

# TEXAS HEALTHCARE TRUSTEES Trustee *Bulletin*

## Incoming THT Chairman Garrett Focuses on Leadership, Advocacy

In 20 years of outstanding military service, incoming Texas Healthcare Trustee Chairman Henderson Garrett honed his command and management skills, often literally under fire. His U.S. Army assignments took him around the world to Germany, Lebanon, Vietnam and Korea, and resulted in a multitude of commendations including the Legion of Merit, Bronze Star, Army Commendation Medal, the Combat Infantryman Badge and numerous other service medals.

Now, Garrett is poised to take on another complex leadership role – guiding Texas Healthcare Trustees through a time marked by the minefields of negative health care legislation, financial shortfalls and stifling federal regulations. In September, Garrett began serving as the Texas Healthcare Trustees chairman for 2003-04.



Garrett

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## Leading the Hospital of Today into the Future

Today's hospitals are moving into an environment unlike that experienced by any organization before, and many of the old methods do not work anymore. So how can leadership discover "what will it take to lead the hospital of today into a sustainable health care enterprise in the future?"

That is the million dollar question undertaken in a comprehensive 12-month study by Abbott HealthSystems Division of Abbott Laboratories. The

results were presented in an information-rich session at the Texas Healthcare Trustees Summer Forum 2003 on Aug. 8 in Austin. Bill Dwyer, divisional vice president of strategic planning for Abbott HealthSystems Division, provided trustees and health executives with a plan not only for surviving, but also for thriving.

"In the next decade, the anticipated cost and reimbursement environment for health systems is

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## Trustee Bulletin

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Hospital of the Future  
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likely to face more change in this fixed, short period of time than even the mega changes of the three tumultuous decades just completed," Dwyer predicts.

Basic principles about how organizations should operate will need to be adjusted to accommodate these fundamental shifts, according to Dwyer. "Hospitals must focus, more than ever, on the strategies that will enable survival within an environment of swift and dramatic change," he emphasizes. "When things are status quo, familiar methods and tools continue to work. But the further an environment moves from certainty and agreement, the greater the shift into complexity and the more the usefulness of familiar ways breaks down.

"Fortunately, the time when everything seems about to break loose, often is the same time that an organization makes a turn in the road toward true innovation," Dwyer adds. "As unsettling as complexity is, often it is an indication that you're on the way to finding the new ways for the future."

### Success Equals Sustainability

Hospitals will continue to tackle the thorny issues of reimbursement, political and regulatory climates, consumer attitudes and the implications of technology. Yet, ultimately, organizational success will be defined in terms of sustainability. "A successful hospital organization will be an organization able to sustain its mission while enduring the complex challenges of the future," says Dwyer.

From the study, Dwyer and his associates generated a "Model for Sustainability," which outlines a set of imperatives health care leadership must address for long-term viability. (See graphic, page 3.) Mission and values

should be the core, with the imperatives driving the strategies to meet the mission, values and vision of each health care organization.

Dwyer says by following leadership imperatives, trustees confidently can steer their organizations into the years ahead.

### Leadership Imperatives

The following leadership imperatives are necessary to move today's organizations toward successful enterprises of tomorrow. While they provide a basis for focusing organization attention and resources, they leave open the question of "how?" Because every organization is different, the range of possibilities will allow plenty of room for creativity and innovation in each hospital or health system. Leadership imperatives include:

**Engage Consumers** – "The health care enterprise of the future will design facilities and services so that they work for patients," says Dwyer. Consumers will have more options about how and where to get their health care, and one of the things a hospital can and should stand for is serving as a trusted source of information. Hospitals that minimize the confusion around billing stand to move swiftly ahead of those organizations that continue with the complex paperwork of today.

**Become the Employer of Choice** – Competition for employees not only comes from other health care facilities, but also from other employers. Creating an environment of dignity and respect for the individual employee should be of paramount concern. Hire for promotability and continually recruit and retrain for the best fit. "A recent VHA study shows a 20 percent turnover rate in hospitals,

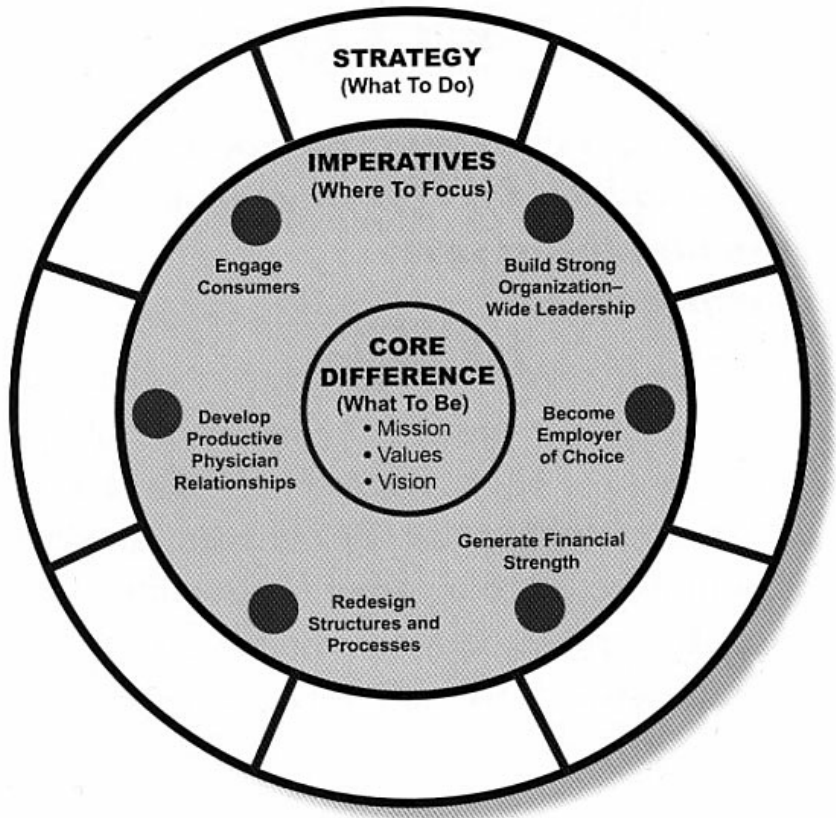
much of that occurring during the first three years. Hospitals should implement programs that limit turnover, such as a buddy system for new employees,” Dwyer says.

**Develop Productive Physician Relationships**

– “Engaging physicians is critical and may be the most important piece,” says Dwyer. Hospital-to-physician relationships are becoming more challenging. Some leaders report that common ground can be achieved when each group can uphold a shared commitment to such things as achieving quality patient care. Hospitals need to create new approaches that increase physician involvement but minimize time away from the physician’s practice and personal activities. Leadership must demonstrate an understanding that physicians are individuals with distinct priorities, and should communicate with each of the multiple physician perspectives if they wish to be heard clearly.

**Redesign Structures and Processes** – An organization must be able to adapt itself quickly when dealing with dynamic accelerating change. Greater levels of autonomy will be necessary to enable fast action. But Dwyer says that organizations should be very slow, nearly unyielding, when it comes to anything that may compromise their core values. Often, leadership allocates the best people to problems. “Instead, utilize their talents to tackle new opportunities,” Dwyer recommends.

**Generate Financial Strength** – Money in the bank provides a strategic advantage because money provides flexibility. Cost management and improved operational efficiencies are critical. Encourage creative problem solving. If your facility needed to double the number of patients overnight, how would that be



accomplished? How can you apply the innovative solutions and efficiencies that come to light?

Although only 15 percent of charitable dollars are given to hospitals systems, some systems have more than \$1 million in charitable reserves. Others have zero. “I urge you to get more involved in philanthropy,” says Dwyer.

**Build Strong Organization-Wide Leadership**

– According to the Abbott study, building strong organization-wide leadership will be crucial for hospitals that are sustainable. “The board of trustees, and other governance structures, will become more involved in oversight of the business initiatives. Effective governance will be seen as a differentiating factor in future success.”

Furthermore, the study concludes that leadership will extend through all layers of management and patient care services, and decision-making should not start and stop with the chief executive officer. “It must exist throughout the organization, particularly with the people who deal with patients,” emphasizes Dwyer.

According to the Abbot study, leaders must consider critical commitments, including:

- Tell the story. The CEO must serve as the chief storyteller.
- Define a stretch goal. Concentrate on one far-reaching goal at a time.
- Negotiate alignment. Engage stakeholders one-on-one.
- Set the metrics. Measure the right things.
- Ask the questions. Relate them to the leadership imperatives.

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- Facilitate innovation and learning. Continuously improve work processes and outcomes.
- Maintain momentum. Accumulate and recognize successes.
- Be opportunistic. Compete, partner or neutralize.
- Adjust the architecture. Allow for changes and respond quickly.
- Build trust. Award authority, require accountability and be fair.
- Display confidence. Demonstrate confidence in yourself and in the organization.
- Select and develop other leaders. Groom successive leadership.

“There is much uncharted territory ahead for health care trustees and executives as they lead their organizations into an increasingly tumultuous and challenging environment,” says Dwyer. “The Leadership Imperatives can help serve as guideposts along the way.”

Health care leaders face an ever-changing landscape, and new challenges call for new solutions. “The issue is how to move from good to great. Don’t just be a survivor, be a ‘thrivor.’ Make the hospital a better place than when you found it,” says Dwyer.

*For more information, please contact: Bill Dwyer, divisional vice president of strategic marketing for Abbott HealthSystems Division, 847/937-4576, bill.dwyer@abbott.com.*

## Hospitals Will Face Critical Challenges

- New competitors;
- Future reimbursement issues;
- Access to capital;
- Staff shortages;
- New science and technology;
- Empowered consumers; and
- Fundamental redesign of organizations.

## Provider Expectations Will Shift to Include New Concerns

- Declining reimbursements transfer massive costs to employers; benefits become vulnerable;
- Access to care tightens as physicians close practices to new patients;
- Workforce and physician supply problems continue; and
- Nationally, health care emerges as a high-level political priority.

## Dwyer’s Cautiously Optimistic Predictions

- GDP rises to 20 percent due to aging, growth, technology and workforce inflation;
- Information technology investment supported by federal dollars in exchange for evidential medicine reporting;
- Workforce shortages create salary hikes;
- Weak institutions increasingly leave market;
- Drug price pressure leads to new over-the-counter products and self care;
- U.S. providers expand international offerings; and
- By 2010, some 98 percent of Americans will have insurance coverage.

Source: Hospital of the Future: A Leaders’ Perspective. Copyright 2003 Abbott Laboratories

His Army career was perhaps good training for the often-tumultuous world that is health care, particularly in the 21st century. Yet, Garrett brings a unique perspective, one that encompasses service on “both sides of the fence.” He served as a hospital administrator for more than two decades and continues service in the health care field today as a trustee.

“Sitting on both sides of the fence, so to speak, gives a unique perspective of viewing ideas through administrative and trustee lenses,” says Garrett. “The interaction between leadership and management is very important. A united leadership is very important for hospital personnel, vision and operations,” he explains. “Concurrently, hospital trustees are leaders in their communities. The interface between the hospital and community also is critical.”

As incoming THT chairman, Garrett will emphasize the three “Ls” for the upcoming year. They include:

### Leadership

“As trustees, our highest obligation is to warrant the trust of our patients,” says Garrett. “In our leadership roles, we must always strive for excellence in quality care and patient safety, in ethics and in community stewardship.”

He continues, “Our trustees put their values to work every day for their health care organizations. THT can continue to make our members the best leaders possible – through the sharing of ideas, collaboration and education. I specifically want to continue the emphasis on leadership to help understand both sides of the coin – leadership and management, and leadership and our communities. It also is very important for THT members to actively reach out, identify and support the next generation of hospital leadership and mentor future trustees.”

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**— Henderson Garrett  
Texas Healthcare Trustees Chairman**

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### Learning

“I strongly encourage all THT members to attend annual Forums and for new board members to attend THT orientation. I was so impressed with the quality of these educational opportunities when I first came. Forums are key to increasing our knowledge, particularly in such uncertain times in health care,” emphasizes Garrett. “The sharing of ideas among trustees and continuing education is very important. We will explore these efforts through other communication vehicles as well, such as the Internet.”

### Legacy

“We are providing health care in our communities, a service that is vitally needed and cannot be compromised,” states Garrett. “As trustees, we must ensure that health care continues for all those we serve. We will work to ensure health care in Texas through renewed advocacy efforts, quality activities and future leadership actions. In this vein, I encourage trustees to embrace the best practices of the Texas Academy of Governance and learn more if you have not done so already.”

Garrett retired from military service as a lieutenant colonel in

1972 and received a master’s degree in Management Science from the University of Central Texas (formerly The American Technological University) in 1973. For the next 22 years, he put his technical background and business expertise to work helping chart the course for Metroplex Hospital in Killeen. Since the early ’70s, the organization has grown from a small, community hospital to a multi-site integrated delivery network serving Killeen, Lampasas and the surrounding area. The bed capacity increased from 35 to 213 beds, medical staff from six physicians to more than 80, and hospital staff numbers grew from 125 to more than 800. After 20 successful years with Metroplex, Garrett retired in 1993 as vice president of operations.

Garrett and his wife, Berneice, just celebrated their 50th wedding anniversary. They have two daughters and three grandchildren. An avid golfer, and a bowler with a 170 average, Garrett likes to travel and is a veteran cruise enthusiast. He and Berneice have logged more than a dozen trips to locales including Alaska, Hawaii and the Caribbean.

# Training for the Marathon

**H**ealth care leaders are in a race for their survival. Many would agree that the profession always has been a tougher environment to work in than most settings, because of the complexity of the work, regulations and third-party reimbursement. Today's economic and political uncertainty places demands on top of what already was a high-stress, frustrating work environment. Throw labor shortages into the equation, and the challenge expands. It has become not only a race, but a grueling marathon with no finish line in sight.

However, there are strategies health care trustees and leaders can employ to help win the race, says Peg C. Neuhauser, a noted sociological expert and president of PCN Associates in Austin. Neuhauser presented tactics to help hospitals and health systems at the THT Summer Forum in Austin Aug. 8.

"The world we are living in operates at a much faster pace than it used to, and it will continue to accelerate as we approach the future," explains Neuhauser. "There is increased speed, and great uncertainty triggered by economic and world events. Hospitals and health care systems must make substantial changes in their business strategies to become more customer-driven, more results-oriented and more innovative," she says.

"During uncertain times, people rely more heavily on guidance

from their leaders," Neuhauser adds. "The behavior of the board and key leaders in the organization is a microcosm of the larger culture. How trustees treat each other, make decisions and communicate those decisions must be consistent with the culture they want in the larger organization. Board members must display (the behaviors they desire in the organization) with the greatest rigor of anyone in the place."

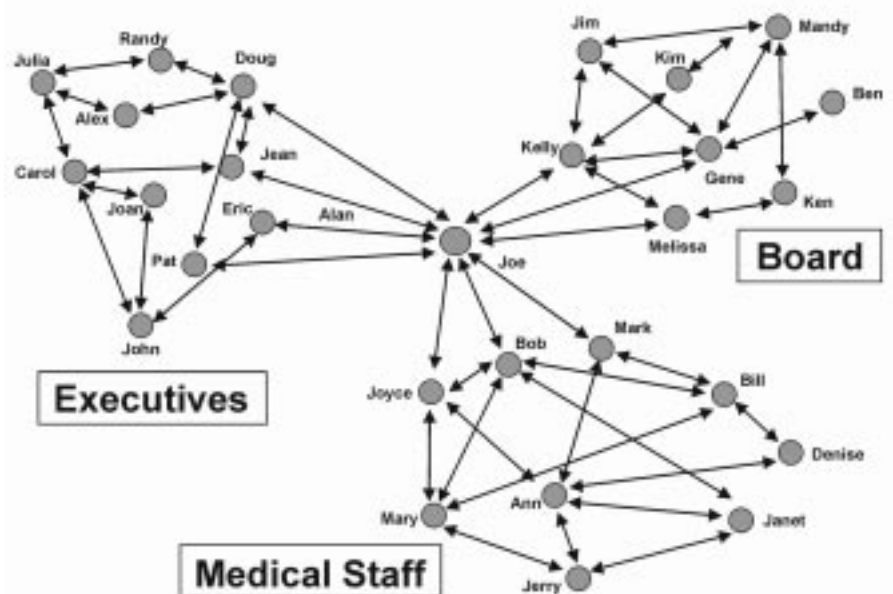
## Personalize the Culture

Particularly during uncertain times, Neuhauser says people derive a sense of safety from their local groups and connections. In addition to the official organizational chart, every establishment has an informal chart based not on title and job

responsibilities, but rather on who knows whom on a personal level. And more importantly, individuals are linked by who trusts whom. These informal connections are powerful and have a great deal to do with how work is accomplished.

Individuals are connected within their work group, and also across groups. Often, cooperation and effectiveness across groups occurs because of one individual's relationships with people in both groups. Assuming they are a positive influence, these individuals deliver great value, because they keep everyone working cooperatively. Neuhauser explains, "Most organizations run on relationships. When people are connected, they find a way to just make it happen."

## Connectors Across Groups



According to Neuhauser, trustees must ask, "Does our culture help keep people or drive them off?" Key policies and decisions send a message and set a tone. Keep in mind, to accomplish a high retention impact, an informal and personal environment is key.

### Clarify the Decisions

"If you want to run the stress level (of employees) through the roof, make them wait, and be confusing when conveying information," says Neuhauser. Decision making and the communication of those decisions must be accomplished in a way that reduces uncertainty whenever possible, and at the very least reduces confusion.

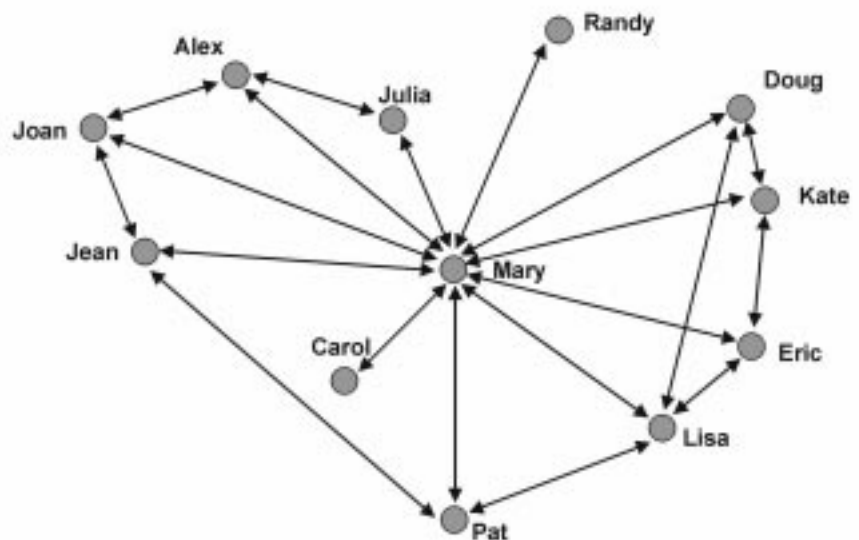
Trustees should become crisper, faster and more decisive in the decision-making process. Hone a decision process that gets quick input from all necessary parties, and enables quick action.

### Choose Determined Optimism

With today's health care challenges, "doom and gloom" can permeate thinking, Neuhauser cautions. Instead, she says, "Choose determined optimism. A determined optimist acknowledges a bleak situation, and then figures out what to do next."

Neuhauser suggested health care professionals can take a lesson from some of their own patients. "These people often face a horrendous diagnoses, but find the courage to hope and the strength to take action. For example, cancer patients who don't know if they're going to survive find a way to optimize the situations they are in," she explains. "If they can do it, then we can do it as leaders in health care."

## Connectors Inside the Group



How one views setbacks or adversity illustrates the difference between optimism and pessimism. Optimists tend to see difficulties as temporary and specific. Pessimists, on the other hand, may view the same set of circumstances as permanent and universal. Choosing one mindset over the other can make all the difference. Attitude trumps everything else.

### Remember Respect and Kindness

"Health care people excel at respect and kindness," Neuhauser comments. "Respect and kindness, along with self-sacrifice are at the heart and soul of health care, and too often people forget about this core value. Not many individuals can say that because they went to work today, another person is alive, and this is no small accomplishment."

"Health care people get thousands of things right every day. Recognize that and be respectful of it. Remind people how important they are, and how good they are at what they do," encourages Neuhauser.

The health care workers in an organization take their cues from the leadership, and respectful behavior begets respect. When health care workers treat each other with the same respect they provide patients on their best day, anything can be accomplished.

*For additional information, contact Peg Neuhauser, president of PCN Associates in Austin, at 512/328-8898, pegneu@earthlink.net or www.pegneuhauser.com.*

# Critical Access Hospital Designation: How It Saved Two Rural Facilities

**F**ive years ago, Ballinger Memorial Hospital was facing a catastrophic situation. The community hospital provided critical health services to the rural conclaves west of San Angelo, but was gasping its last breaths.

Almost 400 miles away to the southeast, Bayside Community Hospital in Anahuac also was facing severely declining revenues and shrinking utilization. After a net loss of \$1 million for two successive years, the hospital was forced to declare bankruptcy in 2000.

Yet, instead of closing their doors, both community hospitals have completed dramatic turnarounds. How did they avert disaster? The hospitals' stories were the focus of a statewide presentation, "Critical Access Hospitals: Making It Work," at the THT Summer Forum Aug. 9. Panel presenters included Ballinger Memorial Hospital's Benny Martinez, board chairman, and Lance W. Keilers, CAPP, administrator; and Bayside Community Hospital's E. Faye Trant, board chairman and Robert A. Pascasio, CHE, administrator and chief executive officer.

## Ballinger Faces Vast Issues

According to Martinez, the future was not always so bright for Ballinger Memorial. In fact, the hospital has seen its share of obstacles, with the last decade being particularly tumultuous. Originally built in 1963 to provide services in a rural area as part of the Hill-Burton Act, Ballinger Memorial provided emergency

services, inpatient and outpatient care, physical therapy, laboratory, ultrasound, cardiac rehabilitation, an ambulance service and outpatient mental health services.

"All went well until the late '80s," reports Martinez, a hospital board member for 16 years. "We were able to operate without tax subsidies."

Then, physician issues arose and the hospital was not being utilized, which caused a financial shortfall. In 1988, an election was called to create a taxing district to provide funds to keep the hospital open. Fueled by in-county city rivalries, that measure was defeated in a bitter decision. Martinez explains, "The board decided it had no choice but to close the hospital."

The City of Ballinger stepped in and decided to obtain ownership so the hospital would not close. Still, difficulties were not over. Even after increasing the tax rate to 12 cents, the hospital was struggling.

Discussions began between the city and the hospital board to create a new hospital district. However, the hospital faced more pressure, including injunctions over the election, lawsuits and the resignation of its administrator. Finally, a hospital district was created, but then another bombshell landed: the Balanced Budget Act of 1997, which severely limited federal reimbursement to hospitals. By 1999, the hospital again faced imminent closure.

"The hospital had no cash reserves; equipment was outdated and worn out; and some employees had not received raises in four years," says Lance W. Keilers, who was hired as administrator at that time as part of Ballinger Memorial Hospital's management agreement

with Shannon Health System in San Angelo. "The Balanced Budget Act was having serious ramifications, and morale was at an all-time low."

## Challenges in Anahuac

Bayside Community Hospital and Clinic in Anahuac was opened in 1950 as Chamber Memorial Hospital to serve the rural community 50 minutes away from Houston. The facility was owned and operated by Chambers County.

"In 1984, Chambers County decided to leave the health care business and began the processes necessary to cease operations at the hospital," explains Pascasio. "The community has always strongly supported the hospital, and in 1985, a number of concerned citizens, interested in retaining health care services in the county, banded together to form Chamber County Public Hospital District Number 1 and assumed operational and financial responsibility for what is now known as Bayside Community Hospital."

Yet, socioeconomic and other factors continued to take a toll on hospital operations. More than 40 percent of the county's population live at 200 percent of the federal poverty income levels. Only 9 percent have completed college. Many of the county's 8,000 residents did not have health insurance.

The hospital was hemorrhaging, and in fact, had to declare bankruptcy. "Yet, even though we were losing money, we had tremendous community support," says Trant. "People all over the community would call and say 'You can't close our hospital.'"

“We were also very conscious of the economic impact,” adds Pascasio. “Bayside is the second largest employer in our area behind the schools. We didn’t want to cut more than 55 jobs and a \$1.4 million annual payroll. Closing would make a big, big dent.”

### Dramatic Turnarounds

Yet, in just a few short years, both hospitals have achieved dramatic turnarounds. How? Both became designated as Critical Access Hospitals.

The Critical Access Hospital Program (see related story, this page) is a federal program designed to provide an alternative model to allow small rural hospitals to remain viable. CAHs are limited-service hospitals designed to provide essential services to rural and frontier communities. CAHs have different staffing requirements from other hospitals. Payments are determined by using cost-based reimbursement for Medicare and Medicaid patients. Converting a struggling rural hospital to a CAH allows the community to stabilize and maintain local health care access.

Hospitals that meet certain federal and state criteria may qualify for the CAH designation, which allows for increased service and staffing flexibility and increased reimbursement from Medicare. As of June 2003, there are 41 CAHs operating in the state.

In 2000, the Chambers County Hospital District went to the community with a request to raise the self-imposed tax rate cap to the state maximum. The community overwhelmingly supported the initiative, allowing time for Bayside Community Hospital to complete its conversion to CAH status. Financial performance has improved. The hospital is emerging from bankruptcy and has paid 100 percent of its bills without borrowing more money.

In Ballinger, new equipment has been purchased and new services have been added to Ballinger Memorial Hospital. Revenues have increased and are now on the positive side of the ledger. Employees are enjoying competitive wages, but most importantly, the residents of the county can count on their community hospital for quality health care close to home.

“We prayed for a miracle,” says Keilers, “And, we got one.” That miracle was the hospital’s qualification for CAH designation. Since becoming a CAH, Ballinger Memorial has seen volume increase for the past two years, seen higher outpatient utilization and no decrease in patient services. In addition, the hospital boasts a newly refurbished X-ray unit, new lab equipment, is starting a computerized axial tomography project, has reduced debt and has cash in the bank. Future plans call for an employee retention program, more new technology and the securing of state and federal grant money. Keilers concludes, “The Critical Access Hospital Program has breathed new life into our organization.”

## Is Critical Access for You?

The Critical Access Hospital Program was created by Section 4201 of the Balanced Budget Act of 1997 to support and preserve the nation’s smallest and most vulnerable hospitals. According to the Office of Rural Community Affairs, which administers the program, CAH designation has the potential to increase hospital margins by increasing Medicare reimbursement to allowable cost levels and by protecting the participants from the financial impact of the outpatient prospective payment system.

### Program requirements include:

- The hospital must be at least 35 miles from the nearest hospital, or
- The hospital is the only acute-care hospital in the county; or
- The hospital is located in a frontier area as designated by the U.S. Census Bureau, or is located in a Medically Underserved Area, or is located in a Health Professional Shortage area.

### In addition, the hospital must be:

- A public, nonprofit or for-profit hospital and licensed as a general or special acute-care hospital;
- Be in compliance with the Medicare Conditions of Participation and have a Medicare provider number at the time of application;
- Maintain a maximum of 15 inpatient acute-care beds;
- Must maintain an annual average length-of-stay not exceeding 96 hours; and
- Must participate in a Rural Health Network where at least one CAH and at least one non-CAH full-service hospital have entered into specified agreements regarding patient referral and transfer.

For more information, contact the Office of Rural Community Affairs, P.O. Box 12877, Austin, Texas 78711; phone, 512/936-6701 or toll free 800/544-2042; web, [www.orca.state.tx.us](http://www.orca.state.tx.us); e-mail, [orca@orca.state.tx.us](mailto:orca@orca.state.tx.us).

When the final gavel fell June 2 adjourning the 78th Texas Legislature, Texas hospitals had scored major victories in all of the Texas Hospital Association's six priority issues for the session. "The legislative successes exceeded our expectations," said Richard Bettis, CAE, president/CEO. Working with various coalitions, other health care associations and contract lobbyists/government relations contacts for THA-member hospitals, THA played a leadership role in shepherding these key issues through the legislative process.

#### Health Care Lawsuit Abuse Reform

Perhaps no health care issue was as volatile as the battle to stop frivolous lawsuits against health care providers and reduce liability insurance rates for doctors and hospitals. In coordination with the Texas Alliance for Patient Access, THA and the Texas Medical Association implemented aggressive media relations and grassroots activities to support the

## In the 78th Texas Legislature Hospitals/Health Care Scored Major Legislative Victories

advocacy efforts at the capitol. From brochures to press conferences, THA and its partners hammered home the message that "health care lawsuit abuse" has jeopardized "patients' access to doctors and hospitals."

Despite being declared an "emergency" issue by the governor early in the session, the tort reform package was a last-minute deal. The conference committee was not appointed until May 29, and its report was signed in the wee hours of May 31.

However, House Joint Resolution 3 passed both chambers with relative ease. As a result, an election to amend the state constitution to authorize the Legislature to set caps on noneconomic damages awarded by juries was being held on Sept. 13.

#### Prompt Payment of Insurance Claims

After three legislative sessions, hospitals and doctors finally have a statute with "teeth" that will ensure the prompt payment of insurance claims by health plans and insurers. Loopholes in existing laws and regulations related to verification and pre-authorization are closed, and enforcement provisions are strengthened.

"Despite repeated attempts by the health plans and business groups to weaken or kill Senate Bill 418, legislators overwhelmingly supported hospitals and doctors and have ensured that they will be paid promptly and appropriately by health plans," said Joe A. DaSilva, CHE, CAE, senior vice president of advocacy and education.

## Trauma Funding

Perhaps the biggest long-shot of this legislative session was persuading lawmakers to find more money – and a stable, reliable source of it – to help offset the costs of uncompensated trauma care. Statewide media coverage effectively help deliver the message to lawmakers that the “safety net” was tearing, and that trauma care was in jeopardy.

An unlikely source of funding was found in the creation of a “safe driver program,” which establishes surcharges and fines for habitual bad driving. Points will be assigned for convictions of certain driving offenses, such as speeding or driving while under the influence. Drivers who exceed six points in three years face higher fees, and the proceeds will be divided between trauma care and the transportation infrastructure. With a portion of new court costs directed to trauma, some \$300 million is anticipated for the upcoming biennium.

## Budget

Intent on keeping their promise of “no new taxes,” legislators crafted a budget that “no one likes.” Although Medicaid and Children’s Health Insurance Program reimbursement to hospitals and doctors is cut by 5 percent, a budget rider directs that at least 25 percent of any new federal monies are used to restore provider reimbursement to at least current levels.

The last week of the session, Comptroller Carole Keeton Strayhorn announced that lawmakers had a net of \$604 million in additional revenue, thanks to an additional \$1.2 billion in Federal Medical Assistance Percentage funds coming to Texas. Strayhorn recommended that the money be directed to health programs. “Despite the provider

reimbursement cuts in the budget, there is a good possibility that some, if not all, of the funding will be restored,” DaSilva said.

## Workforce

Funding for nursing education presented a challenge as higher education was directed to make cuts of 10-12 percent. However, lawmakers listened to hospitals and nursing, and worked to maintain enrollment at its fall 2002 level, a nursing student increase of 20 percent.

THA worked with the Texas Nurses Association to secure a rider that allows nursing programs to receive Dramatic Growth Funds based on enrollment growth, independent of the institution’s overall performance. Proceeds from the Nursing and Allied Health Tobacco Endowment Fund will be used to increase faculty at nursing schools and make nursing the priority of this fund through 2007. Texas Grants will be available to qualifying nursing students.

## Patient Safety

Rep. Vicki Truitt (R-Southlake) used her first-hand knowledge of health care delivery to pass groundbreaking patient safety legislation. Introduced at THA’s request, House Bill 1614 requires hospitals and ambulatory surgical centers to report annually the aggregate number of nine specific medical errors (primarily sentinel events as defined by the Joint Commission on Accreditation of Healthcare Organizations) to the Texas Department of Health. Annually, TDH will publish an aggregate report by bed size groupings of errors and “best practices” to eliminate them.

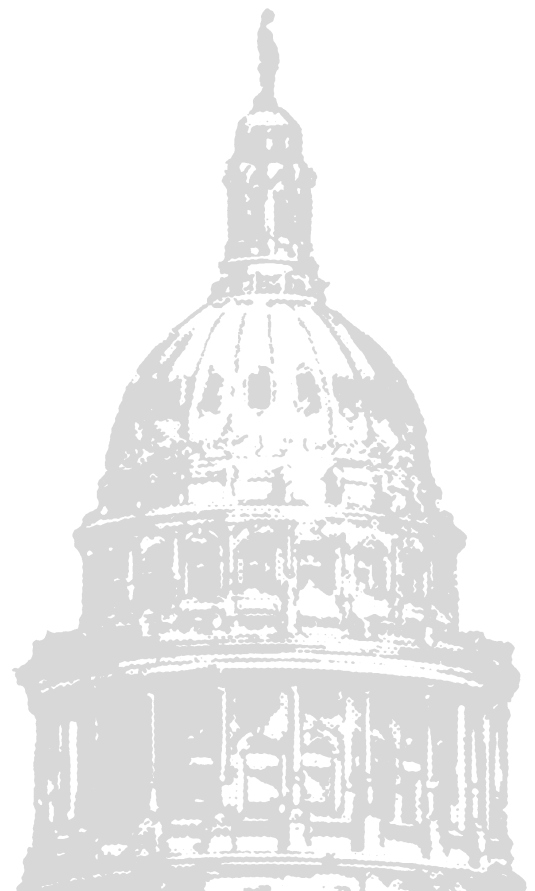
“Thanks to Rep. Truitt’s understanding of health care, the

bill contains strong patient confidentiality and peer review protections,” DaSilva noted.

## Summary

For the first time in 130 years, the Republicans dominated both legislative chambers and held all statewide offices. The Republican agenda reflected a philosophical change in the role of government – especially in terms of health and human services. The large number of new legislators and new committee chairmen, new presiding officers in both chambers and a daunting budget deficit amid a sluggish economy did not bode well for the 78th Texas legislative session.

“Against all odds, hospitals had one of the best legislative sessions ever,” said Bettis. “THA members were more involved this session, and the relationships established through HOSPAC and during the campaign cycle paid off,” he added.



# Rochs Named Founders' Award Winner

**W**hen you look in the dictionary under “committed,” you may as well see a picture of Fredericksburg resident Lucille Rochs. Rochs, a 13-year member and former chair of the Hill Country Memorial Hospital board, has become a full-time community advocate working for patients, children, seniors and many others.

She began serving on the Hill Country Memorial Hospital board in 1990, and was the first woman chair in its history. For her exhaustive and exemplary efforts as a health care trustee, she has been selected as the 2003 recipient of THT’s highest honor, the Founders’ Award. The award was presented in August at the THT Summer Forum in Austin.

“Lucille is truly one of a kind,” says Jeff A. Bourgeois, CHE, chief executive officer of Hill Country Memorial Health System. “She has shown leadership and participation qualities above and beyond any other board member I have had the privilege to work with. She is committed to being the best board member she can be,” he adds.

She carries that commitment into every endeavor she tackles. Most people know her as a tireless community advocate, a dynamo with seemingly unlimited energy – all aimed at building a stronger community in the picturesque Hill Country. What they may not know is that Rochs, now 88 years old, has been a trailblazer her whole life.

Besides being the first woman chair of the Hill Country Memorial Hospital board, she has been instrumental in several highly visible programs to improve health to benefit the Fredericksburg community located about 90 miles west of Austin. She is a charter member of the Gillespie County Child Service board, started in 1972, and a charter member of the Hill Country Community Needs

Council. A former Fredericksburg City Council member, Rochs continues to remain very active in city and county governance.

She also serves as the “legislative guru” for a number of organizations, including Hill Country Memorial Hospital. “A call from Lucille to offices in Austin and Washington usually gets recognition for issues in which she is interested,” says Bourgeois.

During her tenure as chair of the Hill Country Memorial Hospital board of trustees, the hospital opened its community health center, which provides a free clinic; chronic disease management; a program for women, infants and children; and a Title V program. She continues to serve on the board’s planning committee, which dedicated its most recent project in August – a new Women’s Pavilion.

Rochs credits her success to a strong work ethic. “I grew up in the Depression and had to leave college to go to work. Your work ethic was 100 percent of your job.”

Now, a woman can hold any job, Rochs says. “It is a changed workplace today, and more and more qualified women are working. My

advice to young people would be to keep educating yourselves and always have an unapproachable work ethic. With those, you can accomplish anything.”

Rochs herself earned two college degrees after age 40. She left Southwest Texas State University (then known as Southwest Texas Teachers College) in 1935 because of the Depression, but returned almost 30 years later and earned a bachelor’s degree. She then earned a master’s degree from Our Lady of the Lake University in San Antonio and also has 12 hours toward a doctorate degree from the University of Texas. Now, she faithfully attends THT educational forums.

In 1999, Rochs was honored by Memorial Hermann Healthcare System as its Distinguished Trustee. Earlier this year, she was recognized by the Texas Academy of Governance in its inaugural awards for excellence in health care governance.



THT’s 2003 Founder’s Award recipient Lucille Rochs (right), member and former board chair of Hill Country Memorial Health System, and Jeff Bourgeois, CHE, CEO of Hill Country Memorial Health System in Fredericksburg, are pictured following the Founder’s Award presentation during the THT Summer Forum in Austin.

# Summer Forum Prepares Trustees for the Health Care Survival Race



Trustees today face challenges from all directions, but armed with the right strategies, they can position their health care facilities to reach the finish line in this race for survival.

Leading a sustainable hospital enterprise, survival tips and ethics were on the agenda for the Texas Healthcare Trustees 2003 THT Summer Forum held Aug. 8 and 9 at the Renaissance Austin Hotel. With more challenges waiting on the horizon, the theme of the forum was “Ready... Set... GOVERNANCE!” More than 250 health care trustees, administrators and physicians attended the two-day event.

During the Forum, hospital and health system board members explored leadership, accountability and other governance issues.

In addition to informative speakers, the THT Summer Forum featured the announcement of the THT Founders’ Award winner for 2003 and introduction of new officers and board members. Prior to the Forum, a special refresher orientation for public hospital board members was held.

## Trustees Learn the Ropes at Public Hospital Trustee Orientation and Refresher

**P**ublic health care trustees face challenges that can be especially complex, including additional regulations and specific requirements of the Texas Open Meetings and Texas Public Information laws.

Trustees gained insight to many of today’s concerns at the sixth annual Texas Healthcare Trustees Public Hospital Orientation and Refresher in Austin on Aug. 6 at the Renaissance Hotel, held in conjunction with the 2003 THT Summer Forum.

Noted health care expert and board member Kevin Reed, J.D., shareholder of Davis & Wilkerson, P.C., in Austin, led the session. He was assisted by Fletcher Brown, also of Davis & Wilkerson; Bill Parrish, president, and Mike Oatman, vice president, of Parrish, Moody & Fikes in Waco; and Stephen Wohleb, J.D., director of legal and litigation for SETON Healthcare Network in Austin. The special

presentation was held specifically for trustees who serve on public hospital boards, and benefited both new and veteran public hospital board members.

Topics included how to meet the requirements of the Texas Open Meetings and Texas Public Information laws; understanding hospital finance; spending and investing public funds; protecting against liability; holding effective board meetings; and the future of the public hospital. In addition, a new session on Critical Access Hospitals was presented this year.



Kevin Reed (right) and Fletcher Brown conduct the Public Hospital Trustee Orientation and Refresher that was held Aug. 6 in Austin.

# Excellence in Governance Promoted Through Texas Academy of Governance

Trustees and governing boards make decisions that affect the future of their hospitals and health systems.

Acknowledging that the most effective trustees constantly strive to make their institutions better, the Texas Healthcare Trustees Foundation challenges board members from around the state to learn about and practice good governance.

To meet this challenge, the Texas Healthcare Trustees Foundation recently founded the Texas Academy of Governance. The initiative is designed as a voluntary program to elevate hospital governing board standards, enhance individual trustee performance and recognize those who demonstrate knowledge essential to the practice of effective governance.

“Good hospitals don’t just happen. The governing board, in partnership with management, defines the vision, mission and goals while management is charged with implementation; the governing board is responsible for oversight of the hospital’s aspirations, purpose, focus and future,” said Mary Walker, chief executive officer of the THT Foundation. “This is what the foundation board of directors had in mind when establishing the Texas Academy of Governance and its standards.”

Trustees, hospitals and health systems that meet Texas Academy of Governance standards are recognized for “Excellence in Governance.” Governing board member standards and hospital/health system standards represent the most essential aspects of trusteeship – leadership, accountability, stewardship and service.

Texas Academy of Governance standards for individual trustees include: commitment to the hospital and the community; meeting fiduciary duties and governance obligations; commitment to governance educational development; exemplifying ethical leadership; and continually improving and assessing performance.



Among the trustees recognized Aug. 8 by the Texas Academy of Governance for excellence in hospital governance are (left to right) Barry Couch, Lester Smith, W.W. Aston, Vernon Garrett, Jack Hemingway, Ron Epps, Henderson Garrett and Bill Reeder.

Separate standards have been developed for governing boards of hospitals and health systems. These Texas Academy of Governance standards encompass ongoing education, community accountability and compliance, and evaluation and planning for the well-being of the institution.

Texas Academy of Governance recognition is celebrated throughout the year. Trustees receive Texas Academy of Governance pins and “Excellence in Governance” certificates. Hospitals and health systems are presented “Excellence in Governance” awards. All honorees are acknowledged in the *Trustee Bulletin*, *THA News* and at THT educational forums.

## Excellence in Governance Awards

Twelve hospital board members and two hospital governing boards recently were honored by the Texas Healthcare Trustees Foundation’s Texas Academy of Governance for practicing excellence in hospital governance.

On Aug. 8, during the Texas Healthcare Trustees Summer Forum in Austin, the Academy recognized

individual trustees who achieved knowledge and skills in governance, and keep that knowledge current through education. Memorial Hermann Healthcare System in Houston and Palo Pinto General Hospital in Mineral Wells received Excellence in Governance awards in April and May.

### Hospital Governing Board Awards

Memorial Hermann Healthcare System received the "Excellence in Governance" award during its April 25 Board of Directors annual retreat in Austin. "This honor is a testament to the dedicated, values-driven board members we are blessed to have on our boards," said President and Chief Executive Officer Dan Wolterman.

Palo Pinto General Hospital's award was celebrated during its observance of National Hospital Week on May 15. "Palo Pinto's achievement is made even more special because it was celebrated during National Hospital Week, with its theme of 'Bringing the Power of Care to the Community.' It sums up why we do this - to honor dedicated people who care about the well-being of their community," said Garrett.



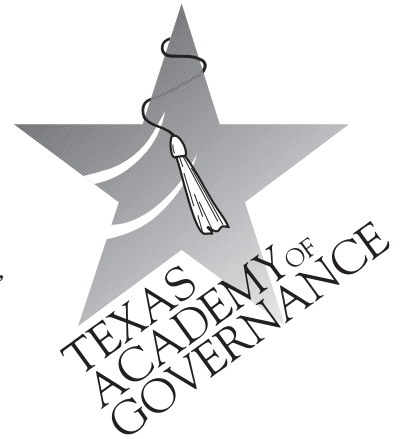
Pictured above is Vernon Garrett (left), president of the Texas Healthcare Trustees Foundation. Garrett presented the Texas Academy of Governance Award (left to right) to Dan Wilford, former Memorial Hermann Healthcare System president/CEO, MHHS Board Chair Gus Blackshear and Dan Wolterman, MHHS president/CEO. The presentation took place during the MHHS board's annual retreat in April.

### Individual Trustee Awards

"Hospitals and health care systems rely on their trustees and governing boards to safeguard the most valuable resource of a community: the health of its citizens," said Vernon Garrett, chairman of the THT Foundation. "The people and communities served by a Texas Academy of Governance-recognized trustee, hospital or health system can be confident that core governance competencies are met."

The honored individual trustees are:

W.W. Aston (Baylor University Medical Center, Dallas); Barry Couch (King's Daughters Hospital, Temple); J. Ronald Epps, D.V.M. (Harris Methodist Hospital H-E-B, Bedford); Samuel Green (Metroplex Adventist Hospital Inc., Killeen); Jack W. Hemingway (Metroplex Adventist Hospital Inc., Killeen); James Lindley (Metroplex Adventist Hospital Inc., Killeen); Romeo Lopez (Starr County Memorial Hospital, Rio Grande City); Richard Procter (Metroplex Adventist Hospital Inc., Killeen); Bill Reeder (King's Daughters Hospital, Temple); Lester Smith (Shannon Medical Center, San Angelo); Pete Weber (Metroplex Adventist Hospital Inc., Killeen); and Ralph Wilson Jr., D.D.S. (King's Daughters Hospital, Temple).

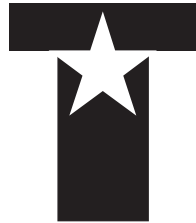


To be considered for trustee or hospital/health system recognition, applicants must demonstrate commitment to standards set by the Texas Academy of Governance. (see related article) To learn more about the Texas Academy of Governance, the standards or the application process, visit the THT Web site at [www.tht.org](http://www.tht.org).



Vernon Garrett (right), president of the Texas Healthcare Trustees Foundation, presented the Texas Academy of Governance Award (left to right) to Patricia Dorris, Palo Pinto General Hospital administrator/CEO, PPGH Board Chair Katherine Boswell, and PPGH board members Mike McConnell, Jeanette Ender, Mike Hopkins, J.C. Colton and Richard Dennis. The award presentation highlighted PPGH's observance of National Hospital Week in May.

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## THT Installs 2003-04 Board of Directors



Members of the THT board are pictured with THT staff during the Summer Forum that was held in Austin, Aug. 8 and 9.

Newly elected officers and members of the Texas Healthcare Trustees Board of Directors recently were installed at the THT Annual Meeting in Austin. The THT Board of Directors consists of the president, president-elect, secretary and treasurer; eight district representatives; and four at-large members. The 2003 election was conducted by mail ballot in July. THT members elected officers, representatives of Districts and two at-large members.

THT's 2003-04 Board of Director's officers include:

### Chairman

**Henderson Garrett** retired from Metroplex Health System in Killeen after holding an executive position for 23 years and has continued to serve the system as secretary of the board of directors since 1976. As vice president of operations from 1973-93, Garrett helped oversee significant growth of the system from 35 to

213 beds, medical staff from six physicians to more than 80, and a hospital staff from 125 to more than 800. He also managed a \$4.8 million hospital expansion, completed in 1995. The system now encompasses hospitals in Killeen and Lampasas, and numerous medical professional support facilities located in the cities of Killeen, Harker Heights, Copperas Cove and Lampasas. He has been active in civic and community affairs with the Rotary Club and is chairman-elect of the Chamber of Commerce of Copperas Cove. Garrett currently

serves as treasurer of the board of directors for the United Way of the Greater Fort Hood Area. Garrett, a native Texan, received his undergraduate degree and was commissioned a second lieutenant in the army by Prairie View A&M. He served for 20 years in the military, retiring as a lieutenant colonel in 1972. Prior

to his second career in the health care industry, he received his master's degree in management from the University of Central Texas.

#### Chairman-Elect

**John M. Zerwas, M.D.**, is a board member of Houston's Memorial Hermann Healthcare System. He has been an anesthesiologist for 18 years and is the past president of the Greater Houston Anesthesiology. Dr. Zerwas attended Baylor College of Medicine and served his internship and residency at the University of Texas at San Antonio. Active in a number of professional societies, he is a past president of the Texas Society of Anesthesiologists and the Texas Gulf Coast Anesthesia Society. He serves as senior vice president/chief medical officer of Memorial Hermann Healthcare System.

#### Treasurer

**Peggy Allison** has served as a health care volunteer for more than two decades. Currently, she serves on the board of governors of the Methodist Healthcare System where she is the immediate past chair. She was president of Methodist Healthcare Ministries from 1997-99 and is a member of the honorary board. Allison serves as the THT representative to the HOSPAC Board. Long-known for her civic and charitable endeavors, Allison has served on the board of trustees at Texas Christian University, and is active in San Antonio's Charity Ball Association and the Battle of Flowers Association. She was honored by TCU with its Alumni Service Award in 1996.

#### District I

**James Simms** is chairman of the Northwest Texas Healthcare System board of trustees in Amarillo. He previously served on the board of managers for the Amarillo Hospital District and was chairman of the Amarillo Independent School District board. For seven years, Simms served on the board of the Teacher Retirement System of Texas, six of those as chairman. A graduate of Eastern New Mexico University, he is vice president/manager of business development for Amarillo National Bank. He also serves on the boards of Amarillo's Children's Learning Centers and the United Way of Amarillo.

#### District III

**Wesley E. Lepard** serves as chairman of Valley Baptist Health System in Harlingen and has been a board member since 1994. He is an engineer with extensive experience in environmental protection and hazardous waste handling. For the last nine years, he has been president/chief executive officer of an international corporation that provides start-up and sheltered administrative services for manufacturers locating operations in Mexico. Lepard is a graduate of Mississippi State University.

#### District V

**Harold D. Samuels**, a former mayor and city councilman of Euless, is the current chairman of the board of JPS Health Network in Fort Worth. He is president of Samuels & Associates, a manufacturers' representative firm in Euless. Long-active in civic and political affairs, he has served as a member of the Mayor's Advisory Committee to the Governor of Texas and is currently a member of the Civil Service Commission and Industrial Development Board in Euless. He served as mayor of Euless for 18 years.

#### District VII

**Sr. Pat Elder** serves as board chair of the Seton Healthcare Network in Austin and Providence Health Center in Waco, both affiliated with the Daughters of Charity National Health System. She also serves as chair of the board of Centro San Vicente, a federally qualified health center in El Paso. A certified nurse midwife, Elder has extensive clinical and teaching experience service in diverse geographic locales from El Paso to Ecuador. For the past 10 years, she has served in administrative positions. Celebrating more than 50 years as a Daughter of Charity, Elder has been named to "Who's Who in American Nursing" four times.

#### District VIII

**Elaine Mendoza**, a noted San Antonio high tech entrepreneur, serves on the board of CHRISTUS Santa Rosa Health Care. A graduate of Texas A&M University, she founded Conceptual MindWorks, Inc., an informational property and product development company, in 1990. Particularly interested in education and economic growth, she serves as chair of the Alamo Workforce Development

...continued on page 18

Board and is incoming chair of the San Antonio Hispanic Chamber of Commerce. She was appointed by Sen. Trent Lott (R-Miss) to the Commission on the Advancement of Women and Minorities in Science, Engineering and Technology and by Texas Gov. Rick Perry to the Special Commission on 21st Century Colleges and Universities.

#### Members-at-Large

**James (Jimmy) Y. Wynne**, a former mayor of Kaufman, is the current chairman of Presbyterian Hospital of Kaufman, one of the 13-member hospitals of Texas Health Resources. Wynne has served on the board since 1989, and as chairman for the past eight years. He also serves on the board of Presbyterian Healthcare Resources, one of the two founding members of Texas Health Resources. Wynne's grandfather was one of the original founders of Presbyterian Hospital of Dallas, and he is the third generation of his family to serve on Presbyterian boards. Wynne and his wife, Dee, established the Yellow Rose Multiple Sclerosis Foundation in 1986 to fund research at The University of Texas Southwestern Medical Center at Dallas. During the past 15 years, the Foundation's Yellow Rose Gala has raised more than \$5 million for multiple sclerosis research.

**Rosemary Burns** is a member of the East Texas Medical Center-Athens board of managers. A former teacher, she has embraced civic responsibility serving the city of Star Harbor in numerous positions. She was mayor pro-tem for three years and an alderman for six years. Additionally, she served as chair of the Water Committee, successfully planning and acquiring financing for a new water plant. She also served as a member of the Malakoff Independent School District Improvement Team. Burns is a graduate of The University of Texas.

#### Will Complete Terms in 2004:

##### District II:

**Bill Hetzler** – Medical Center Hospital, Odessa

##### District IV:

**Jeff Council** – Polly Ryon Memorial Hospital, Richmond

##### District VI:

**Buddie F. Rivers** – Wilbarger General Hospital, Vernon

#### Members-at-Large

**Denzer Burke, D.D.S.** – CHRISTUS St. Michael Health Care Center, Texarkana

**Ronald J. Epps, D.V.M.** – Harris Methodist H-E-B, Bedford

#### Members Emeritus:

**W.W. Aston** – Baylor University Medical Center and Baylor Heart and Vascular Hospital, Dallas

**Noble Allen** – Knapp Medical Center, Weslaco

**W.H. "Bill" Beazley Jr.** – Hillcrest Baptist Medical Center, Waco

**Barry Couch** – King's Daughters Hospital, Temple

**Jud Cramer** – Harris Methodist Health System, Fort Worth

**Vernon Garrett Jr.** – Memorial Hermann Healthcare System, Houston

**Roberto Gutierrez** – McAllen Medical Center

**Betty Himmelblau** – HealthSouth Rehabilitation Hospital, Austin

**Paxton Howard, M.D.** – Scott & White Memorial Hospital, Temple

**Tere Lawrence** – Rolling Plains Memorial Hospital, Sweetwater

**Lester Smith** – Shannon Health System and Shannon Medical Center, San Angelo

#### Liaison to THA Board:

**Dan Stulz, M.D.** – Shannon Health System, San Angelo

# Back by Popular Demand: Silent Auction a Hit

**F**irmly established as a tradition, the Texas Healthcare Trustees Foundation's sixth annual silent auction was a rousing success. Held in conjunction with the Texas Healthcare Trustees 2003 Summer Forum in Austin, the auction featured an exciting array of goodies. The auction raised more than \$7,400 for the THT Foundation.

Gardeners, sports enthusiasts and technophiles enjoyed a varied selection of items. For those interested in scheduling a getaway, the auction featured travel opportunities to such venues as Corpus Christi, Fort Worth and the Hill Country. The abundance of fashion accessories offered something for everyone, or for their special someone at home.

While relaxing during the Friday evening reception, browsers and bidders had a chance to view auction items on display. Last minute bids were entered Saturday before the morning session, and winners were announced later that day.

Also back by popular demand, Noble Allen generously donated time and effort to serve as the silent auction committee chair. The THT Foundation thanks all the bidders, those who donated items and those who helped with the auction.

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## SAVE THE DATES!

### Texas Healthcare Trustees 2004-05 Calendar of Events

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<b>March 4, 2004</b>	Trustee Orientation and Refresher
<b>March 5-6, 2004</b>	THT Spring Forum Woodlands Waterway Marriott Hotel and Convention Center, The Woodlands
<b>August 5, 2004</b>	Public Hospital Trustee Orientation and Refresher
<b>August 6-7, 2004</b>	THT Summer Forum and THTF Silent Auction Hyatt Regency Hotel, San Antonio
<b>March 3, 2005</b>	Trustee Orientation and Refresher
<b>March 4-5, 2005</b>	THT Spring Forum Omni Corpus Christi Hotel, Corpus Christi

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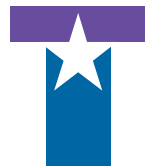
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