MEETING OF THE UNIVERSITY HEALTHCARE SYSTEM COMMITTEE

OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS

September 16, 2026

This meeting of the University Healthcare System Committee of the Board of Trustees of the University of Illinois was held in the Alice Campbell Alumni Center Ballroom, 601 South Lincoln Avenue, Urbana, Illinois, on Wednesday, September 16, 2026, beginning at 12:35 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; Dr. Bryan S. Traubert; Ms. Minnah Saleh, student trustee, Springfield. Ms. J. Carolyn Blackwell; Ms. Tami Craig Schilling; Mr. Joseph Gutman; Mr. Wilbur C. Milhouse III; Ms. Gabrielle Stewart, student trustee, Urbana; and Ms. Wazeera Shekoni, voting student trustee, Chicago, attended as guests.

Also present were President Timothy L. Killeen; Mr. Howard S. Engle, 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, chancellor,

[1] Ms. Phalen joined via remote videoconference.

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); 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 Dr. Traubert, 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 1:21 p.m.

## REGULAR MEETING RESUMED

The meeting resumed at 1:22 p.m. Mr. Ruiz requested a motion to approve the minutes of the meeting held July 15, 2026. On motion of Dr. Traubert, seconded by Mr. Cepeda, 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 highlighted a successful year for UI Health and commended the organization's faculty, staff, and leadership for strong financial performance and significant achievements in clinical quality and patient safety. He noted that UI Health earned its first Leapfrog Hospital Safety Grade of "A" and received a four-star rating from the Centers for Medicare and Medicaid Services. Dr. Barish also reported that UI Health had achieved national and state recognition through the *U.S. News & World Report* rankings, including a national ranking of 16th in ophthalmology. He said ophthalmology at UI Health is ranked first in Illinois. Dr. Barish further highlighted recognition of the cancer program and the American Heart Association's Commitment to Quality Award for excellence in cardiovascular and stroke care.

Dr. Barish reported on the upcoming implementation of Epic Wisdom within the University of Illinois College of Dentistry, which he said was a historic achievement. He described the transition as transformational, noting that dental records would become fully integrated into the Epic electronic health record system. Dr. Barish

thanked College of Dentistry leadership, including Dr. Susan Rowan, dean of the College of Dentistry, and numerous clinical and information technology partners for their collaborative efforts. He emphasized the importance of the initiative in advancing patient care, education, research, and interdisciplinary collaboration across the health system.

## PRESENTATIONS

### Hospital and Clinics Chief Executive Officer Report

Mr. Ruiz asked Mr. Scott Jones, interim chief executive officer and chief operating officer, University of Illinois Hospital and Clinics, to give the hospital and clinics chief executive officer report (materials on file with the secretary). Mr. Jones referred to recent *U.S. News & World Report* rankings in several areas, including ophthalmology, which was recognized with a top national ranking. Mr. Jones recognized Dr. R.V. Paul Chan, head of the Department of Ophthalmology and Visual Sciences, for his leadership and contributions to the department's success, and he noted Dr. Chan's recent appointment as chief innovation officer at UI Health. Mr. Jones also reported that the hospital's cancer program ranked fifth in both Illinois and the Chicago metropolitan area and that several service lines received high-performing designations. He emphasized the institution's continued commitment to delivering high-quality care and exceptional patient outcomes.

Mr. Jones discussed clinical innovation and highlighted the RESCUE 3 clinical trial led by Dr. Dustin Fraidenburg, pulmonologist and critical care physician in the Division of Pulmonary, Critical Care, Sleep, and Allergy at UI Health, which

evaluated temporary diaphragm neurostimulation technology designed to assist critically ill patients in weaning from mechanical ventilation. Mr. Jones noted that the University of Illinois Hospital was one of only 48 participating sites in the United States and Europe and is now using the technology following FDA approval. He credited physicians, nurses, and respiratory therapists for their contributions to advancing innovative patient care.

Mr. Jones concluded by discussing development of the Fiscal Year 2027 budget. He noted significant anticipated challenges associated with federal Medicaid reforms enacted through the One Big Beautiful Bill Act (H.R. 1) and outlined concerns about the potential loss of Medicaid coverage for an estimated 400,000 Illinois residents and $3.2 million in funding. He emphasized that the hospital was actively pursuing strategies to strengthen revenue cycle operations, improve operational efficiency, manage costs, and maintain commitments to quality, safety, access, and workforce investment.

## Quality Data Report

Mr. Ruiz asked Dr. Jonathan M. Radosta, chief medical officer, University of Illinois Hospital and Clinics, to give a Quality Data report (materials on file with the secretary). Dr. Radosta showed the dashboard of Fiscal Year 2026 performance through June 2026 and said that most performance measures were meeting or approaching organizational goals. He highlighted central-line-associated bloodstream infections, where performance had improved but remained below targeted levels, and said work was underway to reduce infection rates and strengthen prevention efforts. Dr. Radosta said performance goals were also not achieved in expected mortality metrics and documentation practices, and he

explained that observed mortality remained low, reflecting strong patient outcomes and effective care delivery. He stated that further improvements in clinical documentation were needed to ensure patients' acuity levels were accurately reflected and appropriately measured. Mr. Ruiz thanked Dr. Radosta for the report.

## Chief Financial Officer Report

Next, Mr. Ruiz asked Mr. Laurence Appel, chief financial officer, University of Illinois Hospital and Clinics, to give the chief financial officer report (materials on file with the secretary). Mr. Appel shared Fiscal Year 2026 financial highlights and reported that the Hospital and Clinics concluded Fiscal Year 2026 with an operating margin of $26.0 million, approximately $7.0 million more than was budgeted. He stated that revenue totaled $1.7 billion, nearly 5 percent higher than the prior year, while expenses remained close to budget. He said case-mix adjusted patient volumes increased by 5 percent, largely driven by outpatient growth. Mr. Appel reported on the balance sheet and said that days of cash on hand increased by 12 days to 127 with an unrestricted cash balance of $477.0 million at year-end. He reported that EBIDA was $87.0 million in Fiscal Year 2026, and he explained that these reserves provide essential operational liquidity, support bond ratings, and enable future strategic investments in facilities and equipment.

Mr. Appel presented the Fiscal Year 2026 year-end results and an accompanying summary. He showed year-over-year volume changes and the payer mix, noting that a shift from Medicaid to self-pay is expected due to H.R. 1. Mr. Appel

reported on inpatient volumes, volume growth trends, operating expense distribution, and unrestricted and internally restricted cash and investments.

Next, Mr. Appel reported on the Fiscal Year 2027 budget, stating that changes to Medicaid due to H.R. 1 eligibility changes will increase the number of self-pay and charity care patients. He said that estimates suggest hundreds of thousands of Illinois residents may lose Medicaid coverage, creating substantial financial consequences for hospitals serving large Medicaid populations. Mr. Appel discussed efforts to mitigate the impact, including participation in a statewide Medicaid Impact Workgroup, expanded patient education efforts, enhanced financial counseling services, supply chain savings initiatives, and the application of artificial intelligence (AI) tools in revenue cycle operations.

Mr. Appel shared key assumptions and highlights from the Fiscal Year 2027 budget. He listed expense increases for labor, pharmaceuticals, hospital renovation projects, housekeeping, repairs and maintenance, and support to the College of Medicine. He reported on expected increases in cases and operating revenue and said expenses are expected to exceed revenue, reporting in an operating loss of approximately $45.0 million. Mr. Appel shared data regarding revenue and expense per case from Fiscal Year 2021 through Fiscal Year 2027 and presented a graph depicting cash flow margins from Fiscal Year 2023 through 2027.

Mr. Appel concluded his presentation by recognizing the UI Hospital finance team and describing their contributions to efforts to address the revenue shortfall. Committee members engaged in a discussion of the long-term implications of Medicaid

reforms, increasing pressure on hospital finances through Fiscal Years 2028 and 2029, and the financial outlook for safety-net hospitals in Illinois. Mr. Milhouse commended the UI Health leadership team and asked about modeling. Mr. Appel stated that the model reflected in the budget proposal assumes 15 percent of UI Health patients will lose Medicaid coverage for half the year in Fiscal Year 2027 and the full year in Fiscal Year 2028. He described efforts to mediate the impact. Mr. Cepeda inquired about the organ acquisition costs, which were below budget. Mr. Appel stated that transplant surgeries were below budget.

## 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 11, 2026, in Chicago.

MEETING ADJOURNED

Mr. Ruiz then asked for a motion to adjourn the meeting. On motion of Mr. Cepeda, seconded by Dr. Traubert, the meeting adjourned at 2:01 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*