

**AMARILLO HOSPITAL DISTRICT
SPECIAL MEETING OF BOARD OF MANAGERS
AMARILLO CITY HALL
ROOM 305
AUGUST 29, 2001
12:00 P.M.**

Members

Mr. Steve Walton
Mr. John Irwin,
Mr. Rick Jones
Ms. Karen O'Hara
Mr. Ernie Boyd
Dr. Ronald Fortner

Present

Yes
Yes
Yes
Yes
Yes
No

Also Present

Mr. Marcus Norris	City Attorney-City of Amarillo
Mr. Dean Frigo	Finance Director, City of Amarillo
Ms. Debbie Close	Recording Secretary, City of Amarillo
Ms. Claudia Blackburn	Public Health Director-City of Amarillo
Dr. Howard Cassada	Catholic Family Service, Inc.
Ms. Diann Gilmore	Catholic Family Service, Inc.
Ms. Debra Ballou	City Commissioner, City of Amarillo
Ms. Leann Ayers	Consultant for Health Access Clearinghouse Planning Grant

ITEM I: Mr. Walton called the meeting to order at 12:02 p.m. at City Hall, 509 East 7th Street, Third Floor, Room 305, and welcomed those in attendance. Mr. Walton stated that during City Commission budget review certain portions of the budget came under scrutiny. Specifically, the Commission questioned how the AHD Board will fund projects and the long-term ability to fund the primary commitments of pediatric indigent care and the Indigent Care Agreement with Universal Health Services. Mr. Walton stated that the City Commission has also asked the AHD Board to review the methodology of funding programs: should the AHD fund programs on a continual basis or should AHD funds be used on a seed capital basis.

ITEM II: Review and Discussion of Long-term Financial Projections. Mr. Walton asked Mr. Frigo to present the financial projections based on the AHD budget for the time period covering the Universal Health Services contract. Mr. Frigo reviewed the actuarial study performed two years ago which projected the payments to Universal through the year 2021, the life of the contract, as well as projecting the actual costs of indigent care for the same time period. Mr. Frigo pointed out that the UHS contract freezes the payment for indigent care starting with 2005 and continues through the end of the contract in 2021. Mr. Frigo said in 2022 the District starts paying the full share of indigent health care and by 2026 AHD will have exhausted all monies. Mr. Frigo also stated that the analysis showed that even if AHD cuts all other program funding, the payment for indigent care services after the end of contract is not materially changed. Mr. Frigo stated that there is a B part of the contract which is an option of UHS to extend the contract an additional 15 years past 25 years and if UHS were to exercise that extension, payment to UHS would go up, but not significantly and it would still be a good deal for the District. Mr. Frigo then reviewed revised long term projections of AHD

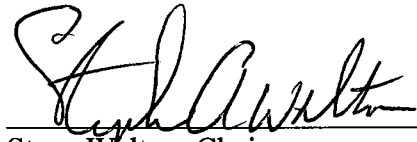
monies with the Board. Mr. Frigo reviewed that with the current budget levels the AHD will be out of compliance with the spending policy by the year 2003. Mr. Frigo also reviewed different scenarios that included reduced budget levels and restrictions on growth of existing program funding levels. Mr. Frigo reminded the Board that the contributions to the pension plan are an unknown and if retirement trends change or the Plan returns are under actuarial assumptions, contributions to the Plan could increase. Mr. Frigo recommended to the Board that this model be updated and reviewed on an annual basis. Mr. Walton stated that in the future the Board should look at participating with partners in the funding of community projects.

ITEM III: Review and Consider Health Access Clearinghouse Plan. Mr. Jones suggested that the Board look at including partners to help fund this project. Mr. Walton stated that the Board might look at a later date and amend the AHD budget to include this project after determining if funding partners are available. Commissioner Debra Ballou asked that the Board educate the City Commission on the merits of this project. Ms. Ayers explained that the focus of this project is to determine if the community has excess capacity in the existing insurance programs and to place people with no insurance into these programs in order to make health care more accessible to people in the community. Ms. Ayers also reviewed with the Board areas where the program budget could be reduced. Mr. Boyd stated that he would like to give this program an opportunity and to determine if the program will bring into the community outside dollars to help fund medical care. Mr. Jones made the motion to fund the program as a one-time grant of \$200,000. Mr. Walton questioned whether a one-time funding grant would allow for success in the program. Ms. Ayers replied that they are meeting with partners in this program and could look into additional funding opportunities. Mr. Walton seconded the motion and the motion failed. Mr. Boyd made the motion to fund the program over a three-year period starting with \$200,000 in year one and reducing by 1/3 each year and Ms. O'Hara seconded. Mr. Irwin questioned whether tobacco funds could be used to fund this program? Mr. Norris stated that state law does not place restrictions on this funding. Mr. Boyd withdrew this motion. Mr. Jones questioned whether a motion for a one-time grant would be more appropriate? Mr. Walton stated that he would rather see a three-year funding structure in order to allow the program time to be successful. Mr. Jones made the motion to approve a three-year funding structure with \$200,000 included in the 2001/2002 budget and with a decrease of 33% each year thereafter. Mr. Boyd seconded this motion and the motion passed 5 to 0.

ITEM IV: Review and Consider Indigent Dental Program. Mr. Jones stated that he felt like this program does benefit the community and made the motion to fund the program in the amount of \$582,865 for the 2001/2002 fiscal year with a 25% reduction in each of the following four years. Ms. Gilmore stated that they are trying to expand services and continue to help people qualify for District Clinic. Ms. Gilmore also stated that she is working on applications for two separate grants to help with the funding of the dental clinic. Dr. Cassida told the board that they appreciate the funding and that he feels like this program is a successful community project. Dr. Cassida questioned whether the tobacco money could be used to fund this project. He also stated that they could provide services to medicade children that would help bring additional funding to the program. Mr. Walton questioned the appropriateness of using tobacco funds on this project and suggested that they look at grant funding as well as funding partners to help with this program. Mr. Irwin seconded the motion made by Mr. Jones, and the motion passed 5-0.

ITEM V: Consideration of Modification of Amarillo Hospital District 2001/2002 Fiscal Year Budget. Mr. Frigo reviewed with the Board that the change to the written budget included reducing the funding to the healthcare access study program from \$314,579 to \$200,000 for the 2001/2002 budget. Mr. Irwin made the motion to approve the AHD budget with the \$200,000 funding level for the healthcare access study program. Mr. Boyd seconded the motion and it passed 4-0.

ITEM VI: There being no further business, the meeting adjourned.



Steve Walton, Chairman



Karen O'Hara, Secretary