

Minutes

**Maricopa County Special Health Care District
Board of Directors Meeting
Virginia G. Piper Charitable Trust Pavilion
2609 East Roosevelt Street, Phoenix, Arizona 85008
3rd Floor, Board Room
April 24, 2024, 1:00 p.m.**

Present: J. Woodfin Thomas, Chairman, District 4
Mark G. Dewane, Vice Chairman, District 2
Mary A. Harden, RN, Director, District 1
Kate Brophy McGee, Director, District 3
Mary Rose Garrido Wilcox, Director, District 5 – *participated remotely*

Others Present: Steve A. Purves, FACHE, President & Chief Executive Officer
Michael D. White, MD, MBA, Executive Vice President, Chief Clinical Officer
Claire Agnew, CPA, MBA, Executive Vice President, Chief Financial Officer
Lia Christiansen, MBC, Executive Vice President, Chief Administrative Officer
Sherry Stotler, RN, MSN, Senior Vice President, Chief Nursing Officer
Ijana Harris, JD, Senior Vice President, General Counsel

**Guest Presenters/
Speakers:** Crystal Garcia, MBA/HCM, RN, Vice President, Specialty Services, Quality and Patient Safety
Michael Fronske, Legislative and Governmental Affairs Director
Matthew Meier, MBA, Vice President, Financial Services

Recorded by: Melanie Talbot, Chief Governance Officer; and Clerk of the Board
Cynthia Cornejo, Senior Deputy Clerk of the Board

Call to Order:

Chairman Thomas called the meeting to order at 1:00 p.m.

Roll Call

Ms. Talbot called roll. Following roll call, she noted that all five voting members of the Maricopa County Special Health Care District Board of Directors were present, which represented a quorum.

For the benefit of all participants, Ms. Talbot announced the Board member participating remotely.

Pledge of Allegiance

Chairman Thomas led the Pledge of Allegiance.

Call to the Public

Chairman Thomas called for public comment. There were no comments.

**Maricopa County Special Health Care District Board of Directors
Meeting Minutes – General Session – April 24, 2024**

Mission Statement

Chairman Thomas read the mission statement aloud.

General Session, Presentation, Discussion and Action:

1. Approval of Consent Agenda
 - a. Minutes:
 - i. Approve Maricopa County Special Health Care District Board of Directors meeting minutes dated March 27, 2024
 - ii. Approve Maricopa County Special Health Care District Board of Directors meeting minutes dated April 4, 2024
 - b. Contracts:
 - i. Approve amendment #11 to the agreement (C-90-00-312-1-11) between Evernorth Behavioral Health, Inc and Maricopa County Special Health Care District dba Valleywise Health, to allow members to receive behavioral health services through Valleywise Health facilities
 - ii. Approve amendment #3 to the agreement (90-14-063-1-03) between Banner University Health Plan and Maricopa County Special Health Care District dba Valleywise Health, to update AHCCCS reimbursement methodology for inpatient behavioral health services
 - iii. Approve a new agreement (90-24-211-1) between Thomas Cuisine and Maricopa County Special Health Care District dba Valleywise Health, for food nutrition and gift shop services at Valleywise Health facilities
 - iv. Approve a new agreement (90-24-212-1) between Xanitos, Inc and Maricopa County Special Health Care District dba Valleywise Health, for environmental services for Valleywise Health facilities
 - v. Approve an intergovernmental agreement (90-24-286-1) between Arizona Department of Health Services and Maricopa County Special Health Care District dba Valleywise Health, for funding for HIV care and services to eligible clients, under Ryan White Part B
 - vi. Approve a new contract (90-24-281-1) between BD Biosciences and Maricopa County Special Health Care District dba Valleywise Health, to rent BD flow cytometry reagent equipment
 - vii. Amend approval of amendment #10 to the agreement number C-90-00-31-1-10, an agreement between Evernorth Behavioral Health Inc fka Cigna Behavioral Health Inc and Maricopa County Special Health Care District dba Valleywise Health, with Approval of corrected agreement number C-90-00-312-1-10
 - c. Governance:
 - i. Approve affidavit appointing Eric Noble, MD and Robert Humberstone MD as Deputy Medical Directors in the Department of Psychiatry

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General Session, Presentation, Discussion and Action, cont.:

1. Approval of Consent Agenda, cont.
 - c. Governance, cont.:
 - ii. Accept the Maricopa County Special Health Care District dba Valleywise Health, Uniform Guidance audit for fiscal year ending June 30, 2023 and 2022
 - iii. Approve Board Resolution No. 2024-4-24-001, calling an election to be held on November 5, 2024, for three (3) vacancies of the Board of Directors of the Maricopa County Special Health Care District, created by the expiration of the four (4) year terms of Mary A. Harden, Mark G. Dewane, Mary Rose Garrido Wilcox
 - d. Medical Staff:
 - i. Approve Valleywise Health’s Medical Staff credentials for April 2024
 - ii. Approve Valleywise Health’s Advanced Practice Clinician/Allied Health Professional Staff credentials for April 2024
 - e. Care Reimagined Capital:
 - i. Intentionally Left Blank
 - f. Capital:
 - i. Intentionally Left Blank

Director Harden requested items 1.b.iii., 1.b.iv., and 1.b.vii. be removed from the consent agenda, to be discussed and voted on separately.

MOTION: Vice Chairman Dewane moved to approve the consent agenda minus items 1.b.iii., 1.b.iv., and 1.b.vii. Director Wilcox seconded.

VOTE: 5 Ayes: Chairman Thomas, Vice Chairman Dewane, Director Brophy McGee,
Director Harden, Director Wilcox
0 Nay
Motion passed.

MOTION: Director Harden moved to recess general session and convene in executive session at 1:02 p.m., for the purpose of obtaining legal advice for agenda item 1.b.iii. Director Brophy McGee seconded.

VOTE: 5 Ayes: Chairman Thomas, Vice Chairman Dewane, Director Brophy McGee,
Director Harden, Director Wilcox
0 Nay
Motion passed.

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General Session, Presentation, Discussion and Action:

Chairman Thomas reconvened general session at 1:26 p.m.

1. Approval of Consent Agenda, cont.

MOTION: Director Wilcox moved to approve consent agenda item 1.b.iii., a new agreement (90-24-211-1) between Thomas Cuisine and Maricopa County Special Health Care District dba Valleywise Health, for food nutrition and gift shop services at Valleywise Health facility, with quarterly reports to the Board regarding compliance with the contract, particularly as it applied to employees. Vice Chairman Dewane seconded.

Director Brophy McGee suggested an amendment to the motion, to request quarterly performance reports to the Board.

Director Wilcox stated the intent was to receive quarterly reports on the contract.

Ms. Talbot reiterated the motion, which included a specific request for the report provided.

Chairman Thomas stated that Director Wilcox accepted the suggestion to amend the motion for the Board to receive quarterly performance reports, and asked if Vice Chairman Dewane accepted the suggestion to amend the motion.

Mr. Purves explained that staff regularly reviewed contract performance while developing lists of key performance indicators. The quarterly reports would be adjusted to provide the Board with information requested.

Director Wilcox withdrew the motion.

Vice Chairman Dewane withdrew the second to the motion.

MOTION: Director Wilcox moved to approve agenda item 1.b.iii., a new agreement (90-24-211-1) between Thomas Cuisine and Maricopa County Special Health Care District dba Valleywise Health, for food nutrition and gift shop services at Valleywise Health facilities, with quarterly reports to the Board on key performance indicators. Vice Chairman Dewane seconded.

VOTE: 4 Ayes: Chairman Thomas, Vice Chairman Dewane, Director Brophy McGee,
Director Wilcox
1 Nay: Director Harden
Motion passed.

Director Harden addressed item 1.b.iv., a new agreement (90-24-212-1) between Xanitos, Inc and Maricopa County Special Health Care District dba Valleywise Health, for environmental services for Valleywise Health facilities. She stated that she did not support the original decision to outsource environmental services and did not support the continued outsourcing of the services.

MOTION: Vice Chairman Dewane moved to approve consent agenda item 1.b.iv., a new agreement (90-24-212-1) between Xanitos, Inc and Maricopa County Special Health Care District dba Valleywise Health, for environmental services for Valleywise Health facilities. Director Wilcox seconded.

VOTE: 4 Ayes: Chairman Thomas, Vice Chairman Dewane, Director Brophy McGee,
Director Wilcox
1 Nay: Director Harden
Motion passed.

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General Session, Presentation, Discussion and Action, cont.:

1. Approval of Consent Agenda, cont.

Director Harden confirmed that consent agenda item 1.b.vii., amending the approval of amendment #10 to the agreement number C-90-00-31-1-10, an agreement between Evernorth Behavioral Health Inc fka Cigna Behavioral Health Inc and Maricopa County Special Health Care District dba Valleywise Health, with approval of corrected agreement number C-90-00-312-1-10, corrected the previous error. She reiterated the importance of providing accurate information to the Board for approval.

MOTION: Director Harden moved to approve consent agenda item 1.b.vii., amend the approval of amendment #10 to the agreement number C-90-00-31-1-0, an agreement between Evernorth Behavioral Health Inc fka Cigna Behavioral Health Inc and Maricopa County Special Health Care District dba Valleywise Health, with approval of corrected agreement number C-90-00-312-1-10. Vice Chairman Dewane seconded.

VOTE: 5 Ayes: Chairman Thomas, Vice Chairman Dewane, Director Brophy McGee,
Director Harden, Director Wilcox
0 Nays
Motion passed.

2. Discuss and Review Patient Safety Report

Ms. Garcia provided an overview of the Patient Safety program, outlining the roles and responsibilities of the program manager. She listed the measures that were monitored, noting many were meeting the benchmarks on a year-to-date basis.

Chairman Thomas noted the benchmark for medication reconciliation-rate of unintentional medication discrepancies per medication had not been determined and asked how it would be made.

Ms. Garcia explained the benchmark for that metric would be determined internally, as a national benchmark was not available.

She provided information for the measures not meeting the benchmark, explaining that patient safety indicator (PSI) 08, in-hospital fall rate with fracture, and hospital acquired condition (HAC) hospital falls/traumatic events with injury, corresponded to the same events. She reviewed information regarding the fall events that occurred in November 2023 and December 2023, both toilet-related.

She outlined the statistics for inpatient hospital acquired pressure injuries, which had an increased number of deep tissue injuries. Additional education was provided through the online learning module and a work group was developed to address the increase in cases. Input from respiratory therapy was included, as there were pressure injuries related to using BiPap machines.

Director Harden asked if any pressure injuries required surgical intervention or debridement.

Ms. Garcia said that she would research it and report back.

She reviewed the data related to restraint episodes, noting a clinical workgroup was created to monitor restraint usage, and to conduct audits for education and training opportunities.

Ms. Garcia provided an overview of inpatient medication events reported, noting staff was encouraged to report all instances, including near-misses. The medication safety committee reviewed all reported events. Most of the events reported resulted in no harm, and she provided specific examples of events that had occurred.

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General Session, Presentation, Discussion and Action, cont.:

2. Discuss and Review Patient Safety Report, cont.

Director Harden requested additional information related to the medication event from December 2023.

Ms. Garcia recalled that the order was missed, and additional education was provided to staff, to prevent future occurrences.

She continued to explain that more than half of medication events occurred during administration. The compliance rate for critically timed medication was 90 percent. She reviewed the events associated with wrong patient and wrong identification, noting an increase in events in December. Additional training was provided to improve the results.

Ms. Garcia highlighted the significant improvement in decreasing the specimen labeling error rate.

3. Discussion and Possible Action on Valleywise Health's 2024 Legislative Agenda and/or the Maricopa County Special Health Care District's position regarding proposed State and Federal legislative items

Mr. Fronske reviewed the statistics of the current legislative session, which had been in session for 108 days and had passed 232 bills, and the Governor had signed 167 bills. He reviewed the legislative deadlines, noting the only outstanding date was the July 1, 2024, budget deadline. There had been no update on the budgeting process, but there were reports that all parties were meeting.

The legislature had been occupied with House Bill (HB) 2677, a bill to repeal the near-total abortion ban. The House passed a version and then adjourned. The bill would then be transmitted to the Senate. He reviewed the status of the bills that staff was tracking and stated there were no major changes since the prior month.

On federal issues, Mr. Fronske stated staff continued their focus on the essential hospital designation legislation, advocating for 340B funding, and protecting hospitals from site-neutral payment cut proposals.

Director Harden stated the Supreme Court of the United States was currently hearing arguments to determine if the Emergency Medical Treatment and Active Labor Act (EMTALA) requirement to provide necessary stabilizing treatment, including emergency abortions, overrode Idaho's law that bars most abortions. She asked how that decision would impact Valleywise Health.

Dr. White explained that there had been a number of conversations surrounding the pending decisions, both locally and federally, and the medical staff would continue to provide necessary care and treatment to all patients. That practice was codified in policy.

Ms. Harris elaborated that under the organization's deed restriction, Valleywise Health was only permitted to perform abortions to save the life of the mother. Therefore, pending decisions on the local and federal levels had little impact on the organization.

4. Discuss and Review Preliminary Patient Volumes and Capital Targets for Fiscal Year 2025

Mr. Meier provided an overview of the preliminary patient volumes for the fiscal year (FY) 2025 budget. Total admissions were projected to increase by 9.2%, with acute admissions projected to increase by 1.9% and behavioral health admissions projected to increase by 9.7 percent. He explained that the increase in behavioral health admissions was due to additional units at Valleywise Behavioral Health Center-Maryvale opening in January or February 2025.

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General Session, Presentation, Discussion and Action, cont.:

4. Discuss and Review Preliminary Patient Volumes and Capital Targets for Fiscal Year 2025, cont.

Total patient days were anticipated to increase by 4.9 percent. Patient days in the acute setting were projected to decrease by 1.1% due to reduced length of stay. Patient days in behavioral health were projected to increase by 8.9% due to the additional units opening.

Mr. Meier stated total emergency department visits were projected to modestly increase by 0.3%, for a total of 109,973 visits.

Total ambulatory visits were projected to increase by 7.9%, with growth in nearly all areas. The Community Health Centers visits were projected to increase by 6.7%, due to additional providers. Visits at Valleywise Comprehensive Health Center-Phoenix were projected to increase by less than one percent, as the staffing levels would remain the same. Visits at Valleywise Comprehensive Health Center-Peoria were projected to increase by 7.4%, due to anticipated increases in specific service lines. Dental visits were projected to increase by 1.1%, since staffing levels would remain the same. Outpatient behavioral health was projected to increase by 27.7%, due to additional providers and the expansion of the service line.

Director Brophy McGee asked if the increase in outpatient behavioral health services would positively impact the number of court-ordered evaluation petitions that timed-out.

Dr. White explained that the court-ordered evaluations were performed within the inpatient behavioral health setting, and the opening of additional units would positively impact that statistic.

Mr. Meier stated surgeries at Valleywise Health Medical Center were projected to increase by 1.7% and surgeries at Valleywise Community Health Center-Peoria were projected to increase by 2.8 percent. Overall endoscopy procedures at Valleywise Health Medical Center were projected to increase by 1.8%, and the procedures at Valleywise Community Health Center-Peoria were projected to decrease by 5.6%, which was provider related. Deliveries were projected to slightly increase, by 1.6%, in the upcoming fiscal year.

He announced that the capital budget for routine, emergency, and contingency capital had increased to \$20 million for the upcoming year.

Director Harden expressed her appreciation for increasing the capital budget, as there were numerous needs throughout the organization.

Director Brophy McGee asked if the increase in the capital budget was sufficient for the organization.

Ms. Agnew acknowledged that the capital budgets for health systems of similar size and complexity as Valleywise Health were much larger. She reviewed the process to request capital and those requests would be prioritized based on various factors.

Mr. Purves said the long-term goal was to improve the operating performance and increase the capital budget in the future.

Director Wilcox asked if staff worked in conjunction with Valleywise Health Foundation to determine if there were capital needs that could be funded by donors.

Ms. Agnew said that staff worked closely with the Foundation Executive to coordinate efforts to fund specific needs for the organization.

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General Session, Presentation, Discussion and Action, cont.:

5. Discuss and Review Valleywise Health's March 2024 Financials and Statistical Information; Quarterly Investment of Funds Report

Ms. Agnew explained that the FY 2024 budget was developed under the assumption that the new acute care hospital would open in late January 2024 or early February 2024. The volumes and revenues were forecasted based on that assumption, causing variances in the monthly statistics.

Ms. Agnew reviewed statistical information for March 2024, noting total admissions missed budget by 5.4%, with 9.4% more behavioral health admissions than budgeted, and acute admissions missing budget by 10.2 percent. Emergency department visits were 2.7% better than budget and ambulatory visits missed budget 5.3 percent, which was provider driven.

On a year-to-date basis, total admissions were on target, with 10 more admissions than budgeted. Emergency department visits were 5.7% better than budget, and ambulatory visits were 0.7% better than budget.

She reviewed the payer mix for March 2024, and discussed the increase in uninsured patients and decrease in Medicaid or Arizona Health Care Cost Containment System (AHCCCS) covered patients, and the impact of the shift on the organization. Staff was researching opportunities for payer mix improvements within the service lines.

Ms. Agnew reviewed the income statement, stating lower volumes and the payer mix impacted the net patient revenue, resulting in a negative 15.3% variance. The timing of revenue received affected other revenue, causing a negative 15.7% variance.

While reviewing operating expenses, she explained the negative variances in salaries, contract labor, medical service fees, supplies, and purchased services. Many variances were due to the delayed opening of the new acute care hospital, including the positive variance in depreciation, resulting in the positive 0.5% variance in total operating expenses.

Net assets, after factoring in non-operating revenue and expenses, and removing bond-related activity, decreased by \$16,328,884, compared to a budgeted decrease of \$7,509,393, resulting in a negative \$8,819,491 variance.

On a year-to-date basis, net assets, normalized, decreased by \$82,144,625, compared to a budgeted decrease of \$68,668,696, resulting in a negative \$13,475,929 variance. There were 70.5 days of cash on hand and 75.2 days in accounts receivable, noting the ongoing impact of the cyberattack on Change Healthcare on collections and revenue.

6. Update on Care Reimagined Projects

Ms. Christiansen expressed her appreciation to all staff involved in numerous celebratory events that took place in early April 2024.

She provided an update on the Care Reimagined projects, noting that approximately 14,363,362 manhours had been accumulated throughout the duration of the various projects. The dashboard reflected the deviation from the original schedule, budget, and construction. The abatement and demolition of the current acute care hospital was delayed due to the delayed opening of the new acute care hospital.

Director Harden asked if the Conference and Administration Center (CAC) had been decommissioned.

Ms. Christiansen said that the CAC would be utilized through July 2024, primarily for the use of the conference rooms within the building. She noted the District Medical Group (DMG) providers had relocated from the CAC into the Piper Pavilion in mid-April 2024.

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General Session, Presentation, Discussion and Action, cont.:

6. Update on Care Reimagined Projects, cont.

Ms. Christiansen reviewed the construction progress of the new acute care hospital, highlighting the ongoing tasks such as the fire alarm and door integration testing and the installation of the fire dampers. The final air balance report would be submitted within the next two weeks.

She outlined the patient move schedule, which would begin with moving the emergency department at 3:00 a.m., along with labor and delivery patients. The final Day in the Life (DIL) and Mock Move activities had been scheduled to take place in late May 2024, to prepare for the mid-June 2024 go-live date.

Throughout the months of April and May, medical equipment would continue to be deployed and activated in the new acute care hospital. She explained that a Relocation Guide had been developed and contained information pertaining to the upcoming DIL and Mock Move events.

Ms. Christiansen provided an update on the Piper Pavilion, announcing the project was now complete, as the DMG providers had relocated into the space on the fifth floor.

Director Brophy McGee asked if the go-live date of the new acute care hospital had been determined.

Ms. Christiansen explained that staff was working toward a date in mid-June 2024, specifically June 20, 2024. However, there were efforts to move the date up to June 13, 2024.

7. Review and Possible Action on the Following Reports to the Board of Directors:

- a. Monthly Marketing and Communications Report (March 2024)
- b. Monthly Care Reimagined Capital Purchases Report (March 2024)
- c. Monthly Valleywise Health Employee Turnover Report (March 2024)
- d. Quarterly Valleywise Community Health Centers Governing Council Structure Report
- e. Semi-Annual Creighton University Arizona Health Education Alliance Report
- f. Annual Maricopa County Special Health Care District Wide Risk Management Program Report

Director Harden addressed item 7.c., the Monthly Valleywise Health Turnover Report, and reiterated a previous request to include job classification information.

8. Concluding Items

- a. Old Business:

March 2024

Employee Benefits Program

- Percentage of employees that completed the engagement survey
- Of those that completed the survey, how many responded to questions regarding benefits

January 24, 2024

Compliance Training

- Future discussion on disclosure of gifts District Board members receive

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General Session, Presentation, Discussion and Action, cont.:

8. Concluding Items, cont.

a. Old Business, cont.:

January 24, 2024, cont.

Care Reimagined Update

- Once available, provide the date that the Conference and Administration Center will be decommissioned

May 24, 2023

April 2023 Financials

- How will fixed costs change (old facilities vs new facilities); include the change in utility costs and maintenance costs

b. Board Member Requests for Future Agenda Items or Reports

c. Comments

- i. Chairman and Member Closing Comment
- ii. President and Chief Executive Officer Summary of Current Events

Ms. Talbot reiterated the requests made throughout the meeting. She reviewed old business, noting the items that were completed, as well as the ongoing items.

Director Brophy McGee stated that the Board approved an amendment between Vanir Construction Management and Valleywise Health, including a requirement that any expenditure or change to the contract or extension be approved by the Board. She requested a future agenda item to expand the requirement to Care Reimagined contractors Kitchell Contractors Inc. of Arizona, and Cuningham Group Architecture.

She expressed her appreciation to staff and Valleywise Health supporters for their tireless efforts and hard work leading up to the go-live date.

Chairman Thomas commented that the Finance, Audit and Compliance Committee was presented with a clean Uniform Guidance audit from EY, reviewing approximately \$49 million in grants received.

He applauded the success of the various celebratory events that occurred in early April 2024.

Mr. Purves expressed his appreciation to those involved in numerous events, including the Board and Senior Leaders. There was a strong media presence, and he showcased a news report highlighting the new facility.

He announced that Dr. White was honored by Becker's Hospital Review, as one of '180 Hospital and Health Systems Chief Medical Officers to Know'. Mr. Purves thanked Dr. White for his dedication to Valleywise Health.

Adjourn

MOTION: Director Harden moved to adjourn the April 24, 2024, Maricopa County Special Health Care District Board of Directors General Session Meeting. Director Wilcox seconded.

VOTE: 5 Ayes: Chairman Thomas, Vice Chairman Dewane, Director Brophy McGee,
Director Harden, Director Wilcox

0 Nays

Motion passed.

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Meeting adjourned at 2:54 p.m.

J. Woodfin Thomas, Chairman
Maricopa County Special Health Care District
Board of Directors