

**TARRANT COUNTY HOSPITAL DISTRICT (TCHD)
d/b/a JPS HEALTH NETWORK**

**1500 S. MAIN STREET
FORT WORTH, TX 76104
OUTPATIENT BUILDING, 3rd FLOOR AUDITORIUMS**

**JOINT BOARD OF MANAGERS AND FINANCE COMMITTEE MEETING
10:00 A.M. THURSDAY, JUNE 27, 2019**

MEETING MINUTES

The Tarrant County Hospital District ("District") Board of Managers and Finance Committee met at 10:00 a.m. Thursday, June 27, 2019 on the 3rd Floor, Outpatient Clinic Auditoriums, John Peter Smith Hospital, 1500 South Main Street, Fort Worth, Texas, 76104, with the following Board/Committee members present:

Steve Montgomery, Committee Chair
Charles Powell, Board Chair
Daniel Ziegler, M.D.
Charles Webber, M.D., Vice-Chair
Rev. Ralph Emerson, Immediate Past Board Chair
D.T. Nguyen, Board Secretary
Zim Zimmerman
Amanda Arizola
Trent Petty

Members Absent: Dorothy DeBose

Others Attending: Robert Earley, President, Chief Executive Officer
Bill Whitman, Senior Executive Vice President, Chief Operating Officer
Sharon Clark, Senior Executive Vice President, Chief Financial Officer
Scott Rule, Vice President, Chief of Staff
Timothy Kremer, M.D., Senior VP, Chief Physician Engagement Officer
Michael Hochberg, M.D., Sr. VP, Chief Clinical Officer; President, Acclaim Physician Group
Kenneth Carr, Senior Vice President, Network Operations
Zelia Baugh, Executive Vice President, Behavioral Health Administrator
Karen Duncan, M.D., Executive Vice President, Community Health
Tricia Elliott, M.D., Sr. VP, Academic Affairs & Research, Chief Academic Officer
Gary Scott, Vice President, Network Support Services
Rory McCrady, Vice President, Revenue Cycle
Chet Schrader, M.D., Medical Staff President
Lara Burnside, Senior Vice President, Strategy, Chief Patient Experience Officer
Michelle Green-Ford, Vice President, Diversity and Inclusion
Laura Thomas, Senior Vice President, Finance
Dianna Prachyl, Senior VP, Chief Operating Officer, Acclaim Physician Group
Trudy Sanders, Vice President, Patient Care Services
Diana Brodeur, Vice President, Communications
Ammie Harris, Executive Director, Contract Administration

Joe Velasquez, Director, Supply Chain
Kelli Ford, Director, Managed Care
Kade Rutherford, Executive Director, Revenue Cycle
Cheryl Hurd, Program Director, Behavioral Health
Neal Adams, General Counsel
Lee Ann Gilly, Recording Secretary

I. CALL TO ORDER

Steve Montgomery called the June 27, 2019 TCHD Finance Committee meeting to order at 10:04 a.m. Members present represented a quorum to conduct Committee business.

II. CITIZENS WISHING TO ADDRESS THE COMMITTEE

There were no citizens present wishing to address the Finance Committee.

III. MINUTES

Mr. Montgomery asked the Committee to review minutes from the May 23, 2019, Tarrant County Hospital District Joint Board of Managers and Finance Committee meeting and called for a motion. D.T Nguyen made a motion for approval; motion was seconded by Dr. Chet Schrader and carried unanimously.

IV. CFO REPORT

Sharon Clark presented to the Committee a high level overview of the budget process.

In opening, Ms. Clark explained that Healthcare is a unique business model.

The Hospital, Physician Group and Foundation are the three entities that comprise JPS Health Network. In FY19, the Hospital budgeted \$6.8 million or 66% of Operating Margin. When including interest and investments earnings, the Net Income is \$23.1 million.

The Physician Network was budgeted at a loss of \$23.6 million for FY19. With 458 providers, that loss averages to \$51,000 per provider. The US Median loss for hospital-based physician network per provider is \$158,000. JPS continues to strive for operational efficiencies and is well below the national average for loss per provider.

The Foundation Operating Margin for FY19 was \$776,500.

Ms. Clark reviewed payor mix, drivers of revenue, revenue sources and other factors which may impact budget. The major expense categories were also discussed, as well as prioritization of strategies and capital.

Ms. Clark closed by saying the FY2020 Budget will be presented at the August 8th Board of Managers Meeting. In mid-August, Ms. Clark will present the budget to the Commissioners Court. Mid-September, the Commissioners Court will review, finalized and approve our FY20 Budget.

Similar to last year, the FY20 Budget will be mailed out to the board of managers on a Friday and Ms. Clark's financial team will be available for all questions via email or phone the following Monday.

V. MATTERS THAT REQUIRE DISCUSSION AND COMMITTEE ACTION

A. Consider Acceptance of May 2019 Unaudited Financial Report

Ms. Clark presented the Unaudited Financial Report for May 2019.

Hospital:

Inpatient Admissions were favorable by 6% compared to budget.

Outpatient Emergency Department visits were favorable by 4% for the month.

JPS Connection enrollment increased by 51 enrollees during May, bringing total enrollment to 41,267.

Net Patient Service Revenue was favorable by 2.7%. The new 340b pharmacy program, which was under budgeted for FY19, caused variances in other operating revenue, supplies and other operating expense.

Purchased Services were favorable by 6% compared to budget.

For the month, Income from Operations was \$4.1 million compared to a budgeted Income from Operations of \$380,000. Year-to-date Income from Operations was \$18.4 million compared to a budgeted \$5.2 million. Year-to-date Net Income is \$31.8 million, compared to a \$16.3 million budget.

Acclaim:

For the month, Acclaim's financial statements reflected a \$1.7 million Loss from Operations compared to a budgeted loss of \$2.2 million. Year-to-date, the Loss from Operations was \$14.6 million compared to a budgeted loss of \$16.4 million.

There being no further questions or discussion, Mr. Montgomery called for a motion to accept the May 2019 Unaudited Financial Report. Mr. Nguyen made a motion for approval; motion was seconded by Amanda Arizola as presented and carried unanimously.

B. Consider Approval of Memorandum of Understanding between Tarrant County Hospital District d/b/a JPS Health Network and Tarrant County Juvenile Services.

Ms. Clark presented Approval of Memorandum of Understanding between Tarrant County Hospital District d/b/a JPS Health Network and Tarrant County Juvenile Services. Approval of this agreement allows forensic medical examinations for the residents of Tarrant County

There being no further questions or discussion, Mr. Montgomery called for a motion to approve Memorandum of Understanding between Tarrant County Hospital District d/b/a JPS Health Network and Tarrant County Juvenile Services. Dr. Charles Webber made a motion for approval; motion was seconded by Trent Petty as presented and carried unanimously.

C. Consider Approval of Amendment to Hospital Services Agreement between Tarrant County Hospital District d/b/a JPS Health Network and Aetna Health, Inc.

Ms. Clark presented Approval of Amendment to Hospital Services Agreement between Tarrant County Hospital District d/b/a JPS Health Network and Aetna Health, Inc. to the Committee for consideration. Approval of this agreement will allow members covered by Aetna Health, Inc. continued access to care to JPS Network as an in-network facility.

There being no further questions or discussion, Mr. Montgomery called for a motion to approve Amendment to Hospital Services between Tarrant County Hospital District d/b/a JPS Health Network and Aetna Health, Inc.; Mr. Petty made a motion for approval; motion was seconded by Dr. Webber as presented and carried unanimously with Mr. Nguyen abstaining.

D. Consider Approval of First Amendment to Commercial Lease Agreement between Tarrant County Hospital District d/b/a JPS Health Network and McDonald's USA, LLC

Robert Earley presented First Amendment to Commercial Lease Agreement between Tarrant County Hospital District d/b/a JPS Health Network and McDonald's USA, LLC. to the Committee for consideration. Approval of this agreement will allow for low-cost meal options for hospital staff and visitors.

There being no further questions of discussion, Mr. Montgomery called for a motion to approve the First Amendment to Commercial Lease Agreement between Tarrant County Hospital District d/b/a JPS Health Network and McDonald's USA, Inc. Mr. Nguyen made a motion for approval; motion was seconded by Rev. Ralph Emerson as presented and carried unanimously.

E. Mr. Montgomery announced that Approval of Master Service Term Agreement between Tarrant County Hospital District d/b/a JPS Health Network and Stryker Sales Corporation was removed from the agenda.

Mr. Montgomery advised the Committee that he would not be participating in Item F due to a conflict of interest, so Trent Petty announced the following item.

F. Pursuant to JPS Purchasing Procedure LD 7205 Section VIII(g), consider (1) granting an exemption to competitive bidding for purchase of goods and services for which competition is precluded because of the existence of patents, copyrights, secret processes, or monopolies, or captive replacement parts or components for equipment, or other exemptions under Tex. Gov't. Code §262.024(a)(7); and (2) approval of the Software as a Service Agreement between Tarrant County Hospital District d/b/a JPS Health Network and Optimization Zorn Corporation d/b/a OZ Systems

Trudy Sanders presented Pursuant to JPS Purchasing Procedure LD 7205 Section VIII(g), consider (1) granting an exemption to competitive bidding for purchase of goods and services for which competition is precluded because of the existence of patents, copyrights, secret processes, or monopolies, or captive replacement parts or components for equipment, or other exemptions under Tex. Gov't. Code §262.024(a)(7); and (2) approval of the Software as a Service Agreement between Tarrant County Hospital District d/b/a JPS Health Network and Optimization Zorn Corporation d/b/a OZ Systems to the Committee for consideration.

Approval of this agreement will allow the infants of JPS Health Network to be screened for genital heart disease with is mandated by the State of Texas.

There being no further questions of discussion, Mr. Petty called for a motion to approve Pursuant to JPS Purchasing Procedure LD 7205 Section VIII(g), consider (1) granting an exemption to competitive bidding for purchase of goods and services for which competition is precluded because of the existence of patents, copyrights, secret processes, or monopolies, or captive replacement parts or components for equipment, or other exemptions under Tex. Gov't. Code §262.024(a)(7); and (2) approval of the Software as a Service Agreement between Tarrant County Hospital District d/b/a JPS Health Network and Optimization Zorn Corporation d/b/a OZ Systems. Dr. Webber made a motion for approval; motion was seconded by Dr. Schrader as presented and carried unanimously with Mr. Montgomery abstaining from voting.

VI. REPORT OF LEGAL COUNSEL AND/OR LEGAL MATTERS REQUIRING DISCUSSION(S), UPDATE(S), DELIBERATION(S), ACTION(S) AND/OR APPROVAL

Neal Adams announced the monthly report listing 41 contracts negotiated under \$500,000. This report has been posted to the board portal.

VII. RECONVENE IN EXECUTIVE SESSION PURSUANT TO CHAPTER 551, TEXAS GOVERNMENT CODE FOR THE FOLLOWING:

Neal Adams instructed the Committee that they would be entering into closed session as a full Board.

The Board and Committee moved to Executive Session at 11:39 am.

VIII. RECONVENE IN OPEN SESSION FOR DELIBERATION(S) AND/OR ACTION(S) DEEMED NECESSARY REGARDING ANY MATTER LISTED ON THE CLOSED SESSION AGENDA.

The Board and Committee reconvened in Open Session at 11:51 am

Approval of Medical Staff Credentialing (Privileges) considered in Closed session.

Dr. Tricia Elliott presented the request for Approval of Medical Staff Credentialing (Privileges) for Initial Privilege Request with FPPE for:

1. Jimena Franco, MD, Surgery/Ophthalmology
2. John Yoo, MD, Radiology/Interventional

Mr. Adams, General Counsel, advised the members that their vote on this motion was a Board of Managers' vote and not a Finance Committee vote.

There being no further questions or discussion, Steve Montgomery called for a motion to approve the Medical Staff Credentialing (Privileges). Dr. Charles Webber made a motion for the Board of Managers' approval; motion was seconded by Charles Powell as presented and carried unanimously.

IX. ADJOURN

There being no further business of the TCHD Joint Board of Managers and Finance Committee, the meeting was adjourned at 11:52 a.m.

Charlie Powell

Committee Chair

7/25/19

Date