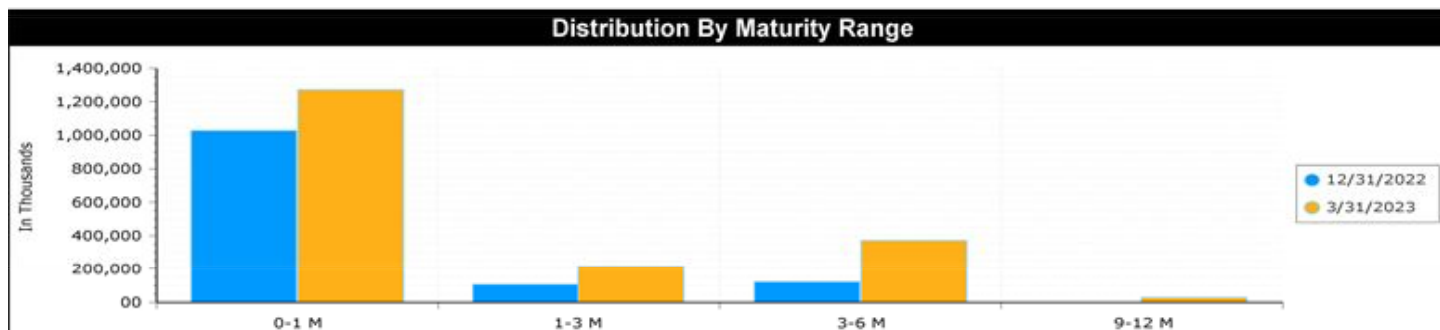
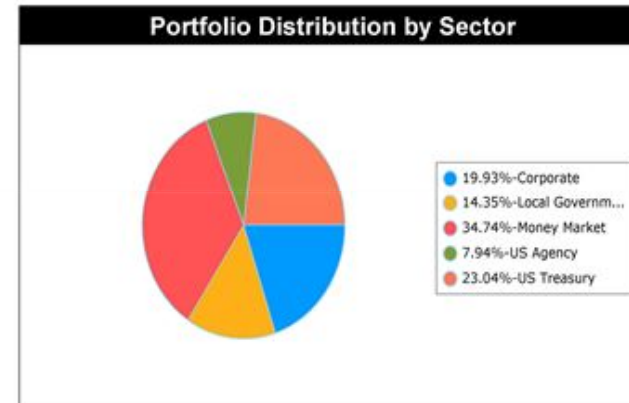
- Section I: Summary of Portfolio Balances & Characteristics**
- Section II: Total Rate of Return vs. Benchmark**
- Section III: Current Portfolio Holdings & Quarterly Income**

Summary of Portfolio Balances & Characteristics

December 31, 2022 through March 31, 2023

Book & Market Value Comparison							
Month	Market Value	Book Value	Unrealized Gain/Loss	YTM @ Cost	YTM @ Market	Duration	Days To Maturity
Beginning	1,257,874,551.86	1,258,369,106.78	-494,554.92	3.85	4.02	0.05	15
1/31/2023	1,309,019,049.34	1,309,390,797.96	-371,748.62	4.26	4.37	0.04	9
2/28/2023	1,641,724,704.12	1,642,265,328.29	-540,624.17	4.62	4.77	0.18	62
3/31/2023	1,884,845,937.42	1,884,973,771.02	-127,833.60	4.73	4.69	0.11	38
Average	1,611,863,230.29	1,612,209,965.76	-346,735.46	4.54	4.61	0.11	36

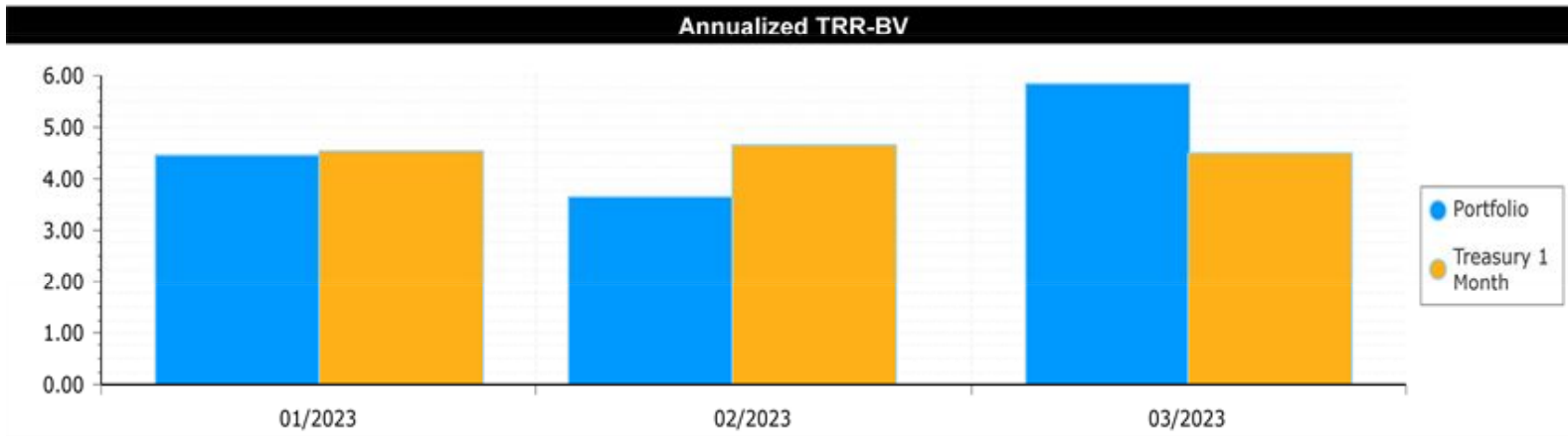
Quarterly Investment Income By Sector		
	Ending BV + Accrued Interest	Investment Income-BV
Certificate of Deposit	\$0.00	\$0.00
Corporate	\$375,583,335.25	\$2,974,876.36
Local Government Investment Pool	\$270,582,193.17	\$3,128,295.16
Money Market	\$654,797,264.30	\$7,527,712.67
Municipal	\$0.00	\$0.00
US Agency	\$149,793,416.66	\$1,017,888.89
US Treasury	\$435,252,966.95	\$2,961,814.31
Total	\$1,886,009,176.33	\$17,610,587.39



Total Rate of Return vs. Benchmark 1 Month Treasury

December 31, 2022 through March 31, 2023

Month	Beginning BV + Accrued Interest	Interest Earned During Period-BV	Realized Gain/Loss-BV	Investment Income-BV	Average Capital Base-BV	TRR-BV	Annualized TRR-BV	Treasury 1 Month
Beginning	1,316,099,776.16				1,319,340,190.82		3.57	3.90
1/31/2023	1,259,047,686.42	4,620,988.20	0.00	4,620,988.20	1,266,404,821.81	0.36	4.47	4.52
2/28/2023	1,310,274,373.02	5,499,221.89	0.00	5,499,221.89	1,830,539,430.90	0.30	3.67	4.64
3/31/2023	1,642,932,398.80	7,490,377.30	0.00	7,490,377.30	1,574,558,437.97	0.48	5.86	4.49
Total/Average	1,404,084,819.41	17,610,587.39	0.00	17,610,587.39	1,557,167,563.56	1.14	4.67	4.55





Summary of Current Portfolio Holdings & Quarterly Earnings

Begin Date: 12/31/2022, End Date: 3/31/2023

Description	CUSIP/Ticker	Credit Rating 1	Credit Rating 2	Ending Face Amount/Shares	Beginning MV	Ending MV	Ending BV	Investment Income-BV	Ending YTM @ Cost	Maturity Date
H9902 Hospital - General Fund										
H9902 Hospital - Unrestricted Donations DDA MM	D1359	None	None	159,663.75	7,303.05	159,663.75	159,663.75	258.86	4.830	N/A
H9902 Hospital - Cadence General Funds DDA MM	D3837	NR	NR	642,124,946.31	756,441,942.53	642,124,946.31	642,124,946.31	7,095,800.88	4.830	N/A
LoneStar H9902 LGIP	LONESTARH9902	S&P-AAAm	NR	120,442,069.58	119,054,302.59	120,442,069.58	120,442,069.58	1,387,766.99	4.854	N/A
H9902 Hospital - Cadence General Funds MMF MM	M3837	NR	NR	0.00	0.00	0.00	0.00	306,013.95		N/A
H9902 Hospital - HRA Sweep MMF MM	M3845	NR	NR	711,770.01	73,901.69	711,770.01	711,770.01	1,332.38	4.400	N/A
H9902 Hospital - Cigna Health Benefits MMF MM	M3944	NR	NR	9,109,248.25	0.00	9,109,248.25	9,109,248.25	70,250.42	4.400	N/A
H9902 Hospital - FSA Plan MMF MM	M3951	NR	NR	914,384.87	997,991.79	914,384.87	914,384.87	11,087.67	4.400	N/A
H9902 Hospital - Donations Sweep MM	M5899	None	None	193,865.05	162,654.82	193,865.05	193,865.05	1,920.92	4.400	N/A
TexasCLASS H9902 LGIP	TXCLASSH9902	S&P-AAAm	NR	96,710,462.89	95,589,328.34	96,710,462.89	96,710,462.89	1,121,134.55	5.005	N/A
MUFG BK CP 0 1/31/2023	62478YNX2	S&P-A1	Moody's-P1	0.00	34,864,585.00	0.00	0.00	91,923.61		1/31/2023
SANTANDER BK UK DISC CP 0 1/31/2023	80285QNX4	S&P-A1	Moody's-P1	0.00	39,843,680.00	0.00	0.00	118,833.33		1/31/2023
CREDIT AGRICOLE DISC CP 0 3/7/2023	22533UQ71	S&P-A1	Moody's-P1	0.00	0.00	0.00	0.00	342,943.12		3/7/2023
BAYLOR SCOTT WHITEHEAD DISC CP 0 4/3/2023	07287DR36	S&P-A1+	Moody's-P1	37,931,000.00	0.00	37,915,827.60	37,916,017.26	249,712.42	4.773	4/3/2023
CUMMINS INC DISC CP 0 4/4/2023	23102VR44	S&P-A1	Moody's-P1	6,700,000.00	0.00	6,696,402.10	6,696,545.78	43,177.78	4.673	4/4/2023
T-Bill 0 4/4/2023	912796Z93	S&P-AA+	Moody's-Aaa	55,300,000.00	0.00	55,292,921.60	55,272,288.56	346,393.06	4.604	4/4/2023
LINDE INC DISC CP 0 4/6/2023	53522MR68	S&P-A1	Moody's-P1	20,000,000.00	0.00	19,984,100.00	19,984,733.33	127,222.22	4.613	4/6/2023
FHLB 3.25 4/20/2023-22	3130AT4Y0	S&P-AA+	Moody's-Aaa	50,000,000.00	49,880,200.00	49,963,100.00	50,000,000.00	397,222.22	3.250	4/20/2023
FHLB 0 4/27/2023	313384EW5	S&P-A1+	Moody's-P1	100,000,000.00	0.00	99,699,900.00	99,658,000.00	620,666.67	4.604	4/27/2023
MUFG BK CP 0 4/28/2023	62479MRU9	S&P-A1	Moody's-P1	25,000,000.00	24,610,675.00	24,905,025.00	24,930,000.00	225,000.00	3.689	4/28/2023
T-Note 1.625 4/30/2023	912828R28	S&P-AA+	Moody's-Aaa	50,000,000.00	49,535,150.00	49,885,200.00	49,935,860.34	394,421.74	3.206	4/30/2023
T-Bill 0 5/4/2023	912796YW3	S&P-AA+	Moody's-Aaa	50,000,000.00	0.00	49,801,100.00	49,786,036.11	314,652.78	4.643	5/4/2023
T-Note 2.75 5/31/2023	9128284S6	S&P-AA+	Moody's-Aaa	50,000,000.00	0.00	49,835,550.00	49,829,156.84	296,018.11	4.790	5/31/2023
T-Note 0.125 5/31/2023	91282CCD1	S&P-AA+	Moody's-Aaa	50,000,000.00	0.00	49,631,400.00	49,620,038.00	320,029.42	4.724	5/31/2023
TMCC DISC CP 0 6/7/2023	89233HT79	S&P-A1+	Moody's-P1	65,000,000.00	0.00	64,385,685.00	64,411,894.44	397,836.11	4.864	6/7/2023
T-Note 0.125 6/30/2023	91282CCK5	S&P-AA+	Moody's-Aaa	50,000,000.00	0.00	49,455,800.00	49,434,253.96	325,871.71	4.709	6/30/2023
BARCLAYS BK US DISC CP 0 7/6/2023	06744GM41	Moody's-Aa1	Moody's-P1	50,000,000.00	0.00	49,285,150.00	49,343,902.78	297,611.11	4.965	7/6/2023
PRICOA DISC CP 0 7/7/2023	74154GU76	S&P-A1+	Moody's-P1	80,000,000.00	0.00	78,857,280.00	78,954,666.66	490,666.66	4.894	7/7/2023
T-Note 0.125 7/31/2023	91282CCN9	S&P-AA+	Moody's-Aaa	50,000,000.00	0.00	49,246,100.00	49,214,911.49	336,997.98	4.893	7/31/2023
T-Note 0.125 7/31/2023	91282CCN9	S&P-AA+	Moody's-Aaa	50,000,000.00	0.00	49,246,100.00	49,210,513.93	292,329.36	4.916	7/31/2023
CREDIT AGRICOLE DISC CP 0 8/7/2023	22533UV75	S&P-A1	Moody's-P1	95,000,000.00	0.00	93,253,235.00	93,345,575.00	589,950.00	4.978	8/7/2023
Sub Total/Average H9902 Hospital - General Fund				1,805,297,410.71	1,171,061,714.81	1,797,706,287.01	1,797,910,805.19	16,615,046.03	4.717	
H9906 Hospital - SPFC										
H9906 Hospital - SPFC Money Market MM	M3936	NR	NR	51,608.16	51,024.72	51,608.16	51,608.16	547.52	4.400	N/A
TexasCLASS H9906 LGIP	TXCLASSH9906	S&P-AAAm	NR	898,182.36	887,769.98	898,182.36	898,182.36	10,412.38	5.005	N/A
Sub Total/Average H9906 Hospital - SPFC				949,790.52	938,794.70	949,790.52	949,790.52	10,959.90	4.972	
H9917 Hospital - Debt Service 2010										
H9917 Hospital - Series 2010 DS Sweep MMF MM	M3993	NR	NR	257,664.96	119,443.47	257,664.96	257,664.96	7,293.65	4.400	N/A
TexasCLASS H9917 LGIP	TXCLASSH9917	S&P-AAAm	NR	20,753.07	20,512.46	20,753.07	20,753.07	240.61	5.005	N/A
T-Bill 0 2/14/2023	912796ZU6	S&P-AA+	Moody's-Aaa	0.00	6,369,913.60	0.00	0.00	31,790.40		2/14/2023

Description	CUSIP/Ticker	Credit Rating 1	Credit Rating 2	Ending Face Amount/Shares	Beginning MV	Ending MV	Ending BV	Investment Income-BV	Ending YTM @ Cost	Maturity Date
T-Note 0.875 1/31/2024	91282CDV0	S&P-AA+	Moody's-Aaa	6,400,000.00	0.00	6,197,747.20	6,182,953.49	32,831.94	5.070	1/31/2024
Sub Total/Average H9917 Hospital - Debt Service 2010				6,678,418.03	6,509,869.53	6,476,165.23	6,461,371.52	72,156.60	5.043	
H9918 Hospital - Debt Service Reserve 2010										
H9918 Hospital - Series 2010 DSR Sweep MMF MM	M4017	NR	NR	278,048.33	128,175.13	278,048.33	278,048.33	7,122.87	4.400	N/A
TexasCLASS H9918 LGIP	TXCLASSH9918	S&P-AAAm	NR	23,118.18	22,850.19	23,118.18	23,118.18	267.99	5.005	N/A
T-Bill 0 2/14/2023	912796ZU6	S&P-AA+	Moody's-Aaa	0.00	5,971,794.00	0.00	0.00	29,803.50		2/14/2023
T-Note 0.875 1/31/2024	91282CDV0	S&P-AA+	Moody's-Aaa	5,900,000.00	0.00	5,713,548.20	5,699,910.25	30,266.95	5.070	1/31/2024
Sub Total/Average H9918 Hospital - Debt Service Reserve 2010				6,201,166.51	6,122,819.32	6,014,714.71	6,001,076.76	67,461.31	5.038	
H9920 Hospital - Debt Service 2016 Rev & Ref										
H9920 Hospital - Series 2016 DS Sweep MMF MM	M4009	NR	NR	397,276.74	211,509.03	397,276.74	397,276.74	11,691.54	4.400	N/A
TexasCLASS H9920 LGIP	TXCLASSH9920	S&P-AAAm	NR	24,211.97	23,931.28	24,211.97	24,211.97	280.69	5.005	N/A
T-Bill 0 2/14/2023	912796ZU6	S&P-AA+	Moody's-Aaa	0.00	10,152,049.80	0.00	0.00	50,665.95		2/14/2023
T-Note 0.875 1/31/2024	91282CDV0	S&P-AA+	Moody's-Aaa	10,225,000.00	0.00	9,901,869.55	9,878,234.29	52,454.15	5.070	1/31/2024
Sub Total/Average H9920 Hospital - Debt Service 2016 Rev & Ref				10,646,488.71	10,387,490.11	10,323,358.26	10,299,723.00	115,092.33	5.044	
H9921 Hospital - Debt Service Reserve 2016 Rev & am										
H9921 Hospital - Series 2016 DSR Sweep MMF MM	M4033	NR	NR	418,165.15	269,679.30	418,165.15	418,165.15	12,479.28	4.400	N/A
T-Bill 0 2/14/2023	912796ZU6	S&P-AA+	Moody's-Aaa	0.00	10,550,169.40	0.00	0.00	52,652.85		2/14/2023
T-Note 0.875 1/31/2024	91282CDV0	S&P-AA+	Moody's-Aaa	10,650,000.00	0.00	10,313,438.70	10,288,821.04	54,634.41	5.070	1/31/2024
Sub Total/Average H9921 Hospital - Debt Service Reserve 2016 Rev & am				11,068,165.15	10,819,848.70	10,731,603.85	10,706,986.19	119,766.54	5.043	
H9924 Hospital - Capital Assets Series 2020										
H9924 Hospital - Capital Assets Ser 2020 Sweep MMF	M6228	NR	NR	165,804.35	164,141.75	165,804.35	165,804.35	1,755.82	4.400	N/A
TexasCLASS H9924 LGIP	TXCLASSH9924	S&P-AAAm	NR	6,163,707.36	6,092,253.43	6,163,707.36	6,163,707.36	71,453.93	5.005	N/A
Sub Total/Average H9924 Hospital - Capital Assets Series 2020				6,329,511.71	6,256,395.18	6,329,511.71	6,329,511.71	73,209.75	4.989	
H9925 Hospital - Capital Gift Proceeds										
H9925 Hospital - Capital Gift Proceeds Sweep MM	M1367	None	None	14,818.37	14,669.77	14,818.37	14,818.37	156.91	4.400	N/A
TexasCLASS H9925 LGIP	TXCLASSH9925	S&P-AAAm	NR	46,299,687.76	45,762,949.74	46,299,687.76	46,299,687.76	536,738.02	5.005	N/A
Sub Total/Average H9925 Hospital - Capital Gift Proceeds				46,314,506.13	45,777,619.51	46,314,506.13	46,314,506.13	536,894.93	5.005	
Total / Average				1,893,485,457.47	1,257,874,551.86	1,884,845,937.42	1,884,973,771.02	17,610,587.39	4.731	

BOARD OF TRUSTEES

Compliance and Audit Committee

Thursday, May 11, 2023
10:00 A.M.

(or immediately following the Budget and Finance Committee)

BOARD ROOM
4800 Fournace Place, Bellaire, Texas 77401

The meeting may be viewed online at: <http://harrishealthtx.swagit.com/live>

Notice: Some Board Members may participate by videoconference.

Mission

Harris Health is a community-focused academic healthcare system dedicated to improving the health of those most in need in Harris County through quality care delivery, coordination of care, and education.

AGENDA

- | | | |
|--|----------------------------|-----------------|
| I. Call to Order and Record of Attendance | Ms. Barbie Robinson | 1 min |
| II. Approval of the Minutes of Previous Meeting | | 1 min |
| • Compliance and Audit Committee Meeting – February 9, 2023 | | |
| III. Presentation Regarding 2023 Culture of Compliance Survey Results | | 10 min |
| – <i>Ms.Carolynn Jones</i> | | |
| IV. Presentation Regarding the Harris Health System Internal Audit Update | | 10 min |
| – <i>Ms. Errika Perkins, Chief Assistant County Auditor and Ms. Sharon Brantley Smith, Audit Director</i> | | |
| V. Information Only | Ms. Barbie Robinson | 1 min |
| A. Independent Auditor’s Pre-audit Communication for the Harris County Hospital District 401(k) Plan Year Ended December 31, 2022 | | |
| – <i>Mr. Ryan Singleton, FORVIS</i> | | |
| B. Independent Auditor’s Pre-audit Communication for the Harris County Hospital District Pension Plan Year Ended December 31, 2022 | | |
| – <i>Mr. Ryan Singleton, FORVIS</i> | | |
| VI. Executive Session | Ms. Barbie Robinson | 65 min |
| A. Report by the Executive Vice President, Chief Compliance and Risk Officer, Regarding Compliance with Medicare, Medicaid, HIPAA and Other Federal and State Health Care Program Requirements, Including Status of Fraud and Abuse Investigations, Pursuant to Texas Health & Safety Code §161.032, and Possible Action Regarding this Matter Upon Return to Open Session – Ms. Carolynn Jones | | <i>(15 min)</i> |

- B.** Report by the Senior Vice President, Chief Cyber & Information Security Officer, Regarding Harris Health System’s Cybersecurity Review, Pursuant to Tex. Gov’t Code §418.183, Tex. Gov’t Code §551.089, and Tex. Health & Safety Code §161.032 (15 min)
– **Mr. Jeffrey Vinson**
- C.** Discussion Regarding Harris County Auditor’s Reports on the Procurement Audit and the Vendor Payment Timeliness Audit. These Audits and Any and All Information are Proprietary, Privileged, Confidential or Otherwise Legally Exempt from Disclosure, Pursuant to Tex. Health & Safety Code §161.031 - §161.033 and Tex. Occ. Code §151.002 and §160.002 - §160.015 (15 min)
– **Ms. Errika Perkins, Chief Assistant County Auditor and Ms. Sharon Brantley Smith, Audit Director**
- D.** Consultation with Attorney Regarding Qui Tam Litigation Matter, Pursuant to Tex. Gov’t Code Ann. §551.071 and Possible Action Regarding this Matter Upon Return to Open Session (20 min)
– **Ms. Sara Thomas**

- VII. Reconvene** **Ms. Barbie Robinson** **1 min**
- VIII. Adjournment** **Ms. Barbie Robinson** **1 min**

HARRIS HEALTH SYSTEM
MINUTES OF THE BOARD OF TRUSTEES
COMPLIANCE & AUDIT COMMITTEE MEETING
Thursday, February 9, 2023
10:00 AM

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
I. Call to Order and Record of Attendance	Dr. Arthur Bracey, Presiding Chair, called the meeting to order at 10:00 a.m. It was noted there was a quorum present and the attendance was recorded. Dr. Bracey stated that only participants scheduled to speak have been provided dial in information for the meeting. All others who wish to view the meeting may access the meeting online through the Harris Health website: http://harrishealthtx.swagit.com/live .	
II. Approval of the Minutes of Previous Meeting	<ul style="list-style-type: none"> • Compliance and Audit Committee Meeting – August 11, 2022 • Compliance and Audit Committee Meeting – November 10, 2022 	Moved by Ms. Jennifer Tijerina, seconded by Ms. Carol Paret and unanimously approved the minutes of the previous meetings.
III. Presentation Regarding the Harris Health System Independent Auditor’s Report and Overview for the Stub Year Ended September 30, 2022	Mr. Chris Clark, Partner, FORVIS, delivered a presentation regarding the Harris Health System Independent Auditor’s Report and Overview for the Stub Year Ended September 30, 2022. He provided an overview of the required communications which FORVIS is required by audit standards to share with the governing body. He stated that FORVIS is responsible for draft financial statements and related notes which have been presented to the Board and is prepared to issue an unmodified opinion of the audit, once the Board approves it. Mr. Clark reported on the risk assessment performed and findings related to the internal audit report. He touched on several components of the audit report including cash and short – term investments, property tax receivables, lease assets, pension liability, and net position. Mr. Clark concluded by sharing other audit engagements and results for the Uniform Grant Compliance Audit, Statutory Audits of Community Health Choice, Inc. (CHC and CHCT), and Pension and 401k Plans. A copy of the presentation is available in the permanent record.	As Presented.

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
IV. Consideration of Acceptance of the Harris Health System Independent Auditor’s Report and Financial Statements for the Stub Year Ended September 30, 2022	Ms. Victoria Nikitin, Executive Vice President, Chief Financial Officer, requested approval of items IV and V related to Harris Health Independent Auditor’s Reports. Copies of the reports are available in the permanent record.	Moved by Ms. Jennifer Tijerina, seconded by Ms. Carol Paret, and unanimously accepted that the committee recommends that the Board approve item IV.
V. Consideration of Acceptance of the Harris Health System Single Audit Report of Federal and State Award Programs for the Stub Year Ended September 30, 2022		Moved by Ms. Jennifer Tijerina, seconded by Ms. Carol Paret, and unanimously accepted that the committee recommends that the Board approve item V.
VI. Consideration of Approval of the Proposed Revisions to Harris Health System’s Code of Conduct	Ms. Catherine Walther, Administrative Director, Compliance, provided a summary of the proposed revisions to Harris Health System’s Code of Conduct. She noted that the current version of the Code of Conduct is available on the internet at www.harrishealthcoc.org . A copy of the proposed revisions is available in the permanent record.	Moved by Ms. Carol Paret, seconded by Ms. Jennifer Tijerina, and unanimously accepted that the committee recommends that the Board approve item VI.
VII. Presentation Regarding the Harris Health System Internal Audit Update	Mr. Michael Post, County Auditor, Harris County Auditor’s Office, provided an overview of the roles and responsibilities of the Harris County’s Internal Audit Team. The auditor’s office serves as the internal auditor for the Hospital District. Ms. Errika Perkins, Chief Assistant County Auditor, Harris County Auditor’s Office, delivered a presentation regarding the Harris Health System Internal Audit including the Fiscal Year 2023 Audit Plan status and audit results. A copy of the presentation is available in the permanent record.	As Presented.
VIII. Executive Session	At 10:36 a.m., Dr. Arthur Bracey stated that the Compliance & Audit Committee would go into Executive Session for Items “A through E” as permitted by law under Tex. Health & Safety Code Ann. §161.032, Tex. Occ. Code Ann. §151.002, Tex. Occ. Code Ann. §160.007, Tex. Gov’t Code §418.183 and Tex. Gov’t Code §551.089.	

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
<p>A. Report by the Executive Vice President, Chief Compliance and Risk Officer, Regarding Compliance with Medicare, Medicaid, HIPAA and Other Federal and State Health Care Program Requirements, Including Status of Fraud and Abuse Investigations, Pursuant to Texas Health & Safety Code §161.032, and Possible Action Regarding this Matter Upon Return to Open Session</p>		<p>No Action Taken.</p>
<p>B. Report by the Senior Vice President, Chief Cyber & Information Security Officer, Regarding Harris Health System’s Cybersecurity Review, Pursuant to Tex. Gov’t Code §418.183, Tex. Gov’t Code §551.089, and Tex. Health & Safety Code §161.032</p>		<p>No Action Taken.</p>

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
<p>C. Discussion Regarding Harris County Internal Audit Report on Outstanding High-priority Management Action Plans, Pursuant to Tex. Health & Safety Code Ann. §161.032, Tex. Occ. Code Ann. §151.002, Tex. Gov't Code §418.183 and Tex. Gov't Code §551.089</p>		<p>No Action Taken.</p>
<p>D. Discussion Regarding Harris County Internal Audit Report on Harris Health's Correctional Health Mental Health Services, Pursuant to Tex. Health & Safety Code Ann. §161.032, Tex. Occ. Code Ann. §160.007 and Tex. Occ. Code Ann. §151.002</p>		<p>No Action Taken.</p>

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
<p>E. Discussion Regarding Harris County Internal Audit Report on the Engagement to Facilitate Harris Health's Implementation of Recommendations from Alvarez and Marsal's Gap Assessment, Pursuant to Tex. Health & Safety Code Ann. §161.032, Tex. Occ. Code Ann. §160.007, and Tex. Occ. Code Ann. §151.002</p>		<p>No Action Taken.</p>
<p>IX. Reconvene</p>	<p>At 11:27 a.m., Dr. Arthur Bracey reconvened the meeting in open session; he noted that a quorum was present and that no action was taken in Executive Session.</p>	
<p>X. Adjournment</p>	<p>Moved by Ms. Jennifer Tijerina, seconded by Ms. Carol Paret, and unanimously approved to adjourn the meeting. There being no further business, the meeting adjourned at 11:27 a.m.</p>	

I certify that the foregoing are the Minutes of the Meeting of the Compliance and Audit Committee of the Board of Trustees of the Harris Health System held on February 9, 2023.

Respectfully submitted,

Dr. Arthur W. Bracey, Presiding Chair

Recorded by Cherry Pierson

Thursday, February 9, 2023

Harris Health System Board of Trustees Board Meeting – Compliance & Audit Committee 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.

COMPLIANCE & AUDIT COMMITTEE BOARD MEMBERS PRESENT	COMPLIANCE & AUDIT COMMITTEE BOARD MEMBERS ABSENT	OTHER BOARD MEMBERS PRESENT
Ms. Barbie Robinson (<i>Chair</i>)	Mr. Lawrence Finder	
Dr. Arthur W. Bracey (<i>Ex-Officio</i>)		
Ms. Jennifer Tijerina		
Ms. Carol Paret		
EXECUTIVE LEADERSHIP		
Dr. Esmaeil Porsa, President & Chief Executive Officer		
Ms.Carolynn Jones, Executive Vice President & Chief Compliance and Risk Officer		
Ms. Errika Perkins, Chief Assistant County Auditor, Harris County Auditor’s Office		
Dr. Glorimar Medina-Rivera, Executive Vice President, Ben Taub Hospital		
Dr. Jackie Brock, Executive Vice President & Chief Nursing Executive		
Mr. Jeffrey Vinson, Sr., Vice President, Chief Information Security Officer		
Dr. Jennifer Small, Executive Vice President, Ambulatory Care Services		
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. Matasha Russell, Chief Medical Officer, Ambulatory Care Services		
Dr. Maureen Padilla, Senior Vice President, Nursing Affairs & Support Services		
Mr. Michael Hill, Executive Vice President, Chief Strategy & Integration Officer		
Mr. Michael Post, County Auditor, Harris County Auditor’s Office		
Ms. Olga Llamas Rodriguez, Vice President, Community Engagement & Corporate Communications		
Mr. Omar Reid, Senior Vice President, Human Resources		
Dr. Otis Reggie Egins, Chief Medical Officer, Correctional Health		
Ms. Patricia Darnauer, Executive Vice President, Lyndon B. Johnson Hospital		
Mr. Ron Fuschillo, Senior Vice President & Chief Information Officer		
Dr. Sandeep Markan, Chief of Staff, Ben Taub Hospital		
Ms. Sara Thomas, Vice President Legal Affairs/Managing Attorney, Harris County Attorney’s Office		
Ms. Sharon Brantley Smith, Assistant County Auditor, Harris County Auditor’s Office		

Dr. Steven Brass, Executive Vice President & Chief Medical Executive
Ms. Victoria Nikitin, Senior Vice President, Finance

OTHERS PRESENT	
Alison Perez	Jennifer Zarate
Anthony Williams	Jerry Summers
Antoinette (Toni) Cotton	John Matcek
Catherine Walther	Kiki Teal
Cherry Pierson	Nicholas Bell
Daniel Smith	Randy Manarang
Derek Curtis	Tai Nguyen
Ebon Swofford	Veronica Kasdorf
Elizabeth Winn	Vivian Ho-Nguyen
Esperanza (Hope) Galvan	

Thursday, May 11, 2023

Presentation Regarding 2023 Culture of Compliance Survey

Presentation Regarding 2023 Culture of Compliance Survey

This information is being presented for informational purposes only.



Culture of Compliance Survey Results

- First Ever at Harris Health
- Purpose – To gauge our progress in creating and maintaining a robust compliance program
- Conducted March 23rd – April 7th, 2023
- Sent to all employees, volunteers, and medical staff
- 20% response rate amongst employees and volunteers
- 52 responses from medical staff (2% response rate)
- Survey consisted of 11 questions and an option to free text comments



Culture of Compliance Survey Results



Successes

- Staff are familiar with and know how to use/access...
 - The Office of Corporate Compliance
 - Compliance Hotline
 - Code of Conduct
 - Policy on Preventing Fraud, Abuse, and Wrongdoing
 - Policy on Non-Retaliation for Reporting Fraud, Abuse, and Wrongdoing
 - Annual Cybersecurity Training
 - DNV Accreditation





Culture of Compliance Survey Results

Successes

- Staff feel comfortable reporting incidents or concerns of non-compliance to:
 - His/her supervisor or another member of management
 - The Office of Corporate Compliance
 - Corporate Compliance Hotline
- Staff feel that if they raise a concern about potential unethical behavior or misconduct, including fraud, abuse, or wrongdoing, Harris Health will investigate it.





Culture of Compliance Survey Results

Opportunities

- Increase visibility of key Compliance, Cyber, and Accreditation leaders
- Increase awareness of prohibition on retaliation for reporting suspected compliance concerns and encourage reporting if there is a retaliation concern
- Increase visibility of compliance investigation outcomes when appropriate to evidence consistency of outcomes



Thursday, May 11, 2023
Presentation of Internal Audit Update

Harris County Auditor's Office presentation to the Compliance and Audit Committee of the Internal Audit Update



Internal Audit Update

May 11, 2023





Our Mission

Provide independent, objective assurance and consulting services, utilizing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

Our Goal

Serve as a trusted assurance partner by completing at least 75% of the annual Audit Plan by fiscal year-end and providing deliverables that add value and support Harris Health's achievement of its Strategic Plan.

FY 2023 Audit Plan Status



Completed Audits since last CAC meeting

- Procurement Audit
- Vendor Payment Timeliness

In-Progress Audits

- UT Provider Invoicing
- Baylor Provider Invoicing
- Follow-up: Guidehouse Grant Process Assessment
- Physician Preference Cards
- Follow-up: Correctional Health Pharmacy, Nursing, and Infection Prevention
- PeopleSoft Change Management

Upcoming Audits

- Medical Device Security Audit
- Non-Formulary Drug Process Review
- MWBE Program and Policy Audit
- Cybersecurity Training Compliance Assessment
- HIPAA Privacy Controls Audit



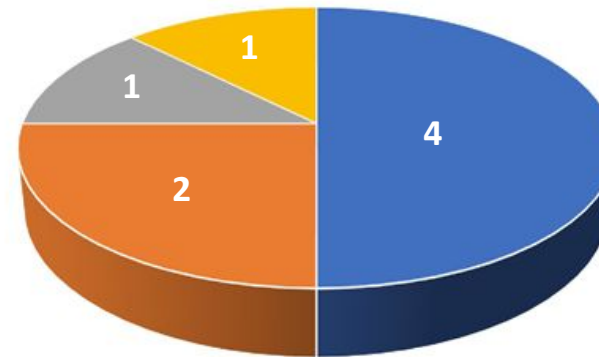
Follow-up on Management Action Plans

At the end of each audit engagement, Internal Audit requests action plans and implementation dates from management to remediate the risks identified during the audit.

Internal Audit follows up to confirm implementation of the management action plans (MAPs) and provides details on any past-due MAPs with a HIGH priority.

Project Name	Total Outstanding MAPs	High Priority Past Due MAPs
Procurement Audit	4	0
Telemedicine Audit	2	0
Business Continuity and Disaster Recovery	1	0
Provider Credentialing	1	0
Total	8	0

Summary of Outstanding MAPs



- Procurement Audit
- Telemedicine Audit
- Business Continuity and Disaster Recovery
- Provider Credentialing

KNOWLEDGE SHARING

Internal Audit is conducting a Physician Preference Card Audit to evaluate processes and controls for ensuring the accuracy of physician preference cards to increase efficiency and minimize waste. This article from PwC explains the importance of preference cards and the benefits of enhancing related processes and controls.

Digital preference cards for surgeons

Patrick Voight, Jane Evens, & Thom Bales, PwC, February 28, 2023

Ensuring patient safety and reducing medical waste rely on accurate surgical preference cards.

A surgical preference card outlines the supplies, tools, and room setup that a surgeon needs to safely perform a particular procedure. Having the correct supplies available for a surgical procedure is crucial to ensuring safe, efficient surgeries, yet most cards are out-of-date and inaccurate. The physician preference card began as a handwritten index card with the surgeon's name, procedure name and a list of supplies. All changes were made in writing. Maintenance of the cards was time-consuming and tedious, leading to messy, outdated preference cards.

Later, preference cards evolved into computer generated lists that could be printed and used as pick lists. The computer generated lists still had to be updated manually and were not integrated with other supply chain software. Today, many hospitals are managing preference cards by electronic health records (EHR) software in conjunction with some strategy of preference card standardization. Although various software have preference card modules, there is still a need for updates within multiple systems that do not interface.

Improving the accuracy of the preference cards through digital strategies can decrease costs, improve efficiencies, and improve quality outcomes, according to PwC analysis:

- **Decrease supply costs.** PwC estimates that 3-5% of overall supply cost for perioperative and interventional cases is supply waste due to lack of maintenance and management of physician preference cards. Higher inventory levels and additional stocking locations increase holding costs, stockouts and risk of expiration.
- **Improve quality outcomes.** Eliminating the need for the Circulator to leave the OR to retrieve missing items can impact and improve patient safety and quality.
- **Improve efficiencies.** Accurate preference cards can improve OR efficiencies by decreasing late starts and case delays that cause adverse impacts on patient throughput and case progression. Reducing the inefficient use of labor (including RNs) picking, packing, delivering, and restocking excessive items will decrease labor costs and unburdening clinicians.

Read the full article at <https://www.beckershospitalreview.com/digital-health/digital-preference-cards-for-surgeons.html>.

Thank You



Errika Perkins, MBA, CPA, CIA, CFE
Chief Assistant County Auditor, Audit Division
Errika.Perkins@harrishealth.org
Cell: 713-930-7876

Sharon Brantley Smith, MBA, CIA, CFE, CISA
Audit Director, Audit Division
Sharon.BrantleySmith@harrishealth.org
Cell: 832-679-6004

The Harris Health System logo consists of the words "HARRIS", "HEALTH", and "SYSTEM" stacked vertically in a bold, sans-serif font. "HARRIS" and "HEALTH" are in a teal color, while "SYSTEM" is in a dark blue color. The logo is enclosed in a thin white rectangular border.

**HARRIS
HEALTH
SYSTEM**

Thursday, May 11, 2023

Independent Auditor's Pre-audit Communication for the Harris County Hospital District
401(k) Plan Year Ended December 31, 2022 (Informational Only)

The pre-audit communication from the external audit firm, FORVIS, provides an overview of the risk assessment and audit plan for the Harris County Hospital District 401(k) Plan year ended December 31, 2022.

A copy of the letter is attached.



14241 Dallas Parkway, Suite 1100 / Dallas, TX 75254

P 972.702.8262 / F 972.702.0673

forvis.com

April 25, 2023

Board of Trustees, 401(k) and 457(b) Administrative Committee,
Plan Administrator, and Management
Harris County Hospital District, d/b/a
Harris Health System
Houston, Texas

The purpose of this communication is to summarize various matters related to the planned scope and timing for the December 31, 2022, audit of the financial statements of Harris County Hospital District 401(k) Plan.

Please refer to our contract for additional information and the terms of our engagement.

Overview

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Planned Scope & Timing

Significant Risk Areas

We have preliminarily identified the following areas of significant risks of material misstatement due to error or fraud and propose to address these areas as described:

Risk Area	Audit Approach
<i>Risk of Plan Management Override of Controls</i>	Evaluate the annual statements for unusual activity and document and walk-through Plan level controls.
<i>Misstatement of Investments</i>	Obtain confirmation of investments.
<i>Misstatement of Plan Contributions</i>	Test the calculation of a sample of contributions to the Plan, reconcile contributions per payroll and Plan Sponsor records to contributions per Plan records, and determine the need to record contributions receivable.

We welcome any input you may have regarding the information discussed above. We also welcome any insight you have related to any other risk areas, or other significant risk areas, that you believe warrant particular attention.

We may identify additional significant risks as we complete risk assessment procedures.

We propose the following timeline:

- Drafts of the financial statements and management letter, together with our letter regarding auditor responsibilities, will be furnished July 2023.
- Final reports will be issued by July 26, 2023.

Contacts

If for any reason you would need to contact us, please call Ryan Singleton, Managing Director, at 972.788.1229 or email ryan.singleton@forvis.com.

Consideration of Error or Fraud

One of the most common questions we receive from governing bodies is, "How do you address fraud in a financial statement audit?" Our responsibility, as it relates to fraud, in an audit of financial statements is addressed in auditing standards generally accepted in the United States of America.

Our audit approach includes such procedures as:

- Engagement team brainstorming
 - Discussions include how and where we believe the plan's financial statements might be susceptible to material misstatement due to error or fraud, how plan management could perpetrate and conceal fraudulent financial reporting, and how assets of the plan could be misappropriated
 - An emphasis is placed on the importance of maintaining the proper state of mind throughout the audit regarding the potential for material misstatement due to error or fraud
- Inquiries of management and others
 - Personnel interviewed include the Administrative Committee chair, in-house legal counsel, the benefits coordinator, the executive officer, the plan accountant, and others
 - Inquiries are directed towards the risks of error or fraud and whether personnel have knowledge of any fraud or suspected fraud affecting the plan
- Reviewing accounting estimates for bias
- Considering the risk that management may attempt to present disclosures to the financial statements in a manner that may obscure a proper understanding of the matters disclosed (for example, by using unclear or ambiguous language)

- Evaluating business rationale for significant unusual transactions
- Evaluating business rationale for significant transactions with related parties
- Incorporating an element of unpredictability into the audit each year

This communication is intended solely for the information and use of those charged with governance, the Board of Directors, and plan management and is not intended to be, and should not be, used by anyone other than these parties.



Ryan Singleton, CPA
Managing Director | **FORVIS, LLP**

Thursday, May 11, 2023

Independent Auditor's Pre-audit Communication for the Harris County Hospital District
Pension Plan Year Ended December 31, 2022 (Informational Only)

The pre-audit communication from the external audit firm, FORVIS, provides an overview of the risk assessment and audit plan for the Harris County Hospital District Pension Plan year ended December 31, 2022.

A copy of the letter is attached.



14241 Dallas Parkway, Suite 1100 / Dallas, TX 75254

P 972.702.8262 / F 972.702.0673

forvis.com

April 25, 2023

Board of Trustees, Pension and Disability Committee,
Plan Administrator, and Management
Harris County Hospital District, d/b/a
Harris Health System
Houston, Texas

The purpose of this communication is to summarize various matters related to the planned scope and timing for the December 31, 2022, audit of the financial statements of Harris County Hospital District Pension Plan.

Please refer to our contract for additional information and the terms of our engagement.

Overview

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Planned Scope & Timing

Significant Risk Areas

We have preliminarily identified the following areas of significant risks of material misstatement due to error or fraud and propose to address these areas as described:

Risk Area	Audit Approach
<i>Risk of Plan Management Override of Controls</i>	Evaluate the annual statements for unusual activity and document and walk-through Plan level controls.
<i>Misstatement of Investments</i>	Obtain confirmation of investments.

Risk Area	Audit Approach
<i>Misstatement of Plan Contributions</i>	Test the calculation of a sample of contributions to the Plan, reconcile contributions per payroll and Plan Sponsor records to contributions per Plan records, and determine the need to record contributions receivable.
<i>Pension Liability</i>	Obtain actuarial data for estimated obligation from independent actuary, as applicable. Confirm selected participants data directly with actuary.

We welcome any input you may have regarding the information discussed above. We also welcome any insight you have related to any other risk areas, or other significant risk areas, that you believe warrant particular attention.

We may identify additional significant risks as we complete risk assessment procedures.

We propose the following timeline:

- Drafts of the financial statements and management letter, together with our letter regarding auditor responsibilities, will be furnished July 2023.
- Final reports will be issued by July 26, 2023.

Contacts

If for any reason you would need to contact us, please call Ryan Singleton, Managing Director, at 972.788.1229 or email ryan.singleton@forvis.com.

Accounting & Auditing Matters

The following matters are, in our judgment, relevant to the planned scope of the audit as well as your responsibilities in overseeing the financial reporting process.

- Recording investment at fair value and making all required disclosures
- Evaluating the impact of the current economic conditions
- Critical Accounting Policies and Procedures – Discussed in *Note 2* of the audited financial statements

Consideration of Error or Fraud

One of the most common questions we receive from governing bodies is, “How do you address fraud in a financial statement audit?” Our responsibility, as it relates to fraud, in an audit of financial statements is addressed in auditing standards generally accepted in the United States of America.

Our audit approach includes such procedures as:

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- Incorporating an element of unpredictability into the audit each year

This communication is intended solely for the information and use of those charged with governance, the Board of Directors, and plan management and is not intended to be, and should not be, used by anyone other than these parties.



Ryan Singleton, CPA
Managing Director | **FORVIS, LLP**

Thursday, May 11, 2023

Executive Session

Report by the Executive Vice President, Chief Compliance and Risk Officer, Regarding Compliance with Medicare, Medicaid, HIPAA and Other Federal and State Health Care Program Requirements, Including Status of Fraud and Abuse Investigations, Pursuant to Texas Health & Safety Code §161.032, and Possible Action Regarding this Matter Upon Return to Open Session

- Pages 31-45 Were Intentionally Left Blank -

Thursday, May 11, 2023

Executive Session

Report by the Senior Vice President, Chief Cyber & Information Security Officer, Regarding Harris Health System's Cybersecurity Review, Pursuant to Tex. Gov't Code §418.183, Tex. Gov't Code §551.089, and Tex. Health & Safety Code §161.032

- Pages 47-53 Were Intentionally Left Blank -

Thursday, May 11, 2023

Executive Session

Discussion Regarding Harris County Auditor's Reports on the Procurement Audit and the Vendor Payment Timeliness Audit. These Audits and Any and All Information are Proprietary, Privileged, Confidential or Otherwise Legally Exempt from Disclosure, Pursuant to Tex. Health & Safety Code §161.031 - §161.033 and Tex. Occ. Code §151.002 and §160.002 - §160.015

- Pages 55-86 Were Intentionally Left Blank -

BOARD OF TRUSTEES

Joint Conference Committee

Thursday, May 11, 2023

11:30 A.M.

(or immediately following the Compliance and Audit Committee)

The meeting will be conducted via Zoom and may be viewed online at:

<http://harrishealthtx.swagit.com/live>.

Mission

Harris Health is a community-focused academic healthcare system dedicated to improving the health of those most in need in Harris County through quality care delivery, coordination of care, and education.

AGENDA

I. Call to Order and Record of Attendance	Dr. Arthur Bracey	2 min
II. Approval of the Minutes of Previous Meeting	Dr. Arthur Bracey	2 min
• Joint Conference Committee Meeting – March 9, 2023		
III. Physician Leadership Reports		30 min
A. Medical Executive Board Chair/Co-Chair	Dr. Martha Mims and Dr. Kunal Sharma	<i>(10 min)</i>
B. Chief of Staffs	Dr. Tien Ko and Dr. Sandeep Markan	<i>(10 min)</i>
C. Ambulatory Care Services Vice Chief of Staffs	Dr. Fareed Khan Dr. Mohammad Zare	<i>(10 min)</i>
IV. Items for Discussion		20 min
A. Review and Discussion Regarding Medical Staff Engagement Survey Results	Dr. Steven Brass and Medical Staff	
V. Governance: Medical Staff Bylaws, Rules and Regulations		
A. No Items for Discussion		
VI. Future Agenda Topics: September 2023	Mr. Louis Smith	5 min
A. Physician Staffing Levels and Priorities for Harris Health Services		
VII. Adjournment	Dr. Arthur Bracey	1 min

HARRIS HEALTH SYSTEM
MINUTES OF THE BOARD OF TRUSTEES
JOINT CONFERENCE COMMITTEE MEETING
March 9, 2023
11:30 AM

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
I. Call to Order and Record of Attendance	Dr. Arthur Bracey, Presiding Chair, called the meeting to order at 11:30 a.m. It was noted that a quorum was present and the attendance was recorded. Dr. Bracey announced that only participants scheduled to speak have been provided dial in information for the meeting. All others who wish to view the meeting may access the meeting online through the Harris Health website: http://harrishealthtx.swagit.com/live .	
II. Approval of the Minutes of Previous Meeting Joint Conference Committee Meeting – January 12, 2023		Moved by Ms. Alicia Reyes, seconded by Dr. Tien Ko, and unanimously approved the minutes of the previous meeting.
III. Physician Leadership Reports		
A. MEB Chair/Co-Chair	Dr. Martha Mims, Chair, Medical Executive Board, provided an overview of the previous Medical Executive Board (MEB) meeting held on February 14, 2023. She touched on discussions related to addressing cybersecurity concerns and the physician engagement survey. Dr. Kunal Sharma, Vice Chair, Medical Executive Board, presented revisions to the Medical Staff Bylaws.	As Presented.

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
<p>B. Chief of Staffs</p>	<p>Dr. Tien Ko, Chief of Staff, Lyndon B. Johnson (LBJ) Hospital, delivered a presentation regarding an increase in LBJ Emergency Room (ER) patient volumes, staffing shortages, and the LBJ Hospital expansion. He noted that a Joint Medical Committee meeting was held with Harris Health’s Medical Staff and Memorial Hermann Hospital to share best practices and challenges with both hospital systems. He stated that the Committee meets on a quarterly basis. Dr. Sandeep Markan, Chief of Staff, Ben Taub (BT) Hospital, echoed Dr. Ko’s sentiments on promoting great collaboration and synergy. He reported that BT is operating with sixteen (16) operating rooms, trauma outcomes are exceptionally well and he is particularly proud of the nature and collaboration under Harris Health’s Strategic Pillar 3: One Harris Health System. Dr. Markan provided highlights of BT’s Stroke Program, the Resident and Trainee’s Day Celebration and Harris Health’s systematic levels of leadership development. He stated that despite any challenges or unprecedented risks which may have occurred, the System is moving in the right direction. Committee discussions ensued regarding collaborative efforts and communication strategies related to Harris Health’s Bond Referendum. Dr. Mohammad Zare, Assistant Chief of Staff, Ambulatory Care Services (ACS), touched on the ongoing initiatives at ACS facilities related to patients with hypertension, diabetes and substance use disorders (SUD).</p>	<p>As Presented.</p>

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
IV. Items for Discussion		
<p>A. Disparity/Health Equity Application in Clinical Services</p> <ul style="list-style-type: none"> • Reconsidering the Use of Race Correction in Clinical Algorithms 	<p>Dr. Markan delivered a presentation regarding an article published by The New England Journal of Medicine (NEJM) titled <i>Hidden in Plain Sight – Reconsidering the Use of Race Correction in Clinical Algorithms</i>.</p> <ul style="list-style-type: none"> • Several clinical algorithms and practice guidelines exists in medicine that “correct” output based on patient’s race or ethnicity. • These algorithms may direct more attention or resources to white patients than to members of racial and ethnic minorities thus exacerbating inequities. <ul style="list-style-type: none"> ○ Some algorithms have no explanation why race differences might exist. ○ Race categories often fail to capture complexity of patient’s race or ethnic background ex: mixed race. <p>Dr. Markan shared the following plans to address and reduce implicit biases:</p> <ul style="list-style-type: none"> • Consider gap analysis for the top three (3) clinical algorithms used at Harris Health to look for race correction. • Harris Health will start with Cardiology /Obstetrics Service Lines. • Validate medical literature and see if opportunities exist. <p>Extensive Committee discussions ensued regarding health equity, patient outcomes and social determinants of health. Dr. Mims invited Professor Johnson and the Committee members to attend Ben Taub/Smith Clinic’s Research Day in May 2023. Dr. Esmaeil Porsa, President & Chief Executive Officer, expressed his thanks to medical staff leaders for their efforts and comments. Dr. Porsa asked medical staff leaders if they have what is needed to provide the best care for Harris Health’s patients. Dr. Markan and Dr. Ko expressed that the medical staff feels supported and are very proud of the quality of care given to their patients. A copy of the presentation is available in the permanent record.</p>	<p>As Presented.</p>

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
V. Governance: Medical Staff Bylaws, Rules and Regulations		
A. No Items for Discussion		
VI. Future Agenda Topics: May 2023		
A. Meeting Planning – Requests for Agenda Topics Submitted to Members 3 Weeks Prior to the Planned Meeting	Mr. Louis Smith, Senior Executive Vice President & Chief Operating Officer, led discussions on refining the process for planning a meeting and determining agenda topics prior to a planned meeting.	As Presented.
B. Physician Staffing Levels and Priorities for Harris Health Services		
VII. Adjournment	Moved by Dr. Sandeep Markan, seconded by Ms. Alicia Reyes, and unanimously approved to adjourn the meeting. There being no further business, the meeting adjourned at 12:32 p.m.	

I certify that the foregoing are the Minutes of the Meeting of the Joint Conference Committee of the Board of Trustees of the Harris Health System held on March 9, 2023.

Respectfully submitted,

Arthur W. Bracey, M.D., Presiding Chair

Recorded by Cherry Pierson

Thursday, March 9, 2023

Harris Health System Board of Trustees Board Meeting – Joint Conference Committee 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.

MEMBERS PRESENT	MEMBERS ABSENT	OTHER BOARD MEMBERS PRESENT
Dr. Arthur W. Bracey (Ex-Officio)	Dr. Andrea Caracostis, Chair	Ms. Marcia Johnson
Ms. Alicia Reyes, Board of Trustees	Dr. Fareed Khan, Assistant Chief of Staff (BCM)	
Dr. Esmaeil Porsa, President & Chief Executive Officer		
Dr. Kunal Sharma, Vice Chair, Medical Executive Board		
Dr. Martha Mims, Chair, Medical Executive Board		
Dr. Matasha Russell, Chief Medical Officer, Ambulatory Care Services		
Dr. Mohammad Zare, Assistant Chief of Staff (ACS)		
Dr. Sandeep Markan, Chief of Staff, Ben Taub Hospital		
Dr. Steven Brass, Executive Vice President & Chief Medical Executive		
Dr. Tien Ko, Chief of Staff, Lyndon B. Johnson Hospital		

EXECUTIVE LEADERSHIP
Ms.Carolynn Jones, Executive Vice President & Chief Compliance and Risk Officer
Dr. Chethan Bachireddy, Senior Vice President, Chief Health Officer
Dr. Glorimar Medina-Rivera, Executive Vice President, Ben Taub Hospital
Dr. Jackie Brock, Executive Vice President & Chief Nursing Executive
Dr. Jennifer Small, Executive Vice President, Ambulatory Care Services
Mr. Louis Smith, Senior Executive Vice President & Chief Operating Officer
Ms. Maria Cowles, Senior Vice President, Chief of Staff
Ms. Olga Llamas Rodriguez, Vice President, Community Engagement & Corporate Communications
Ms. Patricia Darnauer, Executive Vice President, Lyndon B. Johnson Hospital
Mr. Ron Fuschillo, Senior Vice President and Chief Information Officer
Ms. Sara Thomas, Vice President Legal Affairs/Managing Attorney, Harris County Attorney’s Office
Dr. Steven Brass, Executive Vice President & Chief Medical Executive

ADDITIONAL GUESTS PRESENT	
Adrianna Barron	Jerry Summers
Cherry Pierson	John Matcek
Daniel Smith	Matthew Schlueter
Derek Curtis	Nicholas Bell
Ebon Swofford	Randy Manarang
Elizabeth Winn	Shawn DeCosta
Esperanza (Hope) Galvan	Tai Nguyen
Jennifer Zarate	