



**HARRIS COUNTY HOSPITAL DISTRICT
MINUTES OF THE BOARD OF MANAGERS MEETING**

Thursday, September 24, 2009

Board Room – Administration Building

BOARD MEMBERS PRESENT

Mr. Stephen DonCarlos, Chair
Ms. Carolyn Truesdell, Vice Chair
Mr. E. Dale Wortham, Secretary
Mr. Danny Jackson, Asst. Secretary
Dr. George Santos
Mr. Elvin Franklin, Jr.
Ms. Daisy Stiner
Dr. Atul Varadhachary

BOARD MEMBERS ABSENT

Ms. Mary Spinks

OTHERS PRESENT

Mr. David Lopez, President & Chief Executive Officer
Mr. George Masi, Chief Operating Officer
Mr. Kelly Johnson, Harris County Purchasing Agent
Ms. Vivian Groce, Harris County Assistant Purchasing Agent
Attorney Mercedes Leal, County Attorney's Office
Ms. Peggy Boice, Judge Ed Emmett's Office
Mr. Mark Fury, Commissioner Steve Radack's Office
Mr. Lester Byrd, Commissioner El Franco Lee's Office
Ms. Elizabeth Neal, Commissioner Jerry Eversole's Office (9:30 a.m.)
Nikki Caffey, Commissioner Sylvia Garcia's Office
Administrative Staff
Guests
(Sign-in Sheets attached to permanent record)

I. Call to Order and Record of Attendance

Mr. Stephen DonCarlos, Chair, called the meeting to order at 9:09 a.m. and noted that a quorum was present. The attendance was recorded.

II. Approval of Minutes of Previous Meetings

Motion 09.9-110

Moved by Ms. Truesdell, seconded by Dr. Santos, and unanimously passed, that the Board approve the minutes of the August 27, 2009 Board of Managers meeting, July 21, 2009 Called Board Meeting, and September 10, 2009 Called Board Meeting.

III. Hear from Citizens

No citizens were present to speak.

IV. Special Presentation

A Resolution was presented to Ms. Marion Scott for 35 years of service in the District.

V. Consideration of Approval of Recommendations and Acceptance of Agenda Items Identified as Consent Agenda Items

Motion 09.9-111

Moved by Mr. Franklin, seconded by Mr. Jackson, and unanimously passed, that the Board approve items V.A – V.H.

Ms. Stiner requested clarification on item V.D. Dr. Trenchel stated that this is establishing a pediatric practice in Harris County. The CHC Board has appropriated a certain number of dollars towards this as an attempt to expand the network of pediatric providers. Mr. Janda stated that the practice will operate as a District clinic, but be open to the entire community.

Ms. Stiner addressed items V.G. and V.H. (Schedule of Benefits), requesting clarification on the process used to arrive at the list of excluded services. Ms. Cloyd stated that the Schedule of Benefits Committee reviews the document on an annual basis. The committee consists of members of administration, finance, and the medical staff. The Medicaid schedule is used as a marker and new requests can be added to the document throughout the year. District funds are not used to pay for services on the exclusion list.

Ms. Truesdell recused herself from item A1o. Item A1d was pulled from the agenda prior to the Board meeting.

A. Items related to Purchasing

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

- a. funding for year four of a five-year agreement for 3M Health Information Systems, Inc. for 3M software license and maintenance in the estimated amount of \$225,717 for the term October 28, 2009 through October 27, 2010.
- b. purchase on the basis of product standardization for Philips Medical Systems NA Company (PP-MM-061) for physiological monitoring systems (14) for Ben Taub General Hospital Adult Intermediate Care Unit expansion in the amount of \$110,805.

- c. purchase on the basis of low quote for DIR through Texas Electronic Information & Computer Corp. for Hewlett Packard hardware and software in the amount of \$207,144.
- d. WITHDRAWN
- e. award on the basis of best proposal meeting requirements for Aon Investment Consulting for investment consultant services for 401(k) Plan, 457(b) Plan and Pension Plan in the estimated amount of \$224,910 for the term one-year upon execution of agreement with three one-year renewal options.
- f. award on the basis of best proposal meeting requirements for ProVation Medical Inc. for endoscopic software solution in the amount of \$217,391 (year one) and \$312,327 (year five) for the term one-year upon execution of agreement with four one-year renewal options.
- g. award on the basis of best proposals meeting requirements for: 1) Advanced Health Education Center d/b/a MEDRelief Staffing; 2) Advance'd Temporaries, Inc.; 3) All Health Staffing; 4) Crdentia Corporation; 5) JWS Health Consultants, Inc. d/b/a UltraStaff; 6) Protouch Nurses d/b/a Protouch Staffing; 7) Pulse Staffing; 8) RTG Medical; 9) Rad-Link Staffing, Inc.; and 10) TexMed Staffing, LC for temporary nursing personnel in the multi-vendor not-to-exceed amount of \$10,000,000 for the term one-year upon execution of agreement with four one-year renewal options.
- h. award on the basis of only bid received for Siemens Healthcare Diagnostics Inc. for HIV-1 Genotyping System, reagents and related supplies in the estimated amount of \$300,379 for the term October 1, 2009 through September 30, 2010 with four one-year renewal options.
- i. award on the basis of low bid for Universal Ophthalmic Instruments, Inc. (Bid #1) for ophthalmic equipment for Martin Luther King Health Center in the amount of \$169,259.
- j. award on the basis of low bid for Medtronic ENT for image guided sinus surgery system and consumables in the amount of \$164,115.
- k. award on the basis of low bid for Aesculap, Inc. for ultrasonic surgical aspirator system and consumables for Lyndon B. Johnson General Hospital Operative Services Department in the amount of \$266,133.
- l. purchase on the basis of lowest priced contract for Berchtold Corporation to provide four Teletom[®] Power Booms and four Chromophare[®] Surgical Light Combinations for Lyndon B. Johnson General Hospital Emergency Center expansion in the amount of \$240,952.

- m. award on the basis of best bid for Tri State Dental, Inc. for dental equipment for Martin Luther King Health Center in the amount of \$113,970.
- n. additional funds for Shared Technologies, Inc. to upgrade the PBX and One Call Center at Ben Taub General Hospital to ensure systems are regulatory compliant and to upgrade telephone systems throughout the Hospital District in the estimated additional amount of \$367,578 for the term March 1, 2009 through February 28, 2010. (Previously approved funds in the amount of \$578,000 for the term 3/1/09 – 2/28/10; these additional funds bring the total funded amount to \$945,578.)
- o. additional funds for The Methodist Hospital for On Call Healthcare Services in the additional amount of \$25,000 for the term July 1, 2009 through June 30, 2010. (Previously approved funds in the amount of \$75,000 for the term 7/1/09 – 6/30/10; these additional funds bring the total funded amount to \$100,000.)
- p. additional funds and an extension for Cardinal Health for pharmaceutical prime vendor distributor in the estimated additional amount of \$16,250,000 for the extended term October 1, 2009 through December 31, 2009. (Previously approved funds in the amount of \$41,829,800 for the extended term 4/1/09 – 9/30/09 and \$76,687,968 for the term 5/1/08 – 3/31/09; these additional funds bring the total funded amount to \$134,767,768.)
- q. renewal on the basis of sole source for Sunquest Information Systems, Inc. (f/k/a Misys Hospital Systems, Inc.) for maintenance for the Sunquest Laboratory™ and CoPathPlus Software™ in the amount of \$326,126 for the term October 1, 2009 through September 30, 2010.
- r. renewal on the basis of sole source for Thomson Reuters for MicroMedex Database License Subscription in the estimated amount of \$133,286 for the term December 31, 2009 through December 30, 2010.
- s. second and final renewal option on the basis of sole source for Sun Microsystems, Inc. (F.K.A. Storage Technology Corporation) for lease and maintenance of hardware and software for the Virtual Tape System in the amount of \$122,744 for the term September 1, 2009 through August 31, 2010.
- t. renewal on the basis of sole source for Siemens Medical Solutions USA, Inc. for software maintenance for Novius Radiology and Sybase Systems in the estimated amount of \$109,898 for the term January 1, 2010 through December 31, 2010.

- u. second and final renewal option for 1) AMN Healthcare, Inc.; 2) ATC Healthcare Services, Inc.; 3) Advance'd Temporaries, Inc.; 4) Advantage Nursing Services, Inc.; 5) Career Staff Unlimited, Inc.; 6) Columbia Personnel Services; 7) Matrix Healthcare Services, Inc.; 8) Medstaff, Inc.; 9) Onward Healthcare; 10) Professional Placement Resources, LLC; 11) RX Med Staff, LLC; 12) SHC Services, Inc.; 13) Star Nursing, Inc.; and 14) The Helms Group dba All Health Staffing for travel nursing personnel in the estimated multi-vendor amount of \$1,850,000 for the term November 1, 2009 through October 31, 2010.
- v. first of four renewal options for Siemens for inspection and maintenance repair of chiller units in the estimated amount of \$141,350 for the term November 1, 2009 through October 31, 2010.
- w. first of four renewal options for Wachovia Insurance Services for human resources consulting services in the estimated amount of \$170,000 for the term October 1, 2009 through September 30, 2010.
- x. first of four renewal options for Harger Howe & Associates for employee recruitment advertising and miscellaneous creative services in the estimated amount of \$966,900 for the term October 1, 2009 through September 30, 2010.
- y. first of three renewal options for Waste Management of Texas, Inc. for refuse removal in the estimated amount of \$249,434 for the term October 1, 2009 through September 30, 2010.
- z. first of two renewal options for LK Jordan and Associates, PeopleCorp and Resource Staffing for temporary clerical personnel in the estimated multi-vendor amount of \$300,000 for the term October 1, 2009 through September 30, 2010.
- aa. funding for Sage Products, Inc. through Cardinal Health (PP-NS-440) for patient cleansing & skin care/bag based in the estimated amount of \$307,711 for the term November 1, 2009 through October 31, 2010.
- bb. funding for Welch Allyn, Inc. through Cardinal Health (PP-NS-537) for blood pressure cuffs/vital sign monitors in the estimated amount of \$256,992 for the term November 1, 2009 through October 31, 2010.
- cc. funding for Cardinal Health 200 Inc. (PP-OR-452) for surgical and isolation masks in the estimated amount of \$220,226 for the term November 1, 2009 through October 31, 2010.
- dd. funding for CareFusion previously Cardinal Health (PP-OR-330) for surgical instruments in the estimated amount of \$304,600 for the term November 1, 2009 through October 31, 2010.

- ee. termination of agreement for Cardon Healthcare Network, Inc. and Select Billing and Collection Services, LTD for collection services for lien accounts in the estimated multi-vendor amount of \$350,000 for the term June 1, 2009 through May 31, 2010.
- ff. assignment of an agreement for HealthFirst TPA (assignor) and JI Specialty Services (assignee) for workers' compensation third party administration and associated services in the amount of \$3,112,000 for the term January 1, 2009 through December 31, 2009.
- gg. ratify additional funds for Skanska USA Building Inc. for construction manager at risk for building construction, expansion and remodeling in the additional funds of \$75,000 for the term July 23, 2009 through completion of services. (previously approved funds in the amount of \$99,975 for the term 7/23/09 through completion of services; these additional funds bring the total funded amount to \$174,975.)
- hh. ratify additional funds and termination of agreement for Irene Dodich, Dorinda Shaw and Rene Darling through Hardenbergh Interim Staffing Group in the estimated amount of \$224,073 for the term December 5, 2008 through September 11, 2009. (previously approved funds in the amount of \$315,000 for the term 12/5/08 – 12/4/09; these additional funds bring the total amount to \$539,073.)
- ii. ratify an emergency purchase for Cummins Southern Plains LTD for repair of engine on generator #1 at Ben Taub General Hospital in the estimated amount of \$131,210.
- jj. award on the basis of best and lowest priced proposal received for Huron Consulting Services, LLC d/b/a Wellspring for audit of pharmacy 340B alternative methods demonstration project in the estimated amount of \$151,560 for the term one-year upon execution of agreement with four one-year renewal options.
- kk. award on the basis of sole source for Rx.com Partners, L.P. for centralized processing of outpatient prescriptions in the estimated amount of \$2,940,000 for the term November 1, 2009 through October 31, 2010 with one-year renewal options subject to execution of the agreement.

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

- a. transmittal of exemption from the competitive bid requirements for Yasser Hani Shaib, M.D. for gastroenterology services in the estimated amount of \$50,000 for the term August 31, 2009 through February 28, 2010 with automatic one-year renewal terms.

- b. transmittal of exemption from the competitive bid requirements for Robert Butler and Sharon Bauer through Huron Consulting Services LLC for interim patient financial services billing manager in the amount of \$90,000 for the term August 3, 2009 through September 11, 2009 subject to execution of the agreement.
- c. transmittal of award for Houston Academy of Medicine-Texas Medical Center Library for subscription for library services in the amount of \$64,006 for the term September 1, 2009 through August 31, 2010 subject to execution of the agreement.
- d. transmittal of utilization for FleetCor Technologies Operating Company, LLC dba Fuelman for fleet fuel monitoring and dispensing system in the estimated amount of \$90,000 through February 28, 2010.
- e. transmittal of purchase on the basis of low quote for DIR through Dell, Inc. for ergotron styleview wall mounts in the amount of \$71,662 for the term August 15, 2009 through August 14, 2010.
- f. transmittal of purchase on the basis of lowest priced contract for GE Medical Systems for x-ray radiographic system/general radiography in the amount of \$72,336.
- g. transmittal of the second and final year of a two-year agreement for Pam Porter and Dan Schreiber through The Advisory Board Academies for nursing leadership development workshops in the amount of \$88,000 for the term October 1, 2009 through September 30, 2010.
- h. transmittal of award on the basis of best bid for Boston Scientific (Bid #2) for ultrasonic/pneumatic lithotripter and consumables in the amount of \$82,021 (consumables only).
- i. transmittal of the first of four renewal options for QuadraMed Corporation for JCAHO/CMS Oryx Core Performance Measurement Reporting Software License and maintenance in the amount of \$31,720 for the term July 1, 2009 through June 30, 2010.
- j. transmittal of the first of four renewal options for Eagle Electronics Inc. for disposal of salvage electronic equipment and related items in the estimated amount \$8,868 for the term November 1, 2009 through October 31, 2010.
- k. transmittal of purchase on the basis of sole source for McKesson Information Solutions LLC for Healthquest Technical Consulting Services in the amount of \$97,440 for the term September 2, 2009 through November 4, 2009.
- l. transmittal of purchase on the basis of sole source for AbioMed for Impella[®] 2.5 circulatory support device in the amount of \$75,000 subject to the acceptance of AbioMed's terms and conditions by the County Attorney's Office.

- m. transmittal of additional funds for Emporos Systems Corporation for pharmacy cashiering system in the additional amount of \$52,106 for the term June 16, 2009 through June 15, 2010. (previously approved funds in the amount of \$763,757 for the term 6/16/09 – 6/15/10; these additional funds bring the total funded amount to \$815,863.)
- B. Approval of Payment to the Texas Hospital Association for 2009-2010 Membership Dues in the amount of \$122,566.
- C. Approval to Enter into a Memorandum of Understanding with Community Health Choice, Inc. to assist HCHD in establishing its Community Health Centers as NCQA Accredited Medical Homes.
- D. Approval to Enter into a Memorandum of Understanding with Community Health Choice, Inc. to establish a pediatric focused practice clinic in Harris County, Texas that includes funding from CHC in an amount not to exceed \$4,050,000.
- E. Authorize the Hospital District to enter into the 2nd term of the lease agreement with Warehouse Associates Corporate Center Kirby III, Ltd. for the leasing of approximately 117,774 square feet of space. The 2nd term of the lease agreement begins November 14, 2009 to November 15, 2010 at a monthly rate of \$167,827.95 (\$2,013,935.40/year).
- F. Authorize the ratification of Board Motion 09.7-92 authorizing the amendment to the lease agreement with BNC South Loop Associates, L.P. (2636 South Loop Building) to vacate 6,225 square feet of lease space on the 6th floor and lease 18,641 square feet of additional space on the 8th floor for a total of 59,361 square feet of lease space for our Health Maintenance Organization, Community Health Choice (CHC). The initial term of the agreement will be from August 1, 2009 to July 2010 at an annual rate of \$957,338.63 (includes lease space for 9th, 8th, 7th and 1st floors) payable in equal monthly installments of \$79,219.63 plus a one-time payment of \$8,429.69 for occupying 6,225 square feet of lease space on the 6th floor during the month of August 2009 while awaiting occupancy of the 8th floor. Community Health Choice will fund all costs associated with the monthly lease payments.
- G. Approval of the addition of CCTA scans to the Harris County Hospital District 2008 Schedule of Benefits and Service Exclusions for the Charity Care Program.
- H. Approval of the Harris County Hospital District 2009 Schedule of Benefits and Service Exclusions for the Charity Care Program.

VI. Reports of the Committees

A. Joint Conference Committee

Dr. Matthew Wall presented the credentialing changes for members of the HCHD medical staff for September. He noted that two license numbers left blank on the

report have been corrected. Discussion ensued regarding the September credentialing report. A copy of the report is available in the permanent record.

1. Motion 09.9-112

Moved by Dr. Varadhachary, seconded by Mr. Franklin, and unanimously passed, that the Board approve the September credentialing changes for members of the HCHD Medical Staff.

Dr. Matthew Wall presented the Medical Board Report. He stated that a report was given by Mr. Morgan Brown (Director of Physician Services) regarding plans to reorganize the department. He is currently trying to make the District's credentialing process a paperless system. A preliminary report was given on preparations for H1N1. Ms. Truesdell asked if written guidelines for H1N1 will be available. Mr. Masi stated that an ad hoc committee has been convened and a report will be given at the October 15, 2009 Joint Conference Committee. Ms. Stiner asked what the status was for the vaccine supply. Mr. Masi stated that the seasonal flu vaccine will be available the week of September 28 and the vaccine for H1N1 should be available in mid-October. Dr. Sutton noted that guidelines and recommendations will be ready around the time the H1N1 vaccine is available. A copy of the report is available in the permanent record.

2. Motion 09.9-113

Moved by Mr. Franklin, seconded by Ms. Truesdell, and unanimously passed, that the Board accept the Medical Board Report as included in the packet.

B. Performance Improvement and Patient Safety Committee

1. Review, Discussion and Possible Action regarding the Harris County Hospital District (HCHD) Performance Improvement and Patient Safety Dashboard

Dr. Sutton presented the Harris County Hospital District Performance Improvement and Patient Safety Dashboard. He reviewed patient satisfaction scores. He addressed acute myocardial infarction under core measures. A process has been implemented where patients arriving at Lyndon B. Johnson General Hospital will be expedited to the Cath Suite at Ben Taub General Hospital within the 90 minute timeframe. Communication is occurring with both pavilions to expedite this process, and the timeframe will continue to be monitored. Dr. Sutton addressed congestive heart failure, stating that the organization has done extremely well for a long period of time with this measure. He noted that the District is also doing well with HEDIS measures. Discussion ensued regarding patient identification and hand hygiene. Dr. Santos asked if the District was moving forward with palm vein readers. Mr. Louis Greak stated that the actual contract should be coming to the Board in October. A copy of the report is available in the permanent record.

2. Consideration of Acceptance of the Harris County Hospital District Mid-Year Report on Performance Improvement Activities

Dr. Sutton presented the Harris County Hospital District Mid-Year Report on Performance Improvement Activities. He reviewed the indicators for blood usage review, which include informed consent and nursing documentation. The District is moving to an open record review so deficiencies can be corrected in real time. Discussion ensued regarding issues related to legibility. Dr. Santos asked that he be sent the restraint definition for the District. Ms. Truesdell referred to the goals and measurements of the Cancer Committee, noting that it is important to keep reviewing timing of diagnostic test after initial suspicion of cancer. Patient and employee satisfaction measures were reviewed. It was noted that 87.6% of employees that responded would recommend the District for employment.

Ms. Stiner addressed organ procurement and LifeGift, asking how participation in the program is encouraged. Mr. Lopez stated that staff in the hospitals work collaboratively with LifeGift staff. There are District staff members that have been trained and LifeGift also brings in their representatives to talk to families. Mr. Masi stated that this was a fractionated process 5-6 years ago. The patient would have to be transferred to another hospital for donation. The District now has a much more family and patient centered approach, and the organs are harvested in the facility once the decision is made. Dr. Varadhachary noted that it might be beneficial to look into an equivalent relationship with a national donation registry. A copy of the report is available in the permanent record.

2. Motion 09.9-114

Moved by Ms. Stiner, seconded by Mr. Franklin, and unanimously passed, that the Board accept the Harris County Hospital District (HCHD) Mid-Year Report on Performance Improvement Activities.

C. Budget and Finance Committee

Mr. Gaenzel presented the August 2009 Financial Report. He stated that the Board previously requested the definition of what goes into the line items. This information was presented to the Board. The \$2 million in trauma funds was not received in August for trauma funds, but \$3.7 million was received in September. Katrina funds were budgeted throughout the year and have still not been received. He noted that \$5.5 million is expected this year.

Mr. DonCarlos stated that urgent care visits are still down and questioned the difficulty in moving patients to urgent care. Dr. Tucker stated that some of the urgent care visits at Lyndon B. Johnson General Hospital are captured under the emergency center cost center. Ms. Truesdell asked if there was still urgent care at LBJGH. It was stated that it is not true urgent care. Dr. Brown stated that the new program sees those patients one level higher than typical urgent care. Mr. DonCarlos asked that the financials account for this. Mr. Dancy addressed Ben Taub, stating that level 5's are shifted to express care and level 3's and 4's are trying to be shifted to urgent care. Ms. Truesdell asked for a brief report in the future so the Board can be aware of what is happening. Dr. Mattox stated that Ben Taub is switching to an emergency medicine

model this year. As of October 1, urgent care, fast track, and the emergency center will all be under one person rather than three divisions of authority. This should increase accountability and the number of patients seen per hour by practitioner.

Mr. Gaenzel referred back to the report, stating that length of stay is down compared to budget. Discussion ensued regarding length of stay. Dr. Brown stated that staff at LBJ reviews every patient that has been in-house longer than 7 days. This has allowed staff to identify problems and implement processes.

Discussion ensued regarding budgeted and actual data. Dr. Santos stated that a realistic matrix is needed for a budgeted plan. Mr. Lopez stated that there will be much discussion as the budgeting process is now starting for the next fiscal year. He stated that the days cash on hand chart was revised after Committee discussion and was included in the packet. He also asked that he be provided any input on the budget calendar (distributed at Committee).

Ms. Truesdell addressed monies spent on the Phase I Project Fund, stating that there should be some tracking of this. It was noted that the District is over budget for Managed Care Medicaid and under budget for Medicare. A copy of the report is available in the permanent record.

1. Motion 09.9-115

Moved by Ms. Stiner, seconded by Dr. Varadhachary, and unanimously passed, that the Board accept the August 2009 Financial Report subject to audit.

Mr. Gaenzel presented the August 2009 Pension Plan Report. The Pension Plan is 77.6% funded as of the end of August. A copy of the report is available in the permanent record.

2. Motion 09.9-116

Moved by Mr. Franklin, seconded by Mr. Wortham, and unanimously passed, that the Board accept the August 2009 Pension Plan Report subject to audit.

Mr. Gaenzel presented the Second Quarter Investment Report for the period ended August 2009. A copy of the report is available in the permanent record.

3. Motion 09.9-117

Moved by Ms. Stiner, seconded by Mr. Franklin, and unanimously passed, that the Board accept the Second Quarter Investment Report for the period ended August 2009.

4. Consideration to approve payment to the Harris County Healthcare Alliance for 2009-2010 membership dues

Item VI.C.4 was deferred until the October 29 meeting.

5. Presentation of the August 2009 Financial Statements of Community Health Choice, Inc.

Mr. Ken Janda presented the August 2009 CHC Financial Report. He noted that there are two errors in the report and the corrected pages will be sent to Board members. He stated that funds for the two MOUs will be taken from line B17 (retained earnings), and a reduction should be seen over the next several months. He addressed the income statement, stating that it is very consistent with previous months. September 1 starts the new fiscal year for the state and the amount of revenue has been reduced. The statements will be closer to break-even and adjustments are being made to administrative and medical expenses. He addressed page 9 (3 Share Program), stating that there has been a small amount of expenses prior to going live in October. The first numbers should be seen in November. Mr. Franklin asked what measures were being taken to increase production so the budget will not be flat with the revenue decrease. Mr. Janda stated that the focuses include deliveries, length of stay for Neonatal ICU, and emergency center utilization. A copy of the report is available in the permanent record.

Item VII.C was addressed out of order.

D. Planning and Operations Committee

1. **Motion 09.9-119**

Moved by Dr. Santos, seconded by Dr. Varadhachary, and unanimously passed, that the Board authorize the Hospital District to correct the initial term date for the new lease agreement with University Christian Church for 43 parking spaces for additional parking at Quentin Mease Hospital from “September 1, 2009 through September 30, 2009” to “September 1, 2009 through August 31, 2010”.

2. **Motion 09.9-120**

Moved by Mr. Wortham, seconded by Dr. Santos, and unanimously passed, that the Board authorize the Hospital District to grant, sell, and convey a limited blanket easement for permanent underground utilities and area easement on District-owned property (Unrestricted Reserved “A” in Block 1 of H.C.H.D. M.L.K. Clinic, a Subdivision Located in the John Holloway Survey, Abstract No. 339, Harris County, Texas, according to the map or plat thereof recorded in Film Code No. 621032 of the map records of said County and State) to CenterPoint Energy for the construction of the Hospital District’s Martin Luther King Health and SE Eligibility Center (New Facility) Located at 3550 Swingle Road, Houston, Texas 77047.

E. Legislative Committee

1. Update, discussion and possible action regarding activities in Austin relating to regulatory issues impacting HCHD, the 81st Legislative Session and the HCHD legislative platform

2. Update, discussion and possible action regarding pending federal legislative, line items and policy issues affecting HCHD

Mr. King Hillier presented the Legislative Committee Report. He stated that the Senate Finance Committee is moving forward and there are 500 amendments on the Senate Bill being worked through. District staff and members of the Board were in Washington, D.C. this past week. One main issue that has been raised is concern related to dispro and the related triggers. It has been pushed in the House and Senate that any reductions in dispro have congressional oversight. Concerns were raised regarding Medicaid expansions where the state will pick up the cost in 2014. Gov. Perry sent a letter to the Texas Delegation earlier in the week posing concerns on the state budget (\$1.9-\$2.3 billion impact). He noted that two public hospitals in Massachusetts have filed suit against the state and federal government. He addressed the Ryan White Care Act, stating that a vote will be held on September 25 on continuing the resolution through October. He stated that he is certain the Ryan White Care Act will be reinstated, but probably only for one year.

Mr. Lopez addressed Section 1011, stating that the District was receiving funds for emergency care of undocumented persons. The state ran out of money in May and there are other states with excess funds that cannot be used. CMS has been asked to reallocate funds from these states. Mr. Hillier noted that there is a precedent for this and funds are able to be reallocated. He thanked Board members for their time in going to Washington, D.C. and showing the commitment of HCHD leadership. He stated this was a successful event for NAPH. There were 40 hospitals represented, 30 CEOs, and many Board trustees.

Ms. Truesdell stated that there was discussion at the July meeting regarding new legislative requirements for nursing. Ms. Cloyd stated that this will be on the agenda for the October 29 meeting.

F. Audit Committee

Consideration and Acceptance of the Harris County Auditor's Receiving Dock Controls Report.

Mr. Charles McDonald presented the Harris County Auditor's Receiving Dock Controls Report. He stated that the objective of the procedures performed was to evaluate the District's compliance with the policies and procedures for receiving, recording, and verifying quantities and quality of disposable and non-disposable medical supplies, medical gases, durable medical equipment, some computer equipment, capital equipment and other deliveries received, as well as, assess the efficiency and effectiveness of the critical internal controls. Procedures included:

- Selectively tested supporting documentation relative to received and returned items.
- Selectively tested the Hospital Receiving Dock personnel's security access to the PeopleSoft System.
- Observed and evaluated the effectiveness of automated and manual controls.

- Observed the physical security controls at the Hospital Receiving Dock.

Mr. McDonald presented the results. Based on the procedures performed, the combination of manual procedures and PeopleSoft System automated controls appear to provide adequate assurance that supplies and equipment are properly received. However, the District should evaluate whether special medical devices and implants should be delivered directly to the departments and whether department personnel have appropriate PeopleSoft System security access to properly separate ordering, receiving, and custody responsibilities. Additionally, controls associated with vendor credits could be improved. These and other issues discussed were included in the report.

Dr. Varadhachary asked if these procedures were done on a regular basis. Mr. Ledman stated that an annual risk assessment is done. Risks are then assessed District wide and an audit plan is developed for those areas selected. A copy of the report is available in the permanent record.

Motion 09.9-121

Moved by Ms. Truesdell, seconded by Mr. Franklin, and unanimously passed, that the Board accept the Harris County Auditor's Receiving Dock Controls Report

VII. Miscellaneous Agenda Items

A. Motion 09.9-122

Moved by Mr. Franklin, seconded by Ms. Stiner, and unanimously passed, that the Board approve the contract between the Harris County Hospital District and Texas Department of State Health Services. The funding awarded to the District under this agreement is \$140,695.

B. Motion 09.9-123

Moved by Mr. Franklin, seconded by Dr. Santos, and unanimously passed, that the Board ratify the Agreement between the Harris County Hospital District and Alcon Laboratories, Inc., and its affiliate, Falcon Pharmaceuticals, Ltd., to continue participation in the Patient Assistance Program with no cost.

Item VII.C was addressed earlier in the meeting.

Ms. Lacey Webster introduced Mr. John Castorena with Hologic. She stated that the District is grateful to Mr. Castorena and Hologic for facilitating the donation of the ATEC Biopsy and STX Adapter for use at Lyndon B. Johnson General Hospital. Mr. Castorena thanked the Board and stated that he looked forward to working with the District. Ms. Sims recognized Ms. Webster for taking over the area of tangible gifting in the HCHD Foundation.

C. Motion 09.9-118

Moved by Ms. Truesdell, seconded by Ms. Stiner, and unanimously passed, that the Board approve the donation of ATEC Biopsy and STX Adapter by the Harris County Hospital District Foundation

VIII. President/Chief Executive Officer's Report to Include: 1) Mid-Year Review, 2) Strategic Capital Projects and 3) Operational Priorities

Mid-Year Review

Mr. Lopez stated that an updated copy of the mid-year review was distributed to the Board. The item will go to Commissioner's Court on September 29, 2009. A copy of the report is available in the permanent record.

Strategic Capital Projects

Strategic Capital Projects was deferred to Agenda Item X.E.

Operational Priorities

Mr. Lopez addressed operational priorities, stating that administration will address the different aspects of the financials and what needs to get done. The District will very carefully study the bill related to health reform to see how the organization should be positioned moving forward. A big priority is to get back to the strategic planning process. There will be a focus on the Hospital District's image the second half of this year. It was discovered through the process of due diligence with Memorial Hermann that there is a huge misconception in terms of what the District does. A meeting was held on September 17, 2009 with the Sharpstown Civic Association. Many of those in attendance stated that they did not know what the District did and this is a huge issue that needs to be addressed. A strategy is being developed to address this during the second half of the year. Discussion ensued. Dr. Santos asked if the Board could be given a list of meetings similar to the one with the Sharpstown Civic Association. Dr. Garcia stated that the medical staff would be more than happy to participate in these meetings as well. Ms. Oddo stated that she would like to have the Board and medical staff join District staff at future meetings. Mr. DonCarlos stated that there is an enormous amount of misinformation out there and a good job has not been done in terms of relaying the quality of care given.

IX. Executive Session

At 11:13 a.m., Mr. DonCarlos stated that the Board would go into Executive Session under Section 161.032 of the Texas Health & Safety Code and Chapter 551 of the Texas Government Code Sections 071, 072, and 074. Mr. DonCarlos stated that the regular meeting of the Board would reconvene at the close of Executive Session.

Mr. Jackson left prior to reconvening from Executive Session.

X. Reconvene

At 1:13 p.m., Mr. DonCarlos reconvened the meeting and stated that no action was taken in Executive Session.

A. Report by Senior Vice President of Corporate Compliance regarding compliance with Medicare, Medicaid, HIPAA and other Federal and State Health Care Program Requirements and a Status of Fraud and Abuse Investigations, pursuant to Section 161.032 of the Texas Health & Safety Code

No action taken.

- B. Consideration of an Employment Agreement with the President/CEO, pursuant to Tex. Gov't Code Ann. §551.074 and Possible Action regarding this Matter upon Return to Open Session

Motion 09.9-124

Moved by Mr. Wortham, seconded by Mr. Franklin, and unanimously passed, that the Board adopt certain criteria for the performance pay portion of the CEO evaluation. The criteria include quality and risk management, finance, patient access and satisfaction, and leadership. (See Appendix "A")

- C. Consultation with the County Attorney regarding Cause No. 816,923; *Harris County Hospital District v. TexTac Partners I, et al*; In the County Civil Court at Law No. 2 of Harris County, Texas, pursuant to Tex Gov't Code Ann. §551.071 and Possible Action Regarding this Matter Upon Return to Open Session.

No action taken.

- D. Consultation with the County Attorney regarding Cause No. 2009-14838; *Silvia Vargas v. Baylor College of Medicine, et al*; In the 125th Judicial District Court of Harris County, Texas, pursuant to Tex. Gov't Code Ann. §551.071 and Possible Action Regarding this Matter Upon Return to Open Session.

Motion 09.9-125

Moved by Ms. Truesdell, seconded by Dr. Santos, and unanimously passed that the Harris County Hospital District, by and through its Board of Managers, approves the settlement and release of all claims related to Cause No. 2009-14838; *Silvia Vargas v. Baylor College of Medicine, et al*; In the 125th Judicial District Court of Harris County, Texas, according to the following terms:

Silvia Vargas shall pay to the Harris County Hospital District, \$52,500, which Harris County Hospital District will accept as payment in full for all accounts covered by its hospital lien filed on February 25, 2008. This settlement is conditioned on a dismissal with prejudice of all claims against the Harris County Hospital District. David S. Lopez, President/CEO is authorized to execute any agreement, release or other necessary documents to effect this settlement.

- E. Discussion regarding the Acquisition of Memorial Hermann Southwest Medical Facilities pursuant to Tex. Gov't Code Ann. Section 551.072 and Possible Action regarding this Matter Upon Return to Open Session

No action taken.

- F. Consultation with the County Attorney regarding including St. Joseph Medical Center in the Harris County UPL Regional Medicaid Program Pursuant to Tex. Gov't Code Ann. Section 551.071 and Possible Action regarding this Matter Upon Return to Open Session

Motion 09.9-126

Moved by Dr. Santos, seconded by Mr. Wortham, and unanimously passed, that the Board authorize the Harris County Hospital District to enter into an indigent care affiliation agreement with St. Joseph Medical Center subject to review from the County Attorney to participate in the Harris County UPL Regional Medicaid Program.

XI. Adjournment

Moved by Mr. Wortham, seconded by Ms. Truesdell, and unanimously accepted to adjourn the meeting.

There being no further business, the meeting adjourned at 1:16 p.m.

I certify that the foregoing are the Minutes of the Meeting of the Board of Managers of the Harris County Hospital District held at the Administration Building in Houston, Texas on September 24, 2009.

Mr. Stephen DonCarlos, Chair
Board of Managers

Mr. E. Dale Wortham, Secretary

Recorded by Christie Reno

CEO PERFORMANCE PAY CRITERIA
(Sect. 4.02 of Contract)
August 2009 – July 2010

Quality and Risk Management

Maintain full accreditation in all areas
Measurable improvement in core measures and mortality data
Improve internal controls, including billing
Magnet status progress

Finance

Optimize cost per unduplicated patient
Increase philanthropy and grants
Continue positive bottom line
Improve patient mix (pay vs no-pay)
Return on investment; opportunity cost

Patient Access and Satisfaction

Continue reduction in wait times at clinics and EDs
Increase patient satisfaction scores
Increase number of unduplicated patients
Full complement of physicians

Leadership

Management of capital assets
Continue construction progress, including updates to Board
Improve employee and physician satisfactions
Improve responsiveness and follow-through with Board
Enhance District reputation
Wellness promotion within Harris County
Complete strategic planning process with Board