

APPROVED BY THE
COMMITTEE

NOV 17 2010

Michele M. Thompson
SECRETARY OF THE BOARD MEETING OF THE HOSPITAL COMMITTEE

OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS

SEPTEMBER 22, 2010

This meeting of the Hospital Committee was held in the Pine Lounge, Illini Union, University of Illinois at Urbana-Champaign, 1401 West Green Street, Champaign, Illinois on Wednesday, September 22, 2010, beginning at 1:10 p.m. Trustee Timothy Koritz welcomed everyone to the meeting and asked the clerk to call the roll. The following members were present: Dr. Frances Carroll¹, Dr. Timothy Koritz, and Mr. Carlos Tortolero. Ms. Roshina Khan was absent. Dr. Koritz asked those seated around the table to introduce themselves, included were the following: President Michael Hogan; Dr. Paula Allen-Meares, chancellor, University of Illinois at Chicago; Dr. Joseph Flaherty, dean, College of Medicine, Chicago; Mr. John DeNardo, CEO, Healthcare System, Chicago; Mr. Walter K. Knorr, vice president/chief financial officer and comptroller; Mr. Thomas R. Bearrows, University counsel; Dr. William Chamberlin, chief medical officer, University of Illinois Hospital, Chicago; Dr. Michele M. Thompson, secretary of the Board of trustees and the University.

Dr. Koritz first asked if there were any corrections or additions to the minutes from the committee meeting that was held on May 19, 2010. There were no comments or corrections, and on motion of Mr. Tortolero, seconded by Dr. Koritz, the minutes were approved unanimously.

OPENING REMARKS

¹ Dr. Carroll arrived at 1:25 p.m.

Dr. Koritz provided introductory remarks that included an overview of the topics regarding the hospital that were discussed at the Board retreat that was held on July 22, 2010. He reported that renovation and construction plans for the medical center were discussed, and stated that some financial risk is needed to maintain its status. He also referred to the Board's fiduciary responsibilities. He then asked President Hogan to report on the services of a consultant who had been retained who specializes in planning for academic medical centers.

President Hogan stated that it is necessary to ask what we want to do, versus what we can afford to do. He provided an update on the services of the consultants, Larson Allen, and reported on an internal group and steering committee, consisting of himself, Chancellor Allen-Meares, Dean Flaherty, and Mr. DeNardo, who are gathering data and evaluating revenue streams for the medical center's renovation. He stated that this group is cohesive and committed, and said their belief is that the hospital will be able to cover some portion of debt service for renovations. He mentioned the need to leverage support from the State, the federal government, and possibly the city of Chicago, and also reported on discussions to establish relationships with area hospitals. Chancellor Allen-Meares, Dean Flaherty, and Mr. DeNardo stated that they were pleased with both the consultants and the initial work of the steering committee. Dr. Koritz then asked Mr. DeNardo to present financial updates for the medical center.

UNIVERSITY OF ILLINOIS MEDICAL CENTER FINANCIAL UPDATES

Hospital Financial Update

Mr. DeNardo began his presentation (materials on file with the clerk) with two slides reflecting a drop in patient days and patient discharges. He showed that outpatient visits have been consistent, and stressed that the slides do not portray a comprehensive picture of activity at the

medical center. He referred to future construction plans and stated that he is confident that there will be patients to justify the additional capacity. He discussed patient satisfaction and said that a benchmark survey is now being used and that they will continue to improve elements of patient satisfaction. He reported on the payor mix and reviewed the cash balance from fiscal year 2000 to 2010, and explained that the increase in the cash balance in 2008 was due to bond refinancing. Committee members discussed the decrease in inpatient visits, and Mr. DeNardo stated that many hospitals are seeing this as a shift in medicine has enabled more treatment to be provided on an outpatient basis. He, Dean Flaherty, and President Hogan discussed the plan for greater capacity for an intensive care unit in the proposed tower addition to the hospital, and said the medical center would capitalize on medical specialties in which the University excels. Lastly, Mr. DeNardo presented a slide on net income, referring to a one-time adjustment from Medicaid and Medicare, growth in areas such as radiation oncology, investment gains, and charitable contributions. He also noted that controlling staffing numbers has helped to lower costs.

College of Medicine

Physician Group Practice Update

Dr. Koritz then asked Dean Flaherty to present information about the physician group practice (materials on file with the clerk). Dean Flaherty discussed enterprise goals, referring to success in both telehealth and the Master's Degree program in patient safety leadership. He presented data on expenditures for the College of Medicine, noting that tuition now exceeds State support. He also presented the revenue, expense, and net income for the group practice plan from fiscal year 2004 through fiscal year 2010, and showed that cash reserves are high compared to previous years. He stated that the group practice payor mix consists of a larger percentage of Medicaid

patients than is experienced at most other academic medical centers. He said it has been a good year, noted that there is competition from area hospitals, and mentioned discussions to increase good will and possible collaboration with some of those hospitals. Committee members discussed the payor mix, particularly as it pertains to cardiovascular and transplant surgeries.

FACILITIES CONSTRUCTION PLANS UPDATE

Next, Dr. Koritz asked Mr. DeNardo to provide an update on construction plans for the medical center. Mr. DeNardo began with an update on the renovations resulting from a visit from the Illinois Department of Public Health (IDPH), stating that engineers with the Department of Public Health have determined that the dampers in the hospital meet the standards that were in place at the time of construction and do not need to be replaced until the rooms in which they are installed are renovated. He said that this will provide a substantial savings. Mr. DeNardo also provided an update on the hospital's renovation, which he said has begun, and the first phase of which should be complete sometime in August 2012, with the second phase completed in September 2013. He stated that the project requires a Certificate of Need to be filed with the State planning board, which is due by November 5, 2010. He estimated that an appearance before the board would be scheduled for February 2011. Committee members discussed the preparation for the Certificate of Need and morale at the hospital, which was reported to have improved with the discussions and activity surrounding renovations and the use of a consultant to help plan for the future of the medical center. They also discussed whether the renovation of the third floor operating room would be a duplication of space in the proposed tower, and Mr. DeNardo, Dr. Chamberlin, and Dean Flaherty explained that the hospital operating room has limitations that an operating room in the tower would not.

LEGISLATIVE REPORT

Next, Dr. Koritz asked Dean Flaherty to provide a legislative report. Dean Flaherty stated that he was pleased with the hiring of Ms. Katherine Laing, executive director of governmental relations, and said he didn't have any other information to report. Dr. Koritz then asked Dr. Chamberlin to report on patient safety.

MEDICAL CENTER PATIENT SAFETY REPORT

Dr. Chamberlin presented the medical center's patient safety report (materials on file with the clerk), and referred to the medical center's "Seven Pillars" comprehensive approach to patient safety. He stated that 4,000 adverse events were reported in fiscal year 2010, and emphasized that this approach encourages reporting, performing root cause analysis, and improving systems. He stated that of the adverse events reported, 38 received patient and family communication consultations, three were identified as clear harm errors with full disclosure, and 30 indicated the need for process improvements. He also reported on research grants received and publications of faculty, referring to research in treating local anesthetic toxicity, and the use of a virtual reality simulator in neurosurgery. He also reported on a patient safety and medical liability workshop that was funded by the Agency for Healthcare Research and Quality, and stated that the Illinois Department of Public Health will soon release statistics indicating a higher than expected mortality in low risk patients at the medical center. He explained the circumstances surrounding the three cases that will be included in the report, and also stressed the medical center's emphasis on reporting adverse events. There were no questions regarding Dr. Chamberlin's report.

COMMITTEE MEETING ADJOURNED

There being no further business, Dr. Koritz announced that the next meeting is scheduled for November 17, 2010, at 1:00 p.m. at the Chicago campus. With no additional questions or comments, he called for a motion to adjourn the meeting. On motion of Mr. Tortolero, seconded by Dr. Carroll, the meeting was adjourned at 2:53 p.m.

Respectfully submitted,

Michele M. Thompson
Clerk

Timothy N. Koritz, M.D.
Chair

Eileen B. Cable
Assisting