

EL PASO COUNTY HOSPITAL DISTRICT FINANCE COMMITTEE MEETING MINUTES

Wednesday, April 26, 2017 – 8:15 a.m.
4815 Alameda Ave., 8th Floor Board Room
El Paso, Texas 79905

COMMITTEE MEMBERS PRESENT

James Volk, Committee Chair
Carmen Arrieta-Candelaria, Committee Member
Miguel Fernandez, Committee Member
Michael Nuñez, Chief Financial Officer
Leticia Flores, Corporate Controller
Darius Boman, M.D., Medical Staff Representative
Jacob Cintron, President & CEO
Cindy Stout, Chief Nursing Officer
Maria Zampini, Chief Operating Officer

COMMITTEE MEMBERS ABSENT

None

OTHERS PRESENT

Christina Ford, Chief Legal Officer
Laurel Huston, Chief Deputy Legal Officer
Javier Saenz, Assistant County Attorney
Mark Amox, EPCH President & Chief Executive Officer
Frank Dominguez, EPFirst President & Chief Executive Officer
Jennifer Maxwell, Executive Assistant to the Board of Managers
Lorena Navedo, Chief Administrative Officer
Cathy Gibson, Chief Compliance Officer
Frank Rios, El Paso County
Omar Bernal, EPCH
Jorge Reyes, El Paso County Auditors
Susie Byrd, Citizen
Jon Law, Chief Strategic Officer
Matt Tassoni, Deloitte
Ming Wong, Admin. Director Neighborhood Health Clinics
Janina Prada, IT Director
Janice Harris, Admin. Director Human Resources
Ryan Mielke, Director of Public Affairs

AGENDA ITEM	CONCLUSION/RECOMMENDATIONS	ACTION	FOLLOW-UP
I. Call to Order	Mr. James Volk called the meeting to order at 08:15 a.m., April 26, 2017, after establishing that there was a quorum present.		
II. Establish a Quorum			
III. Approval of the March 29, 2017 Finance Committee Minutes. (Tab 1) Mr. James Volk Chair	Minutes from the March 29, 2017, meeting was presented for approval.	Motion to approve the minutes was made by Mr. Cintron and seconded by Ms. Arrieta. Motion carried.	

AGENDA ITEM	CONCLUSION/RECOMMENDATIONS	ACTION	FOLLOW-UP
<p>IV. Review and approve the El Paso Children's Hospital Financial Statements for March 2017. (Tab 2)</p> <p>Mr. Mark Amox Chief Executive Officer</p> <p>Mr. Omar Bernal Controller</p>	<p>Mr. Mark Amox presented the El Paso Children's Hospital financial statements for March 2017 that are included in the March finance package.</p> <p>Mr. Amox presented an overview of the slides for total discharges, avg. length of stay, avg. daily census, total FTE's, OT FTE's, productivity overview.</p> <p>Mr. Omar Bernal presented the income statement on slide number 10.</p> <p>Mr. Nunez presented the Medicaid Supplemental Revenue update on slide number 9.</p> <p>Ms. Arrieta requested an update on the follow up item from last month which is a request for a forecast to year end of days cash on hand. Mr. Amox noted that Mr. Nunez will present this during the presentation of the UMC campus wide financials. (refer to agenda item VI. for update).***</p>	<p>Motion to approve was made by Mr. Cintron and seconded by Mr. Fernandez. Motion carried.</p>	<p>Item will be presented to the Board of Managers on May 9, 2017.</p>
<p>V. Review and approve the El Paso First HealthPlans, Inc. Financial Statements for March 2017. (Tab 3)</p> <p>Mr. Michael Nuñez Chief Financial Officer</p> <p>Mr. Frank Dominguez Chief Executive Officer</p>	<p>Mr. Michael Nunez presented the El Paso First HealthPlans, Inc. financial statements for March 2017. Mr. Nunez focused on the Quarter-to-date highlights beginning on page 3 and moved on to present the Year-to-date Operating Highlights, PMPM Analysis, and Balance Sheet Highlights beginning on page 4 of the El Paso First HealthPlans Inc. Executive Summary.</p> <p>Mr. Nunez noted that the total state program membership is down approximately 3%. Management will monitor membership; however, El Paso First is currently still the market leader. Mr. Dominguez noted that El Paso First has about 52-53% of the Medicaid market share.</p> <p>Mr. Dominguez noted that although El Paso First gave a \$5 million distribution to UMC and experienced a reduction in membership, El Paso First projects to have unrestricted cash of approximately \$60 million by year end. The increase in unrestricted cash is primarily due to management targeting efficiencies, anticipating the reduction in management, and making sure the organization is managed well. El Paso First continues to exceed the budget month after month.</p> <p>Mr. Volk asked how many ex-employees (retired) are participating in the benefit program. Mr. Dominguez noted that currently there are nine (9) ex-employees participating. The cost is in line with a full time associate and is a slow growing program which is exactly what El Paso First expected.</p>	<p>Motion to approve was made by Mr. Fernandez and seconded by Mr. Cintron. Motion carried.</p>	<p>Item will be presented to the Board of Managers on May 9, 2017.</p>

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<p>V. Review and approve the El Paso First HealthPlans, Inc. Financial Statements for March 2017. <i>(continued)</i> <i>(Tab 3)</i></p>	<p>Mr. Dominguez that management is working on the budget for next year. He informed the Finance Committee that El Paso First will face challenges due to upcoming cuts to the Medicaid system of Texas. El Paso First is working to off-set the challenges by working on building the right type of membership, improve access and scores, and increase access to women's healthcare.</p>		
<p>VI. Review and approve the El Paso County Hospital District's d/b/a University Medical Center of El Paso Combined Financial Statements for March 2017. <i>(Tab 4)</i></p> <p>Mr. Michael Nuñez Chief Financial Officer</p>	<p>Mr. Michael Nunez presented the El Paso County Hospital District's d/b/a University Medical Center financial statements for March 2017. The detailed financial reports are included in the March finance package. The first page report covers El Paso First, UMC, El Paso Children's and the Foundation.</p> <p>***<u>Cash on hand update</u> – Mr. Nunez directed the Committee to page 2 of the Campus wide year-to-date change in net position. He noted that El Paso Children's is currently at \$4,329 million unfavorable to budget; however, when taking into consideration the other entities, campus wide cash on hand for the first six months is positive at \$1,192 million. Mr. Cintron noted that UMC will continue to work with El Paso Children's to reduce budget shortfalls. Mr. Nunez will continue to work with the entities to ensure that the budget that was submitted last year will be met as a campus wide district. UMC is also looking at efficiencies, staffing, reducing over time, productivity levels etc.</p> <p>Ms. Leticia Flores updated the Finance Committee on the following items requested at the March Finance Committee meeting:</p> <p><u>Market share of births</u> – The birth rate is overall lower across the city but UMC continues to maintain 22% of the market share. UMC has maintained approximately 22% of the market share since 2011. On an acute basis the market share is about 17% as compared to 2011 which was about 20%. Ms. Flores noted that since pediatrics was part of UMC in 2011, if she adds the El Paso Children's component to FY 2016, the market share goes up to about 20% which remains consistent with the 2011 market share.</p> <p><u>OR Utilization</u> – currently have a total of 11 rooms; however, 3 rooms are specialty related leaving a total of 8 that are OR designated. The eight (8) OR rooms have a utilization rate of 85%-93% over the last few months. Mr. Cintron noted that UMC is looking into adding three (3) more rooms and at some point adding an outpatient ambulatory center to accommodate surgeons.</p>	<p>Motion to approve was made by Mr. Cintron and seconded by Ms. Arrieta. Motion carried.</p>	<p>Item will be presented to the Board of Managers on May 9, 2017.</p>

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<p>VI. Review and approve the El Paso County Hospital District's d/b/a University Medical Center of El Paso Combined Financial Statements for March 2017. (continued) (Tab 4)</p>	<p><u>Bond Refinancing</u> – The bond refinancing has been completed and the settlement completed in April and the objectives were exceeded. Mr. Nunez noted that the decision to obtain the third rating from Moody's significantly helped with the overall savings.</p>		
<p>VII. Receive and approve a Quarterly Investment Report for period ended March 31, 2017. (Tab 5)</p> <p>Ms. Leticia Flores Corporate Controller</p>	<p>Ms. Flores presented the highlights reflected on page 4 and 5 of the Quarterly Investment Report for period ended March 31, 2017, which is included in the March 2017 finance package.</p>	<p>Motion to approve was made by Mr. Fernandez and seconded by Ms. Arrieta. Motion carried.</p>	<p>Item will be presented to the Board of Managers on May 9, 2017.</p>
<p>VIII. Review and take appropriate action on Employed Physician Compensation Model. (Tab 6)</p> <p>Ms. Maria Zampini Chief Operating Officer</p> <p>Mr. Ming Wong Administrative Director Neighborhood Healthcare Centers</p>	<p>The Committee took immediate action on this item. Mr. Volk noted that the outline provided in the Finance package was thorough and did not need Mr. Wong to elaborate any further.</p>	<p>Motion to approve was made by Mr. Fernandez and seconded by Ms. Arrieta. Motion carried.</p>	<p>Item will be presented to the Board of Managers on May 9, 2017.</p>
<p>IX. Receive a verbal update on the Cerner Ambulatory Implementation.</p> <p>Mr. Michael Nunez Chief Financial Officer</p> <p>Ms. Janina Prada IT Director</p>	<p>Mr. Nunez verbally presented the following:</p> <ul style="list-style-type: none"> The Cerner Ambulatory Integration Project was approved by the Board of Managers in January 2015 at a cost of \$19.7 million. The Cerner integrated solutions is a vast project touching sixteen (16) solutions. Project kickoff took place in April 2015 and the original go live date was scheduled for July 2016. During future state validation and testing sessions it became apparent that the component areas being touched were significantly behind preventing UMC to accept moving forward with integrated testing I. Primary reasons for the delay included: <ul style="list-style-type: none"> Cerner Resource turnover on these areas and level of expertise of those resources assigned Cerner development team involvement Cerner/HS/Soarian 	<p>No Action Required.</p>	

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<p>IX. Receive a verbal update on the Cerner Ambulatory Implementation. <i>(continued)</i></p>	<p>integration (UMC requested involvement and escalation late May/June 2015; however, it didn't take place until late fall 2016.</p> <ul style="list-style-type: none"> ○ Overall Cerner Project Management / Project Plan oversight (initial Project Manager removed at UMC's request, subsequent Manager removed as well at UMC's request, the third replacement team assigned in July 2016. • Registration / Scheduling for Ambulatory required significant re-design (switch from CPM to PM Office / Enterprise Scheduling which occurred in October 2016) – work in the final stages of completion and validation / testing. • Further challenge with the required code level upgrade for Meaningful Use (MU) Stage 3 readiness (a 75-90 day implementation currently scheduled to begin July 2017). This will result in having to stop the project to apply the upgrade in the Production and Project system environments by December 31, 2017. • The new proposed go live date is March/April 2018 - still validating with Cerner the resource commitment to meet the timelines. • UMC has withheld payments for both projects since January 2016 when major project milestones were missed and response was low. • There will be an overall cost for travel to backfill resources to the project based on the delay for 22 months of approximately \$2 million; however, based on actual utilization of the backfill resources and the actual travel expense budgeted, this may not result in an excess of fees over budgeted. 		

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<p>X. Review and approve INFOR (Lawson) support agreement two (2) year renewal and authorize the President and CEO to negotiate and execute the agreement (Tab 7)</p> <p>Ms. Janina Prada IT Director</p>	<p>Mr. Nunez presented this item. Lawson is a financial application software that both UMC and EP Children's use for human resources, payroll, accounts payable, materials management, inventory, etc. Cloverleaf is the interface engine that supports all the clinical and financial interfaces. Currently going through an upgrade with a go live date of August 2017; however, version 11 is already available for consideration. In the interim there is an addendum to the agreement.</p> <p>Current fee for Lawson is \$434,000 and \$46,000 for Cloverleaf. The renewal fees are as follows: 1st year - \$503,000 2nd year - \$528,000 Plus an additional \$61,000 six month fee to allow for extended support of current version until we upgrade to the new version (v.11). The total approximate two (2) cost to renew is \$1.093 million. The renewal period is from June 1, 2017 through May 2019.</p> <p>Mr. Nunez noted that there will be an allocation of costs to El Paso Children's as well for their use of the product.</p>	<p>Motion to approve was made by Mr. Cintron and seconded by Ms. Arrieta. Motion carried.</p>	<p>Item will be presented to the Board of Managers on May 9, 2017.</p>
<p>XI. Review and approve Morgan Hunter Amendment (Statement of Work) for one consultant to backfill IT resource as Project Manager (April-December 2017), and authorize the President and CEO to negotiate and execute the amendment. (Tab 8)</p> <p>Ms. Janina Prada IT Director</p>	<p>Mr. Nunez presented this item. He noted that we have an outsource with Morgan Hunter that provides on site management as a project manager with the Cerner Ambulatory project. This request is to extend the Morgan Hunter amendment from April 22, 2017 through December 29, 2017 for an amount not to exceed \$240,000. This amount equates to approximately \$135 per approved hour and includes services and travel expenses. With this expense, UMC will remain under the backfill budget.</p>	<p>Motion to approve was made by Mr. Cintron and seconded by Mr. Fernandez. Motion carried.</p>	<p>Item will be presented to the Board of Managers on May 9, 2017.</p>
<p>XII. Receive a Construction Change Order Update. Ambulatory Implementation. (Tab 9)</p> <p>Ms. Maria Zampini Chief Operating Officer</p> <p>Mr. Jerry Akin Broadbuss & Associates</p>	<p>Ms. Zampini noted that there were no new change orders since last month.</p>	<p>No Action Required.</p>	

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XIII. Adjournment Mr. James Volk Chair	Meeting adjourned at 9:46a.m.	Motion to adjourn the meeting was made Mr. Cintron and seconded by Mr. Fernandez. Motion carried.	



F. James Volk -Committee Chairman