

Texas Health Services Authority

Capitol Extension Building, Second Floor, Room E2.010

BOARD OF DIRECTORS MEETING

THURSDAY, NOVEMBER 18, 2010

10:00 a.m.

AGENDA

I. Introduction

Call to Order, Welcome and Introductions, and Announcements

II. Reports, Updates, and Actions

1. Board Business – Action Items
 - Approval of Minutes of the August 26, 2010 Meeting
 - Review and Consideration of Bylaws
 - Review and Consideration of Committees and Task Forces
 - Collaboration Council
 - Policy Task Forces
 - Finance and Audit Committees
 - Review and Consideration of Budget
 - Review and Consideration of Contract between the Texas Health and Human Services Commission and Texas Health Services Authority
 - Financial Reports
 - Upcoming Meeting Schedule
2. CEO Update – Briefing Item
 - State Health Information Exchange (HIE) Implementation Update
 - Work Plan and Staff Activities Update
 - Operations and other Administrative Items Update
3. State Health Information Technology (HIT) Coordinator Update – Briefing Item
 - Medicaid HIT/HIE Initiatives
 - HIT/HIE Federal Policy Development Update
4. Texas HIT Regional Extension Center Update – Briefing Item

III. Public Comment

IV. Adjourn

NOTE: The Board of Directors of the Texas Health Services Authority may act upon any agenda item. Persons with disabilities who plan to attend this meeting who may need auxiliary aids or services, or who need assistance in having English translated into Spanish should contact Tony Gilman, (512) 305-8453, at least two days before the scheduled date of this meeting for proper arrangements to be made.



MEETING OF THE BOARD OF DIRECTORS

MEETING DOCUMENTS

NOVEMBER 18, 2010

Capitol Extension Building, Room E2.010
Austin, Texas 78701

TEXAS HEALTH SERVICES AUTHORITY

Capitol Extension Building, Room E1.010
Austin, Texas 78701

BOARD OF DIRECTORS MEETING
THURSDAY, AUGUST 26, 2010
10:00 A.M.

MEMBERS PRESENT

Edward Marx (Chair), Kathleen Mechler (Vice Chair), Matthew Hamlin (Treasurer), Alesha Adamson (Secretary), Fred Buckwold, Raymond Davis, David Fleeger, Donna Montemayor, Dee Porter, Judy Powell, Darren Rodgers, and Stephen Yurco

MEMBERS ABSENT

Adolfo Valadez

STAFF

Tony Gilman, CEO

CALL TO ORDER/WELCOME AND INTRODUCTIONS

Chair Edward Marx called the meeting to order at 10:00 a.m. Chair Marx welcomed the Board members and guests, and asked Mr. Tony Gilman to take roll. Chair Marx welcomed Mr. Stephen Palmer with the Office of eHealth Coordination at the Texas Health and Human Services Commission (HHSC) and thanked him for participating in the Board's meetings.

Chair Marx also reviewed the mission and vision of the THSA:

Mission

The Texas Health Services Authority will promote and coordinate the development of a seamless electronic health information infrastructure to improve the quality, safety, and efficiency of the Texas health care sector while protecting individual privacy.

Vision

To enhance health care quality and effectiveness for all patients, the health care sector should be supported by an infrastructure made up of interoperable, electronic health records composed of standardized, structured data elements that are exchanged among authorized health care organizations and providers across secure regional and statewide networks.

REPORTS, UPDATES, AND POSSIBLE ACTIONS

Approval of Minutes from the July 22, 2010 Meeting

Chair Marx asked if there were any additions or corrections to the minutes of the July 22, 2010 meeting. Dr. David Fleeger made a motion to pass the meeting minutes. Ms. Judy Powell seconded the motion. The motion was approved by a unanimous voice vote.

Update on Health Information Technology Regional Extension Centers (Briefing Item)

Chair Marx advised the Board that the next item on the agenda was an update on the Health Information Technology (HIT) Regional Extension Centers (RECs). The Chair asked Vice Chair Kathleen Mechler to brief members on this item and noted that she was excused following her briefing to go to present to the House Public Health Committee. Vice Chair Mechler reminded members that the Texas RECs will offer technical assistance, guidance, and information to support and accelerate health care providers' efforts to become meaningful users of Electronic Health Records. This support, she noted, will target primary care clinicians through training and support services. She further advised that:

- Operational plans and budgets have been approved for CentrEast and Gulf Coast RECs. The North Texas REC has an approved Operational Plan with the budget pending approval for next week. West Texas has tentative approval of their Operations Plan.
- RECs are hiring and orienting new staff. This is important as one of the grant components is "workforce" development.
- The RECs have ongoing weekly meetings with each other, OeHC, THSA, and the state Medicaid office for purposes of fostering communication and collaboration.
- The RECs have also been in communication with the Centers for Medicare & Medicaid Services' Region VI Office in Dallas. The RECs have been invited to participate in regional provider adoption calls scheduled September 20 and October 4.
- The RECs and the HIE Coalition met in San Antonio August 3 for a working session.

Vice Chair Mechler also advised members that the RECs would like the THSA to consider:

- The need for a regional approach to covering white space.
- Timelines for all grantees are very important however the timelines are not consistent across the board for grantees so we all may need to adjust slightly to support each other.

Presentations by Consumers Union and AARP on HIT and Health Information Exchange (Briefing Item)

Chair Marx noted the next item on the agenda are presentations on HIT and health information exchange (HIE) from Lisa McGiffert with Consumers Union and Trey Berndt, Associate State Director for Advocacy with AARP. Ms. McGiffert commented on the consumer principles and communication strategies in the draft HIE strategic and operational plans. She also provided recommendations on how to ensure consumers are engaged in the THSA governance, including need to provide tools for consumers to use on the THSA web site.

Mr. Berndt reviewed AARP's HIT principles and noted the similarity to the principles included in the draft HIE strategic and operational plans. He also comment on the draft plans and suggested several considerations for the THSA to consider during implementation, including:

- Consider lessons from problematic, large scale IT implementations;
- Testing/readiness for consumer protections;
- Willingness to act on readiness information and delay, in not ready; and
- Consumer confidence can be fleeting; need to get it right the first time.

CEO Update Operations, Work Plan, and other Administrative Matters (Briefing Item)

Chair Marx advised the Board the next item on the agenda was an update from Mr. Gilman on the THSA operations, project work plan, and other administrative matters. Mr. Gilman described the monthly report submitted to HHSC on August 13 and provided the Board with information on the legislative briefing conducted by staff on August 24. He also reviewed the work plan and process chart, which includes a list of staff activities for September through November of this year. Chair Marx thanked Mr. Gilman for his presentation. There was no further discussion.

HIT Coordinator Update on the Texas Health and Human Services Commission's Medicaid HIE Advisory Committee, Medicaid HIT Plan, and the Office of the National Coordinator for HIT (Briefing Item)

Chair Marx advised the Board that the next item on the agenda was an update from the State HIT Coordinator, Mr. Palmer. Mr. Palmer provided an update on the activities of HHSC's Medicaid HIE Advisory Committee. He also discussed the Medicaid HIT Plan and his ongoing dialogue with the Office of the National Coordinator for HIT. Chair Marx thanked Mr. Palmer for his presentation. There was no further discussion on this item.

Briefing and Consideration of Draft HIE Strategic and Operational Plans (Briefing Item)

Chair Marx advised the Board that the next item on the agenda was consideration of the staff revisions to the draft plans and public comments. He then asked Mr. Gilman to brief members on this item. Mr. Gilman reminded members that drafts of the strategic and operational plans were released on August 2 for public comment, and 231 comments from 28 individuals or organizations were submitted prior to the August 16 deadline.

Mr. Gilman also reviewed staff revisions to the draft plans and noted that the revisions were released to the public 24 hours in advance of the meeting. Members then reviewed and discussed public comments. Mr. Ray Davis made a motion to accept all of the comments relating to technical and grammatical changes. Ms. Judy Powell seconded the motion. The motion was approved by a unanimous voice vote.

Dr. Fred Buckwold next made a motion to direct staff to respond to all of the comments or requests for clarifications. Dr. Stephen Yurco seconded the motion. The motion was approved by unanimous voice vote.

Members then reviewed and discussed all of the remaining comments.

The Board recessed for lunch at 11:45 a.m. and resumed work at 12:20 p.m.

Following review of all of the comments, Ms. Alesha Adamson made a motion to accept the comments agreed to by the Board, and to accept the staff revisions to the HIE strategic and operational plans. Mr. Matthew Hamlin seconded the motion. The motion was approved by unanimous voice vote.

The Board next discussed the draft plans, asked questions, and provided further direction to staff. Dr. David Fleeger raised concerns with the composition of the Collaboration Council (Council) and asked the Board to consider making three changes – reduce the number of HIE representatives on the Council; add a privacy and security expert to the Council, and replace the THSA Chief Executive Officer

(CEO) as chair with another member of the Council. The Board considered each item individually.

Dr. Buckwold made a motion to have four HIE representatives on the Council, one member appointed from each of the four REC regions. All other recognized HIEs would serve as ex-officio members. Vice Chair Mechler seconded the motion. The motion was approved by a roll call vote:

Ayes: Kathleen Mechler, Fred Buckwold, Raymond Davis, David Fleeger, Donna Montemayor, Darren Rodgers, Stephen Yurco (7)

Nayes: Alesha Adamson, Matthew Hamlin, Edward Marx, and Judy Powell (4)

The Board next discussed adding a privacy and security expert to the Council, and directed that the consumer representative should have a background on privacy and security issues. Dr. Fleeger withdrew his request to replace the THSA CEO as chair with another member of the Council following the Board's discussion.

Chair Marx then invited members of the public to comment on the draft HIE strategic and operational plans.

Following public comment, Dr. Buckwold made a motion to approve the HIE strategic and operational plans. Mr. Darren Rodgers seconded the motion. The motion was approved by a unanimous voice vote.

PUBLIC COMMENT

The Board received public comment from Dr. Peel, Archie Alexander, Kim Dunn, Gijs Van Oort, and Caroline Witherspoon.

INFORMATION ITEMS

Chair Marx asked Mr. Gilman to brief members on upcoming meetings. Mr. Gilman noted the Board was scheduled to meet on November 18. Chair then recognized Mr. Hamlin to brief members on the financial summary reports. The Board had no questions on these items.

ADJOURN

Chair Marx asked for a motion to adjourn. A motion was made by Dr. Buckwold and seconded by Ms. Adamson. The meeting adjourned at 3:21 p.m.

Edward Marx, Chairman

BYRNE, CARDENAS & ARIS, LLP

Attorneys and Counselors

7557 Rambler Road, Suite 1400
Dallas, Texas 75231
972.371.5250- Telephone
972.371.5270 - Facsimile

Greg A. Cardenas
Direct Dial Number: 972.371.5264
E-Mail Address: gcardenas@bcallp.net
www.bcallp.net

November 10, 2010

Via Electronic Mail:

Mr. Tony Gilman
Chief Executive Officer
Texas Health Services Authority
P.O. Box 1564
Austin, Texas 78767-1564

Re: Amended and Restated Bylaws of THSA

Dear Mr. Gilman:

Attached at your request is a clean and redline copy of the proposed Amended and Restated Bylaws of the Texas Health Services Authority ("THSA"). These documents represent the proposed amendments to the current Bylaws that you and I have discussed and agreed on. The redline document makes clear exactly what textual changes to the current Bylaws of THSA are being proposed for adoption by the Board of Directors. While I think that document is an excellent reference source to identify the proposed changes, I also wanted to point out for you below the main substantive amendments that are being proposed.

1. Section 1.4 – This new section is being added to identify the statutory purposes of the THSA as set forth in its enabling legislation
2. Section 3.2 – We have provided the Governor with the authority under the Bylaws to designate additional ex-officio, non-voting board members (section 3.2.2), and have described the qualifications of board members consistent with the enabling statute of the THSA (section 3.2.4).
3. Section 3.4 We added a new provision to make clear that the Governor shall designate a Director to serve as Chairman of the Board of Directors. This individual is separate and distinct from the CEO of THSA, which is hired by the Board of Directors and is an officer of the Corporation. We have dropped reference to a "President" of THSA as it is not consistent with the terminology used in the enabling statute for the THSA. On a go forward basis, the presiding head of the Board of Directors shall be the Chairman and the highest ranking hired officer of the Corporation shall be the CEO, consistent with the enabling statute.

MR. TONY GILMAN
NOVEMBER 10, 2010
PAGE 2

4. Article 4 We have added new provisions to make clear: (i) that the Board shall hire as an officer of the Corporation a CEO to run the THSA under the direction of the Board of Directors; (ii) that the Board may but is not required to hire Vice-Presidents, a Treasurer, and a Secretary of the THSA; (iii) that the CEO may hire other THSA staff as necessary to assist in the running of the THSA.

5. Article 5. We are proposing revisions in order to: (i) provide for the formation, at the discretion of the Board of Directors, of an Executive Committee, a Finance Committee, an Audit Committee, and a Collaboration Council, each of which is generally described in terms of membership and mandate. We are also providing authority for the Board to create other committees, task forces, and work groups, to assist it as deemed appropriate.

There are other non-substantive corrections that we have not explained here but would be happy to explain in more detail if you believe it would be helpful. Once you have had an opportunity to review the proposed changes, please contact me with any additional questions or concerns.

Sincerely,

Greg A. Cardenas

GAC/jeg

AMENDED AND RESTATED BYLAWS
OF
TEXAS HEALTH SERVICES AUTHORITY
A Texas Non-Profit Corporation

September 18, 2008

These Amended and Restated Bylaws (the “**Bylaws**”) govern the affairs of Texas Health Services Authority (the “**Corporation**”), established under Chapter 182, Health and Safety Code, as a statutory nonprofit corporation and organized under the Texas Non-Profit Corporation Act (the “**Act**”).

ARTICLE I.

OFFICES

ARTICLE I.

GENERAL

1.1 Principal Office. The principal office of the Corporation shall be located in Austin, Travis County, Texas.

1.2 Other Offices. The Corporation may have such other offices, either within or without the State of Texas, as the Board of Directors may determine or as the affairs of the Corporation may require from time to time.

1.3 Registered Office and Registered Agent. The Corporation shall have and continuously maintain in the State of Texas a registered office, and a registered agent whose office is identical with such registered office, as required by the Act. The registered office may be, but need not be, identical with the principal office of the Corporation in the State of Texas, and the address of the registered office may be changed from time to time by the Board of Directors.

1.4 Purposes of Corporation. The purposes of the Corporation are (i) to promote, implement, and facilitate the voluntary and secure electronic exchange of health information, (ii) to create incentives to promote, implement and facilitate the voluntary and secure electronic exchange of health information, and (iii) such other purposes as shall be lawfully delegated to the Corporation.

ARTICLE II.

MEMBERS

2.1 Classes of Members. The Corporation shall have no members.

ARTICLE III.

BOARD OF DIRECTORS

3.1 General Powers. The affairs of the Corporation shall be managed by its Board of Directors.

3.2 Number, Tenure and Qualifications.

3.2.1 Directors. The Governor of Texas shall appoint, with the advice and consent of the Texas Senate, eleven Directors (the “**Directors**”). ~~Each Director shall hold office for a term of two years and may continue to serve until a successor has been appointed by the Governor.~~ Each Director is a voting member of the Board of Directors.

3.2.2 Ex Officio Members. The Governor shall ~~also~~ appoint two non-voting ex officio members (the “**Ex Officio Members**”) representing the Texas Department of State Health Services, and the Governor may appoint other Ex Officio Members as the Governor deems appropriate.

3.2.3 Tenure. Each Director and Ex Officio Member shall hold office for a term of two years and thereafter may continue to serve until a successor has been appointed by the Governor: ~~Ex Officio Members serve as nonvoting members of the Board of Directors.~~

3.2.4 Qualifications. The Governor shall appoint as Directors individuals who represent consumers, clinical laboratories, health benefit plans, hospitals, regional health information initiatives, physicians, or rural health providers, or who possess expertise in any other area the Governor finds necessary for the successful operation of the Corporation.

3.3 Prohibitions Against Serving on Board.

3.3.1 Board of Other Governmental Body. An individual may not serve on the Board of Directors if the individual serves on the board of any other state agency, institution or governmental body in Texas.

3.3.2 Gift or Grant to Corporation. An individual may not serve on the Board of Directors if the individual has made a gift or grant, in cash or kind, to the Corporation.

3.3.3 Lobbyist. An individual may not serve on the Board of Directors if the individual is required to register as a lobbyist under Chapter 305, Government Code, because of the individual’s activities for compensation on behalf of a profession or entity that is engaged in the providing of health care, the review or analysis of health care, the payment for health care services or procedures, or the providing of information technology.

3.4 Presiding Officer of Board. The Governor shall designate a Director to serve as the presiding officer of the Board of Directors (“Chairman”) at the pleasure of the Governor. The Chairman shall preside over all meetings of the Board of Directors.

3.43.5 Regular Meetings. The Board of Directors shall meet at least twice a year. ~~The Board of Directors may~~The Chairman shall provide for regular meetings by ~~resolution notice~~ stating the time and place of such meetings. The meetings may be held either within or without the State of Texas and shall be held at the Corporation's principal office in Texas if the ~~resolution notice~~ does not specify the location of the meetings. The Board of Directors shall develop and implement policies that provide the public with a reasonable opportunity to appear at a regular meeting and to speak on any issue under the authority of the Corporation.

3.53.6 Special Meetings. Special meetings of the Board of Directors may be called by ~~or the Chairman~~ at the request of the President Chairman or any two Directors. ~~The person or persons authorized to call special meetings of the Board may~~ The Chairman shall fix any place, within the State of Texas, as the place for holding any special meetings of the Board ~~called by them. The person or persons calling a special meeting shall notify the Secretary of the information required to be included in the notice of the meeting of Directors.~~

3.63.7 Cancellation of Meetings. The Board of Directors may cancel any meeting for cause, except as may be otherwise provided by the Bylaws.

3.73.8 Notice to Directors and Ex Officio Members. Notice of any special meeting of the Board of Directors shall be given at least ten days ~~previously prior~~ thereto by written notice delivered personally or sent by mail, facsimile, or on consent of a Director or Ex Officio Member, by electronic transmission, to each Director and Ex Officio Member at his address as shown by the records of the Corporation. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed with postage thereon prepaid. If notice be given by facsimile, such notice shall be deemed to be delivered upon transmission. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any notice required or permitted to be given by electronic transmission is deemed given when the notice is transmitted to an electronic mail address provided by the Director or Ex Officio Member for the purpose of receiving notice or communicated to the Director or Ex Officio Member by any other form of electronic transmission consented to by the Director or Ex Officio Member. ~~Any Director or Ex Officio Member may waive notice of any meeting.~~ The attendance of a Director or Ex Officio Member at any meeting shall constitute a waiver of notice of such meeting, except where a Director or Ex Officio Member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by another provision of these Bylaws.

3.83.9 Waiver of Notice by Director or Ex Officio Member. Any notice required to be given to a Director or Ex Officio Member under this Article may be waived by the person entitled thereto.

3.93.10 Open Meetings. The Corporation is subject to Chapter 551, of the Texas Government Code.

3.103.11 Quorum. A majority of the Directors of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board; but if less than a majority of the

Directors are represented at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

~~3.11~~3.12 Proxy. Only Directors who are physically present at a meeting may vote when a vote is called. A vote may not be cast by proxy, written consent, or telephone.

~~3.12~~3.13 Manner of Acting. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these Bylaws.

~~3.13~~3.14 Vacancies. Any vacancy occurring in the Board of Directors shall be filled as follows:

3.13.1 Directors. Directors shall be filled by the Governor, with the advice and consent of the Senate.

3.13.2 Ex Officio Members. Ex Officio Members shall be filled by the Governor.

~~3.14~~3.15 Compensation. Directors and Ex Officio Members serve without compensation but are entitled to reimbursement for actual and necessary expenses in attending meetings ~~of the board~~ or for performing other official duties authorized by the ~~President of the Corporation~~ Chairman.

ARTICLE IV.

OFFICERS

4.1 Officers. The officers of the Corporation shall be a ~~President and a Secretary~~ Chief Executive Officer (“CEO”), and if the Board of Directors determines appropriate, ~~one or more Vice Presidents (and, in the case of each Vice President, after consultation with such descriptive title, if any, as the Board of Directors shall determine), and a Treasurer, and~~ CEO, such other officers as ~~it may be elected in accordance with deem necessary and appropriate to carry out the responsibilities of the provisions of this Article. Any two or more offices may be held by the same person, except the offices of President and Secretary. All officers shall have the authority and perform the duties prescribed by law, by these Bylaws, and by the Board of Directors~~ Corporation.

4.2 Election and Term of Office.

4.2.1 ~~President Appointment~~. The ~~Governor~~ Board of Directors shall ~~designate~~ appoint a member of the board as ~~presiding officer~~ CEO, who shall serve ~~as the President of the Corporation~~.

~~4.2.2 Other Officers~~. ~~The officers of the Corporation, other than the President, shall be elected bi-annually by the Board of Directors at the regular annual meeting under the direction of the Board of Directors held in each even-numbered year and will assume office immediately upon election. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently possible. New offices may be created and filled at any meeting of the~~

~~Board of Directors. Each officer shall hold office until his successor shall have been duly elected and shall have qualified. All officers are eligible to be elected to successive terms of office. The Board of Directors may also at its discretion appoint one or more Vice-Presidents, a Treasurer, and a Secretary. The pay, conditions of employment, and, to the extent not described herein, the responsibilities and powers of the Officers of the Corporation, will be determined by the Board of Directors unless delegated by the Board of Directors to the CEO.~~

4.3 Removal.

4.3.1 ~~President, Chief Executive Officer.~~ The ~~President~~ Chief Executive Officer (“CEO”) serves at the pleasure of the ~~Governor~~ Directors and may be removed at any time by the ~~Governor~~ Directors, but such removal shall be without prejudice to ~~the~~ his or her contract rights, if any, ~~of the officer so removed.~~

4.3.2 Other Officers. Any officer, other than the ~~President elected or appointed by the Board of Directors~~ CEO may be removed by resolution passed by vote of the majority of seated Directors whenever in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed.

4.4 Vacancies. A vacancy in any office because of death, resignation, disqualification or otherwise, ~~may~~ shall be filled ~~for the unexpired portion of the term as follows:~~ by the Directors.

~~4.4.1—President. A vacancy in the office of President may be filled by the Governor.~~

~~4.4.2—Other Officers. A vacancy in any office, other than the President, may be filled by the Board of Directors.~~

~~4.5—President, CEO.~~ The ~~President~~ CEO shall be the principal executive officer of the Corporation and shall ~~in general, under the direction of the Directors,~~ supervise and control all of the business and affairs of the Corporation. The ~~President shall preside at all meetings of the members of the Board of Directors.~~ The ~~President~~ CEO may sign, with the Secretary or any other proper officer of the Corporation authorized by the Board of Directors, any deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws or by statute to some other officer, committee or agent of the Corporation; and in general the ~~President~~ CEO shall perform all duties incident to the office of ~~President~~ CEO and such other duties as may be prescribed by the Board of Directors from time to time.

~~4.6.4.5~~ Unless otherwise ordered by the Board of Directors, the ~~President~~ CEO will have full power and authority on behalf of the Corporation to attend, act and vote at any meetings of stockholders of any corporation in which the corporation may hold stock. At any such meeting the ~~President~~ CEO may exercise any and all rights incident to the ownership of such stock, and which the Corporation might have possessed and exercised as its owner. ~~The Board of Directors may, from time to time, confer like powers upon any other person or persons.~~

~~4.7.4.6~~ Vice President. ~~In~~ If appointed, in the absence of the ~~President~~ CEO or in the event of the ~~President's~~ CEO's inability or refusal to act, the Vice President (or in the event there be more than

one Vice President, the Vice Presidents in order of their election) shall perform the duties of the ~~President~~CEO, and when so acting shall have all the powers of and be subject to all the restrictions upon the ~~President~~CEO. Any Vice President shall perform such other duties as from time to time may be assigned to a Vice President by the ~~President~~CEO or Board of Directors.

4.84.7 Treasurer. ~~The~~If appointed, the Treasurer shall have charge and custody of and be responsible for all funds and securities of the Corporation; receive and give receipts for monies due and payable to the Corporation from any source whatsoever, and deposit all such monies in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of Article VIII of these Bylaws; and in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the ~~President~~CEO or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of duties in such sum and with such surety or sureties as the Board of Directors shall determine.

4.8 Secretary. ~~The~~If appointed, the Secretary shall keep the minutes of the meetings of the Executive Committee and the Board of Directors in one or more books provided for that purpose; give all notices in accordance with the provisions of these Bylaws or as required by law; be custodian of the corporate records; keep a register of the post office address of each Director which shall be furnished to the Secretary by each Director; and, in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the ~~President~~CEO or by the Board of Directors.

4.9 Other Staff. In addition to the Officers, the CEO may hire or appoint other staff to provide direction and assistance in fulfilling the goals of the Corporation.

ARTICLE V.

COMMITTEES

5.1 ~~Committees of Directors~~Executive Committee. The Board of Directors may, by resolution adopted by a majority of the Directors in office, ~~shall designate and appoint one or more committees which shall include~~ an Executive Committee, ~~which shall to~~ consist of two or more ~~of the~~ Directors, ~~which to the extent provided in said resolution shall have and exercise the authority of the Board of Directors in the management~~ of the Corporation. ~~However, no such committee~~The Executive Committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all of the authority of the Board of Directors in the management of the business and affairs of the Corporation, except where action of the full Board of Directors is required by law; provided that the designation of such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors or any Director of any responsibility imposed on the Board of Directors or any Director by law. Any member of the Executive Committee may be removed by the Board of Directors by the affirmative vote of a majority of the Board of Directors, whenever in its judgment the best interests of the Corporation will be served thereby. The Executive Committee shall keep regular minutes of its proceedings and report the same to the Board of Directors when required, and shall, to the extent required by law, comply with the Chapter 551 of the Texas Government Code.

5.2 Finance Committee. The Board of Directors may, by resolution adopted by a majority of the Directors in office, designate a Finance Committee, to consist of two or more of the Directors of the Corporation. The Finance Committee shall prepare all budgets of the Corporation, study financial requirements for all projects and other activities of the Corporation, and review insurance and risk management programs, and shall perform such other responsibilities as may be given to the committee by the Board of Directors. The Finance Committee shall keep regular minutes of its proceedings and report the same to the Board of Directors when required, and shall, to the extent required by law, comply with the Chapter 551 of the Texas Government Code.

5.3 Audit Committee. The Board of Directors may, by resolution adopted by a majority of the Directors in office, designate an Audit Committee. The Audit Committee shall be composed of a number of Directors and non-Directors to be determined from time to time by the Board of Directors, subject to the following limitations: (i) the Audit Committee shall not include Directors who are members of the Finance Committee; (ii) the Audit Committee shall not include any employee of the Corporation, including without limitation the CEO; (iii) the Audit Committee shall not include any person who has a material financial interest in any organization doing business with the Corporation or any person who does business with the Corporation; and (iv) members of the Audit Committee shall not receive compensation from the Corporation for service on the Audit Committee. If constituted, the Audit Committee may, at the request of the Board of Directors (i) recommend to the Board of Directors the retention and, when appropriate, the termination of the independent certified public accountant to serve as auditor of the Corporation; (ii) negotiate the compensation of such auditor; (iii) confer with the auditor to satisfy the Audit Committee members that the financial affairs of the Corporation are in order; (iv) review and determine whether to accept each audit; (v) approve the performance of any non-audit services provided to the Corporation by the auditor or the auditor's firm; and (vi) perform such other responsibilities as may be given to the committee by the Board of Directors from time to time. The Audit Committee shall keep regular minutes of its proceedings and report the same to the Board of Directors when required, and shall, to the extent required by law, comply with the Chapter 551 of the Texas Government Code.

5.4 Collaboration Council. The Board of Directors may, by resolution adopted by a majority of the Directors in office, establish a Collaboration Council and may appoint members to such Collaboration Council. The Collaboration Council shall, to the extent provided in the resolution of the Board of Directors, be responsible for providing public and private sector input and advice regarding strategy and policy recommendations to the Board of Directors to assist the corporation in meeting its corporate objectives and purposes. The Collaboration Council shall serve in an advisory capacity to the Board of Directors only and shall have no independent authority.

5.5 Other Committees. The Board of Directors may by resolution adopted by a majority of the Directors in office, designate from among its members one or more other committees, task forces, or work groups other than the committees described in this Article 5. All such committees, task forces, and work groups shall consist of a Chairman and other members, none of whom need be Directors, except where otherwise directed by another provision of these Bylaws or by the Board of Directors at the time of the creation of any such committee. The Board of Directors shall approve any procedural rules for such committees, task forces, and work groups.

5.15.6 Authority of Committees. ~~No committee or other body~~ shall have the authority of the Board of Directors in reference to amending, altering or repealing the Bylaws; electing, appointing or removing any member of any such committee or any Director or officer of the Corporation; authorizing the sale, lease, exchange or mortgage of all or substantially all of the property and assets of the Corporation; authorizing the voluntary dissolution of the Corporation or revoking proceedings therefor; adopting a plan for the distribution of the assets of the Corporation; or amending, altering or repealing any resolution of the Board of Directors which by its terms provides that it shall not be amended, altered or repealed by such committee. The designation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed on it or the Director by law.

~~5.2 — Executive Committee. The Board of Directors may, by resolution passed by a majority of the Board, designate an Executive Committee, to consist of two or more of the Directors of this Corporation, and other members, none of whom need be members on the Board, as long as Directors constitute the majority of the Executive Committee membership. The Executive Committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the management of the business and affairs of this Corporation, but the designation of such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or an individual Director, of any responsibility imposed upon it or him by law. The Executive Committee shall keep regular minutes of its proceedings and report on its proceedings to the Board of Directors when required. The minutes of the proceedings of the Executive Committee shall be placed in the minute book of this corporation.~~

5.35.7 Budget. Before incurring any expenses of any kind or nature, the ~~Executive Committee shall prepare and submit for the approval of the~~ Board of Directors; shall approve a detailed budget, and no expenses shall be incurred in excess of such budget, except upon approval of the Board of Directors. Thereafter, budgets for annual operations shall be similarly so prepared and ~~submitted to approved by~~ the Board of Directors ~~for their approval~~.

~~5.4 — Other Committees. The Board of Directors of this corporation may designate one or more committees, each to have the name, membership, duties and responsibilities designated by the Board. Such committees shall consist of a Chairman and other members, none of whom need be members on the Board, except where otherwise directed at the time of the creation of any such committee. The Board shall approve any procedural rules of such committees. Each such committee shall keep regular minutes of its proceedings and all committees shall report to the Board of Directors when required.~~

5.55.8 Term of Office. Each member of a committee shall continue as such until the next annual meeting of the Directors and until the committee member's successor is appointed, unless the committee shall be sooner terminated, or unless such member is removed from such committee, or unless such member shall cease to qualify as a member thereof.

5.65.9 Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

~~5.75.10 Quorum.~~ Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

~~5.8 — Rules. Each committee may adopt rules for its own government not inconsistent with these Bylaws or with rules adopted by the Board of Directors.~~

ARTICLE VI.

STAFF

~~6.1 — Management Staff. The President, with the approval of the Board of Directors, may hire or appoint a Chief Executive Officer (the “CEO”), and Staff as is deemed appropriate to conduct the activities of the Corporation. The pay, conditions of employment, and responsibilities and powers of the CEO and Staff will be determined by the Board of Directors unless they delegate this authority to the President or the CEO.~~

~~6.2 — Chief Executive Officer. With the approval of the Board of Directors, the President shall appoint and determine the salary and conditions of the CEO. The CEO shall serve at the pleasure of the Board of Directors. The CEO shall be the chief administrator of the Corporation responsible for management functions under the direction of the President. He shall employ, and may terminate, members of the staff necessary to carry on the work of the Corporation, shall fix their compensation within the approved budget subject to the direction and approval of the President and the Board of Directors, and supervise them in the conduct of their duties.~~

~~6.3 — Other Staff. The CEO may hire or appoint other staff to provide direction and assistance in fulfilling the goals of the Corporation.~~

ARTICLE VII.

VOLUNTEER ORGANIZATION

~~7.15.11 Volunteer Organization.~~ The Board of Directors may establish a volunteer organization for the Corporation. The composition and function of the organization will be as is necessary to assist the Board and staff in its activities including but not limited to fundraising, administration, and research support activities.

ARTICLE VIII. ARTICLE VI.

CONTRACTS, CHECKS, DEPOSITS AND FUNDS

~~8.16.1 Contracts.~~ The Board of Directors may authorize any officer or officers, agent or agents of the Corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation. Such authority may be general or confined to specific instances.

8.26.2 Checks and Drafts. All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Treasurer or an Assistant Treasurer and countersigned by the President or a Vice President of the Corporation.

8.36.3 Loans. No loans shall be contracted on behalf of the Corporation unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

8.46.4 Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

8.56.5 Gifts. The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest or devise for the general purposes or for any special purpose of the Corporation.

8.66.6 Interest of Directors, etc. Subject to the restrictions of Sections 86.7 and 86.8 of this Article, this Corporation may enter into contracts or other transactions with any other corporation, person, firm, association, trust or entity even though one or more of the Directors or officers of this Corporation may be a party to or interested directly or indirectly in such contracts or transactions in some capacity other than as a Director or officer of this Corporation, but, if any Director or officer of this Corporation having such other interest acts in any way for or on behalf of this Corporation in connection with such matter, such other interest shall be made known to the Board of Directors before it finally authorizes or approves such contract or transaction.

8.76.7 Prohibition Against Sharing in Corporate Earnings. No Director, officer, or employee of or member of a committee of or person connected with the Corporation, or any other private individual shall receive at any time any of the net earnings of pecuniary profit from the operations of the Corporation, and no such person or persons shall be entitled to share in the distribution of any of the corporate assets upon the dissolution of the Corporation; provided, that this shall not prevent the payment to any such person of such reasonable compensation for services rendered to or for the Corporation in effecting any of its purposes as shall be fixed in accordance with these bylaws. Upon such dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the assets of the Corporation, after all debts have been satisfied, then remaining in the hands of the Board of Directors shall be distributed, transferred, conveyed, delivered, and paid over, in such amounts as the Board of Directors may determine or as may be determined by a court of competent jurisdiction upon application of the Board of Directors, exclusively to entities which are qualified as exempt organizations under the provisions of Section 501(c)(3) of the Internal Revenue Code of 1986 and its Regulations as they now exist or as they may hereafter be amended.

8.86.8 Exempt Activities. Notwithstanding any other provision of these Bylaws, no Director, officer, employee, or representative of this Corporation shall take any action or carry on any activity by or on behalf of the Corporation not permitted to be taken or carried on by an organization exempt

under Section 501(c)(3) of the Internal Revenue Code of 1986 and its Regulations as they now exist or as they may hereafter be amended.

~~8.96.9~~ Prohibition Against Compensating Governmental Advisory Council Members. The Corporation may not compensate, employ, or contract with any individual who serves as a member of the board of advisory council to any other governmental body, including any agency, council or committee, in Texas.

~~ARTICLE IX.~~ARTICLE VII.

BOOKS AND RECORDS

~~9.17.1~~ Books and Records. The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board of Directors and committees having any of the authority of the Board of Directors.

~~ARTICLE X.~~ARTICLE VIII.

FISCAL YEAR

~~10.18.1~~ Fiscal Year. The fiscal year of the Corporation shall begin on September 1 and end on August 31 each year.

~~ARTICLE XI.~~ARTICLE IX.

WAIVER OF NOTICE

~~11.19.1~~ Waiver of Notice. Except as provided in Section 3.8, whenever any notice is required to be given under the provisions of the Act or under the provisions of the Articles of Incorporation or the Bylaws of the Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

~~ARTICLE XII.~~ARTICLE X.

AMENDMENTS TO BYLAWS

~~12.10.1~~ Amendment to Bylaws. These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by a majority of the Directors present at any regular meeting or at any special meeting, if at least five days' written notice is given of an intention to alter, amend or repeal these Bylaws or to adopt new Bylaws at such meeting.

~~ARTICLE XIII~~ARTICLE XI.

INDEMNIFICATION

~~13.1~~11.1 To the fullest extent permitted by, and in accordance with the procedures set forth in the Act, as the same may be amended from time to time, the corporation shall indemnify its directors, officers and employees; provided, however, that in the opinion of the corporation's legal counsel and/or tax advisors, such indemnification shall not constitute a prohibited act of self-dealing or otherwise constitute a violation under the Internal Revenue Code of 1986 and regulations thereunder, or otherwise jeopardize the tax-exempt status of the corporation.

~~ARTICLE XIV~~ARTICLE XII.

MISCELLANEOUS PROVISIONS

~~14.1~~12.1 Legal Authorities Governing Construction of Bylaws. The Bylaws shall be construed in accordance with the laws of the State of Texas. All references in the Bylaws to statutes, regulations, or other sources of legal authority shall refer to the authorities cited, or their successors, as they may be amended from time to time.

~~14.2~~12.2 Legal Construction. If any bylaw provision is held to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability shall not affect any other provision and the Bylaws shall be construed as if the invalid, illegal, or unenforceable provision had not been included in the Bylaws.

~~14.3~~12.3 Rules of Order. The meetings and proceedings of this Corporation shall be regulated and controlled according to "Robert's Rules of Order Revised" for parliamentary procedure, except as may otherwise be provided by these Bylaws.

~~14.4~~12.4 Headings. The headings used in the Bylaws are used for convenience and shall not be considered in construing the terms of the Bylaws.

~~14.5~~12.5 Gender. Wherever the context requires, all words in the Bylaws in the male gender shall be deemed to include the female or neuter gender, all singular words shall include the plural, and all plural words shall include the singular.

~~14.6~~12.6 Power of Attorney. A person may execute any instrument related to the Corporation by means of a power of attorney if an original executed copy of the power of attorney is provided to the Secretary of the Corporation to be kept with the Corporation records.

~~14.7~~12.7 Parties Bound. The Bylaws shall be binding upon and inure to the benefit of the directors, officers, committee members, employees, any agents of the Corporation and their respective heirs, executors, administrators, legal representatives, successors, and assigns except as otherwise provided in the Bylaws.

* * * * *

These Amended and Restated Bylaws were duly adopted by the Board of Directors on the Day of _____, 2010. EXECUTED to be effective as of the date set forth above.

(Signature of Chairman)

Chairman

(Printed Name of Chairman)

(Signature of Secretary)

Secretary

(Printed Name of Secretary)

DRAFT

THSA



TEXAS HEALTH SERVICES AUTHORITY

COLLABORATION COUNCIL

November 18, 2010

Role of Collaboration Council

The primary role of the Collaboration Council is to provide advice to the THSA Board of Directors and to develop consensus among key stakeholders on planning and implementation of statewide health information exchange (HIE). The THSA or its designee shall assign tasks to the Council.

Collaboration Council Membership

The Collaboration Council members shall serve one-year terms. The Council shall be composed of sixteen (16) members each of whom shall serve in one of the positions specified below:

- THSA CEO
- Four (4) HIE Representatives – One sanctioned local HIE representative per Regional Extension Center (REC) region to provide input from regional/local HIEs to ensure coordinated approach to HIE implementation and operations within Texas.
- State Health Information Technology Coordinator
- The Public Health Commissioner or his or her designee
- An individual designed by the Texas Association of Health Plans
- An individual designated by the Texas Hospital Association
- An individual designated by the Texas Medical Association
- Four (4) Regional Extension Center (REC) Representatives – One individual per approved REC
- Employer Representative – An individual representative of an employer
- Consumer – An individual who is a consumer of health care services and has expertise in privacy and security of health information

Ex-Officio Membership: The following organizations shall designate one member to serve as an ex-officio member of the Council:

- One representative from all other sanctioned HIEs that are not a member of the Council
- Texas Association of Community Health Centers
- Texas Council of Community Mental Health & Mental Retardation Clinics
- Texas e-Health Alliance
- Texas Pharmacy Association

The THSA or THSA CEO may designate other ex-officio members of the Council.

Approved by the THSA Board of Directors and Effective as of the date set forth above.

Edward Marx, Chairman

THSA



TEXAS HEALTH SERVICES AUTHORITY

TASK FORCE STRUCTURE

November 18, 2010

Role of Task Forces

The primary role of the task forces is to solicit advice from multi-disciplinary, multi-stakeholder experts on planning and implementation questions regarding statewide health information exchange (HIE).

Task Force Structure

The following task forces will be established to support the implementation of statewide HIE in Texas:

- Data Standards Task Force: This task force shall support the secure, interoperable exchange of health information among unaffiliated organizations by providing input on the development of technical standards, data exchange standards, and technical security standards, and the development of implementation specification requirements.
- Technical Architecture Task Force: This task force shall provide input on the implementation of a hybrid architecture that supports a network of networks, linking local HIE networks together, linking local HIE networks to state agencies, and ultimately linking state networks among each other and to the Nationwide Health Information Network. The task force will support the development of a six-year enterprise architecture blueprint.
- Privacy and Security Task Force: This task force shall provide input on the development of privacy and security policies and standards that protect the privacy of patients involved in statewide HIE to the highest legal standard while enabling the secure exchange of health information. The task force will support ongoing analysis of legal framework for the State of Texas, including: authorization, authentication, consent, access, audit, breach, and patient engagement policies.
- Provider Engagement Task Force: This task force shall provide input on the development of a communications and engagement plan to inform providers about HIE in Texas, including the development of education and outreach strategies.
- Consumer Engagement Task Force: This task force shall provide input on the development of a communications and engagement plan to inform consumers about HIE in Texas, including the development of education and outreach strategies. This group shall also provide input on use of personal health records and consumer expectations on the exchange of personal health information.

Task Force Membership

THSA staff shall solicit nominations from individuals and organizations, including all of those that participated in the THSA's Collaborative Work Group Process, and will work to ensure broad representation in all task forces.

Approved by the THSA Board of Directors and Effective as of the date set forth above.

Edward Marx, Chairman

THSA



TEXAS HEALTH SERVICES AUTHORITY

FINANCE COMMITTEE

November 18, 2010

Role of the Finance Committee

The primary responsibility for the THSA's financial reporting and management rests with senior operating management, as overseen by the THSA's Board of Directors. The purpose of the Finance Committee is to assist the Board in fulfilling this responsibility by providing oversight of the financial management and financial reporting function.

Authority

The Finance Committee shall have the resources and authority necessary to discharge its duties and responsibilities. The Committee has sole authority to retain and terminate outside counsel or other experts or consultants, as it deems appropriate, including sole authority to approve the firms' fees and other retention terms. The Committee may form and delegate authority to subcommittees and may delegate authority to one or more members of the Committee.

Membership

The Finance Committee shall be a standing committee of the Board of Directors, comprised of not less than two members of the Board. Members of the Committee shall:

1. Have no relationship to the THSA that may interfere with the exercise of their independence from management and the THSA; and
2. Not be members of the THSA's Audit Committee, a separate committee of the Board of Directors.

Appointments to the Finance Committee shall be for one-year terms and eligible for consecutive appointments.

Responsibilities

The Finance Committee's role is one of oversight, recognizing that the THSA's management is responsible for financial management and for preparing the THSA's financial statements. The Committee shall study all budgets of the Corporation, study financial requirements for all projects and other activities of the Corporation, and review insurance and risk management programs, and shall perform such other responsibilities as may be given to the committee by the Board of Directors.

The Committee shall meet on a regular basis and call special meetings as deemed necessary in fulfilling the responsibilities described in this Charter. The Committee shall keep regular minutes of its proceedings and report the same to the Board of Directors when required, and shall, to the extent required by law, comply with Chapter 551 of the Texas Government Code.

Approved by the THSA Board of Directors and Effective as of the date set forth above.

Edward Marx, Chairman

THSA



TEXAS HEALTH SERVICES AUTHORITY

AUDIT COMMITTEE

November 18, 2010

Role of the Audit Committee

The primary responsibility for the THSA's financial reporting and internal controls rests with senior operating management, as overseen by the THSA's Board of Directors. The purpose of the Audit Committee is to assist the Board in fulfilling this responsibility by providing oversight of the THSA's audit functions (external and internal), as well as other investigations (external and internal).

Authority

The Audit Committee has authority to:

- Retain the THSA's external auditors.
- Investigate any matter brought to its attention with complete and unrestricted access to all books, records, documents, facilities, and personnel of the THSA.
- Retain outside counsel, auditors, investigators, or other experts in the fulfillment of its responsibilities, including the sole authority to approve the firms' fees and other retention terms.

The Committee shall be provided with the resources necessary to discharge its responsibilities. The Board shall review the adequacy of this Charter on an annual basis. The Committee may form and delegate authority to subcommittees and may delegate authority to one or more members of the Committee.

Membership

The Audit Committee shall be a standing committee of the Board of Directors, comprised of a number of Directors and non-Directors to be determined from time to time by the Board of Directors, subject to the following limitations:

- (i) the Audit Committee shall not include any employee of the Corporation, including without limitation the CEO;
- (ii) the Audit Committee shall not include any person who has a material financial interest in any organization doing business with the Corporation or any person who does business with the Corporation; and
- (iii) members of the Audit Committee who are not Directors shall not receive compensation from the Corporation.

Members of the Committee shall:

1. Have no relationship to the Corporation that may interfere with the exercise of their independence from management and the Corporation;
2. Not be members of the THSA's Finance Committee, a separate committee of the Board of Directors;

THSA



TEXAS HEALTH SERVICES AUTHORITY

3. Be financially literate regarding the specialized matters of the Corporation or shall acquire such financial literacy within a reasonable time period after appointment to the Committee.

Appointees to the Audit Committee shall be eligible to serve through the length of their gubernatorial appointed term.

Responsibilities

The Audit Committee's role is one of oversight, recognizing that the THSA's management is responsible for preparing the THSA's financial statements and that the external auditors are responsible for auditing those financial statements. The Committee recognizes that the THSA's internal financial management team, as well as the external auditors, have more time and detailed information about the THSA than do Committee members. Consequently, in discharging its oversight responsibilities, the Committee is not providing expert advice or any assurances as to the THSA's financial statements or any professional certification as to the external auditor's services.

The Committee shall have certain responsibilities in the areas of financial reporting, internal control, and organizational governance. The Audit Committee, at the request of the Board of Directors, shall:

- Recommend to the Board of Directors the retention and, when appropriate, the termination of the independent certified public accountant to serve as auditor of the Corporation;
- Negotiate the compensation of such auditor;
- Confer with the auditor to satisfy the Audit Committee members that the financial affairs of the Corporation are in order;
- Review and determine whether to accept each audit;
- Approve the performance of any non-audit services provided to the Corporation by the auditor or the auditor's firm; and
- Perform such other responsibilities as may be given to the committee by the Board of Directors from time to time.

The Committee shall meet on a regular basis and call special meetings as deemed necessary in fulfilling the responsibilities described in this Charter. The Committee shall keep regular minutes of its proceedings and report the same to the Board of Directors when required, and shall, to the extent required by law, comply with Chapter 551 of the Texas Government Code.

Approved by the THSA Board of Directors and Effective as of the date set forth above.

Edward Marx, Chairman

J. Coalter Baker, CPA/PFS

3724 Jefferson, Ste. 307
Austin, TX 78731
Telephone: 512-477-4458
Facsimile: 512-420-2399

P.O. Box 5997
Austin, TX 78763-5997
Cell: 512-203-4039
Email: coalter@coalterbakerCPA.com

November 12, 2010


To the Board of Directors
Texas Health Services Authority
Austin, TX

I have compiled the accompanying statement of assets, liabilities and net assets-cash basis of Texas Health Services Authority as of August 31, 2010, the related statement of revenues, expenses and other changes in net assets-cash basis since inception and the revenues, expenses and capitalized fixed assets-budget to actual-cash basis since inception, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in the financial statements prepared on the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the organization's financial position and results of operations. Accordingly, these financial statements are not designed for those who are not informed about such matters.

I am not independent with respect to these financial statements as a result of services provided to management in selection of accounting software, development of the accounting chart of accounts and oversight of transaction reporting included in these financial statements.



J. Coalter Baker, CPA/PFS

Texas Health Services Authority
Statement of Assets, Liabilities and Net Assets-Cash Basis
As of August 31, 2010

ASSETS:

Current Assets:

Cash in bank	<u>\$ 41,826.96</u>
Total Current Assets	41,826.96

Property and Equipment:

Computers, equipment and software	3,025.34
Less: Accumulated depreciation	<u>(100.84)</u>
Total Property and Equipment	<u>2,924.50</u>

Total Assets	<u>\$ 44,751.46</u>
--------------	---------------------

LIABILITIES AND NET ASSETS:

Liabilities:

Credit card payable	<u>\$ 54.68</u>
Total Current Liabilities	54.68

Net Assets:

Net assets beginning of year-restricted	-
Net assets beginning of year-unrestricted	-
Current year net revenues-restricted	44,553.55
Current year net revenues-unrestricted	<u>143.23</u>
Total Net Assets	<u>44,696.78</u>

Total Liabilities and Net Assets	<u>\$ 44,751.46</u>
----------------------------------	---------------------

-See Accountants' Compilation Report-

Texas Health Services Authority
Statement of Revenues, Expenses and Other Changes in Net Assets-Cash Basis
From Inception Through August 31, 2010

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
REVENUES			
Health and Human Services ARRA federal grant	\$ 647,500.00	\$ -	\$ 647,500.00
Donations	<u>-</u>	<u>1,000.00</u>	<u>1,000.00</u>
 Total Revenues	 <u>647,500.00</u>	 <u>1,000.00</u>	 <u>648,500.00</u>
EXPENSES			
Personnel costs	46,644.70	-	46,644.70
Fringe benefits	3,867.31	-	3,867.31
Travel	2,464.64	-	2,464.64
Office space and expenses	1,454.23	-	1,454.23
Supplies	702.93	52.00	754.93
Professional services	13,587.96	-	13,587.96
Consultant services	533,333.32	-	533,333.32
Communication	790.52	29.77	820.29
Depreciation expense	100.84	-	100.84
Filing fee-IRS exemption application	<u>-</u>	<u>775.00</u>	<u>775.00</u>
 Total Expenses	 <u>602,946.45</u>	 <u>856.77</u>	 <u>603,803.22</u>
 Current Year Net Revenues	 <u>\$ 44,553.55</u>	 <u>\$ 143.23</u>	 <u>\$ 44,696.78</u>

-See Accountants' Compilation Report-

Texas Health Services Authority
 Revenues, Expenses and Capitalized Fixed Assets-Actual to Budget-Cash Basis
 From Inception Through August 31, 2010

	<u>Actual</u>	<u>Budget</u>	<u>Difference</u>
REVENUES			
Health and Human Services ARRA federal grant	\$ 647,500.00	\$ 647,500.00	\$ -
Donations	1,000.00	-	1,000.00
	<u>648,500.00</u>	<u>647,500.00</u>	<u>1,000.00</u>
EXPENSES			
Personnel costs	46,644.70	50,000.00	(3,355.30)
Fringe benefits	3,867.31	15,000.00	(11,132.69)
Travel	2,464.64	9,500.00	(7,035.36)
Office space and expenses	1,454.23	4,000.00	(2,545.77)
Supplies	754.93	1,000.00	(245.07)
Professional services	13,587.96	27,667.00	(14,079.04)
Consultant services	533,333.32	533,333.00	0.32
Communication	820.29	3,000.00	(2,179.71)
Depreciation expense	100.84	-	100.84
Filing fee-IRS exemption application	775.00	-	775.00
	<u>603,803.22</u>	<u>643,500.00</u>	<u>(39,696.78)</u>
Current Year Net Revenues	<u>44,696.78</u>	<u>4,000.00</u>	<u>40,696.78</u>
CAPITALIZED FIXED ASSETS			
Equipment purchased	<u>3,025.34</u>	<u>4,000.00</u>	<u>(974.66)</u>
Current Year Net Revenues less Capitalized Fixed Assets	<u>\$ 41,671.44</u>	<u>\$ -</u>	<u>\$ 41,671.44</u>

-See Accountants' Compilation Report-

J. Coalter Baker, CPA/PFS

3724 Jefferson, Ste. 307
Austin, TX 78731
Telephone: 512-477-4458
Facsimile: 512-420-2399

P.O. Box 5997
Austin, TX 78763-5997
Cell: 512-203-4039
Email: coalter@coalterbakerCPA.com

November 8, 2010

To the Board of Directors
Texas Health Services Authority
Austin, TX

I have compiled the accompanying statement of assets, liabilities and net assets-cash basis of Texas Health Services Authority as of September 30, 2010, the related statement of revenues, expenses and other changes in net assets-cash basis for the year then ended and the revenues, expenses and capitalized fixed assets-budget to actual-cash basis for the ten months then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in the financial statements prepared on the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the organization's financial position and results of operations. Accordingly, these financial statements are not designed for those who are not informed about such matters.

I am not independent with respect to these financial statements as a result of services provided to management in selection of accounting software, development of the accounting chart of accounts and oversight of transaction reporting included in these financial statements.

J. Coalter Baker, CPA/PFS

J. Coalter Baker, CPA/PFS

Texas Health Services Authority
Statement of Assets, Liabilities and Net Assets-Cash Basis
As of September 30, 2010

ASSETS:

Current Assets:

Cash in bank \$ 47,626.78

Total Current Assets 47,626.78

Property and Equipment:

Computers, equipment and software 3,025.34

Less: Accumulated depreciation (151.26)

Total Property and Equipment 2,874.08

Total Assets \$ 50,500.86

LIABILITIES AND NET ASSETS:

Liabilities:

Credit card payable \$ 295.56

Total Current Liabilities 295.56

Net Assets:

Net assets beginning of year-restricted -

Net assets beginning of year-unrestricted -

Current year net revenues-restricted 50,062.07

Current year net revenues-unrestricted 143.23

Total Net Assets 50,205.30

Total Liabilities and Net Assets \$ 50,500.86

-See Accountants' Compilation Report-

Texas Health Services Authority
Statement of Revenues, Expenses and Other Changes in Net Assets-Cash Basis
For the Year Ended September 30, 2010

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
REVENUES			
Health and Human Services ARRA federal grant	\$ 801,000.00	\$ -	\$ 801,000.00
Donations	-	1,000.00	1,000.00
	<u>801,000.00</u>	<u>1,000.00</u>	<u>802,000.00</u>
Total Revenues			
EXPENSES			
Personnel costs	57,321.20	-	57,321.20
Fringe benefits	4,684.06	-	4,684.06
Travel	2,920.84	-	2,920.84
Office space and expenses	2,319.62	-	2,319.62
Supplies	760.19	52.00	812.19
Professional services	15,123.50	-	15,123.50
Consultant services	666,666.66	-	666,666.66
Communication	990.60	29.77	1,020.37
Depreciation expense	151.26	-	151.26
Filing fee-IRS exemption application	-	775.00	775.00
	<u>750,937.93</u>	<u>856.77</u>	<u>751,794.70</u>
Total Expenses			
Current Year Net Revenues	<u>\$ 50,062.07</u>	<u>\$ 143.23</u>	<u>\$ 50,205.30</u>

-See Accountants' Compilation Report-

Texas Health Services Authority
Revenues, Expenses and Capitalized Fixed Assets-Actual to Budget-Cash Basis
For the Year Ended September 30, 2010

	<u>Actual</u>	<u>Budget</u>	<u>Difference</u>
REVENUES			
Health and Human Services ARRA federal grant	\$ 801,000.00	\$ 801,000.00	\$ -
Donations	<u>1,000.00</u>	<u>-</u>	<u>1,000.00</u>
Total Revenues	<u>802,000.00</u>	<u>801,000.00</u>	<u>1,000.00</u>
EXPENSES			
Personnel costs	57,321.20	60,000.00	(2,678.80)
Fringe benefits	4,684.06	18,000.00	(13,315.94)
Travel	2,920.84	9,500.00	(6,579.16)
Office space and expenses	2,319.62	4,000.00	(1,680.38)
Supplies	812.19	1,000.00	(187.81)
Professional services	15,123.50	34,833.00	(19,709.50)
Consultant services	666,666.66	666,667.00	(0.34)
Communication	1,020.37	3,000.00	(1,979.63)
Depreciation expense	151.26	-	151.26
Filing fee-IRS exemption application	<u>775.00</u>	<u>-</u>	<u>775.00</u>
Total Expenses	<u>751,794.70</u>	<u>797,000.00</u>	<u>(45,205.30)</u>
Current Year Net Revenues	<u>50,205.30</u>	<u>4,000.00</u>	<u>46,205.30</u>
CAPITALIZED FIXED ASSETS			
Equipment purchased	<u>3,025.34</u>	<u>4,000.00</u>	<u>(974.66)</u>
Current Year Net Revenues less Capitalized Fixed Assets	<u>\$ 47,179.96</u>	<u>\$ -</u>	<u>\$ 47,179.96</u>

-See Accountants' Compilation Report-

THSA



TEXAS HEALTH SERVICES AUTHORITY

PROPOSED 2011 BOARD MEETING SCHEDULE

OPTION 1 – QUARTERLY MEETINGS

<u>Time</u>	<u>Date</u>	<u>Location</u>
10:00 am	Friday, January 14	Capitol Extension Building, Room TBD
10:00 am	Friday, May 20	Capitol Extension Building, Room TBD
10:00 am	Friday, August 19	Capitol Extension Building, Room TBD
10:00 am	Friday, November 18	Capitol Extension Building, Room TBD

OPTION 2 – MEETINGS EVERY TWO MONTHS

<u>Time</u>	<u>Date</u>	<u>Location</u>
10:00 am	Friday, January 14	Capitol Extension Building, Room TBD
10:00 am	Friday, March 18	Capitol Extension Building, Room TBD
10:00 am	Friday, May 20	Capitol Extension Building, Room TBD
10:00 am	Friday, July 22	Capitol Extension Building, Room TBD
10:00 am	Friday, September 16	Capitol Extension Building, Room TBD
10:00 am	Friday, November 18	Capitol Extension Building, Room TBD