

MAR 22 2011

Michele M. Thompson

MEETING OF THE HOSPITAL COMMITTEE

SECRETARY OF THE BOARD

OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS

NOVEMBER 17, 2010

This meeting of the Hospital Committee was held in Rooms 218 and 219, Student Residence Hall, University of Illinois at Chicago, 828 South Wolcott Avenue, Chicago, Illinois on Wednesday, November 17, 2010, beginning at 1:05 p.m. Trustee Timothy N. Koritz welcomed everyone to the meeting and asked the clerk to call the roll. The following members were present: Dr. Frances G. Carroll, Ms. Roshina Khan¹, Dr. Timothy N. Koritz, and Mr. Carlos Tortolero. Dr. Koritz asked those seated around the table to introduce themselves, and included were the following: President Michael J. Hogan; Dr. Joseph A. Flaherty, dean, College of Medicine, Chicago; Mr. John J. DeNardo, CEO, Healthcare System, Chicago; Dr. William H. Chamberlin, chief medical officer, University of Illinois Hospital, Chicago; Mr. William L. Devoney, chief financial officer, University of Illinois Hospital, Chicago; Mr. David H. Loffing, interim chief operating officer and senior associate hospital director, University of Illinois Hospital, Chicago; Ms. Janet M. Spunt, chief nursing officer, University of Illinois Hospital, Chicago; Mr. Walter K. Knorr, vice president/chief financial officer and comptroller; Dr. Joe G.N. "Skip" Garcia, vice chancellor for research, Chicago; Dr. Michele M. Thompson, secretary of the Board of Trustees and the University.

Dr. Koritz asked if there were any corrections or additions to the minutes from the committee meeting that was held on September 22, 2010. There were no comments or

¹ Ms. Khan arrived at 1:30 p.m.

corrections, and on motion of Mr. Tortolero, seconded by Dr. Carroll, the minutes were approved unanimously.

OPENING REMARKS

Dr. Koritz reviewed the agenda for the meeting and asked Mr. Devoney to provide an update on the hospital's finances.

UNIVERSITY OF ILLINOIS MEDICAL CENTER FINANCIAL UPDATES

Hospital Financial Update

Mr. Devoney began his presentation (materials on file with the clerk) with a review of the medical center's performance in the first quarter of fiscal year 2011, stating that the bottom line is less than it was at this time last year. He referred to a decrease inpatient volume as reflected in the average daily census, which he said results in a loss of revenue. He stated that outpatient volume is steady, and said that while salaries and expenses have decreased and are less than budgeted, he is anticipating costs related to the upcoming renovation project. He predicted a drop in the census for November and December, and stated that he expects to finish the year with \$2.0 million in net income. Mr. DeNardo added that many Chicago area hospitals are experiencing a decrease in inpatient care, and he also described a significant drop in neonatal intensive care, which he said is due both to the fact that some hospitals are now able to provide this care due to greater availability of technology and to consolidations and agreements among area hospitals that have made sharing of such facilities possible. He said acute care, transplant surgery, and radiation oncology continue to thrive and grow, but acknowledged that it will be a challenging fiscal year.

Committee members discussed the decrease in neonatal intensive care and the proposed intergovernmental agreement with the division for specialized care for children, which they said is recommended for approval on the agenda at the Board meeting the following day. Dr. Koritz then asked Dean Flaherty to present information about the college of medicine physician group practice (Wolcott, Wood, and Taylor, LLC) (materials on file with the clerk).

College of Medicine
Physician Group Practice Update
(Wolcott, Wood, and Taylor, LLC)

Dean Flaherty presented the fiscal year 2010 expenditure portfolio, and said it may be necessary to close one or two centers because of low Medicaid reimbursement rates. He provided data regarding the fiscal year 2010 group practice payor mix compared to national benchmarks, showed that medical malpractice expenses have leveled off, and presented an affiliation grid reflecting strategic partnerships with hospitals in the Chicago area. He explained why these affiliations are necessary and said that a benefit of the proposed position of vice president for health affairs would include the authority to explore and recommend partnerships with area hospitals to the president.

Telehealth Update

Next, Dean Flaherty provided an update from the office of telehealth, and highlighted work with the Illinois Department of Corrections. He said that the State is interested in additional telehealth opportunities to provide quality care at a lower cost.

FACILITIES' CONSTRUCTION PLANS UPDATE

Next, Dr. Koritz asked Mr. Loffing to provide an update on renovations in progress, planned, or recommended as a result of an evaluative visit from the Illinois Department of Public Health (IDPH). Mr. Loffing provided background details regarding the power outage at the steam plant in 2009 and stated that reliable steam production is currently not being provided. He also described an inadequate exit in the outpatient psychiatric care office, which he said is difficult to remedy in order to bring into compliance. He described some of the options available for renovation or modification, and said he is asking for a waiver from IDPH. Mr. DeNardo mentioned "k-tag violations," and Mr. Loffing emphasized that these are administrative and facility violations and not related to clinical work. Mr. DeNardo stressed that the IDPH found no clinical deficiencies and issued no clinical citations, and added that the issues with the steam plant also affect Rush University Medical Center because it has a contract with the University to purchase steam. Committee members discussed the importance of having reliable steam generation and options for relocating office visits for outpatient psychiatry.

Renovation Project

Dr. Koritz then asked for information regarding the hospital renovation, and Mr. Loffing stated that the Certificate of Need required by the State is complete and an appearance before the State's Health Facilities Planning Board is tentatively scheduled for February 1, 2011. He also reviewed the renovation schedule and said related expenses will be reported during the fourth quarter.

Mile Square Health Center

Next, Dr. Koritz asked Mr. DeNardo to provide information about the Mile Square Health Center (Mile Square), which is a part of the medical center's health care system. Mr. DeNardo reported on the receipt of a \$12.0 million grant for Mile Square, and said this reflects many years of work. He described the history of community health centers, especially Mile Square, and said that most of the clients relying on these facilities receive Medicaid benefits or are uninsured. He explained that the grant will help fund the relocation of the current Mile Square facility, which he described as old and in need of repair, to Roosevelt Road and Wood Street. He stated that this location will be geographically closer to the clientele Mile Square serves, and to the University of Illinois Hospital for referrals. He also noted that community health centers are a core piece of federal healthcare reform. He said that additional grants are needed to complete Mile Square, and said that construction is planned with a shell facility with build-out potential.

LEGISLATIVE REPORT

Next, Dr. Koritz asked Dean Flaherty to provide a legislative report. Dean Flaherty discussed federal healthcare reform and emphasized an interest in transitional care, prevention, and wellness. He mentioned preventative screening for conditions affecting life expectancy and said that there is uncertainty surrounding how these measures will be funded and who will be responsible for paying for them.

MEDICAL CENTER COMPLIANCE REPORT

Dr. Chamberlin presented the medical center's compliance report (materials on file with the clerk), and focused on financial processes, clinical programs, and information security in his

comments. He said that billing and documentation are often problematic in academic medical centers, and stated that a compliance officer was recently hired by the College of Medicine to assist with compliance in this area. He also reviewed compliance measures in clinical programs, and noted that the medical center is under greater scrutiny since its accreditation visits from the State and the Joint Commission. He described the number and type of visits that occur regularly, and Mr. DeNardo added that the visits are usually unannounced. Lastly, Dr. Chamberlin described issues surrounding information security, and cited difficulties due to the decentralized structure of the medical center and the campus. He stated that an auditor from University Audits has been assisting with compliance goals in this area, and he described some types of regulation dealing with data security and billing that currently exist.

GRADUATE MEDICAL EDUCATION REPORT

Dr. Koritz then asked Dr. Chamberlin to present information on graduate medical education (materials on file with the clerk). Dr. Chamberlin stated that the education of a physician includes an additional three to ten years of post-graduate training after the award of the Doctor of Medicine Degree, and noted that these educational programs are accredited by the American College of Graduate Medical Education (ACGME). He described the post graduate medical programs at the University of Illinois, which he said are administered by the College of Medicine, and said that programs are reviewed internally in preparation for ACGME accreditation. He reported on the accreditation process and the types of criteria that are utilized, and said it is often necessary to partner with other institutions to provide experiences for certain types of fellowships for which the number of patients at the medical center is insufficient. He also presented information regarding upcoming programs, and highlighted a patient safety

occurrence reporting program that allows residents to report occurrences through an I-phone application. He also stated that the duty hours for residents will change next year, and he discussed the implications of this change with committee members.

OLD BUSINESS

There was no business presented under this aegis.

NEW BUSINESS

Dr. Koritz announced that the next meeting will be held on January 19, 2011, in Chicago, and said he planned to ask Mr. DeNardo to provide a presentation describing the Illinois Medical District at that meeting. He also mentioned President Hogan's proposed administrative restructuring that would include the addition of a vice president for health affairs, and asked for comments regarding the proposed position. Committee members and others in attendance expressed support for the creation of the position. Dean Flaherty and Mr. DeNardo stated strong support for it, and said that central alignment and having one voice to speak on health affairs is needed. Ms. Spunt said the ramifications of the creation of the position were discussed at the medical center recently, and that the response was positive. Dr. Donald A. Chambers, professor, physiology and biophysics, vice chair of the Chicago senate, and member of the University Senates Conference, spoke on behalf of the Chicago senate and the University Senates Conference and expressed support for introducing this proposed position. He added that this would be in line with the structure at peer universities. Dr. Garcia said the deans of the health sciences colleges are aggressively in favor of the creation of the position, and he also expressed his support. Dr. Koritz said that it appeared that all present are in favor of adding this new administrative position, which was confirmed by all in attendance.

COMMITTEE MEETING ADJOURNED

There being no further business, the meeting was adjourned at 2:35 p.m.

Respectfully submitted,

Michele M. Thompson
Clerk

Timothy N. Koritz, M.D.
Chair

Eileen B. Cable
Assistant Clerk