

APPROVED BY THE
BOARD OF TRUSTEES

MAY 19 2010

UNIVERSITY OF ILLINOIS

HOSPITAL COMMITTEE MEETING

SECRETARY OF THE BOARD

Michelle M. Thompson

MARCH 9, 2010

This meeting of the Hospital Committee was held on March 9, 2010 at 1:00 p.m. in the Pine Lounge, Illini Union, 1401 West Green Street, Urbana, Illinois. Trustee Timothy Koritz welcomed everyone to the meeting and asked the clerk to call the roll. The following members were present: Dr. Frances Carroll, Dr. Timothy Koritz, Mr. Carlos Tortolero, Mr. Matthew Reschke, Mr. Bogdan Zavorotny. Also present were President Stanley Ikenberry; Dr. Paula Allen-Meares, Chancellor; Dr. Joseph Flaherty, Dean of the College of Medicine; Mr. John DeNardo, CEO, Healthcare System; Dr. William Chamberlin, Chief Medical Officer, University of Illinois Hospital; Mr. William Devoney, Chief Financial Officer, University of Illinois Hospital, and Mr. Thomas Bearrows, University Counsel.

Dr. Koritz began the meeting with brief comments about legislation, including a recent Illinois Supreme Court ruling that voided the State statute which placed limits on the non-economic damages recoverable in medical malpractice lawsuits. He asked for any comments or corrections to the minutes from the meeting that was held on January 20, and suggested a change to correct the wording on page 3. There were no objections, and no other comments or corrections. On motion of Dr. Carroll, seconded by Mr. Tortolero, the minutes were approved with the corrections noted.

Dr. Koritz asked Dean Flaherty to present a legislative update and ramifications of such for the hospital and health sciences colleges. Dean Flaherty discussed federal malpractice legislation and Illinois HB5860, which he said proposes State legislation that would define Carle

Clinic in Urbana as an academic medical center. He also reviewed a Bill encouraging the use of health information technology, noting that hospital-based practices may not be eligible for incentive-related funding proposed in this Bill. He and Mr. DeNardo indicated that discussions are underway to ensure that they are eligible. Dean Flaherty also provided an update on reimbursement rates for Medicaid and Medicare payments, and said that this may not be the time to obtain additional funding for the University's proposal known as Healthy Returns. Dr. Koritz and other committee members then discussed additional ramifications and the status of the legislation presented by Dean Flaherty. Mr. DeNardo informed the committee that the State is current with its Medicaid payments to the University Hospital.

Next, Dr. Koritz asked Mr. DeNardo to provide an update on construction at the hospital for renovation. Mr. DeNardo said that the hospital hopes to advertise soon for a master architectural engineer, with plans to seek approval for this engagement at the July 2010 Board meeting. He said that hospital administration is prepared to fund the first year of the project from cash if necessary, rather than delay the work that is needed.

Mr. Devoney then presented information on the medical center's financial performance through January 2010 (materials on file with the secretary). He said that while in-patient volume is lower than was anticipated, clinic visits have increased. He also reviewed net income, stating that an increase in Medicare-funded transplant patients from June 2009 enhanced the volume and the total of government payments due to a \$5.05 million settlement. Mr. Devoney stated that the cost of salaries has decreased, while the cost of supplies and other expenses has remained the same. He said the only increased cost has been due to bad debt and charity care, which he said is expected to increase substantially this year. He also stated that while Medicaid recently denied a

backlog of \$5.0 million in claims that hospital administration thought were qualified for payment, he anticipates an increase in revenue for the month of February.

The committee members discussed the ramifications of providing charity care, and the University's commitment to doing so. They also discussed the difference between charity care and bad debt, as well as the need to communicate the University's mission to provide charity care to the public.

Dr. Koritz then asked Dr. Chamberlin to present a report on patient safety (materials on file with the secretary). Dr. Chamberlin reviewed the approach and process for handling adverse events in medical care at the hospital, and provided an example of a case where an error occurred. He reviewed the scenario, investigation, and outcome, explaining the types of processes that were improved as a result. Mr. DeNardo stated that hospital administration is encouraging the disclosure of such errors, and Dr. Chamberlin described efforts to improve communication, make improvements, and increase transparency among residents in this area. Mr. DeNardo and Dr. Chamberlin discussed ongoing work to implement patient safety measures at the State and federal levels, and also reviewed the legal ramifications that were considered prior to the hospital implementing a full disclosure approach.

Next, Dr. Koritz asked Dean Flaherty to report on the UIC group practice (materials on file with the secretary). The dean said UIC has a small group practice at Chicago, Peoria, and Rockford, and reviewed its revenue and expenses over the last five years. He emphasized that the practice has kept expenses low, and indicated that revenue has increased by about \$1.0 million over the last year.

Dr. Koritz then asked Dr. Chamberlin to discuss a matter under the aegis of old business. Dr. Chamberlin described a recommendation to be presented to the Board at its March 10 meeting to endorse the current practice for approving membership and granting clinical privileges to physicians to become members of the medical staff of the hospital. Dr. Chamberlin reviewed the rules of the Joint Commission and the process for hiring physicians and requesting privileges, emphasizing that it is essential for the process to move quickly. He said that this recommendation requests the Board to delegate authority to two members of the Hospital Committee to approve the review process required by the Joint Commission.

Dr. Koritz next asked Dean Flaherty to provide an update on fundraising efforts, and the dean explained that the College of Medicine, the hospital, and the clinics have received \$225.0 million in the current campaign conducted by the University of Illinois Foundation. He stated that currently, alumni are giving the most money, and also said that the medical center is within HIPPA restrictions to try to raise money from grateful patients. He said that throughout the campaign, the medical center has stressed the goal of providing University-grade care for all patients. Dean Flaherty stated that he raised the original goal of \$250.0 million to \$300.0 million for the medical center, and he said he thinks this is feasible. He also emphasized the need for donors to have an interest in funding facilities, and speculated that the opportunity to name buildings or rooms in honor of a donor might increase interest. Mr. DeNardo then provided examples of rooms, units, and facilities that were made possible because of gifts from grateful patients.

Dr. Koritz then asked Mr. DeNardo to provide a progress report on the intergovernmental agreement that was approved by the Board meeting at its meeting in January

2010. Mr. DeNardo said this agreement had been finalized and is now with the Illinois Department of Healthcare and Family services waiting for approval. He stated that the UIC healthcare system had received one payment, and expected to receive another when the agreement is signed.

Dr. Koritz proceeded to discuss new business, including the schedule for future meetings. He proposed that the committee plan to meet at 1:00 p.m. the day before scheduled Board meetings. No committee members objected to this. He then stated that the next committee meeting will be scheduled at 1:00 p.m. on May 19, 2010. Mr. Tortolero suggested that the committee meet at the National Museum of Mexican Art. Dr. Koritz indicated that this would be considered with staff, and the committee members agreed to finalize the meeting location at a later date.

Dr. Koritz then said he wanted to draw attention to the rural medicine program at the UIC College of Medicine at the Rockford campus, and noted that 65 percent of the people in Illinois live in 15 percent of its geographical area. He explained that many in rural areas are underserved by physicians in Illinois, and provided examples of areas that are large distances for patients to visit obstetricians and neurosurgeons. Dr. Koritz stated that many physicians working in rural areas in Illinois were students of the rural medicine program, and he wanted to ensure that the committee was aware of the way this program serves the State. Dean Flaherty suggested that the committee might want to consider having a presentation on the rural health program at its committee meeting in May.

Dr. Koritz introduced the last item on the agenda, and asked Dean Flaherty to review the recommended changes to the bylaws of Wolcott, Wood, and Taylor, LLC (WWT). Dean

Flaherty said he did not want to proceed with a recommendation of proposed changes at this meeting, since many on the Board are not familiar yet with the role of WWT. He provided an overview of its history, and explained that it was created as a billing company. He stated it is a University Related Organization with 100 employees, and has a board of directors that includes both Dean Flaherty and Mr. DeNardo. He explained that the bylaws require that one member of the Board of Trustees must also be a member of the WWT board of directors, and said that either a trustee must be appointed or the Board of Trustees must change the bylaws of WWT. He noted that WWT functions well, but may benefit from some management efficiencies. He also stated that other services could be managed by WWT, and indicated that that would also require a change to the bylaws.

Mr. DeNardo reported to the committee that the hospital has had two accreditation visits since the last committee meeting. He said the first was an unannounced visit from the Joint Commission to survey the Point of Care testing program, which he said was considered by the Joint Commission to be an example of best practices. He said that the second was a site review visit by the Illinois Department of Public Health. Mr. DeNardo said this went well, though a report is not yet available.

The committee discussed changes to healthcare legislation and consequences for the hospital, UIC, and the rest of the University, in addition to options for shielding the University from possible negative economic impact from the hospital. The members mentioned the need to plan ahead, and referenced a group convened by Chancellor Allen-Mears that is currently studying this issue. President Ikenberry suggested that one committee meeting might be

dedicated to a review of threats, challenges, opportunities, and strategic options, and said it may be helpful for the full Board have a similar review.

Committee Meeting Adjourned

There being no further business, and on motion, of Mr. Tortolero, seconded by Dr. Carroll, the meeting was adjourned at 2:50 p.m.

Respectfully submitted,

Eileen Cable
Clerk

Timothy N. Koritz, M.D.
Chair