

HARRIS HEALTH SYSTEM

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MINUTES OF THE SPECIAL CALLED BOARD OF MANAGERS MEETING

Thursday, January 14, 2016

Board Room – Administration Building

Members Present:

Mr. Elvin Franklin, Jr., Chair
Ms. Anne Clutterbuck, Secretary
Mr. Lawrence Finder
Dr. Kimberly Monday
Ms. Carolyn Truesdell

Members Absent:

Ms. Daisy Stiner, Vice-Chair
Mr. Brandon Capetillo
Mr. E. Dale Wortham

Others Present:

Mr. George Masi, President & Chief Executive Officer
Mr. Michael Norby, Executive Vice President & Chief Financial Officer
Dr. Parikshet Babber, Executive Vice President & Chief Medical Officer
Mr. Tim Tindle, Executive Vice President & Chief Information Officer
Dr. Ericka Brown, Executive Vice President & Administrator, Ben Taub General Hospital
Dr. Michael Gardner, Executive Vice President & Administrator, Ambulatory Care Services
Dr. Jessie L. Tucker, III, Executive Vice President & Administrator, Lyndon B. Johnson General Hospital
Dr. Jose Garcia, General Director, Affiliated Medical Services
Dr. Maya Suresh, Chair, Medical Executive Board
Dr. Carmel Dyer, Chief of Staff, Lyndon B. Johnson General Hospital
Dr. Kenneth Mattox, Chief of Staff, Ben Taub General Hospital
Dr. Mohammad Zare, Chief of Staff, Ambulatory Care Services
Ms. Mercedes Leal, Attorney, Harris County Attorney's Office
Mr. DeWight Dopslauf, Purchasing Agent, Harris County Purchasing
Ms. Peggy Boice, Harris County Judge Ed Emmett's Office
Mr. Paul Shanklin, Commissioner Jack Cagle's Office
Administrative Staff
Guests
(Sign-in Sheets attached to permanent record)

I. Call to Order and Record of Attendance

Mr. Elvin Franklin, Jr., Chair, called the meeting to order at 10:55 a.m., and noted that a quorum was present. The attendance was recorded.

II. Review and Discussion Regarding the Proposed Harris Health System FY2017

Operating and Capital Budget

Mr. George Masi, President and Chief Executive Officer, presented an overview of Fiscal Year 2016 (FY2016) and the measures that Harris Health implemented to decrease the initial projected budget deficit of \$71M. He stated that the deficit mitigation measures included: 1) a reduction in force and full-time equivalents; 2) a reduction in executive salaries; 3) a reduction in supply chain services; 4) the elimination of surgical outsourcing; 5) a reduction in patient volume; and 6) a reduction in the use of premium labor. Mr. Masi explained that these measures, in addition to Harris Health's receipt of \$14M in unanticipated tax revenue, will allow Harris Health to achieve an almost breakeven budget for FY2016.

Mr. Masi announced that Harris Health is projected to have an \$8M budget deficit for Fiscal Year 2017 (FY2017). He stated that two major drivers for Harris Health during FY2017 will be: 1) the effect of the national elections upon Medicaid expansion and the future of the Affordable Care Act (ACA); and 2) the reversion of the Affiliated Medical Services contract back to Harris Health, which will result in an additional \$65M in annual costs for the organization. Mr. Masi forecasted that the proposed FY2017 budget will not include the elimination of clinical programs or further modifications to Harris Health's patient eligibility criteria as related to the Federal Poverty Level (FPL).

Ms. Carolyn Truesdell stated that it was not the Board's intent for the deficit mitigation measures implemented by Harris Health during FY2016 to result in a decrease in the number of patient days and in the number of unduplicated patients. She stated that the Board must be completely informed regarding policy decisions that will consequently affect patient volumes and recommended that Harris Health's administration seek a greater level of input from its physicians to determine how modifications can be made with the least amount of patient impact. Ms. Truesdell requested that the proposed FY2017 budget documentation reflect the numbers of unduplicated patients between Fiscal Year 2011 and FY2017. She further stated that the Board would benefit from a discussion regarding the significance of the decrease in unduplicated patients in contrast to the increase in Harris Health's primary care visits. Mr. Masi responded that Harris Health's resources are overextended due to the following factors: 1) the dramatic increase in Harris Health's primary care services five (5) years ago as a result of Harris Health's participation in the Delivery System Reform Incentive Payment program; and 2) the state legislature's failure to implement a Medicaid expansion program, which would allow Harris Health to collect \$85M in Medicaid funds for uninsured patient care. He stated that the measures that Harris Health enacted to reduce its budget deficit in FY2016 cannot be replicated and that patient volumes must continue to be adjusted to maintain the integrity of the organizational platform. Mr. Masi stated that in addition to providing patient care, Harris Health is overdue for capital improvements for its aging platform and that it must determine how to complete these projects without compromising patient safety and quality of care. Mr. Elvin Franklin, Jr. emphasized that Harris Health's mission is to provide healthcare for the underserved populations of Harris County and that there must a greater level of transparency between Harris Health's administration and the Board when examining the operational aspects of the organization.

Mr. Norby stated that the decline in Harris Health's adjusted patient days can be attributed to the reduction in the number of patient beds as Ben Taub General Hospital and Lyndon

B. Johnson General Hospital continue to undergo their semi-private room conversions. He projected that in FY2017, specialty clinic visits will experience a slight decline while primary care visits are expected to remain steady. Mr. Norby estimated that the number of unduplicated patients will remain stable at approximately 320,000. He estimated that the adjustment in Harris Health's patient eligibility criteria relating to the FPL will generate an additional \$22M in patient service revenue.

Mr. Norby announced that as of December 31, 2015, Community Health Choice, Inc. registered 2,000 new members. He stated that currently there are a total of 5,000 new registrants and he anticipated that the amount of new members will continue to increase as the end of the ACA open enrollment period approaches on January 31, 2016. Mr. Michael Hill, Senior Vice President of Revenue Cycle, stated that 500 patients have registered for the MY Harris Health self-pay program. He reminded the Board that MY Harris Health does not have a registration deadline and he stated that he expects the number of registrants to increase over time. Mr. Norby stated that Harris Health will not know exactly how many of the 19,000 patients who are eligible for the ACA and MY Harris Health are registered for these programs until late February 2016. Mr. Masi stated that the Board will be presented with monthly updates regarding the registration numbers for both the ACA and MY Harris Health.

Mr. Norby stated that the proposed FY2017 capital budget will total \$60M. Ms. Truesdell requested that the Board receive a detailed itemization of the costs for each capital category and their respective projects for the January 28, 2016 Board meeting. Ms. Anne Clutterbuck offered to accompany Mr. Norby when he meets with Mr. William Jackson, Executive Director and County Budget Officer, Harris County Budget Management Department, to discuss Harris Health's proposed FY2017 budget. A copy of the proposed Harris Health System FY2017 budget is available in the permanent record.

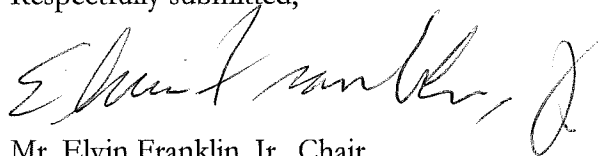
III. Adjournment

Moved by Mr. Lawrence Finder, seconded by Dr. Kimberly Monday, and unanimously accepted to adjourn the meeting.

There being no further business, the meeting adjourned at 11:41 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 January 14, 2016.

Respectfully submitted,



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



Ms. Anne Clutterbuck, Secretary
Board of Managers

Recorded by Kenya Shields