

TEXAS HEALTHCARE TRUSTEES Trust

— *ull t n*

BATTER UP: Register Now for THT's Spring Forum 2002

Preparation is everything – whether you are in the ballpark or the boardroom. Don't strike out! Come to the Texas Healthcare Trustees Spring Forum, March 8-9. Trustees must provide leadership when it counts on issues ranging from dealing with disasters to responding to mandates to improve quality. Step up to the plate and score enough runs to overcome regulatory wild pitches, government errors and questionable umpire calls. You will learn strategies for success from nationally known and respected business and health care leaders, including Houston Astros owner Drayton McLane.

Join your colleagues at THT's exciting Spring Forum March 8 and 9 in the Astros' hometown of Houston at the Omni Houston Hotel.

The informative two days will bring a host of knowledgeable speakers from around the country, including experts on such timely topics as:

- Emergency preparedness;
- Quality improvement;
- Workforce recruitment and retention;
- CEO performance appraisal; and
- Physician relations.

The THT Spring Forum is co-sponsored by the American Hospital



Association, the Arkansas Hospital Association, the Louisiana Hospital Association and the Oklahoma Hospital Association.

Thursday's agenda begins with James Orlikoff, president of Orlikoff and Associates, a consulting firm that has provided guidance to hospital governing boards for more than a decade. Orlikoff will lead the Trustee Orientation and Refresher session. A popular and entertaining speaker, Orlikoff will kick off the forum on Friday with the keynote presentation.

Don't miss:

- **Hitting It Out of the Park: New Markets, New Opportunities**
Nationally known speaker James Orlikoff will explore this period of unprecedented new risk and opportunity. Learn how a different leadership mindset can effectively take advantage and score in this non-traditional age.

...continued on page 2

contents

THT Orientation and Refresher to Focus on Finance, Leadership	2
Leapfrog Consortium Identifies Quality, Health Care Cost Concerns	3
Texas Academy of Governance	5
Environmental Assessment: Implications for Texas Hospitals	6
Trustees Profiles	8
Correctly Conducting Closed Meetings Under the Open Meetings Act	10

TrusteeBulletin

The *Trustee Bulletin* is produced by the Texas Healthcare Trustees in cooperation with the Texas Hospital Association.

Chairman
Texas Healthcare Trustees
Paxton Howard Jr., M.D.

Chairman-elect
W.W. "Bill" Aston

President/CEO and Editor
Mary Walker, RN, Ph.D., FAAN

Manager, Trustee Relations
Merry Hughes

Contributors
Diana Smith
Barbara Wray

Editorial Staff
Andrea Littlefield

Graphic Design
Barbara Battista

The *Trustee Bulletin* is published bimonthly by the Texas Healthcare Trustees, P.O. Box 15587, Austin, TX 78761-5587. The *Trustee Bulletin* is a membership benefit to board members and administrators of Texas Healthcare Trustees member institutions. Subscriptions are available to non-members for \$150 per year. For membership or subscription information, contact Merry Hughes, 512/465-1562 or, in Texas, 800/252-9403.

...continued from page 1

■ **Becoming a Champion: Trustees at Bat**

Discover leadership techniques from one of Texas' most celebrated business leaders, Drayton McLane. Chairman of the board of Scott and White Memorial Hospital in Temple, McLane is owner of the Houston Astros. His entertaining and inspirational talk, peppered with sports anecdotes, will encourage and motivate as you lead your hospital or health system into the future.

■ **Dr. Generation X**

Jennifer Moody, vice president of strategic services for American Medical Consulting in Irving, will explain how today's new generation of physicians affects practice patterns and recruitment efforts. Join her to discover the trustee's role in this dilemma, created when younger physicians join an established medical staff.

■ **The Health Care Worker: Techniques for Effective Retention and Recruitment**

This important session, led by Clint Maun, senior partner with Maun-Lemke, Inc. of Omaha, Neb., will focus on proven methods for recruitment, selection and retention of health care workers. These are critical issues for Texas hospitals.

■ **CEO Performance Appraisal: Make it Meaningful**

Popular speaker Larry Tyler, FACHE, president of Tyler and Company in Atlanta, Ga., comes to the THT Forum to illuminate a potentially thorny issue for boards – CEO performance appraisal. Tyler will discuss how to avoid common errors boards make during CEO evaluations and offer a review of different approaches to take while evaluating your top administrator.

The rest of the forum includes an exciting slate of speakers on topics you don't want to miss. For more information or to register for the forum call, 512/465-1562, or in Texas, 800/252-9403.

THT Orientation and Refresher to Focus on Finance, Leadership

A must for new trustees, two leading experts on health system and hospital governance and finance will present the THT Orientation and Refresher on March 7. New and veteran trustees alike will learn about the issues and responsibilities facing today's hospital and health system trustees. The basics of finance, liability, quality, management performance and medical staff credentialing will be discussed.

James Orlikoff, a nationally known author and an expert on governance issues, will be the first featured speaker during the orientation and refresher session preceding the THT Forum. Orlikoff, a popular repeat forum speaker, brings extensive experience and innovative ideas to the Forum Orientation and Refresher session.

All trustees are encouraged to attend this full-day orientation and refresher to gain insight from this thought-provoking speaker. A Chicago resident, Orlikoff consistently is ranked as one of THT's best speakers.

Bill Parrish, president of Parrish, Moody and Fikes in Waco, will join Orlikoff. Parrish is well-known to Texas hospitals as a premier financial consultant and frequent speaker at THT and Texas Hospital Association events. His firm represents hospitals across the state.

Make plans to attend this important orientation. The daylong event is only \$100 for THT, Arkansas, Louisiana and Oklahoma Hospital associations' members and \$150 for nonmembers. THT's *Guidebook for Hospital and Health System Governance* is included in registration fee. For more information, call 512/465-1562, or in Texas, 800/252-9403.

Leapfrog Consortium Identifies Quality, Health Cost Concerns



One of the most important aspects of improving quality and patient safety is the continual monitoring and evaluation of the results of patient care. Effective oversight by the hospital's governing board is critical to improving patient outcomes.

With profits declining and the cost of health benefits growing rapidly, a group of leading Fortune 500 companies has formed The Leapfrog Group to use employer purchasing power to stimulate improvements in the safety of health care for Americans. The group developed three initial hospital safety measures and intends to use them as a focus for national health care provider performance comparison and hospital recognition and reward.

"Although Texas is not among Leapfrog's pilot states, the organization's efforts have inspired other companies to join or form similar groups, and Texas hospitals are beginning to feel the impact," according to Starr West, Texas Hospital Association's director of health care quality. "Some major Texas employers and business groups are supporting implementation of Leapfrog's quality measures, and many managed care organizations are collecting Leapfrog data and using it in their contract negotiations," she added.

Increasing Scrutiny on Quality

In recent years, hospitals and health systems have come under scrutiny regarding quality of care issues. An Institute of Medicine report released in 1999 found that thousands of Americans die every year from preventable medical errors. The report recommended that large purchasers base reimbursement and recognition on whether hospitals and health systems meet quality and safety measures. Other findings in the IOM report include the following:

- More than 1 million serious medication errors occur every year in U.S. hospitals.
- More than half of serious medication errors result in preventable adverse events, of which approximately 20 percent are life threatening.
- One adverse drug event adds, on average, \$2,000 to the costs of hospitalization; this translates to \$2 billion per year nationally in preventable hospital costs alone.

The Answer: Quality Improvement

The IOM study prompted many companies to take a closer look at their health care partners and influenced the establishment of Leapfrog. Created under the sponsorship of the Business Roundtable, The Leapfrog Group represents organizations such as General Electric, General Motors, GTE, AT&T, Delta Air Lines and IBM. These companies cover more than 24 million lives and represent more than \$45 billion in annual health care spending.

The Business Roundtable, an association of chief executive officers of leading corporations whose combined U.S. workforce is more than 10 million employees, has encouraged employers to take safety "leaps" forward with their employees, retirees and families by rewarding hospitals that implement significant safety improvements.

Health care and business experts agree that corporate America cannot continue to absorb escalating health care costs. Costs have increased by nearly 50 percent over the past five years. According to Leapfrog, the answer to rising costs is quality improvement.

Health Care Quality Standards: Below Attainable Levels

Leapfrog's perspective is that health care remains very far below attainable levels of patient safety and overall customer value, and purchasers have a fiduciary responsibility to improve the performance of the health care system.

The Leapfrog Group has identified three initial safety measures for hospitals that will be the focus of health care provider performance comparison and hospital recognition and reward. The initial set of safety measures includes:

- computerized physician order entry,
- evidence-based hospital referral and
- intensive care unit staffing by physicians trained in critical care medicine.

Under Leapfrog, employers have agreed to base their health care purchases on principles that encourage more stringent patient safety measures. According to Leapfrog, its initiatives have the potential to save up to 58,300 lives and to prevent up to 522,000 medication errors each year.

...continued on page 4

Leapfrog's Hospital Safety Measures

In its first "leap" to higher quality and safety, the group proposes that insurers include in provider contracts three requirements for acute-care providers. These include:

- **Computerized Physician Order Entry:** With CPOE systems, physicians enter medication orders via a computer linked to prescription error prevention software. This method has been shown to reduce serious prescribing errors in hospitals.
- **Evidence-Based Hospital Referral:** Research indicates that by referring patients needing certain complex medical procedures to hospitals offering the best survival odds, based on scientifically valid criteria such as the number of times a hospital performs these procedures each year, the patient's risk of dying is lowered.
- **ICU Physician Staffing:** Staffing ICUs with physicians who have credentials in critical care medicine has been shown to reduce the risk of patients dying in the ICU.

Hospitals Feel the Impact

Leapfrog's initial rollout focuses on urban, acute-care facilities in six regions throughout the country. These include: Minnesota, California, Seattle, Atlanta, East Tennessee and St. Louis.

Recently, Leapfrog released the results of a survey it conducted last year on hospital compliance with the three measures. Leapfrog's Web site provides performance information on all the hospitals that voluntarily responded to the survey. Although the initial focus has been on the six regions, hospitals nationwide were invited to complete the survey, and five Texas hospitals are among those listed. It is anticipated that efforts to secure the participation of all hospitals nationwide will continue. Access Leapfrog's Web site at www.leapfroggroup.org.

"Texas health care trustees have a fiduciary responsibility to evaluate measures to improve the quality performance of their own hospitals," said West. She encourages trustees to evaluate the standards suggested by The Leapfrog Group, as well as those recommended by the Agency for Healthcare Research and Quality and the Joint Commission.

Working Together for a Safer

Health Care System

The Joint Commission on the Accreditation of Healthcare Organizations has accepted an invitation from The Leapfrog Group to become a formal partner. This new partnering arrangement cements a previously informal relationship with the health care purchaser group and means that The Leapfrog Group will seek Joint Commission's input on its patient safety initiatives.

In the first major collaborative effort between the two parties, the Joint Commission has begun work with Leapfrog leaders to pursue the identification of a specific set of intensive care unit-related outcome and process measures. These measures eventually may be used to supplement or even replace the current Leapfrog measures, which recommend that hospitals have board-certified or board-eligible intensivists.

"This is an opportunity for health care and business communities to work together," says West. "Hospitals and health systems have long been focused on quality of care and quality improvement. New regulatory measures aimed at improving quality are stricter than ever. Trustees and their hospitals can use ideas and safety protocols recognized in the manufacturing, automobile and other industries to help build a safer health care system."

New research released by the Agency for Healthcare Research and Quality says, "adopting consistent patient safety practices or standards of care could improve patient safety throughout the nation's health care system." In addition to the three standards adopted by Leapfrog, other proven measures to enhance quality and patient safety are well-documented.

SEARCHING FOR SOLUTIONS

WHO: The Leapfrog Group

WHAT: A consortium of Fortune 500 companies created to encourage employers to use their influence to promote safety enhancements among health care providers to benefit their employees, retirees and their families. Leapfrog's measures will be used for provider performance comparisons and hospital recognition and reward.

WHY: According to The Leapfrog Group, health care quality is far below attainable levels of patient safety and overall customer value. Additionally, quality issues have a great financial impact, and purchasers have a fiduciary responsibility to improve the performance of the health care system.

HOW: The consortium, representing varied business interests, will lead the development of new ideas and quality measures and evaluate existing strategies to make health care more accountable and affordable.

What is the Texas Academy of Governance?

The Texas Academy of Governance is a revolutionary program created by the Texas Healthcare Trustees Foundation, and is dedicated to promoting and recognizing excellence in health care governance.

This innovative and distinguished academy of excellence encourages and rewards the best standards of health care governance throughout the state. The Texas Academy of Governance recognizes “best practices” in governance by Texas trustees and their health care organizations, and determines those leadership standards at the organization and community level.

What sets the Texas Academy of Governance apart from other programs?

No other program in the nation is dedicated to recognizing and promoting excellence in health care governance. As with other programs it has created, the THT Foundation intends for the Academy to become a model for excellence across the country. Most importantly, the Academy will strengthen the leadership skills and knowledge of those entrusted with the very core of communities’ health – hospitals and health care systems.

Why is the Academy important for my organization?

The THT Foundation has dedicated itself to supporting and improving the skills of the trustees who lead health care organizations across the state. Health care trustees have been entrusted by their communities to safeguard their most valuable resource – the health of their citizens.

Uninformed or unwise governance can have disastrous consequences for the community, the health care institution and even individual trustees. By saluting those trustees and institutions that practice excellent governance, the Academy highlights the best policies and procedures, encouraging trustees to learn from the success of others.

The Academy only rewards hospitals, health systems and trustees that participate in ongoing education and training to ensure core governance competencies. The Academy also encourages trustees to share their best skills and knowledge with health care leaders across the state, improving the quality of health care for all of Texas.



The people and communities served by an Academy-recognized hospital or health system can be confident in that organization’s governance expertise. Academy recognition increases trustee credibility among peers and within the community. And, Academy recognition indicates a commitment to excellence in governance for hospitals, health systems and their governing board members.

How can you support the Academy and Foundation programs?

Health care organizations need visionary leadership to face the future with strength and confidence. Your contribution to the THT Foundation’s Texas Academy of Governance will preserve the future of health care by improving excellence in governance and the skills of your own health care leaders, as well as leaving a legacy of quality leadership across the state. All contributions are tax-deductible.

Join the other trustees and health care organizations that have recognized the need for optimal leadership to face the future with strength and confidence.

For more information, contact Mary Walker, RN, Ph.D., FAAN, executive director of the Texas Healthcare Trustees Foundation, at 512/465-1051, or in Texas, 800/252-9403.

Environmental Assessment and the Implications for Texas Hospitals

The tragic events of Sept. 11 stunned the nation. Political and economic uncertainty has filled the days that followed, but so has a swelling of national unity and purpose. Consequently, government funding priorities are shifting, and there is a decided increase in concern about public health issues, including emergency readiness.

Workforce shortages and competition for volunteers and philanthropic support continue to challenge health care providers. The U.S. population is growing, becoming more diverse, and aging. Health care leaders continue to be confronted with inadequate resources to meet the rising demands.

Advances in clinical and administrative information systems, as well as medical technology, expanded use of the Internet, rapid growth of genetic testing and engineering, and a host of other innovations will have a profound effect on the cost, quality and access of health care.

Brent Hardaway, associate partner with the Austin branch of Phase 2 Consulting, based in Salt Lake City, Utah, presented the following information to the Texas Healthcare Trustees in October 2001.

Texas' population continues to grow, particularly in urban areas – where more than 90 percent of the state's growth has occurred in the last decade. In fact, 80 percent of Texas' population resides in 40 of its 254 counties. Texas' population reached 20,851,820 in 2000, representing a 22.8 percent increase from the 1990 census. At the current rate, Texas' population in 2030 will be more than the U.S. population at the beginning of the Civil War.

The number of people age 65 and older is expected to double to 3.8 million by 2030, with the most significant increase occurring between 2010 and 2020. The expansion of this group will continue to increase the demand for health care services.

Over the next five to 10 years, the Hispanic population will increase by 45.7 percent over 1995's census to 7.5 million in 2005. Hispanics are expected to outnumber Anglos in Texas by 2025, and will account for two-thirds of the state's population in 2030.

In 1990, there were approximately 4.9 million children under 18 years of age in Texas. They

constituted 29 percent of the state's population. This percentage will drop to 22.3 percent by 2030, but will translate to 8.6 million children, double the number from 1990.

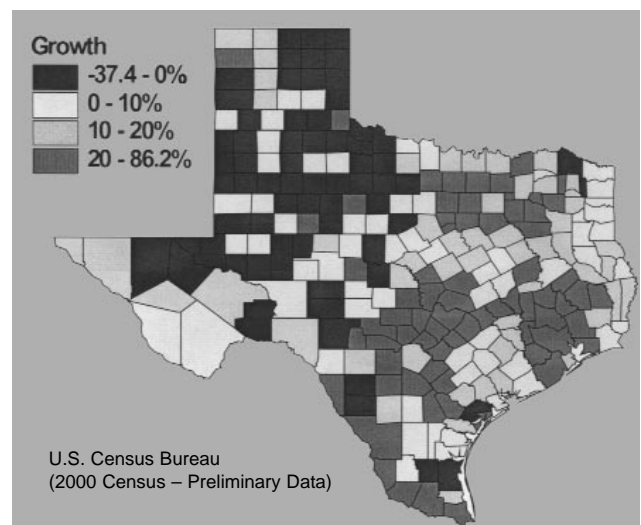
Studies show that poverty increases a child's chance of poor health. The poverty rate for children in Texas is higher than the national average. In 1995, nearly 31 percent of children under five lived in poverty. In 1990, some 42 percent of households with single, female parents lived in poverty. Health conditions associated with poverty include: babies with low birth weights, high blood lead levels, lower immunization rates, higher rates of homicide, poor nutrition and teenage pregnancy.

Health Status Trends

The leading causes of death are lifestyle-related diseases such as heart disease, cancer and stroke. As in recent years, heart disease will continue to be the leading cause of death and disability. Cancer will continue to be the second leading cause of death. By 2010, however, mental illnesses, especially unipolar major depression, will have a larger impact on the health care system than cancer.

Access to care will remain tiered, and the tiers will become more pronounced. Consumers with considerable discretionary income and access to health care information, via the Internet and other sources, will remain in the top tier. Consumers with access to health care, but little or no choice, fill the second tier. The population with no access to market-based insurance faces considerable difficulty in obtaining health care and makes up the third tier.

TEXAS POPULATION GROWTH 1990 - 2000

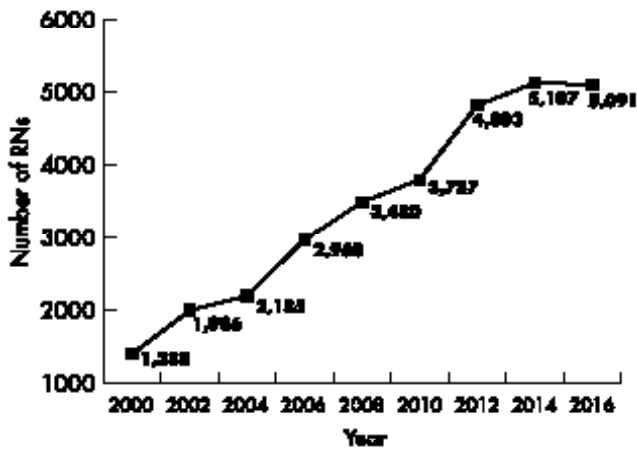


Source: Texas Association of Counties, 2001.

Staffing Shortages

The demand for registered nurses is expected to grow 23 percent by 2006 – faster than any other occupation. Across Texas, nursing vacancy rates range from 10 to 30 percent. For the next 10 years, retaining the health care workforce will be one of the most important priorities; automation, standardization and consumerism will continue to affect traditional health care roles. Hospitals will continue to grapple with shortages in nursing, ancillary services (laboratory, pharmacy, imaging and others), aides and administration.

TEXAS RNS EMPLOYED IN 2000 REACHING AGE 60 BETWEEN 2000-2016



Increasing Health Care Costs

Overall health care costs increased 7.2 percent from 2000-2001 – the largest increase in a decade. Hospital spending accounts for 47 percent of the increase. Texas has the highest percentage of uninsured, about 22 percent, compared to 14 percent of the U.S. population. This disparity will continue to rise, due to the slow economy and rising health care premiums.

It is estimated that the Health Insurance Portability and Accountability Act regulations will cost hospitals \$22.5 billion over the next five years.

Diminishing Role of Managed Care

Managed care will continue to decline. Overall, one-third of hospitals have cancelled an HMO contract; 50 percent of those hospitals have 500 or more beds. HMO enrollment in Texas increased by only 1 percent from 1999 to 2000. In 2000, Medicare HMO enrollment decreased for the first time ever.

The distinction between managed care plans is becoming irrelevant. Innovations in the benefit plans' contractual arrangements will erode the distinction further. Defined contribution plans will continue to become more prevalent.

Advancements in Technology

Recent scientific and clinical advancements are using the latest biomedical technology to create up-to-date treatments for age-old diseases. Genetic tests will be able to predict individual susceptibility to disease. More specific diagnoses, targeted new drugs and molecular level cures for many potential diseases will become possibilities in patient care.

Medical technology and e-business may eliminate some health care positions and elevate others. Advances in medical technology and e-business will also create new professional and technical careers.

Greater Consumer Knowledge

Educated consumers will expect up-to-date treatment to be a part of their patient care, even though some insurance plans will not cover experimental treatment. More consumers are using the Internet to research doctors, diseases, treatments and prescriptions. It is predicted that 68 million adults will be using the Internet to research health care information by 2003, a 119 percent increase from 1999.

The financial performance of hospitals is stabilizing after declines in the late 1990s because of:

- Reversals of federal government cutbacks;
- Improved pricing from payers;
- Actions limiting losses from hospital-owned physician practices;
- Divestiture of unprofitable businesses;
- Failed integration strategies;
- Renewed focus on basic operations; and
- Growth in patient volumes.

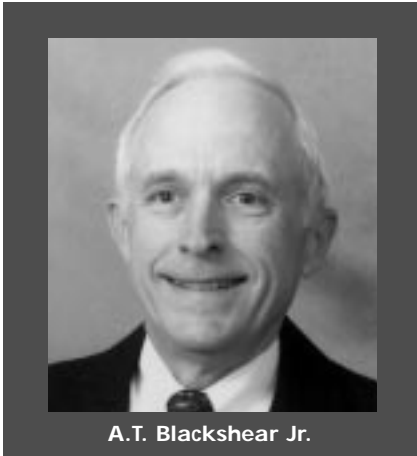
Potential financial risks still exist; these include:

- Wage inflation resulting from nursing shortages;
- Lower reimbursement due to the economic downturn;
- Liquidity problems resulting from the stock market reversal;
- Increased debt and decreased liquidity because of delayed capital expenditures;
- High levels of management turnover, disrupting strategic continuity; and
- Specialty hospitals and physician ventures skimming profits.

To deal effectively with these issues and implications, hospitals should:

- Redesign the budget and capital planning processes;
- Eliminate organizational complexity and install greater operational accountability;
- Investigate and continue productive service areas that bring dollars into the revenue cycle;
- Recognize and continue to reduce costs where possible, but emphasize identifying and eliminating waste;
- Focus on growing the core business;
- Uncouple mergers and strategies that have not added value; and
- Support the Texas Hospital Association and advocacy initiatives at the state and federal levels.

Texas Governance: People and Places



A.T. Blackshear Jr.

Hospital/Health System:

Memorial Hermann Healthcare System, Houston

Occupation: A.T. Blackshear Jr. is the chairman of Fulbright and Jaworski L.L.P.'s executive committee. A partner since 1975, he practices in the area of tax law and has extensive experience in broad-based general business and the health care industry.

Length of service as

a trustee: In all, 10 years. Blackshear is chairman of the board. Prior to accepting the position, he served on several committees, including governance.

Facility Description: Memorial Hermann Healthcare System has grown from three community hospitals some 18 years ago, to a comprehensive health care network that includes: nine acute-care hospitals, two long-term acute-care hospitals, a physician organization, a retirement community, two nursing homes, an assisted living facility, wellness programs, rehabilitation and home health programs, and an air ambulance service.

Today, Memorial Hermann is the largest nonprofit health care system in Texas, and is among the largest in the country with nearly 14,000 employees. In recent years, Memorial Hermann Healthcare System has completed a dramatic financial turnaround and initiated a \$420 million program to expand six community hospitals.

Reason for involvement: "I was introduced to the board by a friend who was also a partner at our firm, and is now deceased. I wanted to be associated with a spiritually led hospital and to serve in any capacity it wanted me to."

What do you find most satisfying about serving on the board: "Being associated with a wonderful group of people – board members and executives – who believe that we are called to be of service. I also have been privileged to be involved in the formation of the Spiritual Leadership Institute, which promotes spiritual leadership in organizations. Instructors like Dan Wilford, chief executive officer of Memorial Hermann Healthcare System, teach people how to be spiritual leaders. It was [Wilford's] brainchild and, through his invitation, I was privileged to participate in the formation meetings."

Influences: "My notions of public service began a long time ago when I was a Boy Scout. I became an Eagle Scout, and was the senior patrol leader at the Scout Jamboree of 1957 in Valley Forge, Penn."

Challenging Issue:

"We have a complex organization with multiple hospitals, and we serve a diverse area. One of the ways we manage these complexities is through centralized management, but decentralized service. Our organization is blessed with good management and the directors provide oversight. We do not need to get involved with the day-to-day operations; management is responsible for that."

Proudest moment:

"Our people at Hermann Hospital in the Medical Center evacuated the entire hospital without a single loss of life during the flood in Houston last June. The event brought our people together because our community hospitals made their facilities available to other medical center colleagues. A real bonding occurred."

What advice would you give to a new trustee:

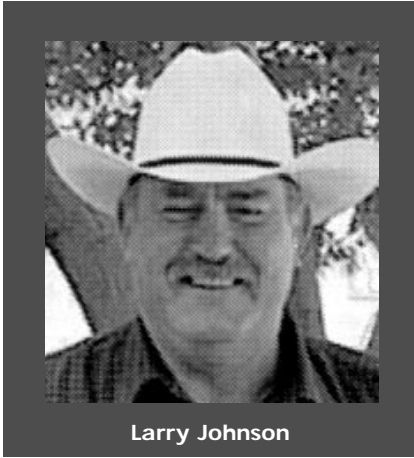
- Remember that we serve the public – this is a nonprofit corporation.
- Pay attention. You are, in effect, the conscience of the organization.
- Do not get involved in micromanaging the corporation – we have outstanding management to perform that function.

Hobbies:

"Golf, fishing and woodworking. I recently made small bowls on a wood turning lathe for each of my six grandchildren."

Family:

Wife, Stuart D. Blackshear, two grown children and six grandchildren.



Larry Johnson

Hospital: Mitchell County Hospital, Colorado City

Length of service as a trustee: Relatively new to the role of health care trustee, Johnson has served on the board of Mitchell County Hospital for a little less than a year. Elected last year to the hospital district board, he serves on the finance and compliance committees.

Facility Description: Mitchell County Hospital is a rural acute-care facility licensed for 39 beds. Services include long-term care, home health, rural health clinics, emergency medical services, prison health and wellness components.

A new 30-bed facility currently is under construction. The cost will be approximately \$7.5 million and will include clinic areas, a large outpatient area, home health, a community clinic and EMS all under one roof. Voters did not approve the requested long-term care unit.

Board Involvement: “I became involved with the Mitchell County Hospital District when several friends asked me to run for an open position on the hospital board.

“My wife, Cheryl, has always supported my community service, and has been a tremendously positive influence in my life.”

The example of other civic-minded members of the Colorado City community also inspired Johnson to serve.

Most Satisfaction: “I enjoy working with others to keep quality health care in our community, while minimizing the burden on taxpayers.

“Up until my retirement and return home to Colorado City, I had been so busy earning a living that I had little time to get involved in community service. I always felt that I should be contributing to my community, so now I am paying my dues.”

Most challenging: “There is so much to learn. My greatest challenge is to add value to the board, while learning as much as I can about the operation of our hospital district.”

Biggest surprise: “One major issue we have is collecting on accounts receivable. The delays that occur in collecting from health insurance companies, as well as Medicare and Medicaid, cause a serious financial burden on small, rural hospitals such as ours.”

What advice would you give to a new trustee: “Attend a Texas Healthcare Trustees seminar as soon as possible after being appointed. Learn everything you can. Don’t let your lack of knowledge and understanding discourage you.”

Background: “I have lived in Colorado City for approximately three years this time. I was raised in and around Colorado City, but left after high school for military service and then a career with Amoco Production Company, near Andrews. After my retirement from Amoco, my wife Cheryl, who is also from Colorado City, and I moved back home. We have been married 31 years and have a daughter, Shelley Johnson, who lives in Odessa.”

Hobbies: “I enjoy working with my border collie, Zack, to tend our herd of goats. I also enjoy cooking. My team, ‘The Sons of Betty Crocker,’ edged out 44 other teams to win the 2001 World Champion Boar Goat Cook-Off. The cook-off is an annual event in Colorado City.”

TEXAS GOVERNANCE: PEOPLE AND PLACES

Trustee profiles give you a “snapshot” look at different trustees from across the state. From Laredo to Lufkin, you can see firsthand the efforts they are making for their communities. If you know of an exceptional trustee to profile in this section, please call THT’s Merry Hughes at 512/465-1562, or in Texas, 800/252-9403.

The Texas Open Meetings Act requires meetings of governmental bodies, such as public hospitals, to be open to the public. However, public hospitals may conduct closed meetings, under certain narrowly defined circumstances.

Fletcher Brown, J.D., an attorney with the Austin law firm Davis and Wilkerson, P.C., said that the most frequent mistakes made while conducting a closed meeting are not convening it correctly and failing to cite the exception that authorizes holding a closed meeting. If a closed meeting is improperly convened, board members could be subject to civil and criminal penalties.

Correctly Conducting a Closed Meeting Under the Open Meetings Act

How to Convene a Closed Meeting

In order for a governmental body to hold a closed session that complies with the law, the following criteria must be met:

- A quorum of the governmental body must be assembled in the meeting room;
- The meeting initially must be convened as an open meeting pursuant to proper notice; and
- The presiding officer must announce that a closed session will be held, and must identify the specific exception authorizing the closed meeting.

While public hospital board members may deliberate in a closed meeting about a particular matter – any final action, decision or vote on that matter must be held in an open meeting. To take action on the matter deliberated during the closed meeting, the board must return to the open meeting and act.

Certified Agenda/Recording

A certified agenda or tape recording of the proceedings must be made to be in compliance with the law. Private consultations with the board's attorney are exempt from this provision. Although tape recording a closed meeting is permissible, Brown advises the use of the written, certified

agenda. "People forget the tape recorder is on, and say things they wouldn't say otherwise," Brown explained.

While there is no specific requirement on what the certified agenda must look like, the statute does require that the certified agenda include the following:

- A statement of the subject matter of each deliberation;
- A record of any further action taken; and
- An announcement by the presiding officer at the beginning and end of the closed meeting indicating the date and time. Should the governmental body make a tape recording, rather than written certified agenda of the closed meeting, it must include the announcements by the presiding officer at the beginning and end of the meeting indicating the date and time.

The board must preserve the certified agenda or tape recording of a closed meeting for at least two years after the date of the meeting. If there is an action or legal complaint involving the meeting brought within that two-year period, the board must retain the certified agenda or tape while that action is pending. Finally, a certified agenda or tape of a closed meeting is available for public inspection and copying only under the order of a court.

Circumstances which allow deliberations in a closed meeting include:

- Consultations with an attorney (e.g., litigation);
- Deliberations about real property (e.g., purchase of new property for a hospital campus) ;
- Deliberations about gifts and donations;
- Personnel matters (e.g., hear a harassment complaint, CEO review);
- Deliberations about security devices (e.g., video cameras or computer security);
- Certain deliberations by the governing board of a public hospital (e.g., regarding provision of services if it gives an advantage to their competition); and
- Medical peer review committee.

CLOSED SESSION PROCEDURES

TRUSTEES SHOULD UNDERSTAND THE FOLLOWING PROCEDURES:

- How to announce in open session the convening of a closed meeting.
- The statement required at the beginning of a closed meeting.
- The statement required at the end of the closed meeting.
- Maintaining a list of the various closed session authorization statutes and their topics (see below).

IN OPEN SESSION

The Board of Directors of _____ Hospital District will now go into Closed Session. The Closed Session is being held pursuant to Section ____ of Texas Government Code.

IN CLOSED SESSION

At the beginning of Closed Session:

The Board of Directors of _____ Hospital District now convenes in Closed Session. The date is _____ and the time is _____.

At the end of Closed Session:

The Board of Directors of _____ Hospital District now adjourns its Closed Session and will return to Open Session. The date is _____ and the time is _____.

CLOSED SESSION AUTHORIZATIONS

- | | |
|---------|--|
| 551.071 | Consultation with attorney |
| 551.072 | Deliberation regarding real property |
| 551.073 | Deliberation regarding a prospective gift |
| 551.074 | Personnel matters |
| 551.076 | Deliberation regarding security devices |
| 551.085 | Applicable to certain providers of health services regarding pricing of certain services |

(All references are to the Texas Government Code)

- | | |
|---------|---|
| 161.032 | Board meeting as a "medical committee" or "medical peer review" committee |
|---------|---|

(Reference to the Texas Health and Safety Code)



Community Health Corporation

• ARTESIA GENERAL HOSPITAL • MEMORIAL HERMANN BAPTIST
BEAUMONT HOSPITAL • MEMORIAL HERMANN BAPTIST ORANGE
HOSPITAL • YOAKUM COMMUNITY HOSPITAL • VAL VERDE
REGIONAL MEDICAL CENTER

Committed to the future of not-for-profit hospitals

Community Health Corporation (CHC) was established in 1996 to offer support and assistance to the community-based hospital targeted for investor-owned acquisition. This assistance may take the form of education and consultation, managerial support, or lease or purchase of a hospital. Since 1997, CHC has provided services to more than 36 hospitals throughout the country.

For more information about this opportunity call:

Mike Williams, *President*
Community Health
Corporation
14901 Quorum Drive
Suite 300
Dallas, TX 75240
(972) 866-7427
(972) 866-3949 Fax
E-Mail: mwilliam@vha.com

This month's issue of the *Trustee Bulletin* is sponsored by Community Health Corporation

T · E · X · S
H E L T H C E
T R U S T E E S



P.O. Box 15587
Austin, TX 78761-5587

Address Service Requested

PRSR STD
US POSTAGE
P A I D
AUSTIN, TX
PERMIT # 1802