

MEETING OF THE UNIVERSITY HEALTHCARE SYSTEM COMMITTEE
OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS
SEPTEMBER 20, 2023

This meeting of the University Healthcare System Committee of the Board of Trustees of the University of Illinois was held in the Student Dining and Residential Programs Building, Multi-purpose Room 2025 B and C, 301 E. Gregory Drive, Champaign, Illinois, on Wednesday, September 20, 2023, beginning at 12:37 p.m.

Trustee Donald J. Edwards, chair of the committee, convened the meeting and asked the secretary to call the roll. The following committee members were present: Mr. Donald J. Edwards; Mr. Joseph Gutman; Mr. Mohammed A. Haq, student trustee, Chicago; and Ms. Sarah C. Phalen.¹ Mr. Ramón Cepeda was absent. Ms. Tami Craig Schilling; Ms. Patricia Brown Holmes; Mr. Wilbur C. Milhouse III; and Mr. Kyle Ingram, student trustee, Springfield, attended as guests.

Also present were President Timothy L. Killeen; Mr. Lester H. McKeever Jr., treasurer; Dr. Nicholas P. Jones, executive vice president and vice president for academic affairs; Dr. Robert J. Jones, chancellor, University of Illinois Urbana-Champaign, and vice president, University of Illinois System; Dr. Marie Lynn Miranda, chancellor, University of Illinois Chicago, and vice president, University of Illinois System; Dr. Janet L. Gooch, chancellor, University of Illinois Springfield, and vice

¹ Ms. Phalen arrived at 1:07 p.m.

president, University of Illinois System; Dr. Paul N. Ellinger, comptroller (and vice president/chief financial officer); Dr. Joseph T. Walsh Jr., vice president for economic development and innovation; Ms. Adrienne Nazon, vice president of external relations and communications; Mr. Thomas R. Bearrows, University counsel; and Dr. Jeffrey A. Stein, secretary of the Board of Trustees and of the University.

Mr. Edwards welcomed everyone to the meeting and recognized Dr. Mark I. Rosenblatt, who was attending his first meeting of the committee as interim chief executive officer, University of Illinois Hospital and Clinics. Mr. Edwards requested a motion to approve the minutes of the meeting held July 19, 2023. On motion of Mr. Haq, seconded by Mr. Gutman, the minutes were approved. There were no “nay” votes.

OPENING REMARKS

Mr. Edwards asked Dr. Robert A. Barish, vice chancellor for health affairs, Chicago, to make opening remarks. Dr. Barish recognized Mr. Michael B. Zenn, who served as chief executive officer of University of Illinois Hospital and Clinics since 2017. He described Mr. Zenn as a change agent and gave examples of the transformational projects completed under his leadership. He referred to the collaborative relationship that developed between the hospital and College of Medicine while Mr. Zenn served as CEO. Dr. Barish said that Mr. Zenn has held a variety of leadership roles in healthcare over the past 40 years and that he will now be serving as senior advisor in the Office of the Vice Chancellor for Health Affairs. These remarks were followed by a round of applause.

President Killeen expressed appreciation for Mr. Zenn's leadership and acknowledged Mr. Zenn's commitment to the citizens of Illinois.

Dr. Barish then gave a presentation (materials on file with the secretary), highlighting the hospital's finances and positive fiscal performance. He reported on the increase in reserves and described the ways reserves have been used in recent years and will be used in the future. He recognized Mr. Laurence Appel, chief financial officer, University of Illinois Hospital and Clinics, for his contributions to the hospital's successful financial operations and said he was named as one of the top hospital chief financial officers in the country by *Becker's Hospital Review*. Dr. Barish referred to Dr. Rosenblatt's steadfast leadership and said he will continue to support a spirit of collaboration. Dr. Barish noted the hospital and clinic's support of the university's academic and research mission, and he asked Dr. Miranda to comment. Dr. Miranda remarked on the 10 percent yearly increase in research funding at the university and said that \$202.0 million of that support was provided by the National Institutes of Health. She said this is an indicator of the quality of the university's clinical work and reflects collaboration across colleges.

REPORTS

Hospital and Clinics Chief Executive Officer Report

Mr. Edwards asked Dr. Rosenblatt, Mr. Appel, and Dr. Tiesa Hughes-Dillard, chief nursing officer, University of Illinois Hospital and Clinics, to give the Hospital and

Clinics Chief Executive Officer Report (materials on file with the secretary). Dr. Rosenblatt thanked the University System, university, and hospital leadership for their support, and he expressed appreciation for Mr. Zenn's many years of service and contributions, particularly during the height of the COVID-19 pandemic. Dr. Rosenblatt highlighted the collaboration and integration of the College of Medicine and hospital. He invited Mr. Appel to report on the 2023 financial results.

Mr. Appel expressed appreciation for Mr. Zenn's many years of service. Mr. Appel then gave a summary of financial results from Fiscal Year 2023, stating that it was a good year, with patient volume returning to pre-pandemic levels. He told the committee that the Standard and Poor's bond rating was raised from A3 to A2 in April 2023. Mr. Appel then shared data pertaining to the hospital's finances and reported on operating expenses, as well as the hospital's balance sheet. He told the committee that the hospital is \$51.0 million over budget, and he presented charts depicting revenue and expense per case, unrestricted and internally restricted cash and investments, and unrestricted days of cash on hand. Mr. Appel presented key comparison ratios for hospital system bond rating medians for A-rated hospitals.

Mr. Appel then showed key assumptions and highlights for the Fiscal Year 2024 budget and said the number of cases is expected to increase, along with operating revenue and expenses. He presented the distribution of expenses and reported on the operating margin. Mr. Edwards and Mr. Appel discussed the operating margin, patient volume, and aspects of the budget, and Mr. Edwards inquired about the ability to increase

net patient revenue, noting that this is a time of high inflation. Mr. Appel indicated that 75 percent of the University's revenue is paid through Medicare and Medicaid, which has fixed rates, and he referred to ongoing and successful efforts to improve processes to ensure managed care corporations adhere to their agreed upon terms and pay the hospital accordingly.

Mr. Appel discussed components of the hospital's long-term financial strategy and reported on the operating margin and capital expenditures 10-year trends. He showed the increase in reserves since Fiscal Year 2016 and described the important role of reserves as a foundation of good financial stewardship. Mr. Appel concluded his remarks by recognizing the financial leaders and staff at UI Health who work in financial reporting and accounting, revenue cycle, and supply chain logistics, stating they are one of the best teams with which he has worked.

Dr. Hughes-Dillard gave a UI Health Chief Nursing Officer Report, focusing on nursing quality and safety. She described nursing-sensitive indicators and patient experience and reported on hospital acquired pressure injuries. She showed a chart reflecting improvements in the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) ratings. Dr. Hughes-Dillard reported on the hospital's low use of nursing agency contract utilization and said the hospital had no incidents of patient harm related to staffing.

Lastly, Dr. Rosenblatt gave the quality and safety report and gave a Quality and Safety Transformation (QST) timeline update. He also shared the QST

Communication Plan. There were no questions or comments, and Mr. Edwards expressed appreciation for the report.

PRESENTATION

Introducing the Office of Medicaid Innovation

Mr. Edwards asked Dr. Ellinger to introduce Mr. James Parker, senior director of the Office of Medicaid Innovation, University of Illinois System, to give a presentation entitled “Introducing the Office of Medicaid Innovation” (materials on file with the secretary). Dr. Ellinger stated that the goal of the presentation is to show how the Office of Medicaid Innovation (OMI) fits within the mission of the University and stated that OMI has an opportunity to have a positive impact on a significant portion of the state population. He then introduced Mr. Parker and asked him to begin his presentation.

Mr. Parker told the committee that OMI brings resources to the University to improve the Medicaid program and other healthcare programs run by the Illinois Department of Healthcare and Family Services (HFS) to improve healthcare outcomes and operational efficiencies. He referred to the continuously increasing complexity of Medicaid and said that 25 percent of the Illinois population is insured through Medicaid, which includes 50 percent of children in the state. Mr. Parker said the cost of Medicaid to the State is more than \$20.0 billion per year. He described the benefits of OMI to the University and stated that it partners with various colleges, schools, and units. Mr. Parker listed recent projects, and he shared Fiscal Year 2023 funds distribution, noting that OMI

is funded through HFS and does not utilize University funding. He concluded his presentation by describing future growth opportunities.

Mr. Edwards thanked Mr. Parker for the presentation. President Killeen remarked on the role of OMI and said it is an engine for population health in Illinois at scale.

OLD BUSINESS

There was no business presented under this aegis.

NEW BUSINESS

Mr. Edwards asked if there was any new business to discuss, and there was none. He announced that the next meeting is scheduled for November 15, 2023, at 12:30 p.m., in Chicago.

MOTION FOR EXECUTIVE SESSION

At 1:37 p.m., Mr. Edwards stated: “A motion is now in order to hold an executive session to consider pending, probable, or imminent litigation against, affecting, or on behalf of the University.” On motion of Mr. Gutman, seconded by Mr. Haq, the motion was approved. There were no “nay” votes.

EXECUTIVE SESSION

Material redacted pursuant to the Illinois Open Meetings Act (5 ILCS 120/2.06d)

EXECUTIVE SESSION ADJOURNED

With no additional questions or comments, the executive session ended at 2:41 p.m.

REGULAR MEETING RESUMED

The meeting resumed at 2:41 p.m., with all committee members recorded as being present at the start of the meeting in attendance, except Ms. Holmes, who left during the executive session.

MEETING ADJOURNED

Mr. Edwards then asked for a motion to adjourn the meeting. On motion of Mr. Haq, seconded by Mr. Gutman, the meeting adjourned at 2:42 p.m. There were no “nay” votes.

Respectfully submitted,

JEFFREY A. STEIN
Secretary

DONALD J. EDWARDS
Chair

EILEEN B. CABLE
Special Assistant to the Secretary