

APPROVED BY THE  
COMMITTEE

DEC - 1 2011

*Michele M. Thompson*  
SECRETARY OF THE BOARD

MEETING OF THE UNIVERSITY HEALTHCARE SYSTEM COMMITTEE  
OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS

SEPTEMBER 8, 2011

This meeting of the Hospital Committee was held in the Pine Lounge, Illini Union, University of Illinois at Urbana-Champaign, 1401 West Green Street, Urbana, Illinois on Thursday, September 8, 2011, beginning at 1:00 p.m. Trustee Timothy N. Koritz, chair of the committee, 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. President Hogan was present. The following University officers were also present: Dr. Paula Allen-Meares, vice president, University of Illinois and chancellor, Chicago; Dr. Mrinalini C. Rao, vice president for academic affairs; Mr. Walter K. Knorr, vice president/chief financial officer and comptroller; Dr. Joe G.N. "Skip" Garcia, vice president for health affairs; Dr. Lawrence B. Schook, interim vice president for research; Mr. Thomas R. Bearrows, University counsel; and Dr. Michele M. Thompson, secretary of the Board of Trustees and of the University. Attached is a listing of other staff members in attendance at this meeting.

Dr. Koritz then asked all in attendance to introduce themselves. He briefly reviewed the reports that were provided at the last committee meeting, and stated that since the committee last met, the Board approved the change of this committee's name from the Hospital Committee to the University Healthcare System Committee. He said that the recommended appointment of Dr. Joe G.N. "Skip" Garcia as the vice president for health affairs was also approved at that meeting.

He then reminded committee members of their responsibility to serve the students of the University of Illinois, and he referred to the many financial challenges and changing policies affecting healthcare throughout the State and the country. Next, Dr. Koritz asked for a motion to approve the minutes of the meeting that was held on June 8, 2011. On motion of Mr. Oliver, seconded by Mr. Estrada, the minutes were approved. There were no nay votes.

#### REVIEW RECOMMENDED BOARD ITEMS AND REPORT

Dr. Koritz stated that the committee would now review the recommended items that were on the Board's agenda for its meeting the following day. He asked Dr. William H. Chamberlin, chief medical officer, University of Illinois Hospital, Chicago, to comment on the item, "Reappoint Member to the Advisory Board, Division of Specialized Care for Children (DSCC) in Springfield, Chicago." Dr. Chamberlin stated that the recommendation from the advisory board of the DSCC is to reappoint Dr. Keith R. Gabriel, pediatric orthopedic surgeon and associate professor, Southern Illinois University School of Medicine, to the DSCC advisory board, and said this is a unanimous endorsement.

Next, Dr. Koritz asked Dr. Dimitri Azar, interim dean of the College of Medicine, Chicago, to discuss the item recommending a revision to the mission statement on graduate medical education for the College of Medicine and University of Illinois Medical Center at Chicago. Dr. Azar stated that the mission statement is normally updated prior to accreditation of the college by the Accreditation Council for Graduate Medical Education (ACGME), and he said that the ACGME has now adopted a competency based approach to graduate medical education. He explained that the original mission statement was approved by the Board in January 2000 and updated in July 2004, and has now been revised to meet the current ACGME guidelines and to

reflect the changing priorities in medical education. He said the recommendation from the executive committee of the College of Medicine was to update the statement to reflect that all standards for educational programs are grounded in the core competencies of the ACGME.

Dr. Koritz then asked President Hogan and Dr. Garcia to provide information regarding the designation of the University of Illinois clinical enterprise as the University of Illinois Hospital and Health Sciences System. President Hogan described ongoing discussions related to marketing and the need to differentiate the University's healthcare enterprise from other institutions in Chicago, and he referred to a related presentation from Dr. Garcia at a previous committee meeting that included information about a lack of awareness of the hospital and brand confusion among those within the hospital's primary service area. He said that in an effort to differentiate the medical enterprise at the University and to communicate its close link to research, the University's clinical enterprise should be designated as the University of Illinois Hospital and Health Sciences System. He referred to extensive discussions on this topic, and explained that misunderstandings and false impressions on this designation have now been resolved. He then asked Dr. Garcia to comment.

Dr. Garcia stated that this designation is a marketing strategy and is one of many levers that need to be pulled to improve market share in the community and to establish needed programs going forward. He said that he looks forward to sharing some of the other initiatives that are underway, and indicated this could take place at the next committee meeting. He said there has been vigorous and helpful discussion about this designation, and he emphasized that this pertains only to the marketing and branding strategy. He said the health sciences colleges at Chicago will continue to be colleges of the University of Illinois at Chicago, and explained that

there is no intention to address issues about the branding of the College of Medicine and other health sciences colleges at Chicago. He again stated that this is a strategy by which a better market share might be obtained in a competitive environment.

Dr. Koritz stated that he approves of this designation, and indicated that less ambiguity and greater brand awareness of the University of Illinois would benefit the University. He advocated for increased public awareness of the University's role as the largest medically related research institution in the State. Committee members briefly discussed the type of signage that might be used, and President Hogan said this is a small step to eliminate some of the confusion created by signage reflecting various names throughout the Chicago campus. He agreed that including the health sciences system in the name is essential, and Dr. Koritz said that the medical community often perceives health sciences centers as facilities associated with cutting edge medicine. Mr. Estrada then asked if there were any negative connotations to being associated with a research center, and Dr. Garcia referred to studies of focus groups made up of individuals from the hospital's primary service area that concluded that the reaction to the health sciences system name was positive. He stated that this designation will communicate a focus on research that is linked to the clinical mission, and explained this is a marketing piece in a multipronged process designed to improve the market share and revenue stream, and also expand academic distinction. Mr. Oliver asked if the correct metrics are in place regarding the market share, and Dr. Garcia said that much time has been spent on this, and stated that they continue to be evaluated.

## MEDICAL CENTER FINANCIAL PERFORMANCE

Next, Dr. Koritz asked Mr. William L. Devoney, chief financial officer, University of Illinois Hospital, Chicago, to provide a presentation on the financial performance of the medical center (materials on file with the clerk). Mr. Devoney discussed the medical center's performance through May 31, 2011, and explained that May is the last closed month available for reporting because June 30 is the end of the fiscal year and audits are currently being conducted. He noted that he does have some statistics available that reflect activity through the end of the fiscal year. He reported that as of May 31, 2011, all units of service are below budget and are less than was reported in fiscal year 2010, with the exception of emergency room visits. He reported that the average daily census is increasing at the medical center, and he said that a severe storm in Chicago on February 5, 2011, forced the closure of operations for one day and curtailed clinical work for several days after the storm, which he said negatively affected some units of service. He then stated that the total revenue for the medical center is \$11.0 million below budget, and said that an increase in outpatient ancillary services offset a decrease in inpatient revenues. He said that future reports will include charity care charges, and he told the committee that current costs equal approximately \$33.9 million, with \$33.0 million budgeted. He reported this is about 13 percent higher than it was last year, due to the economy, loss of jobs, and loss of health insurance. He discussed the cost of bad debt, and said that about 4.1 percent of charges are derived from bad debt and charity care, compared to a national average of 4.9 percent. He then reported that salaries and wages were \$7.5 million less than budgeted because of over 175 unfilled positions, and said this was a 5 percent reduction in fulltime equivalent employees (FTE) per occupied bed. He stated that the cost of supplies was also below budget, and said this was due in part to efforts at the medical center to reorganize surgical services, which included a

standardization of medical supplies. He briefly discussed non-operating income, and reported that the cost of interest expense decreased because of lower interest rates. He reported that net income through May 31, 2011, equals \$7.9 million, and said he expects this to increase when the final numbers for fiscal year 2011 are calculated.

Mr. John J. DeNardo, chief executive officer, Healthcare System, Chicago, commented that the average daily census has decreased among hospitals in Chicago, and said there is great emphasis on outpatient care. He stated that it is important to tie expenses to inpatient revenue, and said the hospital is in a good position to handle an increased workload. He referred to the difficulty of obtaining market share in Chicago, and described efforts to improve in this area. He stated that fiscal year 2012 is starting strong, and said that he looks forward to seeing an increased workload in the future.

#### FACILITIES' CONSTRUCTION PLANS UPDATE

Dr. Koritz then asked Mr. DeNardo to provide an update on facilities' construction plans, and Mr. DeNardo described electrical work that will begin within the month as part of the hospital infrastructure project. He said the second phase will begin in December 2012, and stated that these upgrades are critical to expanding inpatient capacity and changing the way care is delivered at the hospital.

President Hogan indicated that an updated facilities plan is needed, due to a shift in focus that has occurred over the past year from the construction of a high technology tower to hospital renovations and space for outpatient care. He referred to the importance of the current marketing campaign and the need to increase revenue, which he said will help both the medical school and costs of updating the facility. He stated that funding is needed for renovations and to create a

world-class medical enterprise, and he emphasized the connection between a world class clinical enterprise and a world class medical education.

Dr. Koritz then asked Mr. DeNardo if he had any comments regarding construction of the Mile Square Heath Center, and Mr. DeNardo stated that discussion regarding the construction of the building is currently underway. He said there have been two meetings with the architects, and progress is being made.

#### SEMI-ANNUAL REPORT ON THE MEDICAL CENTER SAFETY PROGRAM

Next, Dr. Koritz asked Dr. William H. Chamberlin, chief medical officer, University of Illinois Hospital, Chicago, to present the semi-annual report on the medical center safety program (materials on file with the clerk). Dr. Chamberlin referred to the portion of the report that addresses significant harm events, and said this particular report focuses on staffing adequacy. He then reviewed areas that required a change of coverage. Next, he discussed the Institute for Patient Safety Excellence (IPSE), which he said is the educational and research portion of the safety program. He stated that the Seven Pillars Program has received national attention and is of interest among legislators and the United States Department of Health and Human Services, adding that there was also some interest from the American Trial Lawyers Association. He discussed the program's success in improving safety, reducing claims, and decreasing malpractice, and Dr. Chamberlin and Mr. Oliver discussed the usual fees paid to attorneys through this program. Dr. Chamberlin also reported on efforts at the State level to move toward legislation favorable to programs similar to the Seven Pillars Program, and he reported on a meeting with the chief medical officer of the Joint Commission, stating that there is some

possibility of becoming involved in training their surveyors. He concluded by stating that the safety program continues to flourish.

### LEGISLATIVE REPORT

Next, Dr. Koritz asked Ms. Katherine Laing, executive director for governmental relations, to provide a report on recent State legislation from the spring session of the Illinois General Assembly. Ms. Laing first discussed the Patients' Right to Know Act, which she said charges the Illinois Department of Financial and Professional Regulation with compiling a database for physicians practicing in Illinois. She then described a bill creating the right of nondiscrimination, which she said requires hospitals to post notice that discrimination on the basis of race, national origin, sex, creed, or gender preference is not permissible. Next, she briefly discussed a bill which she said gives physicians the permissive right to delegate prescriptive authority to advance practice nurses and physicians assistants, and she stated that another bill provides for licensure revocation from medical personnel who have been convicted of child molestation or sex crimes. Lastly, she discussed legislation requiring unique patient identifiers that are not derived from social security numbers.

Ms. Laing then provided information regarding two bills that did not pass during that session, including Senate Bill 51, which she said relates to pension benefits for State employees, and legislation regarding exceptions from procurement regulations for academic Universities. She said these may be considered during the veto session in October.

Committee members discussed Ms. Laing's report, and Dr. Koritz provided additional information about the database for physicians practicing in Illinois, which is part of the Patients' Right to Know Act. Additional discussion included efforts at the State level to make greater use



of managed care throughout Illinois, the increasing costs of healthcare, and opportunities for developing a model for delivering quality, cost effective care.

#### OLD BUSINESS

Dr. Koritz asked committee members if they had any old business to report. Mr. DeNardo provided an update on the negotiations to renew the contract with the Illinois Nurses Association and the other unions that had filed to represent the nurses. He stated that the nurses again selected the Illinois Nurses Association to represent them, and said that contract negotiations are underway. He acknowledged the help of Mr. Steven A. Veazie, deputy University counsel and executive director of labor relations, in this process.

Next, Mr. DeNardo told committee members that the medical center recently received the “most wired hospital” award by *Hospitals and Health Networks* magazine for its depth and breadth of its electronic medical records. He stated that this is the fifth time the hospital has received the award, and stated that the bar for receiving the award is raised each year. He commended all involved in this work for their efforts. Dr. Koritz provided an example of how the use of electronic medical records improves efficiency, and Mr. DeNardo stated that it is an anchor of the patient safety program. Committee members then briefly discussed the software that is used for electronic medical records at the medical center.

#### NEW BUSINESS

Dr. Koritz stated that the next meeting of this committee is scheduled for Thursday, December 1, 2011, in Springfield. He proposed that a presentation on each of the health sciences colleges be provided at future meetings, and said the presenter could provide information on the curriculum,

as well as the college's greatest successes, opportunities, and challenges. All committee members agreed this would be useful, and they mentioned the possibility of receiving a presentation from the College of Pharmacy or the College of Medicine at the next meeting. Next, President Hogan suggested that it may also be helpful to have a presentation on the processes and policies used for hiring by Dr. Garcia and Dr. Azar, who he said were recently able to fill several key positions with outstanding and highly regarded individuals. Dr. Garcia and Dr. Azar agreed they would be able to do this at the next meeting.

MEETING ADJOURNED

With no further questions or comments, and on motion of Mr. Estrada, seconded by Mr. Oliver, the meeting adjourned at 2:15 p.m. There were no nay votes.

Respectfully submitted,



Michele M. Thompson  
*Clerk*

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

Eileen B. Cable  
*Assistant Clerk*

Addendum: Following the committee meeting Dr. Chamberlin individually briefed Trustees Estrada and Oliver about the expectations of the Joint Commission and the concomitant responsibilities for members of this committee.

UNIVERSITY HEALTHCARE SYSTEM COMMITTEE  
STAFF AND PUBLIC ATTENDANCE, MEETING OF SEPTEMBER 8, 2011  
PINE LOUNGE, ILLINI UNION, URBANA CAMPUS

Dimitri Azar, interim dean, college of medicine, Chicago  
Mike Bass, senior associate vice president for capital programs and real estate services  
Douglas Beckmann, senior associate vice president for business and finance  
Eileen Cable, special assistant to the secretary, Board of Trustees  
William Chamberlin, chief medical officer, hospital administration, Chicago  
Donald Chambers, chair, University Senates Conference, Professor of Physiology and Biophysics  
John DeNardo, chief executive officer, UIC Healthcare System, Chicago  
William Devoney, chief financial officer, hospital administration, Chicago  
Mark Donovan, vice chancellor for administrative services, Chicago  
Jennifer Eardley, division of biomedical sciences, vice chancellor for research, Urbana  
Marnie K. Fuesting, assistant secretary, Board of Trustees  
Heather Haberaecker, executive assistant vice president for business and finance  
Ginny Hudak-David, associate director for university relations  
Randy Kangas, associate vice president for planning and budgeting  
Lon Kaufman, vice chancellor for academic affairs and provost, Chicago  
Janier Koss, staff, Board of Trustees office  
Phoebe E. Lenear, education programs manager, mechanical science and engineering, college of engineering, Urbana  
David Loffing, chief operating officer, medical center, Chicago  
Jo Menacher, associate director, University office for planning and budgeting  
Peter Newman, assistant vice president, treasury operations  
Sue Parker, staff, Board of Trustees office  
Menah Pratt-Clarke, associate chancellor, Urbana  
Lisa Troyer, chief of staff to the president  
Paul Wood, reporter, The News-Gazette  
Julie Zemaitis, executive director of University audits