

**AMARILLO HOSPITAL DISTRICT
BOARD OF MANAGERS
October 27, 1998**

<u>Members</u>	<u>Present</u>
Ms. Lilia Escajeda, Chairman	Yes
Mr. Steve Walton, Chairman Pro Tem	Yes
Mr. Rick Jones, Secretary	Yes
Dr. Ron Fortner	Yes
Mr. John Irwin	Yes
Mr. Lin Rodgers	Yes
Mrs. Paula Toland	Yes

Also Present

Ms. Laura Schoneman	Carlson Price Fass and Company
Mr. Roy Browning	Prudential Securities
Mr. Dean Frigo	Director of Finance - City of Amarillo
Ms. Debbie Close	Recording Secretary - City of Amarillo
Dr. Nathan Goldstein	Northwest Texas Healthcare System
Dr. Shu Shum	Citizen of Amarillo
Mary Alice Brittain	Citizen of Amarillo
Mr. John Edwards	Citizen of Amarillo
Dr. Tribhawan Vats	Texas Tech Health Sciences Center
Mr. Keith Landry	Citizen of Amarillo

Media Present

Ms. Shae Dodson	Channel 7
Ms. Carmel Perez Snyder	Amarillo Globe News

ITEM 1: Ms. Escajeda called the meeting to order at 6:30 p.m. at City Hall, 509 East 7th Street, Third Floor, Commission Chambers, and welcomed those in attendance.

ITEM 2: Ms. Escajeda presented the Minutes of September 8, 1998. Several corrections were made. Item 7 should have read "appointment" of Carlson Price Fass and Company instead of "approval". The last sentence in Item 10 should have read "Mr. Walton made the motion that the HPA funding remain at the same level" instead of "Mr. Walton moved the HPA funding request to be tabled". Motion was made by Mr. Walton and seconded by Mr. Irwin, and unanimously carried, to approve the Minutes as corrected. Ms. Escajeda stated that she would like the Minutes to reflect that she posed a question to Mr. Merrill Nunn, City Attorney, as to why after a year, HPA's status has become such an important issue.

ITEM 3: Ms. Escajeda asked Mr. Browning of Prudential Securities to present the investment review of the Amarillo Hospital District Employees Pension Fund for the period ending June 30,

1998. Mr. Browning said that the portfolio had a return of -0.8% for the quarter compared to the Market Index of 2.7% . From inception, the Portfolio had a return of 12.9% compared to a Market Index of 15.6%. Mr. Browning stated that the Manager is doing a pretty good job considering the short time frame that was under consideration. The return of the total Portfolio ranked in the 86th percentile for the quarter ended June 30, 1998 and in the 46th percentile since inception. Mr. Browning said for the equities portfolio the manager is essentially in the top one-quarter of all money managers since inception (8-31-97) and that is very good.

ITEM 4: Ms. Escajeda asked Mr. Frigo to review the quarterly financial statements with the Board. Mr. Frigo gave an overview of the financial statements through September 30, 1998. Mr. Frigo reported that the Amarillo Hospital District had approximately \$18 million in cash and cash equivalents and about \$190 million in investments. The Amarillo Hospital District has approximately \$212 million in current assets. The Amarillo Hospital District has about \$438,000 of current liabilities for self-insurance costs and \$2 million for long-term self-insurance costs for claims arising before the sale of the hospital. Gross investment income through September was \$23 million; however, \$10 million of the income was from unrealized portfolio gains. Total revenue amounted to \$24.5 million compared to \$9 million in expenses for net income of \$15.5 million; however, \$10 million of the reported net income was from unrealized portfolio gains. Compared to budget, investment income including unrealized portfolio gains would exceed the budgeted amount by \$11 million. Without the unrealized gains the investment income would be \$13 million or about 108% of budget. The largest single expenditure is for indigent care which was at \$8 million. Ms. Escajeda posed the question if the refund of medicare/medicaid was considered pre-sale money and if so, does it have any restrictions as opposed to post-sale money? Mr. Frigo responded that most of the medicare/medicaid receipts were pre-sale money and he was not certain if there were any restrictions on this money.

ITEM 5: Ms. Escajeda asked Mr. Irwin to present the quarterly investment report. Mr. Irwin reported that the portfolio was in compliance with state law and the Amarillo Hospital District's Investment Policy at September 30, 1998.

ITEM 6: Mrs. Toland gave an update of Universal Health Services review. Mrs. Toland stated that the report has been received and forwarded to the Indigent Care Committee. It will be forthcoming at the AHD's next scheduled meeting.

ITEM 7 & ITEM 8: Ms. Schoneman of Carlson Price Fass and Company, presented the consultant review of Healthcare Professional Associates. Ms. Schoneman stated that HPA has projected a net loss for fiscal year 1999 of \$1.4 million. Ms. Schoneman stated that the study prepared by Carlson Price Fass and Company looked at three areas of HPA: uniqueness, efficiency, and funding options. Ms. Schoneman stated that based on the services provided in the community, the patient mix and the payor mix, HPA is unique. Ms. Schoneman stated that HPA is the only service provider in the community for special needs, pediatric cardiology, pediatric surgery, and pediatric pulmonology. Ms. Schoneman also stated that over half of HPA patients fall into the special needs category and

over half are medicaid patients. Ms. Schoneman stated that based on the business office function and the time spent per patient, HPA is efficient. Ms. Schoneman presented three different funding options. The first option is for HPA to be affiliated with a hospital. The second option is for HPA to receive a fee for service subsidy for uninsured pediatric specialty patients. The subsidy is estimated at \$261,295. The third option is for HPA to receive funding from the Amarillo Hospital District for the pediatrics specialties unique to HPA: special needs, pediatric cardiology, pediatric surgery, and pediatric pulmonology. The amount of this funding has been revised from the original report of \$812,501 to \$1,008,003. Mr. Irwin asked if HPA should be affiliated with a hospital? Ms. Schoneman replied in her opinion, yes. Mrs. Toland, Chair of the Indigent Care Committee, moved that the consultant's report be approved as presented, and seconded by Dr. Fortner. The motion unanimously carried. Mrs. Toland moved that the Board accept the second funding option as presented in the consultant report of \$1,008,003. Mr. Jones asked if any secondary funding sources were available to HPA. Mr. David Clark of HPA responded that there were some program specific grants available. Mr. Irwin asked for a definition of indigent care. Ms. Schoneman answered that the AHD charter ensures services for the poor and needy. Mr. Rodgers asked if there would be exposure to the board if the funding is approved with the legal issues not decided. Ms. Escajeda stated to the board if they would like, she would call Vinson and Elkins, legal counsel, and have them look at the legal issues regarding HPA. Mr. Irwin asked if the funding would be contingent on legal counsel approval. Mrs. Toland responded that legal counsel first needed to look at what is the AHD relationship with HPA and does a contract need to be completed with HPA. Mr. Walton amended the motion to include approving the funding option as presented in the consultant's report of \$1,008,003 with the proviso that the funds be distributed in a manner that is legally correct. Mr. Rodgers seconded the amended motion. The motion unanimously carried.

ITEM 9: Consideration of Funding Guidelines. Ms. Escajeda recommended that the AHD Board review with legal counsel in order to determine perimeters for those coming to the AHD Board with funding requests.

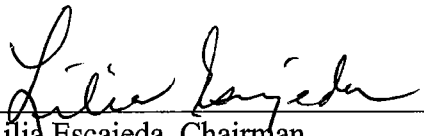
ITEM 10: Other Business. Mrs. Escajeda stated that to help AHD board members with decision making, she will appoint non-board members to selected committees.

ITEM 11: The AHD Board did not convene into Executive Session.

ITEM 12: Public Comments: Mr. John Edwards appeared in favor of funding HPA. Dr. Tribhawan Vats, Texas Tech Health Sciences Center, asked if there was a mechanism for the equitable distribution to other entities that provide sub specialty indigent care. Ms. Escajeda responded that the Board will review with legal counsel to determine appropriate funding guidelines. Mr. Keith Landry appeared in favor of funding HPA and presented a signed petition for support of HPA. Ms. Mary Alice Brittain stated that she was concerned about the decision-making process regarding the funding of HPA. Dr. Shu Shum, Amarillo pediatrician, appeared questioning how the \$1 million reimbursement related to the 5% uninsured figure that was presented in the consultant report. Mrs. Toland responded that the reimbursement amount is related to those services that HPA provides to the Amarillo community that are unique. Dr. Shum also asked why pediatric indigent care is not

covered under the AHD contract with Universal. Mrs. Toland responded that at the time of the contract, HPA remained a responsibility of the Amarillo Hospital District. Dr. Nathan Goldstein, Northwest Texas Healthcare System, appeared in favor of funding HPA. Dr. Goldstein also stated that Texas Tech, J. O. Wyatt Clinic and HPA treat the vast majority of medicaid and indigent care children. Dr. Goldstein said that the best way for these three organizations to work together is for a children's hospital to be built.

ITEM 13: There being no further business, Mr. Jones made the motion for adjournment at 9:00 p.m.



Lilia Escajeda, Chairman