

BOARD OF TRUSTEES

Budget and Finance Committee

Thursday, May 16, 2024
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 | Ms. Marcia Johnson | 1 min |
| II. | <u>Approval of the Minutes of Previous Meeting</u> | Ms. Marcia Johnson | 1 min |
| | <ul style="list-style-type: none"> • <u>Budget and Finance Committee Meeting – February 15, 2024</u> | | |
| III. | Financial Matters | Ms. Marcia Johnson | 21 min |
| A. | <u>Consideration of Acceptance of the Harris Health System Second Quarter Fiscal Year 2024 Investment Report</u>
<u>– Ms. Victoria Nikitin</u> | | (5 min) |
| B. | <u>Consideration of Acceptance of the Harris Health System First Quarter Calendar Year 2024 Pension Plan Report</u>
<u>– Ms. Victoria Nikitin</u> | | (5 min) |
| C. | <u>2023 Annual Report of the 401k and 457b Administrative Committee Activities to the Harris Health System Board of Trustees – Ms. Victoria Nikitin</u> | | (5 min) |
| D. | <u>2023 Annual Report of the Pension and Disability Committee Activities to the Harris Health System Board of Trustees</u>
<u>– Ms. Victoria Nikitin</u> | | (5 min) |
| E. | <u>Annual Interest Rate Management Agreement Disclosure [Information Only] – Ms. Victoria Nikitin</u> | | (1 min) |

IV. New Business	Ms. Marcia Johnson	5 min
<p>A. <u>Consideration of Recommendation for Approval of the 2024-2025 Budget and Finance Committee Goals to the Harris Health System Board of Trustees – <i>Ms. Victoria Nikitin</i></u></p>		
V. Executive Session	Ms. Marcia Johnson	25 min
<p>A. <u>Review of the Community Health Choice, Inc. and Community Health Choice Texas, Inc. Financial Performance for the Three Months Ending March 31, 2024, Pursuant to Tex. Gov’t Code Ann. §551.085 – <i>Ms. Lisa Wright, CEO and Ms. Anna Mateja, CFO, Community Health Choice</i></u></p>		(10 min)
<p>B. <u>Consideration of Recommendation for Approval to Renew the Existing Internal Line of Credit Between Community Health Choice, Inc. and Community Health Choice Texas, Inc. in Accordance with the Requirements of the Bylaws, Pursuant to Tex. Gov’t Code Ann. §551.085 – <i>Ms. Lisa Wright, CEO and Ms. Anna Mateja, CFO, Community Health Choice</i></u></p>		(15 min)
VI. Reconvene	Ms. Marcia Johnson	1 min
VII. Adjournment	Ms. Marcia Johnson	1 min

HARRIS HEALTH SYSTEM
MINUTES OF THE BOARD OF TRUSTEES
BUDGET & FINANCE COMMITTEE MEETING
Thursday, February 15, 2024
9:00 AM

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
I. Call to Order and Record of Attendance	Ms. Carol Paret, Presiding Officer, called the meeting to order at 9:01 a.m. It was noted there was a quorum present and the attendance was recorded. The meeting may be viewed online through the Harris Health website: http://harrishealthtx.swagit.com/live .	
II. Approval of the Minutes of Previous Meeting Budget and Finance Committee Meeting – November 9, 2023		Moved by Ms. Jennifer Tijerina, seconded by Ms. Carol Paret, and unanimously approved the minutes of the November 9, 2023 meeting.
III. Financial Matters		
A. Consideration of Acceptance of the Harris Health System First Quarter Fiscal Year 2024 Investment Report	Ms. Victoria Nikitin, Executive Vice President & Chief Financial Officer, delivered a presentation of the Harris Health System First Quarter Fiscal Year 2024 Investment Report. She noted a very conservative investment portfolio, with a return on investment of approximately \$5M average per month. A copy of the Harris Health System First Quarter Fiscal Year 2024 Investment Report is 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 III.A.
B. Consideration of Acceptance of the Harris Health System Fourth Quarter Calendar Year 2023 Pension Plan Report	Ms. Victoria Nikitin delivered a presentation of the Harris Health System Fourth Quarter Calendar Year 2023 Pension Plan Report. Due to various market conditions, the investment return was 8.4% with a 79.3% funded ratio for the quarter ended December 31, 2023. A copy of the Harris Health System Fourth Quarter Calendar Year 2023 Pension Plan Report is available in the permanent record.	Moved by Ms. Jennifer Tijerina, seconded by Ms. Marcia Johnson, and unanimously accepted that the Committee recommends that the Board approve item III.B.

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
D. Consideration of Acceptance of the Harris County Hospital District Pension Plan Investment Practices and Performance Evaluation as of the Year Ended December 31, 2023, as Required by the Texas Pension Review Board <i>(Taken out of order)</i>	Mr. Cory Myers, Senior Consultant, Aon, delivered a presentation of the Harris County Hospital District Pension Plan Investment Practices and Performance Evaluation as of the Year Ended December 31, 2023, as required by the Texas Pension Review Board (PRB). Mr. Myers stated that Texas Government Code §802.109 requires Texas public retirement systems with at least \$30M in assets to complete an Investment Practices and Performance Evaluation. Systems with assets of at least \$100M must complete an evaluation once every three (3) years. Harris Health first completed this required PRB reporting as of plan year 2020, thus the next submission is due for plan year 2023. Mr. Myers touched upon the Systems' current status and next steps. An executive summary of the Harris County Hospital District Pension Plan Investment Practices and Performance Evaluation is available in the permanent record.	Moved by Ms. Jennifer Tijerina, seconded by Ms. Marcia Johnson, and unanimously accepted that the Committee recommends that the Board approve item III.D.
C. Consideration of Acceptance of the Harris Health System December 2023 Quarterly Financial Report Subject to Audit	Ms. Victoria Nikitin delivered a presentation of the Harris Health System December 2023 Quarterly Financial Report Subject to Audit. The operating income for the quarter ended December 31, 2023 was \$28.7M compared to budgeted income of \$25.9M. A copy of the Harris Health December 2023 Quarterly Financial Report is available in the permanent record.	Moved by Ms. Jennifer Tijerina, seconded by Ms. Marcia Johnson, and unanimously accepted that the Committee recommends that the Board approve item III.C.
IV. Executive Session	At 9:14 a.m., Ms. Carol Paret stated that the Budget and Finance Committee of the Board of Trustees would go into Executive Session for item 'A' as permitted by law under Tex. Gov't Code Ann. §551.085.	
A. Discussion and Review Regarding the Community Health Choice Texas, Inc. and Community Health Choice, Inc., 2023 Preliminary Financial Performance for the Twelve Months Ending December 31, 2023, Pursuant to Tex.		Moved by Ms. Jennifer Tijerina, seconded by Ms. Carol Paret, and unanimously accepted that the Committee recommends that the Board approve item IV.A.

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
Gov't Code Ann. §551.085, Including Consideration of Recommendation of Approval of the 2024 Insurance Renewals to the Harris Health System Board of Trustees Upon Return to Open Session		
V. Reconvene	At 9:39 a.m., Ms. Carol Paret reconvened the meeting in open session; she noted that a quorum was present and that no action was taken in Executive Session. The Board then took action on item "A" of the Executive Session agenda.	
VI. Adjournment	Moved by Ms. Jennifer Tijerina, seconded by Ms. Marcia Johnson, and unanimously approved to adjourn the meeting. There being no further business, the meeting adjourned at 9:40 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 February 15, 2024.

Respectfully submitted,

Ms. Carol Paret, BS, Presiding Officer,
 In lieu of Ms. Marcia Johnson, Committee Chair

Recorded by Cherry A. Pierson, MBA

Thursday, February 15, 2024

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 MEMBERS PRESENT	BUDGET & FINANCE COMMITTEE MEMBERS ABSENT	OTHER BOARD MEMBERS PRESENT
Carol Paret (<i>Presiding Committee Chair</i>)	Dr. Andrea Caracostis (<i>Ex-officio</i>)	Jennifer Tijerina (<i>Acting Committee Member</i>)
Marcia Johnson (<i>Committee Chair</i>)	Jim Robinson	

HARRIS HEALTH EXECUTIVE LEADERSHIP, STAFF & SPECIAL INVITED GUESTS	
Dr. Amy Smith	Kari McMichael
Anna Mateja (<i>Community Health Choice</i>)	Lisa Wright (<i>Community Health Choice</i>)
Anthony Williams	Louis Smith
Antoinette “Toni” Cotton	Maria Cowles
Carolynn Jones	Dr. Matasha Russell
Cherry Pierson	Matthew Schlueter
Cory Myers (<i>Aon</i>)	Michael Hill
DeWight Dopslauf (<i>Harris County Purchasing Office</i>)	Nicholas J. Bell
Ebon Swofford (<i>Harris County Attorney’s Office</i>)	Olga Rodriguez
Elizabeth Hanshaw Winn (<i>Harris County Attorney’s Office</i>)	Omar Reid
Dr. Esmaeil Porsa (<i>Harris Health System President & CEO</i>)	Patricia Darnauer
Dr. Esperanza “Hope” Galvan	Patrick Casey
Dr. Jackie Brock	Randy Manarang
Jeffrey Baffour	Dr. Sandeep Markan
Dr. Jennifer Small	Sara Thomas (<i>Harris County Attorney’s Office</i>)
Jennifer Zarate	Shawn DeCosta
Jerry Summers	Victoria Nikitin
John Matcek	

BOARD OF TRUSTEES

Budget and Finance Committee

HARRISHEALTH
SYSTEM

Thursday, May 16, 2024

Consideration of Acceptance of the Harris Health System Second Quarter
Fiscal 2024 Investment Report

Attached for your review and acceptance is the Second Quarter Fiscal Year 2024 Investment Report for the period January to March 2024.

Administration recommends that the Board accept the Second Quarter Investment Report for the period ended March 31, 2024.

DocuSigned by:

Victoria Nikitin

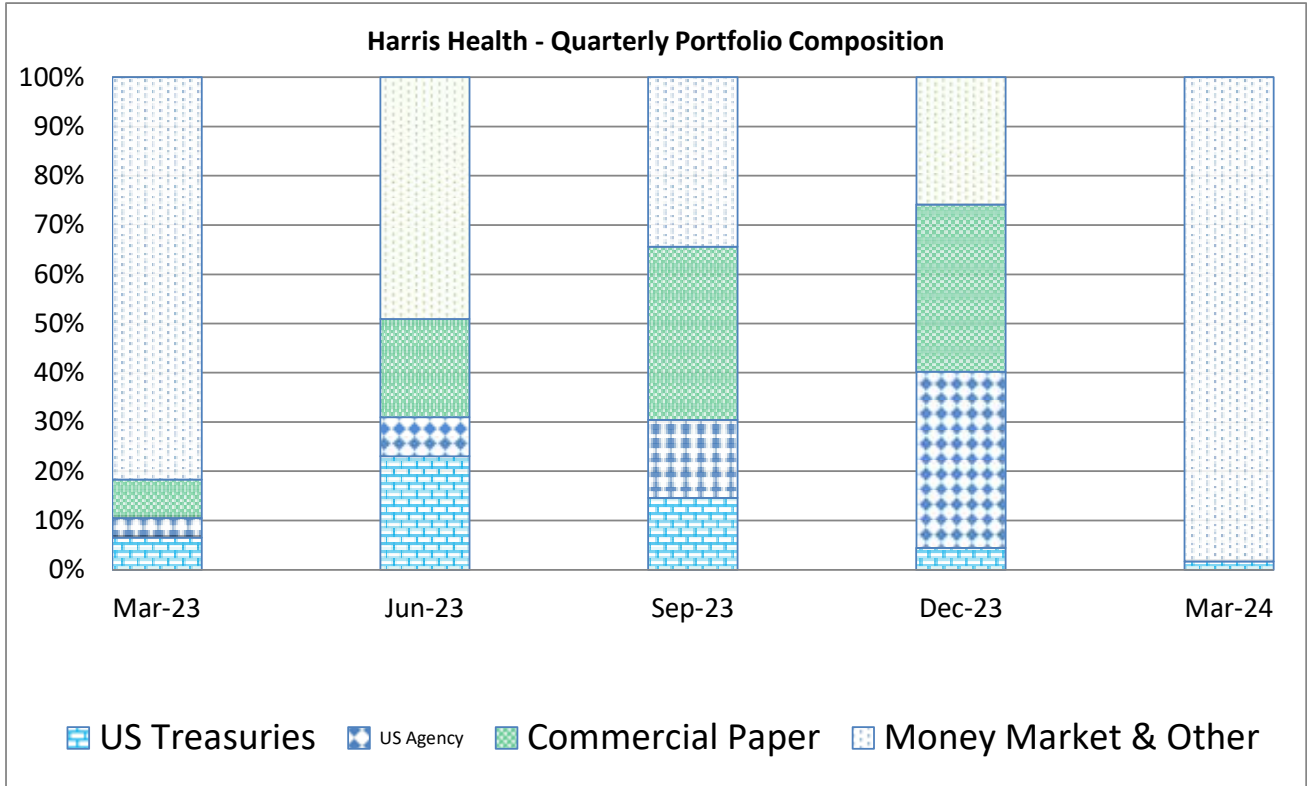
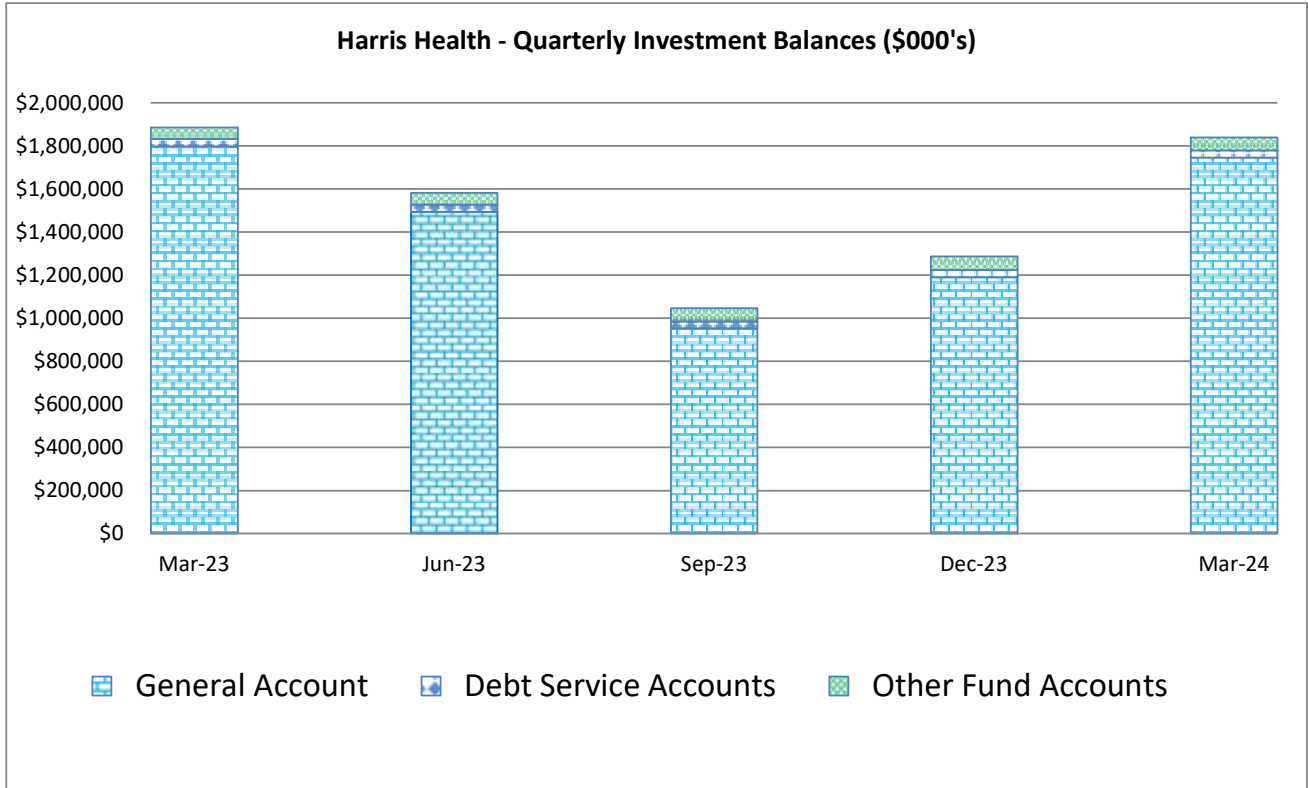
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Victoria Nikitin
EVP - CFO

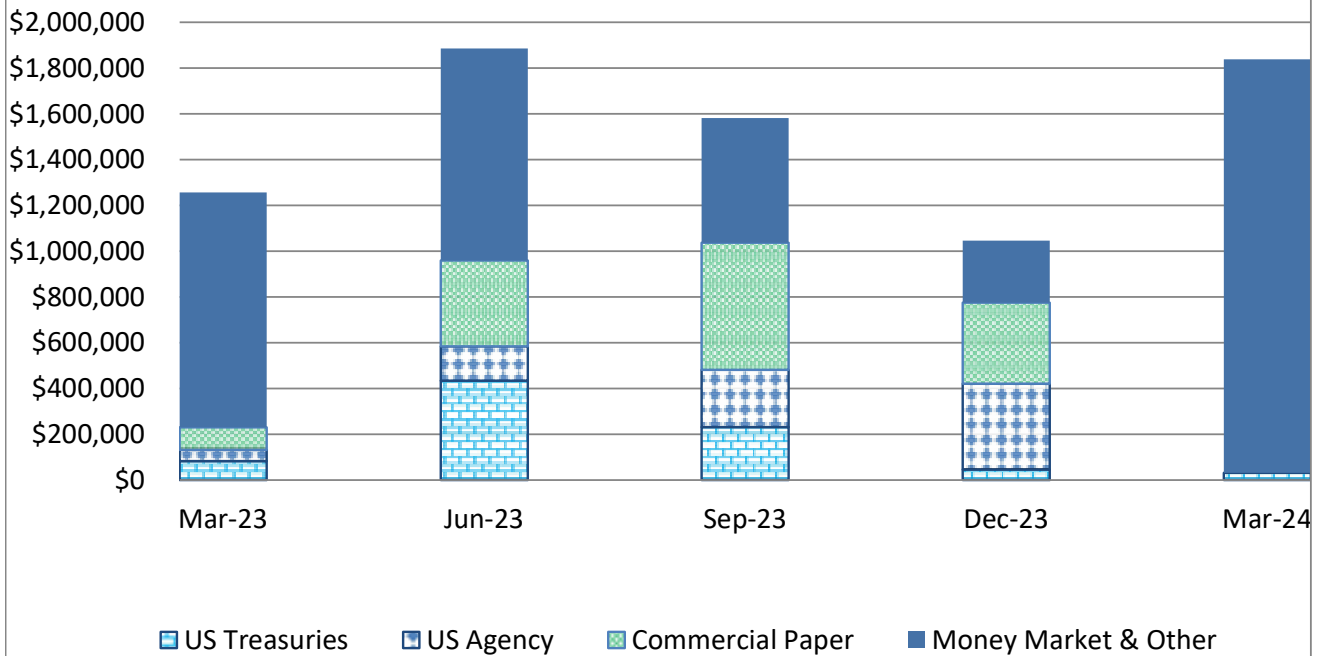
**HARRIS COUNTY HOSPITAL DISTRICT
dba HARRIS HEALTH SYSTEM**

**INVESTMENT REPORT
As of March 31, 2024**

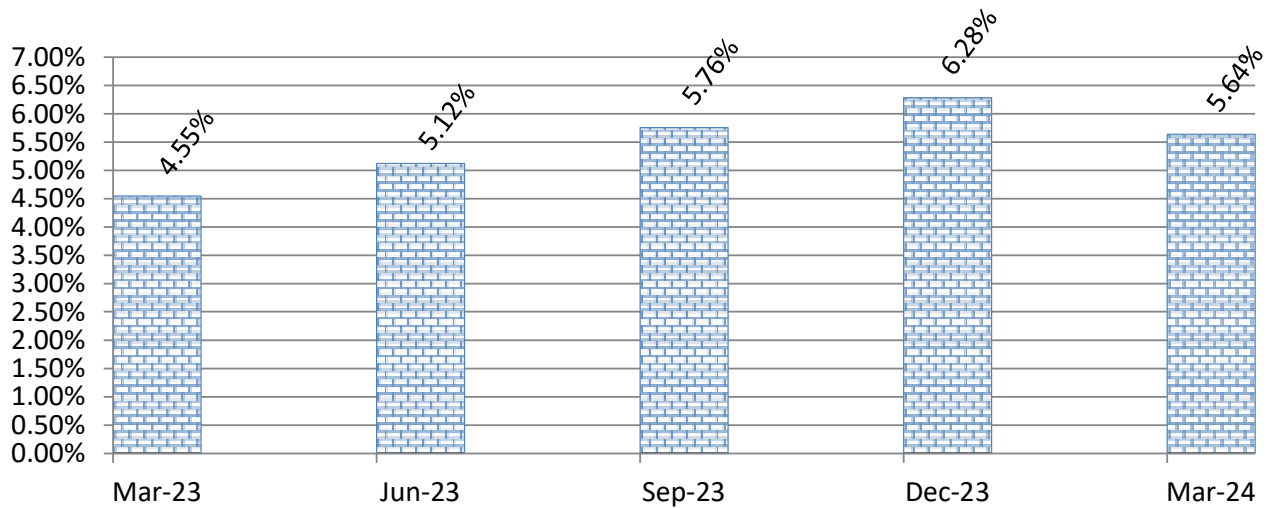
- Executive Summary Charts and Quarterly Trend Schedule for Harris Health System
- Quarter End Investment Report from Harris County Office of Financial Management



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



Harris Health - Quarterly Average Earnings %

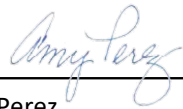


HARRISHEALTH SYSTEM

QUARTERLY INVESTMENT REPORT SECOND QUARTER 2023-2024

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 Director



Mark LaRue

Investment Manager

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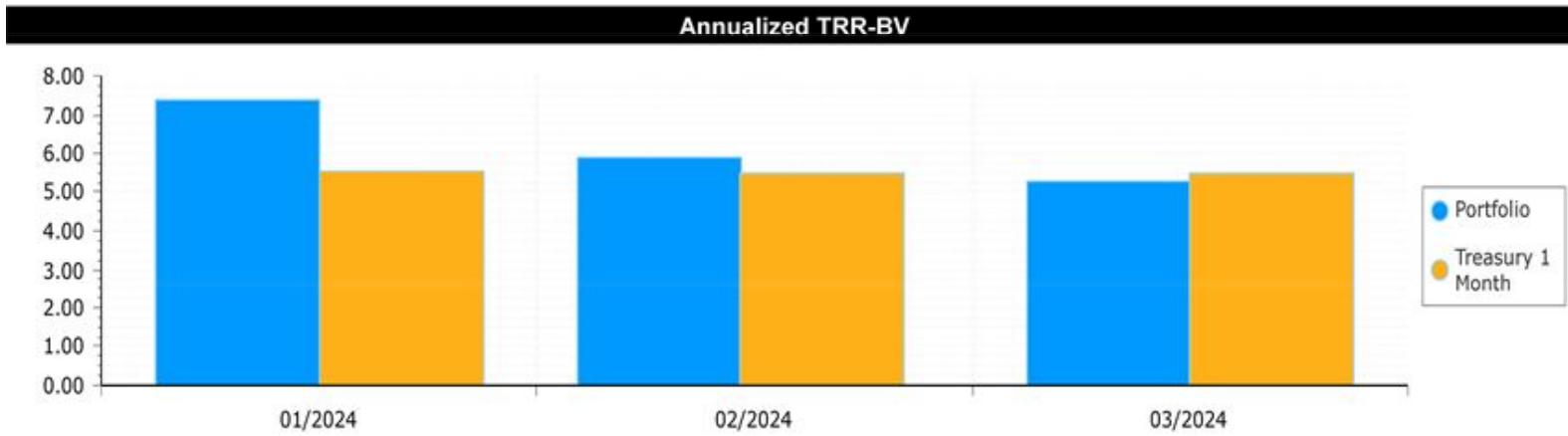
- Section I: Summary of Portfolio Balances & Characteristics**
- Section II: Total Rate of Return vs. Benchmark**
- Section III: Current Portfolio Holdings & Quarterly Income**

Total Rate of Return vs. Benchmark 1 Month Treasury

December 31, 2023 through March 31, 2024

HARRISHEALTH
SYSTEM

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	1,275,672,288.18				1,162,940,456.15		6.20	5.54
1/31/2024	1,287,676,153.73	6,432,464.53	0.00	6,432,464.53	1,084,110,235.73	0.59	7.36	5.54
2/29/2024	1,529,376,807.23	7,153,642.98	0.00	7,153,642.98	1,493,151,671.09	0.48	5.90	5.49
3/31/2024	2,012,498,871.09	8,606,998.50	0.00	8,606,998.50	2,006,587,981.37	0.43	5.27	5.51
Total/Average	1,609,850,610.68	22,193,106.01	0.00	22,193,106.01	1,527,949,962.73	1.50	6.18	5.51



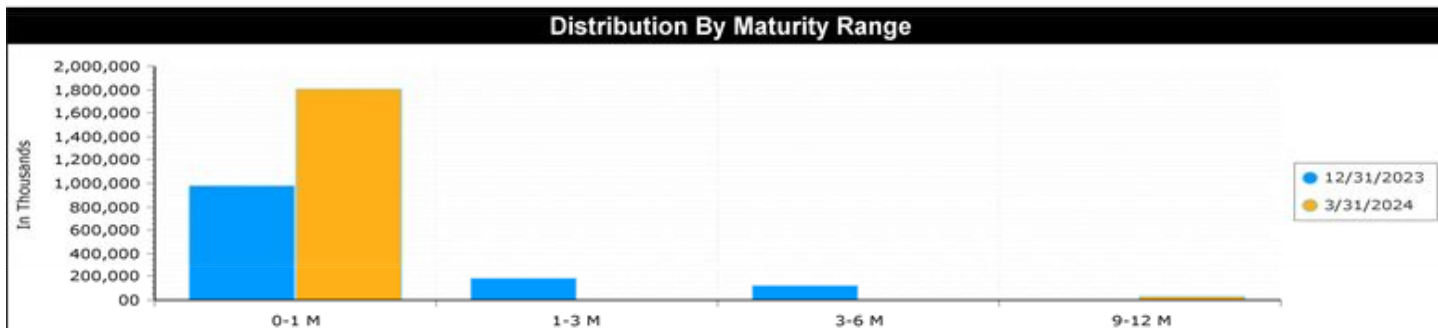
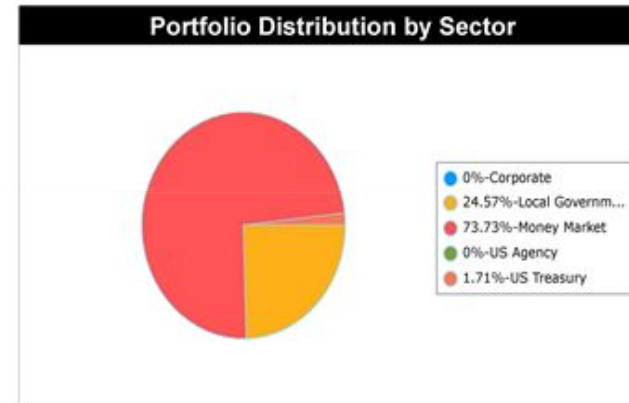
Summary of Portfolio Balances & Characteristics

December 31, 2023 through March 31, 2024

HARRISHEALTH
SYSTEM

Book & Market Value Comparison							
Month	Market Value	Book Value	Unrealized Gain/Loss	YTM @ Cost	YTM @ Market	Duration	Days To Maturity
Beginning	1,285,835,904.51	1,285,876,035.58	-40,131.07	5.44	5.48	0.09	16
1/31/2024	1,528,665,996.39	1,528,661,473.89	4,522.50	5.33	5.32	0.04	2
2/29/2024	2,012,354,367.96	2,012,463,432.74	-109,064.78	5.26	5.27	0.02	6
3/31/2024	1,838,784,377.18	1,838,893,556.37	-109,179.19	5.26	5.27	0.02	6
Average	1,793,268,247.18	1,793,339,487.67	-71,240.49	5.28	5.28	0.03	5

Quarterly Investment Income By Sector		
	Ending BV + Accrued Interest	Investment Income-BV
Certificate of Deposit	\$0.00	\$0.00
Corporate	\$0.00	\$92,229.17
Local Government Investment Pool	\$451,722,463.94	\$6,121,652.15
Money Market	\$1,355,692,522.62	\$14,646,448.77
Municipal	\$0.00	\$0.00
US Agency	\$0.00	\$953,673.61
US Treasury	\$31,551,890.55	\$379,102.31
Total	\$1,838,966,877.11	\$22,193,106.01





Summary of Current Portfolio Holdings & Quarterly Earnings

Begin Date: 12/31/2023, End Date: 3/31/2024

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	166,419.31	165,078.94	166,419.31	166,419.31	309.47	5.370	N/A
H9902 Hospital - Cadence General Funds DDA MM	D3837	NR	NR	100,454,836.07	100,456,082.19	100,454,836.07	100,454,836.07	1,335,230.85	5.370	N/A
LoneStar I H9902 LGIP	LONESTARH9902	S&P-AAAm	NR	196,470,410.61	193,802,341.02	196,470,410.61	196,470,410.61	2,668,069.59	5.499	N/A
H9902 Hospital - Cadence General Funds MMF MM	M3837	NR	NR	1,239,132,444.90	290,721,814.64	1,239,132,444.90	1,239,132,444.90	13,080,707.68	5.190	N/A
H9902 Hospital - HRA Sweep MMF MM	M3845	NR	NR	313,563.72	467,749.87	313,563.72	313,563.72	5,126.59	5.190	N/A
H9902 Hospital - Cigna Health Benefits MMF MM	M3944	NR	NR	12,170,760.02	14,672,202.26	12,170,760.02	12,170,760.02	180,518.20	5.190	N/A
H9902 Hospital - FSA Plan MMF MM	M3951	NR	NR	1,598,537.10	1,241,066.20	1,598,537.10	1,598,537.10	16,115.46	5.190	N/A
H9902 Hospital - Donations Sweep MM	M5899	None	None	1,795,014.41	1,537,487.68	1,795,014.41	1,795,014.41	21,792.40	5.190	N/A
TexasCLASS I H9902 LGIP	TXCLASSH9902	S&P-AAAm	NR	193,826,441.89	187,155,089.92	193,826,441.89	193,826,441.89	2,578,642.60	5.456	N/A
HALKIN FINANCE DISC CP 0 1/4/2024	40588LA41	S&P-A1+	Moody's-P1	0.00	24,977,750.00	0.00	0.00	15,527.78		1/4/2024
BARCLAYS BK US DISC CP 0 1/5/2024	06744G6R8	S&P-A1+	Moody's-P1	0.00	49,961,700.00	0.00	0.00	38,298.61		1/5/2024
BARCLAYS BK US DISC CP 0 1/5/2024	06744HDZ0	S&P-A1+	Moody's-P1	0.00	49,961,600.00	0.00	0.00	38,402.78		1/5/2024
FHLB 5.365 2/12/2024-23	3130AWGG9	S&P-AA+	Moody's-Aaa	0.00	149,970,150.00	0.00	0.00	916,520.83		2/12/2024
FHLB 5.35 4/3/2024-23	3130AWFY1	S&P-AA+	Moody's-Aaa	0.00	125,000,000.00	0.00	0.00	37,152.78		4/3/2024
Sub Total/Average H9902 Hospital - General Fund				1,745,928,428.03	1,190,090,112.72	1,745,928,428.03	1,745,928,428.03	20,932,415.62	5.265	
H9906 Hospital - SPFC										
H9906 Hospital - SPFC Money Market MM	M3936	NR	NR	55,030.15	53,870.52	55,030.15	55,030.15	705.14	5.190	N/A
TexasCLASS I H9906 LGIP	TXCLASSH9906	S&P-AAAm	NR	948,301.64	935,431.44	948,301.64	948,301.64	12,870.20	5.456	N/A
Sub Total/Average H9906 Hospital - SPFC				1,003,331.79	989,301.96	1,003,331.79	1,003,331.79	13,575.34	5.442	
H9917 Hospital - Ser 2010 DS										
H9917 Hospital - Series 2010 DS Sweep MMF MM	M3993	NR	NR	1,265.83	0.00	1,265.83	1,265.83	1,271.39	5.190	N/A
TexasCLASS I H9917 LGIP	TXCLASSH9917	S&P-AAAm	NR	732,632.82	105,302.63	732,632.82	732,632.82	6,666.22	5.456	N/A
T-Note 0.875 1/31/2024	91282CDV0	S&P-AA+	Moody's-Aaa	0.00	6,377,324.80	0.00	0.00	26,705.76		1/31/2024
T-Note 1.375 1/31/2025	912828Z52	S&P-AA+	Moody's-Aaa	6,000,000.00	0.00	5,818,125.00	5,838,374.62	44,637.49	4.713	1/31/2025
Sub Total/Average H9917 Hospital - Ser 2010 DS				6,733,898.65	6,482,627.43	6,552,023.65	6,572,273.27	79,280.86	4.796	
H9918 Hospital - Ser 2010 DSR										
H9918 Hospital - Series 2010 DSR Sweep MMF MM	M4017	NR	NR	951.24	0.00	951.24	951.24	955.43	5.190	N/A
TexasCLASS I H9918 LGIP	TXCLASSH9918	S&P-AAAm	NR	341,570.63	219,128.38	341,570.63	341,570.63	3,965.78	5.456	N/A
T-Note 0.875 1/31/2024	91282CDV0	S&P-AA+	Moody's-Aaa	0.00	5,879,096.30	0.00	0.00	24,619.38		1/31/2024
T-Note 1.375 1/31/2025	912828Z52	S&P-AA+	Moody's-Aaa	6,000,000.00	0.00	5,818,125.00	5,838,374.62	44,637.49	4.713	1/31/2025
Sub Total/Average H9918 Hospital - Ser 2010 DSR				6,342,521.87	6,098,224.68	6,160,646.87	6,180,896.49	74,178.08	4.754	
H9920 Hospital - Rev & Ref Ser 2016 DS										
H9920 Hospital - Series 2016 DS Sweep MMF MM	M4009	NR	NR	1,712.07	0.00	1,712.07	1,712.07	1,719.60	5.190	N/A
TexasCLASS I H9920 LGIP	TXCLASSH9920	S&P-AAAm	NR	607,734.75	156,181.99	607,734.75	607,734.75	5,895.16	5.456	N/A
T-Note 0.875 1/31/2024	91282CDV0	S&P-AA+	Moody's-Aaa	0.00	10,188,772.82	0.00	0.00	42,666.63		1/31/2024
T-Note 1.375 1/31/2025	912828Z52	S&P-AA+	Moody's-Aaa	10,150,000.00	0.00	9,842,328.12	9,876,583.72	75,511.76	4.713	1/31/2025
Sub Total/Average H9920 Hospital - Rev & Ref Ser 2016 DS				10,759,446.82	10,344,954.81	10,451,774.94	10,486,030.54	125,793.15	4.756	

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
H9921 Hospital - Rev & Ref Ser 2016 DSR										
H9921 Hospital - Series 2016 DSR Sweep MMF MM	M4033	NR	NR	1,987.80	0.00	1,987.80	1,987.80	1,996.56	5.190	N/A
TexasCLASS I H9921 LGIP	TXCLASSH9921	S&P-AAAm	None	999,276.63	165,943.25	999,276.63	999,276.63	9,210.87	5.456	N/A
T-Note 0.875 1/31/2024	91282CDV0	S&P-AA+	Moody's-Aaa	0.00	10,612,267.05	0.00	0.00	44,440.06		1/31/2024
T-Note 1.375 1/31/2025	912828Z52	S&P-AA+	Moody's-Aaa	10,200,000.00	0.00	9,890,812.50	9,925,236.85	75,883.74	4.713	1/31/2025
Sub Total/Average H9921 Hospital - Rev & Ref Ser 2016 DSR				11,201,264.43	10,778,210.30	10,892,076.93	10,926,501.28	131,531.23	4.781	
H9924 Hospital - Capital Assets Series 2020										
TexasCLASS I H9924 LGIP	TXCLASSH9924	S&P-AAAm	NR	2,957,723.60	5,719,999.27	2,957,723.60	2,957,723.60	76,159.62	5.456	N/A
Sub Total/Average H9924 Hospital - Capital Assets Series 2020				2,957,723.60	5,719,999.27	2,957,723.60	2,957,723.60	76,159.62	5.456	
H9925 Hospital - Capital Gift Proceeds										
TexasCLASS I H9925 LGIP	TXCLASSH9925	S&P-AAAm	NR	54,838,371.37	55,332,473.34	54,838,371.37	54,838,371.37	760,172.11	5.456	N/A
Sub Total/Average H9925 Hospital - Capital Gift Proceeds				54,838,371.37	55,332,473.34	54,838,371.37	54,838,371.37	760,172.11	5.456	
Total / Average				1,839,764,986.56	1,285,835,904.51	1,838,784,377.18	1,838,893,556.37	22,193,106.01	5.262	

BOARD OF TRUSTEES

Budget and Finance Committee

HARRISHEALTH
SYSTEM

Thursday, May 16, 2024

Consideration of Acceptance of the Harris Health System First Quarter
Calendar Year 2024 Pension Plan Report

Attached for your review and acceptance is the First Quarter Calendar Year 2024 Pension Plan Report for the period January to March 2024.

Administration recommends that the Board accept the First Quarter Pension Plan Report for the period ended December 31, 2024.

DocuSigned by:

Victoria Nikitin

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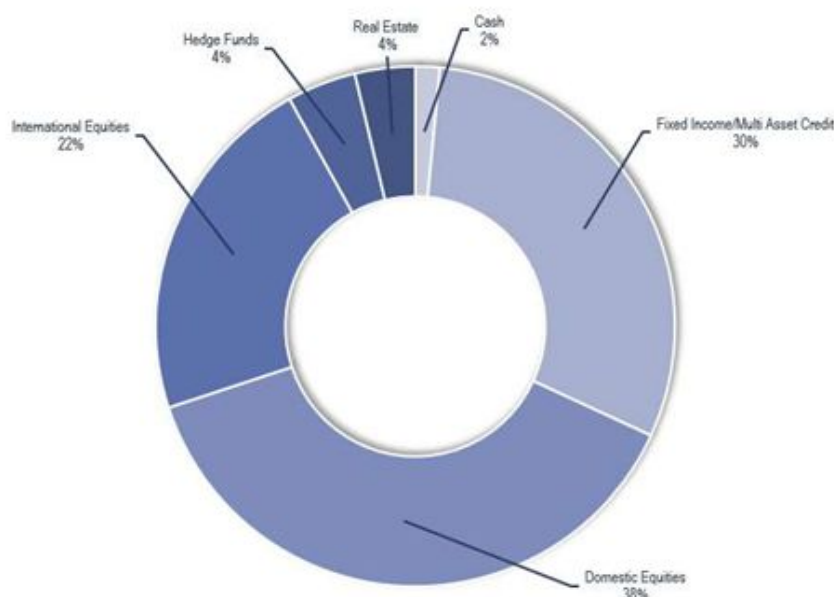
Victoria Nikitin
EVP - CFO

Pension Plan Summary

For the Quarter Ended and Year to Date March 31, 2024

	YEAR-TO-DATE 12/31/23	QUARTERLY 03/31/24	YEAR-TO-DATE 12/31/24
Investment Return	14.2%	4.7%	4.7%
Market Value of Assets (in millions)	\$ 948.3	\$ 995.8	\$ 995.8
Employer Contributions (in millions)	\$ 68.0	\$ 18.3	\$ 18.3
Benefit Payments (in millions)	\$ 64.1	\$ 16.2	\$ 16.2
Funded Ratio	71.6%	83.5%	83.5%

Current Asset Allocation:



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

Market Updates:

The market value of the Plan assets increased \$47.5 million this quarter and increased \$47.5 million since the beginning of the calendar year. Investment return was 4.7% for the quarter ended March 31, 2024, due to the following market conditions:

- In the first quarter, global equity markets experienced a significant rise. The S&P 500 Index surpassed the 5,000 level for the first time, driven by a positive outlook on a solid earnings season, easing inflation data, signs of economic resilience, and rallies from the tech giants. The rise in global equity over the quarter was led by Europe ex-UK and EAFE delivering the strongest returns.
- U.S. economic growth was once again strong, and ahead of economists' forecast, as continued rapid growth in consumer spending remains the main driver.
- U.S. headline consumer price inflation increased to 3.2% year-on-year in February, exceeding economists' expectations.
- During the quarter, major central banks around the world kept their interest rates unchanged, including the U.S. Federal Reserve, which kept its interest rate unchanged at 5.25%-5.5%. The Federal Open Market Committee similarly stated that the committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably towards 2%.
- U.S. Treasury yields generally rose across maturities as the yield curve shifted upwards over the quarter. Longer-dated and medium-term bond yields rose more compared to short-dated yields.

BOARD OF TRUSTEES

Budget and Finance Committee

HARRISHEALTH
SYSTEM

Thursday, May 16, 2024

2023 Annual Report to the Board of the 401k & 457b Administrative Committee Activities

Harris Health maintains two defined contribution plans (the Plans) – a 401K Plan and a 457B Plan – that employees may contribute to on a pre-tax basis to help meet their individual retirement goals. The 401K Plan added an employer matching feature in July, 2007, following the closure of the Pension Plan to new participants. For eligible participants hired after December 31, 2006, Harris Health will match the employee contribution to the 401K Plan, up to 5 percent of the employee's salary. The 2023 Annual Report to the Board of the 401k & 457b Administrative Committee Activities for the Plan years ended December 31, 2023 is attached, reflecting key information about the Plans, the management of Plans assets and the monitoring of Plans performance.

The report is for information only.

DocuSigned by:

Victoria Nikitin

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Victoria Nikitin
EVP - CFO

**2023 Calendar Year Report to the Board of Trustees
Concerning Activities of the
Harris Health System 401K & 457(b) Administrative Committee**

Pursuant to the terms of the Harris County Hospital District 401K Plan (the “401K Plan”) and the Harris County Hospital District Employees’ Deferred Compensation Plan (the “457(b) Plan”) (collectively the “Plans”), the Board of Trustees of the Harris Health System (the “Board”) appointed the Harris Health System 401K & 457(b) Administrative Committee (the “Committee”). This report is intended to inform the Board of the Committee’s activities over the 12-month period ending December 31, 2023 (“Report Period”).

The Committee actively performed its duties during the Report Period. During this period the Committee oversaw the Plans’ operations, carefully monitored the investment offerings in the Plans and the performance of service providers to the Plans and the Committee, and managed other relevant matters, including but not limited to the following specific activities:

1. Met four times during the year;
2. Assessed the quarterly reports of the investments in the Plans as provided by the Committee’s independent investment advisor, reviewing the following criteria among others: performance on a rolling and trailing return basis relative to benchmarks and appropriate universes, changes in the management teams of investment managers, significant issues affecting the firms within which the investment managers operate, investment quality of fixed income investments, diversification of holdings, the amount of risk taken, changes in investment style and cost;
3. Reviewed market environment and market outlook reports provided by the Committee’s independent investment advisor;
4. Approved changes to the Statement of Investment Guidelines for the Plans as recommended by the Committee’s independent investment advisor;
5. Reviewed an evaluation by the Committee’s independent investment advisor of the target-date retirement funds offered in the Plans;
6. Reviewed an evaluation by the Committee’s independent investment advisor of the managed account service offered in the Plans;
7. Assessed a share class analysis presented by the Plans’ independent investment advisor to determine whether Plan funds were being offered in the least expensive share class or vehicle available;
8. Approved the conversion of one fund in the Plans to a lower cost share class;
9. Replaced two existing funds in two asset classes with funds determined by the Committee to be better suited for inclusion in the Plans;
10. Reviewed quarterly reports prepared by the Plans’ recordkeeper reflecting demographic and financial information, including activities that were undertaken to educate the Plans’ participants about Plan features and

improve Plan participation, investment diversification and deferral rates, with a goal of improving outcomes for the Harris Health System employees that participate in the Plans;

11. Reviewed an independent analysis of the Plans' administrative fees as compared to a "Best-fit" subset of similar plans;
12. Negotiated with the 401K Plan's recordkeeper to reduce administrative fees;
13. Completed an Annual Strategic Plan for Committee activities;
14. Received notice that an independent audit of the 401K Plan had been completed;
15. Completed a review of the Plans' fiduciary governance and administrative operations;
16. Received training related to defined contribution retirement plan fiduciary governance best practices;
17. Received investment education and fiduciary updates related to defined contribution retirement plans and other developments that could affect the Plans and the Committee's work; and
18. Kept minutes of each Committee meeting, including copies of materials considered by the Committee.



Committee Chair

02/07/2024

Date Signed

BOARD OF TRUSTEES

Budget and Finance Committee

HARRISHEALTH
SYSTEM

Thursday, May 16, 2024

2023 Annual Report to the Board of the Pension and Disability Committee Activities

The Harris County Hospital District Pension Plan is a defined benefit plan that provides a guaranteed monthly retirement income for eligible participants who were employed prior to January 1, 2007. The 2023 Annual Report to the Board of the Pension and Disability Committee Activities for the Pension Plan year ended December 31, 2023 is attached, reflecting key information about the Plan, the management of Plan assets and the monitoring of Plan performance.

The report is for information only.

DocuSigned by:

Victoria Nikitin

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Victoria Nikitin

EVP - CFO

Harris Health System
P.O. Box 66769, Houston, Texas 77266-6769

**2023 Calendar Year Report to the Board of Trustees
Concerning Activities of the
Harris Health System Pension & Disability Committee**

Pursuant to the terms of the Harris County Hospital District Pension Plan (the “Plan”), the Board of Trustees of the Harris Health System (the “Board”) appointed the Harris Health System Pension & Disability Committee (the “Committee”). This report is intended to inform the Board of the Committee’s activities over the 12-month period ending December 31, 2023 (“Report Period”).

The Committee actively performed its duties during the Report Period. During this period the Committee oversaw the Plan’s operations, carefully monitored the investment offerings in the Plan and the performance of certain service providers to the Plan and the Committee, and managed other relevant matters, including but not limited to the following specific activities:

1. Met four times during the year;
2. Assessed the quarterly reports of the investments in the Plan as provided by the Committee’s independent investment advisor, reviewing the following criteria among others: performance on a rolling and trailing return basis relative to benchmarks and appropriate universes, changes in the portfolio management teams of investment managers, significant issues affecting the firms within which the investment managers operate, investment quality of fixed income investments, diversification of holdings, certain risk statistics, changes in investment style and cost, as well as asset allocation versus targets as outlined in the Statement of Investment Objectives and Guidelines;
3. Reviewed market environment and market outlook reports provided by the Committee’s independent investment advisor;
4. Reviewed reports of retirement statistics;
5. Completed an Annual Strategic Plan for Committee activities;
6. Approved changes to the Statement of Investment Objectives and Guidelines for the Plan as recommended by the Committee’s independent investment advisor;
7. Reviewed an evaluation by the Committee’s independent investment advisor of the Plan’s portfolio structure;
8. Received notice that an independent audit of the Plan had been completed;
9. Received training related to defined benefit retirement plan fiduciary governance best practices;
10. Received investment education and fiduciary updates related to defined benefit retirement plans and other developments that could affect the Plan and the Committee’s work; and
11. Kept minutes of each Committee meeting, including copies of materials considered by the Committee.


Committee Chair

02/07/2024
Date Signed

BOARD OF TRUSTEES

Budget and Finance Committee

HARRISHEALTH
SYSTEM

Thursday, May 16, 2024

Annual Interest Rate Management Agreement Disclosure

(Informational Only)

Texas Government Code 1371.061 requires an annual Management Report regarding any interest rate management agreement (swap) that the governing body has authorized. The requirement applies to the swap agreement that is associated with the Series 2010 Variable Rate Demand Bonds issued by the Hospital District.

DocuSigned by:

Victoria Nikitin

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Victoria Nikitin

EVP - CFO

**Harris Health System
Interest Rate Management Agreement (Swap) Management Report
September 30, 2023**

Texas Government Code 1371.061 requires an annual Management Report regarding any interest rate management agreement (swap) that the governing body has authorized. The requirement applies to the swap agreement that is associated with the Series 2010 Variable Rate Demand Bonds issued by the Harris Health System (the System).

On September 25, 2007, the System entered into an interest rate swap agreement in connection with the Series 2007B Bonds with the settlement date on October 3, 2007. When the System refunded and refinanced the Series 2007B Bonds by issuing Series 2010 Bonds, the interest rate swap was redesignated and associated with the new debt. The derivative contained an off market element equal to the value of the swap associated with the Series 2007B Bonds on August 12, 2010. This off-market element is recorded as a borrowing payable and is amortized as an adjustment to interest expense over the life of the swap agreement. No collateral is required under the agreement.

The intention of the swap was to effectively reduce the impact of the System's variable interest rate exposure on the related bonds to a synthetic fixed rate of 4.218 percent. The termination date of the swap is February 15, 2042; the same as the Series 2010 Bonds. The System pays the Counterparty, Deutsche Bank, the difference between the fixed interest rate of 4.218 percent and the floating SIFMA Municipal Swap Index, on the 15th calendar day of every month. The effectiveness of the interest rate swap has been measured using the regression analysis method. The System has concluded that the transactions are effective.

The redesignated swap had a zero fair value at its inception date and a fair value of \$(2.7) million at September 30, 2023, and is reported as a derivative liability in the statements of net position. The fair value of the swap was determined by calculating the present value of the anticipated future cash flows for both the floating portion and the stated fixed rate portion using discount factors derived from the London Interbank Offered Rate (LIBOR) swap curve.

The System's swap agreement does not contain any out-of-the-ordinary termination events that would expose it to significant termination risk. In keeping with market standards, the System or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. In addition, the swap documents allow either party to terminate in the event of a significant loss of creditworthiness. If at the time of the termination the swap has a negative value, the System would be liable to the counterparty for a payment equal to the fair value of such swap. As of September 30, 2023, termination of the original swap agreement would create a liability of \$4 million and would result in a reversal of the derivative liability, the borrowing payable amount and the unamortized loss on refunding. Any resulting net change would be recorded through nonoperating expenses.

At September 30, 2023 the swap counterparty was rated A by Standards & Poor's, A1 by Moody's Investor Services, and A- by Fitch.

The continuation of the transaction is in compliance with the System's interest rate management policy which is included in the Investment Policy.

DocuSigned by:
Victoria Nikitin
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Victoria Nikitin, Chief Financial Officer

Thursday, May 16, 2024

Consideration of Recommendation for Approval of the 2024-2025 Budget and Finance
Committee Goals to the Harris Health System Board of Trustees

The FY 2024 Budget and Finance Committee goals shall reflect the fiduciary principles as outlined in the Budget and Finance Committee Charter.

1. Review and recommend financial strategies and transactions, including purchases and debt issuances requiring Board approval, that supplement or fulfill the strategic plan of Harris Health.
2. Provide financial guidance and oversight related to Harris Health System's component units.
3. Provide financial education related to Harris County's property tax rate process.

Victoria Nikitin

Victoria Nikitin
EVP - CFO

Thursday, May 16, 2024

Executive Session

Review of the Community Health Choice, Inc. and Community Health Choice Texas, Inc. financial performance for the three months ending March 31, 2024, pursuant to Tex. Gov't Code Ann. §551.085.



Anna Mateja
CFO, Community Health Choice

- Pages 28-32 Were Intentionally Left Blank -

Thursday, May 16, 2024

Executive Session

Consideration of recommendation for approval to renew the existing internal line of credit between Community Health Choice, Inc. and Community Health Choice Texas, Inc. in accordance with the requirements of the bylaws, pursuant to Tex. Gov't Code Ann. §551.085.



Anna Mateja
CFO, Community Health Choice

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BOARD OF TRUSTEES

Compliance and Audit Committee

Thursday, May 16, 2024

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. Carol Paret | 1 min |
| II. <u>Approval of the Minutes of Previous Meeting</u> | | 1 min |
| • <u>Compliance and Audit Committee Meeting – February 15, 2024</u> | | |
| III. <u>Presentation of the Harris Health System Independent Auditor's Planning Communication Regarding the Harris County Hospital District 401(k) and the Harris County Hospital District Pension Benefit Plans for the Year Ended December 31, 2023 – Mr. Ryan Singleton, FORVIS</u> | | 5 min |
| IV. Information Only | Ms. Carol Paret | 1 min |
| A. <u>Independent Auditor's Pre-audit Communication for the Harris County Hospital District 401(k) Plan Year Ended December 31, 2023 – Mr. Ryan Singleton, FORVIS</u> | | |
| B. <u>Independent Auditor's Pre-audit Communication for the Harris County Hospital District Pension Plan Year Ended December 31, 2023 – Mr. Ryan Singleton, FORVIS</u> | | |
| V. <u>Presentation Regarding the Harris Health System Quarterly Internal Audit Update as of May 16, 2024 – Ms. Sharon Brantley Smith, Chief Assistant County Auditor and Mr. Mike Post, Harris County Auditor</u> | | 10 min |
| VI. <u>Consideration of Recommendation for Approval of the 2024 Compliance and Audit Committee Goals to the Harris Health System Board of Trustees – Ms.Carolynn Jones</u> | | 5 min |

VII. <u>Presentation Regarding Compliance Education – U.S. Department of Health and Human Services, Office of Inspector General’s General Compliance Program Guidance (November, 2023) – Ms.Carolynn Jones</u>		15 min
<ul style="list-style-type: none"> • <u>Health Care Fraud Enforcement and Other Standards: Overview of Certain Federal Laws [Part 1 of 3]</u> 		
VIII. Executive Session	Ms. Carol Paret	50 min
A. <u>Review of the Audited Financial Statements for the Twelve Months Ending December 31, 2023, Pursuant to Tex. Gov’t Code Ann. §551.085 for Community Health Choice, Inc. and Community Health Choice Texas, Inc. – Ms. Lisa Wright, CEO Community Health Choice, Ms. Anna Mateja, CFO Community Health Choice, Ms. Victoria Nikitin, Mr. Matt Howell, FORVIS and Mr. Chris Clark, FORVIS</u>		(5 min)
B. <u>Presentation Regarding Harris County Auditor’s Report Related to Medical Device Security, Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Occ. Code Ann. §160.007 and Tex. Health & Safety Code Ann. §161.032 – Ms. Sharon Brantley Smith, Chief Assistant County Auditor and Mr. Mike Post, Harris County Auditor</u>		(5 min)
C. <u>Presentation Regarding Harris County Auditor’s Report Related to HIPAA Privacy Controls, Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Occ. Code Ann. §160.007 and Tex. Health & Safety Code Ann. §161.032 – Ms. Sharon Brantley Smith, Chief Assistant County Auditor and Mr. Mike Post, Harris County Auditor</u>		(5 min)
D. <u>Presentation Regarding Harris County Auditor’s Report Related to Details of Past-due High-priority Management Action Plans (MAPs), Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Occ. Code Ann. §160.007 and Tex. Health & Safety Code Ann. §161.032 – Ms. Sharon Brantley Smith, Chief Assistant County Auditor and Mr. Mike Post, Harris County Auditor</u>		(5 min)
E. <u>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 Tex. Health & Safety Code Ann. §161.032, and Possible Action Upon Return to Open Session – Ms. Carolynn Jones</u>		(30 min)
IX. Reconvene	Ms. Carol Paret	1 min
X. Adjournment	Ms. Carol Paret	1 min

HARRIS HEALTH SYSTEM
MINUTES OF THE BOARD OF TRUSTEES
COMPLIANCE & AUDIT COMMITTEE MEETING
Thursday, February 15, 2024
10:00 AM

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
I. Call to Order and Record of Attendance	Ms. Carol Paret, Committee Chair, called the meeting to order at 9:56 a.m. It was noted there was a quorum present and the attendance was recorded. The meeting may be viewed online through the Harris Health website: http://harrishealthtx.swagit.com/live .	
II. Approval of the Minutes of the Previous Meeting Compliance and Audit Committee Meeting – November 9, 2023	Ms. Jennifer Tijerina noted a correction to agenda item I of the minutes – Call to Order and Record of Attendance, which should read as such: “Ms. Robinson stated that only participants scheduled to speak have been provided dial in information for the meeting.”	Moved by Ms. Jennifer Tijerina, seconded by Ms. Carol Paret, and unanimously approved the minutes of the November 9, 2023 meeting with noted correction.
III. Presentation Regarding the Harris Health System Quarterly Internal Audit Update as of February 15, 2024	Ms. Errika Perkins, Chief Assistant County Auditor, Harris County Auditor’s Office, delivered a presentation regarding the Harris Health System Quarterly Internal Audit Update as of February 15, 2024. Ms. Perkins provided an overview of one (1) completed engagement and six (6) in – progress engagements which are expected to be reported at the May Compliance and Audit Committee meeting. Ms. Perkins provided a summary of outstanding management action plans and knowledge sharing related to the 2024 Global Internal Audit Standards. A copy of the presentation is available in the permanent record.	As Presented.
IV. Presentation of the Harris Health System Independent Auditor’s Report and Overview for the Year Ended September 30, 2023	Mr. Chris Clark, Partner, FORVIS, delivered a presentation of the Harris Health System Independent Auditor’s Report and Overview for the Year Ended September 30, 2023. Mr. Clark reported that there were no identified material weaknesses or significant deficiencies in internal controls. A copy of the presentation is available in the permanent record.	As Presented

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
V. Consideration of Acceptance of the Harris Health System Independent Auditor's Report and Financial Statements for the Year Ended September 30, 2023		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 Acceptance of the Harris Health System Single Audit Report of Federal and State Award Programs for the Year Ended September 30, 2023		Moved by Ms. Jennifer Tijerina, seconded by Ms. Carol Paret, and unanimously accepted that the Committee recommends that the Board approve item VI.
VII. Executive Session	At 10:19 a.m., Ms. Carol Paret stated that the Compliance & Audit Committee would go into Executive Session for Items 'A through D' as permitted by law under Tex. Occ. Code Ann. §151.002, Tex. Gov't Code §418.183, and Tex. Gov't Code Ann. §551.089, Tex. Gov't Code Ann. §551.071, Tex. Gov't Code Ann. §551.074 and Tex. Health & Safety Code Ann. §161.032.	
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,		No Action Taken.

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
Pursuant to Tex. Health & Safety Code Ann. §161.032, and Possible Action Upon Return to Open Session		
B. Report by the Executive Vice President, Chief Compliance and Risk Officer, Regarding Harris Health System's Cybersecurity Review, Pursuant to Tex. Gov't Code Ann. §418.183, Tex. Gov't Code Ann. §551.089, Tex. Gov't Code Ann. §551.074 and Tex. Health & Safety Code Ann. §161.032		No Action Taken.
C. Presentation Regarding Harris County Auditor's Report Related to Correctional Health Pharmacy, Nursing, and Infection Prevention Assessment Follow-up. This Assessment was Performed Under Attorney-client Privilege and the Results are Not Subject to Disclosure Under Chapter 552 of the Tex. Gov't Code, Tex.		No Action Taken.

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
Health & Safety Code Ann. §161.032 and Tex. Gov't Code Ann. §551.071		
D. Presentation Regarding Harris County Auditor's Report Related to Details of Past-due High-priority Management Action Plans (MAPs), Pursuant to Tex. Occ. Code Ann. §151.002 and Tex. Gov't Code Ann. §551.089		No Action Taken.
VIII. Reconvene	At 11:18 a.m., Ms. Carol Paret reconvened the meeting in open session; she noted that a quorum was present and that no action was taken in Executive Session.	
IX. Adjournment	There being no further business, the meeting adjourned at 11:18 a.m.	Moved by Ms. Jennifer Tijerina, seconded by Ms. Carol Paret, and unanimously approved to adjourn the meeting.

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 15, 2024.

Respectfully submitted,

Ms. Carol Paret, BS, Committee Chair

Recorded by Cherry A. Pierson, MBA

Thursday, February 15, 2024

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.

BUDGET & FINANCE COMMITTEE MEMBERS PRESENT	BUDGET & FINANCE COMMITTEE MEMBERS ABSENT	OTHER BOARD MEMBERS PRESENT
Carol Paret (<i>Presiding Committee Chair</i>)	Dr. Andrea Caracostis (<i>Ex-officio</i>)	
Jennifer Tijerina		

HARRIS HEALTH EXECUTIVE LEADERSHIP, STAFF & SPECIAL INVITED GUESTS	
Anthony Williams	Louis Smith
Antoinette “Toni” Cotton	Maria Cowles
Carolynn Jones	Dr. Matasha Russell
Cherry Pierson	Dr. Michael Nnadi
Chris Clark (<i>FORVIS</i>)	Nicholas J. Bell
Ebon Swofford (<i>Harris County Attorney’s Office</i>)	Olga Rodriguez
Elizabeth Hanshaw Winn (<i>Harris County Attorney’s Office</i>)	Omar Reid
Errika Perkins (<i>Harris County Auditor’s Office</i>)	Dr. Otis Ekins
Dr. Esmaeil Porsa (<i>Harris Health System President & CEO</i>)	Patricia Darnauer
Dr. Esperanza “Hope” Galvan	Patrick Casey
Dr. Glorimar Medina	Randy Manarang
Dr. Jackie Brock	Ron Fuschillo
Jeffrey Baffour	Sara Thomas (<i>Harris County Attorney’s Office</i>)
Dr. Jennifer Small	Sharon Brantley-Smith (<i>Harris County Auditor’s Office</i>)
Jennifer Zarate	Shawn DeCosta
Jerry Summers	Dr. Steven Brass
John Matcek	Victoria Nikitin
Kari McMichael	Vivian Ho-Nguyen

Thursday, May 16, 2024

Presentation of the Harris Health System Independent Auditor's Planning
Communication Regarding the Harris County Hospital District 401(k) and the Harris
County Hospital District Pension Benefit Plans for the Year Ended
December 31, 2023

Victoria Nikitin

Victoria Nikitin
EVP - CFO

Planning Communication to the Board of Trustees, 401(k) and 457(b) Administrative Committee and to the Board of Trustees, Pension and Disability Committee

- Scope – FORVIS is engaged to audit the Harris County Hospital District 401(k) and Harris County Hospital District Pension benefit plans for the year ended December 31, 2023.
- Audit standards – FORVIS will conduct audit in accordance with auditing standards generally accepted in United States. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.
- Planned timing – FORVIS proposes to have a draft of the 401(k) plan to management by May 20th and a draft of the pension plan to management by May 28th. Expected final issuance date for both plans will be June 12th.
- Significant risks of material misstatement as noted in planning for the audit engagements –
 - Risk of plan management override of controls (both plans)
 - Misstatement of investments (both plans)
 - Misstatement of plan contributions (both plans)
 - Pension liability (pension plan)

FORVIS

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

Thursday, May 16, 2024

Independent Auditor's Pre-audit Communication for the Harris County Hospital
District 401(k) Plan Year Ended December 31, 2023 (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, 2023.

A copy of the letter is attached.

Victoria Nikitin

Victoria Nikitin
EVP - CFO

FORVIS Planning Communication to the Board of Trustees, 401(k) and 457(b) Administrative Committee, Plan Administrator, and Management

Harris County Hospital District, d/b/a Harris Health System

December 31, 2023

Thank You for Selecting FORVIS

We are grateful for the opportunity to serve Harris County Hospital District 401(k) Plan and gain insight into your employee benefit plan (Plan). This communication provides useful information relevant to your role as those charged with governance of the Plan, including summarized information required by professional standards, such as the planned scope and timing of the audit.

Our goal is to establish a foundation for effective two-way communication throughout the audit. We are available at your convenience to discuss this information and answer questions as we begin our audit.

Contacts During the Engagement

Your audit leader for any questions or communications is:

- Ryan Singleton, Managing Director | Ryan.Singleton@forvis.com | 972.788.1229

Overview & Responsibilities

Matter	Description of Audit Area
Scope of Our Audit	<p>We have been engaged to audit the financial statements of Harris County Hospital District 401(k) Plan for the year ended December 31, 2023.</p> <p>Please refer to our contract dated February 5, 2024, for additional information and the terms of our engagement.</p>
Audit Standards & Materiality	<p>We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.</p> <p>References to items that are material refer to misstatements, including omissions, that could, in our professional judgment, reasonably be expected to influence the economic decisions of users made on the basis of the financial statements.</p>
Our Responsibilities	<p>We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with the applicable financial reporting framework.</p>
Your Responsibilities	<p>Our audit of the financial statements does not relieve you or management of your responsibilities.</p>



FORVIS is a trademark of FORVIS, LLP, registered with the U.S. Patent and Trademark Office.

Matter	Description of Audit Area
Distribution Restriction	This communication is intended solely for the information and use of those charged with governance, the Board of Trustees, and, if appropriate, management of the Plan and is not intended to be, and should not be, used by anyone other than these specified parties.

Planned Timing of the Engagement

We succeed in our engagements by collaborating with management through frequent communication. We require the assistance of management and staff to prepare supporting documents, schedules, and analysis and depend on those items to be ready no later than the dates that we mutually agree will meet your deadlines.

We expect to begin our audit on approximately April 15, 2024.

Draft financial statements are expected to be ready by May 20, 2024, and we will issue our report by June 12, 2024.

Planned Audit Scope

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

Extent of Testing

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Establishing Our Understanding

An audit also includes obtaining an understanding of the Plan and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we will express no such opinion.

Communicating Deficiencies or Significant Matters

An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate internal control related matters that are required to be communicated under professional standards.

We will also communicate significant matters arising during the audit of the financial statements that are relevant to you in overseeing the financial reporting process as required by professional standards.

Significant Risks of Material Misstatement

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:



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Risk Area

Audit Approach

Risk of Plan Management Override of Controls

Evaluate the annual statements for unusual activity and document and walk-through Plan level controls.

Misstatement of Investments

Obtain confirmation of investments.

Misstatement of Plan Contributions

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.

Other Procedures to Be Performed

We may also request written representations from the Plan's attorneys as part of the engagement, and they may bill the Plan or Plan sponsor for responding to this inquiry.

At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters.

We may identify additional significant risks as we complete our procedures.

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
- Inquiries of management and others
- Reviewing accounting estimates for bias



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Thursday, May 16, 2024

Independent Auditor's Pre-audit Communication for the Harris County Hospital
District Pension Plan Year Ended December 31, 2023 (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, 2023.

A copy of the letter is attached.

Victoria Nikitin

Victoria Nikitin
EVP - CFO

FORVIS Planning Communication to the Board of Trustees, Pension and Disability Committee, Plan Administrator, and Management

Harris County Hospital District d/b/a Harris Health System

December 31, 2023

Thank You for Selecting FORVIS

We are grateful for the opportunity to serve Harris County Hospital District Pension Plan and gain insight into your employee benefit plan (Plan). This communication provides useful information relevant to your role as those charged with governance of the Plan, including summarized information required by professional standards, such as the planned scope and timing of the audit.

Our goal is to establish a foundation for effective two-way communication throughout the audit. We are available at your convenience to discuss this information and answer questions as we begin our audit.

Contacts During the Engagement

Your audit leader for any questions or communications is:

- Ryan Singleton, Managing Director | Ryan.Singleton@forvis.com | 972.788.1229

Overview & Responsibilities

Matter	Description of Audit Area
Scope of Our Audit	<p>We have been engaged to audit the financial statements of Harris County Hospital District Pension Plan for the year ended December 31, 2023.</p> <p>Please refer to our contract dated February 5, 2024, for additional information and the terms of our engagement.</p>
Audit Standards & Materiality	<p>We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.</p> <p>References to items that are material refer to misstatements, including omissions, that could, in our professional judgment, reasonably be expected to influence the economic decisions of users made on the basis of the financial statements.</p>
Our Responsibilities	<p>We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with the applicable financial reporting framework.</p>



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Matter	Description of Audit Area
Your Responsibilities	Our audit of the financial statements does not relieve you or management of your responsibilities.
Distribution Restriction	This communication is intended solely for the information and use of those charged with governance, the Board of Trustees, and, if appropriate, management of the Plan and is not intended to be, and should not be, used by anyone other than these specified parties.

Planned Timing of the Engagement

We succeed in our engagements by collaborating with management through frequent communication. We require the assistance of management and staff to prepare supporting documents, schedules, and analysis and depend on those items to be ready no later than the dates that we mutually agree will meet your deadlines.

We expect to begin our audit on approximately April 15, 2024.

Draft financial statements are expected to be ready by May 28, 2024, and we will issue our report by June 12, 2024.

Planned Audit Scope

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

Extent of Testing

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Establishing Our Understanding

An audit also includes obtaining an understanding of the Plan and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we will express no such opinion.

Communicating Deficiencies or Significant Matters

An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate internal control related matters that are required to be communicated under professional standards.

We will also communicate significant matters arising during the audit of the financial statements that are relevant to you in overseeing the financial reporting process as required by professional standards.

Significant Risks of Material Misstatement

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:



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Risk Area

Audit Approach

Risk of Plan Management Override of Controls

Evaluate the annual statements for unusual activity and document and walk-through Plan level controls.

Misstatement of Investments

Obtain confirmation of investments.

Misstatement of Plan Contributions

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.

Pension Liability

Obtain actuarial data for estimated obligation from independent actuary, as applicable. Confirm selected participants data directly with actuary.

Other Procedures to Be Performed

We may also request written representations from the Plan's attorneys as part of the engagement, and they may bill the Plan or Plan sponsor for responding to this inquiry.

At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters.

We may identify additional significant risks as we complete our procedures.

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:

- Engagement team brainstorming
- Inquiries of management and others
- Reviewing accounting estimates for bias



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Thursday, May 16, 2024

Presentation Regarding the Harris Health System Quarterly Internal Audit Update as
of May 16, 2024

Sharon Brantley Smith

Sharon Brantley Smith

Chief Assistant County Auditor



Harris Health System Internal Audit Quarterly Update as of May 16, 2024

Michael Post, Harris County Auditor

Sharon Brantley Smith, Chief Assistant County Auditor, Harris Health

HARRISHEALTH



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.

Audit Plan Status

HARRISHEALTH

Completed Engagements

Audit	Objective	Scope Period	Overall Conclusion
Health Insurance Portability and Accountability Act (HIPAA) Privacy Controls	Determine whether the use and disclosure of protected health information (PHI) is in accordance with Harris Health's HIPAA privacy policies.	October 2022 - January 2023	<i>This audit was performed under Attorney-Client Privilege. The report will be presented in Executive Session.</i>
Medical Device Security	Determine whether controls for ensuring medical devices are inventoried, updated with the most current software patches, and are sanitized of confidential data when obsolete.	January 2022 - August 2023	<i>This audit and all information is proprietary, privileged, confidential, or otherwise legally exempt from disclosure pursuant to § 161 Texas Health & Safety Code and § 151 Texas Occupations Code. The report will be presented in Executive Session.</i>

In-Progress Engagements

Audit	Objective	Scope Period	Status	Expected Compliance and Audit Committee Presentation Date
Minority/Women-owned Business Enterprise (M/WBE) Program and Policy	Validate the status of corrective action plans from the 2022 Disparity Study and evaluate compliance with Harris Health's M/WBE Program Policy.	May 2022 - November 2023	Reporting/Wrap-up – The report, including management's action plans, is drafted, and Internal Audit is collaborating with Harris Health leadership to edit the wording for one audit issue.	September 2024
Baylor Provider Invoicing (co-sourced with Corporate Compliance)	Determine whether controls exist to ensure Baylor physician services invoices are complete, compliant with the agreement, and accurate prior to payment.	July 2021 – June 2023	Reporting/Wrap-up – The draft report was shared with Harris Health and Baylor leadership, and management's action plans were requested on April 29, 2024.	September 2024
Benefits Eligibility	Evaluate controls for ensuring benefits eligibility for spouses and dependents.	January 2023 – December 2023	Fieldwork – Testing is in progress.	September 2024
Nursing Licenses	Validate the risk reduction strategies in place for ensuring nursing licenses are current.	May 2023 – March 2024	Fieldwork – Testing is in progress.	September 2024

In-Progress Engagements (continued)

Audit	Objective	Scope Period	Status	Expected Compliance and Audit Committee Presentation Date
IT Asset Management	Determine whether IT assets are properly tracked and retired.	To be determined	Planning – Research and preliminary interviews are occurring to determine the engagement scope.	September 2024
UKG Post-Implementation	Determine whether the UKG timekeeping system is operating effectively according to intended outcomes.	To be determined	Planning – Research and preliminary interviews are occurring to determine the engagement scope.	September 2024
Outpatient Appointment Utilization	Identify trends in outpatient appointment cancellations, no-shows, and rescheduling and determine root causes.	To be determined	Planning – Research and preliminary interviews are occurring to determine the engagement scope.	September 2024

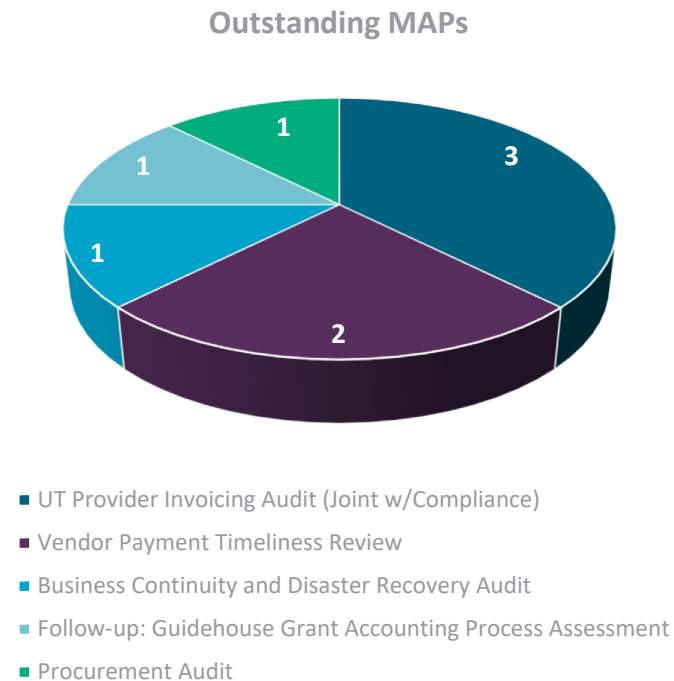
Follow-up on Management Action Plans

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 updates to the Compliance and Audit Committee on any past-due MAPs with a HIGH priority for implementation.

A total of **eight** MAPs are outstanding for five engagements (**Figure 1**). The table below indicates **three** of these are high-priority, past-due MAPs. **Details of the three MAPs will be discussed in Executive Session.**

Project Name	High-Priority Past-Due MAPs
Vendor Payment Timeliness Review	1
Business Continuity & Disaster Recovery	1
Follow-up: Guidehouse Grant Accounting Process Assessment	1
Total	3

Figure 1



Knowledge Sharing

HARRISHEALTH

Why was the Medical Device Security Audit important?



Source: *Health IT Security*, March 18, 2024, <https://healthitsecurity.com/news/63-of-known-exploited-vulnerabilities-found-on-healthcare-networks>

63% of known exploited vulnerabilities found on healthcare networks

A study shows just how exposed medical devices and implementations are to cyberattacks.

“Healthcare networks and medical devices are highly vulnerable to cyberattacks, according to a recent study from cyber-physical systems protection company Claroty. The study found that 63% of known exploited vulnerabilities (KEVs) tracked by the Cybersecurity and Infrastructure Security Agency can be found on healthcare networks. About 23% of medical devices, including imaging, clinical Internet of Things (IoT) and surgery devices, also have at least one KEV.”

“These KEVs are widespread across hospital networks, making healthcare delivery organizations vulnerable to cyberattacks that can disrupt patient systems and care. For example, the study found that 4% of devices used for surgeries can be accessed through a hospital’s guest network. Guest networks tend to be the least secure and most exposed place.”

“About 14% of connected medical devices are also running an unsupported or end-of-life operating system. The few clinical IoT devices (23%) and hospital IT systems (20%) running on these legacy systems pose a significant risk of having critical vulnerabilities that are no longer patchable from vendors. Patching and updating medical devices are resource-intensive for healthcare delivery organizations. The study explained that medical devices do not have the capability to regularly patch and update like Windows and Linux systems.”


“Healthcare organizations and their security partners must develop policies and strategies that stress the need for resilient medical devices and systems that can withstand intrusions. This includes secure remote access, prioritizing risk management, and implementing segmentation.”

Thursday, May 16, 2024

Consideration of Recommendation for Approval of the 2024 Compliance and Audit Committee Goals to the Harris Health System Board of Trustees

2024 Compliance and Audit Committee Goals

- Receive comprehensive education on the U.S. Department of Health and Human Services Office of Inspector General's General Compliance Program Guidance issued in November 2023, with a specific focus on Board Compliance Oversight;
- Review and recommend for adoption to the Board, annual Compliance Program, Internal Audit, and Internal Quality Audit Plans; and
- Review and make recommendations regarding Compliance Program, Internal Audit, and Internal Quality Audit completed and in progress auditing and monitoring activities.



Carolynn R. Jones, JD, CHC
EVP, Chief Compliance & Risk Officer

Board of Trustees

Compliance and Audit Committee Deliverables – FY 2024

Standing Items (at Each Committee Meeting)	
Compliance Program Update	Will Include, at a Minimum: <ol style="list-style-type: none"> 1. Allegation Summary 2. Exclusion/Sanction Check 3. Audit Plan Status, including any Final Audit Results 4. Follow-up on Management Action Plan 5. Overpayments Disclosure, if Any 6. Patient Privacy Monitoring Updates 7. Survey Readiness Activity 8. Policy Status Report 9. Regulatory Updates 10. Knowledge Sharing
Internal Audit Update	Will Include, at a Minimum: <ol style="list-style-type: none"> 1. Audit Results 2. Audit Plan Status, including any Final Audit Results 3. Follow-up on Management Action Plans 4. Knowledge Sharing

Annual Reports and/or Approvals
Internal Audit - Charter – Approval Needed (November)
Risk Assessments and Audit Plans – Approval Needed (November)
Internal Audit – Annual Program Update (November)
Annual Hospital Accreditation Program Update (February)
Compliance – Compliance Program Annual Program Update (May)
External Financial Auditor Pre-Audit Communication (November)
External Financial Auditor Audit Report (February)

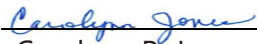
Biannual Reports
Cybersecurity/Information Security Update (February & September)
Controlled Substances Oversight Committee (CSOC) Update (February & September)
340B Governance Committee Update (May & September)
Enterprise Risk Management Update (May & September)

Miscellaneous Reports
Special Reports as Needed.
External Assessments of Compliance and Internal Audit Programs (at least once every 5 years).

Thursday, May 16, 2024

Presentation Regarding Compliance Education – U.S. Department of Health and
Human Services, Office of Inspector General’s General Compliance Program
Guidance (November, 2023)

- Part 1 of 3 – Health Care Fraud Enforcement and Other Standards



Carolynn R. Jones, JD, CHC
EVP, Chief Compliance & Risk Officer

Health Care Fraud Enforcement and Other Standards: Overview of Certain Federal Laws

Carolynn Jones, JD, CHC
Chief Compliance and Risk Officer

HARRISHEALTH

Overall Objective/Goal

- Receive comprehensive education on the U.S. Department of Health and Human Services Office of Inspector General's General Compliance Program Guidance issued in November 2023
- We will accomplish this over the next three (3) committee meetings (today, September, and November)
- Reference - [General Compliance Program Guidance | Office of Inspector General | Government Oversight | U.S. Department of Health and Human Services \(hhs.gov\)](#)



Today's Objective/Goal

- Health Care Fraud Enforcement and Other Standards: Overview of Certain Federal Laws
 1. Federal Anti-Kickback Statute
 2. Physician Self-Referral Law
 3. False Claims Act
 4. Civil Monetary Penalty Authorities
 5. Exclusion Authorities
 6. Criminal Health Care Fraud Statute
 7. HIPAA Privacy and Security Rules

10

II. Health Care Fraud Enforcement and Other Standards: Overview of Certain Federal Laws

This guidance does not create any new law or legal obligations, and the discussions in this guidance are not intended to present detailed or comprehensive summaries of lawful or unlawful activity.

Critical to understanding compliance risks and the framework overlaying compliance programs is a working knowledge of applicable law. Consequently, the GCPG begins with an overview of certain Federal authorities that may apply to entities involved in health care, which include the primary Federal fraud and abuse laws and the Health Insurance Portability and Accountability Act of 1996 (HIPAA) Privacy and Security Rules. These overviews are intended to be summaries

1. Federal Anti-Kickback Statute (AKS)

- Prohibits entities involved in Federal health care program business from engaging in some practices that are common in other business sectors, such as offering or receiving gifts to reward past or future referrals.
- The AKS is an intent-based, criminal statute that prohibits remuneration, whether monetary, in-kind, or in other forms, in exchange for referrals of Federal health care program business.



1. Federal Anti-Kickback Statute (AKS)

- AKS violations:
 - Felony punishable by a maximum fine of \$100,000, imprisonment for up to 10 years, or both.
 - Mandatory exclusion
 - Civil False Claims Act liability with civil penalties



1. Federal Anti-Kickback Statute (AKS)

- Examples of AKS Settlements
 - Relators alleged that EHR software vendor gave credits of up to \$10K to existing customers if the existing customer's recommendation of the vendor to a potential customer resulted in a sale; also alleged that EHR vendor provided sporting event tickets to induce purchases and referrals - \$31M settlement
 - Relator alleged that specialty pharmacy waived co-pays for Medicare and TRICARE patients to induce them to buy the pharmacy's drugs and services; also alleged that pharmacy provided gifts, dinners, and free administrative support to physicians to induce them to refer patients - \$20M settlement



1. Federal Anti-Kickback Statute (AKS)

- Safe Harbors (Exceptions) – Currently 11
 - Specify certain practices that are not treated as an offense under the AKS
 - Example – Patient Transportation
- Key Considerations:
 - Relationship of Parties; How Selected
 - How is Remuneration Determined; Value
 - Nature of Items or Services
 - Federal Program Involvement
 - Impact on Clinical Decision Making
 - Patient Steering Concerns
 - Potential Conflicts of Interest
 - Documentation



2. Federal Physician Self-Referral Law

- Also known as the “Stark law”
- Prohibits a physician from making referrals for certain designated health services (DHS) payable by Medicare to an entity with which the physician (or an immediate family member) has a financial relationship, unless an exception applies
- Financial relationships include ownership and investment interests, as well as compensation arrangements
- DHS includes, among other things, inpatient and outpatient hospital services

2. Federal Physician Self-Referral Law

- The Stark law is a strict-liability statute, which means proof of intent to violate the law is not required
- Stark law violations (for physicians and **entities**):
 - Fines;
 - Exclusion
- Example:
 - After 10 years of having Dr. Z on its medical staff, a hospital began paying Dr. Z a monthly stipend of \$500 to assist in meeting practice expenses. Dr. Z performs no specific service for the stipend and has no obligation to repay the hospital. Dr. Z refers Medicare patients to the hospital for inpatient surgery.
 - Potential exceptions that may apply (if all requirements are met): Bona Fide Employment Relationship or Personal Service Arrangement

3. Federal False Claims Act

- Civil and criminal false claims acts
- Civil FCA
 - Provides a way for the Government to recover money when an individual or entity knowingly submits or causes to be submitted false or fraudulent claims for payment to the Government.
 - “Knowingly” means that “a person, with respect to information:
 - Has actual knowledge of the information;
 - Acts in deliberate ignorance of the truth or falsity of the information; or
 - Acts in reckless disregard of the truth or falsity of the information.”
 - No specific intent to defraud is required

3. Federal False Claims Act

- Civil FCA
 - Liability
 - Each instance of an item or service billed to Medicare or Medicaid counts as a claim
 - Recovery is 3X the false claim amount plus an additional penalty per claim
 - Whistleblower Provision
 - Allows a private individual to file a lawsuit on behalf of the Government and in some cases, entitles the whistleblower to a percentage of any recovery
 - Anyone with knowledge of potential fraud can be a whistleblower, even our current or former employees

3. Federal False Claims Act

- Criminal FCA
 - Criminal penalties including imprisonment and criminal fines
- FCA Examples
 - Services billed for but not actually rendered;
 - Services billed for that are not supported by the medical record; and
 - Poor quality of care.
- Overpayment Rule
 - If an entity identifies billing mistakes or other non-compliance with program rules leading to an overpayment, the entity must repay the overpayments within 60 days after identification to avoid FCA liability.

4. Civil Monetary Penalty Authorities

- The OIG is authorized to pursue monetary penalties and exclusion through a variety of civil authorities, but most notable is the Civil Monetary Penalty (CMP) Authorities.
- CMP cases are administrative and pursued by the OIG before an HHS administrative law judge.
- Examples:
 - Beneficiary Inducements
 - EMTALA violations
 - HIPAA violations
 - Information Blocking violations
 - Compliance with HHS Grants, Contracts, and Other Agreements

5. Exclusion Authorities

- OIG has the legal authority to exclude individuals and entities from participation in all Federal health care programs (all plans and programs that provide health benefits funded directly or indirectly by the United States or any State health care program).
- OIG is required by law to exclude individuals and entities convicted of certain types of criminal offenses.
- OIG has discretion to exclude individuals and entities on other grounds.
- **Effect of exclusion – No Federal health care program payment may be made for any items or services furnished by an excluded person or at the medical direction or on the prescription of an excluded person.**

6. Criminal Health Care Fraud Statute

- Criminal health care fraud statute that makes it a criminal offense to defraud a health care benefits program.
- This statute has been used by the Government to pursue defendants who orchestrate complex health care fraud schemes, including money laundering, tax, and other financial criminal offenses.
- Penalties include fines of up to \$250,000, imprisonment of not more than 10 years, or both.

7. HIPAA Privacy and Security Rules

- HHS Office for Civil Rights (OCR) is responsible for administering and enforcing the HIPAA Privacy, Security, and Breach Notification Rules.
- HIPAA Privacy Rule addresses the use and disclosure of individuals' protected health information (PHI) by covered entities, and gives individuals certain rights pertaining to their information.
- HIPAA Security Rule specifies a series of administrative, physical, and technical safeguards for covered entities and their business associates to ensure the confidentiality, integrity, and security of electronic PHI.
- The Breach Notification Rule requires covered entities and their business associates to provide notification following a breach of unsecured PHI.

Thursday, May 16, 2024

Executive Session

Review of the Audited Financial Statements for the Twelve Months Ending December 31, 2023, Pursuant to Tex. Gov't Code Ann. §551.085 for Community Health Choice, Inc. and Community Health Choice Texas, Inc.



Anna Mateja

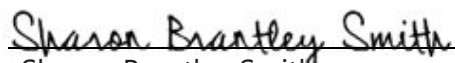
Chief Financial Officer, Community Health Choice

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Thursday, May 16, 2024

Executive Session

Presentation Regarding Harris County Auditor's Report Related to Medical Device Security, Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Occ. Code Ann. §160.007 and Tex. Health & Safety Code Ann. §161.032.



Sharon Brantley Smith

Chief Assistant County Auditor

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Thursday, May 16, 2024

Executive Session

Presentation Regarding Harris County Auditor's Report Related to HIPAA Privacy Controls, Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Occ. Code Ann. §160.007 and Tex. Health & Safety Code Ann. §161.032.

Sharon Brantley Smith

Sharon Brantley Smith

Chief Assistant County Auditor

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Thursday, May 16, 2024

Executive Session

Presentation Regarding Harris County Auditor's Report Related to Details of Past-due High-priority Management Action Plans (MAPs), Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Occ. Code Ann. §160.007 and Tex. Health & Safety Code Ann. §161.032.

Sharon Brantley Smith

Sharon Brantley Smith

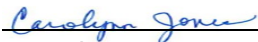
Chief Assistant County Auditor

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Thursday, May 16, 2024

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 Tex. Health & Safety Code Ann. §161.032, and Possible Action Upon Return to Open Session.



Carolynn R. Jones, JD, CHC

EVP, Chief Compliance & Risk Officer

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BOARD OF TRUSTEES

Joint Conference Committee

Thursday, May 16, 2024
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. Andrea Caracostis	2 min
II.	<u>Approval of the Minutes of Previous Meeting</u>	Dr. Andrea Caracostis	2 min
	• <u>Joint Conference Committee Meeting – March 21, 2024</u>		
III.	Physician Leadership Reports	Dr. Andrea Caracostis	15 min
	A. Medical Executive Board (MEB) Chair/Vice Chair	Dr. Martha Mims and Dr. Kunal Sharma	<i>(5 min)</i>
	B. Chiefs of Staff		<i>(5 min)</i>
	• Ben Taub Hospital	Dr. Sandeep Markan	
	• LBJ Hospital	Dr. Tien Ko	
	C. Assistant Chiefs of Staff		<i>(5 min)</i>
	• BCM	Dr. Fareed Khan	
	• UT	Dr. Mohammad Zare	
IV.	New Items for Discussion	Dr. Andrea Caracostis	40 min
	[Strategic Pillar 3: One Harris Health]		
	A. Discussion Regarding Harris Health System's Utilization Focus, Targets and Operational Actions – Dr. John Foringer, Dr. Amy Smith, Dr. Glorimar Medina and Ms. Patricia Darnauer		<i>(20 min)</i>
	B. Discussion Regarding Harris Health System's Service Line Commitment for Consistent Care – Ms. Amineh Kostov		<i>(20 min)</i>
V.	Adjournment	Dr. Andrea Caracostis	1 min

HARRIS HEALTH SYSTEM
MINUTES OF THE BOARD OF TRUSTEES
JOINT CONFERENCE COMMITTEE MEETING

March 21, 2024

11:30 AM

AGENDA ITEM		DISCUSSION	ACTION/RECOMMENDATIONS
I.	Call to Order and Record of Attendance	Dr. Andrea Caracostis, Committee Chair, called the meeting to order at 11:37 a.m. It was noted there was a quorum present and the attendance was recorded. The meeting may be viewed online through the Harris Health website: http://harrishealthtx.swagit.com/live .	
II.	Approval of the Minutes of Previous Meeting Joint Conference Committee Meeting – January 11, 2024		Moved by Dr. Martha Mims, seconded by Dr. Sandeep Markan, and unanimously approved the minutes of the January 11, 2024 meeting.
III.	Physician Leadership Reports		
	A. Medical Executive Board Chair/Vice Chair	Dr. Martha Mims, Chair, Medical Executive Board (MEB), presented the MEB report, noting that the MEB approved a number of policies, received Administrative and Committee reports, and have made significant improvements related to Quality initiatives such as throughput, CT scans, and downtime procedures. Dr. Kunal Sharma, Vice Chair, Medical Executive Board, announced that the MEB will host its annual Medical Staff meeting on April 17, 2024.	As Presented.

AGENDA ITEM		DISCUSSION	ACTION/RECOMMENDATIONS
	B. Chief of Staffs <ul style="list-style-type: none"> Ben Taub Hospital LBJ Hospital 	Dr. Sandeep Markan, Chief of Staff, Ben Taub (BT) Hospital, presented BT's Chief of Staff Report. He shared that the medical staff met with Harris Health leadership to discuss the possibility of fast-tracking the hospital's infrastructure. Dr. Markan acknowledged the immense collaboration systemwide among the medical staff, faculty, and Harris Health administration. Dr. Tien Ko, Chief of Staff, Lyndon B. Johnson (LBJ) Hospital, echoed similar sentiments regarding continued improvements and synergy between the pavilions. He noted that there are still challenges with patient volumes and throughput, however, LBJ has opened up an observation unit on the fourth floor which will help to alleviate overcrowding in the emergency rooms.	As Presented.
	C. Assistant Chiefs of Staff <ul style="list-style-type: none"> BCM UT 	Dr. Markan provided an update on behalf of Dr. Fareed Khan, Assistant Chief of Staff, Baylor College of Medicine (BCM). He noted that the Ambulatory Care Services (ACS) metrics have made substantial progress in diabetes, blood pressure management and colorectal screening. Dr. Ko provided an update on behalf of Dr. Mohammad Zare, Assistant Chief of Staff, University of Texas Health Science Center – Houston (UT). Dr. Ko recognized Dr. Jennifer Small, Executive Vice President, Ambulatory Care Services, for her leadership, collaboration and support of the medical staff for engaging physician leaders.	As Presented.
IV. New Items for Discussion			
	A. Presentation Regarding Harris Health's Medical Staff Engagement Survey Results	Ms. Maxia Webb, Customer Success Manager, NRC Health, delivered a presentation regarding Harris Health's Medical Staff Engagement Survey Results. She stated that based upon the previous year survey results, Administration implemented various initiatives such as campaigns, changes to the survey, and the use of QR codes as opposed to emails. Ms. Webb presented survey results for Harris Health workplace experience loyalty measure, key drivers to the overall rating as a place to practice, workplace experience highest scores and trending questions. Ms. Jessey Thomas, Senior Vice President, Medical Affairs, presented new initiatives and strategies implemented in 2023 as a result of the survey. Ms. Webb concluded by providing positive and key comment themes. A copy of the presentation is available in the permanent record.	As Presented.

AGENDA ITEM		DISCUSSION	ACTION/RECOMMENDATIONS
	B. Update Regarding Technology Downtime Opportunity Review	Mr. Aaron Velasquez, Director, Emergency Management, delivered an update regarding Technology Downtime Opportunity Review. He touched upon the strengths and opportunities to better improve Harris Health's internal processes for downtime procedures. Mr. Ron Fuschillo, Senior Vice President, Chief Information Officer, provided a brief overview regarding issues related to Harris Health data center and infrastructure. He shared that additional information will be forthcoming in the next 2-4 months.	As Presented.
	C. Discussion Regarding 2024 Joint Conference Committee Goals	Mr. Louis Smith, Senior Executive Vice President, Chief Operating Officer, led discussion regarding 2024 Joint Conference Committee Goals. He recommended linking the Joint Conference Committee goals to the system's 2021 - 2025 strategic plan as it relates to uniting as One Harris Health System. Committee discussion ensued regarding collaborative efforts between the two medical schools, medical staff survey, and facility infrastructure.	As Presented.
V.	Adjournment	There being no further business, the meeting adjourned at 12:15 p.m.	Moved by Dr. Sandeep Markan, seconded by Mr. Louis Smith, and unanimously approved to adjourn the meeting.

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 21, 2024.

Respectfully submitted,

Andrea Caracostis, MD, MPH, Committee Chair,

Recorded by Cherry A. Pierson, MBA

Thursday, March 21, 2024

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.

COMMITTEE MEMBERS PRESENT	COMMITTEE MEMBERS ABSENT	OTHER BOARD MEMBERS PRESENT
Dr. Andrea Caracostis (<i>Committee Chair</i>)	Ms. Sima Ladjevardian, Harris Health Board of Trustees	
Dr. Sandeep Markan, Chief of Staff (<i>BT Hospital</i>)	Dr. Mohammad Zare, Assistant Chief of Staff (<i>UT</i>)	
Dr. Tien Ko, Chief of Staff (<i>LBJ Hospital</i>)	Dr. Esmaeil Porsa, Harris Health Chief Executive Officer	
Dr. Fareed Khan, Assistant Chief of Staff (<i>BCM</i>)		
Dr. Martha Mims, Medical Executive Board Chair		
Dr. Kunal Sharma, Medical Executive Board Vice Chair		
Louis Smith, Harris Health Chief Operating Officer		
Dr. Steven Brass, Harris Health Chief Medical Executive Officer		
Dr. Matasha Russell, Chief Medical Executive (<i>ACS</i>)		

HARRIS HEALTH EXECUTIVE LEADERSHIP, STAFF & SPECIAL INVITED GUESTS	
Aaron Velasquez	Maria Cowles
Carolynn Jones	Maxia Webb (NRC)
Cherry Pierson	Michael Hill
Daniel Smith	Michael Nnadi
Ebon Swofford	Nicholas Bell
Elizabeth Hanshaw Winn	Patricia Darnauer
Dr. Jackie Brock	Patrick Casey
Dr. Jennifer Small	Randy Manarang
Jennifer Zarate	Ron Fuschillo
Jerry Summers	Sara Thomas
Jessey Thomas	Shawn DeCosta
John Matcek	Walé Salvador