Parkland

# Budget & Finance Committee

## Agenda

**Committee Members**

Ramon Miguez, PE - Chair
Don O'Bannon, Esq
Eric G. Bing, MD, PhD
John Proctor
Lisa Sutter

Agenda for the ***Budget and Finance Committee*** meeting of the Dallas County Hospital District is scheduled for ***Tuesday, August 23, 2022 at 11:30 AM*** at 5200 Harry Hines Blvd (WISH Building) Dallas, TX 75235, Executive Conference Room 02-175. (If assistance is needed in locating the room, please see the Administration receptionist on the 4th floor, 04-131.) A quorum will be physically present at the location of the meeting. Videoconferencing access is also possible via Webex. That application is available at https://www.webex.com/downloads.html. Teleconferencing access is possible by calling +1-415-655-0001. Both virtual access forms require inputting (meeting number: 2623 955 4736; meeting password: 1234) to join the meeting. The ***Budget and Finance Committee*** reserves the right to exercise discretion and may convene in Executive Session as permitted by Texas Government Code §§551.071 (consultation with attorney), 551.072 (deliberations regarding real estate), 551.074 (personnel matters), 551.076 (deliberations regarding security devices or security audits), 551.078 and/or 551.0785 (deliberations by medical committee or by governmental body that administers a public insurance, health or retirement plan regarding individuals' medical or psychiatric records), 551.085 (deliberation by governing board of certain providers of health care services), 551.087 (deliberation regarding economic development negotiations), 551.088 (deliberation regarding test item); Texas Government Code §418.183 (deliberation of information under §§418.175 – 418.182 for purposes of disaster management or disaster planning); Texas Health & Safety Code §161.032 (medical committee or medical peer review committee records, information or reports; and/or medical committee or medical peer review committee proceedings under Tex. Health & Safety Code Chapter 161 and/or Tex. Occ. Code Chapters 151 and 160); and/or as otherwise authorized by law on any item listed below. The ***Budget and Finance Committee*** may consider any of the agenda items in open or executive session and may continue the meeting as necessary to accomplish the business at the time and place designated by the Chair to reconvene.

| | | PAGE | TIME (MIN) | PRESENTER(S) |
|---|---|---|---|---|
| **I.** | **Declare a Quorum Present/Call to Order/Mission Statement** ***Advance Wellness \| Relieve Suffering \| Develop and Educate***<br>**I CARE**<br>**I**ntegrity **C**ompassion and Collaboration **A**ccountability **R**espect **E**quity | | | Chair |
| **II.** | **Public Comments Regarding Agenda Items**<br>*See public comment registration information and rules at https://www.parklandhospital.com/board-of-managers* | | | |
| **III.** | **Reports Requiring Deliberation(s) or Approval(s)** | | | |
| A. | Approve Contracts over $200,000 | *2* | 25 | Pamela Bryant |
| B. | Approve Capital Substitutions | *33* | 5 | Rick Humphrey |
| C. | Parkland Financial Performance Presentation | *36* | 25 | Rick Humphrey |
| D. | FY23 Budget Presentation v3 Final | *94* | 25 | Rick Humphrey |
| E. | Approve FY23 Budget Resolution | *116* | | Rick Humphrey |
| F. | Approve Retirement Plan Update | *118* | 15 | Rick Humphrey |
| **IV.** | **Executive Session**<br>*Tex. Gov't Code §§551.085* | | | |
| A. | Discussion of Master Service Agreement for Physician Services FY22 Contract Update | *132* | 10 | April Audain |
| **V.** | **Action Item** | | | |
| A. | The Board may take action on any agenda item(s) above | | | Chair |
| **VI.** | **Reference Documents** | | | |
| A. | Fitch Report | *142* | | |
| **VII.** | **Closing Remarks** | | | Chair |
| **VIII.** | **Adjourn** | | | Chair |

Parkland

# Approve Contracts over $200,000

# Budget Finance Committee - Contracts for Approval

| Item | Page No. | Contract Type | Service or Product | Supplier | Contract Term | Current Contract Approval Amount Request | New Approved Contract Value | Selection Method | Budgeted? | Business Owner / Dept. | MWBE % | MWBE Gender | MWBE Ethnicity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | **August 23, 2022** |
| **NON-SOLE SOURCE CONTRACTS - Sorted by Size** | | | | | | | | | | | | | |
| N1 | 5 | Expense: Court Approval | Mod #1 Third Amendment to Office Lease | Albany Road-Mockingbird, LLC | 8/1/2017 - 11/30/2026 | $1,378,672 | $3,172,620 | Real Estate – Exemption | Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets. | Beall Carothers, Director Real Estate Development, Planning Design & Construction | 0% | N/A | N/A |
| N2 | 8 | Expense | Contingent Staffing Services | Alois LLC, Cambay Consulting, Cogent Infotech, Diskriter, Genius Road, Infojini, Medical Edge, MDMartin, ProLink Healthcare, RD Adams Enterprises dba One Elite Staffing, SVAM International, & Vtech | 9/1/2022 - 8/31/2027 | $1,250,000 | $1,250,000 | Request for Proposals (Low Price/Tech Accept) | Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets. | Stacy Dorsey, Office of Talent Management | See M/WBE Table | See M/WBE Table | See M/WBE Table |
| N3 | 11 | Expense | Mod #9 Pharmacy Prescription Mailing Services | Castle Business Solutions | 12/1/2015 - 12/1/2022 | $600,000 | $4,126,509 | Request for Proposals (Low Price/Tech Accept) | Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets. | Carrie Berge, Pharmacy | 0% | N/A | N/A |
| N4 | 13 | Capital | Demolition of OK Paper Building and Parking Lot Replacement (Task Order #19) | Harley Ellis Deveraux d/b/a VAI Architects | Last Signature - 1 Year | $279,680 | $279,680 | Request for Qualifications | Yes | Paul Woodard, Planning Design & Construction | 28% | Other | Female |
| N5 | 15 | Revenue | Mod #2 SB 282 RIGHT Care Team | North Texas Behavioral Health Authority | 9/1/2019 - 8/31/2023 | ($300,000) | ($1,200,000) | Non-Sole Source Modification | N/A-Revenue | Geoff Camp, Operations Administration | 0% | N/A | N/A |
| N6 | 17 | Revenue | Mod #3 Extended Observation Psychiatric Services | North Texas Behavioral Health Authority | 9/1/2019 - 8/31/2023 | ($4,000,000) | ($16,000,000) | Non-Sole Source Modification | N/A-Revenue | Geoff Camp, Operations Administration | 0% | N/A | N/A |

# Budget Finance Committee - Contracts for Approval

| Item | Page No. | Contract Type | Service or Product | Supplier | Contract Term | Current Contract Approval Amount Request | New Approved Contract Value | Selection Method | Budgeted? | Business Owner / Dept. | MWBE % | MWBE Gender | MWBE Ethnicity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **SOLE SOURCE CONTRACTS - Sorted by Size** | | | | | | | | | | | | | |
| S1 | 19 | Expense | Impella Heart Pump Products | Abiomed, Inc. | 9/1/2022 - 8/31/2027 | $2,220,000 | $2,220,000 | Sole Source | Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets. | Cheston Chan, Cath/Cardiac Lab | 0% | N/A | N/A |
| S2 | 21 | Capital and Expense | Trophon2 Equipment, Consumables, and Service | Nanosonics Inc | Last Signature - 5 Years | $348,700 | $348,700 | Sole Source | Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets. | Calvin White / Crystal Harrison, Infection Prevention & Radiology | 0% | N/A | N/A |
| S3 | 23 | Expense | Breast Implants Products | Mentor Worldwide LLC | 8/23/2022 - 7/31/2025 | $316,395 | $316,395 | Sole Source | Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets. | Cheston Chan, Operating Room | 0% | N/A | N/A |
| S4 | 25 | Expense | Mod #6 Elevator Monitoring Software Upgrade | ThyssenKrupp Elevator | 6/14/2012 - 10/31/2025 | $101,620 | $7,320,787 | Sole Source Modification | Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets. | Thomas Wilkins, Engineering Services | 0% | N/A | N/A |
| S5 | 27 | Revenue | Mod #6 BioTel Biomedical On-Line Supervision for Emergency Medical System (Mesquite) | City of Mesquite | 10/1/2016 - 9/30/2023 | ($216,911) | ($472,922) | Sole Source Modification | N/A-Revenue | Melody Gardner, Emergency Services | 0% | N/A | N/A |
| S6 | 29 | Revenue | Mod #2 Data Sharing for MIPS Reporting | The University of Texas Southwestern Medical Center | 3/9/2022 - 8/31/2023 | ($354,400) | ($651,840) | Sole Source Modification | N/A-Revenue | Keri Disney-Story, Finance Administration | 0% | N/A | N/A |

# Board Approval Request For Modification to Contract or Funding

| | | |
|---|---|---|
| **BOM Date:** August 23, 2022 | **Modification:** Mod # 1 Third Amendment to Office Lease | |
| **Business Owner:** Beall Carothers, Director Real Estate Development | **Business Owner Dept:** Planning Design & Construction | **Contract Number:** POCRE-19330 A1 |
| **Vendor/Supplier:** Albany Road-Mockingbird, LLC<br>**Basis of Original Contract Award** Real Estate – Exemption<br>**Basis of this Modification** Sole Source Modification | BOM Approved Contract Total (4/25/2017): | $1,793,948 |
| **Revenue, Expense or Capital:** Expense: Court Approval | Modification # 1 Amount: | $1,378,672 |
| **Original Start Date:** 8/1/2017<br>**Current Expiration:** 1/31/2023<br>**Mod Start Date:** 2/1/2023<br>**Expiration after this Mod:** 11/30/2026 | New Contract Amount: | $3,172,620 |

**Approvals**

| | |
|---|---|
| Has the final modification been approved by Legal for legal sufficiency? | Yes |
| Does this modification have an IT Component? | No |
| Does this modification have a Construction Component? | No |

**Financial**

| | |
|---|---|
| Is Funding included in the applicable FY Budget? | Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets. |
| FTE Impact: | None |

**Diversity**

| | |
|---|---|
| Current M/WBE Participation? | 0% |
| M/WBE Ethnicity? | N/A |
| M/WBE Gender? | N/A |

**Submitted By (Division VP):** John Raish, Senior Vice President, Support Services

**DALLAS COUNTY HOSPITAL DISTRICT**
**PARKLAND HEALTH & HOSPITAL SYSTEM**
**BOARD BRIEFING DOCUMENT**

Parkland

**SUBJECT:** Mod # 1 Third Amendment to Office Lease

**VENDOR:** Albany Road-Mockingbird, LLC

**COST:**

| | |
|---|---|
| BOM Approved Contract Total (4/25/2017): | $1,793,948 |
| Modification # 1: | + $1,378,672 |
| Total: | $3,172,620 |

**Recommendation**
Approve this contract modification for Third Amendment to Office Lease.

**Background**
This lease renewal is to accommodate Parkland Foundation's lease at the Mockingbird Towers building at 1341 W. Mockingbird Lane.

The lease amendment obligates landlord to provide additional HVAC equipment to Parkland's Sleep Lab located on the 3rd floor space. There is no direct cost to Parkland for the addition of supplemental HVAC equipment.

Note the "New Contract Amount" of $3,172,620 represents the total for lease space contained in Suite 1100 of the building. Parkland also leases additional square footage for Parkland Community Health Plan ("PCHP") (4th floor) and Sleep Lab/Nurse Call Line (3rd floor). Each of these suites are tracked in Parkland's contract management system as "individual" leases as each floor has unique lease terms and conditions as well as stand-alone lease commencement/expiration dates. As such, there are additional funds approved by previous Board/Court actions obligating Parkland to rental expenditures exceeding $3,172,620 as per the below:

- Original Lease dated May 4, 2017 (11th floor): $1,793,948
  (lease term of 8-1-2017 to 1-31-2023)
- 1st Amendment to Lease dated May 22, 2019 (3rd floor): $6,601,819
  (includes initial lease term of 12-31-2019 to 10-31-2030, plus renewal term of 11-1-2030 to 10-31-2035)
- 2nd Amendment to Lease dated January 24, 2020 (4th floor): $4,237,630
  (includes initial lease term of 8-1-2020 to 5-31-2031)
- 3rd Amendment to Lease as contemplated herein: $1,378,672
- Total lease obligation committed to vendor: $14,012,069

**Fair and Reasonable Price Determination**
A comprehensive search of the submarket and as confirmed by Costar commercial property database platform determined Parkland is receiving a fair market value for this transaction.

*[The reminder of this page has been left intentionally blank]*

**Financial Forecast**

| 3rd Amendment to Lease (Mod #1) | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 | Total |
|---|---|---|---|---|---|---|
| Base Rent | $128,064 | $311,011 | $323,452 | $333,697 | $55,616 | $1,151,840 |
| Estimated CAM, Tax & Expenses | $36,663 | $56,938 | $59,784 | $62,773 | $10,674 | $226,832 |
| **Totals** | $164,727 | $367,949 | $383,236 | $396,470 | $66,290 | $1,378,672 |

| Current Contract Amount | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 | Total |
|---|---|---|---|---|---|---|
| $1,793,948 | $164,727 | $367,949 | $383,236 | $396,470 | $66,290 | $3,172,620 |

**Sole Source Justification**
N/A Real Estate Exemption

| | |
|---|---|
| **Document Contact/Author:** | Beall Carothers, Director Real Estate Development |

Parkland

# Board Approval Request For Contracts Over $200,000

| | | |
|---|---|---|
| **BOM Date:** August 23, 2022 | **Product or Service:** Contingent Staffing Services | |
| **Business Owner:**<br>Stacy Dorsey | **Business Owner Dept:**<br>Office of Talent Management | **Contract Number:**<br>HR-21678, HR-21679, HR-21680, HR-21681, HR-21682, HR-21683, HR-21684, HR-21685, HR-21686, HR-21687, HR-21688, HR-21689 |
| **Vendor/Supplier/Contractor:**<br>Alois LLC, Cambay Consulting, Cogent Infotech, Diskriter, Genius Road, Infojini, Medical Edge, MDMartin, ProLink Healthcare, RD Adams Enterprises dba One Elite Staffing, SVAM International, & Vtech | **Source Selection Methodology:**<br>Request for Proposals (Low Price/Tech Accept) | **Fair and Reasonable Price Determination:**<br>Adequate Competition |

**Revenue, Expense or Capital:**

Expense

| | Contract Dates | Contract Price |
|---|---|---|
| **Base Term:** | 9/1/2022 – 8/31/2025 | $750,000 |
| **Out Years:** | 2 Year(s) | +$500,000 |
| **Total:** | 9/1/2022 – 8/31/2027 | $1,250,000 |

**Lowest Bidder**

| | |
|---|---|
| Is this contractor the lowest bidder/supplier? | N/A |
| If not, what premium will be paid for this contract over the lowest bidder? | N/A |

**Approvals**

| | |
|---|---|
| Has the final contract been approved by Legal for legal sufficiency? | In Process |
| Does this contract have an IT Component? | No |
| Does this contract have a Construction Component? | No |

**Financial**

| | |
|---|---|
| Is Funding included in the applicable FY Budget? | Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets. |
| FTE Impact: | None |

**Diversity**

| | |
|---|---|
| Potential for M/WBE engagement: | See M/WBE Table |
| Were M/WBE's Directly Solicited? | Yes |
| Number Responding M/WBE's: | 15 |
| What % of this contract is M/WBE? | See M/WBE Table |
| M/WBE Ethnicity? | See M/WBE Table |
| M/WBE Gender? | See M/WBE Table |

**Submitted By (Division VP):** Felicia Miller, Executive Vice President & Chief Talent Officer

**DALLAS COUNTY HOSPITAL DISTRICT**
**PARKLAND HEALTH & HOSPITAL SYSTEM**
**BOARD BRIEFING DOCUMENT**

Parkland

**SUBJECT:** Contingent Staffing Services

**VENDOR:** Alois LLC, Cambay Consulting, Cogent Infotech, Diskriter, Genius Road, Infojini, Medical Edge, MDMartin, ProLink Healthcare, RD Adams Enterprises dba One Elite Staffing, SVAM International, & Vtech

**COST:**

| | |
|---|---|
| Base Term: | $750,000 |
| Out Years: | + $500,000 |
| Total: | $1,250,000 |

**Recommendation**
Approve this contract for Contingent Staffing Services.

**Background**
Contractors shall provide contingent staffing services to District in accordance with common commercial practices, to produce "best in business" candidates for District's various open positions on a contingent basis. Staffing services can be for any and all departments within Parkland as needs arise. Services to be provided is part of a multi-award to various contractors not to exceed $1.25 million in the aggregate, inclusive of all fees and expenses over the Term of this Contract.

**Fair and Reasonable Price Determination**
A fair and reasonable price was determined through adequate competition.

**MWBE Bidder Breakdown**

| Vendors | Ethnicity | Gender | M/WBE % |
|---|---|---|---|
| Alois LLC | Asian Indian | Female | 100% |
| Cambay Consulting | Subcontinent Asian American | Male | 100% |
| Cogent Infotech | Asian Indian | Male | 100% |
| Diskriter | N/A | N/A | 0% |
| Genius Road | Caucasian | Female | 100% |
| Infojini | Asian Indian | Male | 100% |
| Medical Edge | Other | Female | 100% |
| MDMartin | Asian | Male | 100% |
| ProLink Healthcare | N/A | N/A | 0% |
| RD Adams Enterprises dba One Elite Staffing | Black | Female | 100% |
| SVAM International | Asian | Male | 100% |
| Vtech | Asian Indian | Female | 100% |

**Financial Forecast**

| Base Term | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 | Totals |
|---|---|---|---|---|---|---|---|
| Expenses | $20,833 | $250,000 | $250,000 | $229,167 | | | $750,000 |
| **Out Years** | **FY2022** | **FY2023** | **FY2024** | **FY2025** | **FY2026** | **FY2027** | **Totals** |
| Expenses | | | | $20,833 | $250,000 | $229,167 | $500,000 |
| **Totals** | **$20,833** | **$250,000** | **$250,000** | **$250,000** | **$250,000** | **$229,167** | **$1,250,000** |

| | |
|---|---|
| **Document Contact/Author:** | Terence Durham |

# Board Approval Request For Modification to Contract or Funding

| | | |
|---|---|---|
| **BOM Date:** August 23, 2022 | **Modification:** Mod # 9 Pharmacy Prescription Mailing Services | |
| **Business Owner:** Carrie Berge | **Business Owner Dept:** Pharmacy | **Contract Number:** PONCS-18236 A8 |
| **Vendor/Supplier:** Castle Business Solutions<br>**Basis of Original Contract Award** Request for Proposals (Low Price/Tech Accept)<br>**Basis of this Modification** Non-Sole Source Modification | BOM Approved Contract Total (4/26/2022): | $3,526,509 |
| | Modifications Totaling < $100,000 Modification # 8 Amount: | $99,000 |
| **Revenue, Expense or Capital:** Expense | Modification that increases contract value to $100,000 more than BOM Approved Contract Total<br>Modification # 9 Amount: | $501,000 |
| **Original Start Date:** 12/1/2015<br>**Current Expiration:** 8/31/2022<br>**Mod Start Date:** 9/1/2022<br>**Expiration after this Mod:** 12/1/2022 | New Contract Amount: | $4,126,509 |

**Approvals**

| | |
|---|---|
| Has the final modification been approved by Legal for legal sufficiency? | Yes |
| Does this modification have an IT Component? | No |
| Does this modification have a Construction Component? | No |

**Financial**

| | |
|---|---|
| Is Funding included in the applicable FY Budget? | Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets. |
| FTE Impact: | None |

**Diversity**

| | |
|---|---|
| Current M/WBE Participation? | 0% |
| M/WBE Ethnicity? | N/A |
| M/WBE Gender? | N/A |

**Submitted By (Division VP):** Vivian Johnson, Senior Vice President, Clinical Services

**DALLAS COUNTY HOSPITAL DISTRICT**
**PARKLAND HEALTH & HOSPITAL SYSTEM**
**BOARD BRIEFING DOCUMENT**

Parkland

**SUBJECT:** Mod # 9 Pharmacy Prescription Mailing Services

**VENDOR:** Castle Business Solutions

**COST:**

| | |
|---|---|
| BOM Approved Contract Total (4/26/2022): | $3,526,509 |
| Modification # 8: | $99,000 |
| Modification # 9: | + $501,000 |
| Total: | $4,126,509 |

**Recommendation**
Approve this contract modification for Pharmacy Prescription Mailing Services.

**Background**
The request is for the pharmacy prescription mail services. As part of a strategy to reduce pharmacy lobby traffic to reduce the risk of COVID spread, the pharmacy staff has been encouraging the use of Parkland mail order services. Before the COVID pandemic, mail order prescriptions accounted for 7% of Parkland prescriptions. During COVID mail order services increased to 20% and had since settled around 11.5% of Parkland prescriptions. A project improvement from FY2018 included adding cold chain mail orders to mail refrigerated products such as insulin. Mail order shipping costs have increased yearly over the last five years. The funds are being added due to mail service fee and volume increases. The Request for Proposal (RFP) will be completed in FY2022 with an effective date of 9/1/2022.

**Fair and Reasonable Price Determination**
A fair and reasonable price was determined through adequate competition for the existing contract.

**Financial Forecast**

| Current Contract Amount | FY2022 | FY2023 | Total |
|---|---|---|---|
| $3,526,509 | $200,000 | $400,000 | $4,126,509 |

| | |
|---|---|
| **Document Contact/Author:** | Marquita Pridgeon |

# Board Approval Request For Contracts Over $200,000

| | | |
|---|---|---|
| **BOM Date:** August 23, 2022 | **Product or Service:** Demolition of OK Paper Building and Parking Lot Replacement (Task Order #19) | |
| **Business Owner:** Paul Woodard | **Business Owner Dept:** Planning Design & Construction | **Contract Number:** POCRE-18091 A7 |
| **Vendor/Supplier/Contractor:** Harley Ellis Deveraux d/b/a VAI Architects | **Source Selection Methodology:** Request for Qualifications | **Fair and Reasonable Price Determination:** Adequate Competition |

**Revenue, Expense or Capital:**

Capital

| | Contract Dates | Contract Price |
|---|---|---|
| **Base Term:** | Last Signature – 1 Year | $279,680 |
| **Out Years:** | 0 Year(s) | +$0 |
| **Total:** | Last Signature – 1 Year | $279,680 |

**Lowest Bidder**

Is this contractor the lowest bidder/supplier? N/A-Request for Qualifications
If not, what premium will be paid for this contract over the lowest bidder? N/A

**Approvals**

Has the final contract been approved by Legal for legal sufficiency? Yes
Does this contract have an IT Component? No
Does this contract have a Construction Component? No

**Financial**

Is Funding included in the applicable FY Budget? Yes
FTE Impact: None

**Diversity**

Potential for M/WBE engagement: Vendor will have M/WBE participation. The plan/program has been submitted and accepted.
Were M/WBE's Directly Solicited? Yes
Number Responding M/WBE's: 1
What % of this contract is M/WBE? 28%
M/WBE Ethnicity? Other
M/WBE Gender? Female

**Submitted By (Division VP):** John Raish, Senior Vice President, Support Services

**DALLAS COUNTY HOSPITAL DISTRICT**
**PARKLAND HEALTH & HOSPITAL SYSTEM**
**BOARD BRIEFING DOCUMENT**

Parkland

**SUBJECT:** Demolition of OK Paper Building and Parking Lot Replacement (Task Order #19)

**VENDOR:** Harley Ellis Deveraux d/b/a VAI Architects

| **COST:** | | |
|---|---|---|
| | Base Term: | $279,680 |
| | Out Years: | + $0 |
| | Total: | $279,680 |

**Recommendation**
Approve this contract for Demolition of OK Paper Building and Parking Lot Replacement (Task Order #19).

**Background**
The Project includes the design of two procurement packages; First: the design of the BIG OK Paper facility demolition and Second: the design of an at-grade parking facility to replace it. The evaluation committee recommends award to VAI as the most qualified contractor.

**Fair and Reasonable Price Determination**
A fair and reasonable price was determined through adequate competition.

| Vendor | Key Strengths | Key Weaknesses | Non-Cost Score |
|---|---|---|---|
| Harley Ells Deveraux d/b/a VAI Architects | HED's team includes Pacheco Koch as the civil engineer, CCA as the Landscape Architect and MEPCE as the MEP consultant - all of which are familiar and considered solid consultants for Parkland Health. | Did not include requested time schedule. Did not identify critical path items. | 370 |
| Vendor B | Vendor has experience with Parking lot design that fits similar scope of work as our project. Project reference is JPS. Vendor also have been subcontractor on several Parkland projects and have satisfactory performance ratings. | Did not identify critical path items. | 352 |

**Financial Forecast**

| Base Term | FY2022 |
|---|---|
| Expense (Design Services) | $279,680 |

| **Document Contact/Author:** | Kimberly Bell |
|---|---|

# Board Approval Request For Modification to Contract or Funding

| | | |
|---|---|---|
| **BOM Date:** August 23, 2022 | **Modification:** Mod # 2 SB 282 RIGHT Care Team | |
| **Business Owner:** Geoff Camp | **Business Owner Dept:** Operations Administration | **Contract Number:** POCS-18298 A2 |
| **Vendor/Supplier:** North Texas Behavioral Health Authority<br>**Basis of Original Contract Award** N/A-Revenue<br>**Basis of this Modification** Non-Sole Source Modification | BOM Approved Contract Total (08/24/2021): | ($900,000) |
| **Revenue, Expense or Capital:** Revenue | Modification # 2 Amount: | ($300,000) |
| **Original Start Date:** 9/1/2019<br>**Current Expiration:** 8/31/2022<br>**Mod Start Date:** 9/1/2022<br>**Expiration after this Mod:** 8/31/2023 | New Contract Amount: | ($1,200,000) |

**Approvals**

| | |
|---|---|
| Has the final modification been approved by Legal for legal sufficiency? | Yes |
| Does this modification have an IT Component? | No |
| Does this modification have a Construction Component? | No |

**Financial**

| | |
|---|---|
| Is Funding included in the applicable FY Budget? | N/A-Revenue |
| FTE Impact: | None |

**Diversity**

| | |
|---|---|
| Current M/WBE Participation? | 0% |
| M/WBE Ethnicity? | N/A |
| M/WBE Gender? | N/A |

**Submitted By (Division VP):** John Raish, Senior Vice President, Support Services

**DALLAS COUNTY HOSPITAL DISTRICT**
**PARKLAND HEALTH & HOSPITAL SYSTEM**
**BOARD BRIEFING DOCUMENT**

Parkland

**SUBJECT:** Mod # 2 SB 282 RIGHT Care Team

**VENDOR:** North Texas Behavioral Health Authority

**COST:**

| | |
|---|---|
| BOM Approved Contract Total (08/24/2021): | ($900,000) |
| Modification # 2: | +($300,000) |
| Total: | ($1,200,000) |

**Recommendation**
Approve this contract modification for SB 282 RIGHT Care Team.

**Background**
The North Texas Behavioral Health Authority is the organization responsible for the provision of behavioral health services for indigent population residents of Dallas, Ellis, Navarro, Hunt, Kaufman, and Rockwall counties.

During the 85th Texas Legislative session, Senate Bill B292 (SB292) was established to provide matching grants to a County-based community collaborative to reduce the recidivism of people suffering from a severe mental illness ("SMI") and decrease dwell time in jails awaiting forensic commitment to state psychiatric hospitals. The intent of SB292 is to fund programs that will reduce individuals with an SMI from cycling through County jails and the state psychiatric hospital system.

Funds from SB292 via the North Texas Behavioral Health Authority will be allocated to the expansion of Parkland's Rapid Integrated Group Healthcare Team ("RIGHT Care"). RIGHT Care provides a multidisciplinary team capable of immediate mobilization and response 16 hours per day, 7 days per week. The team is comprised of distinct but integrated components. These include law enforcement, a licensed mental health clinician and emergency medical services. Collectively, these components emphasize a coordinated approach to persons experiencing a behavioral health crisis. By utilizing an equal partnership between law enforcement through Dallas Police Department, licensed mental health providers through Parkland Health & Hospital System, and emergency medical services through Dallas Fire-Rescue, RIGHT Care increases the ability of law enforcement officers to focus on community safety issues, while providing comprehensive on-site services. RIGHT Care will ensure continuity of care following stabilization in the community, hospital transport or emergency detention, and provide prevention and intervention services for persons who chronically use emergency services to address behavioral health care and to reduce the risk of law enforcement and justice system involvement.

**Fair and Reasonable Price Determination**
N/A - Revenue

**Financial Forecast**

| Current Contract Amount | FY2023 | Total |
|---|---|---|
| ($900,000) | ($300,000) | ($1,200,000) |

| | |
|---|---|
| **Document Contact/Author:** | Kathy Spears/Geoff Camp |

# Board Approval Request For Modification to Contract or Funding

| | | |
|---|---|---|
| **BOM Date:** August 23, 2022 | **Modification:** Mod # 3 Extended Observation Psychiatric Services | |
| **Business Owner:** Geoff Camp | **Business Owner Dept:** Operations Administration | **Contract Number:** POCS-18131 A3 |
| **Vendor/Supplier:** North Texas Behavioral Health Authority<br>**Basis of Original Contract Award** N/A-Revenue<br>**Basis of this Modification** Non-Sole Source Modification | BOM Approved Contract Total (08/24/2021): | ($12,000,000) |
| **Revenue, Expense or Capital:** Revenue | Modification # 3 Amount: | ($4,000,000) |
| **Original Start Date:** 9/1/2019<br>**Current Expiration:** 8/31/2022<br>**Mod Start Date:** 9/1/2022<br>**Expiration after this Mod:** 8/31/2023 | New Contract Amount: | ($16,000,000) |

**Approvals**

| | |
|---|---|
| Has the final modification been approved by Legal for legal sufficiency? | Yes |
| Does this modification have an IT Component? | No |
| Does this modification have a Construction Component? | No |

**Financial**

| | |
|---|---|
| Is Funding included in the applicable FY Budget? | N/A-Revenue |
| FTE Impact: | None |

**Diversity**

| | |
|---|---|
| Current M/WBE Participation? | 0% |
| M/WBE Ethnicity? | N/A |
| M/WBE Gender? | N/A |

**Submitted By (Division VP):** John Raish, Senior Vice President, Support Services

Parkland

**DALLAS COUNTY HOSPITAL DISTRICT**
**PARKLAND HEALTH & HOSPITAL SYSTEM**
**BOARD BRIEFING DOCUMENT**

**SUBJECT:** Mod # 3 Extended Observation Psychiatric Services

**VENDOR:** North Texas Behavioral Health Authority

**COST:**

| | |
|---|---|
| BOM Approved Contract Total (08/24/2021): | ($12,000,000) |
| Modification # 3: | + ($4,000,000) |
| Total: | ($16,000,000) |

**Recommendation**
Approve this contract modification for Extended Observation Psychiatric Services.

**Background**
The North Texas Behavioral Health Authority is the organization responsible for the provision of behavioral health services for indigent population residents of Dallas, Ellis, Navarro, Hunt, Kaufman, and Rockwall counties. This contract enables Parkland to be reimbursed for extended psychiatric observation services provided to these NTBHA patients.

The unit provides recovery-oriented care to patients presenting to the ED with moderate to high psychiatric symptoms. The unit operates 24/7 and will be staffed by psychiatric providers, psychiatric nurses, psychiatric social workers, mental health technicians, other mental health professionals and paraprofessionals as well as peer specialists.

**Fair and Reasonable Price Determination**
N/A - Revenue

**Financial Forecast**

| Current Contract Amount | FY2023 | Total |
|---|---|---|
| ($12,000,000) | ($4,000,000) | ($16,000,000) |

| | |
|---|---|
| **Document Contact/Author:** | Kathy Spears/Geoff Camp |

Parkland

# Board Approval Request For Contracts Over $200,000

| | | |
|---|---|---|
| **BOM Date:** August 23, 2022 | **Product or Service:** Impella Heart Pump Products | |
| **Business Owner:** Cheston Chan | **Business Owner Dept:** Cath/Cardiac Lab | **Contract Number:** POCP-21591 |
| **Vendor/Supplier/Contractor:** Abiomed, Inc. | **Source Selection Methodology:** Sole Source | **Fair and Reasonable Price Determination:** Market Price |

**Revenue, Expense or Capital:**

Expense

| | Contract Dates | Contract Price |
|---|---|---|
| **Base Term:** | 9/1/2022 – 8/31/2025 | $1,332,000 |
| **Out Years:** | 2 Year(s) | +$888,000 |
| **Total:** | 9/1/2022 – 8/31/2027 | $2,220,000 |

**Lowest Bidder**

Is this contractor the lowest bidder/supplier? N/A-Sole Source

If not, what premium will be paid for this contract over the lowest bidder? N/A

**Approvals**

Has the final contract been approved by Legal for legal sufficiency? Yes

Does this contract have an IT Component? No

Does this contract have a Construction Component? No

**Financial**

Is Funding included in the applicable FY Budget? Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.

FTE Impact: None

**Diversity**

Potential for M/WBE engagement: Vendor self performs; there are no opportunities through subcontractors, and vendor does not have a corporate plan.

Were M/WBE's Directly Solicited? N/A-no solicitation performed

Number Responding M/WBE's: N/A-no solicitation performed

What % of this contract is M/WBE? 0%

M/WBE Ethnicity? N/A

M/WBE Gender? N/A

**Submitted By (Division VP):** Donna Richardson, Chief Nursing Officer

Parkland

**DALLAS COUNTY HOSPITAL DISTRICT**
**PARKLAND HEALTH & HOSPITAL SYSTEM**
**BOARD BRIEFING DOCUMENT**

**SUBJECT:** Impella Heart Pump Products

**VENDOR:** Abiomed, Inc.

| **COST:** | | |
|---|---|---|
| | Base Term: | $1,332,000 |
| | Out Years: | + $888,000 |
| | Total: | $2,220,000 |

**Recommendation**
Approve this contract for Impella Heart Pump Products.

**Background**
The Impella is a heart pump which allows the heart to rest and recover by temporarily assisting the pumping function of the heart to efficiently deliver blood and oxygen to the entire body.

**Fair and Reasonable Price Determination**
Although the items being purchased is a sole source for the reasons discussed below, this item is sold in substantial quantities in the commercial marketplace. Market research conducted through ECRI that Parkland has been given same pricing across all products as the Supplier offers the same price to all hospitals. ECRI is a reputable, private benchmarking firm that collects data covering numerous medical services and products.

**Financial Forecast**

| **Base Term** | **FY2022** | **FY2023** | **FY2024** | **FY2025** | **FY2026** | **FY2027** | **Totals** |
|---|---|---|---|---|---|---|---|
| Expenses / Consumables | $148,000 | $444,000 | $444,000 | $296,000 | | | $1,332,000 |
| **Out Years** | **FY2022** | **FY2023** | **FY2024** | **FY2025** | **FY2026** | **FY2027** | **Totals** |
| Expenses / Consumables | | | | $148,000 | $444,000 | $296,000 | $888,000 |
| **Totals** | **$148,000** | **$444,000** | **$444,000** | **$444,000** | **$444,000** | **$296,000** | **$2,220,000** |

| **Document Contact/Author:** | Cheryl Robertson |
|---|---|

Parkland

# Board Approval Request For Contracts Over $200,000

| | | |
|---|---|---|
| **BOM Date:** August 23, 2022 | **Product or Service:** Trophon2 Equipment, Consumables, and Service | |
| **Business Owner:** Calvin White / Crystal Harrison | **Business Owner Dept:** Infection Prevention & Radiology | **Contract Number:** POCP-21608 |
| **Vendor/Supplier/Contractor:** Nanosonics Inc | **Source Selection Methodology:** Sole Source | **Fair and Reasonable Price Determination:** Market Price |

**Revenue, Expense or Capital:**

Capital and Expense

| | Contract Dates | Contract Price |
|---|---|---|
| **Base Term:** | Last Signature – 3 Years | $255,700 |
| **Out Years:** | 2 Year(s) | +$93,000 |
| **Total:** | Last Signature – 5 Years | $348,700 |

**Lowest Bidder**

| | |
|---|---|
| Is this contractor the lowest bidder/supplier? | N/A-Sole Source |
| If not, what premium will be paid for this contract over the lowest bidder? | N/A |

**Approvals**

| | |
|---|---|
| Has the final contract been approved by Legal for legal sufficiency? | Yes |
| Does this contract have an IT Component? | No |
| Does this contract have a Construction Component? | No |

**Financial**

| | |
|---|---|
| Is Funding included in the applicable FY Budget? | Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets. |
| FTE Impact: | None |

**Diversity**

| | |
|---|---|
| Potential for M/WBE engagement: | Vendor self performs; there are no opportunities through subcontractors, and vendor does not have a corporate plan. |
| Were M/WBE's Directly Solicited? | N/A-no solicitation performed |
| Number Responding M/WBE's: | N/A-no solicitation performed |
| What % of this contract is M/WBE? | 0% |
| M/WBE Ethnicity? | N/A |
| M/WBE Gender? | N/A |

**Submitted By (Division VP):** Vivian Johnson, Senior Vice President, Clinical Services

**DALLAS COUNTY HOSPITAL DISTRICT**
**PARKLAND HEALTH & HOSPITAL SYSTEM**
**BOARD BRIEFING DOCUMENT**

Parkland

**SUBJECT:** Trophon2 Equipment, Consumables, and Service

**VENDOR:** Nanosonics Inc

| **COST:** | | |
|---|---|---|
| | Base Term: | $255,700 |
| | Out Years: | + $93,000 |
| | Total: | $348,700 |

**Recommendation**
Approve this contract for Trophon2 Equipment, Consumables, and Service.

**Background**
This request is for seven (7) Trophon2 automated high-level disinfection (HLD) devices, consumables, and service. The Nanosonics Trophon2 is used to automate high-level disinfection (HLD) of ultrasound probes, including endovaginal (EV), endorectal (ER), and surface probes. The system is compatible only with Nanosonics HLD products.

**Fair and Reasonable Price Determination**
Although the item being purchased is a sole source for the reasons discussed below, this item is sold in substantial quantities in the commercial marketplace. Market research conducted through ECRI shows that the Parkland price is 3% lower than the average for other member hospitals. ECRI is a reputable, private benchmarking firm that collects pricing data covering numerous medical services and products.

**Financial Forecast**

| **Base Term** | **FY2022** | **FY2023** | **FY2024** | **FY2025** | **FY2026** | **FY2027** | **Totals** |
|---|---|---|---|---|---|---|---|
| Expenses / Consumables | $7,778 | $46,666 | $46,667 | $38,889 | | | $140,000 |
| Maintenance | $46,800 | | | | | | $46,800 |
| Equipment / Licenses | $68,900 | | | | | | $68,900 |
| **Totals** | **$123,478** | **$46,666** | **$46,667** | **$38,889** | | | **$255,700** |
| **Out Years** | **FY2022** | **FY2023** | **FY2024** | **FY2025** | **FY2026** | **FY2027** | **Totals** |
| Expenses / Consumables | | | | $7,750 | $46,500 | $38,750 | $93,000 |
| Maintenance | | | | | | | |
| Equipment / Licenses | | | | | | | |
| **Totals** | | | | $7,750 | $46,500 | $38,750 | $93,000 |
| **Grand Totals** | **$123,478** | **$46,666** | **$46,667** | **$46,639** | **$46,500** | **$38,750** | **$348,700** |

**Sole Source Justification**
This contract is for a good or service for which there is only one acceptable source. The products/services are additions or modifications to existing systems or equipment where there are no substitute or interchangeable components, software, or maintenance sources and compatibility is paramount.

| **Document Contact/Author:** | William Jones |
|---|---|

Parkland

# Board Approval Request For Contracts Over $200,000

| | | |
|---|---|---|
| **BOM Date:** August 23, 2022 | **Product or Service:** Breast Implants Products | |
| **Business Owner:** Cheston Chan | **Business Owner Dept:** Operating Room | **Contract Number:** POCP-21376 |
| **Vendor/Supplier/Contractor:** Mentor Worldwide LLC | **Source Selection Methodology:** Sole Source | **Fair and Reasonable Price Determination:** Market Price |

**Revenue, Expense or Capital:**

Expense

| | Contract Dates | Contract Price |
|---|---|---|
| **Base Term:** | 8/23/2022 – 7/31/2025 | $316,395 |
| **Out Years:** | 0 Year(s) | +$0 |
| **Total:** | 8/23/2022 – 7/31/2025 | $316,395 |

**Lowest Bidder**

Is this contractor the lowest bidder/supplier? N/A-Sole Source
If not, what premium will be paid for this contract over the lowest bidder? N/A

**Approvals**

Has the final contract been approved by Legal for legal sufficiency? Yes
Does this contract have an IT Component? No
Does this contract have a Construction Component? No

**Financial**

Is Funding included in the applicable FY Budget? Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets.
FTE Impact: None

**Diversity**

Potential for M/WBE engagement: Vendor self performs; there are no opportunities through subcontractors, and vendor does not have a corporate plan.
Were M/WBE's Directly Solicited? N/A-no solicitation performed
Number Responding M/WBE's: N/A-no solicitation performed
What % of this contract is M/WBE? 0%
M/WBE Ethnicity? N/A
M/WBE Gender? N/A

**Submitted By (Division VP):** Donna Hale, Vice President, Nursing Periop

**DALLAS COUNTY HOSPITAL DISTRICT**
**PARKLAND HEALTH & HOSPITAL SYSTEM**
**BOARD BRIEFING DOCUMENT**

Parkland

**SUBJECT:** Breast Implants Products

**VENDOR:** Mentor Worldwide LLC

| **COST:** | | |
|---|---|---|
| | Base Term: | $316,395 |
| | Out Years: | + $0 |
| | Total: | $316,395 |

**Recommendation**
Approve this contract for Breast Implants Products.

**Background**
Silicone gel breast implants, spacers, and sizers are intended for breast reconstruction as a result of cancer or a trauma event, not for cosmetic elective surgery.

**Fair and Reasonable Price Determination**
Although the item being purchased is a sole source for the reasons discussed below, this item is sold in substantial quantities in the commercial marketplace. Market research conducted through ECRI shows that Parkland spend is 8% higher than the average for other member hospitals due to lower volumes and limited commitment. ECRI is a reputable, private benchmarking firm that collects pricing data covering numerous medical services and products

**Financial Forecast**

| Base Term | FY2022 | FY2023 | FY2024 | FY2025 | Totals |
|---|---|---|---|---|---|
| Expenses / Consumables | $17,578 | $105,465 | $105,465 | $87,887 | $316,395 |

**Sole Source Justification**
This contract is for goods for which it is impractical to obtain competition. Implants, heart valves, bone screws, prosthetics, etc., are patient care devices and are exempt.

| **Document Contact/Author:** | Bryson Hendrix |
|---|---|

# Board Approval Request For Modification to Contract or Funding

| | | |
|---|---|---|
| **BOM Date:** August 23, 2022 | **Modification:** Mod # 6 Elevator Monitoring Software Upgrade | |
| **Business Owner:** Thomas Wilkins | **Business Owner Dept:** Engineering Services | **Contract Number:** PONCS-19466 A3 |
| **Vendor/Supplier:** ThyssenKrupp Elevator<br>**Basis of Original Contract Award** Request for Proposals (Best Value)<br>**Basis of this Modification** Sole Source Modification | BOM Approved Contract Total (4/27/2021): | $7,219,167 |
| | Modifications Totaling < $100,000 Modification # 5 Amount: | $28,886 |
| **Revenue, Expense or Capital:** Expense | Modification that increases contract value to $100,000 more than BOM Approved Contract Total<br>Modification # 6 Amount: | $72,734 |
| **Original Start Date:** 6/14/2012<br>**Current Expiration:** 10/31/2025<br>**Mod Start Date:** 8/24/2022<br>**Expiration after this Mod:** 10/31/2025 | New Contract Amount: | $7,320,787 |

**Approvals**

| | |
|---|---|
| Has the final modification been approved by Legal for legal sufficiency? | Yes |
| Does this modification have an IT Component? | No |
| Does this modification have a Construction Component? | No |

**Financial**

| | |
|---|---|
| Is Funding included in the applicable FY Budget? | Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets. |
| FTE Impact: | None |

**Diversity**

| | |
|---|---|
| Current M/WBE Participation? | 0% |
| M/WBE Ethnicity? | N/A |
| M/WBE Gender? | N/A |

**Submitted By (Division VP):** John Raish, Senior Vice President, Support Services

**DALLAS COUNTY HOSPITAL DISTRICT**
**PARKLAND HEALTH & HOSPITAL SYSTEM**
**BOARD BRIEFING DOCUMENT**

Parkland

**SUBJECT:** Mod # 6 Elevator Monitoring Software Upgrade

**VENDOR:** ThyssenKrupp Elevator

**COST:**

| | |
|---|---|
| BOM Approved Contract Total (4/27/2021): | $7,219,167 |
| Modification # 5: | $28,886 |
| Modification # 6: | + $72,734 |
| Total: | $7,320,787 |

**Recommendation**
Approve this contract modification for Elevator Monitoring Software Upgrade.

**Background**
The additional funds are needed to upgrade elevator monitoring software for main campus locations. The current monitoring software Campus View system is no longer supported and must be replaced with IMS system. The contract covers 75 elevators at the new Parkland campus including: Moody Clinic, New Parking, Ron Anderson Clinic, Tower Garage, Logistics Building, Main Hospital and WISH Clinic.

**Fair and Reasonable Price Determination**
A fair and reasonable price was determined through adequate competition. ThyssenKrupp was the highest technically rated and lowest cost of the proposals originally received.

**Financial Forecast**

| Current Contract Amount | FY2022 | FY2023 | FY2024 | FY2025 | Total |
|---|---|---|---|---|---|
| $7,219,167 | $30,340 | $23,760 | $23,760 | $23,760 | $7,320,787 |

**Sole Source Justification**
The ten-year elevator maintenance contract was obtained through a competitive bid issued by BARA that was combined with elevator purchase and install. The pricing for this maintenance will utilize the same pricing as the original contract.

| | |
|---|---|
| **Document Contact/Author:** | Steve Adrian |

# Board Approval Request For Modification to Contract or Funding

| | | |
|---|---|---|
| **BOM Date:** August 23, 2022 | **Modification:** Mod # 6 BioTel Biomedical On-Line Supervision for Emergency Medical System (Mesquite) | |
| **Business Owner:** Melody Gardner | **Business Owner Dept:** Emergency Services | **Contract Number:** POCS-18132 A3 |
| **Vendor/Supplier:** City of Mesquite<br>**Basis of Original Contract Award** N/A-Revenue<br>**Basis of this Modification** Sole Source Modification | BOM Approved Contract Total (7/23/2019):<br>Modifications Totaling < $100,000<br>Modification # 4 Amount:<br>Modification # 5 Amount: | ($256,011)<br>(67,989)<br>($73,023) |
| **Revenue, Expense or Capital:** Revenue | Modification that increases contract value to $100,000 more than BOM Approved Contract Total<br>Modification # 6 Amount: | ($75,899) |
| **Original Start Date:** 10/1/2016<br>**Current Expiration:** 9/30/2022<br>**Mod Start Date:** 10/1/2022<br>**Expiration after this Mod:** 9/30/2023 | New Contract Amount: | ($472,922) |

**Approvals**

| | |
|---|---|
| Has the final modification been approved by Legal for legal sufficiency? | Yes |
| Does this modification have an IT Component? | No |
| Does this modification have a Construction Component? | No |

**Financial**

| | |
|---|---|
| Is Funding included in the applicable FY Budget? | N/A-Revenue |
| FTE Impact: | None |

**Diversity**

| | |
|---|---|
| Current M/WBE Participation? | 0% |
| M/WBE Ethnicity? | N/A |
| M/WBE Gender? | N/A |

**Submitted By (Division VP):** Donna Richardson, Chief Nursing Officer

**DALLAS COUNTY HOSPITAL DISTRICT**
**PARKLAND HEALTH & HOSPITAL SYSTEM**
**BOARD BRIEFING DOCUMENT**

Parkland

**SUBJECT:** Mod # 6 BioTel Biomedical On-Line Supervision for Emergency Medical System (Mesquite)

**VENDOR:** City of Mesquite

**COST:**

| | |
|---|---|
| BOM Approved Contract Total (7/23/2019): | ($256,011) |
| Modification # 4: | (67,989) |
| Modification # 5: | ($73,023) |
| Modification # 6: | + ($75,899) |
| Total: | ($472,922) |

**Recommendation**
Approve this contract modification to BioTel Biomedical On-Line Supervision for Emergency Medical System (Mesquite).

**Background**
Parkland provides medical control and assistance concerning emergency medical services to various cities within Dallas County through the pre-hospital emergency medical control system known as BioTel. The current BioTel operation at Parkland consists of 11.9 FTEs which include nurses, medics, and social workers whose labor expenses are divided by all entities receiving the services. Off-line costs are contracted by Parkland with University of Texas Southwestern Medical Center.

**Fair and Reasonable Price Determination**
N/A - Revenue

**Financial Forecast**

| Current Contract Amount | FY2020 | FY2021 | FY2022 | Total |
|---|---|---|---|---|
| ($256,011) | ($67,989) | ($73,023) | ($75,899) | ($472,922) |

**Sole Source Justification**
This contract is for a good or service for which it is impractical to obtain competition. The contract is an Interlocal Agreement which is between local government entities or political subdivisions of the state of Texas to carry out a governmental purpose. Examples are contracts with UT, the City of Dallas, Dallas County, etc. that serve our governmental purpose of providing care to the indigent. The government entity for this contract is City of Mesquite.

| | |
|---|---|
| **Document Contact/Author:** | Kathy Larry |

# Board Approval Request For Modification to Contract or Funding

| | | |
|---|---|---|
| **BOM Date:** August 23, 2022 | **Modification:** Mod # 2 Data Sharing for MIPS Reporting | |
| **Business Owner:** Keri Disney-Story | **Business Owner Dept:** Finance Administration | **Contract Number:** POCS-20728 A2 |
| **Vendor/Supplier:** The University of Texas Southwestern Medical Center<br>**Basis of Original Contract Award** N/A-Revenue<br>**Basis of this Modification** Sole Source Modification | BOM Approved Contract Total (3/29/2022): | ($297,440) |
| | Modifications Totaling < $100,000 Modification # 1 Amount: | $0 |
| **Revenue, Expense or Capital:** Revenue | Modification that increases contract value to $100,000 more than BOM Approved Contract Total<br>Modification # 2 Amount: | ($354,400) |
| **Original Start Date:** 3/9/2022<br>**Current Expiration:** 8/31/2022<br>**Mod Start Date:** 9/1/2022<br>**Expiration after this Mod:** 8/31/2023 | New Contract Amount: | ($651,840) |

**Approvals**

| | |
|---|---|
| Has the final modification been approved by Legal for legal sufficiency? | Yes |
| Does this modification have an IT Component? | Yes; and IT approved |
| Does this modification have a Construction Component? | No |

**Financial**

| | |
|---|---|
| Is Funding included in the applicable FY Budget? | N/A-Revenue |
| FTE Impact: | None |

**Diversity**

| | |
|---|---|
| Current M/WBE Participation? | 0% |
| M/WBE Ethnicity? | N/A |
| M/WBE Gender? | N/A |

**Submitted By (Division VP):** Richard Humphrey, Executive Vice President, Chief Financial Officer

**DALLAS COUNTY HOSPITAL DISTRICT**
**PARKLAND HEALTH & HOSPITAL SYSTEM**
**BOARD BRIEFING DOCUMENT**

Parkland

**SUBJECT:** Mod # 2 Data Sharing for MIPS Reporting

**VENDOR:** The University of Texas Southwestern Medical Center

**COST:**

| | |
|---|---|
| BOM Approved Contract Total (3/29/2022): | ($297,440) |
| Modification # 1: | $0 |
| Modification # 2: | + ($354,400) |
| Total: | ($651,840) |

**Recommendation**
Approve this contract modification for Data Sharing for MIPS Reporting.

**Background**
This is a revenue contract with UT Southwestern Medical Center for data sharing services. Parkland Clinical Finance Department will use the provider information to compile reports that UT Southwestern Medical Center needs for Centers for Medicare and Medicaid Services ("CMS") reporting requirements.

**Fair and Reasonable Price Determination**
N/A-Revenue

**Financial Forecast**

| Current Contract Amount | FY2022 | Total |
|---|---|---|
| ($297,440) | ($354,400) | ($651,840) |

**Sole Source Justification**
This is a unique arrangement with UT Southwestern Medical Center for data sharing services. Both Parkland Health and UT Southwestern Medical Center agree it is in their best interests to extend the underlying contract to fulfill CMS reporting requirements.

| | |
|---|---|
| **Document Contact/Author:** | Stephanie Toth |

**CONTRACT RESOLUTION**
**Board of Managers Budget and Finance Committee**
**August 23, 2022**

# PARKLAND HEALTH & HOSPITAL SYSTEM

**RESOLUTION NO. _____**

Be it resolved, the Parkland Health & Hospital System Board of Managers Budget and Finance Committee, by a vote of _____ Yes and _____ Nay, does by this resolution (adopt/reject) _____ the following:

WHEREAS, PHHS management requested approval for certain contracts and approval/rejection is as checked below:

| Approved | Rejected | Withdrawn | Type | Service or Product | Vendor | Contract Term | Aggregate Contract Amount Approved | Budgeted |
|---|---|---|---|---|---|---|---|---|
| | | | Expense: Court Approval | Mod #1 Third Amendment to Office Lease | Albany Road-Mockingbird, LLC | 8/1/2017 - 11/30/2026 | $3,172,620 | Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets. |
| | | | Expense | Contingent Staffing Services | Alois LLC, Cambay Consulting, Cogent Infotech, Diskriter, Genius Road, Infojini, Medical Edge, MDMartin, ProLink Healthcare, RD Adams Enterprises dba One Elite Staffing, SVAM International, & Vtech | 9/1/2022 - 8/31/2027 | $1,250,000 | Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets. |
| | | | Expense | Mod #9 Pharmacy Prescription Mailing Services | Castle Business Solutions | 12/1/2015 - 12/1/2022 | $4,126,509 | Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets. |
| | | | Capital | Demolition of OK Paper Building and Parking Lot Replacement (Task Order #19) | Harley Ellis Deveraux d/b/a VAI Architects | Last Signature - 1 Year | $279,680 | Yes |
| | | | Revenue | Mod #2 SB 282 RIGHT Care Team | North Texas Behavioral Health Authority | 9/1/2019 - 8/31/2023 | ($1,200,000) | N/A-Revenue |
| | | | Revenue | Mod #3 Extended Observation Psychiatric Services | North Texas Behavioral Health Authority | 9/1/2019 - 8/31/2023 | ($16,000,000) | N/A-Revenue |
| | | | Expense | Impella Heart Pump Products | Abiomed, Inc. | 9/1/2022 - 8/31/2027 | $2,220,000 | Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets. |
| | | | Capital and Expense | Trophon2 Equipment, Consumables, and Service | Nanosonics Inc | Last Signature - 5 Years | $348,700 | Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets. |
| | | | Expense | Breast Implants Products | Mentor Worldwide LLC | 8/23/2022 - 7/31/2025 | $316,395 | Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets. |
| | | | Expense | Mod #6 Elevator Monitoring Software Upgrade | ThyssenKrupp Elevator | 6/14/2012 - 10/31/2025 | $7,320,787 | Yes, for the current fiscal year. Additional years costs will be budgeted in the appropriate fiscal year budgets. |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Revenue | Mod #6 BioTel Biomedical On-Line Supervision for Emergency Medical System (Mesquite) | City of Mesquite | 10/1/2016 - 9/30/2023 | ($472,922) | N/A-Revenue |
| | | | Revenue | Mod #2 Data Sharing for MIPS Reporting | The University of Texas Southwestern Medical Center | 3/9/2022 - 8/31/2023 | ($651,840) | N/A-Revenue |

THEREFORE, BE IT RESOLVED, that the Parkland Health & Hospital System Board of Managers Budget and Finance Committee approves these contracts as noted.

Dated this 23rd of August, 2022.

_____
Ramon Miguez, PE, Chair

_____
Steve Roth, Assistant Secretary

---

Ramon Miguez, PE, Chair Yes _____ No _____ Abstain _____ Absent _____
Don O' Bannon, Esq. Yes _____ No _____ Abstain _____ Absent _____
Eric G. Bing, MD, PhD Yes _____ No _____ Abstain _____ Absent _____
John Proctor Yes _____ No _____ Abstain _____ Absent _____
Lisa Sutter Yes _____ No _____ Abstain _____ Absent _____

Parkland

# Approve Capital Substitutions

**Parkland Health & Hospital System**
**2022 Capital Substitution**
**For August 2022 Board Meeting**

| Ref # | Division | Amount | Description | Explanation |
|---|---|---|---|---|
| 1 | Medical Equipment | $235,500 | Radiographic Unit, Replace Existing Specimen X-Ray Unit **#32242** | Our current instrument is having intermittent service problem making the system inoperable which cause patient care and quality control issues. This cannot be resolved without an upgrade or replacement. The equipment will be at the end of its useful life January 2023. The vendor offered an upgrade for $100k but the repair will not extend the life. Without replacement images will continue to be distorted. **(FY22 CAPREQ 32031 Funds Substitute)** |
| 2 | Information Technology | $499,998 | Cisco Wireless Net (1of4) Based on Age & Location **#32175** | Access points are several years old, close to the end of its useful life and phased refresh is needed to minimize disruption in operation. WIFI services are mission critical to both patients and Parkland employees by ensuring proper staff support. Without replacement patient safety on patient monitoring and telemetry would be impacted. There is no viable alternative. **(FY22 CAPREQ 32175, 32179, 31280 Funds Substitute)** |
| 3 | Facilities | $201,100 | FY 22- Construction Oakwest Behavioral Health **#32236** | Pediatric Behavioral Health expansion is part of strategic planning. Our current facility do have space availabe for health providers and renovation will allow serves to increase by providing therapy and virtual care. This will also prevent registration and waiting from overlapping. **(Project will be supported by Pediatric BH grants, Parkland Foundation approved)** |
| | | **$936,598** | | |

**PARKLAND HEALTH & HOSPITAL SYSTEM**

**RESOLUTION NO. _____**

Be it resolved, the Parkland Health & Hospital System Budget & Finance Committee, by a vote of _____ Yes and _____ Nay, does by this resolution (adopt/reject) _____ the following:

WHEREAS, PHHS management requests approval for the use of contingency funds for capital items in the amount of $936,598 for FY22 as itemized in the listing presented to the Board of Managers, and

THEREFORE, BE IT RESOLVED, that the Parkland Health & Hospital System Board of Managers approves the use of funds as submitted.

Dated this 23th Day of August, 2022.

_____ _____

Ramon Miguez, PE - Chair Steve Roth, JD - Assistant Secretary

| | | | | |
|---|---|---|---|---|
| Ramon Miguez, PE Chair | Yes_____ | No _____ | Abstain _____ | Absent _____ |
| Don O'Bannon, Esq | Yes_____ | No _____ | Abstain _____ | Absent _____ |
| Eric G. Bing, MD, PhD | Yes_____ | No _____ | Abstain _____ | Absent _____ |
| John Proctor | Yes_____ | No _____ | Abstain _____ | Absent _____ |
| Lisa Sutter | Yes_____ | No _____ | Abstain _____ | Absent _____ |

Parkland

# Parkland Financial Performance Presentation

# Executive Summary for the Month of July 2022 (Hospital Only)

For the month of July, Parkland Health recognized a net income of $17.0M which is $7.6M favorable to the budgeted net income of $9.4M and a favorable change of $5.1M compared to the prior year net income of $11.9M.

Parkland Health's operating margin and operating cash flow margin for the month of July are 6.0% and 9.1%, respectively. The operating margin favorable compared to budget of 4.0% and the operating cash flow margin is also favorable compared to budget of 7.8%. Parkland Health's operating margin is favorable compared to the prior year operating margin of 4.4% and favorable to the operating cash flow margin of 8.2% from the prior year.

Parkland Health's patient cash collections in July were $94.7M which is above budget by $19.4M and $6.6M higher than the prior year. Parkland Health's days cash on hand of 193 days for the month is an increase of 13 days compared to prior month of 180 days and greater compared to the prior year July of 183 days an increase of 9 days.

**Volume variances to budget:**

| Patient Volume | July Actual | July Budget | Variance Actual to Budget | % Variance Actual to Budget |
|---|---|---|---|---|
| Adjusted Patient Days (Total patient charges/inpatient charges) | 53,132 | 49,760 | 3,372 | 6.8% |
| Equivalent Patient Days (inpatient only) | 26,006 | 26,442 | (436) | (1.7%) |
| Ambulatory Visits | 89,978 | 94,724 | (4,746) | (5.0%) |
| Emergency Room Visits | 20,439 | 19,478 | 961 | 4.9% |
| Deliveries | 1,091 | 1,060 | 31 | 2.9% |
| Surgeries-Total | 1,645 | 1,707 | (62) | (3.6%) |
| Total Adult Average Daily Census (ADC) including observation | 766 | 791 | (25) | (3.2%) |
| Neonatal ICU ADC | 73 | 62 | 11 | 17.5% |
| Total Average Daily Census | 839 | 853 | (14) | (1.7%) |

## Volume and Patient Revenues

- Gross patient revenue is an indicator of Parkland Health's overall volume of activity and patient mix. From the perspective of gross patient revenue, Parkland Health's total dollar volume of gross patient revenue is ($11.8M) or (1.7%) lower than budget for the month. This unfavorable variance is due to inpatient revenue lower than budget by ($26.6M) or (9.8%), outpatient revenue above budget by $13.0M or 3.8% and emergency room revenue greater than budget by $1.8M or 2.2%. Compared to prior year's gross patient revenues for the month, total patient revenue is higher by

$12.3M or 1.8% with an inpatient revenue increase of $3.1M or 1.3%, outpatient revenues increase of $8.8M or 2.6%, and emergency room revenues higher by $0.4M or 0.5%.

- Parkland Health's gross patient revenue for the month of July is comprised of 36.0% IP revenue, 51.8% OP revenue, and 12.2% ED revenue. This is compared to a budget for the month of 39.2% IP, 49.1% OP, and 11.7% ED.

- Equivalent Patient Days, which is the sum of traditional inpatient + observation + short stay census days, is 1.7% lower than budget and 2.0% above the prior year. The Average Length of Stay (ALOS) for Adult decreased by 0.52 days or 8.2% favorable to budget and the Neonatal ICU ALOS increased by 3.16 days or 18.4% unfavorable to budget. Compared to the previous year, the ALOS for Adult was above budget by 0.7% unfavorable to budget and the ALOS for Neonatal ICU was 2.3% unfavorable to the prior year.

  The actual mix of inpatient services that drive Equivalent Patient Days is different than Parkland Health's budget for July as described below:

  - Total Inpatient Discharges were higher than budget by 7.0% and 2.6% above the prior year,
  - Observation/Short Stay Discharges are (0.4%) below budget and (9.3%) lower than the prior year,
  - Total Adjusted Patient Days (a proxy for overall inpatient and outpatient volume) are 6.8% higher than budget and 4.2% above the prior year,
  - Inpatient surgery cases are (16.1%) unfavorable to budget and (11.8%) unfavorable to the prior year.
  - Surgeries of all types are (3.6%) lower than budget and (5.6%) below the prior year.
  - Deliveries are 2.9% higher than budget and 2.5% above the prior year.

- The volume of Parkland Health's Outpatient, Ambulatory and ED services to the community that integrate with and impact Parkland Health's inpatient business is also different than budget, especially ambulatory visits.

  - Total outpatient visits of 89,978 for July are (5.0%) lower than budget of 94,724 and (9.3%) lower the prior year of 99,179. Outpatient visits include the following types:

    - COPC Visits; 42.4% of total outpatient visits
    - Outpatient Clinic Visits at Parkland Health; 36.6% of total outpatient visits
    - Women's Health Centers Visits; 21.0% of total outpatient visits

  - Approximately 63.4% of all outpatient visits are completed at the COPCs, Women's Health Centers or Community Centers. This statistic indicates that patients have access to care closer to their home and in lower cost settings other than the hospital-based clinics.

- Total ED visits are 4.9% higher than budget for July and (6.2%) lower than the prior year. The "left without being seen" statistic of 3.9% is unfavorable to budget of 1.7% and unfavorable to the prior year statistic of 3.1%.

- Outpatient Surgery cases performed at the hospital are greater than budget by 10.7% and equivalent to the prior year. Day Surgery cases performed at the ASC are 3.6% higher than budget and (1.8%) lower than the prior year.

- The July Case Mix Index (CMI) for Adult Acute of 2.07 is 3.5% higher than the prior year, the Rehabilitation CMI of 1.29 is (5.8%) below the prior year and the NICU CMI of 3.45 is (0.6%) lower than the prior year. The WISH CMI 0.90 is 2.3% higher than the prior year and the Psychiatry CMI of 1.21 is 4.3% above the prior year.

- Parkland Health's actual patient cash collection rate from payors as a percentage of gross revenue is 13.9% for the month compared to a goal of 10.9%. Days in AR were 52 days compared to last month of 54 days.

- Parkland Health's July payor mix for gross patient revenue is:

| Payor | MTD Actual July FY22 | MTD Budget July FY22 | Variance/ Actual to Budget | MTD Actual July FY21 |
|---|---|---|---|---|
| Charity – Self Pay | 48.1% | 43.0% | 5.1% | 47.3% |
| Medicaid | 28.2% | 31.3% | (3.1%) | 27.7% |
| Medicare | 16.5% | 17.5% | (1.0%) | 16.9% |
| Commercial | 7.2% | 8.2% | (1.0%) | 8.1% |
| **Total** | **100.0%** | **100.0%** | 0.0% | **100.0%** |

## Covid-19 Stimulus Funds

In July, Parkland Health recognized Stimulus Funds of $1.2M from the Covid-19 Government Stimulus and Financial Relief Fund.

## Other Operating Revenues

Other operating revenues are $0.5M higher than budget for the month of July primarily due to increases in the Tobacco Settlement and Replacement Drugs.

## Operating Expenses

July's operating expenses (excluding depreciation) are $196.9M. This is $16.6M or 9.2% higher than the budgeted operating expenses and more than the prior year by $17.1M or 9.5%. Variances for the month include the following:

## Salaries, Benefits and FTEs

- Salaries and Benefits as a percentage of operating revenue are 54.0% compared to a budget of 53.3%, and prior year of 54.0%.
- Salaries and benefits are $116.9M which is $12.7M or 12.2% higher than budget for the month.
- Salaries (including contract labor) are $8.5M or 9.8% more than budget for the month.
- Actual FTE count (excluding both nursing homes and jail FTEs) for July was 11,937 compared to a budget of 12,166 and actual FTEs of 11,846 in the prior year. Total FTEs are (229) or (1.9%) lower than budget and 91 or 0.8% above the prior year.
- Productivity - The 6.7 FTEs per Adjusted Occupied Bed (AOB), which excludes both nursing homes and jail FTEs, is lower than budget of 7.4 FTEs per AOB for the month and lower than the prior year actual FTEs of 7.0 FTEs per AOB.

## Purchased Medical Services

Purchased medical services are $1.3M higher than budget for the month due to an increase in Relative Value Units, Medical Technical Services and Medical Professional Services due UTSW.

## Supplies, Fees, Pharmaceuticals and Other Expenses

Supplies, Fees, Pharmaceuticals and Other Expenses are $2.6M higher compared to budget for the month primarily due to an increase in Pharmaceuticals and Software as a Service.

## Non-operating Revenues (Expenses)

Non-operating revenues of $4.1M are favorable to budget by $2.4M or 148.0% for the month primarily due to an increase in interest income, unrealized market gain of Interest Income and Grants & Gifts income.

# Executive Summary for the YTD 2022 (Hospital Only)

For the YTD, Parkland Health recognized a net income $39.1M which is ($36.6M) unfavorable to the budgeted income of $75.7M and ($29.3M) unfavorable compared to the prior YTD net income of $68.4M.

Parkland Health's operating margin and operating cash flow margin for the YTD are 1.6% and 5.2%, respectively, and are unfavorable compared to the budgeted operating margin of 3.1% and unfavorable compared to the budgeted operating cash flow margin of 7.0%. Parkland Health's operating margin is unfavorable when compared to the prior YTD operating margin of 2.4% and unfavorable when compared to the prior YTD operating cash flow margin of 6.2%.

Parkland Health's patient cash collections for the YTD are $800.7M which is $76.5M higher than the YTD budget and $37.2M above the prior YTD.

**Volume variances to budget:**

| Patient Volume | YTD Actual | YTD Budget | Variance Actual to Budget | % Variance Actual to Budget |
|---|---|---|---|---|
| Adjusted Patient Days (Total patient charges/inpatient charges) | 512,908 | 476,277 | 36,631 | 7.7% |
| Equivalent Patient Days (inpatient only) | 254,138 | 246,824 | 7,314 | 3.0% |
| Ambulatory Visits | 1,008,434 | 933,966 | 74,468 | 8.0% |
| Emergency Room Visits | 195,075 | 183,922 | 11,153 | 6.1% |
| Deliveries | 9,953 | 9,232 | 721 | 7.8% |
| Surgeries-Total | 16,743 | 16,148 | 595 | 3.7% |
| Total Adult Average Daily Census (ADC) including observation | 767 | 753 | 14 | 1.8% |
| Neonatal ICU ADC | 69 | 59 | 10 | 17.7% |
| Total Average Daily Census | 836 | 812 | 24 | 3.0% |

## Volume and Patient Revenues

- Gross patient revenue is an indicator of Parkland Health's overall volume of activity and patient mix. From the perspective of gross patient revenue, Parkland Health's total dollar volume of gross patient revenue is $319.2M or 4.8% above budget for the YTD. This favorable variance is due to inpatient revenue lower than budget by ($57.9M) or (2.2%), outpatient revenues greater than budget by $328.9M or 10.1% and emergency room revenue higher than budget by $48.2M or 6.4%. Compared to prior years, gross patient revenue increased $508.7M or 7.9% with inpatient revenues higher by $69.5M or 2.8%, outpatient revenues greater by $373.2M or 11.6%, and emergency room revenues higher by $66.0M or 9.0%.

- Parkland Health's gross patient revenue for the YTD is comprised of 36.4% inpatient revenue, 52.0% OP revenue, and 11.6% ED revenue. This is compared to a budget for YTD of 39.0% IP, 49.6% OP, and 11.4% ED.

- Equivalent Patient Days, which is the sum of traditional inpatient + observation + short stay census days, are 3.0% higher than budget for the YTD and 3.0% above the prior YTD. The Average Length of Stay (ALOS) for Adult was 3.4% lower or favorable to budget for the YTD and the Neonatal ICU ALOS was 15.2% more or unfavorable to budget for the YTD. Compared to the previous year, the ALOS for Adult and was 2.0% lower or favorable to the prior year and the Neonatal ICU was 6.5% above or unfavorable to the prior year.

  The actual mix of inpatient services that drive Equivalent Patient Days is different than Parkland Health's budget for the YTD:

  - Total Inpatient Discharges are 4.0% higher than budget and 4.4% above the prior YTD,
  - Observation/Short Stay Discharges are 8.5% higher than budget and 2.3% above the prior YTD,
  - Total Adjusted Patient Days (a proxy for overall inpatient and outpatient volume) for the current YTD are 7.7% above budget and 7.0% greater than the prior YTD,
  - Inpatient surgery cases are (3.8%) lower than budget and (4.6%) below the prior YTD,
  - Surgeries of all types are 3.7% more than budget and 1.7% greater than the prior YTD,
  - Deliveries are higher than budget by 7.8% and 7.8% above the prior YTD.

- The volume of Parkland Health's Outpatient, Ambulatory and ED services to the community that integrates with and impact Parkland Health's inpatient business is also different than budget, especially ambulatory visits.

  - Total outpatient visits of 1,008,434 for the YTD are 8.0% higher than budget of 933,966 and 5.7% above the prior YTD of 954,291. Outpatient visits include the following types:

    - COPC Visits; 44.3% of total outpatient visits
    - Outpatient Clinic Visits at Parkland Health; 36.2% of total outpatient visits
    - Women's Health Centers Visits; 19.5% of total outpatient visits

  - Approximately 63.8% of all outpatient visits are completed at the COPCs, Women's Health Centers or Community Centers. This statistic indicates that patients have access to care closer to their home and in lower cost settings other than the hospital-based clinics.

  - Total ED visits are 6.1% higher than budget for the YTD and 4.3% better than the prior YTD. The "left without being seen" statistic of 2.3% is unfavorable to budget of 1.7% and unfavorable to the prior year statistic of 2.1%.

- Outpatient Surgery cases performed at the hospital are 14.4% greater than budget YTD and 10.8% greater than the prior YTD. Day Surgery cases performed at the ASC are 4.1% higher than budget for the YTD and 1.7% more than the prior YTD.

- The YTD Case Mix Index (CMI) for Adult Acute of 2.09 is (3.5%) lower than the prior YTD, the WISH CMI of 0.90 is 1.3% above the prior YTD, the Psychiatry CMI of 1.21 is 1.3% above the prior YTD, and the NICU CMI of 3.44 is 4.3% higher than the prior YTD. The Rehabilitation CMI of 1.30 is (0.9%) lower than the prior YTD.

- Parkland Health's actual patient cash collection rate from payors as a percentage of gross revenue is 11.6% for the YTD compared to the budget of 11.0%.

- Parkland Health's year-to-date payor mix for gross patient revenue is:

| Payor | YTD Actual FY22 | YTD Budget FY22 | Variance/ Actual to Budget | YTD Actual FY21 |
|---|---|---|---|---|
| Charity – Self Pay | 44.9% | 43.0% | 1.9% | 44.1% |
| Medicaid | 30.0% | 31.2% | (1.2%) | 30.3% |
| Medicare | 16.8% | 17.7% | (0.9%) | 17.5% |
| Commercial | 8.3% | 8.1% | 0.2% | 8.1% |
| **Total** | **100.0%** | **100.0%** | 0.0% | **100.0%** |

## Covid-19 Stimulus Funds

YTD Parkland Health recognized $13.6M of Stimulus Funds from the Covid-19 Government Stimulus and Financial Relief Fund.

### Other Operating Revenues

Other operating revenues are ($0.2M) less than budget for the YTD primarily due to a decrease in Medical Records Revenue, Cafeteria sales and PCHP Contract Management revenue.

### Operating Expenses

YTD operating expenses (excluding depreciation) of $1,882.1M are higher than budget by $95.1M or 5.3% and more than the prior YTD by $139.8M or 8.0%. Variances for the YTD include the following:

## Salaries, Benefits and FTEs

- Salaries and Benefits as a percentage of operating revenue for the YTD are 55.5% compared to a budget of 54.2%, and prior year of 54.5%.
- Salaries and benefits are $59.6M or 5.7% higher than budget for the YTD.
- Salaries (including contract labor) are $60.1M or 7.0% higher than budget for the YTD.
- Actual FTE count (excluding both nursing homes and jail FTEs) for YTD was 11,665 compared to a budget of 11,990 and actual FTEs of 11,782 for the prior YTD. Total FTEs are (325) or (2.7%) below budget for the YTD and (117) or (1.0%) less than the prior YTD.
- Productivity - The 6.7 FTEs per Adjusted Occupied Bed (AOB), which excludes both nursing homes and jail FTEs, is lower than budget of 7.4 FTEs per AOB for the YTD and lower than the prior YTD of 7.3 FTEs per AOB.

## Purchased Medical Services

Purchased medical services are $5.4M or 2.4% higher than budget for the YTD due to increases in Relative Value Units and Medical Professional Services due UTSW.

## Supplies, Fees, Pharmaceuticals and Other

Supplies, Fees, Pharmaceuticals and Other Expenses are $30.1M or 5.7% higher than budget YTD primarily due to increases in Pharmaceuticals and Medical/Surgical expenses.

## Non-operating Revenues (Expenses)

Non-operating revenues of $6.5M are ($10.0M) or (60.6%) lower than budget for the YTD primarily due to a decrease in unrealized market gain of Interest Income.

# GENERAL INFORMATION

## Key Operating Statistics/Charts

### Volume-related (slides)

- **Hospital Discharges**
- **Total Average Daily Census**
- **Average Length of Stay**
- **Case Mix Index**
- **Total Emergency Visits** include Urgent Care Visits, as well as hospital Emergency Room visits.
- **Total Ambulatory Visits**
- **Surgeries** includes both inpatient and day surgery.
- **Deliveries**
- **Adjusted Patient Days** are a summation of inpatient activity (IP Census Days + Observation Days + Short Stay Days).

### Labor and Operating Cost Efficiency

Evaluating Parkland Health's overall patient activity level and Parkland Health's cost structure in relation to that activity uses a common and standard industry factor called "Adjusted Patient Days". It is a calculated number based on revenue. The calculation uses Parkland Health's inpatient census days and extrapolates from them an estimate of "Adjusted Patient Days" that essentially incorporates both inpatient days and a "notional" value of estimated outpatient activity. The outpatient segment is calculated with a gross charge-based formula. The actual formula is described in the Glossary of Terms.

YTD Staffing Information

FTEs are Parkland Health's largest cost element. Volume alone is not the only driver, nor even the most important driver, of Parkland Health's staffing patterns – quality and safety come first. The leadership team is keenly focused on understanding how to better balance all these factors to deliver the highest quality care at the lowest feasible resource cost.

FTE per Adjusted Occupied Bed (AOB)

Parkland Health attempts to adjust staffing levels for actual patient activity. Flexing FTEs can be complicated and does not necessarily follow a linear pattern with volume. (Refer to the FTEs per Adjusted Occupied Bed slide).

Total Operating Cost per Adjusted Patient Days and Total Supply Cost per Adjusted Patient Day

Total Operating Cost per Adjusted Patient Days for the current month are higher than budget due to higher adjusted patient days. The Supply Cost per Adjusted Patient Day is also higher than budget due to higher adjusted patient days which tends to skew the supply cost metric upward for the month.

Receivables and Collections Management

- ***Patient Cash Collections and Total Cash Collections:*** *Any increases* in cash collections is a reflection of the concerted efforts by the Revenue Cycle team to resolve delays in billing due to claim edits and the identification of a funding source for uninsured patients.

- ***Days Cash on Hand:*** Days cash on hand is a factor of cash balances compared to the required daily cash outlays needed to operate the organization.

- ***Days in Accounts Payable:*** The Days in Accounts Payable (AP) metric is calculated using the mathematical formula of total current liabilities less deferred revenues divided by total operating expenses less depreciation divided by the total days in the period of calculation. This metric represents the number of days on average it takes to pay outstanding accounts payable.

- ***Days in Patient Accounts Receivable:*** The Days in Accounts Receivable (AR) metric is calculated using the traditional mathematical formula of Net Accounts Receivable divided by Average Daily Net Patient Service Revenue (refer to the Days in Patient AR slide). Parkland Health's large proportion of Medicaid Pending Accounts Receivable – compared to most hospitals -- means that this traditional, industry-standard formula handicaps Parkland Health's comparison to most hospitals. It does not fully reflect the high degree of success Parkland Health's Patient Financial Services team delivers in collecting cash since the "degree of difficulty" of Parkland Health's collection efforts is much higher than most hospitals experience.

# Budget and Finance Committee

*Parkland Health & Hospital System*

*Financial Updated as of July 2022*

*August 23, 2022*

Parkland

Parkland

# Income Statement
# MTD July 2022

# Hospital (exc NH)
# Income Statement
# MTD July 2022

**PHHS Without Nursing Homes MTD**

| *(Dollars in Thousands)* | FY 22 Actual | FY 22 Budget | Var From Budget | %Var From Budget | FY 21 Actual | Var FY22-21 | %Var FY22-21 |
|---|---|---|---|---|---|---|---|
| REVENUES | | | | | | | |
| Net Patient Revenues | $98,209 | $77,410 | $ 20,799 | 26.9% | $82,961 | $ 15,248 | 18.4% |
| Net Ad Valorem Taxes | 63,801 | 63,801 | - | 0.0% | 61,477 | 2,324 | 3.8% |
| Government Programs | 37,155 | 37,155 | - | 0.0% | 29,855 | 7,300 | 24.5% |
| Stimulus Funds | 1,201 | 1,374 | (173) | -12.6% | 1,201 | - | 0.0% |
| Other | 16,321 | 15,797 | 524 | 3.3% | 20,255 | (3,934) | -19.4% |
| OPERATING REVENUES | 216,687 | 195,537 | 21,150 | 10.8% | 195,749 | 20,938 | 10.7% |
| EXPENSES | | | | | | | |
| Salaries and Benefits | 116,909 | 104,183 | (12,726) | -12.2% | 105,760 | (11,149) | -10.5% |
| Purchased Medical Services | 23,342 | 22,056 | (1,286) | -5.8% | 23,267 | (75) | -0.3% |
| Supplies | 35,940 | 33,216 | (2,724) | -8.2% | 34,854 | (1,086) | -3.1% |
| Other | 20,706 | 20,783 | 77 | 0.4% | 15,886 | (4,820) | -30.3% |
| Depreciation | 6,847 | 7,561 | 714 | 9.4% | 7,291 | 444 | 6.1% |
| OPERATING EXPENSES | 203,744 | 187,799 | (15,945) | -8.5% | 187,058 | (16,686) | -8.9% |
| **OPERATING INCOME (LOSS)** | **$ 12,943** | **$ 7,738** | **$ 5,205** | **67.3%** | **$ 8,691** | **$ 4,252** | **48.9%** |
| Grants and Contributions | 3,827 | 2,635 | 1,192 | 45.2% | 4,654 | (827) | -17.8% |
| Other nonoperating revenues (expenses | 287 | (976) | 1,263 | 129.4% | (1,423) | 1,710 | 120.2% |
| Nonoperating Income | 4,114 | 1,659 | 2,455 | 148.0% | 3,231 | 883 | 27.3% |
| Total Net Income (Loss) | $ 17,057 | $ 9,397 | $ 7,660 | 81.5% | $ 11,922 | $ 5,135 | 43.1% |
| Cash Flow Margin | $ 19,790 | $ 15,299 | $ 4,491 | 29.4% | $ 15,982 | $ 3,808 | 23.8% |
| Operating Cash Flow Margin % | 9.1% | 7.8% | | | 8.2% | | |
| Operating Margin % | 6.0% | 4.0% | | | 4.4% | | |

# Total All Entities
# Income Statement
# MTD July 2022

**All Entities Month to Date Income Statement**

| *(Dollars in Thousands)* | FY 22 Actual | FY 22 Budget | Var From Budget | %Var From Budget | FY 21 Actual | Var FY22-21 | %Var FY22-21 |
|---|---|---|---|---|---|---|---|
| REVENUES | | | | | | | |
| Net Patient Revenues | $ 121,551 | $ 102,137 | $ 19,414 | 19.0% | $ 104,280 | $ 17,271 | 16.6% |
| Net Ad Valorem Taxes | 63,801 | 63,801 | - | 0.0% | 61,477 | 2,324 | 3.8% |
| Government Programs | 39,530 | 39,530 | - | 0.0% | 32,341 | 7,189 | 22.2% |
| Stimulus Funds | 1,201 | 1,374 | (173) | -12.6% | 1,201 | - | 0.0% |
| Premium Revenues | 81,906 | 68,196 | 13,710 | 20.1% | 65,930 | 15,976 | 24.2% |
| Other | 18,992 | 18,730 | 262 | 1.4% | 21,876 | (2,884) | -13.2% |
| OPERATING REVENUES | 326,981 | 293,768 | 33,213 | 11.3% | 287,105 | 39,876 | 13.9% |
| EXPENSES | | | | | | | |
| Salaries & Benefits | 134,073 | 122,166 | (11,907) | -9.7% | 121,654 | (12,419) | -10.2% |
| Purchased Medical Service | 23,342 | 22,056 | (1,286) | -5.8% | 23,267 | (75) | -0.3% |
| Supplies | 42,261 | 39,053 | (3,208) | -8.2% | 40,253 | (2,008) | -5.0% |
| Other | 52,781 | 47,552 | (5,229) | -11.0% | 28,416 | (24,365) | -85.7% |
| Claims | 58,171 | 43,813 | (14,359) | -32.8% | 54,962 | (3,209) | -5.8% |
| Depreciation | 7,065 | 7,778 | 713 | 9.2% | 7,500 | 435 | 5.8% |
| OPERATING EXPENSES | 317,693 | 282,418 | (35,275) | -12.5% | 276,052 | (41,641) | -15.1% |
| **OPERATING INCOME (LOSS)** | **$ 9,288** | **$ 11,350** | **$ (2,062)** | **-18.2%** | **$ 11,053** | **$ (1,765)** | **-16.0%** |
| Nonoperating Income | 4,221 | 1,589 | 2,632 | 165.6% | 2,193 | 2,028 | 92.5% |
| Total Net Income (Loss) | $ 13,509 | $ 12,939 | $ 570 | 4.4% | $ 13,246 | $ 263 | 2.0% |
| Cash Flow Margin | $ 16,353 | $ 19,128 | $ (2,775) | -14.5% | $ 18,553 | $ (2,200) | -11.9% |
| Operating Cash Flow Margin % | 5.0% | 6.5% | | | 6.5% | | |
| Operating Margin % | 2.8% | 3.9% | | | 3.8% | | |

Parkland

# Income Statement
# YTD July 2022

# Hospital (exc NH)[52] Income Statement FYTD July 2022

| PHHS Without Nursing Homes YTD *(Dollars in Thousands)* | FY 22 Actual | FY 22 Budget | Var From Budget | %Var From Budget | FY 21 Actual | Var FY22-21 | %Var FY22-21 |
|---|---|---|---|---|---|---|---|
| REVENUES | | | | | | | |
| Net Patient Revenues | $804,041 | $739,396 | $ 64,645 | 8.7% | $ 736,332 | $ 67,709 | 9.2% |
| Net Ad Valorem Taxes | 638,011 | 638,012 | (1) | 0.0% | 613,473 | 24,538 | 4.0% |
| Government Programs | 371,610 | 371,554 | 56 | 0.0% | 293,650 | 77,960 | 26.5% |
| Stimulus Funds | 13,571 | 13,743 | (172) | -1.3% | 32,027 | (18,456) | -57.6% |
| Other | 158,790 | 158,951 | (161) | -0.1% | 182,083 | (23,293) | -12.8% |
| OPERATING REVENUES | 1,986,023 | 1,921,656 | 64,367 | 3.3% | 1,857,565 | 128,458 | 6.9% |
| EXPENSES | | | | | | | |
| Salaries and Benefits | 1,101,942 | $ 1,042,310 | (59,632) | -5.7% | 1,013,200 | (88,742) | -8.8% |
| Purchased Medical Services | 225,960 | 220,560 | (5,400) | -2.4% | 213,760 | (12,200) | -5.7% |
| Supplies | 365,463 | 324,444 | (41,019) | -12.6% | 340,905 | (24,558) | -7.2% |
| Other | 188,720 | 199,645 | 10,925 | 5.5% | 174,435 | (14,285) | -8.2% |
| Depreciation | 71,389 | 75,605 | 4,216 | 5.6% | 71,068 | (321) | -0.5% |
| OPERATING EXPENSES | 1,953,474 | 1,862,564 | (90,910) | -4.9% | 1,813,368 | (140,106) | -7.7% |
| **OPERATING INCOME (LOSS)** | **$ 32,549** | **$ 59,092** | **$ (26,543)** | **-44.9%** | **$ 44,197** | (11,648) | -26.4% |
| Grants and Contributions | 26,187 | 26,350 | (163) | -0.6% | 41,981 | (15,794) | -37.6% |
| Other nonoperating revenue (expense) | (19,649) | (9,760) | (9,889) | 101.3% | (17,797) | (1,852) | 10.4% |
| Nonoperating Income | 6,538 | 16,590 | (10,052) | -60.6% | 24,184 | (17,646) | -73.0% |
| Total Net Income (Loss) | $ 39,087 | $ 75,682 | $ (36,595) | -48.4% | $ 68,381 | $ (29,294) | -42.8% |
| Cash Flow Margin | $ 103,938 | $ 134,697 | $ (30,759) | -22.8% | $ 115,265 | $ (11,327) | -9.8% |
| Operating Cash Flow Margin % | 5.2% | 7.0% | | | 6.2% | | |
| Operating Margin % | 1.6% | 3.1% | | | 2.4% | | |

# Total All Entities Income Statement FYTD July 2022

**All Entities Year to Date Income Statement**

| *(Dollars in Thousands)* | FY 22 Actual | FY 22 Budget | Var From Budget | %Var From Budget | FY 21 Actual | Var FY22-21 | %Var FY22-21 |
|---|---|---|---|---|---|---|---|
| REVENUES | | | | | | | |
| Net Patient Revenues | $ 1,050,621 | $ 981,877 | $ 68,744 | 7.0% | $ 969,981 | $ 80,640 | 8.3% |
| Net Ad Valorem Taxes | 638,011 | 638,012 | (1) | 0.0% | 613,473 | 24,538 | 4.0% |
| Government Programs | 395,359 | 395,303 | 56 | 0.0% | 318,507 | 76,852 | 24.1% |
| Stimulus Funds | 13,571 | 13,743 | (172) | -1.3% | 32,027 | (18,456) | -57.6% |
| Premium Revenues | 769,480 | 728,574 | 40,906 | 5.6% | 661,098 | 108,382 | 16.4% |
| Other | 197,258 | 187,910 | 9,348 | 5.0% | 205,361 | (8,103) | -3.9% |
| OPERATING REVENUES | 3,064,300 | 2,945,419 | 118,881 | 4.0% | 2,800,447 | 263,853 | 9.4% |
| EXPENSES | | | | | | | |
| Salaries & Benefits | 1,271,596 | 1,217,661 | (53,935) | -4.4% | 1,172,386 | (99,210) | -8.5% |
| Purchased Medical Service | 225,960 | 220,560 | (5,400) | -2.4% | 213,760 | (12,200) | -5.7% |
| Supplies | 433,132 | 384,538 | (48,594) | -12.6% | 396,865 | (36,267) | -9.1% |
| Other | 524,620 | 438,830 | (85,790) | -19.5% | 320,684 | (203,936) | -63.6% |
| Claims | 478,761 | 524,017 | 45,256 | 8.6% | 520,834 | 42,073 | 8.1% |
| Depreciation | 73,665 | 77,825 | 4,160 | 5.3% | 73,439 | (226) | -0.3% |
| OPERATING EXPENSES | 3,007,734 | 2,863,431 | (144,303) | -5.0% | 2,697,968 | (309,766) | -11.5% |
| **OPERATING INCOME (LOSS)** | **$ 56,566** | **$ 81,988** | **$ (25,422)** | **-31.0%** | **$ 102,479** | **$ (45,913)** | **-44.8%** |
| Nonoperating Income | 2,539 | 15,573 | (13,034) | -83.7% | 23,570 | (21,031) | -89.2% |
| Total Net Income (Loss) | $ 59,105 | $ 97,561 | $ (38,456) | -39.4% | $ 126,049 | $ (66,944) | -53.1% |
| Cash Flow Margin | $ 130,231 | $ 159,813 | $ (29,582) | -18.5% | $ 175,918 | $ (45,687) | -26.0% |
| Operating Cash Flow Margin % | 4.2% | 5.4% | | | 6.3% | | |
| Operating Margin % | 1.8% | 2.8% | | | 3.7% | | |

Parkland

# Key Statistics

Parkland

# Hospital Key Statistics
# MTD July 2022

| | Actual | Budget | Budget Variance | Budget % Variance | PY Actual | PY Actual % Variance |
|---|---|---|---|---|---|---|
| Hospital Discharges (Adult, NICU and Obs) | 5,041 | 4,877 | 164 | 3.4% | 5,120 | -1.5% |
| Average Daily Census (Adult, NICU and Obs) | 839 | 853 | (14) | -1.7% | 822 | 2.1% |
| Average Length of Stay (Adult) | 5.83 | 6.35 | 0.52 | 8.2% | 5.79 | -0.7% |
| Case Mix Index (Acute Service Line) | 1.81 | 2.16 | (0.35) | -16.2% | 1.99 | -9.0% |
| Emergency Visits | 20,439 | 19,478 | 961 | 4.9% | 21,789 | -6.2% |
| Ambulatory Visits | 89,978 | 94,724 | (4,746) | -5.0% | 99,179 | -9.3% |
| Surgeries | 1,645 | 1,707 | (62) | -3.6% | 1,743 | -5.6% |
| Deliveries | 1,091 | 1,060 | 31 | 2.9% | 1,064 | 2.5% |

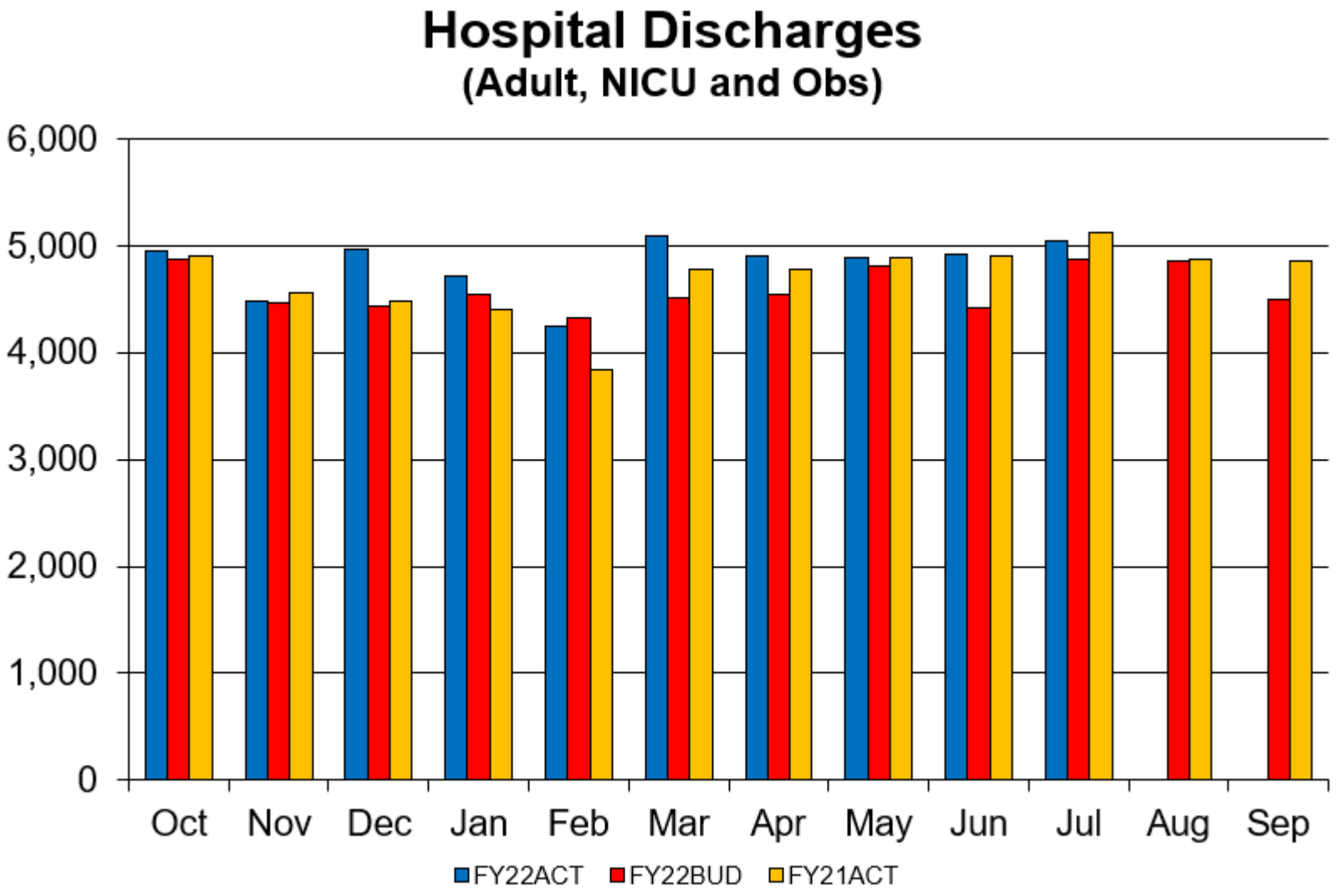
Parkland

# Hospital Key Statistics
# YTD July 2022

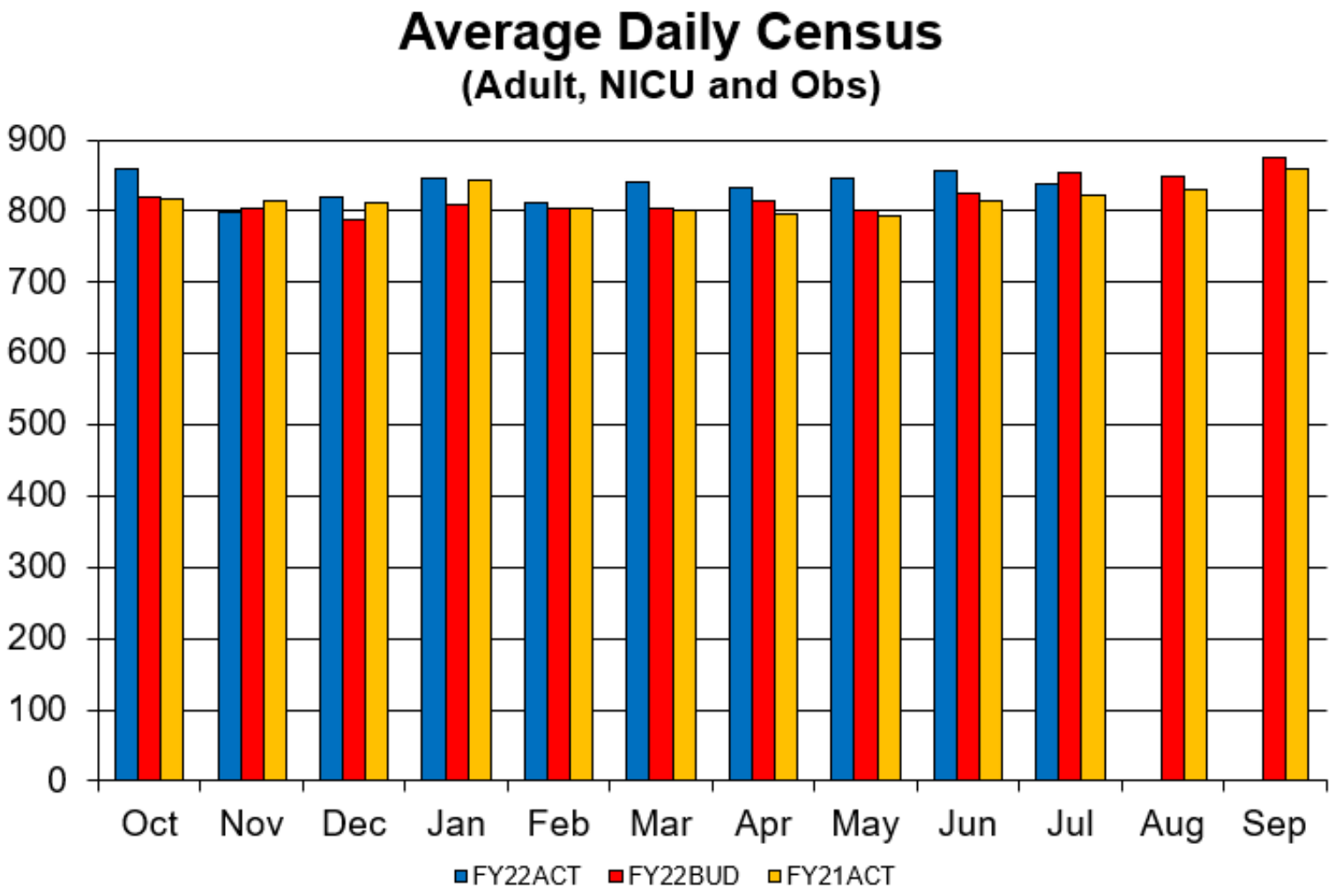
| | Actual | Budget | Budget Variance | Budget % Variance | PY Actual | PY Actual % Variance |
|---|---|---|---|---|---|---|
| Hospital Discharges (Adult, NICU and Obs) | 48,197 | 45,783 | 2,414 | 5.3% | 46,642 | 3.3% |
| Average Daily Census (Adult, NICU and Obs) | 836 | 812 | 24 | 3.0% | 812 | 3.0% |
| Average Length of Stay (Adult) | 6.23 | 6.45 | 0.22 | 3.4% | 6.36 | 2.0% |
| Case Mix Index (Acute Service Line) | 2.07 | 2.16 | (0.09) | -4.2% | 2.15 | -3.7% |
| Emergency Visits | 195,075 | 183,922 | 11,153 | 6.1% | 187,035 | 4.3% |
| Ambulatory Visits | 1,008,434 | 933,966 | 74,468 | 8.0% | 954,291 | 5.7% |
| Surgeries | 16,743 | 16,148 | 595 | 3.7% | 16,458 | 1.7% |
| Deliveries | 9,953 | 9,232 | 721 | 7.8% | 9,236 | 7.8% |

Parkland

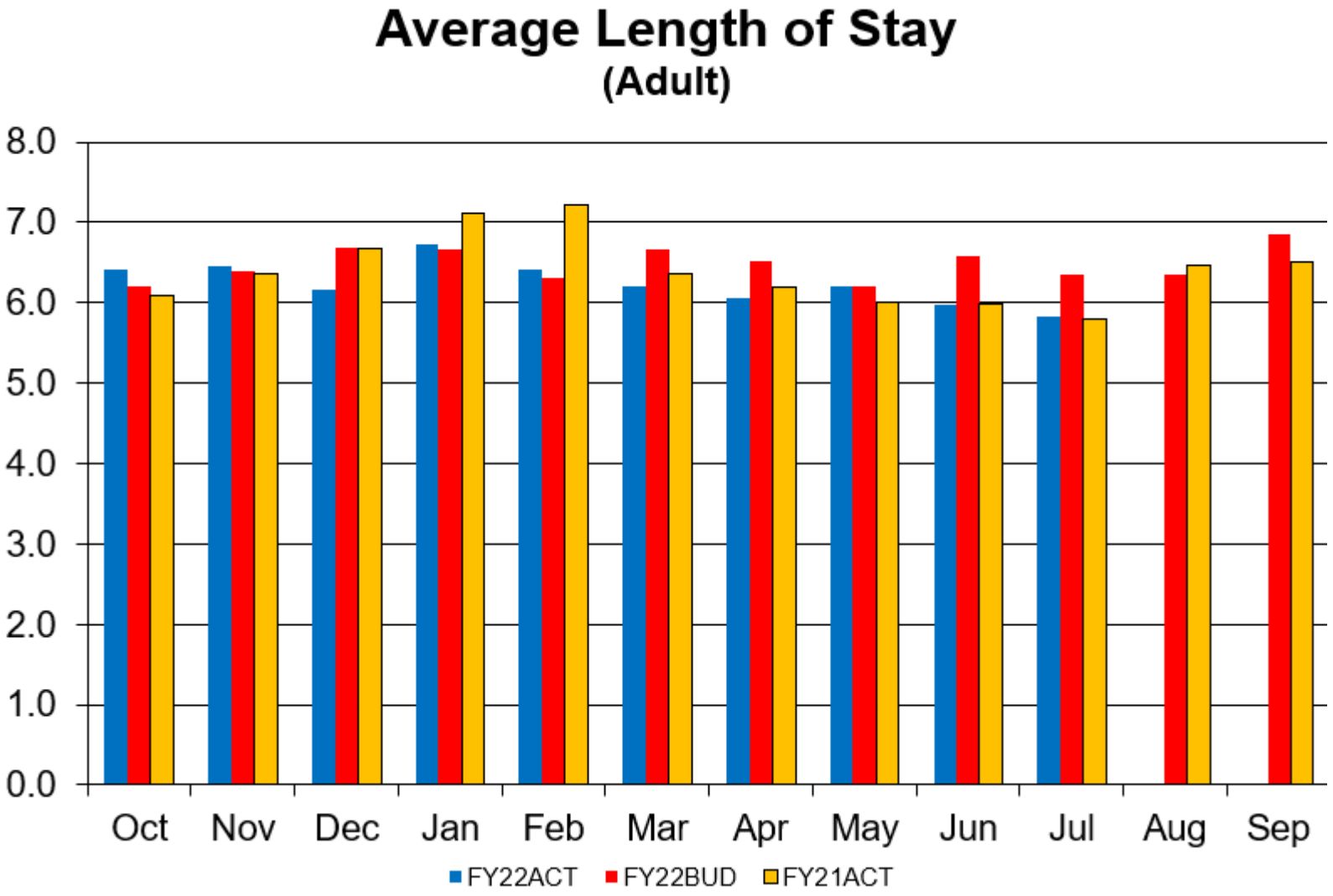
# Volumes
# Discharges



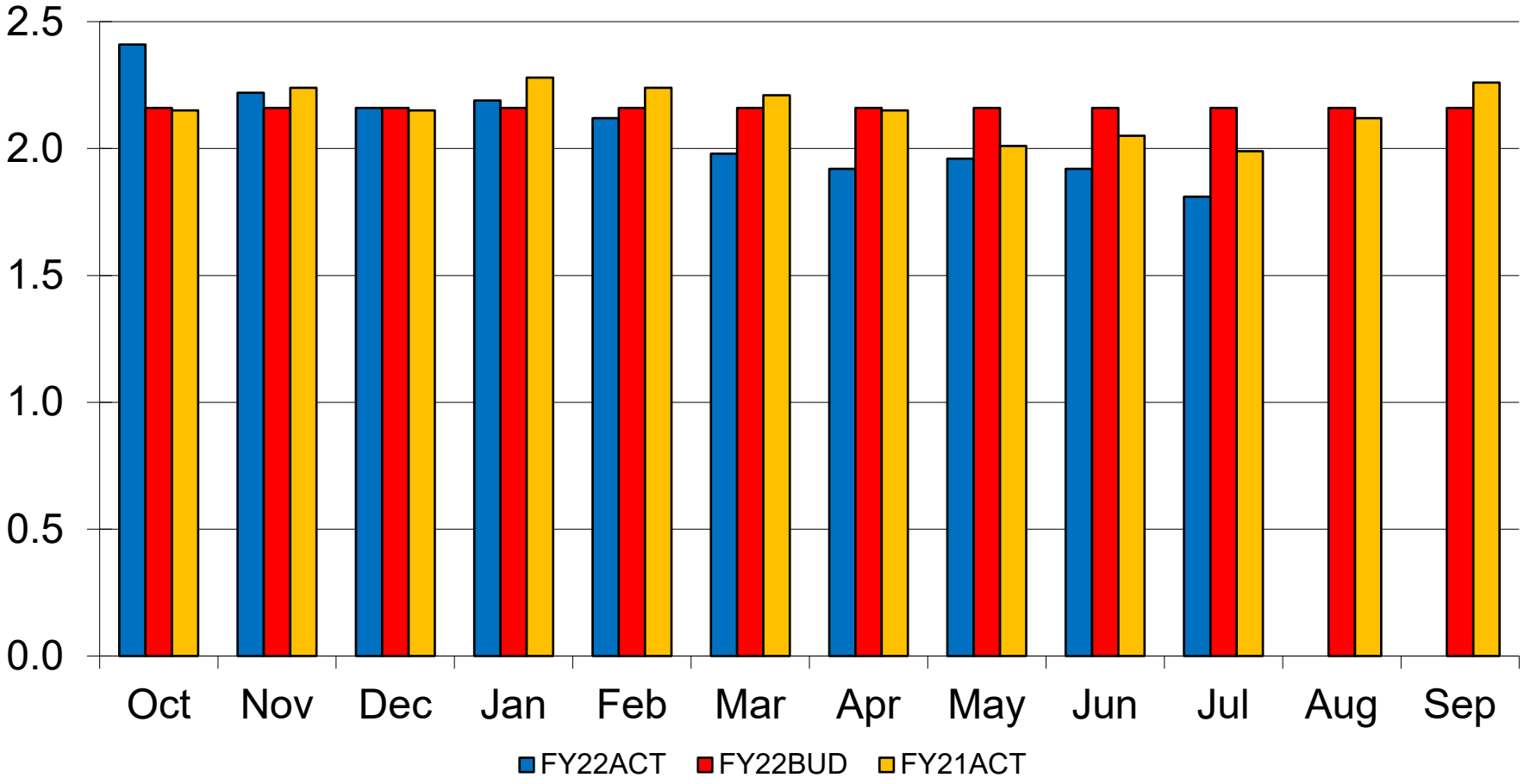
# Volumes
## Average Daily Census



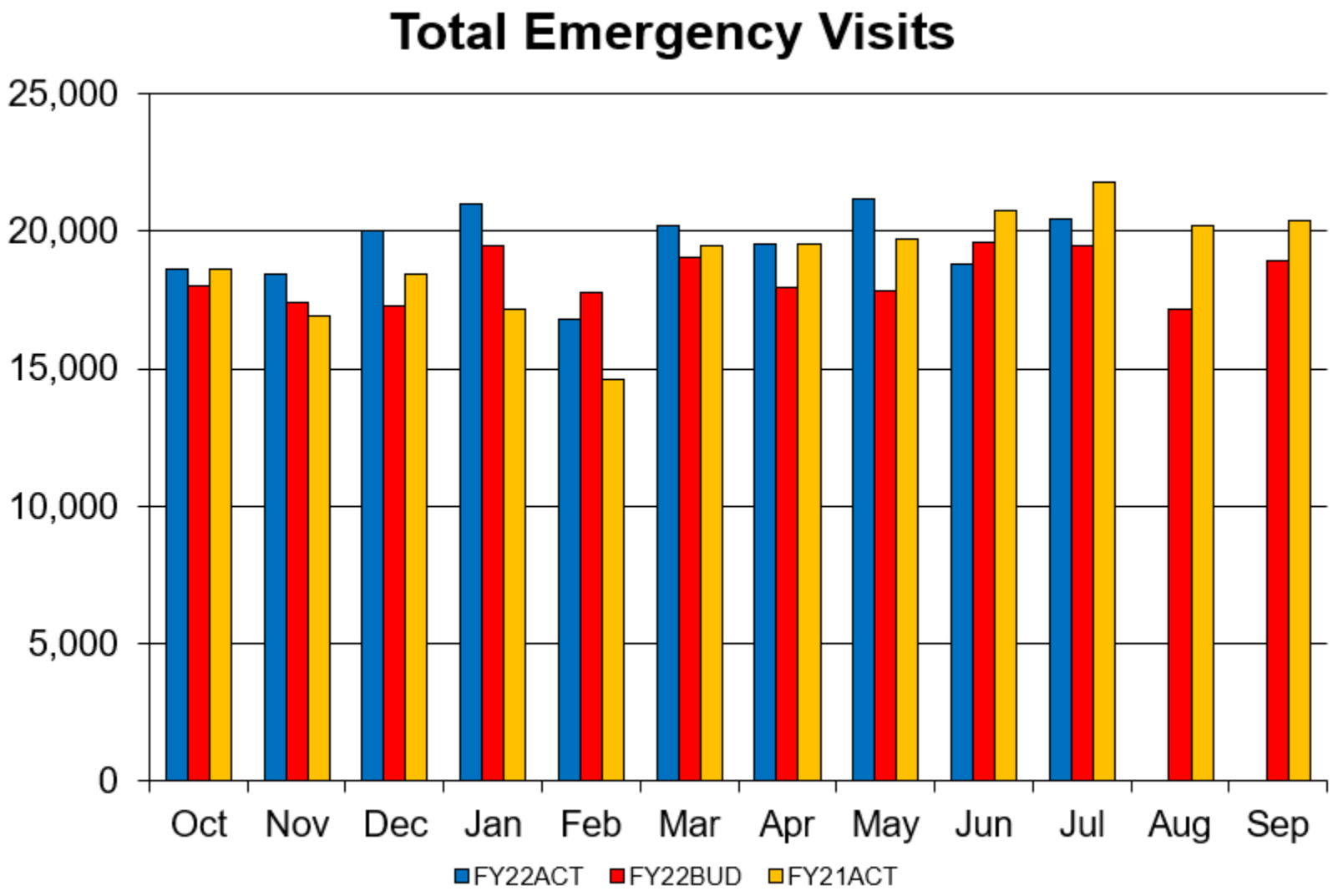
# Volumes
## Average Length of Stay



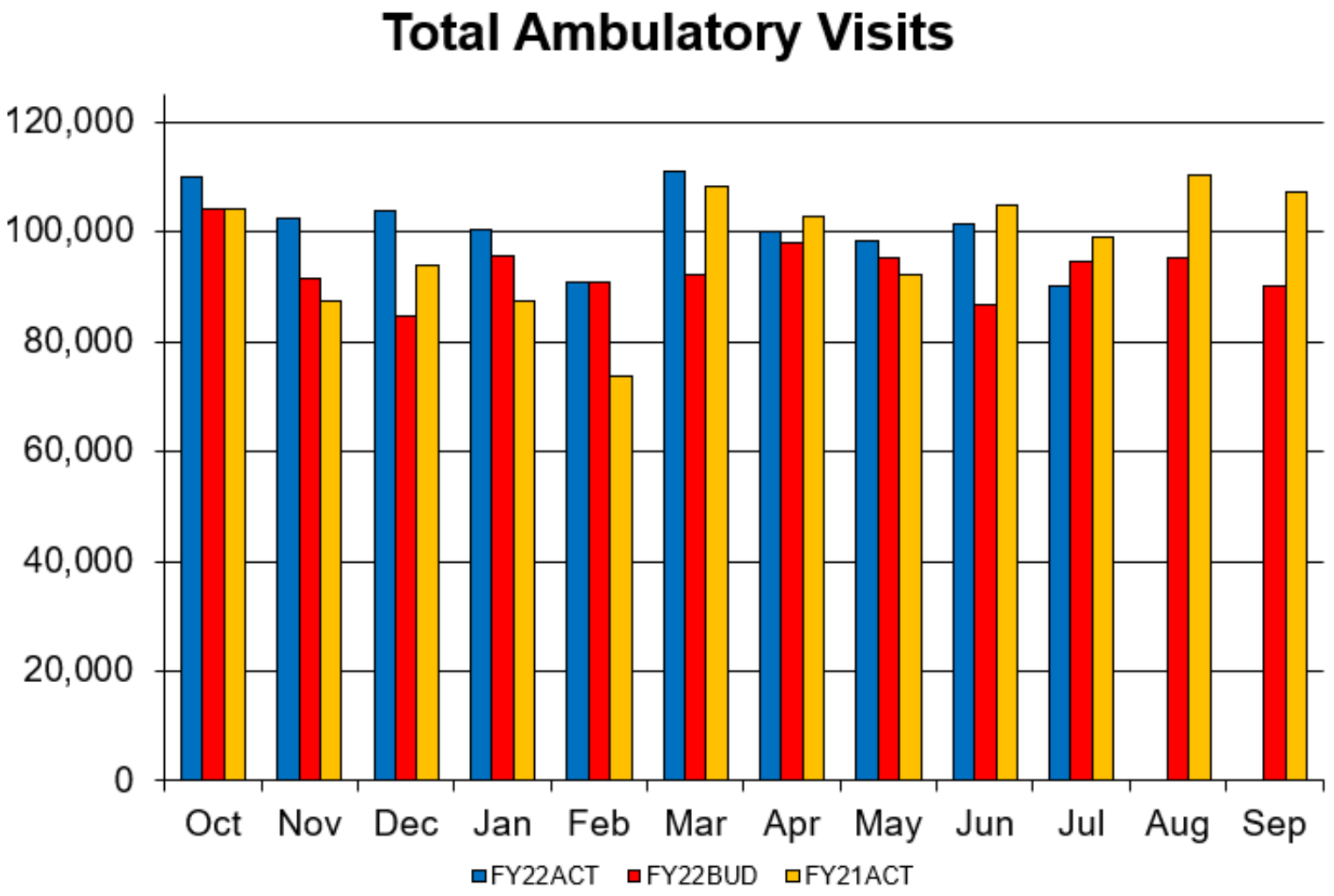
# Case Mix Index
## (Acute Service Line)



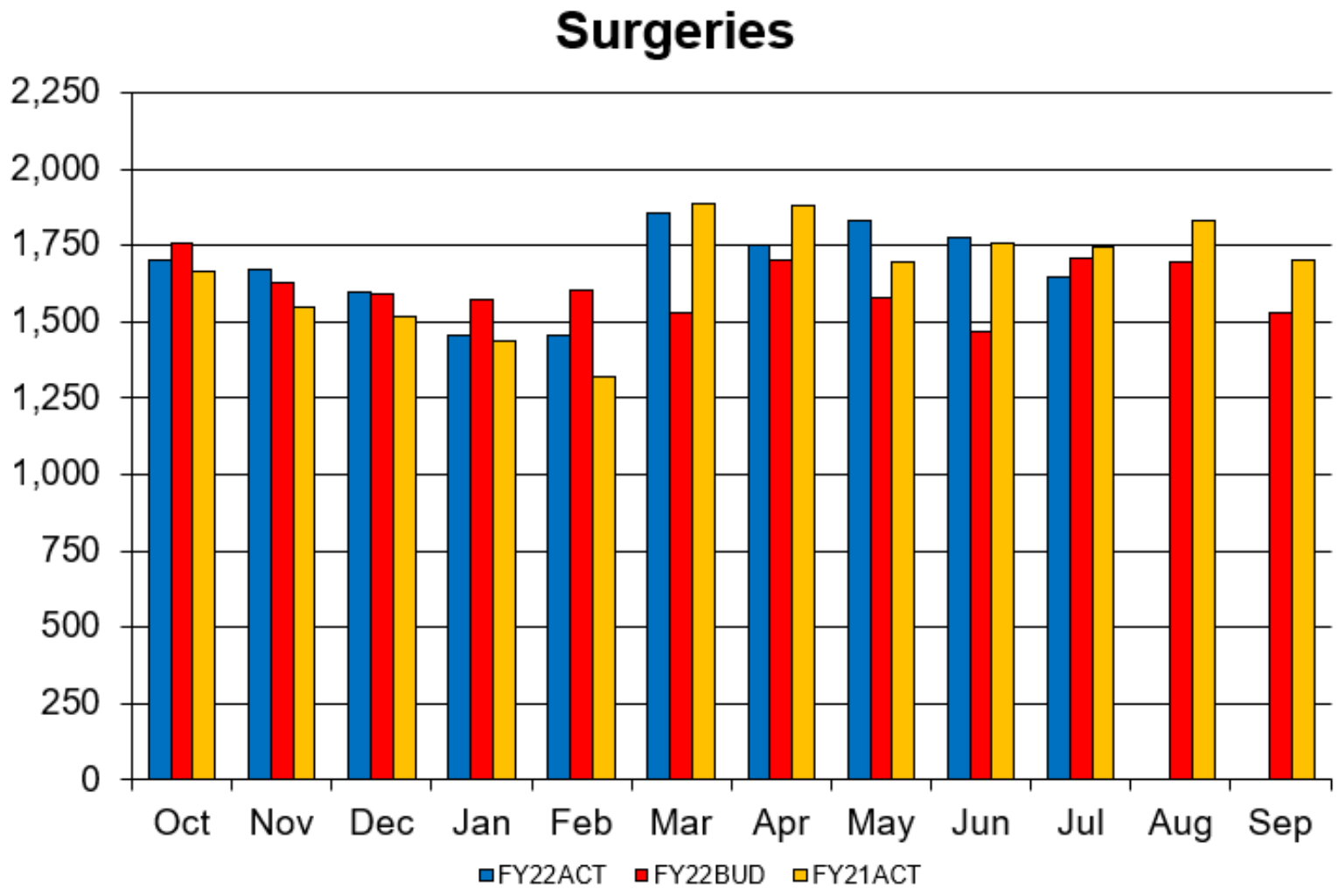
# Volumes
# Emergency Visits



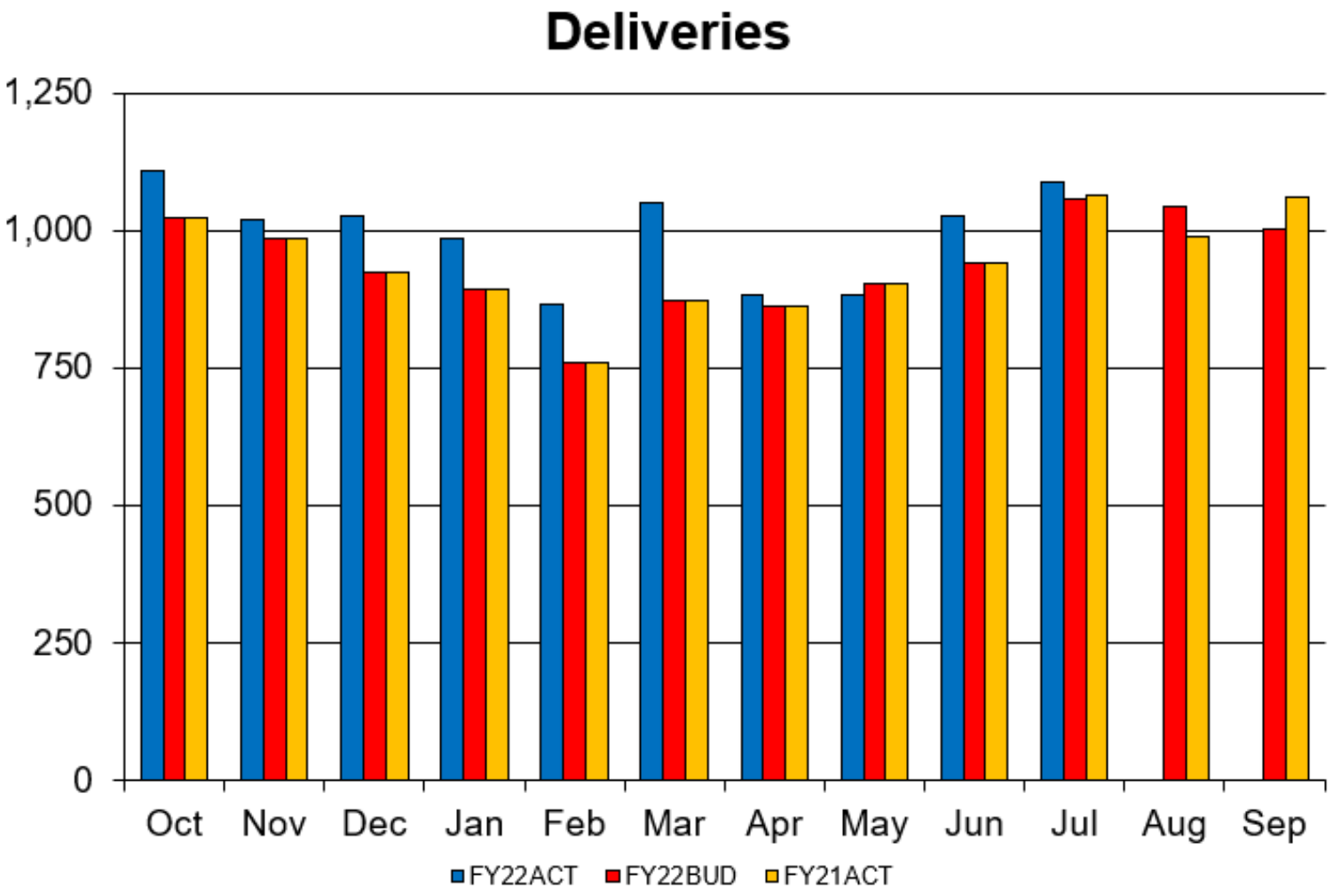
# Volumes
# Ambulatory Visits



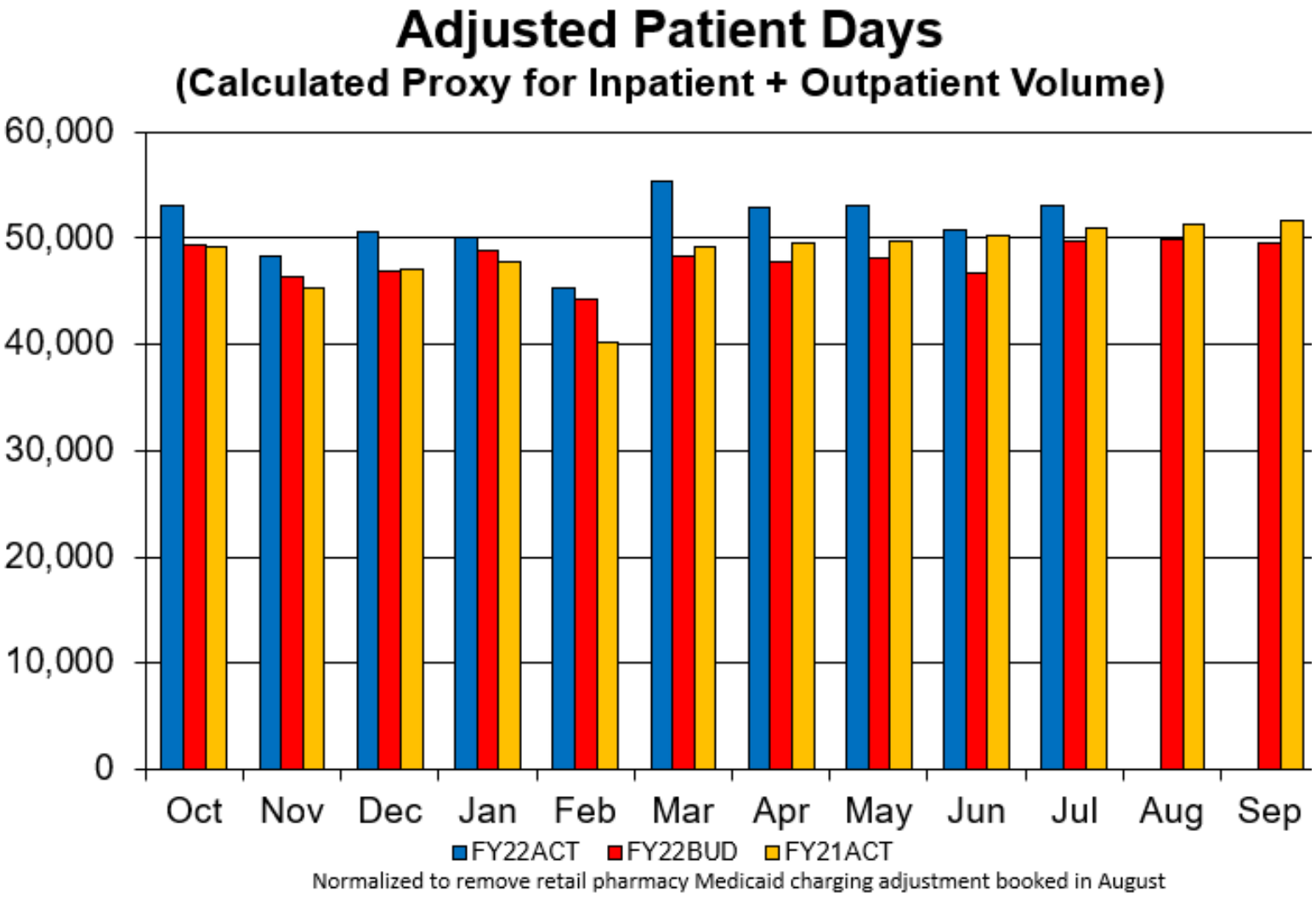
# Volumes
# Surgeries



# Volumes
# Deliveries



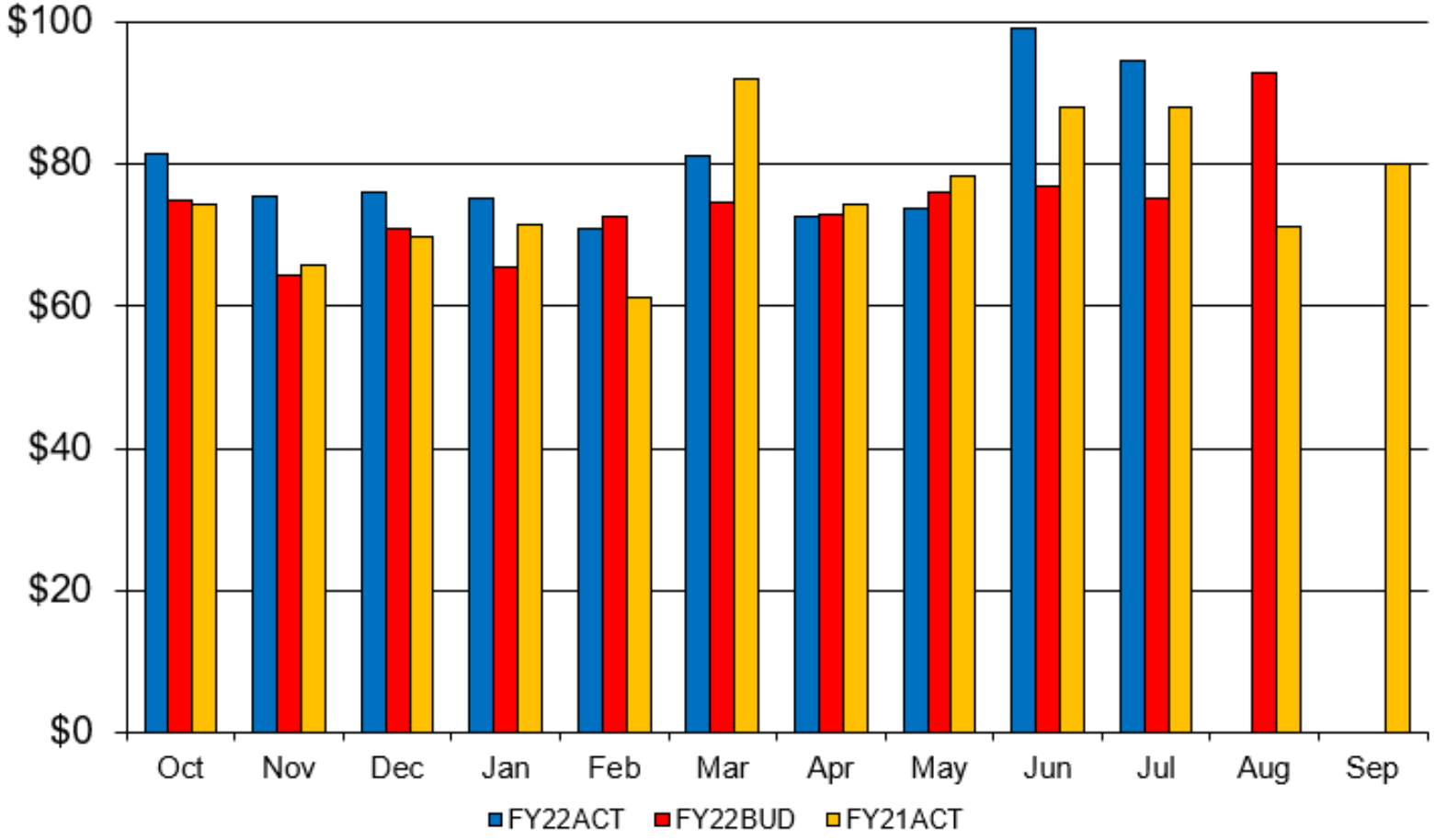
# Volumes
## Adjusted Patient Days

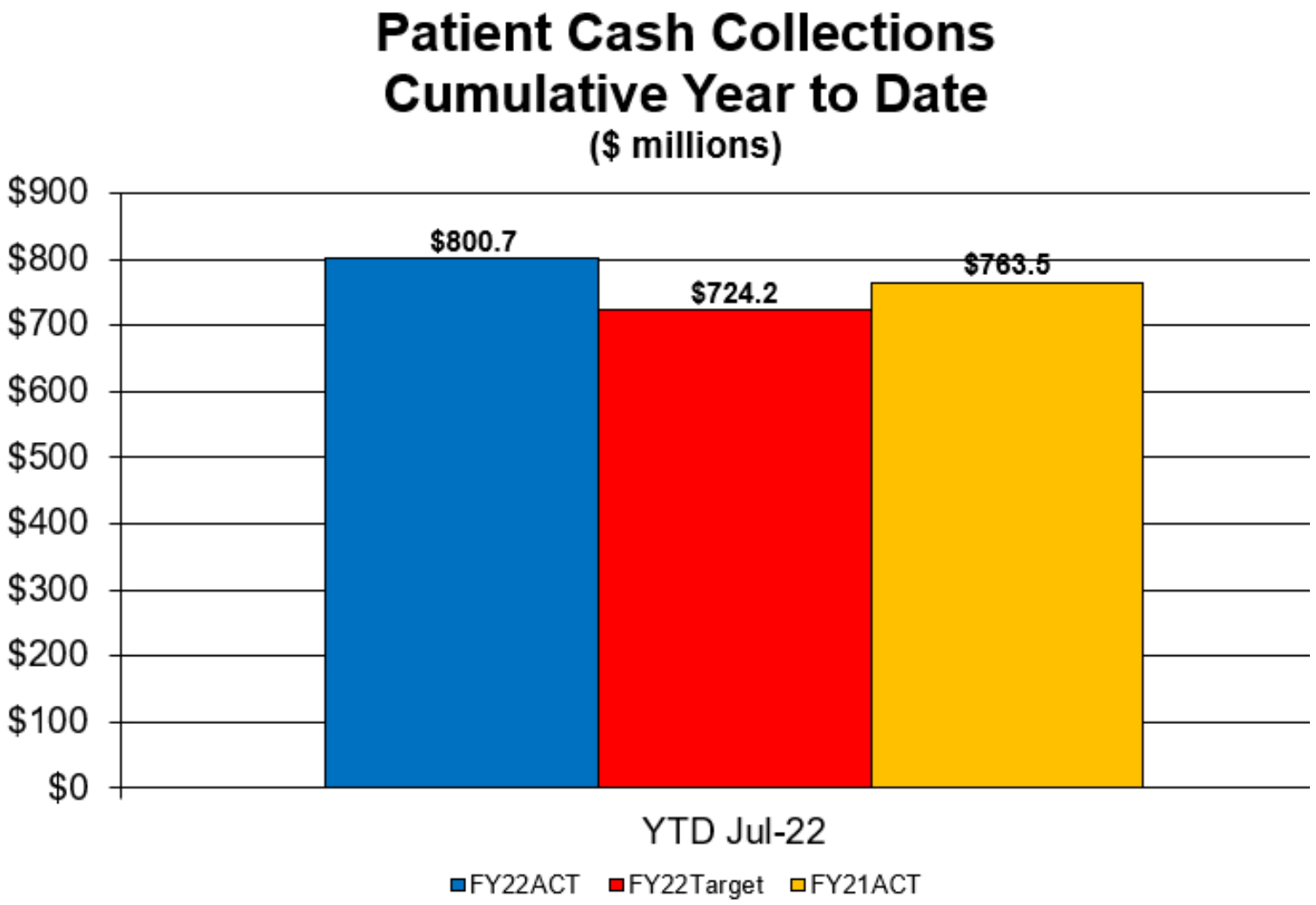


# Key Operating Performance Metrics

## Patient Cash Collections

($ millions)

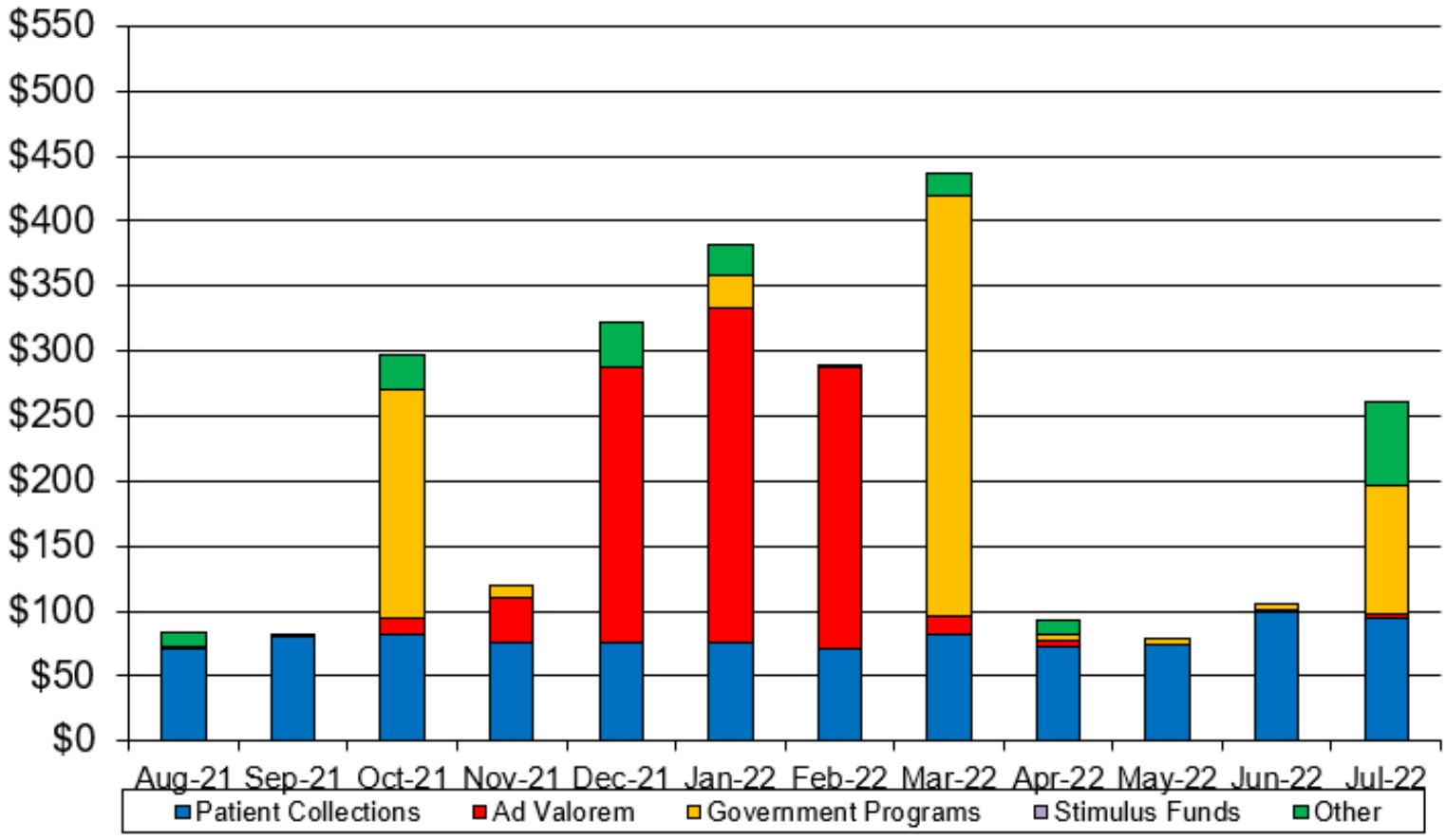



Patient Cash Collections
Cumulative Year to Date
($ millions)
$900
$800
$700
$600
$500
$400
$300
$200
$100
$0
$800.7
$724.2
$763.5
YTD Jul-22
FY22ACT
FY22Target
FY21ACT

# Key Operating Performance Metrics



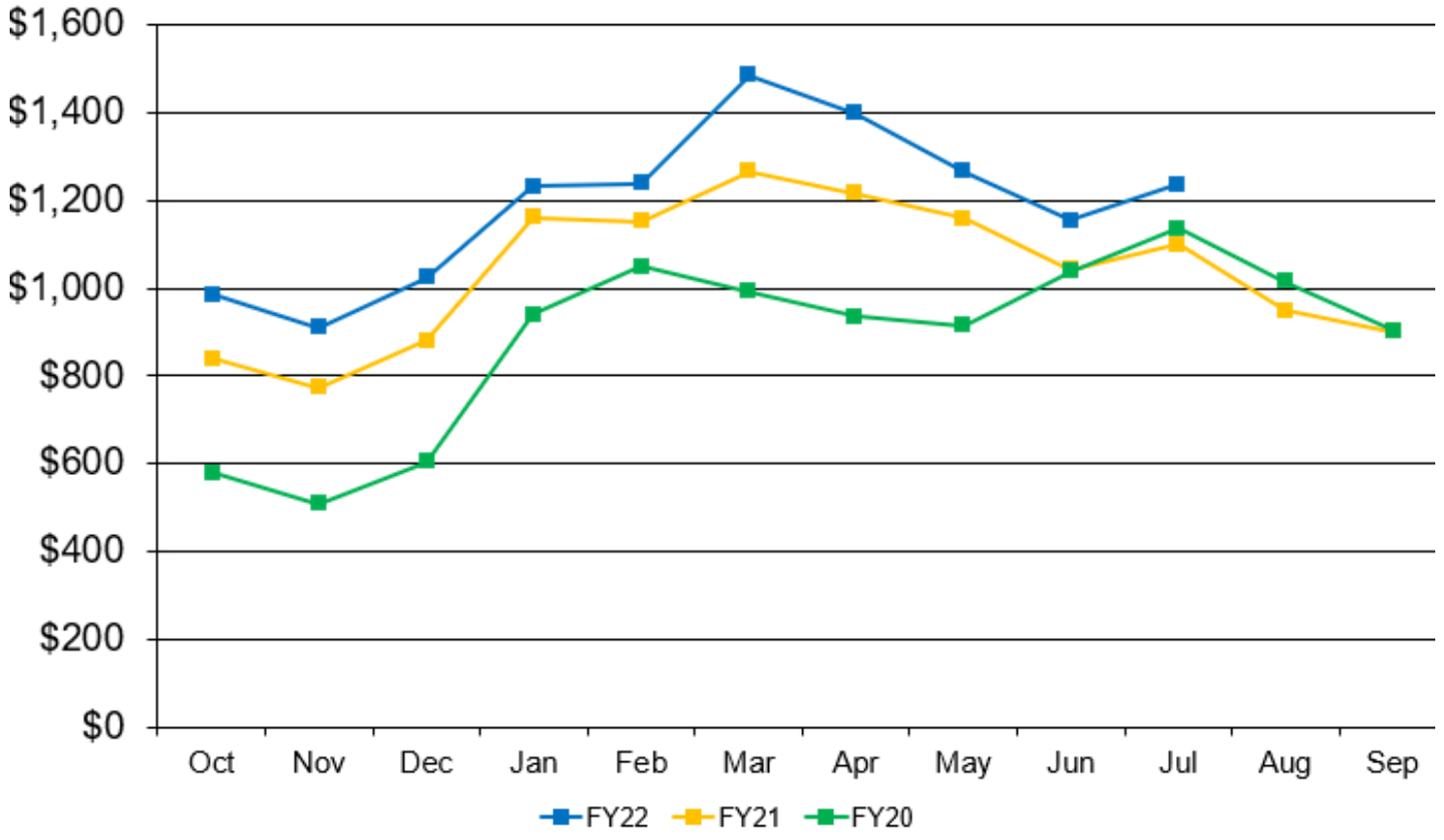
## Total Cash Collections
($ millions)



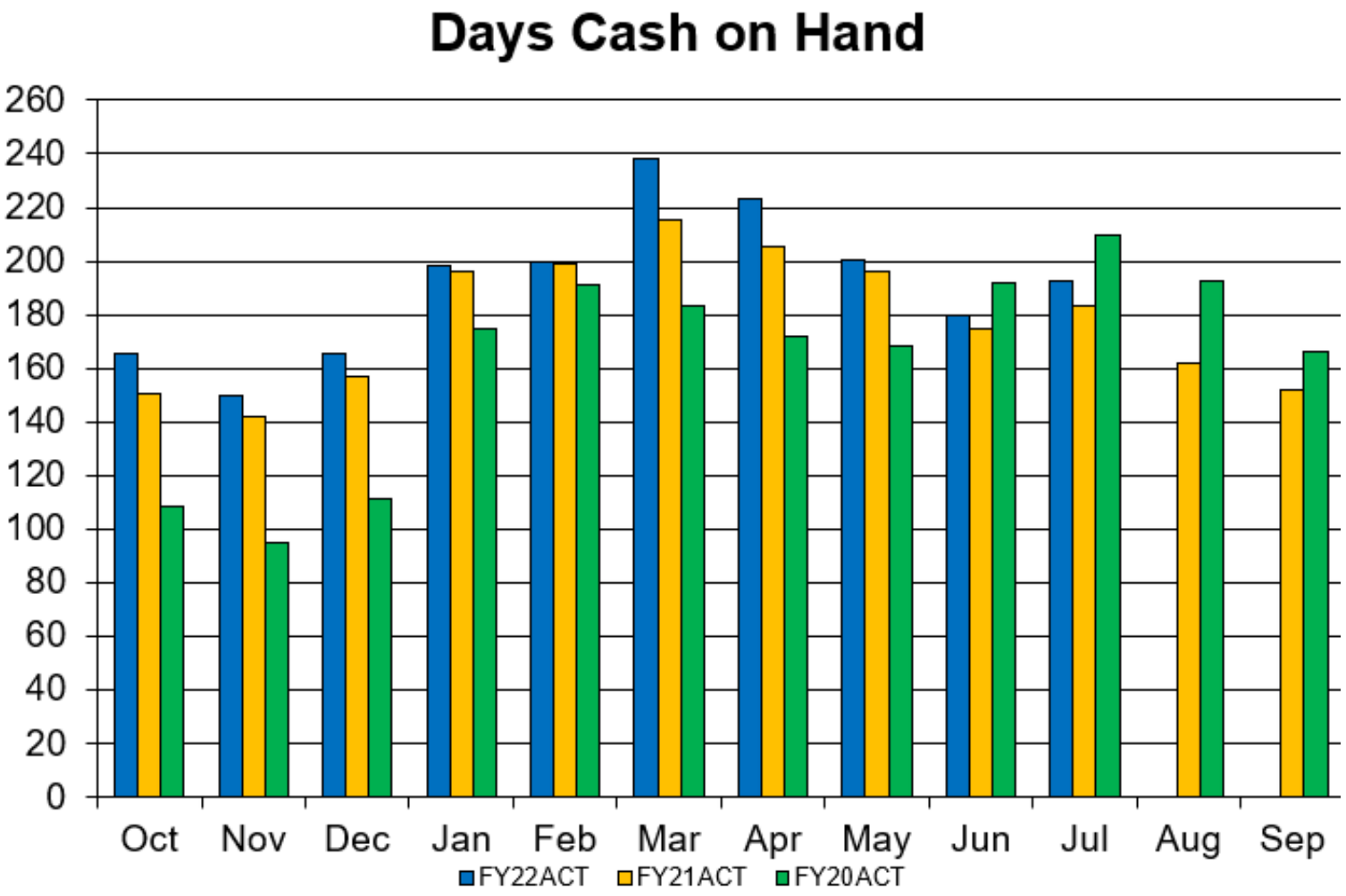
# Key Operating Performance Metrics

## Cash Balance Trending

($ millions)

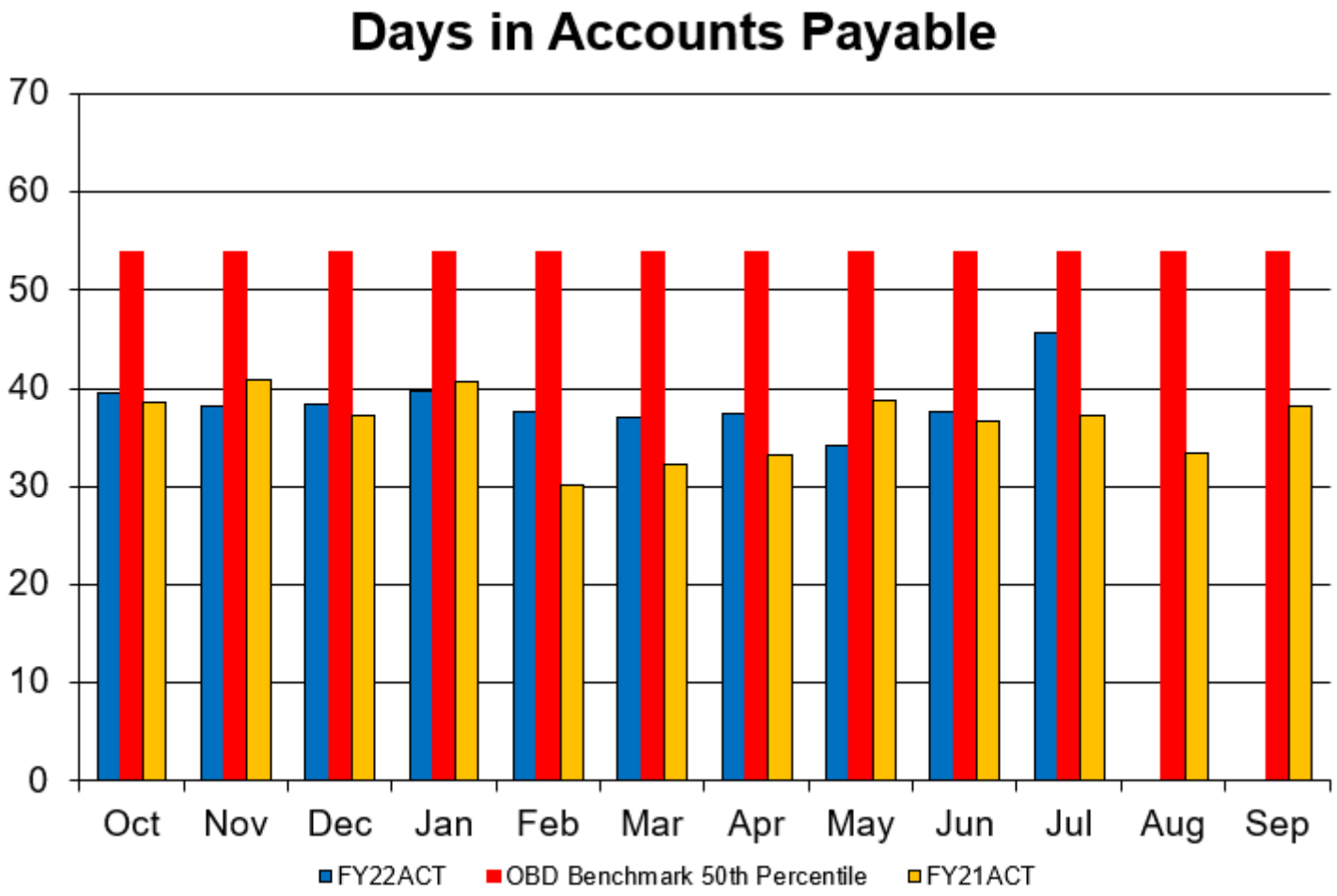


# Key Operating Performance Metrics




Excludes LPPF and insurance and debt reserves, which are included in total cash

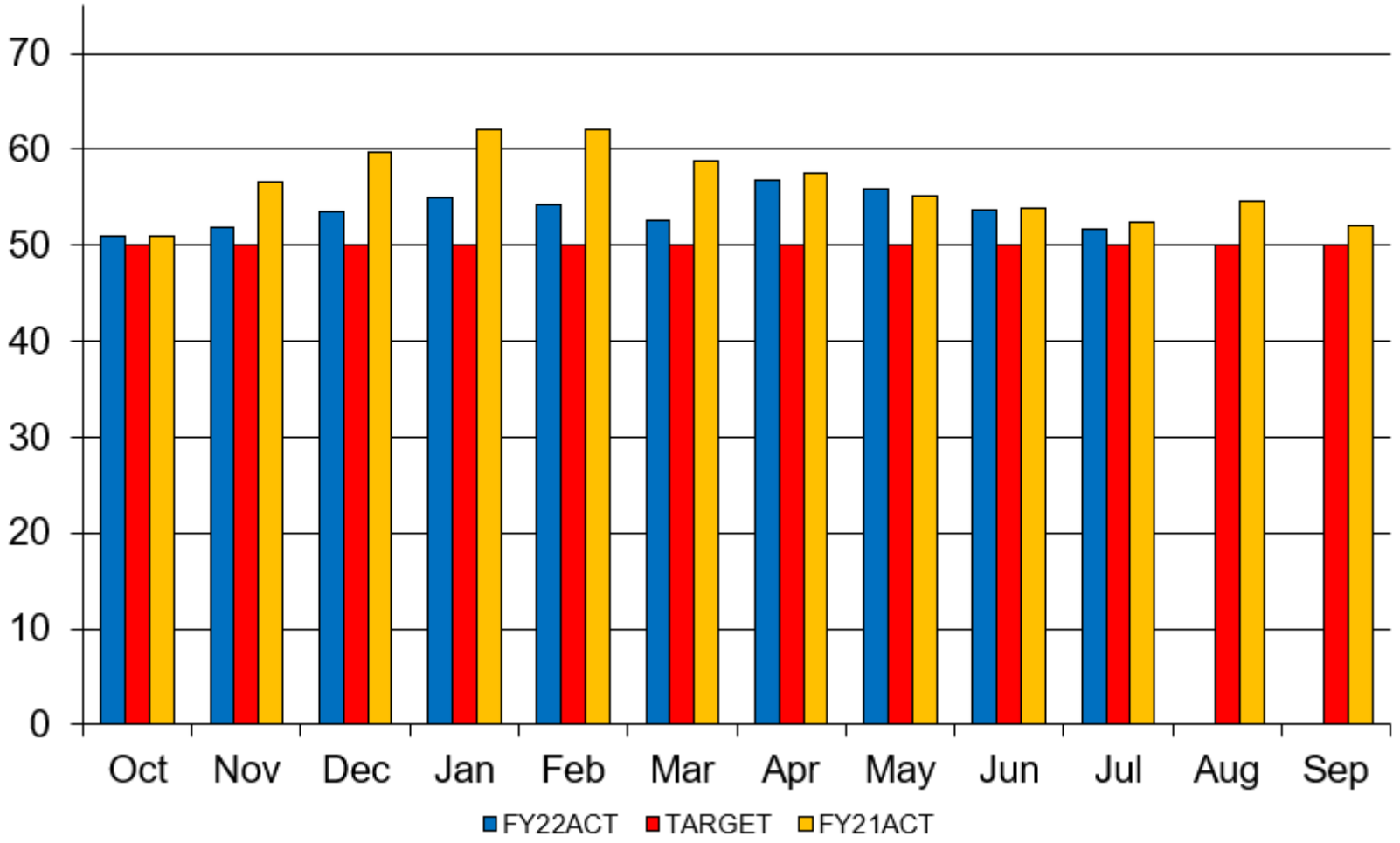
# Key Operating Performance Metrics



# Key Operating Performance Metrics

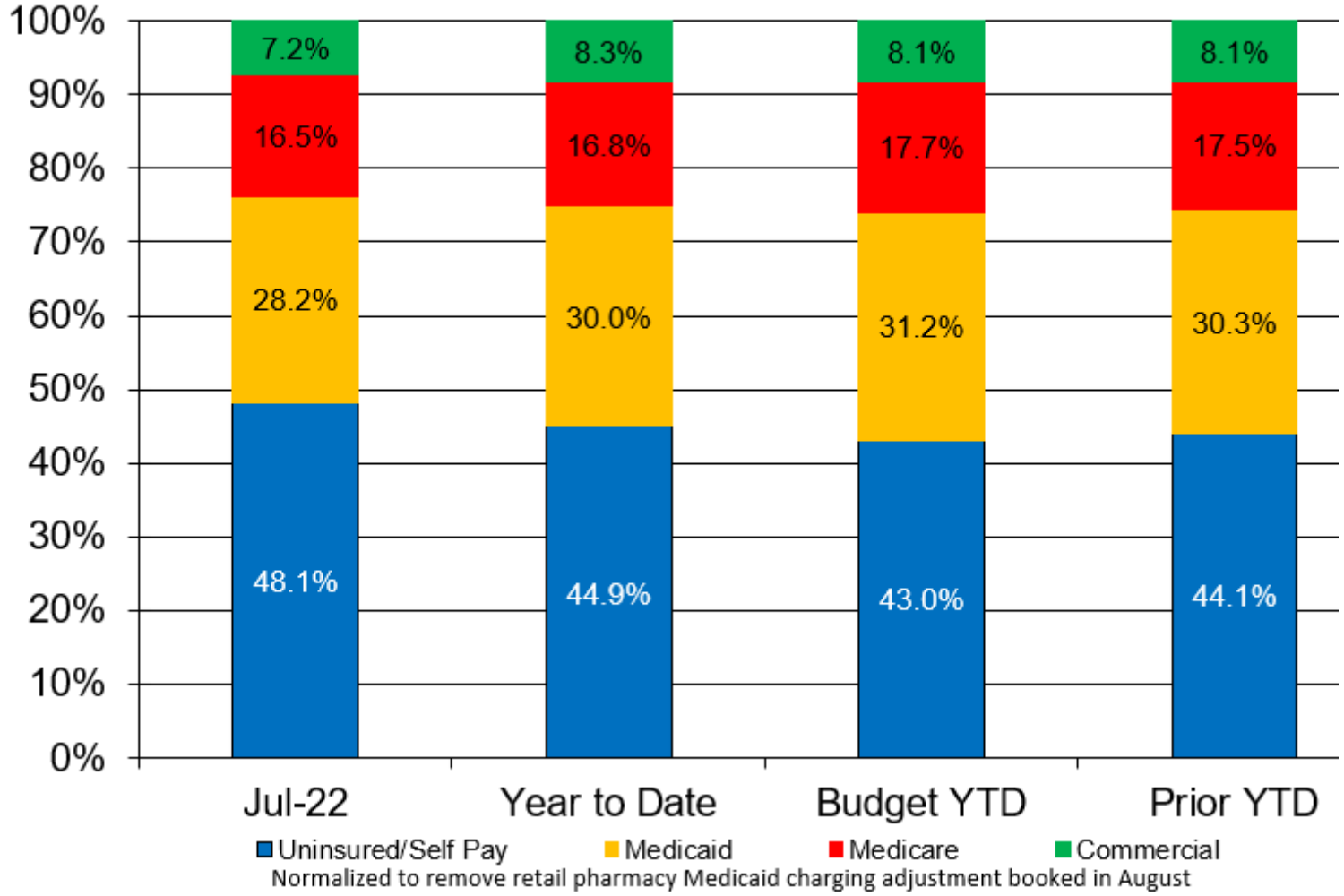


## Days in Accounts Receivable



# Key Operating Performance Metrics

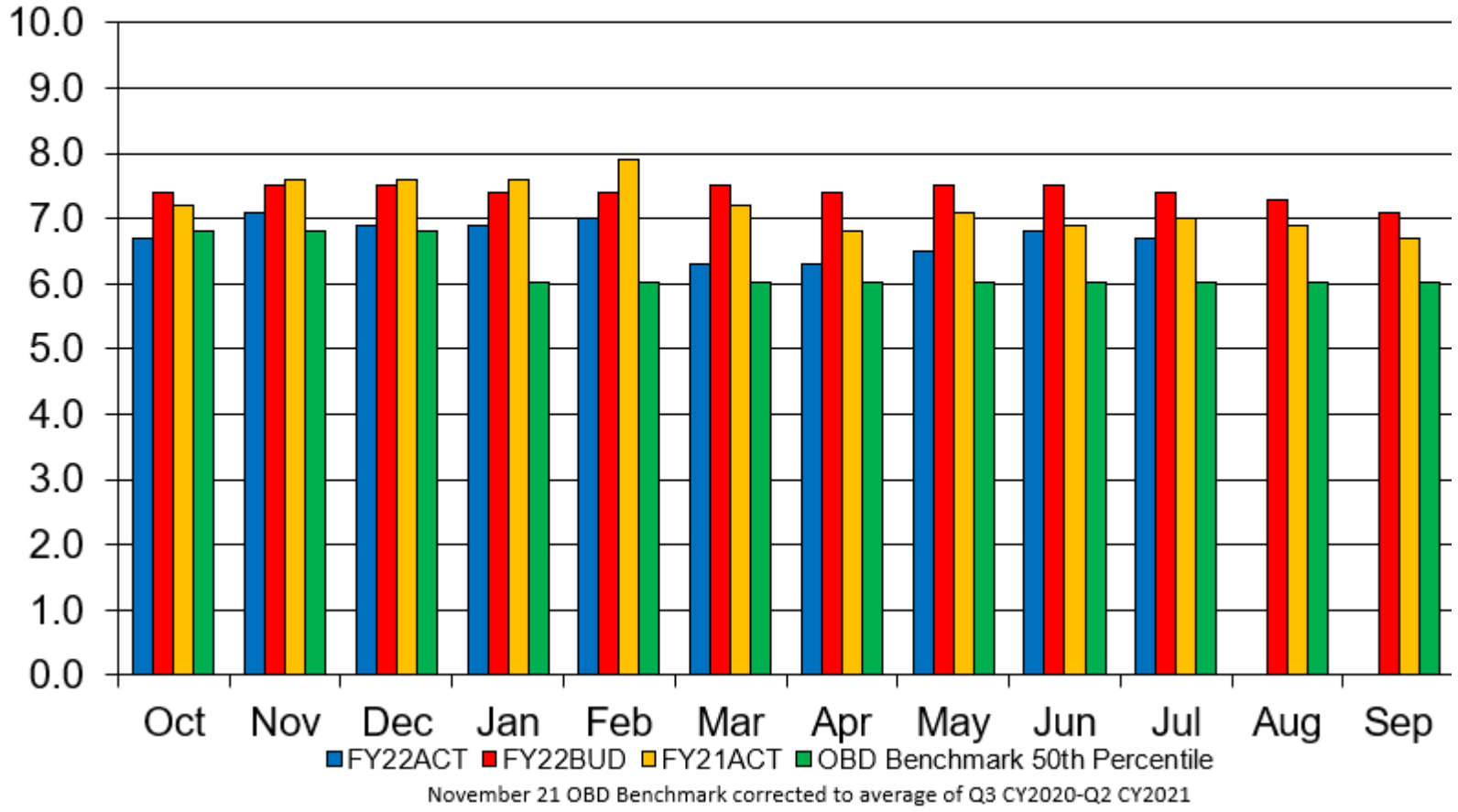
## Gross Patient Revenue By Payor Type




Normalized to remove retail pharmacy Medicaid charging adjustment booked in August

# Key Operating Performance Metrics

## FTEs per Adjusted Occupied Bed
### (includes Contract Labor and excludes Nursing Homes and Jail)




November 21 OBD Benchmark corrected to average of Q3 CY2020-Q2 CY2021

Parkland

# Appendix

# PCHP Financial Performance Current Month – July 2022

## PCHP Month to Date Income Statement

*(Dollars in Thousands)*

| | FY 22 Actual | FY 22 Budget | Var From Budget | %Var From Budget | FY 21 Actual | Var FY22-21 | %Var FY22-21 |
|---|---|---|---|---|---|---|---|
| REVENUE | | | | | | | |
| Premium Revenue | $ 59,967 | $ 50,272 | $ 9,695 | 19.3% | $ 48,050 | $ 11,916 | 24.8% |
| Other | 21,939 | 17,924 | 4,015 | 22.4% | 17,937 | 4,002 | 22.3% |
| OPERATING REVENUE | 81,906 | 68,196 | 13,709 | 20.1% | 65,987 | 15,918 | 24.1% |
| EXPENSE | | | | | | | |
| Administration | 9,080 | 8,484 | (596) | -7.0% | 10,397 | 1,317 | 12.7% |
| Claims | 77,463 | 58,320 | (19,143) | -32.8% | 54,453 | (23,010) | -42.3% |
| OPERATING EXPENSE | 86,543 | 66,804 | (19,738) | -29.5% | 64,850 | (21,693) | -33.5% |
| **OPERATING INCOME (LOSS)** | **$ (4,637)** | **$ 1,392** | **$ (6,029)** | **-433.1%** | **$ 1,138** | **$ (5,775)** | **-507.6%** |
| Interest and Investment Income | 448 | 55 | 393 | 711.4% | 73 | 375 | 512.9% |
| Unrealized Gain (Loss) on Investments | 206 | 16 | 190 | 1164.7% | (7) | 213 | 3142.4% |
| **Total Net Income (Loss)** | $ (3,983) | $ 1,464 | $ (5,446) | -372.1% | $ 1,204 | $ (5,187) | -430.8% |

| | | | |
|---|---|---|---|
| Operating Cash Flow Margin % | -5.7% | 2.0% | 1.7% |
| Medical Loss Ratio (excluding UHRIP/NAIP) | 95.0% | 81.7% | 70.1% |

**PCHP Fiscal Year ends 12/31/2022**

# PCHP Financial Performance
# Calendar YTD – July 2022

## PCHP Year to Date Income Statement

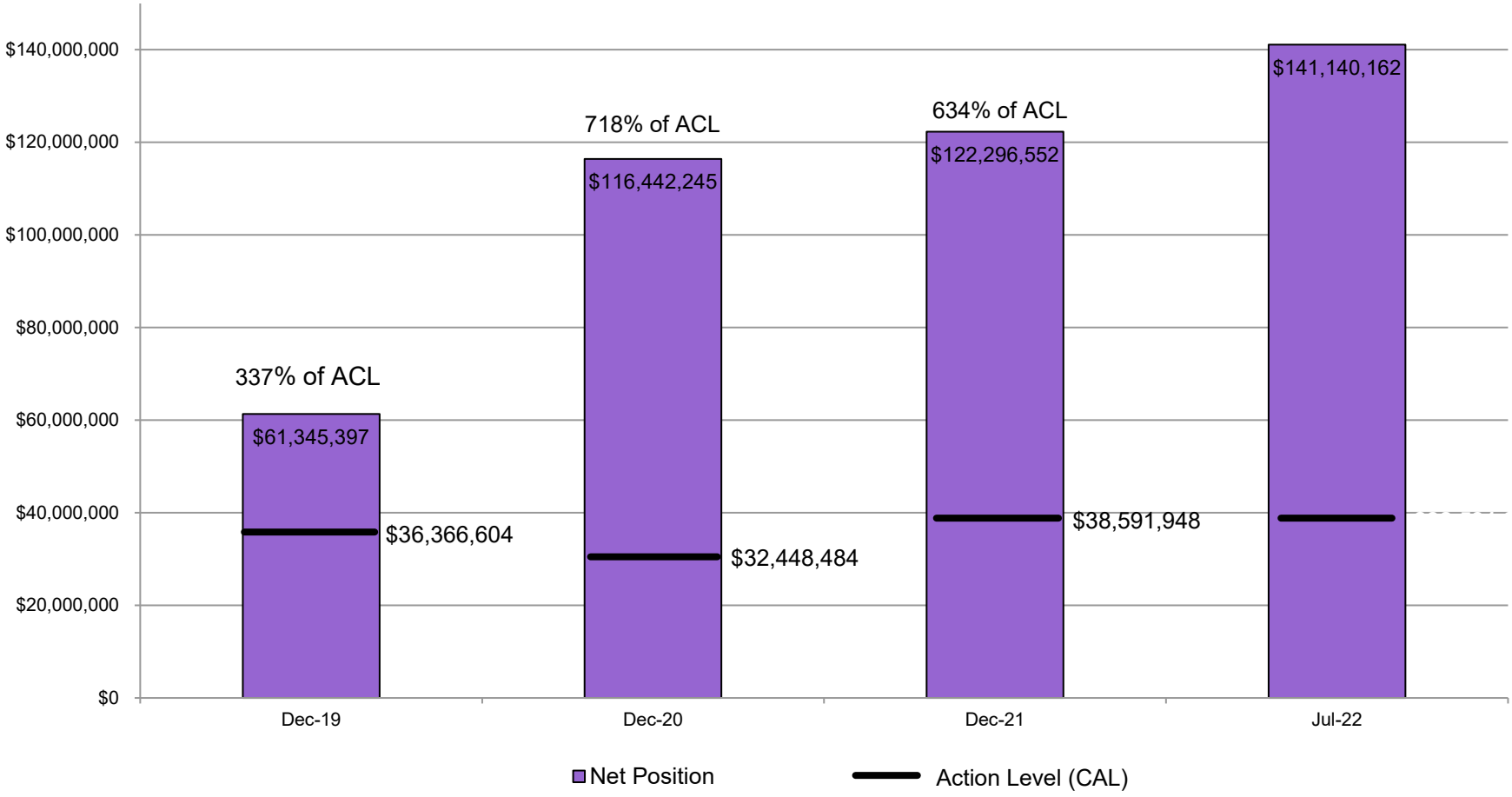
*(Dollars in Thousands)*

| | FY 22 Actual | FY 22 Budget | Var From Budget | %Var From Budget | FY 21 Actual | Var FY22-21 | %Var FY22-21 |
|---|---|---|---|---|---|---|---|
| REVENUE | | | | | | | |
| Premium Revenue | $ 397,833 | $ 381,289 | $ 16,543 | 4.3% | $ 349,516 | $ 48,317 | 13.8% |
| Other | 219,118 | 141,815 | 77,303 | 54.5% | 119,205 | 99,912 | 83.8% |
| OPERATING REVENUE | 616,950 | 523,104 | 93,846 | 17.9% | 468,721 | 148,229 | 31.6% |
| EXPENSE | | | | | | | |
| Administration | 65,207 | 59,926 | (5,282) | -8.8% | 65,161 | (47) | -0.1% |
| Claims | 551,890 | 454,099 | (97,791) | -21.5% | 372,482 | (179,408) | -48.2% |
| OPERATING EXPENSE | 617,097 | 514,025 | (103,072) | -20.1% | 437,642 | (179,455) | -41.0% |
| **OPERATING INCOME (LOSS)** | **$ (147)** | **$ 9,080** | **$ (9,226)** | **-101.6%** | **$ 31,079** | **$ (31,225)** | **-100.5%** |
| Interest and Investment Income | 1,232 | 387 | 845 | 218.6% | 559 | 672 | 120.1% |
| Unrealized Gain (Loss) on Investments | (1,621) | 114 | (1,735) | -1520.1% | (452) | (1,169) | -258.4% |
| **Total Net Income (Loss)** | $ (536) | $ 9,580 | $ (10,117) | -105.6% | $ 31,186 | $ (31,722) | -101.7% |

| | | | |
|---|---|---|---|
| Operating Cash Flow Margin % | 0.0% | 1.7% | 6.6% |
| Medical Loss Ratio (excluding UHRIP/NAIP) | 84.8% | 83.4% | 68.8% |

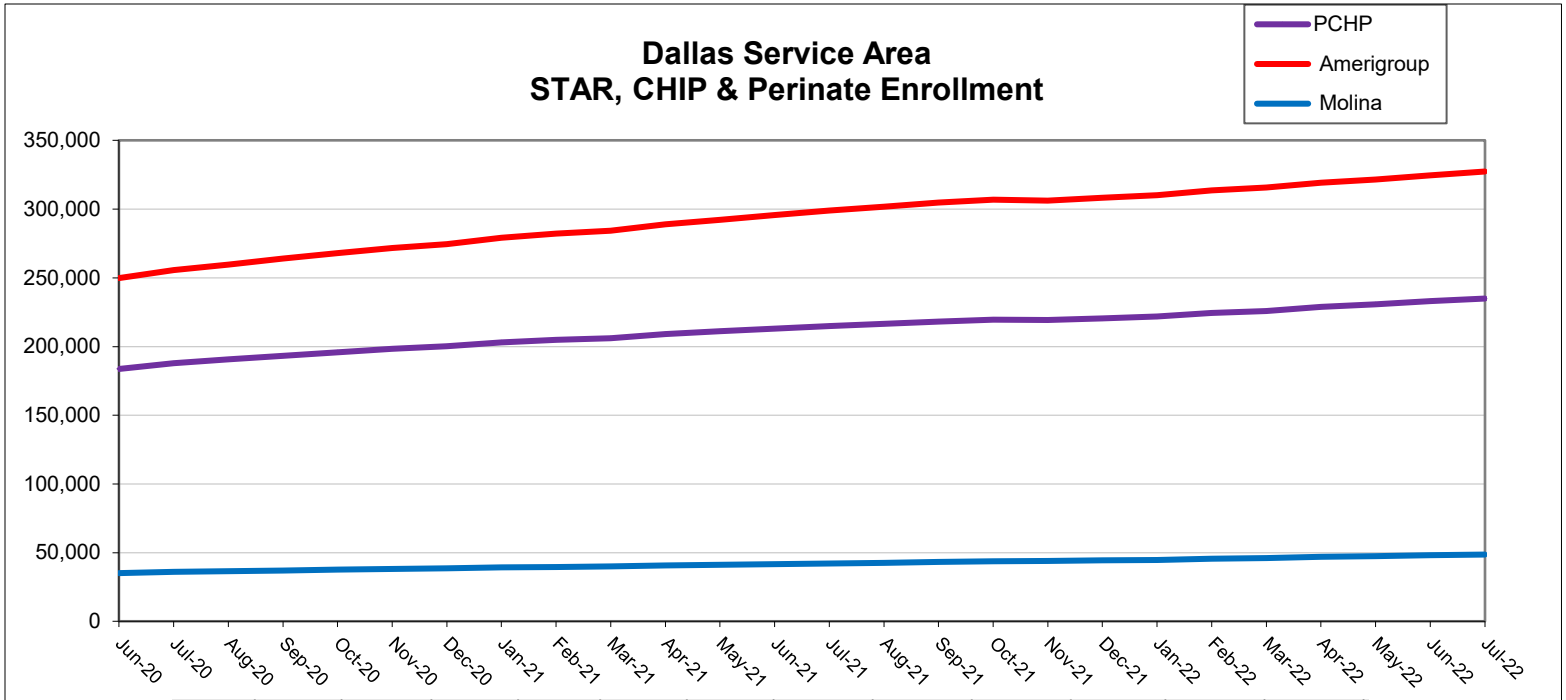
**PCHP Fiscal Year ends 12/31/2022**

# PCHP Net Position vs Risk-Based Capital Requirements as of July 2022




- **Black bar represents Company Action Level (CAL aka Action Level) which = 200% of Authorized Control Level (ACL)**
- **As of Dec 2021, Action Level was $38,591,948 and ACL was $19,295,974**

# PCHP Enrollment



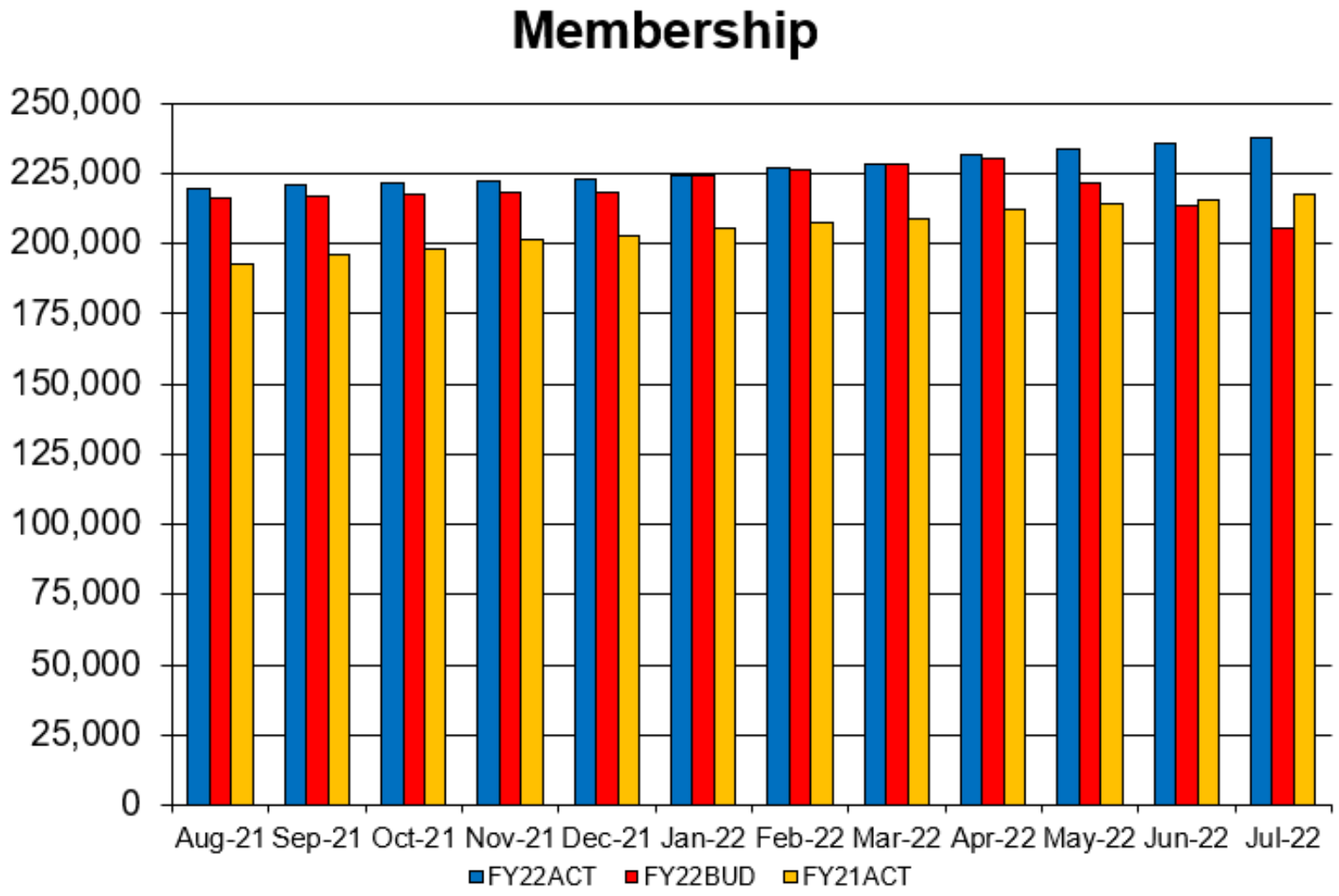

| Jul-21 | Aug-21 | Sep-21 | Oct-21 | Nov-21 | Dec-21 | Jan-22 | Feb-22 | Mar-22 | Apr-22 | May-22 | Jun-22 | Jul-22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 215,029 | 216,639 | 218,224 | 219,645 | 219,407 | 220,396 | 221,801 | 224,371 | 225,897 | 228,778 | 230,769 | 233,037 | 234,878 |

| Jul-21 | Aug-21 | Sep-21 | Oct-21 | Nov-21 | Dec-21 | Jan-22 | Feb-22 | Mar-22 | Apr-22 | May-22 | Jun-22 | Jul-22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 298,967 | 301,744 | 304,824 | 306,833 | 306,284 | 308,221 | 310,050 | 313,582 | 315,736 | 319,254 | 321,681 | 324,538 | 327,506 |

| Jul-21 | Aug-21 | Sep-21 | Oct-21 | Nov-21 | Dec-21 | Jan-22 | Feb-22 | Mar-22 | Apr-22 | May-22 | Jun-22 | Jul-22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 42,057 | 42,517 | 43,173 | 43,663 | 43,875 | 44,379 | 44,781 | 45,536 | 46,058 | 46,909 | 47,527 | 48,119 | 48,623 |

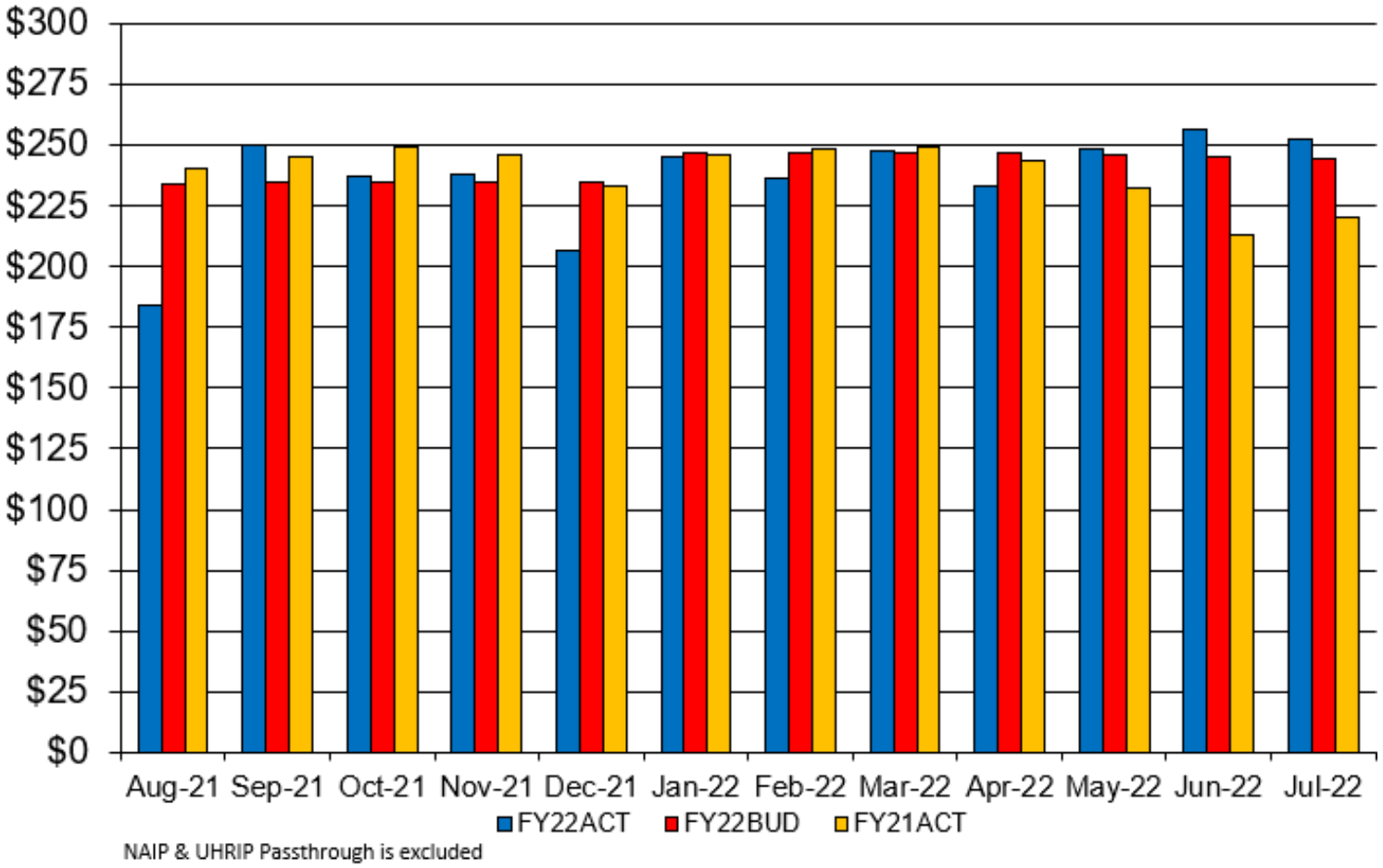
- Enrollment data does not include retroactive adjustments (typically included in PCHP financial statements)

# Key Operating Performance Metrics



# Key Operating Performance Metrics

## Premium Revenue PMPM




NAIP & UHRIP Passthrough is excluded

Parkland

# Balance Sheet

# Balance Sheet Combined as of July 31, 2022 & 2021

**PARKLAND HEALTH & HOSPITAL SYSTEM**
**BALANCE SHEET**
**July 31, 2022 and 2021**

| *(Dollars in Thousands)* | FYE 2022 PHHS | FYE 2022 PCHP | FYE 2022 PCCI | FYE 2022 FDN/AUX | FY 2022 Total | FY 2021 Total |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Current Assets | | | | | | |
| Cash, Cash Equivalents & Investments | $ 852,678 | $ 324,356 | $ - | $ 39,128 | $1,216,162 | $1,179,151 |
| Net Ad Valorem Taxes Receivable | 12,939 | - | - | - | 12,939 | (8,964) |
| Net Patient Accounts Receivable | 177,676 | - | - | - | 177,676 | 164,949 |
| Other Receivables | 99,642 | 13,785 | 494 | (98) | 113,823 | 80,126 |
| Inventories & Other Assets | 44,322 | 3,117 | 328 | 174 | 47,941 | 36,912 |
| Total Current Assets | 1,187,257 | 341,258 | 822 | 39,204 | 1,568,541 | 1,452,174 |
| Capital Assets, Net | | | | | | |
| Construction in Progress | 42,706 | - | - | - | 42,706 | 244,440 |
| Property, Plant, and Equipment | 1,585,988 | - | 7,841 | 42 | 1,593,871 | 1,409,936 |
| Total Net Capital Assets | 1,628,694 | - | 7,841 | 42 | 1,636,577 | 1,654,376 |
| Long Term Assets | | | | | | |
| Other Noncurrent Assets | - | - | 1,179 | 3,878 | 5,057 | 4,503 |
| Total Other Long Term Assets | - | - | 1,179 | 3,878 | 5,057 | 4,503 |
| Assets Limited to Use: | | | | | | |
| New Parkland Relocation | 28,013 | - | - | - | 28,013 | 28,013 |
| Community Service Capital Expansion | 22,488 | - | - | - | 22,488 | 22,488 |
| Breast Center | - | - | - | - | - | 16,000 |
| Irving Clinic - Foundation Repair | 5,280 | - | - | - | 5,280 | 5,280 |
| Routine Capital | 285,000 | - | - | - | 285,000 | 165,178 |
| Debt Service | 29,760 | - | - | - | 29,760 | 34,588 |
| LPPF | 47,136 | - | - | - | 47,136 | 19,216 |
| Insurance Reserves | 13,048 | - | - | - | 13,048 | 11,556 |
| Total Assets Limited to Use | 430,725 | - | - | - | 430,725 | 302,319 |
| Deferred Outflows of Resources | 167,090 | - | - | - | 167,090 | 200,934 |
| **Total Assets** | $3,413,766 | $341,258 | $ 9,842 | $ 43,124 | $3,807,990 | $3,614,306 |

# Balance Sheet Combined as of June 31, 2022 & 2021

| *(Dollars in Thousands)* | FYE 2022 | | | | FY 2022 | FY 2021 |
|---|---|---|---|---|---|---|
| | PHHS | PCHP | PCCI | FDN/AUX | Total | Total |
| **Liabilities and Net Position** | | | | | | |
| Current Liabilities | | | | | | |
| Accounts Payable | $ 227,500 | $ 115,649 | $31,887 | $ 1,126 | $ 376,162 | $ 211,785 |
| Accrued Payroll & Benefits | 103,185 | - | 996 | - | 104,181 | 89,589 |
| Claims Payable | - | 84,271 | - | - | 84,271 | 122,300 |
| Deferred Ad Valorem Taxes | 126,908 | - | - | - | 126,908 | 122,584 |
| Interest Payable | 14,131 | - | - | - | 14,131 | 14,566 |
| Due to Third Party | 4,045 | - | - | - | 4,045 | 7,517 |
| Other Current Liabilities | 40,023 | 199 | 299 | 1,500 | 42,021 | 75,605 |
| Total Current Liabilities | 515,792 | 200,119 | 33,182 | 2,626 | 751,719 | 643,946 |
| Long Term Debt | 584,641 | - | - | - | 584,641 | 648,206 |
| Net Pension Liability | 462,056 | - | - | - | 462,056 | 600,922 |
| Other Non-Current Liabilities | 15,083 | - | - | - | 15,083 | 21,182 |
| **Total Liabilities** | $1,577,572 | $ 200,119 | $33,182 | $ 2,626 | $1,813,499 | $1,914,256 |
| **Deferred Inflows of Resources** | 119,498 | - | - | - | 119,498 | 56,655 |
| **Net Position** | 1,716,696 | 141,140 | (23,340) | 40,498 | 1,874,994 | 1,643,397 |
| **Total Liabilities and Net Position** | $3,413,766 | $ 341,258 | $ 9,842 | $ 43,124 | $3,807,990 | $3,614,306 |

Parkland

# Statement of Cash Flow and Routine Capital

Parkland

# Cash Flow Combined MTD & FYTD July 2022

| *(Dollars in Thousands)* | FYE 2022 | | | | FY 22 | FY 21 |
|---|---|---|---|---|---|---|
| | PHHS | PCHP | PCCI | FDN/AUX | Total | Total |
| Cash Flows from Operating Activities: | | | | | | |
| Receipts from Customers | $ 801,596 | $ 767,575 | | $ 1,110 | $ 1,570,281 | $ 1,429,109 |
| Ad Valorem Tax Receipts | 757,734 | - | - | - | 757,734 | 750,315 |
| Government Programs | 585,994 | - | - | - | 585,994 | 299,908 |
| Stimulus Funds | - | - | - | - | - | - |
| Other Receipts | 55,972 | - | 9,165 | - | 65,137 | 151,302 |
| Donations Received | - | - | - | 12,171 | 12,171 | 12,085 |
| Contributions Paid to/from Foundation | 28,537 | - | - | (4,105) | 24,432 | - |
| Payments for Medical Claims Costs | - | (490,876) | - | - | (490,876) | (469,172) |
| Payments to Suppliers | (558,541) | (281,350) | (1,439) | (3,002) | (844,332) | (600,062) |
| Payments to Employees | (1,251,975) | (18,108) | (5,870) | (3,494) | (1,279,447) | (1,140,694) |
| Net Cash Flow from Operations | 419,317 | (22,759) | 1,856 | 2,680 | 401,094 | 432,791 |
| Cash Flows from Capital and Financing Activities: | | | | | | |
| Purchases of Capital assets | (77,873) | | (1,856) | 11 | (79,718) | (95,165) |
| Sale of Capital Assets | 7,077 | | | - | 7,077 | 193 |
| Interest Received | 1,618 | (962) | | (535) | 121 | 12,277 |
| Interest Paid | (15,113) | - | - | (86) | (15,199) | (17,489) |
| Bond Principal Paid | - | - | - | - | - | - |
| Net Cash Flows from Capital and Financing Activities | (84,291) | (962) | (1,856) | (610) | (87,719) | (100,184) |
| Net Change in Cash | $ 335,026 | $ (23,721) | $ - | $ 2,070 | $ 313,375 | $ 332,607 |
| Beginning Cash Balance | 901,242 | 348,077 | - | 37,055 | 1,286,374 | 1,129,648 |
| Ending Cash Balance | $ 1,236,268 | $ 324,356 | $ - | $ 39,125 | $ 1,599,749 | $ 1,462,255 |

# Routine Capital Summary (FY22 Only)
# July 31, 2022

**CAPITAL SPENDING SUMMARY**
**Year to Date thru July 31, 2022**

2022 Budget Only

*(Dollars in Thousands)*

| Description | Amount |
|---|---|
| Capital Budget Spent (YTD) | $ 4,271 |
| Committed | 191,675 |
| Total | 195,946 |
| | |
| FY22 Capital Budget | $ 285,000 |
| | |
| % Total Capital Funding Spent or Committed | 68.8% |

Parkland

# Statistics
# MTD & YTD July 2022

**Parkland Health & Hospital System**

| | Month | | | | | Fiscal Year to Date | | | | | FY 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Jul-22 Actual | Jul-22 Budget | Jul-21 Actual | % Var Budget | % Var FY22-21 | Jul-22 Actual | Jul-22 Budget | Jul-21 Actual | % Var Budget | % Var FY22-21 | Annual Budget |
| Hospital Discharges (Adult/Infant Inpatient, Observation) | | | | | | | | | | | |
| Adult Inpatient | 3,031 | 2,859 | 2,918 | 6.0% | 3.9% | 27,716 | 26,845 | 26,669 | 3.2% | 3.9% | 32,313 |
| Neonatal ICU | 111 | 112 | 108 | -0.9% | 2.8% | 1,067 | 1,039 | 1,000 | 2.7% | 6.7% | 1,275 |
| Newborn Nursery / Room-in | 985 | 885 | 997 | 11.3% | -1.2% | 8,847 | 8,312 | 8,368 | 6.4% | 5.7% | 10,006 |
| Total Inpatient Discharges | 4,127 | 3,856 | 4,023 | 7.0% | 2.6% | 37,630 | 36,196 | 36,037 | 4.0% | 4.4% | 43,594 |
| Observation Discharges | 1,899 | 1,906 | 2,094 | -0.4% | -9.3% | 19,414 | 17,899 | 18,973 | 8.5% | 2.3% | 21,546 |
| Total Hospital Discharges | 6,026 | 5,762 | 6,117 | 4.6% | -1.5% | 57,044 | 54,095 | 55,010 | 5.5% | 3.7% | 65,140 |
| Total Hospital Discharges (excluding Newborn Nursery) | 5,041 | 4,877 | 5,120 | 3.4% | -1.5% | 48,197 | 45,783 | 46,642 | 5.3% | 3.3% | 55,134 |
| Inpatient Posted Census Days | | | | | | | | | | | |
| Adult Inpatient | 17,673 | 18,155 | 16,898 | -2.7% | 4.6% | 172,759 | 173,278 | 169,643 | -0.3% | 1.8% | 209,345 |
| Neonatal ICU | 2,258 | 1,924 | 2,148 | 17.4% | 5.1% | 21,110 | 17,841 | 18,572 | 18.3% | 13.7% | 21,903 |
| Newborn Nursery / Room-in | 2,320 | 2,161 | 2,317 | 7.4% | 0.1% | 20,706 | 19,469 | 19,762 | 6.4% | 4.8% | 23,984 |
| Total Inpatient Posted Census Days | 22,251 | 22,240 | 21,363 | 0.0% | 4.2% | 214,575 | 210,588 | 207,977 | 1.9% | 3.2% | 255,232 |
| Average Length of Stay | | | | | | | | | | | |
| Adult | 5.83 | 6.35 | 5.79 | 8.2% | -0.7% | 6.23 | 6.45 | 6.36 | 3.4% | 2.0% | 6.48 |
| Neonatal ICU | 20.34 | 17.18 | 19.89 | -18.4% | -2.3% | 19.78 | 17.17 | 18.57 | -15.2% | -6.5% | 17.2 |
| Case Mix Index | | | | | | | | | | | |
| Acute | 1.81 | 2.16 | 1.99 | -16.2% | -9.0% | 2.07 | 2.16 | 2.15 | -4.2% | -3.7% | 2.16 |
| Adult Average Inpatient Available Beds (less L&D) | 744 | 748 | 739 | -0.5% | 0.7% | 745 | 747 | 758 | -0.3% | -1.7% | 747 |
| Observation Unit Beds | 58 | 63 | 58 | -7.9% | 0.0% | 58 | 63 | 60 | -7.9% | -3.3% | 63 |
| Adult Inpatient Occupancy Rate | 70% | 72% | 68% | -2.8% | 2.9% | 70% | 71% | 68% | -1.4% | 2.9% | 71% |
| Adjusted Patient Days | | | | | | | | | | | |
| Inpatient Days x (Total Charges/Inpatient Charges) | 53,132 | 49,760 | 51,000 | 6.8% | 4.2% | 512,908 | 476,277 | 479,243 | 7.7% | 7.0% | 575,754 |
| Equivalent Patient Days | | | | | | | | | | | |
| Adult Census, NNICU, and Observation Days | 26,006 | 26,442 | 25,487 | -1.7% | 2.0% | 254,138 | 246,824 | 246,768 | 3.0% | 3.0% | 299,441 |
| Adjusted Occupancy Rate (includes Observation) | | | | | | | | | | | |
| Medicine/ Surgery | 91% | 97% | 91% | -6.2% | 0.0% | 91% | 93% | 90% | -2.2% | 1.1% | 94% |
| Psych | 95% | 93% | 100% | 2.2% | -5.0% | 98% | 86% | 100% | 14.0% | -2.0% | 88% |
| Rehab | 94% | 95% | 100% | -1.1% | -6.0% | 96% | 93% | 91% | 3.2% | 5.5% | 93% |
| WISH *(Less: Newborn Nursery, NNICU, and L&D)* | 82% | 72% | 71% | 13.9% | 15.5% | 78% | 67% | 67% | 16.4% | 16.4% | 68% |

Parkland

# Statistics
# MTD & YTD July 2022

**Parkland Health & Hospital System**

| | Month | | | | | Fiscal Year to Date | | | | | FY 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Jul-22 Actual | Jul-22 Budget | Jul-21 Actual | % Var Budget | % Var FY22-21 | Jul-22 Actual | Jul-22 Budget | Jul-21 Actual | % Var Budget | % Var FY22-21 | Annual Budget |
| Average Daily Inpatient Census | | | | | | | | | | | |
| Medicine/ Surgery | 380 | 413 | 368 | -8.1% | 3.2% | 389 | 409 | 400 | -4.9% | -2.7% | 409 |
| Psych | 27 | 26 | 26 | 2.7% | 2.7% | 27 | 24 | 25 | 14.0% | 9.5% | 24 |
| Rehab | 17 | 23 | 21 | -26.2% | -19.2% | 14 | 22 | 17 | -34.6% | -15.4% | 22 |
| WISH *(Less: Newborn Nursery, NNICU, and L&D)* | 120 | 101 | 104 | 18.4% | 15.0% | 113 | 93 | 94 | 21.7% | 20.4% | 95 |
| L&D | 27 | 23 | 26 | 18.2% | 4.6% | 24 | 22 | 22 | 10.4% | 10.4% | 22 |
| Total Adult Inpatient | 570 | 586 | 545 | -2.7% | 4.6% | 568 | 570 | 558 | -0.3% | 1.8% | 572 |
| Observation | 196 | 205 | 208 | -4.4% | -5.8% | 198 | 183 | 193 | 8.3% | 2.7% | 187 |
| Total Adult Average Daily Census | 766 | 791 | 753 | -3.2% | 1.7% | 767 | 753 | 751 | 1.8% | 2.1% | 759 |
| Neonatal ICU | 73 | 62 | 69 | 17.5% | 5.6% | 69 | 59 | 61 | 17.7% | 13.8% | 60 |
| Total Average Daily Census | 839 | 853 | 822 | -1.7% | 2.1% | 836 | 812 | 812 | 3.0% | 3.0% | 819 |
| Deliveries | 1,091 | 1,060 | 1,064 | 2.9% | 2.5% | 9,953 | 9,232 | 9,236 | 7.8% | 7.8% | 11,281 |
| Surgeries | | | | | | | | | | | |
| Day Surgery Cases (Hospital) | 539 | 487 | 539 | 10.7% | 0.0% | 5,498 | 4,808 | 4,961 | 14.4% | 10.8% | 5,726 |
| Day Surgery Cases (ASC) | 434 | 419 | 442 | 3.6% | -1.8% | 4,417 | 4,241 | 4,343 | 4.1% | 1.7% | 5,026 |
| Total Day Surgery Cases | 973 | 906 | 981 | 7.4% | -0.8% | 9,915 | 9,049 | 9,304 | 9.6% | 6.6% | 10,752 |
| Inpatient Cases | 672 | 801 | 762 | -16.1% | -11.8% | 6,828 | 7,099 | 7,154 | -3.8% | -4.6% | 8,624 |
| Total Surgical Cases | 1,645 | 1,707 | 1,743 | -3.6% | -5.6% | 16,743 | 16,148 | 16,458 | 3.7% | 1.7% | 19,376 |
| Emergency Services (unduplicated patients) | | | | | | | | | | | |
| Arrivals Count | 20,299 | 17,781 | 19,963 | 14.2% | 1.7% | 186,848 | 167,475 | 172,476 | 11.6% | 8.3% | 200,308 |
| Treated Patients Count | 19,515 | 17,479 | 19,336 | 11.6% | 0.9% | 182,460 | 164,619 | 168,823 | 10.8% | 8.1% | 196,892 |
| Percent Left w/o Being Seen | 3.9% | 1.7% | 3.1% | -129.4% | -25.8% | 2.3% | 1.7% | 2.1% | -35.3% | -9.5% | 1.7% |
| Emergency Visit Counts (includes multiple visits) | | | | | | | | | | | |
| Main ED | 13,504 | 12,372 | 13,974 | 9.1% | -3.4% | 127,185 | 115,701 | 118,343 | 9.9% | 7.5% | 138,453 |
| Psych / EOU ED | 909 | 1,048 | 879 | -13.3% | 3.4% | 8,766 | 10,026 | 8,872 | -12.6% | -1.2% | 12,071 |
| Urgent Care - ED | 4,142 | 4,424 | 5,157 | -6.4% | -19.7% | 41,577 | 43,059 | 43,788 | -3.4% | -5.0% | 51,381 |
| ICC ED (OB/Gyn Intermediate Care) | 1,884 | 1,634 | 1,779 | 15.3% | 5.9% | 17,547 | 15,136 | 16,032 | 15.9% | 9.4% | 18,122 |
| Total Emergency Visit Counts | 20,439 | 19,478 | 21,789 | 4.9% | -6.2% | 195,075 | 183,922 | 187,035 | 6.1% | 4.3% | 220,027 |
| Ambulatory Visits | | | | | | | | | | | |
| COPC Visits | 38,115 | 40,248 | 44,765 | -5.3% | -14.9% | 447,439 | 407,744 | 429,247 | 9.7% | 4.2% | 486,579 |
| Women's Health Centers Visits | 18,891 | 21,124 | 20,287 | -10.6% | -6.9% | 196,386 | 196,426 | 194,024 | 0.0% | 1.2% | 235,649 |
| OPC Visits | 32,972 | 33,352 | 34,127 | -1.1% | -3.4% | 364,609 | 329,796 | 331,020 | 10.6% | 10.1% | 397,292 |
| Total Ambulatory Visits | 89,978 | 94,724 | 99,179 | -5.0% | -9.3% | 1,008,434 | 933,966 | 954,291 | 8.0% | 5.7% | 1,119,520 |

# Key Operating Performance Metrics

| Staffing Information: | YTD 2022 Actual | YTD 2022 Budget | YTD 2022 Variance | YTD 2021 Actual | FY22 to FY21 Variance |
|---|---|---|---|---|---|
| Contract Labor and excludes Nursing Homes and Jail | 11,665 | 11,990 | 325 | 11,782 | 117 |
| Productivity: | | | | | |
| Paid Hours/Adjusted Patient Day | 40 | 44 | 4 | 43 | 3 |
| Labor Rates: | | | | | |
| Average Hourly Rate | $ 39.80 | $ 38.99 | $ (0.81) | $ 37.07 | $ (2.73) |

Parkland

# Truven Comparative Peer Group

| FACILITY NAME | City | ST |
|---|---|---|
| Denver Health | Denver | CO |
| Erlanger Medical Center | Chattanooga | TN |
| Georgia Regents Health System | Augusta | GA |
| Harborview Medical Center | Seattle | WA |
| Harris Health - Ben Taub | Houston | TX |
| Harris Health - Lyndon B. Johnson General Hospital | Houston | TX |
| Harris Health - Quentin Mease | Houston | TX |
| JPS Health Network | Fort Worth | TX |
| OSU Medical Center - Academic Medical Center | Columbus | OH |
| OSU Medical Center - University Hospital East | Columbus | OH |
| Parkland Health & Hospital System | Dallas | TX |
| San Francisco General Hospital | San Francisco | CA |
| Shands at University of Florida | Gainesville | FL |
| Shands Jacksonville | Jacksonville | FL |
| Stony Brook University Medical Center | Stony Brook | NY |
| Temple University Hospital | Philadelphia | PA |
| The U of A Medical Center - University Campus | Tucson | AZ |
| UAMS Medical Center | Little Rock | AR |
| UCSD - Health System, San Diego | San Diego | CA |
| University Health System | San Antonio | TX |
| University Medical Center of El Paso | El Paso | TX |
| University of Alabama Hospital | Birmingham | AL |
| University of California Davis Medical Center | Davis | CA |
| University of California Irvine Medical Center | Irvine | CA |
| University of Chicago Hospitals | Chicago | IL |
| University of Colorado Hospital | Aurora | CO |
| University of Illinois Medical Center at Chicago | Chicago | IL |
| University of Kansas Hospital | Kansas City | KS |
| University of Kentucky Hospital | Lexington | KY |
| University of New Mexico Hospitals | Albuquerque | NM |
| University of Texas Medical Branch, Galveston | Galveston | TX |
| University of Utah Hospitals & Clinics | Salt Lake City | UT |

# Glossary of Terms

| | |
|---|---|
| **Total Hospital Discharges** | The number of inpatients who left the hospital to return home or were transferred to another facility |
| **Total Average Daily Census** | Equivalent Patient Days / Number of Days in the Month |
| **Average Length of Stay** | Total Inpatient Census Days / Total Discharged Cases |
| **Case Mix Index** | The weighted average diagnosis-related group (DRG) value for Parkland (Total CMS MS DRG Assigned Weights / Total Discharged Cases) |
| **Total Emergency Service Visits** | Emergency Room Visits includes Main ED, Psych ED, Urgent Care ED, and ICC ED (OB/Gyn Intermediate Care) |
| **Total Ambulatory Visits** | Hospital Clinic Visits + Hospital Community Visits + Wish Clinical Visits + COPC Clinical Visits |
| **Surgeries** | Main Operating Room Cases + Main Day Surgery Cases |
| **Deliveries** | Inpatient + Outpatient Deliveries |
| **Adjusted Patient Days** | Inpatient Days x (Total Charges/Inpatient Charges) |
| **Operating Margin** | (Total Operating Revenue + Gov't Subsidies - Total Operating Expenses) / (Total Operating Revenue + Government Subsidies) |
| **Operating Cash Flow Margin** | (Total Operating Revenue + Gov't Subsidies - Total Operating Expenses + Interest & Depreciation) / (Total Operating Revenue + Gov't Subsidies) |
| **Days Cash on Hand** | The number of Days that Parkland could continue to pay its obligations with no new cash resources becoming available |
| **Days in Accounts Payable** | The average number of days it takes to pay outstanding bills, defined as (Total Current Liabilities - Deferred Revenue) / ((Total Opererating Expenses - Depreciation) / Days in Period) |
| **Days In Accounts Receivable** | The average time that it takes Parkland to collect a patient account |

# Parkland

*Care. Compassion. Community.*

**www.parklandhospital.com**

Parkland

# FY23 Budget Presentation v3 Final

Preliminary Draft - Subject to Change & Board Approval

Parkland

# Budget & Finance Committee

## FY2023 Budget Review

August 23, 2022

Parkland

Preliminary Draft - Subject to Change & Board Approval

# Budget Assumptions

## Risk Elements

- DSRIP program discontinued
- HARP program not yet approved
- Revenues growing more slowly than expenses
- Labor market volatility in critical areas including nursing and clinical support areas
- Benefits expense rising sharply in FY22 in medical benefits (Health Self Funded) with an expected 4% increase in FY23
- Rapidly increasing drug expense in HIV and Oncology medications

## Revenue

- 2% increase in Medicare
- Reduction in MCare UC-DSH
- Reduction in MCaid DSH
- 20% reduction in NAIP
- Loss of DSRIP not completely covered by increased CHIRP and two new programs, TIPPS and HARP
- 5% increase in tax revenues

## Volumes

- Patient Days increasing 1.1%
- Discharges increasing 1.7%
- Deliveries steady with a 0.1% increase
- ED/UC visits increasing 0.6%
- Outpatient Clinic Visits increasing 2.5%
  - COPC 3.0%
  - OPC 1.5%
  - WISH 3.0%

## Expense

- FTEs projected to be flat
- Market adjustments of $30M plus Merit of 3% and COLA of 2% of salaries expense
- Benefits expense increasing 20% driven by contract labor shift and pension plan investment performance
- Supplies increasing by 4%
- Drug expense increasing 7%, with COVID reductions netting to 5%
- Insurance (liability) increasing 9% in various lines of coverage
- Purchased Medical Services increasing 4%

Parkland

Preliminary Draft - Subject to Change & Board Approval

# Revenue Comparison of Significant Changes

Amounts in thousands

| | FY22 Forecast | FY23 Budget | Variance |
|---|---|---|---|
| Patient Revenues | 979,472 | 988,868 | $ 9,396 |
| Government Subsidies | 513,439 | 476,774 | $ (36,665) |
| Tax Revenue | 765,614 | 802,784 | $ 37,170 |
| Stimulus/FEMA Funds | 15,608 | 50,000 | $ 34,392 |
| Variance | | | $ 44,293 |

Parkland

Preliminary Draft - Subject to Change & Board Approval

# Governmental Revenue
# Comparison of Significant Changes

## Net Patient Revenues

- Increase in commercial payments due to modest price increases

## Medicaid DSH/DSRIP

- Medicaid DSH program changes and expected loss of enhanced FMAP result in loss of $3 million
- DSRIP program decreased funding of $90 million annually

## Medicaid UC

- CMS approved UC of $4.5 billion ($0.6B above expectations of $3.9B)
- Parkland expects about $10 million in additional payments
- New Directed Payment Programs (DPPs) including HARP and TIPPS will negatively impact UC reimbursement

Parkland

Preliminary Draft - Subject to Change & Board Approval

# Governmental Revenue
# Comparison of Significant Changes

## Hospital Augmented Reimb Program (HARP)

- Awaiting CMS approval for program
- FY22 forecast of $54 million,  FY23 budget of $97 million

## Tax revenues

- Planned 5% increase, below projected valuation growth

## Stimulus funds

- No further funds are expected for hospital organizations
- Audits underway and no refunds anticipated from Parkland

## FEMA

- Anticipated partial reimbursement of clinical contract labor from FY21 and FY22 of approximately $50 million

Parkland

Preliminary Draft - Subject to Change & Board Approval

# FY2023 Expense Assumptions

## Expense Assumptions

- FTE/Staffing correlated to new benchmarked standards
- Salaries & Benefits
  - Market and living wage increases of $30M
  - Merit increase and COLA adjustments of $39M
  - Benefits expense increase of 20% due to contract labor shift and pension plan investment performance
  - Expected reduction of $31M related to COVID and decreased contract labor
- Medical/Surgical Supplies
  - 4% increase for inflation
- Drugs
  - 7% inflationary increase which is offset by 2% improvement in COVID and other initiatives

Parkland

Preliminary Draft - Subject to Change & Board Approval

# FY2023 Expense Assumptions

## Expense Assumptions - Continued

- Fees
  - 27% increase overall
  - $6M attributed to SaaS
- Insurance Premiums
  - 9% increase attributed to inflation and COVID
- Purchased Medical Services
  - 4% increase

Parkland

# FY2023 FTE Assumptions

## Establishing Department Productivity Targets

- Target setting using historical performance, benchmarking data and future assumptions to identify a realistic target.

- Productivity target determines the budgeted productive FTEs based on budgeted volume for "variable" departments and historical FTE utilization for "fixed" departments.

## Current FTE counts

- FY22 Budget: 10,780 Productive / 12,577 Paid
- FY22 Actual (as of June 2022): 10,684 Productive / 12,111 Paid
- FY23 Target: 10,693 Productive / 12,182 Paid[1]



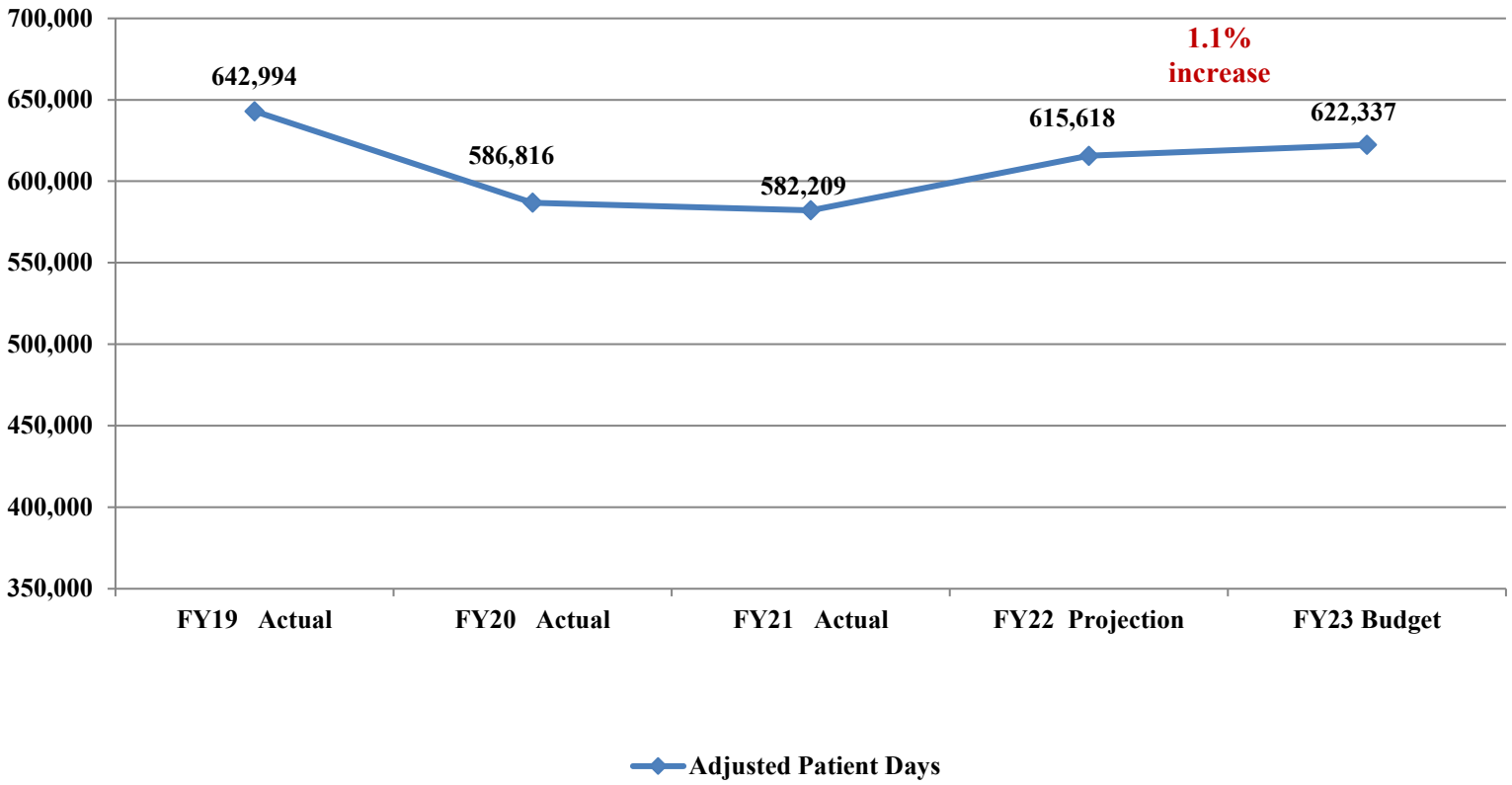
**1** Includes the FTE increases based on new initiatives, net impact of net CCs, etc. (total of 71 FTEs)

Preliminary Draft - Subject to Change & Board Approval

Parkland

# FY 2023 Volume Trends

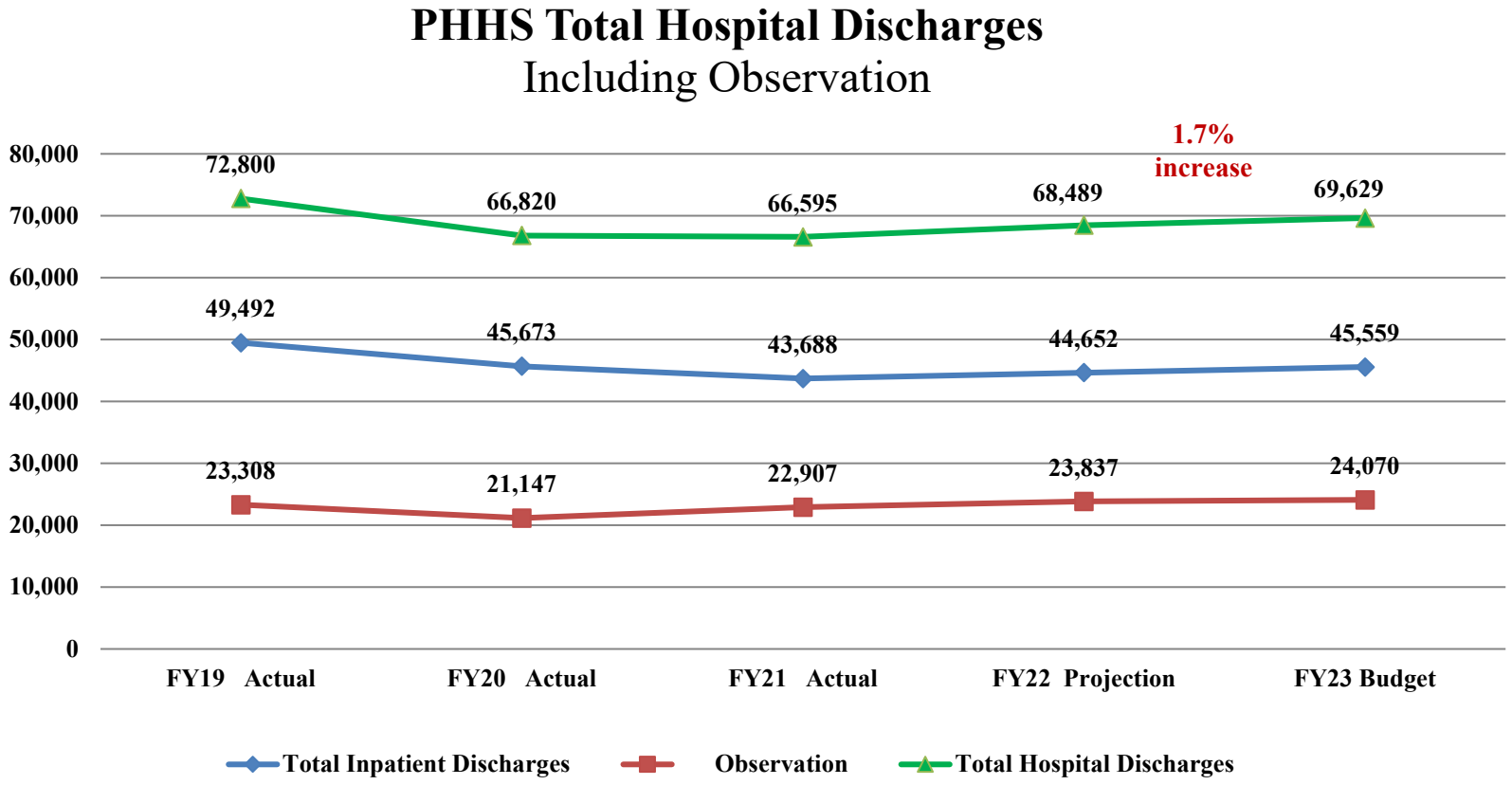
## Adjusted Patient Days



Preliminary Draft - Subject to Change & Board Approval

Parkland

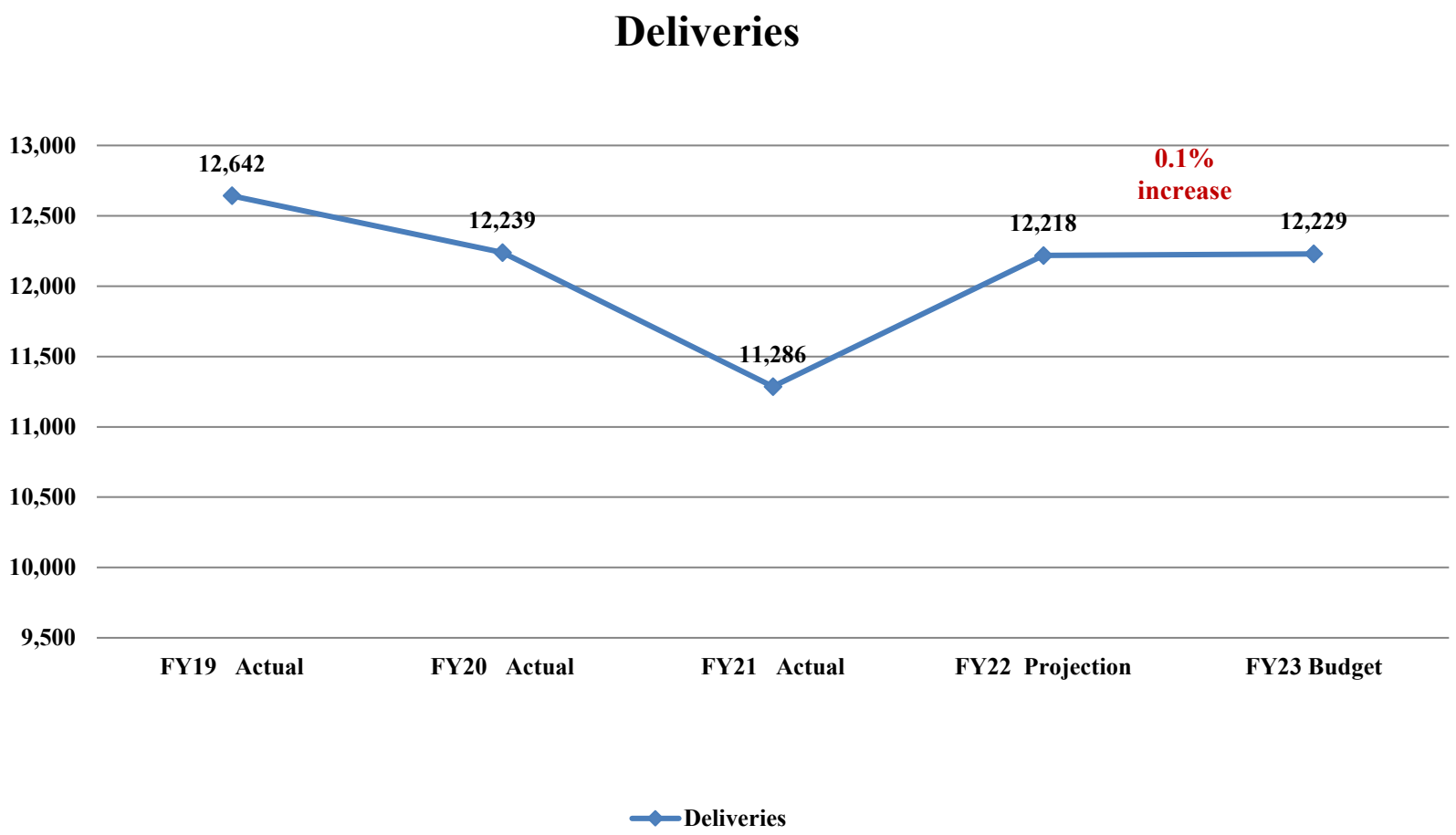
# FY 2023 Volume Trends



Preliminary Draft - Subject to Change & Board Approval

Parkland

# FY 2023 Volume Trends

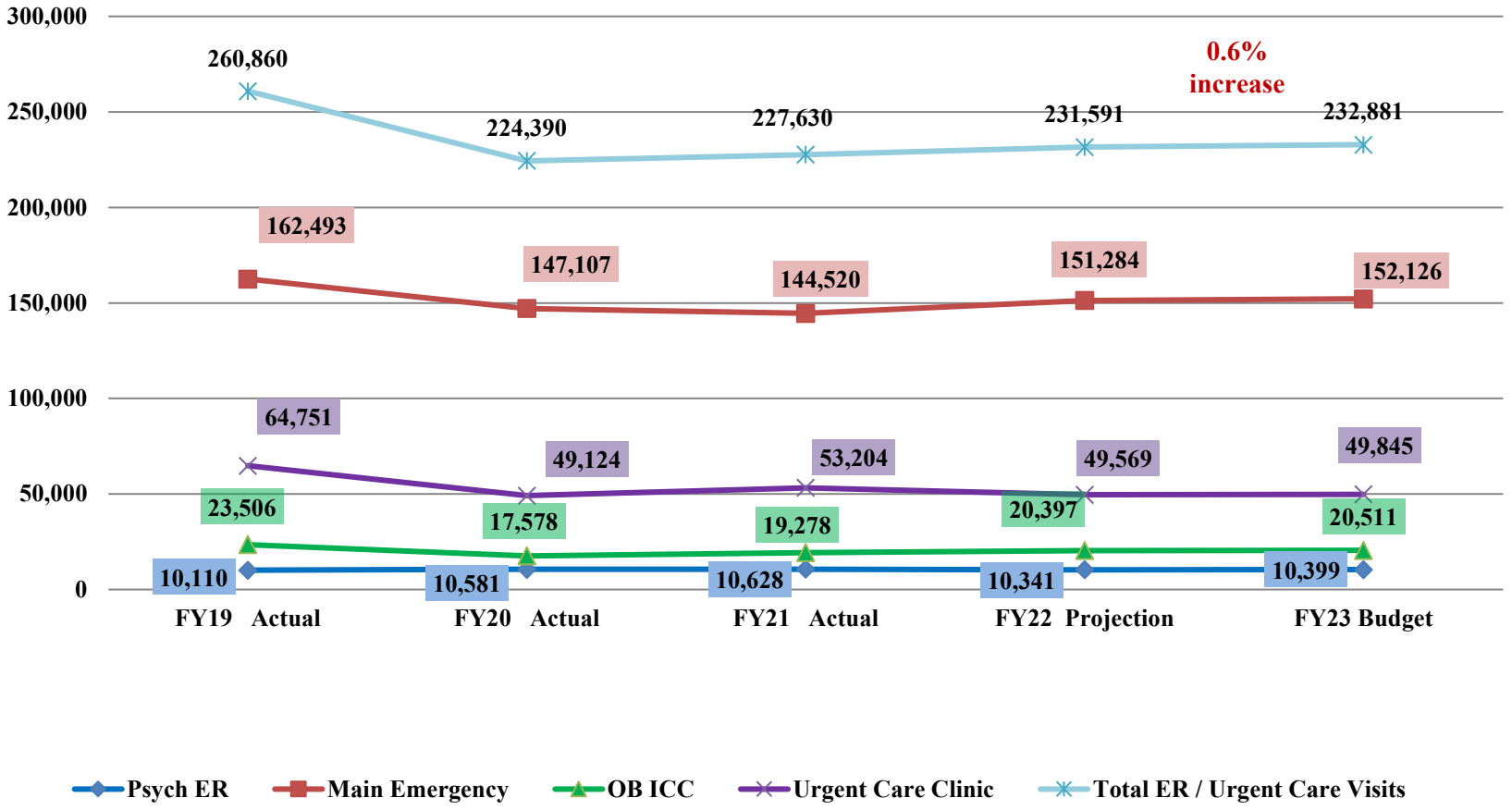


Preliminary Draft - Subject to Change & Board Approval

Parkland

# FY 2023 Volume Trends

## ER / Urgent Care Visits

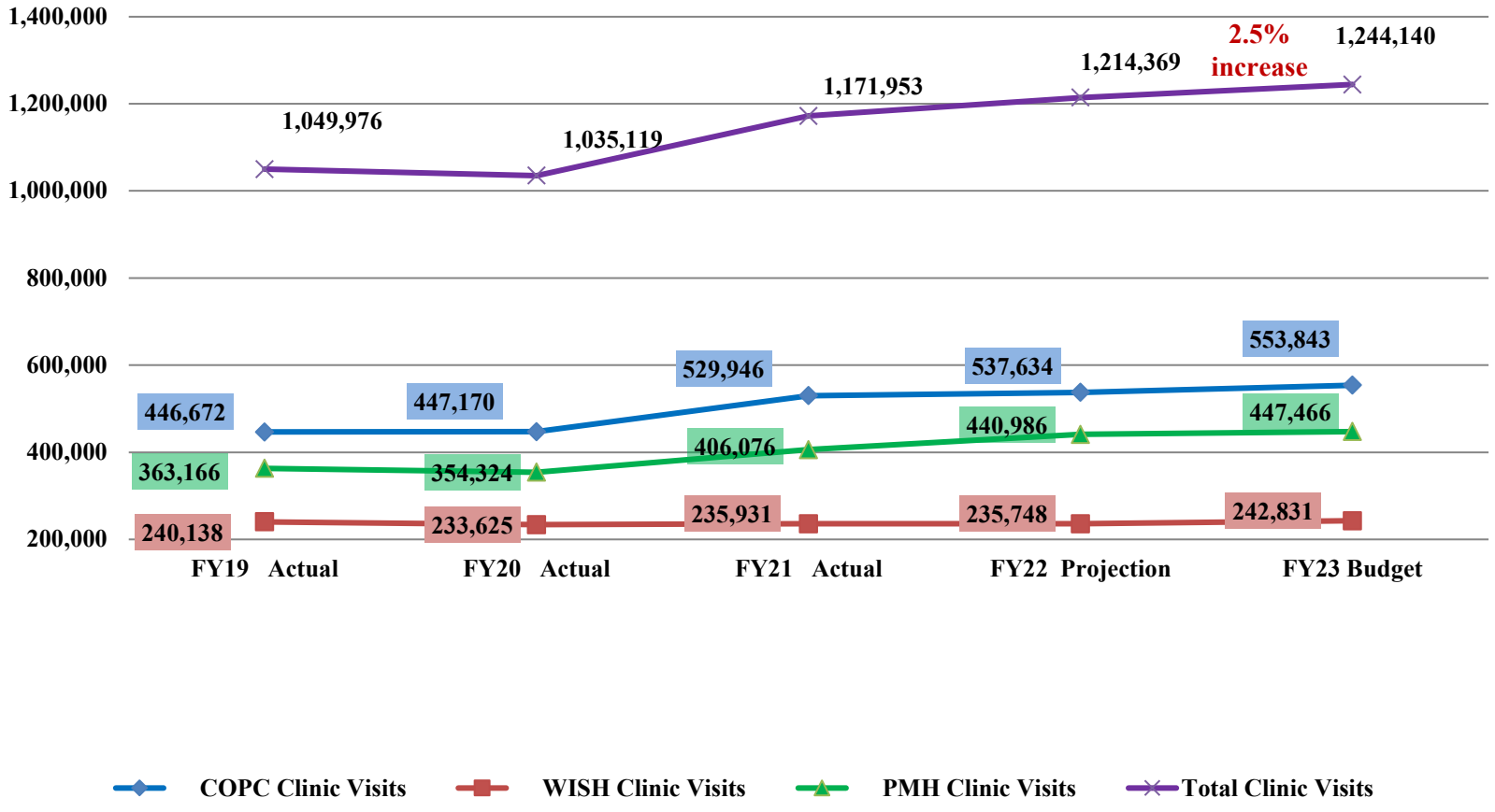


Preliminary Draft - Subject to Change & Board Approval

Parkland

# FY 2023 Volume Trends

## Outpatient Clinic Visits



Parkland

# Income Statement Projections

| | PH Projected 2022 | Nursing Homes Projected 2022 | PH Projected Combined 2022 | PH Budget 2023 | Nursing Homes Budget 2023 | PH Budget Combined 2023 |
|---|---|---|---|---|---|---|
| **OPERATING REVENUES** | | | | | | |
| Net Patient Revenue | 978,419 | 299,320 | 1,277,739 | 986,140 | 294,836 | 1,280,976 |
| Net Ad Valorem Taxes | 765,614 | - | 765,614 | 802,784 | - | 802,784 |
| Government Programs | 513,382 | - | 513,382 | 476,774 | - | 476,774 |
| Other | 214,150 | 45,080 | 259,230 | 250,853 | 40,567 | 291,420 |
| **Total Operating Revenues** | 2,471,566 | 344,400 | 2,815,966 | 2,516,551 | 335,403 | 2,851,954 |
| **OPERATING EXPENSES** | | | | | | |
| Salaries and Benefits | 1,331,411 | 169,887 | 1,501,298 | 1,409,549 | 180,705 | 1,590,254 |
| Purchased Medical Services | 277,770 | - | 277,770 | 288,100 | - | 288,100 |
| Supplies/Drugs/Other | 666,842 | 160,957 | 827,799 | 730,017 | 142,590 | 872,607 |
| Subtotal Operating Expenses | 2,276,023 | 330,844 | 2,606,868 | 2,427,666 | 323,295 | 2,750,961 |
| **OPERATING CASH FLOW MARGIN** | **195,543** | **13,555** | **209,098** | **88,885** | **12,108** | **100,993** |
| Depreciation | 86,242 | 163 | 86,405 | 90,164 | 218 | 90,382 |
| OPERATING INCOME (LOSS) | 109,301 | 13,392 | 122,693 | (1,279) | 11,890 | 10,611 |
| **NON-OPERATING REVENUES/EXPENSES** | | | | | | |
| Non-operating Revenue | 36,685 | 883 | 37,569 | 51,218 | 1 | 51,219 |
| Non-operating Expense | 27,173 | 26 | 27,199 | 28,446 | 28 | 28,474 |
| Subtotal Non-Operating Rev/Exp | 9,512 | 857 | 10,370 | 22,772 | (28) | 22,745 |
| Total Net Income (Loss) | 118,814 | 14,249 | 133,063 | 21,493 | 11,862 | 33,355 |

Parkland

# Income Statement Budget Changes

| (in thousands) | PH Budget 2023 as of 7-27-22 | PH Budget 2023 as of 8-24-22 | Variance |
|---|---|---|---|
| **OPERATING REVENUES** | | | |
| Net Patient Revenue | 973,129 | 986,140 | 13,011 |
| Net Ad Valorem Taxes | 802,784 | 802,784 | - |
| Government Programs | 466,367 | 476,774 | 10,406 |
| Other | 231,775 | 250,853 | 19,078 |
| **Total Operating Revenues** | 2,474,056 | 2,516,551 | 42,495 |
| | | | |
| **OPERATING EXPENSES** | | | |
| Salaries and Benefits | 1,378,209 | 1,409,549 | (31,341) |
| Purchased Medical Services | 295,192 | 288,100 | 7,092 |
| Supplies/Drugs/Other | 714,288 | 730,017 | (15,729) |
| Subtotal Operating Expenses | 2,387,689 | 2,427,666 | (39,977) |
| **OPERATING CASH FLOW MARGIN** | **86,367** | **88,885** | **2,518** |
| Depreciation | 78,160 | 90,164 | (12,004) |
| OPERATING INCOME (LOSS) | 8,207 | (1,279) | (9,486) |
| **NON OPERATING REVENUES/EXPENSES** | | | |
| Non-operating Revenue | 46,718 | 51,218 | 4,500 |
| Non-operating Expense | 27,169 | 28,446 | (1,277) |
| Subtotal Non-Operating Rev/Exp | 19,549 | 22,772 | 3,223 |
| Total Net Income (Loss) | 27,756 | 21,493 | (6,263) |

## Version Changes Explained:

**Revenues:**
- Net Patient Revenue – Impact of reduction in DSH-UC pot size reflected in Medicare FFY23 inpatient final rules
- Government Programs – Inclusion of FY18 Medicaid DSH recon
- Other – Offset to ARPA related initiatives; adjustment to replacement drugs based on current history; reconciliation of miscellaneous revenue

**Salaries and Benefits:**
- Contract Labor increased based on review of more current history
- Increase to medical benefits expense based on experience and expected plan changes

**Purchased Medical Services:**
- Reduction in RVU expense based on utilization and contract rate

**Supplies/Drugs/Other:**
- Other expenses increased based on anticipated FY23 initiatives (offset in Other Revenue for ARPA initiatives); Removal of anticipated IT savings of $5M

**Depreciation:**
- Increase in building depreciation for building services
- Shift from lease expense (Other) to account for reporting changes related to GASB

**Non-Operating Revenue:**
- Increase in grant revenue based on anticipated FEMA dollars

**Non-Operating Expense:**
- GASB interest expense

Parkland

# FY23-FY27 Long Range Financial Plan

| | Total 2022 | Total 2023 | Total 2024 | Total 2025 | Total 2026 | Total 2027 |
|---|---|---|---|---|---|---|
| Operations Inflow | | | | | | |
| Net Patient Revenue (Excl. MCR/MGD DSH & UHRIP) | $ 755,986,882 | $ 781,070,252 | $ 794,839,068 | $ 809,109,637 | $ 825,728,821 | $ 843,831,963 |
| Net Government Supplementals | 786,713,922 | 723,972,818 | 704,645,111 | 707,054,792 | 713,293,147 | 696,991,044 |
| Tax Collections | 765,614,319 | 802,783,950 | 834,895,308 | 868,291,120 | 903,022,765 | 939,143,676 |
| Other Revenue (Excl Replace Drugs, Tobacco, NAIP, ARPA) | 49,249,308 | 84,824,136 | 35,811,311 | 36,661,311 | 36,571,269 | 35,981,269 |
| Investment Income/Sale of Asset | 7,172,814 | 14,923,771 | 15,317,732 | 13,994,128 | 12,829,690 | 11,707,772 |
| Foundation | 4,308,242 | 8,710,156 | 6,183,159 | 5,048,956 | 4,885,247 | 3,941,490 |
| Grants | 25,204,378 | 27,584,249 | 28,963,461 | 30,411,635 | 31,932,216 | 33,528,827 |
| **Total Inflow Operations** | **$2,394,249,866** | **$2,443,869,332** | **$2,420,655,150** | **$2,470,571,579** | **$2,528,263,155** | **$2,565,126,041** |
| Operations Outflow | | | | | | |
| Expenses (Excl Repl Drugs, Deprec, Pension & Initiatives) | $2,100,621,403 | $2,214,029,898 | $2,300,511,651 | $2,379,747,681 | $2,462,321,860 | $2,550,890,389 |
| Pension Funding | 74,800,000 | 76,200,000 | 80,500,000 | 85,000,000 | 90,600,000 | 97,400,000 |
| Debt Service Payments (incl Interest Expense) | 46,340,813 | 46,344,563 | 44,947,423 | 44,673,200 | 46,947,733 | 44,184,752 |
| **Total Outflow Operations** | **$2,221,762,215** | **$2,336,574,461** | **$2,425,959,074** | **$2,509,420,881** | **$2,599,869,593** | **$2,692,475,141** |
| **Operations Net Inflow (Outflow)** | **$ 172,487,651** | **$ 107,294,871** | **$ (5,303,924)** | **$ (38,849,302)** | **$ (71,606,438)** | **$ (127,349,100)** |
| Routine Capital/Strategic Projects | | | | | | |
| 2021 Capital Budget | 36,729,644 | | | | | |
| 2022 Capital Budget | 71,352,921 | 47,568,614 | | | | |
| 2023-2027 Routine Capital Budget | | 55,663,302 | 87,580,940 | 86,484,069 | 83,360,728 | 84,336,752 |
| 2023 Strategic Capital | | 3,057,798 | 1,000,000 | | | |
| 2023 Strategic Project Operations Revenue | | (9,897,745) | (8,900,000) | (8,050,000) | (8,130,000) | (8,720,000) |
| 2023 Strategic Project Operations Expense | | 10,834,305 | 9,657,686 | 8,317,288 | 8,176,830 | 8,546,485 |
| Vickery Capital | | 16,124,898 | 7,282,202 | | | |
| **Capital/Projects Outflow** | **$ 108,082,565** | **$ 123,351,172** | **$ 96,620,828** | **$ 86,751,357** | **$ 83,407,558** | **$ 84,163,237** |
| **Total Net Cash InFlow (OutFlow)** | **$ 64,405,086** | **$ (16,056,301)** | **$ (101,924,753)** | **$ (125,600,659)** | **$ (155,013,996)** | **$ (211,512,337)** |
| Ending Cash Balance | $ 973,102,086 | $ 957,045,785 | $ 855,121,033 | $ 729,520,374 | $ 574,506,378 | $ 362,994,041 |
| Days Cash | 169.1 | 157.8 | 135.7 | 111.9 | 85.2 | 51.9 |

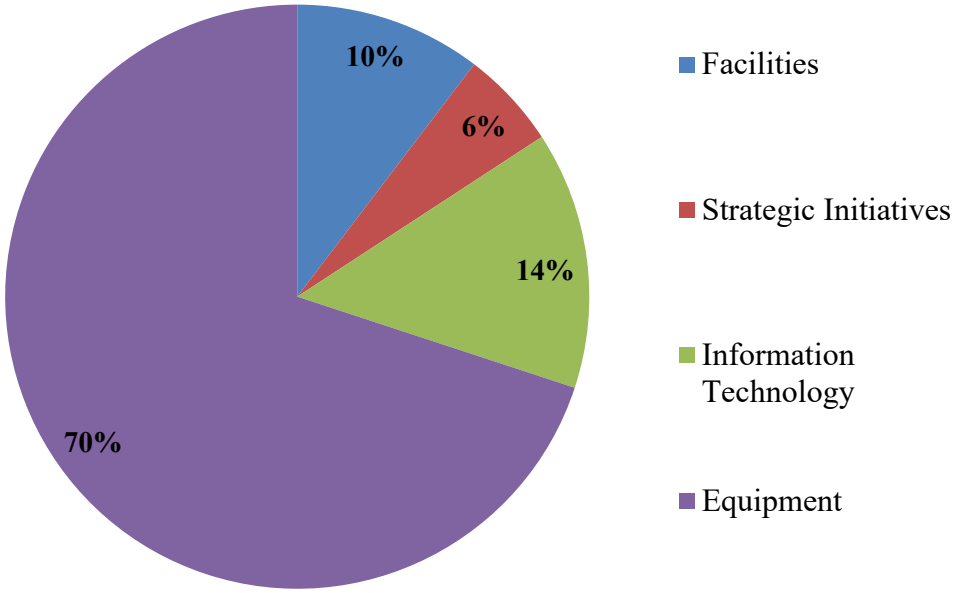
# FY 2023 Capital

Parkland

**Capital Budget** **Preliminary**

| *(in millions)* | FY21 | FY22 | FY23 |
|---|---|---|---|
| Facilities | 58.0 | 19.7 | 6.1 |
| Strategic Initiatives | 34.3 | 54.5 | 3.2 |
| Information Technology | 18.0 | 9.3 | 8.4 |
| Equipment | 37.8 | 35.4 | 41.2 |
| **Total Ongoing Capital** | **150.3** | **118.9** | **58.9** |

**Dollars (in millions)**



Preliminary Draft - Subject to Change & Board Approval

Parkland

# FY2023 Preliminary Tax Revenue

- Certified information regarding taxable valuations indicates an estimated increase of about 15%
- Parkland assumes the current tax rate of $0.2550 will decrease to $0.2358 for FY2023 of which $0.010865 is for debt service
- Parkland seeks to cap its tax revenue increase at 5%
- Current year tax collection percentages remain constant at approximately 99%

Preliminary Draft - Subject to Change & Board Approval

Parkland

# Tax Rate Trends

**Tax rates are trending downward as property values increase:**

| Fiscal Year | Tax Rate |
|---|---|
| 2016 | $ 0.2860 |
| 2017 | $ 0.2794 |
| 2018 | $ 0.2794 |
| 2019 | $ 0.2794 |
| 2020 | $ 0.2695 |
| 2021 | $ 0.2661 |
| 2022 | $ 0.2550 |
| 2023 | $ 0.2358 |

Preliminary Draft - Subject to Change & Board Approval

Parkland

# FY 2023 Debt Financing Levy

**Parkland will have a modest decrease in the debt service tax rate for FY 2023 from the FY 2022 budget assuming a 15% increase in taxable values**

**Required Debt Service Rate using estimated December 31, 2021 Taxable Values**

**(Dollars in Millions)**

| Projected Transactions | FY2022 | FY2023 |
|---|---|---|
| 2009 Series Debt Service - Interest | $ 22.8 | $ 22.8 |
| 2009 Series Debt Service - Principal | - | 3.4 |
| Normal Federal Subsidy – Build America Bonds | (8.0) | (8.0) |
| Subsidy Sequestration | 0.5 | 0.5 |
| 2019 Series Debt Service – Interest | 7.8 | 7.1 |
| 2019 Series Debt Service - Principal | 14.3 | 11.7 |
| Tax Requirement - Debt Service | $ 37.4 | $ 37.5 |
| | | |
| Estimated Tax Base | $300,369 | $344,766 |
| Tax Rate per $100 (Dollars) | $0.011691 | $0.010865 |
| Voter Approved Debt Service Rates | $0.025000 | $0.025000 |

**The tax rate excludes $1.4 million of debt service on the 2013 bonds which are financed by parking revenues.**

Parkland

Preliminary Draft - Subject to Change & Board Approval

# Calendar

- August 23rd : Final Presentation to Finance Committee
- August 24th : Final Presentation to Board of Managers and Vote on Budget & Resolution
- September 6th : Final Presentation to Commissioners Court and Public Hearing and Vote

Parkland

# Recommend Board Approval of FY23 Budget Resolution

PARKLAND HEALTH & HOSPITAL SYSTEM
BOARD OF MANAGERS

RESOLUTION NO. _____

---

RESOLUTION

Be it resolved, the Parkland Health & Hospital System Board of Managers by a vote of ____Yes, ____ Nay and ____ Absent does by this resolution (adopt/reject) __adopt__ the following:

**WHEREAS**, staff has proposed, and the Board has approved an FY 2023 Operating Budget totaling $2,516,551,000 in operating revenues, $2,523,830,000 in operating expenses including depreciation, $22,772,000 in non-operating net income including capital contributions, $15,493,000 in total net income, and

**WHEREAS**, staff has proposed, and the Board has approved an FY 2023 Ongoing Capital Budget in the amount of $55,819,000.

**WHEREAS**, staff has proposed, and the Board has approved a tax rate of 23.58 cents per $100 valuation,

**THEREFORE, BE IT RESOLVED** that the Parkland Health & Hospital System Board of Managers approves and recommends the FY 2023 Hospital Operating Budget and the FY 2023 Hospital Capital Budget, to the Dallas County Commissioners' Court for approval.

Dated this 24th day of August 2022.

| | |
|---|---|
| _____ | _____ |
| Marjorie Petty, JD | Steven Roth, JD, MPH |
| Chairwoman | Assistant Secretary |

---

| | | | | |
|---|---|---|---|---|
| Marjorie Petty, JD | Yes_____ | No_____ | Abstain _____ | Absent_____ |
| Don O'Bannon, Esq | Yes_____ | No_____ | Abstain _____ | Absent_____ |
| Jeff Tillotson, JD | Yes_____ | No_____ | Abstain _____ | Absent_____ |
| Eric G. Bing, MD, PhD | Yes_____ | No_____ | Abstain _____ | Absent_____ |
| Todd Furniss, JD | Yes_____ | No_____ | Abstain _____ | Absent_____ |
| Reina Gonzalez, JD | Yes_____ | No_____ | Abstain _____ | Absent_____ |
| Ramon Miguez, PE | Yes_____ | No_____ | Abstain _____ | Absent_____ |
| Farida Minner, RN | Yes_____ | No_____ | Abstain _____ | Absent_____ |
| Elizabeth Palacios, MD | Yes_____ | No_____ | Abstain _____ | Absent_____ |
| John Proctor | Yes_____ | No_____ | Abstain _____ | Absent_____ |
| Lisa Sutter | Yes_____ | No_____ | Abstain _____ | Absent_____ |

Parkland

# Approve Retirement Plan Update

Parkland

# RETIREMENT INCOME PLAN FUNDING ANALYSIS

AUGUST 2022

# Retirement Program Summary

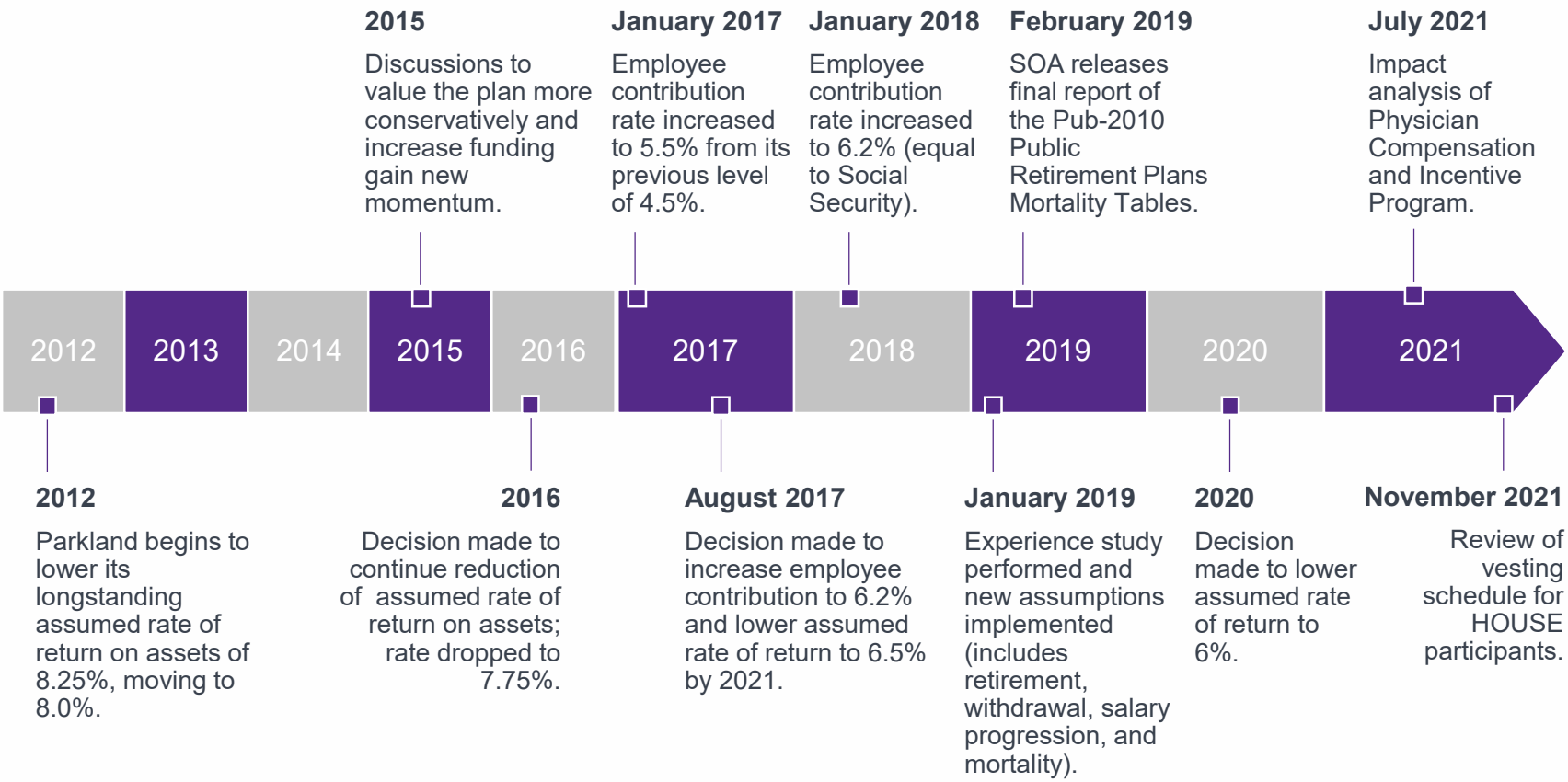
## Retirement Income Plan (DB)

- The Parkland Retirement Income Plan is a traditional pension plan provided in lieu of Social Security.
- It provides a monthly income at retirement based on an employee's years of service with Parkland.
- The Plan is funded by
  - Employer contributions by Parkland, made annually – determined by an actuarial valuation and which vary from year to year based on investment and demographic experience,
  - Employee contributions of 6.2% of pay, as outlined in the plan document (contributions were 5.5% of pay in 2017 and 4.5% of pay prior to 2017), and
  - Investment earnings of employer and employee contributions.

## Supplemental Retirement Plan (DC)

- Employer matching contributions are currently $1 for $1 up to a maximum of 6% of pay.
- Parkland provides greater matching contributions for its employees than other large county hospitals in Texas (please see page 7).

# Recent Events



# Participant Summary

| | 1/1/2020 | 1/1/2021 | 1/1/2022 |
|---|---|---|---|
| **Participation** | | | |
| Number of active participants | 11,647 | 11,833 | 11,610 |
| Number of vested part-time employees | 220 | 239 | 259 |
| Number of non-vested part-time employees | 446 | 429 | 446 |
| Number of deferred vested participants | 3,815 | 4,049 | 4,311 |
| Number of retired participants | 3,022 | 3,170 | 3,396 |
| Number of termed participants owed contributions | 698 | 894 | 1,272 |
| **Total participants** | **19,848** | **20,614** | **21,294** |
| **Plan Statistics** | | | |
| Total compensation | $685,520,311 | $706,911,414 | $721,278,999 |
| Average compensation | $58,858 | $59,741 | $62,126 |
| Average age | 41.6 | 41.8 | 42.3 |
| Average service | 7.4 | 7.5 | 7.6 |

# Assets Through June 30, 2022

$ in millions

## Market Value of Assets

| | |
|---|---|
| As of January 1, 2022 | $1,582.6 |
| Employee contributions | 26.2 |
| Employer contributions | 36.5 |
| Benefit payments | (37.0) |
| Plan expenses | (1.8) |
| **Investment income** | **(194.4)** |
| As of June 30, 2022 | $1,412.1 |

## Investment (Gain) Loss

| | |
|---|---|
| Expected investment income | $47.8 |
| Actual investment loss | 194.4 |
| **Variance from expectation** | **$242.2** |

## Annual Expense Impact

| | |
|---|---|
| Annual recognition of 'variance from expectation' (recognized over five years) | $48.4 |
| Annual reduction in expected return component of expense | 14.5 |
| **Estimated increase in annual expense over next five years** | **$62.9** |

# Actuarial Standards of Practice No. 27
# Theoretical Rate of Asset Return Calculation

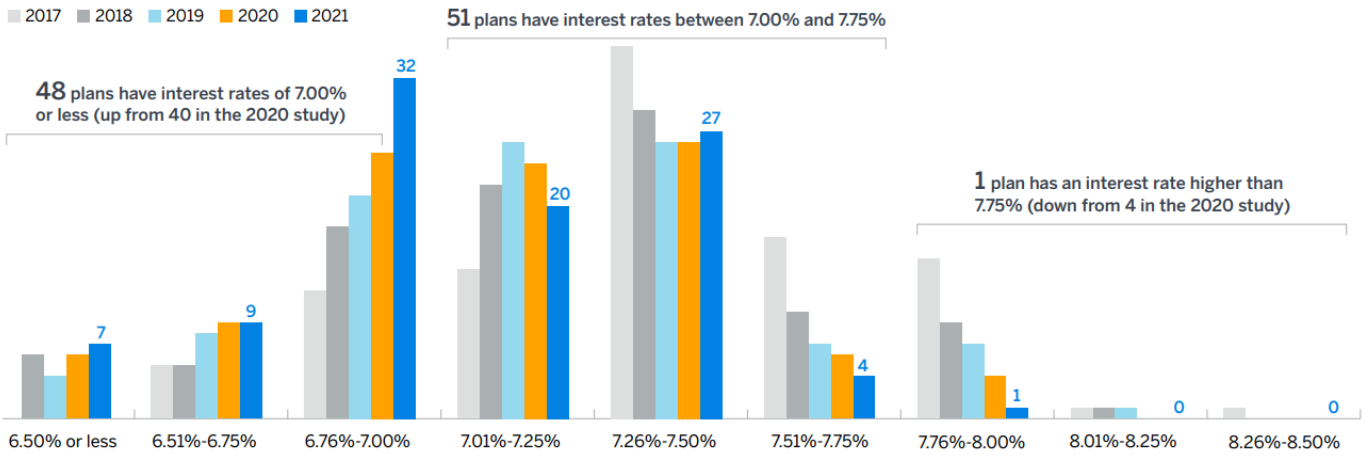
| Asset Allocation | | |
|---|---|---|
| Asset | Representative Index | Allocation |
| US Cash | BAML 3-Month Tbill | 0.76% |
| US Core Fixed Income | Bloomberg Barclays Aggregate | 17.97% |
| US Gvt Bonds | Bloomberg Govt/Credit | 2.60% |
| US Long Gvt Bonds | Bloomberg Govt/Credit Long | 2.12% |
| US Mortgages | Bloomberg MBS | 6.21% |
| US Municipal Bonds | Bloomberg Municipal | 0.33% |
| US Inflation-Indexed Bonds | Bloomberg Treasury US TIPS | 0.13% |
| US Large Caps | S&P 500 | 26.85% |
| US Small & Mid Cap | Russell 2500 | 9.26% |
| Non-US Equity | MSCI ACWI Ex USA | 7.83% |
| Foreign Developed Equity | MSCI EAFE | 8.17% |
| Emerging Markets Equity | MSCI EM | 3.65% |
| Non-US Small Cap | MSCI EAFE Small Cap | 4.48% |
| US REITs | FTSE NAREIT Equity REITs | 9.64% |
| Total Portfolio | | 100.00% |

- These returns are based on an implicit plan expense assumption of 0.25%.
- These returns were developed based on the use of passive index funds. Any expected alpha, excluding investment fees in excess of those charged by passive index funds, is excluded.
- Parkland's 1-, 5-, 10-, and 15-year performance is 11.3%, 10.6%, 9.4%, and 6.7%, respectively.

| Expected Nominal Annualized Return (Geometric) | | | | | | |
|---|---|---|---|---|---|---|
| Percentile | Next 5 years | Next 10 years | Next 15 years | Next 20 years | Next 25 years | Next 30 years |
| 95% | 13.44% | 11.21% | 10.55% | 10.13% | 9.82% | 9.59% |
| 75% | 7.91% | 7.37% | 7.44% | 7.45% | 7.43% | 7.41% |
| 50% | 4.23% | 4.78% | 5.33% | 5.62% | 5.80% | 5.92% |
| 25% | 0.68% | 2.25% | 3.26% | 3.83% | 4.19% | 4.46% |
| 5% | -4.23% | -1.28% | 0.36% | 1.30% | 1.93% | 2.38% |
| | | | | | | |
| Inflation | 2.50% | 2.40% | 2.36% | 2.34% | 2.32% | 2.30% |

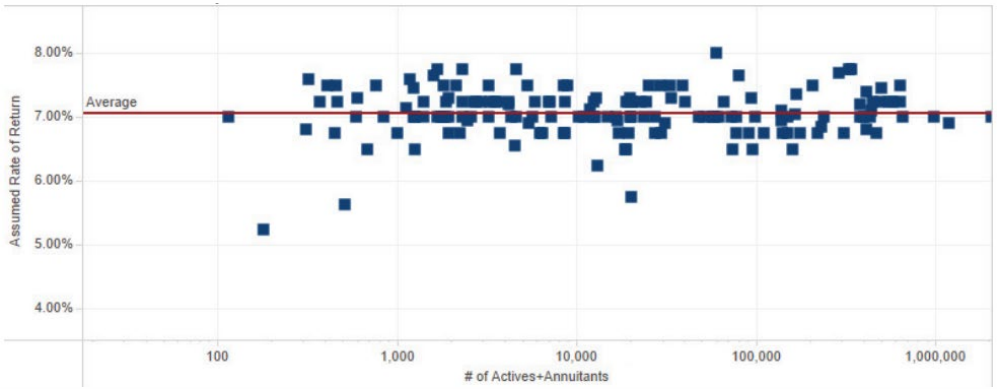
# Interest Rate Survey Statistics

## PLAN-REPORTED FUNDING INTEREST RATE




- Milliman 2021 Public Pension Funding Study.

## INVESTMENT ASSUMPTIONS




- Average investment assumption for responding plans is 7.07% compared with 7.26% last year.
- NCPERS 2021 Public Retirement Systems Study – survey with response from 156 funds, 138 in prior year.

# DB Comparison to Other Public Plans

| Pension Plan | Covered By Social Security? | Pension Status | Employee | | | Employer | | | Assumed Rate of Return | Funded Status |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Soc Sec Contrib | Ret Plan Contrib | Total Contrib | Soc Sec Contrib | Ret Plan Contrib | Total Contrib | | |
| **2021** | | | | | | | | | | |
| **PARKLAND** | No | Open | – | 6.2% | **6.2%** | – | 10.3% | **10.3%** | 6.0% | 74% |
| **HOSPITALS** | | | | | | | | | | |
| Bexar County University Health System | Yes | Open | 6.2% | 2.3% | **8.5%** | 6.2% | 6.2% | **12.4%** | 7.0% | 75% |
| Harris County Hospital District | Yes | Closed (Jan 1, 2007) | 6.2% | – | **6.2%** | 6.2% | 34.4% | **40.6%** | 6.25% | 84% |
| Tarrant County Hospital District | Yes | Closed (Oct 1, 2020) | 6.2% | 2.0% | **8.2%** | 6.2% | 6.3% | **12.5%** | 6.75% | 93% |
| **2022** | | | | | | | | | | |
| **Scenario 1** – Rate set at 6.0% in 2020 | No | Open | – | 6.2% | **6.2%** | – | **8.1%** | **8.1%** | 6.0% | **80%** |
| **Scenario 2** – Rate set at 5.5% in 2022 | No | Open | – | 6.2% | **6.2%** | – | **10.1%** | **10.1%** | 5.5% | **75%** |

**Parkland Retirement Income Plan**
2.5% × final average earnings × service up to 25 years (not to exceed 60% of final average earnings)

**Harris County**
- *Hired before 2007:* 1.5% × final average earnings × service
- *Hired after 2007:* 401(k) retirement savings plan with a match up to 5%

**Bexar County**
- *Hired before June 30, 2012:* 1.5% × final average earnings × service
- *Hired after June 30, 2012:* Cash balance plan with 3% contributions by employee and employer

**Tarrant County**
- *Hired before October 1, 2020:* 1.4% × final average earnings × service + 0.7% × final average earnings that exceeds $75,000 × service
- *Hired after October 1, 2020:* 403(b) retirement savings plan with a match up to 5%

# Contribution History (2014 – 2021)

$ in millions

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|---|
| Assumed rate of return | **8.0%** | 8.0% | **7.75%** | **7.5%** | **7.25%** | **7.0%** | **6.0%** | 6.0% |
| Total contribution | $50.2 | $54.0 | $57.2 | $63.3 | $84.2 | $92.8 | $107.1 | $122.9 |
| Total contribution - % of pay | 8.6% | 8.8% | 9.1% | 9.8% | 12.2% | 13.0% | 14.6% | 16.5% |
| Employee contribution | $27.4 | $29.5 | $29.1 | $35.4 | $44.2 | $46.1 | $48.0 | $48.5 |
| Employee contribution - % of pay | 4.5% | 4.5% | 4.5% | **5.5%** | **6.2%** | 6.2% | 6.2% | 6.2% |
| Employer contribution | $22.8 | $24.5 | $28.1 | $27.9 | **$40.0** ⋆ | **$46.7** ⋆ | **$59.1** | **$74.4** ⋆ |
| Employer contribution - % of pay | 4.1% | 4.3% | 4.6% | 4.3% | 6.0% | 6.8% | **8.4%** | **10.3%** |
| Funded status | 82% | 76% | 75% | 74% | 73% | 72% | 65% | 69% |

⋆ Actuarially Determined Contributions were **$28.8** million for 2018, **$37.0** million for 2019 and **$59.9** million in 2021.

# Comments on 2022 Valuation Results

- Assumed rate of investment return remains at 6.0%.
- Mortality improvement reflected.
  - Pub-2010 Public Retirement Mortality Table used for third year.
  - Generational improvement scale updated from MP2020 to MP2021.
- Fourth year of updated demographic assumptions, based on 2019 experience study.

# Funding Projections

| $ in millions | Based on assets as of 12/31/21 | Based on projected assets (includes asset performance through June 30, 2022) | | | | |
|---|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
| Assumed rate of return | **6.0%** | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% |
| Total contribution | $119.4 | $111.2 | $115.3 | $121.3 | $128.6 | $137.1 |
| Total contribution - % of pay | 15.9% | 14.3% | 14.2% | 14.4% | 14.7% | 15.0% |
| Employee contribution | $46.5 | $48.4 | $50.3 | $52.3 | $54.4 | $56.6 |
| Employee contribution - % of pay | 6.2% | 6.2% | 6.2% | 6.2% | 6.2% | 6.2% |
| Employer contribution | **$61.1** ★ | $62.8 | $65.0 | $69.0 | $74.2 | $80.5 |
| Employer contribution - % of pay | **8.1%** | 8.1% | 8.0% | 8.2% | 8.5% | 8.8% |
| Liability | $1,984 | $2,097 | $2,206 | $2,319 | $2,436 | $2,558 |
| Assets | 1,452 | 1,574 | 1,687 | 1,782 | 1,867 | 1,947 |
| Unfunded liability | $532 | $523 | $519 | $537 | $569 | $611 |
| Funded status | 73% | 75% | 76% | 77% | 77% | 76% |

★ This scenario assumes Parkland will fund $72.9 million in 2022.

# Funding Projections

## 5.5% Beginning in 2022

| $ in millions | Based on assets as of 12/31/21 | Based on projected assets (includes asset performance through June 30, 2022) | | | | |
|---|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
| Assumed rate of return | **5.5%** | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% |
| Total contribution | $121.3 | $126.3 | $130.9 | $137.3 | $145.0 | $154.0 |
| Total contribution - % of pay | 16.2% | 16.2% | 16.1% | 16.3% | 16.5% | 16.9% |
| Employee contribution | $46.5 | $48.4 | $50.3 | $52.3 | $54.4 | $56.6 |
| Employee contribution - % of pay | 6.2% | 6.2% | 6.2% | 6.2% | 6.2% | 6.2% |
| Employer contribution | **$74.8** | $77.9 | $80.6 | $85.0 | $90.6 | $97.4 |
| Employer contribution - % of pay | **10.0%** | 10.0% | 9.9% | 10.1% | 10.3% | 10.7% |
| Liability | $2,120 | $2,238 | $2,353 | $2,471 | $2,594 | $2,722 |
| Assets | 1,452 | 1,569 | 1,691 | 1,795 | 1,890 | 1,979 |
| Unfunded liability | $668 | $669 | $662 | $676 | $704 | $743 |
| Funded status | 68% | 70% | 72% | 73% | 73% | 73% |

# Accrual Expense Projections

$ in millions

| Fiscal Year | 6.0% Beginning in 2020 |
|---|---|
| 2022 | $61.4 |
| 2023 | 88.8 |
| 2024 | 74.4 |
| 2025 | 87.1 |
| 2026 | 100.0 |
| 2027 | 115.4 |
| 2028 | 66.3 |
| 2029 | 66.6 |
| | $660.0 |

2022 is based on assets as of Dec. 31, 2021

2023 is based on assets as of Mar 31, 2022

2024 – 2029 is based on projected assets (includes asset performance through June 30, 2022)

- Investment gains and losses are recognized through expense over a 5-year period.
- Liability gains and losses are recognized through expense over a 3.95-year period.

Parkland

*Executive Session*

# Discussion of Master Service Agreement for Physician Services FY22 Contract Update

Parkland



# Fitch Report

FitchRatings

RATING ACTION COMMENTARY

# Fitch Affirms Dallas County Hospital District, TX LT Rating at 'AA-'; Outlook Stable

Fri 22 Jul, 2022 - 4:05 PM ET

Fitch Ratings - Austin - 22 Jul 2022: Fitch Ratings has affirmed its Long-Term 'AA-' rating on the following Dallas County Hospital District, TX dba Parkland Health & Hospital System (Parkland) bonds:

--$409.205 million limited tax bonds taxable series 2009C (Build America Bonds - Direct Payment);

--$2.617 million limited tax bonds series 2013;

--Issuer Default Rating (IDR).

The Rating Outlook is Stable.

## SECURITY

The bonds are secured by a property tax levy limited to $0.75 per $100 of taxable assessed valuation (TAV) on all taxable property within the county for all purposes.

## ANALYTICAL CONCLUSION

Parkland's 'AA-' IDR and long-term bond ratings reflect Fitch's expectation that the organization will continue to be the leading provider of public (safety net) services in the vast Dallas County service area, supported by the tax levy the District receives.

The rating also incorporates Fitch's expectation that Parkland will continue to generate at, or near, their current level of operating EBITDA margins over the next one to two years, before an expected decline in profitability occurs in the outer years. Even the temporary maintenance of near current operating margins will support Parkland's immediate capital spending needs, and contribute to some limited additional liquidity growth. Recent operating margins have allowed for prudent funding to decrease Parkland's overall pension liability through increased annual pension contributions and reducing callable 2013 debt outstanding by $32.6 million.

The district's 'AA-' rating further reflects a strong revenue defensibility assessment of 'very strong', given its tax levy authority, allowing Fitch to place the final rating in the 'AA' category, despite an overall financial profile that is more typical of an 'A' category credit that does not have the additional support of a tax levy.

## KEY RATING DRIVERS

### Revenue Defensibility: 'aa'

Significant Tax Margin in Expanding Metro Economy

Parkland's very strong revenue defensibility is based on the organization's significant taxing margin available to support operations and mitigate weaker revenue characteristics, in particular its comparatively constrained payor mix as the county's safety net facility. The area TAV has seen Dallas home/property valuations that have continued to increase. This growth, along with considerable headroom to the maximum allowable levy, continues to give Parkland extraordinary ability to support its topline revenues.

### Operating Risk: 'bbb'

Improved Operations Expected to Continue; Moderate Capital Needs

Fitch views Parkland's operating cost flexibility as significantly improved compared to historical results. Parkland remains vulnerable to potential longer-term shifts in supplemental revenue funding, but has been able to consistently improve operations over

the last several years. Fitch considers Parkland's capital requirement needs as moderate based on the current age of plant and capital spending plans.

**Financial Profile: 'a'**

Improved and Sustainable Financial Flexibility

Parkland's improved liquidity reflects its measures taken to improve and sustain operating profitability while using cash to fund capital. The improvement in Parkland's unrestricted cash and investments is significant compared to Parkland's adjusted debt outstanding, which under Fitch's criteria includes both direct borrowing, leases and the hospital's pension obligation, using a standard 6% discount rate.

**Asymmetric Additional Risk Considerations**

There are no asymmetric additional risk considerations.

## RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--Successful maintenance of improved financial profile that remains at approximately a 9% operating EBITDA margin over the longer term;

--Continued improvement in key balance sheet metrics, such that cash-to-adjusted debt is consistently in the 130% range; and

--Consistent or higher TAV that further supports Parkland's annual tax-supported funding.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--A decline in Parkland's profitability materially below that reflected in Fitch's analysis including operating EBITDA of 7% or less, combined with cash-to-adjusted debt consistently less than 75% for an extended period of time.

## BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Sovereigns, Public Finance and Infrastructure issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions,

measured in a negative direction) of three notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit https://www.fitchratings.com/site/re/10111579.

## CREDIT PROFILE

Parkland provides essential safety net health care services to Dallas County and surrounding areas and serves as the primary teaching hospital for the University of Texas Southwestern Medical Center. Its services include a level I trauma center, the second largest civilian burn center in the U.S., a level III neonatal intensive care unit (NICU), and 20 community health clinics. Parkland reports a fiscal 2021 market share of 16% in its primary service area, Dallas County. Fiscal 2021 revenues totaled $3.4 billion, including $752.6 million of ad valorem tax support.

### Revenue Defensibility

Total fiscal 2021 revenues (audited YE as of Sept. 30, 2021) of $3.4 billion include $1.2 billion in net patient service revenues, $680 million in premium revenues, $753 million in ad valorem tax revenues, and $537 million in governmental programs. The notable balance from various funding sources indicates Parkland's revenue diversity, without a reliance on any once source of revenues, which is one reason that Parkland has performed so consistently the last several years during the coronavirus pandemic.

Fiscal 2021 net patient service revenue also included about $222.4 million of largely pass-through revenues from 37 nursing homes under management agreements with nursing home operators, which began in fiscal 2016. As measured by a fiscal 2021 payor mix, approximately 42.8% of gross revenues are Medicaid and self-pay, with another approximately $585 million provided as charity care.

Parkland's strong $279.7 billion TAV (fiscal 2021) has consistently seen growth over the past 10 years and grew by approximately $14 billion in fiscal 2021 to its current level. The tax base is diverse and demonstrates low volatility in relation to changes in U.S. economy. Dallas has emerged as one of the parts of the country that is experiencing higher than expected projected growth and home/property valuations.

Parkland has the independent legal ability to raise tax rates up to $0.75 per $100 TAV and levied $0.266, in fiscal 2021, which equaled $752.6 million. While Parkland has the ability to levy up to $0.75 for M&O support and debt service payments, if a proposed tax rate results

in an 8% yoy M&O levy increase (adjusted for removal of new properties), the proposed rate increase may be subject to election if petitioned by voters.

Fitch estimates that Parkland's tax rate capacity would provide more than $1.0 billion of additional tax revenue (essentially equal to all of fiscal 2021 net patient revenues) based on the current TAV and the maximum tax rate. Fitch has no expectation that Parkland would ask for, or need, this maximum amount. Parkland's management team generally seeks a 4% yoy increase in ad valorem taxes, which can be accomplished either through natural growth in the TAV, or an increase in the tax levy amount itself. Recent robust TAV growth in Dallas County has often resulted in the 4% yoy increase with an actual lessening of the rate itself.

Parkland provides essential safety net health care services to Dallas County and surrounding areas and serves as the primary teaching hospital for the University of Texas Southwestern Medical Center. Its services include a level I trauma center, the second largest civilian burn center in the U.S., a level III NICU, and 20 community health clinics. Parkland reports a fiscal 2021 market share of 16% in its primary service area, Dallas County.

The district is coterminous with Dallas County, located in north central Texas with a 2021 population of 2.6 million. The city of Dallas is the ninth largest city in the U.S., with the Dallas-Ft. Worth MSA the fourth largest in the U.S. The county enjoys above average population growth and low unemployment characteristic of the growing Dallas metropolitan area. The diversified economy serves as the wholesale and retail trade center for the southwestern U.S. and is home to large energy, financial and technology conglomerates.

Parkland Community Health Plan (PCHP) is a component unit of the district whose insurance network includes more than 3,000 doctors and 25 hospitals. PCHP provides and arranges health care services in Dallas and surrounding counties, participating in Medicaid managed care and Children's Health Insurance Programs.

**Operating Risk**

Parkland's operating EBITDA margin was a solid 9.0% for fiscal 2021, on top of last years (fiscal 2020) operating EBITDA margin of 9.0%. Parkland's multi-year improvement in operating EBITDA margins (steadily improving from a -0.8% operating EBITDA margin in fiscal 2016) has been driven by the ability to grow patient and supplemental revenues and the continued growth in tax revenue received while judiciously managing the expense base.

Parkland recognized $536.7 million and $488.8 million in total supplemental funding in fiscal 2021 and 2020, respectively; however, Parkland is bracing for potential cuts to supplemental

funding in the coming years.

Fitch expects Parkland will end fiscal 2022 with a profitable margin, but lower than fiscal 2021 results, at approximately a 6.5% operating EBITDA margin. Post 2022 and particularly post 2023, operating margins are expected to dip further due to funding shortfalls, but also due to the various challenging headwinds facing the sector, including increased salary and wage, pharmaceutical and supplies expense. Parkland is focused on productivity and appropriate staffing levels in the near term, operationalizing expected improvements into their budgets.

Longer term margin improvement will necessarily need to come from the successful resolution of supplemental funding shortfalls expected in the coming years. While there are no guarantees financially accretive solutions will be found, it is Fitch's opinion that Parkland management team has appropriately planned for materially reduced supplement funding, and that the organization retains other mechanisms to bolster cash flow if necessary via the use of incremental increases in the tax levy.

Financial improvements over the last two to three fiscal years have allowed Parkland to prudently reinvest in itself. This includes a planned defeasance of $32.6 million in principal on their series 2013 bonds, reducing Parkland's debt burden; increasing recorded annual pension expenses, thereby closing the funding gap (funding levels improved to 74% from 66% two years ago); and continuing capex for campus consolation will be funded through cash and cash flow versus long-term borrowing.

Parkland's 11.2-year average age of plant reflects a still very new main hospital campus, contrasted with other older community assets. Parkland curtailed capital expenditure levels after the construction of the new inpatient campus to levels much less than annual depreciation, averaging 50% in fiscal years 2016 through 2019, but spending has seen an uptick for the last two years to 167% of annual depreciation expense.

Capital spending over the next five years consists of multiple smaller projects which Fitch views as favorable, providing Parkland with additional flexibility to accelerate or slow down projects as appropriate to financial ability.

## Financial Profile

Parkland has seen continued improvement in cash-to-debt and cash-to-adjusted debt in the last several years. As of fiscal 2021, cash-to-debt and cash-to-adjusted debt equated 187% and 106%, respectively, compared to 118% and 52% in fiscal 2019.

The improvement was driven by sustained growth in unrestricted cash and investments in fiscal 2021 to $1.1 billion ($803 million fiscal 2019) in relationship to $615 million of long-term fixed rate GO debt and capital leases. Under Fitch's criteria, adjusted debt components include Fitch's adjusted net pension liability (estimated at $472 million based on a 6% discount rate). Parkland did not ask for advance Medicare payment funds, and according to management, there is no expectation for future debt at this time.

Fitch's forward-looking analysis reflects both an issuer specific revenue stress and a portfolio sensitivity analysis based upon Parkland's current portfolio allocation and Fitch's modeling of a hypothetical operational stress. Parkland's current investment allocation is entirely in cash and cash equivalents and fixed income securities, which results in minimal disruptions to Parkland's investment portfolio throughout the forward-looking scenario.

Parkland's key balance sheet metrics also remain generally consistent with current levels under a stress scenario, even if margins soften, particularly given the flexibility Parkland has with capital spending.

In addition to the sources of information identified in Fitch's applicable criteria specified below, this action was informed by information from Lumesis.

## REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

## ESG CONSIDERATIONS

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

## RATING ACTIONS

| ENTITY / DEBT | RATING | PRIOR |
|---|---|---|

| | | | | |
|---|---|---|---|---|
| Dallas County Hospital District (TX) | LT IDR<br><br>Affirmed | AA- Rating Outlook Stable | | AA- Rating Outlook Stable |
| Dallas County Hospital District (TX) /General Obligation - Limited Tax/1 LT | LT | AA- Rating Outlook Stable | Affirmed | AA- Rating Outlook Stable |

VIEW ADDITIONAL RATING DETAILS

## FITCH RATINGS ANALYSTS

**Kevin Holloran**
Senior Director
Primary Rating Analyst
+1 512 813 5700
kevin.holloran@fitchratings.com
Fitch Ratings, Inc.
2600 Via Fortuna, Suite 330 Austin, TX 78746

**Karl Propst**
Director
Secondary Rating Analyst
+1 512 215 3727
karl.propst@fitchratings.com

**Eva Thein**
Senior Director
Committee Chairperson
+1 212 908 0674
eva.thein@fitchratings.com

## MEDIA CONTACTS

**Eleis Brennan**
New York
+1 646 582 3666
eleis.brennan@thefitchgroup.com

Additional information is available on www.fitchratings.com

## PARTICIPATION STATUS

The rated entity (and/or its agents) or, in the case of structured finance, one or more of the transaction parties participated in the rating process except that the following issuer(s), if any, did not participate in the rating process, or provide additional information, beyond the issuer's available public disclosure.

## APPLICABLE CRITERIA

U.S. Not-For-Profit Hospitals and Health Systems Rating Criteria (pub. 18 Nov 2020) (including rating assumption sensitivity)

Public Sector, Revenue-Supported Entities Rating Criteria (pub. 01 Sep 2021) (including rating assumption sensitivity)

## APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Portfolio Analysis Model (PAM), v2.0.0 (1)

## ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

## ENDORSEMENT STATUS

| | |
|---|---|
| Dallas County Hospital District (TX) | EU Endorsed, UK Endorsed |

## DISCLAIMER & DISCLOSURES

All Fitch Ratings (Fitch) credit ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: https://www.fitchratings.com/understandingcreditratings. In addition, the following https://www.fitchratings.com/rating-definitions-document details Fitch's rating definitions for each rating scale and rating categories, including definitions relating to default. ESMA and the FCA are required to publish historical default rates in a central repository in accordance

with Articles 11(2) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 and The Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019 respectively.

Published ratings, criteria, and methodologies are available from this site at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the Code of Conduct section of this site. Directors and shareholders' relevant interests are available at https://www.fitchratings.com/site/regulatory. Fitch may have provided another permissible or ancillary service to the rated entity or its related third parties. Details of permissible or ancillary service(s) for which the lead analyst is based in an ESMA- or FCA-registered Fitch Ratings company (or branch of such a company) can be found on the entity summary page for this issuer on the Fitch Ratings website.

In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third- party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their

nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.

The information in this report is provided “as is” without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US$1,000 to US$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US$10,000 to US$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not

intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001.

Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see https://www.fitchratings.com/site/regulatory), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

Copyright © 2022 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved.

READ LESS

## SOLICITATION STATUS

The ratings above were solicited and assigned or maintained by Fitch at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

## ENDORSEMENT POLICY

Fitch's international credit ratings produced outside the EU or the UK, as the case may be, are endorsed for use by regulated entities within the EU or the UK, respectively, for regulatory purposes, pursuant to the terms of the EU CRA Regulation or the UK Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019, as the case may be. Fitch's approach to endorsement in the EU and the UK can be found on Fitch's Regulatory Affairs page on Fitch's website. The endorsement status of international credit ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.

US Public Finance Healthcare and Pharma North America United States