

APPROVED BY THE  
COMMITTEE

SEP 13 2012

  
SECRETARY OF THE BOARD

MEETING OF THE UNIVERSITY HEALTHCARE SYSTEM COMMITTEE  
OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS  
MAY 30, 2012

This meeting of the University Healthcare System Committee was held in Michele M. Thompson Rooms B and C, UIC Student Center West, 828 South Wolcott, Chicago, Illinois, on Wednesday, May 30, 2012, beginning at 12:37 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 committee members were present: Mr. Ricardo Estrada, Dr. Timothy N. Koritz, and Mr. Lawrence Oliver. President Designate Easter was present. The following University officers were also present: Dr. Paula Allen-Meares, vice president, University of Illinois, and chancellor, Chicago; Dr. Christophe Pierre, vice president for academic affairs; Mr. Walter K. Knorr, vice president/chief financial officer and comptroller; Dr. Joe G.N. Garcia, vice president for health affairs; Dr. Avijit Ghosh, special assistant to the president; Mr. Thomas P. Hardy, executive 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 then asked all in attendance to introduce themselves and thanked everyone for coming. He then asked for a motion to approve the minutes of the meeting

Dr. Koritz then asked all in attendance to introduce themselves and thanked everyone for coming. He then asked for a motion to approve the minutes of the meeting that was held on March 14, 2012. On motion of Mr. Estrada, seconded by Mr. Oliver, the minutes were approved. There were no nay votes.

## REPORTS TO THE COMMITTEE

### Hospital Financial Performance

Dr. Koritz welcomed all to the meeting. He stated that he wanted to comment regarding Mr. John DeNardo, chief executive officer of the University of Illinois Hospital, and said that even though Mr. DeNardo was not present at the meeting, he wished to thank him for the job he has performed for the University. Dr. Koritz then provided an overview of the meeting and said there will be a discussion regarding Medicaid payments. He said he does not expect a large cut at the University of Illinois; however, the Supreme Court will be reviewing Federal legislation, making it difficult to predict the outcome.

At 12:35 p.m., Dr. Koritz asked Mr. William L. Devoney, assistant vice president for health affairs and chief financial officer, University of Illinois Hospital, to provide a presentation on the financial performance of the hospital (materials on file with the clerk). Mr. Devoney discussed the hospital's performance through the first nine months of the fiscal year. He compared the average daily census and the number of deliveries, operations, clinic visits, and emergency room visits to those that were budgeted and to the previous year. He also discussed the cost of salaries, supplies, and bad debt, noting that bad debt is above expectations. He reported that payments from the State have slowed

and that receivables have risen, stating that May was a record setting month for collections. He referred to the anticipated receipt of funding as part of a Federal incentive program related to the use of electronic health records. Brief discussion regarding the hospital's revenue, expenses, and finances followed.

#### Healthcare System Dashboard Review

Dr. Garcia presented the hospital dashboard (materials on file with the clerk) and discussed the process used to streamline data and remove redundancies. He reported on a variety of metrics and discussed the growth in the average daily census, an increase in the number of unique patients, Medicaid-covered lives, and patient satisfaction. Next, Dr. Garcia discussed the improvement in clinical volume and reported that the number of transplants completed is slightly below the annualized target due to organ procurement services, which has slowed city-wide.

#### Facilities' Construction Plans Update

Dr. Koritz then asked Mr. David H. Loffing, chief operating officer, University of Illinois Hospital, to provide an update on facilities' construction plans. Mr. Loffing reported that construction is on track and discussed a proposed emergency sub-power station, which is an item on the Board's agenda to be considered at its meeting on May 31, 2012. He then briefly discussed the next phase of the project.

### Legislative Report

At 1:00 p.m., Dr. Koritz asked Dr. Garcia to introduce Dr. Nicole Kazez, visiting director of health policy and programs. Dr. Garcia discussed Dr. Kazez's educational background and referred to her work with Ms. Katherine Laing, executive director of governmental relations, on health care-related issues. Dr. Kazez then reported on Medicaid legislation and said that potential legislation regarding pensions and Medicaid are under discussion by the General Assembly. She stated that she had met with senior health policy members in Governor Pat Quinn's office, including Ms. Julie Hamos, director of Illinois Department of Healthcare and Family Services, and wanted to be certain the Governor's office understood the impact of such legislation on the University. Dr. Kazez reported that a major bill was passed last week that cut \$1.6 million from the Medicaid program, and said the University was not immune to these reductions and estimated that the impact on the hospital would be \$5.7 million in fiscal year 2013. Dr. Kazez explained that patient behavior will have some impact on how this reduction will affect the hospital. She highlighted some components of this legislation, including: elimination of teaching hospital funds; reduced eligibility for family Medicaid programs; new benchmarks regarding preventable re-admissions; pharmacological coverage changes; and the elimination of adult dental clinics, except in the case of emergencies. She then reviewed additional legislation as a part of the Medicaid reform, including a cigarette tax increase and charity care requirements for hospitals. She said the general conclusion is that the impact could have been far worse. Brief discussion followed, and Dr. Kazez responded to questions by stating that that the impact of this legislation has been analyzed, and that

budgets were created based on this analysis to lessen the impact of these reductions. A discussion followed regarding “kid-care” and safety net hospitals. Dr. Kazee explained that the Illinois Department of Healthcare and Family Services was given increased authority, and she and Dr. Garcia emphasized the importance of establishing a partnership with the agency. Dr. Koritz thanked Dr. Kazee and Dr. Garcia for their proactive approach. Dr. Garcia explained that the hospital has looked very carefully at operations to enhance revenues and improve efficiencies while reducing costs and will need to demonstrate its importance to the State.

Trustee Estrada asked for clarification on how this legislation will affect various groups of patients. Dr. Garcia responded that the effects of the bill are widespread, and he provided additional information about aspects of the legislation. Mr. Estrada then inquired about the closing of various mental health facilities and its impact on the hospital, and Dr. Becker responded that the University is preparing for these changes by looking at staffing models for preventive emergency care, embedding case management in the emergency room, establishing treatment plans to avoid admissions, and redirecting patients to the community.

#### Safety and Risk Management Report

At 1:24 p.m., Dr. Koritz asked Dr. Bryan Becker, interim associate vice president for professional practice and chief medical officer at the University of Illinois Hospital, to provide a report on compliance. Dr. Becker referred to the report (materials on file with the clerk) that had been sent to committee members in advance of this meeting, and he

highlighted aspects of the report. He briefly discussed revisions to the hospital's compliance plan and Health Insurance Portability and Accountability Act (HIPAA) information technology and privacy issues. He explained that a process is in place to examine breaches of privacy related to patient data. Further, he briefly discussed progress on financial compliance.

#### REVIEW RECOMMENDED BOARD ITEMS

Dr. Koritz introduced the discussion of items within the purview of the committee that were on the Board's agenda for its meeting on May 31, 2012.

#### Student Health Insurance Rates for Urbana, Chicago, and Springfield Campuses, Fiscal Year 2013

Dr. Garcia explained that this agenda item recommends student health insurance rates for fiscal year 2013, and noted that there are no rate increases for fiscal year 2013.

#### Purchase Recommendations

Next, Dr. Koritz asked for comments regarding recommended purchases and renewal options. Mr. Walter K. Knorr, vice president/chief financial officer and comptroller, commented that these recommended purchases were also discussed at the Audit, Budget, Finance, and Facilities meeting, and that Trustee Strobel had inquired about legal issues surrounding the company selected for the recommended purchase of orthopaedic implant products. He referred to a report (materials on file with the clerk) from Dr. Heather J.

Haberaecker, executive assistant vice president for business and finance, which he said addresses these questions.

Construction Contracts for Infrastructure Replacement and Renovations,  
University of Illinois Medical Center, Chicago

Dr. Koritz explained that this item was previously discussed by Mr. Loffing. He asked if there were any further questions or comments. There were none.

Project Budget Increase for Electrical and Mechanical Upgrade and Renovation,  
College of Pharmacy Building, Chicago

Dr. Koritz explained this item is requesting approval for a budget increase for renovations and expansion of asbestos abatement at the College of Pharmacy, and commented that this item was previously addressed by Mr. Loffing. He asked if there were any further questions or comments. There were none.

There were no objections to forwarding these items to the full Board for consideration.

## PRESENTATIONS

### University of Illinois Hospital and Health Sciences System Update

At 1:40 p.m., Dr. Koritz asked Dr. Garcia to provide a presentation on the University of Illinois Hospital and Health Sciences System (materials on file with the clerk). Dr. Garcia reviewed recent events and initiatives and discussed the need to increase volume

and enhance marquee programs. He provided information regarding efforts to treat end stage renal disease, noting that this disease disproportionately affects African Americans and Latinos. He highlighted the work of Dr. Enrico Benedetti, professor and head, department of surgery, University of Illinois Hospital, and efforts to treat end stage renal disease with kidney transplantation. He reported that Dr. Benedetti studied surgical interventions for obese individuals and that the results suggest that robotic kidney transplantation in morbidly obese recipients may be a successful strategy to address disparities in end stage renal disease.

Dr. Garcia then discussed advances in anticoagulation drug therapy, and stated that two genes have been identified that can affect the treatment dosage for individuals requiring therapeutic anticoagulation therapy. He said that establishing the correct dosage for anticoagulation medications, such as Coumadin, are difficult to determine due to a narrow therapeutic index. He stated that all Coumadin orders will receive an automatic PharmacoGenomic Service consultation that will assist in more accurate dosing of this medication, and that this will have a large impact on patient care.

#### College of Medicine Presentation

Dr. Koritz introduced Dr. Dimitri Azar, dean of the College of Medicine, and asked Dr. Azar to provide a presentation on the College of Medicine (materials on file with the clerk). Dr. Azar discussed several highlights regarding the College of Medicine and stated that it is one of the largest and most diverse medical schools in the nation, with four campuses, 61 basic science and clinical departments, and 22 centers and institutes.



He presented information regarding the clinical program and funding from the National Institutes of Health. He discussed medical student enrollment and emphasized under-represented minority student enrollment, noting that it will exceed 30 percent of the student population in academic year 2013. Dr. Azar then discussed the curriculum for undergraduate medical students and graduate programs, and he provided some information regarding philanthropy. Brief discussion followed, and Dr. Koritz thanked him for the presentation.

#### The Health Information Technology Center

Next, Dr. Koritz introduced Dr. Carl A. Gunter, professor of computer science, Urbana, and asked him to provide a presentation on the Health Information Technology Center (materials on file with the clerk). Dr. Gunter discussed the goal of improving healthcare with advances in computer technology. He provided information regarding electronic health records, the improved ability to collect data, and various projects, including the Strategic Healthcare IT Advanced Research Projects on Security (SHARPS). Dr. Gunter discussed various efforts of the group, including security. He spoke about the voluminous nature of the data and need for data mining and devices that can deal with large data sets. Dr. Garcia mentioned that Dr. Jerry A. Krishnan, professor of medicine and public health and associate vice president for population health sciences, was working with this group. Dr. Garcia introduced Dr. Krishnan, and Dr. Krishnan provided brief remarks regarding this work.

OLD BUSINESS

Dr. Koritz explained that the minutes from the March 15, 2012, meeting of Wolcott, Wood and Taylor, Inc., were sent to members of the committee for informational purposes. There were no comments or questions.

NEW BUSINESS

Dr. Koritz stated that due to the Board of Trustees retreat in July, the next meeting is scheduled for September 13, 2012, at Urbana.

Mr. Bearrows commented that Dr. Jose Oberholzer, chief of transplantation surgery, University of Illinois Hospital, was featured in the *Chicago Sun Times* on Wednesday, May 30, 2012 (material on file with the clerk).

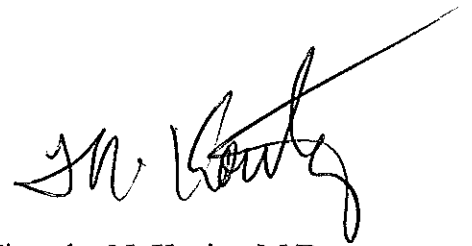
MEETING ADJOURNED

With no further questions or comments, and on motion of Mr. Oliver, seconded by Mr. Estrada, the meeting adjourned at 2:55 p.m. There were no nay votes.

Respectfully submitted,



Susan M. Kies  
Clerk



Timothy N. Koritz, M.D.  
Chair

A handwritten signature in cursive script that reads "Eileen Cable". The signature is fluid and connected, with a large initial "E" and a long, sweeping underline.

Eileen B. Cable  
*Assistant Clerk*

UNIVERSITY HEALTHCARE SYSTEM MEETING  
STAFF AND PUBLIC ATTENDANCE, MEETING OF MAY 30, 2012

Chicago Campus Site

Paula Allen-Meares, Chancellor, Chicago Campus  
Dimitri Azar, Dean, College of Medicine, Chicago Campus  
Joe G. N. Garcia, Vice President for Health Affairs, Chicago Campus  
Michael Jonen, Vice President for Health Affairs, Chicago Campus  
Bryan Becker, Interim Associate Vice President for Professional Practice and Chief Medical Officer, University of Illinois Hospital, Chicago Campus  
Walter Knorr, Vice President and Chief Financial Officer, University Administration  
David Loffing, Chief Operation Officer, University of Illinois Hospital, Chicago Campus  
William Devoney, Assistant Vice President for Health Affairs and Chief Financial Officer, University of Illinois Hospital, Chicago Campus  
Carl Gunter, Professor, Computer Science, Urbana Campus  
Jan Spunt, Chief Nursing Officer, University of Illinois Hospital, Chicago Campus  
Thomas Bearrows, University Counsel  
Nicole Kazee, Director, Health Policy and Programs, Health Affairs, Chicago Campus  
Mark Donovan, Vice Chancellor for Administrative Services, Chicago Campus  
Neal Crowley, Director, University Audits, Chicago Campus  
Jeffrey Finesilver, Assistant Vice President for Operations, Health Affairs, Chicago Campus  
Menah Pratt-Clarke, Associate Chancellor, Urbana Campus  
Teresita Soto Plutz, Assistant Director for Government Relations, Chancellor's Office, Chicago Campus  
Margaret Moser, Director of Administrative Operations, Health Affairs, Chicago Campus  
Bruce Schatz, Head, Department of Medical Information Science, Institute for Genomic Biology, Urbana Campus  
Stephen Holz, Director, Human Resources Client Relationships, Chicago Campus  
Margaret O'Donoghue, Associate Chancellor and Assistant to President Designate, Chancellors Office and Office of the President, Urbana Campus  
Peter Newman, Senior Assistant Vice President, Treasury Operations, OBFS, Urbana Campus  
Mary Jo Smith, Director, Human Resources, University of Illinois Hospital, Chicago Campus  
Barbara Henley, Vice Chancellor for Student Affairs, Chicago Campus  
Donald Chambers, Professor, Biochemistry and Molecular Genetics, Chicago Campus  
Heather Haberaecker, Executive Assistant Vice President for Business and Finance, Chicago Campus  
Michael Bass, Senior Associate Vice President for Business and Finance and Deputy Comptroller, OBFS, Urbana Campus  
Lon Kaufman, Vice Chancellor for Academic Affairs and Provost, Chicago Campus  
Avijit Ghosh, President's Office, University Administration  
Christophe Pierre, Vice President for Academic Affairs, University Administration  
Jerry Krishnan, Associate Vice President, Health Affairs, Chicago Campus

Susan Kies, Secretary, Board of Trustees

Robert Easter, President Designate, University Administration

Thomas Hardy, University Relations

Jo Menacher, Associate Director, University Office for Planning and Budgeting

Marnie Fuesting, Staff, Board of Trustees Office

Eileen Cable, Staff, Board of Trustees Office

Ellen Foran, Staff, Board of Trustees Office

NOTE: Names appear in the order reflected on the signed attendance sheet.