

CONFIDENTIAL

APPROVED BY THE  
COMMITTEE

JUN - 8 2011

*Michele M. Thompson*  
SECRETARY OF THE BOARD

MEETING OF THE HOSPITAL COMMITTEE

OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS

MARCH 22, 2011

This meeting of the Hospital Committee was held in Rooms C and D, Public Affairs Center, University of Illinois at Springfield, One University Plaza, Springfield, Illinois on Tuesday, March 22, 2011, beginning at 1:00 p.m. Trustee Timothy N. Koritz welcomed everyone to the meeting and asked the clerk to call the roll. The following members were present: Mr. Ricardo Estrada, Dr. Timothy N. Koritz, and Mr. Lawrence Oliver. Ms. Roshina Khan<sup>1</sup>, student trustee from the Chicago campus, was present. Dr. Koritz asked those seated around the table to introduce themselves, and included were the following: President Michael J. Hogan; Dr. Paula Allen-Meares, vice president, University of Illinois and chancellor, Chicago; Mr. Walter K. Knorr, vice president/chief financial officer and comptroller; Dr. Joe G.N. Garcia, interim vice president for health affairs designate, University of Illinois, and vice chancellor for research, Chicago; Mr. Thomas R. Bearrows, University counsel; Dr. Jerry L. Bauman, interim vice chancellor for academic affairs and provost, Chicago; Mr. John J. DeNardo, chief executive officer, 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; and Dr. Michele M. Thompson, secretary of the Board of Trustees and of the University. The following University officer was also in attendance: Ms. Katherine R. Laing, executive director for governmental relations.

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<sup>1</sup> Ms. Khan arrived at 1:20 p.m.

Dr. Koritz asked all in attendance to introduce themselves, and then asked for a motion to approve the minutes of the meeting that was held on November 17, 2010. On motion of Mr. Oliver, seconded by Mr. Estrada, the minutes were approved.

#### REMARKS FROM THE CHAIR

Dr. Koritz expressed appreciation for the contributions of committee members. He welcomed the committee's new members, Mr. Estrada and Mr. Oliver, and said that the next few meetings would provide an overview of the scope of the committee for their benefit. He introduced Dr. Joe G. N. Garcia and said that a recommendation for his appointment as interim vice president for health affairs is on the Board's agenda for its meeting the following day, adding that the committee fully supported the creation of this position and is excited about Dr. Garcia's appointment. He then introduced Mr. William Devoney to report on the hospital's financial performance.

#### HOSPITAL FINANCIAL PERFORMANCE

Mr. Devoney began his presentation (materials on file with the clerk) with a review of the medical center's performance through January 31, 2011. He stated that the average daily census is lower than it was at this time last year and is less than budgeted, and said that although it has shown signs of improvement, it is likely to remain lower than planned. He showed that there have been decreases in deliveries, surgeries, and clinic visits, and said that revenue is \$4.8 million below budget. He stated that bad debt is slightly higher than expected, and charity care, supplies, and salaries are less than budgeted, noting that hospital administration has not filled some positions. He reported that net income to date equals \$5.1 million, and said the cash balance has grown to \$176.0 million. Dr. Koritz thanked Mr. Devoney for the presentation, and

Dr. Garcia added that most hospitals in the Chicago area have experienced a decrease in their average daily census.

#### FACILITIES' CONSTRUCTION PLANS UPDATE

Dr. Koritz then asked Mr. DeNardo to provide an update on facilities' construction plans, and Mr. DeNardo stated that the repairs resulting from the evaluative visit from the Illinois Department of Public Health (IDPH) are going well. He reported that the hospital was granted an extension on completion dates and the IDPH has been satisfied with the response to their findings so far. He said there were immediate corrective actions taken to resolve issues with the steam plant related to electrical systems and the addition of a back-up generator, and said a consultant is providing input regarding the provision of dual fuel capabilities. He also gave an update on the hospital infrastructure project and said that Mr. David Loffing, interim chief operating officer and senior associate hospital director, University of Illinois Hospital, Chicago, appeared before the Health Facilities Planning Board and obtained approval for a Certificate of Need, which he described as a major milestone for hospital renovations. Next, he provided an update and presented a timeline for the construction of the new Mile Square Health Center, which he said is about three months behind schedule. He provided some background information on the project and indicated that the hiring of an architect and engineer is in progress.

Dr. Koritz provided new committee members with additional information about the visit from IDPH, the need for improving the hospital's infrastructure, and the history of the Mile Square Health Clinic. President Hogan asked about a partnership with the Illinois Department of Corrections for providing medical treatment to inmates by employing the telemedicine approach,

and Dr. Chamberlin explained that this is a small program that was an initial attempt to utilize telemedicine, focusing primarily on diseases related to the liver. Mr. DeNardo added that the goal of some recent healthcare reform initiatives is to make it possible to provide many types of treatment outside of hospitals, and this application of telemedicine is advantageous because inmates do not need to be transported with staff accompanying them to a hospital for treatment.

#### MEDICAL CENTER SAFETY REPORT

Next, Dr. Koritz asked Dr. Chamberlin to present the medical center safety report (materials on file with the clerk). Dr. Chamberlin referred to the written report that had been distributed to members of the committee and commented that making provisions for safety is an issue in risk evaluation, with physicians assuming risk on behalf of the hospital. He emphasized the need for a transparent and communicative environment and told the committee that much time has been spent on reporting occurrences of incidents that may affect patient safety and working to improve patient care. He described the occurrence reporting system, which he described as successful, and stated that the risk management program has also been expanded. Further, he stated that two risk managers have been hired recently and that these individuals each hold degrees in law and in healthcare fields. He said this background is an asset in the evaluation of these occurrences, and stated that a substantial reduction of claims is proof of success. He reported that the program introduced at the University of Illinois Hospital has become a national model and said that staff members are currently investigating innovative and electronic methods for capturing data related to occurrences, one of which includes the use of an iPhone.

## OLD BUSINESS

There was no business presented under this aegis.

## HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT REPORT

Dr. Koritz asked Dr. Chamberlin to present the Health Insurance Portability and Accountability Act report (materials on file with the clerk). Dr. Chamberlin stated that this report had been previously distributed to committee members and explained that it concerns the identification of components within an organization that are considered part of the 'covered entity.' He said the covered entity is permitted to pass personal and confidential health information between business units and stated that this report outlines those units that are considered part of the covered entity. He commended Provost Bauman for his efforts in working with the health science colleges and reaching a decision to list each college as part of the covered entity, and said the list now includes the medical center and each of the health science colleges. He stated that training in means for maintaining privacy of records and efforts to maintain information security will be increased. He indicated that this report is for informational purposes and does not require Board approval.

REAPPOINT MEMBERS TO THE ADVISORY BOARD,  
DIVISION OF SPECIALIZED CARE FOR CHILDREN

Mr. DeNardo explained that the Board of Trustees is charged with appointing members to the advisory board of the Division of Specialized Care for Children (DSCC) located in Springfield. He said that Dr. Reid H. Hansen, Dr. Marilyn T. Miller, and Dr. Tetsu Uejima currently serve on the board and that there has been no expressed opposition to their reappointment. Dr. Chamberlin described the role of the board and stated that he agrees with this recommendation.

## JOINT COMMISSION SURVEY PRELIMINARY RESULTS

Dr. Chamberlin and Mr. DeNardo described the recent inspection that was conducted by the Joint Commission, and Mr. DeNardo stated that after an in-depth and thorough survey, eight findings were reported. He said this is very low and that he expects those findings to be reduced to four after evidence of compliance is filed. He stated that patients who were interviewed by the surveyors reported satisfaction with their care, and he emphasized that this requires conscientious daily and ongoing effort on the part of hospital staff. He said the Board of Trustees should be proud of the work that is conducted at the hospital. Dr. Koritz stated that patient care is critical to the mission of the University. Dr. Chamberlin provided additional information about the Joint Commission's visit and inspection, and Mr. DeNardo responded to questions regarding the findings, stating that the only finding that was based on the work of medical staff was clerical. Dr. Koritz expressed appreciation for the work of all involved and commended them for a job well done.

## SEARCH FOR DEAN, COLLEGE OF MEDICINE

Next, Dr. Koritz asked President Hogan and Vice President/Chancellor Allen-Meares to discuss the plan to search for a new dean of the college of medicine at Chicago, and noted the many years spent at the University by Dr. Joseph Flaherty, the current dean of the college of medicine. President Hogan noted the importance of this search and asked Chancellor Allen-Meares to report. Dr. Allen-Meares stated that the search will be conducted nationally, and she referred to materials with detailed information about the search process (materials on file with the clerk) that had been distributed to committee members in advance and at the start of the meeting. She stated that Dr. Jerry Bauman, interim vice chancellor for academic affairs and provost at Chicago

will consult with the search committee and decide whether or not the services of an executive search firm seem to be needed. With no questions or comments, Dr. Koritz thanked her for the update and asked Dr. Garcia to report briefly on medical malpractice offsite insurance coverage.

#### MEDICAL MALPRACTICE OFFSITE INSURANCE CHANGES

Dr. Garcia stated that Dr. Peter Newman, assistant vice president for treasury operations, provided a report to the Audit, Budget, Finance, and Facilities Committee on medical malpractice offsite insurance changes at its last meeting on March 14, 2011, and said that the University provides coverage for nearly 5,000 physicians, dentists, nurses, residents, and students. He said that Chancellor Allen-Meares asked for a review and recommendations for changes to this coverage, and explained that the risk management team is now recommending an alteration in medical malpractice offsite insurance coverage to reflect \$1.0 million per occurrence and a \$3.0 million annual aggregate liability. He said this has been reviewed by University counsel, and indicated that would probably be recommended to the Board at the meeting scheduled for June 9, 2011. Dr. Chamberlin stated that this coverage is adequate, and said that the physician's executive group at Chicago also agreed with this level of coverage. Dr. Chamberlin and Dr. Newman discussed excess coverage, and Dr. Newman provided additional information about the cost of providing insurance. Dr. Chamberlin provided examples of providers that would be considered "offsite" and gave additional information about hospital requirements for medical malpractice coverage for physicians. There was no opposition expressed in response to these proposed changes.

## NEW BUSINESS

Dr. Koritz stated that he and Dr. Garcia had discussed the possibility of changing the name of the Hospital Committee, to University of Illinois Healthcare System Committee, a name that Dr. Garcia indicated would better reflect the statewide scope of the University of Illinois healthcare system and the involvement of the health sciences colleges in the healthcare mission of the University. Dr. Koritz commented on the complexity of medical education at the University, with multiple sites and clinics, and said it is likely that many issues in this area would come before this committee prior to being recommended to the full Board, emphasizing that the committee has responsibilities beyond the hospital. Dr. Koritz referred to Dr. Garcia's suggestion of changing the name to the University of Illinois Healthcare System Committee, and said that he believes such a name change would be appropriate and would more clearly reflect the responsibilities of the committee. Mr. Bearrows provided clarification on the process to change the name of the committee, and President Hogan suggested further discussion of this proposal at the next meeting of the committee.

Dr. Koritz then announced that the next meeting will be held on Wednesday, June 8, 2011, at Chicago. He asked Dr. Garcia to provide a brief overview of the University healthcare system at that meeting, and he asked Mr. DeNardo to arrange for a presentation to describe the Illinois Medical District. President Hogan noted the possibility of a presentation by external consultants that had been engaged to review structures and services for healthcare education and service delivery to provide an update on recent work.

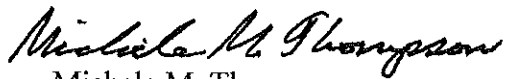


MEETING ADJOURNED

With no further questions or comments, Dr. Koritz asked for a motion to adjourn the meeting.

On motion of Mr. Estrada, seconded by Mr. Oliver, the meeting adjourned at 2:08 p.m.

Respectfully submitted,

  
Michele M. Thompson  
*Clerk*

Timothy N. Koritz, M.D.  
*Chair*

Eileen B. Cable  
*Assistant Clerk*