HARRIS**HEALTH**

BOARD OF TRUSTEES

Budget and Finance Committee

Thursday, November 14, 2024 9:15 A.M. (or immediately following the HRSA Special Call Board meeting)

> BOARD ROOM 4800 Fournace Place, Bellaire, Texas 77401

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

Notice: Some Board Members may participate by videoconference.

Mission

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

AGENDA

I.	Call to Order and Record of Attendance	Mr. Jim Robinson	2 min
н.	Approval of the Minutes of Previous Meeting	Mr. Jim Robinson	1 min
	 Budget and Finance Committee Meeting – May 16, 2024 		
III.	Financial Matters	Mr. Jim Robinson	15 min
	A. <u>Consideration of Acceptance of the Harris Health Fourth Quarter Fiscal</u> Year 2024 Investment Report – <i>Ms. Victoria Nikitin</i>		(5 min)
	B. <u>Consideration of Acceptance of the Harris Health Third Quarter</u> <u>Calendar Year 2024 Pension Plan Report – <i>Ms. Victoria Nikitin</i></u>		(5 min)
	C. <u>Consideration of Acceptance of the Harris Health September 2024</u> <u>Financial Report Subject to Audit – <i>Ms. Victoria Nikitin</i></u>		(5 min)
IV.	Executive Session	Mr. Jim Robinson	40 min
	A. Discussion Regarding Subsidy Payments to Community Health Choice, Inc., Pursuant to Tex. Gov't Code Ann. §551.085, Including Consideration of Approval of Subsidy Payments to Community Health Choice, Inc. for the Health Insurance Marketplace Non-Federal Premium Payments for Eligible Harris Health Patients for Calendar Year 2025 Upon Return to Open Session – <i>Ms. Victoria Nikitin</i>		(15 min)
	 B. <u>Review of the Community Health Choice, Inc. and Community Health Choice Texas, Inc. Financial Performance for the Nine Months Ending September 30, 2024, Pursuant to Tex. Gov't Code Ann. §551.085</u> – <i>Ms. Lisa Wright, CEO and Ms. Anna Mateja, CFO, Community</i> 		(10 min)

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(15 min) C. Discussion Regarding the 2025 Operating and Capital Budget for Community Health Choice Texas, Inc. and Community Health Choice, Inc., Pursuant to Tex. Gov't Code Ann. §551.085, Including Consideration of Approval of the 2025 Operating and Capital Budget for Community Health Choice Texas, Inc. and Community Health Choice, Inc. Upon Return to Open Session - Ms. Lisa Wright, CEO and Ms. Anna Mateja, CFO, Community Health Choice ٧. Reconvene Mr. Jim Robinson 1 min VI. Adjournment Mr. Jim Robinson 1 min

HARRIS HEALTH SYSTEM MINUTES OF THE BOARD OF TRUSTEES BUDGET & FINANCE COMMITTEE MEETING Thursday, May 16, 2024

9:00 AM

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
 Call to Order and Record of Attendance	Ms. Carol Paret, Committee Chair, called the meeting to order at 9:07 a.m. It was noted that a quorum was present and the attendance was recorded. The meeting may be viewed online through the Harris Health website: <u>http://harrishealthtx.swagit.com/live.</u>	
Approval of the Minutes of Previous Meeting Budget and Finance Committee Meeting – February 15, 2024		Moved by Ms. Jennifer Tijerina, seconded by Ms. Carol Paret, and unanimously approved the minutes of the February 15, 2024 meeting.
 Financial Matters		
A. Consideration of Acceptance of the Harris Health System Second Quarter Fiscal Year 2024 Investment Report	Ms. Kari McMichael, Vice President, Controller, delivered a presentation of the Harris Health System Second Quarter Fiscal Year 2024 Investment Report. She reported that the investment earnings for the first quarter were \$18.5 Million and \$22.2 Million for the second quarter. Ms. McMichael noted a very conservative investment portfolio, with yielded an average monthly return of \$6.8M. A copy of the Harris Health System Second 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 First Quarter Calendar Year 2024 Pension Plan Report 	Ms. McMichael delivered a presentation of the Harris Health System First Quarter Calendar Year 2024 Pension Plan Report. Due to various market conditions, the investment return was 4.7% with an 83.5% funded ratio for the quarter ending March 31, 2024. A copy of the Harris Health System First Quarter Calendar Year 2024 Pension Plan 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.B.
C. 2023 Annual Report of the 401(k) and 457(b) Administrative Committee Activities to the Harris Health System Board of Trustees	Ms. McMichael delivered a presentation of the 2023 Annual Reports for both the 401(k) and 457(b) Administrative Committee Activities, as well as the Pension and Disability Committee Activities. The reports are intended to inform the Board of the Committee's activities over the 12-month period ending December 31, 2023. Copies of the 2023 Annual Reports for 401(k) and 457(b) Administrative Committee Activities are available in the permanent record.	As Presented.

	AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
	D. 2023 Annual Report of the Pension and Disability Committee Activities to the Harris Health System Board of Trustees		As Presented.
	 E. Annual Interest Rate Management Agreement Disclosure 	A copy of the disclosure for the annual interest rate management agreement is available in the permanent record.	Information Purposes Only
IV.	New Business		
	A. Consideration of Recommendation for Approval of the 2024-2025 Budget and Finance Committee Goals to the Harris Health System Board of Trustees	 Ms. McMichael outlined the 2024-2025 Budget and Finance Committee Goals as follows: The FY2024 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. 	Moved by Ms. Jennifer Tijerina, seconded by Ms. Carol Paret, and unanimously accepted that the Committee recommends that the Board approve item IV.A.
V.	Executive Session	At 9:19 a.m., Ms. Carol Paret stated that the Budget and Finance Committee of the Board of Trustees would go into Executive Session for items 'A and B' as permitted by law under Tex. Gov't Code Ann. §551.085.	
	A. 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		No Action Taken.

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
 B. 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 	Harris Health, by and through the Board of Trustees, Hereby Approves Community Health Choice Inc (CHCI), the Borrower, to Enter into an Internal Line of Credit Agreement with Community Health Choice Texas Inc (CHCT), the Lender, to Renew its Internal Revolving Line of Credit in Aggregate Principal Amount Up to \$120 Million. Other Terms will be Defined in a Manner Acceptable for Texas Department of Insurance Approval. The Board Also Hereby Authorizes Lisa Wright, President and CEO of Community Health Choice Inc. and Community Health Choice Texas, Inc., to Execute Any and All Documents Related to Such Transaction and Any Future Renewals within an Aggregate Principal Amount up to \$120 Million, Pursuant to Tex. Gov't Code Ann. §551.085, Including Consideration of Approval Upon Return to Open Session.	Moved by Ms. Jennifer Tijerina, seconded by Ms. Carol Paret, and unanimously accepted that the Committee recommends that the Board approve item V.B.
VI. Reconvene VII. Adjournment	At 9:30 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 Committee then took action on item "B" of the Executive Session agenda. There being no further business, the meeting adjourned at 9:31 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 May 16, 2024.

Respectfully submitted,

Carol Paret, BS, Committee Chair

Recorded by Cherry A. Pierson, MBA



Thursday, May 16, 2024 Harris Health Board of Trustees Budget & Finance Committee Attendance

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

HARRIS HEALTH EXECUTIVE LEADERSHIP, STAFF & SPECIAL INVITED GUESTS					
Dr. Amy Smith	Lisa Wright (Community Health Choice)				
Carolynn Jones	Louis Smith				
Cherry Pierson	Nicholas J. Bell				
Daniel Smith	Olga Rodriguez				
Derek Curtis	Omar Reid				
Elizabeth Hanshaw Winn (Harris County Attorney's Office)	Patricia Darnauer				
Dr. Esmaeil Porsa (Harris Health System President & CEO)	Patrick Casey				
Dr. Jennifer Small	Randy Manarang				
Jennifer Zarate	Dr. Sandeep Markan				
Jerry Summers	Sara Thomas (Harris County Attorney's Office)				
John Matcek	Shawn DeCosta				
Kari McMichael	Dr. Steven Brass				

Virtual Attendee Notice: If you joined as a group and would like to be counted as present, please submit an email to: <u>BoardofTrustees@harrishealth.org</u> before close of business the day of the meeting.

BOARD OF TRUSTEES Budget and Finance Committee



Thursday, November 14, 2024

Consideration of Acceptance of the Harris Health Fourth Quarter Fiscal Year 2024 Investment Report

Attached for your review and acceptance is the Fourth Quarter Fiscal Year 2024 Investment Report for the period July to September 2024.

Administration recommends that the Board accept the Fourth Quarter Investment Report for the period ended September 30, 2024.

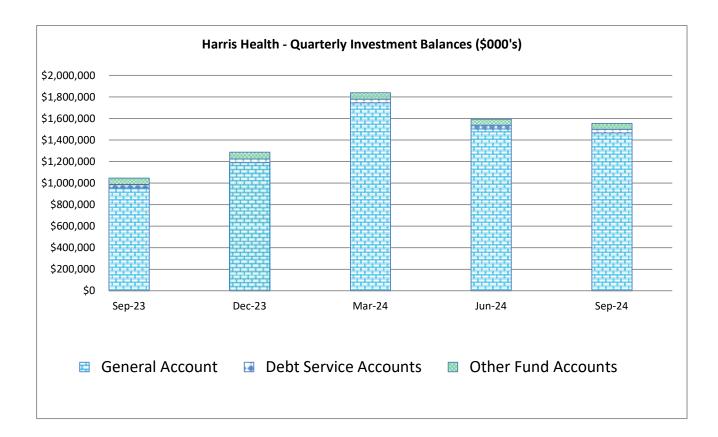
Victoria Nikitin Executive Vice President – Chief Financial Officer

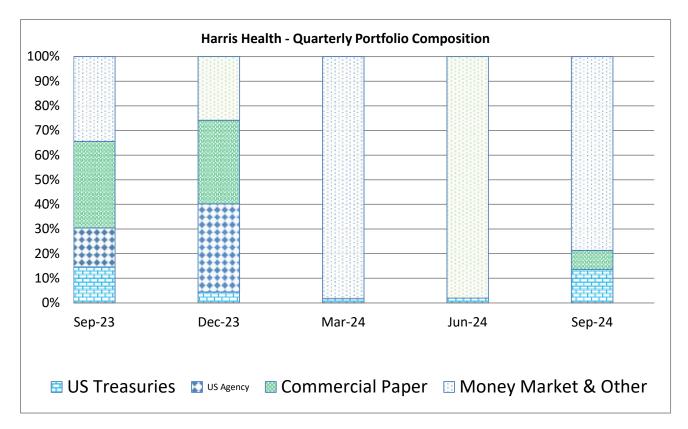
HARRIS COUNTY HOSPITAL DISTRICT dba HARRIS HEALTH SYSTEM

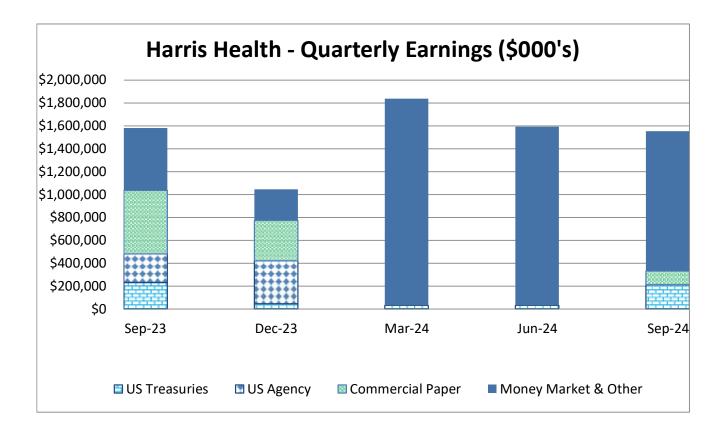
INVESTMENT REPORT As of Setpember 30, 2024

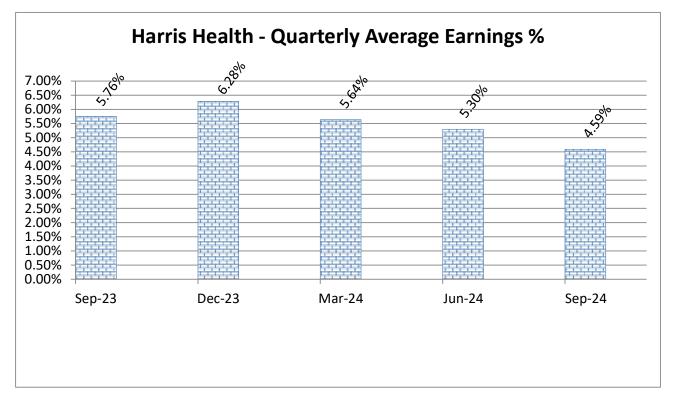
- Executive Summary Charts and Quarterly Trend Schedule for Harris Health System

- Quarter End Investment Report from Harris County Office of Financial Management









HARRISHEALTH System

QUARTERLY INVESTMENT REPORT FOURTH 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 II:	Total Rate of Return vs. Benchmark

Section III: Current Portfolio Holdings & Quarterly Income

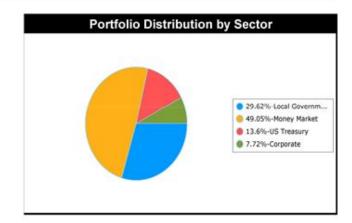
Summary of Portfolio Balances & Characteristics

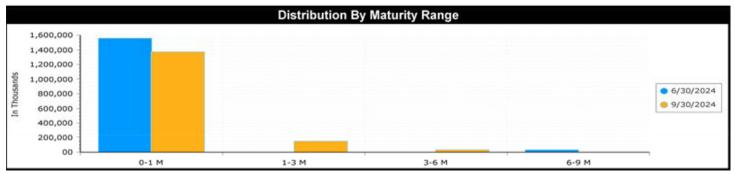


June 30, 2024 through September 30, 2024

Month	Month Market Value Book Value Unrealized YTM @ Cost YTM @ Duration Gain/Loss Market							
Beginning	1,593,785,130.58	1,593,898,405.56	-113,274.98	5.27	5.28	0.01	5	
7/31/2024	1,515,092,358.81	1,515,155,339.14	-62,980.33	5.26	5.27	0.01	5	
8/31/2024	1,222,436,785.45	1,222,464,230.47	-27,445.02	5.27	5.28	0.01	5	
9/30/2024	1,554,155,892.57	1,554,141,532.75	14,359.82	4.86	4.85	0.03	11	
Average	1,430,561,678.94	1,430,587,034.12	-25,355.18	5.12	5.12	0.02	7	

Quarterly Investment Income By Sector					
	Ending BV + Accrued Interest	Investment Income-BV			
Certificate of Deposit	\$0.00	\$0.00			
Commercial Paper	\$120,001,045.80	\$49,460.80			
Local Government Investment Pool	\$460,395,004.21	\$6,243,717.10			
Money Market	\$762,359,409.00	\$11,439,666.32			
Municipal	\$0.00	\$0.00			
US Agency	\$0.00	\$0.00			
US Treasury	\$211,459,806.24	\$468,158.35			
Total	\$1,554,215,265.25	\$18,201,002.57			



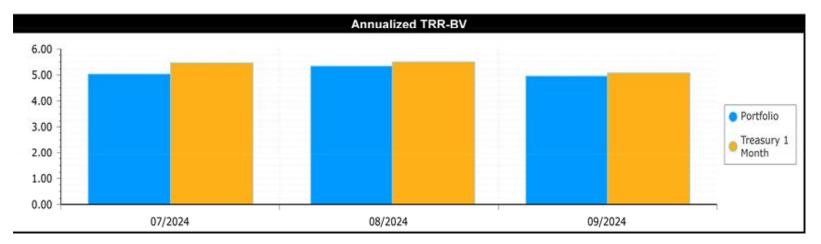


Total Rate of Return vs. Benchmark 1 Month Treasury



June 30, 2024 through September 30, 2024

	Beginning BV +	Interest Earned	Realized	Investment	Average Capital		Annualized	Treasury 1
Month	Accrued Interest	During Period-BV	Gain/Loss-BV	Income-BV	Base-BV	TRR-BV	TRR-BV	Month
Beginning	1,639,154,479.09				1,637,262,812.79		5.44	5.46
7/31/2024	1,594,082,929.42	6,532,289.62	0.00	6,532,289.62	1,591,148,809.64	0.41	5.04	5.48
8/31/2024	1,515,155,339.14	6,571,118.82	0.00	6,571,118.82	1,505,660,764.32	0.44	5.39	5.50
9/30/2024	1,222,501,701.09	5,097,594.13	0.00	5,097,594.13	1,259,190,866.75	0.40	4.97	5.06
Total/Average	1,443,913,323.22	18,201,002.57	0.00	18,201,002.57	1,452,000,146.90	1.25	5.13	5.35





Summary of Current Portfolio Holdings & Quarterly Earnings

Begin Date: 6/30/2024, End Date: 9/30/2024

Description	CUSIP/Ticker	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	CADE-D1359	167,111.53	166,796.88	167,111.53	167,111.53	314.66	0.750	N/A
<u>H9902 Hospital - Cadence General Funds</u> DDA MM	CADE-D3837	100,393,558.33	100,439,668.99	100,393,558.33	100,393,558.33	1,240,552.87	4.500	N/A
LoneStar H9902 LGIP	LONESTARH9902	201,857,955.67	199,144,444.97	201,857,955.67	201,857,955.67	2,713,510.70	5.121	N/A
<u>H9902 Hospital - Cadence General Funds</u> MMF MM	<u>M3837-FIGXX</u>	644,102,035.52	985,499,087.73	644,102,035.52	644,102,035.52	9,969,524.58	4.820	N/A
H9902 Hospital - HRA Sweep MMF MM	<u>M3845-FIGXX</u>	1,456,725.76	97,390.67	1,456,725.76	1,456,725.76	10,243.16	4.820	N/A
<u>H9902 Hospital - Cigna Health Benefits MMF</u> <u>MM</u>	<u>M3944-FIGXX</u>	12,290,244.54	14,702,356.19	12,290,244.54	12,290,244.54	171,440.58	4.820	N/A
<u>H9902 Hospital - FSA Plan MMF MM</u>	<u>M3951-FIGXX</u>	2,534,879.78	1,976,074.93	2,534,879.78	2,534,879.78	29,077.05	4.820	N/A
H9902 Hospital - Donations Sweep MM	<u>M5899-FIGXX</u>	1,358,282.28	1,353,082.84	1,358,282.28	1,358,282.28	17,442.26	4.820	N/A
TexasCLASS H9902 LGIP	TXCLASSH9902	202,273,517.88	199,551,197.76	202,273,517.88	202,273,517.88	2,722,320.12	5.063	N/A
<u>T-Bill 0 10/22/2024</u>	<u>912797LU9</u>	54,000,000.00	0.00	53,850,768.84	53,849,795.40	28,610.40	4.664	10/22/2024
DNB BANK ASA DISC CP 0 10/25/2024	2332K0KR2	96,500,000.00	0.00	96,178,269.00	96,181,764.44	39,779.44	4.788	10/25/2024
<u>T-Bill 0 11/19/2024</u>	<u>912797MC8</u>	90,500,000.00	0.00	89,926,963.96	89,925,280.85	46,915.85	4.675	11/19/2024
BARCLAYS US CCP DISC CP 0 11/26/2024	<u>06741FLS4</u>	24,000,000.00	0.00	23,818,896.00	23,819,281.36	9,681.36	4.798	11/26/2024
<u>T-Bill 0 12/26/2024</u>	<u>912796ZV4</u>	36,000,000.00	0.00	35,612,086.32	35,609,569.56	18,159.56	4.605	12/26/2024
Sub Total/Average H9902 Hospital - General Fund		1,467,434,311.29	1,502,930,100.96	1,465,821,295.41	1,465,820,002.90	17,017,572.59	4.850	
H9906 Hospital - SPFC								
H9906 Hospital - SPFC Money Market MM	<u>M3936-FIGXX</u>	56,224.35	55,209.75	56,224.35	56,224.35	722.95	4.820	N/A
TexasCLASS H9906 LGIP	TXCLASSH9906	974,297.17	961,184.47	974,297.17	974,297.17	13,112.70	5.063	N/A
Sub Total/Average H9906 Hospital - SPFC		1,030,521.52	1,016,394.22	1,030,521.52	1,030,521.52	13,835.65	5.050	
H9917 Hospital - Ser 2010 DS								
H9917 Hospital - Series 2010 DS Sweep MMF MM	<u>M3993-FIGXX</u>	64.34	0.00	64.34	64.34	64.58	4.820	N/A
TexasCLASS H9917 LGIP	TXCLASSH9917	65,647.61	743,873.18	65,647.61	65,647.61	10,367.94	5.063	N/A
T-Note 1.375 1/31/2025	<u>912828Z52</u>	6,000,000.00	5,865,588.00	5,937,773.46	5,935,349.85	69,453.95	4.713	1/31/2025
Sub Total/Average H9917 Hospital - Ser 2010 DS		6,065,711.95	6,609,461.18	6,003,485.41	6,001,061.80	79,886.47	4.717	

Description	CUSIP/Ticker	Ending Face Amount/Shares	Beginning MV	Ending MV	Ending BV	Investment Income- BV	Ending YTM @ Cost	Maturity Date
H9918 Hospital - Ser 2010 DSR								
<u>H9918 Hospital - Series 2010 DSR Sweep</u> <u>MMF MM</u>	<u>M4017-FIGXX</u>	64.34	0.00	64.34	64.34	64.58	4.820	N/A
TexasCLASS H9918 LGIP	TXCLASSH9918	63,962.95	347,178.31	63,962.95	63,962.95	5,011.50	5.063	N/A
<u>T-Note 1.375 1/31/2025</u>	<u>912828Z52</u>	6,000,000.00	5,865,588.00	5,937,773.46	5,935,349.85	69,453.95	4.713	1/31/2025
Sub Total/Average H9918 Hospital - Ser 2010 DSR		6,064,027.29	6,212,766.31	6,001,800.75	5,999,377.14	74,530.03	4.717	
H9920 Hospital - Rev & Ref Ser 2016 DS								
<u>H9920 Hospital - Series 2016 DS Sweep</u> <u>MMF MM</u>	<u>M4009-FIGXX</u>	108.85	0.00	108.85	108.85	109.25	4.820	N/A
TexasCLASS H9920 LGIP	TXCLASSH9920	88,290.00	617,732.40	88,290.00	88,290.00	9,209.97	5.063	N/A
T-Note 1.375 1/31/2025	<u>912828Z52</u>	10,150,000.00	9,922,619.70	10,044,733.44	10,040,633.49	117,492.93	4.713	1/31/2025
Sub Total/Average H9920 Hospital - Rev & Ref Ser 2016 DS		10,238,398.85	10,540,352.10	10,133,132.29	10,129,032.34	126,812.15	4.716	
H9921 Hospital - Rev & Ref Ser 2016 DSR								
H9921 Hospital - Series 2016 DSR Sweep MMF MM	<u>M4033-FIGXX</u>	109.38	0.00	109.38	109.38	109.80	4.820	N/A
TexasCLASS Govt H9921 LGIP	TXCLASSGH9921	70,338.24	0.00	70,338.24	70,338.24	213.24	4.811	N/A
TexasCLASS H9921 LGIP	TXCLASSH9921	110,244.40	1,014,873.25	110,244.40	110,244.40	13,718.07	5.063	N/A
T-Note 1.375 1/31/2025	<u>912828Z52</u>	10,200,000.00	9,971,499.60	10,094,214.88	10,090,094.74	118,071.71	4.713	1/31/2025
Sub Total/Average H9921 Hospital - Rev & Ref Ser 2016 DSR		10,380,692.02	10,986,372.85	10,274,906.90	10,270,786.76	132,112.82	4.717	
H9924 Hospital - Capital Assets Series 202	20							
TexasCLASS H9924 LGIP	TXCLASSH9924	1,217,705.41	1,201,316.77	1,217,705.41	1,217,705.41	16,388.64	5.063	N/A
Sub Total/Average H9924 Hospital - Capital Assets Series 2020		1,217,705.41	1,201,316.77	1,217,705.41	1,217,705.41	16,388.64	5.063	
H9925 Hospital - Capital Gift Proceeds								
TexasCLASS H9925 LGIP	TXCLASSH9925	53,673,044.88	54,288,366.19	53,673,044.88	53,673,044.88	739,864.22	5.063	N/A
Sub Total/Average H9925 Hospital - Capital Gift Proceeds		53,673,044.88	54,288,366.19	53,673,044.88	53,673,044.88	739,864.22	5.063	
Total / Average	·	1,556,104,413.21	1,593,785,130.58	1,554,155,892.57	1,554,141,532.75	18,201,002.57	4.855	

BOARD OF TRUSTEES Budget and Finance Committee



Thursday, November 14, 2024

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

Attached for your review and acceptance is the Third Quarter Calendar Year 2024 Pension Plan Report for the period July to September 2024.

Administration recommends that the Board accept the Third Quarter Pension Plan Report for the period ended September 30, 2024.

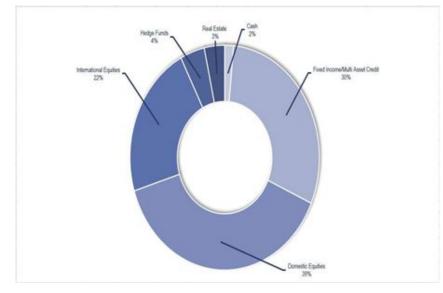
Victoria Nikitin Executive Vice President – Chief Financial Officer

Pension Plan Summary

For the Quarter Ended and Year to Date September 30, 2024

	YEAR	-TO-DATE			QU	ARTERLY			YEA	R-TO-DATE
		12/31/23		03/31/24		06/30/24		09/30/24		2/31/24
Investment Return		14.2%		4.7%		1.3%		4.7%		10.8%
Market Value of Assets (in millions)	\$	948.3	S	995.8	S	1,010.2	\$	1,058.7	\$	1,058.7
Employer Contributions (in millions)	\$	68.0	S	18.3	S	17.8	\$	16.7	\$	52.8
Benefit Payments (in millions)	\$	64.1	S	16.2	S	16.3	S	16.4	\$	48.8
Funded Ratio		79.5%		83.6%		84.4%		87.9%		87.9%

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 \$48.6 million this quarter and increased \$110.4 million since the beginning of the calendar year. Investment return was 4.7% for the quarter ended September 30, 2024, due to the following market conditions:

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- In the third quarter of 2024, the global equity markets rose amid volatility. The S&P 500 Index continued making new highs, despite a mixed outlook on earnings and a slightly weaker than expected labor market. Easing inflation, continued economic growth, and outperformance by financials and industrials pushed S&P 500 Index higher. Volatility rose sharply during the quarter as the CBOE Volatility Index after a significant increase at the beginning of August, then reverting back and ending below its 20-year average.
- The U.S. economy grew at an annualized rate of 3.0% in the second quarter of 2024, in line with the expectations and above the previous quarter's rate. The acceleration was largely boosted by strong consumer and government spending. U.S. headline consumer price inflation slowed to 2.5% year-on-year in August, coming in below economists' expectations.
- Following comments from U.S. Federal Reserve (Fed) Chairman Jerome Powell stating that it is time for monetary policy adjustments given that current inflation and labor market data suggest a changing environment, the U.S. Fed cut its benchmark interest rate by 50 bps at its September meeting, the first rate cut in more than 4 years.
- U.S. Treasury yields fell across maturities as the yield curve shifted downwards over the quarter, with short-dated and medium-term bond yields falling more compared to long-dated yields. Credit markets delivered positive returns over the quarter.

BOARD OF TRUSTEES Budget and Finance Committee



Thursday, November 14, 2024

Consideration of Acceptance of the Harris Health September 2024 Financial Report Subject to Audit

Attached for your review and consideration is the September 2024 Financial Report.

Administration recommends that the Board accept the financial report for the period ended September 30, 2024, subject to final audit.

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Victoria Nikitin Executive Vice President – Chief Financial Officer

HARRISHEALTH



Financial Statements

As of the Year Ended September 30, 2024 Subject to Audit



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Financial Highlights Review HARRISHEALTH

As of September 30, 2024

Operating income for the year ended September 30, 2024 was \$129.2 million compared to budgeted income of \$59.7 million.

Total net revenue for the year ended September 30, 2024 of \$2,529.3 million was \$96.3 million or 3.67.% less than budget. Net patient service revenue and improved investment returns were \$39.9 million and \$10.3 million, respectively, more than budget. Net ad valorem tax revenue was \$22.4 million lower than budgeted due to State property tax reform and tax payer appeals which lead to lower property tax collections. Medicaid Supplemental programs were \$123.2 million less than expected due to programmatic changes made by HHSC to the Hospital Augmented Reimbursement Program (HARP) and the Uncompensated Care High Impecunious Charge Hospital (HICH) pool.

As of September 30, 2024, total expenses of \$2,400.1 million were \$165.8 million or 6.5% lower than budget. Staff costs were \$81.7 million less than budget due to the actuarially calculated adjustment attributed to a decrease in pension expense which impacts both FY 2024 and FY 2025, and decreases in health insurance claims, of \$50.5 and \$15.8 million, respectively. Total services had a favorable variance of \$51.0 million driven mostly by lower physician services, purchased services non-clinical, and lower medical insurance subsidies. Depreciation and interest expense was \$34.2 million less than planned mainly due to the timing of the new bond issuance shifting to FY 2025.

Through the year ended September 30, 2024, total patient days and average daily census increased 5.1% compared to budget. Inpatient case mix index, a measure of patient acuity, and length of stay were 1.1% and 8.0% higher, respectively, than budget. Emergency room visits were 7.2% higher than planned for the year. Total clinic visits, including telehealth, were 4.8% lower compared to budget. Births were down 2.4%.

Total cash receipts for the year were \$3,025.0 million. At September 30, 2024, the system has \$1,463.4 million in unrestricted cash, cash equivalents and investments, representing 230.8 days cash on hand. Harris Health has \$157.8 million in net accounts receivable, representing 77.1 days of outstanding patient accounts receivable. The September balance sheet reflects a combined net receivable position of \$25.69 million under the various Medicaid Supplemental programs. As of September 30, 2024, \$878.9 million ad valorem tax collections were received and \$897.3 million in current ad valorem tax revenue was recognized.

Income Statement

As of the Year Ended September 30, 2024 and 2023 (in \$ Millions)

HARRIS**HEALTH**

	QUARTER-TO-DATE				YEAR-TO-DATE									
	CL	IRRENT	CURRENT	PERCENT	0	URRENT	С	URRENT	PERCENT	PRIOR		PERCENT		
		YEAR	BUDGET	VARIANCE		YEAR	E	BUDGET	VARIANCE		YEAR	VARIANCE		
REVENUE														
Net Patient Revenue	\$	190.6	\$ 182.7	4.3%	\$	748.5	\$	708.5	5.6%	\$	753.6	-0.7%		
Medicaid Supplemental Programs		186.9	204.1	-8.4%		693.2		816.5	-15.1%		719.3	-3.6%		
Other Operating Revenue		23.8	31.3	-24.0%	_	120.5		122.4	-1.6%		133.6	-9.8%		
Total Operating Revenue	\$	401.2	\$ 418.0	-4.0%	\$	1,562.2	\$	1,647.4	-5.2%	\$	1,606.5	-2.8%		
Net Ad Valorem Taxes		196.0	224.1	-12.6%		874.2		896.5	-2.5%		822.8	6.2%		
Net Tobacco Settlement Revenue		-	-	0.0%		15.2		15.2	0.2%		15.2	0.2%		
Capital Gifts & Grants		-	-	0.0%		-		-	0.0%		9.5	-100.0%		
Interest Income & Other		18.9	16.6	13.6%		77.8		66.5	16.9%		77.4	0.4%		
Total Nonoperating Revenue	\$	214.9	\$ 240.8	-10.7%	\$	967.1	\$	978.2	-1.1%	\$	924.9	4.6%		
Total Net Revenue	\$	616.1	\$ 658.8	-6.5%	\$	2,529.3	\$	2,625.6	-3.7%	\$	2,531.4	-0.1%		
EXPENSE														
Salaries and Wages	\$	247.3	\$ 252.8	2.2%	\$	955.1	\$	974.3	2.0%	\$	893.7	-6.9%		
Employee Benefits		67.2	88.4	24.0%		291.3		353.8	17.7%		330.0	11.7%		
Total Labor Cost	\$	314.5	\$ 341.2	7.8%	\$	1,246.4	\$	1,328.1	6.1%	\$	1,223.6	-1.9%		
Supply Expenses		98.7	81.7	-20.8%		322.3		321.2	-0.3%		293.4	-9.8%		
Physician Services		109.6	111.8	1.9%		448.9		458.1	2.0%		419.5	-7.0%		
Purchased Services		76.2	81.1	6.0%		281.0		322.9	13.0%		253.5	-10.9%		
Depreciation & Interest		25.5	38.8	34.1%		101.3		135.5	25.2%		89.3	-13.5%		
Total Operating Expense	\$	624.6	\$ 654.5	4.6%	\$	2,400.0	\$	2,565.8	6.5%	\$	2,279.3	-5.3%		
Operating Income (Loss)	\$	(8.5)	\$ 4.3	-	\$	129.3	\$	59.8		\$	252.1			
Total Margin %		-1.4%	0.7%	 6	_	5.1%		2.3%			10.0%			

Balance Sheet

September 30, 2024 and 2023 (in \$ Millions)

HARRISHEALTH

	CURREN YEAR	т	PRIOR YEAR
CURRENT ASSETS			
Cash, Cash Equivalents and Short Term Investments	\$ 1,46	3.4 \$	1,013.8
Net Patient Accounts Receivable	15	7.8	181.5
Net Ad Valorem Taxes, Current Portion			-
Other Current Assets	9	0.0	501.3
Total Current Assets	\$ 1,71	1.2 \$	1,696.7
CAPITAL ASSETS			
Plant, Property, & Equipment, Net of Accumulated Depreciation	\$ 55	2.9 \$	519.8
Construction in Progress	23	9.3	150.6
Right of Use Assets	3	6.6	42.5
Total Capital Assets	\$ 82	8.9 \$	712.8
ASSETS LIMITED AS TO USE & RESTRICTED ASSETS			
Debt Service & Capital Asset Funds	\$ 3	3.9 \$	39.6
LPPF Restricted Cash	5	9.1	31.5
Capital Gift Proceeds	5	5.0	54.9
Other - Restricted		1.0	1.0
Total Assets Limited As to Use & Restricted Assets	\$ 14	9.1 \$	127.0
Other Assets	3	1.6	29.7
Deferred Outflows of Resources	18	2.3	234.8
Total Assets & Deferred Outflows of Resources	\$ 2,90	3.1 \$	2,801.0
CURRENT LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 26	8.3 \$	193.7
Employee Compensation & Related Liabilities	13	8.4	142.5
Deferred Revenue - Ad Valorem			-
Estimated Third-Party Payor Settlements	3	0.3	16.9
Current Portion Long-Term Debt and Capital Leases	3	6.6	36.5
Total Current Liabilities	\$ 47	3.7 \$	389.6
Long-Term Debt	27	9.7	299.1
Net Pension & Post Employment Benefits Liability	68	3.5	776.4
Other Long-Term Liabilities		8.3	7.2
Deferred Inflows of Resources	11	0.4	115.3
Total Liabilities	\$ 1,56	0.5 \$	1,587.6
Total Net Assets	\$ 1,34	2.6 \$	1,213.4
Total Liabilities & Net Assets	\$ 2,90	3.1 \$	2,801.0

Cash Flow Summary

As of the Year Ended September 30, 2024 and 2023 (in \$ Millions)

HARRISHEALTH

	QUARTER-TO-QUARTE CURRENT PRIOR					YEAR-T	О-D	ATE
	CL	IRRENT	F	PRIOR	С	URRENT		PRIOR
		YEAR		YEAR		YEAR		YEAR
CASH RECEIPTS								
Collections on Patient Accounts	\$	199.1	\$	188.8	\$	820.8	\$	709.4
Medicaid Supplemental Programs		381.8		(130.6)		1,052.1		729.1
Net Ad Valorem Taxes		1.5		6.0		878.9		826.2
Tobacco Settlement		-		-		15.2		15.2
Other Revenue		65.7		85.6		258.1		267.0
Total Cash Receipts	\$	648.0	\$	149.8	\$	3,025.0	\$	2,546.9
CASH DISBURSEMENTS								
Salaries, Wages and Benefits	\$	372.0	\$	326.7	\$	1,367.8	\$	1,303.6
Supplies		86.4		77.8		325.9		307.0
Physician Services		118.8		112.7		434.5		410.2
Purchased Services		73.2		58.5		276.9		238.3
Capital Expenditures		53.4		41.3		180.7		142.4
Debt and Interest Payments		4.9		3.9		11.6		23.7
Other Uses		(26.8)		2.6		(23.1)		(68.1)
Total Cash Disbursements	\$	681.8	\$	623.5	\$	2,574.3	\$	2,357.1
Net Change	\$	(33.8)	\$	(473.7)	\$	450.8	\$	189.8
Unrestricted Cash, Cash Equivalents and Investments - Beginning of year					\$	1,012.6		
Net Change					φ	450.8		
Unrestricted Cash, Cash Equivalents and Investments - End of period					\$	450.6 1,463.4	-	
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Harrishealth.org

Performance Ratios

HARRISHEALTH

As of the Year Ended September 30, 2024 and 2023 (in \$ Millions)

		QUARTE	R-T(D-DATE			YE/	AR-TO-DATE		
	CL	JRRENT	С	URRENT	С	URRENT	С	URRENT		PRIOR
		YEAR	E	BUDGET	-	YEAR	E	BUDGET	-	YEAR
OPERATING HEALTH INDICATORS										
Operating Margin %		-1.4%		0.6%		5.1%		2.3%		10.0%
Run Rate per Day (In\$ Millions)	\$	6.5	\$	6.9	\$	6.3	\$	6.8	\$	6.0
Salary, Wages & Benefit per APD	\$	2,339	\$	2,725	\$	2,349	\$	2,651	\$	2,429
Supply Cost per APD	\$	734	\$	652	\$	607	\$	641	\$	582
Physician Services per APD	\$	815	\$	892	\$	846	\$	914	\$	833
Total Expense per APD	\$	4,646	\$	5,227	\$	4,523	\$	5,122	\$	4,524
Overtime as a % of Total Salaries		4.0%		2.8%		3.5%		2.8%		3.4%
Contract as a % of Total Salaries		3.9%		4.3%		4.2%		4.4%		5.3%
Full-time Equivalent Employees		10,533		10,175		10,405		10,185		9,992
FINANCIAL HEALTH INDICATORS										
Quick Ratio						3.5				4.3
Unrestricted Cash (In \$ Millions)					\$	1,463.4	\$	890.7	\$	1,013.8
Days Cash on Hand						230.8		130.2		167.1
Days Revenue in Accounts Receivable						77.1		88.6		87.9
Days in Accounts Payable						52.8				50.4
Capital Expenditures/Depreciation & Amortization						205.9%				191.4%
Average Age of Plant (years)						10.4				11.6

Harris Health Key Indicators

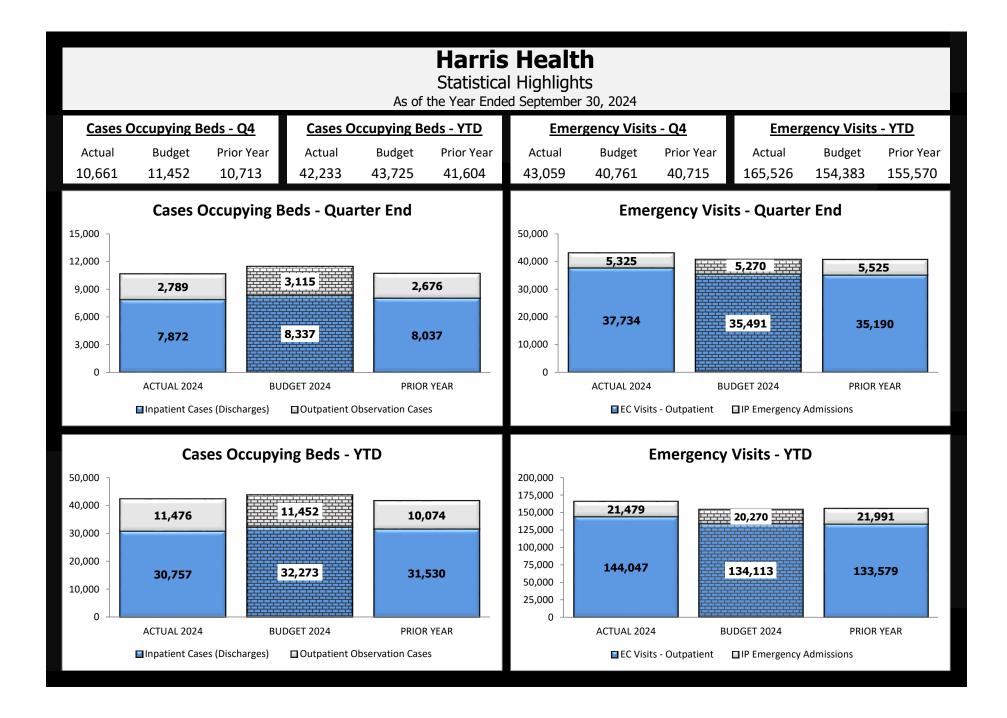


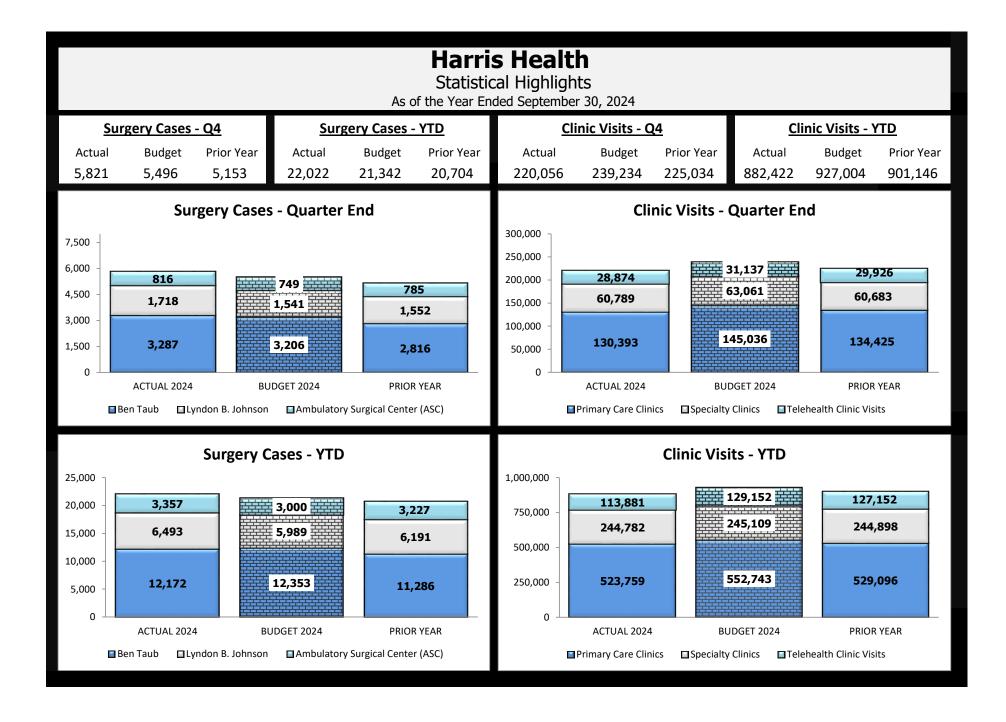
Statistical Highlights

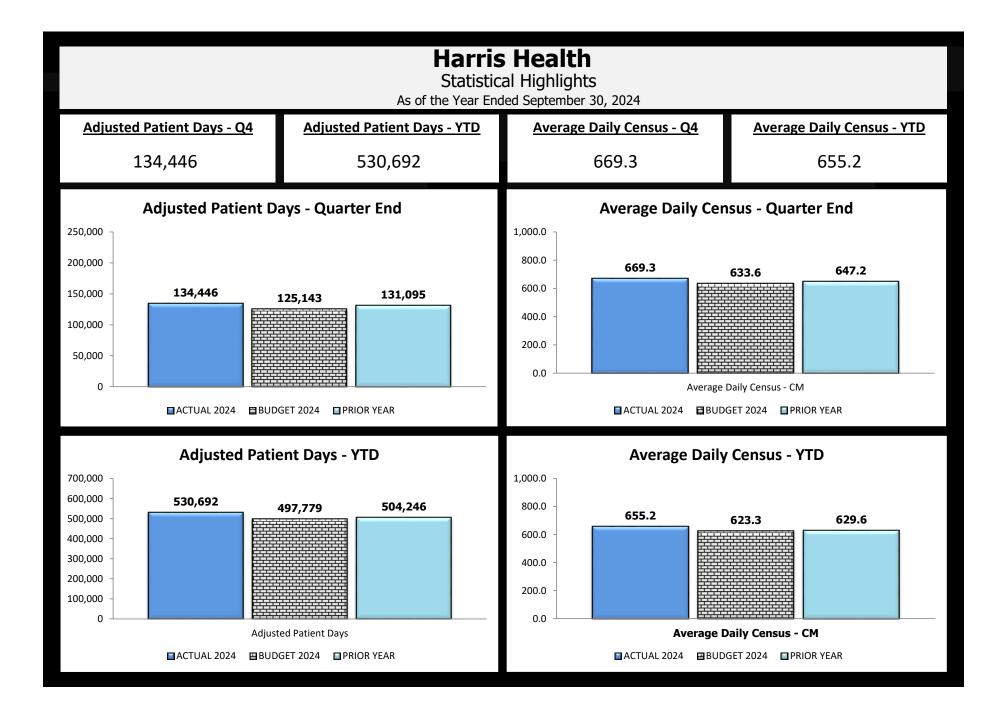
As of the Year Ended September 30, 2024 and 2023

HARRISHEALTH

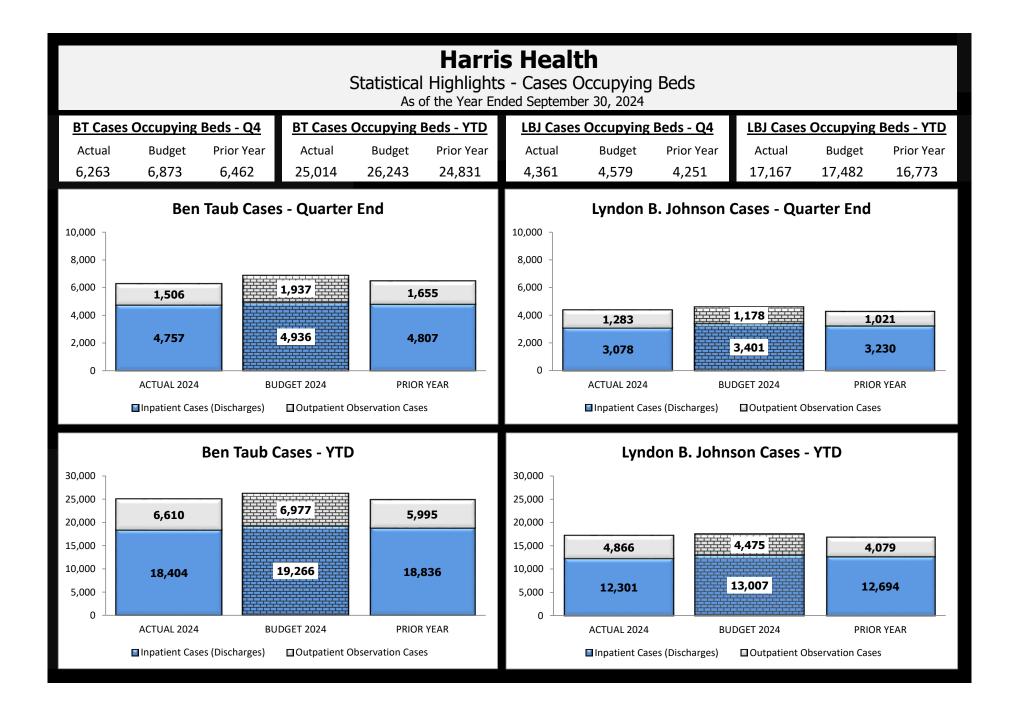
	QU/	ARTER-TO-DA	TE		YEAR-TO-DATE								
	CURRENT QUARTER	CURRENT BUDGET	PERCENT CHANGE	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	PRIOR YEAR	PERCENT CHANGE					
Adjusted Patient Days	134,446	125,143	7.4%	530,692	497,779	6.6%	504,246	5.2%					
Outpatient % of Adjusted Volume	61.6%	60.9%	1.2%	62.3%	60.9%	2.2%	61.0%	2.1%					
Primary Care Clinic Visits	130,393	145,036	-10.1%	523,759	552,743	-5.2%	529,096	-1.0%					
Specialty Clinic Visits	60,789	63,061	-3.6%	244,782	245,109	-0.1%	244,898	0.0%					
Telehealth Clinic Visits	28,874	31,136	-7.3%	113,881	129,151	-11.8%	127,125	-10.4%					
Total Clinic Visits	220,056	239,233	-8.0%	882,422	927,003	-4.8%	901,119	-2.1%					
Emergency Room Visits - Outpatient	37,734	35,491	6.3%	144,047	134,113	7.4%	133,579	7.8%					
Emergency Room Visits - Admitted	5,325	5,270	1.0%	21,479	20,270	6.0%	21,991	-2.3%					
Total Emergency Room Visits	43,059	40,761	5.6%	165,526	154,383	7.2%	155,570	6.4%					
Surgery Cases - Outpatient	2,953	2,774	6.5%	11,523	10,864	6.1%	11,059	4.2%					
Surgery Cases - Inpatient	2,868	2,722	5.4%	10,499	10,478	0.2%	9,645	8.9%					
Total Surgery Cases	5,821	5,496	5.9%	22,022	21,342	3.2%	20,704	6.4%					
Total Outpatient Visits	392,596	392,920	-0.1%	1,499,714	1,515,285	-1.0%	1,488,884	0.7%					
Inpatient Cases (Discharges)	7,872	8,337	-5.6%	30,757	32,273	-4.7%	31,530	-2.5%					
Outpatient Observation Cases	2,789	3,115	-10.5%	11,476	11,452	0.2%	10,074	13.9%					
Total Cases Occupying Patient Beds	10,661	11,452	-6.9%	42,233	43,725	-3.4%	41,604	1.5%					
Births	1,469	1,486	-1.1%	5,316	5,446	-2.4%	5,494	-3.2%					
Inpatient Days	51,579	48,919	5.4%	200,128	194,512	2.9%	196,734	1.7%					
Outpatient Observation Days	9,998	9,375	6.6%	39,683	33,599	18.1%	33,085	19.9%					
Total Patient Days	61,577	58,294	5.6%	239,811	228,111	5.1%	229,819	4.3%					
Average Daily Census	669.3	633.6	5.6%	655.2	623.3	5.1%	629.6	4.1%					
Average Operating Beds	709	702	1.0%	705	702	0.4%	686	2.8%					
Bed Occupancy %	94.4%	90.3%	4.6%	92.9%	88.8%	4.7%	91.8%	1.3%					
Inpatient Average Length of Stay	6.55	5.87	11.7%	6.51	6.03	8.0%	6.24	4.3%					
Inpatient Case Mix Index (CMI)	1.733	1.694	2.3%	1.712	1.694	1.1%	1.694	1.1%					
Payor Mix (% of Charges)													
Charity & Self Pay	42.6%	44.3%	-3.7%	43.4%	44.3%	-2.0%	44.3%	-2.0%					
Medicaid & Medicaid Managed	19.7%	22.7%	-13.1%	19.4%	22.7%	-14.3%	22.7%	-14.3%					
Medicare & Medicare Managed	11.0%	11.4%	-3.4%	11.4%	11.4%	0.3%	11.4%	0.3%					
Commercial & Other	26.7%	21.7%	23.1%	25.8%	21.7%	18.9%	21.7%	18.9%					
Total Unduplicated Patients - Rolling 12				247,174			249,336	-0.9%					
Total New Patient - Rolling 12				89,617			88,155	1.7%					

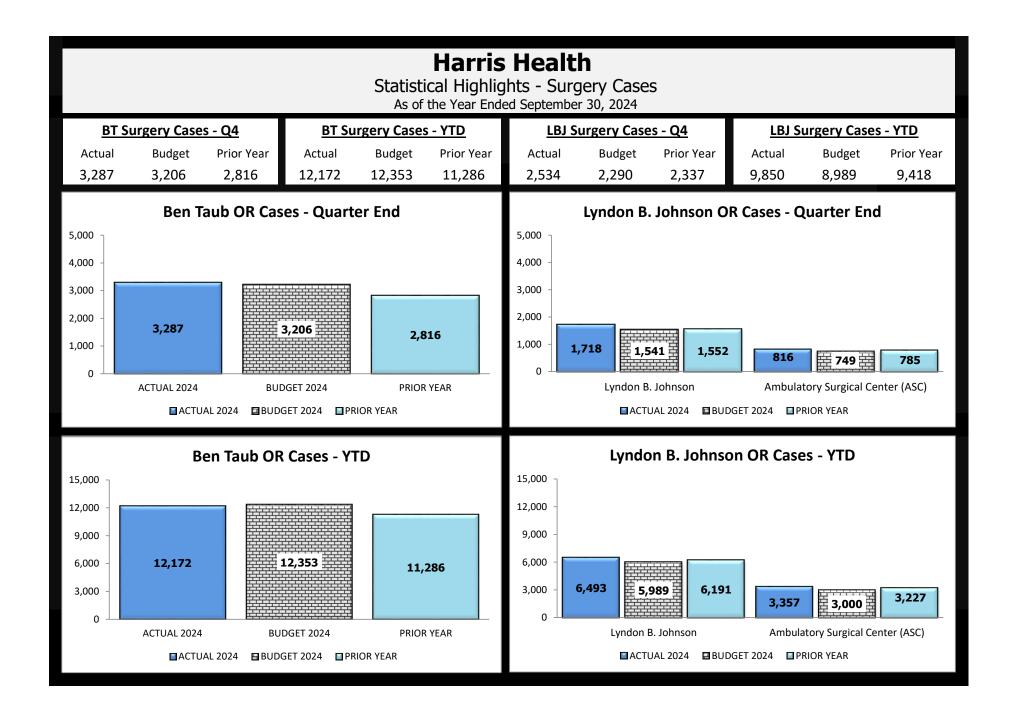


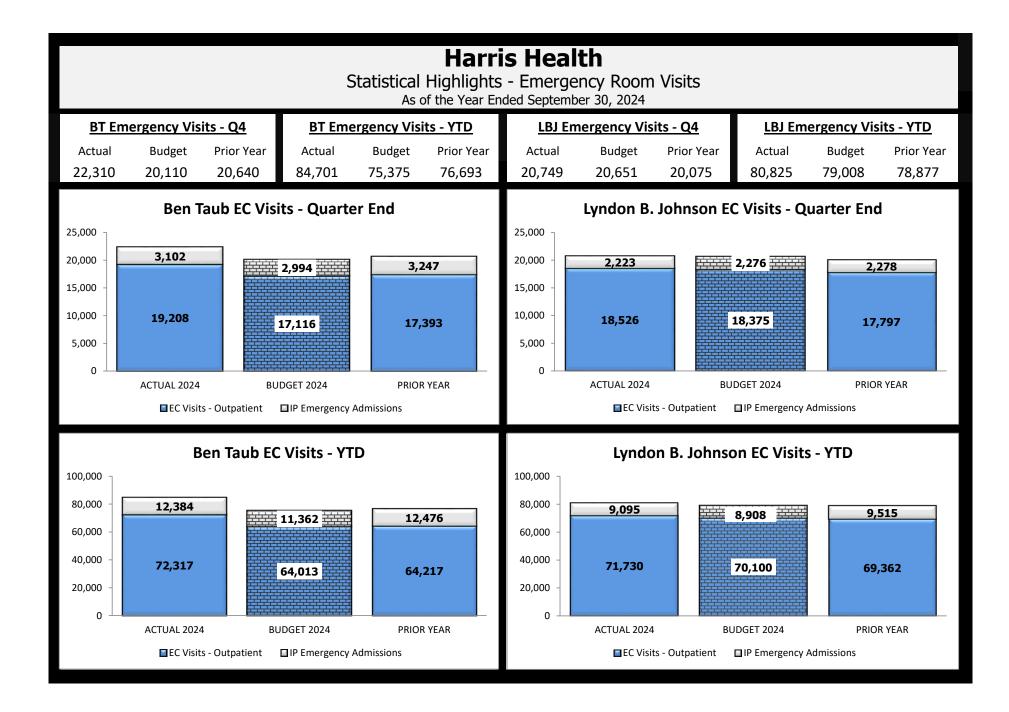


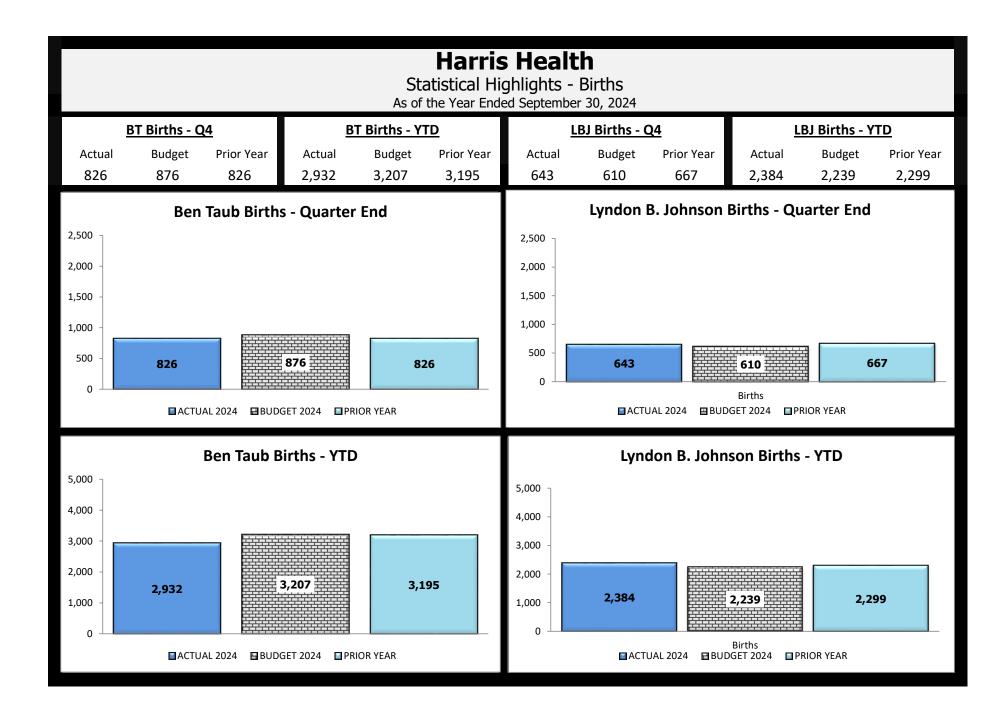


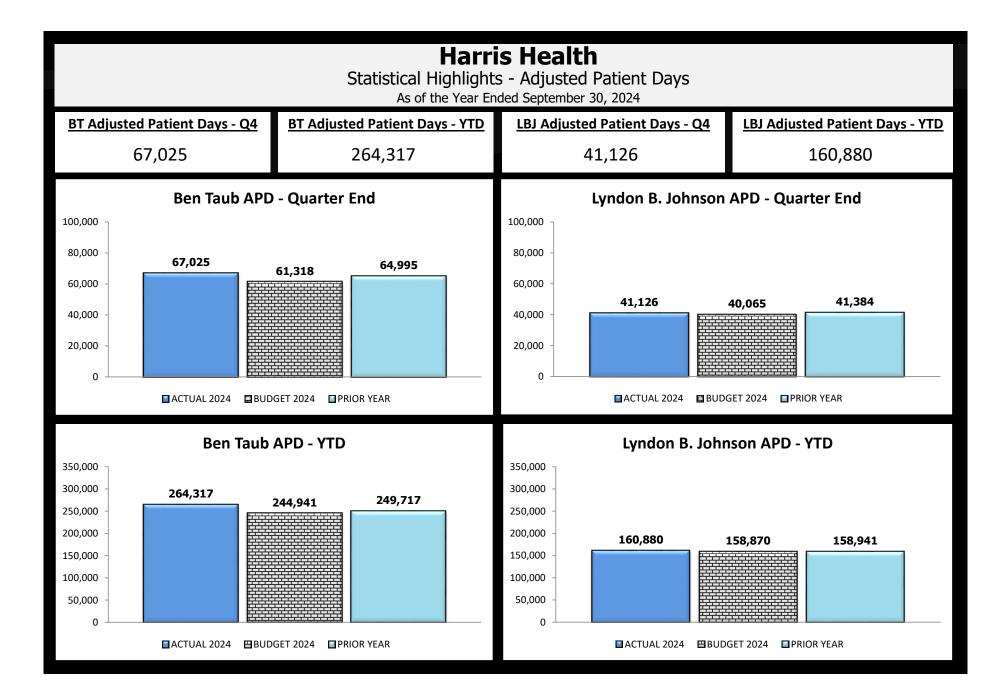


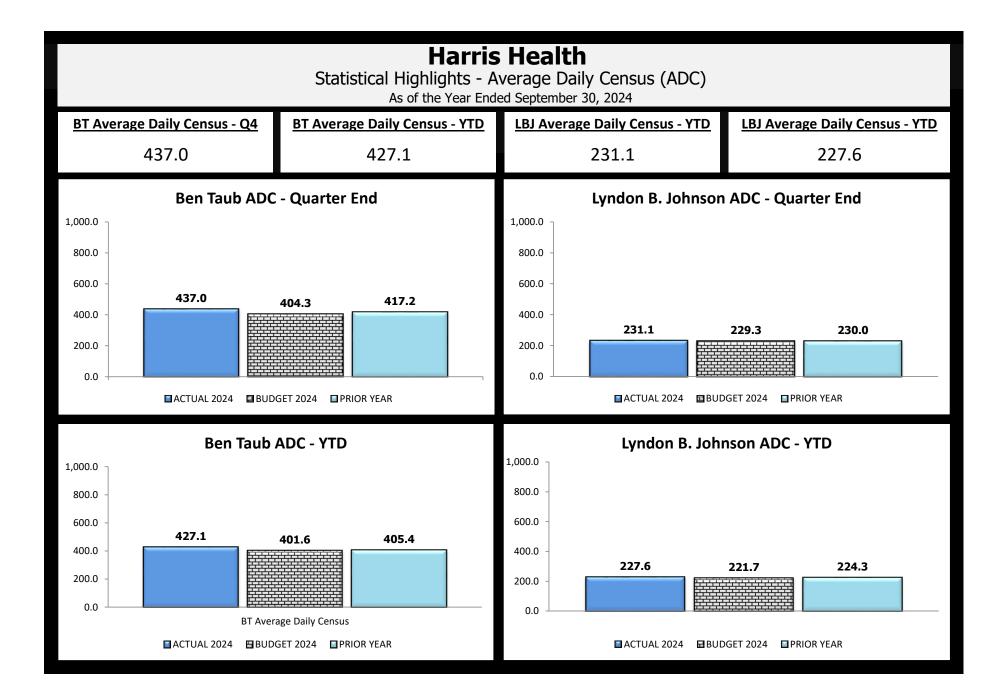


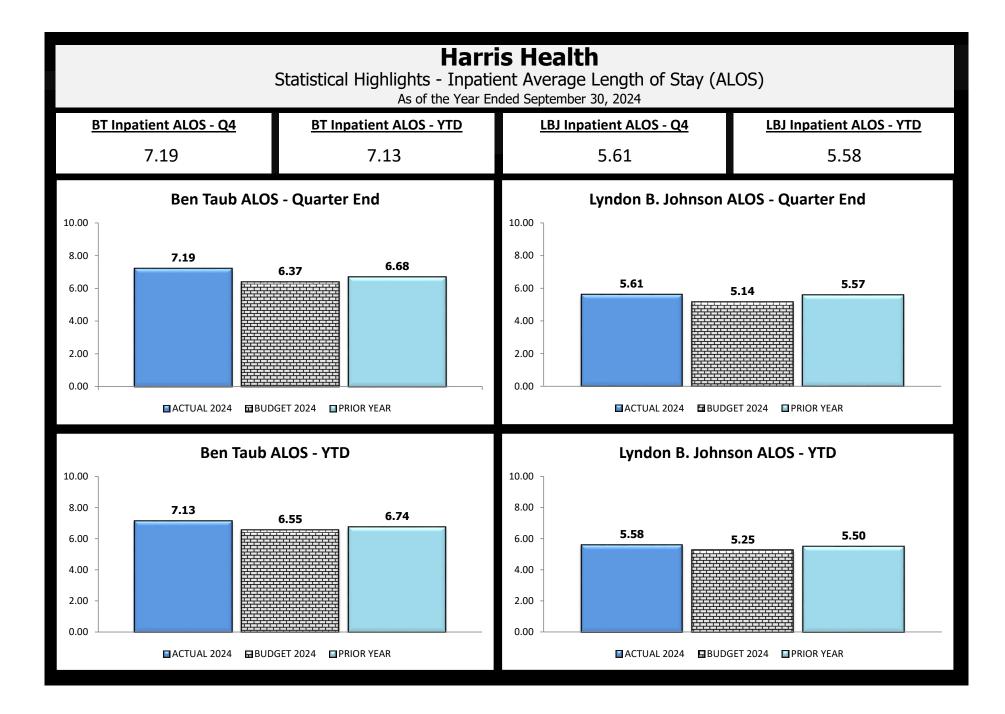


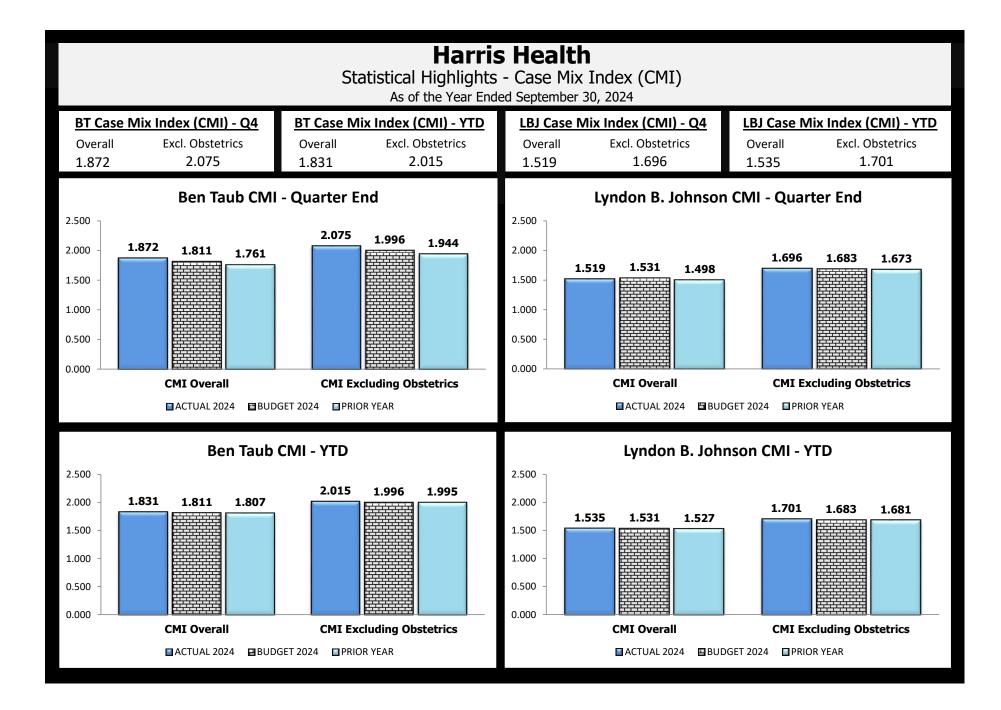












BOARD OF TRUSTEES Budget and Finance Committee



Thursday, November 14, 2024

Executive Session

Discussion Regarding Subsidy Payments to Community Health Choice, Inc., Pursuant to Tex. Gov't Code Ann. §551.085, Including Consideration of Approval of Subsidy Payments to Community Health Choice, Inc. for the Health Insurance Marketplace Non-Federal Premium Payments for Eligible Harris Health Patients for Calendar Year 2025 Upon Return to Open Session.

Victoria Nikitin Executive Vice President – Chief Financial Officer



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BOARD OF TRUSTEES Budget and Finance Committee



Thursday, November 14, 2024

Executive Session

Review of the Community Health Choice, Inc. and Community Health Choice Texas, Inc. financial performance for the nine months ending September 30, 2024, pursuant to Tex. Gov't Code Ann. §551.085.

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Anna Mateja Chief Financial Officer Community Health Choice, Inc. Community Health Choice Texas, Inc.

Victoria Nikitin EVP & Chief Financial Officer Harris Health



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BOARD OF TRUSTEES Budget and Finance Committee



Thursday, November 14, 2024

Executive Session

Discussion Regarding the 2025 Operating and Capital Budget for Community Health Choice Texas, Inc. and Community Health Choice, Inc., Pursuant to Tex. Gov't Code Ann. §551.085, Including Consideration of Approval of the 2025 Operating and Capital Budget for Community Health Choice Texas, Inc. and Community Health Choice, Inc. Upon Return to Open Session.

Anna Mateja Chief Financial Officer Community Health Choice, Inc. Community Health Choice Texas, Inc.

Victoria Nikitin EVP & Chief Financial Officer Harris Health



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HARRIS**HEALTH**

BOARD OF TRUSTEES

Compliance and Audit Committee

Thursday, November 14, 2024 10:30 A.M. (or immediately following the Budget and Finance Committee meeting)

> BOARD ROOM 4800 Fournace Place, Bellaire, Texas 77401

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

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

١.	Call to Order and Record of Attendance	Ms. Carol Paret	2 min
п.	Approval of the Minutes of Previous Meeting		1 min
	 Compliance and Audit Committee Meeting – September 12, 2024 		
III.	Presentation Regarding the Harris Health Independent Auditor's Pre-audit		10 min
	Communication for the Year Ended September 30, 2024		
	<u>– Mr. Chris Clark, Forvis Mazars</u>		
IV.	Presentation Regarding the Harris Health Internal Audit Annual Update for the		5 min
	Period October 1, 2023 through September 30, 2024 – Mr. Mike Post, Harris		
	County Auditor and Ms. Sharon Brantley Smith, Chief Assistant County Auditor		
v.	Consideration of Recommendation for Approval of the Harris Health Fiscal Year		5 min
	2025 Internal Audit Charter to the Harris Health Board of Trustees		
	- Mr. Mike Post, Harris County Auditor and Ms. Sharon Brantley Smith, Chief		
	Assistant County Auditor		
VI.	Executive Session	Ms. Carol Paret	65 min
	A. Presentation Regarding the Harris County Auditor's Fiscal Year 2025 Annual		(10 min)
	Risk Assessment and Audit Plan Process, Pursuant to Tex. Occ. Code Ann.		
	§151.002, Tex. Health & Safety Code Ann. §161.032, Tex. Gov't Code Ann.		
	§418.183 and Tex. Gov't Code Ann. §551.089, Including Consideration of		
	Recommendation for Approval of the Harris Health Fiscal Year 2025 Internal		
	Audit Plan to the Harris Health Board of Trustees		
	<u>– Mr. Mike Post, Harris County Auditor and Ms. Sharon Brantley Smith, Chief</u>		
	Assistant County Auditor		

HARRISHEALTH

	B. Presentation Regarding Harris County Auditor's Report Related to UKG Post-		(10 min)
	implementation Audit, Pursuant to Tex. Occ. Code Ann. §151.002 and Tex.		
	Health & Safety Code Ann. §161.032 – Mr. Mike Post, Harris County Auditor		
	and Ms. Sharon Brantley Smith, Chief Assistant County Auditor		
	C. Presentation Regarding Harris County Auditor's Report on High-priority		(10 min)
	Management Action Plans (MAPs) Related to the Telemedicine Audit, Pursuant		
	to Tex. Occ. Code Ann. §151.002, Tex. Health & Safety Code Ann. §161.032		
	and Tex. Gov't Code Ann. §418.183 – Mr. Mike Post, Harris County Auditor		
	and Ms. Sharon Brantley Smith, Chief Assistant County Auditor		
	D. Report by the Executive Vice President, Chief Compliance and Risk Officer,		(35 min)
	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, Including		
	Consideration of Recommendation for Approval of the Fiscal Year 2025 Harris		
	Health Compliance and Internal Quality Audit Plans to the Harris Health Board		
	of Trustees – <i>Ms. Carolynn Jones</i>		
VII.	Reconvene	Ms. Carol Paret	1 min
VIII.	Adjournment	Ms. Carol Paret	1 min



HARRIS HEALTH SYSTEM MINUTES OF THE BOARD OF TRUSTEES COMPLIANCE & AUDIT COMMITTEE MEETING Thursday, September 12, 2024 | 10:00 AM

	Indisday, September 12, 2024 10:00 Aivi			
	AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS	
I.	Call to Order and Record of Attendance	Ms. Carol Paret, Committee Chair, called the meeting to order at 10:01 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 .		
Ш.	Approval of the Minutes of the Previous MeetingCompliance and AuditCommittee Meeting – May16, 2024		Moved by Ms. Afsheen Davis, seconded by Ms. Carol Paret, and unanimously approved the minutes of the May 16, 2024 meeting. Motion carried.	
	Presentation Regarding the Harris Health System Quarterly Internal Audit Update as of September 12, 2024	Ms. Sharon Brantley as the Chief Assistant County Auditor for the Harris County Auditor's Office, presented the Harris Health System Quarterly Internal Audit Update as of September 12, 2024. She outlined the status of four (4) completed engagements, six (6) ongoing audits, and provided an overview of audits scheduled to begin in FY 2024 Quarter 4 and FY 2025 Quarter 1. Additionally, Ms. Brantley summarized Harris Health's outstanding management action plans and provided an update on their annual risk assessment. A copy of the presentation is available in the permanent record.	As Presented.	
IV.	PresentationRegardingComplianceEducationU.S.DepartmentofInspectorofInspectorGeneralComplianceProgramGuidance(November, 2023)•ComplianceProgramProgramInfrastructure:TheSevenElements[Part 2 of 3]	 Ms. Carolynn Jones, Executive Vice President, Chief Compliance and Risk Officer, presented regarding Compliance Education based on the U.S. Department of Health and Human Services, Office of Inspector General's General Compliance Program Guidance (November, 2023). She provided an overview of the Seven (7) Elements of an Effective Compliance Program, which included: Written Policies and Procedures; Compliance Leadership and Oversight; Training and Education; Effective Lines of Communication with the Compliance Officer and Disclosure Program; Enforcing Standards: Consequences and Incentives; Risk Assessment, Auditing, and Monitoring; and Responding to Offenses and Developing Corrective Action Initiatives. 	As Presented.	

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
V. 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 551.071, and Tex. Health & Safety Code Ann. §161.032.	
A. 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. Health & Safety Code Ann. §161.032, Tex. Gov't Code Ann. §418.183 and Tex. Gov't Code Ann. §551.071		No Action Taken.
B. Presentation Regarding Harris County Auditor's Report Related to Baylor Provider Invoicing, Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Health & Safety Code Ann. §161.032 and Tex. Gov't Code Ann. §551.071		No Action Taken.

	AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
	C. Presentation Regarding Harris County Auditor's Report Related to Nursing Licenses, Pursuant to Tex. Health & Safety Code Ann. §161.032		No Action Taken.
	D. 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		No Action Taken.
VI.	Reconvene	At 11:07 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.	
VII.	Adjournment	There being no further business, the meeting adjourned at 11:07 a.m.	

Compliance and Audit Committee Minutes September 12, 2024 Page 4 of 4

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 September 12, 2024.

Respectfully submitted,

Ms. Carol Paret, BS, Committee Chair

Recorded by Cherry A. Pierson, MBA



Thursday, September 12, 2024 Harris Health Board of Trustees Compliance & Audit Committee Attendance

COMMITTEE MEMBERS PRESENT	COMMITTEE MEMBERS ABSENT	OTHER BOARD MEMBERS PRESENT
Afsheen Davis	Jennifer Tijerina	
Carol Paret (Committee Chair)		

HARRIS HEALTH EXECUTIVE LEADERSHIP, STAFF & SPECIAL INVITED GUESTS		
Anthony Williams	Dr. Matasha Russell	
Arlen Alanis	Dr. Maureen Padilla	
Carol Chatman	Michael Hill	
Carolynn Jones	Dr. Michael Nnadi	
Cherry Pierson	Nicholas J. Bell	
Daniel Smith	Olga Rodriguez	
Derek Curtis	Omar Reid	
Derek Holmes	Patricia Darnauer	
Ebon Swofford (Harris County Attorney's Office)	Patrick Casey	
Elizabeth Hanshaw Winn (Harris County Attorney's Office)	Randy Manarang	
Dr. Esmaeil Porsa (Harris Health System President & CEO)	Ron Fuschillo	
Dr. Glorimar Medina	Dr. Sandeep Markan	
Dr. Jackie Brock	Sara Thomas (Harris County Attorney's Office)	
Dr. Jennifer Small	Sharon Brantley-Smith (Harris County Auditor's Office)	
Jennifer Zarate	Shawn DeCosta	
John Matcek	Tekhesia Phillips	
Kari McMichael	Dr. Tien Ko	
Louis Smith	Veronica Kasdorf	
Maria Cowles	Victoria Nikitin	

Virtual Attendee Notice: If you joined as a group and would like to be counted as present, please submit an email to: <u>BoardofTrustees@harrishealth.org</u> before close of business the day of the meeting.

BOARD OF TRUSTEES Compliance and Audit Committee



Thursday, November 14, 2024

Presentation of the Harris Health System Independent Auditor's Pre-audit Communication for the Year Ended September 30, 2024

Representatives from the external audit firm FORVIS MAZARS, will provide an overview of the risk assessment and audit plan for the fiscal year ended September 30, 2024.

A copy of the presentation is attached.

ly la tra

Victoria Nikitin EVP - CFO

Planning Presentation to the Board of Trustees

Harris County Hospital District d/b/a Harris Health

September 30, 2024



Contents

Planning Presentation to the Board of Trustees	. 1
Thank You for Selecting Forvis Mazars	. 1
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Planned Timing of the Engagement	. 5
Planned Audit Scope	. 7
Consideration of Error or Fraud	11
Sharing Our Commitments	13



Thank You for Selecting Forvis Mazars

We are grateful for the opportunity to serve Harris County Hospital District d/b/a Harris Health and gain insight into your operations. This communication provides useful information relevant to your role as those charged with governance of Harris Health, 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

We understand the appropriate person in the governance structure with whom to communicate is:

• Dr. Andrea Caracostis, Board Chair

Your audit leader for any questions or communications is:

• Chris Clark | Chris.Clark@us.forvismazars.com | 469.341.0790 office



Overview & Responsibilities





Matter	Description of Audit Area
Scope of Our Audit	We have been engaged to audit the financial statements and compliance with federal awards of Harris Health as of and for the year ended September 30, 2024.
	Please refer to our contract dated February 5, 2024 for additional information and the terms of our engagement.
Audit Standards & Materiality	We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial statement audits contained in <i>Government Auditing Standards</i> (GAGAS), issued by the Comptroller General of the United States; Title 2 U.S. <i>Code of Federal Regulations</i> (CFR) Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> (Uniform Guidance); and the State of Texas <i>Uniform Grant Management Standards</i> (UGMS).
	Those standards require that we plan and perform the audit of the financial statements to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud, and the audit of compliance with the types of compliance requirements described in the U.S. Office of Management and Budget <i>Compliance Supplement</i> that are applicable to each major federal award program to obtain reasonable rather than absolute assurance about whether noncompliance having a direct and material effect on a major federal award program occurred.
	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.
Our Responsibilities	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.



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



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.

Phase	Timing	Key Activities
Planning	August–September 2024 Completed	Meet with management to develop detailed timeline Identification of documents and schedules to be obtained
Risk Assessment, Including Developing &	August–September 2024 <i>Completed</i>	Document internal control design and evaluate implementation, including the financial information technology systems
Understanding of Internal Control		Discuss within the engagement team risks specific to the engagement, including fraud
		Interview accounting, finance, and/or other personnel
		Assess risk of material misstatement for significant financial statement amounts and disclosures
Risk Response, Including Inquiries & Substantive Testing	November–December 2024 In progress	Test material account balances and risk areas Evaluate significant unusual transactions Form conclusions on risks of material misstatement Seek correction of any auditor identified misstatements Perform exit conferences with management



Phase	Timing	Key Activities
Wrap Up & Reporting	January 2025 Pending	Work with third parties to obtain any final information needed to complete audit testing
		Completion of engagement executive and quality control reviews
		Delivery of draft reports and communications
		Conferences with management to review drafts and discuss results
Presentation to the Board	February 2025 <i>Pending</i>	Make required communications to those charged with governance
	Ū	Discuss audit results and present final deliverables Share insights and suggestions for the future
Compliance Testing	December 2024–January 2025 <i>Pending</i>	Evaluate compliance with requirements that could have a direct and material effect on each major federal and state award program



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 Harris Health 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 Harris Health'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:

Risk Area(s)

Audit Approach

Economic risk – the current healthcare environment continues to be a potential threat and presents difficult circumstances and challenges for the health care industry. The funding received through the supplemental Medicaid programs also continues to present a challenge to Texas hospitals in estimating revenue.

Management override of controls – the risk that management may override existing and functioning accounting controls is an inherent risk to Harris Health.

Revenue recognition – revenue cut-off and recognition of supplemental Medicaid payments significantly impact the financial statements of Harris Health. Challenge estimates prepared by management, including the estimated values of patient accounts receivable and settlements from supplemental funding programs. Challenge disclosures regarding Medicaid revenue concentrations and impact of potential changes on future operating results. Challenge disclosures related to supplemental payment programs.

Review accounting estimates for bias, review selected journal entries, and evaluate business rationale for unusual transactions.

Test revenue cut-off and review the status of open cost reports, review correspondence with Medicare and Medicaid administrative contractors, review management's estimate of the fiscal year 2024 cost report settlement. Review estimates associated with Medicaid supplemental funding related balances in conjunction with available external data and subsequent receipts.



Risk Area(s)

Management estimates – estimates and judgments made by management materially impact financial statement amounts. The following financial statement areas include material estimates made by management:

- Net realizable value of patient accounts receivable
- Estimated third-party payor settlements, including supplemental funding settlements
- Estimated incurred, but not reported, health claims for employees
- Estimated incurred, but not reported, health claims for the Community Health Choice HMOs
- Net pension liability
- OPEB liability

Information Technology – Harris Health has a sophisticated and complex ERP, which affects multiple areas related to financial reporting.

Audit Approach

Review management's estimates and challenge methods and assumptions used. Review historical data and consider this data in light of new economic and other developments that might impact the future collections received or payments made. Perform a "look-back" test to challenge management's past estimates, looking for both bias and historical accuracy. Review actuarial valuations, challenge the data used by review of open claims listings and assess actuaries' qualifications.

Use Forvis Mazars IT specialists to review controls surrounding the implementation process, security, and data integrity. Challenge access controls to identify segregation of duties conflicts.



Risk Area(s)

Audit Approach

Compliance with Federal and State Funding Requirements – Harris Health will be subject to the Uniform Guidance and UGMS audit requirements due to receiving and expending federal and state funds. Evaluate compliance with major program's requirements, which will include obtaining an understanding of the internal controls related to the compliance and sampling of populations for compliance in relation to regulations set forth by Uniform Guidance and UGMS

We welcome any input you may have regarding the risk areas identified above, any other significant risk areas in your opinion, or other matters you believe warrant particular attention.

We may identify additional significant risks throughout the course of the audit engagement.

Other Procedures to Be Performed

We may also request written representations from Harris Health's attorneys as part of the engagement, and they may bill Harris Health 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.

Audit Implications of Significant Changes or Conditions

Any significant changes to Harris Health's financial reporting framework, such as

• Changes to existing accounting policies

Critical accounting policies and practices

• Accounting for supplemental Medicaid funding



• Internal controls and how those controls are serving to prevent or detect fraudulent activity

Critical audit areas

- Significant estimates
- Internal control structure
- Significant external conditions (such as economic downturns or pressures)
- Changes to Harris Health's financial condition

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
 - Discussion among key engagement team members regarding Harris Health's selection and application of accounting principles, including related disclosure requirements, and how and where Harris Health's financial statements might be susceptible to material misstatement due to fraud, how management could perpetrate and conceal fraudulent financial reporting, and how assets of Harris Health could be misappropriated
 - An emphasis is placed on the need to maintain a questioning mind throughout the audit and to exercise professional skepticism in gathering and evaluating evidence
- Inquiries of governance, management, and others
 - Inquiring of the Board of Trustees, the chief executive officer, the chief financial officer, and others within Harris Health about the risks of material misstatement



- Inquiries about the risks of material misstatement include specific inquiries regarding fraud risks, such as whether the individual has knowledge of any fraud or suspected fraud affecting Harris Health
- Reviewing accounting estimates for bias
- Evaluating business rationale for significant unusual transactions
- Incorporating an element of unpredictability into the audit each year
- Performing analytical procedures



Sharing Our Commitments

Our commitment to our people, clients, integrity, and culture are critical to achieving quality in our practice. You can learn more in our <u>2024 Quality Report</u>.

2024 Quality Report

March 11, 2024

The Quality Report focuses on matters unique to our assurance practice, forward vision, and commitment to integrity and excellence.





Forvis Mazars Investments Driving Innovation

Collaboration Portals

Our proprietary collaboration tool **MyForvis Mazars** manages task lists, deadlines, and securely exchanges data.

Data Analytics

With **MindBridge**, **Alteryx**, and our own proprietary tools and teams, we ingest, verify, and analyze your data for specific matters and general anomalies.

Unstructured Data

We leverage machine learning to speed evaluation of lease, debt business combination, and other agreements using **Kira** that identifies and highlights terms and clauses of interest.

Automation

Time-consuming audit tasks like comparing Excel lists to supporting documents or salary detail to payroll records is accelerated using **DataSnipper**.

Risk-Based Sampling

Proprietarily created applications or off-the-shelf solutions like **TeamMate Analytics** power sampling techniques to rapidly evaluate large data sets, reducing low-value work and cost.

Transforming the Future

Forvis Mazars is simultaneously building **ASSURE**, our proprietary audit solution, while joining the profession to build the **AICPA's Dynamic Audit Solution**. These tools will transform risk assessment and response while improving your audit experience.





Harris Health Annual Financial Statement Audit Plan

Year Ended September 30, 2024



Attest Services

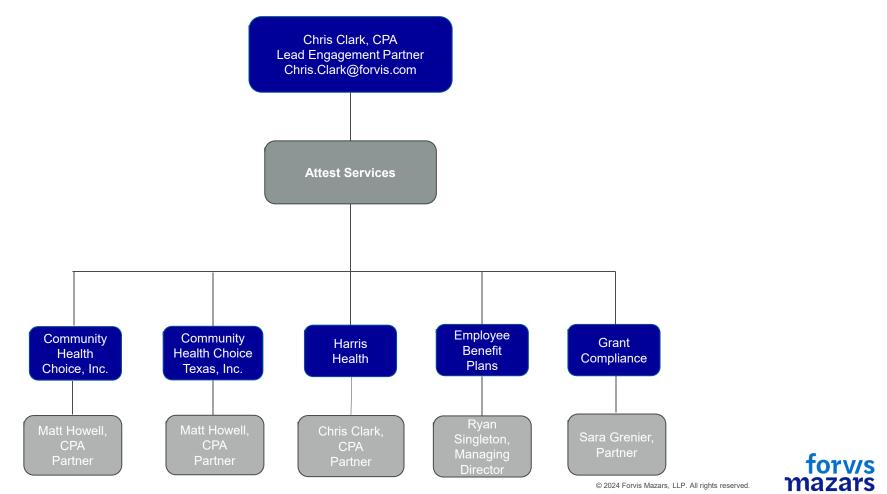
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- 1. Harris Health Financial Statement Audit Year Ended September 30, 2024
- 2. Harris Health Uniform Grant Compliance Year Ended September 30, 2024
- 3. Community Health Choice, Inc. Statutory Audit Year Ended December 31, 2024
- 4. Community Health Choice Texas, Inc. Statutory Audit Year Ended December 31, 2024
- 5. Employee Benefit Plan Audit 401k Plan Year Ended December 31, 2024
- 6. Employee Benefit Plan Audit Pension Plan Year Ended December 31, 2024



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Risk Areas & Key Disclosures

Based on the risk assessment process, we have preliminary identified the following:

Patient accounts receivable

Estimate of net realizable value based on collection trends

Third-party payer settlements

Receivables associated with unpaid funding from Medicaid supplemental funding programs, exposure related to potential program overpayments and Medicare cost report settlements

Self-insured risks

Reserves for unpaid claims associated with professional & general liability, workers compensation, employee health and PHP claims

Net pension & OPEB liabilities

Liability associated with earned but unpaid pension and postemployment health claim obligations and related estimates of deferred inflows and outflows

Other considerations

Economic risks, Management override of controls, revenue recognition

Revenue recognition

Process by which revenue from patient services is recognized

Medicaid supplemental funding

Program descriptions, risks and revenue recognition

Tax revenue

Source of revenue, portions associated with operations vs debt service and the support provided by tax revenue in relation to total revenue

Retirement Plans

Description of employee benefit programs and key assumptions in the measurement of the net pension and OPEB liabilities

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 Harris Health 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 Harris Health'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.

forv/s mazars

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Timeline

Planning Aug-Sep 2024

- ✓ Develop audit timeline with management team
- ✓ Compile list of needed schedules and provide to the finance team
- ✓ Perform preliminary risk assessment procedures



- ✓ Complete review of internal control documentation & test key controls
- ✓ Perform interviews of key personnel
- ✓ Information technology controls review
- ✓ Perform interim procedures on certain financial statement elements

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Testing Nov-Dec 2024

Finalize reviews & deliver draft materials Jan 2025

Audit Committee Meeting Feb 2025

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- Perform substantive procedures on material financial statement elements and key risk areas
- ✓ Evaluate significant unusual transactions
- ✓ Conclude that all identified risks of material misstatement have been addressed
- Provide draft deliverables to management for review
- ✓ Work with third-parties to obtain final information needed to complete audit testing
- Draft audit report and related communications
- ✓ Engagement quality review of audit testing and deliverables
- Review draft deliverables with management

- Present post-audit communication to audit committee
- Discuss results of audit process and present finished audit report and related communications

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Q&A

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Contact

Forvis Mazars

Chris Clark, CPA Managing Partner P: 713.647.1665 chris.clark@us.forvismazars.com

The information set forth in this presentation contains the analysis and conclusions of the author(s) based upon his/her/their research and analysis of industry information and legal authorities. Such analysis and conclusions should not be deemed opinions or conclusions by Forvis Mazars or the author(s) as to any individual situation as situations are fact-specific. The reader should perform their own analysis and form their own conclusions regarding any specific situation. Further, the author(s)' conclusions may be revised without notice with or without changes in industry information and legal authorities.

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BOARD OF TRUSTEES Compliance and Audit Committee

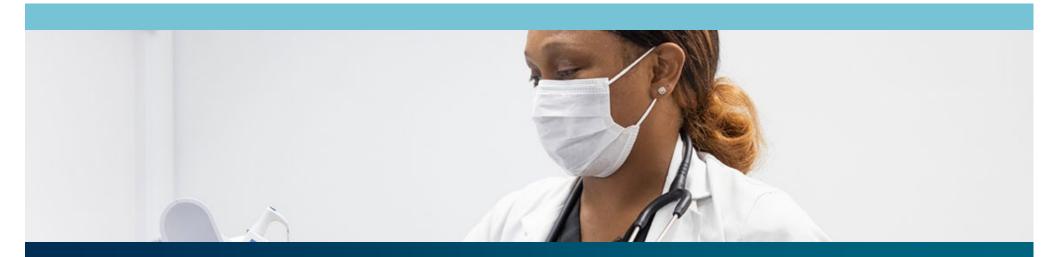


Thursday, November 14, 2024

Presentation Regarding the Harris Health Internal Audit Annual Update for the Period October 1, 2023 through September 30, 2024

Grantley Smith ALTH 1

Sharon Brantley Smith, MBA, CIA, CFE, CISA, CGAP Chief Assistant County Auditor, Harris Health Harris County Auditor's Office

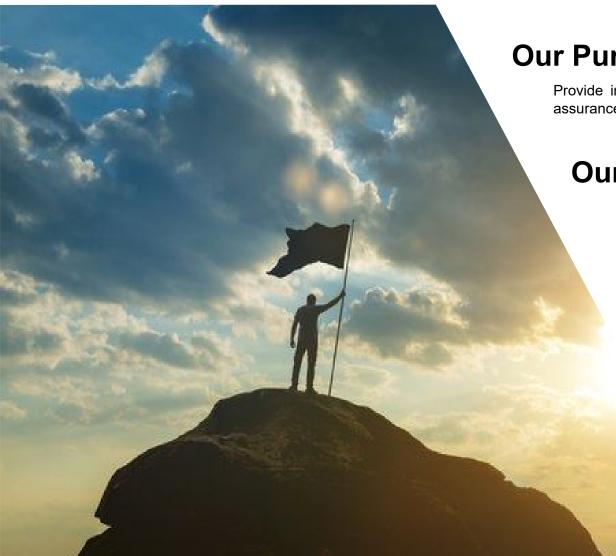


Harris Health Internal Audit Annual Update for the period October 1, 2023 - September 30, 2024

Michael Post, Harris County Auditor

Sharon Brantley Smith, Chief Assistant County Auditor – Harris Health

HARRISHEALTH



Our Purpose

Provide independent, risk-based, and objective assurance, advice, insight, and foresight.

Our Mission

Add value by helping Harris Health:

- Improve operations and enhance its ability to • achieve objectives
- Ensure effective governance, risk management, and control processes
- Improve decision-making and oversight
- Protect its reputation and credibility with stakeholders

Our Goal

Complete at least 75% of the annual Audit Plan by fiscal year-end and achieve at least a 4.5 average rating on the Post-Engagement Surveys.

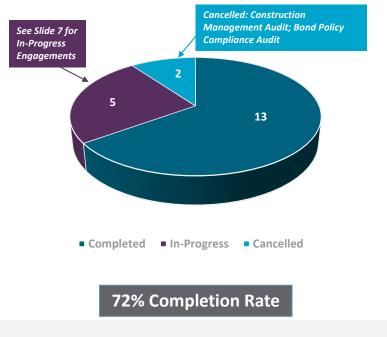


HARRISHEALTH

FY 2024 Key Performance Indicators

Summary Results - FY 2024 Post-Engagement	Survey		
Survey Response Rate: 10% (4 out of 40 surveys were returned)			
Internal Audit was rated in the following areas on a 5.0 scale:			
Your overall impression of the auditor that you or your staff communicated with most frequently	5.0		
The audit team's ability to conduct their work with minimal disruption to your staff's operations	4.8		
The audit team's understanding of the overall goals and objectives of your department	5.0		
The effectiveness and timeliness of the auditor's attention to your areas of concern	5.0		
The timeliness of the final report	5.0		

FY 2024 Audit Plan Status



Audit Plan Status



Recently Completed Engagements

6

Audit	Objective	Scope Period	Overall Conclusion
Cybersecurity Training Compliance Assessment	Assess compliance with the State's annual cybersecurity training and reporting requirements.	2024	Harris Health complied with Texas Government Code §2054.5191, <i>Cybersecurity Training Required: Certain Employees and Officials</i> for the year 2024. See Appendix A for full report.
IT Asset Management	Determine whether non-capital IT assets are properly tracked and retired.	December 2023 – May 2024	Controls over non-capital IT assets (NCITAs) are operating effectively. There is, however, an opportunity to improve recordkeeping in the Cherwell Asset Management System (AMS) by making key data fields mandatory and improving the accuracy of information in the fields to specify the location of NCITAs. Currently, certain AMS fields are left blank or contain incomplete or inconsistent information. <i>See Appendix B for full report.</i>
UKG Post-Implementation Audit	Determine whether the UKG timekeeping system is operating effectively according to intended outcomes.	September 2023 – May 2024	The report is privileged and will be discussed in Executive Session.
Evaluation of Patient Care in EC Boarding (Co-sourced with Accreditation & Regulatory Affairs)	Determine whether patients in LBJ and Ben Taub EC Boarding are properly monitored to avoid hospital preventable injuries.	June – September 2024	The final report is privileged and pending management's action plans. The report will be presented in Executive Session at the next Compliance and Audit Committee meeting.

HARRISHEALTH

In-Progress Engagements

7

Audit	Objective	Scope Period	Status
Outpatient Appointment Utilization	Evaluate operational processes for identifying and following up on trends and root causes for outpatient appointment cancellations, no- shows, and rescheduling.	February – July 2024	Fieldwork
Inpatient Non-Formulary Drug Process	Evaluate processes and controls for the utilization of non-formulary drugs and related trends.	February – August 2024	Fieldwork
Drug Oversight Assessment	Determine whether the Controlled Substances Oversight Committee and the Opioid Task Force are fulfilling their responsibilities in preventing or detecting irregularities in medication management.	October 2023 – September 2024	Fieldwork
Outsourced Medical Services Contract Payments	Evaluate controls for ensuring correct payments to outsourced medical services vendors.	October 2023 – September 2024	Planning
Correctional Health Provider Invoices	Evaluate controls for ensuring provider invoices are complete and accurate prior to payment and providers worked their scheduled time	October 2023 – September 2024	Planning

HARRISHEALTH

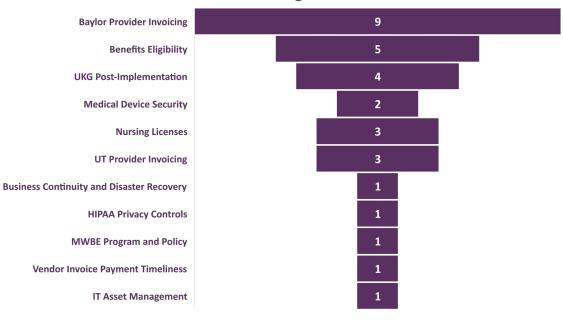
Follow-up on Management Action Plans

At the end of each 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 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 **31** MAPs are outstanding for 11 engagements (*Figure 1*). The table below indicates five of these are high-priority, past-due MAPs. *Details of the five MAPs will be discussed in Executive Session.*

Project Name	High-Priority Past-Due MAPs
Medical Device Security Audit	2
UT Provider Invoicing Audit	1
Business Continuity and Disaster Recovery Audit	1
Vendor Payment Timeliness Review	1
Total	5

Figure 1



Outstanding MAPs

Appendix A

Internal Audit Report Cybersecurity Training Compliance Assessment

Audit Team: Vince Varkey



Leslie Wilks Garcia, M.Jur., CPA, CFE First Assistant County Auditor



MICHAEL POST, CPA, CIA HARRIS COUNTY AUDITOR **Glenn Holloway, CPA, CIA, CFE** Chief Assistant County Auditor – Audit Division

Sharon Brantley Smith, MBA, CIA, CFE *Chief Assistant County Auditor – Harris Health*

October 1, 2024

Dear Darrell Jones - Senior Vice President, Chief Cyber & Information Security Officer:

Harris Health System Internal Audit (Internal Audit) has completed the Cybersecurity Training Compliance Assessment for 2024. The results of our audit are included in the attached report.

We appreciate the time and attention provided by your team. Please expect an email request to complete our Post-Engagement Survey. We look forward to your feedback. If you have any questions, please contact Sharon Brantley Smith, Chief Assistant County Auditor at (713) 274-5689.

Sincerely,

Michael Post County Auditor

 Report Copies:
 Dr. Esmaeil Porsa
 Gary Marsh

 Louis Smith
 Anna Vaughn

 Carolynn Jones
 Tom Oduor

 Ron Fuschillo
 Carolynn Jones

 Omar Reid
 Omar Reid

Executive Summary

OVERALL CONCLUSION

Harris Health complied with Texas Government Code §2054.5191, *Cybersecurity Training Required: Certain Employees and Officials* for the year 2024. Specifically, Harris Health:

- Developed a comprehensive cybersecurity training program that was certified by the Texas Department of Information Resources (DIR) and is required for all active employees who use a computer to complete at least 25% of their required duties.
- Certified the completion rate to the DIR. According to training records and Internal Audit's independent validation, 10,330 (96%) of 10,711 employees completed the training as of August 30, 2024. As a result of the Information Security department's follow up, an additional 307 employees completed the training, and the completion rate increased to 99% as of September 23, 2024.

OBJECTIVE

The objective was to assess compliance with the State's annual cybersecurity training and reporting requirements.

SCOPE

The scope included processes and related documentation for the 2024 reporting year.

Accountability

Internal Audit conducted this engagement in accordance with the International Standards for the Professional Practice of Internal Auditing (Standards). The Standards require that we comply with the Code of Ethics and obtain reasonable assurance that significant risks to the activity are minimized to an acceptable level.

The work performed required our staff to exercise professional judgment. Since the engagement's scope did not include a detailed examination of all transactions, there is a risk that fraud, errors, or omissions may not have been detected during this engagement. Management is responsible for ensuring sufficient internal controls are in place to minimize the risk of significant fraud, errors, or omissions.

Appendix B

Internal Audit Report Information Technology Asset Management Audit

Audit Team: Sharon Brantley Smith, Vince Varkey, and Jayell Scott



Leslie Wilks Garcia, M.Jur., CPA, CFE First Assistant County Auditor



MICHAEL POST, CPA, CIA Harris County Auditor **Glenn Holloway, CPA, CIA, CFE** Chief Assistant County Auditor – Audit Division

Sharon Brantley Smith, MBA, CIA, CFE *Chief Assistant County Auditor – Harris Health*

October 21, 2024

Dear Ronald Fuschillo, Senior Vice President & Chief Information Officer:

Harris Health Internal Audit (Internal Audit) has completed the Information Technology (IT) Asset Management Audit. The results of our audit are included in the attached report.

We appreciate the time and attention provided by your team. Please expect an email request to complete our Post-Engagement Survey. We look forward to your feedback. If you have any questions, please contact Sharon Brantley Smith, Chief Assistant County Auditor at (713) 274-5689.

Sincerely,

Michael Post County Auditor

Report Copies: Dr. Esmaeil Porsa, Louis Smith, Carolynn Jones, Victoria Nikitin, Michael Magera, Anna Vaughn, Cary Fagan, Tai Nguyen, L. Sara Thomas

Executive Summary

OVERALL CONCLUSION

Controls over non-capital IT assets (NCITAs) are operating effectively. NCITAs are approved by appropriate IT personnel prior to deployment and are tracked in the Cherwell Asset Management System (AMS), which was implemented in 2024. The ITAM team within the IT department has begun periodic NCITA inventory audits, and NCITAs are properly disposed with procedures in place for the removal of protected health information.

There is, however, an opportunity to improve recordkeeping in AMS by making key data fields mandatory and improving the accuracy of information in the fields to specify the location of NCITAs. Currently, certain AMS fields are left blank or contain incomplete or inconsistent information.

The audit issue, management's action plan to address the issue, and background information regarding this audit are discussed in detail on the following pages. The audit issue is ranked based on the likelihood and impact of the risk to Harris Health.

Audit Objective and Scope

OBJECTIVE

The audit objective was to determine whether non-capital IT assets are properly tracked and retired.

SCOPE

The scope included processes and information for the period of December 2023 to May 2024 related to the following business objectives:

- Non-capital assets are properly acquired, tracked, maintained, and disposed.
- Non-capital assets are adequately protected from unauthorized access, theft, or loss.
- Data is securely wiped, and devices are disposed of to protect ePHI or other proprietary data.
- · Audits on non-capital assets are consistently performed.

Issues & Management's Action Plans



1. Incomplete Asset Inventory Records [LOW]

What is the Issue: AMS contained incomplete or inaccurate information for a 42 (69%) of 61 sampled NCITAs. Location fields were blank or incorrect. Also, there were variations in wording and spelling in the fields which made assets difficult to locate for audit testing, although the assets were eventually found.

Why it Happened: The ITAM team implemented AMS in 2023 and is still in the process of validating the database for completeness and accuracy. Also, certain fields that define the specific location of an asset in AMS are not mandatory and are not always utilized. Additionally, IT non-capital asset custodians are not required to consistently validate the data fields as part of the periodic NCITA inventory audits.

Why it Matters: Complete and accurate IT asset records are necessary for efficient inventory tracking and the prompt identification of lost or stolen items.

What is Expected: According to IT-P0011.3, Non-Capital IT Assets Receiving and Tagging Procedures, all non-capital IT assets within the scope of the Non-Capital Information Technology Assets Policy 3.35 must be accurately logged into AMS with complete details, including the asset tag number, device details, custodian, detailed location, and serial number.

What Actions are Suggested: The ITAM team should make the "Room" field and other relevant fields in AMS mandatory to ensure the specific location of each NCITA is consistently identified. The room and other location information should be validated for assets in AMS. Additionally, NCITA custodians should be guided on entering information into the required AMS fields with consistent, prescribed naming conventions to eliminate ambiguity.

HARRISHEALTH

1. Management's Action Plan

Responsible Executive Vice President: Louis Smith, Senior Executive Vice President & Chief Operating Officer

Due Date: April 30, 2025

21

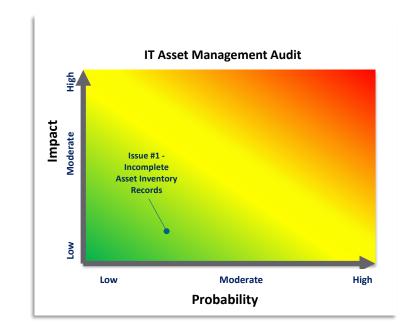
In September 2024 as part of Change Control #21842, the "Room" field in AMS was modified to help define the location of non-capital IT assets, and the field was made mandatory. The IT Asset Management team will implement the following additional actions:

1) Train all Field Services and ITAM team members participating in the ITAM inventory process to ensure completeness, accuracy, and the correct syntax and naming conventions when information is entered into the required AMS fields. The initial training will occur by March 31, 2025, and will be ongoing for new hires.

2) Validate the room location and similar attributes for all non-capital IT assets added to AMS after October 15, 2024, to ensure completeness and accuracy. This will occur by April 30, 2025. Additionally, annual ITAM audits will continue to occur at a minimum of three locations to validate the assets, locations, and similar attributes.

Issue Ranking

Internal Audit ranks audit issues as High, Moderate, or Low based on the *impact* and *probability* to related business process risks. The assessment is based on auditor judgment and consideration of the controls and/or control gaps identified. Impact represents the auditor's perceived effect of the risk on the achievement of the business function's goals, strategies, reputation, and/or finances. Probability relates to the perceived likelihood that the risk will occur.



Background

The ITAM team within Harris Health's IT department oversees non-capital IT assets using the Cherwell Asset Management System. As of July 2024, these assets were valued at approximately \$15.4 million. The assets include desktop computers, laptop computers, printers, mobile devices, time clocks, and workstation-on-wheels carts. The ITAM team's responsibilities include ensuring that all equipment is accounted for. This task has become increasingly important as more employees work remotely.

Accountability

Internal Audit conducted this engagement in accordance with the International Standards for the Professional Practice of Internal Auditing (Standards). The Standards require that we comply with the Code of Ethics and obtain reasonable assurance that significant risks to the activity are minimized to an acceptable level.

The work performed required our staff to exercise professional judgment. Since the engagement's scope did not include a detailed examination of all transactions, there is a risk that fraud, errors, or omissions may not have been detected during this engagement. Management is responsible for ensuring sufficient internal controls are in place to minimize the risk of significant fraud, errors, or omissions.

Thank You

Michael Post, CPA, CIA

Harris County Auditor Mike.Post@aud.hctx.net Phone: 832-927-4560

Sharon Brantley Smith, MBA, CIA, CFE, CISA

Chief Assistant County Auditor, Harris Health Sharon.BrantleySmith@harrishealth.org Phone: 713-274-5689

BOARD OF TRUSTEES Compliance and Audit Committee



Thursday, November 14, 2024

Consideration of Recommendation for Approval of the Harris Health Fiscal Year 2025 Internal Audit Charter to the Harris Health Board of Trustees

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Sharon Brantley Smith, MBA, CIA, CFE, CISA, CGAP Chief Assistant County Auditor, Harris Health Harris County Auditor's Office

1200 - HARRIS HEALTH INTERNAL AUDIT CHARTER

INTRODUCTION

Harris Health Internal Audit was created through a Commissioners Court order and corresponding order by the Harris County Hospital District Board of Managers in1985, which dictated that the Harris County Auditor's Office Audit Division be involved with the internal audit function of the Hospital District, now known as Harris Health. An Interlocal Agreement between Harris County and Harris Health was executed in 2021 to further define the relationship and establish the parties' roles and responsibilities. This Charter was created to establish the authority, scope, and accountability of Harris Health Internal Audit and help ensure conformance with The Institute of Internal Audit's (IIA) Global Internal Audit Standards.

1200.01 PURPOSE

The purpose of Harris Health Internal Audit (Internal Audit) is to provide independent, risk-based, and objective assurance, advice, insight, and foresight. The mission of Internal Audit is to add value by helping Harris Health to:

- Improve operations and enhance its ability to achieve objectives
- Ensure effective governance, risk management, and control processes
- Improve decision-making and oversight
- Protect its reputation and credibility with stakeholders

1200.02 ADHERENCE TO THE GLOBAL INTERNAL AUDIT STANDARDS

The Harris County Auditor's Office Audit Division is governed by adherence to the mandatory elements of The IIA's International Professional Practices Framework, which are the Global Internal Audit Standards (Standards) and Topical Requirements. The Chief Assistant County Auditor - Harris Health, as appointed by the Harris County Auditor, is the Chief Audit Executive for Harris Health. The Chief Audit Executive will report periodically to the County Auditor, Harris Health Executive Leadership, and the Compliance and Audit Committee of the Harris Health Board of Trustees (Compliance and Audit Committee) regarding Internal Audit's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

1200.03 AUTHORITY

The Compliance and Audit Committee grants Internal Audit the mandate to provide the board and senior management with objective assurance, advice, insight, and foresight.

Internal Audit's authority is created by its direct reporting relationship to the Compliance and Audit Committee, and such authority allows for unrestricted access to the Committee.

The Compliance and Audit Committee authorizes Internal Audit to:

• Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.

- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of Harris Health and other specialized services from within or outside Harris Health to complete internal audit engagements.

1200.04 INDEPENDENCE AND OBJECTIVITY

The Chief Audit Executive will be positioned at a level in the organization that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. The Chief Audit Executive will report functionally to the Compliance and Audit Committee and administratively to the County Auditor. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the Compliance and Audit Committee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The Chief Audit Executive will confirm to the Compliance and Audit Committee, at least annually, the organizational independence of the internal audit function. If the governance structure does not support organizational independence, the Chief Audit Executive will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The Chief Audit Executive will disclose to the Compliance and Audit Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

The Chief Audit Executive will ensure that Internal Audit remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the Chief Audit Executive determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for Harris Health or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any Harris Health employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, at least annually to appropriate parties, such as the Chief Audit Executive, Compliance and Audit Committee, management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

1200.05 OVERSIGHT

To establish, maintain, and ensure that Internal Audit has sufficient authority to fulfill its duties, the Compliance and Audit Committee will:

- Ensure the Chief Audit Executive has unrestricted access to and communicates and interacts directly with the Compliance and Audit Committee, including private meetings without management present.
- Review and approve the Internal Audit Charter annually.
- Approve the risk-based Internal Audit Plan.
- Approve the internal audit department's budget and resource plan (through the Board of Trustee's approval of the overall Harris Health budget).
- Receive communications from the Chief Audit Executive about the internal audit function, including its performance relative to the Internal Audit Plan.
- Ensure a quality assurance and improvement program has been established.
- Review the results of the quality assurance and improvement program.
- Make appropriate inquiries of the Chief Audit Executive to determine whether scope or resource limitations are inappropriate.

1200.06 ETHICS AND PROFESSIONALISM

The Chief Audit Executive will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organization.

• Report organizational behavior that is inconsistent with the organization's ethical expectations, as described in applicable policies and procedures.

1200.07 RESPONSIBILITY

The Chief Audit Executive has the responsibility to:

- At least annually, develop a risk-based Internal Audit Plan that considers the input of the Compliance and Audit Committee and senior management. Discuss the plan with the Compliance and Audit Committee and senior management and submit the plan for review and approval.
- Communicate the impact of resource limitations on the Internal Audit Plan to the Compliance and Audit Committee and senior management.
- Review and adjust the Internal Audit Plan, as necessary, in response to changes in Harris Health's business, risks, operations, programs, systems, and controls.
- Communicate with the Compliance and Audit Committee and senior management if there are significant interim changes to the Internal Audit Plan.
- Consult with Harris Health's Chief Legal Officer and Chief Compliance Officer at the outset of each Internal Audit engagement to consider whether the engagement should be performed under applicable legal privileges and/or compliance confidentiality pursuant to state law.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Compliance and Audit Committee and senior management periodically and for each engagement as appropriate.
- Ensure Internal Audit collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the Global Internal Audit Standards and fulfill the Internal Audit mandate.
- Identify and consider trends and emerging issues that could impact Harris Health and communicate to the Compliance and Audit Committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide Internal Audit
- Ensure adherence to Harris Health's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Compliance and Audit Committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the Chief Audit Executive cannot

achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Compliance and Audit Committee.

Additionally, the Chief Audit Executive will report periodically to the Compliance and Audit Committee and senior management regarding:

- Internal Audit's mandate.
- The Internal Audit Plan and performance relative to its plan.
- Significant revisions to the Internal Audit Plan.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Compliance and Audit Committee.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risk that Internal Audit determines may be unacceptable or acceptance of a risk that is beyond Harris Health's risk appetite.

1200.08 SCOPE OF INTERNAL AUDIT ACTIVITIES

The scope of internal audit services covers the entire breadth of the organization, including all of Harris Health's activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Compliance and Audit Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for Harris Health.

The nature and scope of advisory services may be agreed with the party requesting the service, provided that Internal Audit does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of Harris Health's strategic objectives are appropriately identified and managed.
- The actions of Harris Health's officers, directors, management, employees, and contractors comply with Harris Health's policies, procedures, and applicable laws, regulations, and governance standards.

- The results of operations and programs are consistent with established goals and objectives.
- Operations and programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Harris Health.
- The integrity of information and the means used to identify, measure, analyze, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

The Chief Audit Executive may also coordinate activities with other internal and external assurance providers when possible and may rely upon the assurance providers' work as needed.

1200.09 QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

Internal Audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of Internal Audit's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address Internal Audit's deficiencies and opportunities for improvement.

Annually, the Chief Audit Executive will communicate with the Compliance and Audit Committee and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Harris County Auditor's Office. Qualifications must include at least one assessor holding an active Certified Internal Auditor® credential.



Thursday, November 14, 2024

Executive Session

Presentation Regarding the Harris County Auditor's Fiscal Year 2025 Annual Risk Assessment and Audit Plan Process, Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Health & Safety Code Ann. §161.032, Tex. Gov't Code Ann. §418.183 and Tex. Gov't Code Ann. §551.089, Including Consideration of Recommendation for Approval of the Harris Health Fiscal Year 2025 Internal Audit Plan to the Harris Health Board of Trustees.

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Sharon Brantley Smith, MBA, CIA, CFE, CISA, CGAP Chief Assistant County Auditor, Harris Health Harris County Auditor's Office



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Thursday, November 14, 2024

Executive Session

Presentation Regarding Harris County Auditor's Report Related to UKG Post-implementation Audit, Pursuant to Tex. Occ. Code Ann. §151.002 and Tex. Health & Safety Code Ann. §161.032.

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Sharon Brantley Smith, MBA, CIA, CFE, CISA, CGAP Chief Assistant County Auditor, Harris Health Harris County Auditor's Office



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Thursday, November 14, 2024

Executive Session

Presentation Regarding Harris County Auditor's Report on High-priority Management Action Plans (MAPs) Related to the Telemedicine Audit, Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Health & Safety Code Ann. §161.032 and Tex. Gov't Code Ann. §418.183.

Sharon Brantley Smith, MBA, CIA, CFE, CISA, CGAP Chief Assistant County Auditor, Harris Health Harris County Auditor's Office



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Thursday, November 14, 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, Including Consideration of Recommendation for Approval of the Fiscal Year 2025 Harris Health Compliance and Internal Quality Audit Plans to the Harris Health Board of Trustees.

Carolynn R. Jones, JD/CHC

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



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HARRIS**HEALTH**

BOARD OF TRUSTEES

Joint Conference Committee

Thursday, November 14, 2024 12:15 P.M. (or immediately following the Compliance and Audit Committee meeting)

The meeting will be conducted via Zoom and may be viewed online at: <u>http://harrishealthtx.swagit.com/live</u>.

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

Ι.	Call to Order and Record of Attendance	Dr. Andrea Caracostis	2 min
١١.	Approval of the Minutes of Previous Meeting	Dr. Andrea Caracostis	2 min
	 Joint Conference Committee Meeting – September 12, 2024 		
III.	Physician Leadership Reports	Dr. Andrea Caracostis	25 min
	A. Medical Executive Board (MEB) Chair/Vice Chair	Dr. Martha Mims and Dr. Kunal Sharma	(5 min)
	B. Chiefs of Staff		
	LBJ Hospital	Dr. Tien Ko	(5 min)
	Ben Taub Hospital	Dr. Sandeep Markan	(5 min)
	C. Assistant Chiefs of Staff		
	• UT	Dr. Mohammad Zare	(5 min)
	• BCM	Dr. Fareed Khan	(5 min)
IV.	New Items for Discussion	Dr. Andrea Caracostis	30 min
	A. <u>Presentation Regarding Medical Staff Engagement Advisory Council</u> <u>& Related Physician Engagement Activities</u>	Dr. Steven Brass	
v.	Adjournment	Dr. Andrea Caracostis	1 min



HARRIS HEALTH SYSTEM MINUTES OF THE BOARD OF TRUSTEES JOINT CONFERENCE COMMITTEE MEETING Thursday, September 12, 2024

11:45 AM

AGENDA ITEM		DISCUSSION	ACTION/RECOMMENDATIONS
Ι.	Call to Order and Record of Attendance	Dr. Andrea Caracostis, Committee Chair, called the meeting to order at 11:50 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: <u>http://harrishealthtx.swagit.com/live</u> .	
11.	Approval of the Minutes of Previous MeetingJointConferenceCommitteeMeeting – May16, 2024		Moved by Dr. Sandeep Markan, seconded by Dr. Martha Mimms, and unanimously approved the minutes of the May 16, 2024 meeting.
Ш.	Physician Leadership Reports		
	A. Medical Executive Board Chair/Vice Chair	Dr. Martha Mims, Chair of the Medical Executive Board (MEB), presented the MEB report. She mentioned that the MEB is progressing well, with approved standing delegated orders and policies, and rational revisions to the red rules. Additionally, the medical staff expressed concerns regarding budgetary funding issue related to jail health services. Dr. Esmaeil Porsa, President and CEO of Harris Health, noted that the Commissioners Court has postponed discussions on the medical care costs for correctional health services, indicating that no actions will occur until the next fiscal year.	As Presented.
	 B. Chief of Staffs Ben Taub Hospital LBJ Hospital 	Dr. Sandeep Markan, Chief of Staff, Ben Taub Hospital (BTH), delivered a report on the medical staff, emphasizing the positive impacts and outcomes from quality programs and initiatives, as well as collaborative efforts across the system pavilions. Dr. Tien Ko, Chief of Staff at Lyndon B. Johnson (LBJ) Hospital, expressed that there is strong support from Dr. Porsa and the community for the LBJ expansion project. He also spoke about the community engagements that have taken place, which have fostered a better understanding of the community. He encouraged everyone to join Harris Health on Wednesday, October 16th, from 12:00 to 1:00 PM for their 1st Annual Research and Quality Improvement Day at LBJ, which will showcase clinical research and quality improvement projects.	As Presented.

I.	AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
	 C. Assistant Chiefs of Staff BCM UT 	Dr. Fareed Khan, Assistant Chief of Staff, Baylor College of Medicine (BCM), discussed the collaborative efforts between Harris Health and the medical schools, noting that the medical staff is pleased with Dr. Porsa and the leadership at Harris Health. He also mentioned their anticipation for more technology that would enhance throughput and improve efficiency. Dr. Mohammad Zare, Assistant Chief of Staff, University of Texas Health Science Center – Houston (UT), shared that the medical staff is actively working to enhance both access to care and the quality of care for their patients. He stated that the focus is on diabetes management, emergency room services, and specialties, all of which are aimed at reducing patient wait times and ensuring that patients' workups are handled by their primary care providers.	As Presented.
IV.	New Items for Discussion		
	A. No Updates or Items for Action		As Presented.
۷.	Adjournment	There being no further business, the meeting adjourned at 12:19 p.m.	

I certify that the foregoing are the Minutes of the Meeting of the Joint Conference Committee of the Board of Trustees of the Harris Health System held on September 12, 2024.

Respectfully submitted,

Andrea Caracostis, MD, MPH, Committee Chair,

Recorded by Cherry A. Pierson, MBA



Thursday, September 12, 2024 Harris Health Board of Trustees Joint Conference Committee Attendance

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

HARRIS HEALTH EXECUTIVE LEADERSHIP, STAFF & SPECIAL INVITED GUESTS			
Cherry Pierson	Maria Cowles		
Daniel Smith	Dr. Michael Nnadi		
Derek Curtis	Nicholas Bell		
Ebon Swofford (Harris County Attorney's Office)	Olga Rodriguez		
Elizabeth Hanshaw Winn (Harris County Attorney's Office)	Patricia Darnauer		
Dr. Glorimar Medina	Patrick Casey		
Dr. Jackie Brock	Randy Manarang		
Dr. Jennifer Small	Sara Thomas (Harris County Attorney's Office)		
Jennifer Zarate	Shawn DeCosta		
John Matcek	Tekhesia Phillips		

Virtual Attendee Notice: If you joined as a group and would like to be counted as present, please submit an email to: <u>BoardofTrustees@harrishealth.org</u> before close of business the day of the meeting.

BOARD OF TRUSTEES Joint Conference Committee



Thursday, November 14, 2024

Presentation Regarding Medical Staff Engagement Advisory Council & Related Physician Engagement Activities

Dr. Steven Brass

Steven Brass, MD, MPH, MBA Executive Vice President - Chief Medical Executive

HARRISHEALTH SYSTEM

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Medical Staff Executive Advisory Council (MSEAC) Overview

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HARRISHEALTH SYSTEM

Medical Staff Engagement Advisory Council Overview

Purpose:

- The Medical Staff Engagement Advisory Council (MSEAC) enhances medical staff engagement.
- Harris Health wants to better understand medical staff perceptions and motivations and provide a supportive environment.
- MSEAC serves as a platform for communication and feedback between the medical staff and Harris Health leadership.

Membership:

- The council consists of UT Health Houston McGovern Medical School and Baylor College of Medicine medical staff and advanced practice professionals.
- The council has a diverse representation of specialties, departments, and experience levels.

Roles and Responsibilities:

- MSEAC members actively engages in discussions and provide feedback.
- MSEAC members brings forth concerns, ideas, and suggestions to enhance medical staff engagement.
- MSEAC members represents the perspectives of their respective departments and specialties and provide feedback to the council from their colleagues.

Meeting Frequency:

- MSEAC meets four times per year.
- Meeting dates and times are set for the year.

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Engagement Forums

- · Quarterly Faculty Appreciation Events with Core Value Awards
- · Annual Medical Staff Events with a Guest Speaker
- Monthly CME Newsletters
- Doctor's Day and Resident's Day Events and Recognition Gifts
- · Medical Staff Engagement Survey Campaign Events and Prizes
- · Quarterly Residents Town hall meetings
- Annual Celebrate You Event including medical staff and families
- Transitioned to in-person MEC/MEB meetings