



THA Board of Trustees Meeting

Via Zoom

Friday, November 10, 2023

10:00 a.m. - Noon



OFFICERS

Chair: **Erin S. Asprec***
Executive Vice President and Chief
Operating Officer
Memorial Hermann Health System
Houston



Chair-Elect: **Brad D. Holland, FACHE***
President/CEO
Hendrick Health System
Abilene



**Immediate
Past Chair:** **Erol Akdamar, FACHE***
President
American Group
HCA Healthcare
Nashville, TN



Secretary: **Kirk King, FACHE***
Executive Vice President-Hospital
Channel Chief Operating Officer
Texas Health Resources
Arlington



**THA
President/
CEO:** **John Hawkins***
President/CEO
Texas Hospital Association
Austin



TRUSTEES

Sam Bagchi, M.D.*
Executive Vice President, Chief
Clinical Officer
CHRISTUS Health
Irving



Gregory L. Haralson, FACHE
Senior Vice President & CEO
Memorial Hermann Texas Medical
Center
Houston



Jim R. Kendrick, FACHE*
CEO
Community Hospital Corporation
Plano



Donald Baker, CPA
Regional President
UT Health East Texas
Tyler



Allen Harrison
North Texas Division President
Medical City Healthcare
Dallas



T. Douglas Lawson, Ph.D.
CEO
St. Luke's Health System
Houston



Jacob Cintron, FACHE*
CEO
University Medical Center of El Paso
El Paso



Brandy Hart, LPC-S
Regional Vice President, Behavioral
Health
HCA Healthcare
Texas



Peter McCanna*
Chief Executive Officer
Baylor Scott & White Health
Dallas



Cris Daskevich, FACHE*
CEO
CHRISTUS Children's
San Antonio



Holly Holcomb, RN
CEO
Childress Regional Medical Center



Christopher R. Sandles, FACHE
President, Hospital Operations
University Health
San Antonio



Cory Edmondson, FACHE
President/CEO
Peterson Health
Kerrville



Jason D. Jennings, FACHE
President
College Station Region
Baylor Scott & White Health
College Station



Charles A (Chuck) Stark
Regional VP S Texas - Acute Care
Division
South Texas Health System
Edinburg



continued -

Matthew (Matt) Stone
 Group President – Central Group
 Tenet Health
 Dallas



Susan Turley, CPA
 President
 DHR Health
 Edinburg



Pamela Stoyanoff, CPA, FACHE
 President/ COO
 Methodist Health System
 Dallas



James E. Vanek
 CEO
 Columbus Community Hospital
 Columbus



Debra (Debbie) F. Sukin, Ph.D., FACHE
 CEO/Regional SVP
 Houston Methodist Hospital
 The Woodlands/
 Houston Methodist
 Shenandoah



John Zerwas, M.D.
 Executive Vice Chancellor for
 Health Affairs
 The University of Texas System
 Austin



Terry Scoggin, CPA
 CEO
 Titus Regional Medical Center
 Mount Pleasant
**Council on Policy
 Development Chair**



Andy Davis
 President & CEO
 Ascension Texas
 Austin
**Council on Policy
 Development Vice Chair**



Joe Bob Burgin
 Board Member
 CHRISTUS Trinity Sulphur Springs
 Sulphur Springs
**Texas Healthcare
 Trustees Chair**



**2023 THA Executive Committee Member*

HISTORY

In 1930, the Texas Hospital Association was founded by a handful of hospital administrators who recognized the value of working together to provide superior health care. Since then, the health care industry has changed dramatically – and so has THA. Today, THA is one of the largest, most respected health care associations in the country and the only statewide organization that represents the interests of all Texas hospitals and health care systems.

MISSION

Serving Texas hospitals as the trusted source and unified voice to influence excellence in health care for all Texans.

VISION

Leading change to support all Texas hospitals to deliver accessible, affordable, high-quality health care.

VALUES

Integrity

Demonstrating accountability, transparency and ethics through our actions.

Teamwork

Respecting each other’s voice and opinion through effective communication and collaboration.

Service

Anticipating the needs of others while providing a high-quality, consistent and personalized experience.

PRESIDING OFFICER: ERIN S. ASPREC

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10:00 a.m.	I. CALL TO ORDER	
	A. Call to Order and Certification of Quorum (Erin Asprec)	
	B. Board Meeting Objectives (John Hawkins)	
	II. CONFLICT OF INTEREST (Steve Wohleb)	7
10:15 a.m.	III. CONSENT AGENDA	Acceptance
	<i>Under consent agenda procedure, a motion is made to accept all items as a group. First, the group of action items is addressed. Then, the reports are accepted. This action does not indicate approval of actions within the report, but simply indicates that the Board accepts the information as having been received and instructs staff to pass items along which require further action to appropriate committees. Should any trustee wish to discuss any report separately, that trustee should request that the report be excluded from the motion.</i>	
	A. Recommendations	Action
	1. Approval of September 7, 2023 THA Board Planning Session Meeting Minutes	8
	2. Approval of September 8, 2023 THA Board Meeting Minutes	11
	3. Approval of Other Minutes	24
	4. Approval of Trustee Absences	25
	5. Approval of Endorsed Partners	26
	B. Reports	Information
	1. THA Chair-Elect Appointments for 2024	28
	2. Stockholder’s Report for the Subsidiary Corporations	41
	3. Report on 2024 Membership Dues	55

MISSION: Serving Texas hospitals as the trusted source and unified voice to influence excellence in health care for all Texans.

VISION: Leading change to support all Texas hospitals to deliver accessible, affordable, high-quality health care.



10:30 a.m.	IV. RECOMMENDATIONS/REPORTS		
	A. Recommendation of the THA Nominating Committee to the THA Board (Erol Akdamar)	Action	56
	B. Recommendations of the THA Governance Committee (Brad Holland)	Action	57
	C. Recommendation that Elmer G. Ellis be Recognized as the 2023 Legends Award Recipient	Action	114
	D. Financial Report as of August 31, 2023 (Jim Kendrick)	Information	115
	E. Recommendations from October 19 Finance Committee Meeting – THA 2024 Budget (Jim Kendrick)	Action	119
	F. Proposal for Health Plan Data Collection and Analysis (Cameron Duncan, Matt Turner, Heather De La Garza)	Action	
11:00 a.m.	V. ADVOCACY REPORTS	Information	
	A. State Advocacy Update (Jennifer Banda, Steve Wohleb)		151
	B. THA Special Committee on Medicaid Funding and Payment Options Update (John Hawkins)		
	1. Directed Payment Proposals		
	C. Project Pushback Update (John Hawkins)		153
	D. Federal Issues (Cameron Krier Massey, THA and David Pearson, AHA)		155
11:15 a.m.	VI. HOSPAC REPORT (Carrie Kroll)	Information	159
11:20 a.m.	VII. THA INTERNAL REPORTS/UPDATES	Information	
	A. THA Annual Conference & Expo, February 15-16, 2024 (Lindsay Thompson)		
11:30 a.m.	VIII. PRESIDENT’S REPORT (John Hawkins)	Information	
	A. THA Board Election Results		161
	B. THA Schedule of Major Events		163
	C. 2023 THA Award Recipients		
	D. CEO Comments		

11:40 a.m. **IX. REPORT OF THE TEXAS HEALTHCARE TRUSTEES** *Information* **164**
(Joe Bob Burgin, THT Chair)

11:45 a.m. **X. ADJOURN**

NEXT THA BOARD MEETING: Wednesday, February 14, 2024, Hyatt Regency Dallas

11:50 a.m. **XI. EXECUTIVE SESSION** (Erin Asprec)
A. Proposed 2024 THA Incentive Compensation Goals *Action* **165**
(Mitzi Ressmann)

CONFLICT OF INTEREST

Conflict of Interest Declaration and Management Process for Board Meetings

THA's Code of Conduct and Compliance Program describes generally THA's process for identifying and managing conflicts of interest. With regard to board meetings, at the appropriate time on the agenda of each meeting of the governing body of a THA Family of Companies entity, members of the governing body must declare any known conflict of interest or a potential conflict of interest with regard to any item on the agenda.

If a Board member indicates that he/she has a conflict of interest with respect to an agenda item, the conflict will need to be managed. The Board member must identify what agenda item is implicated and the nature of the conflict, and a management plan must be discussed and made at that time. If it is determined, after discussion, that no conflict of interest exists, no management plan is required. If it is determined that a Board member has a conflict of interest on any agenda item, when the agenda item comes up, that member must not vote or use his or her personal influence on the matter and should not be counted in determining the quorum during the discussion. This restriction on participation does not prevent a Board member from briefly stating his or her position on the matter or from answering pertinent questions from other Board members or staff. Depending on the nature of the issue, however, the Board member may be asked to recuse himself or herself from the discussion entirely. The management plan should address these issues if applicable.

If no Board member indicates that he/she has a conflict of interest with respect to an agenda item, the Chair may proceed with the remainder of the agenda. If a conflict with an agenda item is identified at any point during the meeting, the issue must be immediately raised with the Chair prior to any discussion on the item, and the process described above related to the management of the conflict should be followed.

Minutes of the meeting related to the declaration and management of conflicts of interest must accurately reflect that the process above was followed.

Board members are reminded that they must also declare any known conflicts of interest on the annual disclosure statement, and as potential conflicts of interest arise during the year.

Questions about these processes or any individual's obligations related to conflicts of interest should be directed to THA's Chief Compliance Officer, Steve Wohleb, at swohleb@tha.org.

**MINUTES
THAT BOARD OF TRUSTEES
PLANNING SESSION
September 7, 2023**

The Texas Hospital Association Board of Trustees met on Thursday, September 7, 2023, in the THA Headquarters Board Room. The following were in attendance:

OFFICERS

Erin Asprec, Chair
Brad Holland, Chair-Elect
Erol Akdamar, Immediate Past Chair
John Hawkins, THA President/CEO

MEMBERS

Sam Bagchi, M.D.
Jacob Cintron
Cris Daskevich
Peter McCanna
Joe Bob Burgin
Andy Davis
Cory Edmondson
Greg Haralson
Allen Harrison
Brandy Hart
Jason Jennings
Christopher Sandles
Terry Scoggin
Chuck Stark
Matt Stone
Pamela Stoyanoff
Susan Turley
James Vanek

THA STAFF

Ignacio Zamarron
Mitzi Ressmann
Fernando Martinez
Jennifer Banda
Carrie Williams
Sharon Beasley
Linda Srubar
Jennifer O'Neil
Wendy Thomas
Cesar Lopez
Cameron Duncan
Sara Gonzalez
Cameron Krier Massey
Carrie Kroll
Heather De La Garza
Erika Ramirez
Amy Eskew
Joey Berlin
Amy Rios

CALL TO ORDER

Chair Erin Asprec called the meeting to order at 12:31 p.m., welcomed everyone and certified a quorum.

CONFLICT OF INTEREST

Cesar Lopez, THA's associate general counsel, referred to the Conflict of Interest statement included in the meeting materials and asked if any board members had a conflict with any item on today's meeting agenda. No conflicts of interest were declared by any board members.

OVERVIEW OF AGENDA AND MEETING OBJECTIVES

John Hawkins provided an overview of the THA strategic planning session and reviewed the planning session process. Members were notified of their respective groups for the breakout sessions.

INDUSTRY LANDSCAPE AND CHALLENGES

Carrie Williams, THA's chief communication officer, presented the 2023 End of Session video and a video of advocacy and public messaging. Williams discussed plans to increase pro-hospital messaging and engagement, and provided an overview and engagement data related to THA's digital-first posture.

Jennifer Banda, THA's senior vice president, advocacy & public policy, discussed legislative session successes and challenges, including the significant number of bills that were harmful to hospitals that were killed or amended. Banda also highlighted interim efforts that the THA team is pursuing.

Carrie Kroll, THA's vice president, advocacy, public policy and political strategy, highlighted HOSPAC and its fundraising efforts, and HOSPAC's strategic planning including corporate giving and the roll out of the Ambassador Program.

John Hawkins presented the Project Pushback booklet and explained the purpose of the of the messaging is to pushback against health insurance companies and other entities that are pushing negative hospital rhetoric.

BREAKOUT SESSIONS

The breakout session groups, the process of the sessions, and the rotation were explained to board members and THA staff.

THA Board Planning Session Questions:

Question 1:

Mobilizing Hospital Leaders. What steps can THA take to mobilize and motivate hospital leaders/CEOs to engage at the local level and carry the hospital industry message? What groups should CEOs be engaging in? What are the barriers?

Question 2:

Attacking Back. How aggressive should THA be in its pushback against health insurance companies and negative hospital rhetoric? Defense tactics can range from pushing back with facts and positivity to offensively launching major legislative packages. What are the main pressure points hospitals and patients experience with health insurance companies and how can they be used for industry advantage?

Question 3:

Preventing Perception Issues. What are the are the most prominent perception problems faced by hospitals – and is there a THA role in preventing them? Is there a way to help hospitals preemptively address seemingly unflattering aspects of their operations to avoid negative attention and ensure the industry as a whole can be perceived positively?

PRESENTATION OF BREAKOUT DISCUSSIONS AND PRIORITIZATION OF OBJECTIVES

Each group leader presented the results of the breakout sessions.

Staff will prioritize the objectives for presentation at the full THA Board meeting on Friday.

ADJOURNMENT

There being no further business, the meeting adjourned at 4:00 p.m.

Kirk King
Secretary

Erin Asprec
Chair of the Board

**MINUTES
THA BOARD OF TRUSTEES
September 8, 2023**

The Texas Hospital Association Board of Trustees met on Friday, September 8, 2023, in the THA Headquarters Board Room. The following were in attendance:

OFFICERS

Erin Asprec, Chair
Brad Holland, Chair-Elect
Erol Akdamar, Immediate Past Chair
John Hawkins, THA President/CEO

Steve Wohleb
Fernando Martinez
Jennifer Banda
Carrie Williams
Sharon Beasley
Linda Srubar
Wendy Thomas
Cesar Lopez
Cameron Duncan
Sara Gonzalez
Cameron Krier Massey
Carrie Kroll
Matt Turner
Heather De La Garza
Erika Ramirez
Joey Berlin
Jennifer O'Neil

MEMBERS

Sam Bagchi, M.D.
Jacob Cintron
Cris Daskevich
Jim Kendrick
Peter McCanna
Joe Bob Burgin
Andy Davis
Cory Edmondson
Greg Haralson
Allen Harrison
Brandy Hart
Jason Jennings
Christopher Sandles
Terry Scoggin
Chuck Stark
Matt Stone
Pamela Stoyanoff
Susan Turley
James Vanek

INVITED GUESTS

Steve Love, President/CEO, DFWHC
David Pearson, Regional Executive, AHA
Adam Willmann, Chair, HOSPAC
Amy Eskew, President/CEO, THT
Andrew Klitch, FORVIS

THA PAST CHAIR

Tucker Bonner

THA STAFF

Ignacio Zamarron
Mitzi Ressmann

CALL TO ORDER

Chair Erin Asprec called the meeting to order at 8:30 a.m., certified a quorum, and welcomed board members and guests to the in-person meeting of the THA Board of Trustees.

Board Meeting Objectives

John Hawkins reviewed the meeting objectives and expressed his appreciation for the THA staff and the work they do on behalf of the association.

CONFLICT OF INTEREST

Steve Wohleb, THA's Chief Compliance Officer, asked if any board members had a conflict with any item on today's meeting agenda. No conflicts of interest were declared by board members.

CONSENT AGENDA

Chair Asprek presented the consent agenda items. Upon motion duly made and seconded, the following recommendations were unanimously approved:

Approval of Minutes

RECOMMENDATION: That the minutes of the May 5, 2023 THA Board meeting be approved as presented.

Approval of Other Minutes

RECOMMENDATION: That the minutes of the meetings of THA subsidiary boards, committees and councils be approved as distributed.

Trustee Absence Recommendation

RECOMMENDATION: That the THA Board grant a waiver of absence to Holly Holcomb, RN, Kirk King, Doug Lawson, Ph.D., Debra Sukin, Ph.D., and John Zerwas who were unable to attend the September 8, 2023 meeting.

Approval of THA Endorsed Partners

RECOMMENDATION: That the THA Board approve VativorRX, ChartSpan, and BMG Money as THA Endorsed Partners.

Approval of an Amendment to the THA 401(k) Plan-Roth Rollovers

RECOMMENDATION: That the THA Board of Trustees approve the attached related resolution and amendment to the THA Employee 401(k) Plan to allow for In-Plan Roth rollover, and In-Plan Roth Conversion for active participants and partial withdrawals for terminated participants.

Other reports included the THA Chair Appointments, the stockholders report of the subsidiary corporations, the 2023 membership dues report, and the THA 2023 strategic objectives.

RECOMMENDATIONS/REPORTS

Recommendations of the THA Nominating Committee

Erol Akdamar, chair of the THA Nominating Committee, presented the slate of candidates to be elected by the THA membership to the 2024 THA Board and THA Executive Committee. Recommendations for the 2024 Council on Policy Development, Successor Trustees of the Texas Hospital Association Retirement Plan for Member Hospitals, THA Foundation Board of Trustees, THA Management Corporation dba Member Solutions Board of Directors, Texas Hospital Insurance Network (THINK) Board, AHA Regional Policy Board of Delegates, and filling a vacancy on the THINK Board.

2024 THA Board of Trustees Candidates for Election by the THA Membership

The THA Nominating Committee nominated one candidate for chair-elect and 10 trustee positions for election by THA institutional members. Officer terms are for one year and terms for trustees are for three years. The ballot will be sent to members in early September.

2024 THA Board of Trustees Candidates		
Position	Name	Facility
Chair-Elect	Jim Kendrick	Community Hospital Corporation, Plano
Trustees	Sam Bagchi, M.D.	CHRISTUS Health, Irving
	Cory Edmondson	Peterson Health, Kerrville
	Eric Hamon	Driscoll Children’s Hospital, Corpus Christi
	Allen Harrison	Medical City Healthcare, Dallas
	Holly Holcomb, RN	Childress Regional Medical Center
	Peter McCanna	Baylor Scott & White Health, Dallas
	Charles (Chuck) Stark	South Texas Health System, Edinburg
	Matthew (Matt) Stone	Baptist Health System/Texas Tenet Group, San Antonio
	Susan Turley, CPA	Doctors Hospital at Renaissance, Edinburg
	Adam Willmann	Goodall-Witcher Healthcare, Clifton

2024 THA Executive Committee Members for Election by the THA Membership

The THA Nominating Committee nominated members of the THA Executive Committee to be elected by THA institutional members. Once elected, they will serve with the THA Officers (Chair, Chair-Elect, Immediate Past Chair and Secretary) as members of the 2024 THA Executive Committee for a one-year term.

2024 THA Executive Committee Members	
Name	Facility
Sam Bagchi, M.D.	CHRISTUS Health, Irving
Jacob Cintron	University Medical Center of El Paso
Cris Daskevich	The Children’s Hospital of San Antonio
Allen Harrison	Medical City Healthcare, Dallas
Kirk King	Texas Health Resources, Arlington
Peter McCanna	Baylor Scott & White Health, Dallas
Terry Scoggin, CPA	Titus Regional Medical Center, Mount Pleasant
Susan Turley, CPA	Doctors Hospital at Renaissance, Edinburg

Council on Policy Development

The THA Nominating Committee annually recommends a slate of individuals to the Council on Policy Development representing the Association’s institutional members for election by the THA Board of Trustees. Membership on the COPD consists of 54 voting members, 37 hospital/hospital system executives/administrators; three emerging leaders; three physicians; three attorneys; three chief financial officers; three chief nursing officers; and two Texas Healthcare Trustees representatives. Ex-officio members include appointed chairs of THA policy councils and policy committees.

Council on Policy Development Members		
Council Position	Name	Facility
Members	Mario Garner	CHI St. Luke’s Health – The Vintage Hospital, Houston
	Benson Chacko	Methodist Southlake Hospital
	Andy Davis (Vice Chair)	Ascension Texas
	Doug Dippel, RN	Rolling Plains Memorial Hospital, Sweetwater
	Curt Junkins	Lake Granbury Medical Center, Granbury
	Chris Glenney	CHRISTUS TMFHS, Tyler
	Jerry Jasper	Solara Hospital Harlingen
	Malisha Patel	Memorial Hermann Southwest Hospital, Houston
	Kathy Mechler	Preferred Management, Austin
	Terry Scoggin, CPA (Chair)	Titus Regional Medical Center, Mount Pleasant
	Stephanie Madrid	Scion Health (Kindred), Louisville, KY
	Zelia Baugh	JPS Health Network, Fort Worth (Behavioral Health)
	Amy Thompson, M.D.	Covenant Childrens Hospital, Lubbock
	Todd Senters	HCA Healthcare, Nashville, TN
Bryan Sisk, DNP	Memorial Hermann, Houston	
Member THT Representative	Winfred Parnell, M.D.	Parkland Health, Dallas
Member Physician Representative	Michael (Mike) Ragain, M.D.	University Medical Center, Lubbock
Member Physician Representative	Karen Duncan, M.D.	JPS Health Network, Fort Worth
Member Attorney Representative	Brad Nitschke, J.D.	Parkland Health, Dallas
Member Attorney Representative	Lisa Havens, J.D.	Baylor Scott & White Medical Center, Temple
Member CFO	Michael Nunez	University Medical Center of El Paso

Council on Policy Development Members		
Council Position	Name	Facility
Member CNO	Susan Greenwood, RN	Hendrick Health, Abilene
Member Emerging Leader Hospital Administration	Veronica Villareal	Doctors Hospital at Renaissance, Edinburg
Member Emerging Leader Hospital Administration	Kevin Greene	Cook Children’s Medical Center - Prosper

Successor Trustees, Texas Hospital Association Retirement Plan for Member Hospitals (THARPMH)

The Successor Trustees of THARPMH serve two-year terms. The Nominating Committee recommends the following members for election.

THA Retirement Plan for Member Hospitals Successor Trustees		
Position	Name	Facility
Chair	Sharon Clark	JPS Health Network, Fort Worth
Vice Chair	Ignacio Zamarron	THA, Austin (Per Bylaws)
Trustees	Adam Apolinar, RN	Uvalde Memorial Hospital
	Nancy Cooke, CPA	Martin County Hospital District, Stanton
	Kody Gann	Guadalupe Regional Medical Center, Seguin
	Melissa Wilson	Dimmit Regional Hospital, Carrizo Springs
	Sharon Clark	JPS Health Network, Fort Worth

THA Foundation Board

The Texas Hospital Association Foundation Board of Trustees may have up to fifteen members. Each Trustee’s term shall be for a two-year term. Term limits do not apply to those serving as ex-officio members. The Secretary-Treasurer is the THAF CEO, and the THA President or designee serves as the Vice Chair of the THAF Board. The Nominating Committee recommends the following for election.

THA Foundation Board of Trustees		
Position	Name	Facility
Chair	Susan Turley	DHR, Edinburg
Chair-Elect	Geoffrey Christian	Baylor Scott & White Medical Center, College Station
Vice-Chair	John Hawkins	THA, Austin (Per THAF Bylaws)
Past Chair	Christopher (Chris) Sandles	University Health, San Antonio
Secretary-Treasurer	Fernando Martinez, Ph.D.	THA, Austin (Per THAF Bylaws)
Trustees	Candi Constantine-Castillo	Harlingen Medical Center
	Kevin Greene	Cook Children’s Medical Center – Prosper

THA Foundation Board of Trustees		
	Name	Facility
	Thomas McKinney	CHRISTUS Santa Rosa Hospital, San Marcos
	David S. Lopez	Houston
	Brenda McKinney	Reeves Regional Health, Pecos
	Marie Alvarez	Rio Vista Behavioral Health, El Paso

THA Management Corporation d/b/a Member Solutions Board of Directors

The THA Management Corporation shall have no more than fifteen Directors. The Directors shall be elected to three-year terms. The President of the Texas Hospital Association shall serve as Chairman of the Board and the Chair-Elect of the THA Board shall serve as Vice Chair. The President and Chief Executive Officer of the Corporation shall serve as Secretary-Treasurer. Additional designated members include three ex-officio members (THA Chief Operating Officer, THA Chief Financial Officer, and THA General Counsel). The THA Nominating Committee recommends the following.

THA Management Corporation d/b/a Member Solutions Board of Directors		
Position	Name	Facility
Chair	John Hawkins	Texas Hospital Association
Vice Chair	Jim Kendrick	Community Hospital Corporation, Plano
Secretary-Treasurer	Fernando Martinez, Ph.D.	Texas Hospital Association
Directors	John H. Everett	Cogdell Memorial Hospital, Snyder
	Art Garza	Del Sol Medical Center, El Paso
	Dustin Anthamatten	Methodist Charleton Medical Center, Dallas
	Mario Herrera	Rio Vista Behavioral Health, El Paso
	Todd A. Senters	HCA Gulf Coast Division, Houston

Texas Hospital Insurance Network (THINK) Board

The Texas Hospital Insurance Network (THINK) Board oversees the activities of the Attorney-in-Fact function of the Texas Hospital Insurance Exchange, and other THA insurance and employee benefit programs. The Board includes nine members. Directors include the President/CEO of THINK as Secretary-Treasurer, and the THA President or designee as a member. At least three members must be from the THIE Board, one from the THA Board, and one Successor Trustee of the retirement plan. The Nominating Committee recommends the following for election.

Texas Hospital Insurance Network (THINK) Board		
Position	Name	Facility
Chair	Christy Francis	Hemphill County Hospital District, Canadian
Vice Chair	Thalia Munoz, RN	Starr County Memorial Hospital, Rio Grande City
Secretary-Treasurer	Tess Frazier	Texas Hospital Insurance Exchange, Georgetown
Members	Paul Burke	Shamrock General Hospital
	Jason Menefee	McCamey County Hospital District

AHA Regional Policy Board Delegates

The American Hospital Association Regional Policy Boards meet three times a year to foster communication between the AHA, its members, and state hospital associations. Texas currently has six state RPB7 delegates. AHA Bylaws require that one of a state’s delegates be a member of the state association’s executive committee or its board of trustees, whichever is the policy-making body. Only one individual from any hospital and its component members may serve in the RPB. This restriction does not apply to individuals associated with a health system or integrated delivery system members or to at-large members of the AHA Board of Trustees. Delegates that have served one full term of three years shall be considered ineligible for reelection until one year has passed. Delegates having served less than a full three-year term can be reelected to a full term.

AHA State RPB7 Delegates		
Position	Name	Facility
Delegates	Sally Deitch	Ascension Health, El Paso
	Terry Scoggin, CPA	Titus Regional Medical Center, Mount Pleasant
	Brad Holland	Hendrick Health, Abilene
	Russell Tippin	Medical Center Health System, Odessa

The THA Nominating Committee approved the following nomination to the THINK Board to fill a vacancy.

- Paul Burke, Administrator, Shamrock General Hospital, (term expires Dec. 31, 2023)

Notification to the THA Board of Approval of Recommendations to the THA, THINK and THARPM Boards

Erol Akdamar presented for information purposes only that the THA Board of Trustees approved by electronic vote the following recommendations: Holly Holcomb, RN, CEO, Childress Regional Medical Center, to serve on the THA Board of Trustees; Jason Menefee, CFO, McCamey County Hospital District (effective Oct. 1, will become CEO) to serve on the THINK Board of Directors; and Nancy Cooke, CEO, Martin County Hospital, Stanton, and Melissa Wilson, COO, Dimmit Regional Hospital, Carrizo Springs, to serve on the THARPMH Successor Trustees Board.

Recommendation/Report of the THA Audit & Compliance Committee

Erol Akdamar, chair of the THA Audit and Compliance Committee, called upon Steve Wohleb, THA’s general counsel to present the Audit and Compliance Committee Report. Wohleb notified board members that the written report of the committee was in the board packet and summarized the activity of the past year around the THA Code of Conduct and Compliance Program. The proactive focus has been maintaining a high level of awareness of the program among the THA staff. Wohleb continues to highlight compliance issues in THA All Staff meetings and in fact had a short module at the recent August meeting on each employee’s responsibility to report violations that they are aware of and have incorporated the Code of Conduct and Compliance Program into the new employee orientation. Wohleb noted that the written report contains a description of a reported compliance concern that came up this past year with the follow-up that occurred. Wohleb offered to discuss and answer any questions board members may have concerning this issue later in this meeting, during Executive Session. Wohleb was able to use this issue, in a very general sense and preserving confidentiality, at the All Staff meeting to commend the reporting

employee and highlight it as an example of the responsibility each employee has to report compliance-related concerns.

Erol Akdamar reported that the THA Audit Committee met with FORVIS, the committee's independent accounting firm, to review the findings and outcome of THA's annual audit and tax return filings. FORVIS issued an unqualified opinion on the audit (no significant adjustments) and presented its governance report citing no major issues with internal controls.

Erol Akdamar presented the recommendation of the THA Audit and Compliance Committee. Upon motion duly made and seconded, the following recommendation was unanimously approved:

RECOMMENDATION: That the THA Board of Trustees approve the FY 2022 annual independent financial report and the filing of the FY 2022 tax returns of THA subject to final acceptance by the THA CFO.

Financial Report as of June 30, 2023

Jim Kendrick, chair of the THA Finance Committee, reviewed the financial report as of June 30, 2023. Through the six months, THA and its subsidiaries' net performance result was an increase in net assets of \$2M exceeding budget by \$1.6M. The report on page 69 incorrectly states a decrease in net assets. The performance results exclude an unrealized gain of \$966K in the market value of all investment portfolios. THA's proper performance net income was \$2M compared to the budget of \$276K. As noted in the financial report, THA partnered with a legal firm handling a group appeal related to payments for an 1115 Waiver program. The appeal was successful, and THA began billing its administrative fee this quarter. This fee revenue was not included in the budget as it was not settled nor was the potential level of fee known at the time the budget was approved. The fees billed to date total \$966,000. Although unrealized gains in the investment portfolio are excluded from performance results, realized income and gains, which exceeded budget by \$350,000, are included in results. Most of this earned income is from the sweep accounts held in commercial accounts.

THA's Annual Conference for 2023 was held this quarter. The net margin produced by the conference exceeded budget by \$224,000. The conference was well attended, and all sponsored opportunities sold out.

THA's overall financial condition remains strong with 12 months of operation in long-term reserves (Board goal) and 10 months in operating reserves. Total budgeted expenses for THA were under budget by \$227K and deemed as temporary savings to the budget.

Report on Strategic Planning Session

Chair Asprek reviewed the areas of focus determined during the strategic planning discussions.

Question 1: Facilitated by **Trustee Cory Edmonson**, with support from THA Staff, Jennifer Banda.

Mobilizing Hospital Leaders. What steps can THA take to mobilize and motivate hospital leaders/CEOs to engage at the local level and carry the hospital industry message? What groups should CEOs be engaging in? What are the barriers?

Areas of Focus:

1. Develop a ground game roadmap (tiered to do list) for:
 - a. Legislator meetings and legislator hospital tours
 - b. Business leader and chamber meetings
 - c. Regional meetings with pivotal legislators to show collective hospital impact and advocacy (and build legislative bench).
2. Provide outline of hospital legislative successes to educate staff on issues that matter to staff.
3. Make an Easy Button for social media amplification and extension of THA messaging.
4. Engage with:
 - a. State and Congressional Lawmakers
 - b. Chambers, Local Economic Development and Business groups (showing hospital economic impact)
 - c. Hospital staff
 - d. Local elected officials (county commissioners, mayor, etc.)
 - e. TMA, TNA, and other healthcare associations
 - f. Other hospital associations
 - g. Hospital Boards
 - h. Other community groups
5. Increase HOSPAC fundraising and subsequent lawmaker donations to keep hospitals at the table.

Question 2: Facilitated by **Trustee Brad Holland**, with support from THA Staff, Cameron Duncan.

Attacking Back. How aggressive should THA be in its pushback against health insurance companies and negative hospital rhetoric? Defense tactics can range from pushing back with facts and positivity to offensively launching major legislative packages. What are the main pressure points hospitals and patients experience with health insurance companies and how can they be used for industry advantage?

Areas of Focus:

1. Be aggressive - use think-tanks/third party objective entity being strategic and tactical on targeting groups.
2. Develop bills addressing denials, under payments, audits, and health plan transparency.
3. Develop ready-made constituent letters – internet-based letter writing campaigns; revamp THA grassroots site.
4. Push back on narratives that acquisition drives up costs; acquisition is result of payer bullying.
5. Encourage hospital physicians to engage at TMA; engage & educate your physicians; further engage THA’s Hospital Physician Executive group.

Question 3: Facilitated by **Trustee Cris Daskevich** with support from THA Staff, Carrie Williams.

Preventing Perception Issues. What are the most prominent perception problems faced by hospitals – and is there a THA role in preventing them? Is there a way to help hospitals

preemptively addressing seemingly unflattering aspects of their operations to avoid negative attention and ensure the industry as a whole can be perceived positively?

Areas of Focus:

1. Simplify issues via education (Health Care 101) to counteract negative perceptions and emphasize positive perceptions.
 - a. Hospitals are the cause of high prices (greed/profitability).
 - b. Lack of understanding of charity care.
 - c. Complexity/confusion of hospital billing and care coordination.
 - d. Value to community/charity care/strong salaries/large employer/taxes.
2. Utilize hospital employees as advocates/ambassadors.
3. Business partnerships and partnerships with other employers.
4. Individual patient stories to help carry specific advocacy agendas.
5. Scouting/infiltrating “other side”.

ADVOCACY REPORTS

State Advocacy Update

Jennifer Banda outlined key Medicaid and legislative issues. It is good news that CMS approved the hospital Directed Payment Programs as well as the long-awaited private HARP and GME programs. HHSC is also exploring potential updates to the QIPP program in SFY25. Matt Turner is leading a THA workgroup to consider these proposals.

Sara Gonzalez updated the board on HHSC’s discussions about potential impacts to the CHIRP program based on efforts to maintain the UC pool in the upcoming DY17 UC pool resizing. HHSC is meeting with the hospital associations to discuss a framework around moving some of the CHIRP funds into a pay for quality or secondary payment program. There are efforts to best identify how many dollars may need to be moved out of CHIRP, and at the same time, HHSC is working on identifying quality metrics that could be incorporated into this new P4Q program. THA is participating in these discussions at all levels and will continue to engage with the membership through its various governance committees. There was board member discussion about the need to stay closely engaged on this issue because of the importance of these directed payment programs to all hospitals.

Erika Ramirez outlined the upcoming timeline at HHSC for application to CMS of a state plan amendment (SPA) to extend postpartum Medicaid care from two months to 12 months as directed by HB 12 as passed in the legislative session. HHSC is currently developing the SPA, intends to submit it this fall and hopes to implement expansion in the spring. Additionally, THA continues to be closely engaged in ongoing HHSC efforts to redetermine Medicaid eligibility for those who maintained enrollment during the PHE. This week, HHSC applied to CMS to extend redeterminations for an additional month for the third cohort of clients, which includes those most likely to maintain coverage. THA is working closely with other advocates to push the state to ensure coverage for those who are eligible or may be able to maintain coverage through another avenue.

Steve Wohleb presented on the status of the implementation of SB 490. This is the bill that requires hospitals to send an itemized bill to each patient prior to initiating collection efforts. The law is poorly drafted, and we have fielded dozens of questions about its many ambiguities. Heather De La Garza in THA Legal has become the foremost expert in the state on SB 490. We

mentioned in our written report that we had submitted a letter to HHSC requesting clarification of these ambiguities. We expected HHSC to defer to the statutory language, but in issuing its guidance document the week the law took effect, HHSC did in fact respond to some of THA's requests for clarification and attempted to provide clarifying guidance on some of those issues. These areas include the impact of SB 490 on bundled payments, the effective date of the law and the services to which it applied, and its non-applicability to off-campus hospital outpatient departments and rural health clinics. We continue to field questions about SB 490 and are available to members when those questions arise.

Federal Issues

Cameron Krier Massey notes that a written report and materials are on page 64 of the board packet. Massey then highlighted THA's advocacy on several key issues over the last several months – all of which will be a focus this Fall.

First: Ongoing education about efforts by CMS to restrict state financing in the Medicaid program.

- The goals over the last several months have been to (1) educate the delegation and (2) get members to call for a withdrawal of the proposed rule.
- Massey said there is a need for robust education materials about the issue. The THA communications and policy teams created a new explainer document – with talking points, as well as two short, narrated power point presentations. One PowerPoint is a Texas Medicaid 101 that explains how the program is funded. The second PowerPoint provides historical context to CMS activities on state financing – dating back to MFAR and then carrying forward through the information bulletin and recently proposed rule. There is a link in the board packet to those materials, and they are great resources for hospital outreach. THA has been told that CMS hopes to finalize the rule by EOY or early next year but of course Texas has an injunction preventing them from moving forward.
- Other items of note:
 - A multi-association hospital letter led by THA was sent to all members of the delegation.
 - A letter from several Texas Democratic House members to CMS – urging them to withdraw the bulletin.
 - Some members of the delegation have had direct briefings with CMS, but because of the ongoing lawsuit, those conversations have not been substantive.
 - Texas HHSC held a briefing for the delegation to detail its perspective on the potential impact of the rule.
 - THA has had meetings with the hospital associations of other impacted states to share advocacy materials and engagement strategies.
 - Delegation sign on letters to CMS are in the works.

Second: The federal fiscal year ends on Sept 30. Negotiations between the House and Senate are ongoing, and we may have a continuing resolution (“CR”) for some areas of the government that provides funding through the EOY.

- On the health front, several programs lose authorization at the end of the month – GME, community health centers, and pandemic preparedness. Critical for hospitals, \$8B in

Medicaid DSH cuts are scheduled to take effect Oct 1 without action by Congress. The projected impact to Texas is \$800M for FY 2024 alone.

- THA has been talking to the congressional delegation about the Medicaid DSH cuts all year and has created district specific impact handouts. There is a link in the board materials.

There is bipartisan legislation (HR 2665) to repeal two years of cuts being led by two members from Texas – Crenshaw and Burgess. There are 121 cosponsors, including a good number from the delegation – a list is in the board materials. Please be sure to thank those who have signed on or request those who haven't to do so. Earlier this year, there was a bipartisan letter to congressional leadership asking them to address the cuts that were signed by 233 House members, 18 from Texas. That list is also in the board packet.

Massey said they continue to stress how important this program is to hospitals in Texas, especially considering the state's high number of uninsured and low-income patients. It's possible the cuts may not be addressed until an end of year package in December.

Third: In addition to a federal funding package and addressing expiring programs, Congress is expected to move forward on a broad range of health care reforms.

- The House and Senate have held a series of committee hearings since the beginning of the year on a long list of issues including drug pricing, drug shortages, price transparency, consolidation, 340B reporting, site neutral policies, charity care for tax exempt hospitals, and the list goes on.
- Both House Energy and Commerce and Ways and Means committees have passed comprehensive bills (there are summaries in the board materials) – and now those committees plus the House Education and Workforce committee have combined bills into one – the Lower Costs, More Transparency Act. That consolidated bill includes site neutral cuts for drugs administered in grandfathered off campus HOPDs, some changes on price transparency, and a repeal of two years of the Medicaid DSH cuts. We expect that bill to move to the House floor this fall – possibly soon because it includes reauthorizations for the programs mentioned earlier. Massey noted that the Senate is still pulling together its reforms, but they support many of the House items.

Massey stressed there is a significant amount of hospital scrutiny occurring at the federal level right now. It's coming from both sides of the aisle and fueled by campaigns from patient advocacy groups, the health insurance plans, PHARMA, and private equity.

AHA and THA have put out a lot of messaging materials over the last several months. Massey encouraged the Board to reach out to delegation members about the harmful impact of payment cuts under site neutral policies, especially, because they have a lot of momentum. Talking points were included in the board materials.

HOSPAC REPORT

Adam Willmann, HOSPAC chairman, reported that to date, HOSPAC has raised \$124,989 in HOSPAC state dollars and \$9,621 in HOSPAC federal dollars. The HOSPAC board is focused on raising ample dollars to be a player in the 2024 election cycle. In 2022, HOSPAC gave out over \$500,000 in political contributions. HOSPAC will be focused on raising more dollars in the

coming months to be competitive in the 2024 election cycle. The ability for HOSPAC to write big checks and meet directly with the Governor, Lt. Governor and Speaker helped the THA advocacy team have a successful 88th Legislature as they redirected their messaging and strategy based on those conversations.

Carrie Kroll, vice president of advocacy, public policy and political strategy, relayed that HOSPAC is sponsoring five upcoming fundraisers for congressional candidates: Lizzie Fletcher, in Austin, Sept 22; Lloyd Doggett, in Austin, Sept 24; Randy Weber, in Houston, Sept 25; Marc Veasey in Dallas Oct. 8 and Ft. Worth, Oct. 15 and for State Rep. Julie Johnson, running for the seat vacated by Congressman Colin Allred, in the DFW area Dec. 11. All HOSPAC contributors are encouraged to participate if interested.

PRESIDENT’S REPORT

John Hawkins called attention to the THA Schedule of Major Events that included 2024 THA Board meeting dates and reminded board members that the final date to submit THA Award nominations is September 29.

REPORT OF THE TEXAS HEALTHCARE TRUSTEES

Joe Bob Burgin, chair of the Texas Healthcare Trustees, reported that THT has completed its 2023 curriculum with the State Office of Rural Health. Through this partnership, THT hosted a virtual Rural Governance Orientation and Bootcamp on June 6 and created two new guidebooks: Rural Governance Guidebook and Navigating Rural Health Care Compliance. Both publications are free and THT and SORH mailed more than 2,600 copies to rural hospitals this summer. The 2023 Healthcare Governance Conference held on July 20-22 at the JW Marriott Austin, welcomed more than 500 trustees, CEOs, sponsors, and speakers for two and a half days of education that featured keynote sessions on the health care workforce, health equity, and the national political landscape. Next year’s conference will be held on July 25-27 at the Grand Hyatt San Antonio Riverwalk. THT continues to conduct its Board Self-Assessment. THT has finalized its webinar calendar for the fall to include the following topics, meeting minutes and governing documents, as part of THT’s AdminLeadership webinar, along with AI, cybersecurity, and quality dashboards.

NEXT MEETING

The next meeting of the THA Board will be held virtually via Zoom on Friday, November 10, 2023.

ADJOURNMENT

There being no further business, the meeting adjourned to executive session at 9:51 a.m.

Kirk King
Secretary

Erin Asprec
Chair of the Board

RECOMMENDATION TO THE THA BOARD OF TRUSTEES

November 10, 2023

Approval of Other Minutes

Successor Trustees, THA Retirement Plan for Member Hospitals	May 19, 2023
THA Executive Committee	September 7, 2023
THA Management Corporation Board	September 15, 2023

Respectfully submitted,

John Hawkins
President/CEO

RECOMMENDATION TO THE THA BOARD OF TRUSTEES

November 10, 2023

Trustee Absence

Two trustees have notified THA in advance that they will not be able to attend the November 10, 2023, THA Board of Trustees meeting. Based on THA Bylaws and "Procedures for Addressing Trustee Absences," the following trustees have requested a waiver of absence for the following reasons.

Trustee	Reason for Waiver Request	Approve/Disapprove
Andy Davis	Prior Commitment	
Peter McCanna	Prior Commitment	

Respectfully submitted,

John Hawkins
President/CEO

RECOMMENDATIONS TO THE THA BOARD OF TRUSTEES

November 10, 2023

THA Endorsed Companies

The following company has been approved by the THA Management Corporation Board of Directors on October 24, 2023, now seeking approval from the THA Board of Trustees to become a THA endorsed company. An executive summary is attached.

- Oncore Healthcare Solutions

Respectfully submitted,

THA Senior Management Team

October 2023

Executive Summary

Re: Proposed endorsed companies to THAMC Board

Oncore Healthcare Solutions – Oncore Healthcare Solutions is the only Texas owned, Texas-based full-service medical waste company with multiple treatment facilities, providing medical waste services throughout the entire state of Texas. Oncore also offers a proprietary on-site treatment solution, perfect for those facilities interested in a more sustainable solution. In addition, Oncore is preferred service provider for multiple purchasing groups whose member include small-medium hospitals, group family practices, and pediatric groups.

Thank you,



Fernando Martinez PhD
President
Member Solutions

REPORT TO THE THA BOARD OF TRUSTEES

November 10, 2023

THA Chair-Elect Appointments for 2024

Audit and Compliance Committee

Position	Appointed Members	Term Expires
Chair	Erin Asprec, Memorial Hermann Health System, Houston	Dec. 31, 2024
Vice Chair	Allen Harrison, Medical City Healthcare, Dallas	Dec. 31, 2024
Member	Susan Turley, DHR Health, Edinburg	Dec. 31, 2024
Financial Rep	Kody Gann, Guadalupe Regional Medical Center, Seguin	Dec. 31, 2024
Financial Rep	Joseph Sereno, Baptist Medical Center, San Antonio	Dec. 31, 2024
Ex-Officio Member	John Hawkins, THA	Dec. 31, 2024
Staff Rep	Ignacio Zamarron, THA	Dec. 31, 2024

Finance Committee

Position	Appointed Members	Term Expires
Chair	Cory Edmondson, Peterson Health, Kerrville	Dec. 31, 2024
Vice Chair	Jason Jennings, Baylor Scott & White Health – College Station	Dec. 31, 2024
Member	Raul Zamora, Uvalde Memorial Hospital	Dec. 31, 2024
Member	Steven (Steve) Ewing, Medical Center Health System, Odessa	Dec. 31, 2024
Member	Bryan Lee, Memorial Hermann Texas Medical Center, Houston	Dec. 31, 2024
Member	Michelle Hays, Scottish Rite for Children, Dallas	Dec. 31, 2024
Staff Rep	Ignacio Zamarron, THA	Dec. 31, 2024

Governance Committee

Position	Appointed Members	Term Expires
Chair	Jim Kendrick, Community Hospital Corporation, Plano	Dec. 31, 2024
Vice Chair	Erin Asprec, Memorial Hermann Health System, Houston	Dec. 31, 2024
Member	Erol Akdamar, HCA Healthcare, Nashville	Dec. 31, 2024
Member	Marc Boom, M.D., Houston Methodist	Dec. 31, 2024
Member	Phyllis Cowling, CPA, United Regional Health Care System, Wichita Falls	Dec. 31, 2024
Member	Chris Durovich, Children's Health, Dallas	Dec. 31, 2024
Staff Representative	John Hawkins, THA	Dec. 31, 2024

Nominating Committee

Position	Appointed Members	Term Expires
Chair	Erin Asprec, Memorial Hermann Health System, Houston	Dec. 31, 2024
Member	Erol Akdamar, HCA Healthcare, Nashville	Dec. 31, 2024
Member	Brad Holland, Hendrick Health System, Abilene	Dec. 31, 2024
Member	Jim Kendrick, Community Hospital Corporation, Plano	Dec. 31, 2024
Member	Sam Bagchi, M.D., CHRISTUS Health, Irving	Dec. 31, 2024
Member	Barclay Berdan, Texas Health Resources, Arlington	Dec. 31, 2024
Member	Phyllis Cowling, United Regional Health Care System, Wichita Falls	Dec. 31, 2024
Member	Marc Boom, M.D., Houston Methodist	Dec. 31, 2024
Member	Terry Scoggin, Titus Regional Medical Center, Mount Pleasant	Dec. 31, 2024
Staff Rep	John Hawkins, THA	Dec. 31, 2024

Appointments Committee

Position	Appointed Members	Term Expires
Member	Jim Kendrick, Community Hospital Corporation, Plano	Dec. 31, 2024
Member	John Hawkins, THA	Dec. 31, 2024
Member	Terry Scoggin, CPA, Titus Regional Medical Center, Mount Pleasant	Dec. 31, 2024
Staff Rep	Jennifer Banda, THA	Dec. 31, 2024

Committee on Excellence in Community Service Award

Position	Appointed Members	Term Expires
Chair	Shona Sowell, Texas Health Hospital Frisco	Dec. 31, 2024
Member	Kathleen Avila, Harlingen Medical Center	Dec. 31, 2024
Member	Cynthia Green, MidCoast Health System, Llano	Dec. 31, 2024
Member	Trip Lyles, Baptist Health System, San Antonio	Dec. 31, 2024
Member	Debbie Splinter, BSW Texas Spine & Joint Hospital, Tyler	Dec. 31, 2024
Staff Rep	Susan Jones, RN, THA	Dec. 31, 2024

Earl M. Collier Award Selection Committee

Position	Appointed Members	Term Expires
Chair	Brad Holland, Hendrick Health System, Abilene	Dec. 31, 2024
Member	Erin Asprec, Memorial Hermann Health System, Houston	Dec. 31, 2024
Member	Douglas (Doug) Lawson, Ph.D., St. Luke's Health System, Houston	Dec. 31, 2024
Member	Chris Durovich, Children's Health, Dallas	Dec. 31, 2024
Member	Phyllis Cowling, United Regional Healthcare System, Wichita Falls	Dec. 31, 2024
Staff Rep	John Hawkins, THA	Dec. 31, 2024

Behavioral Health Council

Position	Appointed Members	Term Expires
Chair	Selected at first meeting of 2024	Dec. 31, 2024
Vice Chair	Selected at first meeting of 2024	Dec. 31, 2024
Member	Scott Domingue, Texas Health Resources, Arlington	Dec. 31, 2024
Member	Theresa Fawvor, Memorial Hermann Health System, Houston	Dec. 31, 2026
Member	Steven (Steve) Glazier, UT Harris County Psychiatric Center, Houston	Dec. 31, 2026
Member	Edgar (Ed) Prettyman, Psy.D, Texas NeuroRehab Center, Austin	Dec. 31, 2026
Member	Becky Tresnicky, Valley Baptist Medical Center, Brownsville	Dec. 31, 2026
Member	Marie Alvarez, Rio Vista Behavioral Health, El Paso	Dec. 31, 2026
Staff Rep	Sara Gonzalez, THA	Dec. 31, 2024
Staff Rep	Erika Ramirez, THA	Dec. 31, 2024

Rural Hospital Council

Position	Appointed Members	Term Expires
Chair	Kurt Sunderman, Rice Medical Center, Eagle Lake	Dec. 31, 2024
Vice Chair	Will be appointed by RHC at first meeting in 2024	Dec. 31, 2024
Member	Melanie Richburg, DNP, Lynn County Hospital District, Tahoka	Dec.31, 2026
Member	Emilee Stratton, Childress Regional Medical Center	Dec. 31, 2026
Member	Daphne Blake, Guadalupe Regional Medical Center, Seguin	Dec. 31, 2026
Member	Laci Harris, Crane Memorial Hospital	Dec. 31, 2026
Member	Andy Fortenberry, Titus Regional Medical Center	Dec. 31, 2026

Rural Hospital Council (continued)

Position	Appointed Members	Term Expires
Member	Christopher (Chris) Zeringue, TMC Bonham Hospital	Dec. 31, 2026
Member	Alma Martinez, Maverick County Hospital District, Eagle Pass	Dec. 31, 2026
Member	Denise McMahan, Cuero Regional Hospital	Dec. 31, 2026
Member	Billie Bell, Medina Healthcare System, Hondo	Dec. 31, 2026
Member	Yvette Riker, DNP, Reeves Regional Health, Pecos	Dec. 31, 2026
Member	Michael (Mike) Huff, Olney Hamilton Hospital	Dec. 31, 2026
Ex-Officio Member	Holly Holcomb, RN, Childress Regional Medical Center	Dec. 31, 2025
Ex-Officio Member	James Vanek, Columbus Community Hospital	Dec. 31, 2024
Staff Rep	Al Goforth, THA	Feb. 16, 2024
Staff Rep	Chris Felton	Dec. 31, 2024

Quality and Patient Safety Council

Position	Appointed Members	Term Expires
Chair	Michael (Mike) Lane, M.D., Parkland Health, Dallas	Dec. 31, 2024
Vice Chair	Vacant	Dec. 31, 2024
Member	Erin Clevenger, RN, Memorial Medical Center	Dec. 31, 2026
Member	Kathleen (Kathy) Dassler, RN, Rio Grande Regional Hospital, McAllen	Dec. 31, 2026
Member	Lutano (Louie) Villareal, Starr County Memorial Hospital, Rio Grande City	Dec. 31, 2026
Member	Kelly Dunavant, Texas Health Harris Methodist Hospital Fort Worth	Dec. 31, 2026
Member	Gerardo Flores, DNP, RN, CHRISTUS Health, Irving	Dec. 31, 2026
Member	Erin Erb, HCA Houston Healthcare	Dec. 31, 2026
Member	Kathy Griffis, Titus Regional Medical Center, Mount Pleasant	Dec. 31, 2025

Quality and Patient Safety Council (continued)

Position	Appointed Members	Term Expires
Member	Cyndi Isaacs, RN, Solara Hospital Harlingen Brownsville Campus	Dec. 31, 2025
Member	Elaine Ivey, RN, Peterson Health, Kerrville	Dec. 31, 2025
Member	Judy Krupala, RN, Cuero Regional Hospital	Dec. 31, 2025
Member	TaShauna McCray, DNP, RN, HCA Houston Healthcare West	Dec. 31, 2025
Member	Gerardo Garcia, Childress Regional Medical Center	Dec. 31, 2025
Member	Timothy (Tim) Ols, Baylor Scott & White Medical Center – Marble Falls	Dec. 31, 2024
Member	Ashley Sacriste, West Oaks Hospital, Houston	Dec. 31, 2024
Member	Leticia A. Shanley, M.D., Children’s Hospital of San Antonio	Dec. 31, 2024
Member	Wesley (Wes) Tidwell, Ascension Seton Medical Center Austin	Dec. 31, 2024
Member	Christin Timmons, RN, Baylor Scott & White Medical Center – Centennial	Dec. 31, 2024
Member	Rhonda Unruh, RN, Guadalupe Regional Medical Center, Seguin	Dec. 31, 2024
Staff Rep	Sara Gonzalez, THA	Dec. 31, 2024
Staff Rep	Matt Turner, THA	Dec. 31, 2024

Policy Committee on Hospital Contracting and Payment

Position	Appointed Members	Term Expires
Chair	Kevin Barron, University Health, San Antonio	Dec. 31, 2024
Vice Chair	Michelle Stevens, Haskell Memorial Hospital	Dec. 31, 2024
Member	Christopher Ballesteros, Peterson Health, Kerrville	Dec. 31, 2024
Member	Cindy S. Blackwell, St. David’s Healthcare, Austin	Dec. 31, 2024
Member	Terri Contreras, Uvalde Memorial Hospital	Dec. 31, 2024
Member	Christy DeVries, CHI St. Luke’s Health, Houston	Dec. 31, 2024

Policy Committee on Hospital Contracting and Payment (continued)

Position	Appointed Members	Term Expires
Member	Allen Groves, Methodist Dallas Medical Center	Dec. 31, 2024
Member	Deana A. Henk, Guadalupe Regional Medical Center, Seguin	Dec. 31, 2024
Member	Lindy Lauderdale, Covenant Medical Center, Lubbock	Dec. 31, 2024
Member	Kristi Lee, Kindred Hospital Houston Northwest	Dec. 31, 2024
Member	Michelle Lindsley, Memorial Hermann Health System, Houston	Dec. 31, 2024
Member	Adriane Mahnken, Ascension Texas, Austin	Dec. 31, 2024
Member	Juan Navarro, Doctors Hospital at Renaissance, Edinburg	Dec. 31, 2024
Member	Adele Paulett, CHRISTUS Health, Irving	Dec. 31, 2024
Member	Vivian Rose, Houston Methodist Hospital	Dec. 31, 2024
Member	Julie Tipps, Baylor Scott & White Health, Dallas	Dec. 31, 2024
Member	Angela Wetzel, Tenet Health, Dallas	Dec. 31, 2024
Staff Rep	Cameron Duncan, J.D., THA	Dec. 31, 2024
Staff Rep	Matt Turner, THA	Dec. 31, 2024

Policy Committee Reimbursement

Position	Appointed Members	Term Expires
Chair	William Galinsky, Baylor Scott & White Health, Temple	Dec. 31, 2024
Vice Chair	Diana Strupp, Tenet Health, Dallas	Dec. 31, 2024
Member	Alma Alexander, Cuero Regional Hospital	Dec. 31, 2024
Member	Michala D. Ashley, UT Health East Texas, Tyler	Dec. 31, 2024
Member	Kevin Burns, Houston Methodist	Dec. 31, 2024
Member	Carol Daulton, Texas Health Resources, Arlington	Dec. 31, 2024

Policy Committee Reimbursement (continued)

Position	Appointed Members	Term Expires
Member	Keri Disney-Story, Parkland Health, Dallas	Dec. 31, 2024
Member	Rick Ford, CHRISTUS Health, Irving	Dec. 31, 2024
Member	Alfonso Gonzalez, Doctors Hospital at Renaissance, Edinburg	Dec. 31, 2024
Member	Eric Graves, Community Health Systems, Inc., Franklin, TN	Dec. 31, 2024
Member	Charles (Charlie) Greenberg, UT Southwestern Medical Center, Dallas	Dec. 31, 2024
Member	Bob Halinski, Universal Health Services, Inc., King of Prussia, PA	Dec. 31, 2024
Member	Steven (Steve) Hand, Memorial Hermann Health System, Houston	Dec. 31, 2024
Member	Julie L. Holly, Ascension Health, Austin	Dec. 31, 2024
Member	Christopher (Reed) Hurley, University Health, San Antonio	Dec. 31, 2024
Member	Stephen W. Kimmel, Cook Children's Medical Center, Fort Worth	Dec. 31, 2024
Member	Becky Korenek, The University of Texas Medical Branch, Galveston	Dec. 31, 2024
Member	Larry Martin, HCA Healthcare, Addison	Dec. 31, 2024
Member	Michael Nunez, University Medical Center of El Paso	Dec. 31, 2024
Member	Jerry Pickett, Goodall-Witcher, Healthcare, Clifton	Dec. 31, 2024
Member	Terry Scoggin, Titus Regional Medical Center, Mount Pleasant	Dec. 31, 2024
Member	Robert E. Simon, Texas Children's Hospital, Houston	Dec. 31, 2024
Member	Jeremy Walker, Hendrick Health System, Abilene	Dec. 31, 2024
Member	Gregory (Greg) Sheeler, Shannon Medical Center, San Angelo	Dec. 31, 2024
Member	Aimee Plowman, Methodist Health System, Dallas	Dec. 31, 2024
Member	Trey Twilligear, United Regional Medical Center, Wichita Falls	Dec. 31, 2024

Policy Committee Reimbursement (continued)

Position	Appointed Members	Term Expires
Member	Timothy Miner, Ardent Health Services, Nashville, TN	Dec. 31, 2024
Staff Rep	Anna Stelter, THA	Dec. 31, 2024

Emerging Leadership Forum

Position	Appointed Members	Term Expires
Chair	Debbie DeMeo, LMSW, ScionHealth/Kindred Healthcare, Houston	Dec. 31, 2024
Vice Chair	Collin A. McLarty, Yoakum County Hospital, Denver City	Dec. 31, 2024
Member	William Acuff, Baylor Scott and White Health – Quality Alliance	Dec. 31, 2026
Member	Marie Alvarez, Rio Vista Behavioral Health, El Paso	Dec. 31, 2026
Member	Collin A. McLarty, Yoakum County Hospital, Denver City	Dec. 31, 2026
Member	Abiola Aneybe, Kindred Hospital Dallas Central	Dec. 31, 2026
Member	Elaine Bennett, Guadalupe Regional Medical Center – Foundation, Seguin	Dec. 31, 2026
Member	Stephanie Caples, PhD, Midland Health – Behavioral Health Center, Midland	Dec. 31, 2026
Member	Rebecca Deen, Medina Healthcare System, Hondo	Dec. 31, 2026
Member	Jose A. Echavarria, Woodland Heights Medical Center, Lufkin	Dec. 31, 2026
Member	Katherine Fieldler, Texas Health Presbyterian Hospital, Allen	Dec. 31, 2026
Member	Jackie Fishmerman, St. Luke's Health/CommonSpirit, Houston	Dec. 31, 2026
Member	Adrian Flores, M.D., Houston Behavioral Healthcare Hospital	Dec. 31, 2026
Member	Justin Glenney, Memorial Hermann Rockets Orthopedic Hospital, Houston	Dec. 31, 2026

Emerging Leadership Forum (continued)

Position	Appointed Members	Term Expires
Member	Sarah Hogan, Plum Creek Recovery Ranch/Signature Healthcare Services, LLC, Lockhart	Dec. 31, 2026
Member	Marci Holub, Memorial Hermann Health System, Houston	Dec. 31, 2026
Member	Frances A. Monroe, Memorial Hermann Health System, Houston	Dec. 31, 2026
Member	Paige Pritchett, LMSW, Texas Health Clearfork, Fort Worth	Dec. 31, 2026
Member	David Troublefield, PhD, Knox County Hospital, Knox City	Dec. 31, 2026
Member	Ricardo Villanueva, Sun Behavioral, Houston	Dec. 31, 2026
Staff Rep	Corey Cotton, THA	Dec. 31, 2024
Staff Rep	Lindsay Thompson, THA Foundation	Dec. 31, 2024

Communications Council

Position	Appointed Members	Term Expires
Chair	April Foran, Parkland Health, Dallas	Dec. 31, 2024
Vice Chair	Tracie Smith, Titus Regional Medical Center, Mount Pleasant	Dec. 31, 2024
Member	Lynn Bruton, Hendrick Health System, Abilene	Dec. 31, 2024
Member	Leigh Strope, CHRISTUS Health, Dallas	Dec. 31, 2024
Member	Tim Rye, Peterson Health, Kerrville	Dec. 31, 2024
Member	David Troublefield, Knox County Hospital, Knox City	Dec. 31, 2024
Member	Leigh Cardenas, DHR Health, Edinburg	Dec.31, 2024
Member	Ashley Lowe, Medina Healthcare, Hondo	Dec. 31, 2024
Member	Kimberly Walton, Texas Health Resources, Arlington	Dec. 31, 2024

Communications Council (continued)

Position	Appointed Members	Term Expires
Member	Kathleen Beathard, Medical City Healthcare, Dallas	Dec. 31, 2024
Member	Jennifer Hudson, Ascension Texas	Dec. 31, 2024
Member	Natasha Barrett, Texas Children’s Hospital, Houston	Dec. 31, 2024
Member	Shona Sowell, Texas Health Hospital Frisco	Dec. 31, 2024
Staff Rep	Carrie Williams	Dec. 31, 2024

HOSPAC Board

Position	Appointed Members	Term Expires
Chair	Ajith Pai, Texas Health Harris Methodist Hospital SW Fort Worth	Dec. 31, 2025
Vice Chair	Jorge Leal, Laredo Medical Center	Dec. 31, 2025
Immediate Past Chair	Adam Willmann, Goodall-Witcher Healthcare, Clifton	Dec. 31, 2025
Secretary-Treasurer	Carrie Kroll, THA	Dec. 31, 2025
Director Region 1	Norman (Norm) Archibald, Hendrick Health System, Abilene	Dec. 31, 2025
Director Region 1	Joel Ballew, Texas Health Resources, Arlington	Dec. 31, 2025
Director Region 1	Robert Fries, Children’s Health, Dallas	Dec. 31, 2025
Director Region 1	Brian Bessent, Hendrick Medical Center, Abilene	Dec. 31, 2025
Director Region 1	John Phillips, Methodist Dallas Medical Center	Dec. 31, 2025
Director Region 2	Frank Brown, Encompass Health Southwest Region, Houston	Dec. 31, 2025
Director Region 2	Kevin Roberts, AdventHealth Central Texas, Killeen	Dec. 31, 2025
Director Region 2	Kyle Armstrong, Baylor Scott & White North Texas, Dallas	Dec. 31, 2025
Director Region 2	James (Jim) Parisi, CHI St. Luke’s Health – The Woodlands Hospital	Dec. 31, 2025
Director Region 2	James (Warren) Robicheaux, Matagorda Regional Medical Center, Bay City	Dec. 31, 2025

HOSPAC Board (continued)

Position	Appointed Members	Term Expires
Director Region 2	Elaine Bennet, Guadalupe Regional Medical Center, Seguin	Dec. 31, 2025
Director Region 2	Mandy Westerman, LCSW, Universal Health Services, Inc., Kingwood	Dec. 31, 2025
Director Region 3	Allen Harrison, Medical City Healthcare, Dallas	Dec. 31, 2025
Director Region 3	Vacant	Dec. 31, 2025
Director Region 4	Sally Hurt-Deitch, Ascension Health, El Paso	Dec. 31, 2025
Director Region 4	Clay Taylor, Covenant Children’s Hospital, Lubbock	Dec. 31, 2025
Director At Large, THA Board	Jacob Cintron, University Medical Center of El Paso	Dec. 31, 2025
Director At Large, THA Board	Jim Kendrick, Community Hospital Corporation, Plano	Dec. 31, 2025
Direct At Large, Government	Freddy Warner, J.D., Memorial Hermann Health System, Houston	Dec. 31, 2025
Director At Large, Government	Meghan Weller, HCA Healthcare, Austin	Dec. 31, 2025
Director At Large, Nursing	Jane McCurley, DNP, Methodist Hospital, San Antonio	Dec. 31, 2025
Director At Large, Operations	Donald Baker, UT Health East Texas, Tyler	Dec. 31, 2025
Director At Large, Operations	Gabriela Saenz, J.D., CHRISTUS Health, Irving	Dec. 31, 2025
Director At Large, Operations	Daniel (Dan) Morales, Houston Methodist	Dec. 31, 2025
Director At Large, Public Relations	Palmira (Pal) Arellano, Methodist Healthcare San Antonio	Dec. 31, 2025
Director At Large, Finance	Stephen Kimmel, Cook Children’s Medical Center, Fort Worth	Dec. 31, 2025
THT Representative	Joe Bob Burgin, CHRISTUS Trinity Sulphur Springs	Dec. 31, 2025
THT Representative	George Farris, Memorial Hermann Health System, Houston	Dec. 31, 2025

HOSPAC Board (continued)

Position	Appointed Members	Term Expires
THT Representative	Andrew (Andy) Stern, Medical City Dallas	Dec. 31, 2025
TORCH Representative	Christy Francis, Hemphill County Hospital District, Canadian	Dec. 31, 2025
TORCH Representative	Rebecca McCain, Electra Memorial Hospital	Dec. 31, 2025
Director Region 3	Vacant	Dec. 31, 2025
Director Region 4	Sally Hurt-Deitch, Ascension Health, El Paso	Dec. 31, 2025
Director Region 4	Clay Taylor, Covenant Children's Hospital, Lubbock	Dec. 31, 2025

Stockholder's Report

For the Eight Months Ended August 31, 2023 (Unaudited)
THA Affiliated Companies



Stockholder's Report

The mission of the Texas Hospital Association is to continually improve the ability of the hospital-based health care industry to deliver accessible, high-quality, cost-effective health care for all Texans. THA is the principal leadership and advocacy organization that provides its membership with valuable programs, products and services.

To achieve this mission, the membership of THA adopted six major goals. The affiliated companies of the Association provide services complementing those goals.

The Texas Hospital Insurance Network (*THINK*) supports THA's efforts to improve the economic opportunities of the hospital-based health care industry. THINK manages the Texas Hospital Insurance Exchange (*THIE*) which provides casualty insurance products and services to hospitals and health care providers in Texas, Oklahoma and Arkansas.

THA Member Solutions provides valuable products and services to help member hospitals generate new sources of income, reduce operating and capital expenses, improve management, increase productivity, develop staff resources and apply new strategies.

Texas Hospital Association Foundation is a supporting organization of the Texas Hospital Association. It is a 501(c) (3) charitable organization with a mission to improve the health of Texans through education, research, and health policy development.

Management highlights and unaudited financial results for each of these subsidiaries for the eight months ended August 31, 2023 are included in this report.

Texas Hospital Association Foundation

Data and Technology

Compass Program Growth

The Compass program currently has grown to 356 member participants, booked record engagement and revenue for 2022, and is > 99% collected for 2023. Compass continues to provide the best inpatient market share data in Texas. Ongoing efforts to provide education over the course of 2Q2023 on how to use and interpret Covid-era data, and the new ambulatory module, have been well-received.

Compass Launches Ambulatory (Outpatient) Module

THA Compass officially launched an Ambulatory module for participants to get access to the data analytics driving the ambulatory markets. Market Opportunity Visualizer (formerly Focus Pathway) is built upon All Payer Claims Data acquired from claims clearinghouses to provide ambulatory market share and referral pattern analytics to our Members at a highly discounted price point compared to the market

Compass Virtual Data Summit - October 2023

The Compass Program, in collaboration with Syntellis, hosted a virtual Data Summit meeting for both participating and prospective members which a focus of both education and future program development. The event is designed to allow members to interact, learn, and earn 2 ACHE credits in a compact format.

Revuud – IT Workforce Marketplace Update

As part of THA's focus on the incredible challenges in the workforce, our partnership with Revuud continues to gain adoption within our membership, providing a new cost-saving platform that removes the need (and markup) for staffing agencies when acquiring contract, part time, or full time Health IT expert resources. There are currently 5 organizations (including several large health systems) on the platform and provide very positive feedback of the results.

Quality & Patient Safety (formerly Clinical Initiatives)

ASPR Grant Program

- The ASPR Grant program, in response to the COVID-19 pandemic, is a five-year federal program which began in April 2020. THA facilitated the program in Texas by distributing a total of \$10,911,556.00 in federal grant funds to 407 Texas hospitals and healthcare facilities behalf of ASPR/HHS.
- To date, **86% of the funds dispersed** to Texas hospitals have been appropriately accounted for with receipt documentation from receiving facilities.
- Utilizing the remainder of the funds designated for state-wide education activities the QPS Team is working on the following for 2023:
 - Over the summer of this year the QPS Team conducted a free virtual Certification in Infection Control (CIC) Prep Course for the third year in a row. This year the available funds allowed for a cohort of 30 participants. The program is popular and difficult decisions were made as we had more applicants than we had slots.

- For the Fall of 2023 the QPS Team has finalized plans for an educational series on Emergency Planning and Response. This will include the sponsorship of a speaker for the THA Quality & Behavioral Health conference in October, followed by a series of three interactive webinars. The virtual series will be offered free of charge and recordings of each session made available on the THA website.

THAF Peer Review Network (PRN)

- The Peer Review Network program went live in January 2022. The program was developed in response to an identified membership need to obtain external medical peer reviews that are both high quality and cost effective.
- The PRN utilizes an Advisory Committee to provide input as to program development and governance. The Committee met in July 2023 and provided guidance as to minimum credentialing criteria for physician reviewers and new member recruitment strategies. The next Advisory Committee meeting will be held in January 2024.
- During 2022 PRN members completed 75 external peer reviews for each other. During the first two quarters of 2023 the program had already completed 70 external reviews.

Patient Safety Organization (PSO)

- PSO program was established by the Patient Safety Act of 2005 and is overseen by the Agency for Healthcare Research and Quality (AHRQ). The primary purpose of PSOs is to reduce the incidence/severity of adverse events through shared learning. Members also have the advantage of an extra level of federal protection from discovery for all Patient Safety Work Product submitted to the PSO.
- Quarterly Learning Forums and quarterly Safe Tables continue to be offered virtually.
- New this year was our first THA PSO Spring Summit held April 27-28. Forty participants attended the two-day event at the THA Office in Austin. The feedback was excellent, and this will now be an annual offering for the PSO membership.

Critical Access Hospital Quality Improvement Project (CAHQI)

- THAF has partnered with the State Office of Rural Health (SORH) since 2014 to encourage and support Critical Access Hospitals (CAHs) to consistently collect, report, and utilize quality measures.
- During the first two quarters of 2023 four regional in-person Quality Improvement Boot Camps were held around the state and ten CAHs participated in an Antibiotic Stewardship Workgroup.
- New in 2023 was an education program to support the development of nursing leaders in Texas CAH/Rural hospitals. The free one-day in-person event, held at THA, was facilitated by Joyce Bacheller who is a Texas nursing leader nationally recognized for her work.

Healthcare Quality Improvement Contractor (HQIC)

- The QPS team is working as a sub-contractor with TMF as the prime on this CMS quality improvement contract.
- The HQIC is intended to build upon the achievements of the Hospital Improvement Innovation Network (HIIN), with an increased focus on rural hospitals and vulnerable populations.
- A total of **107 Texas hospitals** are participating in the program.
- During 2023 the QPS team will be developing eight education modules in support of the program priorities. By the end of August six modules have been completed and the topics covered include Collecting/Utilizing Infection Prevention Data, Antibiotic Stewardship Strategies, and Utilizing Z-Codes to Focus Quality Improvement Efforts.

Education

THA 2024 Annual Conference– Feb. 15-16, 2024

The THA 2024 Annual Conference will take place at the Hyatt Regency Dallas at Reunion Station on Feb. 15-16, 2024. Registration for the event has been launched online and the hotel block is now open. Our first week of marketing brought in 30 registrants. We will be introducing the following to our event:

- Rebranded exhibit hall to a mixed-use open-concept marketplace with significantly less sponsor booths. This approach will focus on building business relations with top sponsors, endorsed partners and long-term supporters of THA.
- The addition of cybersecurity education through a cybersecurity workshop hosted on the pre-conference day.
- Breakout session on policy/regulatory updates; legal hot topics; leadership/governance issues; and workforce/operations.

Marketing for the event will begin this Fall and the most up-to-date information can be found at www.tha.org/conference.

Leadership Fellows Program

The Leadership Fellows Class of 2023 is set to graduate on Nov. 3 with the recognition taking place at the THA 2024 Annual Conference. The application period has also officially opened for the Leadership Fellows class of 2024. Ten applications have been received so far. More information on applying for the class of 2024 can be found at www.tha.org/fellows.

Texas Healthcare Trustees' Healthcare Governance Conference, July 25-27, 2024

The 2024 Healthcare Governance Conference budgeting and planning has officially begun. The 2024 event will take place on July 25-27, 2024 at the Grand Hyatt San Antonio Riverwalk. The most up-to-date information can be found at www.tht.org/hgc as it becomes available.

THA Quality and Behavioral Health Conference, Oct. 12-13, 2023

The 2023 Quality and Behavioral Health Conference took place on Oct. 12-13. While overall attendance included nearly 90 members, in-person registration was low. A saturation of Fall programs created an unexpected competition for our attendees. THA will be re-evaluating the overall goal of the Quality and Behavioral Health Conference and gathering member/stakeholder input to guide the development of this conference going forward.

Digital Education

THA has rounded out it's online education calendar for 2023 and scheduled four new compliance-focused series for 2024. Please visit www.tha.org/educal for the latest digital offerings.

Corporate Relations

Currently, Corporate Relations is focused on the following areas within THA/THAF/THT:

- Raising sponsorship dollars for conferences and programs
- Selling ads and sponsored content for both printed and online publications
- Planning and executing all educational programs and conferences in conjunction with the THA Education team

Conferences and Programs

THA Annual Conference & Expo 2023

The 2023 THA Annual Conference was promoted to be the first full-size conference post pandemic, following the 2022 Reimagined THA Annual Conference that was postponed and downsized. The conference was hosted at the Austin Hilton, and required a smaller footprint for exhibit space, with a split floor layout. We capped exhibit spaces at 90, which is a reduction from prior years pre-pandemic at around 120 exhibit spaces. The sponsorship budget for this event was approved by the THA Board at \$500,000. We exceeded the budgeted amount for the conference and sold out of all sponsorship exhibiting opportunities bringing in \$672,452.84. In conjunction with the education team, we planned a mindfulness and wellness themed exhibit hall for our hospital attendees to honor them as healthcare heroes after several especially difficult years. Some of the activities were designed to draw traffic into the exhibit hall and included an exhibit hall emcee, that was an author on mindfulness and a yoga instructor, therapy dogs from an Austin therapy pet provider, 2 Peloton's as bingo card prizes. The sponsorship reviews were mixed, with some complaints about lack of hospital foot traffic in the exhibit hall and some sponsors being unhappy with the educational sessions being held on a separate floor.

Working in conjunction with THA Education and Communications, we have actively begun sponsorship efforts to market the **THA Annual Conference and Marketplace for 2024** with a new format. The new marketplace format is replacing the look and feel of the expo hall and providing a mixed-use space for our hospitals to come and recharge, grab a snack, get CE credits from mini-education sessions and meet with an exclusive set of only 25 marketplace sponsors. The intent is to provide a new opportunity for the sponsors to engage with hospitals and our hospitals to appreciate the opportunity to engage with fewer sponsors in a less obtrusive environment.

THT Healthcare Governance Conference 2023

The 2023 THT Healthcare Governance Conference took place July 20 – 22 at the JW Marriott Austin. We hosted the annual golf tournament at Falconhead, Austin with 41 golfers. The tournament was a success and raised additional funds through raffle tickets and mulligans. The traditional Silent Auction was also a success at the conference, bringing in \$7865 in support of THT programs. We hosted 39 exhibiting companies in support of the HGC Conference.

THAF Quality and Behavioral Health Conference – 2023

The QBH Conference took place on October 12-13 at the Sheraton Georgetown Conference Center. This is a smaller conference with a more intimate opportunity for vendors to collaborate with hospital quality and patient safety staff as well as behavioral health executives. The prospectus document was completed and forwarded to all prior QBH participants in June. We started marketing the event in June to prior sponsors and partners of THA. In August, we opened up the opportunity to the full vendor relations database. The decision was made to stop seeking additional sponsors in September due to the lower volume of hospital attendees in order to ensure a balanced ratio of hospitals and vendors. We had 14 sponsors for the Quality and Behavioral Health Conference and exceeded our budgeted goal of \$24,000 with actual revenue \$25,575.

THA Leadership Fellows Program – 2023

The 2023 Leadership Fellows Program Presenting Sponsor is Acadian Ambulance Service. The first module took place in March. Stratason/Compass was an Executive Sponsor for Module I. We had 3 sponsors for Module II in June, ActZero, and The Ryan Companies. Module III took place on Aug 31-Sep 1 and endorsed partner, Qualivis, will be an Executive sponsor at this event. Module IV of the Leadership Fellows Program will take place on Nov 2-3 and the following sponsors will be present: Acadian – Presenting, Keystone Healthcare – Module Sponsor, and THA Endorsed Partner, ChartSpan – Executive Sponsor.

THA Executive Leadership Forum (ELF) (formerly Leadership Development Council) – 2023

This quarterly event is sold out to 4 exclusive sponsors. The Q1 meeting was held at the THA Annual Conference and was sponsored by Revuud. Q2 was hosted by Goodall-Witcher Hospital in Clifton and was sponsored by the Compass team from the THAF Center for Technology Innovation team. The Q3 meeting was supposed to be sponsored by Cross Country Healthcare, but they had a scheduling conflict and deferred their sponsorship to Q1, 2024. THIE was scheduled to sponsor the Q4 ELF meeting in Houston, but they had to defer to 2024 due to a scheduling conflict. The Q4 ELF sponsorship was sold to Reputation, who will present to the group hosted by HCA Gulf Coast on October 26-27.

2023 Sponsorships

2023 THA Annual Conference and Expo

Item	CY2023 Budget	CY2023 Actual	CY2020 Actual**
THA Annual Conference Sponsorships	\$500,000.00	\$672,452.84	\$638,915.68

** Reported 2020 Actual since last full conference pre-pandemic

2023 Leadership Fellows Program

Item	CY2023 Budget	CY2023 Actual as of Sep 2023	CY2022 Year-End Total
Leadership Fellows Program Sponsorships	\$42,000.00	\$46,956.25	\$40,670.00

THT Healthcare Governance Conference 2023

Item	CY2023 Budget	CY2023 Actual as of Sep 2023	CY2022 Year-End Total
THT Healthcare Governance Conference Sponsorships	\$155,000.00	\$143,060.30	\$151,550.25
THT Golf Tournament	\$23,000.00	\$16,645.60	\$21,049.50
THT Silent Auction	\$6,000.00	\$7865.00	\$7,890.00
TOTAL	\$184,000.00	\$167,570.09	\$172,599.75

**** Award table sponsorships sold were \$13,000, number included in conference sponsorship total**

Other 2023 Meetings – as of March 2023

Item	CY2023 Budget	CY2023 Actual as of Sep 2023	CY2022 Year-End Total
ELF/ Leadership Development Council Meeting Sponsors	Unbudgeted	\$10,400.00	\$10,200.00
QBH / Fall Education Conference *	\$15,000.00	\$25,575.00	\$32,000.00
2023 THA Cybersecurity Workshop	Unbudgeted	n/a	\$14,600.00
TOTAL	\$15,000.00	\$35,975.00	\$42,200.00

*The Fall Education Series includes both quality and patient safety and behavioral health education as virtual offerings. Half in THAF and half in THA budget
The THA Town Hall meetings are not reported since they are only hosted on even-numbered years prior to Texas legislative session.

2023 Advertising and Sponsored Content Sales

The team has worked on selling advertisements and sponsored content for:

2023 Texas Hospital Association Advertising

Item	CY2023 Budget	CY 2023 Actual as of Sep 2023	CY2022 Year-End Total
The Scope, Advocate ads and eblasts	\$36,000.00	\$63,110.75	\$60,808.66*

*The 2022 Year End Total includes the Texas Hospitals Magazine, which was discontinued for 2023 and replaced with The Scope.

2023 Texas Hospital Association Foundation Advertising

Item	CY2023 Budget	CY 2023 Actual as of Sep 2023	CY2022 Year-End Total
THAF Education Bulletin Newsletter Advertising	\$6000.00	\$7332.00	\$6,043.44

2023 Texas Healthcare Trustees Advertising

Item	CY2023 Budget	CY 2023 Actual as of Sep 2023	CY2022 Year-End Total
THT Trustee Bulletin advertising	\$3,800.00	\$3,137.60	\$3,288.20
THT Boardroom Brief ads (formerly Connecting Texas Trustees)	\$6,000.00	\$9,553.50	\$8,210.80
THT Website Advertising	\$2,500.00	\$2,912.00	\$2,600.00
THT Thought Leadership Whitepaper	\$1,000.00	\$7,788.00	\$3,057.60
TOTAL	\$13,300.00	\$23,391.11	\$17,156.60

*Admin Leadership Series included in webinar numbers below

2023 Digital Education Sponsorships*

Item	CY2023 Budget	CY 2023 Actual as of Sep 2023	CY2022 Year-End Total
THT Webinar Sponsorships	\$8,000.00	\$0	\$5,830.00
THAF Webinar Sponsorships	\$5,008.00	\$0	\$2,000.00

*The Education Sponsorships have been bundled into a new Annual Digital Education Sponsorship for both THAF and THT, in lieu of selling sponsorships of individual webinars by topic.

Corporate Packages for 2023

Corporate Relations will continue to bundle ad and sponsorship packages into corporate packages for 2023 with a select number of vendors. **A corporate package is when an organization spends \$10,000 or more with the THA family of companies in a calendar year and signs one contract for everything, they want to do that year.** As a result, they receive between 10-20% off their total spend. So far, for 2023, we have 14 Corporate Package participants. In 2022, there were 12 companies with corporate package contracts. Corporate Package revenue is included in the numbers reported above per event, program or publication.

Texas Hospital Association Foundation
Financial Highlights
(000s omitted)
(unaudited)

Results of Operation:

	For The Eight Months Ended August 31, 2023			Actual over (under)	
	Actual	Budget	Actual 2022	Budget 2023	Actual 2022
Revenue	\$ 4,182	\$ 4,339	\$ 3,857	\$ (157)	\$ 325
Expenses	3,917	<u>4,231</u>	<u>3,842</u>	<u>(314)</u>	<u>75</u>
Net Income	<u>\$ 265</u>	<u>\$ 108</u>	<u>\$ 15</u>	<u>\$ 157</u>	<u>\$ 250</u>

Financial Condition:

	<u>As of August 31, 2023</u>	<u>As of August 31, 2022</u>	<u>As of December 31, 2022</u>
Cash & Investments	\$ 7,694	\$ 7,208	\$ 7,219
Due from/(to) THA	\$ 246	\$ 589	\$ (138)
Net Assets without Donor Restrictions	\$ 6,288	\$ 5,733	\$ 6,023
Net Assets with Donor Restrictions	\$ 595	\$ 603	\$ 595

THA Member Solutions

Business Services

Building on the staffing and operational re-organizational plan which expanded in Q4 of 2022, during 2023 the Member Solutions team restructured the Endorsed Partner screening, selection and contracting process streamlining the procedures, eliminating redundancies, and focusing on optimizing value to THA members.

Operational changes were instituted, and recruitment of new Endorsed Partners progressed throughout 2023. Over the course of 2023 **seven (7)** new endorsed partners have been added accounting for an additional **\$300,000** in revenue. A new category of partnerships, Industry Partners, was launched as a precursor for Endorsed Partnership selection. Two Industry Partners have been selected and there are seven other partners under evaluation.

During Q2 and Q3 2023, THA engaged an external consulting firm to conduct a comprehensive assessment of THA's non-dues revenue programs. The report made several recommendations which are already underway, or which will be adopted in 2024. The report concluded that the NDR programs at THA are performing well and that there is a strong potential for growth in the coming years. Building on the recommendations of the consulting report and ongoing organizational development, in Q4 of 2023 the Member Solution team plans to re-establish a Member Ambassador position for the East Texas territory and plans to add an additional resource to the business services unit to accelerate and grow the industry and endorsed partner adoption process.

Active discussions are underway with several new potential endorsed partners that offer solutions aligned with the stated and observed needs of members and reflects incorporation of member feedback on the identification of potential endorsed partner vendors.

Member feedback continues to be very positive for legacy endorsed partners and adoption of new Endorsed Partners is strong.

**THA Member Solutions
Financial Highlights
(000s omitted)
(unaudited)**

Results of Operation:

	For The Eight Months ended August 31, 2023			Actual over (under)	
	<u>Actual</u>	<u>Budget</u>	<u>Actual 2022</u>	<u>Budget 2023</u>	<u>Actual 2022</u>
Revenue	\$ 686	\$ 1,092	\$ 738	\$ (406)	\$(52)
Expenses	819	930	886	<u>(111)</u>	<u>(67)</u>
Net Income	<u>\$ (133)</u>	<u>\$ 162</u>	<u>\$ (148)</u>	<u>\$ (295)</u>	<u>\$ 15</u>

Financial Condition:

	As of August 31, 2023	As of August 31, 2022	As of December 31, 2022
Cash & Investments	\$2,635	\$2,830	\$2,842
(Due to) from THA	\$ (85)	\$ 34	\$ (19)
Stockholder's Equity	\$2,772	\$2,961	\$2,892

THINK

Primary Purpose

The Texas Hospital Insurance Network (*THINK*) was organized as a wholly owned subsidiary of THA to provide management of the Texas Hospital Insurance Exchange (THIE).

The Exchange provides a full range of casualty insurance products and services to hospitals and healthcare providers in Texas, Oklahoma, and Arkansas. These products and services are supported by an experienced staff of insurance specialists. The majority of rural and small hospitals in Texas have at least one of THIE's products in their facility. The Exchange commenced operations in 1975.

Highlights

- **THINK** – For the eight months ended August 31, 2023, THINK produced net profit of \$13,736 versus budgeted profit of \$1,368.

As of the end of August 2023, THINK's financial condition remains satisfactory. Cash and available investments total \$285,545.

Accounts Receivable is considered fully collectible. Inter-company receivables and payables reflect routine activity and are settled monthly.

- **THIE** - Following is a brief financial summary for the six months ended June 30, 2023.

The Exchange produced net income of \$83,528 with an underwriting loss of \$207,611. Gross written premiums of \$5.17 million were under budget. Losses exceeded budget, loss adjustment expenses were in line with budget, underwriting expenses and investment income were under budget. Ending surplus was \$29.12 million.

Over \$8 million of subscriber surplus has been refunded to THIE subscribers since 2011.

**Texas Hospital Insurance Network
Financial Highlights
(000s omitted)
(unaudited)**

Results of Operation:

	For the Eight Months Ended August 31, 2023			Actual over (under)	
	Actual	Budget	Actual 2022	Budget 2023	Actual 2022
Revenue:					
Reimbursement of direct					
costs from THIE	\$ 1,508	\$ 1,604	\$ 1,379	\$ (96)	\$ 129
Other	<u>158</u>	<u>154</u>	<u>124</u>	<u>4</u>	<u>34</u>
Total Revenue	<u>\$ 1,666</u>	<u>\$ 1,758</u>	<u>\$ 1,503</u>	<u>\$ (92)</u>	<u>\$ 163</u>
Expense:					
Expenses reimbursed by THIE	\$ 1,508	\$ 1,604	\$ 1,379	\$ (96)	\$ 129
Other	<u>145</u>	<u>153</u>	<u>110</u>	<u>(4)</u>	<u>34</u>
Total Expenses	<u>\$ 1,652</u>	<u>\$ 1,757</u>	<u>\$ 1,489</u>	<u>\$ (92)</u>	<u>\$ 163</u>
Net Income	<u>\$ 14</u>	<u>\$ 1</u>	<u>\$ 14</u>	<u>\$ 0</u>	<u>\$ 0</u>

Financial Condition:

	As of August 31, 2023	As of August 31, 2022	As of December 31, 2022
Cash and cash equivalents	\$ 180	\$ 55	\$ 178
Short-term investments	\$ 78	\$ 75	\$ 76
Net accounts receivable	\$ 0	\$ 0	\$ 0
Other Assets	\$ 27	\$ 27	\$ 27
Inter-company receivables / payables	\$ 64	\$ (63)	\$ (172)
Accounts payable	\$ 68	\$ 75	\$ 313
Shareholder's equity	\$ 154	\$ 146	\$ 140

REPORT TO THE THA BOARD OF TRUSTEES

November 10, 2023

2023-2024 Membership Dues Report

THA's 2023-2024 membership dues invoices were sent out on August 8, 2023. Total amount billed was \$9,303,000 and breaks down as:

	<u>2024</u>	<u>2023</u>
Systems	\$ 6,806,000	\$ 6,470,000
Independents	<u>2,497,000</u>	<u>2,648,000</u>
Total Billed	<u>\$ 9,303,000</u>	<u>\$ 9,118,000</u>
Total Collected	<u>\$ 7,435,000</u> (10/24/23)	<u>\$ 6,489,000</u> (10/24/22)
Percentage Collected	<u>80%</u>	<u>71%</u>

Total eligible hospital market penetration increased 1% to 72% compared to last year at 71%. The predominant service type (General) remains at a strong 83% participation level. General acute care hospitals represent 83% of dues dollars.

The renewal of membership is ahead of last year's pace. In addition, staff's review of last year's payment flow to this year's does not indicate a concern of any significant at-risk members.

Membership Recruitment/Retention Results Year to Date

THA has an objective to generate \$50,000 through recruitment of new systems and hospitals in membership year 2023, while retaining at least 97% of the current members billed at the beginning of the fiscal year.

At this time, there are no potential uncollectible dues identified.

Submitted by:

Ignacio O. Zamarron, CPA, CGMA
Senior Vice President-Business Affairs/CFO

RECOMMENDATION TO THE THA BOARD OF TRUSTEES

November 10, 2023

THA Nominating Committee

The THA Nominating Committee recommends the following individual for the 2023 THA Board of Trustees to fill a vacancy.

THA Board of Trustees

- Jorge Leal, CEO, Laredo Medical Center, (term expires at the next annual election of the voting membership, Oct. 2024)

Respectfully submitted,

Chair Erol Akdamar, HCA Healthcare, Nashville

Erin S. Asprec, Memorial Hermann Health System, Houston

Sam Bagchi, M.D., CHRISTUS Health, Irving

Barclay Berdan, Texas Health Resources, Arlington

Marc L. Boom, M.D., Houston Methodist

Phyllis A. Cowling, CPA, United Regional Health Care System, Wichita Falls

Brad Holland, Hendrick Health System, Abilene

Terry Scoggin, CPA, Titus Regional Medical Center, Mount Pleasant

RECOMMENDATION TO THE THA BOARD OF TRUSTEES

November 10, 2023

2023 THA Governance Committee

The THA Governance Committee met on October 16 to review and make recommendations to enhance the quality of the Board of Trustees.

Committee Charge

- Periodically review and update bylaws, the board's policy guidelines and practices.
- Regularly assess the performance of the board. Reviews results and reports recommendations back to the board.
- Oversee a process of board orientation, sharing information needed during the early stages of board service.
- Promote ethical behavior and further the code of ethics of the board.

Review of Association Documents

The committee reviewed and approved the following recommendations to the:

THA Bylaws

- See Summary of Proposed Changes to THA Bylaws on **page 59**

RECOMMENDATION: That the THA Board of Trustees approve the proposed changes to the THA Bylaws (pages 60-76) for submission to the THA membership for approval.

THA Management Corporation Amended and Restated Bylaws

- See Summary of Proposed Changes to the THAMC Amended and Restated Bylaws on **page 77**

RECOMMENDATION: That the THA Board of Trustees approve the proposed changes to the THA Management Corporation Bylaws (pages 78-90) for submission to the THAMC Board of Directors for approval.

THA Foundation Board

- See Summary of Proposed Changes to the THAF Bylaws on **page 91**

RECOMMENDATION: That the THA Board of Trustees approve the proposed changes to the THA Foundation Bylaws (pages 92-98).

THINK Bylaws

- See Summary of Proposed Changes to the THINK Bylaws on **page 99**

RECOMMENDATION: That the THA Board of Trustees approve the proposed changes to the THINK Bylaws (pages 100-113) for submission to the THINK Board of Directors for approval.

THA Board Self-Assessment Survey Results

The results of the 2023 board assessment were generally positive and in line with scores from the previous five years. Areas identified for improvement continue to be increasing the diversity of representation – both related to hospital ownership types and ethnic, gender, cultural, etc. In addition, several comments were registered that the board needs to allocate time and resources during the upcoming biennium to addressing the negative perception around hospital and health systems being pushed by the payers and Pharma.

Submitted by:

Chair Brad Holland, Hendrick Health System, Abilene

Erol Akdamar, HCA Healthcare, Nashville, TN

Erin Asprec, Memorial Hermann Health System, Houston

Marc Boom, M.D., Houston Methodist

Phyllis Cowling, CPA, United Regional Health Care System, Wichita Falls

Chris Durovich, Children's Health, Dallas

Summary of Proposed Changes to THA Bylaws

October 2023

- Article III, Section 4 (page 4): Adding language allowing for dues rebates
- Article IV, Section 5 (page 5): Removing reference to “Petitioning Guidelines”
- Article V, Section 1 (page 5): Specifying that the President or delegated staff serves as secretary of the Board
- Article V, Section 2.b. (page 6): Clarifying membership of Nominating Committee, and specifying how vacancies in the committee are filled
- Article V, Section 2.b (page 7):
 - specifying that the President serves at the pleasure of the Board;
 - changing Board vacancy procedure to specify that interim replacement serves out the remainder of the unexpired term (with one exception, noted below)
- Article V, Section 6 (page 7): Clarifying language for procedures related to Board action without a meeting
- Article V, Section 9 (page 8): Changing Board vacancy procedure to specify that interim replacement serves out the remainder of the unexpired term with the exception of a replacement occurring prior to the elected member taking office – in that case, the replacement would need to stand for election during the next election cycle
- Article VI, Sections 3 and 4 (page 9): clarifying procedures for filling vacancies in Officer and Executive Committee positions
- Article VII, Section 3 (page 10): Clarifying procedures for filling vacancies in COPD positions
- Article VIII, Section 11 (page 11): Clarifying procedures for committee actions without a meeting
- Article XIII (page 13): New article specifying how meetings can be held and how remote meetings must be conducted, which meet statutory requirements

B·Y·L·A·W·S



Texas
Hospital
Association

TEXAS HOSPITAL ASSOCIATION
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TEXAS HOSPITAL ASSOCIATION BYLAWS

Article I

NAME AND MISSION

This Association, acting on behalf of its members, shall be known as the Texas Hospital Association (THA). The mission of THA is to serve Texas hospitals as the trusted source and unified voice to influence excellence in healthcare for all Texans.

Article II

MEMBERSHIP

Section 1. **Class of Members.** Membership in the Association on an institutional or personal basis may be available to organizations and individuals interested in the mission and objectives of the Association on application and election as hereinafter provided.

Conditions of membership and definitions shall be determined by the THA Board of Trustees.

Section 2. **Institutional Members**

- a. **Active Institutional Membership** may be available to hospitals, multi-hospital systems and hospital-based integrated health care organizations that provide or arrange for the delivery of health care services to patients.

Type 1 may include independent hospitals, general and special, and short-term and long-term, other than those which are state-owned long-term care and all federal institutions. Hospitals that are owned or leased by a multi-hospital system or hospital-based integrated health care organization that is not a member of the Association may join THA as an independent hospital.

Type 2 may include multi-hospital systems and hospital-based integrated health care organizations that own or lease hospitals and other components of a hospital-based integrated delivery system, other than those which are state-owned long-term care and federal organizations.

- b. **Associate Institutional Membership** may be available to organizations interested in the mission and objectives of the Association, but not eligible for Active Institutional Membership, provided such organizations qualify for such membership and the membership is approved by the Board of Trustees.

Type 3 may include all federal and long-term care state-owned hospitals.

Type 4 may include physician group practices or physician organizations that are affiliated with a hospital or hospital system.

Type 5 may include health care plans that are affiliated with a hospital or hospital system.

Type 6 may include independent clinics, ambulatory surgery centers, emergency care centers, skilled nursing facilities, home health agencies and other similar ambulatory care institutions organized for the diagnosis and treatment of the sick, but not rendering inpatient bed care.

Type 7 may be available to hospitals under construction. As soon as the hospital opens for patients, the membership will be transferred to Active Institutional Membership.

Type 8 may include other health-care related organizations:

Type 8A may include not-for-profit health-care related organizations, academic institutions in health care administration, governmental health agencies and out-of-state hospitals and multi-hospital systems.

Type 8B may include for-profit health-care related organizations, including those suppliers of services and/or products to the health care industry.

Type 8C may include the Texas Association of Healthcare Volunteers, the Texas Healthcare Trustees, and those Associations or Societies affiliated with THA.

Section 3. **Types of Personal Memberships**

- a. **Active Personal Members** are those individuals associated with an Active Institutional Member. Any person associated with either a Type 1 or 2 Active Institutional Membership category may continue such membership as long as the individual conforms with the rules of the Association; provided, however, only a member who is a representative of an Active Institutional Member shall be eligible to serve as Chair-Elect, Chair, or Immediate Past Chair or be elected a Trustee of the Association.
- b. **Student Personal Members** may be graduate students in health care administration programs.
- c. **Military Personal Members** may be military personnel not associated with an Institutional Member.
- d. **Life Members** shall be Active Personal Members whose memberships are continued for life with exemption from payment of dues on the payment of \$500.00, or, having supported the Association through active personal membership for 20 years or longer and are fully retired from active involvement in the health care industry.
- e. **Honorary Members** shall be individuals of distinction who may be elected to honorary membership by the Association following nomination by the Board of Trustees and shall automatically include all Earl M. Collier Award recipients and all THA Past Chairmen. Honorary Members shall pay no dues.

Section 4. **Application and Resignation.** An application for membership shall be made in writing to the President who shall approve personal and institutional memberships on behalf of the Board of Trustees if the application conforms with Board policy. A member may at any time file their or the institution's resignation in writing with the President, and it shall become effective upon being accepted by the President. The President shall advise the Board at its next meeting of new

institutional members and institutional member resignations, but is not required to report personal members on an individual basis.

Section 5. **Expulsion and Reinstatement.** The Board of Trustees may censure, suspend or expel any member after giving such member an opportunity to be heard. Any member suspended or expelled may be reinstated by the affirmative vote of a majority of the members of the Board of Trustees.

Section 6. **Membership Transfer.** Institutional Membership remains active when a member institution changes ownership, lease holder or controller. Personal memberships are not transferable from one individual to another.

Section 7. **Membership Requirements.** The Board of Trustees has the authority to set membership requirements. A rejected application may be reconsidered by the Board of Trustees if a written request for further review and reconsideration of the application is provided to the Association within 30 days of the date of the initial denial.

Article III

MEMBERSHIP DUES*

Section 1. **Active Institutional Member Dues**

Type 1 Members shall pay dues computed on the total hospital expenses less bad debt expenses, Medicaid disproportionate share hospital contributions and any net losses for the base period. The expense data are obtained from the Annual Survey of Hospitals or other sources of financial data approved by the Board of Trustees and shall be re-based every three years.

The Board of Trustees may approve a special dues assessment for Active Institutional Members if the Board of Trustees determines that the established dues amount is insufficient to cover anticipated extraordinary expenses for a budgeted fiscal year. Any special dues assessment shall be limited to no more than ten (10) percent of the established dues amount, unless approved by a majority of Active Institutional Members.

Type 2 Members shall pay dues computed in the same manner as Type 1 members.

Section 2. **Associate Institutional Member Dues.**

Associate Institutional Members shall pay dues as approved by the Board of Trustees.

Section 3. **Personal Member Dues.**

Personal Members shall pay dues approved by the Board of Trustees.

Section 4. **Dues Computation and Schedules.** The computation and schedules of dues for all types of members shall be established by the Board of Trustees. Dues amounts will be based on the Board of Trustees' approved budget and management plan for the Association. Minimum and maximum dues shall be approved annually by the Board of Trustees. If a Type 1 or Type 2 member manages hospitals and all managed hospitals are members of the Association, the managed hospitals' expenses may be aggregated with the Type 1 or Type 2 member's expenses

for purposes of the calculation of dues. The dues rates shall be distributed to the membership with the dues billing statement.

In addition, the Board of Trustees may establish or rescind an annual dues discount or rebate program for ~~all~~-Type 1 and Type 2 members.

The Board of Trustees may vary the amount of dues to meet special conditions that may arise in connection with individual members or with specific membership activities or projects.

Section 5. Payment of Dues. The dues year for all members shall begin on September 1 and end on August 31. At the time applicants are approved to institutional or personal membership, they shall pay dues for one full year. Dues are payable in advance and are not refundable. However, the President or the President's delegated staff representative, under policies set by the Board of Trustees, may modify the dues payable schedule of institutional or personal members. Dues for new Type 1 or 2 institutional memberships may be prorated monthly, if approved after December 1. ~~The~~ President may adjust the dues amount for members experiencing financial hardship based on policies established by the Board of Trustees.

Section 6. Cancellations. Members may request cancellation of membership at any time.

All requests for cancellations must be in writing.

Institutional and personal memberships will be cancelled if, following written notice, no payment of dues is received by January 31, unless special conditions arise in connection with individual members and an alternative payment schedule is established.

*A current dues structure will be prepared each year and mailed with the dues billing.

Article IV

MEMBERSHIP MEETINGS AND POWERS OF THE MEMBERSHIP

Section 1. Annual Meeting. There shall be an Annual Meeting of the membership for the purpose of reporting on the Association's programs and activities, and providing the members with the opportunity to discuss these programs and activities. The time, date and place of such meeting shall be announced not less than sixty (60) days before the date of the meeting. The announcement of the Annual Meeting may be made in Association publications sent to all members through the mail or electronic means. The Chair of the Board of Trustees shall preside at the Annual Meeting.

Section 2. Special Meetings. A special meeting of the Association may be called at any time by a majority vote of the Board of Trustees or by membership petition (see Section 5 of this Article). This petition shall state the purpose or purposes of the call. The Chair of the Board of Trustees, through the President, shall give notice in writing of the time, date and place of such meeting to the voting members of the Association not less than ten (10) days or more than sixty (60) days before the date fixed for such special meeting. The notice shall be sent through the mail or electronic means to each member and state the purpose or purposes of the meeting, and no other business shall be transacted at such special meeting unless two-thirds of the voting members present approve the consideration of new business. The Chair shall preside at special meetings.

Section 3. **Participation.** All members of the Association, voting and nonvoting, shall be invited to attend the Annual Meeting of the Association and to participate in the discussions at such meeting.

Section 4. **Voting.** Voting on all action relating to powers retained by the members shall be conducted by paper or electronic ballot returned to the Association headquarters either by mail or electronic transmission. Decisions by the members, with the exception of Bylaws amendment, shall be by a simple majority of those responding.

Voting members shall include all Active Institutional Members. The voting representative for each institutional member shall be the chief executive officer.

Section 5. **Membership Powers.** A petition of 25 percent of the votes assigned the voting membership may initiate a special called meeting of the membership, place a policy decision to the membership for a vote by mail or electronic ballot, or request the Board to reconsider an issue. ~~Petitioning guidelines and formats will be provided to the membership on request and through the THA Web site.~~ The voting membership will retain the power to approve amendments to the THA Articles of Incorporation/Certificate of Formation and Bylaws; elect THA officers (other than President and Secretary) and at-large members of the Board of Trustees in accordance with these Bylaws; dissolve THA and its subsidiary corporations and distribute assets of the corporation in accordance with law; and any other fundamental action requiring membership vote under state law.

Article V

BOARD OF TRUSTEES

Section 1. **How Constituted.** There shall be a Board of Trustees comprised of up to 30 individuals, including: Chair, Chair-Elect, Immediate Past Chair; up to 23 additional at-large hospital or hospital system executives and health care professionals which shall include at least one physician and one nurse, representing Active Institutional Members; the President of the Association; the Chair of the Texas Healthcare Trustees (THT) as long as the THT maintains Type 8C membership status; and the Chair and Vice Chair of the Council on Policy Development. Each member of the Board of Trustees has the right to vote. In the absence of the Chair, the Chair-Elect shall be the presiding officer of the Board of Trustees. The President or the President's delegated staff representative shall serve as secretary of the Board of Trustees.

Section 2. **Election of the Chair-Elect, Executive Committee, and Board of Trustees**

- a. **Term of Office.** The membership of the Board of Trustees, composed of representatives of Active Institutional Members, except for the President of the Association, shall serve terms of office expiring in the years indicated when they were elected or appointed. Terms of Trustees shall be for three years, with the exception of the Texas Healthcare Trustees Chair who serves a one-year term and the Council on Policy Development Chair and Vice Chair who serve a two-year term. Except as provided for in Section 9, Any Officer or Trustee filling an unexpired term shall serve the balance of the term remaining. The terms of office for the Officers and any new Trustees shall begin on January 1 of each year.
- b. **Election Procedure.** The Chair of the Board shall appoint a Nominating Committee composed of nine members including the Chair, Chair-Elect, Immediate Past Chair, three

additional past chairs, ~~and twethree~~ THA Board members ~~and one THA member at large~~. The Immediate Past Chair will serve as the Chair of the Nominating Committee and the Chair and Chair-elect will serve as ex-officio members with vote. —A vacancy in the Nominating Committee shall be filled by the Chair of the Board. The general membership shall be given written notification (in writing or by electronic communication) of the appointment of the Nominating Committee and be advised not less than 30 days in advance of the date, time and place of the Nominating Committee meeting.

Each Active Institutional Member will have the opportunity to appear in person before the Nominating Committee or to correspond to it in writing or by electronic communication for the purpose of submitting nominations for Chair-Elect and Trustees to be elected.

The Nominating Committee will nominate a candidate for Chair-Elect and for each Executive Committee and Board of Trustees position, as appropriate, to be elected for terms beginning the ensuing year. In selecting nominees, the Nominating Committee will consider the diversity of the organizations represented by the membership as well as the communities and the individuals those organizations serve. In the selection of candidates for the Executive Committee, the Nominating Committee shall attempt to ensure that a representative of rural, children's and public hospitals as well as three representatives of Type 1 or 2 Active Institutional Members paying member dues in excess of \$200,000 per year to the Association are nominated for election to the Executive Committee unless a candidate representing one of these types of hospitals has been nominated for the Chair-Elect or holds another Officer position. Type 1 Active Institutional Members shall vote on the Chair-Elect, Executive Committee members, and Trustees to be elected. For Type 2 Active Institutional Members, one vote in the election shall be assigned to and made by the chief executive officer of each hospital within the system or organization, and any additional votes awarded to the member shall be assigned to the Type 2 member's chief executive officer or designee who may vote on the Chair-Elect, Executive Committee members, and Trustees to be elected.

Members will have 30 days from the date that notification is mailed or electronically transmitted to mail or transmit to the Association headquarters a paper or electronic ballot approving or rejecting any nominee for Chair-Elect and the Board of Trustees. Each Active Institutional Member will have one vote to cast for each nominee. The Chair of the Nominating Committee shall verify to the voting membership the results of an election through Association publications.

A nominee must receive a majority vote of those ballots returned to be elected. Any nominee failing to receive a majority vote shall be rejected, provided however, said nominee is eligible to be considered in a second election. A second election will be conducted in the following manner: The Nominating Committee shall reopen nominations for a period of two weeks on any such position. The Nominating Committee thereafter will nominate one or two candidate(s) for each position to be elected under the procedure as contained herein, except the period of election shall be two weeks. If after the second election any nominee fails to receive a majority vote, then that position will be considered as a vacancy to be filled as set forth in Article V, Section 9 herein. Results of the election shall be announced in Association publications.

The Board of Trustees shall establish policies for the election procedure, including the time schedules for the nomination and election process and communication of the election procedure to Active Institutional Members and other voting members.

The President of the Association shall be appointed by the Board of Trustees on such terms and conditions as the Board may deem advisable, and shall serve at the pleasure of the Board. The President, as Chief Executive Officer, shall be sworn in as an Officer as herein provided. The Secretary shall be appointed by the Board of Trustees from among the eight elected members of the Executive Committee.

Vacancies in the membership of the Board of Trustees, upon recommendation of the Nominating Committee, shall be filled by majority vote of the remaining members of the Board of Trustees and the person selected shall, except as provided for in Section 9, serve for the remainder of the unexpired term, until the voting membership shall elect a member for said unexpired term.

Section 3. **Quorum.** The presence of a majority of the Board of Trustees shall constitute a quorum.

Section 4. **Powers.** The executive power of the Association shall be vested in the Board of Trustees which shall have charge of the property; manage the affairs of the Association; establish Association policies and procedures which shall be reported to the voting membership for its information; and shall have the power and authority to do and perform all acts and functions consistent with these Bylaws or with any action taken by the voting membership. The Trustees shall act only as a board and an individual Trustee shall have no power as such.

Section 5. **Voting.** Voting rights of a Trustee shall not be delegated to another nor exercised by proxy. The vote or act of a majority of the Board of Trustees present and voting at a meeting at which a quorum exists shall be the act of the Board of Trustees, unless the act of a greater number is required by these Bylaws.

Section 6. **Board Action by Mail, ~~Telephone~~ or Electronic Written Communications.** Any action required or permitted to be taken by the Board of Trustees at a meeting of the Board also may be taken by mail, ~~telephone~~ or electronic written communications with the same force and effect. The proposed action shall be transmitted by the Secretary or the Secretary's designee to all Trustees entitled to vote on the action and shall contain a deadline for approval. Action may be taken without a meeting provided at least a majority of members of the Board of Trustees entitled to vote individually and collectively consent prior to the stated deadline, setting forth the action to be taken. The consent must be in writing, dated and signed by the voting members of the Board of Trustees, and provided to the Association by mail, e-mail or facsimile. A return email from the voting member indicating the member's consent to the proposed action shall constitute the member's signature for purposes of this section. Prompt notice of the taking of an action by the Board of Trustees without a meeting by less than unanimous written consent shall be given to each member of the Board of Trustees who did not consent in writing to the action.

Section 7. **Publications.** The Association will maintain regular communications with its members and keep them informed of legislative/regulatory activities, products/services and events. Communication may be delivered via electronic or other communication channels. The Association will publish an Annual Report on its activities as well as yearly audited financial information.

Section 8. **Expulsion and Reinstatement.** Except as provided for in Section 9 of this Article V, the Board of Trustees pursuant to Association policies and procedures may censure, suspend or expel by a vote of two-thirds any member of the Board of Trustees after giving such member an opportunity to be heard. Any member suspended or expelled may be reinstated by the affirmative vote of two-thirds of the members of the Board of Trustees.

Section 9. **Vacancies; Effect of Merger, Consolidation, Closure, or Change in Affiliation.** Any committee member or Trustee position, including any officer position held, becomes vacant, and any nomination for Chair-Elect or a Trustee position becomes vacated if occurring prior to the conclusion of the election, when the person holding said office or nomination is no longer actively representing an Active Institutional Member. Additionally, any committee member or Trustee who has a material change in his or her position with an Active Institutional Member, or who changes member affiliation due to a merger, consolidation, acquisition, closure or other change in employment, during the officer or Trustee's term may be removed from the officer position, or committee or Board, upon recommendation by the Nominating Committee and by affirmative vote of a majority of the Board entitled to vote not including the affected member, and upon removal the individual's position and any officer position held shall become vacant. The Nominating Committee and the Board shall consider the diversity criteria set forth in Article V, Section 2.b. in considering any recommendation for removal or a removal under this Section. ~~An interim~~ replacement to fill a vacancy of a Trustee or Trustee-nominee position, upon recommendation of the Nominating Committee, shall be named at the next regular or special called meeting of the Board of Trustees. Upon approval by the Board of Trustees, the replacement shall fill the remainder of the unexpired term of the vacated Trustee position; provided however that if a vacancy occurs in a Trustee position after the Trustee has been elected but before the elected Trustee takes office, the recommendation of the Nominating Committee and the appointment by the Board of Trustees, is considered interim and the voting membership shall elect a Trustee to fill the unexpired term during the next annual election process.

Any elected Officer or Trustee who shall have been absent from two consecutive regular meetings of the Board of Trustees during a single administrative year automatically shall vacate the seat on the Board of Trustees and the vacancy shall be filled as provided by these Bylaws; however the Board of Trustees shall consider each absence of an elected Officer or Trustee as a separate circumstance and expressly may waive such absence by affirmative vote of a majority of its members.

Section 10. **THA Foundation.** The Association shall sponsor a nonprofit foundation to receive contributions, grants and serve as a funding mechanism to fund its mission. The Texas Hospital Association reserves all power and authority permitted by law over the operations of the THA Foundation.

The Board of Trustees shall elect all trustees of the THA Foundation board.

Section 11. **THA Subsidiaries.** The Board of Trustees, at its discretion, may establish subsidiary corporations of the Association, and shall elect all board members of subsidiary corporations of the Association.

Article VI

OFFICERS AND EXECUTIVE COMMITTEE

Section 1. **Officers.** The Officers of the Association are the Chair, Chair-Elect, Immediate Past Chair, with vote, the President of the Association, who shall serve on the Board with vote, and the Secretary. The Chair-Elect shall be elected by the members in accordance with these Bylaws. The Chair-Elect shall succeed to the position of Chair, and the Chair shall succeed to the position of Immediate Past Chair, at the conclusion of their respective terms. The Officers shall serve on the Executive Committee. The Chair, Chair-Elect, Immediate Past Chair, and Secretary, shall each serve for a one-year term. The President shall serve for a three-year term and may be reappointed for successive terms.

Section 2. **Duties.** The Officers of the Association shall perform the duties usually performed by such officers, together with such duties as shall be prescribed by these Bylaws and the Leadership Responsibilities as approved by the THA Board of Trustees. In the absence of the Chair, the Chair-Elect shall perform the duties of Chair. In addition to other duties prescribed by these Bylaws, the Secretary or the Secretary's designee shall keep the minutes of the meetings of the Board; give all notices in accordance with the provisions of these Bylaws or as required by law; be custodian of THA's corporate records; keep a register of the post office address of each Trustee which shall be furnished to the Secretary by each Trustee; and perform all other duties incident to the office of Secretary.

Section 3. **Vacancies.** A vacancy in an officer ~~(other than the President)~~ or officer nominee position shall be filled in accordance with this Section. If the Immediate Past Chair position becomes vacant, the next most recent past chair who is willing to serve shall become the Immediate Past Chair for the remainder of the term. In the case of a vacancy in the office of Chair, the Chair-Elect shall succeed to the said office with the opportunity to serve a full term as Chair as contemplated by his/her election to be Chair-Elect. If the Chair-Elect position becomes vacant, or if a nomination for Chair-Elect becomes vacated prior to the conclusion of the election, the Nominating Committee shall nominate a candidate for the position and a special election shall be held as soon as practicable and as closely as possible in accordance with the general election procedures set forth in Article V, Section 2. A vacancy in the office of President shall be filled by the Board of Trustees. A vacancy in the office of Secretary shall be filled by appointment of the Nominating Committee from among the elected members of the Executive Committee. for the remainder of the unexpired term.

Section 4. **Executive Committee.** The Executive Committee will be composed of the officers, and eight other Board members who shall be nominated by the Nominating Committee and elected by the Active Institutional Members. The Executive Committee members shall each serve for a one-year term. The Executive Committee is empowered to act for the body as a whole when the best interest of the membership and timeliness so dictate. All such actions of the Executive Committee are subject to ratification by the Board. The Executive Committee also will meet from time to time, on call of the Chair, to review in-depth issues presented to it by the Chair and/or President, and will take action and/or make recommendations, as indicated, to the Board. A vacancy in an at-large position of the Executive Committee shall be filled by the Nominating Committee subject to the approval of the Board of Trustees.

Section 5. **Executive Policy Committee.** The Executive Committee, along with the Chair and Vice Chair of the COPD, shall serve as the Executive Policy Committee during state legislative sessions to provide direction to the President and THA employees on policy issues between meetings of the Board of Trustees. Any policy decisions of the Executive Policy Committee will be subject to review and action by the Board of Trustees at its next regularly scheduled or called meeting.

Article VII

COUNCIL ON POLICY DEVELOPMENT

Section 1. **Council on Policy Development (COPD).** There shall be a Council on Policy Development the purpose of which is to serve as THA's policy development body in the legislative and public policy arenas, to coordinate policy development by providing forums for communicating and resolving policy disputes, and to provide policy input and recommended policy positions and priorities through the Executive Committee to the Board of Trustees.

Membership on the COPD shall be comprised of 37 hospital or hospital system executives representing Active Institutional Members and 17 additional representatives of Active Institutional Members and organizations affiliated with THA. The 17 additional representatives shall include: two hospital trustees; three chief financial officers; three chief nursing officers (in consultation with the Texas Organization for Nursing Leadership and others); three physicians; three attorneys; and three emerging leaders in health care administration.

COPD members shall be elected by the Board of Trustees based upon nominations received from the THA Nominating Committee and shall serve three-year terms. In selecting nominees, the Nominating Committee shall consider diversity, ownership, size and service types of members as well as geographic locations. If a policy council has been established under COPD, the Council Chair shall serve as an ex-officio representative on COPD with vote. If a policy committee has been established under COPD, the Policy Committee Chair shall serve as an ex-officio representative on COPD with vote.

The Board of Trustees will establish operating policies and procedures for COPD activities, including criteria for designating the number of representatives from each Section and election procedures for these representatives.

- a. **Chair, Officers and Terms.** The THA Nominating Committee will nominate a Chair and Vice Chair. The Chair and Vice Chair are elected by the Board of Trustees for two-year terms and may succeed themselves for one additional term subject to re-election to membership in the COPD by the Board of Trustees.
- b. **Board Membership.** The Chair and Vice Chair of the COPD will serve as members, with vote, on the Board of Trustees. The Chair will be responsible for bringing to the Board the majority report and/or recommendations from the COPD, with the Vice Chair responsible for making known the minority report and/or recommendations, if any.
- c. **Quorum.** The presence of a majority of the COPD members shall constitute a quorum.
- d. **Manner of Acting.** The vote or act of a majority of the COPD members present and voting at a meeting at which a quorum exists shall be the act of the COPD. Majority and minority positions shall be recorded and provided through the Executive Committee to the Board of Trustees for consideration.

Section 2. **Policy Councils and Ad Hoc Policy Committees.** The Board may establish policy councils and ad hoc policy committees at any time as may be necessary to address the mission and goals of the Association.

Section 3. **Vacancies.** A vacancy on the COPD, including the Chair and Vice Chair of COPD, shall be filled by the Board of Trustees.

Article VIII

COMMITTEES

Section 1. **Purpose.** The Board of Trustees may create or discontinue, with the exception of Standing Committees, such committees as it may deem necessary to advise the Board on specific issues affecting the Association.

Section 2. **Standing Committees.** There shall be four Standing Committees: Audit and Compliance Committee, Finance Committee, Governance Committee, and Nominating Committee.

Section 3. **Organizational Committees.** The Board of Trustees may create or discontinue such committees as it deems advisable. These committees shall advise the Board on issues affecting the Association and shall carry out the duties delegated to them by the Board of Trustees.

Section 4. **Audit and Compliance Committee.** The committee shall be appointed by the Chair of the Board. It will be chaired by the Immediate Past Chair and shall be comprised of three members of the Executive Committee and two additional individuals who represent Active Institutional Members and have appropriate financial and/or compliance expertise. Members shall be appointed to a one-year term and may be appointed to serve additional terms with a maximum of three consecutive terms.

Section 5. **Finance Committee.** The committee shall be appointed by the Chair of the Board. It will be chaired by a sitting board member with the Vice Chair selected by committee members. The committee shall be comprised of up to seven members including three board members and three members with appropriate financial expertise. Members shall be appointed to a one-year term and may be appointed to serve additional terms with a maximum of three consecutive terms.

Section 6. **Governance Committee.** The Chair of the Board shall appoint a Governance Committee and, the Chair-Elect shall serve as the Chairman. The committee shall be comprised of Chair, the Chair-Elect, and up to seven additional members. Members shall be appointed to a one-year term and may be appointed to serve additional terms with a maximum of three consecutive terms.

Section 7. **Nominating Committee.** The committee shall be appointed by the Chair of the Board. It will be chaired by the Immediate Past Chair and be comprised of nine members including the Immediate Past Chair, Chair, Chair-Elect, three additional past chairs, ~~and one THA member at large~~ and threetwo THA Board members. Members shall be appointed to a one-year term and may be appointed to serve additional terms. In the event a vacancy occurs in the chairship of the committee, the next most recent Past Chair shall fill the position. The committee will report directly through the Executive Committee to the Board of Trustees.

Section 8. **Other Committees.** All other committees, including ad hoc committees as needed, shall be appointed by the Chair of the Board. In addition, other committees, as the Association or the Board of Trustees may direct, will be appointed by the Chair of the Board.

Section 9. **Vacancies.** The Chair of the Board shall have power to fill vacancies in any committee.

Section 10. **Quorum.** The presence of a majority of the members of any committee shall constitute a quorum.

Section 11. **Manner of Acting.** The vote or act of a majority of a committee's members present and voting at a meeting at which a quorum exists shall be the act of the committee. Additionally, any action required or permitted to be taken by a committee at a meeting of the committee may be taken by mail or electronic written communications with the same force and effect, by following the procedures described in Article V, Section 6.

Article IX

FINANCIAL RECORDS

The books of the Association shall be audited by a certified public accountant at the end of each fiscal year, a copy thereof being furnished to the Association's Audit and Compliance Committee and the THA Board of Trustees.

Article X

STANDARDS OF CONDUCT AND INDEMNIFICATION

Section 1. **General Standards of Conduct.** The members and officers of the Board of Trustees shall discharge their duties as prescribed by these Bylaws in good faith, with ordinary care, and in a manner the trustee or officer reasonably believes to be in the best interests of the Association. In the discharge of any duty, a trustee or officer may in good faith rely on information, opinions or reports prepared or presented by officers, employees, legal counsel or public accountants of the Association, or by a committee of the Board of Trustees of which the trustee or officer is not a member.

Section 2. **Liability of Trustees and Officers.** A trustee or officer of the Association is not liable to the Association, any member or any other person for any action taken as a trustee or officer if the trustee or officer acted in good faith, with ordinary care and in a manner that the trustee or officer reasonably believed to be in the best interests of the Association.

Section 3. **Indemnification.** The Association shall indemnify any and all individuals who may serve or who have served at any time as trustee, officer or staff of the Association and their respective heirs, administrators, successors and assigns, against all liabilities (including but not limited to the amounts of judgments, settlements, fines or penalties) and reasonable expenses necessarily incurred by such individuals in connection with the defense or settlement of any claim, action, suit or proceeding in which they, or any one of them, are made parties or a party, or which may be asserted against them, or any of them, by reason of being or having been a trustee, officer or employee of the Association. Indemnification shall be made to the fullest extent now or hereafter permitted or required by applicable state law.

Article XI

PARLIAMENTARY AUTHORITY

The rules contained in "Robert's Rules of Order" shall govern the Association and its subsidiary corporations in all cases to which they are applicable, and in which they are not inconsistent with these Bylaws.

Article XII

AMENDMENT

Except as otherwise provided in this Article, these Bylaws may be amended only by the affirmative vote of two-thirds of voting members responding by mail or electronic transmission. A proposed amendment must be approved in writing by not less than five members of the Association or by the Governance Committee and filed with the President. The President shall refer the proposed amendment to the Board of Trustees for its recommendation to the voting members and shall send notice of such proposed amendment by mail or electronic transmission to each voting member of the Association at the address appearing on the records of the Association.

Grammatical, punctuation and correlational corrections in these Bylaws which in no way alter the intent of the respective Bylaw may be affected by the Governance Committee, subject to the approval of the Board of Trustees.

Article XIII

MANNER OF MEETING

Any meeting of the Board of Trustees, the COPD, or any committee may be conducted in-person or by using a conference telephone or similar communications equipment, or another suitable electronic communications system, including videoconferencing technology or the Internet, or any combination, if the telephone or other equipment or system permits each person participating in the meeting to communicate with all other persons participating in the meeting. If voting is to take place at the meeting, the Board, COPD, or committee must implement reasonable measures to verify that every person voting at the meeting by means of remote communications is sufficiently identified; -and must keep a record of any vote or other action taken.

Amended 4/5/2023

Summary of Proposed Changes to THAMC Bylaws

November 2023

- Article IV, Section 4.03 (page 3): Clarifying that the THA president and the THA chair-elect are directors
- Article IV, Section 4.04 (page 3): Clarifying procedures for filling vacancies in the Board
- Adding Article IV, Section 4.06 (page 4): Clarifying how meetings are conducted, including electronic meetings, to comport with statutory requirements
- Article IV, Section 4.10 (page 5): Clarifying language specifying procedures for Board action without a meeting
- Article V, Section 5.02 (page 7): Clarifying how officers are selected

**AMENDED AND RESTATED BYLAWS OF
THA MANAGEMENT CORPORATION**

These Amended and Restated Bylaws of THA Management Corporation (these “Bylaws”) are effective as of January 1, 202~~2~~⁴ and shall govern the operation of THA Management Corporation, a Texas for-profit corporation. These Bylaws amend, restate and replace all prior bylaws of THA Management Corporation and all amendments thereto in their entirety.

**ARTICLE I
NAME OF CORPORATION**

1.01. The name of the corporation is THA Management Corporation (hereinafter, “Corporation”).

**ARTICLE II
REGISTERED OFFICE AND AGENT**

2.01. The Corporation’s registered office is at: 1108 Lavaca, Suite 700, Austin, Travis County, Texas, 78701, and the Corporation’s registered agent at the registered office is Stephen Wohleb.

**ARTICLE III
SHAREHOLDERS’ MEETINGS**

Place of Meetings

3.01. Shareholders’ meetings shall be held at the Corporation’s registered office, or any other place designated by the Board of Directors.

Time of Annual Meeting

3.02. The shareholders shall meet annually, and at a time and place determined by the Board of Directors. The period of time between annual meetings must not exceed thirteen (13) months.

Notice of Meeting

3.03. Each shareholder entitled to vote at the meeting (unless this notice is waived) is entitled to notice of the meeting. This notice must state the place, date, and time of the meeting. For any special meeting, the notice must state the purpose or purposes for calling the meeting. This notice must be provided to the shareholders between ten (10) and fifty (50) days before the meeting, and may be delivered personally or by mail at the address on record with the Corporation, or by email at the email address on record with the Corporation for notice purposes. Adjourned meetings do not require notice, unless the meeting is adjourned for thirty (30) days or more, in which case notice for the adjourned meeting must be provided as if for a special meeting.

Special Meetings

3.04. Shareholder special meetings may be called by the President and Chief Executive Officer of the Corporation, Chairman, Vice Chairman, a minimum of twenty-five percent (25%) of the Board of Directors, or by at least ten percent (10%) of all shares entitled to vote. A special meeting may be called at any time, and for any purpose or purposes.

Quorum

3.05. A majority of voting shares constitutes a quorum for the transaction of business. Once a quorum is confirmed, business may continue despite any failure to maintain the quorum.

Voting

3.06. Only shareholders listed in the Corporation's share records on the record date shall be entitled to vote at such meeting. The record date is the date notice of the meeting is mailed, unless some other record date is explicitly set by the Board of Directors. Each shareholder is entitled to a number of votes equal to: the number of Directors to be elected, multiplied by the number of the shares the shareholder is entitled to vote. Directors shall be elected by voice vote, unless a shareholder demands a ballot vote prior to voting.

Proxies

3.07. A person entitled to vote or execute consents may do so in person, or by written proxy executed by the proper shareholder or a duly appointed attorney-in-fact.

Consent of Absentees

3.08. A defect in the calling or notice of a shareholders' meeting will not affect the validity of any action, if a quorum was present at the meeting, and each shareholder not present (or by proxy) signs a written waiver of notice, consent to the meeting's holding, or approval of the minutes, before or after the meeting, and those waivers, consents, or approvals are filed with the Corporation or made part of the meeting's minutes.

Action Without Meeting

3.09. Shareholders may take action, without meeting, if each shareholder entitled to vote signs a written consent to the action, and all consents are filed with the Corporation's Secretary.

Mail or Electronic Action

3.10. Any action required or taken by shareholders, at a shareholders' meeting, may be undertaken by mail, telephone, or electronic communication.

Waiver of Notice

3.11. Any notice required by law or these Bylaws may be waived by execution by the person entitled to the notice of a written waiver of such notice, which may be signed before or after the time stated in the notice.

ARTICLE IV DIRECTORS

Powers

4.01. The Directors shall act only as a board and an individual Director shall have no power as such. All corporate powers of the Corporation shall be exercised by, or under the authority of, and the business and affairs of the Corporation shall be controlled by the Board of Directors, subject, however, to such limitations as are imposed by law, the Certificate of Formation (formerly referred to as the Certificate of Incorporation), or these Bylaws, as to actions authorized or approved by the shareholders. The Board of Directors may, by contract or otherwise, give general or limited or special power and authority to the officers and employees of the Corporation to transact the general business, or any special business, of the Corporation, and may give powers of attorney to agents of the Corporation to transact any special business requiring such authorization.

Number of Qualification of Directors

4.02. The authorized number of Directors of the Corporation shall be not more than fifteen (15). The number of Directors may be increased or decreased from time to time by amendment to these Bylaws but no decrease shall have the effect of shortening the term of any incumbent Director. Any directorship to be filled by reason of an increase in the number of Directors shall be filled by election at an annual meeting or at a special meeting of shareholders called for that purpose.

Election and Term of Office

4.03. The Directors shall be elected to three-year terms of office by the shareholders entitled to vote at a meeting held for that purpose. The President of the Texas Hospital Association shall serve as a Director and as Chairman of the Board and the Chairman-Elect of the Texas Hospital Association shall serve as a Director and Vice-Chairman of the Board. The President and Chief Executive Officer of the Corporation shall serve as a Director of the Corporation. The President and Chief Executive Officer of the Corporation shall serve as Secretary of the Board.

Vacancies

4.04. If the office of an elected member of the Board of Directors shall become vacant, such office may be filled temporarily by the Board of Directors shareholders entitled to vote at a meeting held for that purpose to complete the unexpired term.

Removal of Directors

4.05. The entire Board of Directors or any individual Director may be removed from office with or without cause by vote of the holders of a majority of shares entitled to vote for such directors at any regular or special meeting of the shareholders.

Place and Manner of Meetings

4.06. All meetings of the Board of Directors shall be held at the principal office of the Corporation or at such place within or without the State as may be designated from time to time by the Board or by written consent of all the members of the Board. Any meeting of the Board of Directors may be conducted in-person or by using a conference telephone or similar communications equipment, or another suitable electronic communications system, including videoconferencing technology or the Internet, or any combination, if the telephone or other equipment or system permits each person participating in the meeting to communicate with all other persons participating in the meeting. If voting is to take place at the meeting, the Board must implement reasonable measures to verify that every person voting at the meeting by means of remote communications is sufficiently identified; -and must keep a record of any vote or other action taken.

Regular Meetings

4.07. Regular meetings of the Board of Directors shall be held with at least thirty (30) days' notice.

Special Meetings – Call and Notice

4.08. Special meetings of the Board of Directors for any purpose shall be called at any time by the Chairman, President and Chief Executive Officer, Vice-Chairman or by a minimum of twenty-five percent of the Board of Directors. Written notice of the special meeting, stating the time, and in general terms the purpose or purposes thereof, shall be mailed, electronically transmitted on consent of a Director to a facsimile number or electronic mail address provided by the Director, or personally delivered to each Director not later than the day before the day appointed for the meeting.

Quorum

4.09. The presence of a majority of the authorized number of Directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the Directors present shall be regarded as the act of the Board of Directors, unless a greater number by-is required by law or by the Certificate of Formation.

~~Board Action Without Meeting~~

~~4.10. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting and with the same force and effect as a unanimous vote of Directors if all members of the Board shall individually or collectively consent in writing to such action.~~

Mail or Electronic Board Action

4.110. Any action required or permitted to be taken by the Board of Directors at a meeting of the Board may also be taken by mail, ~~telephone~~ or electronic written communication with the same force and effect. The proposed action shall be transmitted by the Secretary or the Secretary's designee to all Directors entitled to vote on the action and shall contain a deadline for approval. Action may be taken without a meeting provided at least a majority of members of the Board of Directors entitled to vote individually and collectively consent prior to the stated deadline, setting forth the action to be taken. The consent must be in writing, dated and signed by the voting members of the Board of Directors, and provided to the corporation by mail, e-mail or facsimile. A return email from the voting member indicating the member's consent to the proposed action shall constitute the member's signature for purposes of this section. Prompt notice of the taking of an action by the Board of Directors without a meeting by less than unanimous written consent shall be given to each member of the Board of Directors who did not consent in writing to the action.

Adjournment – Notice

4.121. A quorum of the Directors may adjourn any Directors' meeting to meet again at a stated day and hour. Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place is fixed at the meeting adjourned. In the absence of a quorum, a majority of the Directors present at any Directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Conduct of Meetings

4.123. The Chairman, or in his absence, the Vice-Chairman, or in the absence of both, any Director selected by the Directors present, shall preside at meetings of the Board of Directors. The President and Chief Executive Officer of the Corporation, or in his absence, any person appointed by the presiding officer, shall act as Secretary of the Board of Directors.

Compensation

4.134. Nothing contained in these bylaws shall preclude a Director from serving the Corporation in any other capacity and receiving compensation therefor.

Indemnification of Directors

4.154. The Corporation shall indemnify any and all persons who may serve or who have served at any time as Director of the Corporation, and their respective heirs, administrators, successors and assigns, against all liabilities (including but not limited to the amounts of judgments, settlements, fines, or penalties) and expenses necessarily incurred by any such persons in connection with the defense or settlement of any claim, action, suit, or proceeding in which they, or any one of them, are made parties or a party, or which may be asserted against them, or any of them, by reason of being or having been a Director of the Corporation. Indemnification shall be made to the fullest extent now or hereafter permitted or required by applicable state law. Further, such Director shall not be liable to the Corporation or its members for monetary damages for any act or omission in the director's capacity as Director, except that indemnification and exemption from liability as above referenced does not eliminate or limit the liability of a Director for:

1. Breach of a Director's duty of loyalty to the Corporation or its shareholders;
2. An act or omission not in good faith that constitutes a breach of duty to the Corporation or that involves intentional misconduct or a knowing violation of the law;
3. A transaction from which a Director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the Director's office; or
4. An act or omission for which the liability of a Director is expressly provided by statute.

Committees of the Board

4.16 The Chairman of the Board may appoint such standing committees as shall be determined necessary by the Board. He may likewise appoint such ad hoc committees as he deems appropriate for special tasks. Further, there shall be an Executive Committee of the Board, composed of the Chairman, two Board members selected by the Board, the President and Chief Executive Officer of the Texas Hospital Association, and the President and Chief Executive Officer of the Corporation, which shall perform such functions assigned to it and be authorized to act for the Board in the interim between meetings of the Board. All actions taken by the Executive Committee shall be considered for ratification by the Board at the meeting of the Board next following any action taken by the Executive Committee.

ARTICLE V OFFICERS

Title and Appointment

5.01 The officers of the Corporation shall be the President and Chief Executive Officer of the Corporation, a Vice President, a Secretary, and other officers as the Board of Directors shall from time to time determine.

Selection of ~~President~~Officers

5.02 The President of the Texas Hospital Association shall, with advice from the Board, select, terminate and provide for the compensation of the President and Chief Executive Officer of the Corporation, and shall prescribe the duties of the President. ~~He~~The President of the Corporation shall hold his office until he shall resign, be removed or otherwise be disqualified to serve, or his successor shall be chosen and qualified. The President of the Texas Hospital Association, with advice from the Board, shall select and remove the Vice-President, Secretary, and all other officers of the Corporation.

Subordinate Officers

5.03 The Board shall prescribe the duties of subordinate officers of the Corporation. The President and Chief Executive Officer of the Corporation shall select individuals to fill these positions and perform such duties as provided in these bylaws or as the Board of Directors or President may from time to time determine.

President and Chief Executive Officer

5.04 The President and Chief Executive Officer shall be the chief executive officer of the Corporation and shall, subject to the control of the Board of Directors and the President of the Texas Hospital Association, have general supervision, direction, and control of the business and officers of the Corporation, and shall have the general powers and duties of management usually vested in the office of president of a Corporation, and shall have such other powers and duties as may be prescribed by these Bylaws. Within this authority and in the course of his duties he shall:

Attend Committee Meetings

1. Attend all meetings of the shareholders and all meetings of the Board of Directors, including the Board's Executive Committee, and shall be *ex officio* member of all the standing committees, if any;

Sign Share Certificates

2. Sign all certificates of stock of the Corporation, in conjunction with the Secretary;

Execute Instruments

3. When authorized by the Board of Directors or required by law, execute in the name of the Corporation deeds, conveyances, notices, leases, checks, drafts, bills

of exchange, warrants, promissory notes, bonds, debentures, contracts, and other papers and instruments in writing, and unless the Board of Directors shall order otherwise by resolution, make such contracts as the ordinary conduct of the Corporation's business may require.

Hire and Fire Employees

4. Appoint and remove, employ and discharge, and prescribe the duties and fix the compensation of all agents, employees, and clerks of the Corporation; and control all of the officers, agents and employees of the Corporation.

Meetings of Other Corporations

5. Unless otherwise directed by the Board of Directors, attend in person, or by substitute appointed by him, and act and vote on behalf of the Corporation at, all meetings of the shareholders of any corporation in which the Corporation holds stock.

Vice President

5.05 In the absence or disability of the President, the Vice President shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions on, the President. The Vice President shall have such other powers and perform such other duties as from time to time may be prescribed for him by the President, the Board of Directors or the bylaws.

Secretary

5.06 The Secretary shall:

Sign Share Certificates

1. Sign, with the President, certificates for shares of the Corporation;

Attest Bylaws

2. Attest and keep at the principal office of the Corporation the original or a copy of its then current Bylaws as amended or otherwise altered to date;

Minutes of Meetings

3. Keep at the principal office of the Corporation or such other place as the Board

of Directors may order, a book of minutes of all meetings of its Directors and shareholders, Executive Committee, and other committees, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at Directors' meetings, the number of shares or members present or represented at shareholders' meetings, and the proceedings thereof;

Sign or Attest Documents and Affix Seal

4. Sign or attest such documents as may be required by law or the business of the Corporation, and keep the corporate seal and affix it to such instruments as may be necessary and proper;

Notices

5. See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law. In case of the absence or disability of the Secretary, or his refusal or neglect to act, notice may be given and served by an Assistant Secretary or by the President or Vice President or by the Board of Directors;

Custodian of Records and Seal

6. Be custodian of the records and of the seal of the Corporation and see that it is engraved, lithographed, printed, stamped, impressed upon or affixed to all certificates for shares prior to their issuance and to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these Bylaws;

Share Register

7. Keep at the principal office of the Corporation a share register or duplicate share register showing the names of the shareholders and their addresses; the number, date of issue, and class of shares represented by each outstanding share certificate and the number and date of cancellation of each certificate surrendered for cancellation;

Reports and Statements

8. See that the books, reports, statements, certificates and all other documents and records required by law are properly kept and filed;

Exhibit Records

9. Exhibit at all reasonable times to any Director upon application, or upon application by written demand stating the purpose thereof of any person who has been a shareholder of record for at least six (6) months immediately preceding his demand or who is the holder of record of at least five (5) percent of all the outstanding shares of the Corporation, the Bylaws, the share register, and minutes of proceedings of the shareholders and Directors of the Corporation;

Other Duties

10. In general, perform all duties incident to the office of Secretary, and such other duties as from time to time may be assigned to him by the Board of Directors;

Salaries

5.07 The salary of the President and Chief Executive of the Corporation shall be fixed from time to time by the President and Chief Executive Officer of the Texas Hospital Association as provided under Section 5.02 of these Bylaws. The salaries if any, of the officers (other than the President and Chief Executive Officer of the Corporation) shall be fixed from time to time by the President and Chief Executive Officer of the Corporation. No officer shall be prevented from receiving such salary by reason of the fact that he is also a Director of the Corporation.

ARTICLE VI EXECUTION OF INSTRUMENTS

6.01 The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute any corporation instrument or document, or to sign the Corporation's name without limitation, except where otherwise provided by law, and such execution or signature shall be binding upon the Corporation.

ARTICLE VII ISSUANCE AND TRANSFER OF SHARES

Requirement of Payment for Shares

7.01 Certificates for Corporation shares must be issued only when consideration is paid in full.

Share Certificates

7.02 The Corporation shall deliver certificates representing all shareholders' entitled shares, and in such form and device prescribed by the Board of Directors. Each certificate must indicate that the Corporation is organized in Texas, the Corporation's name, the number and class of shares and

series, and the par value, or a statement that the shares are without par value. The certificates must be signed by the President and Secretary, and the seal of the Corporation must be affixed thereto. Signatures may be in facsimile, if the certificates are countersigned by a transfer agent or registered by a registrar. The certificates shall contain any recitations or references required by law.

Replacement of Certificates

7.03 New certificates must not be issued until the former certificate is surrendered and canceled; except for lost or destroyed certificates, in which the Board of Directors may order new certificates issued upon terms, conditions, and guarantees deemed appropriate by the Board, including the filing of sufficient indemnity.

Transfer of Shares

7.04 Corporation shares may be transferred by the signature of the owner, or the owner's agent, attorney, or legal representative, and formal delivery of the certificate. The transferee is deemed to have full notice of, and to consent to, the Corporation's Bylaws, as if formally assented thereto.

Restrictions on Transfer

7.05 Prior to any sale or transfer of any Corporation common shares, the holder must first offer the shares to the Corporation, then to other holders of common shares, as follows:

1. The offering shareholder must formally deliver written notice to the Corporation's Secretary, stating the price, terms, and conditions of any proposed sale or transfer; the number of shares to be sold or transferred; and the intention to sell or transfer such shares. Within thirty (30) days of actual receipt of this notice, the Corporation may purchase such shares offered at the price, terms, and conditions stated in the notice; however, the Corporation is not permitted to purchase all of its outstanding voting shares. Should the Corporation decline to purchase the shares within the thirty (30) days period, the Corporation's Secretary must, within five (5) days thereafter, deliver, to each shareholder of record, a copy of the notice provided by the shareholder to the Secretary. Such notice may be personally delivered, emailed, or mailed to their last known address on the Corporation's books. Within ten (10) days of delivery of these copies of the notice to the shareholders, any such shareholders must formally deliver, to the Corporation's Secretary, a written offer, conditioned to be immediately acceptable, for the purchase of a specified number of such shares at the price and terms stated in the original notice. Each such offer must be accompanied by the purchase price, with full authorization to pay against delivery of the shares;
2. If the total number of offers to purchase shares exceeds the number of shares to be sold or transferred, each offering shareholder is entitled to purchase such shares in a proportion equal to: the shareholder's percentage of Corporation shares in relation to the total number of Corporation shares held by all shareholders

desiring to purchase the shares, in which the cumulative percentage of such shares must total 100%;

3. If all shares to be sold or transferred are not disposed of under such apportionment, each shareholder desiring to purchase shares in excess of the proportionate share, as provided above, is entitled to purchase such proportion of those shares remaining in a proportion equal to: the percentage of the shareholder's shares in comparison to the total number of shares held by all shareholders desiring to purchase shares in excess of those entitled under such apportionment, and in which this cumulative percentage of compared shares must total 100%;

4. If any offers to purchase within this ten (10) day period aggregate less than the number of shares to be sold or transferred, the shareholder desiring to sell or transfer such shares is not obligated to accept any such offer, and may dispose of all shares referred to in the original notice to any person; provided that the sale or transfer must not include a lower price or terms more favorable to the purchaser or transferee than those specified in the original notice to the Corporation's Secretary.

ARTICLE VIII RECORDS AND REPORT

Inspection of Books and Records

8.01 All books or records required by statute shall be open to reasonable shareholder inspection, to the extent expressly provided by statute. The Directors may examine such books and records at all reasonable times.

Closing Stock Transfer Books

8.02 The Board of Directors has discretion to close the transfer books for a period of up to fifty (50) days preceding any annual or special meeting of the shareholders, or the day appointed for payment of a dividend.

ARTICLE IX DISSOLUTION

9.01 Dissolution of the Corporation must be accomplished by a written resolution, for that purpose, approved by a supporting vote of at least 75 percent of all shares entitled to vote.

ARTICLE X AMENDMENT OF BYLAWS

Amendment of Bylaws

11.01 The power to alter, amend, or repeal these Bylaws is vested in the Directors, subject to approval of at least seventy-five percent (75%) of all shares entitled to vote.

Summary of Proposed Changes to THAF Bylaws

November 2023

- Article Four, Section 4.08 (page 3): Revising procedures for filling vacancies to ensure involvement of THA Nominating Committee
- Article Four, Section 4.11 (page 4): Adding language specifying procedures for Board action without a meeting
- Article Five, Section 5.01 (page 4): Adding President to the list of corporate officers
- Article Five, Section 5.05 (page 5): Adding section describing the office of President

BYLAWS OF THE TEXAS HOSPITAL ASSOCIATION FOUNDATION

ARTICLE ONE

NAME

1.01 The name of this corporation shall be Texas Hospital Association Foundation.

ARTICLE TWO

PURPOSES AND EXEMPT ACTIVITIES

2.01 The Texas Hospital Association Foundation is organized exclusively for educational and scientific purposes under sections 501(c)(3) and 509(a)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code. These purposes shall include health care policy research and promotion of health careers.

No part of the net earnings of the corporation shall inure to the benefit of or be distributable to any private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and make payment and distributions in furtherance of the purposes set forth in this Article. It is intended that this corporation shall have and continue to have the status of a corporation which is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, and which is other than a private foundation as defined in section 509 of the Internal Revenue Code, or the corresponding section of any future federal tax code.

No substantial part of the activities of this corporation shall consist of carrying on of propaganda or otherwise attempting to influence legislation, except as permitted by applicable law, and it shall not participate or intervene (including publishing or distributing statements) in any political campaign on behalf of or in opposition to any candidate for public office.

The corporation shall not conduct or carry on any other activities not permitted to be conducted or carried on (a) by a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or (b) by a corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

Upon the dissolution of the corporation, the Board of Trustees of the Texas Hospital Association Foundation shall, after paying or making provisions for the payment of all liabilities of the corporation, dispose of the corporation's remaining assets in accordance with section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, as the Board shall determine.

Any such assets not so disposed of shall be disposed of by a Court of Competent Jurisdiction of the county in which the principal office of the corporation is then located, exclusively for such

purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

ARTICLE THREE

MEMBERS

Classes and Identity of Members

3.01 The Texas Hospital Association Foundation shall have one class of members. The Texas Hospital Association shall serve as the sole member of the Texas Hospital Association Foundation.

Meetings and Manner of Acting

3.02 Meetings of the member may be held in conjunction with meetings of its board of trustees and shall be held at such time, date and place, shall be conducted in a manner, as provided in the bylaws of the Texas Hospital Association for meetings of the Texas Hospital Association Board of Trustees. Notice of an annual or regular meeting of the member is not required.

Rights, Powers, and Authority

3.03 The rights, powers, and authority reserved to the member shall be as set forth in these Bylaws and as otherwise provided in Chapter 22, Texas Business Organizations Code.

ARTICLE FOUR

BOARD OF TRUSTEES

General Powers

4.01 The Texas Hospital Association, in its capacity as member and acting in accordance with the manner of action set forth in bylaws, reserves all power and authority permitted by law over the operations of the Texas Hospital Association Foundation, which is a supporting organization of the Texas Hospital Association. The Texas Hospital Association reserves the approval of adoption, amendment or repeal of the certificate of formation and bylaws of the Texas Hospital Association Foundation; the approval of the merger, dissolution or consolidation of the Texas Hospital Association Foundation; the approval of the appointment and removal of Trustees of the Texas Hospital Association Foundation; the approval of the annual operating and capital budgets of the Texas Hospital Association Foundation; and the approval of any action of the Texas Hospital Association Foundation that the Texas Hospital Association president/CEO determines is necessary to further the work and business of Texas Hospital Association. The business affairs of the Texas Hospital Association Foundation shall be overseen by its Board of Trustees.

Number, Appointment, Tenure

4.02 The number of Trustees shall be up to fifteen (15). All Trustees shall be nominated by the

Texas Hospital Association Nominating Committee and elected by the Texas Hospital Association. A majority of Texas Hospital Association Foundation Trustees serving on the board must be elected from the Texas Hospital Association membership or employed by the Texas Hospital Association. Other Trustees serving on the board may be elected from health care, business, research or the community at large. Each Trustee's term shall be for a two-year term with a maximum of three terms. Terms will be suspended for those Trustees serving as officers. Term limits do not apply to those serving as ex-officio members.

Regular Meetings

4.03 A regular annual meeting of the Board shall be held at a time and place designated by resolution of the Board without further notice than such resolution. The Board may provide by resolution the time and place for the holding of additional regular meetings.

Special Meetings

4.04 Special meetings of the Board may be called by or at the request of the Chair or a majority of the members of the Board. The person or persons authorized to call special meetings of the Board may set the place for holding any special meetings.

Notice

4.05 Notice of any special meeting of the Board shall be given at least ten (10) working days previously thereto by notice delivered personally or by telephone, or sent by mail or electronic transmission to each Board member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed with postage thereon prepaid. If notice be given by facsimile transmission, such notice shall be deemed to be delivered when the facsimile is transmitted. Any Board member may waive notice of any meeting.

Quorum

4.06 Fifty-one (51) percent of the members of the Board shall constitute a quorum for the transaction of business at any meeting of the Board.

Manner of Acting

4.07 The act of a majority of the Board participating at a meeting shall be the act of the Board, unless the act of a greater number is required by these bylaws.

Vacancies

4.08 Any vacancy occurring in the Board shall be filled ~~temporarily by appointment of by nomination of~~ the Texas Hospital Association ~~Nominating Committee Chair, subject to ratification and approval of by~~ the Texas Hospital Association Board of Trustees for the remaining term.

Removal

4.09 Any Trustee may be removed by Texas Hospital Association whenever in its judgment the best interests of the Texas Hospital Association Foundation would be served.

Compensation

4.10 Trustees shall not receive any stated salaries for their services, but by resolution of the Board, a fixed sum and expense of attendance, if any, may be allowed for attendance at such regular or special meetings of the Board; but nothing herein contained shall be construed to preclude any Trustee from serving the corporation in any other capacity and receiving compensation therefor.

Board Action by Mail, ~~Telephone~~ ~~Or~~ Electronic Written Communications

4.11 Any action required or presented to be taken by the Board at a meeting of the Board of Trustees may also be taken by mail, ~~telephone~~, or electronic written communications with the same force and effect. The proposed action shall be transmitted by the Secretary or the Secretary's designee to all Trustees entitled to vote on the action and shall contain a deadline for approval. Action may be taken without a meeting provided at least a majority of members of the Board of Trustees entitled to vote individually and collectively consent prior to the stated deadline, setting forth the action to be taken. The consent must be in writing, dated and signed by the voting members of the Board of Trustees, and provided to the Association by mail, e-mail or facsimile. A return email from the voting member indicating the member's consent to the proposed action shall constitute the member's signature for purposes of this section. Prompt notice of the taking of an action by the Board of Trustees without a meeting by less than unanimous written consent shall be given to each member of the Board of Trustees who did not consent in writing to the action.

Committees

4.12 The Board may create or discontinue such Committees as it may deem advisable to guide the Board on specific issues affecting the corporation and shall carry out the duties delegated to them. All Committees shall be appointed by the Chair.

ARTICLE FIVE

OFFICERS

5.01 The officers of the corporation shall consist of a Chair, Chair-Elect, Past Chair, Vice Chair, President, and Secretary-Treasurer. The Board may elect or appoint such other officers and assistant officers as it shall deem desirable, such officers to have the authority and perform the duties prescribed, from time to time, by the Board.

Chair

5.02 The Chair serves as the chief elected officer of the corporation. The Chair shall perform all duties incident to the office and such other duties as may be prescribed by the Board and shall preside at all meetings of the Board.

Chair-Elect

5.03 In the absence of the Chair or in the inability or refusal to act, the Chair-Elect shall perform the duties of the Chair, and when so acting shall have all the powers of and be subject to all the restrictions upon the Chair. The Chair-Elect shall perform such other duties as from time to time may be assigned by the Chair or Board.

Vice Chair

5.04 In the absence of the Chair and Chair-Elect or in the event of their inability or refusal to act, the Vice Chair shall perform the duties of the Chair, and when so acting shall have all the powers of and be subject to all the restrictions upon the Chair. The Vice Chair shall perform such other duties as from time to time may be assigned by the Chair or Board. The Vice Chair of the Board shall be held by the Texas Hospital Association President/CEO.

President

5.05 The chief executive officer of the Corporation shall serve as President. The selection and duties of President shall be prescribed by the Texas Hospital Association President/CEO.

Secretary-Treasurer

5.0~~56~~⁵⁷ The Secretary-Treasurer shall keep the minutes of the meetings of the Board; give all notices in accordance with the provisions of these bylaws or as required by law; be custodian of the corporation's records; keep a register of the post office address of each Trustee which shall be furnished to the Secretary-Treasurer by each Trustee. The Secretary-Treasurer shall have charge and custody of and be responsible for all funds and securities of the corporation; receive and give receipts for moneys due and payable to the corporation from any source whatsoever; and deposit all such moneys in the name of the corporation in such banks, trust companies, or other depositories as the Board may select. The Secretary-Treasurer shall perform all duties incident to the office of Secretary-Treasurer. The Secretary-Treasurer will be the Texas Hospital Association Foundation President.

Election and Term

5.0~~67~~⁶⁷ The officers of the corporation, with the exception of the President, shall be elected by the Texas Hospital Association. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. New offices may be created and filled by the Texas Hospital Association. An officer shall hold office for a term of one (1) year and not to exceed two (2) years in the same office except for those positions where the officer is designated as ex-officio. An officer shall hold office until a successor has been duly elected and qualified.

Removal

5.07 Any officer elected by the Texas Hospital Association may be removed by Texas Hospital Association whenever in its judgment the best interests of the Texas Hospital Association Foundation would be served.

Vacancies

5.08 A vacancy in any office may be filled by the Texas Hospital Association for the unexpired portion of the term.

ARTICLE SIX

FINANCIAL OPERATION

6.01 The financial operation of the corporation shall be determined by the Board. The Texas Hospital Association Foundation adheres to the financial policies of the Texas Hospital Association. The approval of the annual operating and capital budgets of the Texas Hospital Association Foundation are approved by the Texas Hospital Association.

6.02 The fiscal year of the corporation shall be the same as the Texas Hospital Association.

ARTICLE SEVEN

EXECUTIVE AND STAFF

Appointment

7.01 The Texas Hospital Association President/CEO shall hire a chief executive officer and determine terms and conditions of employment. The chief executive officer shall have the title of President and report to the Texas Hospital Association President/CEO or designee determined by that individual.

Authority and Responsibility

7.02 The Texas Hospital Association Foundation President shall be the chief executive responsible for all management functions. The President shall manage and direct all activities. The President shall hire and may terminate the employment of staff members necessary to carry on the work of the organization. The President shall define the duties of the staff, supervise their performance and delegate responsibilities of management as shall be in the best interest of the organization.

ARTICLE EIGHT

AMENDMENTS TO BYLAWS

8.01 These bylaws may be altered, amended, or repealed and new bylaws may be adopted by the Texas Hospital Association.

ARTICLE NINE

PARLIAMENTARY AUTHORITY

9.01 Robert's Rules of Order shall govern the proceedings at all meetings.

Amended by the THA Foundation Board of Trustees 1/25/21.

Summary of Proposed Changes to THINK Bylaws

November 2023

- Article II, Section 2.01 (page 1): Changing the registered office to the current headquarters address
- Article IV, Section 4.06 (page 4): Minor change in wording regarding how meetings may be conducted
- Article IV, Section 4.07 (page 4): Eliminating the provision that requires the Board to meet after a shareholder meeting
- Article IV, Section 4.17 (page 6): Specifying how the Chairman and Vice-Chairman are selected
- Article V, Section 5.03 (page 6): Specifying that the President prescribes the duties of subordinate officers

**BYLAWS
OF
TEXAS HOSPITAL INSURANCE NETWORK**

**ARTICLE I
NAME OF CORPORATION**

- 1.01 The corporation's name is: Texas Hospital Insurance Network, a/k/a "THINK" (hereinafter referred to as "Corporation").

**ARTICLE II
REGISTERED OFFICE AND AGENT**

- 2.01 The Corporation's registered office is at: ~~8310 N. Capital of Texas Highway, Bldg. 1, Suite 250, Austin~~4849 Williams Drive, Georgetown, Texas 78633731; the Corporation's registered agent, located at the registered office, is: Billie Tess Frazier.

**ARTICLE III
SHAREHOLDERS' MEETINGS**

Place of Meetings

- 3.01 All shareholders' meetings shall be held at the Corporation's registered office, or any other place designated by the Board of Directors.

Time of Annual Meetings

- 3.02 There shall be an annual meeting of the shareholders, held at a time and date determined by the Board of Directors. In no event shall the period between annual meetings be greater than thirteen months.

Notice of Meetings

- 3.03 Written notice of any meeting must be provided to each shareholder entitled to vote at the meeting (unless the shareholder waives notice), at least ten (10), but not more than fifty (50), days before the date of the meeting. This notice must state the place, day, and hour of the meeting, and, in case of a special meeting, the purpose(s) for the meeting, and must be delivered personally, by mail, or by other means of written communication, and addressed to the shareholder at their address of record with the Corporation for the purpose of notice. Notice of adjourned meetings is not required, unless the meeting is adjourned for thirty (30) days or more, in which case notice of the adjourned meeting must be provided as if a special meeting.

Special Meetings

- 3.04 Special meetings of the shareholders, for any purpose(s), may be called at any time by: the Chairman of the Board, the Vice-Chairman, a minimum of twenty- five percent (25%) of the Board of Directors, or by one or more shareholders holding at least one-tenth (1/10) of all shares entitled to vote at the meeting.

Quorum

- 3.05 A majority of voting shares constitutes a quorum for the transaction of business. Once a quorum is confirmed, business may continue despite failure to maintain the quorum throughout the meeting.

Voting

- 3.06 The ability to vote at any meeting is reserved to those persons named in the Corporation's share records on the date notice of the meeting is mailed or delivered, unless the Board of Directors explicitly designates another date to determine shareholders of record. Each shareholder's total votes is equal to: the number of shares the shareholder is entitled to vote, multiplied by the number Directors to be elected. The election of Directors shall be by voice vote, unless any shareholder requests a ballot vote prior to commencing the voting process.

Proxies

- 3.07 Any person entitled to vote or execute consents may do so in person, or by written proxy executed by the shareholder or his duly authorized attorney-in-fact.

Consent of Absentees

- 3.08 Any action taken at a meeting where a quorum is present is unaffected by any defect in the calling or notice of such meeting, if each shareholder not present (in- person, or by proxy) executes a written waiver of notice, consent to the holding of the meeting or approval of the minutes (either before or after the meeting), and all waivers, consents or approvals are filed with the corporate records or made a part of the minutes of the meeting.

Waiver of Notice

- 3.09 Any notice required by law or these Bylaws may be waived by execution of written waiver of such notice, and may be signed before or after the time stated in the notice.

Action Without Meeting

- 3.10 Shareholders may take action without a meeting, if each shareholder entitled to vote executes written consent to any action and such consents are filed with the Corporation's Secretary.

Mail or Electronic Action

- 3.11. Any action required or taken by shareholders, at a shareholders' meeting, may be undertaken by mail, telephone, or electronic communication.

ARTICLE IV DIRECTORS

Powers

- 4.01 The Directors shall only act as a board, and shall not have power as individuals. The Corporation's powers must be exercised by, or under the authority of, the Board of Directors. The Corporation's business and other affairs must be controlled by the Board of Directors. Action taken by the Board of Directors, and authorized by shareholders, is subject to limitations imposed by law, the Articles of Incorporation, and these Bylaws. The Board of Directors may give general, limited, or special powers and authority to the Corporation's officers and employees, to transact the Corporation's general or special business, and may give power of attorney to the Corporation's agents, as necessary to transact any special business requiring such authorization.

Number and Qualification of Directors

- 4.02 The Corporation may authorize a maximum of fifteen (15) contemporaneous Directors. The authorized number of Directors may be modified by amendment to these Bylaws, but a decrease in the number of Directors shall not shorten the term of any incumbent Director. Any openings created by an increase in the number of Directors must be filled by election at an annual meeting, or a special meeting explicitly called for that purpose.

Election and Terms of Office

- 4.03 Directors shall be elected to two-year terms by shareholders entitled to vote, at a meeting held for that explicit purpose. The Treasurer of the Texas Hospital Insurance Network and President & CEO of the Texas Hospital Association shall serve as Directors of the Corporation's ~~Directors~~.

Vacancies

- 4.04 If a Board of Directors' position becomes vacant, the Board of Directors may temporarily fill such office, for any unexpired term, with advice from the

Corporation's staff representative and the Texas Hospital Association Nominating Committee, and with final approval by the majority vote of shareholders entitled to vote for such Directors, at any regular or special meeting.

Removal of Directors

- 4.05 Any or all Director(s) may be removed from office, with or without cause, by the majority vote of shareholders entitled to vote for such Directors, at any regular or special meeting.

Place of Meetings

- 4.06 The Board of Directors shall meet at the Corporation's principal office, or at any place designated by the Board, or by written consent of all Board members. ~~The Board may authorize m~~Meetings may also be conducted by conference call or videoconference.

Regular Meetings

- 4.07 ~~The Board of Directors must hold a regular meeting, without call or notice, immediately following each annual meeting of the shareholders, and at any other time the Directors may determine~~ Regular meetings of the Board of Directors shall be held with at least ten (10) days' notice.

Special Meetings - Call and Notice

- 4.08 The Chairman, Vice-Chairman, or a minimum of twenty-five percent (25%) of the Board of Directors may call a special meeting of the Board of Directors, for any purpose and at any time. Notice of the special meeting must be provided in writing and must: state the time and general purpose or purposes of the special meeting-, and must be mailed, personally delivered, or transmitted (to the email address of record) to each Director no later than the day before the date of the meeting.

Quorum

- 4.09 A majority of Directors is necessary to constitute a quorum for the transaction of business, except to adjourn as provided herein. Every act or decision made by a majority of the Directors present shall be regarded as an act of the Board of Directors, unless a greater number of votes is required by law or the Articles of Incorporation.

Board Action Without Meeting

- 4.10 Any action required or permitted by the Board of Directors may be undertaken without a meeting, and with the same effect as a unanimous vote of Directors, if all Board members consent to such action in writing.

Mail or Electronic Board Action

- 4.11 Any action required or permitted by the Board of Directors at a meeting may be enacted by mail, telephone, or electronic communication.

Adjournment - Notice

- 4.12 A quorum of Directors may adjourn any Directors' meeting, to be continued at a designated time, place, and date. Absent Directors are not entitled to notice of this continued meeting, if the time and place is set prior to adjournment. In the absence of a quorum, the majority of the Directors present may adjourn any meeting until the next regular Board meeting.

Conduct of Meetings

- 4.13 The Chairman, or, if absent, the Vice-Chairman, or, in absence of both, any Director selected by the Directors present, shall preside at meetings of the Board of Directors. The Corporation's Secretary, or, if absent, any person appointed by the presiding officer, shall act as Secretary of the Board of Directors.

Compensation

- 4.14 Nothing contained herein shall preclude a Director from serving the Corporation in any other capacity or receiving compensation therefor.

Indemnification of Directors

- 4.15 The Corporation shall indemnify all Directors, and their respective heirs, administrators, successors and assigns, against all liabilities (including but not limited to the amounts of judgments, settlements, fines, or penalties) and expenses incurred in connection with the defense or settlement of any claim, action, suit, or proceeding in which they are made parties or a party, or which may be asserted against them by reason of being a Director of the Corporation. Further, such Director shall not be liable to the Corporation, or its members, for monetary damages for any act or omission in the Director's official capacity, except that this indemnification does not eliminate or limit the liability for:

1. Breach of a Director's duty of loyalty to the Corporation or its shareholders;
2. An act or omission not in good faith, or involving intentional misconduct or a knowing violation of law;
3. A transaction improperly benefiting a Director, regardless if the benefit resulted from an action taken within the scope of the Director's office; or

4. An act or omission for which the Director's liability is expressly provided by law, regulation, or statute.

Committees of the Board

- 4.16 The Chairman of the Board may appoint standing committees as determined by the Board. The Chairman may appoint ad hoc committees as deemed appropriate for special tasks. An Executive Committee of the Board, composed of Board members appointed by the Chairman and approved by the Board, may be convened. The Executive Committee shall perform functions assigned to it, and may be authorized to act for the Board between meetings of the Board. All Executive Committee actions must be considered for ratification by the Board at the Board meeting following any Executive Committee action.

Chairman and Vice-Chairman

- 4.164.17 A Chairman and a Vice-Chairman shall be nominated by the President and elected by the Board of Directors. The Chairman and Vice-Chairman shall perform all duties incident to the office and such other duties as may be prescribed by the Board. The Chairman shall preside at all meetings of the Board

ARTICLE V OFFICERS

Title and Appointment

- 5.01 The Corporation's Officers shall consist of a President, one or more Vice Presidents, a Secretary, a Treasurer, and any assistants or other officers deemed appropriate by the Board of Directors. Any two offices, except President and Secretary, may be held by one person. A person may simultaneously serve on the Board of Directors and as an Officer.

Selection of President

- 5.02 The Texas Hospital Association's President and CEO shall, with the Board's advice, select, terminate and provide for compensation of the Corporation's President, and shall prescribe the Corporation's President's duties. The Corporation's President shall hold office until resignation, removal, or other disqualification, or at any time a successor is duly appointed.

Subordinate Officers

- 5.03 The ~~Board~~President shall prescribe the duties of the Corporation's subordinate officers. The President shall select individuals to fill these positions and perform duties set forth in these Bylaws, or as the Board or President deem appropriate, and may remove or replace any subordinate

officer at any time.

President

The President shall be the Corporation's chief executive officer and shall, subject to control of the Board and the Texas Hospital Association's President and CEO, have general supervision, direction, and control of the Corporation's business and officers, and shall have the general powers and duties usually vested in the office of President of a corporation, along with other powers and duties set forth in these Bylaws. Within this authority and in the course of any duties, the President shall:

Attend Committee Meetings

- (1) Attend all shareholder or Board of Directors' meetings, including Board Executive Committee meetings, and shall be ex officio member of any standing committees;

Sign Share Certificates

- (2) Sign all Corporation certificates of stock, in conjunction with the Secretary;

Execute Instruments

- (3) When authorized by the Board of Directors or required by law, execute, in the Corporation's name, deeds, conveyances, notices, leases, checks, drafts, bills of exchange, warrants, promissory notes, debentures, contracts, and other papers and written instruments, and, unless the Board of Directors shall otherwise order by resolution, make such contracts as the Corporation's ordinary business may require;

Hire and Fire Employees

- (4) Appoint, remove, employ, discharge, prescribe duties, and fix the compensation of all the Corporation's agents, employees, and clerks; and control all of the Corporation's officers, agents and employees;

Meetings of Other Corporations

- (5) Unless otherwise directed by the Board of Directors, attend, in person or by duly appointed substitute, and act and vote on behalf of the Corporation at all shareholder meetings of any other corporation in which this Corporation holds stock.

Vice President

- 5.04 In the President's absence, the Vice President shall perform all the President's duties, and, when doing so, shall have all the powers and restrictions of the President. The Vice President shall have other powers and perform other duties as prescribed by the President, the Board of Directors, or these Bylaws.

Secretary

- 5.05 The Secretary shall:

Sign Share Certificates

1. Sign, with the President, certificates for Corporation shares;

Attest Bylaws

2. Attest and keep, at the Corporation's principal office, the original, or a copy, of these Bylaws as current, to date;

Minutes of Meetings

3. Keep, at the Corporation's principal office, or other place as ordered by the Board of Directors, a ~~book~~record of minutes of all Directors, shareholder, Executive Committee, or other committee meetings, along with notations on the time and place, whether regular or special, and, if special, how authorized, the notice provided, the names of those present, the number of shares or members present or represented, and proceedings thereof;

Sign or Attest Documents and Affix Seal

4. Sign or attest documents required by law or the Corporation's business, and keep the Corporation's seal, and affix it to instruments as necessary and proper;

Notices

5. Ensure all notices are provided, in accordance with these Bylaws or as required by law. In the Secretary's absence, disability, or refusal or neglect to act, notice may be provided by an Assistant Secretary, the President, Vice President, or Board of Directors;

Custodian of Records and Seal

6. Be custodian of the Corporation's records and seal, and ensure that the seal is affixed to all certificates for shares, prior to issuance, and to all documents, on behalf of the Corporation, as duly authorized herein;

Share Register

7. Keep, at the Corporation's principal office, a share register, or duplicate, containing: the names and addresses of shareholders; the number, date of issue, and class of shares represented by each outstanding share certificate; and the number and date of cancellation of each certificate surrendered for cancellation;

Reports and Statements

8. See that books, reports, statements, certificates, and other documents or records required by law are properly kept and filed;

Exhibit Records

9. Exhibit the Corporation's Bylaws, share register or minutes of shareholder or Directors' meetings, upon request and at a reasonable time, to any Director-, or by written demand from any person who is a shareholder of record for at least six (6) months immediately preceding the request or who is a holder of record of at least five percent (5%) of all outstanding Corporation shares;

Other Duties

10. Perform all general duties incident to the Secretary, and any other duties assigned by the Board of Directors.

Absence of Secretary

11. In the Secretary's absence, disability, or refusal or neglect to act, the Treasurer, acting as Assistant Secretary, may perform all of the Secretary's functions. In both the Secretary's and Treasurer's absence, or inability-, refusal, or neglect to act-, any person authorized by the President, Vice President, or the Board of Directors may perform the Secretary's functions.

Treasurer

5.06 The Treasurer shall:

Funds - Custody and Deposit

1. Be responsible for all Corporation funds and securities, and shall deposit all such funds in the Corporation's name in such banks, trust companies, or other depositories as selected by the Board of Directors;

Funds - Receipt

2. Receive, and give receipt for, monies due and payable to the Corporation, from any source;

Funds - Disbursement

3. Disburse, or cause to be disbursed, the Corporation's funds, as directed by the Board of Directors, taking proper vouchers for such disbursements;

Maintain Accounts

4. Keep and maintain correct accounts of the Corporation's properties and business transactions, including: accounts of assets, liabilities, receipts, disbursements, gains, losses, capital, surplus, and shares. Any surplus, including earned surplus, paid-in surplus, and surplus arising from a reduction of stated capital, shall be classified according to source and shown in a separate account;

Exhibit Records

5. Exhibit the Corporation's books of accounts and records, on demand and at a reasonable time and place, to any Director-, to any person who has been a shareholder of record for at least six (6) months immediately preceding the request, or to any holder of record at least five percent (5%) of all the Corporation's outstanding shares;

Reports to President and Directors

6. Render an account of the Treasurer's transactions or the Corporation's financial condition to the President and Directors, upon request-;

Financial Report to Shareholders

7. Prepare, or cause to be prepared, and certify any financial statements to be included in the shareholder's annual report, and statements of the Corporation's affairs, when requested by any

shareholder holding at least ten percent (10%) of the Corporation's outstanding shares;

Bond

8. Provide a bond to the Corporation, if required by the Board of Directors or President, in a sum, and with one or more sureties, satisfactory to the Board, for the faithful performance of the Treasurer's duties and for the restoration—, in case of death, resignation, retirement, or removal from office, of all books, papers, vouchers, money, and other property of whatever kind to the Corporation;

Other Duties

9. Perform all general duties incident to the Treasurer, and other duties as assigned by the President, Board of Directors or these Bylaws;

Absence of Treasurer

10. In the Treasurer's absence, disability, or refusal or neglect to act, the Secretary, acting as Assistant Treasurer, may perform all of the Treasurer's functions. In both the Treasurer's and Secretary's absence, or inability, refusal, or neglect to act,—, any person authorized by the President, Vice President, or Board of Directors may perform the Treasurer's functions.

Salaries

- 5.07 The President's salary shall be fixed by the Texas Hospital Association's President and CEO, as provided under these Bylaws. The salaries of officers, if any, shall be fixed the Corporation's President. No officer shall be prevented from receiving salary by also being a Director of the Corporation.

ARTICLE VI EXECUTION OF INSTRUMENTS

- 6.01 The Board of Directors may determine the method and designate the signatory for execution of any Corporation instrument or document, or to sign for the Corporation, without limitation, except where otherwise provided by law; such duly authorized execution or signature shall bind the Corporation.

**ARTICLE VII
ISSUANCE AND TRANSFER OF SHARES**

Requirement of Payment for Shares

- 7.01 Certificates for Corporation shares must be issued only when consideration is paid in full.

Share Certificates

- 7.02 The Corporation shall deliver certificates representing all shareholders' entitled shares, and in such form and device prescribed by the Board of Directors. Each certificate must indicate that the Corporation is organized in Texas, the Corporation's name, the number and class of shares and series, and the par value, or a statement that the shares are without par value. The certificates must be signed by the President and Secretary, and the seal of the Corporation must be affixed thereto. Signatures may be in facsimile, if the certificates are countersigned by a transfer agent or registered by a registrar. The certificates shall contain any recitations or references required by law.

Replacement of Certificates

- 7.03 New certificates must not be issued until the former certificate is surrendered and canceled; except for lost or destroyed certificates, in which the Board of Directors may order new certificates issued upon terms, conditions, and guarantees deemed appropriate by the Board, including the filing of sufficient indemnity.

Transfer of Shares

- 7.04 Corporation shares may be transferred by the signature of the owner, or the owner's agent, attorney, or legal representative, and formal delivery of the certificate. The transferee is deemed to have full notice of, and to consent to, the Corporation's Bylaws, as if formally assented thereto.

Restrictions on Transfer

- 7.05 Prior to any sale or transfer of any Corporation common shares, the holder must first offer the shares to the Corporation, then to other holders of common shares, as follows:
1. The offering shareholder must formally deliver written notice to the Corporation's Secretary, stating the price, terms, and conditions of any proposed sale or transfer; the number of shares to

be sold or transferred; and the intention to sell or transfer such shares. Within thirty (30) days of actual receipt of this notice, the Corporation may purchase such shares offered at the price, terms, and conditions stated in the notice; however, the Corporation is not permitted to purchase all of its outstanding voting shares. Should the Corporation decline to purchase the shares within the thirty (30) days period, the Corporation's Secretary must, within five (5) days thereafter, deliver, to each shareholder of record, a copy of the notice provided by the shareholder to the Secretary. Such notice may be personally delivered, or mailed to their last known address as appears on the Corporation's books. Within ten (10) days of delivery of these copies of the notice to shareholders, any such shareholders must formally deliver, to the Corporation's Secretary, a written offer, conditioned to be immediately acceptable, for the purchase of a specified number of such shares at the price and terms stated in the original notice. Each such offer must be accompanied by the purchase price, with full authorization to pay against delivery of the shares;

2. If the total number of offers to purchase shares exceeds the number of shares to be sold or transferred, each offering shareholder is entitled to purchase such shares in a proportion equal to: the shareholder's percentage of Corporation shares in relation to the total number of Corporation shares held by all shareholders desiring to purchase the shares, in which the cumulative percentage of such shares must total 100%;
3. If all shares to be sold or transferred are not disposed of under such apportionment, each shareholder desiring to purchase shares in excess of the proportionate share, as provided above, is entitled to purchase such proportion of those shares remaining in a proportion equal to: the percentage of the shareholder's shares in comparison to the total number of shares held by all shareholders desiring to purchase shares in excess of those entitled under such apportionment, and in which this cumulative percentage of compared shares must total 100%;
4. If any offers to purchase within this ten (10) day period aggregate less than the number of shares to be sold or transferred, the shareholder desiring to sell or transfer such shares is not obligated to accept any such offer, and may dispose of all shares referred to in the original notice to any person; provided that the sale or transfer must not include a lower price or terms more favorable to the purchaser or transferee than those specified in the original notice to the Corporation's Secretary.

**ARTICLE VIII
RECORDS AND REPORT**

Inspection of Books and Records

- 8.01 All books or records required by statute shall be open to reasonable shareholder inspection, to the extent expressly provided by statute. The Directors may examine such books and records at all reasonable times.

Closing Stock Transfer Books

- 8.02 The Board of Directors has discretion to close the transfer books for a period of up to fifty (50) days preceding any annual or special meeting of the shareholders, or the day appointed for payment of a dividend.

**ARTICLE IX
DISSOLUTION**

- 9.01 Dissolution of the Corporation must be accomplished by a written resolution, for that purpose, approved by a supporting vote of at least 75 percent of all shares entitled to vote.

**ARTICLE X
PARLIAMENTARY AUTHORITY**

- 10.01 The "~~Standard Code of Parliamentary Procedure~~" (formerly "Sturgis Standard Code of Parliamentary Procedure") shall govern the Corporation as applicable, and in where the rules are consistent with these Bylaws.

**ARTICLE XI
AMENDMENT OF BYLAWS**

Amendment of Bylaws

- 11.01 The power to alter, amend, or repeal these Bylaws is vested in the Directors, subject to repeal by action of the shareholders.

Adopted by the Board of Directors on this 24th day of September, 1993.

Amended, November 13, 1995

Amended, November 10, 2017

Amended, _____, 2022

REPORT TO THE THA BOARD OF TRUSTEES

November 10, 2023

THA Legends Award Nomination

Background

The THA Legends Award is a special award of merit given to those leaders who went above and beyond the call of duty for hospitals, patients and the health care industry throughout their careers. Honorees are retired hospital or health care system CEOs who served in Texas and have made significant contributions to THA and to the health care industry. Past recipients include Doug Hawthorne (2021), Michael C. Waters (2017) and Larry Mathis (2016). THA has received a nomination from a past chair that Elmer G. Ellis be considered for the Legends Award.

RECOMMENDATION: That Elmer G. Ellis be recognized with the THA Legends Award.

Ellis was the former longtime president/CEO of East Texas Medical Center Regional Healthcare System. Ellis retired in 2018 after 50 years of leadership with Tyler-based ETMC. The hospital was part of the merger that created UT Health East Texas.

Ellis was born on March 5, 1941, in Paris, Texas, the son of Netta Crouch Ellis and Clarence

Elmer Ellis. He worked four years at St. Joseph Hospital in Paris before moving to Tyler in 1968 and assumed the role of assistant administrator of what was then known as Medical Center Hospital. He became the president/CEO in 1985, a move that launched ETMC's rise into a multi-hospital health network serving East Texas. Ellis was a pioneer in exploring the possibilities of aligning with smaller communities to extend care into the region by developing a regional network of facilities and services with a goal of providing a continuum of care for East Texans.

Under Ellis' leadership, ETMC Tyler was designated as a Level I Trauma Center and its centers of excellence broadened to include advanced specialties in cardiology, cancer, neurology, movement disorders, behavioral health and kidney transplantation. Ellis also oversaw the development of East Texas Medical Center EMS into one of the largest not-for-profit providers of ambulance services in the region. In 2011, as requested through a charitable gift from The Robert M. Rogers Foundation, the emergency department at ETMC Tyler was named the Elmer G. Ellis Trauma Center.

He was a Fellow of the American College of Healthcare Executives and a past chairman of the Texas Hospital Association. He was honored with THA's Earl M. Collier Award for Distinguished Healthcare Administration in 2006. Other honors include induction in the Junior Achievement Business Hall of Fame and recognition from the Boy Scouts of America with the Distinguished Citizen Good Turn Award. Over the years, he served on boards of many agencies.

As chairman of THA, Ellis was a tireless advocate for rural health care and Texas hospitals. He always emphasized a patient-focused philosophy and led THA through a critical time of change and innovation. He was an exceptional chairman who always made grassroots advocacy a priority.

Respectfully submitted,

John Hawkins
President/CEO

REPORT TO THE THA BOARD OF TRUSTEES

November 10, 2023

Financial Report for the Eight Months Ended August 31, 2023

Summary Comments:

Budget Comparison:

For the eight-month period ended August 31, 2023, Texas Hospital Association (THA) and its subsidiaries generated a consolidated increase in net assets of \$3,097,000 on a generally accepted accounting basis (GAAP). The budget for this same period was a consolidated net increase of \$622,000. THA proper generated an increase in net assets of \$2,951,000 compared to a budget net increase of \$351,000. Per Board approval, extraordinary items, including unrealized gains/losses in the portfolios, are excluded from the GAAP financial results for the incentive compensation financial threshold (performance results). This report discloses the financial results under GAAP basis and the performance accountability basis (ICP).

- THA's 2022-2023 membership year began September 1, 2022 and closed August 31, 2022. The total collected on this billing was \$8,947,000 representing 98% of the amount billed for 2023. The 2023-2024 membership billing was mailed out August 8th. The total amount billed was \$9,303,000. The billing included a 3% increase over last year's dues that was approved by the Board in May of this year.
- The THA Annual Conference held in Austin this February was successful in delivering high-quality programming and strong financial results. For the first time since 2020, on site attendees exceeded virtual attendees. The service showcase hall was sold out of sponsor slots and exceeded sponsor revenue goal. THA and the THA Foundation (THAF), who partner on this venture, generated an overall net margin of \$474,000. The \$474,000 net margin exceeded the budget net margin of \$224,000.
- In late 2021, THA joined with a legal firm in pursuing a group appeal of Medicare reimbursement for hospitals that may serve a disproportionate share of low-income patients to improve their total Medicare reimbursement for whom the State of Texas made payments under its "1115 waiver". In the latter part of 2022, the appeal was awarded in favor of those members included in the appeal. THA provided an administrative service, and the fee was structured as a contingency fee. THA is to receive a 1.5% administrative fee based on any recovered amount by those participating and contracting with both the legal firm and THA. THA received notice that participants began receiving recovered funds in January. At that time, THA billed for its portion of fees due by contract. To-date THA has billed \$966,000 in fees. These fees represent the largest variance in THA budgeted revenues and net results. This source is short-lived and expected to be done before year-end.
- THA royalties revenue from the endorsed partner program was under budget by \$101,000 or 52%. This aligns with the marketing fees generated from this same program in THA's subsidiary - Member Solutions which are also under budget. The staff assessed the shortfalls in the key revenue sources to budget. THA engaged with a third party to review all of the THA enterprise non-dues revenue programs. The review incorporated a look at current strategies employed and those we should consider in order to strengthen the revenue streams of all programs. In a separate proposal approved by the THA Finance Committee, THA staff is seeking to expand the resources needed to increase the number of endorsed vendors to meet the needs sought by a diverse membership field.

- Overall, total THA unconsolidated revenue, excluding the unrealized gain in the investment portfolio, was over budget by \$1,511,000 or 18%.
- Total expenses were under budget by \$154,000 or 2%.
- Expenses in advertising, fees, third-party providers, and travel were under budget by \$185,000 representing a savings to budget.

Subsidiaries:

THA Management Corporation (THAMC), for the eight months ended August 31, 2023, generated a consolidated net loss of \$133,000. The budget for this same period was a consolidated net income of \$162,000, the result was an unfavorable budget variance of \$295,000.

Total revenues were under budget by \$430,000. For this reporting period, marketing fees were \$388,000 under budget and \$144,000 lower than the same time last year. Commission revenue from endorsed employee benefit providers was also under budget by \$48,000 but trending higher than last year by \$8,000.

Overall, expenses for the period are under budget by \$110,000. Currently compensation costs and federal taxes produce the largest positive variance. Both variances are related to timing of activity between actual and budget.

THA Foundation (THAF) generated a net income of \$265,000. The net income resulted in a favorable variance of \$157,000 to THAF's budgeted net income of \$108,000 for this period.

Financial Position:

THA's financial position remained strong at August 31, 2023. THA maintained a working capital level exceeding \$8,000,000. The number of months of operating expenses in the Board Designated Reserve Fund is at sixteen months of operations.

Respectfully submitted,

THA Senior Management

THA
FINANCIAL HIGHLIGHTS
As of August 31, 2023
(\$ 000's omitted)
Unaudited

Financial Position:

	August 31 <u>2023</u>	August 31 <u>2022</u>	Fiscal Year Ended December <u>2022</u>
<u>Assets</u>			
Current assets:			
Cash equivalents and marketable securities	\$ 12,035	\$ 8,777	\$ 13,191
Accounts receivable, net	426	500	939
Advances to affiliates, net			267
Other	201	244	192
Total current assets	<u>12,662</u>	<u>9,521</u>	<u>14,589</u>
Long term investments	14,787	13,644	13,478
Fixed assets, net of depreciation	1,259	1,055	1,199
Long-term pension asset	2,575	3,137	2,575
Capital Leases, net	11,803	12,263	12,140
Investment-Building	4,598	4,607	4,576
Equity in subsidiaries	2,771	2,960	2,892
Total assets	<u><u>\$50,455</u></u>	<u><u>\$47,187</u></u>	<u><u>\$51,449</u></u>
<u>Liabilities and Net Assets</u>			
Current liabilities:			
Accounts payable and accrued liabilities	\$1,300	\$853	\$1,816
Advances to affiliates, net	11	645	
Short term Capital Lease Obligations	408	481	493
Deferred income	2,723	555	5,711
Total current liabilities	<u>4,442</u>	<u>2,534</u>	<u>8,020</u>
Long-Term Pension			
Long-Term Capital Lease-Obligations	11,330	11,834	11,666
Other Long-Term Liabilities	465	382	376
Total Liabilities	<u>16,237</u>	<u>14,750</u>	<u>20,062</u>
Net assets:			
Board designated	13,468	15,990	13,468
Undesignated	20,665	16,323	17,834
Total unrestricted net assets	<u>34,133</u>	<u>32,313</u>	<u>31,302</u>
Temporarily restricted net asset	85	124	85
Total Net Assets	<u>34,218</u>	<u>32,437</u>	<u>31,387</u>
Total liabilities and net assets	<u><u>\$50,455</u></u>	<u><u>\$47,187</u></u>	<u><u>\$51,449</u></u>

Strategic Financial Goals:

	FY 2023 <u>Projected</u>	FY 2023 <u>Goals</u>
Annual Operating Return to Designated Reserves	3.0% ^(A)	3.0% ^(A)
Ratio of current assets to current liabilities	1.5:1	1.5:1
Months of operating costs held in the Board designated Reserve Fund investments	12.0 ^(B)	12.0 ^(B)

^(A) Based upon FY 2023 results for THA Family of Companies

^(B) Based upon THA's Budgeted FY 2023 total expenses.

THA
FINANCIAL HIGHLIGHTS
For The Eight Months Ended August 31, 2023
(\$ 000's omitted)
Unaudited

Results of Operations:

	CY 2023 Actual	2023 Budget	CY 2022 Last Year	Actual 2023 Over (Under)	
				Budget FY 2023	Actual FY 2022
Revenue:					
Dues	\$5,917	\$5,883	\$6,023	\$34	(\$106)
Admin Fee: 1115 Appeal	966	\$0	\$0	966	966
Royalties	95	196	185	(101)	(90)
Sponsorships	654	500	373	154	281
Intercompany Charges	1,088	1,097	1,110	(9)	(22)
Investments earnings	1,508	190	(2,910)	1,318	4,418
Other	629	545	872	84	(243)
Total revenue	<u>10,857</u>	<u>8,411</u>	<u>5,653</u>	<u>2,446</u>	<u>5,204</u>
Expenses:					
Employee compensation	4,737	4,773	4,308	(36)	429
Office rent	1,216	1,162	1,145	54	71
Professional Fees	359	305	391	54	(32)
Outside Services	231	213	227	18	4
Other	1,363	1,607	1,253	(244)	110
Total expenses	<u>7,906</u>	<u>8,060</u>	<u>7,324</u>	<u>(154)</u>	<u>582</u>
Increase in THA proper net assets (GAAP)	2,951	351	(1,671)	2,600	4,622
Equity in earnings of for-profit subsidiaries and THA Foundation	<u>146</u>	<u>271</u>	<u>(119)</u>	<u>(125)</u>	<u>265</u>
Increase in net assets, including Board approved exceptions for purposes of Strategic Performance Goal (GAAP)	3,097	622	(1,790)	2,475	4,887
Add -Board approved Program costs:					
Advocacy unbudgeted projects	36		158	36	(122)
Unrealized (gains)/losses from Investments	(939)		3,255	(939)	(4,194)
Earnings-Partnership in TADA LLP (building)	(66)		(46)	(66)	(20)
Increase in net assets, excluding Board approved exceptions for purposes of Strategic Performance Goal (ICP)	<u>\$2,128</u>	<u>\$622</u>	<u>\$1,577</u>	<u>\$1,506</u>	<u>\$551</u>

Subsidiary and Affiliated Organizations' Net Results of Operations:

	Actual	Budget	Actual	Actual Over (Under)	
				Budget FY 2023	Actual FY 2022
THAMC-Member Solutions	(A) (\$133)	\$162	(\$148)	(\$295)	15
THINK	(B) 14	1	14	13	0
THA Foundation	(C) 265	108	15	157	250
Equity in earnings of for-profit subsidiaries	<u>\$146</u>	<u>\$271</u>	<u>(\$119)</u>	<u>(\$125)</u>	<u>\$265</u>

(A) THA owns 100% of the outstanding stock of this organization.

(B) THAMC-Member Solutions, a wholly-owned subsidiary of THA, owns 100% of the outstanding stock of these organizations.

(C) THA Foundation is a 501(C)(3) Supporting Organization of THA and is wholly-owned by THA.

RECOMMENDATION TO THE THA BOARD OF TRUSTEES

November 10, 2023

Proposed 2024 Budget

THA Finance Committee Recommendation:

That the THA Board of Trustees approve the Fiscal Year (FY) 2024 Operating and Capital Budgets for the period covering January 1, 2024 to December 31, 2024.

Rationale

The Texas Hospital Association Family of Companies (THA FOC) are an ever-evolving set of organizations designed to provide advocacy, education, governance, and affordable services/products to its members. THA proper remains the lead in providing the overall mission of advocating for the hospitals and health systems of Texas. Most all THA proper resources are to enhance and move the advocacy initiatives forward. The ever-changing landscape of the THA members continues to be the driving force in seeking the most balanced and equitable approach to Federal and State funding programs. THA proper also serves as the internal provider of administrative services such as Finance, Human Resources, Marketing, and the Executive Branch to all Companies in the THA Family. THA proper's budget is designed to fund the Advocacy and Administrative functions of the consolidated enterprise. THA proper still offers a few non-dues revenue services as well. Through intercompany charges, THA recovers the cost of corporate administration departments servicing the subsidiaries.

Proposed FY 2024 Budget

The FY 2024 budget goals remain aligned with and seek to achieve both the Advocacy initiatives and the financial strategic goals established by the THA Board.

Advocacy remains the significant program in THA proper. Resources in THA support the advocacy program by providing lobbying, education, and communication constantly to the members and its leaders. Advocacy communication has increased significantly over the last two years resulting in stronger member outreach.

The proposed consolidated THA Family of Companies' budget meets the three Board directed consolidated strategic financial goals.

While the THA FOC continues to increase their programs aligned with THA's strategy to enhance its non-dues revenue, THA proper strengthens its role in the advocacy and administrative parent organization. For 2024, THA is proposing an overall increase in the budget of 3.8%. The largest component of this increase is in the staff compensation budget.

Overall, the proposed 2024 budget closely aligns with the 2023 budget with one significant exception in the revenue stream. Total revenues are budgeted to remain flat compared to 2023 budget but decrease by 9.7% compared to 2023 projections. The driver of the decrease to 2023 projections is the unbudgeted administrative fee from a contractual arrangement to assist members in a class action lawsuit challenging the 1115 waiver reimbursement calculation.

The lawsuit was ruled in favor of the hospitals resulting in significant recovery of underpaid services. THA collected over a \$1M in total fees in 2023.

Total expenses are budgeted to remain flat compared to 2023 budget and increase by 3.8% over 2023 projections. As previously stated, compensation drives the increase.

In summary, the proposed operating budget of \$12M remains at the average annual level experienced since FY 2019.

Proposed FY 2024 - Capital Budget

THA's consolidated capital budget serves to provide the THA family of companies with systems technology equipment and ergonomic furnishings allowing for an infrastructure conducive to employees' success.

The capital budget is primarily for Operations. For 2024, staff proposes a capital budget of \$200,000. As a matter of practice, the Association will not propose a budget in excess of annual budgeted depreciation. In the 2024 operating budget, depreciation (a non-cash item) is budgeted at \$200,000.

Respectfully submitted,

/s/ Jim Kendrick

Jim Kendrick
Chair, THA Finance Committee

2023 THA Finance Committee

The purpose is: overseeing the preparation of the annual operating budget of the Association and its subsidiaries; overseeing the preparation of the annual capital budget; reviewing any extraordinary capital investments or joint venture agreements; monitoring the performance of the Association in meeting is annual budgets; providing open communication among THA Senior Management and the Board; and ensuring compliance will all financial regulations and standards.

			Term Expires
Chair	Jim R Kendrick, FACHE President & CEO Community Hospital Corporation 7800 Dallas Pkwy Ste 200 Plano, TX 75024-4082	Phone (972)943-6402 Fax jkendrick@communityhospitalcorp.com	2023
Vice Chair	Cory Edmondson, FACHE President & Chief Executive Officer Peterson Health 551 Hill Country Dr Kerrville, TX 78028-6085	Phone (830)896-4200 Fax cedmondson@petersonhealth.com	2023
Member	Joe Bob Burgin, Board Member CHRISTUS Trinity Sulphur Springs PO Box 746 Sulphur Springs, TX 75483-0746	Phone (903)348-5355 Fax (903)885-0708 jb.burgin@suddenlinkmail.com	2023
Member	Steven (Steve) Ewing, Chief Financial Officer Medical Center Health System 500 W 4th St Odessa, TX 79761-5001	Phone (432)640-2407 Fax lclemons@echd.org	2023
Member	Gary Goldberg, Sr Vice President Finance Texas Health Resources 612 E Lamar Blvd Ste 900 Arlington, TX 76011-4130	Phone (682)236-7900 Fax garygoldberg@texashealth.org	2023
Member	Vacant	Phone Fax	2023
Staff Representative	Ignacio O Zamarron, CPA Senior Vice President / CFO Texas Hospital Association 1108 Lavaca St Ste 700 Austin, TX 78701-2180	Phone (512) 465-1084 Fax izamarron@tha.org	2023

**MINUTES
THA FINANCE COMMITTEE
October 19, 2023**

The THA Finance Committee met virtually by Microsoft Teams on Thursday, October 19, 2023. The following were in attendance:

MEMBERS

Jim Kendrick, Chair
Cory Edmondson, Vice Chair
Joe Bob Burgin
Gary Goldberg

THA STAFF

Ignacio Zamarron
John Hawkins
Fernando Martinez
Linda Srubar

UNABLE TO ATTEND

Steven Ewing

Call to Order

Chair Jim Kendrick called the meeting to order at 1:04 p.m., certified a quorum, and welcomed committee members. Kendrick reviewed the charge of the committee and the recommendations seeking approval. Ignacio Zamarron introduced THA staff members and then reviewed the meeting objectives.

THA Consolidated Organizational Structure

Ignacio Zamarron provided a snapshot of THA's Consolidated Organizational Structure and how each subsidiary contributes to THA's overall goals.

Mission/Purpose

Ignacio Zamarron reviewed the mission and purpose of the association and provided a brief overview of each entity's purpose (THA, Member Solutions, Think, and the THA Foundation).

THA Strategic Financial Goals

Ignacio Zamarron reviewed the strategic financial goals established by the THA Board.

Proposed Fiscal Year 2024 Operating Budget

Ignacio Zamarron reviewed the association's major programs: advocacy, education, royalties/sponsorships from endorsed partners, quality and patient safety initiatives and education, and data products/analysis.

Revenue streams were reviewed including membership dues, non-dues revenue, sponsorship income and intercompany fees. It was noted that THA does benchmark utilizing the SHAEF (State Hospital Association Executives Forum) Survey which has a 100% participation rate.

THA proper remains the lead in providing the overall mission of advocating for Texas hospitals and health systems. Ignacio Zamarron reviewed a summary of the proposed 20234 budget and explained that overall, the proposed 2024 budget closely aligns with the 2023 budget with one significant exception in the revenue stream. Total revenues are budgeted to remain flat compared to 2023 budget but decrease by 9.7% compared to 2023 projections. The driver of the decrease to 2023 projections is the unbudgeted administrative fee from a contractual arrangement to assist members in a class action lawsuit challenging the 1115 waiver reimbursement calculation. The lawsuit was ruled in favor of the hospitals resulting in significant recovery of underpaid services. THA collected over \$1 million in total fees in 2023.

Minutes – THA Finance Committee

October 19, 2023

Page 2

Total expenses are budgeted to remain flat compared to 2023 budget and increase by 3.8% over 2023 projections.

Advocacy remains the leading or preeminent program in the THA proper. Resources in THA support the advocacy program by providing lobbying, education, and consistent communication to the membership. Advocacy communication has increased significantly over the last two years resulting in stronger member outreach.

Zamarron reviewed THA's current dues structure. Membership dues represent approximately 71% of the THA proper total revenues and approximately 43% of total consolidated revenue. He also reported that the THA Board approved a 3% increase in all membership categories for the 2023-2024 membership year. The 2023-2024 dues billing was released in August 2023.

Zamarron provided a snapshot of THA's financial condition and reviewed significant trends in expenses and budget compensation assumptions.

Projected FY 2023 Operating Results

Ignacio Zamarron reviewed the Projected FY 2023 Operating Results. THA's membership retention rate in FY 2023 was 98%; royalties are projected to fall short of budget this year; and sponsorships remain a strong source of revenue for THA. Overall, total THA unconsolidated operating revenues are projected to exceed budget by \$1,391,000 or 11%. Total expenses are projected to be under budget by \$414,000 or 3%.

Proposed Fiscal Year 2024 Capital Budget

Ignacio Zamarron reviewed the proposed capital budget of \$200,000, used primarily for operations and serves to provide THA with updated stems technology equipment and ergonomic furnishings.

Proposed – Non-Dues Revenue Program Expansion

Ignacio Zamarron provided the rationale behind the proposal to expand its resources that service the non-dues revenue programs of the THA Family of Companies (FOC). Zamarron reported that a non-dues revenue consulting engagement was conducted with a favorable review of the new business unit organizational model, in particular the operations and program development initiatives. Zamarron then introduced Fernando Martinez, President, THA Management Corporation, to provide further details.

Fernando Martinez reported that THA proposes to add two new positions in its subsidiary – THA Management Corporation (THAMC) which administers the endorsed partners program and all FOC sponsorship and advertising programs. The positions are a regional ambassador for the East Texas region and a manager of corporate relations. In addition, two other current positions would be promoted to Senior Director of Business Services and a Vice President of Member Solutions. The estimated annual cost increase for these positions is approximately \$370,000. The projected return on investment for this additional cost is three years. The initial investment is to be financed by retained earnings of the THA Management Corporation, if needed. Currently retained earnings of THAMC are at \$2,800,000.

After committee members presented their questions, the following recommendations were made:

Upon motion duly made and seconded, the following recommendation was unanimously approved:

RECOMMENDATION: That the THA Finance Committee approve to recommend approval of the 2024 Fiscal Year Capital Budget, for the period covering January 1, 2024 to December 31, 2024, to the THA Board at its November meeting.

Upon motion duly made and seconded by, the following recommendation was unanimously approved:

RECOMMENDATION: That the THA Finance Committee approve to recommend approval of the 2024 Fiscal Year Operating Budget for the period covering January 1, 2024 to December 31, 2024, to the THA Board at its November meeting.

Upon motion duly made and seconded by, the following recommendation was unanimously approved:

RECOMMENDATION: That the THA Finance Committee approve the proposal to expand its resources that service the non-dues revenue programs of the THA family of companies and forward for approval by the THA Board at its November meeting.

Adjourn

There being no further items of business, the meeting adjourned at 2:19 p.m.



Jim Kendrick, Chair
THA Finance Committee

TEXAS HOSPITAL ASSOCIATION

Strategic Financial Plan and Goals

Background:

The Texas Hospital Association Board of Trustees adopted a Strategic Financial Plan to provide staff with direction and goals in developing its annual budget.

The Strategic Financial Plan is to align with the vision and objectives of the Association's strategic plan.

Purpose:

The purpose of the Strategic Financial Plan is to establish financial goals that seek to achieve an Association that has long-term viability and is capable of providing the programs and services essential to its vision and objectives.

Goals:

The goals established by the strategic financial plan are to be incorporated into the annual budget and are as follows:

- Generate an annual increase in net assets (i.e., net income).
- The annual increase in net assets for the Association combined with the annual financial results of its subsidiaries generate a return on the twelve-month Board designated reserves equal to 3%.
- Maintain control over expenses to accomplish the Association's vision, objectives, and programs in a cost-effective manner.
- The Association will retain adequate working capital measured by its current ratio (i.e., ability to meet creditor's obligations). A current ratio of 1:1 is a universally recognized minimum ratio for this indicator. THA's goal is to achieve a 1.5:1 or better.
- Achieve a Board designated reserve equal to twelve months of annual operating expenses. This reserve, while unrestricted, will provide the Association with the ability to meet its current obligations in the event of an unexpected adverse economic event.
- The Texas Hospital Association Foundation (THAF) must be operating at break-even or better annually.

The following are annual results for the immediate five years:

	Return on Board Designated Funds		Current Ratio		Operating Months in Designated Reserves	
	<u>Goal</u>	<u>Actual</u>	<u>Goal</u>	<u>Actual</u>	<u>Goal</u>	<u>Actual</u>
2019	2.7%	8.2%	1.5:1	1.7:1	12.0	12.0
2020	1.6%	13.6%	1.5:1	1.6:1	12.0	12.0
2021	1.0%	8.0%	1.5:1	1.8:1	12.0	12.0
2022	3.0%	14.4%	1.5:1	1.9:1	12.0	12.0
2023 Projected	3.0%	18.0%	1.5:1	1.7:1	12.0	12.0
Projected 2024 Budget	* 3.0%	-	1.5:1	-	12.0	-

Summary:

The Association's current Strategic Financial Plan guidelines, Designated Reserves Policy, Investment Policy, and Member commitment will enable it to continue providing the programs and services essential to its vision and objectives.

**Texas Hospital Association
FY 2024 Budget
Financial Summary**

	2024 Budget	2023 Projection	2023 Budget	2024 Budget Over (Under)		2023 Projections Over (Under)	
				2023 Projection	2023 Budget	Amount	%
Results of Operations:							
Revenue	\$12,517,000	\$13,861,000	\$12,470,000	(\$1,344,000)	-9.7%	\$1,391,000	11.2%
Expenses	12,442,000	11,989,000	12,403,000	453,000	3.8%	(414,000)	-3.3%
Increase in net assets, THA	75,000	1,872,000	67,000	(1,797,000)	-96.0%	1,805,000	2694.0%
Equity in earnings of for-profit subsidiaries	205,000	0	182,000	205,000	100.0%	(182,000)	-100.0%
THA Foundation	80,000	339,000	111,000	(259,000)	-76.4%	228,000	205.4%
Total Consolidated Net Increase (Decrease)	<u>\$360,000</u>	<u>\$2,211,000</u>	<u>\$360,000</u>	<u>(\$1,851,000)</u>	<u>-83.7%</u>	<u>\$1,851,000</u>	<u>514.2%</u>
Financial Condition:	<u>Budgeted 12/31/2024</u>	<u>Projected 12/31/2023</u>	<u>Budgeted 12/31/2023</u>				
Current Ratio	1.5:1	1.7:1	1.5:1				
Investments-Board Designated Reserve Fund: Months in Reserve	12.0	12.0	12.0				
Return on Board Designated Reserves	3.0%	18.0%	3.0%				
Capital Expenditures	\$200,000	\$150,000	\$200,000				

REPORT TO THE THA BOARD OF TRUSTEES

November 10, 2023

2024 Allocation by Function

Allocation of Budget by Function:

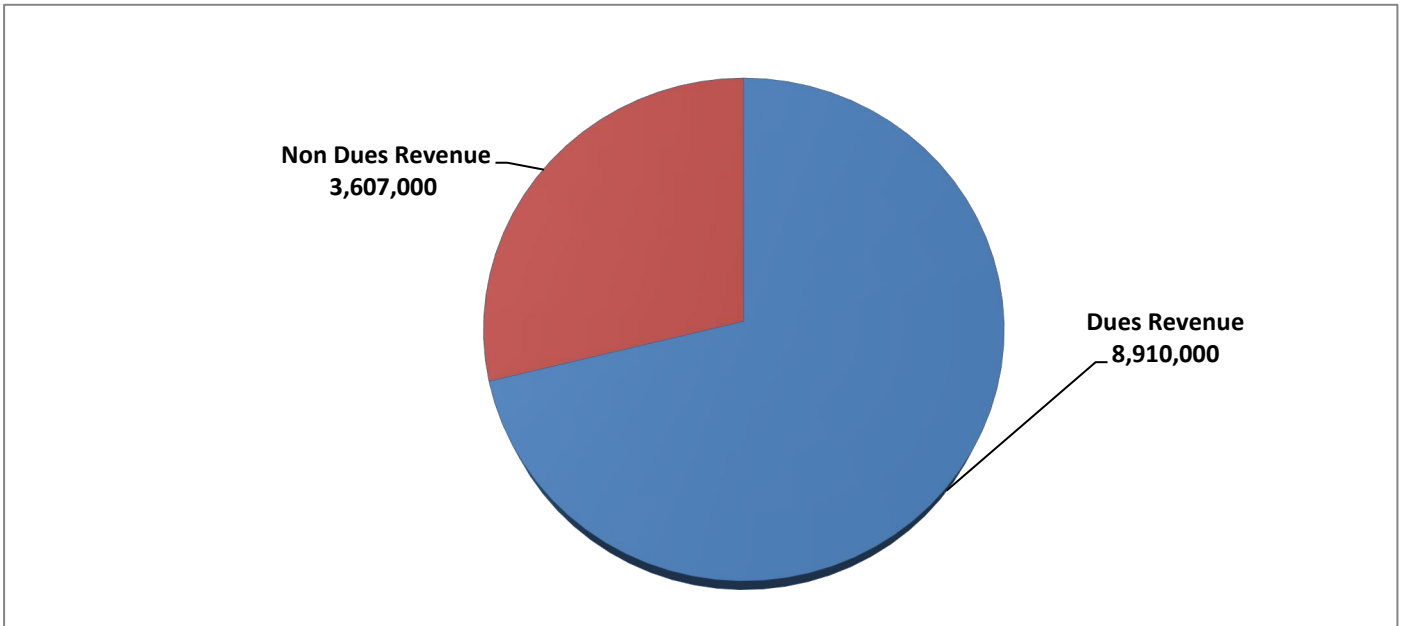
	Proposed 2024	Projected 2023	% Change
Dues Revenue	\$ 8,910,000	\$ 8,848,000	.70%
Non-Dues Revenue	<u>3,607,000</u>	<u>5,013,000</u>	(28.0%)
Total Revenues	<u>12,517,000</u>	<u>13,861,000</u>	(10.0%)
Expenses:			
Advocacy	6,050,000	5,679,000	6.50%
Corporate Operations	3,144,000	3,152,000	(0.25%)
Business Unit	1,928,000	1,816,000	6.16%
Executive	<u>1,320,000</u>	<u>1,342,000</u>	(1.63%)
Total Expenses	<u>12,442,000</u>	<u>11,989,000</u>	3.80%
Net Increase	<u>\$ 75,000</u>	<u>\$ 1,872,000</u>	

**Texas Hospital Association
2024 Budget
Revenue Comparison**

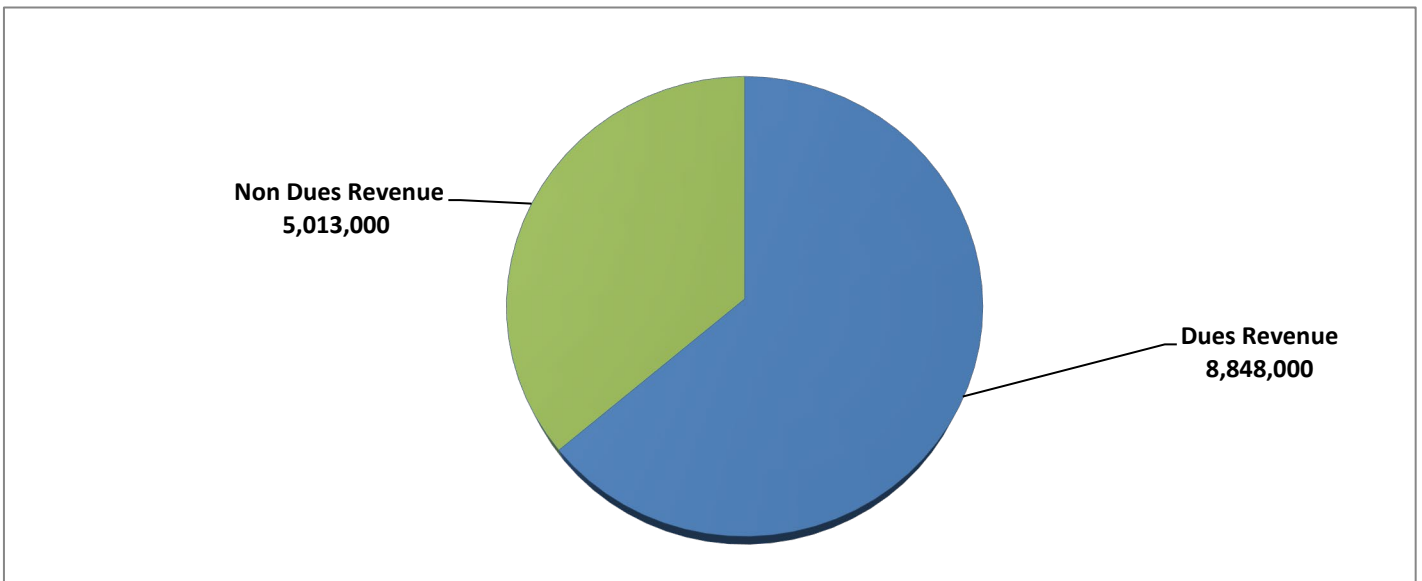
	2024 Budget	2023 Projection	2023 Budget	2024 Budget Over (Under)		2023 Projection Over (Under)	
				2023 Projection		2023 Budget	
				Amount	%	Amount	%
Dues:							
Independent & System Hospitals	\$8,900,000	\$8,835,000	\$8,800,000	\$65,000	0.7%	\$35,000	0.4%
Other Institutional Dues	10,000	13,000	24,000	(3,000)	-23.1%	(11,000)	-45.8%
Total Dues Revenue	8,910,000	8,848,000	8,824,000	62,000	0.7%	24,000	0.3%
Non-Dues:							
Royalty Program Revenue	140,000	247,000	348,000	(107,000)	-43.3%	(101,000)	-29.0%
Admin Fees-Appeal		966,000		(966,000)	-100.0%	966,000	100.0%
Advertising Income	42,000	28,000	36,000	14,000	50.0%	(8,000)	-22.2%
Sponsorship Income	424,000	654,000	500,000	(230,000)	-35.2%	154,000	30.8%
Investment Revenues	447,000	651,000	285,000	(204,000)	-31.3%	366,000	128.4%
Management Services	590,000	586,000	574,000	4,000	0.7%	12,000	2.1%
Intercompany Fees	1,715,000	1,640,000	1,645,000	75,000	4.6%	(5,000)	-0.3%
Other Income	249,000	241,000	258,000	8,000	3.3%	(17,000)	-6.6%
Total Non-Dues Revenue	3,607,000	5,013,000	3,646,000	(1,406,000)	-28.0%	1,367,000	37.5%
Total Revenue	\$12,517,000	\$13,861,000	\$12,470,000	(\$1,344,000)	-9.7%	\$1,391,000	11.2%

TEXAS HOSPITAL ASSOCIATION

2024 BUDGET

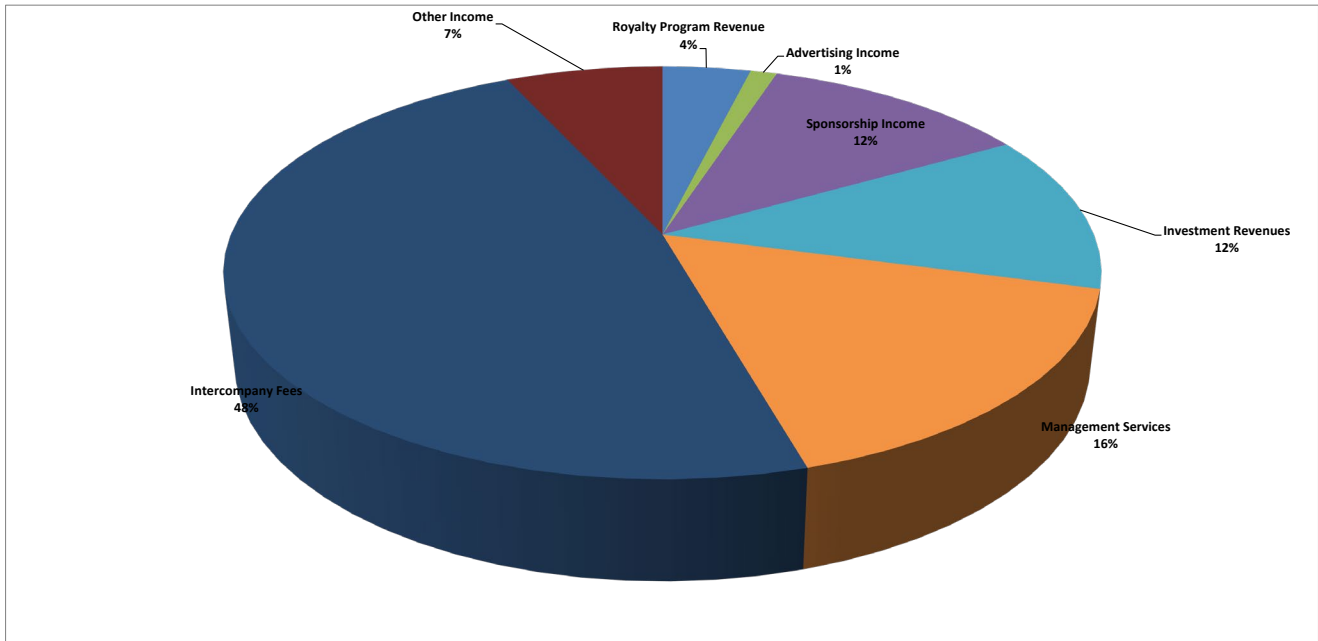


2023 Projected

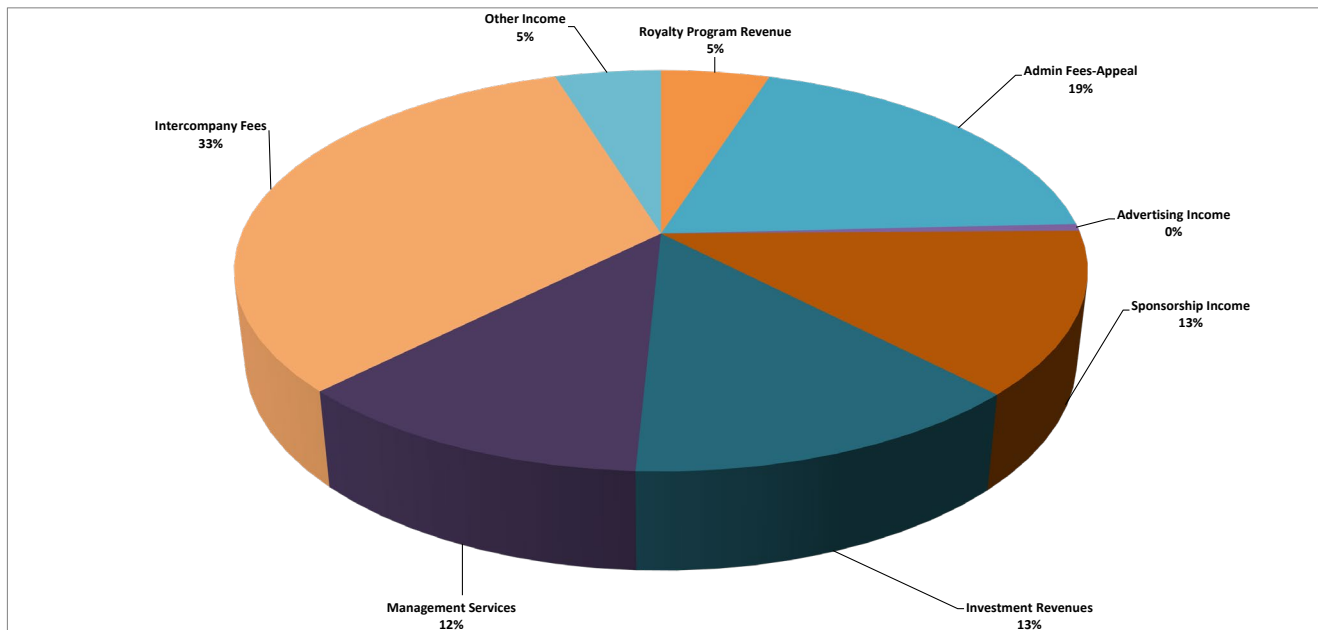


TEXAS HOSPITAL ASSOCIATION

2024 Budget Non Dues Revenue



2023 Projected Non Dues Revenue



REPORT TO THE THA BOARD OF TRUSTEES

November 10, 2023

2024 Revenue Assumptions

Budget 2024	Projections 2023	\$ Change	% Change
----------------	---------------------	--------------	-------------

- | | | | | |
|--|-------------|-------------|--------------|----------|
| A) <u>Dues</u> | \$8,910,000 | \$8,848,000 | \$ 65,000 | 0.70% |
| <ul style="list-style-type: none"> • Dues revenue is budgeted to include a provision for non-renewals of \$350,000 and \$50,000 of new member dues. The THA Board approved the 2021 Dues Committee’s recommendation of maintaining THA’s aggregate annual level of dues at approximately \$8,800,000 for 2022-2023 membership year. The Committee made this recommendation after it met to review the current dues structure and annual member dues assessment as required by policy. At the same time, all member expenses used to calculate the annual member dues were updated using 2019 expenses reported by the member to the State of Texas. In the May 2023 meeting, the Board approved a 3% increase in all membership categories for the 2023-2024 membership year. The 2023-2024 dues billing was released in August 2023. | | | | |
| B) <u>Royalty Program</u> | \$ 140,000 | \$ 247,000 | \$ (107,000) | (43.30%) |
| <ul style="list-style-type: none"> • The combined THA/Member Solutions Royalty and Marketing Program continue to experience a slow recovery post 2020 economic downturn as sales volumes of endorsed vendors decreased significantly due to the shutdown or scale back of the economy. Staff is budgeting for an overall decrease of 43% as sales volumes continue to recover. In addition, the program changed its revenue model to align the intent of the overall program of generating a source of royalty income by offering members access to cost-effective programs. In a separate proposal, THA is recommending an investment by the subsidiaries to increase THA resources deemed necessary to drive revenue enhancement. | | | | |
| C) <u>Sponsorship Income</u> | \$ 424,000 | \$ 654,000 | \$ (230,000) | (35.20%) |
| <ul style="list-style-type: none"> • THA is restructuring its approach in the programs that generate sponsorship income. In particular, for 2024 this includes the THA annual conference. In 2024, the venue of the conference is smaller than prior years limiting the space assigned for the exhibit hall. The THA Annual Conference is scheduled to be held in February 2024 in Dallas. | | | | |
| D) <u>Intercompany Fees</u> | \$1,715,000 | \$1,640,000 | \$ 75,000 | 4.60% |
| <ul style="list-style-type: none"> • The increase in intercompany fees is due to a review of all THA resources dedicated to each organization. Over the last three years, THA’s strategies on programs and activities were adjusted to include new leadership oversight and company placement. These moves were done to accommodate efficiency and strategic coordination of annual management plan. In addition, THA’s communications and marketing has increased tremendously as THA’s messaging and print material went online. Increased utilization of social media and other platforms for THA products and services serviced by THA subsidiaries results in more time dedicated to the subsidiaries by THA’s marketing department. | | | | |

REPORT TO THE THA BOARD OF TRUSTEES

November 10, 2023

Membership Dues

Membership dues represent approximately 43% of total consolidated revenue and 71% of THA proper total revenues. The THA membership year is September-August.

- Dues are determined by applying a rate per \$1,000 of operating expenses (with some exclusive items). Operating expenses are updated every three years. In March of 2021, the THA Board appointed THA Dues Committee met to review the THA dues structure. The Committee’s charge was to review the adequacy and relevance of the dues structure. The THA Board approved the THA dues structure recommended by the Committee to be in place for a three-year period beginning with the 2021-2022 membership year. In the May 2023 meeting, the Board approved a 3% increase in all membership categories for the 2023-2024 membership year. The 2023-2024 dues billing was released in August 2023.

	<u>2023-2024 Billing</u>
Total Aggregate Dues in billing cycle	\$ 9,200,000
Contingency pool (actual) for impact of mergers, cancellations, adjustments	(350,000)
Goal (actual) New members	<u>50,000</u>
Estimated (actual) Net Collection - 2024	\$8,900,000

The contingency pool is refundable to the extent not utilized and by Board approval.

Currently, THA’s market share is at 74%. The dues at this level approximate \$9,200,000. The breakdown by service type is as follows:

	<u>2024 Member Billing</u>	<u>2023 Membership</u>
General Acute Care	\$7,708,000	\$7,535,000
Pediatric	\$ 713,000	\$ 687,000
Long-Term Acute	\$ 99,000	\$ 115,000
Rehabilitation	\$ 262,000	\$ 256,000
Cancer	\$ 143,000	\$ 139,000
Psychiatric	\$ 157,000	\$ 168,000
Other	\$ 118,000	\$ 100,000

The approximate amount of potential dues from non-members is \$1,000,000. The composition of the non-members is mostly specialty/physician-owned entities.

In summary, if all eligible members join, total FY 2024 dues revenue approximates \$10,000,000.

**Texas Hospital Association
2024 Budget
Independent and System Hospitals Dues Analysis
(Based on twelve months membership year)**

	<u>2024 Budget</u>	<u>2023 Actual</u>	<u>2022 Actual</u>	<u>2021 Actual</u>	<u>2020 Actual</u>	<u>2019 Actual</u>	<u>2018 Actual</u>	<u>2017 Actual</u>	<u>2016 Actual</u>	<u>2015 Actual</u>
Independent and system hospitals dues billed at the beginning of the fiscal year	\$9,200,000	\$9,139,000	\$9,080,000	\$8,917,000	\$9,017,000	\$8,843,000	\$8,961,000	\$9,069,000	\$9,000,000	\$9,000,000
Total cancellations, closures and billing adjustments	(350,000)	(205,000)	(52,000)	(149,000)	(61,000)	(118,000)	(99,000)	(138,000)	(40,000)	(169,000)
New memberships and reinstatements	<u>50,000</u>	<u>13,000</u>	<u>40,000</u>	<u>32,000</u>	<u>12,000</u>	<u>28,000</u>	<u>90,000</u>	<u>16,000</u>	<u>40,000</u>	<u>69,000</u>
Dues Revenue	<u><u>\$8,900,000</u></u>	<u><u>\$8,947,000</u></u>	<u><u>\$9,068,000</u></u>	<u><u>\$8,800,000</u></u>	<u><u>\$8,968,000</u></u>	<u><u>\$8,753,000</u></u>	<u><u>\$8,952,000</u></u>	<u><u>\$8,947,000</u></u>	<u><u>\$9,000,000</u></u>	<u><u>\$8,900,000</u></u>
Dues revenue as percentage of dues billed at the beginning of the fiscal year	96.7%	97.9%	99.9%	98.7%	99.5%	99.0%	99.9%	98.7%	100.0%	98.9%
Member dues approved rate increase	3.0%	0.0%	0.0%	0.0%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Billed Dues increase (decrease) from previous year	2.8%	0.8%	3.2%	-0.6%	3.0%	-1.2%	0.2%	0.8%	1.1%	1.1%

**Texas Hospital Association
FY 2024 Budget
Expense Comparison**

	2024 Budget	2023 Projection	2023 Budget	2024 Budget Over (Under)		2023 Projections Over (Under)	
				2023 Projection		2023 Budget	
				Amount	%	Amount	%
Employee Compensation	\$6,900,000	\$6,602,000	\$6,624,000	\$298,000	4.5%	(\$22,000)	-0.3%
Incentive Compensation	568,000	618,000	617,000	(50,000)	-8.1%	1,000	0.2%
Professional Fees	555,000	549,000	538,000	6,000	1.1%	11,000	2.0%
Outside Services	331,000	272,000	289,000	59,000	21.7%	(17,000)	-5.9%
Travel-Staff & Member	208,000	184,000	246,000	24,000	13.0%	(62,000)	-25.2%
Meeting Charges	271,000	264,000	287,000	7,000	2.7%	(23,000)	-8.0%
Repairs & Maintenance	74,000	74,000	85,000	0	0.0%	(11,000)	-12.9%
Supplies & Materials	58,000	56,000	52,000	2,000	3.6%	4,000	7.7%
Lease Rental	1,670,000	1,782,000	1,740,000	(112,000)	-6.3%	42,000	2.4%
Advertising	76,000	62,000	90,000	14,000	22.6%	(28,000)	-31.1%
Postage	29,000	28,000	42,000	1,000	3.6%	(14,000)	-33.3%
Dues, Fees, Subscriptions	383,000	359,000	414,000	24,000	6.7%	(55,000)	-13.3%
Depreciation	201,000	221,000	233,000	(20,000)	-9.0%	(12,000)	-5.2%
Insurance	32,000	37,000	49,000	(5,000)	-13.5%	(12,000)	-24.5%
Contingency	100,000		200,000	100,000	100.0%	(200,000)	-100.0%
Intercompany Charges	728,000	642,000	638,000	86,000	13.4%	4,000	0.6%
Other Expenses	258,000	239,000	259,000	19,000	7.9%	(20,000)	-7.7%
Total Expenses	\$12,442,000	\$11,989,000	\$12,403,000	\$453,000	3.8%	(\$414,000)	-3.3%

REPORT TO THE THA BOARD OF TRUSTEES

November 10, 2023

2024 Expense Assumptions

Budget	Projections	\$	%
2024	2023	Change	Change

- A) Employee Compensation \$6,900,000 \$6,602,000 \$ 298,000 4.5%
 - See separate analysis.

- B) Incentive Compensation \$ 568,000 \$ 618,000 \$ (50,000) (8.10%)
 - See separate analysis.

- C) Professional Fees \$ 555,000 \$ 549,000 \$ 6,000 1.10%

THA plans to continue the standard consulting services provided by third parties for advocacy, audit, and legal services.

- D) Travel \$ 208,000 \$ 184,000 \$ 24,000 13.00%
 - In a non-legislative year, staff travel is increased due to more field visits and meetings with legislative staff.

- E) Meeting Charges \$ 271,000 \$ 264,000 \$ 7,000 2.70%
 - THA is restructuring its approach to the look and planning of the exhibit program for the annual conference. In addition, THA is scheduling more meetings at the THA office to create better synergism for participants and presenters.

- F) Lease Rental \$1,670,000 \$1,782,000 \$ (112,000) (6.30%)
 - THA's building lease is composed of three parts: (1) Base lease, (2) Parking, and (3) Building Operating Expenses (BOE). Of the three parts, only the BOE component is subject to annual change. In addition, THA leases its printers/copiers which are subject to annual increase based on usage. Neither lease has significant increase due to cost escalator.

Budget	Projections	\$	%
2024	2023	Change	Change

G) Intercompany Charges \$ 728,000 \$ 642,000 \$ 86,000 13.40%

- The increase in intercompany fees is due to a review across all THA companies and the resources dedicated to each organization. Over the last three years, THA programs and activities changed leadership and placement. These moves were done to accommodate efficiency and strategic coordination of annual management plan. THA continues to handle most administrative functions (Executive Office, Finance, Marketing, Human Resources, Central Database and Facilities). Services provided by subsidiaries on behalf of THA are for information technology, THA Member Ambassadors activities, and due diligence in vetting endorsed partners for its Royalty Program.

H) Contingency \$ 100,000 \$ NA

- A contingency pool is requested to allow for any special issues that may arise as a result of legislative session and other special requests by the THA Board. THA has been involved in both member and state agencies' requests to prepare updates or the impact of proposed new legislation and in the drafting of procedures or implementation steps for new/revised regulations. At times, this requires the use of outside parties.

I) Total Other Expenses \$1,442,000 \$1,348,000 \$ 94,000 6.90%

- Expenses included in this general category are relatively constant or subject to slight increases every year. Expenses included in this category are:

	<u>2024</u>	<u>2023</u> <u>Projections</u>
Outside Services	331,000	272,000
Dues, Fees, and Subscriptions	383,000	359,000
Depreciation	201,000	221,000
Advertisement Cost	76,000	62,000
Federal Income Taxes	55,000	54,000
Repair and Maintenance	74,000	74,000

**Texas Hospital Association
Trend Report
Increase in Net Assets**

	2024 Proposed Budget	2023 Projected	2022 Actual	2021 Actual	2020 Actual	2019 Actual	2018 Actual (16 months)*	2017 Actual	2016 Actual	2015 Actual
Revenues (Excludes Unrealized Gains/Losses)	\$12,517,000	\$13,861,000	\$13,025,000	\$12,291,000	\$12,538,000	\$11,821,000	\$15,588,000	\$14,986,000	\$14,734,000	\$14,820,000
Expenses	12,442,000	11,989,000	11,484,000	12,221,000	12,271,000	11,196,000	16,001,000	15,184,000	14,453,000	14,253,000
Increase in net assets - THA	75,000	1,872,000	1,541,000	70,000	267,000	625,000	(413,000)	(198,000)	281,000	567,000
Equity in earnings of for-profit subsidiaries	205,000	-	(185,000)	42,000	149,000	220,000	(157,000)	96,000	174,000	72,000
THA Foundation	80,000	339,000	152,000	811,000	1,392,000	1,431,000	1,060,000	(94,000)	(537,000)	(19,000)
Increase in nets assets (GAAP)	\$360,000	\$2,211,000	\$1,508,000	\$923,000	\$1,808,000	\$2,276,000	\$490,000	(\$196,000)	(\$82,000)	\$620,000
Equity in earnings of for-profit subsidiaries:										
THAMC/Member Solutions/THAIA	\$ 198,000	\$ (8,000)	\$ (193,000)	\$ 22,000	\$ 117,000	\$ 172,000	\$ (236,000)	\$ 62,000	\$ 135,000	\$ 40,000
ThinK	7,000	8,000	8,000	20,000	32,000	48,000	79,000	34,000	39,000	32,000
Total Equity in Earnings	\$ 205,000	\$ -	\$ (185,000)	\$ 42,000	\$ 149,000	\$ 220,000	\$ (157,000)	\$ 96,000	\$ 174,000	\$ 72,000

* THA converted the fiscal year to a calendar year. These results are based on 16 months of operations.

REPORT TO THE THA BOARD OF TRUSTEES

November 10, 2023

Projected Cash Flow - FY 2024

The Association operates, for the most part, on a cash basis. THA does not extend credit for its education programs, its publications, royalties or dues. The attached cash flow projection is based on the following assumptions:

- Dues are projected to remain constant. Cash flow projections assume a nominal change in THA dues rate per thousand.
- THA proper non-dues revenue is projected to decrease in FY 2024 but begin to recover each year thereafter as the economy strengthens. Both royalties and sponsorships are projected to recover in 2024 and increase thereafter at 3%. Other miscellaneous sources are projected at 2%.
- For the years 2024-2028, THA projects to maintain an average of 795 days in cash from all available sources.

**Texas Hospital Association
Pro Forma Cash Flow**

FY 2023	1st Qtr 2024	2nd Qtr 2024	3rd Qtr 2024	4th Qtr 2024	Total FY 2024	2025 Projected	2026 Projected	2027 Projected	2028 Projected	
Cash from Operations:										
Cash Receipts:										
Dues	8,800,000	880,000	-	950,000	7,070,000	8,900,000	9,000,000	9,000,000	9,000,000	9,000,000
Royalties	247,000	35,000	35,000	35,000	35,000	140,000	147,000	154,350	162,068	170,171
Sponsorships	654,000	424,000		20,000		444,000	457,320	471,040	485,171	499,726
Management Services	586,000	147,500	147,500	147,500	147,500	590,000	607,700	625,931	644,709	664,050
Intercompany Revenue	1,640,000	429,000	429,000	429,000	428,000	1,715,000	1,800,750	1,836,765	1,873,500	1,910,970
Other	632,000	70,000	70,000	70,000	70,000	280,000	294,000	299,880	305,878	311,995
Total Cash Receipts	12,559,000	1,985,500	681,500	1,651,500	7,750,500	12,069,000	12,306,770	12,387,966	12,471,325	12,556,912
Cash Disbursements:										
Compensation	(7,220,000)	(2,233,000)	(1,665,000)	(1,665,000)	(1,670,000)	(7,233,000)	(7,449,990)	(7,673,490)	(7,903,694)	(8,140,805)
Office Rent	(1,782,000)	(418,000)	(418,000)	(418,000)	(418,000)	(1,672,000)	(1,672,000)	(1,672,000)	(1,688,720)	(1,705,607)
Intercompany Charges	(642,000)	(182,000)	(182,000)	(182,000)	(182,000)	(728,000)	(742,560)	(757,411)	(772,559)	(788,011)
Other	(2,124,000)	(568,000)	(568,000)	(568,000)	(568,000)	(2,272,000)	(2,317,440)	(2,363,789)	(2,411,065)	(2,459,286)
Funding of Pension Plan Long Term Liability	-	-	-	-	-	-	-	-	-	-
Total Disbursements	(11,768,000)	(3,401,000)	(2,833,000)	(2,833,000)	(2,838,000)	(11,905,000)	(12,181,990)	(12,466,690)	(12,776,038)	(13,093,709)
Total cash provided by Operations	791,000	(1,415,500)	(2,151,500)	(1,181,500)	4,912,500	164,000	124,780	(78,724)	(304,713)	(536,796)
Cash From Investing:										
Investment Income Reinvested	651,000	112,000	112,000	112,000	111,000	447,000	300,000	300,000	300,000	300,000
Capital Purchases - IT	(100,000)			(100,000)	(50,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)
Capital Purchases - Furniture and Equipment		(25,000)			(25,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Refurbishment-Floors, lobby	-				-	-	-	-	-	-
Reserves-Litigation	-				-	-	-	-	-	-
Partnership Cash Calls	-				-	-	-	-	-	-
Dividend From Subsidiaries			20,000			20,000	30,000	30,000	30,000	30,000
Partnership Interest/Refurbishment Allowance	66,000	15,000	15,000	15,000	15,000	60,000	63,000	135,000	135,000	135,000
Total Cash from Investing	617,000	102,000	147,000	27,000	51,000	327,000	193,000	265,000	265,000	265,000
Increase(Decrease) in Cash/Cash Equivalents	1,408,000	(1,313,500)	(2,004,500)	(1,154,500)	4,963,500	491,000	317,780	186,276	(39,713)	(271,796)
Beginning Balance - Cash/Reserves	25,053,000	26,461,000	25,147,500	23,143,000	21,988,500	26,461,000	26,952,000	27,269,780	27,456,056	27,416,343
Ending Balance - Cash/Reserves	26,461,000	25,147,500	23,143,000	21,988,500	26,952,000	26,952,000	27,269,780	27,456,056	27,416,343	27,144,546
All Inclusive Days in Cash (Long Term Reserves/Operations)	821	771	710	674	826	826	817	804	783	757
Days in Cash-Long-Term Reserves	365	365	365	365	365	365	365	365	365	365
Days in Cash-Operations	456	406	345	309	461	461	452	439	418	392

REPORT TO THE THA BOARD OF TRUSTEES

November 10, 2023

Projected FY 2023 Operating Results

For the fiscal year ending December 31, 2023 (FY 2023), THA and its subsidiaries are projecting a consolidated increase in net assets of \$2,211,000. The FY 2023 budget for this same period was a consolidated net increase of \$360,000. THA proper is projecting an operational increase in net assets of \$1,872,000 compared to a budget net increase of \$67,000.

- THA's membership retention rate this fiscal year was 98%. The support of current membership and the addition of new members points to projecting actual dues revenue to achieve budget dues revenue.
- Royalties are projected to fall short of the budget by \$101,000. This program is a companion program of THA's Member Solutions Endorsed Member Program. Endorsed Vendors enter a contract directly with THA for use of its logo as an official endorsed vendor of THA. The revenue stream is dependent on business related to the THA contract and varies by vendor.
- Sponsorship remains a strong source of revenue for THA. The THA Annual Conference is the premier THA conference of any fiscal year. This year's conference was held on a hybrid platform in February and drew the solid support of sponsors. THA's sponsorships exceeded the budget by \$154,000.
- Overall, total THA unconsolidated operating revenues are projected to exceed the budget by \$1,391,000 or 11%. The contributors to this success are an unbudgeted administrative fee to assist members recover 1115 waiver shortfalls and investment interest earnings.
- Total expenses are projected to be under budget by \$414,000 or 3%. Savings are projected to be realized across most all expense items.
- Operational expenses (i.e., outsourced printing, postage, registration fees, and supplies) are projected to fall below budget. The largest variances are in staff development costs and travel which combined are projected to be under budget by \$114,000. Staff continually reviews discretionary expenditures and adjusts accordingly.

Subsidiaries:

THA Management Corporation (dba-Member Solutions) is projected to generate a net loss of \$8,000. The projected net loss when compared to the budget is a net unfavorable variance of \$182,000.

Marketing fees and commissions shortfall represent the entire variance to budget. Staff assessed the shortfalls in both main revenue sources. Both are related on the most part to the endorsed partner program. These revenue sources are budgeted based on trends and aligned with expectations and contract terms.

In a separate proposal to the THA Finance Committee, staff is recommending the approval of an investment in the addition and expansion of resources to enhance the program's vendor outreach and due diligence. The expansion also includes the addition of an ambassador to provide more coverage in the field.

The investment is to be funded solely by the THA Management Corporation's accumulated earnings.

THA Foundation (THAF):

THAF is projected to generate a net income of \$339,000. The net income results in a favorable variance of \$228,000 to THAF's budgeted net income of \$111,000 for FY 2023.

Financial Position:

THA's financial position is projected to remain in a strong position on December 31, 2023. THA staff expects to achieve or exceed all the Board financial goals. The number of months of operating expenses in the Board Designated Reserve Fund remains at one year of operations. Overall, THA maintains over 18 months of cash in various cash investments.

THA
Projection
For The Fiscal Year Ended December 31, 2023
(\$ 000's omitted)
Unaudited

Results of Operations:

	Projected 2023	Budget 2023	Projected Over (Under) Budget FY 2023
Revenue:			
Dues	\$8,848	\$8,824	\$24
Royalties	247	348	(101)
Sponsorships	654	500	154
Investments earnings	652	285	367
Other	3,460	2,513	947
Total revenue	<u>13,861</u>	<u>12,470</u>	<u>1,391</u>
Expenses:			
Employee compensation	6,602	6,629	(27)
Incentive Compensation	618	617	1
Office rent	1,782	1,740	42
Other	2,987	3,417	(430)
Total expenses	<u>11,989</u>	<u>12,403</u>	<u>(414)</u>
Increase in nets assets (GAAP)	1,872	67	1,805
Equity in earnings of for-profit subsidiaries and THA Foundation	<u>339</u>	<u>293</u>	<u>46</u>
Increase in net assets, including Board approved exceptions for purposes of Strategic Performance Goal (GAAP)	2,211	360	1,851
Add -Board approved Program costs:			
Unrealized gains/losses from Investments	0		0
Earnings-Partnership in TADA LLP (building)	0		0
Increase in net assets, excluding Board approved exceptions for purposes of Strategic Performance Goal (ICP)	<u><u>\$2,211</u></u>	<u><u>\$360</u></u>	<u><u>\$1,851</u></u>

Subsidiary and Affiliated Organizations' Net Results of Operations:

		Projected	Budget	Projected Over (Under) Budget FY 2023
THA Management Corporation	(A)	(\$8)	\$174	(\$182)
THINK	(B)	8	8	0
THA Foundation	(C)	<u>339</u>	<u>111</u>	<u>228</u>
Equity in earnings of for-profit subsidiaries		<u><u>\$339</u></u>	<u><u>\$293</u></u>	<u><u>\$46</u></u>

(A) THA owns 100% of the outstanding stock of this organization.

(B) THA Management Corporation, a wholly-owned subsidiary of THA, owns 100% of the outstanding stock of these

(C) THA Foundation is a 501(C)(3) Supporting Organization of THA and is wholly-owned by THA.

REPORT TO THE THA BOARD OF TRUSTEES

November 10, 2023

Benchmarks

All three of the current strategic financial goals of the Association emphasize the importance of setting benchmarks to ensure financial stability and enhancement. THA utilizes benchmarks to monitor its financial condition. The following are benchmarks THA utilizes and are part of the budget considerations annually.

The following are based on projected THA FYE 12-31-23, goals for FY 2024, the American Society of Association Executives Operating Ratio Report – 16th edition (2021) and the 2023 SHAEF (State Hospital Association Executives Forum) survey. Data from the ASAE Report is based on an Association with revenues of \$10 - \$25 million by IRS Tax Status. In addition, the 2023 SHAEF survey compiles some data as well. All fifty states completed the SHAEF survey.

**Texas Hospital Association
Ratios
Report to the THA Finance Committee - October 19, 2023
Source: ASAE - Operating Ratio Report-16th Edition 2021
Source: 2023 SHAEF Survey**

	ASAE (c)6 Median	SHAEF State Hospital Assoc Top 10 Ave	Projected THA 2023	THA 2022	THA 2021	Comments
Profitability:						
Net Profitability as Percent of Total Revenue-Association	7.1%	1.00%	14.00%	12.00%	8.00%	THA's profit margin is above the average and median calculations. This is a result of strong membership renewal and increased NDR stream. THA results do not include Subsidiary results or Board Special Project.
Productivity & Efficiency:						
Revenue Growth vs. Prior Year		-0.11%	7.00%	3.00%	-0.24%	THA's goal is to average 5% growth in gross NDR. For 2021 the goal was not achieved due to overall recovery in NDR.. Does not include Unrealized Investment Earnings/loss
Operating Efficiency Ratio	0.7		0.3	0.4	0.4	This measures the ability to generate revenue by the assets THA has invested in. Compared to other C(6) organizations, this is a manageable level.
Total Revenue per Employee	\$257,000	\$295,000	\$330,000	\$310,000	\$255,000	
Total Expenses per Employee	\$243,000	\$291,000	\$285,000	\$273,000	\$286,000	The spread between these two productivity indicators point to THA achieving reasonable levels compared to its peer group.
Total Revenue		\$15,574,000	\$13,861,000	\$13,025,000	\$12,800,000	THA is one of the top ten Hospital Associations based on Association revenue.

Texas Hospital Association
Ratios
Report to the THA Finance Committee - October 19, 2023
Source: ASAE - Operating Ratio Report-16th Edition 2021
Source: 2023 SHAEF Survey

	ASAE (c)6 Median	SHAEF State Hospital Assoc Top 10 Ave	Projected THA 2023	THA 2022	THA 2021	Comments
Leverage:						
Total Liabilities/Total Fund Balance	0.4		0.3	0.5	0.2	THA's leverage is at a lower rate than other C(6) organizations, which is positive in a time when it may need to borrow. THA does not carry any financing debt.
Investment Ratios:						
Investment Income as a % of Total Revenue	2.8%		4.7%	4.7%	6.0%	A combination of a steady reserve level and THA's IP keeps this ratio aligned with growing revenue sources and industry.
Return on Investments			2.00%	2.00%	4.40%	
Other Key Ratios:						
Membership Dues Revenue as a % of Total Association Revenue	46.0%	53.0%	64.0%	70.0%	70.0%	THA's peers and our strategy is to maintain a fair balance in NDR, without impacting our core competency.
Membership Dues Revenue as a % of Total Association Expenses	62.0%	54.0%	74.0%	78.0%	72.0%	THA's peers and our strategy is to maintain a fair balance in NDR, without impacting our core competency.
UBIT Revenue as a % of Total Revenue	2.0%		0.2%	0.2%	0.2%	THA UBIT is generated primarily from advertising. This higher than peer ratio indicates THA is aggressive in generating all levels of NDR.

**Texas Hospital Association
Ratios
Report to the THA Finance Committee - October 19, 2023
Source: ASAE - Operating Ratio Report-16th Edition 2021
Source: 2023 SHAEF Survey**

	<u>ASAE (c)6 Median</u>	<u>SHAEF State Hospital Assoc Top 10 Ave</u>	<u>Projected THA 2023</u>	<u>THA 2022</u>	<u>THA 2021</u>	<u>Comments</u>
Occupancy Expense as a % of Total Revenue	3.1%		13.8%	13.2%	13.2%	The occupancy ratio is high due to current lease obligations. Over the course of the total lease term (99 years), this ratio is aligned with the industry.
Months of Operation in Reserves	6.0	12.0	12.0	12.0	12.0	THA's month of operations in reserves indicates the number of months of expenses that are covered by reserves. THA's goal is 12 months.

RECOMMENDATION TO THE THA BOARD OF TRUSTEES

November 10, 2023

Non-Dues Revenue Program Expansion

RECOMMENDATION:

That the THA Board of Trustees approve the proposal to expand its resources that service the non-dues revenue programs of the THA Family of Companies.

Rationale:

In late 2022, the THA staff began a review of all its non-dues revenue programs (NDR). At the time, the total THA Family of Companies (THA FOC) gross revenues were composed of fifty percent member dues and fifty percent non-dues revenue. The top three non-dues revenue producers are data programs, endorsed vendor programs and annual conference (sponsorships/program). THA hired a consultant – Affiliated Enterprise Solutions (AES) to assist in our review and provide an assessment on the current environment and recommendations to enhance or modify our programs. The results of the study were reported to the THA Board at its September 2022 meeting.

In summary, over the last two years a substantial administrative review and restructuring of our non-dues revenue programs was completed, including a focused reorganization of our endorsed partner (EP) program and member solutions team. The legacy business unit partnership contracts were reviewed for currency and compliance. Over the first year many legacy endorsed partners that were not performing to expectations were separated, reducing the number of endorsed partners to approximately twelve who were actively generating non-dues revenues.

Having completed the business unit reorganization, reestablishing endorsed partner contracting and terms, the member solutions team set out to rebuild the volume of participation in the EP program. Through Q3 and Q4 2022, recruiting and prospecting of potential endorsed partners resulted in a large number of vendors that were evaluated, including several that were vetted for participation in the EP program. Other NDR programs that benefited are sponsorships, exhibitors, and sales and marketing of advertising. As a result, several major THA events, including THA's annual conference outperformed budgeted revenue targets. During 2023, seven additional endorsed partners were adopted resulting in approximately \$300,000 in recurring revenue and an estimated additional \$50,000 in revenue sharing income.

In Q3 of 2023, a non-dues revenue consulting engagement was conducted with a favorable review of the new business unit organizational model, in particular the operations and program development initiatives regional ambassador program. A significant finding from the consulting study is that there is strong potential for growing programs and services which would result in increased NDR and member value. The primary limitation in realizing the potential of future NDR is business unit staffing. Specifically, there is a limitation at the front end of the business cycle, which entails screening and vetting potential partners, and then contracting and fulfilling services inherent to the agreements. The consultant recommendation reflects a correlation between the expansion of staff that is responsible for prospecting, screening, vetting, and

contracting of vendors, as well as the staff that is responsible for fulfilling contract obligations and communicating those partnerships to members.

The proposed staffing changes consist of promoting two incumbent staff members to lead the Business Development and Member Solutions team, and the expansion of existing staff adding an additional FTE to work on the front-end functions (prospecting, screening, vetting, and contracting) and an additional Regional Ambassador to engage with Endorsed Partners in fulfilling partnership obligations and member engagement.

Proposal:

THA proposes to add two new positions in its subsidiary – THA Management Corporation (THAMC) which administers the endorsed partners program and all FOC sponsorship and advertising programs. The positions are a regional ambassador for the East Texas region and a manager of corporate relations. In addition, two other current positions would be promoted to Senior Director of Business Services and a Vice President of Member Solutions. The estimated annual cost increase for these positions is approximately \$370,000. The projected return on investment for this additional cost is three years as on the next page. The initial investment is to be financed by retained earnings of the THA Management Corporation if needed. Currently retained earnings of THAMC is \$2,800,000.

Financial Overview:

The following is an overview of projected expenses and conservative revenue projections associated with the proposed staffing and organizational changes. Over a three-year period is approximately \$900,000.

Expenses	Salary	Salary Impact
RA East Texas ¹	\$125,000	\$168,750
additional expenses RA		\$30,000
Mgr Corp Relations ²	\$75,000	\$101,250
additional expenses Mgr		\$5,000
Sr. Dir Bus Svcs ³	\$22,000	\$29,700
VP Member Solutions ⁴	\$25,000	\$33,750
	Total	<u>\$368,450</u>
(1) new position		
(2) new position		
(3) promotion		
(4) promotion		

Revenue Stream	2024		2025		2026		Totals
	Fixed	Variable	Fixed	Variable	Fixed	Variable	
New EP's ¹	\$100,000	\$25,000	\$200,000	\$62,500	\$300,000	\$100,000	\$787,500
Legacy EP's ²		\$25,000		\$25,000		\$25,000	\$75,000
Industry Partners ³	\$60,000		\$80,000		\$120,000		\$260,000
Corp Relations ⁴	\$50,000		\$50,000		\$50,000		\$150,000
						Total	<u>\$1,272,500</u>
(1) two new EP per year @ \$50k, two-year contracts. Year-one EP's renew Year-three. Variable revenue \$12,500 per EP which increases 50% in year two.							
(2) additional revenue generated by 4th RA, \$25k per year							
(3) three new industry partners in year one, four in year two, six in year three, one-year contracts, two renewals in year-two, four renewals in year-three							
(4) New corporate sales in advertising and sponsorships							

REPORT TO THE THA BOARD OF TRUSTEES

November 10, 2023

State Advocacy Update

88th Legislature, Third Special Session Update

Governor Abbott announced the Third Special Session of 2023, which began on Monday, October 9th. Among the specifically enumerated issues for this Special Session was a call for legislation prohibiting COVID-19 vaccine mandates by private employers.

THA met directly and repeatedly with staff for Sen. Middleton, Lieutenant Governor Patrick, Governor Abbott and with Rep. Leach to outline concerns with a vaccine prohibition. As filed, S.B. 7 prohibited any employer, including hospitals, from adopting or enforcing a COVID-19 vaccine mandate and prohibit employers from taking an “adverse action” against an employee or contractor who refused that vaccination. THA advocated to have hospitals excluded from the legislation.

THA’s Cesar Lopez testified against S.B. 7 during the Senate Health and Human Services Committee meeting outlining that current Texas law, via Health and Safety Code Chapter 224, regulates hospital policies for any vaccination that might be required of hospital staff and contractors. In the end, THA was successful in securing changes to S.B. 7 that allows hospitals the ability to “enforce a reasonable policy” to require employees who aren’t vaccinated for COVID-19, and in direct and routine contact with patients, to use personal protective equipment, and latitude for hospitals to take other protective action. The Senate approved version of S.B. 7 requires the Texas Department of State Health Services to determine the parameters of what is reasonable concerning hospital policies given their infectious disease expertise.

The House debated S.B. 7 on Wednesday, October 25, editing the legislation so that it includes medical students in the group of individuals that may not be mandated to receive the COVID-19 vaccine and increased the fine for each violation to \$50,000. We now wait to see if the legislation will go to conference committee to debate the edits made in the House.

An updated status of SB 7 will be provided to the Board at the November board meeting.

Workforce Advocacy Update

On Sept. 22 Texas Workforce Commission Chairman Bryan Daniel partnered with the Texas Hospital Association to host a roundtable discussion to address workforce challenges affecting the hospital industry. Hospitals were asked to send their leadership teams to engage in an open discussion on how to improve Texas’ health care workforce. A total of 14 THA member-hospitals were represented at the event, along with Educate Texas, The Texas Business Leadership Council and the Texas Hospital Association.

Chairman Daniel recognized that nurses represent the largest job vacancy rate in Texas at 15 percent. This is not a new problem — nurses have had the highest job vacancy rate in Texas for the past ten years. However, hospital leaders noted that they are experiencing workforce challenges in all disciplines.

Representatives from the TWC and Educate Texas gave presentations on existing programs available to increase the health care workforce: ApprenticeshipTexas, Jobs and Education for Texans (JET) and Pathways in Technology Early College High School (P-TECHs). The TWC ApprenticeshipTexas program is a state initiative that works with employers to create new apprenticeship programs registered with the U.S. Department of Labor. This program can help hospital up-skill their workers. The JET program provides grants to buy and install equipment for career and technical education (CTE) courses. Eligible recipients include public junior, state or technical colleges, independent school districts and open-enrollment charter schools in partnership with a public junior, state, or technical college, so it is

crucial for hospitals to develop relationship with colleges, universities and public schools in their communities. Currently, about 23 percent of JET grants are allocated towards health care. P-TECHs are open-enrollment high schools that allow students least likely to attend college an opportunity to receive both a high school diploma and a credential and/or an associate degree. The single biggest factor in getting a high schooler involved in an industry is based on whether they know someone in these jobs and P-TECHs expose high-schoolers to the health care industry at a younger age. There are 80 P-TECH high schools that have selected healthcare.

Chairman Daniel asked hospitals, “What’s the one thing you wish someone was doing relative to workforce issues?” Hospitals described persisting challenges with the pay differential between faculty and clinical workers and asked for help addressing it. The number one call Chairman Daniel receives from all industries concerns frustrations about qualified, smart students who want to get trained but there are no trainers. Another hospital brought up a regulatory challenge with Certified Nursing Assistants – that a long-term care rotation is required. TWC committed to look into the issue. There was also discussion about challenges with faculty-to-staff ratios.

Chairman Daniel hopes to continue the discussion with more meetings in the future so that the TWC can better support the hospital and healthcare industries.

the guidance letter prior to that date. The letter closed by reinforcing THA’s commitment to support price transparency efforts but stressed that such efforts should be consistent with operational realities and provided in a manner that does not increase the cost of health care.

Erythromycin Ophthalmic Ointment Shortage

There is a nationwide shortage of erythromycin ointment due to a manufacturer leaving the market. Two manufacturers remain and have said they are working hard to fill the void and produce ample product. The ointment is applied to the eyes of newborns to prevent eye infections, most notably ophthalmia neonatorum caused by *N. gonorrhoeae*. Texas statute, and the neonatal standard of care, dictates the ointment be applied to newborns within 2-hours after birth.

THA was contacted by a large medical system with minimal remaining supply. CDC guidance, released in June 2023, states that if erythromycin ointment is unavailable, infants at risk for exposure to *N. gonorrhoeae*, especially those born to a mother at risk for gonococcal infection or with no prenatal care, can be administered ceftriaxone 25–50 mg/kg body weight IV or IM, not to exceed 250 mg in a single dose. Other topical medications are not recommended: tetracycline ophthalmic ointment and silver nitrate are no longer available in the United States; gentamicin was associated with chemical conjunctivitis during the last erythromycin shortage; and povidone-iodine has limited data on its benefits and harms.

If you encounter similar supply issues, please alert Carrie Kroll or Erika Ramirez. They will remain in contact with DSHS and keep agency leaders informed of where shortages are most acute and if additional resources are required.

SUBMITTED BY:

Steve Wohleb, J.D.
Senior Vice President, General Counsel

Jennifer Banda, J.D.
Senior Vice President, Advocacy and Public Policy

THA 2023-2024 Project Pushback

As of November 2, 2023,

Project Pillars	Goals	Action Items	Measures of Success	Assigned Staff	Comments
Hospital Leadership Commitment and Engagement	Increase Hospital Leadership Engagement on Priority Advocacy Efforts	<ul style="list-style-type: none"> Q4 2023: Develop interactive web-based CEO checklist Includes tiered to-do items for hospital CEOs, lives on Pushback resource page Measurement of Use: TBD/automated Items range from simple (follow THA, pay dues, join HOSPAC) to more complex (meet with local legislators and chambers, educate employees, comment/amplify messaging) Q1 launch video message from Board Chair and PPB foundational Scope story Monthly analysis of metrics to inform future steps; quarterly reports to Board 	<ul style="list-style-type: none"> Develop and distribute checklist Web-based tracking of results/usage Implement Comms plan to maximize usage 	Carrie W.	<ul style="list-style-type: none"> Engage THT, THA Regional Ambassadors, BCC in dissemination and engagement.
Targeted Legislative Package on Health Plan Oversight	Proactive Development of Legislation to Increase Scrutiny and Oversight of Health Plans	<ul style="list-style-type: none"> Develop bills regulating health plans and addressing adverse health plan actions, such as denials, under payments, overuse of prior authorization, audits, health plan transparency, etc. Query other states for model legislation. Access data to develop supporting materials (see data pillar). Develop hospital support messaging. Find bill sponsors, full advocacy push. Develop external media push. 	<ul style="list-style-type: none"> Development of Legislation Development of Supporting Materials Bills Filed Media Coverage of Legislation 	Jennifer/Cameron	<ul style="list-style-type: none"> Will look at other state & AHA efforts. Will be an uphill battle to pass legislation (see: white bagging and prudent layperson bills) but a strong push can deter/distract/tarnish.
Data Attainment and Refinement for Advocacy Purposes	Develop and implement repository of insurance data, billing data and response data. Review and refine existing hospital data tools.	<ul style="list-style-type: none"> Assess availability and cost of data sources / data options to support legislation increasing health plan accountability (need data on insurance denial/rates/etc.) Look at AHA Vitality Index, other state efforts, private company access. Bring recommendation to THA Board. Work with AHA on developing response to fallacies in NASHP cost tool. Develop a work plan to review existing hospital data submissions and cost tools to ensure consistency and accuracy across the hospital industry (S-10, charity care). 	<ul style="list-style-type: none"> Proposals Presented to THA BOT Work plan implemented for hospital cost tools. 	Matt/Cameron	<ul style="list-style-type: none"> Need projected expenses for data budget.
Establish Aligned Response Entity	Establish and Develop Plan for Aggressive Response Messaging and Advocacy	<ul style="list-style-type: none"> Research and solicit outside firms to request proposals to develop strategy and messaging plans and engagement proposals. Review and evaluate proposals with tiered responses (social media messaging, grassroots engagement, aggressive response levels). Use to support legislative package scrutinizing health plans. Use to respond to negative hospital rhetoric with data (see data pillar) 	<ul style="list-style-type: none"> Develop RFP. Review engagement options/plan. Develop and implement work plan. 	Jennifer/Carrie W.	<ul style="list-style-type: none"> Need projected expenses for data budget to include in Member Assessment.
Special Interest Group Engagement	Engage with Motivated Adverse Entities	<p>Explore strategies, tactics and cost to engage with motivated adversaries. Examples:</p> <ul style="list-style-type: none"> TAB TCCRI Cicero Institute TPPF Texas 2036 Local Business Groups on Health TMA TNA 	<ul style="list-style-type: none"> Strategy Development for Various Engagement, including membership costs THA and/or Hospital Placement on board, and engagement of groups 	John	<ul style="list-style-type: none"> Need potential costs of memberships to ensure coverage in THA Contingency budget.

<p>HOSPAC Political Engagement as Advocacy Component</p>	<p>Increase Hospital Leader HOSPAC Participation and Build Legislative Bench</p>	<ul style="list-style-type: none"> • Develop fundraising plan to engage all THA members, particularly THA leadership, to increase HOSPAC participation. • Increase the amount of financial giving to HOSPAC as a method of ensuring meeting access to Capitol leadership. • Develop plan to identify and educate potential hospital legislative champions. • Ensure that the state and federal candidate HOSPAC endorsement process involves extensive hospital membership feedback. 	<ul style="list-style-type: none"> • Develop fundraising plan. • Develop plan to engage / educate future legislative champions. • HOSPAC feedback solicitation. 	<p>Carrie K.</p>	
<p>Use of Media and Communications to Push Back on Rhetoric and Create Positive Messaging</p>	<p>Fight back against damaging narratives against hospitals, while also creating positive messaging.</p>	<ul style="list-style-type: none"> • 2023: Review and expand The Scope capabilities; launch LinkedIn newsletter feature • Content tone for year: less subtle, more aggressive • January 2024 “north star” announcement of overall landscape and effort • Implement increasingly aggressive quarterly themes with OKRs for each: <ul style="list-style-type: none"> • Q1 – Solidify Champions (summit/boot camp for Texas hospital comms experts, training sessions on engagement for boards, councils, THA staff, conference etc.) • Q2 – Celebrate the Positive (focus on positive stories, COVID Heroes Day, patient stories, Hospital Week, etc.) • Q3 – Educate (video/article series on prices, charity care, billing, value to community, strong salaries) via videos, myths vs. facts campaign, media roundtables. • Q4 – Data Deployment (launch media push on data findings); roundtable and rapid response developed in advance of HHSC Bonnen Study due Dec. 1. 	<ul style="list-style-type: none"> • Establish OKRs for each quarter/theme • Track reach and media coverage 	<p>Carrie W.</p>	<ul style="list-style-type: none"> • Need expenses associated with any items not budgeted for use in the Member Assessment. • Look at THA Grassroots tool to measure effectiveness and ease of use (Voter Voice).
<p>Improve Hospital Perception Issues</p>	<p>Hospital Self-Assessment to Negate Instances of Negative Coverage</p>	<p>Develop an outline of priority issues for hospitals to self-assess compliance and improve perception and prevent future legislation, regulatory penalties, and enforcement initiatives. Self-assessment tools will include a mechanism for reporting back to THA to augment and enhance advocacy efforts. Focus areas may include:</p> <ul style="list-style-type: none"> • Charity Care compliance • Billing/Collection Practices • Price transparency • Safe staffing/Nurse Staffing law • Itemized Billing 	<ul style="list-style-type: none"> • Development of product for use by hospitals to perform internal self-check and report results back to THA. 	<p>Steve</p>	

Federal Advocacy Update

Report to the THA Board of Trustees
by Cameron Krier Massey, JD, MPH

November 2023

THA Advocacy:

- **THA letter** to congressional delegation about **priority hospital issues** (Sept. 2023).
- Texas Republican and Democratic **delegation letters to CMS** about proposed rule on Medicaid financing.
 - Multi-hospital association thank you letters to Republican/Democratic delegation members.
 - THA educational resources: explainer document, video about Texas Medicaid and video about CMS efforts to restrict financing.
- THA response to House Budget Committee **Health Care Task Force RFI** about health care costs and innovation.
- THA response to House Committee on **Ways and Means RFI** on rural health.

Noteworthy Committee/Floor Activity:

- House floor vote withdrawn: The Lower Costs, More Transparency Act (HR 5378).
- Senate HELP Committee (9/21): Passed the bipartisan Primary Care and Health Workforce Act (S. 2840), which includes site neutral policies, workforce funding and a prohibition on certain facility fees.
- Senate HELP Committee Chairman Bernie Sanders releases report on tax exempt hospitals and CEO compensation.
 - AHA response.
- Senate Finance Committee hearing on Medicare Advantage (10/18).
- Chairmen Wyden/Pallone announce investigation into Medicaid Managed Care Organizations.
- House Energy and Commerce Health Subcommittee Hearing (10/19): What's the Prognosis?: Examining Medicare Proposals to Improve Patient Access to Care & Minimize Red Tape for Doctors.
- House Energy and Commerce Committee Republican proposal to address drug shortages, including oversight of 340B.

- House Budget Committee Releases FY 2024 Budget Resolution.

Miscellaneous:

- Replay of U.S. Department of Education webinar on Public Service Loan Forgiveness Program (PSLF) – new federal loan forgiveness for eligible physicians in Texas and California.

October 25, 2023

AHA Submits Comments to House Hearing on Medicare Legislative Proposals

The issue: In a statement submitted to the House Energy and Commerce Health Subcommittee for an Oct. 19 hearing on legislative proposals to increase access to care and reduce administrative burden in the Medicare program, AHA voiced support for legislation that would streamline prior authorization and certain alternative payment model requirements in the Medicare Advantage program; update payment and ease reporting for Medicare clinical diagnostic laboratory services; streamline Medicare quality reporting; and prevent Medicare from publicizing a telehealth provider's home address.

AHA view: However, AHA strongly opposed any legislation that would ease growth restrictions on physician-owned hospitals, which tend to select the most profitable patients and services, jeopardizing communities' access to full-service hospital care.

For the [Oct. 19 statement](#), go to www.aha.org/testimony.

Infographic Explains How Senate HELP Bill Hurts Access to Care

The issue: A new infographic by AHA explains how the Bipartisan Primary Care and Health Workforce Expansion Act's (S. 2840) proposal to eliminate facility fees for telehealth services will impact access to care.

AHA view: We urge Congress to oppose eliminating facility fees for telehealth services, which would reduce access to care for patients.

Site-neutral Advocacy Alliance Call: The AHA's Site-neutral Advocacy Alliance will meet on Thursday, Oct. 26 at 2 p.m. ET. [Register here.](#)

For the infographic, [click here.](#)

New Coalition to Advocate for Policies to Address Health Care Workforce Crisis

The issue: A new coalition, whose founding members include the AHA, will advocate for "common-sense solutions" to the severe staffing shortage plaguing the nation's health care system. The Healthcare Workforce Coalition will advocate for policies to expand educational programs to prepare nurses, physicians and allied health professionals; retain the existing health care workforce; and attract foreign-trained clinical workers.

AHA view: The coalition urged Congress to quickly pass bipartisan proposals to bolster and protect the health care workforce, including the Safety from Violence for Healthcare Employees (SAVE) Act and Healthcare Workforce Resilience Act.

For more, see the [Oct. 18 AHA News](#) and go to <https://healthcareworkforce.org>.

CDC Reports Increase in Health Worker Harassment, Poor Mental Health

The issue: The share of health workers who reported feeling threatened or harassed by patients or others at work more than doubled between 2018 and 2022 to 13.4%, according to a new CDC report based on national survey data.

AHA view: AHA strongly supports the bipartisan, bicameral Safety from Violence for Healthcare Employees (SAVE) Act, legislation that would give health care workers the same legal protections against assault and intimidation that flight crews and airport workers have.

For the [Oct. 24 AHA News](#) with more, go to www.aha.org/news. For additional resources, go to www.aha.org/workforce and www.aha.org/HAV.

National Poll: Hospital Systems Make Care Easier to Access, Coordinate

The issue: Hospital systems make it easier to access and coordinate care, according to a national survey of their patients conducted by Morning Consult for the AHA.

AHA view: Hospital systems play a pivotal role in preserving and advancing care in communities and are always searching for better, more effective ways to improve the overall patient experience. This new poll reflects that.

For more, see the [Oct 23 Press Release](#) and [Infographic](#).

**Agencies Issue
Cyberthreat Alerts, Risk
Mitigation Resources**

The issue: Federal agencies this week released guidance to help organizations reduce the risk of ransomware incidents and phishing attacks, and updated guidance to help software manufacturers demonstrate their commitment to secure by design principles and customers ask for products that are secure by design.

AHA view: In the past two weeks government agencies have not only been very pro-active in warning us of the latest cyber threats, but have also issued very useful resources to help us counter those threats.

For more, see the [Oct. 20 AHA News](#) and go to www.aha.org/cybersecurity.

**AHA Launches Program
to Help Members
Advance Health Equity**

The issue: The AHA's Institute for Diversity and Health Equity Oct. 24 launched the Equity Transformation Partner program to connect AHA members with practitioners and service providers who can help them advance on their diversity, inclusion and health equity journey in alignment with AHA's Health Equity Roadmap.

For the [Oct. 24 AHA News](#) with more, go to www.aha.org/news.

**IHF Tool to Support
Environmental
Stewardship**

The issue: The International Hospital Federation's Geneva Sustainability Centre, in partnership with Deloitte, launched a Sustainability Accelerator Tool Oct. 24 to help hospital and health care leaders assess and track organizational efforts to reduce emissions and promote environmental stewardship. The AHA, a founding member of IHF, will help promote the tool to U.S. hospitals.

For more, see the [Oct. 24 AHA News](#) and the [IHF webpage](#).

**Apply for the 2024 Dick
Davidson NOVA Awards
by Nov. 13**

The issue: The AHA is accepting applications through Nov. 13 for the Dick Davidson NOVA Award, which celebrates outstanding collaboration by hospitals and health systems to measurably improve community health. The award will honor five AHA members for their collaborative efforts to advance community health.

For more, go to www.aha.org/nova.

**Podcasts, Blogs and
Videos**

Blog – Physician-owned Hospitals Cherry-pick Patients: Physician-owned hospitals cherry-pick healthy and wealthy patients, provide limited emergency services and increase costs for patients, providers and the federal government. Read at www.aha.org/blog.

Blog – Expanding Access to Care No Matter Where They May Be: While telehealth use has skyrocketed these last few years, our laws have not kept up. Read at www.aha.org/blog.

Podcast –Social Determinants of Health: President and CEO John Chessare, M.D., shares how GBMC HealthCare began investing in its Baltimore community by specifically focusing on social determinants of health. Listen at www.aha.org/advancing-health-podcast.

Podcast – A Commitment to Inclusion: Two leaders from South Dakota-based Monument Health discuss the rural health system's health equity journey, which captured this year's AHA Carolyn Boone Lewis Equity of Care Award. Listen at www.aha.org/advancing-health-podcast.

Upcoming Events

Here's a look at AHA educational opportunities available at www.aha.org/calendar.

**FDA Webinar on
Laboratory Developed
Tests**

Oct. 31 at 1 p.m. ET: The FDA will host a webinar to review its recent proposed rule for laboratory developed tests, which would amend the agency's regulations to require most laboratory developed tests to meet the same medical device requirements as other in vitro diagnostic products. For more, see the recent [AHA Regulatory Advisory](#). [Learn more](#).

**Q&A with Governance
Expert**

Nov. 1 at 1 p.m. ET: James E. Orlikoff, AHA's national advisor on governance and leadership and a nationally recognized governance leader, will answer governance questions and share his insights on board development, challenges and strategy. [Learn more](#).

**Impact of Payer Denial
Tactics**

Nov. 2 at 1 p.m. ET: Hear the range of tactics payers are using against providers and learn how to develop strategic programs and data-driven initiatives across the clinical revenue cycle to combat these tactics. [Learn more](#).

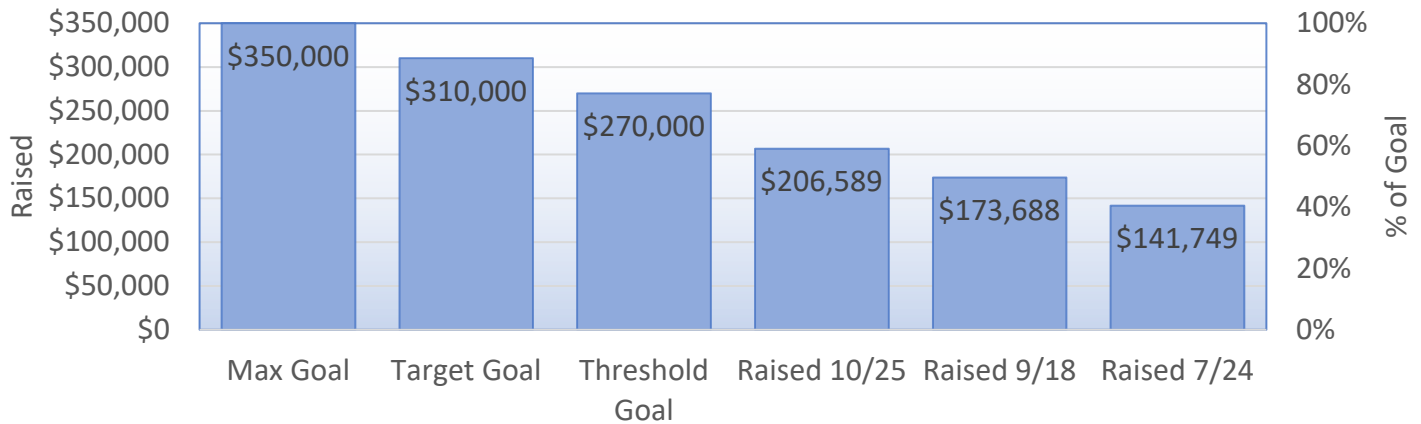


Direct Contribution Link: <https://www.hospac.org/contribution/>
 HOSPAC Website: www.HOSPAC.org (Password: HOSPAC)

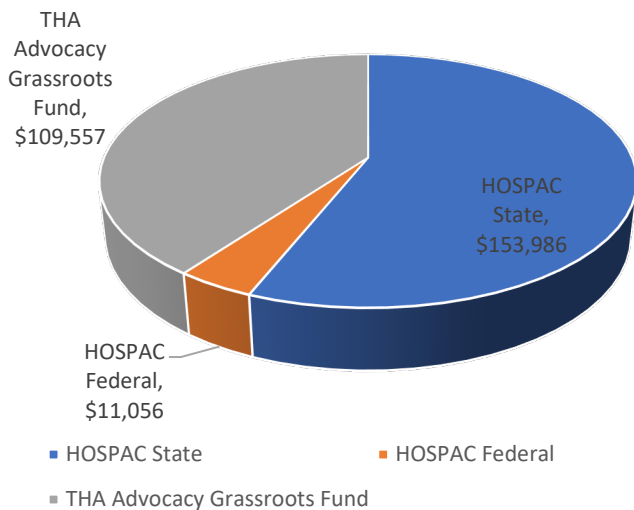


**HOSPAC Update
 October 25, 2023**

2023 HOSPAC Fundraising Report



Bank Balances by Account



HOSPAC State: These dollars are exclusively used for contributions to HOSPAC endorsed statewide candidates. This account is funded by individual contributions from THA members.

HOSPAC Federal: HOSPAC partners with the American Hospital Association PAC and routes dollars allocated to HOSPAC Federal through AHAPAC to support the Texas Congressional delegation. This account is funded by individual contributions by THA members who have signed a federal prior authorization form indicating that their contribution can be split 50/50 between HOSPAC state and HOSPAC federal.

THA Advocacy Grassroots Account: These dollars reside in a THA account and are reserved for HOSPAC administrative expenses only. These dollars cannot be used for candidate contributions. This account is funded by corporate contributions.

Board/Council/Committee (BCC)	2021	2022	2023
THA Board	30 of 30 (100%)	30 of 30 (100%)	29 of 29 (100%)
HOSPAC Board	35 of 35 (100%)	35 of 35 (100%)	30 of 33 (91%)
THA Council on Policy Development (COPD)	41 of 57 (72%)	35 of 56 (63%)	35 of 57 (61%)
THA Leadership Development Council (LDC)	9 of 28 (31%)	11 of 27 (41%)	17 of 25 (68%)
THA Rural Hospital Council (RHC)	12 of 21 (57%)	7 of 21 (33%)	7 of 18 (39%)

SUBMITTED BY:

Adam Willmann

Chairman, HOSPAC Board of Directors
 CEO, Goodall Witcher Healthcare

Carrie Kroll

Secretary/Treasurer, HOSPAC Board of Directors
 Vice President, Advocacy, Public Policy & Political Strategy, THA

2023 HOSPAC Membership Report for the THA Board of Trustees

2023 THA Board Member		Hospital/Hospital System	2023 Individual HOSPAC Membership Level
Erol	Akdamar	HCA Healthcare	HOSPAC3500
Erin	Asprec	Memorial Hermann Health System	HOSPAC2000
Sam	Bagchi	CHRISTUS Health	HOSPAC2000
Donald	Baker	UT Health East Texas	HOSPAC1500
Joe Bob	Burgin	CHRISTUS Trinity Sulphur Springs	HOSPAC100
Jacob	Cintron	University Medical Center of El Paso	HOSPAC3500
Cris	Daskevich	Children's Hospital of San Antonio	HOSPAC2000
Andy	Davis	Ascension Texas	HOSPAC2000
Cory	Edmondson	Peterson Health	HOSPAC500
Greg	Haralson	Memorial Hermann Texas Medical Center	HOSPAC2000
Allen	Harrison	Medical City Healthcare	HOSPAC1500
Brandy	Hart	HCA Healthcare	HOSPAC1000
John	Hawkins	Texas Hospital Association	HOSPAC5000
Holly	Holcomb	Childress Regional Medical Center	HOSPAC500
Brad	Holland	Hendrick Health System	HOSPAC2000
Jason	Jennings	Baylor Scott & White Medical Center	HOSPAC500
Jim	Kendrick	Community Hospital Corporation	HOSPAC3500
Kirk	King	Texas Health Resources	HOSPAC1500
Doug	Lawson	CHI St Luke's Health	HOSPAC1500
Peter	McCanna	Baylor Scott & White Health	HOSPAC1000
Chris	Sandles	University Health	HOSPAC500
Terry	Scoggin	Titus Regional Medical Center	HOSPAC500
Chuck	Stark	South Texas Health System	HOSPAC500
Matt	Stone	Baptist Health System	HOSPAC1000
Pamela	Stoyanoff	Methodist Dallas Medical Center	HOSPAC1000
Debbie	Sukin	Houston Methodist Hospital The Woodlands	HOSPAC1000
Susan	Turley	Doctors Hospital at Renaissance	HOSPAC5000
James	Vanek	Columbus Community Hospital	HOSPAC100
John	Zerwas	The University of Texas System	HOSPAC500
Percent Participating:			100%
Leadership Giving Levels:			
HOSPAC5000 - \$5,000+	HOSPAC1500 - \$1,500+		
HOSPAC3500 - \$3,500+	HOSPAC1000 - \$1,000+		
HOSPAC2000 - \$2,000+	HOSPAC500 - \$500+		

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REPORT TO THE THA BOARD OF TRUSTEES

November 10, 2023

THA Board Election Results

The THA Board Election by the Association membership to fill positions on the 2024 THA Board of Trustees has been completed. Newly elected chair-elect and trustees are:

Chair-Elect

Jim Kendrick, FACHE, Community Hospital Corporation, Plano

Newly Elected Trustees

- Sam Bagchi, M.D., CHRISTUS Health, Irving
- Cory Edmondson, FACHE, Peterson Health, Kerrville
- Eric Hamon, Driscoll Children's Hospital, Corpus Christi
- Allen Harrison, Medical City Healthcare, Dallas
- Holly Holcomb, RN, Childress Regional Medical Center
- Peter McCanna, Baylor Scott & White Health, Dallas
- Charles (Chuck) Stark, FACHE, South Texas Health System, Edinburg
- Matthew (Matt) Stone, Baptist Health System, Texas Tenet Group, San Antonio
- Susan Turley, CPA, Doctors Hospital at Renaissance, Edinburg
- Adam Willmann, FACHE, Goodall-Witcher Healthcare, Clifton

Continuing Officers and Trustees of the 2024 THA Board of Trustees

- **Chair:** Brad Holland, FACHE, Hendrick health System, Abilene
- **Immediate Past Chair:** Erin Asprec, Memorial Hermann Health System, Houston
- **Secretary:** Kirk King, FACHE, Texas Health Resources, Arlington

Trustees:

- Donald Baker, CPA, UT Health East Texas, Tyler
- Jacob Cintron, FACHE, University Medical Center of El Paso
- Cris Daskevich, CHRISTUS Children's, San Antonio
- Gregory Haralson, FACHE, Memorial Hermann Texas Medical Center, Houston
- Brandy Hart, HCA Healthcare, Texas
- Jason Jennings, FACHE, Baylor Scott & White Health – College Station
- Kirk King, FACHE, Texas Health Resources, Arlington
- Douglas (Doug) Lawson, Ph.D., CHI St. Luke's Health, Houston
- Christopher (Chris) Sandles, FACHE, University Health, San Antonio
- Pamela Stoyanoff, CPA, FACHE, Methodist Health System, Dallas
- Debra (Debbie) Sukin, Ph.D., Houston Methodist The Woodlands, Shenandoah
- James Vanek, Columbus Community Hospital

Additional Members of the 2024 THA Board of Trustees

- Terry Scoggin, CPA, Titus Regional Medical Center, Mount Pleasant – COPD Chair
- Andy Davis, Ascension Texas, Austin – COPD Vice Chair
- Raul Zamora, Uvalde Memorial Hospital – THT Chair

In addition to the THA officers, the following trustees were elected to serve one-year terms on the THA Executive Committee.

2024 THA Executive Committee

- Sam Bagchi, M.D., CHRISTUS Health, Irving
- Jacob Cintron, FACHE, University Medical Center of El Paso
- Cris Daskevich, FACHE, CHRISTUS Children's, San Antonio
- Allen Harrison, Medical City Healthcare, Dallas
- Peter McCanna, Baylor Scott & White Health, Dallas
- Terry Scoggin, CPA, Titus Regional Medical Center, Mount Pleasant
- Susan Turley, CPA, Doctors Hospital at Renaissance, Edinburg

2023-2024 THA Schedule of Major Events

2023		
November	9	THA Foundation Board Meeting (Virtual)
	10	THA Executive Committee Meeting (Virtual) THA Board of Trustees Meeting (Virtual)
December	8	THA Retirement Plan Board Meeting
	14	THIE Board Meeting, Georgetown
2024		
January	30	THA Management Corporation Board (Virtual)
	31	THA Foundation Board Meeting (Virtual)
February	14	THA Executive Committee Meeting, Dallas THA Board Meeting, Dallas
	15-16	THA Annual Conference & Expo, Hyatt Regency Dallas
March	7	THIE Board Meeting, Georgetown
April	9	THA Management Corporation Board (Virtual)
	10	THA Foundation Board (Virtual)
May	3	THA Executive Committee Meeting (Virtual) THA Board Meeting (Virtual)
July	9-11	THIE Board Retreat, Montgomery, TX
August	20	THA Management Corporation Board (Virtual)
	21	THA Foundation Board (Virtual)
September	12-13	THA Executive Committee Meeting, Board Planning Session and Board Meeting, TBD, Dallas Area
October	22	THA Management Corporation Board (Virtual)
	23	THA Foundation Board (Virtual)
November	8	THA Executive Committee Meeting (Virtual) THA Board Meeting (Virtual)

Report to the THA Board of Trustees November 10, 2023

Fall Education: Texas Healthcare Trustees is wrapping up its education calendar with webinars on reading and understanding quality dashboards, AI in health care and board considerations, and project management for executive assessments. Details can be found on [THT's website](#).

Healthcare Governance Conference: The 2024 Healthcare Governance Conference will be held at the Grand Hyatt San Antonio Riverwalk on July 25-27. Education sessions will cover compliance updates, implications of the 2024 election on health care policy, finance and much more. Updates can be found at www.tht.org/hgc.

Governance Toolkit: THT is adding additional resources to our governance toolkit. THT has been working on enhancing our online library of resources, samples and on-demand education so members can easily access information on governance best practices. The new resources cover committee effectiveness, meeting minutes, and compliance with the Open Meeting Act, ethics, and board conduct.

Information: For more information regarding this report or THT, please contact Amy Eskew (aeskew@tht.org) Texas Healthcare Trustees appreciates the affiliation with the Texas Hospital Association and looks forward to our continued partnership.

Respectfully submitted,

Joe Bob Burgin
Chair, Texas Healthcare Trustees

THA 2024 Strategic Objectives

As of October 30, 2023

Pillars	Strategic Objectives	Balanced Scorecard Measures	2023 Actual	2024 Goal	IC%	Bonus IC	Comments
Government Affairs	<ul style="list-style-type: none"> Ensure the economic sustainability of hospitals through Advocacy. Monitor, evaluate and influence legislative and regulatory activities to the advantage of THA members and the patients they serve 	Achievement of Federal / State Goals*	100%	100%	60		See Below for Detail
Member Engagement, Communications, and Governance	<ul style="list-style-type: none"> Maximize member knowledge, experience, and engagement. Advance public image and credibility of the hospital industry. 	THA Board Satisfaction	92%	90%	5		
		LinkedIn Audience Reach	917K YTD	1.1 million Impressions			
		Email Open Rates	25%	27%	5		A deeper reflection of member engagement (than straight web page views)
		The Scope	98K YTD	105,000 Page Views			
Programs, Products & Services	<ul style="list-style-type: none"> Serve as a resource and catalyst for transformation of hospital performance. 	Non-dues Revenue over Baseline	Baseline: 2023 - \$2,800,000	15% - 10% over Baseline 10 % - 5% over Baseline	15		
Workforce	<ul style="list-style-type: none"> Attract and retain a highly engaged, capable workforce. 	Employee Engagement Score	77%	75%	5		2023 Top Workplaces Benchmark – 75%
Finance & Operations	<ul style="list-style-type: none"> Ensure THA financial and operational sustainability through organizational excellence and innovation. 	Return on Designated Reserves	3%	3%	5		Board Goal
		Current Ratio	1.5:1	1.5:1			Board Goal
		Months in Reserves	12	12	5		Board Goal
		Meet / Exceed consolidated budget	Meet/Exceed	Exceed			Threshold Goal
		Collect 90% of amount billed for Type 1 & 2 membership	100%	>90%			Threshold Goal
					5		75% THA Board participates in health plan data Collection
					5		Increase Member Engagement in Core PPS by 3%
				Total	100	10	

2024 Government Affairs Strategic Objective and Measures in Detail:

- **Increased advocacy and funding for behavioral health coverage and access:** Engage in behavioral health legislative interim studies and agency policy development (2%-evidence of engagement incl. testimony, letters, staff visits); Develop BH strategic policy and budget priorities with THA BH Council (3%-Strategic priorities developed for 2024 and 2025).
- **Ensure funding stability for Medicaid payments by maintaining hospital payment strategies:** Advocate for consistent funding for hospitals in supplemental payments (CHIRP, UC) and base rates during HHSC rebasing exercise (5%-engage THA BCCs, HHSC, legislative leadership on funding changes proposed including CHIRP and UC resizing, inpatient rebasing, and EAPGs); Advocate for consistency and continuation of 1115 waiver and consistent financing; postponement or repeal of DSH cuts; and against site neutral payments (5%-track advocacy engagement with congressional delegation on waiver and LPPF financing, site neutral cuts and postponement or repeal of DSH cuts).
- **Increase Hospital Workforce and Address Workforce Retention:** Engage with THECB and TWC on workforce funding implementation to increase workforce pipeline (2%-outline work with THECB, TWC, legislature to ensure outflow of funding); Identify THA member feedback loop for workforce issues (2%-evidence of THA member engagement); Identify next steps in workforce strategic priorities with TNA (3%-evidence of priority issue development with TNA).
- **Ensure policies and legislation improve health care coverage for Texas patients:** Twelve-month postpartum Medicaid coverage implemented (3%-plan implemented to communicate next steps to THA members).
- **Ensure policies to support access to rural health care:** Aggressive advocacy on Medicare Advantage accountability, including push for CAH fix (4%-evidence of engagement with congressional and regulatory leaders).
- **Ensure HOSPAC engagement by THA members and with key endorsed officials:** Host Get Out the Vote events with at least two state legislators in advance of the March primary (2%-evidence of GOTV events); PP - Develop plan to identify and educate new potential hospital legislative champions (2%-evidence of increased and joint engagement with THA members and legislators); PP -Ensure state and federal HOSPAC endorsement process involves extensive member feedback (2%-feedback solicitation documented).
- **Project Pushback / Increase Hospital Leadership Engagement on Priority Advocacy Efforts:** Develop interactive web-based THA Advocacy Engagement Roadmap with to-do items for hospital CEOs including engagement with elected officials, local leadership, staff, and THA engagement (5%-Develop roadmap, Distribute roadmap, Track results and hospital leader engagement /usage).
- **Project Pushback / Proactive Development of Legislation to Increase Scrutiny and Oversight of Health Plans:** Develop and push legislative package regulating health plans and addressing adverse health plan actions (5%-Development of Legislation and Development of Supporting Materials).
- **Project Pushback / Develop and implement repository of insurance data and billing data:** Review and refine existing hospital data tools (5%-Develop and implement work plan on data acquisition including hospital engagement and develop and implement work plan on hospital data submission and cost tools).
- **Project Pushback / Establish and Develop Plan for Aggressive Response Messaging and Advocacy:** Manage oversight of third party to support legislative package on health plans and response to negative hospital rhetoric (5%-Develop engagement options, adopt plan, implement and oversight as directed).
- **Project Pushback - Hospital Self-Assessment to Negate Instances of Negative Coverage:** Develop priority issues list of hospital compliance issues for self-assessment tool to address perception and regulatory issues (5%-Identification of priority issues, development of self-assessment tool for use and feedback to THA).