

SEP 04 2013

Susan M. Klein
SECRETARY OF THE BOARD

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

JULY 15, 2013

This meeting of the University Healthcare System Committee was held in Room 414, Administrative Office Building, 1737 West Polk Street, Chicago, on Monday, July 15, 2013, beginning at 3:01 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 Estrada¹, Mr. Patrick J. Fitzgerald, and Dr. Timothy N. Koritz. President Robert A. Easter was present.

The following University officers were also present: Dr. Christophe Pierre, vice president for academic affairs; Mr. Walter K. Knorr, vice president/chief financial officer and comptroller; Mr. Thomas R. Bearrows, University counsel; and Dr. Susan M.

¹ Mr. Estrada joined the meeting telephonically.

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 asked all those in attendance to introduce themselves. He requested a motion to approve the minutes of the meeting held May 13, 2013. On motion of Mr. Fitzgerald, seconded by Dr. Koritz, the minutes were approved. There were no "nay" votes.

Dr. Koritz commented on the departure of Dr. Joe G.N. Garcia, vice president for health affairs, who will begin his tenure as senior vice president for health sciences at the University of Arizona in September. Dr. Koritz expressed appreciation to Dr. Bryan Becker, associate vice president for hospital operations, and colleagues for preparing the day's presentations.

REPORTS TO THE COMMITTEE

Hospital Financial Performance and Dashboard Review

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 reported on the hospital's revenue expectations. He explained that the Illinois Department of Healthcare and Family Services had recently confirmed a retroactive adjustment to the Medicaid reimbursement rate, putting the rate at approximately \$3,500 per day, which was up from \$2,300 per day. Mr. Devoney provided explanation on the

variability in the fiscal year 2013 year-end numbers. He stated that the average daily census was 4.3 percent below the budget for the year, and the outpatient utilization was down 1.3 percent below budget. Mr. Devoney commented that those numbers reflected a positive outlook, noting that a computerized physician order entry system had been put in place and a larger drop in performance had been anticipated. He reported that charity care had reached \$47 million and explained that this exceeded expectations from earlier reports and was currently at a more normal rate of growth for the year. Mr. Devoney then reported that operating expenses were below budget on salaries but above budget in the supplies and services area, and gave explanations in those areas. He stated that, despite earlier forecasts, it was anticipated that the hospital could see a \$21.5 million net income for fiscal year 2013, noting that some currently unknown variables might affect the final total. Dr. Koritz expressed his appreciation to Mr. Devoney and his colleagues for the more positive year-end outcome than was originally forecast.

Dr. Becker referred to the health system dashboard (materials on file with the clerk) and reported on a variety of metrics. He discussed the average daily census, relative value units (RVUs), clinic and Mile Square visits, operations performed, and total unique patients. Mr. Devoney reported on days cash on hand and the effect of the respective Medicaid rate adjustments, as well as debt-service coverage. Brief discussions were had regarding receivables and debt-service coverage.

Dr. Becker provided information on patient satisfaction scores, and highlighted the final quarter of numbers in relation to the yearly goals. He then discussed trends in outpatient visits and discharges. There were no further questions.

Legislative Report

At 3:21 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 reviewed information concerning the Affordable Care Act and the timeline associated with its implementation. She commented on hospital cuts, some that are currently in place and those coming this fall. Dr. Kazee gave an overview of the State legislative session, noting that it was a positive one for UI Health. She outlined SB 26 (HA 1), a Medicaid expansion bill that passed the General Assembly and is expected to be signed by the governor, and detailed its effects on UI Health and the population it serves. She provided background on several other pieces of legislation, including the approved appropriations bill that supplied crucial funding for the College of Pharmacy in Rockford. There were no questions on this presentation.

University of Illinois Hospital and Health Sciences Compliance Update

At 3:31 p.m., Dr. Kortiz asked Dr. Becker to provide a compliance update for the UI Health (materials on file with the clerk). Dr. Becker reviewed areas of compliance, including the institutional and education commitment to compliance; the regulatory environment; privacy and data security; and clinical documentation and billing. He

provided a brief update of related activities that have occurred or are in progress in each area. A discussion was had regarding the recently completed life safety evaluation. Mr. Fitzgerald expressed appreciation for adding more compliance personnel.

REVIEW RECOMMENDED BOARD ITEMS FOR
THE MAY 29, 2013, BOARD MEETING

Dr. Koritz introduced the discussion of items within the purview of the committee that were on the Board's agenda for its meeting on July 25, 2013. The recommended Board items discussed at the meeting are on file with the clerk.

Approve Membership and Participation in Coordinated Care Alliance, an Illinois Not-for-Profit Corporation, and Appoint Designated Representative, Chicago

Dr. Lon Kaufman, provost and vice chancellor for academic affairs, Chicago, provided information on this recommendation to approve membership and participation in the Coordinated Care Alliance and gave background information on the recommended representative for the University to the organization.

Approve Issuance of University of Illinois Health Services Facilities System Revenue Bonds, Series 2013

Mr. Knorr provided information on this recommendation, which would approve financing for renovations at University Hospital. He emphasized the need for renovations and repairs, and stated that there were \$71 million in projects. Mr. Knorr discussed the details of the bonds, including security, risks, ratings, sizing and timeline. He discussed

the Medicaid reimbursement rate change's effect on the timing of this recommendation. Dr. Koritz commented on the use of College of Medicine tuition as security for the bonds.

Chicago Campus Land Exchange with the Illinois Medical District Commission

Mr. Bass provided details on the recommendation to delegate authority to the comptroller to approve an intergovernmental agreement to exchange land. He described the location of the parcels and transactional procedure. A brief discussion was had regarding the land near Mile Square Health Center.

Purchase Recommendations

Mr. Bass discussed the two purchase recommendations under the purview of this committee. The first item is \$3.58 million, three-year contract for dental supplies for clinics within the College of Dentistry, Chicago. If approved, this contract, awarded following competitive bidding procedures, will be with Henry Schein, Inc. The second item is a \$7.5 million contract with Globus Medical, Inc., for spinal surgery supplies for the Department of Surgical Services. A brief discussion was had regarding previous purchases with Globus Medical, Inc. Mr. Bass described the sole-source background, and Dr. Becker commented that spine surgeons at the hospital have advocated strongly for this company's technology.

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

Dr. Becker provided an overview on the presentation (materials on file with the clerk) and introduced Dr. Airica D. Steed, chief experience officer, who would be discussing the Press Ganey statistics. Dr. Steed presented information on patient satisfaction, including value-based purchasing and patient complaints. She described the UI Health Experience approach toward improving patient satisfaction, and reviewed current performance and future improvement information. Dr. Steed also described the Patient & Family Advisory Council and its function.

Dr. Becker introduced Ms. Jodi Joyce, associate vice president for quality and patient safety, and Dr. Jaewon Ryu, associate vice president for professional practice and chief medical officer. Dr. Ryu and Ms. Joyce reviewed dashboard metrics on quality and patient safety in the following areas: addressed coordinating care/patient flow, managing cost and utilization, financial stability, improving patient survival, reducing variation in case, and preventing patient harm; and noted statistical trends when compared to University HealthSystem Consortium peers. A discussion was had regarding catheter-related bloodstream infections and preventative measures concerning the patient harm category of performance. Ms. Joyce reviewed best practices for large-scale quality improvements, and explained the purpose and responsibilities of the Quality & Safety Strategy & Leadership steering committee. Dr. Ryu and Ms. Joyce outlined the fiscal year 2014 priorities and goals, discussed the rationale behind the areas of focus,

and reviewed plans to achieve those goals. Dr. Becker also provided background on the issues. Dr. Koritz, Ms. Joyce, and Dr. David Schwartz, associate dean for clinical affairs, College of Medicine, Chicago, discussed protocol and clinical management of central-line associated blood stream infections. A discussion was had regarding the organizational culture and their willingness to participate in the outlined plan. After commenting individually, the committee members endorsed the quality and safety priority areas, goals, and plans set forth by the administrators.

OLD BUSINESS

There was no business presented under this aegis.

NEW BUSINESS

Dr. Koritz expressed appreciation to those who participated and presented at today's meeting. He noted that the search had begun to fill the dean of the College of Dentistry, Chicago, and he thanked those involved. He stated that the next meeting is scheduled for September 4, 2013, at 3:00 p.m.

MEETING ADJOURNED

With no further questions or comments, and on motion of Mr. Fitzgerald, seconded by Mr. Estrada, the meeting adjourned at 4:58 p.m. There were no "nay" votes.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Susan M. Kies".

Susan M. Kies
Clerk

A handwritten signature in blue ink, appearing to read "Timothy N. Koritz".

Timothy N. Koritz, M.D.
Chair

A handwritten signature in black ink, appearing to read "Aubrie L. Williams".

Aubrie L. Williams
Assistant Clerk

