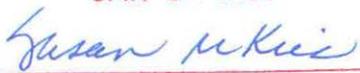


APPROVED BY THE
COMMITTEE

JAN 31 2014


SECRETARY OF THE BOARD

MEETING OF THE UNIVERSITY HEALTHCARE SYSTEM COMMITTEE
OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS
NOVEMBER 4, 2013

This meeting of the University Healthcare System Committee was held in Room 414, Administrative Office Building, 1737 West Polk Street, Chicago, on Monday, November 4, 2013, beginning at 3:00 p.m. Attendance via videoconference was available in Room 1030, National Center for Supercomputing Applications, 1205 West Clark Street, Urbana; the Hatmaker Room, Room 550, Public Affairs Center, One University Plaza, Springfield; and Room S200A, 1601 Parkview Avenue, College of Medicine, Rockford. Trustee Timothy N. Koritz, chair of the committee, welcomed everyone to the meeting and asked the clerk to call the roll. The following committee members were present: Mr. Ricardo Estrada and Dr. Timothy N. Koritz. Mr. Patrick J. Fitzgerald was absent.

The following University officers were also present: Dr. Paula Allen-Meares, chancellor, Chicago, and vice president, University of Illinois; Mr. Walter K. Knorr, vice president/chief financial officer and comptroller; Dr. Christophe Pierre, vice president for academic affairs; Dr. Jerry L. Bauman, interim vice president for health affairs; Mr. Thomas R. Bearrows, University counsel; and Dr. Susan M. Kies, secretary of the Board of Trustees and of the University. Attached is a listing of other staff members in attendance at this meeting, as well as some members of the media.

Dr. Koritz requested a motion to approve the minutes of the meeting held September 4, 2013. On motion of Mr. Estrada, seconded by Dr. Koritz, the minutes were approved. There were no “nay” votes.

REPORTS TO THE COMMITTEE

Hospital Financial Performance

Dr. Koritz asked Dr. Bryan Becker, associate vice president for hospital operations, to provide a presentation on the financial performance of the hospital (materials on file with the clerk). Dr. Becker reported on the hospital’s revenues, expenses, and income for the quarter ending September 30, 2013. He discussed revenues, highlighted an increase in charity care, and reported that an expense reduction plan is underway. Dr. Becker provided information regarding the Medicaid per diem rate adjustment and stated that a long-term Medicaid strategy is under consideration.

Dashboard Review

Dr. Koritz invited Dr. Becker, Ms. Jodi S. Joyce, associate vice president for quality and patient safety, and Dr. Bauman to provide a presentation on the health system dashboard (materials on file with the clerk). Dr. Becker discussed peer group selection and explained that performance would be measured in comparison to hospitals in the University HealthSystem Consortium and those that operate similarly to UI Health. He presented several financial metrics, including days of cash on hand and debt service

coverage. Dr. Becker discussed patient satisfaction scores, and Dr. Becker asked Dr. Airica Steed, chief experience officer, to comment on initiatives related to inpatient satisfaction. Dr. Becker reported on the average daily census, surgeries performed, and total unique patients. He said that while the number of surgeries has remained flat, the operating room is at maximum capacity, and noted that the level of ambulatory surgeries being performed there has led to the consideration of an ambulatory surgery center. Dr. Becker then reported on clinic visits and Mile Square visits. Dr. Koritz inquired about the creation of an ambulatory surgery center, and Dr. Becker discussed the options being considered.

Dr. Becker then asked Ms. Joyce to comment on quality and patient safety, and she highlighted areas in need of improvement. Ms. Joyce discussed goals related to three patient safety metrics and stated that she expects to see improvements in the next year, noting that reducing the number of readmissions is difficult due to its multifactorial nature. Dr. Steed then commented on improvements to the patient experience and discussed the positive impact of hourly patient rounding.

Facilities Construction Plans Update

At 3:36 p.m., Dr. Koritz asked Mr. David H. Loffing, chief operating officer, hospital administration, to provide an update on facilities construction plans (materials on file with the clerk). Mr. Loffing stated that much work is underway at the hospital and commented on improvements to the hospital's infrastructure and the construction of a 20-bed short-stay unit. He invited committee members to visit the hospital in January to see

the work that has been completed. Mr. Loffing commented on other renovation and remodeling projects and stated that all construction is moving forward as planned.

Legislative Report

At 3:38 p.m., Dr. Koritz asked Dr. Nicole Kazee, director of health policy and programs, Office of the Vice President for Health Affairs, to provide a legislative report (materials on file with the clerk). Dr. Kazee discussed the Affordable Care Act and commented on insurance expansions and the insurance marketplace. She emphasized the need for the University to help uninsured patients and members of the community enroll in Medicaid or the insurance marketplace and discussed the rationale for this. Dr. Kazee then presented an enrollment strategy, communications plan, and web content, and she commented on the impact of federal budget issues. Committee members then discussed competition for newly insured patients.

Graduate Medical Education

At 3:48 p.m., Dr. Koritz asked Dr. Dimitri Azar, dean of the College of Medicine, Chicago, to provide a report on graduate medical education (materials on file with the clerk). Dr. Azar provided an overview of graduate medical education and discussed the outcome of the review of these programs by the Accreditation Council for Graduate Medical Education (ACGME). He then outlined five areas of focus for the upcoming year. Discussion followed, and Dr. Azar discussed the responsibilities of the dean in organizing and providing graduate medical education programs.

REVIEW RECOMMENDED BOARD ITEMS FOR
THE NOVEMBER 14, 2013, BOARD MEETING

Dr. Koritz introduced the discussion of items within the purview of the committee on the Board's agenda for its meeting on November 14, 2013. The recommended Board items discussed at the meeting are on file with the clerk.

Approve Minutes of Meetings of Wolcott, Wood and Taylor, Inc., September 12, 2013
and Approve Appointments to the Board of Directors of Wolcott,
Wood and Taylor, Inc., Chicago

Dr. Azar commented briefly on these items and referred to the recommended appointments of Dr. Avijit Ghosh, senior advisor to the president; Dr. Fady T. Charbel, professor and head, department of neurological surgery; and Dr. Robert A. Winn, associate vice president for community based practice, to the board of directors of Wolcott, Wood and Taylor, Inc. There were no comments or questions about this.

Approve Plan for Changes to the Organizational Structure
of the Academic Health Center

Dr. Koritz invited Dr. Bauman and Dr. Avijit Ghosh to comment on this item. Dr. Koritz explained that this item proposes changes to the organizational structure of the academic health center and that the intent is for the president to bring additional recommendations and an implementation plan to the Board at its March meeting. Dr. Ghosh referred to a report provided to the committee in September that outlined steps taken by the president to receive input regarding changes to the organizational structure of the academic health

center. Dr. Ghosh stated that the proposed agenda item recommends a plan for change and that the president is seeking endorsement by the Board for the intent and timeline of the plan. He discussed the reasons for these changes and reviewed key components of the recommended organizational structure outlined in the item. Dr. Ghosh then commented on the benefits of this organizational structure, including increased opportunities and potential for collaboration. He stated that this will promote nimble decision making and increase organizational effectiveness. Dr. Bauman told the committee that the seven health science deans unanimously endorse the proposed plan. Dr. Azar commended Dr. Bauman for bringing the deans together and listening to their ideas and stated that this plan reflects these discussions. Mr. Estrada asked for more information regarding communication with leadership at the regional campuses, and Dr. Azar referred to many meetings and discussions, noting that some initial criticism has been addressed and that this structure is viewed positively by the stakeholders. Dr. Bauman also commented on this and emphasized that the structure recommended for the regional campuses will remain unchanged. Mr. Estrada then inquired about role of the chancellor, and Dr. Ghosh stated that this proposed structure will align and integrate the clinical and academic aspects of the medical enterprise. Dr. Bauman stated that the alignment of missions led naturally to the proposed structure reporting to the campus. Additional discussion regarding the proposed changes followed, and Dr. Koritz confirmed with Dr. Bauman that this has the support of the health science deans. Dr. Koritz also reminded the committee of the financial vulnerability of the hospital and the need for it to be responsive and nimble.

Chancellor Allen-Meares asked if members of the Chicago Senate and Chicago Senate Executive Committee who were in attendance at the meeting may comment. Dr. Koritz agreed, and Dr. Victoria Persky, professor of epidemiology, Chicago, stated that there is concern among faculty regarding the lack of details in the final organizational structure and the speed at which it is moving forward. Dr. Mrinalini C. Rao, professor of physiology and biophysics, Chicago, spoke as a member of the Chicago Senate executive committee and the executive committee of the College of Medicine and referred to resolutions that were passed on October 30 regarding this proposed organizational structure. She said that while there is support for housing the academic medical center within the Chicago campus, concerns exist regarding the flow of resources and lack of details. Dr. Rao told the committee that a list of concerns was sent to President Easter.

Approve University of Illinois Hospital and Health Sciences System Compliance Plan

At 4:27 p.m., Dr. Koritz stated that Dr. William H. Chamberlin, chief director of compliance, would provide a presentation with information regarding the recommendation to approve a compliance plan for the University of Illinois Hospital and Health Sciences System later in the meeting, and that an opportunity to discuss the recommendation would be available after the presentation.

Approve Amendments to the Medical Staff Bylaws, University of Illinois Hospital

Dr. Koritz then asked Dr. Jaewon Ryu, associate vice president for professional practice and chief medical officer, to comment on the recommendation to approve amendments to the medical staff bylaws at the University of Illinois hospital. Dr. Ryu discussed the proposed changes and referred to minor language modifications. He noted that a major change recommends the approved use of electronic voting on changes to bylaws and rules and regulations.

Designate the University of Illinois Health Insurance Portability and Accountability Act (HIPPA) Hybrid Entity and Adopt Health Insurance Portability and Accountability Act Privacy and Security Compliance Policy

Ms. Margaret M. O'Donoghue, interim special assistant to the president, discussed this agenda item and stated that a work group formed by the president recently reviewed the University's HIPPA-covered activities based on new HIPPA regulations. She said the president recommends that the Board revoke the previous criteria approved for designating health-care components and instead designate health-care components of the hybrid entity, replacing all previous designations. Ms. O'Donoghue discussed the designations and said this recommendation allows for HIPPA compliance and also responds to audit findings.

There were no objections to any of the above items being forwarded to the full Board.

PRESENTATIONS

Medicaid Plans

Next, Dr. Koritz asked Dr. Kazee to provide a presentation on Medicaid plans (materials on file with the clerk). Dr. Kazee discussed the creation of a UI Medicaid network. She stated that this originated in response to changes in Medicaid and told the committee that change is needed to be sustainable. She listed the benefits and disadvantages of creating a Medicaid network and provided details regarding a Medicaid care coordination proposal, noting that this project is in the preliminary stages. Discussion followed, and Dr. Kazee explained this would be a provider-led managed care network. She also presented information regarding the availability of federal funds for hiring care coordinators. Dr. Koritz inquired about an exit strategy and emphasized the need to protect the University. Dr. Kazee also commented on the rapid timeframe for this project.

Compliance Plan

Dr. Koritz then asked Dr. Chamberlin to provide a presentation on a compliance plan for the University of Illinois Hospital and Health Sciences System (materials on file with the clerk). Dr. Chamberlin discussed the role and purpose of compliance programs, and he asked Dr. Becker to comment on the culture of compliance. Dr. Becker discussed the navigation of fraud and abuse and presented nine fundamental elements of a compliance plan. Dr. Chamberlin and Dr. Becker emphasized the need to conduct effective training

and education, reviewed practical tips, and discussed aspects of operating an effective compliance program. They presented the UI Health compliance organizational chart and reported on the composition of the UI Health compliance committee and the UI Health compliance operations group. Dr. Becker then presented the composition and responsibilities of the central compliance office and unit compliance functions. Dr. Chamberlin and Dr. Becker concluded their presentation by listing current priorities related to compliance. The presentation concluded at 5:05 p.m. and was followed by a brief review of the Board agenda item recommending the approval of a compliance plan for the University of Illinois Hospital and Health Sciences System.

OLD BUSINESS

There was no business presented under this aegis.

NEW BUSINESS

Dr. Koritz stated that the next meeting is scheduled for January 13, 2014, at 3:00 p.m.

MEETING ADJOURNED

With no further questions or comments, and on motion of Mr. Estrada, seconded by Dr. Koritz, the meeting adjourned at 5:07 p.m. There were no "nay" votes.

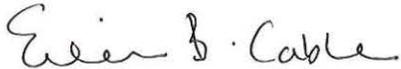
Respectfully submitted,



Susan M. Kies
Clerk



Timothy N. Koritz, M.D.
Chair



Eileen B. Cable
Assistant Clerk