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FOR  
HEALTH AFFAIRS COMMITTEE**

**Committee Meeting:** 11/13/2019

**Board Meeting:** 11/14/2019  
Austin, Texas

Janiece Longoria, *Chairman*  
David J. Beck  
Christina Melton Crain  
R. Steven Hicks  
Jodie Lee Jiles  
Nolan Perez

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	1:30 p.m. <i>Chairman Longoria</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	1:30 p.m. <b>Discussion</b>	<b>Action</b>	<b>133</b>
2. <b>U. T. System: Discussion and appropriate action regarding dissolution of The University of Texas System Medical Foundation, Inc., and delegation of authority to the Executive Vice Chancellor of Health Affairs to execute documents and take other actions as necessary</b>	1:33 p.m. <b>Action</b> <i>Dr. John Zerwas</i>	<b>Action</b>	<b>134</b>
3. <b>U. T. Medical Branch - Galveston: Discussion and appropriate action regarding agreement to provide correctional managed health care services to offenders in units operated by the Texas Department of Criminal Justice</b>	1:40 p.m. <b>Action</b> <i>President Raimer</i>	<b>Action</b>	<b>136</b>
4. <b>U. T. Medical Branch - Galveston: Discussion and appropriate action regarding amended and restated interagency cooperation agreement to provide centralized pharmaceutical distribution services to the Correctional Managed Care sites administered by Texas Tech University Health Sciences Center</b>	1:45 p.m. <b>Action</b> <i>President Raimer</i>	<b>Action</b>	<b>137</b>
5. <b>U. T. Medical Branch - Galveston: Discussion and appropriate action regarding agreement to provide health care services to offenders within the Texas Juvenile Justice Department</b>	1:50 p.m. <b>Action</b> <i>President Raimer</i>	<b>Action</b>	<b>138</b>
6. <b>U. T. Medical Branch - Galveston: Discussion and appropriate action regarding third amendment to an agreement with Santa Maria's Bonita House to provide mother and baby bonding services for Texas Department of Criminal Justice female inmates admitted to the program</b>	1:55 p.m. <b>Action</b> <i>President Raimer</i>	<b>Action</b>	<b>139</b>
<b>Adjourn</b>	2:00 p.m.		

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration**

RECOMMENDATION

The proposed Consent Agenda items assigned to this Committee are [Items 45 -69](#).

**2. U. T. System: Discussion and appropriate action regarding dissolution of The University of Texas System Medical Foundation, Inc., and delegation of authority to the Executive Vice Chancellor of Health Affairs to execute documents and take other actions as necessary**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel that the U. T. System Board of Regents

- a. authorize the dissolution of The University of Texas System Medical Foundation, Inc.; and
- b. delegate authority to the Executive Vice Chancellor for Health Affairs or his delegate to execute all documents, instruments, and other agreements, following review and final approval by the Chancellor, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel, and to take all further actions necessary or advisable to carry out the purpose and intent of the foregoing actions.

**BACKGROUND INFORMATION**

The University of Texas System Medical Foundation, Inc. is a nonprofit corporation organized strictly for educational and scientific purposes. The Foundation functions within the framework of U. T. Health Science Center - Houston for the purpose of training graduate medical students, referred to as house staff or residents. As part of the training, house staff are contracted with and paid a stipend plus fringe benefits for services by local hospitals participating in the Affiliated Hospitals Residency Training Program.

The Foundation was established on October 5, 1973, as an internal nonprofit corporation of The University of Texas System (U. T. System), as noted in *Rule 60303* of the U. T. System Board of Regents' *Rules and Regulations*. Historically, the Foundation provided administrative and educational functions for the benefit of U. T. Health Science Center - Houston residents and residency programs, such as issuance of paychecks and maintenance of records. On April 28, 2017, the Texas Supreme Court held that a resident physician in a U. T. Health Science Center - Houston residency program was not an employee of the Foundation for purposes of the Texas Tort Claims Act even though the Foundation entered into the appointment agreement with the resident and issued the resident's paychecks. To address the possibility of similar determinations in the future, resident physicians enrolled in U. T. Health Science Center - Houston residency programs are now employed directly by U. T. Health Science Center - Houston effective July 1, 2019. Although the Foundation has no role in the employment of residents and no decision-making authority over accommodations or the continuation of residents in a residency program, there is concern that the Foundation could be named in future lawsuits, complicating and increasing the expense of defending such lawsuits.

To reduce such legal risk, it is recommended that the Foundation be dissolved in accordance with its governing documents and the Texas Business Organizations Code. The Foundation's Board of Directors will need to vote to dissolve the Foundation and is responsible for additional actions determined necessary for dissolution. The Foundation may also need legal counsel to file corporate documents with the Texas Secretary of State. Upon dissolution, all Foundation funds and property of any kind will be transferred to the U. T. System Board of Regents. The Foundation is aware of one current potential liability, an employment lawsuit against the Foundation in *Dalamagkas v. University of Texas Health Science Center at Houston*, et al.; Case No. 4:19-cv-02262 (in the Southern District of Texas); this liability will either be resolved prior to winding up or defended by the Foundation subsequent to dissolution in accordance with the Texas Business Organizations Code.

3. **U. T. Medical Branch - Galveston: Discussion and appropriate action regarding agreement to provide correctional managed health care services to offenders in units operated by the Texas Department of Criminal Justice**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel, that the U. T. System Board of Regents, on behalf of The University of Texas Medical Branch - Galveston, approve terms of an agreement to provide correctional managed health care services to offenders in units operated by the Texas Department of Criminal Justice as described below.

**BACKGROUND INFORMATION**

U. T. Medical Branch - Galveston (UTMB) provides health care services to offenders in prison units operated by the Texas Department of Criminal Justice (TDCJ), through its own capabilities or by further subcontracting. TDCJ received State appropriations for FY 2020 and FY 2021 for the purpose of funding TDCJ contracts with UTMB to provide correctional managed health care services. Pursuant to a longstanding arrangement with TDCJ, UTMB will continue to provide health care services to a population of approximately 125,000 offenders incarcerated in 84 TDCJ prison facilities. The term of the contract is September 1, 2019 through August 31, 2021, and the total value over the term is \$1,045,488,971.

4. **U. T. Medical Branch - Galveston: Discussion and appropriate action regarding amended and restated interagency cooperation agreement to provide centralized pharmaceutical distribution services to the Correctional Managed Care sites administered by Texas Tech University Health Sciences Center**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel, that the U. T. System Board of Regents, on behalf of The University of Texas Medical Branch - Galveston, approve terms of an amended and restated interagency cooperation agreement to provide centralized pharmaceutical distribution services to the Correctional Managed Care sites administered by Texas Tech University Health Sciences Center as described below.

**BACKGROUND INFORMATION**

The amended and restated interagency cooperation contract allows U. T. Medical Branch - Galveston (UTMB) to continue its longstanding practice of providing centralized pharmaceutical distribution services to the Correctional Managed Care sites administered by Texas Tech University Health Sciences Center (TTUHSC). The new contract extends the period from September 1, 2019 through August 31, 2021 and provides for TTUHSC to pay UTMB for pharmaceutical services as a pre-payment each month in the amount of \$500,000, to be adjusted based on actual volume of prescriptions filled during the year. The actual estimated amount is \$9,300,000 in Fiscal Year 2020 and \$9,486,000 in Fiscal Year 2021, bringing the total value of the contract for the two-year term to \$18,786,000. The Board of Regents approved the initial contract on November 9, 2017.

5. **U. T. Medical Branch - Galveston: Discussion and appropriate action regarding agreement to provide health care services to offenders within the Texas Juvenile Justice Department**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel, that the U. T. System Board of Regents, on behalf of The University of Texas Medical Branch - Galveston, approve terms of an agreement to provide health care services to offenders within the Texas Juvenile Justice Department as described below.

**BACKGROUND INFORMATION**

The contract allows U. T. Medical Branch - Galveston (UTMB) to provide health care services to youth under the care of the Texas Juvenile Justice Department (TJJD), through its own capabilities or by further subcontracting. This agreement extends a longstanding arrangement between UTMB and TJJD through the current legislative biennium, from September 1, 2019 through August 31, 2021. TJJD will pay UTMB through legislative appropriations of \$10,533,396 for Fiscal Year 2020 and \$10,533,396 in Fiscal Year 2021, bringing the total value of the contract to \$21,066,792.

6. **U. T. Medical Branch - Galveston: Discussion and appropriate action regarding third amendment to an agreement with Santa Maria's Bonita House to provide mother and baby bonding services for Texas Department of Criminal Justice female inmates admitted to the program**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel, that the U. T. System Board of Regents, on behalf of The University of Texas Medical Branch - Galveston approve terms of the third amendment to an agreement with Santa Maria's Bonita House to provide mother and baby bonding services for Texas Department of Criminal Justice female inmates admitted to the program as described below.

**BACKGROUND INFORMATION**

The Texas Department of Criminal Justice (TDCJ) Rehabilitation Program Division initiated a contract with U. T. Medical Branch - Galveston (UTMB) for the Mother-Infant Bonding Program, which started in March 17, 2010. The primary goal of the program is to provide eligible female offenders with parenting education and skills in the care of their newborn infants at the Santa Maria's Bonita House, a secure residential facility located in Houston, Texas. The initiative for the program is to improve the opportunity for the mother and newborn to bond and to develop a positive relationship. TDCJ provides annual funding for this program and UTMB then contracts with Santa Maria's Bonita House to operate the care for the mothers and babies being admitted to the facility.

U. T. Medical Branch - Galveston entered into an initial one-year term agreement for the Mother-Infant Bonding Program with Santa Maria's Bonita House on September 1, 2016, in the amount of \$715,400. The parties subsequently amended the agreement for two one-year terms on September 1, 2017 and again on September 1, 2018, in the amounts of \$715,400 and \$835,120, respectively. The third amendment extends the period for another one-year term beginning September 1, 2019, in the amount by \$861,564, bringing the cumulative value of the contract to \$3,127,484. UTMB is seeking Board approval because the cumulative value of the contract exceeds the institution's delegated contracting threshold.