

**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**

**Board of Managers Meeting**

**Thursday, August 8, 2019**

**Meeting Minutes**

The Tarrant County Hospital District ("District") Board of Managers met Thursday, August 8, 2019 JPS Health Network, 1500 S. Main Street, 3<sup>rd</sup> Floor Outpatient Conference Rooms with the following members present:

Charlie Powell, Board Chair  
Rev. Ralph Emerson, Immediate Past Board Chair  
Charles Webber, M.D., Board Vice Chair  
D.T. Nguyen, Board Secretary  
Amanda Arizola  
Dorothy DeBose  
Roger Fisher – arrived 1:25pm  
Steve Montgomery  
Trent Petty – arrived 1:27pm  
Steven Simmons, D.O.  
Zim Zimmerman

**Board Members Absent:**

**Others Attending:**

Robert Earley, President, Chief Executive Officer  
Bill Whitman, Senior Executive Vice President, Chief Operating Officer  
Zelia Baugh, Executive Vice President, Behavioral Health  
Robert Browder, Vice President, Legal Services  
Lara Burnside, Senior Vice President, Strategy, Chief Patient Experience Officer  
Kenny Carr, Senior Vice President, Network Operations  
Sharon Clark, Senior Executive Vice President, Chief Financial Officer  
Tricia Elliott, M.D., Senior Vice President, Academics and Research,  
Chief Academic Officer  
Michelle Green-Ford, Vice President, Diversity & Inclusion, Chief Diversity Officer  
Michael Hochberg, M.D., Executive Vice President, Chief Clinical Officer, President and  
Chief Medical Officer, Acclaim Physician Group  
Timothy Kremer, M.D., Senior Vice President, Chief Physician Engagement Officer  
J.R. Labbe, Senior Vice President, Community Affairs & Development  
Rory McCrady, Vice President, Revenue Cycle  
David Mendenhall, Vice President, Chief Technology Officer  
Joy Parker, Vice President, Community Health Administration  
Wanda Peebles, Executive Vice President, Acute Care, Chief Nursing Officer  
Dianna Prachyl, Senior Vice President, Acclaim Chief Operating Officer  
Trudy Sanders, Vice President, Patient Care Services  
Chet Schrader, M.D., President, Medical Staff  
Gary Scott, Vice President, Network Support Services  
Ron Skillens, Senior Vice President, Enterprise Risk Management, Chief Compliance  
Officer

Laura Thomas, Senior Vice President, Finance  
Pia Walker, Senior Vice President, Human Resources & Learning  
Neal Adams, General Counsel  
Suzanne Barnes, Recording Secretary

**I. CALL TO ORDER – Mr. Powell called to order at 1:05pm**

**II. OPENING PRAYER & PLEDGE**

**III. CITIZENS WISHING TO ADDRESS THE BOARD**

**Summary:** No citizens addressed the board

**IV. APPROVAL OF MINUTES**

**A. Board of Managers – July 11, 2019**

**Action:** Mr. Zimmerman motioned to approve the July 11, 2019 minutes, seconded by Ms. DeBose, motion passed unanimously.

**V. BOARD CHAIR REPORT**

**Summary:** Mr. Powell acknowledged the tragedies that occurred recently in El Paso and Dayton, Ohio.

**VI. CEO REPORT**

**Summary:** Mr. Earley updated the Board on the following

- JPS Live Family Night
- Australia Studer Group visit
- JPS Foundation donations and grants
- Texas Senate Bill 1640

**VII. REPORT FROM MEDICAL EXECUTIVE STAFF COMMITTEE REQUIRING DISCUSSION(S), UPDATE(S), DELIBERATION(S), ACTION(S) AND/OR APPROVAL – C. SCHRADER**

**A. Consider Approval of Kurt Schoppe, M.D., as the Radiology Chairman**

**Summary:** Ms. DeBose motioned to approve Kurt Schoppe, M.D., as the Radiology Chairman, seconded by Dr. Webber, motion passed unanimously.

**VIII. REPORT FROM ACCLAIM PHYSICIAN GROUP, INC, REQUIRING DISCUSSION(S), UPDATE(S), DELIBERATION(S), ACTION(S) AND/OR APPROVAL – M. HOCHBERG, M.D.**

**Summary:** No report

**IX. COMMITTEE REPORTS AND ACTION**

**A. Quality Committee/or Action – C. Webber, M.D., Chair  
Thursday, July 18, 2019**

**B. Planning Committee/or Action – T. Petty, Chair**  
**Thursday, July 18, 2019**

**Summary:** Rev. Emerson requested an agenda item on the Planning Committee scheduled meeting for September 5, 2019 to discuss the bond program.

**C. Finance Committee/or Action – S. Montgomery, Chair**  
**Thursday, July 25, 2019**

**X. OTHER MATTERS REQUIRING BOARD DISCUSSION(S), UPDATE(S), DELIBERATION(S), ACTION(S) AND/OR APPROVAL**

**A. Consider Approval for the appointment of J.R Labbe to represent Tarrant County Hospital District for the following TIF and TIRZ boards:**

1. TIF City of Benbrook
2. TIF City of Crowley
3. TIF City of Colleyville
4. TIF 3 Downtown Fort Worth
5. TIF 4 Southside
6. TIF 13 Woodhaven
7. TIRZ City of Kennedale
8. TIRZ Zone 3 City of Euless
9. TIRZ Place 4 City of Arlington Downtown, Entertainment District & Viridian

**Action:** Dr. Webber motioned to approve the appointment of J.R. Labbe to represent Tarrant County Hospital District for the following TIF and TIRZ boards, seconded by Mr. Zimmerman, motioned passed unanimously.

TIF City of Benbrook  
TIF City of Crowley  
TIF City of Colleyville  
TIF 3 Downtown Fort Worth  
TIF 4 Southside  
TIF 13 Woodhaven  
TIRZ City of Kennedale  
TIRZ Zone 3 City of Euless  
TIRZ Place 4 City of Arlington Downtown, Entertainment District & Viridian

**XI. DELIBERATE AND CONSIDER ACTION REGARDING 2020 FISCAL YEAR DRAFT BUDGET AND PROPOSED FISCAL YEAR 2020 AD VALOREM TAX RATE – S. CLARK**

Dr. Hochberg gave an overview of the Acclaim Physician Group in regards to the Operating Margin.

FY20 budget combined income statement is comprised of the Hospital, Acclaim Physician Group, and JPS Foundation budgets with operating margin and excess of revenue over expense listed below:

<b>Operating Margin</b>	
Hospital	\$38,825,646
Acclaim Physician Group	(\$26,035,004)
JPS Foundation	\$ 910,502
Combined System Total	\$13,701,144

<b>Excess of Revenue Over Expense</b>	
Hospital	\$54,596,864
Acclaim Physician Group	(\$26,035,004)
JPS Foundation	\$ 1,089,531
Combined System Total	\$29,651,391

The Hospital and Acclaim Physician Group have a combined target operating margin of \$12.8 million to achieve the desired operating margin goal for FY20 Budget.

A. Fiscal Year 2020 Tarrant County Hospital District Operational Budget – S. Clark

Total Operating Revenue	\$1,080,370,087
Total Operating Expenses	\$1,041,544,441
Operating Margin	\$ 38,825,646
Non-Operating Revenue	\$ 15,771,218
Excess of Revenue Over Expenses	\$ 54,596,864

**Action:** Mr. Powell called for a motion to approve the Fiscal Year 2020 Tarrant County Hospital District Operational Budget as presented. Mr. Montgomery made a motion for approval; motion was seconded by Mr. Zimmerman as presented and carried unanimously.

**Summary:** Sharon Clark presented the Hospital's Operational Budget to the Board.

Key highlights for Fiscal Year 2020 include an expected increase of 12.6% in ad valorem tax revenue. Other highlights include: the Emergency Department expansion will be operational with the addition of 26 new treatment spaces, a full year activity for the recently opened Oncology and Infusion Center location, a continued focus on revenue cycle opportunities, a specialty pharmacy will allow JPS to capture the high cost of drug utilization, continued improvement in electronic medical record support and a focus on supply chain improvements.

An Operational Improvement Fund of \$22 million sets aside dollars for new services and redesign of existing processes, possible changes in federal funding, potential debt issuance cost and initiatives to expand population health for JPS Connection Patients may impact the FY20 budget.

Key inpatient statistics were reviewed. Admissions and Patient Days are anticipated to remain constant compared to the FY19 Projected Volumes. Urgent Care visits are anticipated to increase by 2%. The Emergency Department is anticipated to experience 5% growth in FY20 with the additional 26 new treatment areas and current changes in patient flow. Surgical Cases are anticipated to remain constant compared to the FY19 Projection. Primary Care Visits are anticipated to increase by 3% while Specialty Care Visits are anticipated to increase by 2% compared to FY19 Projected.

Key behavioral health statistics were reviewed. Behavioral Health Admissions and Patient Days are anticipated to remain constant compared to the FY19 Projection. Psychiatric Emergency Center visits are anticipated to decrease by 33% due to patient flow changes where Behavioral Health patients are seen in the medical Emergency Department. Behavioral Health clinic visits are anticipated to decrease by 5% compared to FY19 Projected Budget, due to provider absences during 2020.

The Hospital's FY20 revenue sources was reviewed and is comprised of:

- 41.8% Collections for Patient Services Revenue
- 42.8% Ad Valorem (property) tax revenue
- 11.0% Supplemental State and Federal formula funding
- 4.4% Other Revenue

No change in Payor Mix is budgeted from FY19 Projected.

FY20 net patient revenue is budgeted at a 5% increase compared to FY19 Projected. Revenue Cycle initiatives were reviewed netting \$6.2 million of additional collections. Volume increases from Emergency Department expansion, the addition of the third MRI and the Cancer Center and Specialty Pharmacy will produce an anticipated increase of \$5.5 million of collections to FY20 budget, all of which have offsetting expenses as well.

FY20 budgeted ad valorem tax revenue reflected a 13% increase compared to FY19 Projected. Other operating revenue was reviewed and includes UC, DSH, DSRIP, grants, and other non-patient revenue. No major change is budgeted in UC for FY20. The UC reporting methodology is changing, however, the impact of this change is not budgeted. DSH payment will remain constant. Other Non-Patient Revenue was reviewed and no significant changes from FY19 Projected to FY20 Budget.

The Hospital's FY20 operating expenses were reviewed.

Salaries and wages are projected to experience an overall increase of 5% compared to the FY19 Projected. Increases include an employee average merit of 2%, as well as increased staffing in care management for JPS Connection and specialty clinics. Market adjustments will take place in FY20 for nursing and professional staff. Benefits are anticipated to increase by 2%, with an inflationary increase for claim costs coupled with a proposed employer contribution to a Health Savings Account for employees participating in the JPS High Deductible Health Plan. FTEs per adjusted patient day are budgeted at 5.60 for the FY20 Budget.

Professional fees are budgeted to increase 9% compared to FY19 Projected. The increase is due to the additional coverage and medical directorships.

Purchased services are budgeted to increase by 18% compared to FY19 Projected, largely because of additional increases included from software licensing, IT maintenance, housekeeping and collection fees.

Medical supplies are budgeted to increase by 3% compared to FY19 Projected. The increase is partially due a 7% anticipated inflation rate in pharmaceuticals reflecting the industry average and offset by sourcing savings.

Other expenses were increased by approximately 11% because of an increase in Public Health and MHMR, insurance expense for property values and additional cyber liability coverage.

Depreciation is anticipated to increase by 3% for the FY20 Budget.

Non-operating revenue is anticipated to decrease by 17% compared to the budgeted FY19 Projected, based on a reduction in interest rates due to market predictions.

The Hospital income statement was reviewed showing a projected FY20 budgeted operating margin of \$38.8 million, with an operating margin of 3.59% and \$55 million Excess of Revenue Over Expenses.

**B. Fiscal Year 2020 Tarrant County Hospital District Capital Budget – S. Clark**

**Action:** Mr. Powell called for a motion to approve the Fiscal Year 2020 Tarrant County Hospital District Capital Budget as presented. Mrs. DeBose made a motion for approval; motion was seconded by Dr. Webber as presented and carried unanimously.

**Action:** Mr. Powell called for a motion to approve to designate an additional \$10 Million to the JPS Future Fund as presented. Mr. Nguyen made a motion for approval; motion was seconded by Rev. Emerson as presented and carried unanimously.

**Summary:** Ms. Clark presented the Capital FY20 Budget to the Board.

- Total proposed capital budget of \$38.2 million is requested
- Budgeted facilities and renovations were proposed at \$8.8 million
- \$8.3 million is proposed for Information Technology
- Master Facility Plan capital was proposed at \$10 million for JPS Future Fund.

Master Facility Plan	\$ 10,000,000
Facilities & Renovations	\$ 8,899,000
Equipment	\$ 10,045,000
Information Technology	\$ 8,258,000
Capital Contingency	\$ 1,000,000
Total	\$ 38,202,000

**C. Fiscal Year 2020 Acclaim Physician Group Operational Budget – S. Clark**

Total Operating Revenue	\$131,179,379
Total Operating Expenses	\$157,214,383
Excess of Revenue over Expenses	(\$ 26,035,004)

**Action:** Mr. Powell called for a motion to approve the Fiscal Year 2020 Tarrant County Hospital District Acclaim Physician Group Budget as presented. Dr. Webber made a motion for approval; motion was seconded by Mr. Montgomery as presented and carried unanimously.

**Summary:** Ms. Clark presented the FY20 Acclaim Physician Group Operational budget to the Board.

Advantages of a hospital-based physician group were reviewed.

Initiatives included in Acclaim’s budget are revenue growth of 7%, additional Behavioral Health providers in the Emergency Department and the transition of Care Connection, Street Medicine and Home Medicine Program from JPS to Acclaim.

Budgeted Acclaim employees include 475 providers, 56 clinical staff, and 86 administrative staff.

Projected encounters for FY20 are budgeted to increase by 7% over the FY19 Projected encounters. The increase is largely in Behavioral Health, Primary Care and Oncology/Palliative Care.

Net Patient Revenue is projected to increase by 5% over the FY19 Projected based on the addition of providers focused on Primary Care and Behavioral Health.

Other operating revenue increased 7% mainly due to the professional services agreement for coverage and medical directorships.

Salaries and wages are projected to increase by 12% compared to FY19 Projected due to a full year of providers on-boarded in Behavioral Health, Primary Care and Surgery.

Physician remuneration is projected to decrease in FY20 by almost 21% over FY19 Projected. Several contracted providers are transitioning to employment within Acclaim.

Other operating expenses are anticipated to increase in FY20 slightly over FY19 Projected. Other operating expenses include the software licenses, medical education, market assessments, and lease and rental fees.

Acclaim Physician Group's Income Statement is projecting a FY20 loss of \$26.0 million, or \$54,811 per provider. The National MGMA median loss per provider is \$134,528 and the 75<sup>th</sup> percentile is a loss per provider of \$56,678.

**D. Fiscal Year 2020 Acclaim Physician Group Capital Budget – S. Clark**

Three capital items were requested in the FY20 capital budget for Acclaim totaling \$98,798.

**Action:** Mr. Powell called for a motion to approve the Fiscal Year 2020 Acclaim Physician Group Capital Budget as presented. Mrs. DeBose made a motion for approval; motion was seconded by Rev. Emerson as presented and carried unanimously.

**E. Fiscal Year 2020 JPS Foundation Budget – S. Clark**

Total Operating Revenue	\$4,236,979
Total Operating Expenses	\$3,326,477
Operating Margin	\$ 910,502
Non-Operating Income	\$ 179,029
Excess of Revenue over Expenses	\$1,089,531

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

The JPS Foundation activities support the Hospital's operating budget through fundraising and grant activities.

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

- Operating activities and unrestricted donations
- Donor Restricted Gifts
- Connection Supplemental

F. Fiscal Year 2020 Ad Valorem Tax Rate Notice – S. Clark

**Action:** Mr. Powell called for a motion to approve the tax rate at \$0.224429 with no recommended change from prior year. Mr. Nguyen made a motion for approval; motion was seconded by Mr. Zimmerman as presented and carried unanimously.

**XII. 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.**

**Action:** Mr. Petty motioned to approve the Consent Agenda items, seconded by Ms. DeBose motion passed unanimously.

- A. Consider Approval of Acceptance of June 2019 Unaudited Financial Report – S. Clark
- B. Consider Approval of Hospital Services Agreement between Tarrant County Hospital District d/b/a JPS Health Network and Cook Children's Health Plan (505435) – S. Clark
- C. Consider Approval of Institutional Agreement between Tarrant County Hospital District d/b/a JPS Health Network and Humana Government Business, Inc. d/b/a Humana Military (571740) – S. Clark
- D. Consider Approval of Lease Agreement between Tarrant County Hospital District d/b/a JPS Health Network and Tarrant County d/b/a Resource Connection of Tarrant County (686489) – S. Clark
- E. Consider Approval of Purchase Agreement between Tarrant County Hospital District d/b/a JPS Health Network and Hologic, Inc. (634366) – K. Duncan
- F. Consider Approval Tarrant County Hospital District Board of Manager's Resolution of Commitment to Patient Blood Management – W. Peebles
- G. Consider Approval UR 1000 Utilization Review and Care Management Plan – W. Peebles
- H. Consider Approval NPSG 1200 Patient Notification of Unexpected Outcomes Policy – G. Stephenson
- I. Consider Approval EC 1300 Environmental Surveillance Program Policy – K. Carr
- J. Consider Approval EC 900 Radiation Safety Policy – K. Carr



- K. Consider Approval PC 700 Patient Education Policy – W. Peebles
- L. Consider Approval PC 400 Interdisciplinary Plan of Care Policy – W. Peebles
- M. Consider Approval MM 200 Safe Medication Practices Policy – K. Carr
- N. Consider Approval RI 2300 Guardianship Policy – W. Peebles

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

- A. Report of Contracts Negotiated on behalf of Tarrant County Hospital District d/b/a JPS Health Network that are under \$500,000 for the previous month. – N. Adams

**Summary:** Mr. Adams reported 26 contracts under \$500,000.

**XIV. RECONVENE IN EXECUTIVE SESSION PURUANT TO CHAPTER 551, TEXAS GOVERNMENT CODE FOR THE FOLLOWING:**

The Board took a brief break at 5:15pm, the Board reconvened in Executive Session at 5:20pm

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

The Board reconvened in Open Session at 5:40pm

**Summary:** Consider Approval of Privileges/Appointments and Reappointments to the Medical Staff as presented – C. Schrader, M.D.

**Action:** Dr. Webber motioned to approve the Privileges/Appointments and Reappointments to the Medical Staff as presented, seconded by Dr. Simmons, motion passed unanimously.

**Action:** There being no further business, the meeting adjourned at 5:41pm



Charlie Powell, Board Chair



Date