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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

NOVEMBER 7, 2012

This meeting of the University Healthcare System Committee was held in the Public Affairs Center, Rooms C and D, One University Plaza, Springfield, Illinois, on Thursday, November 7, 2012, 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 committee members were present: Mr. Ricardo Estrada and Dr. Timothy N. Koritz. Mr. Lawrence Oliver was absent. President Easter was present. The following University officers were also present: Dr. Phyllis M. Wise, vice president, University of Illinois and chancellor, Urbana; 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; Mr. Thomas R. Bearrows, University counsel; Dr. Susan M. Kies, secretary of the Board of Trustees and of the University; Dr. Avijit Ghosh, special assistant to the president; Mr. Thomas P. Hardy, executive director for University relations; and Ms. Katherine Laing, executive director of governmental relations. 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 that was held on September 13, 2012. 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 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 revenue and expenses for the year ending June 30, 2012. He reported on revenues, expenses, total operating expense, and net income in Fiscal Year 2012 compared to those budgeted and annualized in Fiscal Year 2013. Mr. Devoney stated that expenses are being reviewed and that meaningful use Medicaid funding is expected within the next few months. He told committee members that this funding is related to the increased use of technology in healthcare, and he discussed some criteria that must be met in order to qualify. Brief discussion followed, and Dr. Koritz thanked Mr. Devoney for the presentation.

### Healthcare System Dashboard Review

At 1:12 p.m., Dr. Garcia presented the health system dashboard report (materials on file with the clerk) and reported on a variety of metrics. He discussed the upward trajectory of the average daily census and stated that plans are underway to work toward improving low inpatient satisfaction scores. Discussion followed, and Dr. Garcia stated that data is being analyzed and that a plan will be created to address the many factors contributing to the low scores. He then reported on clinical volume, which he said is lower compared to the previous year, and referred to an increase in charity care. Mr. Devoney commented on the timeframe to process claims and to determine Medicaid eligibility, and he responded to a question from Dr. Koritz regarding debt service coverage. Dr. Garcia then provided data regarding the number of transplants conducted and said this is impacted by low organ availability throughout Chicago. He then reviewed a chart comparing metrics concerning clinical effectiveness, efficiency, financial stability, safety, and core measures, and he discussed performance in each area.

### Facilities Construction Plans Update

Dr. Koritz then asked Dr. Bryan Becker, associate vice president for operations at the University of Illinois Hospital, to provide an update on facilities construction plans. Dr. Becker provided an update on the infrastructure modernization project at the hospital and discussed several other projects, including the reconfiguration of the second floor of the hospital to create an area for patients having same-day surgeries, the conversion of space



for a stem-cell facility, and updates to other areas. Dr. Koritz asked if these projects are on schedule, and Dr. Becker indicated that they are on schedule.

### Legislative Report

At 1:27 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. Dr. Kazee commented on the recent presidential election results and stated that it brings some certainty to healthcare policy. She discussed the impact of the Affordable Care Act and commented on other items that may affect healthcare in upcoming months. Discussion regarding potential partnerships and Medicaid funding followed, and Dr. Koritz commented on decreased funding to safety net hospitals. Dr. Kazee responded, and this was followed by a discussion regarding funding from the National Institutes of Health. Dr. Koritz thanked Dr. Kazee for the report.

### 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 November 8, 2012.

Health Services Facilities System Revenue Bonds; Approve Project  
Budget Increase for Infrastructure Replacement and Renovations,  
University of Illinois Medical Center, Chicago

Dr. Garcia stated that the Board approved the University of Illinois Medical Center Infrastructure Replacement and Renovation project with a budget of \$40.0 million at its meeting in January 2010, and explained that this item recommends an increase of \$45.0 million, for a total budget of \$85.0 million. He discussed the recommend actions needed to proceed with the issuance of Health Services Facilities System Revenue Bonds. Dr. Koritz stated that these items were also reviewed by the Audit, Budget, Finance, and Facilities Committee, and Mr. Knorr commented that interest rates are currently low. There were no additional questions or comments regarding these items.

#### Purchases

Dr. Garcia discussed the recommended purchase of temporary physician services for the University of Illinois Hospital and Health Sciences System and explained this is a new contract to provide temporary physicians on an as-needed basis.

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

## PRESENTATIONS

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

At 1:56 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 highlighted some recent events throughout the Hospital and Health Sciences System and reported on a variety of metrics, including net income, clinical volume, and the average inpatient daily census. He discussed initiatives to address low consumer awareness, which was followed by a brief discussion regarding the impact of marketing and the closing of some clinics in the Chicago area. Dr. Garcia then reported on initiatives to improve quality measures and highlighted the hiring of a chief experience officer and an interim associate vice president for quality and patient safety. He described efforts to address lung cancer disparities through a multidisciplinary lung cancer program, which was followed by a brief discussion regarding disparities in lung cancer deaths. Next, Dr. Garcia discussed the importance of the \$75.0 million capital bond issuance, and he reported on the new Mile Square Health Center. He then presented specific goals in several of areas for Fiscal Years 2013 and 2014, and discussed his vision for the Hospital and Health Sciences System in 2015.

Dr. Koritz thanked Dr. Garcia for the presentation and stated he is pleased to see a multipronged approach for improvement at the Hospital and Health Sciences System.



## Report on the University of Illinois College of Medicine at Peoria

At 2:31 p.m., Dr. Koritz asked Dr. Sara L. Rusch, regional dean, University of Illinois College of Medicine at Peoria, to provide a presentation on the University of Illinois College of Medicine at Peoria (materials on file with the clerk). Dr. Rusch presented a history of the college and provided data regarding its current enrollment, residencies and fellowships, and faculty, noting that many of its faculty members are non-salaried. She stated that the College of Medicine at Peoria is a community-based school and discussed its relationship with affiliated community hospitals, OSF-Saint Francis Medical Center and Methodist Medical Center. She provided some information and highlighted aspects of each institution. She then discussed the impact of the college on local healthcare and provided examples of community support. Next, Dr. Rusch presented a series of graphs depicting financial information about the college, including revenue, patient billings and payments, and expenses, and stated that revenues have exceeded expenses in the last seven years. She concluded her presentation by discussing some advantages and challenges at the college, and she stated that the college is an asset to the University of Illinois College of Medicine and to central Illinois. This was followed by a round of applause.

## OLD BUSINESS

Dr. Koritz referred to the minutes of the meeting of Wolcott, Wood and Taylor, Inc., Chicago (WWT) from September 13, 2012, which were sent to committee members for their information.

## NEW BUSINESS

Dr. Koritz stated that the next meeting is scheduled for March 6, 2013, at Urbana.

## MEETING ADJOURNED

With no further questions or comments, and on motion of Mr. Estrada, seconded by Dr. Koritz, the meeting adjourned at 3:01 p.m. There were no "nay" votes.

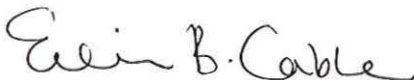
Respectfully submitted,



Susan M. Kies  
*Clerk*



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



Eileen B. Cable  
*Assistant Clerk*