

**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, OCTOBER 26, 2017**

MEETING MINUTES

The Tarrant County Hospital District ("District") Board of Managers and Finance Committee met 10:00 a.m. Thursday, October 26, 2017 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
Charles Webber, M.D., Board Vice Chair
D.T. Nguyen, Board Secretary
Rev. Ralph Emerson, Immediate Past Board Chair (Arrived 10:20 a.m.)
Trent Petty, Past Board Chair
Dorothy DeBose, Member
Daniel Casey, M.D., Member
Chet Schrader, M.D., Member (Arrived 10:08 a.m.)

Members Absent: Daniel Ziegler, M.D., Member
Scott Kayser, M.D., Member

Others Attending: Robert Earley, President, Chief Executive Officer
Bill Whitman, Executive Vice President, Chief Operating Officer
Sharon Clark, Executive Vice President, Chief Financial Officer
Jeanna Adler, Vice President, Finance
Kade Rutherford, Executive Director, Revenue Cycle
Frank Rosinia, M.D., Executive Vice President, Chief Quality Officer
Dianna Prachyl, Senior Vice President, Chief Operating Officer, Acclaim
Karen Duncan, M.D., Senior Vice President, Community Health Services
Wanda Peebles, Senior Vice President, Chief Nursing Officer
Ronald Skillens, Senior Vice President, Enterprise Risk Management
Melinda Costin, Senior Vice President, Chief Information Officer
David Mendenhall, Vice President, Chief Technology Officer
Scott Rule, Vice President, Chief of Staff
J.R. Labbe, Vice President, Communications and Community Affairs
Merianne Roth, Vice President, Chief Strategy Officer
Jaime Pillai, Vice President, Operations Support Service
Pia Walker, Vice President, Human Resources
Tricia Elliott, M.D., Vice President, Chief Academic Affairs Officer
Nydia Gonzalez, Vice President, Diversity and Inclusion, Chief Diversity Officer
Michelle Green-Ford, Director, Diversity and Inclusion

Lara Burnside, Vice President, Chief Patient Experience Officer
Madhura Chandak, Executive Director, Integration
Neal Adams, General Counsel
Clarie Cressey, Executive Assistant

Guest Attending: Jeni McGarry, Precinct 2 Administrator, Tarrant County Commissioners Court

I. CALL TO ORDER

Steve Montgomery called the October 26, 2017 TCHD Joint Board of Managers and 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 BOARD

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

III. MINUTES

Mr. Montgomery asked the Committee to review minutes from the September 28, 2017 Tarrant County Hospital District Joint Board of Managers and Finance Committee meeting and called for a motion. Charles Webber, M.D., made a motion for approval and the motion was seconded by Dorothy DeBose and carried unanimously.

IV. CFO REPORT

Sharon Clark communicated to the Board that BKD, LPP has begun the TCHD FY17 audit and the preliminary audit report is schedule to be presented at the December 14, 2017 JPS Board of Managers Meeting.

V. MATTERS THAT REQUIRE DISCUSSION AND BOARD ACTION

A. Consider Approval of September 2017 Unaudited Financial Report

Ms. Clark presented the September 2017 and FY17 Unaudited Financial Reports to the Committee.

Hospital:

Inpatient Admissions were favorable by more than 12% compared to budget, with 2,403 admissions during September. Patient Days were favorable by almost 8% compared to budget. Length of Stay was favorable by almost 8% compared to the budget. Case Mix was unfavorable by approximately 3% compared to budget.

Outpatient Emergency Department visits were favorable by almost 4% compared to budget, with 10,792 visits during September. Urgent Care Visits were favorable by more than 1% compared to budget, with 5,013 visits during September. Total Clinic Visits were favorable by almost 4% compared to budget, with 60,127 visits during September. Total Outpatient Visits were favorable by approximately 6% compared to budget.

Observation Days were on-target compared to the budget. Inpatient Surgeries were unfavorable by approximately 8% compared to budget. Outpatient Surgeries were unfavorable by approximately 13% compared to budget. Invasive Lab Cases continues to grow and was favorable by almost 15% compared to the budget, with 622 cases during September.

Psychiatric Patient Days were favorable by more than 2% compared to the budget. Psychiatric Clinic Visits were favorable by more than 5% compared to budget. Psychiatric Emergency Visits were on-target compared to the budget. Psychiatric Partial Hospitalization Days were unfavorable by approximately 10% compared to the budget.

The Hospital's three-year trend slides were reviewed:

Inpatient Admissions increased by more than 6% from FY16 to FY17 due to the increase of available beds after the skilled nursing unit transitioned to an inpatient unit. Patient Days have increased by more than 7% from FY16 to FY17. Case Mix Index and Length of Stay decreased slightly from FY16 to FY17.

Outpatient Emergency Department visits increased by almost 7% from FY16 to FY17. There were 328 patients seen during FY15, 330 patients seen per day during FY16, and 350 patients were seen per day during FY17. Urgent Care Visits increased by over 7% from FY16 to FY17, with 168 patients seen per day during FY17. Clinic Visits increased by almost 2% from FY16 to FY17, with 724,245 patients seen during FY17. Total Outpatient Visits increased by almost 4% from FY16 to FY17, with 1.2 million visits during FY17.

Observation Days decreased by approximately 4% from FY16 to FY17 because as inpatient days increase the observation days will decrease. Invasive Lab Cases was a new service provided during FY16 and increased by almost 7% during FY17. Inpatient Surgeries decreased by approximately 2% from FY16 to FY17. Outpatient Surgeries increased by more than 14% from FY15 to FY16 because of increased operating room capacity, and increased more than 1% from FY16 to FY17.

Psychiatric Patient Days increased by almost 24% from FY15 to FY16 because of the addition of Trinity Springs North facility, and increased by almost 12% from FY16 to FY17. Psychiatric Clinic Visits increased by 27% from FY16 to FY17 because of additional providers and scheduling. Psychiatric Emergency Visits decreased by more than 5% from FY16 to FY17. Psychiatric Partial Hospitalization Days increased by more than 6% from FY16 to FY17.

Year-to-date FTEs per Adjusted Patient Day were favorable at 5.90 compared to a budgeted 5.96. Days Cash on Hand was at 245 days. Net Account Receivable Days were at 53. Payor Mix year-to-date remained constant.

JPS Connection enrollment increased by 480 enrollees during September with a total of 40,703 for FY17.

The Income Statement was reviewed. Year-end adjustments were approximately \$10 million and included: an increase of \$7.2 million because of an improved Delivery System Reform Incentive Payment Program (DSRIP) achievement level was met, a decrease in Uncompensated Care of \$3.1 million because of State Medicaid funding pool modifications that occurred throughout FY17, and an increase of \$2.7 million because the State allocated additional discretionary funds for the Tobacco Settlement Fund. In addition, because of the

Medicaid funding pool modifications the Intergovernmental Transfer (IGT) expense was reduced.

Impacting the month-end results, Net Patient Service Revenue was favorable by \$649,000 compared to budget because of higher volumes. Disproportionate Share Hospital and 1115 Waiver revenue was favorable by \$5 million compared to budget because of year-end adjustments. Other Operating Revenue was favorable by \$3.3 million because of the year-end Tobacco Settlement Fund adjustment and the Pharmaceutical Assistance Program (PAP) revenue. The PAP revenue is offset by Supplies expense with no net income impact.

Salaries were unfavorable by \$3.6 million compared to budget because of staffing for higher volumes and incentive pay accrual. September's paid FTEs per Adjusted Patient Day was favorable at 5.84 compared to a budgeted 6.02. Benefits were favorable by \$1.1 million compared to budget because the year-end Worker's Compensation and the Pension Plan actuarial assessments.

Purchased Services were unfavorable by \$575,000 compared to budget because of a \$2 million year-end entry between the Hospital and Acclaim Physicians Group and the year-end IGT credit. The \$2 million year-end entry is an expense to the Hospital and revenue for Acclaim Physicians Group and included settlements for medical director reimbursements, transferred services, and contracted rates.

For the month, income from operations was \$6.8 million compared to a budgeted income from operations of \$1.2 million.

The year-to-date income from operations was \$3.0 million compared to a budgeted income from operations of \$13.7 million, missing budget by \$10.7 million mainly due to the \$12.7 million UC shortfall. Year-to-date net income was \$10.9 million compared to a budgeted net income of \$20.8 million.

Acclaim:

The Acclaim Physician Group Income Statement was reviewed.

Net Patient Service Revenue was unfavorable by \$2.5 million because of a one-time year-end entry for accounts receivable for consideration of aged accounts and managed care issues that are currently being worked on. The year-end entry was made based on matching the Hospital's aging policy.

Other operating revenue was favorable by \$3.2 million. This was due to a year-end entry of \$2.2 million to Acclaim for reimbursement for medical directors and transferred services from the Hospital, and the reoccurring assignment of the surgical services contract to Acclaim from the Hospital.

For the month, Acclaim's financial statements reflected a \$707,000 loss from operations compared to a budgeted \$663,000 loss from operations. FY17 loss from operations was \$14.7 million compared to a budgeted loss from operations of \$8.2 million.

- The Combined Income Statement FY17 was reviewed and reflected a net loss for the year of \$3.9 million. The Combined Balance Sheet FY17 was reviewed and reflected \$1.1 billion of total liabilities and nets assets.

There being no further questions or discussion, Mr. Montgomery called for a motion to accept the September 2017 Unaudited Financial Report. Trent Petty made a motion for approval and the motion was seconded by Daniel Casey, M.D., as presented and carried unanimously.

B. Consider Approval of Master Service Agreement between nThrive Revenue Systems, LLC and Tarrant County Hospital District d/b/a JPS Health Network

Kade Rutherford presented the Master Service Agreement between nThrive Revenue Systems, LLC and Tarrant County Hospital District d/b/a JPS Health Network to the Committee for consideration. Approval of this Agreement will provide a claims processing service.

There being no further questions or discussion, Mr. Montgomery called for a motion to approve the Master Service Agreement between nThrive Revenue Systems, LLC and Tarrant County Hospital District d/b/a JPS Health Network. Chet Schrader, M.D. made a motion for approval and the motion was seconded by Dr. Webber as presented. The motion was approved with 8 members voting yes and D.T. Nguyen abstaining.

C. Consider Approval of Purchase Agreement between Network Sciences, Inc. and Tarrant County Hospital District d/b/a JPS Health Network

Ms. Rutherford presented the Purchase Agreement between Network Sciences, Inc. and Tarrant County Hospital District d/b/a JPS Health Network to the Committee for consideration. Approval of this Agreement will provide financial assistance screening software.

There being no further questions or discussion, Mr. Montgomery called for a motion to approve the Purchase Agreement between Network Sciences, Inc. and Tarrant County Hospital District d/b/a JPS Health Network. Mr. Petty made a motion for approval and the motion was seconded by Dr. Casey as presented and carried unanimously.

D. Pursuant to JPS Purchasing Procedure LD 7205 Section VIII(d) regarding an exception to competitive bidding for purchase of professional services where obtaining the services through competitive bidding is prohibited or not practical and Section VIII(g)(1) regarding an exception 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 and consider approval of exemptions(s) of purchase from competitive bidding and consider Approval of Service and Maintenance Agreement between Talyst Systems, LLC and Tarrant County Hospital District d/b/a JPS Health Network

Bill Whitman presented the Pursuant to JPS Purchasing Procedure LD 7205 Section VIII(d) regarding an exception to competitive bidding for purchase of professional services where obtaining the services through competitive bidding is prohibited or not practical and Section VIII(g)(1) regarding an exception 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 and consider approval of exemptions(s) of purchase from competitive bidding and consider Approval of Service and Maintenance Agreement between Talyst Systems, LLC and Tarrant County Hospital District d/b/a JPS Health Network to the Committee for consideration. Approval of this Agreement will provide maintenance for the medication system at the Jail.

There being no further questions or discussion, Mr. Powell called for a motion to approve the Pursuant to JPS Purchasing Procedure LD 7205 Section VIII(d) regarding an exception to competitive bidding for purchase of professional services where obtaining the services through competitive bidding is prohibited or not practical and Section VIII(g)(1) regarding an exception 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 and consider approval of exemptions(s) of purchase from competitive bidding and consider Approval of Service and Maintenance Agreement between Talyst Systems, LLC and Tarrant County Hospital District d/b/a JPS Health Network. Dr. Casey made a motion for approval and the motion was seconded by Charles Powell as presented and carried unanimously.

E. Consider Approval of First Amendment to Professional Services Agreement between Pacific Interpreters, Inc., a Languageline Solutions Company and Tarrant County Hospital District d/b/a JPS Health Network

Lara Burnside presented the First Amendment to Professional Services Agreement between Pacific Interpreters, Inc., a Languageline Solutions Company and Tarrant County Hospital District d/b/a JPS Health Network to the Committee for consideration. Approval of this Amendment will continue 24/7 over-the-phone interpreter services.

There being no further questions or discussion, Mr. Montgomery called for a motion to approve the First Amendment to Professional Services Agreement between Pacific Interpreters, Inc., a Languageline Solutions Company and Tarrant County Hospital District d/b/a JPS Health Network. Dr. Casey made a motion for approval and the motion was seconded by Ms. DeBose as presented and carried unanimously.

F. Consider Approval of Purchase Agreement between SHI Government Solutions, Inc. and Tarrant County Hospital District d/b/a JPS Health Network

David Mendenhall presented the Purchase Agreement between SHI Government Solutions, Inc. and Tarrant County Hospital District d/b/a JPS Health Network to the Committee for consideration. Approval of this Agreement will provide maintenance on the District's VMWare software that manages the virtual environment.

There being no further questions or discussion, Mr. Montgomery called for a motion to approve the Purchase Agreement between SHI Government Solutions, Inc. and Tarrant County Hospital District d/b/a JPS Health Network. Mr. Petty made a motion for approval and the motion was seconded by Dr. Casey as presented and carried unanimously.

G. Consider Approval of Application for Excess Loss Insurance, Agreement Regarding Electronic Transfer of Claim Funds, and Authorization for Electronic Transactions between Unimerica Insurance Company and Tarrant County Hospital District d/b/a JPS Health Network

Pia Walker presented the Application for Excess Loss Insurance, Agreement Regarding Electronic Transfer of Claim Funds, and Authorization for Electronic Transactions between Unimerica Insurance Company and Tarrant County Hospital District d/b/a JPS Health Network to the Committee for consideration. Approval of this Application will provide stop-loss insurance for catastrophic employee health insurance claims.

There being no further questions or discussion, Mr. Montgomery called for a motion to approve the Application for Excess Loss Insurance, Agreement Regarding Electronic Transfer of Claim Funds, and Authorization for Electronic Transactions between Unimerica Insurance Company and Tarrant County Hospital District d/b/a JPS Health Network. Ms. DeBose made a motion for approval and the motion was seconded by Dr. Schrader as presented and carried unanimously.

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

Neal Adams announced there were 41 contracts under \$200,000 posted to the board portal.

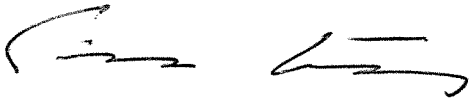
VII. RECONVENE IN EXECUTIVE SESSION PURSUANT TO CHAPTER 551, TEXAS GOVERNMENT CODE FOR THE FOLLOWING:

There were no items for executive session.

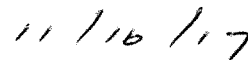
VIII. RECONVENE IN OPEN SESSION FOR DELIBERATION(S) AND/OR ACTION(S) DEEMED NECESSARY REGARDING ANY MATTER LISTED ON THE CLOSED SESSION AGENDA.

IX. ADJOURN

There being no further business of the TCHD Joint Board of Managers and Finance Committee meeting was adjourned at 11:20 a.m.



Steve Montgomery, Finance Committee Chairman



Date