

HARRISHEALTH SYSTEM

HARRIS HEALTH SYSTEM

MINUTES OF THE BOARD OF MANAGERS MEETING

Thursday, August 28, 2014

Board Room – Administration Building

Members Present:

Mr. Elvin Franklin, Jr., Chair
Ms. Daisy Stiner, Vice-Chair
Dr. George Santos, Secretary
Ms. Anne Clutterbuck
Mr. Lawrence Finder (arrived 9:25 a.m.)
Mr. TJ Tijerina
Ms. Carolyn Truesdell
Mr. E. Dale Wortham

Members Absent

Mr. Brandon Capetillo

Others Present:

Mr. George Masi, President & Chief Executive Officer
Mr. Michael Norby, Executive Vice President & Chief Financial Officer
Dr. Fred Sutton, Executive Vice President & Chief Medical Officer
Mr. Tim Tindle, Executive Vice President & Chief Information Officer
Dr. Yvonne Chu, General Director, Affiliated Medical Services
Dr. Tien Ko, Chairman, Medical Executive Board
Dr. Ericka Brown, Sr. Vice President & Administrator, Ambulatory Care Services
Dr. Robert Trenchel, Sr. Vice President & Administrator, Ben Taub General Hospital
Dr. Jessie L. Tucker, III, Sr. Vice President & Administrator, LBJ Hospital
Dr. Carmel Dyer, Chief of Staff, Lyndon B. Johnson General Hospital
Dr. Kenneth Mattox, Chief of Staff, Ben Taub General Hospital
Dr. Mohammad Zare, Chief of Staff, Community Health Program
Ms. Mercedes Leal, Attorney, Harris County Attorney's Office
Mr. DeWight Dopslauf, Purchasing Agent, Harris County Purchasing
Ms. Peggy Boice, Harris County Judge Ed Emmett's Office
Ms. Suzanne McPherson, Commissioner El Franco Lee's Office
Mr. Steve Brewer, Commissioner Steve Radack's Office
Administrative Staff
Guests
(Sign-in Sheets attached to permanent record)

I. Call to Order and Record of Attendance

Mr. Elvin Franklin, Jr., Chair, called the meeting to order at 9:08 a.m., and noted that a quorum was present. The attendance was recorded.

II. Approval of the Minutes of Previous Meeting

Motion 14.08-97

Moved by Ms. Daisy Stiner, seconded by Mr. TJ Tijerina, and unanimously passed that the Board approve the minutes of the July 31, 2014 Board of Managers meeting.

III. Announcements / Special Presentations

A. Special Recognition – Mr. George Masi, President and Chief Executive Officer, recognized Dr. Fred Sutton, Executive Vice President and Chief Medical Officer, and the Quality Programs and Accreditation Team for receiving an award from the Essential Hospital Engagement Network (EHEN) for quality improvement. Mr. Masi read the award letter from Dr. David Engler, Senior Vice President for Leadership and Innovation, America's Essential Hospitals, presenting Harris Health System with a \$12K check for the Essential Hospital Engagement Network 2014 Sprint to the Goal award. Dr. Sutton and Ms. Christie Griffin-Jones, Administrative Director, Health Quality and Outcomes, accepted the award on behalf of the Quality Programs and Accreditation Team. Mr. Franklin complimented Dr. Sutton on the work that the Quality Team has done.

IV. Hear from Citizens

Mr. Daniel Bustamante, chair of the Casa De Amigos Advisory Council-at-Large, requested that the Board continue its support of the community health clinics and hospitals. He reported that the Council-at-Large created a bylaws committee to revise the Council's bylaws and present the proposed changes of the bylaws to the Board. Mr. Bustamante also mentioned that the Council-at-Large created a committee to address issues concerning the Metropolitan Transit Authority of Harris County since a large number of Casa De Amigos' patients are dependent on public transportation.

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

Purchasing item A(2)t was PULLED.

Motion 14.08-98

Moved by Dr. George Santos, seconded by Ms. Stiner, and passed that the Board approve agenda items V.A(1)a through V.A(2)s and V.A(2)u. Mr. Lawrence Finder recused himself from the following purchasing items: V.A(1)a, V.A(1)c, V.A(1)k, V.A(1)o, V.A(1)p, V.A(1)u, V.A(1)x, V.A(1)y, V.A(1)z, V.A(1)aa, V.A(1)bb, V.A(1)cc, V.A(1)dd, V.A(1)ee, V.A(1)ff, V.A(1)gg, V.A(1)hh, V.A(1)ii, V.A(1)jj, V.A(1)kk, V.A(1)ll, V.A(1)mm, V.A(1)nn, V.A(1)oo, V.A(1)pp, V.A(1)qq, V.A(1)rr.

A. Items related to Purchasing.

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

- a. approve the third of four (4) renewal options for Alliant Insurance Services, Inc. to provide human resources consulting services in the estimated amount of \$256,500 for the term October 1, 2014 through September 30, 2015.
- b. approve provision for the Texas Workforce Commission (TWC) to provide current unemployment insurance wage record and claim benefit information and

access to TWC's electronic files in the amount of \$30,000 (\$6,000 annually) for a term of five (5) years.

- c. approve the fourth and final renewal option for Iron Mountain Information Management, Inc. to provide off-site storage and retrieval of business records in the estimated amount of \$150,000 for the term October 1, 2014 through September 30, 2015.
- d. approve purchase on the basis of low quote for Accudata Systems, Inc. [DIR-SDD-1643] to provide upgrades and support of Websense Web Security Software and Hardware in the estimated amount of \$206,245 for a three-year subscription term.
- e. ratify an exemption from the competitive bid requirements and renewal for St. Luke's Episcopal Hospital to provide hospital services in the estimated amount of \$125,000 for the term August 15, 2014 through August 14, 2015.
- f. approve utilization for Mint Medical Physician Staffing, L.P., Physicians Resources, Inc., and Staff Care, Inc. to provide locum physicians for outlying clinics in the estimated multi-vendor amount of \$200,000 for the term February 9, 2014 through February 8, 2015.
- g. approve the second of four (4) renewal options for DSG, Inc., a Texas Corporation d/b/a Sign Shares, to provide interpreter services for the hearing impaired in the estimated amount of \$466,000 for the term September 1, 2014 through August 31, 2015.
- h. approve utilization for FleetCor Technologies Operating Company, LLC to provide fleet fuel monitoring and dispensing system in the estimated amount of \$352,000 for the term August 28, 2014 through July 31, 2015.
- i. ratify renewal for Network Sciences, Inc. to provide Joint Eligibility Software System in the estimated amount of \$366,426 for the term August 22, 2014 through August 21, 2015.
- j. approve purchase on the basis of low quote for Novacoast, Inc. [DIR-SDD-1917] to provide maintenance for Symantec Anti-Virus Software in the amount of \$112,420 for the term September 30, 2014 through September 29, 2015.
- k. approve purchase on the basis of only quote for IBM through Mark III Systems Incorporated [DIR-SDD-2106] to provide maintenance for IBM Enterprise Wide Hardware and Software in the estimated amount of \$504,320 for the term September 1, 2014 through August 31, 2015.
- l. approve renewal for Legacy Data Access, Inc. to provide mainframe data hosting services in the estimated amount of \$112,800 for the term August 25, 2014 through August 24, 2015.
- m. ratify the first of three (3) renewal options for C.L. Davis and Associates to provide land surveying services in the estimated amount of \$150,000 for the term August 20, 2014 through August 19, 2015.
- n. ratify the first of four (4) renewal options for Lee Construction and Maintenance d/b/a LMC Corporation (Primary) and AMS of Houston, LLC (Secondary) to

- provide plumbing and/or plumbing-related projects in the estimated multi-vendor amount of \$487,875 for the term August 26, 2014 through August 25, 2015.
- o. approve the second of three (3) renewal options for PBK to provide architectural services in the estimated amount of \$350,000 for the term September 6, 2014 through September 5, 2015.
 - p. approve additional (budgeted) funds for HDR Architecture, Inc. to provide architectural and engineering services for the old Ben Taub Hospital in the estimated additional budgeted amount of \$290,512. (Board previously approved funds in the amount of \$3,829,447).
 - q. approve the guaranteed maximum price for JE Dunn Construction to provide construction manager at risk for the conversion of semi-private rooms at Lyndon B. Johnson Hospital in the amount of \$1,490,264 (\$1,415,264 – construction price / \$75,000 owner contingency).
 - r. approve the guaranteed maximum price for JE Dunn Construction to provide construction manager at risk for the conversion of semi-private rooms at Ben Taub Hospital in the amount of \$1,495,489 (\$1,420,489 – construction price / \$75,000 owner contingency).
 - s. approve an exemption from the competitive bid requirements for Burns DeLatte & McCoy, Inc. to provide engineering and design services at Lyndon B. Johnson Hospital in the estimated amount of \$525,000 for a one (1) year initial term with two (2) one-year renewal options.
 - t. approve award on the basis of lowest complete bid meeting specifications for Texas Access Controls to provide preventative maintenance and inspection services of automatic doors in the estimated amount of \$314,544 for the term September 1, 2014 through August 31, 2015 with four (4) one-year renewal options.
 - u. ratify the first of four (4) renewal options for Grainger to provide maintenance, repair and operation equipment and supplies in the estimated amount of \$997,500 for the term August 15, 2014 through August 14, 2015.
 - v. ratify the fourth and final renewal option for Amtech Elevator Services to provide maintenance and service of elevators/lift equipment in the estimated amount of \$454,773 for the term August 1, 2014 through July 31, 2015.
 - w. approve the second of four (4) renewal options for Gulf Coast II Lithotripsy, L.P. to provide mobile lithotripsy services in the estimated amount of \$265,000 for the term October 19, 2014 through October 18, 2015.
 - x. rescind award for LifeCell Corporation to provide porcine hernia grafts.
 - y. approve purchase on the basis of best contract for LifeCell Corporation [PP-OR-1034] to provide biological mesh products in the estimated amount of \$400,000 for the term August 28, 2014 through September 30, 2015.
 - z. ratify purchase on the basis of best contracts for Systagenix Wound Management (US) Inc. [PP-AC-082] (\$7,485 – Item 53), Hollister Incorporated (US) [PP-AC-078] (\$12,033 – Items 14-16), Coloplast Corp. [PP-AC-075] (\$30,730 – Items 48-

- 50), Medline Industries, Inc. [PP-AC-080] (\$82,226 – Items 43-47), ConvaTec, Inc. [PP-AC-076] (\$185,785 – Items 1-13, 51), Molnlycke Health Care US, LLC [PP-AC-081] (\$416,000 – Items 17-33, 35-42, 52) to provide patient skin cleansing products in the estimated multi-vendor amount of \$734,259 for the term June 1, 2014 through May 30, 2015.
- aa. approve awards on the basis of best proposals meeting requirements for Derma Sciences, Inc. (\$18,563 – Items 11-12, 34-40), 3M Company (\$73,478 – Items 1-10), ACell, Inc. (\$75,000 – Items 13-33) to provide wound care and patient cleansing products in the estimated multi-vendor amount of \$167,041 for a one-year initial term with four (4) one-year renewal options.
 - bb. ratify on the basis of best contracts for AMD-Ritmed Inc. [PP-OR-1097] (\$9,227 – Items 1-11), Cardinal Health 200, LLC [PP-OR-1099] (\$95,545 – Items 12-15) to provide lap sponges, OR towels and specialty sponges in the estimated multi-vendor amount of \$104,771 for the term June 1, 2014 through May 31, 2015.
 - cc. ratify on the basis of best contract for Bard Access Systems, Inc. [PP-NS-830] to provide peripherally inserted central catheters (PICCs) and midlines in the estimated amount of \$773,526 for the term July 1, 2014 through June 30, 2015.
 - dd. ratify on the basis of lowest and/or best contracts for Arrow International, Inc. (Teleflex) [PP-NS-837] (\$58,052 – Items 1-5), Edwards Lifesciences, LLC [PP-NS-835] (\$258,290 – Items 7-18, 20-24) to provide hemodynamic monitoring products in the estimated multi-vendor amount of \$316,342 for the term July 1, 2014 through June 30, 2015.
 - ee. ratify on the basis of best contract for Patterson Medical Supply, Inc. [PP-AC-093] – Option 2 to provide physical therapy products in the estimated amount of \$164,705 for the term March 1, 2014 through February 28, 2015.
 - ff. rescind award for Smiths Medical ASD, Inc. to provide Safety IV catheters.
 - gg. ratify on the basis of best contracts for B Braun Medical Inc. [PP-NS-790] (\$1,499 – Items 21-22), Becton, Dickinson and Company [PP-NS-789] (\$38,966 – Items 10-20), Smiths Medical ASD, Inc. [PP-NS-791] (\$168,140 – Items 1-9) to provide Safety IV Catheters in the estimated multi-vendor amount of \$208,605 for the term April 1, 2014 through September 30, 2014.
 - hh. approve provision for CareFusion Solutions, LLC to provide large volume infusion pumps in the estimated amount of \$527,218.
 - ii. approve purchase on the basis of best contract for Hamilton Medical, Inc. [PP-MM-264] to provide six (6) Intensive Care Unit ventilators in the amount of \$209,179.
 - jj. approve purchase on the basis of best contract for Hamilton Medical, Inc. [PP-MM-264] to provide fourteen (14) transport ventilators in the amount of \$317,144.
 - kk. approve purchase on the basis of best contract for Draeger Medical, Inc. [PP-MM-263] to provide six (6) neonatal ventilators in the amount of \$151,165.

- ll. approve the second of four (4) renewal options for STERIS Corporation to provide support services for sterilization equipment in the estimated amount of \$178,591 for the term October 1, 2014 through September 30, 2015.
 - mm. approve purchase on the basis of single source contract for Olympus America, Inc. [PP-OR-778] to provide a pulmonary endoscopic ultrasound processor and scope in the amount of \$154,868.
 - nn. approve purchase on the basis of single source contract for Philips Healthcare [PP-MM-166] to provide four (4) wireless antennae and three (3) clients for physiological monitoring in the amount of \$214,826.
 - oo. approve purchase on the basis of best contract for Hologic, Inc. [PP-IM-203] to provide one (1) mobile coach mammography unit in the amount of \$215,000 (grant funds).
 - pp. approve additional (budgeted) funds and an extension for Becton, Dickinson and Company through BD Biosciences to provide flow cytometry analyzers, reagents, consumables and services in the additional (budgeted) amount of \$139,662 for the extended term November 1, 2014 through April 30, 2015. (Board previously approved funding in the amount of \$397,973 for the term April 24, 2013 through October 31, 2014).
 - qq. approve additional (budgeted) funds and an extension for Siemens Healthcare Diagnostics, Inc. [PP-LA-335] to provide chemistry and immunochemistry analyzers/integrated platform – automation, reagents, consumables and service (CENTAUR) in the additional (budgeted) amount of \$665,406 for the extended term October 1, 2014 through September 30, 2015. (Board previously approved funding in the amount of \$3,666,961 for the term September 13, 2012 through September 30, 2014).
 - rr. approve additional (budgeted) funds and an extension for Siemens Healthcare Diagnostics, Inc. [PP-LA-335] to provide chemistry and immunochemistry analyzers/integrated platform – automation, reagents, consumables and service (VISTA) in the additional (budgeted) amount of \$1,638,627 for the extended term October 1, 2014 through September 30, 2015. (Board previously approved funding in the amount of \$6,126,207 for the term September 13, 2012 through September 30, 2014).
 - ss. approve the first of four (4) renewal options for ABM Janitorial Services – South Central, Inc. and Caring Commercial Cleaning, Inc. to provide janitorial services in the estimated multi-vendor amount of \$571,930 for the term October 1, 2014 through September 30, 2015.
- A (2). Transmittals of Completed Items **[For Informational Purposes]**
- a. transmittal of the first of four (4) renewal options for Hewitt EnnisKnupp, Inc. to provide investment consultant services for 401(k) Plan, 457(b) Plan and Pension Plan in the estimated amount of \$95,931 for the term October 1, 2014 through September 30, 2015.
 - b. transmittal of exemption from competitive bid requirements for SpiveyHealthLaw to provide consultative services relating to the DSH/Medicaid Waiver Program in the

- estimated amount of \$78,500 for the term October 1, 2014 through September 30, 2015 with two (2) one-year renewal options.
- c. transmittal of purchase for Oracle America, Inc. [DIR-TSO-2539] to provide PeopleSoft upgrade consulting services in the estimated amount of \$50,090.
 - d. transmittal of purchase on the basis of sole source for Epic Systems Corporation to provide additional cache licenses in the estimated amount of \$94,088.
 - e. transmittal of purchase on the basis of low quote for MTM Technologies [DIR-SDD-1585] to provide 200 additional Citrix XenApp licenses in the amount of \$82,874.
 - f. transmittal of the first of four (4) renewal options for Performance Logic, Inc. to provide Medicaid 1115 Waiver project tracking management software in the estimated amount of \$82,500 for the term July 1, 2014 through June 30, 2015.
 - g. transmittal of additional (budgeted) funds for Shared Technologies Inc. to provide maintenance of telephone and voice communications systems in the additional (budgeted) amount of \$53,239 for the term June 1, 2014 through May 31, 2015. (Board previously approved funds in the amount of \$915,464 for the term June 1, 2014 through May 31, 2015).
 - h. transmittal of purchase on the basis of sole source for ExitCare, LLC to provide maintenance and support for ExitCare software in the estimated amount of \$52,000 for the term June 9, 2014 through June 8, 2015.
 - i. transmittal of purchase on the basis of sole source for Verge Solutions, LLC to provide software license for medical records audit and accreditation system in the estimated amount of \$61,000 for the term September 1, 2014 through August 31, 2015.
 - j. transmittal of purchase on the basis of best offer for IDN-Acme, Inc. to provide pharmacy safes in the amount of \$53,174.
 - k. transmittal of purchase on the basis of sole source for Bio-Rad Laboratories, Inc. to provide multispot HIV-1/HIV-2 Rapid Test Kits and processing equipment in the estimated amount of \$63,375 for the term October 1, 2014 through September 30, 2015.
 - l. transmittal of utilization for Sun Coast Resources, Inc. to provide diesel fuel in the estimated amount of \$75,000 for the term August 28, 2014 through June 30, 2015.
 - m. transmittal of the first of four (4) renewal options for Loftin Equipment Company to provide maintenance, inspection, repair and rental of emergency generators in the estimated amount of \$67,026 for the term September 1, 2014 through August 31, 2015.
 - n. transmittal of the first of four (4) renewal options for MAR COR Purification to provide deionized water services in the estimated amount of \$81,614 for the term July 25, 2014 through July 24, 2015.
 - o. transmittal of award on the basis of only proposal received for Derma Sciences, Inc. to provide wound care contact cast system supplies in the amount of \$65,100 for a one-year initial term with four (4) one-year renewal options.

- p. transmittal of award on the basis of best contract for Welch Allyn, Inc. through Cardinal Health [PP-NS-820] to provide electronic thermometry in the estimated amount of \$83,471 for the term June 1, 2014 through May 31, 2015.
- q. transmittal of award on the basis of product standardization for Philips Healthcare [PP-MM-166] to provide thirty-one (31) vital signs monitors in the amount of \$72,104.
- r. transmittal of additional (budgeted) funds for Universal Ophthalmic Instruments, Inc. to provide eye exam and eye care equipment in the estimated additional (budgeted) amount of \$64,887. (Board previously approved funds in the amount of \$353,000).
- s. transmittal of purchase on the basis of lowest priced contract for Physical Enterprise, Inc. [PP-AC-089] to provide physical therapy equipment in the amount of \$70,252.
- t. **PULLED**
- u. transmittal of the second of four (4) renewal options for Greater Houston Transportation Company, Options 1A, 1B, 2A and 2B, to provide transportation services in the estimated amount of \$75,000 for the term September 1, 2014 through August 31, 2015.

{End of Consent Agenda}

Motion 14.08-99

Moved by Mr. Tijerina, seconded by Ms. Stiner, and unanimously passed that the Board approve agenda items V.B. through V.P.

- B. Approval of an Affiliation Agreement between Harris County Hospital District d/b/a Harris Health System and Nursepreneur Global Educational Oasis, PLLC of Houston, Texas (Certificate in Hemodialysis Training Program).
- C. Approval an Affiliation Agreement between Harris County Hospital District d/b/a Harris Health System and Houston Community College District (Phlebotomy Technician Certificate Program).
- D. Approval of an Affiliation Agreement between Harris County Hospital District d/b/a Harris Health System and Rice University (Emergency Medical Technician (Basic and Advanced) Certificate Program).
- E. Approval of an Affiliation Agreement between Harris County Hospital District d/b/a Harris Health System and College of the Mainland (Associate of Applied Science in Health Information Technology Program).
- F. Approval of an Affiliation Agreement between Harris County Hospital District d/b/a Harris Health System and Sanford-Brown College, Houston (Surgical Technology Associate of Applied Science Degree Program).
- G. Approval to Accept a Grant of \$150,535 for Case Management Services between Harris County Hospital District d/b/a Harris Health System and the Texas Department of State Health Services.

- H. Approval to Accept a Grant of \$35,000 for Tuberculosis Prevention and Control Services between Harris County Hospital District d/b/a Harris Health System and the Texas Department of State Health Services.
- I. Approval of an Amended Grant of \$97,573 between Harris County Hospital District d/b/a Harris Health System and the Texas Department of State Health Services for Case Management Services.
- J. Approval to Accept a Grant of \$715,000 for Title V Child Health Services between Harris County Hospital District d/b/a Harris Health System and the Texas Department of State Health Services (DSHS).
- K. Approval to Accept a Grant of \$98,948 for Title V Maternal Health and Maternal Dental Services between Harris County Hospital District d/b/a Harris Health System and the Texas Department of State Health Services (DSHS).
- L. Approval to Accept a Grant of \$140,130 for Epilepsy Services between Harris County Hospital District d/b/a Harris Health System and the Texas Department of State Health Services.
- M. Approval to Accept a Grant of \$80,565 from the Harris County Hospital District Foundation Awarded to Harris County Hospital District d/b/a Harris Health System to Benefit the Children's Health Fund 2014 School Based Mental Health Promotion Project.
- N. Approval to Accept a Grant of \$12,890 from the Harris County Hospital District Foundation Awarded to Harris County Hospital District d/b/a Harris Health System to Benefit the Children's Health Fund – Girls on the Run Enhancement.
- O. Approval of Participating Agreements between the Harris County Hospital District d/b/a Harris Health System and the Assistant Secretary for Preparedness and Response (ASPR) – Healthcare Preparedness Program (HPP) for ASPR Year Thirteen.
- P. Approval of a Trauma Resolution from the Harris County Hospital District d/b/a Harris Health System.

VI. Reports of the Committees

A. Joint Conference Committee

Motion 14.08-100

Moved by Ms. Stiner, seconded by Dr. Santos, and unanimously passed that the Board approve agenda item VI.A.1.

1. Approval Regarding the Credentialing Changes for Members of the Harris Health System Medical Staff (August 2014).

Dr. Tien Ko, Director, Medical Executive Board, presented the credentialing changes for members of the Harris Health System medical staff. He stated that no pending items exist at this time.

Motion 14.08-101

Moved by Mr. Franklin, seconded by Mr. Tijerina, and unanimously passed that the Board approve agenda item VI.A.2.

2. Approval of the Recommendation Regarding the General Physician Assistant/Nurse Practitioner Core Privilege Form.

Dr. Ko presented the General Physician Assistant/Nurse Practitioner Core Privilege Form. A copy of the form is available in the permanent record.

B. Performance Improvement & Patient Safety Committee

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

Dr. Sutton presented the Harris Health System Quality Executive Summary and Scorecard. He reported that core measures met or were within 5 percent of the benchmark. Dr. Sutton also stated that patient satisfaction rates met or were within 5 percent of the benchmark, despite challenges with quietness, cleanliness and communication with patients. He announced the launch of the physician satisfaction survey, which will occur September 22, 2014 through October 12, 2014, and coincides with the employee satisfaction survey. Dr. Santos reported the commencement of a project to determine the most effective manner of reporting real-time and downstream infection data. He estimated that this project will take seven (7) months to complete. Dr. Santos stated that the Quality Performance Plan is being revised and that the proposed revisions include listing physician hospital chiefs of staff as voting members of the Quality Review Committee (QRC). A copy of the report is available in the permanent record.

C. Budget & Finance Committee

Motion 14.08-102

Moved by Ms. Anne Clutterbuck, seconded by Ms. Carolyn Truesdell, and unanimously passed that the Board approve agenda items VI.C.1. through V.C.3.

1. Acceptance of the Harris Health System July 2014 Financial Report Subject to Audit.

Mr. Michael Norby, Executive Vice President and Chief Financial Officer, presented the Harris Health System July 2014 Financial Report. He stated that volume was 8 percent over budget for the month. Mr. Norby reported that revenue for the month was favorable by \$10.7M due to the timing of DSRIP receipts. He noted that operating expenses were unfavorable by \$800K. Mr. Norby also stated that the margin was \$9.9M favorable for the month and \$5.1M favorable year-to-date. A copy of the report is available in the permanent record.

2. Acceptance of the Harris Health System July 2014 Pension Plan Report Subject to Audit.

Mr. Norby presented the Harris Health System July 2014 Pension Report. A

copy of the report is available in the permanent record.

3. Acceptance of the Harris Health System July 2014 Investment Report.

Mr. Norby presented the Harris Health System July 2014 Investment Report. A copy of the report is available in the permanent record.

Motion 14.08-103

Moved by Mr. Tijerina, seconded by Mr. E. Dale Wortham, and passed that the Board approve agenda item VI.C.4. Seven (7) in favor; one (1) abstained.

4. Approval to Amend the Agreement with Gjerset & Lorenz, LLP.

Mr. Norby led the discussion regarding amendment of the agreement with Gjerset & Lorenz, LLP. Dr. Santos questioned why Harris Health System is approving Health Care Compliance Strategies' (HCCS) attorneys since Harris Health has a tenuous relationship with HCCS. Mercedes Leal, Attorney, Harris County Attorney's Office, stated that Harris Health has had an attorney/client relationship with Gjerset & Lorenz since 2005. Mr. Masi and Mr. Franklin recommended that Gjerset & Lorenz appear before the Board to reintroduce themselves to assuage any concerns the Board may have. Mr. Lawrence Finder stated that Harris Health should have a written conflict of interest waiver policy and requested a rider to the engagement letter waiving conflict with Gjerset & Lorenz. Ms. Truesdell requested clarification about how fee payments are allocated between private hospital systems and Harris Health. Mr. Norby responded that fees are allocated in thirds to each of the participating hospitals.

Motion 14.08-104

Moved by Ms. Stiner, seconded by Mr. Wortham, and unanimously passed that the Board approve agenda items VI.C.5.

5. Approval to Ratify an Indigent Care Affiliation Agreement between Harris County Hospital District/d/b/a Harris Health System and Park Plaza Hospital, effective July 31, 2014.

Mr. Norby presented the Indigent Care Affiliation Agreement between Harris Health System and Park Plaza Hospital, effective July 31, 2014. A copy of the agreement is available in the permanent record.

6. Presentation of the July 2014 Financial Statements of Community Health Choice, Inc.

Mr. Kenneth Janda, President and CEO, Community Health Choice, Inc. (CHC), stated that CHC was ahead of budget and exceeded 250K in membership for the month. He also indicated that the addition of new counties, such as Fort Bend, Brazoria and Montgomery, into CHC have presented greater opportunity for increased membership due to the growth of low-income residents. Ms. Anne Clutterbuck requested that in September the Board receive a report on statewide Children's Health Insurance Program (CHIP), Medicare and Affordable Care Act participation numbers. Mr. Janda stated that CHC's net income is \$9.5M year-to-date and predicted that the net income will be \$10M ahead of budget for the

year. He reported a loss of \$403K for the month, which was due to increased administrative expenses because of an annual employee incentive payout and the use of an outside company for third-party recoveries. A copy of the report is available in the permanent record.

D. Legislative Committee

1. Update, Discussion and Possible Action Regarding Activities in Austin Relating to Legislative/Regulatory Issues Impacting Harris Health System, the 84th Legislative Session, and the Harris Health System Legislative Platform.

Mr. R. King Hillier, Vice President, Public Policy and Government Relations, led the discussion regarding activities in Austin relating to legislative and regulatory issues impacting Harris Health System, the 84th Legislative Session, and the Harris Health legislative platform. He stated that on September 27, 2014, Dr. Parikshet Babber, Senior Vice President of Medical Affairs, was nominated to participate in a state-mandated Medicaid oversight medical care advisory committee. Mr. Hillier highlighted the proposed legislative platform included in the Board packets but stated that the Board is not expected to take action regarding the platform until October. He noted that the platform includes issues such as: creation of a Texas solution for Medicaid and CHIP insurance coverage expansion, continuation of the existing 1115 Waiver, and opposition to legislative or regulatory mandates of intergovernmental transfers. Mr. Hillier stated that there is a new legislative proposal in support of Harris Health automatically enrolling employees in a 401(k) plan or other deferred compensation plans with an employee opt-out provision. Ms. Clutterbuck proposed that the Board members submit a listing to Mr. Hillier of legislators and key staffers they are in contact with so that the Board may assist in promoting legislation beneficial to Harris Health.

2. Update, Discussion and Possible Action Regarding Pending Federal Legislative and Policy Issues Affecting Harris Health System.

Mr. Hillier led the discussion regarding pending federal legislative and policy issues affecting Harris Health System. He reported that a meeting is still scheduled to occur in September between Harris Health, the Health Resources and Services Administration (H.R.S.A.), the Office of Pharmacy Administration and the Centers for Medicare and Medicaid Services (CMS). Mr. Hillier stated that he is collaborating with Congressmen Gene Green, Pete Olson and Kevin Brady to obtain a joint letter in support of Ken Janda's participation on the Medicaid and CHIP Payment and Access Commission (MACPAC). Mr. Hillier also announced that the American Hospital Association (AHA) has requested that he serve on its newly-created 340B steering committee.

E. Corporate Compliance Committee

1. Compliance Education – Part II: Fraud and Abuse Update [**Board Education**]

Mr. Terry Reeves, Senior Vice President, Corporate Compliance, delivered the presentation: "Fraud and Abuse Update." He reported that of the \$3.8B that the federal government collected in judgments and settlements related to fraud and abuse in 2013, 65 percent of those cases were related to health care. Mr. Reeves outlined the provisions of the False Claims Act (FCA) and the Anti-Kickback Statute (AKS) and provided examples of violations of each regulation. A copy of the presentation is available in the permanent record.

VII. Executive Session

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

VIII. Reconvene

At 11:18 a.m., Mr. Franklin reconvened the meeting and stated that no action was taken in Executive Session.

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

No action was taken.

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

No action was taken.

- C. Consultation with the County Attorney Regarding Cause No. 2013-65292; *Vanessa Montoya v. Harris County Hospital District*; In the 157th Judicial District Court of Harris County, Texas, pursuant to Texas Gov't Code Ann. §551.071, and Possible Action Regarding this Matter Upon Return to Open Session.

Motion 14.08-105

Moved by Ms. Truesdell, seconded by Dr. Santos, and unanimously passed that the Board approve agenda item VIII.C.

The Harris County Hospital District d/b/a Harris Health System ("Harris Health"), by and through its Board of Managers, approves and hereby authorizes settlement in connection with Cause No. 2013-65292; *Vanessa Montoya v. Harris County Hospital District*; in the 157th Judicial District Court of Harris County, Texas, in the amount of \$30,000.00 payable to Vanessa Montoya and The Law Offices of Filteau & Sullivan, LTD., LLP. George V. Masi, President/CEO, is authorized to execute any

agreement, release or any other necessary documents to effect this settlement.

IX. Adjournment

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

There being no further business, the meeting adjourned at 11:21 a.m.

I certify that the foregoing are the Minutes of the meeting of the Board of Managers of the Harris County Hospital District d/b/a Harris Health System held at the Administration Building in Houston, Texas on August 28, 2014.

Respectfully submitted,

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

Dr. George Santos, Secretary
Board of Managers

Recorded by Kenya Shields