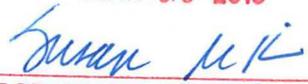


APPROVED BY THE
COMMITTEE

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SECRETARY OF THE BOARD

MEETING OF THE UNIVERSITY HEALTHCARE SYSTEM COMMITTEE
OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS
JANUARY 7, 2016

This meeting of the University Healthcare System Committee was held in Room 270, College of Pharmacy Building, 833 South Wood Street, Chicago campus, Chicago, Illinois, on Thursday, January 7, 2016, beginning at 2:20 p.m. Attendance via videoconference was available in Room 1030, National Center for Supercomputing Applications, 1205 West Clark Street, Urbana campus, Urbana, Illinois; the Hatmaker Room, Room 550, Public Affairs Center, One University Plaza, Springfield campus, Springfield, Illinois; and Dean's Conference Room, 1601 Parkview Avenue, College of Medicine, Rockford, Illinois.

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. Patrick J. Fitzgerald, Dr. Timothy N. Koritz. Mr. Ricardo Estrada was absent. President Timothy L. Killeen was present.

Also in attendance were Dr. Barbara J. Wilson, interim chancellor, Urbana campus, and interim vice president, University of Illinois; Dr. Michael D. Amiridis, chancellor, Chicago campus, and vice president, University of Illinois; Dr. Christophe Pierre, vice president for academic affairs; Mr. Walter K. Knorr, comptroller (and vice

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president/chief financial officer); Dr. Lawrence B. Schook, vice president for research; Mr. Thomas P. Hardy, director for University relations; 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 welcomed everyone to the meeting and asked participants to introduce themselves. He then requested a motion to approve the minutes of the meeting held October 29, 2015. On motion of Mr. Fitzgerald, seconded by Dr. Koritz, the minutes were approved. There were no “nay” votes.

Next, Dr. Koritz gave an overview of the meeting’s agenda and welcomed Dr. Robert A. Barish, vice chancellor for health affairs at Chicago, to the meeting. Dr. Barish said he is looking forward to working with the chancellors and trustees.

REVIEW OF RECOMMENDED BOARD ITEMS
FOR THE MEETING OF THE BOARD OF TRUSTEES
OF THE UNIVERSITY OF ILLINOIS ON JANUARY 21, 2016

Dr. Koritz introduced the recommended items within the purview of this committee on the Board’s agenda at its meeting on January 21, 2016. All recommended items discussed at the meeting are on file with the clerk.

Establish the Master of Science in Medical Physiology,
College of Medicine and the Graduate College, Chicago

Dr. Koritz asked Dr. Eric A. Gislason, interim vice chancellor for academic affairs and provost, Chicago, to report on the recommendation to establish the Master of Science in Medical Physiology in the College of Medicine and the Graduate College at Chicago.

Dr. Gislason discussed aspects of the proposed program and said it will be the third of its type offered in Illinois and the only one available at a public institution. He told the committee that no new State funds will be used to establish this program, and he said that it will provide students with advanced training in the physiological sciences and preparation for future professional studies in the health sciences. Dr. Gislason indicated it will be particularly useful as a preparatory graduate degree for medical school.

Establish the Master of Science in Comparative Effectiveness Research,
College of Pharmacy and the Graduate College, Chicago

Dr. Gislason then discussed the recommendation to establish the Master of Science in Comparative Effectiveness Research in the College of Pharmacy and the Graduate College at Chicago. He said the goal of comparative effectiveness research is to improve health outcomes by developing and disseminating evidence-based information to patients, clinicians, and other decision makers, and responding to their expressed needs about which interventions are the most effective for which patients under specific circumstances. Dr. Gislason said there is a shortage of practitioners in this area and that the Pharmaceutical Research and Manufacturers of America Foundation is providing

some funding to support the development of the program. He reported that this will be the first online comparative effectiveness research program available in the United States.

Rename the Center for Pharmaceutical Biotechnology,
College of Pharmacy, Chicago

Next, Dr. Gislason provided information on the recommendation to rename the Center for Pharmaceutical Biotechnology as the Center for Biomolecular Sciences. He said the nature of the work conducted at the center has evolved and that the current name is no longer representative of the work occurring there. Dr. Gislason said he anticipates this change will have a positive impact and that no new funding is required.

COLLABORATION HIGHLIGHT

Applied Health Sciences Collaboration

At 2:32 p.m., Dr. Koritz introduced the collaboration highlight and asked Dr. Bo Fernhall, dean of the College of Applied Health Sciences, Chicago, and Dr. Tanya M. Gallagher¹, dean of the College of Applied Health Sciences, Urbana, to give a presentation on collaborations between the College of Applied Health Sciences at Chicago and the College of Applied Health Sciences at Urbana. Dr. Fernhall gave an overview of the departments in each college at the two campuses and explained there is little overlap, and he said there is some research collaboration, particularly in the area of

¹Dr. Gallagher joined the meeting telephonically.

kinesiology. He discussed some projects resulting from collaborations between the faculty at Chicago and Urbana and said that faculty have also worked collaboratively on some dissertation committees. Dr. Gallagher then highlighted some additional cross-campus collaborative projects and gave an example of a project that involves faculty from several colleges at both campuses. Dr. Koritz thanked Dr. Fernall and Dr. Gallagher for the presentation.

PRESENTATION

Departmental Reports of New Faculty in Neuroscience and Ophthalmology

Dr. Koritz then asked Dr. Dmitri T. Azar, dean of the College of Medicine at Chicago, to give a presentation on new faculty in neuroscience and ophthalmology (materials on file with the clerk). Dr. Azar discussed neuroscience recruitment in the College of Medicine at Chicago and said that newly recruited faculty have brought with them new research funding. He invited several department heads to comment and asked them to highlight some of their newly recruited faculty members. President Killen said that these newly recruited faculty are impressive, and he and Dr. Koritz commented on funding from the National Institutes of Health. Dr. Amiridis stated that it is important for the Board to be aware of the Chicago campus's success in building its faculty. Dr. Koritz thanked the presenters for providing this information.

REPORTS

Chief Medical Officer Report

At 3:00 p.m., Dr. Koritz asked Dr. Bernard H. Pygon, chief medical officer, University of Illinois Hospital, to give a report. Dr. Pygon welcomed Dr. Barish as the newly appointed vice chancellor for health affairs and said he is looking forward to working with him. Dr. Pygon gave an update on renal transplant surgeries, discussed the many changes that were made to this program, and said he believes this will be a turning point for the program. He thanked Dr. Avijit Ghosh, chief executive officer, and Mr. David H. Loffing, chief operating officer, for committing hospital resources to these improvements. Dr. Pygon then reported that the clinical decision unit, which he said is similar to a short stay observation unit, will be complete in three months. He discussed the function and benefits of this unit and said that it will improve patient care and efficiency. Dr. Pygon then commented briefly on the financial environment and expressed concern regarding decreasing reimbursement rates and increased pressure on the hospital and medical service plan. Brief discussion followed regarding the type of patients that may be seen in the clinical decision unit, and Dr. Koritz thanked Dr. Pygon for the report.

Hospital Chief Executive Officer Report

Next, Dr. Koritz asked Dr. Ghosh to provide a report on the University of Illinois Hospital (materials on file with the clerk). Dr. Ghosh gave an operating summary for October 2015 and said that it was a difficult month. He presented a zero harm dashboard and discussed improvements in quality and safety, and he also commented on finances. Discussion followed regarding metrics related to patient safety, and Ms. Jodi S. Joyce, associate vice president for quality and safety, referred to the timing of receiving comparative data. She also discussed progress and long-term improvements in some areas. Mr. Fitzgerald commended Ms. Joyce for her efforts.

Dr. Ghosh then reported on finances. He discussed the impact of the shift to Medicaid managed care on patients and the hospital and said the situation is not sustainable. He reported that policies are inconsistent and complex, the infrastructure is undeveloped, and transactions are burdensome, and he referred to an increase in managed care receivables. Dr. Ghosh; Mr. Michael Zenn, chief financial officer, UI Hospital; and Dr. Koritz discussed issues with managed care organizations, and Dr. Ghosh and Mr. Zenn indicated that the hospital is assuming the risk, with no ramification or incentive for the managed care organizations to make improvements. Dr. Nicole Kazee, senior director of health policy and programs, said that the State is evaluating plans and will guide patients to those with better performance. Dr. Ghosh and Mr. Zenn expressed concern regarding the State's vigilance and the additional work needed to demonstrate performance.

Next, Dr. Ghosh gave an update on the Medicaid trust fund, and he explained that without a State budget, there has been no contribution to the fund by the State or University and, therefore, no federal match of funds. He said there was some reserve cash that has been used and is now depleted. Dr. Ghosh said the State agreed to make three \$7.5 million payments in November, December, and January, which he said will last until the end of February.

Dr. Ghosh then discussed Medicaid reimbursement rates and explained that there is a base rate and a supplemental payment, and he indicated that there has been an error in how these funds were transferred from the State to the Medicaid managed care organizations, which resulted in the hospital not receiving these funds. He said that the State agrees this needs to be remedied but that there is no process for making this change. Dr. Ghosh said there will be no retroactive payment, and he reported that this is a loss of \$49.0 million.

Discussion followed regarding the impact of this situation, and Dr. Ghosh emphasized these patients are a vulnerable population with no alternative for care. Committee members and others in attendance commented on the possibility of reducing services and complications related to the structure of the reimbursement rate. Many commented on the need for increased advocacy at the State and the importance of communicating the impact this may have on a vulnerable patient population. Dr. Koritz also commented on the affect this may have on the medical colleges. President Killeen agreed that greater advocacy is needed.

OLD BUSINESS

There was no business presented under this aegis.

NEW BUSINESS

Dr. Koritz announced that the next meeting is scheduled for Thursday, March 3, 2016, at 2:15 p.m.

MEETING ADJOURNED

On motion of Mr. Fitzgerald, seconded by Dr. Koritz, the meeting adjourned at 3:56 p.m.

There were no "nay" votes.

Respectfully submitted,



SUSAN M. KIES
Clerk



TIMOTHY N. KORITZ, MD
Chair



EILEEN B. CABLE
Assistant Clerk