



THA Board of Trustees Meeting

Hyatt Regency Dallas

Cumberland FGH

Wednesday, February 14, 2024

2:00 p.m. – 5:00 p.m.

AGENDA

PRESIDING OFFICER: BRAD HOLLAND

		<u>PAGE</u>
2:00 p.m.	I. CALL TO ORDER	
	A. Call to Order and Certification of Quorum (Brad Holland)	
	B. Board Meeting Objectives (John Hawkins)	
	II. CONFLICT OF INTEREST (Steve Wohleb)	7
2:15 p.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 January 4, 2024 Called THA Board Meeting Minutes	8
	2. Approval of November 10, 2023 THA Board Meeting Minutes	10
	3. Approval of Other Minutes	20
	4. Approval of Trustee Absences	21
	5. Approval of Endorsed Partners	22
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	B. Reports	Information
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	2. 2024 Membership Renewal Summary	156
	3. Stockholder's Report for the Subsidiary Corporations	157
	4. THA Membership Survey Results	171

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.



2:45 p.m.	IV. RECOMMENDATIONS/REPORTS		
	A. Recommendations from the THA Executive Committee	Action	184
	1. Recommendations of the THA Nominating Committee to the THA Board (Erin Asprec)		
	B. Projected FY 2023 Financial Report (Cory Edmondson)	Information	185
	C. Recommendation for the 2024 Texas Hospital Advocacy Tribute Award (Jennifer Banda)	Action	197
	D. Report on Campaign to Counter Anti-Hospital Narrative (John Hawkins, Jennifer Banda, Carrie Williams)	Information	
	E. Consideration of PYA’s Negotiated Pricing Dashboard (John Hawkins, Jennifer Banda)	Action	199
3:30 p.m.	BREAK		
3:45 p.m.	V. ADVOCACY REPORTS	Information	
	A. State Advocacy Update (Jennifer Banda, Steve Wohleb)		211
	B. Medicaid Update (Jennifer Banda, Anna Stelter)		
	C. Federal Issues (Cameron Krier Massey, THA and David Pearson, AHA)		216
4:00 p.m.	VI. HOSPAC REPORT (Ajith Pai)	Information	223
4:10 p.m.	VII. THA INTERNAL REPORTS/UPDATES	Information	
	A. Report on THA Annual Conference & Expo (Lindsay Thompson)		
	B. Report on 2023 THA Leadership Fellows Class (Kyle Cavin, Assistant Administrator, Patient Services, Scottish Rite for Children, Dallas)		
4:20 p.m.	VIII. PRESIDENT’S REPORT (John Hawkins)		
	A. THA Schedule of Major Events		224
	B. CEO Comments		



OFFICERS

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



Chair-Elect: **Jim R. Kendrick, FACHE***
CEO
Community Hospital Corporation
Plano



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



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



Eric Hamon
President and CEO
Driscoll Health System
Corpus Christi



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



Donald Baker, CPA
Regional President
UT Health East Texas
Tyler



Gregory L. Haralson, FACHE
President
Baylor Scott & White – Central Texas
Region, Baylor Scott & White Medical
Center, Temple



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



R. Jacob Cintron, FACHE*
President & CEO
El Paso County Hospital District



Allen Harrison*
North Texas Division President
Medical City Healthcare
Dallas



Jorge Leal, FACHE
CEO,
Laredo Medical Center/Community
Health Systems



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



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



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



Cory Edmondson, FACHE
President/CEO
Peterson Health
Kerrville



Holly Holcomb, RN
CEO
Childress Regional Medical Center



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



continued -

Matthew (Matt) Stone
President
Central Group - Tenet Health
San Antonio



Susan Turley, CPA*
President
DHR Health
Edinburg



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



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



James E. Vanek
CEO
Columbus Community Hospital
Columbus



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



Debra (Debbie) F. Sukin, Ph.D., FACHE
President
Texas Children's
Houston



Adam Willmann, FACHE
CEO
Goodall-Witcher Healthcare
Clifton



Raul Zamora
Board Member,
Uvalde Memorial Hospital
**Texas Healthcare
Trustees Chair**



**2024 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.

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
THA BOARD OF TRUSTEES
CALLED MEETING
January 4, 2024**

The Texas Hospital Association Board of Trustees met virtually via Zoom on Thursday, Jan. 4, 2024, for a Called Meeting. The following were in attendance:

OFFICERS

Brad Holland, Chair
Erin Asprec, Immediate Past Chair
Kirk King, Secretary
John Hawkins, THA President/CEO

MEMBERS

Sam Bagchi, M.D.
Donald Baker
Jacob Cintron
Cris Daskevich
Cory Edmondson
Eric Hamon
Greg Haralson
Allen Harrison
Brandy Hart
Holly Holcomb
Peter McCanna
Chris Sandles
Terry Scoggin
Matt Stone
Pamela Stoyanoff
Debbie Sukin, Ph.D.
Susan Turley
James Vanek
Raul Zamora

THA STAFF

Jennifer Banda
Steve Wohleb
Ignacio Zamarron
Mitzi Ressmann
Carrie Williams
Fernando Martinez
Tess Frazier
Sharon Beasley
Jennifer O'Neil
Cesar Lopez
Carrie Kroll
Sara Gonzalez
Cameron Duncan
Anna Stelter
Erika Lopez
Matt Turner
Amy Eskew

CALL TO ORDER

Chair Brad Holland called the meeting to order at 11:00 a.m., welcomed everyone, and certified a quorum.

CONFLICT OF INTEREST

Steve Wohleb, THA's Chief Compliance Officer, 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 board members.

CAMPAIGN TO COUNTER ANTI-HOSPITAL NARRATIVE

John Hawkins presented a summary of work to identify data collection tools and the selection of the public affairs firm, Mach 1, to support the "Project Pushback" strategy discussed at the Nov. 10, 2023 THA board meeting.

Cameron Duncan explained the need for data to be able to quantify the impact to hospitals and answer legislators' questions. Discussion ensued about the data project efficacy. More discussion will take place at the Feb. 14, 2024, board meeting.

Hawkins expressed the need for approval for additional budget authority. Upon motion duly made and seconded, the following recommendations were unanimously approved:

RECOMMENDATION: That the THA Board of Trustees approve spending up to \$650K for Mach 1, which is \$438K, and allow management to spend \$212K at their discretion until there is a secondary or alternative proposal with more granularity.

RECOMMENDATION: That the THA Board of Trustees approve using a Combination of THA funds and Member Fundraising: THA can utilize a portion of its 2024 approved contingency funds in the amount of \$100K and \$250K of reserves. The remaining \$650K would be raised through voluntary contributions by members.

NEXT MEETING

The next THA Board Meeting will be held on Wednesday, February 14, 2024 at the Hyatt Regency Dallas.

ADJOURNMENT

There being no further business, the meeting adjourned at 12:05 p.m.

Kirk King
Secretary

Brad Holland
Chair of the Board

**MINUTES
THA BOARD OF TRUSTEES
November 10, 2023**

The Texas Hospital Association Board of Trustees met virtually via Zoom on Friday, November 10, 2023. The following were in attendance:

OFFICERS

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

Maureen Milligan, President/CEO, THOT
Esmaeil Porsa, M.D., Chair, THOT
John Henderson, President, TORCH
Amy Eskew, President/CEO, THT

MEMBERS

Sam Bagchi, M.D.
Jacob Cintron
Cris Daskevich
Jim Kendrick
Donald Baker
Joe Bob Burgin
Cory Edmondson
Greg Haralson
Allen Harrison
Brandy Hart
Holly Holcomb, RN
Jason Jennings
Doug Lawson, Ph.D.
Christopher Sandles
Terry Scoggin
Chuck Stark
Matt Stone
Debra Sukin, Ph.D.
Susan Turley
James Vanek
John Zerwas, M.D.

THA STAFF

Ignacio Zamarron
Mitzi Ressmann
Steve Wohleb
Fernando Martinez
Jennifer Banda
Carrie Williams
Sharon Beasley
Jennifer O'Neil
Wendy Thomas
Cesar Lopez
Michael Sipes
Cameron Duncan
Anna Stelter
Sara Gonzalez
Cameron Krier Massey
Carrie Kroll
Matt Turner
Heather De La Garza
Erika Ramirez
Lindsay Thompson

INVITED GUESTS

Steve Love, President/CEO, DFWHC
David Pearson, Regional Executive, AHA
Stacy Wilson, President, CHAT
Cindy Stout, Chair, CHAT

THA PAST CHAIRS

Chris Durovich
Ted Shaw, Former THA President/CEO

TRUSTEES-ELECT

Eric Hamon
Raul Zamora, THT Chair

CALL TO ORDER

Chair Erin Asprec called the meeting to order at 10:20 a.m., welcomed everyone and certified a quorum.

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, 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 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 September 7, 2023 THA Board Planning Session be approved as presented.

RECOMMENDATION: That the minutes of the September 8, 2023 THA Board Meeting be approved as presented.

Approval of Other Minutes

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

Approval of Trustee Absences

RECOMMENDATION: That the THA Board grant a waiver of absence to Andy Davis and Peter McCanna who were unable to attend the November 10, 2023 meeting.

Approval of THA Endorsed Companies

RECOMMENDATION: That the THA Board approve the following company for endorsement:

- **Oncore Health Solutions**

Other reports included the THA Chair-Elect Appointments for 2024, the stockholder's report of the subsidiary corporations, and the 2024 membership dues report.

RECOMMENDATIONS/REPORTS

Recommendations of the THA Nominating Committee

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

RECOMMENDATION: That the THA Board of Trustees elect the following individual 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)

Recommendations of the THA Governance Committee

Chair-Elect Brad Holland provided an overview of the Governance Committee's charge and noted that the committee met on October 16 to review the THA Bylaws, THA Management Corporation Bylaws, THA Foundation Board Bylaws, and the THINK Bylaws.

Steve Wohleb presented the following recommendations for each set of bylaws for approval by the THA Board of Trustees. Upon motions duly made and seconded, the following recommendations were unanimously approved.

THA Bylaws

The summary of the THA bylaws is found on page 59. The most substantive change relates to filling vacancies in board positions. Currently the bylaws indicate that the vacancy is filled on an interim basis and the permanent replacement stands for election during the next election cycle. We are proposing a change that would indicate the replacement serves out the remainder of the unexpired term, with the exception of a vacancy occurring before a board member takes office, in which case the vacancy would be filled on an interim basis until the next election cycle. See page 71 for that language. The Governance Committee recommends that the Board of Trustees approve the proposed changes to the THA Bylaws for submission to the THA membership for approval.

RECOMMENDATION: That the THA Board of Trustees approve the proposed changes to the THA Bylaws for submission to the THA membership for approval.

THA Management Corporation Bylaws

The next set of bylaws is the THA Management Corporation bylaws. The summary is on page 77. These changes are mainly non-substantive. The Governance Committee recommends that the Board of Trustees approve the proposed changes to the THA Management Corporation Bylaws for submission to the THAMC Board of Directors for approval.

RECOMMENDATION: That the THA Board of Trustees approve the proposed changes to the THA Management Corporation Bylaws for submission to the THAMC Board of Directors for approval.

THA Foundation Bylaws

The next set of bylaws is for the THA Foundation. The summary is on page 91. One change of note is the revision on page 94 at the bottom of the page, ensuring the involvement of the Nominating Committee to fill vacancies in board positions. The Governance Committee recommends that the THA Board of Trustees approve the proposed changes to the THA Foundation Bylaws.

RECOMMENDATION: That the THA Board of Trustees approve the proposed changes to the THA Foundation Bylaws.

Texas Hospital Insurance Network Bylaws

The last set of bylaws is for the THINK bylaws. The summary of the changes is found on page 99. One change of note is clarification for how the Board chair and vice-chair are selected. That is on page 105 of your packet. We recommend that the Board of Trustees approve the proposed changes to the THINK Bylaws for submission to the THINK Board of Directors for approval.

RECOMMENDATION: That the THA Board of Trustees approve the proposed changes to the THINK Bylaws for submission to the THINK Board of Directors for approval.

THA Board Self-Assessment Survey Results

John Hawkins provided an overview of the results of the 2023 board assessment that 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.

Recommendation for the 2023 Legends Award Recipient

John Hawkins presented background on the THA Legends Award, 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. Upon motion duly made and seconded, the following recommendation was unanimously approved.

RECOMMENDATION: That the THA Board of Trustees approve that Elmer G. Ellis be recognized with the THA Legends Award.

Financial Report as of August 31, 2023

Jim Kendrick, chair of the THA Finance Committee, reviewed the financial report for the eight-month period ended August 31, 2023. THA and its subsidiaries generated a consolidated increase in net assets of \$3,097,000 on a generally accepted accounting basis. 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.

- 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 2023.
- 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.

Recommendations of the THA Finance Committee

Jim Kendrick, chair of the THA Finance Committee, reported the THA Finance Committee met on October 19. In reviewing the proposed 2024 budget, the committee focused on the association's major programs and revenue streams, meeting all strategic financial goals established by the THA Board, and expanding resources that service the non-dues revenue programs of the THA family of companies. Upon motions duly made and seconded, the following recommendations were unanimously approved:

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

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.

Proposal for Health Plan Data Collection and Analysis

- Project Pushback – working on hospital leadership engagement; CEO checklist for 2024.
- Targeted health plan package on health care accountability – working with AHA and other state hospital associations.
- Need better data and have identified certain areas.
- PYA contract – would use the data that's already out there related to federal transparency laws.
- Payment behavior – work with Ohio Hospital Association on this issue; Ohio solution is more cost effective in the short term. Will need hospital participation-FL had 87% participation; will ask for board commitment.

After discussion, upon motion duly made and seconded, the following recommendation was unanimously approved:

RECOMMENDATION: That the THA Board of Trustees approve the purchase of two databases for \$35K and \$165K and ask for creation of task force to craft tactical plan with THA staff. In addition, THA will disperse information from Ohio and perform due diligence with Florida and Ohio hospitals.

ADVOCACY REPORTS

State Advocacy Update

Jennifer Banda presented issues from the 88th Texas Legislature 3rd Special Session, Senate Bill 7 – prohibition of a private employer from adopting or enforcing certain COVID-19 vaccine mandates. No employers can create a mandatory vaccine policy for COVID-19. The law does allow health care professionals to have a reasonable policy for hospital staff that includes masks. The 4th Special Session is currently underway, and THA is engaged on both House Bill

4 and Senate Bill 4, identical legislation that will allow law enforcement to detain undocumented persons. THA has draft language exempting hospitals from being the location that law enforcement detains individuals. THA continues to engage on workforce priorities. Staff continues to engage with state agencies and also met with the Texas Nurses Association to work on issues related to the enhancement of assault on a hospital campus and safe flexible staffing law.

Steve Wohleb presented one advocacy issue not mentioned in the written report that relates to efforts THA is undertaking with the HHSC Office of Inspector General related to a recoupment initiative being pursued by the OIG against Texas hospitals. The initiative relates to alleged improper billing of injection and infusion services provided in the emergency department to Medicaid managed care organizations. In pursuing the recoupments, the OIG contends that the Medicaid fee-for-service payment procedures, which require bundling of those charges into the ER visit, apply to payment arrangements with MCO. THA disagrees. The OIG has indicated that all Texas hospitals will eventually be contacted. We have asked for a meeting with the OIG to discuss the issue and are undertaking efforts to educate the membership through the In-House Counsel Group and other channels.

THA Special Committee on Medicaid Funding and Payment Options Update

John Hawkins informed the group that the Special Committee on Medicaid has been reconvened. Not much has changed with HHSC but believe they need to act proactively. CMS agreed to use fiscal data from 2025 instead of 2023 for purposes of resizing the uncompensated care pool to ensure we have the best data and ensure we develop programs that are achievable. If we get to implementation date and things have changed, we can turn things off.

Jennifer Banda expressed concern that by the time we look at 2025 data, not certain that HHSC is forecasting that correctly.

- Having to take some dollars out of CHIRP on front end.
- Trying to put in a “C” incentive program – use P4P on quality metrics to replace CHIRP dollars – challenge identifying metrics that you can put in place.
- Difficult in children’s hospitals – continues to be ongoing conversations and ongoing meetings.
- “B” incentive program – dollars would go to managed care companies, and they would disperse money out to the hospitals based on achievement of targets.
- Want MCOs reliant on hospitals to incentivize them to work cooperatively with hospitals. Believe if all are talking to each other, there will be consensus and better outcomes for all.

Federal Issues

Cameron Krier Massey began by referencing her written materials in the board packet on page 124 noting that:

- The fiscal year ended on Sept 30 and a government shutdown was narrowly avoided by passing a short-term funding bill that expires on Nov 17.
- The House and Senate have been considering a variety of comprehensive health care proposals all year that would implement changes in a broad range of areas such as drug costs, transparency, workforce, 340B, drug shortages, mental health, and site neutral payments. All committees on the House and Senate side that hold jurisdiction over these issues have now had mark ups on their proposals.

- The House attempted to bring a large package of reforms to the floor in October, but thanks to substantial advocacy work by the hospital sector and others, that was pulled down.
 - A summary of that bill, the Lower Costs, More Transparency Act, is in your materials. Unclear when the House expects to bring the bill up again. Of interest to hospitals, the bill includes site neutral policies on drugs administered off campus, new reporting provisions on price transparency, and new oversight on provider consolidation.

THA advocacy engagement includes:

- THA sent a letter to all members of the Texas congressional delegation in September about priority hospital issues for the fall, including opposing site neutral policies and addressing the Medicaid DSH cuts.
- Over the last several months, THA has also submitted letters in request to two RFIs – one from the House Ways and Means Committee on rural health and one to the House Budget Committee HealthCare Task Force (which is being led by Dr. Burgess from Texas) on healthcare spending and innovation.
- THA continues to engage the delegation on CMS activities to restrict state financing of Medicaid. In September, after a lot of advocacy work, two delegation letters were sent to CMS expressing concern with the impact of their efforts.
 - The Republican letter was led by Reps. Burgess, Crenshaw, Weber and Pfluger – all members of the House Energy & Commerce Committee which has jurisdiction over Medicaid – and signed by ALL republican members of the delegation.
 - A separate Democratic letter was led by Representatives Fletcher and Veasey – also members of E & C, as well as Representative Allred. It was signed by four additional Democratic members.
 - Cameron thanked the board and hospital members for their help in securing signers from the delegation for both letters.

Between now and the end of the year, Cameron noted the focus will be on whatever funding package comes together. The current continuing resolution included a short term delay of the Medicaid DSH cuts, but Texas hospitals would really like to see a two repeal.

- There are also efforts from Rep. Pfluger, Burgess, Crenshaw, and Weber to have an amendment included in the funding package that would prohibit CMS from using funds to implement restrictions on Medicaid state financing that were in the information bulletin and proposed rule.

David Pearson began by thanking Cameron Massey for her overview and sending greetings from the AHA. For his time on the agenda and in addition to the AHA written report, Pearson highlighted the following: 1) AHA is closely watching Congress for renewed efforts to avert a government shutdown. 2) There are a number of rules that are now final that AHA has provided analysis on, including outpatient, ASC, home health and physician fee schedule. 3) The final 340B Remedy was also released recently and certain eligible hospitals will receive a one-time, lump-sum repayment from their Medicare Administrative Contractor in the first quarter of 2024 with continuing advocacy on the claw back provision. 4) AHA has reiterated its support for the

Healthcare Workforce Resilience Act, bipartisan legislation reintroduced last week in the House and Senate that would recapture up to 40,000 unused employment visas. 5) AHA has a variety of resources to help members communicate specific hospital challenges in their market, such as talking points, infographics, and social media messages from the Coalition to Protect America's Health Care and about United Against Flu and National Rural Health Day. Lastly, Pearson thanked THA, United Regional and Texas Health for joining AHA in the lawsuit to bar enforcement of an OCR rule that makes standard third-party web technologies that capture IP addresses on hospitals' public-facing webpages a HIPAA violation. These applications allow hospitals to share health information with the people they serve and improve public health. We appreciate THA and these Texas member hospitals for taking this important stand with us.

HOSPAC REPORT

Carrie Kroll, Vice President Advocacy, Public Policy and Political Strategy, provided the HOSPAC update as HOSPAC Chair, Adam Willmann, was unable to participate. She reported that HOSPAC has raised more than \$221,000 since the beginning of 2023. With help from leaders at Memorial Hermann, HCA, CHC, Methodist Healthcare Dallas, CHI and CHS, the HOSPAC board was able to raise \$34,000 over the past four weeks. Kroll stated that she was excited to report that we have contribution commitments from Ardent, DHR and HCA totaling \$53,000. Those contributions will bring the 2023 HOSPAC fundraising total to \$274,000. Because 2024 is an election year – and the presidential election to boot, Kroll stated that HOSPAC is working to raise money so that we can give as needed especially to statewide leadership. Kroll asked board members that haven't done so, to ask their leadership teams to give to HOSPAC. She alerted board members that a HOSPAC contribution link was loaded in the chat box and told board members that the easiest way to ask their leadership team to give is by texting them the link and asking them to support HOSPAC in 2024. The HOSPAC board will meet to consider candidate endorsements in December. The HOSPAC team will be sending emails to all THA member CEOs in the coming weeks. Kroll said that the HOSPAC emails will request feedback on state and federal candidates in each region and encouraged board members to look for that email in their inboxes in the next few weeks. In the meantime, Kroll asked anyone with feedback on candidates running in their area to please send that to Wendy Thomas or anyone on the THA government relations team. The THA Board has achieved 100% participation in HOSPAC giving in 2023 and Kroll thanked the board for setting an example for their peers.

THA INTERNAL REPORTS/UPDATES

THA Annual Conference & Expo, February 15-16, 2024

Lindsay Thompson reported that the THA 2024 Annual Conference will be taking place on Feb. 15-16 at the Hyatt Regency Dallas at Reunion Station. The keynotes include Natalie Johnson, Certified Dare to Lead Facilitator; Alan Beaulieu, economic forecaster; and Karl Rove and Paul Begala for the political point/counterpoint. In addition, we will have 16 breakout sessions focusing on key areas of policy/regulatory updates; legal hot topics; leadership and governance; and workforce and operations. New this year, we have evolved the look and feel of the exhibit hall, renaming it the THA marketplace. The marketplace will be an open concept hub for networking and education. As we continue to finalize 2024 programming, we are also looking ahead to determine how we can continue to bring the most up-to-date education to our membership. The decision was made to move the 2025 conference to the fall. The conference dates will be September 22-24, 2025, in San Antonio.

PRESIDENT’S REPORT

John Hawkins welcomed the 2024 THA Chair-Elect, Jim Kendrick, and noted three additions to the Executive Committee: Allen Harrison, Terry Scoggin, and Susan Turley. Hawkins congratulated Debbie Sukin, Ph.D. on her new role as president of Texas Children’s. He also thanked board members for their service on the board whose terms expire on Dec. 31, 2023: Erol Akdamar, John Zerwas, M.D., and Joe Bob Burgin, THT Chair. Hawkins referenced the Schedule of Major Events and the THA Awards that will be presented at the annual conference in February.

REPORT OF THE TEXAS HEALTHCARE TRUSTEES

Joe Bob Burgin provided an overview of the THT fall education; noted that the Healthcare Governance Conference will take place on July 25-27 at the Grand Hyatt San Antonio Riverwalk. Updates can be found at www.tht.org/hgc. Raul Zamora will be the new incoming THT Chair and a member of the THA Board. Burgin expressed his gratitude to John Hawkins, the THA Board, THA staff and Amy Eskew in remarks given at the last meeting of his term.

NEXT MEETING

The next THA Board Meeting will be held on Wednesday, February 14, 2024 at the Hyatt Regency Dallas.

ADJOURNMENT

There being no further business, the meeting adjourned to executive session at 11:42 a.m.

Kirk King
Secretary

Erin Asprec
Chair of the Board

RECOMMENDATION TO THE THA BOARD OF TRUSTEES

February 14, 2024

Approval of Other Minutes

Successor Trustees, THA Retirement Plan for Member Hospitals	September 15, 2023
THA Management Corporation Board	October 24, 2023
THA Foundation Board	November 9, 2023

Respectfully submitted,

John Hawkins
President/CEO

RECOMMENDATION TO THE THA BOARD OF TRUSTEES

February 14, 2024

Trustee Absence

Three trustees have notified THA in advance that they will not be able to attend the February 14, 2024, 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	
Brandy Hart	Prior Commitment	
Matt Stone	Prior Commitment	

Respectfully submitted,

John Hawkins
President/CEO

RECOMMENDATIONS TO THE THA BOARD OF TRUSTEES

February 14, 2024

THA Endorsed Companies

The following companies have been approved by the THA Management Corporation Board of Directors on January 30, 2024, now seeking approval from the THA Board of Trustees to become THA endorsed companies. Executive summaries are attached.

- AblePay
- Dexur Enterprises Inc

Respectfully submitted,

THA Senior Management Team

January 2024

RE: Request for THA Board of Trustees approval of THAMC Board approved Endorsed Partners

Executive Summary

At the January 10th THAMC board meeting the following two companies were approved for advancement to the THA Board of Trustees for approval as THA Endorsement Partners.

Dexur:

Dexur provides an AI-driven unified quality and risk/incident management platform that helps hospitals predict, measure, and alert on key measures (e.g., Readmissions, Mortality, HAI, Patient Experience, etc.) to improve CMS Star Ratings, and HRRP, VBP, Leapfrog, and other quality programs. Typically, Texas hospitals currently spend 2x to manage quality and incident management through separate software programs. The Dexur risk assessment and incident management platform is integrated into the platform, hospitals can avoid duplication of work (e.g., Patient Falls can be tracked once instead of the current method of tracking twice i.e., once in the risk/incident management and another time in quality platforms), lower costs, minimize risk and improve quality. Dexur has seen success in partnering with other state hospital associations, including Indiana and Southern California.

AblePay:

AblePay works with providers across the US in collecting on patient responsibility payments, understanding this is a significant challenge and pain point. The company is founded by a former health system CFO, creating a solution that addressed the affordability gap for both providers and their patients. AblePay is unique in the market by bringing savings to patients (up to 13%), savings over time, or extensions with 0% interest. There is significant focus on the negative impact of medical credit card programs both at federal and state levels and our program is the “anti-thesis” to these concerns, which has led AblePay to partnerships with 16 state associations across the country. AblePay offers the following value to Texas hospitals:

- Prompt payment in 14 days, with no recourse.
- Easy implementation and integration (secondary payor processing); lower costs and better staff utilization.
- Making no changes to current internal processes and keeping all current vendors.
- AblePay assumes the financial risk for their members.
- Build continued loyalty and brand identity with strategic employers in the communities you serve!

Thank you,

Fernando Martinez PhD
President
Member Solutions



THA EMPLOYEE PERSONNEL POLICY MANUAL



THA MISSION

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

THA VISION

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



Welcome to the Texas Hospital Association family of companies.

We are pleased you have chosen to lend your talent to our diverse, dynamic organization. It is our desire to provide you with exciting opportunities and challenges that will benefit you, our members and THA.

We are confident that, through your efforts and dedication, THA will continue to fulfill its mission of serving Texas hospitals as the trusted source and unified voice to influence excellence in health care for all Texans.

The commitment and skills of our employees have helped make THA what it is today. We value each and every one of our employees, and we look forward to your contributions to our continued growth and success.

This employee handbook answers some of the questions you may have concerning THA and its policies. Please read it thoroughly. From time to time, you may receive updated information about policy changes. If you have any questions regarding any of the policies, please see your manager or a representative of the Human Resources Department.

I wish you success in your position, and I hope your experience with THA will be rewarding.

Sincerely,

John Hawkins
President/Chief Executive Officer

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1.1 INTRODUCTION

We are very pleased to welcome you to the Texas Hospital Association (hereinafter referred to as “THA”). You have joined a diverse, dynamic organization that needs your talent. In return, it is our desire to provide you with exciting opportunities and challenges that will prove beneficial to you, our members and THA.

1.1.1 We have written this Personnel Policy Manual (“Manual”) to answer some of the questions you may have concerning THA and its policies. Please read the Manual thoroughly and retain it for future reference. From time to time, you may receive updated information concerning changes in policy. If you have any questions regarding any policies, please see your supervisor or a representative of our human resources department.

1.1.2 We are confident that, through your efforts and dedication, THA will continue to fulfill its mission. We acknowledge the importance of the skill, effort and dedication of our employees in making THA what it is today. Whether you are just starting with THA or have worked at THA for a long time, we want you to know we appreciate the contribution you make to our continued growth and success. We wish you the best of success in your position, and we hope that your employment relationship with THA will be a rewarding experience.

1.2 IMPORTANT INFORMATION ABOUT THIS PERSONNEL POLICY MANUAL

This Manual contains human resource policies and procedures for THA employees. It is designed to establish uniform policies and guidelines relating to working conditions, employee benefits and employment. You are expected to know and be familiar with the contents of this Manual. Please read it carefully.

1.3 SCOPE AND APPLICABILITY

This Manual shall apply to all THA employees. Where specifically noted, such as the Policy Prohibiting Harassment and Discrimination in the Workplace, the Manual also shall apply to the board of directors and committee members, volunteers and contractors, where applicable.

1.3.1 Any questions about the interpretation or understanding of any policy or practice first should be directed to the immediate supervisor. If the employee requires clarification or does not feel comfortable asking the

immediate supervisor, he or she also may contact the Director of Human Resources or his or her designee.

1.3.2 This Manual supersedes (replaces) any previous manual or policies, written or unwritten, on the subjects covered herein. However, it does not supersede (replace) the provisions of individual employment contracts signed by THA ~~President~~president/CEO, or board of trustees or their designee. In the event of a conflict between any of these sources and this Manual, the terms and conditions of the employment contract or board resolution shall control.

1.4 NEW POLICY AMENDMENT PROCEDURE AND DISSEMINATION

1.4.1 The most current version of the Manual will be maintained on the ~~THA intranet~~TNet. Employees and others to whom the Manual applies will have access to the Manual and are responsible for reading, understanding and complying with all provisions of the Manual.

1.4.2 No policy manual can anticipate every circumstance, concern or question. THA reserves the right to interpret, revise, supplement or rescind any policy, procedure, benefit, program or portion of this Manual from time to time as it deems appropriate, in THA's sole and absolute discretion.

1.4.3 The policies stated in this Manual are subject to change at the sole discretion of THA, as are all other policies, procedures, benefits or other programs of THA. THA will endeavor to notify Employees of changes to the Manual as they occur, but employees are responsible for complying all policies regardless of whether they have been provided notice of such policies or changes to those policies.

1.4.4 THA will comply with all applicable federal, state and local laws pertaining to employment. If anything in this Manual is inconsistent with applicable federal, state or local laws, THA will comply with the applicable law.

1.5 RESPONSIBILITY

With the exception of matters reserved to the board of trustees, the general and final authority for personnel management rests with THA's ~~President~~president/CEO, or as otherwise specified herein.

- 1.5.1** The Director of Human Resources and the Senior Management Team, who, acting for the THA President~~president~~/CEO, ~~is~~are delegated the responsibility of developing, and administering ~~and interpreting~~ personnel policies and procedures.
- 1.5.2** The Director of Human Resources shall advise THA management in all areas of personnel administration including: compensation, benefits, employee-management, dispute resolution, recruitment and selection, training and career development, employee health and safety, risk management and other legal aspects concerning human resources.
- 1.5.3** The Director of Human Resources, along with all supervisors and the Chief Compliance Officer, is responsible for enforcing the provisions of these rules and related policies and procedures.



**INTRODUCTION
SECTION 1.0**

Approval: THA Board of Trustees

Date: January 1, 2019

2.1 AT-WILL EMPLOYMENT

Purpose

2.1.1 All employees of THA, except for those exceptions described below, are employed on an “at will” basis. The purpose of this policy is to further explain the “at will” employment relationship between THA and its “at-will” employees.

Policy

2.1.2 This Manual does not create an employment or other contract, either expressed or implied, between THA and its employees, nor does it guarantee employment for any specific duration. Nothing in this Manual should be construed as a promise or guarantee of continued employment or any benefit.

Procedure

2.1.3 Except where expressly specified in the individual employment contracts signed by both the employee and THA’s ~~President~~president/CEO or board of trustees, or their respective designee, the employment relationship between THA and its employees is “at-will.” This means that either the employee or THA may end the employment relationship at any time, with or without cause or reason.

2.1.3.1 The “at-will” relationship cannot be altered by any oral statement or by any statements in this Manual. No supervisor, manager or representative other than THA’s ~~President~~president/CEO or his or her designee or board of trustees has any authority to enter into any agreement with an employee for employment for any specified time, or to make any promises, commitments or agreements contrary to this “at-will” employment relationship policy.

2.1.3.2 Any employment contract or agreement entered into by THA’s ~~President~~president/CEO or his or her designee or board of trustees will not be enforceable unless it is in writing and signed by both the employee and THA’s ~~President~~president/CEO or his or her designee or board of trustees.

2.2 EQUAL EMPLOYMENT OPPORTUNITY POLICY

It is THA's policy that, as required by law, equal employment opportunities be available to all persons without regard to race, color, gender, religion, age, sex (including pregnancy, gender identity and, sexual orientation,), national or ethnic origin, physical or mental disability, genetic information, marital status, veteran status or any other status protected by federal, state or local law. This policy applies to employees and applicants and to all phases of employment including hiring, promotion, demotion and treatment during employment, rates of pay or other forms of compensation and termination of employment.

2.3 AFFIRMATIVE ACTION STATEMENT

THA is committed to a policy of affirmative action. THA assures an equal opportunity to all persons without regard to race, color, gender, religion, age, sex, sexual orientation, national or ethnic origin, physical or mental disability, marital status, veteran status or any other status protected by federal, state or local law. Its goal is to ensure that recruiting efforts reach and are open to a diverse group of candidates and to ensure that all employees have equal opportunities for advancement.

2.4 AMERICANS WITH DISABILITIES ACT (ADA)

It is the policy of THA to comply with the Americans with Disabilities Act of 1990 (ADA) as amended, Section 504 of the Rehabilitation Act of 1973 and other applicable federal, state and local laws and regulations that prohibit discrimination on the basis of disability. THA will take appropriate steps to provide reasonable accommodations upon request to qualified individuals with disabilities as long as doing so does not cause an undue hardship for THA.

2.5 POLICY PROHIBITING HARASSMENT AND DISCRIMINATION IN THE WORKPLACE

Purpose

2.5.1 THA is committed to providing a work environment that is free and safe from harassment or discrimination.

Policy

2.5.2 THA prohibits harassment or discrimination by any THA employee and will not tolerate harassment in any form by any individual who is associated with or employed by THA.

Procedure

2.5.3 All THA employees and, other individuals employed by or associated with THA, are responsible for maintaining a workplace free of all prohibited harassment and discrimination. Any individual may make a harassment or discrimination complaint regarding incidents experienced personally or observed in THA's workplace.

2.5.3.1 Sexual harassment includes, but is not necessarily limited to, unwelcomed and unsolicited sexual advances, requests for sexual favors or other verbal or physical conduct of a sexual nature where:

- i.** Submission to such conduct is made either explicitly or implicitly a term or condition of employment; or
- ii.** Submission to or rejection of the conduct is used as the basis for an employment decision affecting the employee, e.g., demotion, promotion, performance evaluation or compensation; or
- iii.** The conduct or speech has the purpose or effect of unreasonably interfering with an employee's work performance or creating an intimidating, hostile or offensive working environment, e.g., unwanted sexual jokes, vulgar language, sexual gestures, physical assaults, sexual advances or displaying sexually oriented materials, i.e., publications, pictures, cartoons or photographs, etc.

2.5.3.2 Employees should not assume that THA is aware of inappropriate conduct which the employee has witnessed or experienced. If the employee believes he or she has been the subject of conduct or witnessed or observed conduct that violates this policy, it is the

employee's responsibility to notify his or her supervisor or THA's human resources department immediately.

- 2.5.3.4** Any individual who feels that he or she has been or is being harassed and/or discriminated against, or who observes any harassment and or discrimination in violation of this policy Prohibiting Harassment and Discrimination in the Workplace, should inform, if he or she feels comfortable doing so, the individual engaging in the conduct that the conduct is unwelcome and must stop.
- 2.5.3.5** If the individual's supervisor is unavailable, or the individual does not feel comfortable reporting the conduct to his or her supervisor, the individual should report the conduct to THA's Director of Human Resources or his or her designee, or to any member of the THA's senior management team.
- 2.5.3.6** If the individual is not satisfied with the response of his or her supervisor, the Director of Human Resources or member of the THA senior management team, or does not feel comfortable reporting his or her concerns to any of these persons, the individual should contact THA's ~~President~~president/CEO.
- 2.5.3.7** Individuals who do not feel comfortable reporting violations of this policy to the persons listed above also may call the ~~Global Compliance~~THA Compliance Hotline ~~Alert Line~~. This can be done anonymously, and the communication will be kept confidential to the extent possible. ~~The Alert Line~~ telephone number is 800/673-1253. The ~~Alert Line~~reporting website ~~is~~ can be accessed at <https://secure.ethicspoint.com/domain/media/en/gui/83021/index.htm> | <https://tha.alertline.com>.
- 2.5.3.8** If it is determined that a violation of this policy has occurred, prompt and appropriate corrective action will be taken, which may lead to discipline of the individual engaging in the prohibited conduct, up to and including termination of employment.
- 2.5.3.9** THA employees can raise concerns and make reports without fear of reprisals in any form. THA will not tolerate retaliation in any form against complainants, individuals who report possible existence of harassment and/or discrimination in violation of this policy against others, or employees who participate or assist in THA's investigation.

Any employee who believes retaliation has occurred should immediately report the alleged retaliation using the complaint procedure described above.

2.5.3.10 Any employee complaints that are determined to have not been made in good faith may be subject to disciplinary action by THA.

Any individual found to have violated THA's Policy Prohibiting Harassment and Discrimination in the Workplace will be subject to appropriate disciplinary action, up to and including termination of employment.

2.6 HIRING PROCESS

2.6.1 Employment Physical Examinations - Following THA's offer of employment, all candidates for full-time positions (and certain part-time positions) are required to complete a pre-employment physical exam before reporting to work. THA will pay directly for the required physical exam with a health care facility approved by THA.

2.6.1.1 After being employed by THA, employees also may be required to take a physical exam before qualifying for another position or to determine their fitness to perform the functions of the job. Any medical exam or inquiry subsequent to employment will be job-related and justified by business necessity.

2.6.1.2 Results are strictly confidential ~~and are mailed directly to the employee~~. THA will be notified of the results only when they indicate that the employee may have a problem performing his or her assigned tasks.

2.6.1.3 THA may terminate the employment of an employee in the event that the medical exam reveals a condition that would prevent the employee from performing the job's essential functions, for other job-related reasons or to avoid a direct threat to the health and safety of the employee or others. Such release will be made only after attempting to find a reasonable accommodation to permit the employee to perform such functions.

2.6.2 Employment Drug Testing - The purpose of the drug test is to determine a prospective employee's current fitness to perform the essential functions of the job which he or she has been conditionally offered, with or without reasonable accommodations.

2.6.2.1 Candidates who fail the drug test will not be accepted for employment and may not be eligible for THA employment for a period of twelve (12) months.

2.6.3 Background Investigations - For business purposes, including but not limited to protection of THA's assets and promoting a safe workplace, THA conducts a background investigation of all prospective employees ~~and periodically during employment for purposes of employee retention, promotion, reassignment and other permissible purposes.~~ Additionally, THA may conduct additional background investigation before an existing employee qualifies for another position or to determine eligibility to perform the functions of the employee's job. Any additional background investigation of an existing employee will be job-related and justified by business necessity.

2.6.3.1 The background investigation may include personal and employment references, credit, criminal, educational, driving records and other background information deemed appropriate by THA.

2.6.3.2 The individual will be provided consent forms following a job offer, and before employment can start, the individual must give THA permission to conduct a background investigation as deemed necessary based on the position for which the individual has applied. Individuals who do not consent to a background investigation, or do not complete the required steps for an investigation to be conducted, will not be considered for employment and any offer of employment made by THA will be withdrawn.

2.6.3.3 Additionally, THA will check the federal System for Award Management and the Texas OIG Medicaid Excluded Provider databases prior to employment. Individuals listed as excluded in either database are ineligible for employment with THA.

2.6.4 Eligibility for Employment – Federal law requires all employers to verify the identity and employment eligibility of all persons hired to work in the United States. Accordingly, Section 1 of the Form I-9 must be completed on or before an employee's first working day and all new employees will be required to complete fully the I-9 verification process and produce the appropriate documentation within three business days of starting work. All offers of employment are contingent upon a candidate's fulfillment of this requirement and a failure to do so will result in termination.

2.6.4.1 As an E-Verify employer, THA will provide the Social Security Administration (SSA) and, if necessary, the Department of Homeland Security (DHS), with information from each new employee's Form I-9 to confirm work authorization. Employment eligibility verification through E-Verify will also be required for current employees who begin work on covered federal grants or contracts but who previously have not been entered into E-Verify.

2.7 TYPES OF EMPLOYMENT

All types of employment are subject to THA's hiring policy and procedures.

2.7.1 Full-Time Employee - is an employee who is, for a calendar month, employed on average at least 30 hours of service per week, or 130 hours of service per month.

2.7.2 Part-Time Employee - is an employee who is, for a calendar month, employed on average less than 30 hours of service per week and 130 hours of service per month.

2.7.3 Regular Part-Time Employee – is an employee who works a minimum of 20 hours per week but less than 30 hours per week.

2.7.4 Exempt Employee – is an employee who is exempt from the overtime provisions of the Fair Labor Standards Act.

2.7.5 Non-Exempt Employee – is an employee who is covered by the overtime provisions of the Fair Labor Standards Act.

2.7.6 Intern – is a student who is offered an opportunity by THA to work at THA for a fixed, limited period of time. The intern is not paid, but may receive

course credit from their learning institution, and does not receive THA benefits. THA's Internship Program further describes the policies and procedures applicable to interns.

2.8 EMPLOYMENT OF MINORS

Purpose

2.8.1 The Fair Labor Standards Act's child labor provisions restrict the type of jobs that minors may hold. Specifically, minors are not eligible for employment in occupations declared hazardous. The Fair Labor Standards Act defines minors as individuals less than 18 years of age.

Policy

2.8.2 It is the policy of THA to comply with federal, state and local laws and regulations governing the employment of minors.

Procedure

2.8.3 Examples of hazardous occupations include, but are not limited to operation of power-driven machinery; operation of motor vehicles; work requiring the use of ladders or scaffolds; loading and unloading of materials; and working while construction is taking place.

2.8.3.1 The employment must not interfere with the minor's health or well-being. If the minor is enrolled in school, the employment may not be during those hours when the minor is required to attend classes.

2.8.3.2 The employment of minors must conform to the periods and conditions of employment as specified in the Child Labor Provisions of the Fair Labor Standards Act which set the minimum "legal" work age at 14 for most types of employment; prohibit employing youths under 18 in dangerous jobs; and limit the daily and weekly work hours that employers may schedule for employees under the age of 16.

2.9 NEPOTISM

Purpose

2.9.1 This policy serves to establish and maintain a professional work environment and is designed to minimize the possibility of conflicts involving personal relationships that may hinder THA's effectiveness.

Policy

2.9.2 The employment of relatives of current THA employees is not permitted except as provided below. For the purposes of this policy, relatives include persons within the third degree of consanguinity (blood), within the second degree of affinity (marriage) and sole domestic partners (unmarried).

2.9.2.1 Relatives within the third degree are defined as parents, children, grandparents, siblings, grandchildren, great-grandparents, uncles, aunts, nephews, nieces and great-grandchildren.

2.9.2.3 Relatives within the second degree are defined as spouses or sole domestic partners and their parents, grandparents and siblings, and an employee's son, daughter-in-law and grandchild's spouse. This policy also includes relatives of the employee residing in the employee's household.

Procedure

2.9.3 No relative of an employee will be employed or retained as a contract worker unless approved by THA's President~~president~~/CEO.

2.9.3.1 The Director of Human Resources, or his or her designee, and the immediate supervisor must be notified that a familial or other personal relationship exists before the individual is retained as an employee or contract worker. If necessary, THA may determine that an employee or contractor's duties may need to be changed or the employment or contractor relationship terminated as a result of this policy.

2.9.3.2 The President/CEO may apply the nepotism prohibition for other internal and external relationships when failure to do so would be detrimental to THA.

2.10 WORKPLACE DATING AND FRATERNIZATION

Purpose

2.10.1 This policy intends to identify when these relationships are appropriate in the workplace and when they are not. For purposes of this policy, the terms “fraternize” and “fraternizing” includes dating, romantic involvement, and sexual relations.

Policy

2.10.2 It is THA’s policy that supervisors or any other employee who has the authority to directly or indirectly affect the terms and conditions of another’s employment shall not fraternize with that employee.

THA policy permits the employment of those individuals who have a personal relationship both inside and outside of the workplace, as long as the relationship does not negatively impact work and each employee adheres to all other applicable policies, including but not limited to THA’s Policy Prohibiting Harassment and Discrimination in the Workplace found at section 2.5 of this Manual.

Procedure

2.10.3 A supervisor who becomes romantically involved with someone he or she supervises, or with someone whose terms and conditions of employment he or she has the ability to influence, exposes himself or herself and THA to potential charges of favoritism, improper use of authority and sexual harassment (see policy section 2.5.1). ~~Sexual Harassment is Strictly Prohibited).~~

2.10.3.1 Where a personal relationship prohibited by this policy exists, THA will take whatever action it believes is necessary to remove the parties from any continued supervisory lines of authority between them.

2.10.3.2 Any relationship that interferes with THA’s culture of teamwork, the harmonious work environment or the productivity of employees will be addressed by applying the

progressive discipline policy (see policy section 17 - Discipline and Dismissal).

- 2.10.3.3** This policy applies to all THA employees and in no way alters, modifies or otherwise changes the employees' "at-will" employment relationship with THA. Employees are encouraged to bring any questions they may have regarding fraternization to the attention of their supervisor or to the Director of Human Resources or his or her designee.

2.11 EVALUATION PERIOD

Purpose

- 2.11.1** The evaluation period is designed to allow the employee to demonstrate the requisite level of ability, conduct, interest and skill to fulfill adequately the position requirements on a regular basis.

Policy

- 2.11.2** All employees must be assessed during the evaluation period and given feedback on progress. Any concerns should be recorded and communicated to the employee on a regular basis.

- 2.11.2.1** Existing permanent full-time and part-time employees promoted or transferred to a new position shall be required to complete an evaluation within ninety (90) days. A standard THA evaluation form is used and kept on record by the human resources department.

Procedure

- 2.11.3** The evaluation period for permanent full-time and part-time employees is the first ninety (90) days of employment. Annual employee evaluations will generally occur near the end of THA's fiscal year-end.

- 2.11.3.1** THA evaluates employees on a continuing basis, and the completion of the evaluation should not be considered a guarantee of employment as all employees at THA are employed "at will."

2.12 JOB OPENINGS

Purpose

2.12.1 All candidates for open positions will be provided equal employment opportunity for career advancement within THA.

Policy

2.12.2 THA is committed to hiring and promoting the most qualified candidates to open positions at all levels of THA. In keeping with this commitment, it is THA's practice to consider qualified internal candidates for promotion to open positions whenever possible.

Procedure

2.12.3 All open positions are posted when they become available and will be sent to all THA staff via email. The job posting will remain active for at least three (3) business days.

2.13 PREGNANT WORKERS FAIRNESS ACT (PWFA)

2.13.1. THA shall comply with the PWFA by providing reasonable accommodations to employees and applicants based on known limitations related to pregnancy, childbirth, or related medical conditions.

2.13.2. "Known limitations" include physical or mental conditions related to, affected by, or arising out of pregnancy, childbirth, or related medical conditions that the employee, applicant, or their representative as communicated to THA. Employees and/or their representatives can meet this criteria by submitting this information in writing (electronic or by physical copy) to the Director of Human Resources or their designee. A known limitation does not have to meet the definition of a "disability" under the ADA. Once the Director of Human Resources receives notification of an employee's known limitation, THA will engage in an interactive process with the employee, applicant, or their representatives to determine the reasonable accommodations needed and that can be provided.

2.13.3. THA may deny a reasonable accommodation under the PWFA if the accommodation will cause an undue hardship to the operation of THA's business.



Approval: THA Board of Trustees	Date: January 1, 2019
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3.1 WAGE AND SALARY ADMINISTRATION

Purpose

3.1.1 THA's wage and salary policies and procedures are designed to ensure fair and equitable pay among employees while also supporting recruitment and retention of a talented workforce.

Policy

3.1.2 THA's administration of wages and salaries is guided by principles for an equitable and systematic means of compensating its employees in relation to their assigned duties and responsibilities.

3.1.2.2 It is THA's policy that wage and salary administration practices and compensation levels are competitive with those businesses in our community and industry for comparable job categories.

Procedure

3.1.3 Wages and salaries are classified by position and based on responsibilities, experience required to fill the job, actual experience, and physical and mental demands. THA ~~President~~president/CEO, senior vice president and chief financial officer, and the human resources team review salary ranges annually and make any adjustment deemed necessary.

3.1.3.1 These provisions are not conditions of employment and can be modified, revoked or changed at any time without notice. No part of this section is intended to be an employment contract between THA and its employees and should not be misconstrued as such a contract.

3.2 PAY GRADES AND SALARY RANGES

3.2.1 Each THA position (job) will be assigned a pay structure that will have a wage and salary range defined by minimum and maximum dollar limits. The wage and salary range defines the pay opportunities for the position (job).

3.2.2 All wage and salary ranges will be reviewed annually and may be revised to reflect THA's changing competitive position, economic conditions and compensation objectives. Any pay increases employees may receive will be subject to the budgetary guidelines established by the ~~President~~president/CEO and the Board of Trustees.

3.2.3 The Director of Human Resources and/or his or her designee, under the direction and with the approval of the ~~President~~president/CEO, is responsible for position evaluation and placement in the appropriate pay structure.

3.3 PAYDAY

3.3.1 THA follows a bi-weekly pay date schedule. There are 26 pay periods in a calendar year, and employees will receive their pay every other Friday. Should a payday fall on a holiday, checks will be distributed on the Monday following the holiday. Direct deposits will be effective on pay day (Friday) and in case of a holiday, by the next bank business day.

3.3.2 Benefit deductions occur in the first two pay periods each month. Retirement deductions occur every pay period since they are based on actual base compensation for the year.

3.4 PAYROLL ADVANCES

3.4.1 THA does not extend payroll advances to any employee. However, if an employee should lose a payroll check, THA will stop payment on the first check and reissue another check.

3.4.2 THA does not permit employee loans.

3.5 JOB DESCRIPTIONS

3.5.1 Each position in THA will have a written description. The position description is intended to aid in orienting employees to their respective jobs, identifying the requirements of each position, establishing hiring criteria, setting standards for employee performance evaluations and establishing a basis for making reasonable accommodations for individuals with disabilities.

3.5.2 Position descriptions will be reviewed on an as needed basis and on a periodic scheduled defined by the human resources department. The position description may be modified, if warranted, through documentation provided by an updated job description questionnaire submitted by the supervisor, and will serve as the basis for position evaluation and all changes to position descriptions.

3.5.3 Job descriptions may not necessarily cover every task or duty that might be assigned to an employee. Additional responsibility may be assigned as necessary, and if it becomes a permanent part of the job, responsibilities could be added to the job description, if warranted to be of a significant level.

3.6 INCENTIVE COMPENSATION PLAN

3.6.1 The purpose of THA's incentive compensation plan is to motivate and reward staff for achievements benefiting member hospitals beyond the goals set in THA's management and strategic plan. Details of the plan are outlined in THA's Incentive Compensation Plan which can accessed on the TNet. In the event of any conflict between this manual and the Incentive Compensation Plan, the terms of the Incentive Compensation Plan shall control. THA's Incentive Compensation Plan does not include THIE which has its own Incentive Compensation Plan as approved by the THIE Board.

3.6.2.1 The ~~president~~President/CEO will propose to THA's executive committee of the board of trustees organizational goals for the year. These goals will be measurable and designed to exceed the level of achievement anticipated in the annual management plan. The executive committee must approve the achievement of these goals.

3.6.2 Full-time regular employees (with some exceptions) are eligible to participate in the plan if they are employed a minimum of six months in the current fiscal year and are in good standing with regards to the quality of their work.

~~**3.6.3** THA must achieve an excess of revenue over expenses from which plan award amounts may be paid. Plan award amounts will not be paid in fiscal years where THA generates a loss. THA's executive committee will make the decision annually as to whether an incentive award is to be granted. The executive committee also determines the goal completion rate for the incentive payout and recommends annually to the board of trustees a level of incentive compensation for THA staff.~~

3.7 REGULAR WORK SCHEDULES

3.7.1 THA employees will normally work a 40-hour work week. Individual work hours may vary by location or department. The department supervisor will determine employee work schedules. For timekeeping purposes, the workweek begins on Sunday and continues through Saturday.

3.7.2 Where it is reasonable and practical to do so, and where operational needs will not be adversely affected, supervisors have the discretion to adjust the employee's work week to a flexible schedule to provide the employee with a more balanced work week. Some departments may not be able to

accommodate an employee's desire for a flexible schedule because of departmental coverage and service hours.

3.7.2.1 In areas where flexible hours are permissible, the suggested hours are between 7 a.m. and 7 p.m. THA's member service hours are from 8 a.m. to 5 p.m., Monday through Friday. All employees are required to record all hours worked per work week.

3.7.3 Flex Time - THA confirms its commitment to develop, maintain and support a comprehensive flex-time policy where it is reasonable and practical to do so and where operational needs will not be adversely affected.

3.7.3.1 Flex-time is a work schedule that allows employees to work hours that are not within the standard 8 a.m. to 5 p.m. range, while maintaining a high level of service during the organization's peak operating hours (typically 10 a.m. to 3 p.m.).

3.7.3.2 With a flex-time schedule, non-exempt employees are still subject to all requirements of the Fair Labor Standards Act (FLSA).

3.7.3.3 Employees who are exempt from FLSA are expected to work whatever number of hours are required in order to accomplish their duties and may be permitted to set their own schedules.

3.7.3.4 In order to facilitate flex time, supervisors may create working arrangements, in accordance with the needs of the department and THA. Such work schedules and flexibility may widen its recruitment pool, retain the valuable skills of existing employees who no longer want to work full-time or who may want to work full time but with an alternative schedule, and enable staff to retain career development opportunities.

3.7.3.5 Not every employee in each department will be able to work similar flex-time schedules. Therefore, supervisors will have to carefully examine the requested flex-time schedules so that they can coordinate work schedules that ensure ample employee coverage during peak hours.

- 3.7.3.6** It is the responsibility of the supervisor to verify and ensure performance of employees with flex-time schedules. Flex-time is a privilege, not a right, and can be modified or rescinded at the discretion of the supervisor.

3.8 BREAK TIME AND LUNCH

- 3.8.1** THA allows for two 15-minute breaks a day. Breaks are taken on an informal basis and usually are arranged with the employee's immediate supervisor. Breaks do not carry over from day to day. If a break is not taken during the day, it does not entitle an employee to leave early.
- 3.8.2** The lunch hour will normally be scheduled between the hours of 11 a.m. and 2 p.m. THA encourages all employees to leave their workstation at these break times and the lunch hour.

3.9 OVERTIME

- 3.9.1** All THA employees who are in positions designated non-exempt under the Fair Labor Standards Act (FLSA) are eligible for overtime and will be paid overtime compensation at the rate of one and one-half (1.5) times their regular hourly rate. The employee's manager must approve overtime before it is allowed. Excused paid absences (e.g., sick, vacation, etc.) are not considered time worked and do not count toward forty (40) regular hours for determining overtime pay. For purposes of calculating overtime pay, THA's work week begins on Sunday at 12:01 a.m. and ends on Saturday at 12 midnight.
- 3.9.2** All overtime worked must be approved in advance by the employee's immediate supervisor. The supervisor will evaluate last minute requests on a case-by-case basis. An employee who works overtime without prior supervisory approval may be subject to corrective action.

3.10 SATURDAY, SUNDAY AND HOLIDAY WORK

- 3.10.1** THA understands the value of weekends and holidays for employees. However, THA recognizes there may be times when employees are asked to work on the weekend or a holiday. When this occurs, non-exempt employees will be paid overtime at the rate of one and one-half (1.5) times

their regular hourly rate for all hours actually worked on the Saturday, Sunday, or holiday, regardless of the number of hours worked in the work week, unless the normal work week includes regular Saturday and Sunday work.

3.10.2 To qualify for overtime on weekends or holidays or for compensatory time off because of working weekends, the employee's immediate supervisor must approve the hours he or she works before the day the overtime is worked and must notify the human resources department.

3.11 COMPENSATORY TIME

3.11.1 THA's compensatory time policy applies to both non-exempt and exempt employees. This policy recognizes there may be situations where a work unit experiences extraordinary increases in the amount of work and where employees must commit time and effort beyond their regular work schedule. In such situations, supervisors may extend the opportunity for scheduling flexibility at other times that are mutually agreeable between the employee and the supervisor.

3.11.2 Non-exempt employees have an option to take time off (compensatory time) or receive overtime pay. Compensatory time must be taken with the supervisor's approval, during the same work week in which it was earned on an hour for hour basis. Compensatory time earned, but not used within the same work week in which it is earned, must be converted to overtime pay.

3.11.2.1 Non-exempt employees must be compensated if required to attend conferences, seminars or other training during times when they would not normally be required to work.

3.11.3 Exempt employees may work any number of hours in a single work week and not receive overtime pay or compensatory time because fulfilling their job responsibilities may take longer than a 40-hour work week.

3.11.3.1 Under specific circumstances, a senior vice president may choose to grant compensatory time off to exempt employees who are required to work in excess of 40 hours per week for special projects or assignments. Any compensatory time granted by a senior vice president should be reported to the Director of Human Resources and/or his or her designee.

3.11.3.2 Compensatory time may be used as paid time off at a mutually convenient time scheduled in advance.

3.11.4 No compensatory time will be honored unless approved by the employee's senior vice president. Under no circumstances is an exempt employee entitled to payment for unused compensatory time at termination.

3.12 REMOTE WORK AND TELECOMMUTING POLICY

3.12.1 ~~Remote working and telecommuting arrangements are governed by the THA Remote Work Policy (Policy No. 3.13), the most current version of which can be found on the TNet. THA will actively support telecommuting (telework) where it is reasonable and practical to do so and where operational needs will not be adversely affected. In order to facilitate telecommuting, supervisors may create working arrangements, in accordance with the needs of the department. Such work schedules and telecommuting may widen its recruitment pool, retain the valuable skills of existing employees and enable staff to retain career development opportunities.~~

3.12.2 ~~Telecommuting is defined as an employee working at home or at other off-site locations for all or part of his or her regular workweek, and is linked electronically (via computer, fax, etc.) to a THA central office or principal place of employment.~~

3.12.2.1 ~~Telecommuting may be a condition of employment where the job requires the employee to work on a regular schedule from a home office or while traveling regularly on THA or subsidiary business, meeting specific criteria as outlined in the THA job description for the specific position.~~

3.12.2.2 ~~Telecommuting also may be a voluntary work alternative that may be appropriate for some employees and some jobs. It is not an entitlement; it is not a company-wide benefit; and it in no way changes the terms and conditions of employment with THA.~~

3.12.2.3 ~~This policy does not apply to situations where a supervisor occasionally allows an employee to work at home on a temporary, irregular basis.~~

~~3.12.3 Employee job responsibilities will not change due to telecommuting. Accountability in terms of job responsibilities, work output and customer orientation will continue to follow the standards set by THA. The amount of time an employee is expected to work will not change due to telecommuting. Employee work hours will be mutually agreed upon by the supervisor and the employee.~~

~~3.12.3.1 In the event that business conditions require the telecommuting employee's presence at a central work location function, meeting or other event, the employee is expected to report to the central work location, even if such work occurs during normally scheduled telecommuting.~~

~~3.12.4 THA shall provide workers' compensation and liability protection as obligated by state statutes for the employee while in the course and scope of employment within the agreed upon location and defined work schedule.~~

~~3.12.4.1 THA assumes no responsibility for any activity, damages or injury that is not directly associated with or resulting from the official job duties for which THA has no ability to exercise control. THA assumes no responsibility for the employee's personal property.~~

3.13 TEMPORARY ACTING PAY

3.13.1 THA may compensate an employee for assuming, on a temporary basis, some or all of the job duties of another position from which an incumbent is absent, when all of the following conditions have been met:

- i. The employee is assigned by the appointing authority to perform a majority of the significant duties of a permanent, higher-paid position from which the incumbent is absent;
- ii. The duties of the higher-paid position are assigned to, and performed by, the designated employee for 30 consecutive work days or more; and
- iii. The assigned employee is approved in advance by the department's senior vice president or his or her designee, in conjunction with the Director of Human Resources and/or his or her designee.

- 3.13.2** Employees who perform the duties of a higher paid position under the above provisions shall receive acting pay beginning on, or retroactive to, the first day of the assignment.
- 3.13.2.1** Employees who perform the duties of a higher paid position under the above provisions may receive an increase of 10 percent added to their current base pay.
- 3.13.2.3** Service in an “acting” position does not count toward a probationary period.
- 3.13.3** If the employee’s performance review is scheduled during the timeframe they are “acting,” the percentage of merit increase, if warranted, will be determined by using the base pay the employee was paid prior to the acting salary.
- 3.13.3.1** The employee will be eligible for this merit increase even while they are in the acting position. The employee will be evaluated on the current job duties they are performing.
- 3.13.4** At the end of the temporary assignment to “acting” positions, employees return to their original position at the compensation they were earning at the time they assumed the “acting” position with any applicable increases for interim adjustments.
- 3.13.5** Nothing herein shall be construed to prevent the assignment of additional and higher level duties to an employee without additional compensation. Authorized additional compensation shall be paid only in cases of formal temporary promotion effected in accordance with these provisions.



~~WAGE AND SALARY ADMINISTRATION WILL~~
~~EMPLOYMENT~~
SECTION 32.0

Approval: THA Board of Trustees

Date: January 1, 2019

4.1 EMPLOYEE BENEFITS

Purpose

4.1.1 The purpose of this section of the policy manual is to provide THA employees with a helpful summary of employee benefits for reference purposes.

Policy

4.1.2 It is THA's policy to provide eligible employees and their qualified dependents access to uniform basic group health and life insurance along with other benefits at the most efficient cost to THA and its employees.

4.1.2.1 THA reserves the absolute right to seek quotations or competitive bids, to modify or change, and to abolish or consolidate any of the offered benefits programs and plans, or any portion thereof, as deemed appropriate and in the best interest of THA and its employees.

4.1.2.3 Any financial commitment made by THA to the benefits programs and plans will be in accordance with availability of supporting resources.

Procedure

4.1.3 Each benefits plan's certificate of coverage or current plan document with any external companies governs that benefits plan and shall prevail over all other information. Therefore, the benefits plans and programs adopted by THA are governed by the applicable contracts.

4.1.3.1 All benefits plans and programs along with other benefits will be communicated by the human resources department to THA employees at the beginning of each plan year.

4.1.3.2 THA reserves the right to amend or terminate any benefit plan or program or cost sharing, or to require or increase employee premium contributions toward any and all benefits plans and programs at its discretion. In such cases THA will make every effort to provide advance notice to affected employees.

4.2 LIFE STATUS CHANGE EVENTS

4.2.1 Events described in Internal Revenue Service (IRS) regulations allow employees to make a change to their benefits coverage if they experience any of the following:

- Marriage or divorce; Change in legal marital status such as marriage, divorce, annulment, or death of spouse;
- Death;
- Birth or adoption of a dependent Events that change an employer's number of dependents, including the following: birth, death, adoption, and placement for adoption;
- Dependent satisfying or ceasing to satisfy the plan's eligibility requirements;
- Loss of or a significant change to your current coverage Any of the following events that change the employment status of the employee, the employee's spouse, or the employee's dependent, a termination or commencement of employment, a strike or lockout, a commencement of or return from an unpaid leave of absence, and a change in worksite;
- Judgment, decree or court order resulting from a divorce, legal separation, annulment, or change in legal custody (including a qualified medical child support order); or
- Enrollment/ceasing to be enrolled in Medicare or Medicaid.

4.2.2 Employees generally have 30 days from the date of the event to report and update their benefits with the human resources department.

4.3 GROUP MEDICAL INSURANCE

4.3.1 All Full-Time Employees in a permanent position are eligible for health insurance, if offered by THA, on the first day of the month following their date of employment, provided the appropriate documents are completed and submitted.

4.3.2 Eligible THA employees and their dependents may participate in group medical insurance coverage on a voluntary basis and shall be subject to the terms and provisions of the agreements between THA and the insurance provider.

4.3.3 The cost of the group medical insurance may be shared by THA with the employee.

4.4 DENTAL INSURANCE

4.4.1 All Full-Time Employees in a permanent position are eligible for dental insurance, if offered by THA, on the first day of the month following their date of employment, provided the appropriate documents are completed and submitted.

4.4.2 Eligible employees and their dependents may participate in group dental insurance on a voluntary basis and shall be subject to the terms and provisions of the agreement between THA and the insurance provider.

4.4.3 The cost of the dental insurance may be shared by THA with the employee.

4.5 LIFE, ACCIDENTAL DEATH AND DISMEMBERMENT, AND LONG TERM DISABILITY

4.5.1 All Full-Time Employees –in a permanent position are eligible for life, accidental death and dismemberment, and long term disability insurance, if offered by THA, on their date of employment, provided the appropriate documents are completed and submitted. The cost of the long term disability insurance may be shared by THA with the employee.

4.5.2 THA will pay the entire employee cost of life and accidental death and dismemberment insurance, however THA may change or modify this benefit at any time.

4.6 SHORT-TERM DISABILITY BENEFIT

4.6.1 The terms of THA’s Short-Term Disability Benefit shall be governed by this section 4.6 and the additional terms and conditions, including any limitations, that are described in THA’s Short-Term Disability Plan (“Short-Term Disability Plan”) as may be approved and modified by THA senior management from time-to-time. If there is a conflict between this section 4.6 and the Short-Term Disability Plan, the provisions of the Short-Term Disability Plan shall control. A copy of the Short-Term Disability Plan is available from human resources.

4.6.2 If a disability keeps a Full-time Employee away from the job for more than five consecutive working days, THA may grant a short-term disability leave-of-absence. The reasons for an employee to be granted a short-term

disability leave-of-absence include, but are not limited to: illness, physical disability and pregnancy.

4.6.3 To be eligible for the benefit, the employee must have a minimum of 12 months continuous service as a full-time employee and under a licensed physician's care.

4.6.4 Benefits will be paid for a maximum period of nine weeks with respect to any one period of disability. A portion of the nine weeks will be paid at full base salary and the remainder at 66 2/3 percent, both less customary payroll deductions. The length of service accumulated per the following schedule will determine the number of weeks paid at full salary:

LENGTH OF SERVICE	BENEFIT EQUAL TO FULL BASE SALARY FOR A MAXIMUM PERIOD OF	BENEFIT EQUAL TO 66 2/3 PERCENT OF BASE SALARY FOR A MAXIMUM PERIOD OF
1 to 2 years	Three weeks	Six weeks
2 to 3 years	Four weeks	Five weeks
3 years or greater	Five weeks	Four weeks

4.6.5 The employee will be required to submit a completed THA Attending Physician's Statement to the human resources department or THA's authorized vendor, which includes the following:

- Type of disability;
- Estimated return to work date; and
- Date and signature of attending physician.

4.6.6 Employee paid disability leave-of-absence will end on the date specified by his or her physician or when the maximum benefit period expires, whichever date is earlier. Follow-up statements will be requested for disability periods in excess of three weeks. Also, if a physician issues a return to work statement for less than the regular eight-hour work day, the remaining hours not worked will be covered by the short-term disability policy.

4.6.7 Any employee who returns from a medical disability relapses and is required to go on another leave for the same illness within 14 calendar days of returning will receive benefits as if the leave of absence had been continuous.

4.6.8 An employee has the option of using remaining paid time off in place of the reduced compensation benefits indicated above. For example, a four-year

employee who is absent for six weeks due to illness may elect to use one week of remaining vacation eligibility at full pay in place of one week at 66 2/3 percent of base salary. This election will extend the maximum period benefits will be paid as stated above.

4.6.9 When an employee returns to work, he or she will be required to provide the human resources department or THA's authorized vendor, with a Release to Work Statement from his or her Attending Physician, which includes the following:

- Type of disability;
- Approved return to work date;
- Work limitations or restrictions, if any;
- Expected duration of limits/restrictions; and
- Date and signature of attending physician.

4.6.10 If limitations are present, a follow-up statement will be required before the employee's return to normal work levels.

4.6.11 Temporary disability leave-of-absence benefits will not be paid in the following circumstances:

- For a disability caused by a wilful and intentional self-inflicted injury;
- For a disability caused by an injury sustained in the violation of criminal law; or
- When compensation is received from a third-party for work performed while on temporary disability leave-of-absence.

4.7 VISION

4.7.1 All Full-Time Employees in a permanent position are eligible for vision insurance, if offered by THA, on the first day of the month following 30 days of employment, provided the appropriate documents are completed and submitted.

4.7.2 Eligible employees and their dependents may participate in vision insurance on a voluntary basis and shall be subject to the terms and provisions of the agreement between THA and the insurance provider.

4.7.3 The employee will pay the entire cost of this vision benefit, however THA may modify or change this benefit at any time.

4.8 SUPPLEMENTAL INSURANCE

4.8.1 Employees also may purchase supplemental health and life insurance from a provider designated by THA ~~at a reasonable group rate. The employee will pay the entire cost of this benefit.~~

4.9 ADDITIONAL BENEFITS

4.9.1 Section 125 Plan

(a) Section 125 of the Internal Revenue Code offers employees a unique opportunity to set aside money from their “before-tax” gross pay to fund certain qualified benefits.

~~**(b)** The Section 125 plan offers employees many advantages. However, employees should be very careful in determining how much to put in the plan. Internal Revenue Service regulations require that any funds left in the plan at the end of the year revert to the plan sponsor.~~

(c)(b) To participate in the Section 125 plan, an employee must enroll in the program with the human resources department within 30 days of hire or during each annual open enrollment. Contributions will be deducted from the employee’s paycheck on a pre-tax basis. Employees will have until March 15 of a given year to submit bills for the previous year. Claims must be for services incurred in that plan year.

For a more detailed explanation of the plan and examples, please refer to THA’s ~~Staff Benefit Plan packet~~Section 125 Plan: Summary Plan Description document available on the TNet.

4.9.2 Employee Assistance Program

(a) THA’s Employee Assistance Program (EAP) is a proactive resource with direct positive benefit on corporate costs resulting from lost work time, absenteeism, disability and reduced performance. Therefore, it is in the best interest of employees and THA when employees are able to address personal issues that have a direct bearing on job performance. THA, ~~through outside sources, provides~~may provide an EAP which includes confidential counseling sessions and

professional referrals to employees, their family members and domestic partners who seek help with concerns affecting their lives and work.

~~THA's Employee Assistance Program (EAP) is a proactive resource with direct positive benefit on corporate costs resulting from lost work time, absenteeism, disability and reduced performance. Therefore, it is in the best interest of employees and THA when employees are able to address personal issues that have a direct bearing on job performance.~~

- (b) Employees may decide independently to contact the EAP without involving THA or THA management.
- (c) When job performance is suffering, and supervisors believe the cause may be an employee's personal issues, they should first discuss performance problems with the employee and then consult with the EAP about the referral process.
- (d) On rare occasions, management may require that the employee contact the EAP and cooperate with EAP recommendations as a condition of employment. Supervisors must confer with THA's human resources department before taking this step. THA allows employees time to attend EAP appointments without having to use paid time off in this situation.
- (e) Employees may consult with THA's human resources department for suggestions on accounting for their time away from work.
- (f) Working with EAP does not automatically exempt the employee from appropriate disciplinary action for continuing performance issues.
- (g) EAP maintains confidentiality within the limits of the law and will not release information to an employee's management without that employee's consent. If there is a threat of serious harm to the employee or to others, the law may require that EAP report this situation to the proper authorities. For further information about additional resources that can provide assistance with workplace conflicts please contact THA's human resources department.

4.10 401(k) SALARY DEFERRAL SAVINGS AND RETIREMENT PLAN

4.10.1 All ~~Full-Time Employees~~ employees in a permanent position are eligible to participate in THA's 401(k) plan on the first day of the month following the Employee's first 90 days of employment, provided the appropriate documents are completed and submitted.

4.10.2 Before-tax 401(k) contributions are deducted from the employee's paycheck. Employees pay taxes on these contributions and earnings when they withdraw money from the plan.

4.10.3 Roth after-tax 401(k) contributions are deducted from the employee's paycheck. Employees will not pay taxes again on these contributions or on the earnings if they receive money as a qualified distribution.

4.10.4 THA's 401(k) plan features a variety of investment choices, including a full range of self-directed mutual funds, and an automatic option. Loans from employee 401(k) plan accounts also are available.

4.10.5 THA will make an employer contribution of three percent of employee salary and may contribute an additional two percent each year. Employees may also contribute to the plan.

4.11 COBRA (THE CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT)

4.11.1 COBRA (Consolidated Omnibus Reconciliation Act of 1985) is a federal law that allows THA benefit-eligible employees the opportunity for continuing their group health insurance on a temporary basis at group rates, if they lose group health coverage because of a reduction in hours of employment, the termination of employment or a qualifying event.

4.11.2 A COBRA participant is not eligible for THA premium sharing. Under this federal law, these employees and their dependents have the right to continue group health care coverage at their own cost plus an administration fee limited to a specific period of time.

4.11.3 When aware of a qualifying event, THA provides each eligible employee with a written notice describing rights granted under COBRA when the employee becomes eligible for coverage under THA's health insurance plan. Employees who experience a qualifying event and want to continue medical benefits under COBRA should contact the human resources department.

4.12 HIPAA (HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT)

4.12.1 It is THA's policy to comply with the rules and regulations of the Health Insurance Portability and Accountability Act of 1996 (HIPAA), and any related laws and regulations and is committed to maintaining the privacy of certain confidential health care information, known as "Protected Health Information" or "PHI."

4.12.2 HIPAA, as amended, and its implementing privacy and security regulations restrict THA and health plan providers' ability to use and disclose certain health information, and may require health care plan providers and THA to implement security measures with respect to PHI and Electronic Protected Health Information ("EPHI").

4.12.3 Typically, members of THA's workforce may have access to individually identifiable health information of health care plan participants for purposes of performing administrative functions on behalf of the health care plans it sponsors. THA health plans, its health care provider services, and those that may access PHI to support the plans or health care provider services are subject to HIPAA.

4.13 ADMINISTRATION

4.13.1 The administration of all these policies and plans is a function of the human resources department. Employees are responsible for notifying the human resources department of any changes in personal status, including name, marital status, address, beneficiary, dependent status and other information related to benefits coverage.



**EMPLOYEE BENEFITS
SECTION 4.0**

Approval: THA Board of Trustees

Date: January 1, 2019

5.1 PAID TIME OFF AND LEAVE POLICY

Purpose

5.1.1 The purpose of the policy reflects THA's responsibility commitment to provide a work environment for its employees which is based on fairness, equity and recognition of work/life balance. In this regard, THA maintains work hours which are compatible with state law, departmental functions, and the maintenance of effective work schedules.

Policy

5.1.2 THA provides several paid leaves to employees who are in a permanent budgeted position, including, but not limited to: Paid Time Off (PTO), holiday, paid parental leave, bereavement, jury, military and voting leave as well as other leaves described in this policy section.

5.1.2.1 THA may provide disability benefits for illnesses or non-duty-connected injuries for those employees in a permanent budgeted position. Some of these benefits may be elected by employees on a voluntary basis such as medical, dental, long term disability, etc.

Procedure

5.1.3 The procedures of this policy section outline employees' need to adhere to established work schedules to maintain efficient, effective operations throughout THA.

5.2 GENERAL PROVISIONS

5.2.1 Paid leave may be used in lieu of regularly scheduled work hours. However paid leave cannot be advanced. Any paid leave is subject to operational requirements of the department, and any request for paid leave may be denied or rescheduled due to staffing needs and work scheduling of the department.

5.2.2 All requests for leave must be submitted in writing, and submitted within the time designated by the department or in the absence of any such deadlines, as specified in this policy section.

5.2.3 Unauthorized absence shall be treated as absence without pay and may be grounds for disciplinary action. Upon return to work the employee may be required to give a written statement to his or her immediate supervisor explaining the reason for the absence.

5.2.4 Leave designations cannot be retroactively changed except as specifically authorized in this policy or unless authorized in writing by the department's Sr. Vice President and or his or her designee.

5.3 HOLIDAYS

5.3.1 THA will normally recognize the following eleven (11) paid holidays. Regular full-time and part-time employees who work twenty (20) or more hours per week are eligible for holiday pay. Temporary employees are not eligible for holiday pay.

- 1. New Year's Day**
- 2. Martin Luther King, Jr. Day**
- 3. Good Friday**
- 4. Memorial Day**
- 5. Independence Day**
- 6. Labor Day**
- 7. Thanksgiving Day**
- 8. Day after Thanksgiving Day**
- 9. Christmas Eve**
- 10. Christmas Day**
- 11. Day after Christmas Day**

5.3.2 The exact dates of observation for these holidays will be established each fiscal year and additional days may be added as designated by THA's

President and CEO. Approval of work for non-exempt employees on a holiday must be approved by the Senior Vice President and or his or her designee.

- 5.3.3** Eligible employees will not be paid for the holiday if they have an unauthorized absence on the work day preceding or following the holiday. To receive pay for a holiday, the employee must have worked the day immediately before and immediately after the holiday, or must have been in some form of authorized paid leave, e.g., PTO, etc. on the day immediately before and immediately after the holiday.
- 5.3.4** Holidays that occur during an employee's use of PTO will not be counted as a PTO day. Employees are not eligible for holiday benefits that occur while they are on leave of absence.
- 5.3.5** A regular full-time or eligible part-time employee budgeted at less than 1.0 FTE, will be paid pro-rata holiday pay. Example: If the employee's position is budgeted as 0.80 FTE he or she normally work 32 hours per week or 80% (32/40) of the normal 40 hours workweek. Therefore, his or her holiday pay will equal 0.8 times 8 hours or 6.4 hours holiday pay.

5.4 PAID TIME OFF (PTO)

- 5.4.1** THA recognizes the importance of paid time off as it provides employees an opportunity for rest, recreation, personal activities, and minor illness (for illness greater than 5 days, see Short Term Disability Policy, Section 4.7). Therefore, THA grants annual paid time off to eligible full-time and part-time employees who are in a permanent budgeted position.
- 5.4.2** The amount of the PTO available is determined by the amount of continuous service the employee has had with THA. Under most circumstances, paid time off of longer than two continuous weeks or for less than one day is discouraged.
 - 5.4.2.1** Accrued paid time off leave may not be taken during the probationary period of employment.
- 5.4.3** PTO hours are granted to each employee on each pay date based on the number of hours they are authorized to work (40, 30, or 20 hours) and the number of years of service using their date of hire. PTO is accrued through the 24 pay dates as outlined below.

Following are the rates at which PTO hours are accrued:

YEARS OF EMPLOYMENT	PTO HOURS AUTHORIZED FOR CALENDAR YEAR FOR A FULL-TIME EMPLOYEE	RATE PER PAY DATE AT WHICH PTO HOURS ARE GRANTED (BASED ON 24 PAY DATES FROM JANUARY THROUGH NOVEMBER):		
		<u>40 hours</u> 1.0 FTE	<u>30 hours</u> .75 FTE	<u>20 hours</u> .5 PTE
Less than 1 year	Per pay date	6.67	5	3.34
1-3 years of employment	160 hours	6.67	5	3.34
4-6 years of employment	200 hours	8.33	6.25	4.16
7+ years of employment	240 hours	10.00	7.75	5.00

5.4.4 Upon recommendation of the Sr. Vice President and concurrence of the Director of Human Resources and or his or her designee, THA’s President and CEO may approve additional PTO accrual for individuals entering THA with a high level of experience and training.

5.4.4.1 The flexibility to offer higher annual PTO leave rates to top performing candidates or for difficult-to-fill positions will greatly enhance THA’s recruitment, selection, and retention capability.

5.4.5 If an employee leaves employment with THA prior to the completion of their 90-day evaluation period, they will not receive any PTO pay upon termination. If any employee is terminated for cause, no PTO will be paid.

5.4.5.1 If an employee leaves THA, other than for cause, the employee will be paid the balance of their current-year PTO accrual in their PTO account as of the final pay date. ~~In conjunction with Section 5.4.6.1 below, any PTO carryover from a prior year is not paid out at termination. PTO hours are forfeited at July 31st and the employee’s PTO balance adjusted accordingly at that time.~~

5.4.6 At the end of each calendar year, an employee may carryover PTO up to a maximum of 50% of the employee’s total annual accrual rate. New

employees in their first year of employment may carryover up to 80 hours or 50% of their annualized accrual rate, whichever is greater. Any accrued and unused balance in excess of the maximum allowed amount existing as of December 31 will be forfeited. Employees are encouraged to take PTO and each employee is expected to manage his/her PTO accrual to avoid forfeiture if possible. If the employee's balance is projected to exceed the maximum allowed amount, the employee shall work with his/her supervisor to establish a time-off schedule that will minimize the amount of PTO that is forfeited.

5.4.6.1 Carried-over PTO must be used by July 31st of the following year or it is forfeited. There will be no further exceptions beyond this date.

5.4.6.2 THA reserves the right to limit PTO accrual or impose "use it or lose it" requirements.

5.5 REPORTING ABSENCES

5.5.1 Anticipated absences should be reported to the employee's supervisor (or designated representative) by the start of the work period if not earlier. Employees with unreported absences may be denied pay for work hours missed and be subject to disciplinary action. Employees who take PTO leave should also notify their supervisor of their ability to work their next scheduled workday.

5.5.1.1 Employees who are absent more than three (3) days for unconfirmed illness may be required by their immediate supervisor to submit a physician's statement upon their return to work.

5.6 PTO DONATION POOL

5.6.1 THA has established a PTO Donation Pool to provide a source of additional PTO leave for employees who have exhausted available PTO leave and compensatory time as a result of a catastrophic illness or injury or personal or unanticipated crisis. PTO Donation Pool benefits are made available through voluntary donations of PTO hours from current, separating and retiring employees.

5.6.2 Pool Donations

Employees who donate PTO time must be employed with THA for a minimum of 1 year.

Employees who donate PTO time must maintain a minimum balance of 40 hours in their PTO accrual.

Employees may donate to the PTO Donation Pool during employment or at the time of separation. Donations made during employment must be in 8 hour increments; a separating or retiring employee may designate up to 80 hours of unused PTO accruals for donation to the pool.

The employee may donate up to 40 hours in any calendar year. If the employee makes a donation of less than 40 hours, he or she may make additional donations in that calendar year. However, the total amount of PTO donated may not exceed 40 hours in that year.

Employees who donate PTO leave hours must complete the Application to Donate PTO form.

PTO donated through the PTO Donation Pool is voluntary, irrevocable and is not included in the donor's taxable income.

5.6.3 Eligibility

Employees who have been employed with THA for at least 12 consecutive months; experience certain catastrophic or unanticipated personal family emergencies; and who have already exhausted all other PTO leave programs from THA (including use of already accrued PTO) may be able to receive PTO from the PTO Donation Pool.

The recipient of the donated time is on approved THA leave unless it is due to paid worker's compensation or short term disability.

Donated PTO is taxable to the recipient at the point it is used; it may not be treated as a tax write-off by the donor.

5.6.4 Withdrawal from Donation Pool

Employees who would like to make a request to receive donated PTO hours from the PTO Donation Pool must have a situation that meets the following criteria:

Catastrophic Illness or Injury - Critical or catastrophic illness or injury of the employee or an immediate family member that poses a threat to life and/or

requires inpatient or hospice healthcare. Immediate family member is defined as spouse, domestic partner, child, parent or other relationship in which the employee is the legal or sole caretaker.

Other Personal Crisis - A personal crisis of a severe nature that directly impacts the employee. This may include a natural disaster impacting the employee's primary residence such as house fire, severe storm, executor responsibilities out of state, etc.

Employees in need of PTO leave must complete the Application to Receive Donated PTO form.

Employees who receive donated PTO pool hours may receive no more than 160 hours (4 weeks) within a rolling 12 month period.

5.6.4.1 THA will retain discretion to resolve all issues and questions associated with the ongoing policy administration. After human resources verifies all criteria have been met, the request is processed through payroll with a transfer of time from the PTO Donation Pool to the recipient's PTO accrual.

5.6.5 APPROVAL

Request for donations from the PTO Donation Pool must be approved by Human Resources, the employee's immediate Supervisor and a designated Senior Vice President of THA or the President/CEO.

If the recipient employee has available PTO in their accrual balance, this time must be used prior to any donated PTO leave. Donated PTO leave hours may only be used for time off related to the approved request. PTO time donated that is in excess of the time off needed will be returned to the PTO Donation Pool.

5.6.6 ADMINISTRATIVE DISCRETION

THA may revise or rescind all or part of the PTO Donation Pool at any time. Human Resources, a designated Senior Vice President of THA or the President/CEO will review and approve all requests to donate and receive PTO Donation Pool hours. Human Resources will verify eligibility of a donor or recipient and modify PTO accruals appropriately.

5.6.7 CONFIDENTIALITY

THA will make every effort to maintain the confidentiality of recipients as allowed by applicable federal, state and local laws and regulations.

5.7 INCLEMENT WEATHER DAYS

~~5.7.1 The safety of THA employees is of paramount importance. Only THA's President and CEO or his or her designee may declare an inclement weather day which will generally follow Austin ISD's weather closure and re-opening schedule. Employees should not attempt to travel in to work on inclement weather days. Employees who are able to work remotely should do so. However, THA recognizes that employees may not be able to fully discharge their duties on inclement weather days due to a number of factors including utility or internet outages, child care responsibilities, weather-related clean-up, and other circumstances. Employees who are unable to work remotely on an inclement weather day due to these or other factors should notify their supervisor if possible that they are unavailable, and should code their time on their timecard as "Weather".and if so, employees shall not be required to travel to the office on such day but shall instead work remotely in accordance with THA's Remote Work and Telecommuting Policy (assuming such inclement weather has not caused a power or internet outage at the employee's home or remote work site). Additionally, only THA's President and CEO or their designee may fully close THA due to inclement weather, which would include remote work.~~

~~5.7.2. If the physical office is closed by THA due to inclement weather, normal work hours will be paid to employees who are required to report to the office each day and cannot perform their job duties remotely. If the office is fully closed by THA (including working remotely), normal work hours will be paid. THA will pay based on regular pay. If THAthe office is open for business, but a non-exempt employee cannot get to work due to inclement weather the employee may be paid for this time if he or she chooses to take PTO leave for the time lostshallmust work remotely, if working remotely is feasible. If the THA offices are open but a non-exempt employee cannot work remotely due to inclement weather, the employee may choose to take PTO or take the time as unpaidTHA will pay the non-exempt employee's regular base rate for the time he or she normally would have worked (not to exceed eight hours per day) and will be charged to the employee's available PTO pay.~~

~~5.7.23 For employees required to report to the office or in the event the THA is fully closed (including working remotely), THA's President/CEO or their designee shall declare the return to work schedule following an inclement~~

~~weather day or days will be based on Austin Independent School District's return to school. Employees are encouraged to please check their local television news for AISD school closing announcements during inclement weather. If AISD delays their opening, THA will delay their opening. If AISD is closed or shuts down classes early, THA will follow suit.~~

~~In the event AISD is open, any employee that lives outside of the AISD school district is allowed to follow the employee's local school district closing schedule or delayed start for inclement weather.~~

~~5.7.4 Work-from-anywhere employees who are not impacted by the inclement weather event shall work their normal schedule and duties.~~

~~5.7.23.1 If THA is open and an employee is required to physically report to the office but arrives to work late due to weather conditions and cannot work remotely, THA will pay regular base rates for the time missed at the supervisor's discretion. This will not be charged as PTO as noted above.~~

5.8 EARLY RELEASE DAYS

5.8.1 THA President and CEO ~~and or his or her~~their designee can declare an early release at any time. The time not worked should be classified on an employee's time sheet as miscellaneous. The employee must be ~~present and working~~ on the early release day to take advantage of granted early releases from work.

5.9 JURY DUTY/COURT APPEARANCE

5.9.1 An employee will be granted necessary time off, with pay, to perform jury duty as required by law. The employee shall notify their immediate supervisor and the Human Resources Department immediately, in writing, of the requirement for this leave along with a copy of the notice of report for jury duty.

5.9.1.1 An employee who reports for jury duty and is excused from serving before noon must report to work for the afternoon, according to the work schedule of his or her department. However, the combination of jury duty and THA work shall not amount to more than a normal workday.

5.9.1.2 Part-time employees and employees in the introductory period summoned for jury duty will be granted time off with pay for the first three (3) days of jury duty and unpaid time off for additional days in accordance with state and federal laws.

5.9.2 Any other absences attributed to jury or witness duty may be excused but will be considered unpaid absences.

5.10 VOTING

5.10.1 THA encourages its employees to vote in federal, state and local elections. Employees are ~~expected~~encouraged to use early voting before or after working hours or on weekends prior to election day or to vote before or after working hours on election day. However, ~~in unusual circumstances,~~ when it is not possible for an employee to vote before or after his or her regular working hours, it is the policy of THA to grant employees up to two hours during the regular work day for voting. ~~on an official election day only if the employee did not vote during the official early voting period for their respective county or jurisdiction.~~ Employees should work with their manager to schedule time off for voting.

5.11 MILITARY LEAVE AND RESERVE DUTY

5.11.1 THA's policy is to comply with all applicable laws that afford protection rights to employees serving duty with the military, the Reserve and the National Guard.

5.11.2 An employee who is a member of the National Guard or Military Reserves will be granted military leave to attend training programs. THA will supplement pay for up to two weeks per year for employees serving temporary military duty by paying the difference between the employee's military pay and their THA pay, if the military pay is less.

5.11.3 For active duty or enlistment, the employee's leave will be unpaid. Upon the employee's return from military service he or she may be eligible for reinstatement as provided in the Uniformed Services Employment and Reemployment Rights Act and or his or her eligibility shall be determined in accordance with applicable federal and state laws.

5.11.4 If an employee enlists or is called to active duty, their benefits will not continue beyond the end of the month in which leave begins. Requests for military leave should be forwarded to the employee's immediate supervisor,

along with a copy of the orders at the time the employee seeks approval for leave.

There is no minimum THA service requirement to be eligible for this benefit.

5.12 FUNERAL/BEREAVEMENT LEAVE

5.12.1 THA will allow up to three (3) days of paid leave for the employee to prepare for and or attend the funeral of an immediate family member. There is no waiting period for employees to utilize funeral or bereavement leave.

5.12.2.1 The funeral benefit may be extended to accommodate long-distance travel as approved by the employee's manager or supervisor but will not exceed five (5) days (40 hours) absence.

5.12.2 Employees will need to make arrangements with their immediate supervisor whenever there is a request for bereavement leave.

5.13 PERSONAL LEAVE OF ABSENCE

5.13.1 THA recognizes that employees may need to be absent from their scheduled position for various reasons. This leave of absence policy has been developed to accommodate this needed time off.

5.13.2 All Full-Time Employees in a budgeted permanent position are eligible for leave of absence. Employees may request a personal leave of absence for a reasonable period of time up to thirty (30) days. Requests for personal leave must be submitted in writing and approved by the employee's supervisor and THA's President and CEO or his or her designee before the leave begins.

5.13.3 No employee is guaranteed a leave of absence. When considering a request for personal leave, management's approval of such leave of absence request will be based upon business considerations and or circumstances of the request.

5.13.3.1 THA employees who have used all PTO leave and short-term disability benefits may be granted unpaid leave, with benefits, if approved by THA's President and CEO or his or her designee. THA's payment of group medical, dental and vision benefits on behalf of an employee on leave is contingent upon

the employee paying the employee share of the insurance premiums when due.

5.13.3.2 Leave extensions may be granted only under extraordinary circumstances, approved THA's President and CEO or his or her designee.

5.13.4 Accrued PTO, if any, must be used at the beginning of a leave of absence. The portion of the leave that occurs after all accrued PTO has been exhausted shall be without pay. PTO and holiday benefits will not accrue during leave of absence.

5.14 PAID PARENTAL LEAVE

THA has adopted a paid parental leave policy which allows employees to take up to two weeks of paid parental leave following the birth of an employee's child or the place of a child with an employee in connection with adoption or foster care. THA's paid parental leave policy is accessible on TNet.



**PAID TIME-OFF (PTO) AND LEAVE POLICY
SECTION 5.0**

Approval: THA Board of Trustees

Date: January 1, 2019

6.1 FAMILY MEDICAL LEAVE

Purpose

- 6.1.1** The purpose of this Family and Medical Leave Act Policy is to inform employees of the rights and obligations under the federal Family and Medical Leave Act of 1993 (FMLA) and circumstances under which they may become eligible for such leave and the process to apply for such leave.

Policy

- 6.1.2** It is the policy of THA to grant up to 12 weeks of family and medical leave during any 12-month rolling period to eligible employees in accordance with the FMLA.

- 6.1.2.1** Family medical leave may be paid, unpaid or a combination of paid and unpaid, depending on the circumstances and as specified in this policy or other THA policy.

Procedure

- 6.1.3** The procedures described herein explain THA's provisions regarding FMLA and are intended to balance the demands of the workplace with the needs of families by allowing leave for certain qualifying reasons.

6.2 FAMILY MEDICAL LEAVE ELIGIBILITY

- 6.2.1** Employees who have been employed by THA for at least 12 months and have worked 1250 hours in the 12 months immediately preceding the request for family and medical leave are eligible for such leave under the FMLA policy.

6.3 QUALIFYING EVENTS

- 6.3.1** FMLA allows eligible THA employees to take leave for the following qualifying events:
- The birth and care of a child of the employee;
 - Placement with an employee of a child for adoption or foster care;
 - Caring for a spouse, child or parent with a serious health condition;
 - or

- The serious health condition of the employee.

6.4.1 FAMILY MEDICAL LEAVE SERIOUS HEALTH CONDITION

6.4.1 A serious health condition for purposes of the FMLA means:

- i. An illness or injury that involves an overnight stay in a health care facility and any subsequent treatment in connection with such stay; or,
- ii. Continuing treatment by a health care provider including any one or more of the following:
 - a. A period of incapacity of more than three consecutive, full calendar days and subsequent treatment by a health care provider in-person two or more times within 30 days of the first day of incapacity.
 - b. Treatment by a health care provider in-person on at least one occasion that results in a regimen of continuing treatment.
 - c. Pregnancy and prenatal care.
 - d. Chronic condition that requires visits at least twice a year for treatment by a health care provider over an extended period of time and may cause episodic rather than a continuing period of incapacity.
 - e. Permanent or long-term conditions.
 - f. Conditions requiring multiple treatments by a health care provider including recovery time.

6.4.2 Ordinarily, unless complications arise, the following are examples of conditions that do not meet the FMLA serious health conditions definition: common cold, flu, earaches, upset stomach, minor ulcers, headaches other than migraine, routine dental or orthodontia problems, periodontal disease, cosmetic treatments, etc.

6.4.3 Intermittent Leave: An employee requiring leave because of a serious health condition (their own or that of a parent or child), may, if medically necessary, take leave intermittently or on a reduced leave schedule that reduces the employee's usual number of hours per work week or per work day only under certain circumstances.

6.5 MILITARY FAMILY LEAVE ENTITLEMENTS

6.5.1 Qualifying Exigency: Eligible employees with a spouse, son, daughter or parent on active duty or call to active duty status in the National Guard or Reserves in support of a contingency operation shall be entitled to a total of 26 work weeks of leave during a single 12-month period.

6.5.2 Qualifying exigencies may include attending certain military events, arranging for alternative childcare, addressing certain financial and legal arrangements, attending certain counseling sessions and attending post-deployment reintegration briefings.

6.5.3 Serious injury or illness of covered service member is one who has a serious injury or illness incurred in the line of duty on active duty that may render the service member medically unfit to perform his or her duties for which the service member is undergoing medical treatment, recuperation, or therapy; or is in outpatient status; or is on the temporary disability retired list.

6.5.4 No more than 26 weeks of leave may be taken in a single 12-month service member period and no additional extended leaves may be taken in other years for the same injury or illness.

6.6 FAMILY MEDICAL LEAVE CERTIFICATION

6.6.1 All requests for FMLA leave should be made to the human resources department. If possible, the request should be made 30 days in advance of the effective date of the leave. When 30 days' notice is not possible, the employee must provide notice as soon as practicable and generally must comply with the THA's call-in or notice requirements for requesting leave.

6.6.2 Employees requesting FMLA leave will be required to submit a completed certification providing sufficient information for the human resources department to determine if the leave may qualify for FMLA protection and the anticipated timing and duration of the leave.

- 6.6.3** Sufficient information may include documentation that the employee is unable to perform daily activities, the need for hospitalization or continuing treatment by a health care provider, or circumstances supporting the need for military family leave.
- 6.6.4** THA reserves the right to request clarification of the certification, request recertification or seek a second and third opinion concerning information contained in the certification consistent with state and federal law.
- 6.6.5** The human resources department will provide employees with a certification form. Employees also must inform the human resources department if the requested leave is for a reason for which FMLA leave was previously taken or certified.

6.7 HEALTH AND WELFARE BENEFITS (Medical, Dental and Life insurance)

- 6.7.1** THA will continue the employee's health benefits coverage during leave. If the employee is in a paid status during all or part of the FMLA leave period, employee contributions for continued medical benefits at the regular employee rate will be deducted while the employee is in a paid status.
- 6.7.2** THA will maintain health care benefits for an employee on FMLA in an unpaid leave status on the same terms as if the employee continued to work provided that the employee pays the employee contribution portion of their benefit premium.

6.8 LACTATION/BREASTFEEDING POLICY

Purpose

- 6.8.1** As part of our family-friendly policies and benefits, THA supports breastfeeding mothers by accommodating the mother who wishes to express breast milk during her work day when separated from her infant child.

Policy

- 6.8.2** Accommodation for lactating mothers for up to one year after the child's birth will be provided through reasonable break times to express breast milk for her baby. THA has designated rooms for this purpose.

Procedure

6.8.3 A refrigerator is available for the specific storage of breast milk. Any breast milk stored in the refrigerator must be labeled with the name of the employee and the date of expressing the breast milk. Any nonconforming products stored in the refrigerator may be disposed of.

6.8.3.1 Employees storing milk in the refrigerator assume all responsibility for the safety of the milk and the risk of harm for any reason, including improper storage, refrigeration and tampering.

6.8.3.2 Employees who work offsite or in other locations will be accommodated with a private area as necessary. Breaks of more than 20 minutes in length will be unpaid, and the employee should indicate this break period on her time record.

6.9 FOR MORE INFORMATION

More information concerning employee rights, qualifying conditions or FMLA limitations can be obtained by contacting the human resources department. In addition, a FMLA poster has been placed on THA's premises that includes additional details regarding eligibility and other requirements of the law.



**FAMILY MEDICAL LEAVE POLICY
SECTION 6.0**

Approval: THA Board of Trustees	Date: January 1, 2019
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7.1 EDUCATIONAL ASSISTANCE PROGRAM

Purpose

7.1.1 The purpose of the educational assistance program is for workforce planning and development. It serves as a tool for managers and employees to support training and development activities that directly relate to and support THA's mission, vision and values.

Policy

7.1.2 THA is committed to supporting employee continuing education, training and development by sharing the expense of approved courses and educational programs and tuition reimbursement assistance to eligible employees.

Procedure

7.1.3 Use of the educational assistance program shall be identified, described and documented in the employee's development plan within his or her work plan. This provides a measurable link between the employee's increased competency and THA's workforce planning efforts.

7.2 SCOPE OF POLICY

7.2.1 This policy applies to all Full-Time Employees who work in a permanent position.

7.3 ELIGIBILITY

7.3.1 Employees must be a Full-Time Employee who works in a permanent position who have received a "meets standards" or higher rating on their last performance evaluations to be eligible for the Tuition Reimbursement Program.

7.3.1.1 Such programs may include seminars, software training and continuing education courses. Such training and development programs and educational activities may not duplicate in-house training available to staff.

7.3.2.1 If an employee resigns or is terminated for any reason prior to course or educational program completion, THA shall not be

obligated to reimburse any part of the Tuition Reimbursement Program expense.

7.4 OUTSIDE TRAINING OPPORTUNITIES

7.4.1 Employees and supervisors are responsible for identifying training opportunities outside of THA that will enhance the employee's job performance.

7.4.2 To the extent that these training and development activities may interfere with an employee's job, the employee must first obtain written approval of his or her supervisor before enrolling or committing to any such class or training. THA reserves the right to approve or disapprove the request.

7.4.3 Reimbursement for any expenses for outside training is subject to availability of funding.

7.5 TUITION REIMBURSEMENT

7.5.1 THA supports lifelong learning and encourages staff to increase their effectiveness by continuing their higher education. Forms for Tuition Reimbursement are available through the human resources department.

7.6. APPLICATION PROCEDURE AND APPROVAL

- i. Approval of the employee's Tuition Reimbursement Application by the employee's supervisor and the Director of Human Resources and/or their respective designees is required.
- ii. The employee must provide description of degree plan statement.
- iii. Requires finance department confirmation of department budgeting of the expense.

7.7 ELIGIBLE TUITION REIMBURSEMENT EXPENSES

7.7.1 Reimbursement of tuition and fees not covered by other financial aid resources. A financial aid source does not include loans.

7.7.2 Proof in the form of receipts, itemized tuition statement or related documentation must be submitted in order to receive reimbursement for tuition and fees.

- 7.7.3** Tuition reimbursement is subject to THA approved funding levels. Tuition reimbursement levels will be based annually as part of the budget process, anticipated participation and available funding.
- 7.7.4** Tuition reimbursement will be distributed on a first-come basis, limited to funds approved in the budget.
- 7.7.5** Successful completion of the course or education program work must be indicated by a letter grade of “C” or above.
- 7.7.5.1** For those courses or training programs for which grades are not assigned (Pass/Fail), a certificate of completion or similar documentation stating “Pass” will serve as proof of course completion.
- 7.7.6** Upon completion of the course, it shall be the responsibility of the employee to furnish official grade slips, transcripts and/or certificates as proof of course completion. No payment will be made until the employee has furnished satisfactory evidence of having completed the course.

7.8 TUITION REIMBURSEMENT EXPENSE LIMITS

- 7.8.1** Tuition reimbursement will be capped annually at \$3,000 per participant per fiscal year depending on years of continuous service, and capped at \$10,000 per participant.
- 7.8.2** Employees with one year of employment as a Full-Time Employee while attending school will be reimbursed for 100 percent of eligible expenses, up to a maximum of \$2,000 each fiscal year.
- 7.8.3** Employees with two years of employment as a Full-Time Employee while attending school will be reimbursed for 100 percent of eligible expenses, up to a maximum of \$2,500 each fiscal year.
- 7.8.4** Employees with three or more years as a Full-Time Employee while attending school will be reimbursed for 100 percent of eligible expenses, up to a maximum of \$3,000 each fiscal year.
- 7.8.5** Upon completion of the degree, the employee agrees to remain with THA for six months. Failure to do so by the employee will require reimbursement of a pro-rata portion of the tuition assistance provided by THA.



EDUCATIONAL ASSISTANCE PROGRAM SECTION 7.0

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7.8.6 THA reserves the right to change its tuition reimbursement policy and cannot guarantee the amount of reimbursement an employee may receive in the future.

Approval: THA Board of Trustees	Date: January 1, 2019
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8.1 WORKERS' COMPENSATION POLICY

Purpose

8.1.1 To provide employees with information concerning workers' compensation insurance coverage as an exclusive remedy for accidental injury, occupational disease or death arising out of and in the course of employment and to comply with applicable state law.

Policy

8.1.2 THA is committed to meeting its obligation under the Texas Workers' Compensation Act to provide medical, rehabilitation and wage replacement benefits for eligible employees who suffer compensable injury or occupational disease while performing duties within the course and scope of their employment.

Procedure

8.1.3 The procedures are offered to provide a method of understanding administrative workers' compensation guidelines of THA and a structure for consistent application of rules and regulations to all employees.

8.2 SCOPE

8.2.1 This policy applies to all THA employees who are in a permanent budgeted position unless they have elected to opt out of the state workers' compensation program.

8.2.1.1 Under the State of Texas' Labor Code titled "Employee Election"- an employee may waive coverage and retain the right to sue in common law if the employee notifies the employer not later than the 5th day after the date the employee begins employment or the 5th day after the date on which the employee receives written notice from the employer that the employer has obtained workers' compensation coverage if the employer was not covered at the time the employee starts work, but then later obtains coverage.

8.3 DEFINITIONS

8.3.1 Compensable Injury means an injury arising out of and in the course and scope of employment for which compensation is payable under the Texas Workers' Compensation Act.

8.3.2 Occupational Disease means disease arising out of and in the course of employment that causes damage or harm to the physical structure of the body, including a repetitive trauma injury. The term includes a disease or infection that naturally results from the work-related disease. The term does not include an ordinary disease of life to which the general public is exposed outside of employment, unless that disease is an incident to a comparable injury or occupational disease.

8.3.3 Disability means the inability because of a compensable injury to obtain and retain employment at wages equivalent to the preinjury disease.

8.3.4 Lost Work-Time Compensation means absence from work due to a work-related injury or illness and is compensable only when supported by the treating doctor's report, which the doctor must submit in writing to THA's workers' compensation insurance carrier.

8.3.5 Family Medical Leave means that an occupational illness, disease or injury also may constitute a serious health condition under the Family and Medical Leave Act. An employee's time off work due to an occupational illness, disease or injury may be designated simultaneously as FMLA leave.

8.4 REPORTING ACCIDENTS, INJURIES AND OCCUPATIONAL DISEASES

8.4.1 Employee Responsibilities: An employee of THA who has suffered an occupational illness, disease or injury must report any on the job injury or illness to his or her immediate supervisor, regardless of whether medical expenses were incurred or time away from work was involved.

8.4.1.2 The employee should give notice immediately after the occurrence itself. When the employee realizes that the illness, disease or injury is job-related, he or she has up to 30 days to report the occurrence.

8.4.2 Supervisor Responsibilities: All supervisors with managerial authority over employees' job duties shall provide the following assistance, as

appropriate, when work-related accidents, injuries or occupational illnesses occur.

8.4.2.1 Assist injured employees in obtaining medical care, if necessary and immediately prepare and submit a written incident report to the human resources department.

8.4.3 Human Resources Responsibilities: Once an occupational illness, disease or injury is reported to the human resources department, human resources staff will prepare and submit a First Report of Injury to THA's workers' compensation insurance carrier.

8.5 CHOICE OF TREATING DOCTOR AND LIABILITY FOR PAYMENT

8.5.1 An injured employee is entitled to choose a doctor of his or her choice for treatment as long as that doctor accepts workers' compensation. If the employee is dissatisfied with the initial choice, the employee may notify the Texas Department of Insurance, Division of Workers' Compensation and request to select an alternate doctor; the notification must be submitted in writing stating the reason for the change, except notification may be by telephone when a medical necessity exists for immediate change.

8.6 RETURN TO WORK

8.6.1 All employees who have received lost work time compensation will provide the human resources department with a return-to-work slip from their treating doctor upon their return to work.

8.6.2 It may become advisable not to return an employee to former job duties following a work-related injury or illness. When this occurs, management in consultation with the human resources department will review each situation to make a determination regarding feasibility.

8.7 TEMPORARY MODIFIED DUTY

8.7.1 For employees who have sustained a compensable injury or occupational disease while performing duties within the course and scope of their employment, THA will, to the extent possible, assist employees in these circumstances by temporarily modifying work assignments or duties, or arranging for a temporary transfer until the employee is able to resume regular duties.

8.7.2 The assignment or duty modification or the temporary transfer may not exceed 30 days (paid time off) without further justification and documentation.

8.8 ACCIDENT PREVENTION

8.8.1 All THA employees are responsible for preventing unsafe hazardous working conditions and for preventing and minimizing unsafe or hazardous acts and behavior.

8.8.2 As such, all employees are required to use department supplied personal protective equipment (where warranted) to prevent accidents or incidents of any type.

8.8.3 Employees shall report all unsafe or hazardous physical working conditions and unsafe or hazardous acts and behavior by other employees to their supervisors promptly so that corrective action and preventive measures may be taken to prevent further injuries or illnesses and to minimize workers' compensation costs.

8.9 FRAUD

8.9.1 Workers' compensation benefits are intended for employees with legitimate on-the-job injuries or illnesses.

8.9.2 An employee's workers' compensation claim that is not due to a legitimate injury or illness sustained in the course and scope of employment at THA is considered fraud.

8.9.3 As such, employees who file a false claim or who provide false or misleading information regarding their reported occupational illness, disease or injury will be subject to disciplinary action, up to and including termination from employment.

8.10 FOR MORE INFORMATION

8.10.1 THA employees can obtain more information about workers' compensation rights from the Texas Department of Insurance, Division of Workers' Compensation, or by calling 800/252-7031. In addition, an Employer Workers' Compensation poster has been placed on THA's premises that



**WORKERS' COMPENSATION POLICY
SECTION 8.0**

provides additional details regarding eligibility and other requirements of the law.

Approval: THA Board of Trustees	Date: January 1, 2019
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9.1 WORKPLACE SAFETY AND HEALTH POLICY

Purpose

9.1.1 It is THA's intent to remove or reduce the risks to the health, safety and welfare of all workers, contractors and visitors, and anyone else that may be affected by THA's business operations.

Policy

9.1.2 THA is committed to providing a healthy and safe workplace for all employees, visitors, guests and any other persons who may be impacted by THA business operations, and will comply with applicable laws and regulations governing workplace safety.

Procedure

9.1.3 All work is to be performed in a safe manner according to our written policies and procedures. Employees who have a concern about the safety of a task should bring this to the attention of their immediate supervisor.

9.2 SPECIFIC SAFETY RULES AND GUIDELINES

9.2.1 Personal protective equipment (such as safety glasses, hearing protection, protective clothing and footwear) must be worn when required for specific job tasks or work areas.

9.2.2 All accidents, incidents and injuries, regardless of how minor, shall be reported immediately to the manager or supervisor in charge.

9.2.3 All employees shall understand their work assignments and perform only the job functions in which they are fully trained. Employees should discuss any unfamiliar work assignments with their supervisor prior to beginning the task.

9.2.4 Possession of handguns or other weapons is prohibited in THA offices. An employee who holds a license to carry a concealed handgun or who otherwise lawfully possesses a firearm may store a handgun or firearm in a locked, privately owned motor vehicle in the parking garage or lot that THA provides for employees.

9.2.5 Horseplay and practical jokes are prohibited.

- 9.2.6** Inappropriate use of intoxicants or illegal drugs while on the job is prohibited and shall be considered cause for dismissal.
- 9.2.7** All working areas, floors, aisles and passageways will be kept clean and orderly.
- 9.2.8** All employees should acquaint themselves with fire exits and know where the fire extinguishers are located and how to use them. Employees should never block access to fire extinguishers, control panels, alarm boxes or fire exits.
- 9.2.9** All employees shall correct an unsafe condition or practice to the extent of their authority and/or report the hazard to their supervisor.

9.3 WORKPLACE SAFETY RESPONSIBILITY

- 9.3.1** Workplace health and safety is both an individual and shared responsibility of all managers, supervisors and employees. Safety is a shared responsibility in which each and every employee must take ownership of his or her own safety and the safety of their co-workers and guests.

9.4 MANAGER AND SUPERVISOR RESPONSIBILITY

- 9.4.1** Managers and supervisors are responsible for supervising and training employees in safe work practices. Managers and supervisors must enforce company safety rules and work to eliminate hazardous conditions in THA office spaces. Managers and supervisors shall lead safety efforts by example. Any responsibilities of managers and supervisors as they pertain to remote work spaces shall be outlined in THA's Remote Work Policy.
- 9.4.2** Managers and supervisors are responsible for integrating workplace health and safety into all aspects of the workplace.

9.5 EMPLOYEE RESPONSIBILITY

- 9.5.1** All employees are expected and encouraged to participate in safety and health program activities including the following: reporting hazards, unsafe work practices and accidents immediately to their supervisors or a safety committee representative; wearing required personal protective gear/equipment.

9.5.2 All employees should work in a healthy and safe manner, encourage others to work in a healthy and safe manner and report or rectify any unsafe conditions that come to their attention.

9.6 FACILITIES DEPARTMENT RESPONSIBILITY

9.6.1 The facilities department is responsible for recommending safety and health improvements in the workplace. The facilities department is also responsible for identifying hazards and unsafe work practices, and removing obstacles to help with incident prevention.

9.6.2 The facilities department shall provide appropriate instruction, training and supervision to improve every individual's understanding of workplace hazards, including safe work practices and emergency procedures.

9.7 WORKPLACE VIOLENCE PROHIBITED

9.7.1 It is the policy of THA to provide a safe workplace for its employees and prohibit the deliberate and wrongful violation, damage, or abuse of other persons, self, or property and includes threats of violence.

9.7.2 Acts of violence and threats thereof include, but may not be limited to: verbal (such as threats, harassment, abuse and intimidation), non-verbal (such as gestures and intimidation), physical (such as hitting, pushing, shoving, kicking, touching and assault), and other (such as arson, sabotage, vandalism, bullying and stalking).

9.7.3 It is important that all threats be taken seriously. All employees are encouraged to be alert to the possibility of violence on the part of employees, former employees, clients, visitors or vendors and shall report all acts of violence and threats of violence to their immediate supervisor as provided in this policy.

9.7.4 This policy prohibits retaliation against any employee who, in good faith, reports a violation of this policy. All reports of violence will be handled in a confidential manner, with information released on a need-to-know basis.

9.7.5 It is a violation of this policy to:

- i. Engage in workplace violence as defined by this policy.

- ii. Possess, use, or threaten to use an unauthorized weapon as defined by this policy.
- iii. Misuse authority vested to any employee of THA in such a way that it violates this policy.
- iv. Engage in off-duty violent conduct that has a potential adverse impact on THA and its employees, members, clients, visitors or vendors.

9.7.6 Management is expected to offer reasonable support to victims of workplace violence, which includes domestic and family violence, whenever feasible. This support may include encouragement of the victim to use the services of the Employee Assistance Program (EAP) or Texas Department of Public Safety, as appropriate.

9.8 WORKPLACE SEARCHES

9.8.1 To safeguard the security of THA property, staff and visitors THA reserves the right to conduct workplace searches on THA property. All employees are subject to this policy.

9.8.2 THA may provide offices, desks, vehicles, computers or computer containers, lockers, tools and other items for the use by THA employees. THA may search any work or common area and/or any THA-provided items whenever there is reasonable suspicion to believe that a THA policy is being, or has been, violated.

9.8.3 THA has the right to search any desk, file, computer, email, telephone voice mail, locker, cabinet or other container provided employees by the company, regardless of whether secured with a personal or a company-issued lock or password.

9.8.4 Searches of employee personal items (e.g. bags, briefcases, backpacks, clothing, purses) will not be conducted unless the employee consents or pursuant to an authorized law enforcement investigation.

9.8.5 Unless conducted by authorized law enforcement officers, any request for a workplace search will be reviewed and approved by THA's President~~president~~/CEO and Director of Human Resources.

9.8.6 If a search is requested, it does not constitute an accusation of theft or other unlawful act, but is part of an investigation. Any search will be done in a manner that protects the confidentiality, dignity and privacy of employees. Employees are expected to cooperate with THA's workplace searches and assist with the search process. Refusal to submit to a search may subject an employee to disciplinary action, including dismissal.

9.8.7 Employees should report any theft or suspicious behavior immediately to their supervisor, security personnel or the facilities department and/or the human resources department.

9.9 CHILDREN IN THE WORKPLACE

9.9.1 This policy is established to avoid disruptions in job duties of THA employees and to reduce personal and property liability. Therefore, it is THA's policy to not allow employees to bring children into THA owned or controlled workplaces or on its premises for other than official THA activities involving children and the exceptions listed below.

9.9.2 For purposes of this policy, a child is defined as an individual under the age of 18 years who is not an intern or employee of THA.

9.9.3 Employees with dependent children are expected to make regular arrangements for proper care of their children while working at work.

EXCEPTIONS

9.9.3.1 This prohibition does not apply to brief, informal visits by an employee's children or other dependents, as long as such visits are infrequent and/or not distracting or disruptive and children are supervised at all times.

9.9.3.2 This prohibition does not apply to the children of employees attending THA organized events, e.g., field trips, etc. where they are the responsibility of their school or other institutions, unless the employee removes their children from the event.

9.9.3.3 THA recognizes that many employees have childcare responsibilities and acknowledges that there may be rare occasions when care arrangements break down, e.g., emergencies, etc. As a general rule, bringing a child to the workplace should be the exception, not the standard, and should be done only on a temporary basis.

- 9.9.3.4** Consultation and approval from the employee's immediate supervisor is required in advance, if at all possible, when bringing children to the work place. Where the health and safety risk is too great, the supervisor may decide that it is inappropriate that the child be allowed on THA premises.

9.10 MULTI-EMPLOYEE TRAVEL POLICY

Purpose

- 9.10.1** For purposes of safety and business continuity this policy considers as a priority the health, safety and resource implications of work-related travel, and endeavors to put into place procedures which control the risks and resources associated with working and traveling, and business continuity.

Policy

- 9.10.2** This policy recognizes that on occasion, multiple THA employees travel together on company related business away from the home office. On these occasions, in order to secure the knowledge-based assets of the company and protect against serious disruptions to company operations, specific precautions willshould be taken when employees travel together whenever feasible.

Procedure

- 9.10.3** In an attempt to maintain the routine schedule of THA business and to secure the knowledge-based assets of THA the following precautions willshould be taken whenever feasible when employees travel together:
- No more than three individuals from one department OR no more than 2/3 of departmental employees that perform the same job function (*Note: this 2/3 count takes into consideration upper level management that can perform such job functions). ~~Refer to section 9.10.6 for exceptions.~~
 - No more than two of the THA senior management team (i.e.: CEO and one senior vice-president).
- 9.10.4** The above groups may go to the same location but should take different means of transportation to that location if at all possible.

~~9.10.5~~ In the event that mass transportation is the only available option and also deemed the safest means of transport, an appropriately licensed transport company may be utilized that would override the above noted terms. Examples of such may include but are not limited to travel to dinners or events away from a hotel or meeting area and shuttle travel to/from the airport to/from place of lodging.

~~9.10.6~~ All additional exceptions to this policy must be approved by the THA senior management team.

9.11 CORRECTIVE ACTION

All THA employees have primary responsibility for safety in their work area. Failure to comply with this Workplace Safety and Health Policy may result in disciplinary action up to and including termination of employment.

Approval: THA Board of Trustees	Date: January 1, 2019
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**WORKPLACE SAFETY AND HEALTH POLICY
SECTION 9.0**

10.1 STAFF CODE OF ETHICS

10.1.1 PREAMBLE

Guided by THA's Mission, Vision and Values, the Board of Trustees adopted a Code of Ethics to promote and maintain the highest standards of conduct for THA employees. Adherence to these standards of conduct and performance is required to ensure THA's continued success and the integrity of service to members.

10.1.2 STANDARDS OF CONDUCT

THA Staff will:

- honor and abide by THA's Values;
- lead the work of the organization to THA's Vision;
- support and sustain THA's Mission;
- protect the confidentiality of proprietary information and data regarding THA's membership;
- practice sound business principles in conducting THA's affairs;
- distribute only truthful information to THA's members and the general public;
- disclose any information that may be considered a duality of interest or in conflict with performance;
- act in the best interest of THA and avoid any activities that adversely affect THA's reputation or interest; and
- uphold the highest standards of conduct on and off the job and exhibit a professional personal demeanor at all times.

10.1.3 STANDARDS OF PERFORMANCE

THA staff will:

- strive to achieve individual objectives that support the overall mission of THA and the goals approved by the Board of Trustees;
- cooperate with constituents and other health-related associations and business organizations for the benefit of the hospital industry;
- promote the highest level of advocacy, representation and service for THA's membership;

- promote excellence in performance and work amicably together to resolve differences with mutual respect;
- exercise opportunities for personal growth and development to better serve the membership;
- adhere to THA's policies and procedures and support the decisions and the directions of the board of trustees; and
- strive to uphold open and honest communication and respect for others and protect employees from discrimination, harassment or unsafe practices.

10.2 CODE OF CONDUCT

~~10.2.1 Employees are encouraged to commit to acting in the best interest of the organization and its mission. In this regard, employees and anyone associated with THA must not engage in any activities, transactions or relationships that are incompatible with the impartial, objective and effective performance of their job duties.~~

~~10.2.2 Our role, as stewards of our mission, demands that all employees uphold the public trust and act in an ethical manner in all THA commitments. These ethical values, include, but are not limited to, integrity, openness, honesty, accountability, fairness, respect and responsibility.~~

~~10.2.31 This Policy and THA's Code of Conduct and Compliance Program serve to give guidance in areas where employees need to make personal and ethical decisions. THA's Code of Conduct and Compliance Program may be accessed on the TNet.~~

10.3 GENERAL PROVISIONS OF STANDARD OF CONDUCT

~~10.3.1 All THA employees shall abide by THA's Code of Conduct and Compliance Program which may be accessed on the TNet.~~

- ~~i. Conduct all facets of business in accordance with applicable laws and perform their duties in good faith to the best of their ability;~~
- ~~ii. Accurately and honestly represent THA in all business communications and contractual relationships with any association consultants, customers, members or vendors;~~
- ~~iii. Comply with Conflict of Interest Policy in Section 12 of this Manual and THA's Code of Conduct and Compliance Program, and not~~

~~obtain any improper personal benefit by virtue of their employment with THA;~~

~~iv. Not engage in any business practice intended to unlawfully obtain favorable treatment or business from any government entity, vendor or any other party in a position to provide such services or business;~~

~~v. Not use THA's confidential or proprietary information for their own personal benefit or for the benefit of any other person or entity;~~

~~vi. Comply with THA's policy regarding the receipt, acceptance, offering or giving gifts in connection with an employee's role or status as an employee of the THA. (Please refer to Section 12 of Conflict of Interest Policy on receiving fees and gifts in this Manual).~~

~~vii. Participate in scheduled training regarding THA's compliance policies.~~

10.4 REPORTING VIOLATIONS OR SUSPECTED VIOLATIONS

10.4.1 When employees are uncertain of the meaning or application of any law or policy, or the legality of a certain practice or activity, they should seek guidance from their immediate supervisor, Director of Human Resources or THA's Chief Compliance Officer. If an employee does not feel comfortable expressing his or her concerns to any of those persons, the employee should contact THA's President~~president~~/CEO;

10.4.2 Employees who suspect fraud, abuse or misuse of THA's resources or assets; encounter dishonest actions or deeds; suspect conflict of interest; experience or become aware of any kind of behavior that violates THA's policies or local, state or federal laws have the responsibility to report the violation or suspected violation to the Director of Human Resources, a member of the senior leadership team, THA's Chief Compliance Officer or THA's President~~president~~/CEO).

10.4.3 Employees who do not feel comfortable reporting violations of this Policy to the persons listed above may also call the Global Compliance Alert Line~~THA Compliance Hotline~~. This can be done anonymously. The subject matter content will be kept confidential. The Alert Line telephone number is 800/673-1253. The Alert Line reporting website is <https://secure.ethicspoint.com/domain/media/en/gui/83021/index.html>~~https://tha.alertline.com~~.

10.5 SOLICITATION

10.5.1 THA believes that employees should not be disturbed, disrupted or diverted in the performance of their job duties. In the interest of maintaining a productive business environment and preventing interference with employee work duties, THA has adopted the following rules.

10.5.2 Employees may not solicit or promote support for any cause or organization other than THA during their working time, or during the working time of the employee to whom such activities are directed. Working time does not include break time, meal periods and time before and after an employee's scheduled work hours.

10.5.2.1 Employees may not distribute or circulate any non-approved written or printed materials in the working areas at any time, or during their working time, or during the working time of the employee to whom such materials are directed.

10.5.3 All solicitations must be approved in advance by the Director of Human Resources or his or her designee, or by a member of THA's senior leadership team, or by THA's Presidentpresident/CEO or his or her designee.

10.6 ATTENDANCE AND ABSENTEESIM

10.6.1 Regular attendance is the primary responsibility of each employee and is an essential function of continued employment. To maintain an efficient and productive work environment that is respectful of all employees, THA expects its employees to be reliable and punctual in reporting for scheduled work.

10.6.2 Excessive absenteeism and tardiness will not be tolerated as this may place an unnecessary burden on other employees, supervisors and THA. Repeated or chronic absenteeism other than approved qualified leave, e.g., family medical leave, disability leave, workers compensation leave, etc., may be considered excessive and may lead to disciplinary action up to and including termination of employment.

10.6.3 Unexcused absences or tardiness, e.g., late arrival, early departure, etc. that is not approved in advance pursuant to applicable THA leave policies or justified by illness or personal emergency, may lead to disciplinary action, up to and including termination of employment.

10.6.4 There are times when absences and tardiness cannot be avoided. In such instances the employee is expected to notify their immediate supervisor as soon as practicable and or in advance of the anticipated absence or tardiness if possible.

10.6.4.1 Departments may establish specific call-in requirements that are consistent with this Policy and are based on well-defined operational needs.

10.6.5 If an employee fails to report for his or her regularly scheduled work hours or fails to call in regarding an absence for three consecutive days, THA will assume that the employee has voluntarily resigned his or her employment with THA.

10.6.6 An employee who misses three or more consecutive workdays due to injury or illness may be required to submit a release from a physician regarding fitness for duty upon their return to work.

10.6.6.1 Physician documentation may be required in accordance with this policy at any time at management's discretion.

10.7 DRESS AND APPEARANCE POLICY

10.7.1 THA employees will present themselves in a professional manner appropriate for the workplace environment and other business activities as required.

10.7.2 The general standard of dress for THA employees is business casual.

10.7.3 The ~~President~~president/CEO or his or her designee will notify employees in advance when business attire is required or casual attire is permitted on select days.

10.7.4 Supervisors shall enforce the Dress and Appearance Policy and may use their judgment to counsel employees with regards to their appearance.

10.7.5 Supervisors may supplement the Dress and Appearance Policy based on the business needs of their individual department or necessary requirements for employee safety and comfort.

10.7.6 Employees who display a non-professional appearance that could compromise the image or reputation of THA or distract from the professional atmosphere of the workplace will be counseled by their supervisor. Repeat displays of non-professional appearance will result in disciplinary

procedures as outlined in Section 17, Discipline and Dismissal Policy of this manual.

10.7.7 Employees may seek advice from their supervisor or the human resources department if they are unsure of the expected dress and appearance standards set forth in this policy.

10.8 NO-SMOKING POLICY

10.8.1 THA recognizes the hazards caused by exposure to environmental tobacco smoke, as well as the life-threatening diseases linked to the use of all forms of tobacco. Therefore, it shall be the policy of THA to provide a tobacco-free environment for all employees and visitors in accordance with City of Austin No Smoking Ordinance No. 050303-05.

10.8.2 No smoking or other use of tobacco products (including, but not limited to, cigarettes, e-cigarettes, pipes, cigars, snuff or chewing tobacco) is permitted on or in any part of any THA facility or in vehicles owned, leased or rented by THA.

10.8.3 This means that smoking is strictly prohibited within all THA work areas and public spaces including conference rooms, private offices, reception areas, restrooms, stairwells, hallways and work stations, as well as all other enclosed areas.

10.8.4 Compliance with the smoke-free workplace policy is mandatory for all employees with no exceptions. Employees who violate this policy are subject to disciplinary action.

10.9 VISITORS POLICY; PARKING POLICY COMPLIANCE

10.9.1 In an effort to provide a workplace for all employees that is professional, safe, secure and free from distraction, THA limits personal visitors to the workplace and requires employees who sponsor any visitor (for personal or business reasons) to abide by all policies, procedures and guidelines issued by THA's facility personnel and security provider.

10.9.2 This policy applies to all employees of THA. Visitors include all persons who are granted access to THA premises, including but not limited to: employees, contractors, clients and employees' acquaintances, friends and family members, regardless of whether the purpose of the visit is for business or personal reasons.

- 10.9.3** All non-employee visitors entering THA must ~~check in with the receptionist on the 7th floor and sign into the visitor's log~~ be met in the lobby by the employee arranging the visit upon arrival. This excludes visitors who are on site exclusively for a meeting or conference in a 7th floor meeting or conference room. Additionally, visitors must comply with THA's Parking Policy, including parking only in designated spaces.
- 10.9.4** Employees who have invited guests are responsible for ~~ensuring that such guests are escorted~~ing non-employee visitors to their destinations and for accompanying them ~~at all times, as appropriate~~.at all times.
- 10.9.5** All visitors, including relatives of employees, who do not have official business with ~~the a THA~~ department, may be restricted from prolonged visits to ~~the workplace~~THA.
- 10.9.6** Individual department managers may impose restrictions that are considered appropriate to the successful operation of the individual department on visitors in the THA workplace.
- 10.9.7** Employees must inquire as to the individual's purpose at THA and immediately report the presence of any unidentified visitor(s) in secured areas to their supervisor, the human resources department or any other member of management.
- 10.9.8** THA may, in its discretion, provide parking for its employees. THA employees utilizing THA-provided parking shall comply with all applicable policies. THA reserves the right to discontinue providing parking to employees at any time.



**STANDARDS OF CONDUCT
SECTION 10.0**

Approval: THA Board of Trustees	Date: January 1, 2019
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11.1 DRUG-FREE WORKPLACE AND ALCOHOL POLICY

Purpose

11.1.1 THA's policy is intended to provide a work environment conducive to attaining high work standards and to maintain its workplace free of safety and health hazards.

Policy

11.1.2 THA explicitly prohibits the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance or other illegal drugs on THA or other premises or while performing any THA work.

11.1.2.1 THA also prohibits employees being impaired or under the influence of legal or illegal drugs or alcohol on or away from THA or other premises, if such impairment or influence adversely affects the employee's work performance, the safety of the employee or of others or puts at risk THA's reputation.

Procedure

11.1.3.All THA employees participating in THA programs are reminded that the following actions are included as violations of this policy:

- i. The current illegal use, possession, sale or distribution of drugs on or off the job (or other relationship); or possession, sale or distribution of paraphernalia and equipment related to illegal or unauthorized drug use;
- ii. Use of alcohol on THA's premises, while operating any THA vehicle or equipment, or while conducting THA's business (with the exception that approved use of alcohol during THA's sponsored business or social functions, where the use of alcohol remains moderate, will not be considered a violation of this policy);
- iii. Off-the-job (or other relationship) use of drugs or alcohol that adversely impacts a person's ability to perform THA-assigned duties or services safely and/or effectively;

- iv. Use of any correctly prescribed drug that is unsafe to use while operating any THA vehicle or equipment. Any employee using these types of drugs should contact his or her supervisor before reporting to work. Other persons conducting business and or services using these types of drugs should contact the Director of Human Resources or his or her designee before performing any services or training; and failure to cooperate fully in the administration of this policy, including without limitation, refusal or failure to fully cooperate in drug or alcohol testing or searches.

11.2 EMPLOYEE RESPONSIBILITIES

11.2.1 Employee responsibilities under this policy include:

- i. Abiding by THA's Drug and Alcohol Policy;
- ii. Reporting any inappropriate use, possession, sale or distribution of illegal drugs or inappropriate use of alcohol by any THA employee that violates this policy to their immediate supervisor or the Director of Human Resources or his or her designee; and
- iii. Notifying THA of any criminal drug statute conviction for a violation occurring in the workplace no later than 5 days after the conviction.
- iv. Any employee who may be undergoing properly prescribed medical treatment with a prescribed drug that may limit the employee's ability to perform on the job will need to report this treatment to his or her supervisor prior to beginning work. Failure to report this use to the supervisor may be just cause for appropriate disciplinary action.

11.3 TESTING

11.3.1 THA will conduct drug and/or alcohol testing under any of the following circumstances:

For-Cause Testing: THA may ask an employee to submit to a drug and/or alcohol test at any time it feels that the employee may be under the influence of drugs or alcohol, including, but not limited to, the following circumstances: evidence of drugs or alcohol on or about the employee's person or in the employee's vicinity, unusual conduct on the employee's part that suggests impairment or influence of drugs or alcohol, negative

performance patterns, or excessive and unexplained absenteeism or tardiness.

Post-Accident Testing: Any employee involved in an on-the-job accident or injury under circumstances that suggest possible use or influence of drugs or alcohol in the accident or injury event may be asked to submit to a drug and or alcohol test. "Involved in an on-the-job accident or injury" means not only the one who was or could have been injured, but also any employee who potentially contributed to the accident or injury event in any way.

Return-to-Duty and Follow-Up-Testing: THA may require return-to-duty and follow-up-testing as conditions of Return-to-Work Agreements.

11.4 PENALTIES FOR VIOLATIONS

11.4.1 One of the goals of THA's Drug and Alcohol Policy is to encourage employees to seek help voluntarily with drug and or alcohol problems.

11.4.2 If an employee violates this policy, the employee may be subject to appropriate disciplinary action, up to and possibly including termination from employment. In such a case, the employee will be given an opportunity to explain the circumstances prior to any final employment action becoming effective.

11.4.3 THA, in its discretion, may choose not to terminate an employee, and in such event, an employee may be required to participate satisfactorily in a drug and or alcohol abuse assistance or rehabilitation program as agreed upon between the employee, the human resources department and the Employee Assistance Program provider.

11.4.4 Employee involvement in a drug and or alcohol program does not suspend or limit disciplinary measures to which an employee may be subject to as a result of violating THA's Drug and Alcohol Policy.

11.4.5 Employees challenging the imposition of such sanctions may appeal through the Communication and Conflict Resolution Policy procedure as outlined in Section 16 of this policy manual.

11.5 CONFIDENTIALITY



DRUG-FREE WORKPLACE AND ALCOHOL POLICY SECTION 11.0

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All information received by THA through its Drug and Alcohol Policy program is confidential communication. Access to this information is limited to those who have a legitimate need to know in compliance with relevant laws and management policies.

Approval: THA Board of Trustees	Date: January 1, 2019
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12.1 CONFLICT OF INTEREST

Purpose

12.1.1 THA is committed to maintaining a high standard of business ethics to ensure that THA employees conduct business dealings with honesty, integrity and fairness to its donors, members, customers, vendors, suppliers, etc.

Policy

12.1.2 THA employees are expected to conform to the highest ethical and legal standards and to refrain from engaging in any activity that may create a conflict or the appearance of a conflict of interest. Accordingly, THA employee shall abide by the Principles set forth in THA's Code of Conduct and Compliance Program as well as in this Manual.

12.1.2.1 A conflict of interest exists when an employee directly or indirectly profits from, or a detriment to the THA is produced through, the use of the position or knowledge of the employee.

12.1.2.2 A conflict of interest may occur when an interest benefits any member of the employee's immediate family.

Procedure

12.1.3 The following rules and examples include, but do not encompass all, possibilities for conflict of interest. Obvious, but not exclusive, situations covered by this Policy include:

12.1.3.1 **Special Treatment** – Employees may not use their positions with THA to give anyone special treatment that would advance their own interests or that of any member of the employee's family, their friends or business associates.

12.1.3.2 **Receiving Fees or Gifts** – Employees may not accept gifts, money, discounts or favors including benefits to family members, friends or business associates for the performance of official duties for THA.

12.1.3.3 Permitted Gifts and Gratuities

- i. Employees may accept promotional gifts or those of nominal value (not to exceed \$100 value), such as coffee mugs, letter openers, etc., from vendors with whom they do business. Any employee who is offered or who receives any item (in excess of \$100 value) on behalf of THA or a department will immediately report the offer or item to the employee's supervisor, and turn all such items over to THA's human resources department.
- ii. Employees may participate in widely attended luncheons, dinners and similar gatherings sponsored by industrial, technical or professional associations for the discussion of matters of mutual interest to THA. However, payment by THA employees at such functions is encouraged.
- iii. Employees may accept honoraria that are offered for speaking to groups or delivering similar services on behalf of THA. However, employees must not, under any circumstances, solicit honoraria. If a monetary honorarium is received by the employee, it becomes the property of THA and must be reported to his or her supervisor. The supervisor will coordinate with THA's ~~President~~ president/CEO and/or his or her designee, to contribute such honorarium to THA's foundation.

12.1.3.4 Outside Work or Business Activities

- i. Employees may not engage in any outside work or business activity that conflicts or competes with their duties as a THA employee.
- ii. Employees may not use knowledge of confidential plans, projects or information about assets of THA that will, or is likely to, negatively influence or affect the carrying out of their duties as a THA employee.
- iii. Before accepting any secondary or after-work job, employees shall inform their supervisor and the Director of Human Resources and/or his or her designee, of the offer of other work or employment so

as to avoid any conflict or appearance of a conflict of interest.

- 12.1.3.5 Using THA Property** – Employees may not use, or permit the use of, items of THA property, facilities, equipment, supplies or other resources for activities not associated with their work. Any exceptions to this policy must be expressly approved by THA’s ~~President~~president/CEO and/or his or her designee, or the senior vice president and/or his or her designee, of the affected department.

12.2 FINANCIAL INTEREST

12.2.1 Employees who knowingly have financial interests in a THA contract, sale, or other business transaction, or have immediate family members with such interests must not represent or advise THA in such transactions.

12.2.2 An employee has a “financial interest” if he or she directly or indirectly, through business, investment or family has:

- i. an employment or compensation arrangement, or ownership or investment interest, in any entity which does business with or competes with THA ; or
- ii. an ownership or investment interest in, or employment or compensation arrangement with, any entity or individual with which THA is negotiating a transaction or arrangement.

12.2.3 An employee has a financial interest if he or she is using his or her position with THA to further his or her financial interests, directly or indirectly. Compensation includes direct or indirect remuneration as well as gifts or favors. An ownership or investment interest does not include stock held in a publicly held corporation, provided the stock does not exceed five percent of the corporation’s stock.

12.3 REQUIREMENT TO REPORT CONFLICT OF INTEREST

12.3.1 If an employee has a personal or financial interest that might present a conflict, they must report the existence and nature of the conflict in writing to his or her immediate supervisor, THA’s Chief Compliance Officer, or THA ~~President~~president/CEO.

12.3.2 All conflicts of interest, actual or perceived, or suspected conflicts of interest, in violation of this Policy, must be reported to an employee's immediate supervisor, THA's Chief Compliance Officer, or THA ~~President~~ president/CEO. Employees who do not feel comfortable reporting conflicts of interest to the persons listed above may also call the ~~Global Compliance Alert Line~~ THA Compliance Hotline at – 800/673-1253 or report electronically to the ~~Alert Line~~ Alert Line reporting website <https://secure.ethicspoint.com/domain/media/en/gui/83021/index.html> ~~https://tha.alertline.com~~.

12.3.2.1 All reports involving a conflict of interest or suspected conflict of interest violation are treated seriously and will be investigated fully to determine the facts and resolution appropriate under the circumstances.

12.3.2.2 There shall be no retaliation against an employee who reports in good faith a conflict of interest or suspected conflict of interest.

12.4 CONSEQUENCES OF CONFLICT OF INTEREST

12.4.1 When it is determined that an employee has a conflict of interest on any business transaction or other activity of THA, that employee shall not participate in the decision-making process relating to the matter in which there is a conflict and may be precluded from involvement in the implementation of the business transaction or activity.

12.4.2 Undisclosed conflicts of interest by employees may result in disciplinary actions for the employee ranging from notice to discontinuing a specific activity, up to and including, termination of employment.

12.5 APPEALS

12.5.1 Appeals of conflict of interest decisions made under these procedures should be brought to resolution informally and at the lowest possible administrative level.

12.5.2 Should attempts to resolve conflict of interest decisions informally fail, employees may appeal such conflict of interest decisions in accordance with procedures set forth in THA's Communication and Conflict Resolution Policy, Section 16.



**CONFLICT OF INTEREST POLICY
SECTION 12.0**

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Approval: THA Board of Trustees	Date: January 1, 2019
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13.1 INFORMATION TECHNOLOGY ELECTRONIC AND COMMUNICATIONS SYSTEMS POLICY

Purpose

13.1.1 The information technology electronic and communications systems are provided for the advancement of THA's mission. Any access or use of these information technology electronic and communications systems that interferes, interrupts or conflicts with these purposes is not permitted.

Policy

13.1.2 THA's information technology electronic and communications systems are intended for official THA-related purposes, including support of THA's mission and administrative functions. Use of THA's information technology resources must at all times be appropriate, professional and ethical. THA expects users to use these resources responsibly, respecting the rights and privacy of others, and comply with all pertinent federal, state and local laws.

13.1.3 Procedure

This policy applies to anyone who uses THA's technology resources, including employees, temporary employees, contractors, vendors and all others.

13.2 USE OF COMPANY COMPUTERS, TELEPHONES AND INTERNET ACCESS

13.2.1 Personal use of THA's electronic and communications resources is acceptable as long as it is not excessive or inappropriate and does not interfere with the employee's job functions.

13.2.2 Electronic communication should not be used to solicit or sell products, distract coworkers or disrupt the workplace.

13.3 INAPPROPRIATE AND PROHIBITED USES OR CONDUCT

13.3.1 Use of THA computers, telephones, networks and Internet access is a privilege granted by management and may be revoked at any time for inappropriate conduct including, but not limited to:

- i. Sending chain letters;

- ii. Engaging in private or personal business activities;
- iii. Misrepresenting oneself or THA;
- iv. Engaging in unlawful or malicious activities;
- v. Using abusive, profane, threatening, racist, sexist, or otherwise objectionable language in either public or private messages;
- vi. Sending, receiving or accessing pornographic materials;
- vii. Causing congestion, disruption, disablement, alteration or impairment of THA networks or systems;
- viii. Infringing in any way on the copyrights or trademark rights of others;
- ix. Defeating or attempting to defeat security restrictions on THA systems and applications; and
- x. Using to conduct or support an outside business or commercial use.

13.3.2 If an employee violates these policies, they could be subject to disciplinary action up to and including dismissal.

13.4 OWNERSHIP AND ACCESS OF ELECTRONIC MAIL AND COMPUTER FILES

13.4.1 THA owns the rights to all data and files in any computer, network or other information system used in THA. THA reserves the right to monitor computer and e-mail usage, both as it occurs and in the form of account histories and their content.

13.4.2 THA has the right to inspect any and all files stored in any areas of the network or on any types of computer storage media in order to assure compliance with this policy and state and federal laws.

13.4.3 THA will comply with reasonable requests from law enforcement and regulatory agencies for logs, diaries, archives or files on individual computers and e-mail activity.

13.4.4 No employee may access another employee's computer, computer files, telephonic or electronic mail messages without prior authorization from either the employee or the Chief Compliance Officer if for business reasons.

13.5 SOFTWARE AND HARDWARE PROCUREMENT

13.5.1 To ensure organization-wide system compatibility and to accommodate user needs, THA's information technology department must approve all new software and hardware prior to purchase.

13.5.2 THA may have licensed the use of certain commercial software application programs for business purposes. No employee may create, use or distribute copies of such software that are not in compliance with the license agreements for the software.

13.5.3 No outside office software or hardware equipment, except for approved handheld devices such as PDAs, are to be used in the office without prior approval from the information technology department and or the chief digital officer or his or her designee.

13.5.4 THA will neither support nor assume the potential risk and/or responsibility of personal software and hardware downloaded or installed onto computers by THA employees. Individual employees will be responsible for any costs incurred to correct malfunctions or to replace equipment resulting from the use of unapproved software or hardware.

13.6 PRIVACY AND SECURITY

13.6.1 Employees shall not share their username and password with anyone as this can compromise the security of the network. This will help to prevent account information from being passed on to others to gain access to the network and impersonating users electronically.

13.6.2 In the event that a non-employee needs to be granted access to the THA network for business reasons, access will be restricted specifically and exclusively to the data or information required to complete the work assigned.

13.7 POLICY ENFORCEMENT

13.7.1 In order to safeguard THA resources, violators of this policy may be denied access to THA computing and network resources and/or subject to suspension and possibly other disciplinary actions in accordance with THA's established Disciplinary and Dismissal Policy, Section 17.

13.7.2 THA may temporarily suspend, block or restrict access to computing resources and accounts, independent of such procedures, when it reasonably appears necessary to do so in order to protect the integrity, confidentiality or availability of the THA computing and network resources, or to protect THA from liability.



**INFORMATION TECHNOLOGY ELECTRONIC AND
COMMUNICATIONS SYSTEMS POLICY
SECTION 13.0**

13.7.3 If violations of this policy are discovered to be illegal, THA may notify appropriate authorities. THA reserves the right to pursue appropriate legal actions to recover any financial losses suffered as a result of violations of this policy.

Approval: THA Board of Trustees	Date: January 1, 2019
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14.1 USE OF THA EQUIPMENT AND PROPERTY

Purpose

14.1.1 THA is committed to providing a safe workplace and has a substantial investment in the property and equipment used to provide employees the tools for the effective and efficient accomplishment of its mission.

Policy

14.1.2 THA employees are expected to exercise reasonable care, perform required maintenance and follow all operating instructions, safety standards and guidelines when using THA property and equipment.

Procedure

14.1.3 All property and equipment provided and used in the course of employment are the property of THA and may be used only for approved purposes.

14.1.3.1 Employees must inform their supervisor if any property and equipment appear to be damaged, defective or in need of repair.

14.2 USE OF THA VEHICLES

14.2.1 THA may provide the company vehicle to an employee to use for THA business. A THA vehicle is company property and an employee assigned to a company vehicle is expected to follow all rules and regulations and is expected to display prudent behavior when operating and maintaining an assigned company vehicle.

14.2.2 Authorized drivers shall be only employees of THA who hold current and valid driver's licenses and have their license information and proof of their personal auto insurance status (as required by state law) on file with THA's human resources department. No other drivers are allowed to operate THA vehicles.

14.2.2.1 Authorized passengers shall be employees of THA or their guests involved with official THA business.



**USE OF EQUIPMENT, PROPERTY, AND VEHICLE
POLICY
SECTION 14.0**

14.2.3 Non-authorized passengers include spouses or significant others, family members, children, pets or any passenger not on official THA business. Drivers may be non-authorized by THA if they have been cited for three or more moving violations in a year or have committed any action(s) detrimental to the function or public image of THA.

14.2.3.1 THA will use State Motor Vehicle Records (MVRs) as the source for verifying driver history.

14.2.4 Personal use of company vehicles must be with the knowledge and expressed permission of the facilities manager and/or a member of senior management and/or their designee.

14.2.5 All fines, defense costs and other legal penalties arising out of ticketed offenses where operating a THA vehicle are the responsibility of the driver.

14.3 USE OF PERSONAL VEHICLE FOR THA BUSINESS

14.3.1 Employees who use a personal vehicle to conduct THA business must carry personal auto insurance. Proof of the employee's personal auto insurance status (as required by law) will be required at the time of his or her employment with THA.

14.3.1.1 An employee who drives a personal vehicle for THA business in excess of 10 days per year ~~must~~ may be required to carry ~~\$100,000/\$300,000/\$100,000 levels of~~ personal auto insurance coverage at the minimum coverage levels required by the State of Texas. Certificate of Texas personal auto insurance and levels of coverage will be required annually by THA's human resources department. The Human Resources Director will notify those employees who are or will be required to carry such personal auto insurance coverage.

~~**14.3.1.2** Certificate of Texas personal auto insurance and levels of coverage will be required annually by THA's human resources department.~~

14.3.2 Theft of or damage to an employee's personal vehicle while conducting THA business will be covered by the employee's personal auto coverage. THA will reimburse the employee for the deductible up to but not exceeding ~~\$500~~ 1000.

- 14.3.2.1** Theft of contents of an employee's personal vehicle while conducting THA business will be covered by the vehicle owner's personal homeowner's policy. THA is not responsible for damage to or theft of an employee's Business Auto Policy does not cover personal vehicle, or personal contents of vehicles used for business purposes.

14.4 RENTAL VEHICLES FOR THA BUSINESS

14.4.1 When renting a vehicle for THA business purposes, the employee should decline any insurance coverage that may be offered including "collision damage waiver." For payment, employees should use a THA corporate credit card, if available, or otherwise use a personal credit card.

14.4.2 THA's Business Auto Policy protects the rental vehicle in case of an accident involving a collision or other-than-collision costs for up to \$25,000 in repair costs, subject to a \$1,000 deductible (which THA will pay if applicable).

14.4.3 If liability coverage should be involved (some type of bodily injury or property damage to other as a result of an accident), the employee's personal auto insurance policy will pay any claims.

- 14.4.3.1** Coverage provided by THA's Business Auto Policy would be in excess of the employee's personal auto policy coverage, if applicable.

14.4.4 The rental vehicle portion of THA's Business Auto Policy coverage does not include personal injury protection coverage or uninsured/underinsured coverage. If the employee's personal auto insurance policy contains these benefits, they will be applied, if appropriate.

14.4.5 Employees may wish to discuss how their personal auto insurance applies to rental cars with their insurance agent and how it might coordinate with THA's Business Auto Policy.

14.5 SEATBELT USE AND TEXTING WHILE DRIVING

14.5.1 When traveling by vehicle on THA business (whether personal, rental, or THA-owned vehicle), employees are required to wear a seatbelt at all times.

14.5.2 When operating a vehicle on THA business, in accordance with Texas Transportation Code section 545.424, employees are prohibited from text messaging or using a wireless communication device while driving, including reading from or entering data into any handheld or other electronic device, including for the purpose of short message service texting, e-mailing, instant messaging, obtaining navigational information, or engaging in any other form of electronic data retrieval or electronic data communication. This provision does not prohibit the use of a hands-free device, meaning a speakerphone capability, a telephone attachment, or another function or other piece of equipment, regardless of whether permanently installed in or on a wireless communication device or in the vehicle, that allows use of the wireless communication device without use of either of the operator's hands, except to activate or deactivate a function of the wireless communication device or hands-free device. The term includes voice-operated technology and a push-to-talk function.

14.6 DISCIPLINE FOR VIOLATIONS

14.6.1 Employee improper care of THA's property and equipment may result in disciplinary action, up to and including termination of employment.



**USE OF EQUIPMENT, PROPERTY, AND VEHICLE
POLICY
SECTION 14.0**

Approval: THA Board of Trustees	Date: January 1, 2019
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15.1 PERFORMANCE REVIEW PHILOSOPHY

THA Performance ~~Management Review~~Evaluation System program is a guide for employee success through a systematic, on-going exchange (both written and verbal) between the employee and supervisor. It is designed to bring about improvements in the employee and supervisor relationship and the overall work quality of the employee by:

- i. Reviewing and assessing performance as it relates to goal accomplishment and identified core competencies; and
- ii. Setting future performance goals and development plans for employees that are aligned with the organization's goals.

15.2 ~~EMPLOYEE PERFORMANCE~~ ~~MANAGEMENT REVIEW~~EVALUATION SYSTEM

Purpose

15.2.1 THA's ~~Employee Performance~~ ~~Management Review~~Evaluation System offers a consistent approach and operating philosophy for providing feedback and assessment of employee performance through semi-annual and annual evaluation.

Policy

15.2.2 THA is committed to an internally equitable classification and market-based compensation program for all employees directly linked to the employee's performance. Each employee's work performance normally will be evaluated on an annual basis with Jan. 1 as the start of the performance review cycle and Dec. 31 marking the end of the performance review cycle.

15.2.2.1 The supervisor is required to prepare formal performance appraisals for his or her employees. All employees are required to complete a self-appraisal form to provide upward feedback to their supervisor.

15.2.3 A mid-year performance review has been created as a formal part of the performance appraisal process that is intended to help employees and supervisors recalibrate their performance objectives and goals throughout the year.

~~15.2.3.1 The mid-year performance review is optional and may be requested by either the employee or supervisor. The mid-year performance review will review progress on current goals and discuss any mid-year adjustments, improvements and/or changes in goals or performance.~~

Procedure

15.3.1 Performance evaluations may be used in conjunction with promotions, demotions, terminations and reassignments and may be given on a more frequent schedule when the supervisor believes them to be warranted or desired.

15.3.1.1 The responsibility for the completion of performance evaluations lies with the supervisors. The official THA evaluation form shall be used unless otherwise approved by the human resources department.

15.3 ADMINISTRATIVE GUIDELINES

15.3.1 The Performance ~~Management Review System~~Evaluation program works in concert with THA's classification and market-based compensation program that aims to attract, retain and motivate employees by offering pay advancement and opportunities commensurate with their position's level of organizational performance.

15.3.2 Performance-based merit increases are normally awarded annually to eligible employees. Generally, employees will be eligible for merit increase consideration if they are in a permanent budgeted position for three months and have completed a probationary period, if applicable.

15.3.3 The performance rating and current pay plan determine the amount of any merit increase awarded. Any increase, if awarded, will be based on the current budget, fiscal constraints, other considerations such as skill acquisition, special projects and additional or different duties assigned, etc. along with the compensation plan approved by the board of trustees.

15.3.4 A performance review is not a contract or commitment to provide a salary or other form of compensation adjustment, promotion, bonus or continued employment. A performance review is only one of several factors that THA uses in making these and other employment decisions.



15.4 SALARY REVIEWS

15.4.1 Employee salaries will be reviewed on a schedule determined by the Chief Financial Officer. Any salary increase employees may receive will be based on employee performance and THA budget capabilities for the year.

15.4.2 The Texas Hospital Insurance Exchange (THIE) is on a calendar year, and salary review normally occurs in February each year.

Approval: THA Board of Trustees	Date: January 1, 2019
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16.1 COMMUNICATION AND CONFLICT RESOLUTION

Purpose

16.1.1 This policy provides a formal communication process for employees of THA to elevate any concerns or workplace conflict to the appropriate level of management for resolution.

Policy

16.1.2 It is the policy of THA to provide an effective means of communication for resolution of concerns or workplace conflict arising from the employment relationship or environment.

Procedure

16.1.3 When an employee believes a condition of employment affecting him or her is unjust, inequitable or a hindrance to effective performance of his or her employment responsibilities, the employee should seek resolution through these procedures without fear of coercion, discrimination or reprisal.

16.1.3.1 THA employees have access through proper channels to the office of immediate and higher supervisors, human resources representatives and the ~~President~~president/CEO to present and discuss concerns or workplace conflict.

16.1.3.2 Employees will follow the appropriate chain of command, if practical, given circumstances surrounding these concerns.

16.1.3.3 Retaliation against an employee for exercising this right is prohibited.

16.1.3.4 Employees are encouraged to report concerns or workplace conflict in a timely manner so that resolution can be attained.

16.2 ~~The president/CEO may apply the nepotism prohibition for other internal and external relationships when failure to do so would be detrimental to THA.~~

16.3 OPEN DOOR POLICY

16.3.1 THA has adopted an Open Door Policy for all employees. This means that every manager's door is open to every employee. The purpose of the open door policy is to encourage open communication, feedback and discussion about any matter of importance to an employee. The open door policy means that employees are free to talk with any supervisor at any time the supervisor is not otherwise engaged.

16.3.2 If any area of an employee's work is causing him or her concern, he or she has the responsibility to address the concern with his or her supervisor. Whether employees have a problem, a complaint, a suggestion or an observation, THA supervisors want to hear from them. By listening to an employee, THA is able to improve, address complaints and foster employee understanding of the rationale for practices, processes and decisions.

16.3.3 THA cannot resolve problems or address concerns unless employees communicate these problems or concerns to THA. In order to aid in prompt and constructive problem solving, employees are encouraged to follow the procedure outlined below.

16.3.3.1 If an employee has a problem or concern or believes that he or she has been treated unfairly, he or she should present the situation immediately to his or her supervisor. The supervisor will respond to the employee problem or concern during the initial discussion or submit a solution to the employee shortly thereafter.

16.3.3.2 If the employee does not feel comfortable discussing the problem or concern with his or her supervisor, or if no solution was reached, he or she should discuss the matter with his or her senior vice president and/or the Director of Human Resources or his or her designee, who will investigate the situation in order to resolve all problems or concerns promptly and appropriately.

16.3.3.3 Although THA empowers each employee's direct supervisor and human resources department to solve problems or concerns, THA's Presidentpresident/CEO also maintains an open door policy. Employees may request a meeting with THA's Presidentpresident/CEO at any time.

16.3.3.4 Suggestions for improving THA operations always are welcome. Employees may submit suggestions verbally or in writing to their supervisor, the Director of Human Resources or his or her designee or the THA ~~President~~president/CEO.

16.3.3.5 If an employee has a problem or concern and does not feel comfortable reporting his or her concern to THA individuals listed in this manual's Open Door Policy, Policy Prohibiting Harassment and Discrimination, Code of Conduct, or other policy, the individual should contact THA's Chief Compliance Officer or call the ~~Alert Line~~THA Compliance Hotline at 800/673-1253 or report the concern electronically to the ~~Alert Line~~reporting ~~website~~ at <https://secure.ethicspoint.com/domain/media/en/gui/83021/index.html>~~https://tha.alertline.com~~.



**COMMUNICATION AND CONFLICT RESOLUTION
POLICY
SECTION 16.0**

Page 4

Approval: THA Board of Trustees

Date: January 1, 2019

17.1 DISCIPLINE AND DISMISSAL POLICY

Purpose

17.1.1 The purpose of THA's discipline and dismissal policy is to promote fair, efficient and equitable solutions for problems arising out of employee misconduct or performance deficiency in compliance with federal, state and local laws.

Policy

17.1.2 THA will address employee misconduct and performance deficiency in a fair and timely manner. When appropriate, THA will utilize a system of progressive discipline up to and including termination of employment. This policy applies to any and all employee misconduct and performance deficiency that THA, in its sole discretion, determines must be addressed by discipline.

Procedure

17.1.3 THA may take a progressive approach regarding discipline and will consider all relevant factors before making decisions regarding discipline. Progressive discipline is a system of discipline where the penalties increase upon repeat occurrences and is intended to correct negative behavior.

17.1.3.1 Violations need not to be identical in nature to be cumulative, and depending on the violation and its severity, it is not required that each step in the disciplinary process be taken.

17.1.3.2 THA's Director of Human Resources or his or her designee must be consulted prior to any formal disciplinary action taken, excluding verbal or written reprimands.

17.1.3.3 The employee's immediate supervisor shall consult with the Director of Human Resources or his or her designee, for content on all formal written warning or related corrective action documents that will be part of the employee's official personnel file.

17.1.3.4 THA's Director of Human Resources or his or her designee shall advise THA's ~~President~~ president/CEO or his or her

designee, on all formal disciplinary actions that may result in employee dismissal.

17.2 TYPES OF DISCIPLINARY ACTION

17.2.1 Depending on the facts and circumstances involved in each situation, THA management may choose to begin corrective action at any step in the disciplinary process up to and including immediate dismissal. Discipline may take the following forms:

17.2.2 Verbal (Warning) Reprimand – Verbal warnings are informal methods to notify employees that they have engaged in behavior or actions that can lead to more serious consequences if not immediately corrected. Verbal warnings can become formal disciplinary warnings if the employee does not correct the behavior or action and such behaviors/actions recur or are escalated.

- . There is no prescribed documentation format for verbal warnings.
- . A verbal warning does not have to be placed in the employee's official personnel file at the discretion of HR or the employee's manager or supervisor.

17.2.3 Written (Warning) Reprimand – Written warnings are a formal account of the infraction. The documentation may be in a letter or memorandum that specifies sufficient details for the employee to understand what misconduct or performance deficiency serves as the basis for the written warning and why that misconduct or performance deficiency is inappropriate. This formal documentation will be placed in the employee's personnel file.

- . The supervisor is required to provide evidence in support of the written warning or advise the employee where he or she may review the evidence, e.g., the statute, rule, policy, practice or procedure regarding the work performance infraction.
- . Additionally, the supervisor shall inform the employee that a more severe disciplinary action may be taken in the event of further misconduct or performance deficiency.

17.2.4 Performance Improvement Plan – An employee may be placed on disciplinary probation with the goal of correcting misconduct and/or bringing his or her performance up to the expected performance level. In all

instances, the employee shall be informed in writing that he or she is on disciplinary probation and will be supervised more closely during this period.

- . Disciplinary probation may range from 30 to 90 days.
- . An employee on disciplinary probation will not be eligible for wage increases or promotions during this period, but other employee benefits will continue.
- . If an employee fails to take the specified corrective action measures within the specified disciplinary probationary period, the employee may be subject to dismissal.

17.2.5 Suspension – Suspension is a release from duty and is considered to be a more severe corrective action than disciplinary probation. The suspension period may be used for workplace investigations and/or for constructive performance improvement. Suspension may be with or without pay. Any suspension without pay will be made at the discretion of THA's Chief Operating Officer with the approval of the General Counsel. Employees suspended without pay may elect to use any accrued PTO during the suspension period.

- . Immediate suspension will be approved by the Director of Human Resources department designee.
- . The length of suspension shall not exceed 30 workdays. If appropriate, the suspension period may be extended with approval of the Director of Human Resources department designee.
- . If conduct or performance is not corrected with suspension the employee may be subject to termination.

17.2.6 Administrative Leave – Upon approval by THA's ~~President~~president/CEO or his or her designee, an employee may be placed on administrative leave to allow for investigation of an infraction of THA policies and procedures.

- . At the conclusion of administrative leave, the employee may return to work without further penalty or discipline. This documentation will be placed in the employee's official personnel file.
- . Administrative leave shall not exceed two weeks unless extended by THA's ~~President~~president/CEO or his or her designee. This action does not imply guilt or innocence. An employee's pay and benefits may or may not be continued during administrative leave as

determined by the senior vice president and the human resources department designee.

17.2.7 Demotion – Upon approval by the department’s senior vice president or his or her designee, an employee may be demoted for disciplinary reasons due to misconduct or performance deficiency. This documentation will be placed in the employee’s official personnel file.

- . A demotion shall mean a change in job duty assignments to a position of lower rank. Such reduction in job position rank may be accompanied by a decrease in the employee’s pay rate as determined by the senior vice president, Chief Compliance Officer and the human resources department designee.

17.2.8 Termination – Upon the approval of the department’s senior vice president or his or her designee, an employee may be terminated after other disciplinary measures have failed or when a first-time incident occurs that is extremely serious.

- . An employee may be discharged at any time without prior comprehensive disciplinary steps if he or she commits an offense if, in THA management’s judgment, the employee’s continued presence would be contrary to the well-being of THA or its employees.



**DISCIPLINE AND DISMISSAL POLICY
SECTION 17.0**

Approval: THA Board of Trustees	Date: January 1, 2019
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18.1 REDUCTION IN WORKFORCE POLICY

Purpose

18.1.1 The purpose of the policy is to define when a reduction in the THA work force may be required and how such action will be undertaken.

Policy

18.1.2 Reduction in workforce decisions ~~will not be for arbitrary or capricious reasons and~~ may be implemented by THA as a result of economic or operational factors, including but not limited to the following:

- Budget reduction;
- Organizational restructuring; and
- Other sufficient, just and nondiscriminatory reasons.

18.1.2.2 Should THA find it necessary to reduce its workforce by eliminating filled positions, affected employees will be laid off in accordance with the provisions of this policy.

Procedure

18.1.3 All reduction in force actions must be approved by THA's ~~President~~president/CEO and General Counsel.

18.2 NOTIFICATION OF LAYOFF

18.2.1 If it is necessary for THA to lay off an employee, the employee will be notified of the effective date of the layoff as far in advance as is practical.

18.2.2 When the layoff decisions have been made, each individual affected shall receive a formal, written letter of the notice from the human resources department. The letter shall inform the individual of the reason for the layoff and the effective date of the layoff.

18.2.3 Employees who have been designated for layoff or job elimination may apply for any other position within THA.

18.2.4 Employees who have been designated for layoff or job elimination may be eligible for severance pay as specified in Section 18.3.

18.3 SEVERANCE PAY

18.3.1 Severance pay will be paid to employees whose positions have been eliminated if they have completed any applicable probationary period, have executed a separation and release agreement provided by THA and effective as of the last date of employment, and complied with any other terms and conditions of THA's severance program. In addition, severance pay may be paid to employees who resign in lieu of termination in the sole discretion of THA. Severance pay will not be paid to employees who are terminated for cause.

18.3.2 The amount of severance pay is based on employees' most recent date of hire and years of continuous service at THA. Employees eligible for severance will receive two weeks of pay in lieu of notice and one week of pay for each year of service over one year. For purposes of determining the severance payment, partial years of service are rounded up to the next highest year.

18.3.3 The maximum severance payment to which an employee may be entitled is 26 weeks of pay.

18.3.3.1 Senior vice presidents with three or more years of service may be entitled to one year of severance pay.

18.3.3.2 Senior vice presidents with less than three years of service may be entitled to 26 weeks of severance pay.

18.4 UNEMPLOYMENT BENEFITS

18.4.1 Separated employees receiving severance pay are not disqualified from collecting unemployment benefits. Generally, unemployment benefits are payable despite a lump sum severance payment. Therefore, THA will not contest an employee's application for unemployment benefits in the case of a reduction in workforce and will rely on the determination of the authorized unemployment benefits insurance agency.

18.5 RELATED PROVISIONS

18.5.1 Employees who have been notified of layoff may elect to continue their participation in THA's group health care plans in accordance with laws and regulations specified in the Consolidated Omnibus Budget Reconciliation Act, also known as COBRA.

18.5.1.2 Under COBRA, the employee or beneficiary pays the full cost of coverage after a qualifying event at THA's group rates plus an administration fee for continuation of coverage. Affected employees should contact the human resources department or the insurance company regarding any questions.

18.5.2 If an employee is laid off by THA and re-employed by THA within one calendar year, THA will credit the employee with whatever applicable continuous service the employee had accumulated on the date of the layoff. Credit for continuous service will not be given for time spent on layoff.

18.5.3 Employees who resign prior to the effective date of layoff may not be eligible for the provisions of THA's Reduction in Workplace Policy.

Approval: THA Board of Trustees	Date: January 1, 2019
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**REDUCTION IN WORKFORCE POLICY
SECTION 18.0**

19.1 PERSONNEL RECORDS AND REPORTS POLICY

Purpose

19.1.1 Personnel records concerning an employee are maintained and used in THA's personnel management and personnel policy setting process. These include records that relate to the supervision over and management of employees; records on the general administration and operation of human resource management programs and functions; as well as records that concern individual employees.

Policy

19.1.2 It is the policy of THA to comply with applicable federal and state laws, regulations, record keeping and reporting requirements that demonstrate regulatory compliance and enhance its operational efficiencies.

Procedure

19.1.3 Employment records of all THA employees will be maintained in personnel folders by the human resources department. The files are THA property and will contain documentation regarding aspects of employees' service.

19.2 FILE CONTENT, SECURITY AND RETENTION

19.2.1 THA's human resources department maintains information on applicants and employees and retains information on retirees and former employees in order to administer its planning and personnel functions, including job evaluation, performance and placement judgments, and to carry out the provisions of its compensation and employee benefit programs.

19.2.2 Personnel records include records related to personally identifiable information, such as name, date of birth, home address, emergency contact, social security number, etc. Also, personnel records may include, but are not limited to, records covering employment, position classification, compensation and employee benefits programs, employee relations, performance evaluations forms, training, attendance and paid time-off usage.

19.2.3 Benefits program records include records covering enrollments in health care, retirement, investments, tuition benefit and voluntary plans, as well as beneficiaries in these plans where applicable.

19.2.4 Personnel files are the property of THA, and access to the information they contain is restricted. As such, all documents and records relating to THA's personnel record system shall be kept in secured files in the human resources director's office in a locked file cabinet.

19.2.5 The human resources director shall be the official custodian of personnel files for THA employees.

19.3 MEDICAL FILES

19.3.1 Medical records will be kept separate from basic personnel files in the human resources director's office. Medical records include all medical certifications, physician statements and related information that describe the health and medical history or condition of an employee or an employee's family member. These include, but are not limited to ADA and FMLA forms and correspondence, disability documents, claims for medical services, doctors' notes, workers' compensation records, injury or illness reports and drug screening results.

19.3.2 A medical file may include, but is not limited to, any medical or health information of the employee or an employee's family member, and information pertaining to any on-the-job injury.

19.3.3 Information may be accessed only in accordance with the Health Insurance Portability and Accountability Act by:

- i.** Supervisors as necessary to be informed about restrictions on an employee's work or duties and accommodations that must be provided;
- ii.** First-aid and safety personnel who need information on a disabled employee's need for special assistance in the event of an emergency, or in other necessary circumstances;
- iii.** Government officials investigating compliance with the American Disabilities Act and other federal and state laws prohibiting discrimination on the basis of a disability;
- iv.** Government officials and agents and contract providers in accordance with the Workers Compensation Act; and contract service providers in connection with THA's health coverage provider benefits.

19.4. DEPARTMENTAL FILES

19.4.1 THA supervisors and managers may maintain department files for their employees, which contain specific information about performance, attendance and supervisor notes and feedback. These files should not contain health or medical-related information and should be maintained in a confidential manner, such as in a locked drawer to which only the supervisor has access.

19.5 FILE ACCESS AND RELEASE OF INFORMATION

19.5.1 Release and access to information contained in employee personnel files are controlled by this policy. All official personnel records must remain in the human resources department at all times until destroyed pursuant to the department's records retention schedule unless otherwise directed in accordance with federal or state law.

19.5.2 No information on current or former employees shall be released to outside parties except by human resources department personnel or by other parties authorized to do so only after consultation with human resources department personnel.

19.5.3 ~~THA employees who wish to view the contents of their personnel file should report during off-duty time or, with permission from his or her immediate supervisor, during work time to the Human Resources office and file a written request with the Director of Human Resources or submit a written request via email if the Director of Human Resources is working remotely. The Director will verify your identity and if approved by the Director of Human Resources and General Counsel, THA employees who wish to review their own personnel file should contact the director of human resources. With reasonable advance notice, employees may review an~~ employee may review their own personnel file in the presence of the human resources director or his or her designee. At no time during the examination of the employee's records shall the records be out of the direct supervision of the human resources director or his or her designee.

19.6 EMPLOYEE RESPONSIBILITY

19.6.1 Employees whose jobs provide access to human resource records shall follow the policies and procedures specific to their position for confidential information found in the human resource records and not release it to any person who does not have authorization to receive it. Employees shall not use such confidential information of other employees for personal reasons.

19.6.2 Employees are required to notify the human resources department when there is a change in name, address, telephone number, marital status, benefit status, military status, person to notify in case of accident or emergency or beneficiary assignment of any employee benefits plan.

~~19.6.3 An employee of THA who objects to material in his or her personnel file on the grounds that it is inaccurate or incomplete may submit an official request that the material be corrected. The employee's request must be reviewed and granted or denied, and the employee must be notified of the action taken.~~

19.7 HUMAN RESOURCES STAFF RESPONSIBILITY

19.7.1 THA's human resources department staff is committed to maintaining strict confidentiality. This also applies to discussions about individual employees, employment actions and human resources departmental issues.

19.7.2 The human resources department staff will only discuss employment-related matters on a need-to-know basis, and even then, departmental discussions about employee information will be regulated.

19.8 ADMINISTRATION

19.8.1 THA's Director of Human Resources or his or her designee shall prepare such rosters, narrative reports, statistical summaries and other reports as are necessary to provide useful information to the ~~president~~President/CEO, Board of Trustees and other service providers.



**PERSONNEL RECORDS AND REPORTS POLICY
SECTION 19.0**

Approval: THA Board of Trustees	Date: January 1, 2019
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20.0 GLOSSARY

This glossary consists of commonly used terms and definitions that are significant to THA's Personnel Policy Manual and/or THA's business terminology. This glossary is not meant to be an all-inclusive listing of THA's business terminology, only a listing of most commonly used terms.

Drugs include, but are not limited to, prescription drugs, inhalants and other illegal, controlled or unauthorized substances that may cause addiction and/or affect coordination or memory.

Executive team, Senior Management Team or Senior Leadership Team) are executives at the highest level in THA. The executive team includes the ~~President~~president/CEO and senior vice presidents who have responsibility for corporate governance, corporate strategy and the interests of all the organization's stakeholders.

Exempt employees are employees who, because of their positional duties and responsibilities and level of decision-making authority, are exempt from the overtime provisions of the Fair Labor Standards Act (FLSA). Exempt employees are expected to work whatever hours are necessary to accomplish the goals and deliverables of their exempt position.

Fair Labor Standards Act (FLSA) is a federal law that establishes minimum wage, overtime eligibility, record keeping and child labor standards affecting full-time and part-time workers in the private sector and in federal, state and local governments. All employees who hold positions determined to be covered under the mandatory overtime provisions of the FLSA are covered. Overtime-eligible employees must be compensated with overtime pay or compensatory time for all hours worked over 40 in a single work week. All overtime-eligible employees must fill out a Time and Attendance Record in order to comply with FLSA standards.

Family Medical Leave Act (FMLA) is a federal law that guarantees certain employees up to 12 work weeks of unpaid leave each year with no threat of job loss. FMLA also requires that employers covered by the law maintain health benefits for eligible workers just as if they were working.

Immediate family members shall be deemed to include 1) the employee's spouse or domestic partner; 2) dependent child(ren), step-child(ren); 3) parent, step-parent, foster parent, parent-in-law; 4) sibling(s); 5) grandparents and grandchildren; and 6) other members of the family who reside within the home.

Non-exempt employees are employees who, because of the type of duties performed, the usual level of decision making authority and the method of compensation, are subject to all Fair Labor Standards Act (FLSA) provisions including the payment of overtime. Non-

exempt employees are normally required to account for hours and fractional hours worked. Non-exempt employees must be compensated for all hours worked overtime at the premium (time-and-one-half) rate of pay.

Overtime means time actually worked over 40 hours in a work week. The Fair Labor Standards Act (FLSA) prescribes standards for the basic minimum wage and overtime pay. FLSA requires employers to pay covered employees who are not otherwise exempt at least the federal minimum wage and overtime pay of one and one-half times the regular rate of pay.

Possession is defined as having any amount of drugs or alcohol on one's person or in belongings, or in one's vehicle, baggage, desk, locker, etc.

THA premises include, but are not limited to, all land, whether occupied or vacant, buildings, structures, installations, desks, lockers, vehicles, whether owned, leased, occupied or used by THA or any employee of THA (or other persons affiliated with the THA, such as a volunteer, contractor, etc. while conducting THA business).

THA (hereinafter referred to as "Texas Hospital Association"); Texas Hospital Association Foundation; [THA Management Corporation](#)[HealthSHARE](#); Texas Hospital Insurance Exchange ([THIE](#)); Texas Hospital Insurance Network; HOSPAC; and Texas Healthcare Trustees.

[TNet is the internal staff only accessible website containing important employment information and other THA-related information. The TNet may be accessed at https://intranet.thaonline.org.](https://intranet.thaonline.org)

Use with regard to drugs is defined as having any trace amount of drugs in the person's system or physical consumption of drugs. Use with respect to alcohol is defined as the physical consumption of alcohol or having an amount in one's system that is in violation of this Policy. Use also is defined as being under the influence of drugs or alcohol.

THA PERSONNEL POLICY MANUAL RECEIPT

I have been directed to the copy of the THA Personnel Policy Manual maintained on TNet and have had an opportunity to read it and ask questions about the contents. In accordance with what I read, I agree to abide by the policies and procedures of THA and my department to the best of my ability. I understand that the Manual does not constitute an employment contract. I also understand that my employment may be terminated at any time, for any reason, at the will of my employer or that I may resign. I understand that employee manuals are revised frequently, and I acknowledge that THA may amend or replace the Manual or policies contained therein at any time.

Furthermore, I am knowledgeable of the fact that if I lie or falsify any documents required at my time of employment or at any other later time, I will be terminated.

Date

Employee Signature

Date

Manager Signature

EMPLOYEE COPY

REPORT TO THE THA BOARD OF TRUSTEES

February 14, 2024

THA Chair Appointments

Policy Committee on Hospital Contracting & Payment

- Erin Cutler, Vice President of Payer Contracting & Alignment, HCA Healthcare (term expires Dec. 31, 2024)

THA Dues Committee – (All terms expire Dec. 31, 2024)

- Jim Kendrick, Community Hospital Corporation, Plano (Chair)
- Erin Asprec, Memorial Hermann Health System, Houston
- Jacob Cintron, El Paso County Hospital District
- Cris Daskevich, CHRISTUS Children's, San Antonio
- Allen Harrison, Medical City Healthcare, Dallas
- Daniel Huffine, Ascension Texas, Austin
- Kirk King, Texas Health Resources, Arlington
- Peter McCanna, Baylor Scott & White Health, Dallas
- Shane Plymell, Shannon Medical Center, San Angelo
- Terry Scoggin, Titus Regional Medical Center, Mount Pleasant
- Chuck Stark, South Texas Health System, Edinburg

REPORT TO THE THA BOARD OF TRUSTEES

February 14, 2024

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>\$ 9,143,000</u> (01/31/24)	<u>\$ 8,126,000</u> (01/31/23)
Percentage Collected	<u>98%</u>	<u>89%</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.

As of January 31, THA collected 98% of the total dues billed in August. The cut-off date for renewals was January 31st. As of the cut-off date, THA cancelled nine members that represented a total of \$75,000 in dues. THA was successful in adding seven new members representing \$23,000 in new dues.

The final renewal rate of 98% continues the success of 98% or better renewal rate THA has experienced over the last fifteen years.

Submitted by:

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

Stockholder's Report

For the Twelve Months Ended December 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 year ended December 31, 2023, are included in this report.

Texas Hospital Association Foundation

Data and Technology

Compass Program Growth

The Compass program currently has grown to 365 member participants, booked record engagement and revenue 2023 and collected 100% of invoicing for 2023. Compass continues to provide the best inpatient market share data in Texas. Ongoing efforts to provide education and program improvements continue for 2024.

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 rates for comparable services.

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 three large health systems utilizing the Revuud platform and reporting increased utilization of the platform expected in 2024. Our focus is to improve member awareness of the solution and drive further adoption in 2024 as members continue to utilize archaic, costly staffing firms to find and fill project-based positions.

Quality & Patient Safety (formerly Clinical Initiatives)

ASPR Grant Program

- The HHS/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 by distributing a total of \$10,911,556.00 in federal grant funds to 409 Texas healthcare facilities. The QPS department is tasked with collecting the required documentation from all 409 facilities as to how funds were expensed and verifying that all funds have been utilized according to the program guidelines.
- To date, **86% of the funds dispersed** to Texas hospitals have been appropriately accounted for with receipt documentation from receiving facilities. There are 25 facilities that have provided partial receipts and 21 who have not yet provided any receipt documentation.
- The program ends on April 9, 2025, and all documentation must be received by that date. Records must be maintained for an additional five years after the end of the program.
- Utilizing the remainder of the funds designated for state-wide education activities the QPS Team provided the following in 2023:
 - A free virtual Certification in Infection Control (CIC) Prep Course for the third year in a row for a cohort of 30 participants.
 - A four-part series on Emergency Planning and Response. The first session was provided during the THA Quality & Behavioral Health conference in October, followed by a series of three interactive webinars. The virtual series was 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.
- During 2023:
 - The program membership grew from nine to thirteen hospitals
 - 107 external reviews were completed within the network
 - The completed reviews represent 15 separate specialties
 - The average turnaround for external reviews was 18 days from reviewer acceptance to completion
- The PRN utilizes an Advisory Committee to provide input as to program development and governance. The Committee meets virtually in January and July.

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 are conducted virtually.
- The first THA PSO Spring Safety Summit was held in person at the THA office in April 2023. The second annual THA Spring Safety Summit is scheduled for May 16 – 17, 2024.

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.
- Program activities include:
 - Four regional in-person Quality Improvement Boot Camps
 - Quality Improvement education for frontline staff
 - An Antibiotic Stewardship Workgroup.
 - A full-day workshop in Austin to support the development of nursing leaders in Texas CAH/Rural hospitals
- New for 2024 will be a Policy & Procedure Workshop

Healthcare Quality Improvement Contractor (HQIC)

- The HQIC is the federally funded 12th Scope of Work intended to build upon the achievements of the Hospital Improvement Innovation Network (HIIN, 11th Scope of Work), with an increased focus on rural hospitals and vulnerable populations.
- The THA QPS role in the current program ended on January 31, 2024. A total of
- Planning is currently underway to prepare for active participation in the 13th Scope of Work announced by CMS. This program will begin in the early fall of 2024.

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 is currently outpacing that of 2023, with 219 registrants to-date and 81 to go to hit our goal. In addition, 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 (Feb. 14).

- Breakout session on policy/regulatory updates; legal hot topics; leadership/governance issues; and workforce/operations.

Leadership Fellows Program

Twenty-three individuals have been selected to participate in the THA Leadership Fellows Class of 2024. The official roster will be announced at the upcoming THA Annual Conference upon the completion of the graduation of the class of 2023. More information on the new cohort 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. Registration will officially launch at the THA Annual Conference. The most up-to-date information can be found at www.tht.org/hgc as it becomes available.

Digital Education

THA has scheduled four new compliance-focused series for 2024 listed below. Please visit www.tha.org/educal for the latest digital offerings.

CMS CoPs 2024	March 20, 27, April 3, 10 and 17
CAH CMS CoPs 2024	April 24, May 1, 8, 30
Patient Rights Update	June 26 and July 10
EMTALA Update	Aug. 14 and 21

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.

THA Annual Conference & Marketplace, 2024

Working in conjunction with THA Education and Communications, we actively began sponsorship efforts in July 2023, 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 30 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. Stratasan/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, we be an Executive sponsor at this event. Module IV of the Leadership Fellows Program took place on Nov 2-3, sponsored by the following: Acadian – Presenting, Keystone Healthcare – Module Sponsor, and THA Endorsed Partner, ChartSpan – Executive Sponsor. Our target for 2023 Leadership Fellows sponsorships was \$42,000 and our actual contracted was \$46,956.

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 Whitcher 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 Q3 2024 due to a scheduling conflict. To make up for the loss of revenue for 2023, we resold the Q4 ELF sponsorship to Reputation, who presented 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 Dec 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 Dec 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 December 2023

Item	CY2023 Budget	CY2023 Actual as of Dec 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	\$25,383.00	\$32,000.00
2023 THA Cybersecurity Workshop	Unbudgeted	n/a	\$14,600.00
TOTAL	\$15,000.00	\$35,783.00	\$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 Texas Hospital Association Advertising

Item	CY2023 Budget	CY 2023 Actual as of Dec 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 Dec 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 Dec 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	\$23,390.70	\$17,156.60

*Admin Leadership Series included in webinar numbers below

2023 Digital Education Sponsorships*

Item	CY2023 Budget	CY 2023 Actual as of Dec 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. The THAF Digital Education Sponsorship sold in December 2023 for \$10,000 and will be recognized in 2024 when the benefit is fulfilled.**

Corporate Packages for 2023

Corporate Relations continues to bundle ad and sponsorship packages into corporate packages 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. 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. In 2024, we are adjusting the discount levels to between 10% and 15%.

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

Results of Operation:

	For The Year Ended December 31, 2023			Actual over (under)	
	Actual	Budget	Actual 2022	Budget 2023	Actual 2022
Revenue	\$ 6,219	\$ 6,459	\$ 6,104	\$ (240)	\$ 115
Expenses	6,043	<u>6,350</u>	<u>5,807</u>	<u>(307)</u>	<u>236</u>
Net Income	<u>\$ 176</u>	<u>\$ 109</u>	<u>\$ 297</u>	<u>\$ 67</u>	<u>\$ (121)</u>

Financial Condition:

	As of December 31, 2023	As of December 31, 2022
Cash & Investments	\$ 7,860	\$ 7,219
Due from/(to) THA	\$ (311)	\$ (150)
Net Assets without Donor Restrictions	\$ 6,198	\$ 6,022
Net Assets with Donor Restrictions	\$ 595	\$ 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 re-established a Member Ambassador position for the East Texas territory, promoted Corey Cotton, Sr. Director to VP of Member Solutions, to head up the day-to-day management and operations of the THA Member Ambassador program, and promoted Vicki Dale, Director of Business Services to Sr. Director of Business Services reflecting the expanded management and operational duties of the growing Business Services team. The additional emphasis on strengthening the Business Services unit aims to accelerate and grow the industry and endorsed partner adoption process.

Two additional **Endorsed** Partners are on the agenda to be presented to the THAMC at the Q1 2024 board meeting. An additional two **Industry** Partners will join the THAMC portfolio in January. Continuous efforts 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 Year Ended December 31, 2023			Actual over (under)	
	<u>Actual</u>	<u>Budget</u>	<u>Actual 2022</u>	<u>Budget 2023</u>	<u>Actual 2022</u>
Revenue	\$ 1,084	\$ 1,636	\$ 1,120	\$ (552)	\$(36)
Expenses	1,373	1,462	1,323	<u>(89)</u>	<u>50</u>
Net Income	<u>\$ (289)</u>	<u>\$ 174</u>	<u>\$ (203)</u>	<u>\$ (463)</u>	<u>\$ (86)</u>

Financial Condition:

	As of December 31, 2023	As of December 31, 2022
Cash & Investments	\$2,564	\$2,842
(Due to) from THA	\$ (41)	\$ (19)
Stockholder's Equity	\$2,604	\$2,893

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 year ending December 31, 2023, THINK projects a net profit of \$19,000 versus budgeted profit of \$4,000.

As of the end of December 2023, THINK's financial condition remains satisfactory. Cash and available investments total \$297,000.

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 nine months ending September 30, 2023.

The Exchange produced net income of \$893,465 with an underwriting gain of \$394,971. Gross written premiums of \$9.1 million were over budget. Losses exceeded budget, loss adjustment expenses exceeded budget, underwriting expenses and investment income were under budget. Ending surplus was \$29.62 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 Year Ended December 31, 2023			Actual over (under)	
	Actual	Budget	Actual 2022	Budget 2023	Actual 2022
Revenue:					
Reimbursement of direct costs from THIE	\$ 2,263	\$ 2,587	\$ 2,385	\$ (324)	\$ (122)
Other	<u>236</u>	<u>226</u>	<u>204</u>	<u>10</u>	<u>32</u>
Total Revenue	<u>\$ 2,499</u>	<u>\$ 2,813</u>	<u>\$ 2,589</u>	<u>\$ (314)</u>	<u>\$ (90)</u>
Expense:					
Expenses reimbursed by THIE	\$ 2,263	\$ 2,587	\$ 2,385	\$ (324)	\$ (122)
Other	<u>217</u>	<u>222</u>	<u>190</u>	<u>(5)</u>	<u>27</u>
Total Expenses	<u>\$ 2,480</u>	<u>\$ 2,809</u>	<u>\$ 2,575</u>	<u>\$ (329)</u>	<u>\$ (95)</u>
Net Income	<u>\$ 19</u>	<u>\$ 4</u>	<u>\$ 14</u>	<u>\$ 15</u>	<u>\$ 5</u>

Financial Condition:

	As of December 31, 2023	As of December 31, 2022
Cash and cash equivalents	\$ 90	\$ 178
Short-term investments	\$ 79	\$ 76
Net accounts receivable	\$ 0	\$ 0
Other Assets	\$ 27	\$ 27
Inter-company receivables / payables	\$ (21)	\$ (172)
Accounts payable	\$ 68	\$ 313
Shareholder's equity	\$ 149	\$ 140

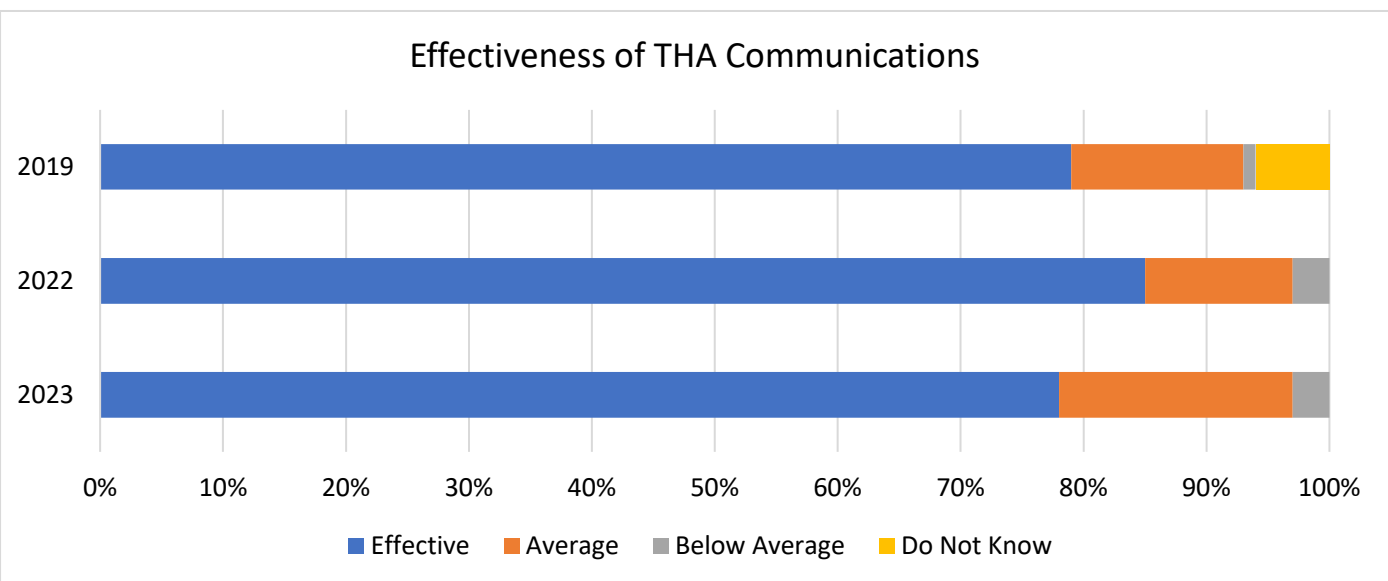
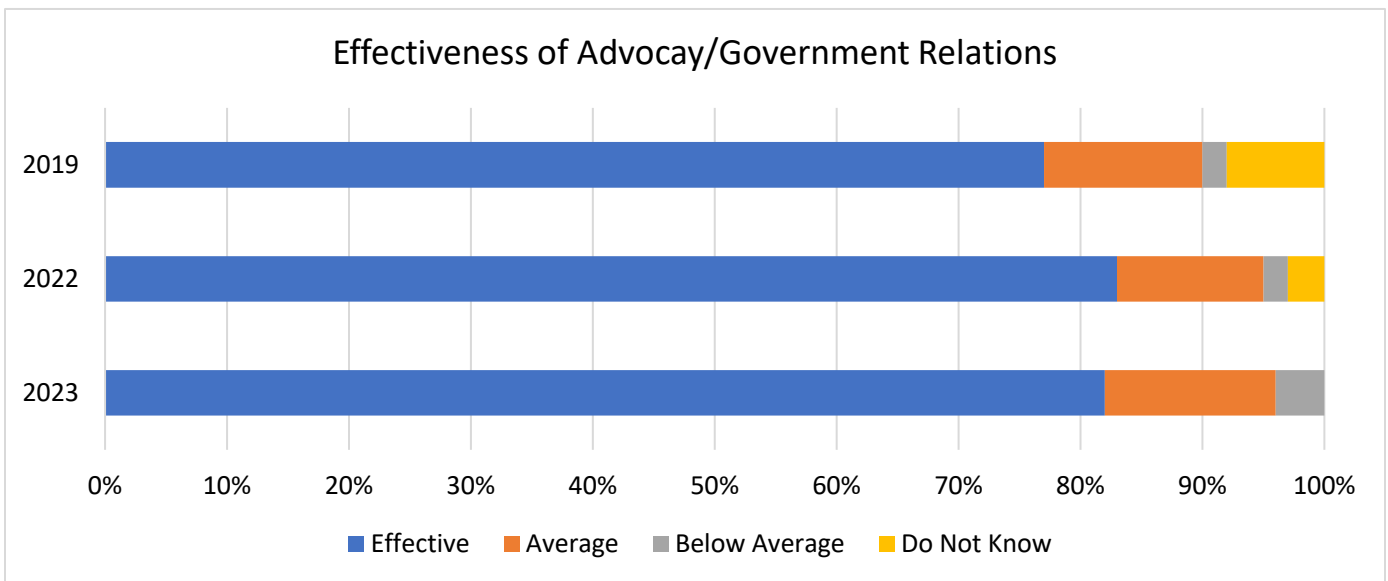
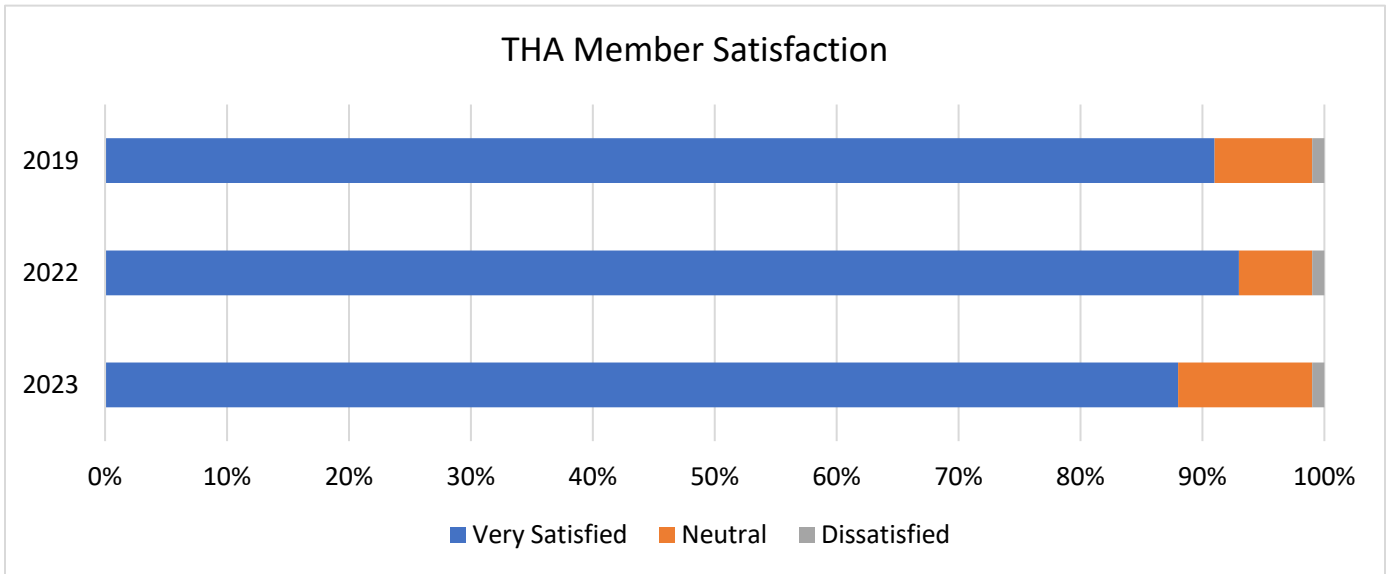
THA Member Survey Results Summary

Breakdown of Respondents	2023	2022	2019
CEO	86 (40.6%)	79 (38%)	73 (30.3%)
Government/Advocacy Staff	19 (9%)	17 (8.2%)	6 (2.5%)
COO	12 (5.7%)	16 (7.7%)	18 (7.5%)
CFO	16 (7.5%)	15 (7.2%)	20 (8.3%)
CNO	10 (4.7%)	23 (11.1%)	30 (12.4%)
Physician Executive	13 (6.1%)	9 (4.3%)	9 (3.7%)
Executive/Vice President	35 (16.5%)	22 (10.6%)	17 (7.1%)
Other	24 (11.3%)	27 (13%)	56 (23.3%)
Total Respondents	215	208	241
Statewide CEO Response Rate	18%	17%	

National survey provider Qualtrics states organizations should aim to achieve a 20-30% response rate.

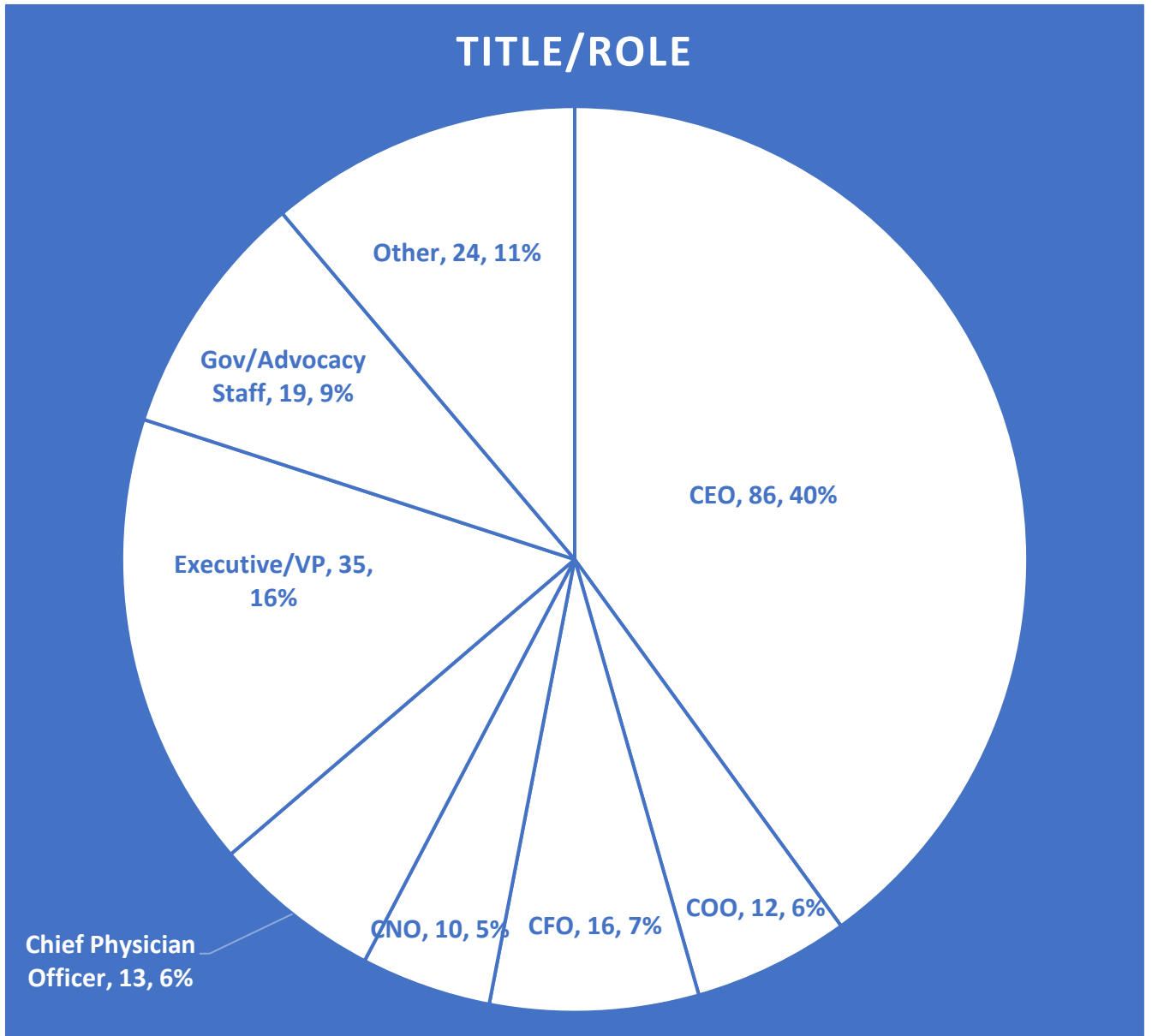
Member Satisfaction		2023	2022	2019
Satisfaction with THA	Very Sat/Satisfied	88% (186)	93% (194)	91% (219)
	Neutral	11% (24)	5.7% (12)	7.5% (18)
	Dissatisfied	1% (2)	1.4% (3)	1.6% (4)
		Total Resp - 212	Total Resp - 209	Total Resp - 241
Effectiveness of Advocacy/ Govt. Relations	Extremely Eff/Above Avg	82% (169)	83% (171)	77% (185)
	Average	14% (29)	12.2% (25)	12.5% (30)
	Below Avg/Not Effective	3.5% (7)	1.5% (3)	1.7% (4)
		Total Resp – 205	Total Resp – 199 (6 Don't Know)	Total Resp – 219 (21 Don't Know)
Effectiveness of Communications	Extremely Eff/Above Avg	78% (161)	85% (174)	79% (189)
	Average	19% (39)	12.2% (25)	14% (34)
	Below Avg/Not Effective	3% (7)	2.5% (5)	1% (2)
		Total Resp - 207	Total Resp -204 (1 Don't Know)	Total Resp – 225 (14 – Don't Know)

THA Member Survey Results Summary

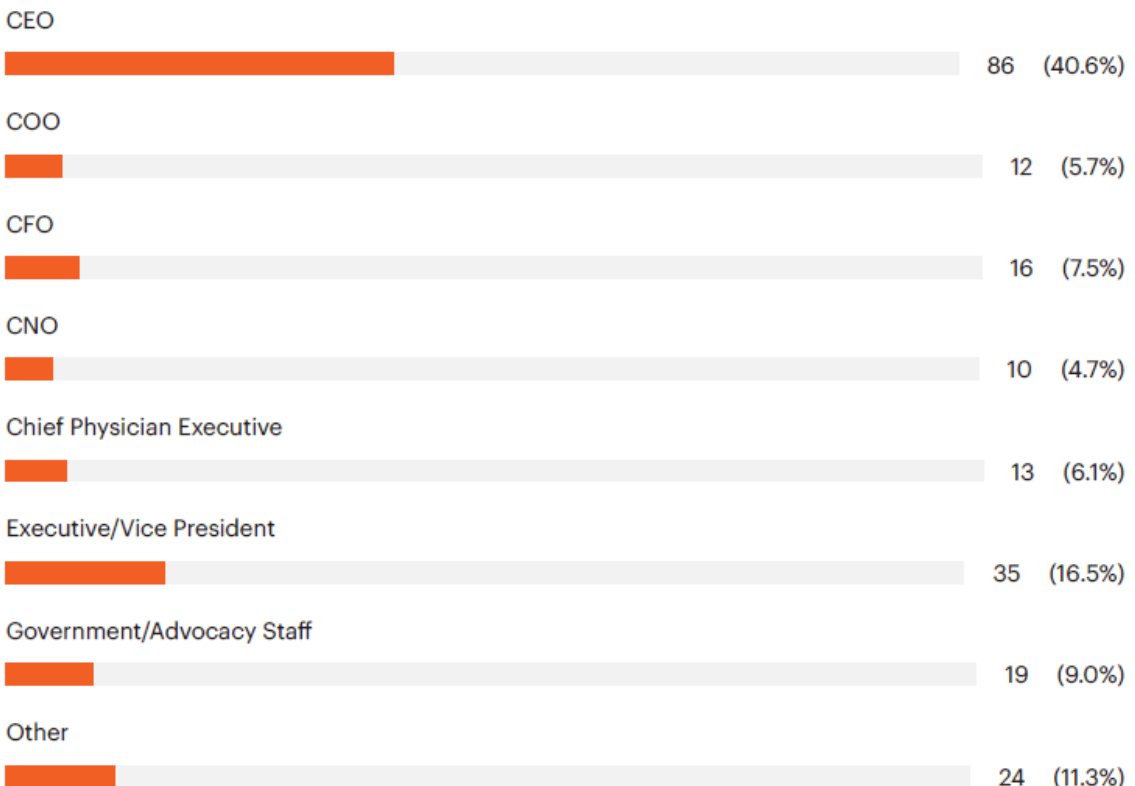


Report for the 2023 THA Member Satisfaction Survey

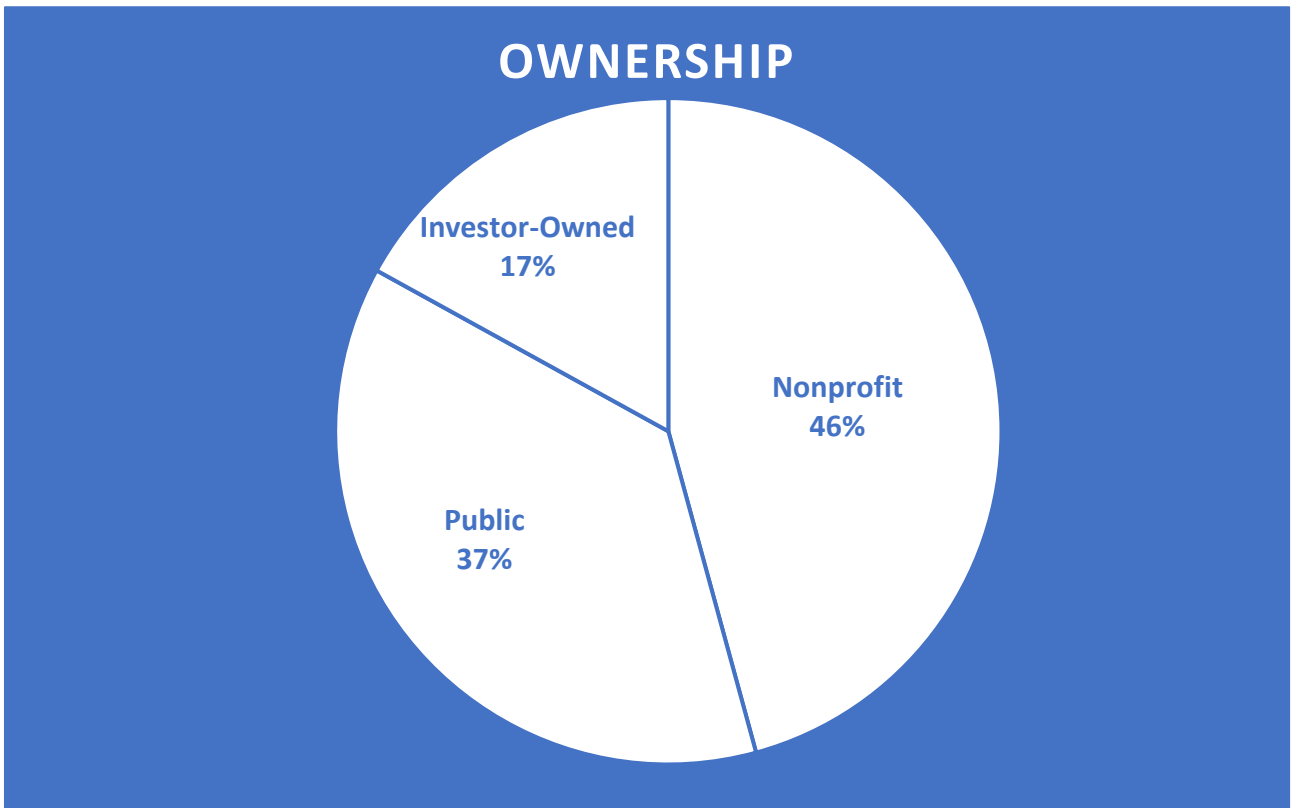
1. Which of the following most closely matches your title/role?



“Which of the following most closely matches your title/role?”

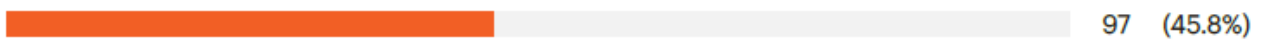


2. Ownership: My hospital/system is (select all that apply):

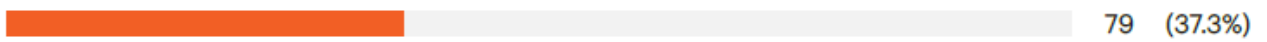


“Ownership: My hospital/system is (select all that apply):”

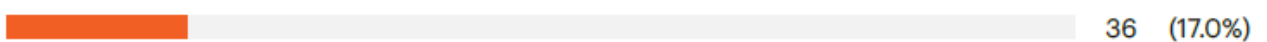
Nonprofit



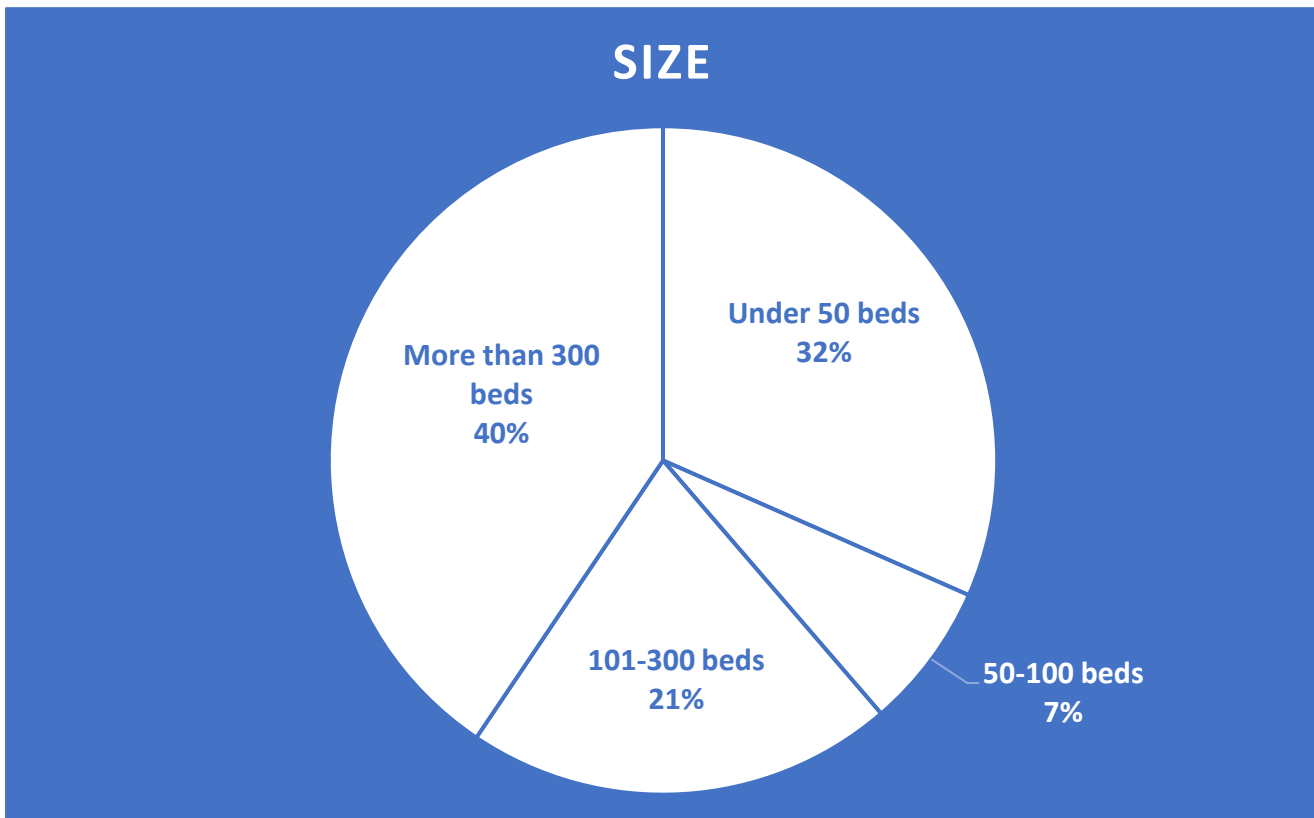
Public (e.g. city, county, hospital district, state, federal)



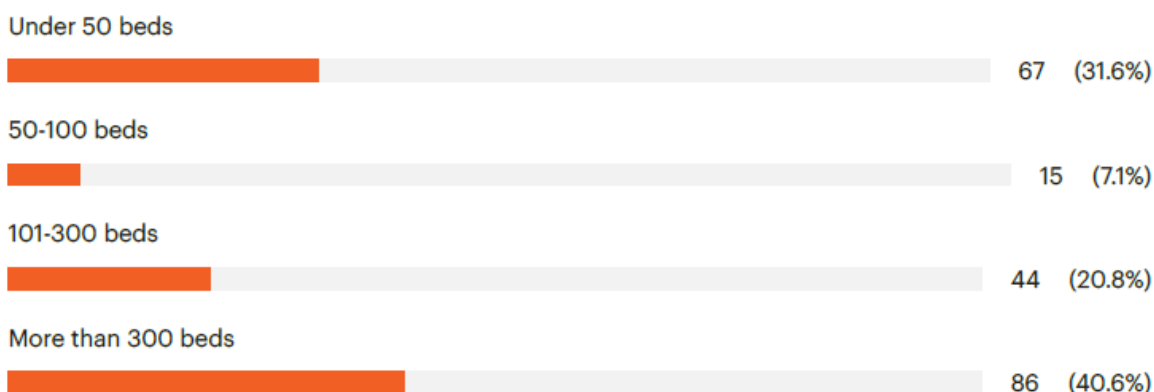
Investor-owned (e.g. individual, partnership, corporation)



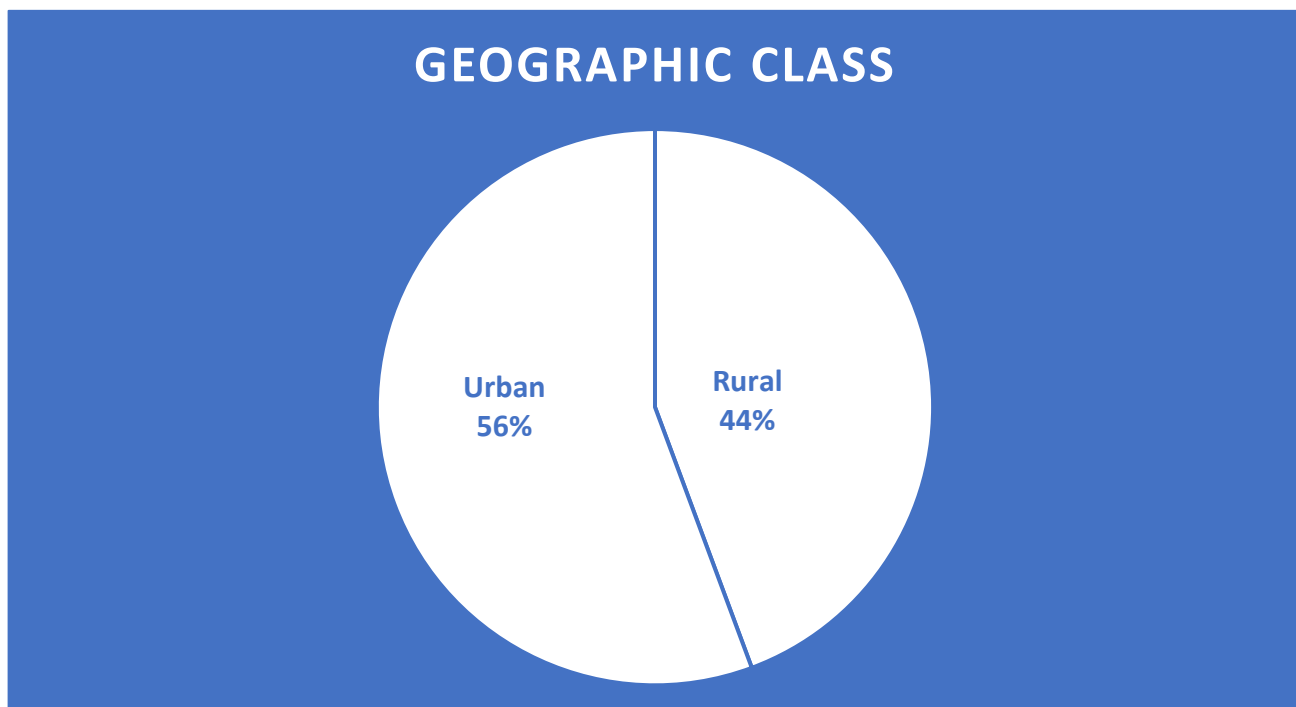
3. Size: My hospital/system is (select all that apply):



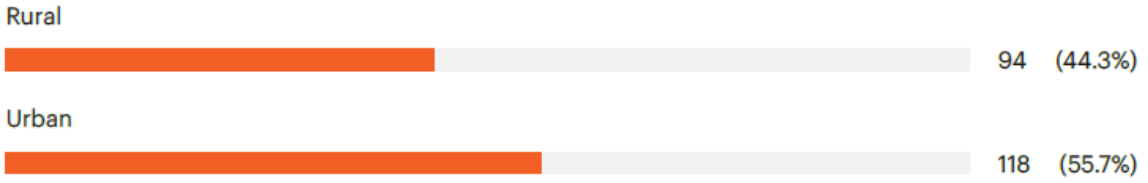
“Size: My hospital/system is (select all that apply):”



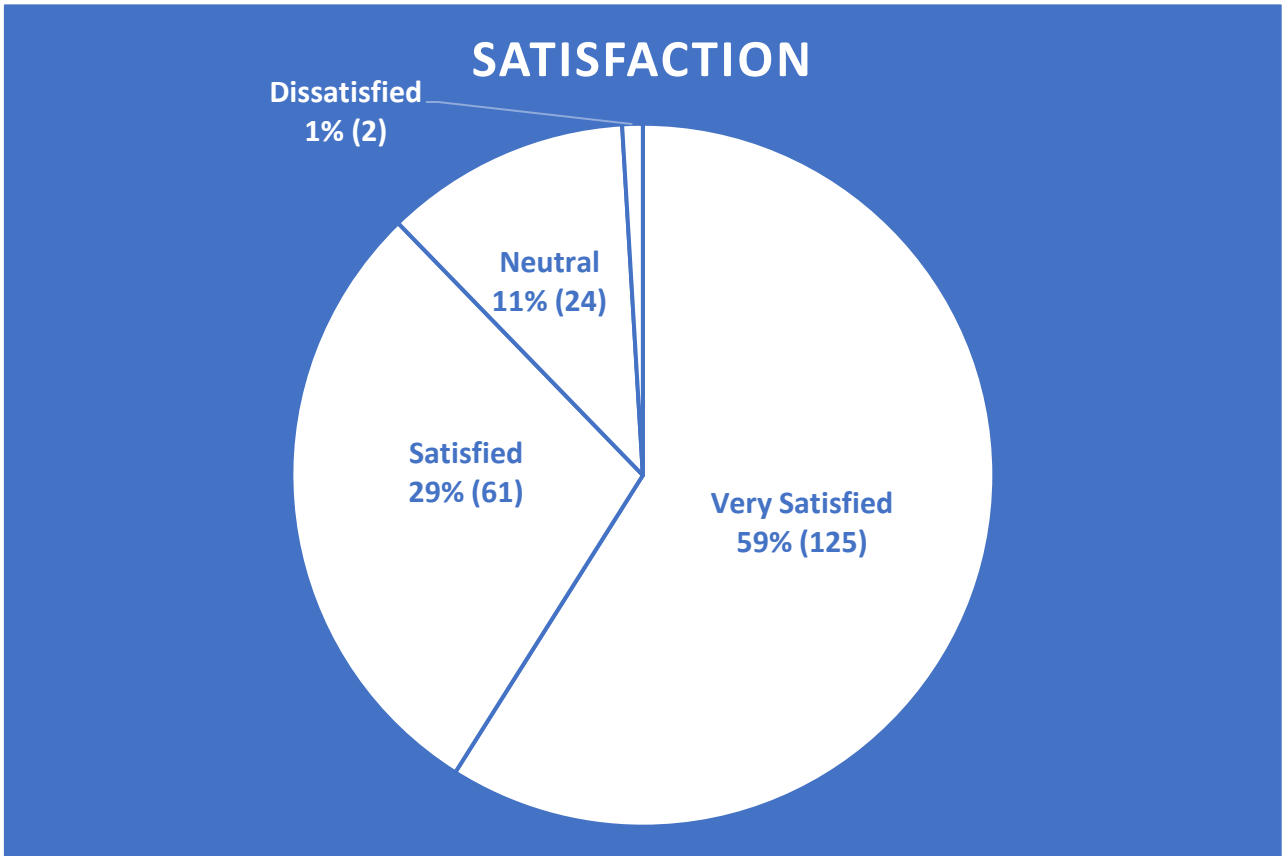
4. Geographic class: My hospital/system is (select all that apply):



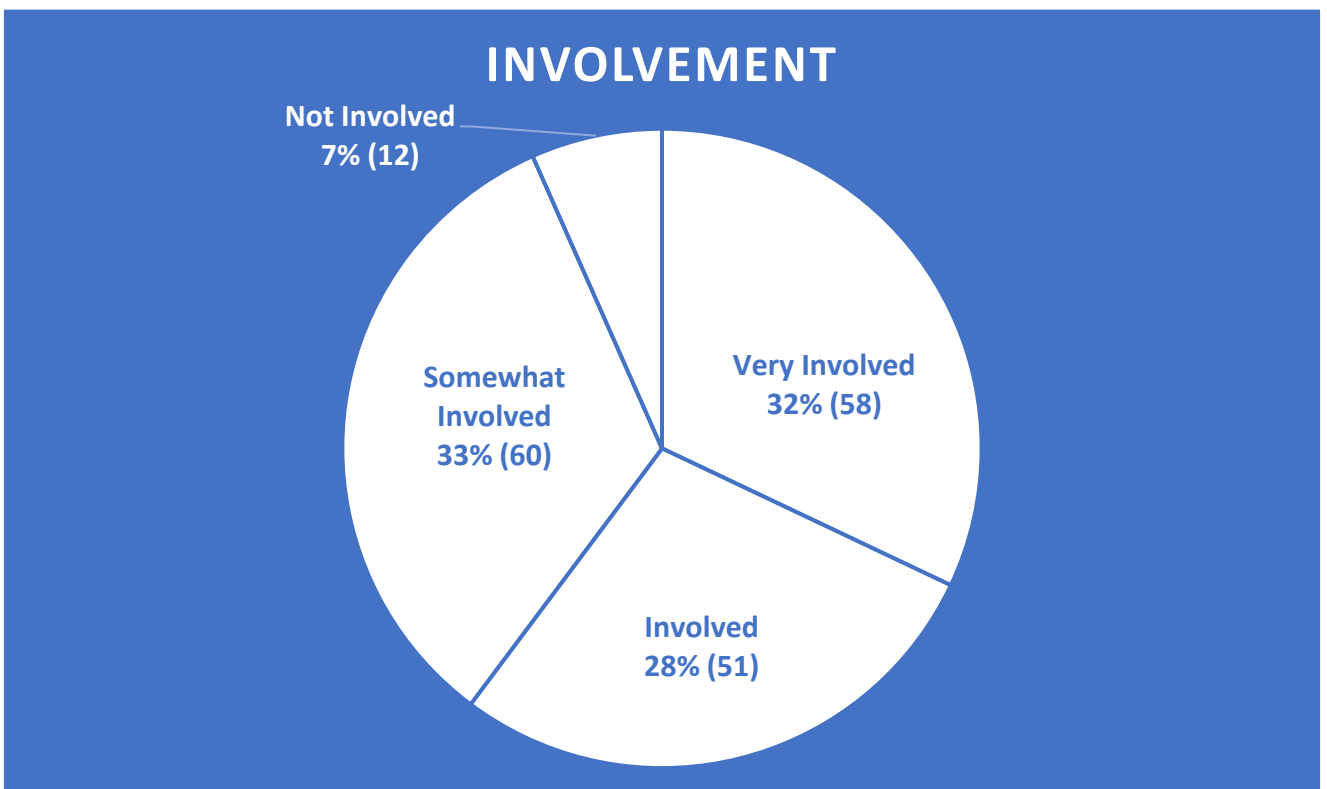
“Geographic class: My hospital/system is (select all that apply)”



5. Overall, how satisfied are you with THA:



6. How would you rank your involvement with THA:



7. How important are the following THA initiatives to your hospital:

	Very Important	Somewhat Important	Neutral	Somewhat Unimportant	Unimportant	Total Responses
Advocacy & Govt. Relations	153 73%	43 21%	12 6%	1 .5%	0	209
Comms	124 60%	66 32%	16 8%	0	1 .5%	207
Education	93 45%	77 37%	25 12%	8 4%	3 1%	206
Quality Improvement	98 48%	62 30%	30 15%	10 5%	6 3%	206
Information Technology & THA Member Solutions	52 25%	71 34%	55 27%	19 9%	9 5%	207

8. How effective have the following THA initiatives been for your hospital:

	Extremely Effective	Above Average	Average	Below Average	Not Effective	Total Responses
Advocacy & Govt. Relations	96 47%	73 35%	29 14%	6 3%	1 .5%	206
Comms	89 43%	72 35%	39 19%	7 3%	0	207
Education	66 32%	78 38%	47 23%	12 6%	1 .5%	204
Quality Improvement	58 28%	75 37%	56 27%	12 6%	4 2%	205
Information Technology & THA Member Solutions	42 21%	74 36%	59 29%	22 11%	6 3%	204

9. What is the most challenging issue your hospital faces in the year ahead?

"Fighting inflation in all aspects of the market and maintaining staffing. "
"Unknown impacts to ever changing supplemental funding programs; and the external push to redefine hospital based services."
"Shrinking reimbursement in a high inflationary environment, we need elected officials to connect the dots that a financially viable and healthy hospital generates jobs and stimulates the overall economy for all communities in Texas. "
"Lawmakers at all levels do not understand the fundamentals of hospitals' payment methodologies; absent that, they do not understand the potentially devastating impacts of their bills and policy initiatives."
"Financial challenges due to escalating labor costs, inflationary supply chain pressures and physician workforce issues. "
"Recruitment and retention of our workforce"
"High labor costs"
"Behavioral Health; Funding"
"Sustainability after DSRIP. "
"MA Plan member increases driving reduced reimbursement; Staffing"
"Increasing costs for staffing, supplies, and physicians salaries; while no increases in reimbursement from payors. We really need the payors to step up and be willing to negotiate in good faith the contracts that they have with community hospitals who don't have the leverage that large systems seem to have. "
"Finding specialty physicians"
"Insurance reimbursement issues and MA plan scams."
"Fair and timely reimbursement for services rendered."
"Financial, rising costs, expectations of quality and patient satisfaction, competitive sources"
"Pushing back against the anti-hospital sentiment that is permeating policy on the state and federal levels. "
"Medicare Advantage Plans"
"How the mental health code is applied to general medical hospitals (non-psychiatric hospitals)."
"Continued Labor/Salary Inflation, low payor rates and their unwillingness to level the payments they pay to all major mental health providers in our Houston market."
"Staffing and instability in government funded programs"
"staffing shortages (nursing & physicians), along with rising cost with declining reimbursement ""Payments for rural hospitals and labor expense increase to recruit/retain team members in rural markets"
"Maintaining appropriate funding for serving Medicaid patients"
"Medicaid waiver funding, CHIRP, cumbersome and distracting new state laws "
"Capacity constraints and the funding to be able to address the need for added space. "
"Understanding the financial implications of the changing Medicaid and Medicare regulations. Along with Workforce supply. "
"Rules and regulations on caring for LGBTQ+ community"
"Medicare Advantage Plans, reduce government funding programs, reduced reimbursements from insurance, workforce shortages"

"education for staff on frontline"

"Increased costs without increased reimbursement"

"Declining reimbursement due to payor challenges and increased uninsured"

"We recently became a limited services rural emergency hospital. Changing our mindset from acute care to REH is a challenge. Also we have an aging physician who will retire soon. Recruiting another physician who will utilize the hospital and not just practice in the clinic is always a challenge. "

"Delivering high quality healthcare to our communities while battling downward pressure from payers, contending with a shifting payer mix (commercial to Medicare), fighting with the Federal Government for DPP's, and managing continued post-covid cost increases from supplies to the workforce."

"Financial challenges are constant, but for this coming year, staffing our clinical areas will be our biggest challenge. We have set a goal to significantly reduce or eliminate our reliance on travel nursing. in 2023 so far we have spent \$1m in agency staffing, more than we have ever spent!"

"Stable, predictable and adequate reimbursement in the Medicaid program. "

"Medicare Advantage plans... is hurting our elderly, and the rural communities. They continually deny patient care over the Dr plan of care, when the Dr. has physically seen the patient. MA are killing Rural."

"Playing the Medicare Advantage and in general attempting to get reimbursed, the pendulum has swung too far towards the payors. The overhead to simply try to collect. "

"Dealing with denials, slow-pay/no-pay, and aging A/R with Managed Medicaid payers."

"Growth of Medicare Advantage and those patient costs not reportable on our cost report for CAH. We will be out of business in a few years if we do not find a solution to our dwindling interim rates. Very little CHIRP income compared to prior supplemental payment programs. "

"Increasing costs in the midst of stagnant or decreasing revenue. Insurance companies are bypassing appropriate levels of care and keeping patients in the acute beds far longer than necessary."

"Uncertainty of legislative leadership, and the continuous contractual changes from the managed care organizations in efforts to reduce our reimbursements."

"Reduction in Revenue due to Medicare Advantage issues and changes to 1115 Waiver programs. In addition. challenges with finding staff and dealing with pressure to increase rates."

"Continued government overreach towards our industry (site neutral, price transparency which is not understood by legislators, excess regulation in an already over-regulated industry), misinformation regarding charity care versus the strained margins we face. We have become way too reliant on government programs which are poorly run yet allows the government more control over a market they do not grasp. We should advocate to eliminate the various schemes (DSH, 340b) and simply ask to be paid fairly for each service provided. "

"state and federal policy proposals aiming to reduce healthcare costs, which have unintended consequences and in many instances pose existential threats to reimbursement and expansion (i.e. site neutral policies, elimination of facility fees, rate setting)"

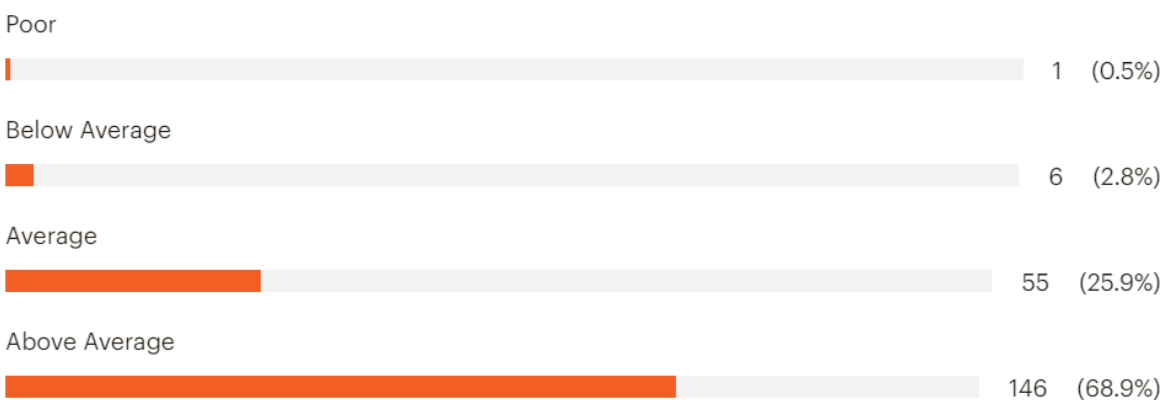
"Mitigating the adversarial interest groups negative narrative"

"Staff and physician recruitment and retention especially in OB and General Surgery. "

"Financial sustainability in an environment of decreased reimbursement from payers, increased regulatory requirements, and increased labor and supply costs."
"Reimbursement issues from the payers and their interpretation of the 2 MN rule with M.Advantage programs. (Timely and accurate reimbursement)"
"Reimbursement, Medicare Advantage and Medicaid Managed Care are not hospital partners in my opinion."
"Continued intrusion of regulatory and legislative unfunded mandates; continued compression of reimbursement coupled with rising expenses; employee recruitment and retention"
"Fiscal uncertainty particularly in the area of government programs. "
"Financial issues; prior authorization; workforce; health equity/expanding medicaid/higher reimbursement rates for medicare/medicaid "
"1115 Waiver days and Medicaid redeterminations to obtain DSH % to maintain 340B status. In addition finding and retaining qualified personnel."
"Continued reduction of supplemental state funding is drastically hurting rural hospitals. Many rural hospitals are struggling financially and it is difficult to understand why there isn't more support or at least the same support for rural hospitals that existed before COVID."
"STAFFING (nursing as well as subspecialty physicians-ENT/URO/GI) EDUCATION/TRAINING (novice nurse staffing) Medication Shortages (antibiotics and critical care medications) "

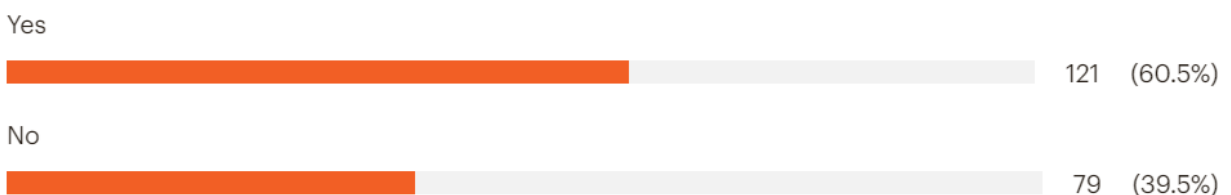
10. How would you rate THA’s legislative efforts to represent hospitals at the state level during the 2023 legislative session?

“How would you rate THA’s efforts to represent hospitals at the state level during the 2023 legislative session?”



11. Do you financially contribute to HOSPAC?

“Do you financially contribute to HOSPAC?”



12. If no, what keeps you from donating to HOSPAC?

"unsure how the money is used"
"Donate at national level "
"their support of poor legislators. "
"Too many other requests for funding"
"Just haven't, but need to, and should."
"Fund availability"
"A strategy to engage our healthcare system leaders internally—in other words not seen as valuable to the healthcare system senior leaders "
"Unsure how the money is spent"
"I am contract labor and have no option for payroll deduct. "
"I've only seen emails, but never had anyone reach out to me directly to discuss benefits. Not a fan of mass emails asking for money."
"Responsibility of Hospital "
"Limited resources in contrast to so many needs"
"hospital donates - individually I don't. efforts by THA are for industry and/or hospitals - not for individuals."
"I donate to several other PACs"
"Lack of information"
"Support for TORCH"
"Our system supports THA and is quite involved already. I believe THA (and AHA) let our opponents who are poorly informed, establish an early beachhead at the state and federal legislative and media level, that was hard to recover from. I was impressed however, by the urgency with which THA responded during the legislative session although it was stressful for us all and some things were passed which will do nothing to help patients or providers. I just wonder if we could have avoided most of the issues by having a greater, more active, ongoing presence with lawmakers and the media? I would like to see THA (and AHA) more active especially when we have new legislators, telling our story and also helping others understand what we face, do well, need help with etc. And of course, we as providers need to be part of this. "
"Hospital board members feel money is better spent elsewhere."
"Not aware of where to donate"
"I don't make political contributions - never have."
"I would never donate to a cause that promotes criminal activity and corruption. An endorsement of Ken Paxton is a deal breaker for me and I won't consider donating in the future."
"Unclear about the work done"
"corporate decision."

12. Do you have any feedback you'd like to share that is not addressed above?

"Participating in the THA fellowship program has been an incredible experience. This is a great program and I am grateful to all those involved in managing and coordinating. Thank you!"

"Need to improve your login and password reset process to your website for members login."

"Anna Stelter along with her team, do an amazing job of keeping the reimbursement committee on top of the ever changing landscape of healthcare finance. Excellent resource!! "

"While we are all frustrated with the replicant state legislature, we need to figure out a way to be more constructively engaged with them and not antagonize them. At same time I think we can be a whole more assertive while keeping it constructive even with those who we don't agree with. "

"THA does a great job. My 4's above are more a function of what I deal with day in and day out versus there being some reason I chose not to give it a 5. "

"I participated with hospital associations across the country. THA is probably at the top for its advocacy and communication efforts."

"THA is a great organization with many talented and resourceful people. Always willing to help and make themselves available. Thank you for your service."

"I think the advocacy and communications teams do a great job. We are up against a lot of adversaries, we need to continue to tell our good stories."

"Would like to see a quarterly Patient Safety Council meeting. TY"

"I feel like the Texas Hospital Association is geared towards larger hospitals and their needs. I also feel that in the last 2 years I have been CEO, the THA has only contacted me to endorse TSA businesses. "

"THA may be much more effective, but I was not aware of our subscription until Susan reached out. I will definitely get more involved in 2024."

"I appreciate what seems to be a consorted effort to address rural hospital challenges. I just hope that when they conflict with urban hospitals that we still have a voice. That has been the greatest concern with THA for rural hospitals and why we spend so much time and money with TORCH."

"You are on the front lines fighting in the halls of justice and injustice - The Capital - appreciate you and the many items that never happened because you are there. "

"Keep asking for input and engagement. And thanks for your service to our health systems "

"Improving communication related to legislative strategy with internal GR staff would be helpful, and improving communication re: THA board agenda/content and associated internal GR staff to ensure more coordination. "

"Would really like THA to address CMS admission criteria and making them uniform across all managed care agencies so that everyone understands what is truly required and its not a constant reeducation of providers based on insurance carrier."

"Would like to see THA push more on Public Health in Texas (overall Wellness). so many rural communities do not have health departments in the community - the hospital is the health department - would like to see the state allocate funds to these rural hospitals for their Community Health ownership"

"Thank you for the physician advisory committee"

"We truly appreciate the incredible advocacy and efforts to push back on state policies through the regular and special sessions which posed significant threats to hospitals. We appreciate our partnership and look forward to working together in the coming year."

"Making your support of SORH more visible."

"The advocacy team does a great job. It would be nice to have more proactive advocacy alerts."

"THA is, and has always been, more concerned about the big city hospitals (probably because they donate more) than with the much larger number of rural hospitals. I am not sure that you are convinced that we really exist. Where were you on SB 490? This law is eating us alive."

"I feel that the THA spends more time in advocating services from their vendors than actually helping rural hospitals."

"I sometimes feel as if the corporate entities do not receive enough communication. Our field hospitals do though and that is often how I hear of things."

"Keep up the great work! The HAC is doing great work and is a very good team of talented individuals. "

"We appreciate THA coming out in opposition of the Medicaid DSH recoupment this year. That would have been detrimental to my hospital and I'm sure many others. For some reason, the state continues to find ways to reduce supplemental funding (DSRIP conversion to CHIRP, RAPPs, etc; Medicaid DSH eligibility changes) that adversely impacts rural hospitals. I'm hopeful that DSHS understands this and will try to help smaller rural hospitals so that they can remain open and provide needed care in their communities."

"I am a working Director with a 1 FTE, I plan on retiring in the near future and I feel that there's not enough qualified personnel to fill Reimbursement positions in the future."

I enjoy the relationship i have and feel with THA and hope to have more and greater involvement in the future. I'm relatively new to Texas, having been in san antonio just more than two years."

"Need help with caring for uninsured and Medicaid funding."

RECOMMENDATION TO THE THA BOARD OF TRUSTEES

February 14, 2024

THA Nominating Committee

The THA Nominating Committee recommends the following individuals to fill vacancies as listed below.

THA Board of Trustees

- Christopher (Chris) Siebenaler, Executive Vice President, Houston Methodist Hospital (term expires on date of next membership election of THA Board of Trustees (Sept. 2024))

THA Management Corporation

- Ray Davis, Chief Information Officer, University Medical Center of El Paso (term expires Dec. 31, 2026)

Respectfully submitted,

Chair, Erin S. Asprec, Memorial Hermann Health System, Houston

Erol Akdamar, HCA Healthcare, Nashville

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, Abilene

Jim Kendrick, Community Hospital Corporation

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

REPORT TO THE THA BOARD OF TRUSTEES

February 14, 2024

CFO Report - FY 2023 (Projected)

Summary Comments:

Highlights and Projected Results – FY 2023

THA and its subsidiaries completed the fiscal year on December 31, 2023. The THA family of companies is projected to generate a consolidated net increase of \$2,174,000 exclusive of unrealized losses in the company's investment portfolios. The consolidated operational increase in net assets compared to budget breaks down as follows (in 000's):

	FY 2023 Projected	FY 2023 Budget	Over (Under) Budget
THA	\$ 2,268	\$ 67	\$ 2,201
ThinkK	19	7	12
THA Management Co.	(289)	174	\$(463)
THA Foundation	<u>176</u>	<u>109</u>	<u>67</u>
Consolidated Increase	<u>\$ 2,174</u>	<u>\$357</u>	<u>\$ 1,817</u>

In accordance with Board approval, any unrealized gains or losses are excluded in determining staff performance in achieving the annual financial threshold set by budget. For FY 2023, THA portfolios experienced an unrealized gain in market value of \$1,784,000. In addition, any approved unbudgeted Board project is excluded for achieving the budget performance threshold for staff incentive compensation program. The FY 2023 results, inclusive of these exceptions and in accordance with GAAP, was a net increase of \$3,997,000.

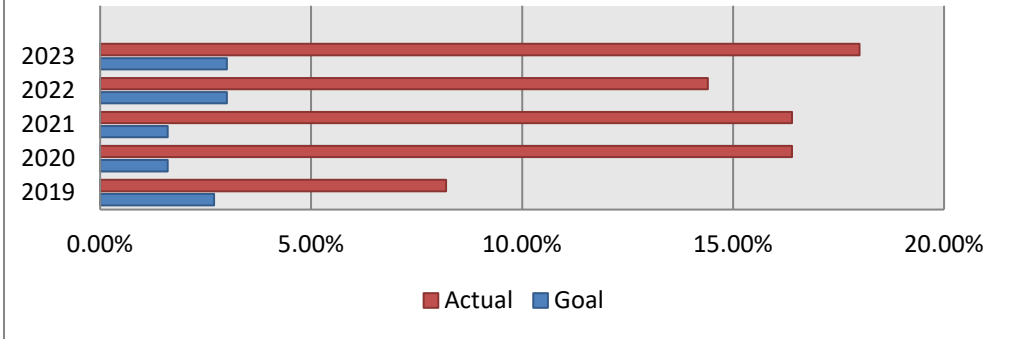
1. Strategic Financial Goals:

- Annual return on Board Designated reserves to meet or exceed 3% of Board Designated Long-Term Reserve target of twelve months of operations.

THA budgeted a goal of 3.0%.

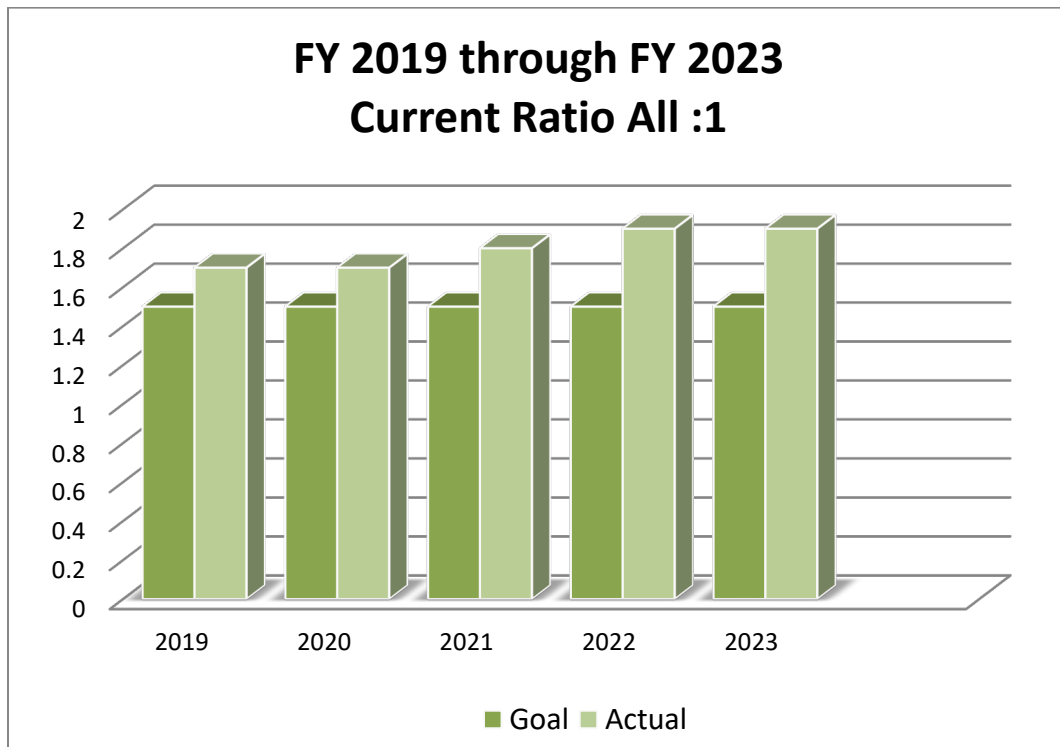
- **Projected: 18.0% (computed on operational results)**

FY 2019 through 2023 Consolidated Return on Board Designated Reserves



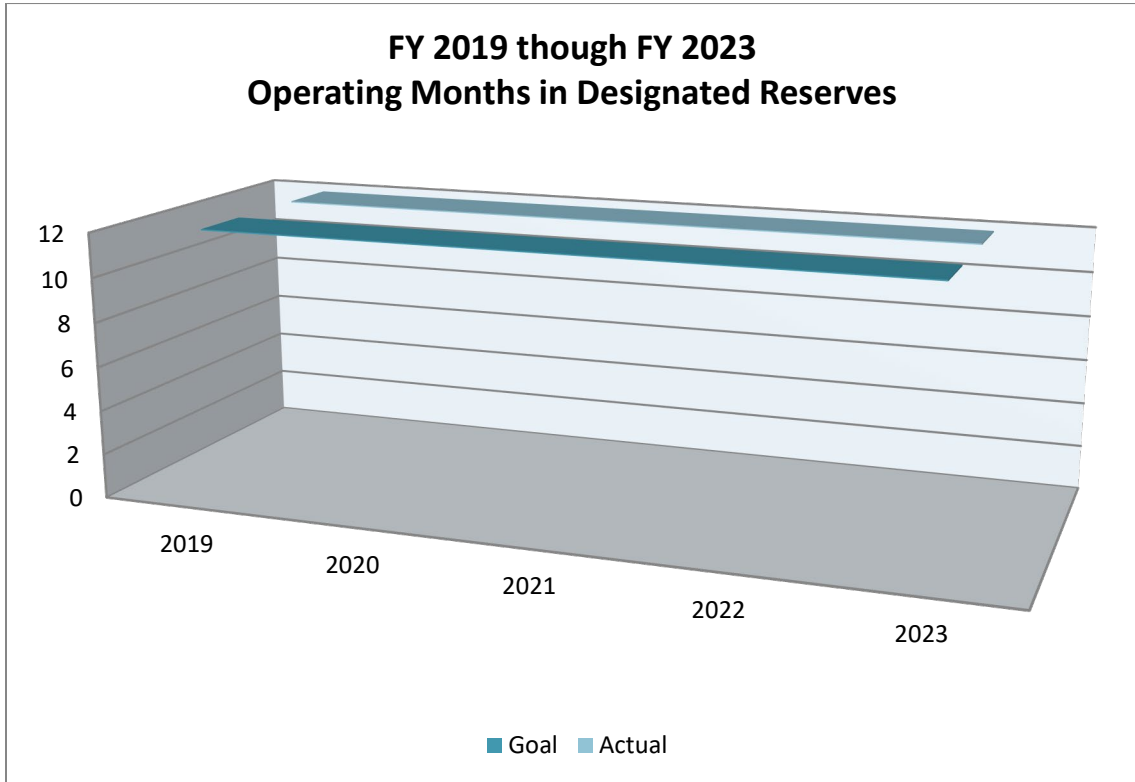
- Ratio of current assets to current liabilities: Goal 1:1 or better
 - Budget goal – 1.5%
 - **Actual – 1.9:1**

FY 2019 through FY 2023 Current Ratio All :1



Months of operating costs held in “Board Designated Reserves.”

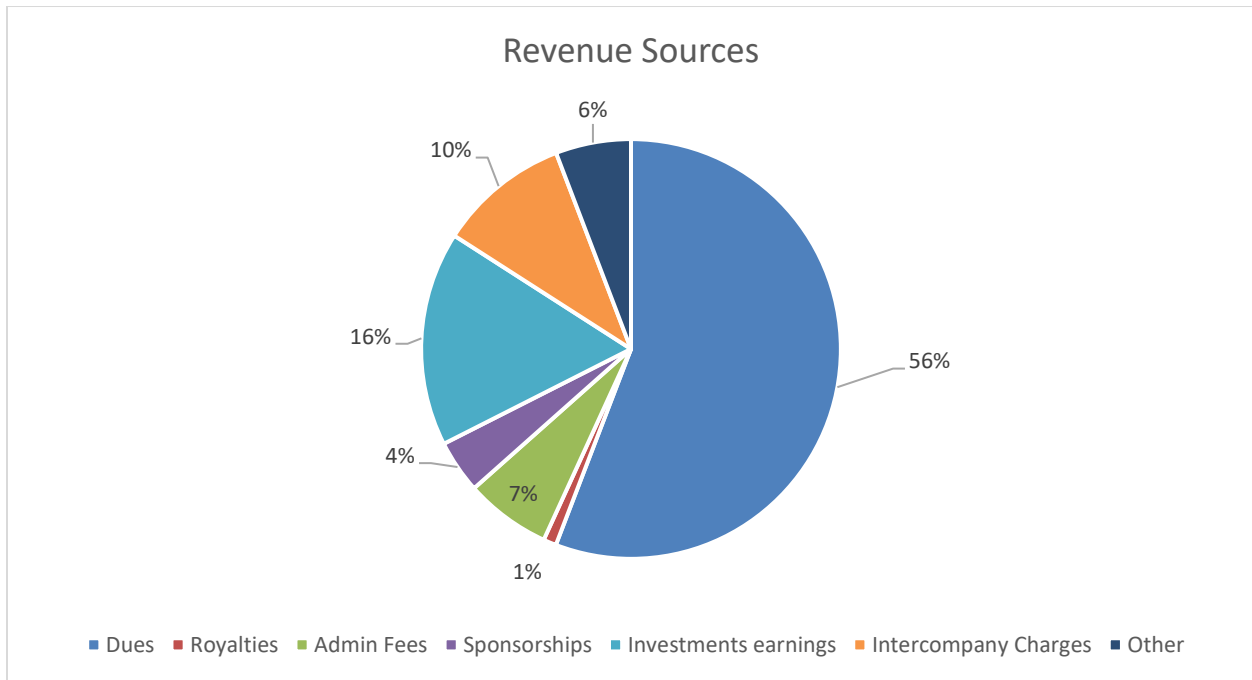
- Strategic goal – 12 months
- Budget Goal – 12 months
- **Actual – 12 months**



2. Highlights:

THA proper is projected to generate gross revenues of \$16,135,000 (inclusive of unrealized gains in the investment portfolios) and expenses of \$12,044,000. The net result is an increase in net assets of \$4,091,000.

3. Revenues:



Overall, THA proper revenues, net of Board approved unbudgeted items (unrealized gains, and partnership revenue) exceeded budget by \$1,086,000 or 14%.

	<u>Projected FY 2023</u>	<u>Budget FY 2023</u>	<u>\$ Change</u>	<u>% Change</u>
A) <u>Dues</u>	\$9,008,000	\$8,824,000	\$ 184,000	2.08%
<ul style="list-style-type: none"> THA's 2022-2023 membership year began September 1, 2022 and closed August 31, 2023. 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 2023. 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. 				
B) <u>Royalty Program</u>	\$ 161,000	\$ 348,000	\$ (187,000)	(53.70%)
<ul style="list-style-type: none"> THA royalties revenue from the endorsed partner program is projected to be under budget by \$187,000 or 53%. 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. At its November 2023 board meeting, the THA Board approved a proposal to expand the resources needed to increase the number of endorsed vendors to meet the needs sought by a diverse membership field. 				

C) <u>Administrative Fees</u>	\$1,068,000	\$0	\$1,068,000	100%
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- 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 started billing for its portion of fees due by contract. To-date THA has billed \$1,068,000 in fees. These fees represent the largest variance in THA budgeted revenues and net results.

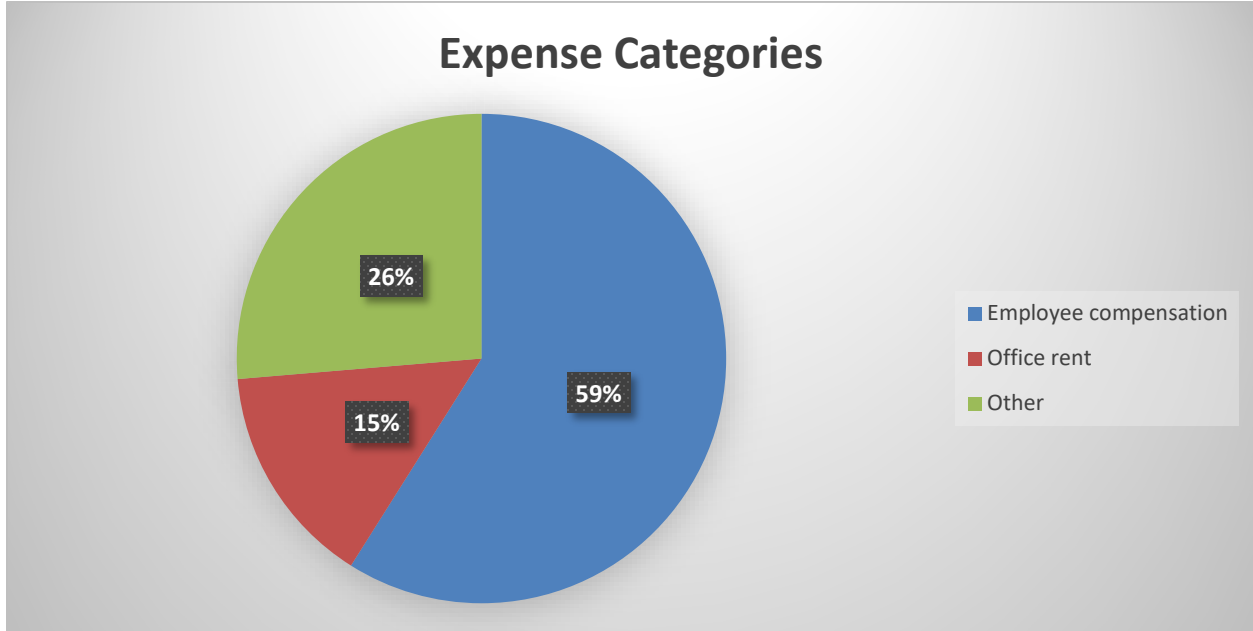
D) <u>Sponsorship Income</u>	\$ 660,000	\$500,000	\$ 160,000	32.0%
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- The THA Annual Conference held in 2023 was successful in delivering high-quality programming and strong financial results. For the first time since 2020, on site attendees exceeded 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.

E) <u>Intercompany Fees</u>	\$ 1,632,000	\$ 1,645,000	\$ (13,000)	(.80%)
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- 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 planning.

4. Expenses



Overall expenses generated savings to budget of \$359,000 or 2.89%

	Projected FY 2023	Budget FY 2023	\$ Change	% Change
A) <u>Employee Compensation</u>	\$7,100,000	\$7,246,000	\$ (146,000)	(2.0%)
<ul style="list-style-type: none"> • Compensation is projected to be under budget by \$146,000 and accounts for 40% of the favorable variance in total expenses. The variance in compensation was generated primarily by vacancies. 				
B) <u>Professional Fees</u>	\$ 564,000	\$538,000	\$ 26,000	4.8%
<ul style="list-style-type: none"> • These projects included system upgrades and employee programs enhancements. Most of these required consultants to develop, assist and execute project objectives. 				
C) <u>Travel</u>	\$ 114,000	\$ 241,000	\$ (127,000)	(53.6%)
<ul style="list-style-type: none"> • Travel is projected to generate savings of \$127,000 due to fewer member field visits as a result of extended legislative session. 				
D) <u>Meeting Charges</u>	\$ 223,000	\$ 287,000	\$ (64,000)	(22.3%)
<ul style="list-style-type: none"> • The savings to budget was generated by the savings in AV costs and meals budgeted for the THA conference. 				
E) <u>Lease Rental</u>	\$1,772,000	\$1,740,000	\$ 32,000	(1.8%)
<ul style="list-style-type: none"> • 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.

F) Intercompany Charges \$ 640,000 \$ 638,000 \$ 2,000 (.3%)

- Over the last three years, THA programs and activities changed leadership and placement. These moves were done to accommodate efficiency and strategic coordination of planning. THA continues to handle most all 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 Regional Ambassadors activities, and due diligence in vetting endorsed partners for its Royalty Program.

G) Total Other Expenses \$ 1,631,000 \$ 1,713,000 \$ (82,000) (4.8%)

- Expenses included in this general category are relatively constant, but savings were realized as staff continued to adjust for changes related to the start of projects and programs delayed over the past two years . Expenses included in this category are:

	2023	2023 Budget
Outside Services	523,000	289,000
Dues, Fees, and Subscriptions	408,000	414,000
Depreciation	227,000	233,000
Advertisement Cost	37,000	90,000
Insurance	33,000	49,000
Supplies, repairs, and fees	218,000	202,000

Subsidiaries:

THA Management Corporation/Member Solutions:

For the year ended December 31, 2023, THA Management Corporation (THAMC) is projected to generate a consolidated net loss of \$289,000. The budget for this same period is a consolidated net income of \$174,000, the result is an unfavorable budget variance of \$463,000.

Total revenues are projected to be under budget by \$552,000 and \$36,000 over the same period last year. For the year, marketing fees are projected to be \$575,000 or 58% under budget and \$161,000 lower than the same time last year. Commission revenue from endorsed employee benefit providers is projected to be under budget by \$76,000 but trending higher than last year by \$2,000.

Overall, expenses for the year are projected to come under budget by \$89,000. The largest positive contributor is the provision for federal income taxes which is projected to actually be a benefit.

As a result of the market and financial challenges presented in 2023, in Q3 of 2023, a non-dues revenue consulting engagement was conducted with a favorable review of a 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. This plan was approved by the THA Board at its November 2023 Board meeting and is to be funded by accumulated earnings of the Company, if necessary. The implementation of the plan began soon after the Board meeting.

THA Management Corporation's financial condition is projected to be strong as of December 31, 2023. The Company's working capital was in excess of \$2,400,000. The \$2,604,000 in shareholders' equity provides the ability for the Company to fund any shortfalls that may occur as staff continues to build the partner portfolio and implement the approved expansion of resources to enhance the overall program.

THA Foundation (THAF):

For the year ended December 31, 2023, the Texas Hospital Association Foundation (THAF) is projected to generate an increase in net assets of \$176,000. The FY 2023 budget targeted an increase in net assets of \$109,000. The actual results generated a favorable variance to budget of \$67,000 and a decrease of \$121,000 over the same period last year. The 2023 Budget had targeted a decrease of \$188,000 over FY 2022 so the company fared better than expected when compared to budget and prior year.

The Foundation's data products and programs gross revenue is projected to fall short of budget by \$412,000, however, it is projected to exceed last year by \$65,000. The programs' net margin is projected to fall short of budget by \$178,000 or 6%.

Two significant contributors to the budget shortfall are directly attributed to M&A activity by the THA vendor partner, Syntellis, which was acquired by Strata Decision Technology on August 7, 2023. The first concerns the launch of a new service line focused on OUTPATIENT analytics which was delayed from the planned Q1 release until mid-year, and the second is a result of a drop-off in marketing efforts for legacy data products once the process of evaluating the current lineup of offerings started. Budget planning for 2024 incorporates adjustments to reflect the

development of one or more product offerings resulting from the Syntellis/Strata acquisition, which will continue to support program growth.

The THA Annual Conference held in Austin last 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.

The Foundation's Quality and Patient Safety programs continue to service their base participants in the area of peer reviews, emergency planning and response, infection control prep courses, and assisting critical access hospitals in data reporting. Gross revenues from these programs are projected to exceed budget by \$38,000.

Total expenses are projected to generate savings of \$300,000. The savings from expenses pertaining to data products account for \$171,000 and included in the projected net margin mentioned above. The company also generated savings in employee compensation and professional fees of \$169,000. The compensation savings relates to vacancies experienced during the year. The savings in professional fees relates to consulting for projects in progress to assist in program expansion.

Overall, the Foundation remains in a strong financial position with \$7,860,000 in cash and investments. Net assets without donor restrictions of the Foundation, projected for December 31, 2023, is \$6,200,000. The Foundation's net assets with donor restrictions remained at \$595,000. For the year, THAF generated an increase in net assets of \$152,000. The FY 2022 budget targeted an increase in net assets of \$396,000. The actual results generated an unfavorable variance to budget of \$244,000.

THA Financial Position:

THA is projected to maintain a strong financial position at year end. Total net assets without restrictions are projected to be \$35,192,000 of which \$16,000,000 is in accessible investments.

In all, THA and its family of organizations enhanced our consolidated financial position. The companies achieved this success while remaining focused on annual goals and objectives:

- Fund membership programs and initiatives
- Review and expand benefits in all THA programs to overall membership.
- Increase operational efficiencies, and
- Achieve Board approved strategic goals.

The annual independent audits for THA and its subsidiaries are currently underway. The results of the audit and the audit report are to be presented to the THA Audit and Compliance Committee at the completion of the audit. Once it has been reviewed by the Committee, the audit report is to be presented to the THA Board.

Respectfully submitted,

THA Senior Management

THA
FINANCIAL HIGHLIGHTS
Projected as of December 31, 2023
(\$ 000's omitted)
Unaudited

Financial Position:

	Fiscal Year Ended December <u>2023</u>	Fiscal Year Ended December <u>2022</u>
<u>Assets</u>		
Current assets:		
Cash equivalents and marketable securities	\$ 16,097	\$ 13,191
Accounts receivable, net	1,132	939
Advances to affiliates, net	424	267
Other	216	192
Total current assets	<u>17,869</u>	<u>14,589</u>
Long term investments	15,624	13,478
Fixed assets, net of depreciation	1,189	1,199
Long-term pension asset	2,575	2,575
Capital Leases, net	11,710	12,140
Investment-Building	4,607	4,576
Equity in subsidiaries	2,690	2,892
Total assets	<u><u>\$56,264</u></u>	<u><u>\$51,449</u></u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$2,266	\$1,816
Advances to affiliates, net		
Short term Capital Lease Obligations	410	493
Deferred income	6,612	5,711
Total current liabilities	<u>9,288</u>	<u>8,020</u>
Long-Term Pension		
Long-Term Capital Lease-Obligations	11,191	11,666
Other Long-Term Liabilities	508	376
Total Liabilities	<u>20,987</u>	<u>20,062</u>
Net assets:		
Board designated	13,468	13,468
Undesignated	21,724	17,834
Total unrestricted net assets	<u>35,192</u>	<u>31,302</u>
Temporarily restricted net asset	85	85
Total Net Assets	<u>35,277</u>	<u>31,387</u>
Total liabilities and net assets	<u><u>\$56,264</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	18.0% ^(A)	3.0% ^(A)
Ratio of current assets to current liabilities	1.9:1	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 2024 total expenses.

THA
FINANCIAL HIGHLIGHTS
For The Year Ended December 31 , 2023
(\$ 000's omitted)
Projected

Results of Operations:

	CY 2023 Projected	2023 Budget	CY 2022 Last Year	Projected 2023 Over (Under)	
				Budget FY 2023	Actual FY 2022
Revenue:					
Dues	\$9,008	\$8,824	\$9,071	\$184	(\$63)
Admin Fee: 1115 Appeal	1,068	\$0	\$0	1,068	1,068
Royalties	161	348	277	(187)	(116)
Sponsorships	660	500	384	160	276
Intercompany Charges	1,632	1,645	1,661	(13)	(29)
Investments earnings	2,669	285	(3,047)	2,384	5,716
Other	937	868	1,255	69	(318)
Total revenue	<u>16,135</u>	<u>12,470</u>	<u>9,601</u>	<u>3,665</u>	<u>6,534</u>
Expenses:					
Employee compensation	7,100	7,246	6,690	(146)	410
Office rent	1,772	1,740	1,737	32	35
Professional Fees	564	538	689	26	(125)
Outside Services	523	289	345	234	178
Other	2,085	2,590	1,999	(505)	86
Total expenses	<u>12,044</u>	<u>12,403</u>	<u>11,460</u>	<u>(359)</u>	<u>584</u>
Increase in THA proper net assets (GAAP)	4,091	67	(1,859)	4,024	5,950
Equity in earnings of for-profit subsidiaries and THA Foundation	<u>(94)</u>	<u>290</u>	<u>108</u>	<u>(384)</u>	<u>(202)</u>
Increase in net assets, including Board approved exceptions for purposes of Strategic Performance Goal (GAAP)	3,997	357	(1,751)	3,640	5,748
Add -Board approved Program costs:					
Advocacy unbudgeted projects	36		272	36	(236)
Unrealized (gains)/losses from Investments	(1,784)		3,559	(1,784)	(5,343)
Earnings-Partnership in TADA LLP (building)	<u>(75)</u>		<u>(46)</u>	<u>(75)</u>	<u>(29)</u>
Increase in net assets, excluding Board approved exceptions for purposes of Strategic Performance Goal (ICP)	<u><u>\$2,174</u></u>	<u><u>\$357</u></u>	<u><u>\$2,034</u></u>	<u><u>\$1,817</u></u>	<u><u>\$140</u></u>

Subsidiary and Affiliated Organizations' Net Results of Operations:

	Actual	Budget	Actual	Projected Over (Under)	
				Budget FY 2023	Actual FY 2022
THAMC-Member Solutions	(A) (\$289)	\$174	(\$203)	(\$463)	(86)
THINK	(B) 19	7	14	12	5
THA Foundation	(C) 176	109	297	67	(121)
Equity in earnings of for-profit subsidiaries	<u>(\$94)</u>	<u>\$290</u>	<u>\$108</u>	<u>(\$384)</u>	<u>(\$202)</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

February 14, 2024

ISSUE: 2024 Texas Hospital Advocacy Tribute Award Recommendations

RECOMMENDATION: That the Texas Hospital Association's Board of Trustees present the **2024 Texas Hospital Advocacy Tribute [THAT]** award to Congressman Michael Burgess, M.D., for his outstanding efforts on public policy issues important to hospitals and health systems during almost 20 years of service in the United States Congress.

BACKGROUND: In 1997, THA created a special advocacy award, the Texas Hospital Advocacy Tribute, to recognize the outstanding efforts of legislators or regulatory agency leaders who have been highly supportive of public policy issues important to hospitals and health systems. This award is presented at the discretion of the THA Board of Trustees, as situations warrant. Multiple awards may be given following a congressional and/or Texas legislative session. Many organizations honor public officials in a similar manner and distribute awards each year.

Proposed Recipient of the Texas Hospital Advocacy Tribute Award for 2024

Congressman Michael Burgess, M.D. (TX – 26)

Dr. Burgess represents Texas' 26th Congressional District (North Texas) and, after 20 years of service, recently announced he will retire at the end of the current session. He is a senior member on the House Energy and Commerce Committee, which has broad jurisdiction over issues impacting hospitals and patients, including Medicaid and Medicare, public health, mental health and substance abuse. Dr. Burgess also serves on the Subcommittee on Health and previously held the role as Chairman for several years. He also currently serves as the Chair of the Health Care Task Force on the House Budget Committee.

Dr. Burgess has been a steadfast champion for hospitals during his time in Congress. He led numerous THA priorities over the years and is viewed as a prominent voice on health care policy by members of the delegation and Congress, broadly. His background as an OB/GYN provided important context on issues impacting patient care. Dr. Burgess' noteworthy engagement includes:

- Leading efforts (legislation, letters, etc.) to protect funding for Medicaid Disproportionate Share hospitals.
- Advocating for the renewal of Texas' Medicaid 1115 waivers, including outreach to the Centers for Medicare and Medicaid (CMS) services (letters and calls with Administrators Seema Verma and Chiquita Brooks LaSure) on behalf of providers in the state.
- Consistently opposing efforts by CMS to unlawfully restrict state financing methods in Medicaid, including the proposed Medicaid Fiscal Accountability Rule.
- Advancing the reauthorization of the Children's' Health Insurance Program.
- Introducing legislation to help reduce barriers to reauthorizations: the GOLD Card Act.

- Introducing legislation and championed efforts to address the Medicaid IMD Exclusion.
- Supporting efforts to investigate nurse staffing agencies and price gouging practices during the COVID pandemic.
- Introducing bi-partisan legislation to address maternal health disparities and mortality.

RECOMMENDATION TO THE THA BOARD OF TRUSTEES

February 14, 2024

PYA, P.C. Negotiated Pricing Dashboard

Data Collection Contract Recommendations (revised)

At the January 4, 2024, called meeting of the THA Board of Trustees, there was considerable discussion about the staff's recommended approach to obtain data to counter false claims made about hospitals and quantify the potential negative impact of proposed legislation. Most of the discussion centered around the proposal to contract with the Ohio Hospital Association (OHA) to participate in their Payer Scorecard Program for Texas hospitals to get more comprehensive information on insurer practices that drive up costs and increase administrative burden. Notwithstanding the potential benefit of the data, concern was expressed over the ad-hoc nature of the data collection tool and the potential sensitivity of the data collected.

Less discussion centered on the recommendation for THA to contract with PYA to gain access to their Negotiated Pricing Dashboard. This tool uses publicly available data aggregated in a format that will give THA a near-complete picture of the negotiated rates posted by Texas hospitals and will include mirroring data from health insurance companies. As an example, this tool would have allowed staff to calculate the negative impact of legislation last session that proposed prohibiting hospitals from charging facility fees for outpatient services. This data will also be particularly useful in disputing claims of price gauging or extreme variation based on charge description master information instead of contracted rates. Currently, THA only has access to anecdotal or individualized data on pricing information, making it difficult to respond to claims criticizing hospital prices. Although the accuracy of this data depends on whether the reporting entity posted it correctly, it is still the most complete and valuable set of pricing data available. PYA offers payer-specific pricing data for all payers, including commercial payers, Medicare and Medicaid.

RECOMMENDATION:

That the THA Board of Trustees authorize THA to purchase access to the Negotiated Pricing Dashboard from PYA, P.C. for one year at the price of \$35,000. After the initial one-year engagement, THA can re-evaluate the value of a continued arrangement, as PYA works to expand its data set, products, and services. This expense would be covered under the discretionary project spending authority approved by the Board at the January meeting.



Texas Hospital Association

PYA's Negotiated Pricing Dashboard

*Discussion document prepared for the
Texas Hospital Association*

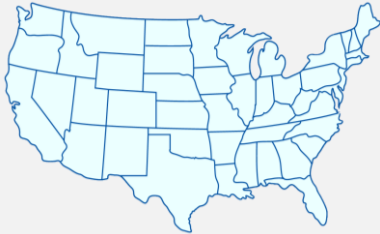
November 16, 2023

Negotiated Pricing Dashboard



PYA's Negotiated Pricing Dashboard is a robust solution that allows you to quickly compare **negotiated rates** for healthcare services among peer health systems, facilities, and payers.

4,800+ hospitals
(and counting)



across 50 states

Inclusive of **11,100+**
service facility rates



Inpatient by DRG



Outpatient by CPT

Compare by:

- ✓ Health system
- ✓ Hospital
- ✓ Payer
- ✓ Service

Common uses for the Negotiated Pricing Dashboard:

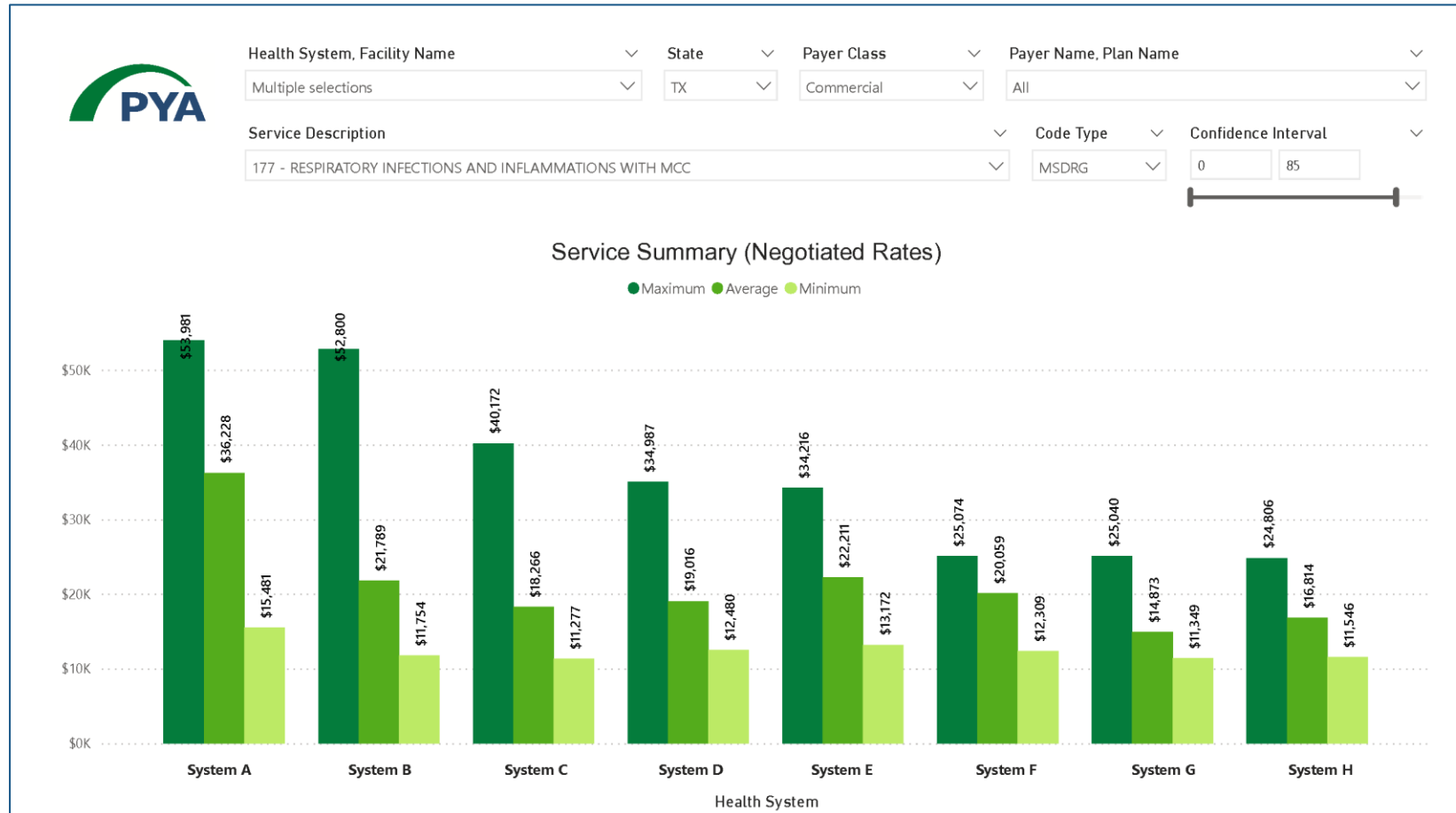
- ✓ Benchmark negotiated rates to peers
- ✓ Utilize during payer contract negotiations
- ✓ Ideal for the Independent Dispute Resolution process

View our [demo dashboard](#) to learn more.

System Pricing Summary – DRG 177 Respiratory Infections w/ MCC

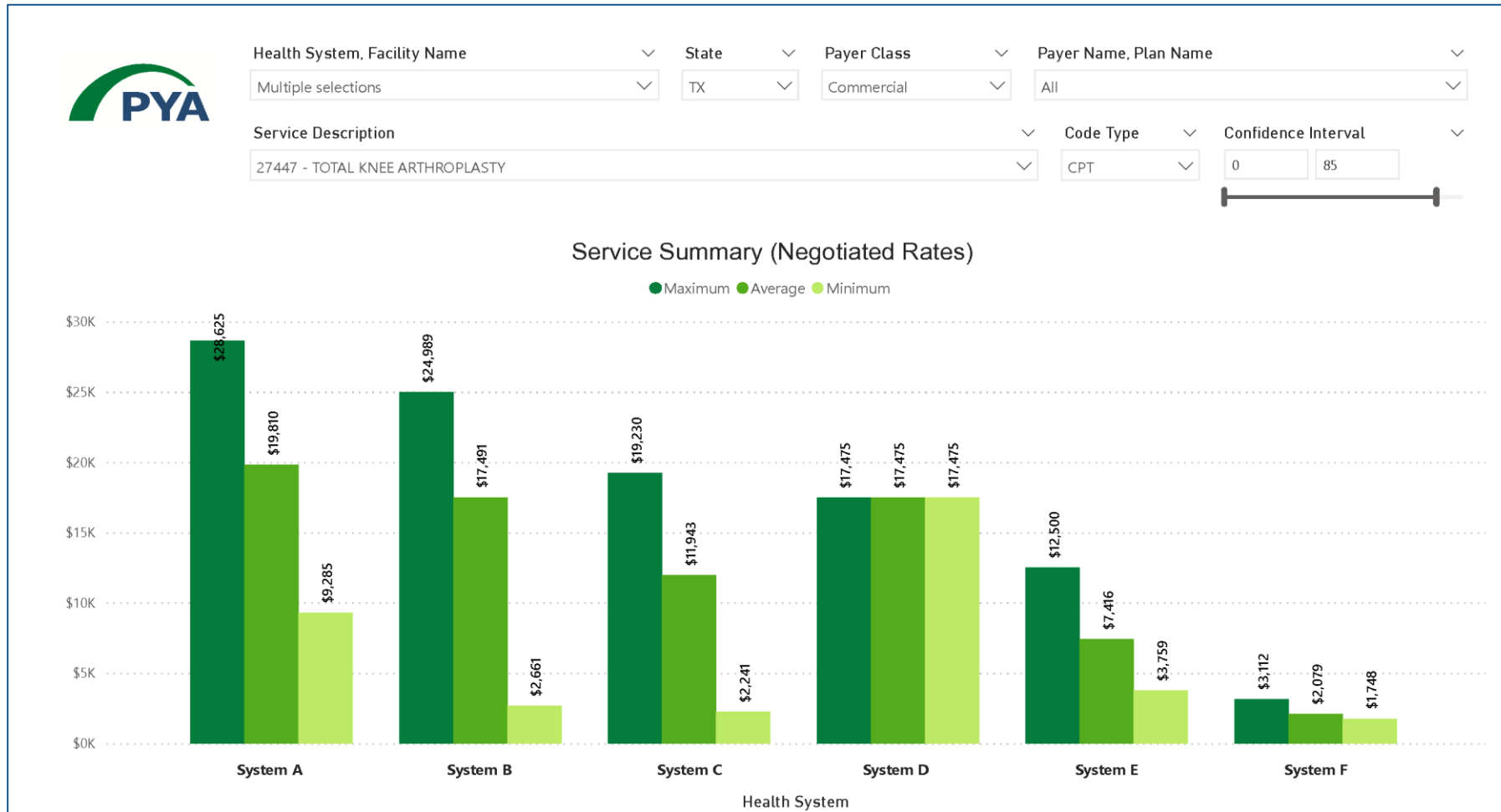


Quickly compare **negotiated rates** for healthcare services among health systems, facilities and payers.



Data Source: Turquoise Health Co.

System Pricing Summary – CPT 27447 Knee Arthroplasty




Data Source: Turquoise Health Co.

Payer Pricing Detail – DRG 177 Respiratory Infections w/ MCC



An intuitive, side-by-side comparison of negotiated rates between payers and health systems for healthcare services.



Health System, Facility Name

State

Payer Class

Payer Name, Plan Name

Service Description

Code Type

Confidence Interval

Service Line	System A	System B	System C	System D	System E	System F	System G	System H	Average
[-] General Medicine	\$20,059	\$14,873	\$18,266	\$19,016	\$21,789	\$16,814	\$22,211	\$36,228	\$23,552
[-] 177 - RESPIRATORY INFECTIONS AND INFLAMMATIONS WITH MCC	\$20,059	\$14,873	\$18,266	\$19,016	\$21,789	\$16,814	\$22,211	\$36,228	\$23,552
[-] Commercial	\$20,059	\$14,873	\$18,266	\$19,016	\$21,789	\$16,814	\$22,211	\$36,228	\$23,552
[-] Aetna			\$18,941	\$23,617	\$23,330	\$19,307	\$25,472	\$42,726	\$31,054
[-] BCBS	\$19,072		\$12,349	\$17,919	\$15,478	\$14,506	\$17,460	\$26,414	\$18,580
[-] Cigna			\$16,334	\$17,074	\$22,245	\$16,469	\$19,734	\$33,919	\$24,654
[-] Other Payers	\$20,660	\$15,331	\$20,179	\$17,779	\$25,917	\$18,050	\$25,802	\$30,933	\$20,835
[-] UHC	\$18,968	\$12,072	\$14,910	\$23,439	\$21,854	\$15,653	\$29,654	\$44,528	\$30,292
Average	\$20,059	\$14,873	\$18,266	\$19,016	\$21,789	\$16,814	\$22,211	\$36,228	\$23,552

Data Source: Turquoise Health Co.

Payer Pricing Detail – CPT 27447 Knee Arthroplasty



Health System, Facility Name
 State
 Payer Class
 Payer Name, Plan Name

Service Description
 Code Type
 Confidence Interval

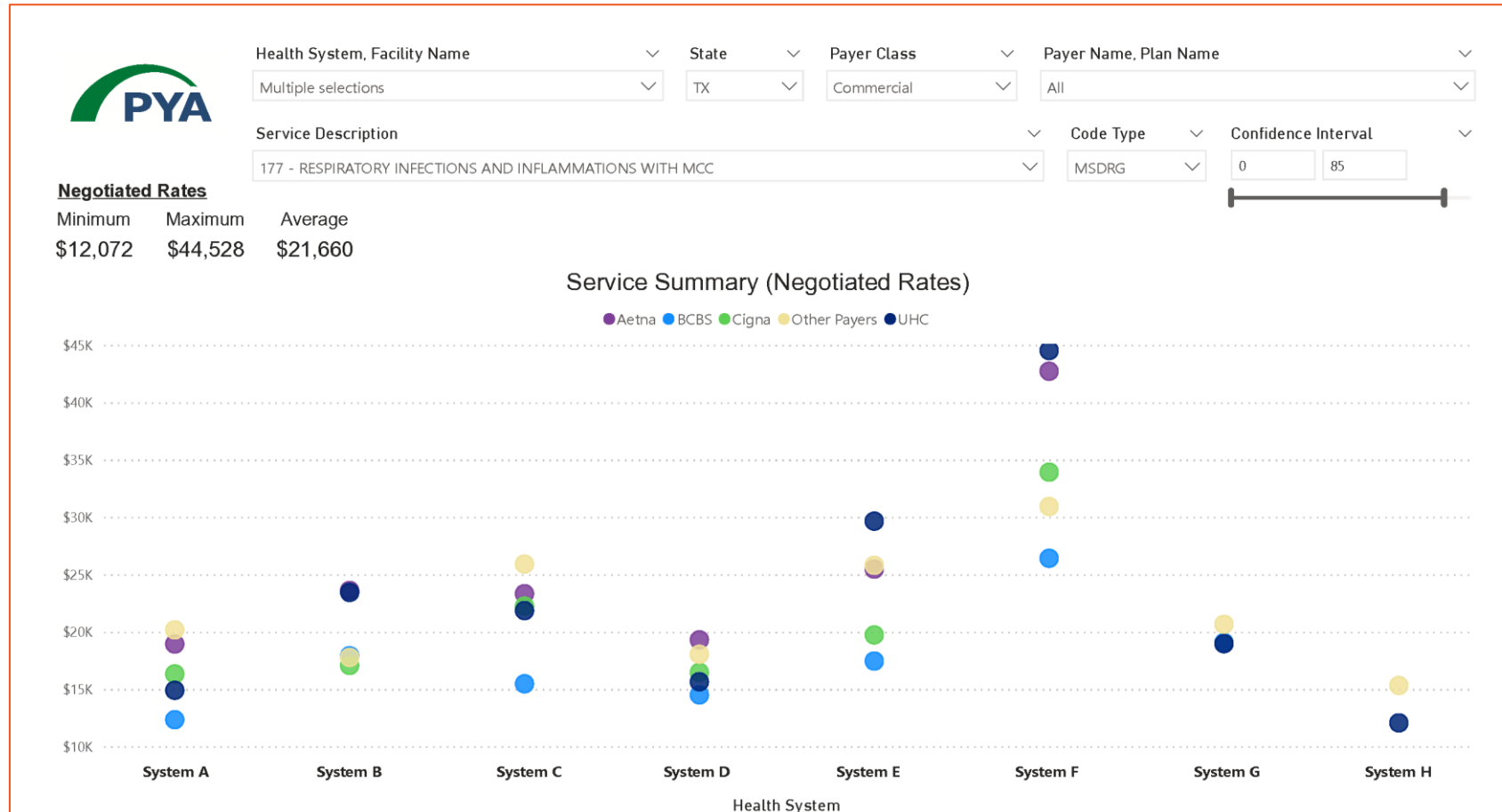
Service Line	System A	System B	System C	System D	System E	System F	Average
[-] Surgical Procedures	\$7,416	\$19,810	\$17,491	\$11,943	\$17,475	\$2,079	\$12,117
[-] 27447 - TOTAL KNEE ARTHROPLASTY	\$7,416	\$19,810	\$17,491	\$11,943	\$17,475	\$2,079	\$12,117
[-] Commercial	\$7,416	\$19,810	\$17,491	\$11,943	\$17,475	\$2,079	\$12,117
[+] Aetna	\$3,793	\$13,197		\$14,443			\$5,712
[+] BCBS	\$8,453	\$19,105	\$18,276	\$9,439		\$1,802	\$11,007
[+] Cigna		\$20,707	\$19,658	\$14,344		\$2,014	\$17,182
[+] Other Payers	\$12,500		\$5,633	\$14,056	\$17,475	\$2,310	\$11,304
[+] UHC		\$20,763	\$19,445	\$7,495		\$2,003	\$16,772
Average	\$7,416	\$19,810	\$17,491	\$11,943	\$17,475	\$2,079	\$12,117

Data Source: Turquoise Health Co.

Pricing Summary by System – DRG 177 Respiratory Infections w/MCC

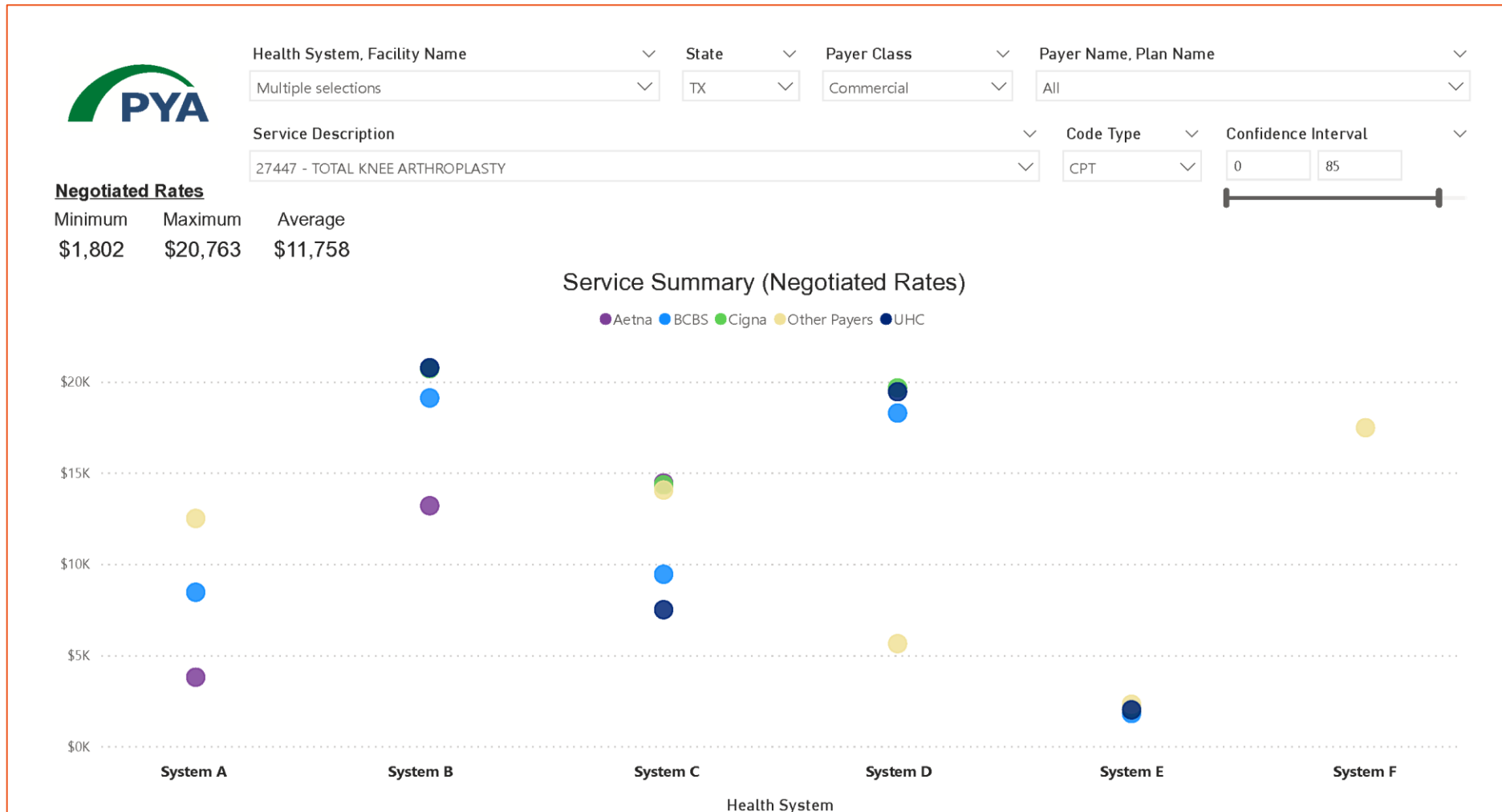


Visually compare **negotiated rates** by health system and payer.



Data Source: Turquoise Health Co.

Pricing Summary by System – CPT 27447 Knee Arthroplasty



Data Source: Turquoise Health Co.

Pricing Summary by Market – DRG 177 Respiratory Infections w/ MCC

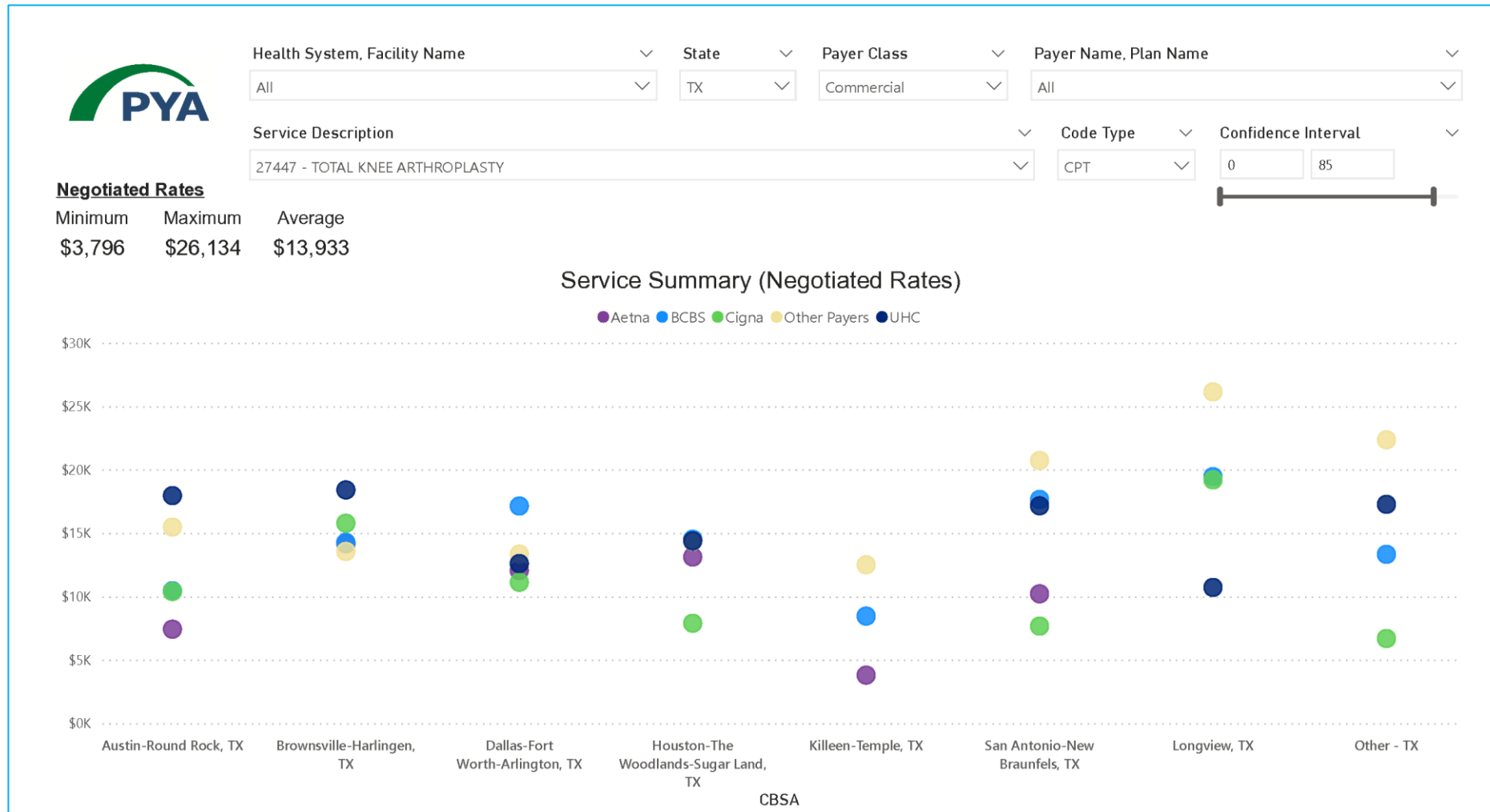


Compare negotiated rates by market and payer.



Data Source: Turquoise Health Co.

Pricing Summary by Market – CPT 27447 Knee Arthroplasty



Data Source: Turquoise Health Co.

Thank You!



View our [demo dashboard](#) to learn more.



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800.270.9629

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REPORT TO THE THA BOARD OF TRUSTEES

February 14, 2024

State Advocacy Update

Charity Care and Uncompensated Care Data Analysis

Texas hospitals incur about \$7.2 billion in uninsured charity care costs per year, including over \$2 billion in stranded charity costs after all supplemental payments. Hospital charity care has been the subject of increasing scrutiny at the national and state level, including a statewide study occurring at the direction of the Texas Legislature. Several THA-led activities are underway to unify Texas' hospitals activities and message related to charity care.

Texas nonprofit hospitals must deliver a minimum amount of charity care each year. THA has undertaken an analysis of the state's most recent hospital charity care data (the 2022 Annual Statement of Community Benefit Standard), which is used to report compliance with Texas community benefit and charity care law. THA has reached out to nonprofit hospitals to make them aware of their compliance status and communicated with the state to resolve computation and reporting errors that, if not corrected, would have caused compliant hospitals to be reported as noncompliant in the state's data. **The data now reflect that 100% of nonprofit hospitals subject to the state's community benefit standards met them in 2022.** THA's communications team will use this data to produce legislative collateral and public-facing messages showcasing the value of charity and community benefits hospitals provide. We believe, ultimately, these messages will be in alignment with the statewide study released in winter 2024.

THA is also working with a volunteer workgroup of member hospitals to examine preparation of Medicare cost report Worksheet S-10. Worksheet S-10 provides for the collection of uncompensated and indigent care data that is used by government agencies and health care advocacy groups in activities of regulatory significance, including gathering evidence of an organization's fulfillment of charitable mission, calculating supplemental reimbursement, and policymaking and legislation. The workgroup is composed of members of the Policy Committee on Hospital Reimbursement and cost report experts from five external accounting firms. Given increasing external reliance on S-10 data to reimburse and regulate hospitals, the workgroup will release a **Worksheet S-10 Reference Guide for Texas Hospitals** in early 2024. This reference guide is intended for cost report preparers and end-users of cost report data. For preparers, it aims to promote greater consistency in Texas hospitals financial reporting practices for Medicaid, charity care, and uncompensated care costs, and discusses known sources of variation in S-10 data. For end-users, it will aim to ensure S-10 data are used appropriately in policy contexts. This reference document will also inform THA's government relations efforts to push back on anti-hospital legislation fueled partly by misleading uses of cost report data.

Rulemaking Advocacy

Hospital at Home

The Acute Care Hospital at Home Program, originally conceived of at the federal level during the COVID-19 pandemic, has proven to be an efficient and effective way of delivering inpatient-level care to certain patients who can be safely cared for in their homes. THA actively lobbied

for statutory language allowing these programs to continue at the state level and the passage of House Bill 1890 was the result of those efforts. Since then, THA has continued working to ensure that permanent rules adopted by the Texas Health and Human Services Commission (HHSC) maintain the operational flexibility needed to operate these programs effectively. On Jan. 19., HHSC [adopted](#) its final rules concerning Hospital at Home Application and Operational Requirements. In doing so, HHSC incorporated many of the comments submitted by THA urging additional flexibility from what was contained in the rules as proposed. These accommodations include flexibility in the locations at which a patient in the program may reside, flexibility in how disruptions in utility and other services in the home will be addressed, and more flexible language around when and how hospital personnel may access the patient's home.

The finalized rules went into effect on Jan. 25 and should allow the unimpeded continuation of this innovative program.

Trauma Rules

Proposed EMS/trauma rules were posted in the *Texas Register* on Jan. 19 and public comment is open until Feb. 19. THA staff is reviewing alongside membership and soliciting feedback on the impact of the proposed rules. Until the public comment deadline, DSHS is hosting a weekly workgroup meeting, of which THA is a part of, to discuss received comments and discuss any recommended edits.

End-of-Life Issues

THA was actively involved in the drafting of House Bill 3162 in 2023. HB 3162 was the product of many hours of negotiations with legislators and numerous stakeholder groups and made the most significant changes to the Texas Advance Directives Act since 1999. While the final version of HB 3162 was not perfect, THA's advocacy efforts ultimately led to the passage of a workable version.

In mid-December, HHSC posted draft rules implementing HB 3162 with a comment deadline of Jan. 3. Given the short timeframe for commenting, THA quickly publicized the draft rules to its membership and sought feedback. Ultimately THA submitted comments on the draft rules asking for clarification regarding reporting and data aggregation. THA noted that while HB 3162 clearly defines a written notice as the trigger for reporting, the draft rules might be interpreted to indicate the reporting is triggered when an attending physician refuses to honor an advance directive or health care or treatment decision. To avoid confusion, THA requested clarification of that language to align with HB 3162 itself. Additionally, THA raised concerns over sections of the draft rules related to periodic reporting because such regular reporting may not allow for sufficient data aggregation to protect privacy and the confidentiality of the reporting process.

THA is monitoring the publication of the proposed rules in the *Texas Register* and will evaluate the need for further comment at that time.

Advocacy Related to Treating Pregnancy Complications

The U.S. Supreme Court's decision in 2022 overturning *Roe v. Wade* ushered in a new era of abortion regulation and paved the way for the State of Texas to implement its near total ban on abortions in August of that year. The ban and in particular the differing interpretations of the narrow exceptions have been the subject of media coverage and litigation since that time, with some arguing that the exceptions lack clarity and make it difficult for pregnant women

experiencing pregnancy complications impacting their health to get necessary treatment. In the 2023 legislative session, THA supported House Bill 3058 which shields healthcare providers from liability if they exercise reasonable medical judgment in providing medical treatment to a pregnant woman in response to an ectopic pregnancy at any location, or a previable premature rupture of membranes. HB 3058 passed and went into effect on Sept. 1, but concerns remain that the legislation does not comprehensively address medical complications of pregnancy.

As we reported in the Health Care Advocate on Jan. 18, two Austin attorneys, Steve and Amy Bresnan, have [petitioned the Texas Medical Board](#) (TMB) and submitted proposed rules for TMB to consider to provide that clarity. The petition noted that in one of the court cases over the Texas ban, the Texas Supreme Court “expressly called for TMB action” to respond to prevailing confusion over the law. THA has discussed the petition with the Bresnans and individual and organizational stakeholders and is considering the best strategy to accomplish the aim of ensuring that Texas women receive appropriate treatment for pregnancy complications in compliance with Texas law.

Workplace Violence Toolkit

In December, THA published a new [Workplace Violence Prevention Toolkit](#) developed in partnership with the Texas Nurses Association. Two crucial news laws that attempt to address workplace violence in healthcare facilities passed with overwhelming support during the last legislative session. In a survey conducted of THA members last year, 61% of responding hospitals reported that severity of workplace violence has increased. The THA Advocacy, Policy, and Legal teams determined that THA members could benefit from a document that collates all of this new and current information in one easily accessible place. To that end, the toolkit contains the following:

- A detailed and comprehensive summary of Senate Bill 240 (Sen. Donna Campbell) which requires healthcare facilities to implement and adopt a policy and prevention plan by Sept. 1, among other requirements.
- A federal and state law comparison chart that includes all the various federal and state laws on workplace violence so that facilities can determine whether compliance with one will also mean compliance or non-compliance with another.
- A summary of the current staffing and prohibition on mandatory overtime laws to remind facilities that insufficient staffing can exacerbate workplace violence incidents.
- A sample workplace violence policy that attempts to include all the new legal requirements.
- A sample hospital sign to alert patients and visitors that assaulting hospital personnel on hospital property is a felony that can result in severe penalties, including up to 10 years in prison as a result of new Senate Bill 840 (Sen. Royce West).
- A list of funding opportunities that facilities can explore to fund their efforts to comply with the new laws and prevent future incidents.

New Resources to Facilitate Discussions During Interim

The THA staff is in the process of developing 11 new handouts to assist hospitals in discussions with legislators and staff during the 2024 interim. These resources will be available in early spring. Topics include an overview illustrating the importance of hospitals with prompts for

hospitals to insert their data, as well as more detailed handouts on topics expected to emerge in 2025: all-or-nothing provisions in contracts; consolidation; price capping; site neutral payment; facility fees; charity care; vaccines; workforce; hospital payment; and EMTALA. These topics were selected with input and guidance from internal government relations staff from member hospitals.

SUBMITTED BY:

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

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

Federal Advocacy Update

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

February 2024

2024 Congressional [Calendar](#)

Government Funding - Continuing Resolution – March 1/March 8 – Medicaid DSH

- Rep. Pfluger [amendment](#) and floor [remarks](#). (Co-sponsors: Burgess, Crenshaw, Weber, Moran, De La Cruz, Gooden, and Babin).

Lower Costs More Transparency Act (H.R. 5378) – House passed 320 – 71. Bill summary [here](#).

- Texas members voting YEA:** Allred, Arrington, Burgess, Carter, Casar, Castro, Cuellar, Ellzey, Escobar, Fallon, Fletcher, Garcia, Gonzales, Gonzalez, Gooden, Granger, Green, Hunt, Jackson, Luttrell, McCaul, Moran, Nehls, Pfluger, Van Duyne, Veasey, Weber, Williams
- Texas members voting NAY:** Cloud, Doggett, Roy, Self, Sessions
- Texas members who DID NOT VOTE:** Babin, Crenshaw, De La Cruz, Jackson Lee
- Texas member voting PRESENT:** Crockett

- Arnold Ventures et al. [letter](#) in support of The Lower Costs, More Transparency Act.
- Reminder: 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 Finance Committee (11/8): Passed the Better Mental Health Care, Lower Drug Cost, and Extenders Act ([S. 3430](#)), which does *not* include site neutral policies.
- AHA/ASHP [letter](#) on site neutral policies.

REQUIREMENTS		HOSPITAL	PHYSICIAN OFFICE	FREE-STANDING SITE
SAFE PREPARATION	Clean room with positive air pressure to prevent microbial contamination	✓	✗	✗
	Environmental sampling to ensure sterile conditions	✓	✗	✗
	Drug preparation supervised by a licensed pharmacist	✓	✗	✗
	Employee protections from exposure to hazardous drugs	✓	✗	✗
	Drug Supply Chain Security Act rules prevent use of counterfeit or mishandled drugs	✓	✗	✗
SAFE ADMINISTRATION	Drug barcoding and EHR integration reduce administration errors	✓	✗	✗
	Hospital pharmacist confirms safe dosing and checks for drug-drug interactions	✓	✗	✗
	On-site physician for prompt response to adverse reactions	✓	✓	✗
CARE COORDINATION	On-site pharmacy prevents delays accessing medication	✓	✗	✗
	On-site pharmacy can modify dosing on day of infusion based on therapeutic needs	✓	✗	✗
	Provides care for the most complex patients	✓	✗	✗
	Provides access to care 24 hours per day	✓	✗	✗
	Provides care to uninsured and underinsured patients	✓	✗	✗
SAFETY OVERSIGHT	Food and Drug Administration, state boards of pharmacy, U.S. Pharmacopeia, and The Joint Commission	✓	✗	✗

CMS Restrictions on Medicaid State Financing

- CMS [response](#) letter to Texas delegation.
- AHA et al. [letter](#) to CMS about Medicaid state financing restrictions.
- The Hill [article](#) by Brian Blasé (March 2023).
- MACPAC activity (see analysis from THA policy).
- Wall Street Journal [article](#): *How Biden's CMS Targeted Florida*
- National Review [article](#): *Biden Health Officials Targeted Red States with Medicaid Program Audits*

Medicare Advantage

- Final Rule (see analysis from THA legal).
- Chairman Arrington conversations about CAH/MA bill.

Safety from Violence for Healthcare Employees (SAVE) Act (H.R. 2584/S. 2768)

THA continues to support ongoing federal efforts by AHA to increase workplace violence protections for health care employees. The SAVE Act is bipartisan legislation that would provide federal protections for health care workers similar to those that apply to aircraft and airport workers.

Senate Budget Committee – [Investigation](#) into hospital private equity ownership.

Summary of Texas Transparency Requirements for Provider Assessments and Supplemental Payment Programs

Background

In its December 2023 meeting, MACPAC [discussed](#) collection of provider-level data on the non-federal share of payments to hospitals to enable analyses of net Medicaid payments to providers. Texas' statutory requirement to report provider-level financing information was referenced as a model for further study.

The Texas Health and Human Services Commission (state Medicaid agency) has, since 2022, published periodic reports to the Texas Legislature on supplemental payment programs and local funds used to finance those programs. This includes mandatory provider assessments from local units of government.¹

Statutory Authority in Rider 15(b)

In accordance with *General Appropriations Act, 87th and 88th Texas Legislatures, Regular Session, Article II, Health and Human Services Commission, **Rider 15(b)***, the Texas Health and Human Services Commission (HHSC) must report certain financial, expenditure, and survey information regarding the use of local funds in the Medicaid program.

Rider 15(b) reads:

Rider 15. Supplemental Payment Programs Reporting and Appropriation Authority for Intergovernmental Transfers. *Out of funds appropriated above in Strategy B.1.1, Medicaid & CHIP Contracts & Administration, the Health and Human Services Commission (HHSC) shall report certain financial and expenditure information regarding supplemental payment programs, including, but not limited to, the Disproportionate Share Hospital (DSH) program, the Uncompensated Care (UC) Pool, the Public Health Providers Charity Care Pool (PHP-CCP), and other state directed payment programs, supplemental, or other payments where the source of the non-federal share is intergovernmental transfers (IGTs) or certified public expenditures (CPEs), and any successor programs.*

...

(b) HHSC shall report annually:

¹ Texas does not have a statewide hospital provider assessment. Texas funds all Medicaid supplemental and directed payment programs with intergovernmental transfers from local governmental entities. Local Provider Participation Funds (LPPFs) operating in 29 cities and counties impose mandatory assessments on private hospitals in their jurisdictions to finance the nonfederal share of Medicaid payments.

- (1) Information on all mandatory payments to a Local Provider Participation Fund (LPPF) and all uses for such payments, including the amount of funds from an LPPF for each particular use;
- (2) The total amount of IGTs used to support Medicaid;
- (3) The total amount of CPEs used to support Medicaid;
- (4) A summary of any survey data collected by HHSC to provide oversight and monitoring of the use of local funds in the Medicaid program; and
- (5) All financial reports submitted to the Centers for Medicare and Medicaid Services related to programs that use local funds in the Medicaid program.

Annual Reports

Rider 15(b)(1) reports list all mandatory assessments paid by each private hospital in a jurisdiction to an LPPF. They also list the amount of intergovernmental transfers from each LPPF used to support each Medicaid supplemental and directed payment program. This allows for accounting of total and hospital-specific funds transferred by *non-public* hospitals to support a Medicaid payment.

Rider 15(b)(2) reports list the total amount of IGTs used to support Medicaid, in aggregate and by program. This allows for accounting of total amounts transferred to HHSC by *public and non-public hospitals* to support Medicaid payments.

- [View the FFY 2022 87R Rider 15\(b\) Report \(.pdf\)](#)
- [View the FFY 2023 88R Rider 15\(b\) Report \(.pdf\)](#)

Local Funds Monitoring Program

In accordance with Rider 15(b)(4) and [Title 1 Texas Administrative Code Chapter 355, Subchapter L, Local Funds Monitoring](#), HHSC monitors the source of local governmental entity funds from jurisdictions that transfer public funds via IGT to support Medicaid payments to ensure that all funds received from local governmental entities meet federal requirements for permissible sources of nonfederal share. This process was established to equip HHSC to respond to federal Centers for Medicare and Medicaid Services (CMS) questions regarding Texas' methods of finance. The language of the requirements does not replicate MFAR, and was structured to align with the federal provider tax [statute](#) and [regulations](#) on examining agreements between private hospitals to determine acceptable sources of IGT.

- [Texas Health and Human Services Commission Local Funds Monitoring](#)
- [Local Funds Monitoring Fast Facts \(.pdf\)](#)

All local governmental entities who transfer IGTs are required to report information via survey on funding sources. Information gathered is available to the state Medicaid agency to establish likelihood of permissibility of funds and determine whether the state will accept IGT funds from that source or recoup any payments generated from that source. An in-depth review may be

conducted on a representative sample of respondents at HHSC's discretion. Survey data are summarized for public reporting.

Information surveyed includes:

- Rate, frequency, and amount of each local governmental entity's mandatory assessments of the non-public hospitals in their LPPF jurisdiction.
- Administrative, contract, and non-contract expenses and amounts collected and used by local governments that administer an LPPF.
- Each local government's financial accounts related to their LPPF.
- Programs supported and the amounts contributed via IGT for each program.
- Relationships between local governmental entities and the non-public hospitals that the local governmental entity supports.
- Relationships between local governmental entities and the non-public non-hospital providers it supports.

Determining Net Payments Also Requires Transparency of SDP Payment Amounts to Hospitals

MACPAC's plan to "examine new provider-level financing data in Texas and link it to provider-level supplemental payment data" would fall short of representing a true net provider payment in the absence of data on providers' actual SDP receipts.

Currently Texas makes no information available on the amount of SDP funds that reach providers because the necessary reporting does not exist. Only SDP amounts HHSC pays in capitation to Medicaid managed care organizations are reported.

For Texas' SDPs that are paid based on utilization as rate increases per claim, Texas currently includes no terms in its managed care contracts that require Medicaid MCOs to identify and separate on a claim remit the portion of the payment that is attributable to the base payment versus the SDP increase. Texas' MCOs similarly do not separate out the base payments from the SDP payments on Financial Statistical Reports they submit to the state. This creates heavy administrative burden for providers to verify their SDP payments, and also limits visibility into what portion of aggregate program funds are being disbursed to providers as payments for care.

It is THA's position that the state, providers and the public have an interest in knowing what portion of directed payment dollars are reaching providers as payments for care, and what portion is retained by the MCO. Like other states, Texas conducts detailed payment modeling to estimate providers' SDP payments at time of preprint submission. In CMS's proposed managed care rule (CMS-2439-P) CMS expressed concern that no reporting requirements exist to assess any differences between SDP payments modeled at time of preprint submission and actual payments during the program year. In comments to CMS, THA agreed it is important to establish a method for CMS and states to obtain this information.

January 24, 2024

**Register for Jan. 31
AHA Advocacy Update**

The issue: Congress continues to negotiate legislation to fund the government for the remainder of fiscal year 2024. Join AHA leaders for an update on the current congressional landscape, including the latest issues affecting hospitals as part of the government funding package considerations; preview the association's 2024 advocacy agenda; and share sample messages and tools that hospital and health system leaders can use to engage with lawmakers on key priorities.

To register for the members-only call on Jan. 31 at 2 p.m. ET, [click here](#). For more, see the [Special Bulletin](#) or go to www.aha.org/advocacy/action-center.

**CMS Finalizes Rules to
Standardize Prior
Authorization
Processes**

The issue: CMS Jan. 17 released a final rule requiring Medicare Advantage, Medicaid and federally facilitated Marketplace plans to streamline their prior authorization processes. AHA has urged the agency to finalize the rule to alleviate provider burden and ensure timely access to care for patients.

AHA view: The AHA commends CMS for removing barriers to patient care by streamlining the prior authorization process. Hospitals and health systems especially appreciate the agency's plan to require Medicare Advantage plans to adhere to the rule, create interoperable prior authorization standards to help alleviate significant burdens for patients and providers, and require more transparency and timeliness from payers on their prior authorization decisions.

Event highlights need: CMS Administrator Chiquita Brooks-LaSure visited Inova Fairfax Medical Campus in Virginia for a tour and roundtable discussion featuring hospital leaders and AHA staff. The Jan. 17 event illustrated the patient impact of current prior authorization practices and procedures and the need for reform.

For the [Jan. 18 Special Bulletin](#) with more, go to www.aha.org/bulletins.

**AHA CEO Pollack
Explains to Washington
Post Why 'Site Neutral'
Policies Don't Work**

The issue: In a Jan. 17 interview in the Washington Post's Health 202 newsletter, AHA President and CEO Rick Pollack explains why "site-neutral" Medicare proposals jeopardize access to hospital care for vulnerable populations, the need to delay impending cuts to Medicaid disproportionate share hospitals and other congressional priorities for the field.

For more, see the [Jan. 17 AHA News](#) and the [Jan. 17 Washington Post newsletter](#).

**AHA Report
Recommends Changes
to Medicare High-cost
Outlier Policy for LTCHs**

The issue: A dual-rate payment system and other factors have sharply increased losses for long-term care hospitals caring for the most severely ill patients under Medicare's LTCH Prospective Payment System, according to a new AHA white paper, which recommends changes to the payment system's high-cost outlier policy to help stabilize payment for these hospitals and ensure continued access to care for these beneficiaries.

For the [full white paper](#), go to www.aha.org/type/white-papers.

**AHA Infographic:
Medicare Underpays
Hospitals Nearly \$100
Billion in 2022**

The issue: Medicare paid hospitals a record low 82 cents for every dollar they spent caring for Medicare patients in 2022, according to a new AHA infographic.

AHA view: Medicare's consistent underpayment for the care of our seniors is leaving hospitals and health systems, which depend on public payers like Medicare and Medicaid, in an untenable position. Without action from policymakers to address this crisis of government underpayment to hospitals and health systems, access to care will be severely threatened.

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

**Individual Hospitals,
State Associations
Support AHA Lawsuit**

The issue: Seventeen state hospital associations and 30 hospitals and health systems Jan. 12 filed friend-of-the-court briefs supporting the AHA in its lawsuit challenging a HHS Office for Civil Rights rule that restricts the use of standard third-party web technologies that capture IP addresses on portions of hospitals' public-facing webpages.

For the [Jan. 16 AHA News](#) with more, go to www.aha.org/news.

Spotlight: Advocacy

AHA Action Center: Prepare to advocate for the field by visiting AHA's Action Center, your hub for advocacy news, resources and tools, at www.aha.org/advocacy/action-center.

AHA's advocacy issues: AHA is engaged on a number of evolving issues that impact the field and the patients and communities that hospitals and health systems serve. Read more at www.aha.org/advocacy/advocacy-issues.

Grassroots 101: AHA's Rachel Jenkins shares best practices for engaging with your elected lawmakers and their staff. [Watch the video](#).

**AHA Releases Second
of Five-part Series
Highlighting Results
from DEI Survey**

The issue: AHA and the Institute for Diversity and Health Equity Jan. 23 released the second of its five-part DEI Data Insights series, which highlights results from the last DEI Benchmark Survey. The second volume analyzes hospitals' and health systems' strategies for workforce diversity.

For more, go to <https://ifdhe.aha.org/benchmarking-study-us-hospitals-surveys>.

**AHA Resource Helps
Hospital Boards
Prioritize Health Equity**

The issue: AHA Trustee Services' latest Boardroom Brief highlights the board's role in health equity and how hospital and health system boards can prioritize health equity at their organizations.

For the [Boardroom Brief](#), click here. For additional resources, go to <https://trustees.aha.org>.

**Apply for IFDHE
Summer Enrichment
Program, AHA Next
Generation Leaders
Fellowship**

AHA IFDHE: The AHA's Institute for Diversity and Health Equity seeks applicants and host sites through Feb. 4 for its Summer Enrichment Program, which pairs graduate students studying health care or a related field with a health care organization. [Learn more](#).

AHA Next Generation Leaders: The AHA Next Generation Leaders Fellowship, which pairs developing hospital and health system leaders with an executive-level mentor, also invites applications through March 29. [Learn more](#).

**Podcasts, Blogs and
Videos**

Podcast – Building an Infrastructure of Employee Mental Wellness: Suzanne Bentley, M.D., chief wellness officer at New York City Health and Hospitals Elmhurst, discusses the critical role of peer support in employee mental health and the impact of building infrastructure focused on the well-being of staff. Listen at www.aha.org/advancing-health-podcast.

Video – Effective Leadership During Emergencies: The AHA CLEAR Crisis Leadership Video Series, now available on demand, features hospital and health system leaders sharing insights, strategies and lessons learned on navigating public health emergencies ranging from mass violence incidents to natural disasters to cyberattacks. Watch at www.aha.org/aha-clear.

Upcoming Events

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

**Impact of Payer Denial
Tactics**

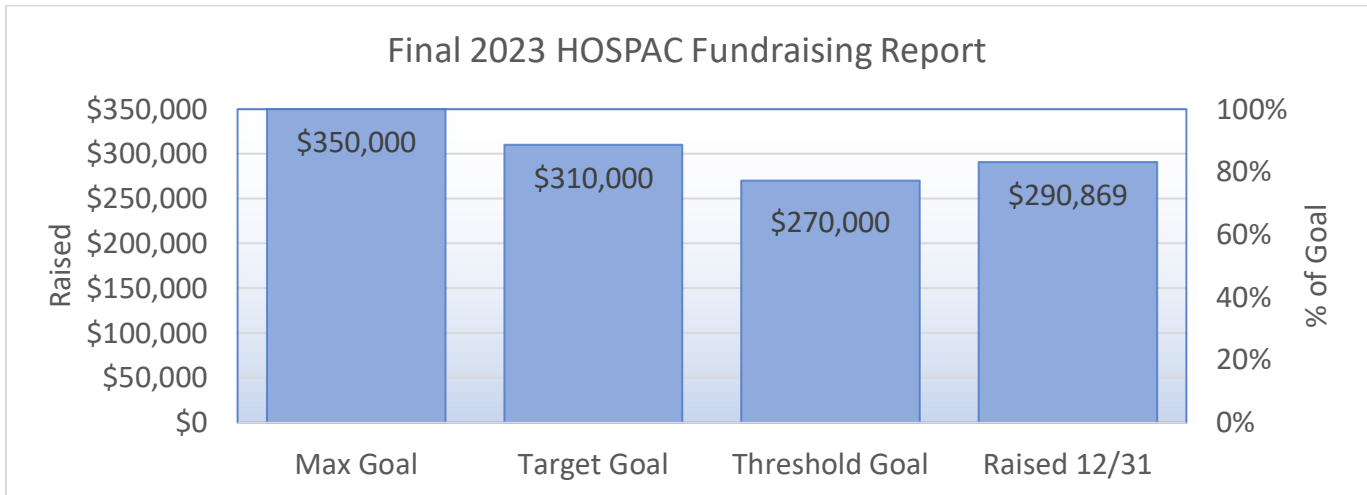
Jan. 25 at 12 p.m. ET: Join this discussion on payer's tactics related to DRG integrity, denials and appeals, and explore data-driven interventions to combat these tactics. [Learn more](#).

**Managing Infection
Prevention**

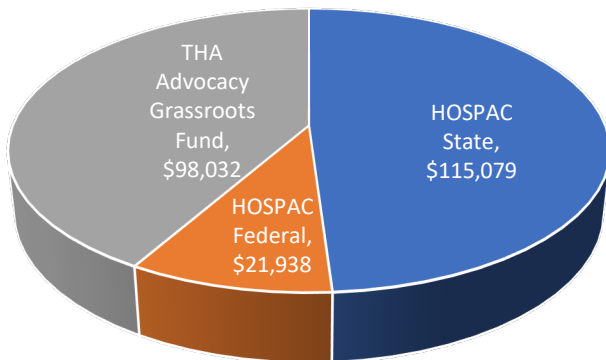
Jan. 30-31 at 9 a.m. ET: Gain insights into improving patient safety through infection prevention tools and techniques, shared by experts in the heavily regulated health care environment. [Learn more](#).

**Tools to Tackle Human
Trafficking**

Jan. 31 at noon ET: AHA hosts an Instagram Live! discussion on human trafficking with experts from HEAL Trafficking. Plan to join @ahahospitals on Instagram at noon ET for a brief-but-lively conversation.



Bank Balances by Account as of 1/26/2024



■ HOSPAC State ■ HOSPAC Federal ■ THA Advocacy Grassroots Fund

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%)	32 of 33 (97%)
THA Emerging Leaders Forum (ELF)	9 of 28 (31%)	11 of 27 (41%)	17 of 25 (68%)
THA Council on Policy Development (COPD)	41 of 57 (72%)	35 of 56 (63%)	36 of 57 (63%)
THA Rural Hospital Council (RHC)	12 of 21 (57%)	7 of 21 (33%)	7 of 18 (39%)

SUBMITTED BY:

Ajith Pai, Pharm.D.

Chairman, HOSPAC Board of Directors
President, TX Health Harris Methodist Hospital SW Ft. Worth

Carrie Kroll

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

2023/2024 HOSPAC Membership Report for the THA Board of Trustees

2024 THA Board Member		Hospital/Hospital System	2023 Individual HOSPAC Membership Level	2024 Individual HOSPAC Membership Level
Erin	Asprec	Memorial Hermann Health System	HOSPAC2000	
Sam	Bagchi	CHRISTUS Health	HOSPAC2000	HOSPAC2000
Donald	Baker	UT Health East Texas	HOSPAC1500	
Jacob	Cintron	University Medical Center of El Paso	HOSPAC3500	
Cris	Daskevich	Children's Hospital of San Antonio	HOSPAC2000	HOSPAC2000
Andy	Davis	Ascension Texas	HOSPAC2000	
Cory	Edmondson	Peterson Health	HOSPAC500	
Eric	Hamon	Driscoll Children's Hospital		
Greg	Haralson	Baylor Scott & White Central Texas	HOSPAC2000	
Allen	Harrison	Medical City Healthcare	HOSPAC1500	
Brandy	Hart	HCA Healthcare	HOSPAC1000	HOSPAC1000
John	Hawkins	Texas Hospital Association	HOSPAC5000	HOSPAC5000
Holly	Holcomb	Childress Regional Medical Center	HOSPAC500	
Brad	Holland	Hendrick Health System	HOSPAC2000	HOSPAC3500
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	
Jorge	Leal	Laredo Medical Center	HOSPAC1000	HOSPAC1000
Peter	McCanna	Baylor Scott & White Health	HOSPAC1000	
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	Texas Children's Hospital	HOSPAC1000	HOSPAC1500
Susan	Turley	Doctors Hospital at Renaissance	HOSPAC5000	
James	Vanek	Columbus Community Hospital	HOSPAC100	
Adam	Willmann	Goodall-Witcher Healthcare	HOSPAC1500	HOSPAC1500
Raul	Zamora	Uvalde Memorial Hospital		HOSPAC500
Leadership Giving Levels:				
HOSPAC5000 - \$5,000+		HOSPAC1500 - \$1,500+		
HOSPAC3500 - \$3,500+		HOSPAC1000 - \$1,000+		
HOSPAC2000 - \$2,000+		HOSPAC500 - \$500+		

2024 THA Schedule of Major Events

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	3	THA Retirement Plan Board Meeting
	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)
	10	THA Retirement Plan Board Meeting
July	9-11	THIE Board Retreat, Montgomery, TX
August	15-16	THA Retirement Plan Board Meeting
	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)
	15	THA Retirement Plan Board Meeting

Report to the THA Board of Trustees February 14, 2024

New THT Program: THT is excited to launch our new CEO Evaluation program. The program offers a standardized and objective method for hospital boards to conduct annual CEO evaluations. The CEO Evaluation program will provide hospitals with an affordable option to execute a comprehensive and unbiased evaluation process. The program aims to enhance leadership effectiveness and improve overall organizational performance by leveraging and sharing board feedback in a clear manner. Email Amy Eskew (aeskew@tht.org) for details.

Healthcare Governance Conference: The 2024 Healthcare Governance Conference takes place on July 25-27 at the Grand Hyatt San Antonio. THT will hold its annual golf tournament on Thursday, July 25, along with our pre-conference sessions benefiting both new and advanced board members. Topics to be covered include state and federal health care policy, AI in health care, compliance hot topics, and much more. The host hotel room block fills up early so please make your room reservations as soon as your conference registration is confirmed. Housing and registration are now open. More information is available at www.tht.org/hgc

New Governance Award: Texas Healthcare Trustees has launched a new award, The Governance Achievement Award, for hospital boards. This new award will recognize an exceptional hospital or health system board that has demonstrated unwavering commitment to effective governance and selfless service to their hospital and community. Nominees should embody the core principles of excellence in health care governance, which includes a continuous pursuit of knowledge and serving as advocates for health care and their hospital. Nominations are open through April 19; more information can be found at www.tht.org.

Information: For more information regarding this report or THT, please contact Amy Eskew, 512-465-1041 or aeskew@tht.org. Texas Healthcare Trustees appreciates the affiliation with the Texas Hospital Association and looks forward to our continued partnership.

Respectfully submitted,

Raul Zamora, Chair
Texas Healthcare Trustees
Trustee, Uvalde Memorial Hospital