

MEETING OF THE UNIVERSITY HEALTHCARE SYSTEM COMMITTEE
OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS
SEPTEMBER 17, 2025

This meeting of the University Healthcare System Committee of the Board of Trustees of the University of Illinois was held in the I Hotel and Conference Center, Heritage Hall, 1901 South First Street, Champaign, Illinois, on Wednesday, September 17, 2025, beginning at 12:48 p.m.

Trustee Jesse H. Ruiz, chair of the committee, convened the meeting and asked the secretary to call the roll. The following committee members were present: Mr. Ramón Cepeda; Dr. Suzet M. McKinney; Ms. Sarah C. Phalen;¹ Mr. Jesse H. Ruiz; Mr. Quinn S. Basta, student trustee, Chicago; Mr. Joe Humphrey, student trustee, Springfield. Dr. Bryan S. Traubert was absent. Ms. Tami Craig Schilling; Mr. Joseph Gutman; Mr. Wilbur C. Milhouse III; and Ms. Ariana A. Mizan, voting student trustee, Urbana, 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. Charles L. Isbell Jr., chancellor, University of Illinois Urbana-Champaign, and vice president, University of Illinois System; Dr. Marie Lynn Miranda,

¹ Ms. Phalen joined via remote videoconference.

chancellor, University of Illinois Chicago, and vice president, University of Illinois System; Dr. Janet L. Gooch, chancellor, University of Illinois Springfield, and vice 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. Scott E. Rice, University counsel; and Dr. Jeffrey A. Stein, secretary of the Board of Trustees and of the University.

MOTION FOR EXECUTIVE SESSION

Mr. Ruiz stated: “A motion is now in order to convene an executive session to consider the following topic as permitted under Section 2(c) of the Illinois Open Meetings Act: pending, probable, or imminent litigation against, affecting, or on behalf of the University (subsection 11).” On motion of Mr. Humphrey, seconded by Mr. Cepeda, 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 12:56 p.m.

REGULAR MEETING RESUMED

The meeting resumed at 12:58 p.m. Mr. Ruiz gave an overview of the meeting. He requested a motion to approve the minutes of the meeting held July 16, 2025. On motion of Mr. Cepeda, seconded by Dr. McKinney, the minutes were approved. There were no “nay” votes.

OPENING REMARKS

Mr. Ruiz asked Dr. Robert A. Barish, vice chancellor for health affairs, Chicago, to make opening remarks. Dr. Barish announced that UI Health achieved Magnet Recognition from the American Nurses Credentialing Center. He shared information about this designation and said nursing staff were recognized for a variety of positive attributes. Dr. Barish thanked the nursing team; Dr. Tiesa Hughes-Dillard, chief nursing officer; and Ms. Osei Omoike, senior director for nursing strategy and analytics and magnet program director at UI Health. Dr. Hughes-Dillard expressed pride and excitement and said only 10 percent of hospitals have this designation. She said the designation is for five years, and she referred to the hospital’s highly educated nursing staff. Dr. Hughes-Dillard said a celebration will take place in Atlanta in October. This was followed by a round of applause.

Dr. Barish then announced that doctors at UI Health performed the first islet cell transplant with Lantidra, the only therapy approved by the U.S. Food and Drug Administration to treat brittle type 1 diabetes. He said Lantidra is exclusively available at

UI Health and that this was the first time in the United States that an islet transplant was no longer experimental. He stated that it would allow users to stop taking daily insulin.

Next, Dr. Barish announced that Mr. Laurence S. Appel, chief financial officer, University of Illinois Hospital and Clinics, was named as an academic medical center chief financial officer-to-know by *Becker's Hospital Review*. He said this was the fifth time Mr. Appel has been recognized by this publication and congratulated him on this recognition, which was followed by a round of applause.

Dr. Barish invited Dr. Miranda to comment. Dr. Miranda told trustees that the State released funds appropriated for the construction of the Drug Discovery and Cancer Research Pavilion, and she emphasized the importance of this facility. She said the building represents a new way of approaching research and provides an opportunity for interdisciplinary research. Dr. Miranda said research would focus on druggable targets implicated in health disparities and said it is a physical manifestation of the mission of the university. She expressed appreciation for State support, as well as support from the System, trustees, and throughout the university.

REPORTS

Hospital and Clinics Chief Executive Officer Report

Mr. Ruiz asked Dr. Mark I. Rosenblatt, chief executive officer, University of Illinois Hospital and Clinics, and G. Stephen Irwin Dean, College of Medicine, Chicago, to give the Hospital and Clinics Chief Executive Officer Report (materials on file with the

secretary). Dr. Rosenblatt shared points of pride and highlighted the nine awards from the Get With The Guidelines program from the American Heart Association and American Stroke Association. He also announced a master academic affiliation between UI Health and Cook County Health (CCH). Dr. Rosenblatt emphasized the alignment between the College of Medicine and CCH and said this agreement deepens and broadens the relationship between the two entities. He presented the affiliation governance structure, shared details about this collaboration, showed current UI Health and CCH clinical partnerships, and described areas of research collaboration. He said this will be transformative. Dr. Rosenblatt announced that a ceremony to celebrate the UI Health and CCH affiliation would be held on October 28, 2025, and he expressed appreciation for the efforts of Dr. Heather M. Prendergast, associate dean for clinical affairs, College of Medicine, for making this affiliation possible.

Dr. Rosenblatt then gave a quality update and showed progress on Fiscal Year 2025 True North metrics, noting continued and steady improvement and overall positive trends. He said work to maintain those gains continues.

Next, Mr. Appel shared the Fiscal Year 2025 financial results and highlighted the operating loss of \$17.0 million. He said case-mix discharges were 4 percent higher than the previous year, and labor costs were 9 percent over budget because of increased use of agency nurses due to a nursing work stoppage. Mr. Appel told the committee that supplies and drugs were 6 percent over budget, and he said depreciation expense was \$7.0 million over budget. He reviewed the balance sheet, stating there were 114 days of cash on hand, and he explained that the days of cash on hand are calculated

based on the operating cost per day, which had increased by 19 percent from the previous year. Mr. Appel reported that the unrestricted cash balance was \$420.0 million at year-end, and he said the operating earnings before interest, depreciation, and amortization (EBIDA) was \$39.0 million. Mr. Appel reported on the income statement and highlighted some financial activities in Fiscal Year 2025. He told the committee that Standard and Poor's affirmed the hospital's bond rating of A- with a stable outlook, and he said Moody's rating was A2.

Mr. Appel then reported on year-over-year volume changes for Fiscal Year 2025 and presented the payer mix, noting that government payers represent 76 percent of business. He reported on inpatient volumes, including discharges, length of stay, and average daily census, and he showed growth trends in Emergency Department visits, clinic visits, and surgical cases. Mr. Appel presented a chart depicting the distribution of operating expenses, and he discussed EDIBA, stating that he expects improvement in Fiscal Year 2026. He shared a graph of unrestricted and internally restricted cash and investments.

Lastly, Mr. Appel discussed the Fiscal Year 2026 budget, beginning with key assumptions and highlights. He commented on various metrics and showed a 1.2 percent increase in the Fiscal Year 2026 operating margin and a 4.5 percent increase in cash flow margin. He reported on budgeted increases in cases, operating revenue, and expenses. Mr. Appel discussed anticipated expense changes in Fiscal Year 2026 due to decreases in labor costs and increases in pharmaceutical spend and costs for medical and laboratory supplies, hospital renovation projects, professional liability, and security. He

concluded his presentation by sharing accomplishments and points of pride for the finance team.

Mr. Ruiz expressed appreciation for the optimistic outlook, and Mr. Appel referenced the high compliments paid by Standard and Poor's. Mr. Appel and Mr. Basta discussed inflation and cost management initiatives, and Mr. Cepeda inquired about the cost of the new labor contract, which Mr. Appel said is a 5 percent to 10 percent increase. Dr. Miranda asked Mr. Appel to comment on the State reimbursements for Medicaid. Mr. Appel explained that as a governmental hospital, reimbursements are based on actual costs, which are determined on a two-year lag basis. He stated that the higher costs incurred this year will be reflected in Medicaid rates in two years. Mr. Gutman and Mr. Appel discussed the increasing costs of labor, supplies, and drugs.

OLD BUSINESS

There was no business presented under this aegis.

NEW BUSINESS

Mr. Ruiz asked if there was any new business to discuss, and there was none. He announced that the next meeting is scheduled for November 12, 2025, at 12:30 p.m., in Chicago.

MEETING ADJOURNED

Mr. Ruiz then asked for a motion to adjourn the meeting. On motion of Mr. Basta, seconded by Mr. Cepeda, the meeting adjourned at 1:37 p.m. There were no “nay” votes.

Respectfully submitted,

JEFFREY A. STEIN
Secretary

JESSE H. RUIZ
Chair

EILEEN B. CABLE
Special Assistant to the Secretary