

**TARRANT COUNTY HOSPITAL DISTRICT (TCHD)**  
**d/b/a JPS HEALTH NETWORK**  
JPS Health Network  
1500 S. Main Street, Fort Worth, TX 76104  
3<sup>rd</sup> Floor Outpatient Conference Rooms

**MEETING OF BOARD OF MANAGERS**

**Thursday, August 10, 2017 – 1:00 P.M.**

**Meeting Minutes**

The Tarrant County Hospital District ("District") Board of Managers met Thursday, August 10, 2017, JPS Health Network, 1500 S. Main Street, 3<sup>rd</sup> Floor Outpatient Conference Rooms with the following members present:

Charlie Powell, Board Chair  
Charles Webber, M.D., Vice Chair  
DT Nguyen, Board Secretary  
Rev. Ralph Emerson, Immediate Past Board Chair  
Dorothy DeBose  
Roy Lowry, D.O.  
Warren Norred  
Rex Hyer, M.D.  
Roger Fisher  
Steve Montgomery

Board Members Absent: Trent Petty

Others Attending:

Robert Earley, President, Chief Executive Officer  
Bill Whitman, Executive Vice President, Chief Operating Officer  
Daniel Ziegler, M.D., Medical Staff President  
Wayne Young, Senior Vice President, Behavioral Health  
Scott Rule, Vice President, Chief of Staff  
Jaime Pillai, Vice President, Operations Support Services  
David Mendenhall, Vice President, Chief Technology Officer, Information Systems  
J.R. Labbe, Vice President, Communications and Community Affairs  
Tammy Moss, Executive Office Manager  
Trudy Sanders, Vice President, Patient Care Services  
Neal Adams, General Counsel  
Kathleen Whelan, Vice President, Operations Clinic and PR  
Sharon Clark, Executive Vice President, Chief Financial Officer  
Merianne Roth, Vice President, Chief Strategy Officer  
Pia Walker, Vice President, Human Resources  
Tricia Elliott, M.D., Vice President, Academic Affairs  
Karen Duncan, Interim Vice President, Community Health  
James Johnson, M.D., President, Chief Medical Officer, Acclaim  
Dianna Prachyl, Senior Vice President, Chief Operating Officer, Acclaim  
Jeanna Adler, Vice President, Finance

Guest Attending: Dennis G. Killy, Tarrant Alliance for Responsible Government  
Lee Crosby, Physicians Committee for Responsible Medicine  
David Salsberry

- I. CALL TO ORDER** – Charlie Powell called the meeting to order at 1:15 p.m.
- II. OPENING PRAYER & PLEDGE** – Robert Earley led the audience in a moment of silence in honor of Rev. Dann Baker, the director of JPS Pastoral Services who passed away in July. Mr. Earley then led the audience in the pledge to the flag.
- III. CITIZENS WISHING TO ADDRESS THE BOARD:**

Lee Crosby, a dietitian with Physicians Committee for Responsible Medicine, addressed the Board in regards to the McDonald's restaurant located in the lobby. Her comments are attached to the minutes.

David Salsberry, executive vice president of COPE Health Solutions, addressed the Board regarding Texas Senate Bill 1462. He thanked the Board for their support.

**IV. APPROVAL OF MINUTES**

July 13, 2017

**ACTIONS:** Mr. Powell called for a motion to approve the July 13, 2017 minutes as presented. Motion was made for approval by Chuck Webber, M.D, and Steve Montgomery seconded the motion. The motion carried unanimously.

**V. REPORT FROM MEDICAL EXECUTIVE STAFF COMMITTEE REQUIRING DISCUSSION(S), UPDATE(S), DELIBERATION(S), ACTION(S) AND/OR APPROVAL – D. ZIEGLER, M.D.**

A. Consider approval of Brian Webb, M.D., as chairman of the Department of Orthopedic Surgery.

**ACTIONS:** Dan Ziegler, M.D., made motion for approval. The motion was seconded by Dr. Webber and carried unanimously.

**VI. PUBLIC HEARING OF THE BOARD OF MANAGERS OF TARRANT COUNTY HOSPITAL DISTRICT TO CONSIDER AUTHORIZATION OF THE LOCAL PROVIDER PARTICIPATION PROGRAM AS AUTHORIZED BY CHAPTER 298B, TEXAS HEALTH AND SAFETY CODE AND TO CONSIDER FISCAL YEAR 2017 PROVIDER PARTICIPATION PROGRAM PAYMENTS AND RELATED MATTERS – R. Earley, N. Adams and M. Spivey**

A. Public Hearing – C. Powell

Mr. Powell, as advised by Mr. Earley and by General Counsel, stated the public hearing would not be called on this day but would be held before August 31, 2017. This meeting will possibly be held in conjunction with the Finance Committee Meeting scheduled for August 24, 2017.

Mr. Earley gave a brief overview of the Local Provider Participation Program and the capabilities that it would afford JPS and other North Texas healthcare systems. Mr. Earley introduced Mike Spivey, an expert on this topic, to assist with explaining this process and its history. Program rules, procedures and the proposed resolution are attached to these minutes.

**ACTION:** Roger Fisher made the following motion:

I move that the Board of Managers based on the recommendation of Robert Earley, President and CEO of the Tarrant County Hospital District and with the advice of Neal Adams, General Counsel, the Tarrant County

Hospital District Approve the Amended Resolution Implementing the Requirements of the Tarrant County Hospital District's Participation in the Health Care Provider Participation Program that:

1. Creates the Tarrant County Hospital District Health Care Provider Participation Program;
2. Adopts the Tarrant County Hospital District Health Care Provider Participation Program Rules and Procedures attached to this RESOLUTION and identified as Exhibit A Tarrant County Hospital District Health Care Provider Participation Program Rules and Procedures.
3. Requires each institutional health care provider to submit to Tarrant County Hospital District a copy of any financial and utilization data required by and reported to the Texas Department of State Health Services under Texas Health & Safety Code Sections 311.032 and 311.033 and any rules adopted by the Executive Commissioner of the Texas Health and Human Services Commission to implement those sections;
4. Designates J.P. Morgan, located at 420 Throckmorton, 4<sup>th</sup> Floor, Fort Worth, Texas 76102, as the depository for mandatory payments received by Tarrant County Hospital District;
5. Creates a local provider participation fund;
6. Authorizes the Board of Managers of Tarrant County Hospital District to take all other actions necessary to meet the requirements of Chapter 298B, Texas Health and Safety Code; and
7. Authorizes the President, CEO of the Tarrant County Hospital District to make intergovernmental transfers ("IGT's") from the local provider participation fund to the Texas Health and Human Services Commission based on the Executive Commissioner, Texas Health and Human Services Commission schedule of requested IGT's for uncompensated care payments.

**ACTION:** Motion was seconded by Steve Montgomery. Motion carried with 9 yay votes and 1 nay vote by Warren Norred.

**VII. CONSENT AGENDA: ALL CONSENT AGENDA ITEMS WERE DISCUSSED IN BOARD COMMITTEE MEETINGS AND MAY REQUIRE LITTLE OR NO DELIBERATION BY THE BOARD OF MANAGERS, BUT REQUIRE BOARD APPROVAL.**

- A. Acceptance of June 2017 Unaudited Financial Report – S. Clark
- B. Approval of Add Product Amendment to Experian Healthcare Terms and Conditions between Search America, Inc. and Medical Present Value, Inc. (formerly doing business under the collective trade name "Experian Healthcare") and Tarrant County Hospital District d/b/a JPS Health Network (461408) – S. Clark / K. Rutherford
- C. Approval of Amendment to Facility Participation Agreement between UnitedHealthcare Insurance Company on behalf of itself, UnitedHealthcare of Texas, Inc., United Healthcare Benefits of Texas, Inc., UnitedHealthcare Community Plan of Texas, LLC, All Savers Insurance Company and its other affiliates (collectively "United") and Tarrant County Hospital District d/b/a JPS Health Network (357863) – S. Clark / K. Shelton
- D. Approval of Provider Participation Agreement between Magellan Providers of Texas, Inc. f/k/a Magellan Behavioral Health Providers of Texas, Inc. and Tarrant County Hospital District d/b/a JPS Health Network (420002) – S. Clark / K. Shelton

- E. Approval of North Texas Regional IRB Collaboration Agreement and North Texas Regional IRB Authorization Agreement between University of North Texas Health Science Center and Tarrant County Hospital District d/b/a JPS Health Network (453325) – R. Earley
- F. Approval of Professional Services Agreement between RelateCare, LLC and Tarrant County Hospital District d/b/a JPS Health Network (467976) – L. Burnside
- G. Approval of Hospice Care Services Agreement between Odyssey Healthcare d/b/a Kindred Hospice and Tarrant County Hospital District d/b/a JPS Health Network (455595) – W. Peebles
- H. Approval of Hospice Care Services Agreement between Serenity Hospice and Tarrant County Hospital District d/b/a JPS Health Network (455613) – W. Peebles
- I. Approval of Hospice Care Services Agreement between Vitas Healthcare of Texas, LP and Tarrant County Hospital District d/b/a JPS Health Network (470338) – W. Peebles
- J. Approval of Hospice Care Services Agreement between Community Hospice of Texas and Tarrant County Hospital District d/b/a JPS Health Network (470344) – W. Peebles
- K. Approval of Hospice Care Services Agreement between Hospice Healthcare Network and Tarrant County Hospital District d/b/a JPS Health Network (470345) – W. Peebles
- L. Approval of Hospice Care Services Agreement between Covenant HP Care, LLC d/b/a Covenant Hospice and Palliative Care and Tarrant County Hospital District d/b/a JPS Health network (470358) – W. Peebles
- M. Approval of Purchase Agreement between United States Endoscopy Group, Inc. and Tarrant County Hospital District d/b/a JPS Health Network (446352) – W. Peebles
- N. Approval of Purchase Agreement between Carl Zeiss Meditec, Inc. and Tarrant County Hospital District d/b/a JPS Health Network (445683) – W. Peebles
- O. Approval of Leadership and Executive Search Agreement between Acclaim Physician Group, Inc. and Merritt Hawkins – J. Johnson, M.D.

**ACTION:** Dr. Webber made the motion to approve the consent agenda as presented. DT Nguyen seconded this motion. The motion passed with 9 yay votes, Roy Lowry abstained from this vote.

**VIII. DELIBERATE AND CONSIDER ACTION REGARDING 2018 FISCAL YEAR DRAFT BUDGET AND PROPOSED FISCAL YEAR 2018 AD VALOREM TAX RATE**

FY18 budget combined income statement is comprised of the Hospital, Acclaim Physician Group, and JPS Foundation budgets with operating margins listed below:

|                         |                |
|-------------------------|----------------|
| Hospital                | \$23,264,262   |
| Acclaim Physician Group | (\$12,325,036) |
| JPS Foundation          | \$ 216,942     |
| Combined System Total   | \$11,156,168   |

A. Fiscal Year 2018 Tarrant County Hospital District Operational Budget – S. Clark

**ACTION:** Discussion was continued in Closed Session and vote was taken after the Board reconvened in Open Session. This vote is for the Fiscal Year 2018 Tarrant County Hospital District Operational Budget and will be recommended for approval from the County Commissioners.

**SUMMARY:** Sharon Clark presented the Hospital's Operational Budget to the Board. The Destination Metrics, which have been approved by the Board, were considered while developing the budget: safe environment of care, leading workplace culture, improve HCAHPS scores, quality Graduate Medical Education (GME) programs, geriatrics named "designated program", reduce infant mortality rate, clinics NCQA level 3 PCMH, strategic accreditations and designations, and a positive operating margin.

Key inpatient statistics were reviewed. Admissions and patient days are anticipated to increase by almost 3% compared to the FY17 Projected. Urgent Care and Emergency Department is not anticipated to experience growth in FY18 because of current high volumes. Surgical Cases are anticipated to increase by 204 cases attributed mainly due to the new Urology group.

Budgeted outpatient statistics include an increase of approximately 4% in community health visits. Key behavioral statistics include patient days and psychiatric emergency department visits and are anticipated to remain constant compared to the FY17 Projected. Behavioral Health visits are anticipated to increase by 38% compared to FY17 Projected because of scheduling optimization and provider utilization.

The Hospital's FY18 operating income was reviewed and is comprised of:

- 40% Collections for Patient Services Revenue
- 39.5% Ad Valorem (property) tax revenue
- 15.2% Supplemental State and Federal payments
- 5.3% Other Revenue

FY18 net patient revenue is budgeted at a 9% increase compared to FY17 Projected. Explanation for the increases include:

- CMS update for Medicare DSH/UC
- Volume increase (inpatient and outpatient)
- Revenue cycle and utilization management improvement
- Chargemaster price increase

FY18 budgeted Ad-valorem tax revenue slide was reviewed and reflected a 10% increase compared to FY17 Projected.

Other operating revenue was reviewed and includes UC, DSH, DSRIP, grants, and other non-patient revenue. Because of a decrease in federal funding to the State, the budgeted DSH revenue is anticipated to experience 15% decrease compared to the FY17 Projected.

The Hospital's FY18 expenses were reviewed and discussed

Salaries and wages are projected to experience an overall increase compared to the FY17 Projected. Increases include an employee merit of 3% and filling vacant positions reducing contract labor expense. Decreases compared to the FY17 Projected include a focus on overtime pay and savings for implementation of a productivity program. Benefits are projected to experience an overall decrease compared to the FY17 Projected with lower health insurance trends than FY17.

FTE's per adjusted patient day is budgeted at 5.79 and reflects a net of 12 additional FTEs compared to the FY17 Projected.

Professional fees are budgeted to have almost a 14% increase compared to FY17 Projected. The increase is due to compensation and benefit plan changes, new medical director and expanded coverage agreements, and quality incentive metrics.

Purchased services is budgeted to increase by 8% compared to FY17 Projected, largely because of pharmacy services expansion, blood care outsourcing, and outside medical services. Additional increases include software licensing expansion and IT maintenance.

Medical supplies are budgeted by almost 7% increase compared to FY17 Projected. The increase is partially due to increased volumes, but mainly because of the historical and industry standard pharmaceutical inflation factor of 12%.

Other expenses were increased by approximately 11% because several purchases that did not occur during FY17. Depreciation includes a \$45 million capital spend.

Non-operating revenue is anticipated to increase by 33% compared to the budgeted FY17 Projected. Based on market trends investments are budgeted to experience higher yields.

The Hospital income statement was reviewed showing a projected FY18 budgeted operating margin of \$23.2 million, with an operating margin of 2.4% and \$33.7 million excess of revenue over expenses.

**B. Fiscal Year 2018 Tarrant County Hospital District Capital Budget – S. Clark**

**ACTION:** Discussion was continued in Closed Session and vote was taken after the Board reconvened in Open Session. This vote is for the Fiscal Year 2018 Tarrant County Hospital District Capital Budget and will be recommended for approval from the County Commissioners.

**SUMMARY:** Ms. Clark presented the Capital FY18 Budget to the Board.

Budgeted construction capital was proposed at \$14.9 million and includes facilities, facility renovations, and facility fund.

Maintenance capital was proposed at \$30.5 million and includes equipment, information technology, strategic capital, and capital contingency.

The JPS Future Fund was proposed to add \$5 million to the fund.

**C. Fiscal Year 2018 Acclaim Physician Group Budget – S. Clark**

**ACTION:** Discussion was continued in Closed Session and vote was taken after the Board reconvened in Open Session. This vote is for the Fiscal Year 2018 Acclaim Physician Group Budget and will be recommended for approval from the County Commissioners.

**SUMMARY:** Ms. Clark presented the FY18 Acclaim Physician Group budget to the Board.

Benefits of a hospital owned physician group were reviewed. Acclaim currently has approximately 400 physicians that provide oversight of patients. Acclaim's loss per patient is approximately \$31,000 and the Medical Group Management Association's (MGMA) median loss is approximately \$70,000 per patient.

Strategic initiatives included in the Acclaim's budget anticipate onboarding 41 additional providers, assignment of the neuro, neurology, and surgical contracts, new DSRIP metrics for cancer screening, two new behavioral health clinics for MHMR, a new compensation plan, in-house legal counsel for contract review, and focus on revenue cycle improvements.

Budgeted Acclaim employee statistics include 394 providers, 48 clinical staff, and 94 administrative staff.

Projected encounters for FY18 are budgeted to increase by 15% over the FY17 Projected encounters. The increase is largely in primary care and will assist in obtaining the third next available new patient appointment metric.

Net Patient Review is projected to increase by 13% over the FY17 Projected based on the addition of providers.

Other operating revenue increased 58% mainly due to the assignment of contracts, new director and expanded coverage agreements, and compensation pass through items that are all agreements with the Hospital.

Salaries and wages are projected to increase by 22% compared to FY17 Projected because of onboarding providers, the new compensation plan for physicians, the impact of full year salaries for staff, and benefits based on increased salaries.

Physician remuneration is projected to increase in FY18 by almost 20% over FY17 Projected. Several contracts were assigned from the Hospital to Acclaim and have offsetting revenue.

Other operating expenses are anticipated to increase in FY18 by 2% over FY17 Projected. Other operating expenses include the revenue cycle improved efficiencies, coding software, legal and consulting fees.

Acclaim capital expenditures include \$45,000 for women's health services.

Acclaim Physician Group's Income Statement is projecting a FY18 loss of \$12.3 million.

#### D. Fiscal Year 2018 JPS Foundation Budget – S. Clark

**ACTION:** Discussion was continued in Closed Session and vote was taken after the Board reconvened in Open Session. This vote is for the Fiscal Year 2018 JPS Foundation Budget and will be recommended for approval from the County Commissioners.

**SUMMARY:** Ms. Clark presented the JPS Foundation budget to the Board.

The JPS Foundation graph supports the Hospital's operating budget.

There are three major functions that flow through the JPS Foundation:

- Fundraising activities and unrestricted donations
  - There are 12 employees that are funded by the Hospital supporting fundraising and grant activities
  - The Foundation receives unrestricted donations from employee giving, community organizations, and retail sources to benefit patients
- Donor restricted
  - These dollars are received from various donors that have a specific purpose designated
- Connection Supplement
  - Provides financial assistance for eligible residents of Tarrant County with insurance coverage to have assistance with deductibles and co-pays as services are accessed through the JPS Network

The JPS Foundation FY18 operational budget with the three major functions detailed was reviewed reflecting a gain of \$233,051.

E. Fiscal Year 2018 Ad Valorem Tax Rate Notice – S. Clark

**ACTION:** Discussion was continued in Closed Session and vote was taken after the Board reconvened in Open Session. This vote is for the Fiscal Year 2018 Ad Valorem Tax Rate Notice and will be recommended for approval from the County Commissioners.

**SUMMARY:** Ms. Clark reviewed the ad valorem tax revenue slide.

**IX. RECONVENE IN EXECUTIVE SESSION PURSUANT TO CHAPTER 551, TEXAS GOVERNMENT CODE FOR THE FOLLOWING:** in addition to the matters posted for deliberation in executive (closed) session, the Board may from time to time during the meeting adjourn and meet in executive session to receive legal advice pursuant to Section 551.071 of the Texas open meetings act regarding any matter included on this agenda.

- A. Deliberation Regarding the Purchase, Exchange, Lease, or Value of Real Property Pursuant to Section 551.072, Texas Open Meetings Act.
- B. Consultation with General Counsel to Receive Legal Advice on Pending/Contemplated Litigation and Other Matters under Subsections 1 and 2, Section 551.071, Texas Open Meetings Act.
- C. Serve as Medical Peer Review Committee and/or Medical Committee Pursuant to Chapter 160 Texas Occupations Code, Section 161.031 et Seq. Texas Health and Safety Code, and/or Receipt of Report(s) from Medical Staff Executive Committee or other Medical Staff Committees, Texas Occupations Code, Texas Health and Safety Code, and/or Medical Committee(s)

1. Privileges

- D. Deliberate Information Relating to a Proposed New Service or Product Lines.
- E. Receive Records, Information and/or Reports from Compliance Officer Pursuant to Section 161.032(b)(2), Texas Health and Safety Code, Texas Open Meetings Act.
- F. Deliberation Pursuant to Section 551.074 of the Act Regarding Appointments, Evaluations, Contracts and Compensation of District's Personnel, Vice Presidents and its Other Upper Level

Management Staff, Including but not Limited to the Following: President/Chief Executive Officer; Executive Vice President/Chief Operating Officer; Executive Vice President/Chief Financial Officer; Senior Vice President, Human Resource & Learning; Senior Vice President/Chief Quality Officer; Senior Vice President/Chief Nursing Officer; Senior Vice President, Behavior Health and Waiver Administrator; Senior Vice President, Community Health/Chief Operating Officer Acclaim; Senior Vice President/Enterprise Risk Management & Chief Compliance Officer; Vice President/Chief of Staff; Vice President, Academic Affairs; Vice President, Patient Care; Vice President, Finance; Vice President, Operations Clinical and Professional Services; Chief Diversity Officer; Vice President, Communications and Community Affairs; Vice President, Operations Support Services; Vice President/Chief Information Officer; Vice President/Chief Strategy Officer; Director, Foundation; Chief Audit Executive; Director, Compliance; and General Counsel.



**X. RECONVENE IN OPEN SESSION FOR DELIBERATION(S) AND/OR ACTION(S) DEEMED NECESSARY REGARDING ANY MATTER LISTED ON THE EXECUTIVE SESSION AGENDA, PARAGRAPHS IX. A, B, C, D, E, AND F.**

**Summary:** The Board reconvened in Open Session at 5:35 p.m. with the following recommendations:

**Action(s):**

A. Regarding Appointments/Reappointments, Mr. Norred made motion to approve the list of appointments. Dr. Webber seconded the motion and the motion carried with the exception of 1 abstain vote from Dr. Lowry.

i. Regarding Section VIII listed above:

Items A, B, C, and D, Item passed with 5 Yay votes, 4 Nay votes and Dr. Lowry abstained. Votes were as follows:

Yay: Montgomery, Powell, Fisher, Hyer, Webber

Nay: Norred, DeBose, Emerson, Nguyen

Abstaining: Lowry

ii. Item VIII. E passed with 7 Yay votes, 2 Nay votes, and Dr. Lowry abstained. Votes were as follows:

Yay: Webber, Montgomery, Emerson, DeBose, Hyer, Fisher, Powell

Nay: Norred, Nguyen

Abstaining: Lowry

**XI. ADJOURN:** There being no further business, the meeting adjourned at 5:40 p.m.

Approved:



Charles Powell, Chair

