

**MINUTES  
BOARD OF MANAGERS  
NUECES COUNTY HOSPITAL DISTRICT  
REGULAR SESSION**

**June 17, 2014**

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The Nueces County Hospital District Board of Managers met in **REGULAR SESSION** in the NCHD Board Room at 555 N. Carancahua, Suite 950-A, Corpus Christi, TX on Tuesday, June 17, 2014 at 7:00 p.m.

**HOSPITAL DISTRICT REPRESENTATIVES:**

Jonny F. Hipp, Administrator/CEO  
Dena B. Bruni, Assistant Administrator, Administrative Services  
Donna Littlefield, Director, Accounting & Finance  
Wm. DeWitt Alsup, Attorney, Alsup Law Firm  
Laura Jimenez, Nueces County Attorney  
Catherine Heller, Assistant County Attorney  
Sara G. Lopez, Administrative Specialist  
Carmen H. Ramos, Administrative Assistant

**OTHER(S) PRESENT:**

Gary Eiland, Attorney, King & Spalding, LLP, Houston, TX  
Rhiannon Meyers, Reporter, Caller Times  
Loyd Neal, Nueces County Judge  
Katy Kiser, Christus Spohn Health System Corporation  
Estela Chapa, Christus Spohn Health System Corporation  
Pam Bower, Christus Spohn Health System Corporation  
Pam Robertson, President/CEO, Christus Spohn Health System Corporation  
Richard Bowers, Member, CSHS Corporation Board of Directors  
Pete Anaya, Westside Business Association  
Jaclyn Uresti of Rep. Abel Herrero's Office  
David Engel, Member, Board of Director, CSHS Corporation  
Tony LaMantia, Member, CSHS Corporation Board of Directors  
Jesus Moreno of Rep. Abel Herrero's Office  
Lisa Robertson, HCA  
Jim Dublin

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1. **Call to Order** - Mr. Huseman, Chairman  
The meeting was called to order by Mr. Huseman at 7:18 p.m.

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2. **Establishment of Quorum** - Mr. Huseman  
A quorum was present with all members in attendance.

Van Huseman, Chairman - PRESENT  
Claude "Cal" Jennings, Vice Chair - PRESENT  
Raymond F. Wetegrove, Member - PRESENT  
Rodney J. Hart, Member - PRESENT  
Dan Winship, Member - PRESENT  
Robert N. Corrigan, Member - PRESENT  
Irma Caballero, Member - PRESENT

3. **PUBLIC COMMENT**  
None requested.

4. **BOARD CHAIRMAN**

- A. **Board Chairman appoint members to standing Board Committees and appoint Committee Chairs; appointments pursuant to Board of Managers Bylaws, §2.5: consider appointment of members and Chairs from Chairman's nominations: ACTION**

Board Chairman's nominations to each committee are noted below:

- 1) **Finance Committee**  
Claude C. Jennings, Chairman  
Raymond F. Wetegrove, Member  
Robert N. Corrigan, Jr.
- 2) **Planning Committee:**  
Rodney J. Hart, Chairman  
Dan Winship, Member  
Irma Caballero
- 3) **Quality Improvement Committee:**  
Dan Winship, Chairman  
Raymond F. Wetegrove  
Rodney J. Hart

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5. **CONSENT AGENDA:**

On motion by Mr. Jennings, seconded by Mr. Wetegrove, the Board of Managers voted to accept, adopt, authorize(s) and/or ratify the following consent agenda items: A.1 & 2; B.1-10; and C. 1-5 as presented below: **MOTION CARRIED.**

A. **Board of Managers:**

- 1) Approved minutes of Board of Managers' regular meeting of February 18, 2014.
- 2) Received and accepted listing of vendors to date; listing pursuant to provisions of Board of Managers Bylaws, §2.1.B and Texas Local Government Code, Chapter 176.

B. **Finance Committee:**

- 1) Received and accepted unaudited financial statements for the months and fiscal year-to-date periods ended January 31, 2014 - April 30, 2014.

Copies of unaudited financial statements for the periods noted above are attached hereto and made a part of these minutes.

- 2) Received and accepted revenue report relating to CHRISTUS Spohn Health System Corporation Membership Agreement; received Membership Revenue Report for the fiscal year-to-date. Copy of Membership Revenue Report is attached hereto and made a part of these minutes.
- 3) Received and accepted summary payment information for fiscal year-to-date period ended April 30, 2014:
  - a) Medical services at Nueces County juvenile detention facility;
  - b) Emergency medical services in unincorporated areas of Nueces County;
  - c) Supplemental funding for Nueces County Mental Health and Mental Retardation; and

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- d) Salaries, benefits, and supplies at Corpus Christi/Nueces County Public Health Department.

Copy of summary payment information is attached hereto and made a part of these minutes.

- 4) Received and accepted summary report of intergovernmental transfers relating to the Texas Health and Human Service's Transformation and Quality Improvement 1115 Waiver Programs for fiscal year-to-date.

Copy of summary report of intergovernmental transfers is attached hereto and made a part of these minutes.

- 5) Received and accepted investment reports and ratify related investment transactions:

- a) Quarterly Investment Report for fiscal quarter ended March 31, 2014; and
- b) Interim Investment Transactions Report for period of April 1, 2014 - June 12, 2014.

Copies of Quarterly Investment Report and Interim Investment Transaction Reports are attached hereto and made a part of these minutes.

- 6) Received and accepted summary information relating to medical and hospital care provided to the Nueces Aid population consistent with the Indigent Care Agreement and the CHRISTUS Spohn Health System Corporation Membership Agreement:

- a) Imputed Claims Experience for calendar year-to-date ended March 31, 2014.

Copies of NCHD's Imputed CY 2014 Pharmacy Program nets Cost and Nueces Aid Indigent Population Pharmacy by volume of RX's by Year are attached hereto and made a part of these minutes.

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- 7) Ratified Calendar Year 2013 unreimbursed health care expenditure amounts submitted to the Texas Department of State Health Services for pro rata share distribution of Calendar Year 2013 income from the Tobacco Permanent Settlement Trust Account; expenditure submission pursuant to Texas Administrative Code, Title 25, Part 1, Chapter 102. Rules §102.1(b) and §102.3(a), (e)(2), and (f).

Copy of PRO RATA Tobacco Settlement Distribution Hospital District Expenditure Statement - 2014 is attached hereto and made a part of these minutes.

- 8) Received and accepted information relating to the State Comptroller of Public Accounts' 2014 local and statewide pro rata distribution of Calendar Year 2013 income from the Tobacco Permanent Settlement Trust Account; distribution submission pursuant to Texas Administrative Code, Title 25, Part 1, Chapter 102, Rules §102.2.

Copy of List of Political Subdivisions that Received a Payment in the 2014 Distribution is attached hereto and made a part of these minutes.

- 9) Adopted Board of Managers Resolution relating to annual review of Hospital District's investment policy and investment strategies and adopting no changes to either the investment policy or investment strategies; annual review pursuant to Texas Government Code, §2256.005(e).

**Original executed resolution and its Exhibit "A" Copy of Investment Policy adopted May 31, 1998 and last amended July 26, 2011 are attached hereto and made a part of these minutes.**

- 10) Adopted Board of Managers Resolution relating to annual review and adoption of Hospital District's listing of qualified broker/dealers authorized to engage in investment transactions effective August 1, 2014; annual list review and adoption pursuant to Texas Government Code, §2256.025.

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Original executed resolution and its Exhibit "A" Nueces County Hospital District Authorized Broker/Dealers List are attached hereto and made a part of these minutes.

C. Planning Committee:

- 1) Received information relating to U.S. Department of Health and Human Services (DHHS) Poverty Guidelines:
  - a) Annual update of the DHHS Poverty Guidelines from *Federal Register*, Vo. 79, No. 14, January 22, 2014, pp.3593 - 3594; and
  - b) Historical DHHS Poverty Guidelines, 1965 - 2013 from Table 3.E8, *Annual Statistical Supplement to the Social Security Bulletin*, 2013.

Copies of DHHS Poverty Guidelines are attached hereto for information and made a part of these minutes.

- 2) Received and accepted notice of annual adjustment of Nueces Aid Program's Eligibility Guidelines for Household Resources as required by Program's Handbook Policy No. NA002, Attachment 2, Sections I-B, I-C-22, and I-F; resources guidelines increase adjustments effective March 1, 2014.

Copy of Policy No. NA002, Attachment 2, Sections I-B, I-C-1, I-C-22, and I-f resource guidelines increase adjustment effective March 1, 2014 is attached hereto and made a part of these minutes.

- 3) Received and accepted notice of annual adjustment of Nueces Aid Program's Eligibility Guidelines for Household Income as required by Program's Handbook Policy No. NA002, Attachment 4, Section I-F-3; income guideline increase adjustment effective March 1, 2014.

Copy of Policy No. NA002, Attachment 4, Section I-F-3; income guidelines increase adjustment effective March 1, 2014 is attached hereto and made a part of these minutes.

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- 4) Received and accepted hospital providers' report relating to certain Indigent Care Affiliation Agreements associated with the Hospital District's participation in the Texas Healthcare Transformation and Quality Improvement Program Medicaid 1115 Waiver; receive providers' report for the calendar quarter ended March 31, 2014:
- a) CHRISTUS Spohn Hospitals: Alice, Beeville, and Kleberg (Joint Report);
  - b) Corpus Christi Medical Center;
  - c) DeTar Healthcare System; and
  - d) Driscoll Children's Hospital.

Copies of each report are attached hereto for information and made a part of these minutes.

- 5) Ratified Amendment No. 4 to June 12, 2012 Letter Agreement with Health Management Associates relating to support of Hospital District's Anchor Entity duties under the Texas Health and Human Services Commission's Transformation and Quality Improvement 1115 Waiver Program; Amendment to extend Letter Agreement to September 30, 2015 and revise charge and expense categorization procedures.

Copy of Letter of Agreement Amendment No. 4 and its Attachment K by and between Health Management Associates and Nueces County Hospital District are attached hereto for information and made a part of these minutes.

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6. REGULAR AGENDA:

A. Planning Committee:

Presenter: Mr. Hart, Committee Chairman

- 1) Receive update on implementation of February 2014 amendments to Nueces Aid Program Eligibility Guidelines Policy No. NA002, Attachment 4, Section F relating to Program Household Income Guidelines to have been effective April 1, 2014; receive information relating to Administrator's modification and/or postponement of amendments - INFORMATION

Mr. Hipp provided an update with regards to the postponement of certain amendment provisions due to disparate incomes, hardship exemptions and other definitions between the Nueces Aid Program and the Health Insurance Marketplace Exchange. Recommendations and revised amendments will be presented at a future Board meeting

Copy of detailed memorandum date June 11, 2014 is attached hereto for information and made a part of these minutes.

- 2) Review preliminary listing of circumstances and/or factors relating to the potential re-purposing and material alteration of Hospital District-owned real property formerly known as Memorial Medical Center located at 2606 Hospital Boulevard, Corpus Christi, Texas; preliminary listing to provide basis for future Findings of Fact and Conclusions relating to the potential re-purposing and material alteration - INFORMATION

Mr. Hipp presented a draft dated June 12, 2014 relating to Management's Proposed Findings of Fact Related to Christus Spohn's Proposed Material Alteration. He further informed the Board the Findings of Fact relate to the purpose for the proposed Material Alteration. In addition, Spohn has committed to the District in consideration of the District's consenting to the Proposed Material Alterations including, without limitation as noted on the listing provided in the document.

Mr. Hipp pointed out that documenting the facts are intended findings of fact and shows that the negotiation process is incomplete. It was also noted that under the terms of the Membership Agreement negotiated in

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2012 the hospital facility began to show signs of age; has major structural and operational components beyond their useful life; material alteration proposal is of significant importance. Mr. Eiland commented under the agreement a preliminary listing of material alteration proposal the Board must make finding of fact in the Hospital District's best interest. He further stated that Christus Spohn Health System must submit formal notice of Material Alteration between 60-90 days.

Board members requested the following to be submitted in good faith effort for consideration:

- Inclusion of an operational plan;
- Side-by-side comparison of existing services; and planned future services at the new facility;
- Presentation to NCHD board committees and board meeting with up-to-date briefings;
- Inclusion of medical staff community; and
- Obtain specifics details of how \$325M will be spent at the Shoreline hospital to include the relocation of trauma services and the new Health Center at Memorial's location.

3) **Adopt Board of Managers letter to CHRISTUS Spohn Health System Corporation requesting that Spohn Publicize and conduct public meetings concerning the potential re-purposing and material alteration of Hospital District-owned real property formerly known as Memorial Medical Center located at 2606 Hospital Boulevard, Corpus Christi, Texas and to provide opportunities for public comment at such meetings - ACTION**

On motion by Mr. Hart, seconded by Mr. Corrigan, the Board of Managers adopted a letter to Christus Spohn Health System Corporation requesting Spohn Publicize and conduct public meetings concerning the potential re-purposing and material alteration of Hospital District-owned real property formerly known as Memorial Medical Center located at 2606 Hospital Boulevard, Corpus Christi, Texas and provide opportunities for public comment at such meetings. **MOTION CARRIED.** Copy of proposed draft is dated 06/12/2014 is attached hereto for information and made a part of these minutes.

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Mr. Hart suggested that additional information is needed from Christus Spohn Health System relating to this issue and further stated letter to Pam Robertson be amended to address to hold public meetings at each commissioner's precinct. Mr. Jennings suggested that Christus Spohn Health System representative be in attendance at future Board meetings to address any concerns and questions.

Ms. Robertson reported that several community informational sessions were scheduled to be held July 8<sup>th</sup> and July 10<sup>th</sup>; one in town and one in Robstown.

The above motion is contingent upon suggestions made and as noted below and presented to the Board of Managers:

**CONTINGENTS/SUGGESTIONS: (Reiterated)**

- Inclusion of an operational plan;
- Side-by-side comparison of existing services; and planned future services at the new facility;
- Presentation of NCHD board committees and board meeting with up-to-date briefings;
- Inclusion of medical staff community; and
- Obtain specific details of how \$325M will be spent at the Shoreline hospital to include the relocation of trauma services and the new Health Center at Memorial's location.

- 4) **Authorize Board Chairman to negotiate and execute an Employment Agreement with Administrator for the four-year term October 1, 2014 - September 30, 2018; and submit for ratification; Administrator's employment pursuant to Texas Health and Safety Code, §281.026 - ACTION**

On motion by Mr. Hart, seconded by Mr. Jennings, the Board of Managers authorized Board Chairman Van Huseman to negotiate and execute a succeeding Employment Agreement with administrator Jonny F. Hipp for a four-year term October 1, 2014 through September 30, 2018. **MOTION CARRIED.**

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B. Indigent Care Provider's Briefing:

1) Receive and discuss information from CHRISTUS Spohn Health System Corporation (Provider) relating to:

No briefing or report presented at this time.

- a) Medical aid and hospital care provided to the Nueces Aid population consistent with the Indigent Care Agreement and the CHRISTUS Spohn Health System Corporation Membership Agreement and related matters; and
- b) Programs, projects, and/or activities at CHRISTUS Spohn Hospital Corpus Christi - Memorial and other Hospital District-owned facilities and related matters - **INFORMATION**

C. Administrator's Briefing:

1) Next Scheduled Board and Committee Meetings: **INFORMATION**  
Meeting schedule as noted below:

- a) July 22, 2014 meetings, times to be determined:
  - (1) Quality Management Committee;
  - (2) Planning Committee;
  - (3) Finance Committee; and
  - (4) Board of Managers

7. Adjourn

There being no further business, on motion by Mr. Jennings, seconded by Ms. Caballero the meeting adjourned at 8:33 p.m.

**PRESIDING OFFICER:**

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Van Huseman, Chairman  
Board of Managers  
Nueces County Hospital District

**ATTEST:**

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Jonny F. Hipp, Secretary  
Board of Managers  
Nueces County Hospital District

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Wm. DeWitt Alsup, General Counsel  
Nueces County Hospital District

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